

ANALISA SAHAM INDONESIA

JULY 23, 2020

- * THE JCI TRADING RANGE: 5,085PT -5,200PT (YESTERDAY CLOSE: 5,110PT)
- * WALL STREET ENDED HIGHER ON NEWS OF AGREEMENT AMONG THE UNITED STATES (US) GOVERNMENT WITH BOTH PFIZER AND BIONTECH
- * THE JCI IS EXPECTED TO EXTEND HIGHER BY SUPPORT OF STABLE USDIDR AND OIL CLOSE

Morning,

The Jakarta Composite Index (JCI) today (23/7) is expected to be in the range of 5,085pt – 5,200pt to extend higher on liquidity as well as stable USDIDR. Meanwhile, yesterday (22/7) in Wall Street the DJIA ended higher by 165 points or 0.6% at 27,006pt, while the S&P500 and the Nasdaq both gained by 0.6% and 0.2%, respectively, mainly due to the news on an agreement between the United States (US) government with both Pfizer and US-listed BioNTech whereby the former agreed to purchase Coronavirus' vaccines worth USD1.95bn if the vaccine proves safe and effective.

At the other end, yesterday the WTI price closed lower by 2 cents at USD41.9/barrel after an increase of 2.8% the previous day. Meanwhile the USDIDR closed at IDR14.655 vs. IDR14.813 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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Indonesia Consumer Sector

Consumers' Purchasing power benefits from a strong CPO downstream

Effort to develop Indonesia Crude Palm Oil (CPO) down-stream industry has started since a least a decade ago. Value added that is generated from the sale of CPO-based derivative products is obviously higher, in-terms industry's income as well as employment which eventually lead to higher consumers' purchasing power.

Indonesia has started CPO's downstream revival program through 3 (three) development channels. 1) oleofood, that is empowering the production of final food products which are based on CPO, such as cooking oil, margarines, fat powder, food emulsifier 2) oleochemicals, the production of final goods such as soaps, shampoo, detergents, fatty alcohol, 3) bio-fuel, that is CPO based fuels as the alternative of gasoline

The above move gained importance as Indonesia produces massive CPO, overtook Malaysia in 2006, and now is the biggest producer in the world with current share of some 61% in terms of production, and Malaysia at 36%.

Effort to develop Indonesia CPO downstream industry has paid off, that in last year, export of CPO-derivatives products constituted 70% of total CPO produced in terms of volume, as compared to 50% back in 2008. This implies higher production process from the raw materials of CPO being taken place domestically, which eventually lead to higher welfare of the population.

The latest association data of CPO producer, during January to April 2020, Indonesia CPO production declined by 12.2% YoY as compared to the similar period last year, but domestic consumptions increased by 6.2% to reach close to 6mn tonnes. The increase in domestic demand also indicated that downstream revival programs is on is way to optimally create results. Last year, Indonesia produced 51.8mn ton of CPO (central Statistic data: 45.9mn tonnes)

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