

## ANALISA SAHAM INDONESIA

**December 17, 2020**

- \* **The JCI trading range: 6,050pt - 6,200pt (Yesterday close: 6,118pt)**
- \* **Wall Street ended flat supported by the Fed decision to keep reference rate unchanged and monthly bond purchase**
- \* **The JCI is expected to fluctate and be supported by stable USDIDR and oil close**

Morning,

The Jakarta Composite Index (JCI) today (12/17) is expected to be in the range of 6,050pt – 6,200pt, also supported by general regional optimism. Meanwhile, yesterday (12/16), the DJIA closed lower by 45 points or 0.2% to 30,155pt, while the S&P500 and the Nasdaq both ended higher by 0.2% and 0.5%, respectively. The United States (US) equity indices were mainly supported by the Fed chairman Jerome Powell statement for the December's FOMC meeting, on an upward revision economic growth this year to a contraction of 2.4% YoY (previously in September -3.7% YoY) and the next year growth of 4.2% YoY (previously 4.0% YoY). At the same time the Fed kept the FFR target of 0-0.25% unchanged and its monthly bond buying activities of USD120bn.

### **The reference BI7D-RRR is now at the lowest level since inception August 2016**

The central bank Bank Indonesia (BI) monthly board-of-governor meeting is scheduled to announce monetary policy including reference BI7D-RRR rate this afternoon. In its November meeting, BI lowered the rate by 25bp, the 5<sup>th</sup> time this year to 3.75%, the lowest since August 2016. The lower rate, along with other expansive monetary tools, is one effort to boost credit growth.

The central bank today may decide to cut another 25bp (1) , or kept the rates unchanged (2), both can be favorable to the economy, in our note. In the former option, mining and plantation and other recovering sectors would benefit, while in the later one, the financial sector does.

#### Disclaimer

*Informasi yang terkandung dalam halaman Analisa Saham Indonesia adalah untuk keperluan informasi umum. Informasi ini disediakan oleh Analisa Saham Indonesia dan kami berusaha untuk terus memperbarui informasi dan memperbaikinya, namun kami tidak membuat pernyataan atau jaminan apapun, tersurat maupun tersirat, tentang kelengkapan, akurasi, keandalan, kesesuaian, atau ketersediaan atas halaman ini atau atas informasi, produk, layanan, atau grafik terkait yang terdapat di halaman ini untuk tujuan apa pun. Penggunaan dalam bentuk apapun atas informasi dalam Analisa Saham Indonesia merupakan risiko pengguna sendiri.*

In September, Mining and Quarrying (MQ) credit amounted to IDR140.1tr, or representing growth of 14.9% YoY, which is higher than that of total credit growth at 0.4% YoY (2019:6.1% YoY, 2018:12.0% YoY). The higher growth of the MQ sector in September is obvious as compared to its Construction counterpart, for example, at 1% YoY, or to Agriculture, Hunting, and Forestry sector at 4.4% YoY. Further rate cut may intensify activities in the trending MQ and other recovering sectors and eventually boost growth.

At the other end, yesterday the WTI price closed higher by 0.4% to USD47.8/barrel, on larger-than-estimated weekly drop of the United States oil inventories. Meanwhile, the USDIDR closed at IDR14.151 vs. IDR14.171 the previous one.

We advise the following recommendations, for both trading and longer-time investment purpose. **AAI, 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,

#### Disclaimer

*Informasi yang terkandung dalam halaman Analisa Saham Indonesia adalah untuk keperluan informasi umum. Informasi ini disediakan oleh Analisa Saham Indonesia dan kami berusaha untuk terus memperbarui informasi dan memperbaikinya, namun kami tidak membuat pernyataan atau jaminan apapun, tersurat maupun tersirat, tentang kelengkapan, akurasi, keandalan, kesesuaian, atau ketersediaan atas halaman ini atau atas informasi, produk, layanan, atau grafik terkait yang terdapat di halaman ini untuk tujuan apa pun. Penggunaan dalam bentuk apapun atas informasi dalam Analisa Saham Indonesia merupakan risiko pengguna sendiri.*