

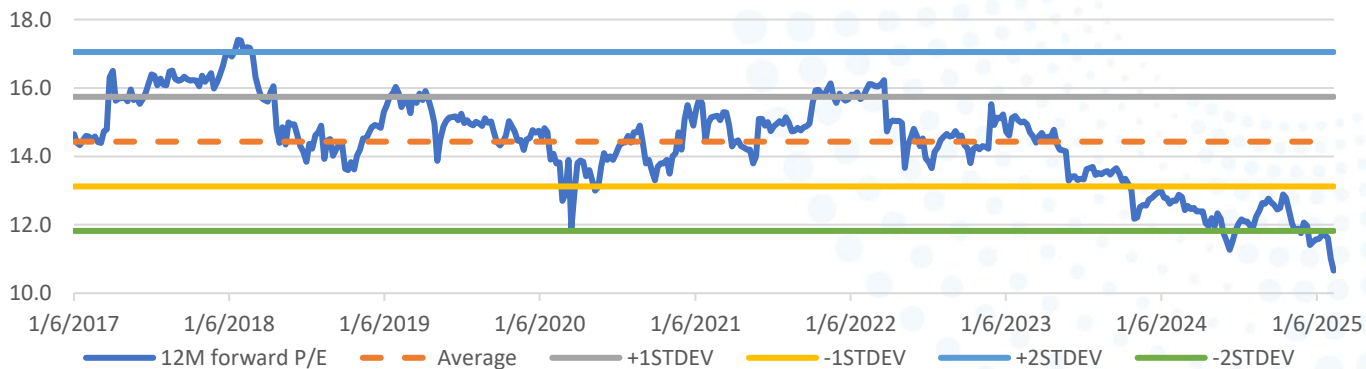
Selling pressure persists

JCI touched another -2% today driven by the decline in BREN, CUAN and large cap stocks. The exclusion of BREN and CUAN from MSCI Indonesia Investable Market Index (IMI) due to potential investability issues continue to put pressure on JCI. For large cap stocks, TLKM led the decline as both EXCL and ISAT highlighted increasing aggressiveness in mobile pricing competition especially in the starter packs that raises concern on potential price war in the telco sector. While we do not expect a full blown price war like in 2018 during the introduction of sim card registration policy, confidence is likely to be restored when telco operators start to increase prices again. JCI was down 116 points and the top 5 names contributed 68 points, representing ~60% of JCI's decline.

JCI's mover at the time of this writing (points):

Leaders		Laggards	
BBRI	+6	BREN	-24
ASII	+2	TLKM	-14
AMRT	+2	AMMN	-11
FILM	+2	BMRI	-11
BUKA	+1	TPIA	-8

Source: Bloomberg



Source: Bloomberg, BPAM

Our take:

Our strategy remains to invest in company with strong fundamentals and attractive valuation. In terms of sectors, our preference is on Consumer and Telecommunication. JCI is currently trading at 10.7x 12M forward P/E, equivalent to 2.9 s.d. below mean valuation of 14.4x P/E.

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