

ANALISA SAHAM INDONESIA

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- * **The JCI trading range today 6,360pt - 6,425pt (yesterday close: 6,380pt)**
- * **Trade deal near close and higher WTI price support the JCI today**
- * **Indonesia inflation rate for June 2019, at 3.28% YoY, is sufficiently-contained**

Morning,

The Jakarta Composite Index (JCI) today (2/7) is expected to be in the range of 6,360pt – 6,425pt following Wall Street’s positive sentiment and close on Monday (1/7), with the S&P500 reached closing high at 2,964pt, higher by 0.8% than previous close. Meanwhile, the DJIA closed higher by 0.4% to 26,717pt, and the Nasdaq by 1.1% to 8,091pt.

The United States (US) equity market is said to have been contented on the trade agreement with China whose progress was announced after the completion of the G-20 countries’ leaders meeting in Japan on June 30. President Donald Trump and Chinese President Xi Jinping agreed not to impose new levies on U.S. and Chinese goods. The two leaders agreed to “to restart trade consultations between their countries on the basis of equality and mutual respect.”

At the other end, OPEC meeting held yesterday (1/7) agreed on extension of oil production cuts of 1.2mn barrels/day, a decision initially made during OPEC meeting on December last year. The WTI price close by 1.1% higher yesterday at USD59.1/barrel.

The JCI today is expected to be supported by stronger USDIDR that closed at IDR14.117 yesterday vs. IDR14.141 previously. Also, domestic June’s inflation rate at 3.28% YoY (May: 3.32% YoY), is well within Bank Indonesia annual target rate, also expected to hold the index within our estimated support level.

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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