



Market & News in Brief

Market View

US stocks end higher, lifted by oil's rebound

U.S. stocks ended sharply higher Tuesday as energy stocks soared amid a rebound in oil prices. The S&P 500 gained 26.55 points, or 1.4%, to 1,903. The Dow Jones Industrial Average flirted with a 300-point gain before pulling back. It closed up 282 points, or 1.8%, at 16,167, more than reversing Monday's losses. The Nasdaq Composite reversed early losses to close up 49.2 points, or 1.1%, at 4,567.

Asian markets: China sees red as Shanghai composite closes 6.4% down

Stock markets across Asia were trading lower on 26 January. Shanghai Composite bore the brunt, closing 6.4% down with China's stocks declining to its 13 month lows. Major exchanges Nikkei 225, Kospi, and Hang Seng all posted losses, as did most other regional markets. The Shanghai Composite dropped 6.4% and closed at 2,749.79. Japan's Nikkei 225 slipped 2.4% to 16,708.90. South Korea's Kospi declined 1.2% to 1,871.69. Hong Kong's Hang Seng dropped 2.5% at 18,863.64.

News in Brief

Economy

Indonesia: Government to raise IDR4tn through Islamic bond sale

Bank Indonesia (BI) is forecasting a rebound in the rupiah exchange rate in the second half of 2016 as the domestic economy improves and external pressures subside. As the domestic economy improves and pressures recede, BI says that Indonesia will see capital inflows again in the equity market that will boost the performance of the rupiah, overturning last year's outflows. Financial volatility and dim economic prospects eventually led to a net sell of IDR22.59tn (USD1.63bn) in the stock market in 2015, according to data from the Indonesia Stock Exchange (IDX).

Corporate

Indonesia: PLN to require 81 tons of coal this year

Indonesian state utility company PLN has estimated that the country will need 81 million metric tons of coal this year to fulfill demand from all of its coal-fired power plants. Demand rose 15% from last year's coal consumption at 70.6 million tons, as some PLN power plants and independent power procurers are scheduled to go online this year. Coal currently accounts for a third of the country power generation, the second largest energy source after oil, which accounts for 44%. Indonesia produced 383 million metric tons of coal in 2015, down 16% from the 2014 output of 459 million tons.

Indonesia: Mining services Ancora Indonesia Resources submits debt restructuring plan

Ancora Indonesia Resources, a publicly-listed mining services company, is planning to restructure its loan with private lender Bank CIMB Niaga, according to a recent listing on the local stock exchange. The company secured a USD21mm loan from CIMB Niaga in 2009 which was set to mature in Dec. 17 last year, before Ancora and CIMB Niaga agreed to extend to Jan. 9, 2019. As of September last year Ancora still had some USD12.9mm of debt owing to CIMB Niaga. The company, whose shares are traded under OKAS on the local stock exchange, reported a USD2.86mm loss in the January to September period last year, a near six-fold leap from its USD 465,000 loss in the year before, as revenue fell 10% to some USD125mm.

Indonesia: Medco snatches Umbulan PPP project from Japan and china rivals

A consortium led by Medco, one of Indonesia's largest energy groups, has won the tender for Umbulan water treatment plant project in East Java, beating out local and Japanese rivals. The announcement marks the end of a six year campaign from the government to market the IDR2.1tn (USD151mm) project as a leading example of public-private partnerships (PPP) in the country. Initiated by the East Java provincial government in 2010, the water plant will provide drinking water to 350,000 households in Pasuruan, Sidoarjo and Gresik districts as well as Surabaya municipality.

Commodities

Indonesia: Government to cut export tax on palm kernel shell by 70%

Government sources have announced plans to cut the export tax on palm kernel shells for the next two years, responding to palm oil producers demand for quick cash amid a global decline in prices, putting plans for power plant development using the biomass on the back burner. Under the plan, the export tax will be cut from USD 10 a ton this year to USD 3. The tariff would increase to USD 5 next year and return to its original level in 2018. Palm oil producers believe exporting the kernel shell could alleviate pressures from the weakened global palm oil price, which has declined 17% in the last 12 months.