ANALISA SAHAM INDONESIA

January 5, 2021

* **The JCI trading range: 6,025pt - 6,175pt (Yesterday close: 6,105pt)**

* **Wall Street closed lower by some 1.3% on the juncture of whether the Republicans an hold on to control in the Senate during the Tuesday's Georgia runoff elections in the United States**

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

Morning,

The Jakarta Composite Index (JCI) today (1/5) is expected to be in the range of 6,025pt – 6,175pt, to fluctuate and to be propped-up also by sign of improving economic climate. Meanwhile, yesterday (1/4), the DJIA closed lower by 383 points or 1.3% to 30,224pt, while the S&P500 and the Nasdaq both ended lower by 1.5%.

Latest Indonesia CPI increment pointed to a cautious-optimistic view in-tact

Indonesia Consumer Price Index (CPI) indicator last year pointed to an increase of 1.68% YoY (2019:2.72% YoY, 2018:3.13% YoY), the lowest in the least of 5 (five) years. However, on a month-to-month (MoM) basis, the December CPI rates increased by 0.45% (November:0.28% , October: 0.07%). The biggest contributor of the last month's CPI is the Raw Food, Beverages, and Tobbaco of 0.38ppt (November:0.22ppt, October:0.07ppt) . The next one is from Transportation of 0.06ppt (November: 0.04ppt, October: -0.02ppt), and the third biggest contributor is from Prepared Food and Beverages/Restorant of 0.02ppt (November: 0.01ppt, October:0.02ppt).

December's CPI figure and trend is indicating improving consumers' confidence from the previous months, along with general optimism also to regard the prospect of successful COVID-19 vaccines administering.

At the highlight, a stable line of growth can be seen on a new capture of consumption sub-indicator introduced early last year, of "Perawatan Pribadi, dan Jasa Lainnya" account (Private Services, and

Others). This sub-line has been designed to factor-in the latest trend of consumers consumption activities, especially on the on-line platforms, and to represent purchase of goods and services by majority consumers. On the month December last year the account pointed to annual inflation rate growth of 5.8% (November: 6.21, October: 6.62, September: 6.97), which have shown relatively high and relatively stable figures, in our note. By items included in the sub-line, such as, cellular phone, handycams, photostudio, stakeholders may use the line as a gauge to the middle-class category of consumption measure sign, we note.

The end of last year marked with higher increase of world major commodities' price such as thermal coal (+20% YoY), palm oil (+28% YoY), gold (+21% YoY) , nickel (+19% YoY). The trend should have added another significant factor to have triggered consumers' confidence to consume more, and has been reflected in the December's CPI rate.

At the other end, yesterday the WTI price closed lower by 1.9% to USD47.6/barrel against the previous close, mainly on OPEC+ members indecesion during yesterday meeting of whether or not to increase output in February. The oil exporting countries and allies organization will meet again today. Meanwhile, the USDIDR closed at IDR13.903 vs. IDR14.105 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*), **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,