

## ANALISA SAHAM INDONESIA

**August 31, 2020**

### **Closing notes**

Evening,

The Jakarta Composite Index (JCI) today (31/8) closed at 5,239pt or by 5 points higher than it's intra-day low, and representing a decline of 2.0% as compared to the last close. The JCI did touch an intraday-high at positive zone at 5,369pt.

Only 1 (one) sector posted gain of 0.16% which was that of Agri, mainly driven by the hike of the price of SSMS (+DIR50, or +6.17%), BISI (+IDR20, or +2.3%, and AALI (+IDR50, or +0.2%). Other 8 (eight) sector by the IDX classification posted a decline, namely, Consumer (-1.1%), Basic-Industry (-1.7%), Mining (-1.7%), Trade (-1.4%), Property (-1,6%), Infrastructure (-2,2%), Finance (-2.9%), and Miscellaneous (-3.1%). Foreign was recorded as net seller at IDR1.9tr while total shares value traded at IDR11.3tr.

While, today's intra-day low was substantially below our (5,300pt) and consensus estimates of 5,320pt, the JCI decline is logical, in our note, for the following.

- 1) in the last weeks, the JCI had been factoring-in prospect at the faster rate, in contradiction with the fact that Covid-19 virus spread pacing at the higher than previous rates, especially in the Jakarta city. This has resulted in the JCI to be prone of selling pressures.
- 2) Progress of Covid-19 vaccines in the United States as well as the commitment of the central bank the Fed to maintain expansion monetary policy with much flexibility in- terms in terms of inflation and unemployment rates guidance. This factor has made the equity markets outside Indonesia to become attractive again.
- 3) Also news this afternoon about the draft law in the Parliament, on the subject of the central bank Bank Indonesia will somewhat add to the negative sentiments, in our view. According to the news stream, the draft law from the Parliament has suggested, among others, that the government personages be included in the monthly board-of-governors meeting that

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regularly revise the country's monetary stance. This seems to unnecessarily put more troublesome to the independence of the central bank Bank Indonesia, for the institution has recorded a good track record of relationships with the government, ones that can be linked to many evidences.

Cheers,

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