

ANALISA SAHAM INDONESIA

August 19, 2020

- * **The JCI trading range: 5,250pt - 5,400pt(Yesterday close: 5,295pt)**
- * **Wall Street ended mixed with the DJIA down moderately**
- * **The JCI is expected to extend gain but capped by profit - takings**

Morning,

The Jakarta Composite Index (JCI) today (19/8) is expected to hover between 5,200pt – 5,400pt to be in profit-taking mode but supported by stable USDIDR and oil close. At the other end, the central bank Bank Indonesia end of monthly meeting release today is expected to provide support. Market participants expects the reference rate of BI7DRRR to be held unchanged at 4%.

As new cases of COVID-19 consistently rising in the capital city, Jakarta governor Anies Baswedan was quoted in the news to consider to re-implement the limited lock-down as was the case in early March. Current transition of limited lock-down will end on August 27, until when the regional government will monitor the COVID-19 spreading condition. Latest data on 3-weeks positivity rate in Jakarta was 8.9%, much higher than that of previously and of international threshold of 5%.

Decision for the capital city Jakarta to return to the previous limited lock-down mode (whereby businesses is prohibited to operate vs. currently permitted at 50% of capacity) will cause a hiccup to the current trend of the Jakarta stock market, in our view.

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Indonesia consumer sector

may benefits from pandemic - adapting July's trade profile

Indonesia July's trade figure came out with a net surplus of USD3.3bn , the highest since February and bringing total surplus to USD8.8bn in the period of seven months until July this year (7M20) vs. a deficit during January 2019-July 2019 (7M19) of USD2.2bn , and vs. a total deficits of USD3.6bn last year.

7M20 surplus of non-oil & gas trade increased by 271% to USD12.6bn as compared to USD3.4bn in 7M19. Meanwhile, deficits of oil & gas trade declined by 31% to reach USD3.8bn in 7M20 as compared to a deficit of USD5.5bn in 7M19.

In July 2020, 5 (five) biggest contributors to the monthly increase of non -oil & gas exports value include those of Gold, Jewelry and Pearl of USD452.7mn (July 2019:none), Fat and Vegetable Oils of USD247.9mn (July 2019: none), Vehicles and spare-parts of USD 144.3mn (July 2019: USD302.2mn), Iron & Steels of USD134.3mn (July 2019: none), Machineries / equipment of USD96.0mn (July 2019: USD221.2mn).

With non-oil export contributed to around 95% of total export , the above of July export movement was in-line with the slowing economic growth of main exporting countries that is China, Japan, and the United States.

At the other end, in July 2020, 5 (five) biggest contributor to the monthly decrease of non-oil & gas imports value include those of Cereals of USD77mn (2019:USD36.8mn), Milk, Butter & Eggs of USD91.8mn (July 2019: USD9.7mn), Vegetables of USD102.1mn (July 2019: none), Sugar & Candies of USD120.7mn (July 2019: none), Vehicles and spare-parts of USD157.9mn (July 2019: USD15.8mn). Furthermore, import of consumptions goods declined by 24.1% YoY as compared to July 2019 , while import Raw Materials declined by 34.5% YoY and Capital Goods by 29.3% YoY.

The above movement of import trade value was also consistent with the pandemic-related shift of activities pattern, in our note, whereby non-essential goods import decreased in a higher rates.

As higher surplus brings in more foreign exchange that eventually create appreciation to the local currency IDR, trade profile during the pandemic context may provide a better base for sustainably better trade profile, in the future, in our note.

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Meanwhile yesterday (18/8) in Wall Street the DJIA ended lower by 67 points or 0.2% at 27,778pt, while the S&P500 and the Nasdaq both closed higher by 0.2% and 0.7%, respectively.

At the other end, yesterday the WTI price closed unchanged at USD42.9/barrel as traders were awaiting the weekly data of the US inventory level. Meanwhile the USDIDR closed at IDR14.907 vs. IDR14.917 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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