

ANALISA SAHAM INDONESIA

November 16, 2020

*** The JCI trading range: 5,425pt - 5,550pt (Friday close: 5,461pt)**

*** Wall Street ended higher by some 1.4% on market rotation into economic recovery counters following the news of COVID-19 vaccine of Pfizer and BioNTech earlier last week**

*** The JCI is expected to gain edge also by impact of regional vibes**

Morning,

The Jakarta Composite Index (JCI) today (11/16) is expected to be in the range of 5,425pt – 5,550pt, likely to gain edge also by support of stable USDIDR close. In addition, the JCI move today is expected to have impact from October's trade data release, as well as euphoria from the signing of the Regional Comprehensive Economic Partnership (RCEP) that took place yesterday (11/14).

Meanwhile, Friday last week (11/13) the DJIA closed higher by 400 points or 1.4% to 29,480pt, while the S&P500 and the Nasdaq both ended higher by 1.4%, and 1.0%, respectively.

Briefs on the RCEP

Stock markets in Japan, Australia, and Korea opened higher by some 1.3% within opening time this morning, the gain of which is also being credited to the signing of the RCEP. The RCEP is made up of 10 (ten) South East Asian countries plus Australia, New Zealand, Japan, South Korea, and China.

Trade wise, explanation from official of Asian Trade Centre goes as follows. Businesses with global supply chains might face tariffs even within current treatment of Free Trade Agreement (FTA) because their products contain components that are made elsewhere.

A product made in Indonesia that contains Australian parts, for example, might face tariffs elsewhere in the Asean free trade zone.

Under RCEP, parts from any member nation would be treated equally, which might give companies in RCEP countries an incentive to look within the trade region for suppliers.

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Geopolitical wise, the RCEP, after 8 (eight) years of formulation, is perceived as the increasing influence of China in the region. The RCEP is seen to have filled the space since the launched of Trans Pacific Partnership by then-president of the United States Barack Obama to reduce China influence in the area.

At the other end, Friday last week (11/13) the WTI price closed lower by 2.4% at USD40.1/barrel as compared to the previous close, for latest of the US weekly oil inventory data release of an increase by 4.7mn barrels versus a decline of 0.9mn barrels the consensus-estimate. Meanwhile, the USDIDR closed at IDR14.222 vs. IDR14.187 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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