

ANALISA SAHAM INDONESIA

September 10, 2020

- * **The JCI trading range: 5,100pt - 5,225pt (Yesterday close: 5,149pt)**
- * **Wall Street closed higher by some 2% on tech shares' reversal**
- * **The JCI is expected to fluctuate to incline higher on bargain hunters and higher oil close**

Morning,

The Jakarta Composite Index (JCI) today (10/9) is expected to be within the range of 5,100pt – 5,225pt, to fluctuate but incline higher on bargain hunters. Meanwhile, yesterday (9/9) the DJIA ended higher by 440 points or 1.6%, while S&P500 and the Nasdaq both closed higher by 2.0% and 2.7%, respectively, mostly on technological share prices rebound.

Indonesia Consumer Sector

is looking for a thin-negative to flat economic growth this year

The government has revised down, the latest on mid-August, economic growth this year to the range of -1.1% YoY to +0.2% YoY, on a worst-to-best scenarios, respectively, from previously minus 0.4% YoY to +2.3% YoY. At the same time, Asian Development Bank, IMF, and OECD did similarly, to -1% YoY (previously +2.5% YoY), IMF to -0.3% YoY (previously +0.5% YoY), and OECD of -2.8% YoY to -3.9% YoY.

Most worst-case scenario assumed improving contractions in the 2H this year, while best-case scenario assumed thin growths to in the 3Q and 4Q. All assumed a gradual loosening (started on June 15 in Jakarta) of limited lock-down (PSSB or Pembatasan Sosial Skala Besar) observed in early March in the capital city Jakarta and later on followed by major cities in Indonesia.

To remind Indonesia GDP growth during the 2Q20 was -5.32% YoY , 4.19% QoQ, while during the 1H20 a contraction of 1.26% YoY.

Limited lock-down re-tighten effective September 14, in Jakarta city

Disclaimer

Informasi yang terkandung dalam halaman Analisa Saham Indonesia adalah untuk keperluan informasi umum. Informasi ini disediakan oleh Analisa Saham Indonesia dan kami berusaha untuk terus memperbarui informasi dan memperbaikinya, namun kami tidak membuat pernyataan atau jaminan apapun, tersurat maupun tersirat, tentang kelengkapan, akurasi, keandalan, kesesuaian, atau ketersediaan atas halaman ini atau atas informasi, produk, layanan, atau grafik terkait yang terdapat di halaman ini untuk tujuan apa pun. Penggunaan dalam bentuk apapun atas informasi dalam Analisa Saham Indonesia merupakan risiko pengguna sendiri.

With the latest decision of the head of Jakarta provincial government Anies Baswedan to re-implement full lock-down as observed in early March, domestic economic growth scenarios may change, but not limited to a worse option, in our view.

The above preview is based on the following points.

1) Remind that Indonesia is a low-base consumption driven economy. This would limit downside risk on consumptions and in turn the economy.

2) Other cities in Indonesia are likely to follow similar policy. This is expected to result in a better control of COVID-19 spread in the country, which eventually expected to create better outlook to attract investments.

3) Shift of economic production factors, such as labors and capital, have gradually occurred during the 2Q this year, in our note. Several sectors such as Water Procurement, Waste Management, Waste and Recycle, Information Communication, Agriculture, Forestry, and Fishery, recorded growth both on annual and quarterly basis (please see Review on 2Q20 GDP ,August 6). Other sectors such as Education, Financial and Insurance, posted annual growth during the 2Q20 but not on quarterly basis.

At the other end, Indonesia has a relatively low debt-to-income ratio both in the state and household level, very strong presence of micro, small, and medium enterprises in both formal and informal nature. These are expected to facilitate the reshaping of supply and demand of goods and services during the pandemic period and thus facilitate resources shift to support the overall economic growth.

Based on the above arguments, government current estimate of -1.1% YoY to + 0.2% YoY GDP growth this year may hold, and domestic stock market is expected to benefit, in our view.

At the other end, yesterday the WTI price closed with a reversal of 3.5% at USD38.1/barrel as compared to the previous one. Meanwhile the USDIDR closed at IDR14.853 vs. IDR14.798 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 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,

Disclaimer

Informasi yang terkandung dalam halaman Analisa Saham Indonesia adalah untuk keperluan informasi umum. Informasi ini disediakan oleh Analisa Saham Indonesia dan kami berusaha untuk terus memperbarui informasi dan memperbaikinya, namun kami tidak membuat pernyataan atau jaminan apapun, tersurat maupun tersirat, tentang kelengkapan, akurasi, keandalan, kesesuaian, atau ketersediaan atas halaman ini atau atas informasi, produk, layanan, atau grafik terkait yang terdapat di halaman ini untuk tujuan apa pun. Penggunaan dalam bentuk apapun atas informasi dalam Analisa Saham Indonesia merupakan risiko pengguna sendiri.