ANALISA SAHAM INDONESIA

October 15, 2020

*** The JCI trading range: 5,140pt - 5,250pt (Yesterday close: 5,176pt)**

*** Wall Street closed lower by some 0.7% on the uncertainty of 2nd Coronavirus aid talk which implied a remote chance to be finalized before the election on November 3**

*** The JCI is expected to fluctuate and being supported by stronger USDIDR and oil close**

Morning,

The Jakarta Composite Index (JCI) today (10/15) is expected to be in the range of 5,14-pt – 5,250pt, tend to continue higher also by support of higher oil close. Meanwhile, yesterday (10/14) the DJIA closed lower by 166 points or 0.6% to 28,514pt, while S&P500 and the Nasdaq both dipped by 0.7% and 0.8%, respectively.

Unchanged domestic reference rates in October makes the stock and financial market appealing (2)

Yesterday in the Jakarta stock market saw once again a rare time during the last months of foreign net buy position, in the amount of relatively slight IDR39.5bn. That brought latest foreign net sell this year to IDR46.1 tr (2019: net buy of IDR49.2tr, 2018: net sell IDR50.7tr).

Again, maintaining the reference rate is expected to do less harm on growth but more benefit to the inflow to the domestic financial market. In addition, yesterday in Indonesia bond market also saw higher daily prices indicating higher demands. Yields of government bonds of all maturities of less than 20 years fell. For example, Indonesia government bonds if 10 years fell by 23bp to 6.86% yesterday . Given the even more dynamic natures of the financial market during the COVID-19, traders might use current volatility both in the stock and bonds market, more profitably.

Central bank Bank Indonesia on its monthly meeting yesterday decided to keep the BI7D-RRR unchanged at 4%, in line with our expectation. During the pandemic climate and especially when expansive monetary frame has been occurring for some time, lower cost of money seems less of an effective tool to boost additional consumptions and investments, in our note.

At the other end, yesterday the WTI price closed higher by 2.1% at USD41.0/barrel as compared to the previous one, ahead of International Energy Agency data release of weekly stockpile move of the United States crude oil today. Meanwhile the USDIDR closed at IDR14.793 vs. IDR14.780 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,