

2nd WEEK**August 2020**❖ **MACRO**

- Joe Biden is seeking advice from former Federal Reserve Chair Janet Yellen, who ran monetary policy while the Democratic nominee served as vice president. Yellen, now a distinguished fellow at the Brookings Institution, was among a handful of economists who on Thursday briefed Biden about an economy that has been reeling during the five-month coronavirus pandemic, according to the campaign. Yellen has avoided shows of political partisanship, and it's not clear whether her decision to meet with Biden represented an endorsement. She did not immediately return a request for comment. A Brookings spokesman said employees of the think tank can "provide nonpartisan public policy analysis" to candidates but added that they cannot engage in politics "on behalf of the institution."
- World Bank Group commitments to help countries achieve better development outcomes and address the health and economic impacts of the coronavirus disease (COVID-19) rose to \$73.4 billion in fiscal year 2020, 23 percent higher than the prior year and the highest level in a decade. The financial statements from the fiscal year highlighted the strength of the financial position of the World Bank Group, strong demand for financing including due to COVID-19, and the continued backing from shareholders and capital markets. These statements include the Management's Discussion and Analysis of financial results for four World Bank Group institutions: the International Bank for Reconstruction and Development (IBRD), which provides loans and advice to middle-income countries; the International Development Association (IDA), the World Bank's fund for the poorest; the International Finance Corporation (IFC), the Bank Group's private sector arm; and the Multilateral Investment Guarantee Agency (MIGA), whose mandate is to help drive impactful foreign direct investment to developing countries.

- Review:

Janet has been a dedicated public servant for a long time. She's been a very effective leader at the central bank. Lots of people want to seek her advice. The fact that Biden is reaching out to her is a good thing. She's clearly a very successful policymaker as well as a successful academic.

❖ **MICRO**

- Bank Indonesia (BI) noted that primary residential property sales in the second quarter continued to decline. From the Residential Property Index (IHPR) survey, sales contracted 25.6%. Residential property is housing which is one of the basic necessities for individuals. The reason is that the mortgage interest rate (KPR) is still considered too high. In addition, respondents also conveyed the decline in sales due to the COVID-19 pandemic and large-scale social restrictions (PSBB). "Even though the average mortgage interest rate in the second quarter of 2020 decreased to 8.92% from the previous 9.12%. This figure is still considered quite high, especially for small and medium-sized household consumers," the report said, quoted Thursday, 13/8/2020). Then other factors considered to be still an obstacle, among others, the high proportion of down payments in applying for mortgages in banks, licensing problems and the increase in the price of building materials also contributed to this decline.

- The Financial Services Authority (OJK) has issued various stimulus policies during the COVID-19 pandemic in line with the Government's efforts to promote national economic recovery. Tackling the economic impact of COVID-19 requires joint efforts between the OJK and the Financial System Stability Committee (KSSK). "OJK has optimized various policies to encourage national economic recovery through strengthening the role of the financial services sector. OJK supports various policies of the Ministry of Finance (Kemenkeu), Bank Indonesia (BI) and the Deposit Insurance Corporation (LPS) in accelerating national economic recovery," said the Deputy

Commissioner. Public Relations and Logistics Anto Prabowo, Thursday (13/8/2020). Anto said that the policy mix is to maintain the stability of the financial services sector and to position the financial services industry as a catalyst in moving the economy. The stimulus policies that have been issued by the OJK include policies related to restructuring of bank credit and financing from finance companies as regulated through POJK 11/2020 and POJK 14/2020.

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Indeed, from the consumer side, KPR facilities remain the main source of financing in purchasing residential property. The survey results indicate that most consumers use the KPR facility as much as 78.41% to buy residential properties, 16.22% in cash and 5.37% in cash.

❖ **BANKING**

- Bank Mandiri is again holding the Mandiri Young Entrepreneur Competition (WMM) in 2020. The event aims to increase the motivation and interest of the young generation to become entrepreneurs so they can be economically independent. WMM is an annual event held by Bank Mandiri since 2007, and is included in the youth entrepreneur nursery program. More than 36 thousand young entrepreneurs from 656 universities throughout Indonesia participated. Bank Mandiri Corporate Secretary Rully Setiawan said, the WMM 2020 competition was again held to attract young entrepreneurs from all walks of life. "This annual competition is a manifestation of Bank Mandiri's consistency in spreading entrepreneurial inspiration to the younger generation. The hope is that the younger generation can see WMM as a media of actualization as well as promotion of innovation and self-creation as well as encouraging the revival of the Indonesian economy amid global uncertainty due to the COVID-19 pandemic," Rully said in a written statement, Wednesday (12/8/2020).
- PT Bank Rakyat Indonesia (Persero) Tbk or BRI recorded a 37% decline in profit in the first semester of 2020 with IDR 10.2 trillion. In the first semester of 2019, BRI recorded

a net profit of Rp. 16.16 trillion. Then explained the President Director of BRI Sunarso, the total assets until the first semester of 2020 amounted to Rp 1,387.76 trillion or grew 7.73%. "Of the assets of that size, with well-maintained asset quality, where the NPL (non-performing loan / non-performing loan ratio) in a very challenging situation, we can still maintain at the 3.1% level with a very adequate reserve of 187%, BRI During the first semester of 2020, he posted a profit of IDR 10.2 trillion, "he said in a virtual performance presentation, Wednesday (19/8/2020). BRI Finance Director Haru Koesmahargyo explained the cause of the decline in company profits during the first semester of 2020. This is due to efforts to save MSMEs in the midst of the COVID-19 pandemic.

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The company, added Rully, also strives to encourage the winners and finalists to protect intellectual property rights related to the business they are engaged in so that they can be used optimally as productive assets.

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