

# ANALISA SAHAM INDONESIA

JULY 29, 2020

- \* THE JCI TRADING RANGE: 5,060PT- 5,150PT (YESTERDAY CLOSE: 5,113PT)
- \* WALL STREET ENDED LOWER BY SOME 1% ON WORRY OF ANTITRUST ISSUES ON BIG TECH
- \* THE JCI IS EXPECTED TO FLUCTUATE BUT STABLE USDIDR SUPPORT

Morning,

The Jakarta Composite Index (JCI) today (29/7) is expected to be in the range of 5,060pt – 5,150pt to fluctuate but stable USDIDR and liquidity support. Meanwhile, yesterday (28/7) in Wall Street the DJIA ended lower by 208 points or 0.8% at 26,379pt, while the S&P500 and the Nasdaq both closed with a dip of 0.7% and 1.3%, respectively. Investors were cautious over both what ultra – accommodative monetary policies the Fed might offer after the FOMC meeting.

## Indonesia Consumer Sector

**We view current developments are within stakeholders' estimate, and should these be maintained, both the country's stock market and consumers benefit.**

### 1. Covid -19 latest situation

Since the relaxation of limited lock-down of Jakarta on June 15, new cases of Covid-19 has been in the increasing trend. Yesterday, newly-infected patients added by 412 cases and accounted to 28% of total new cases. The reason of the surge of additional new patients especially due to, according to the Governor Anies Baswedan, the fact that more tests have been performed to include those without symptoms. As quoted from the media, the percentage ratio of the people who take the test to positive cases (positivity ratio) is 5.2% (5.0% is an indicator of safe level, while 10.0% is dangerous). It is also cited that the Jakarta city aimed to find more infected patients earlier rather than sooner to facilitate further appropriate handling. Investors can use Jakarta as the gauge to measure Covid-19 development, also due to the fact that the city is currently the second largest contributor to national cases.

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## 2. Investments realization in the 2Q20

Data from the Indonesia Investment Coordinating Board (BKPM) showed that investments realization value during the period of January – June this year, at IDR402.6tr came in at close to 50% of the revised-target of the Board set in April to factor in pandemic climate of IDR817.2tr. It is worth-noting that Foreign Direct Investments (FDI) during the 2Q20 amounted to IDR97.6tr, almost similar to the 1Q20 level of IDR98tr, while on a YoY basis the 2Q20 FDI recorded a 7% decline. For the Domestic Direct Investments (DDI), 2Q20 saw an amount of IDR94.3tr which represented a 16.4% decline from the 1Q20, and a YoY of 1.4%.

2Q20 saw a seasonal decline for DDI, in our note which is expected to stabilize for the rest of the year to fulfill the estimated level of IDR469.1tr this year out of total revised-target of IDR817.2tr. Favored sectors during January-June 2020 by both domestic and foreign ones to include Electricity, Gas, and Water Supply comprised of 16% of total investments realizations, while Transportation, Warehouse and Telecommunication, and Metal except Machinery and Equipment industry, at 14% and 11%, respectively.

## 3. Domestic Car Sales

June's level of domestic car sales of 12,623 units saw an upward meaningful movement of 256% increase as compared to the previous month. However, this year's June sales represented a decline of 79% from 59,539 units. According to the national vehicles producers association (Gaikindo) June point of sale was in the last week of the month to have realized pent-up demand as the country started to relax its lock-down measure.

## 4. Accommodative monetary policy response

The central bank Bank Indonesia intensified its monetary operations (to include operations of triple interventions, expansion tenor of the term-repo, and lowering reserve requirements for banks) in response to the Covid-19 pandemic since its initial out-break, mainly to maintain liquidity in the monetary system as well as to stabilize the USDIDR rates, on top of the objective to spur economic activities. Since March this year BI cut the reference rates twice, and this month by another 25bp to 4.00%, Lending Facility also by 25bp to 4.75%, and Deposit Facility by 25bp to 3.25%.

The aforementioned policies have been reflected in one of crucial financial indicator, the USDIDR exchange rates which has been appreciated and stabilized since the period of March 15, when it once weakening to the level of IDR16,741 on April 2.

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## 5. Major 2Q20 earnings release

Bank BCA (BBCA), one of important references of the country's corporate performance, reported a stable first semester performance, with a slight decline of operation occurred during the 2Q20. Net interest income for 1H20 came it at IDR27.1tr as compared to IDR24.5tr in 1H19, while net commissions and provisions income reached IDR6.6tr in 1H20 as compared to IDR6.5tr in 1H19. Total credit grew by 5.3% YoY during 1H20 with most lines posted flat and or stable growth except vehicles financings that saw a double digits decline. BBCA overall performance was also supported by lower cost of funds and have factored in higher possibility of bad debts in the 2H20. The company was expensing allowance of IDR6.5tr in 1H20 as compared to IDR2.5tr in 1H19. BBCA reported bottom line of IDR12.2tr during the 1H20 as compared to IDR12.9tr in 1H19.

Meanwhile, Kino Indonesia (KINO) operational performance, except for its Pharmaceutical division saw a stable condition. KINO reported total revenue in 1H20 amounted to IDR2.2tr almost unchanged as compared to the same period last year. We observe any other listed counters that have published financials for the 2Q20, experiences moderate slowing operational performances.

At the other end, yesterday the WTI price closed lower to USD41.0/barrel or by 1.4% by support of weaker USD index for political risk among the United States and China. Meanwhile the USDIDR closed at IDR14.543 vs. IDR14.605 the previous one.

We advise the following recommendation , 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 Automative, 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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