



## Roller-Coaster Ride: Sell on News!

### Crazy Upswing as if everything's Alright?

DJIA, S&P and JCI Index have increase by 0.57%/1.29%/10.90% (per Apr 6th, 2020) from our latest Investment Strategy Update on Mar 26th, 2020. Compared to the prior S&P index rebounds in 1927 (+18.21%), 1987 (+14.92%) and 2008 (+23.25%), the current return is relatively in average at 17.55% level. However, based on historical pattern (see exhibit 01), the current uptrend might as well be a bear trap for the upcoming plunge. Moreover, these index increases are supported by a more optimistic outlook due to the slowing down growth of Covid-19 cases in the US which currently stands at 337,646 confirmed cases, being the country with the most confirmed case, with 5.21% recovery rate and total deaths of 9,648. While China also reported a significantly decreasing number of Covid-19 each day with the current case of 82,641 being the highest to recover with 77,300 recoveries (93.54% recovery rate) and 3,335 deaths. Although cases in Indonesia are still increasing to 2,273 cases with 7.22% recovery rate and 198 deaths (based on JHU, Apr 6th 2020) which we believe it still has not reach the peak, the Government keeps on releasing new policies to suppress the spread, as well as providing various stimulus to maintain economic resilience. So, with these progresses, will this optimism last? Is everything REALLY all right?

### Hard Reality: Recession and Depression Threats are Lingerling

We believe the strengthening of DJIA and JCI by +13.23%/+20.61% respectively from March 23, 2020 to April 6, 2020 is only short-term due to US and Indonesian government intervention by issuing fiscal stimulus worth to USD2 trillion and IDR405 trillion (~USD25 billion) in response to mitigate the impact of Covid-19. Meanwhile, some negative catalysts that must be observed include: 1) The US non-farm payroll decreased by 701,000, which shows the negative impact of Covid-19 on the economy, and became the first decline since 2010. In addition, the unemployment rate increased at 4.4% MoM (vs 3.5% MoM in 2M20), higher than the estimate at 3.8% level in 3M20; 2) The US and Europe currently become the top 5 epicenter of the Covid-19 outbreak with total cases reaching 792,143 (as of 6 April 2020).

Fears are growing that the worldwide economic downturn could be deeper specifically within the transportation sector, tourism, retailers, supply chains and commodity markets which have weakened due to temporary shutdown. Therefore, the OECD revised its global economic growth target to 2.4% (vs previously at 2.9%), US' GDP to 1.9% (vs previously at 2.0%), China's GDP to 4.9% (vs previously at 5.7%). KMPG even predicted that Covid-19 outbreak could potentially pull US economic growth down to negative zone at -4.5% in FY20E and will recover in FY21F/FY22F by -1.1%/0.8% YoY. Whereas BI, together with the Ministry of Finance, revised Indonesia's GDP growth from the previous level of 5% in FY20E to only 2.3%, even the worst case scenario could reach the negative zone at the level of -0.4%. Meanwhile, the Indonesian PMI index stood 45.3 in 3M2020, reaching the lowest level in the last 3 years. We believe that if this outbreak continues within the next 2 months, debt fund risks of default (corporate bond) will increase, especially for the financial sector. Therefore, we estimate FY20E earnings will weaken around 5% -30% in all sectors.

### Trading Strategy amid High Volatility: Sell on Strength

MNCS evaluates that the JCI index rally is a respond to a short sentiment turnaround against Covid-19. However, we see that this increase is not supported by a solid improvement from the real economic, where it is estimated for a future downtrend. Technically estimated, JCI can still potentially surged to 4,800 - 5,000, while the decline potential is below 4,200 level. We also have describe in the Primbon Index that FY20E will be a bumpy year with a high volatility. Therefore, we recommend Trading SELL to take profits on bluechips stocks that we have recommended before.

#### Head of Institutional Research

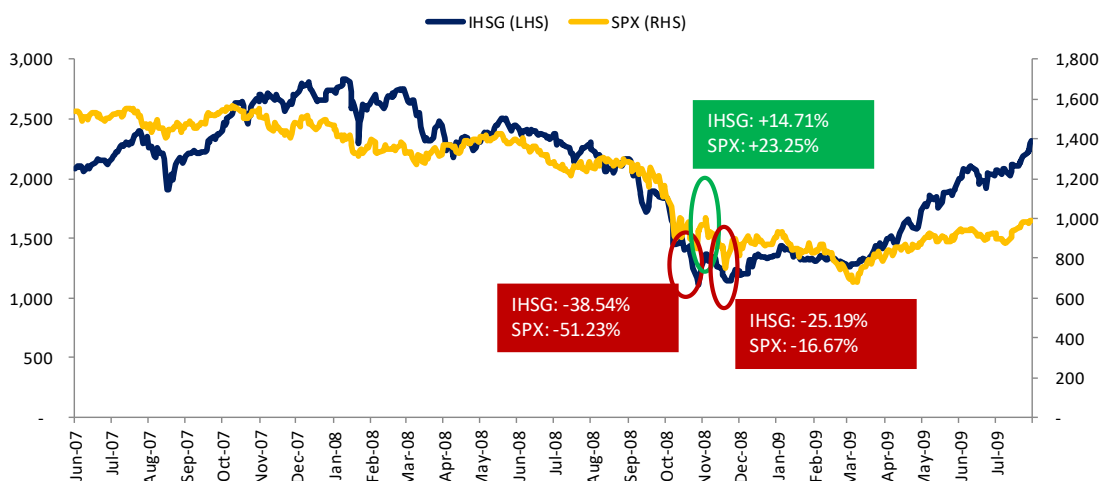
Thendra Crisnanda  
thendra.crisnanda@mncgroup.com  
(021) 2980 3111 ext. 52162

#### Research Analyst

Victoria Venny  
victoria.nawang@mncgroup.com  
(021) 2980 3111 ext. 52236

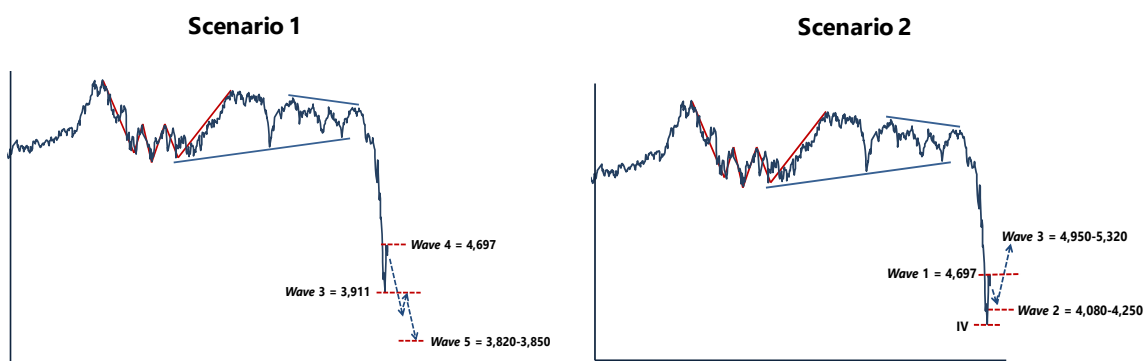
Code	Last Price in March 26, 2020	Last Price in April 6, 2020	Return (Loss)
HMSP	1,415	1,780	25.80%
GGRM	41,800	49,825	19.20%
TLKM	2,980	3,330	11.74%
ASII	3,620	4,030	11.33%
BBRI	2,940	3,020	2.72%
BBNI	3,590	4,290	19.50%
PTBA	2,020	2,160	6.93%
ITMG	7,650	8,625	12.75%
<b>Average</b>			<b>13.75%</b>

**Exhibit 01. S&P and JCI Index Uptrend in 2008 might as well be a bear trap for the upcoming plunge**



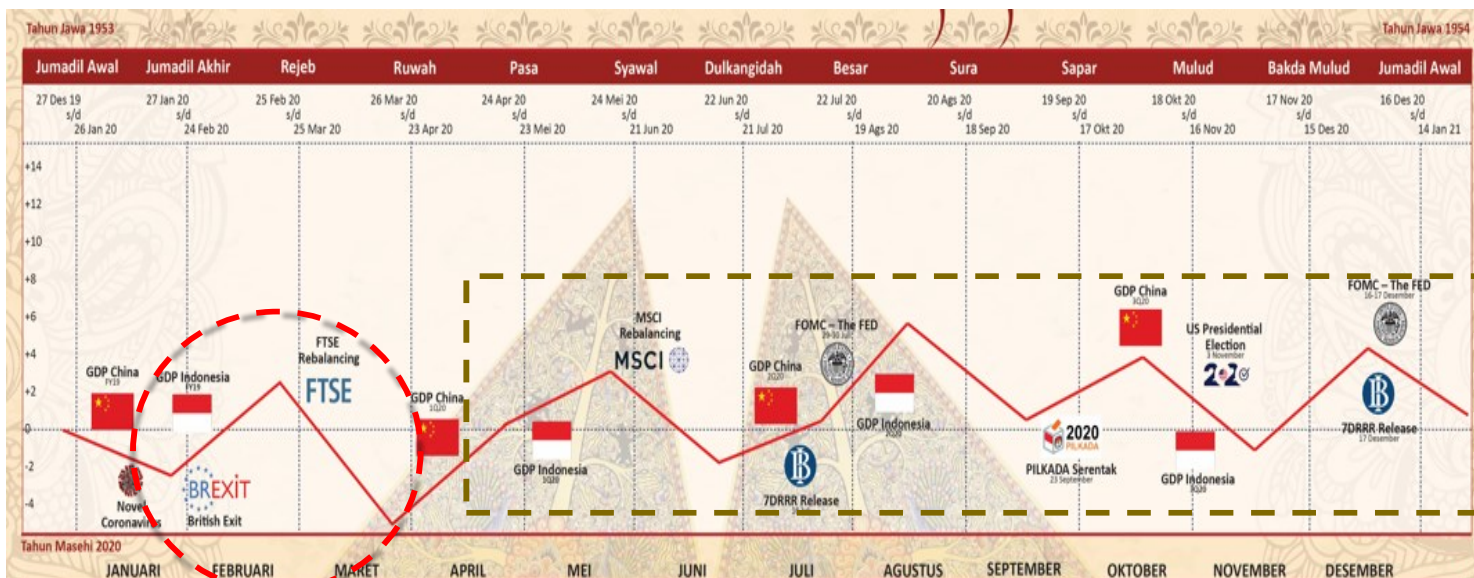
Source: Bloomberg, MNCS

**Exhibit 02. JCI Movement Scenario Base on Elliot Wave**



Source: MNCS

**Exhibit 03. MNCS Primbon Index 2020**



Source: MNCS

## MNC SEKURITAS RESEARCH TEAM

### Thendra Crisnanda

Head of Institutional Research, Strategy  
thendra.crisnanda@mncgroup.com  
(021) 2980 3111 ext. 52162

### Victoria Venny

Banking, Small-Mid Cap, Telco  
victoria.nawang@mncgroup.com  
(021) 2980 3111 ext. 52236

### Catherina Vincentia

Automotive, Coal Mining, Metal Mining  
catherina.vincentia@mncgroup.com  
(021) 2980 3111 ext. 52306

### I Made Adi Saputra

Head of Fixed Income Research  
imade.saputra@mncgroup.com  
(021) 2980 3111 ext. 52117

### Muhamad Rudy Setiawan

Construction, Oil & Gas, Property  
muhamad.setiawan@mncgroup.com  
(021) 2980 3111 ext. 52317

### T. Herditya Wicaksana

Technical Specialist, Cement  
herditya.wicaksana@mncgroup.com  
(021) 2980 3150 ext. 52150

### Edwin J. Sebayang

Head of Retail Research, Technical  
edwin.sebayang@mncgroup.com  
(021) 2980 3111 ext. 52233

### Aqil Triyadi

Research Associate  
aqil.triyadi@mncgroup.com  
(021) 2980 3111 ext. 52313

## MNC SEKURITAS EQUITY SALES TEAM

### Andi Abidin

Associate Director Institution & High Network  
andi.abidin@mncgroup.com  
(021) 2980 3111 ext. 52170

### Harun Nurrosyid

Manager Equity Institution  
harun.nurrosyid@mncgroup.com  
(021) 2980 3111 ext. 52187

### Wesly Andri Rajaguguk

Head of Institutional Equity Sales  
wesly.rajaguguk@mncgroup.com  
(021) 2980 3111 ext. 52341

### Ibnu Ramadhan

Institutional Equity Sales  
ibnu.ramadhan@mncgroup.com  
(021) 2980 3111 ext. 52178

### Nesya Kharismawati

Manager Equity Institution  
nesya.kharismawati@mncgroup.com  
(021) 2980 3111 ext. 52182

### Agus Eko Santoso

Manager Equity Institution  
agus.santoso@mncgroup.com  
(021) 2980 3111 ext. 52185

### MNC Research Investment Ratings Guidance

**BUY** : Share price may exceed 10% over the next 12 months  
**HOLD** : Share price may fall within the range of +/- 10% of the next 12 months  
**SELL** : Share price may fall by more than 10% over the next 12 months  
**Not Rated** : Stock is not within regular research coverage

### PT MNC SEKURITAS

MNC Financial Center Lt. 14 – 16  
Jl. Kebon Sirih No. 21 - 27, Jakarta Pusat 10340  
Telp : (021) 2980 3111  
Fax : (021) 3983 6899  
Call Center : 1500 899

#### Disclaimer

This research report has been issued by PT MNC Sekuritas, It may not be reproduced or further distributed or published, in whole or in part, for any purpose. PT MNC Sekuritas has based this document on information obtained from sources it believes to be reliable but which it has not independently verified; PT MNC Sekuritas makes no guarantee, representation or warranty and accepts no responsibility to liability as to its accuracy or completeness. Expression of opinion herein are those of the research department only and are subject to change without notice. This document is not and should not be construed as an offer or the solicitation of an offer to purchase or subscribe or sell any investment. PT MNC Sekuritas and its affiliates and/or their offices, director and employees may own or have positions in any investment mentioned herein or any investment related thereto and may from time to time add to or dispose of any such investment. PT MNC Sekuritas and its affiliates may act as market maker or have assumed an underwriting position in the securities of companies discussed herein (or investment related thereto) and may sell them to or buy them from customers on a principal basis and may also perform or seek to perform investment banking or underwriting services for or relating to those companies.