

Broad-based sell off

JCI declined by more than 2% momentarily in the afternoon session today, due to broad-based sell off, including profit taking in commodity sector that has performed well year-to-date. Meanwhile, global market was mixed with US market strengthened overnight yet Hang Seng declined -1% at the time of writing. Market reform is still underway to fulfill MSCI requests to avoid the risk of Indonesia being downgraded to Frontier Markets.

The market decline this afternoon is quite broad-based across all sectors. Aside from that, domestic indicators are still showing no notable movement with bond yield and Rupiah still on steady level.

JCI's mover as of 14.25 pm today (points):

Leaders	Index Points	Laggards	Index Points
TKIM	+2.8	TLKM	-14.6
GOTO	+2.0	MDKA	-12.2
BNBR	+1.5	FILM	-7.1
STAR	+1.1	VKTR	-3.6
MEGA	+0.6	BBCA	-3.4

Source: Bloomberg

Our take:

In JCI, as the current high volatility is still contained in several stock names, we maintain our positive view on the domestic market as Indonesia's macro data are relatively stable (fiscal/budget, current account, inflation, etc.) and we believe purchasing power will improve supported by both fiscal and monetary policies. We will use this opportunity to add position in companies with good fundamental/business model, resilient financial performance and attractive valuation.

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