

## ANALISA SAHAM INDONESIA

JULY 20, 2020

\* THE JCI TRADING RANGE : 5,050PT - 5,150PT ( FRIDAY CLOSE: 5,080PT )

\* WALL STREET CLOSED UNCHANGED EXTENDED PREVIOUS CONSOLIDATION

\* THE JCI IS EXPECTED TO TRADE SIDEWAYS, BUT SUPPORTED BY STABLE USDIDR AND OIL CLOSE

Morning,

The Jakarta Composite Index (JCI) today (20/7) is expected to be in the range of 5,040pt – 5,150pt to fluctuate but supported by lower BI7DRRR and stable USDIDR. Meanwhile, Friday last week(17/7) in Wall Street the DJIA ended lower by 63 points or 0.2% at 26,672pt, while the S&P500 and the Nasdaq both gained by 0.3%.

### Indonesia Consumer Sector

#### Indonesia being the world-largest CPO producer creates an inevitable consumers' preference, we assume

The sight of Indonesia “heavy-snacks” in our term or “Gorengan” in local language which is basically fried foods that made-up of raw ingredients such as cassava, tofu, fermented soybean (tempe), mixture of flour and vegetables (bakwan), and others have triggered our lingering questions over the last years. We had presumed “Gorengan” somehow to be the most most popular snacks in the country as one can find the evidence from the time of especially during fasting months whereby all products in the stalls within home and offices areas, are sold out just around 30 minutes before the breakfasting time at around 6 (six) in the evening.

Based on the latest (September 2019) consumers' spending consumption national survey, out of total spending consumptions in the amount of IDR1,205,862, consumers in urban areas used some 49% for food or around IDR593,450 per capita. According to the findings, food consumptions spending allocations for consumers in urban areas to include Prepared foods and drinks (40.0%), cigarettes and tobacco (10.4%), Cereals (9.1%), fish/shrimps/squid/shells (7.2%), vegetables (6.7%), and Others (26.6%).

Deducing from the above finding, we came , at least to 3 (three) supporting findings, as follows. 1) Out of total spending of weekly per capita in urban areas for Prepared Foods and Beverages of IDR61,685, Fried foods came in at IDR2,875 or representing the fourth highest spending after “Nasi Campur” of IDR10,425, and “Mie Bakso” of IDR5,488 and prepared drinks (coffee, latte, tea, milk) of IDR3,130.

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2) tofu and tempe made of 93% of total weekly per capita spending of total IDR2,875 of Beans and Nuts food category, whereas cassavas made up of 39% of total spendings from Tubers of IDR1,315. At the other end, frying oil made up 83% of total weekly per capita spending of consumers in urban areas of IDR3,097.

3) Based on the September 2019 survey, foods consumption weekly spending per capita in urban areas were dominated by Cereals of mostly rice (IDR13,991), Fish/shrimps (IDR11,095), Eggs and milks (IDR9,535), Vegetables (IDR10,271).

The above findings, by the minimum, support our presumption that fried food or “Gorengan” is by and large the favorite snack of most Indonesian consumers. As for the reason behind the above trait, we preliminarily associate this pattern with the fact that Indonesia being the largest CPO producer in the world.

At the other end, yesterday the WTI price closed at USD40.6/barrel vs. USD40.8 the previous one. Meanwhile the USDIDR closed at IDR14.780 vs. IDR14.632 the previous one.

We advise the following recommendation as for now, for both trading and longer-time investment purpose. **AALI, LSIP (sector of Agri, allocation suggestion Underweight), UNTR, ITMG, ADRO, PTBA (sector of Coal Mining, allocation suggestion Market-weight), GGRM, UNVR, ICBP (sector of Consumer, allocation suggestion Overweight), ASII (sector of Automotive, allocation suggestion Market-weight), and ACES, SCMA, MAPI (sector of Trade, allocation suggestion Overweight), and TKIM (sector of Basic Industry, allocation suggestion Market-weight).**

Cheers,

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