

ANALISA SAHAM INDONESIA

January 21, 2021

*** The JCI trading range: 6,385pt - 6,500pt (Yesterday close: 6,430pt)**

*** Wall Street closed at record-highs as the new United States (US) president Joe Biden set off the administration with clear reversing moves**

*** The JCI is expected to fluctuate and yet supported by the stable close of USDIDR and oil close**

Morning,

The Jakarta Composite Index (JCI) today (1/21) is expected to be in the range of 6,385pt – 6,500pt to incline higher although limitedly. Meanwhile, yesterday (1/20) the DJIA closed higher by 258 points or by 0.8% to 31,188pt, while the S&P500 and the Nasdaq both ended higher by 1.4% and 2.0%, respectively.

WTI oil price has advanced by 10% year-to-date

Indonesia budget assumption set this year of oil price at USD45/barrel, while last year close at USD48.5/barrel

WTI price closed at USD53.2 / barrel in the last session to post a year-to-date gain of 10%. The hike, to name a few of reasons, are due from (1) the expectation of supply curb by the new US administration, (2) hope for higher demand as vaccination programs being carried out, and (3) the unexpected production cut by the Saudi Arabia during the latest OPEC+ meeting.

In September 2019, by the contribution of the US shale revolution clearly started in 2008 and by the lift of the curb on the US crude oil export in 2015, the US became a net oil exportir country the first time in decades.

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Being a net-oil-exporting country, the US at present is a de-facto major influencer within the OPEC+ members oil organization, as quoted from the media. As the newly-sworn US president Biden stated this morning, one of the three immediate moves of the new administration is to tackle climate change and hasten the transition to a low-carbon economy, firstly by re-entering the Paris Climate Agreement which his predecessor Donald Trump decided to withdraw from.

By theory and by simplicity sake, the above narration should repress output and ultimately bring world oil prices in a stable and uptrending trend, and in turn a positive impact for Indonesia economy.

However, as quoted from the media, domestic political circumstances in the US might somehow cause limit to the impact, as the US domestic interest may favor higher oil supply in the first place. Take another factor of derivative trading in oil commodity, again, oil price estimate still can not be taken for granted and need constant monitoring if not revisions, in our view.

At the other end, yesterday the WTI price closed higher by 0.5% to USD53.2/barrel as compared to the previous close. The just-inaugurated US president Joe Biden is widely expected to enact policies to curb the country's production. Meanwhile, the USDIDR closed at IDR14,065 vs. IDR14,086 the previous one.

We advise the following recommendations, for both trading and longer-time investment purpose. **AAII, LSIP (sector of Agri, allocation suggestion Underweight), UNTR, ITMG, ADRO, PTBA (sector of Coal Mining, allocation suggestion Market-weight), SIDO, ULTJ, UNVR, ICBP (sector of Consumer, allocation suggestion Overweight), and ACES, SCMA, MAPI, MNCN (sector of Trade, allocation suggestion Overweight), and TKIM (sector of Basic Industry, allocation suggestion Market-weight).**

Cheers,

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