

ANALISA SAHAM INDONESIA

September 18, 2020

- * **The JCI trading range: 4,990pt - 5,100pt (Yesterday close: 5,038pt)**
- * **Wall Street closed lower by some 1% on continued sell off of tech shares**
- * **The JCI is expected to fluctuate and supported by unchanged BI7D-RRR, stable USDIDR and oil close**

Morning,

The Jakarta Composite Index (JCI) today (18/9) is expected to be within the range of 4,990pt – 5,100pt, to fluctuate but incline higher, on stable USDIDR and oil close. Meanwhile, yesterday (17/9) the DJIA ended higher by 130 points or 0.5% to 27,901pt, while S&P500 and the Nasdaq both closed lower by 0.8% and 1.3%, respectively.

The move to keep the reference rate at 4% by the central Bank Indonesia on its September's meeting, is expected to mitigate foreign outflow in the financial market, in our view.

Prone to outflow

Meanwhile, latest data from the United States (US) indicated a progressing economic activity, with August's retail sales up by 2.6% YoY, and 0.6% MoM. The US central bank revised upward the 2020 GDP contraction to 3.7% YoY vs. 6.5% YoY previously, while next year's GDP growth was revised down to 4% YoY as compared to 5% YoY the previous one. The Fed increased the US inflation projection to 1.2% YoY for this year, from 0.8% in June, and expects that inflation rate not to hit target of 2% YoY until 2023. The aforementioned narration implies that domestic stock market is more prone to funds outflow, in our note.

At the other end, yesterday the WTI price closed higher by 2% at USD40.9barrel as compared to the previous one on OPEC + production cut plan of 7.7mn bpd or of around 8% of global demand. Meanwhile the USDIDR closed at IDR14.878 vs. IDR14.844 the previous one.

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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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