

ANALISA SAHAM INDONESIA

March 31, 2021

- * **The JCI trading range: 6,025pt - 6,150pt (Yesterday close: 6,071pt)**
- * **Wall Street ended lower by some 0.2%, mainly on uncertainty of the size of possible forced liquidation from transaction of a hedge fund in the United States (US)**
- * **The JCI is expected to fluctuate and be supported by bargain hunters**

Morning,

The Jakarta Composite Index (JCI) today (3/31) is expected to be in the range of 6,025pt – 6,150pt, to fluctuate and be supported by bargain hunters. Meanwhile, yesterday (3/30), the DJIA closed lower by 104 points or 0.3% to 33,067pt, while the S&P500 and the Nasdaq ended lower by 0.3% and 0.1%, respectively.

Against the YTD custom of net foreign buy, Indonesia exchange incurred a net sell on yesterday trading, while the main stock index incurred a loss by 1.6% in a day. The loss, higher than usual profit-taking / consolidation magnitude of 0%-0.9%, were widely-linked to the need of raising cash of major foreign investors to cover a margin call need in the US stock market, eventually of the Archegos Capital Management. Such contagion effect might be correct, but the fact of still trending-up US bonds yield is also a major reason, we reckon.

The US 10-year Treasury note yield increased to its 1-year high yesterday at 1.78%, mainly ahead of the speech from the US President Joe Biden on the next USD3tr recovery package for all sectors to boost the US economy. In addition, several indicators of the country economy showed improving signs, such as the home price and consumer indices. Prospect of sharp recovery has shifted risk appetite to riskier ones.

The above narration implies that temporarily less-attractive yield differential might also shift foreign funds preference in Indonesia stock market.

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At the other end, last week the WTI price ended lower by 1.6% to USD60.6/barrel as compared to the previous close, ahead of OPEC+ members meeting tomorrow (4/1) with consensus estimate that major producer Saudi Arabia is expected to extend current restrained-level of output. Meanwhile, the USDIDR closed at IDR14,481 vs. IDR14,434 the previous one.

We advise the following recommendations, for both trading and longer-time investment purpose. **AAJI, 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,

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