

ANALISA SAHAM INDONESIA

August 14, 2020

*** The JCI trading range: 5,150pt - 5,275pt (Yesterday close: 5,239pt)**

*** Wall Street ended slightly lower in-line with fiscal stalemate between the White House and the Democrats on COVID-19 second stimulus bill**

*** The JCI is expected to be prone of profit-takings for the long-weekend, but stable USIDR supports**

Morning,

The Jakarta Composite Index (JCI) today (14/8) is expected to hover between 5,200pt – 5,325pt and prone to profit-takings but stable USDIDR close supports. Meanwhile yesterday (13/8) in Wall Street the DJIA ended lower by 80 points or 0.3% at 27,897pt, while the S&P500 and the Nasdaq both closed lower and higher by 0.2% and 0.3%, respectively.

Indonesia consumer sector

is expected to benefit from the latest direct impact of pandemic- accommodative fiscal and monetary policies

In the major news this week was that the government through the Finance Ministry will transfer a total amount of grants of IDR22tr to micro-small-and medium (UMKM or “Usaha Mikro Kecil Menengah”) entrepreneurs in the country of 9.1mn accounts, effective August 17 the Independence day. The total amount accounted for about 6% value of Wholesale and Retail Sectors of Non-Car and Non-Motorcycles in the 2Q20 current economic value and about 1% of total GDP during the 2Q20. The news of the day indeed had propelled the JCI higher despite

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regional weak close, as investors are aware that the sums would support higher purchasing power of consumers and thus the economy.

The above move was carried on the burden-sharing scheme among the government and the central bank Bank Indonesia (BI) whereby the later had been the standby buyer of the government's debt issuance tender for 7 (seven) debt papers. The bid attracts total value of IDR106.01tr with range of bid-to-cover ratio from 2.97 times to 10.87 times. The government approved final offer of IDR22tr as this particular raising is the first one on the burden-sharing scheme to finance non-public goods, and the second one since the scheme was launched to response the current pandemic climate. A specified use of quantitative easing is a better shape of monetary tools, we guess, as compared to a more general one.

The quantitative easing was also used in November 2008 (QE1) in the United States (US) when Federal Reserve System used it to combat massive damage after the collapse of mortgage sub-prime bonds that financed the then-housing market. The QE1 later was extended to QE2s until December 2013 when the Fed decided to taper. During the period, the US economy managed to have emerged from a contraction of 2.9% YoY in 2009 (2008:-0.1% YoY) to positive zones afterwards. During the period of QEs, in the case of the US government seller, it did not specify use of the funds, while the clear general influences had been to inject more liquidity to the economy and to lower interest rates, both of which had done its job.

At the other end, yesterday the WTI price closed lower by 1% at USD42.2/barrel on lower 2020 demand forecast from the EIA. Meanwhile the USDIDR closed at IDR14.877 vs. IDR14.777 the previous one.

We advise the following recommendations, 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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