

## ANALISA SAHAM INDONESIA

June 25, 2019

- \* **The JCI trading range today : 6,275pt - 6,340pt (yesterday close: 6,313pt)**
- \* **Wall Street closed with cautious**
- \* **The JCI expected to trade in a narrow range**

Morning,

The Jakarta Composite Index (JCI) today (25/6) is expected to trade in a narrow range within 6,275pt – 6,340pt for uninspiring close of Wall Street yesterday (24/6). The DJIA closed almost unchanged during yesterday trading, to have gained by 8pt, while both the S&P500 and the Nasdaq were closed down by 0.2% and 0.3%, respectively. The main worry of investors is the upcoming G-20 countries' leader meeting in Osaka Japan on June 28. During this event, both the United States and China presidents is highly expected to settle on a trade agreement which negotiation had started end of last year.

The two leaders are expected to discuss the ongoing U.S. China trade war. Talks of a possible trade deal fell through back in May after the Trump administration hiked tariffs to 25% from 10% on about \$200 billion worth of Chinese imports. China retaliated with higher tariffs of its own. President Donald Trump has also floated the idea of slapping tariffs on an additional \$300 billion in Chinese imports. As quoted from daily CNBC, three scenarios are possible to expect from the event. First, the U.S. agrees to hold off on slapping additional tariffs on Chinese goods for an indefinite amount of time. Second, the U.S. holds off on additional levies for a fixed amount of time. Third, the U.S. makes no mention of the additional tariffs in its post-meeting statement, which would suggest the administration will move forward with them "ASAP."

At the other end, latest domestic macro indicators suggest a situation of under-control and yet uninspiring. This supports the JCI, in our view.

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 Automotive, 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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