

ANALISA SAHAM INDONESIA

October 16, 2020

- * **The JCI trading range: 5,050pt - 5,175pt (Yesterday close: 5,105pt)**
- * **Wall Street closed slightly lower or by close to 0.5% to mark a 3-days sell off**
- * **The JCI is expected to fluctuate with a reversal attempt on stable USDIDR close**

Morning,

The Jakarta Composite Index (JCI) today (10/16) is expected to be in the range of 5,050pt – 5,175pt, to fluctuate and attempt to reverse on stable USDIDR close. Meanwhile, yesterday (10/15) the DJIA closed lower by 20 points or 0.1% to 28,494pt, 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 (3)

Yesterday was a second day of recently-rare record that foreign funds posted a net buy position in the amount of IDR23.3bn. That brought the latest foreign net sell this year to IDR46.0 tr (2019: net buy of IDR49.2tr, 2018: net sell IDR50.7tr).

Furthermore, yesterday in the Indonesia bond market also saw higher daily prices indicating higher demands. Yields of government bonds of 10 years maturity fell by 4bp to 6.82% yesterday, representing a higher decline from the previous day of 2bp .

At the other end, widely-expected trade surplus for the month of September, published yesterday also provide stability of domestic currency value. For the the 9 (nine) months ended September this year, Indonesia posted a trade surplus balance of USD13.5bn as compared to deficit of USD2.2bn the same period 2019. The main reason is that the country managed to decrease import volume of 5% YoY, while aggregate import price was

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down by 15% YoY. At the other end, aggregate export price during January to September this year increased by 27% YoY.

At the other end, yesterday the WTI price closed almost unchanged at USD40.96/barrel as compared to the previous one of USD41.0/barrel. The oil price was supported by the United States EIA release data that showed crude oil inventory declined by 3.818 million barrels in the prior week, larger than the 1.9 million barrel draw analysts polled by FactSet had been expecting. Meanwhile the USDIDR closed at IDR14.780 vs. IDR14.760 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 Automotive, 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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