

ANALISA SAHAM INDONESIA

AUGUST 11, 2020

* THE JCI TRADING RANGE: 5,100PT - 5,225PT (YESTERDAY CLOSE: 5,158PT)

* THE DJIA AND S&P 500 ENDED MODERATELY HIGHER IN ANTICIPATION ON NEXT STIMULUS BILL

* THE JCI IS EXPECTED TO FLUCTUATE WITH TENDENCY TO CONSOLIDATE AND BEING SUPPORTED BY STABLE OIL AND USDIDR CLOSE

Morning,

The Jakarta Composite Index (JCI) today (11/8) is expected to fluctuate and be in the range of 5,100pt – 5,225pt by support of stable USDIDR. Meanwhile yesterday (10/8) in Wall Street the DJIA ended higher by 358 points or 1.3% at 27,791pt, while the S&P500 and the Nasdaq gained and lost by 0.3% and 0.4%, respectively.

Indonesia Consumer Sector

Benefits from timely banking system alert-warning signs, and management

In the news early August, Indonesia financial authority the Financial Services Authority (OJK or “Otoritas Jasa Keuangan”) stated that as July 20, COVID-19 related credit restructuring has reached the total amount of IDR784.4tr. The amount, which constituted of 25%-30% the outstanding credits, originated both from individual and corporate borrowers who experienced difficulties to make interests and principal payments as a result of Covid-19 – related business deteriorations. 60% (sixty percent) of the amount, or about IDR454 tr came from corporate borrowers that covered 1.34mn contracts, while the rest from small and medium enterprises that inclusive of 5.38mn agreements.

The aforementioned profile of borrowers, pointed to corporate’s total average restructuring amount at IDR339mn per contract, implying around IDR1.4bn sum of debt per contract, while to small and medium enterprise’s borrowers average of IDR62mn per contract that imply an average of IDR250mn sum of debt.

Steps from OJK to involve in debt re-structuring at the initial stage is positive. Nevertheless, stronger advise for banks to provide supports in terms of business counsels to borrowers during the Covid-19 climate is not less important, in our view.

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During the media release on August 4, the Chairman of Commissioner Board of OJK Wimboh Santoso also stated that current banks' liquidity position as measured by the ratio of liquid assets to third-party-fund improved to 27.6% in July vs. 23.9% in February. Meanwhile, the ratio of liquid assets to non-core deposit improved to 130% in July vs. 113% in February.

OJK also issued other measures that facilitate banks' operation to run smoother during the pandemic climate.

As banks operation that involve the collecting and disbursing of public funds rely on customers' trust to run smoothly, management of information that ensured fair and responsible-transparency from the authority is crucial, in our note.

At the other end, yesterday the WTI price closed higher by 1.7% to USD41.9/barrel on improving Chinese factory data. Meanwhile the USDIDR closed at IDR14.750 vs. IDR14.647 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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