

ANALISA SAHAM INDONESIA

JULY 3, 2020

- * THE JCI TRADING RANGE: 4,925PT - 5,100PT (YESTERDAY CLOSE: 4,967PT)
- * WALL STREET ENDED HIGHER BY SOME 5% ON BETTER-THAN-EXPECTED JOB ADDITION IN JUNE
- * THE JCI IS EXPECTED TO SLIGHTLY EXTEND GAINS BY SUPPORT OF STABLE USDIDR AND OIL CLOSES

Morning,

The Jakarta Composite Index (JCI) today (3/7) is expected to be in the range of 4,925pt – 5,100pt mainly supported by stable close of USDIDR and oil price. Meanwhile in Wall Street yesterday (3/7) the DJIA ended higher by 92 points or 0.4% at 25,827pt, while the S&P500 and the Nasdaq both ended higher by 0.5%. The United States (US) government released June employment data that came with 4.9mn jobs creation as opposed to the 2.9mn jobs by economists' estimates.

BANK BUKOPIN (BBKP) OFF ITS YEAR-LOW OF IDR88/SHARE YESTERDAY

In a separate note, Kookmin Bank (KB), a subsidiary of South Korea KB Financial Group Inc., has smoothen its way to increase its stake in BBKP from currently 21.99% to a minimum of 51%. According to the OJK, KB has paid in an amount of USD200mn into the escrow account in the mid June to confirm its re-purchase plan that started in 2018. At present, other shareholders of BBKP include the Public as the majority of some 40%, local private company Bosowa Corporation of some 20%, and Indonesia government including Koperasi at some 15%.

The news is both positive and negative, in our view. Another acquisition by Korea's KB implies that Indonesia is a promising source of growth. In another side, a slightly unfortunate situation whereby domestic ownership that can not be maintained at the present time, while OJK mandatory tender offer requirement for controlling-shareholders has been removed.

The confirmation came in after the peak of rush to the bank's outlet, triggered by news circulating in the social media that BBKP could not fulfill customers' need of cash withdrawal. Our checking on BBKP latest financial statements revealed that the bank's liquidity and solvency indicators, while declining, is very much within safe benchmark of the OJK. Indeed, the bank decided to limit cash withdrawal, a wise step, in our view, to prevent further wild and groundless massive rush.

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We expect with KB as controlling shareholders , BBKP can continue its transformation into the bank the most suitable to fit the current customers' base. With this expectation, the share price closed at IDR180 yesterday, off its year-low of IDR80.

At the other end, yesterday the WTI price increased by 2.1% to close higher at USD40.7/barrel, mainly on the US's better-than-estimated job data crude inventories declining data the previous day. Meanwhile the USDIDR closed at IDR14.516 vs. IDR14.341 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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