

ANALISA SAHAM INDONESIA

AUGUST 7, 2020

- * THE JCI TRADING RANGE: 5,125PT - 5,225PT (YESTERDAY CLOSE: 5,178PT)
- * WALL STREET ENDED HIGHER BY CLOSE TO 1% ON RALLY OF TECH STOCKS APPLE, FACEBOOK, AMAZON
- * THE JCI IS EXPECTED TO CONSOLIDATE AND SUPPORTED BY STABLE USDIDR CLOSE

Morning,

The Jakarta Composite Index (JCI) today (7/8) is expected to be in the range of 5,125pt – 5,225pt to be in consolidation phase yet supported by stable USDIDR and oil close. Meanwhile, yesterday (6/8) in Wall Street the DJIA ended higher by 186 points or 0.7% at 27,387pt, while the S&P500 and the Nasdaq gained by 0.6% and 1.0%, respectively.

Indonesia Consumer Sector

Benefits from collective effort to curb the COVID-19 virus spread

Statistics on the sector of Wholesale and Retail, Car & Motorcycle Services contracted by 7.6% YoY (vs. 5.3% YoY the GDP) in 2Q20 and grew by 1.6% in the 1Q20. During the first semester this year, the sector contracted by 3.0% YoY (1H19: +4.9% YoY). The sector, which has been the third biggest contributor to Indonesia economy, and is among the most prone to lock-down situation arose from COVID-19 spread, in our view. This is because the sector involved in the sale of “almost-basic-need” of goods and services for consumers, in our view. While it has been hardest hit by the impact of limited consumers activities during the 2Q20, the sector however will jump-start business on the earliest sign of pandemic recovery, in our note. In the listed company, Mitra Adiperkasa (MAPI) is a general representative one whereby financials in the 2Q20 reflected the limited consumers’ activities, in contrast to that of in 2019, and in the 1Q20.

At the other end, since the relaxation measure on the limited lock-down in the country on June 15, COVID-19 new cases have been in the rise. While this has been due to the fact that more tests have

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been performed, new cases arose also from contagious impact through non-protected contacts among group of people. This has been indicated from the fluctuating but increasing Positivity Rates in Jakarta city at 15.0% on August 5, as compared to daily average of 11.8% during 1/8-5/8.

Calculation of Positivity Rates for other countries (by data source:

<https://www.worldometers.info/coronavirus/>) pointed that Singapore was at 3.7%, Japan at 4.5%, the United States of America at 8%, while Brazil was at 22.1%, and Indonesia at 7.3%.

A comparison to world-average of Mortality Rates (92 deaths of 1 million population) Indonesia is among the lowest at 20 cases (USA at 491 cases, Brazil at 464 cases, and India at 30 cases, among others). Nevertheless, Malaysia, Singapore, South Korea, rate lower, at 4 cases, 5 cases, and 6 cases, respectively.

At the above profile, Indonesia is currently some steps ahead as compared to other countries, in our note. However, discipline on application of measures on preventions and recovery protocols will determine the next immediate future position.

At the other end, yesterday the WTI price closed lower by 0.6% to USD41.9/barrel on demand worries. Meanwhile the USDIDR closed at IDR14.587 vs. IDR14.623 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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