

ANALISA SAHAM INDONESIA

September 11, 2020

- * **The JCI trading range: 4,775pt - 4,950pt (Yesterday close: 4,892pt)**
- * **Wall Street plunged by some 2%, mainly on the whipsaw of tech shares**
- * **The JCI is expected to fluctuate on an attempt of reversal by support of bargain hunters**

Morning,

The Jakarta Composite Index (JCI) today (11/9) is expected to be within the range of 4,775pt – 4,950pt, to fluctuate with an attempt to reverse, despite lower oil close. Meanwhile, yesterday (10/9) the DJIA ended lower by 406 points or 1.5% to 27,535pt, while S&P500 and the Nasdaq both closed lower by 1.8% and 1.9%.

The JCI massive selling yesterday (10/9)

The Jakarta stock market yesterday (10/9) underwent selling pressures to have touched the point of 5% limit for the exchange to stop trading by 30 minutes, and later the JCI closed at 4,892pt.

The sell-offs were widely - linked to the effect of the the capital city Jakarta decision on Wednesday (9/9) to re-tighten its large-scale social restriction (PSBB). Directly connecting between the two events may be a misinterpretation, in our view, based on the following points.

Second stage PSBB is the most logical response to the recent escalating spread of COVID-19 new cases, especially for Indonesia whereby health facilities need to catch-up. Other cities such as Melbourne, and Seoul, to name several, had started its second round PSBB much earlier. At present, London and other cities in the UK are preparing the same approach.

Remind that 9 (nine) essential sectors ranging from food factories to financial sectors to food retail sectors to health-related goods and services are still able to operate and provide opportunity for optimal utilization rate of capacity.

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Total net foreign selling since the start of this year until yesterday was at the amount of IDR33.6tr (1Q20:IDR10.3tr, 2Q20:IDR5.3tr, yesterday at IDR663bn), against a net buy of IDR49.2tr last year. At the other end, the JCI registered gain of 32% on September 9, from year low on March 24 since the official news on the COVID-19 outbreak. This implied foreign investors are susceptible to take momentums for profit takings.

Retightening of PSBB, implemented with discipline, is expected to give medium and longer-term benefit to the economy, in our note. Sell-offs in the stock market may be viewed as opportunity.

At the other end, yesterday the WTI price closed lower by 2% at USD37.3/barrel as compared to the previous one. Meanwhile the USDIDR closed at IDR14.871 vs. IDR14.853 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,

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