

ANALISA SAHAM INDONESIA

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JCI

Trading range: 6.025pt - 6.110pt (Friday close : 6.057pt)

Morning,

The Jakarta Composite Index (JCI) today (27/5) is expected to settle in the positive zone at the range of 6.025pt -6.110pt to continue to regain the lost valuation since April (April 18 close on 6.507pt). Investors for Indonesian shares have factored in the country political risks in our view (May 02 2019 foreign net buy at IDR98.9tn vs last week's net buy of IDR55.9tn for the year). Nevertheless, current vacuum of legitimate 2019-2024 Indonesia leadership will somehow give its share to restrain the rally of the JCI back to its previous level, in our analysis. Following the submission of election fraud charges by incumbent's rival Prabowo-Sandi to Constitutional Court on Friday last week, the Court will proceed the matter starting June 14 and will announce the decision on June 28. While this process will pose no threat both to the country and to the equity market, still this process will provide a bit gravels from foreign investors perspective, thus to interrupt rally, from our standpoint.

At the other end, DJIA close to 25.5866pt or 0,4% higher and the WTI close to USD58.6/barrel or 1,2% higher than the previous close will support the JCI today , we expect. So is the stable USDIDR at IDR14,551 of Friday close vs. IDR14.513 the day before.

We keep the following recommendations. These counters have been hit hard since the end of March this year and thus offer bargain opportunity both for trading and longer term 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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