

ANALISA SAHAM INDONESIA

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- * **The JCI trading range: 6,000pt - 6,175pt (Yesterday close: 6,066pt)**
- * **The United States (US) stock indices Futures increased by some 0.3% before Congress in the Capitol Hill resumed process to confirm Biden as the US president-elect after the siege**
- * **The JCI is expected to fluctuate to attempt reverse also by support of stable USDIDR and oil close**

Morning,

The Jakarta Composite Index (JCI) today (1/7) is expected to be in the range of 6,085pt – 6,200pt, to fluctuate and to be supported by bargain hunters. Meanwhile, yesterday (1/6), the DJIA closed higher by 438 points or 1.4% to 30,829pt, while the S&P500 and the Nasdaq ended higher by 0.6% and lower 0.6%, respectively. The US equities rose as Georgia's Senate runoff election results rolled in to create a 50-50 Senate that Democrats will control. A democrat-held Senate is widely believed push for a more robust stimulus package.

Higher if not extreme volatility is now back for some foreseeable short-term period

The latest political news in the US on chaos in the Capitol Hill, along with the sudden break on the "PSBB Transisi" (transitional large scale social restriction) for major cities in Indonesia being decided yesterday, have come to underline again the issue of intensifying volatility in the financial market.

In-line with the above theme we review one of the counters in our sector choice this year, Trade, which include 4 (four) counters, as ACES, SCMA, MAPI and MNCN.

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Surya Citra Media (SCMA) resume BUY rating on cost-of-revenue adaptibility

Given the latest financial of SCMA we maintain our BUY rating with a 12M-TP of IDR2,900/share that is representing a FY20 annualized earnings multiple of 34.9x, which is within its highest in the most recent years. The main argument is that the counter is among ones that is expected to benefit from current volatile situation. This implies a V-shape recovery also for the company, in the event of the economy does so this year.

SCMA reported total consolidated revenue of IDR3.6tr, representing a contraction of 13.5% YoY. On a quarterly basis, the 3Q20 total revenue recorded at IDR1.2tr vs. IDR564bn in the 2Q20, or representing a twice as much increase.

A resume of business activities during the 3Q20 has done good for the company business. Revenues from Television increased by 23% QoQ in the 3Q20 as compared to a contraction of 28% QoQ in the 2Q, while revenues from the Digital and Out-of-home advertising increased by 49.7% QoQ in the 3Q20 as compared to a contraction of 51.7% QoQ in the 2Q20.

Cost-of-revenue elasticity improved operating margins in the 9M20 to 32.9% (3Q20: 31%) as compared to 28.9% during 9M19. Net profit margin was recorded stable at 25% during the 9M20 as compared to the 1H20. As at end of September 30, the company remains a debt-free one

At the other end, yesterday the WTI price closed higher by 1.4% to USD50.6/barrel against the previous close, mainly on the US weekly oil inventory data release that showed a decline of 8mn barrels as opposed to the estimated 2.1mn drop. Meanwhile, the USDIDR closed at IDR13.926 vs. IDR13.945 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, ULTI, 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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