

**2<sup>nd</sup> WEEK****Desember 2020**❖ **MACRO**

- The Federal Reserve heads into its meeting next week in a familiar place, with a teetering economy that could be in further danger unless Congress approves more dollars to support those still getting slammed by the coronavirus pandemic. Also familiar ground: The Fed has limited policy options to help boost activity and is left now with some language tinkering on what it would take to raise interest rates in the future, and what it can do to help things along through its asset purchase program. Markets, then, will be left to watch for policy nuance and nudges rather than the kind of bold steps it has seen the central bank take previously. On the menu will be expanding the \$120 billion in bonds a month through quantitative easing, adjusting the maturity of those purchases, or providing “outcomes-based” guidelines it will need to see before tightening policy from its current historically loose level.
- On December 9, 2020, the Executive Board of the International Monetary Fund (IMF) completed the Fifth and Sixth reviews of Guinea’s economic performance under the program supported by an Extended Credit Facility (ECF). Completion of these last two reviews of the ECF-supported program enables the immediate disbursement of the equivalent of SDR 34.43 million (about US\$49.47 million), bringing total disbursements under the arrangement to the equivalent of SDR 120.49 million (about US\$166.60 million). Guinea’s three-year ECF arrangement was approved by the Executive Board of the IMF on December 11, 2017 (see Press Release No. 17/484) for the equivalent of SDR 120.49 million (56.25 percent of Guinea’s quota). The ECF arrangement aims at strengthening resilience, scaling-up public investment in infrastructure while preserving stability, strengthening social safety nets, and promoting private sector development. While performance under the Fund-supported program remains broadly satisfactory, Guinea faces significant downside risks related to COVID-19 pandemic.

- Review:

Going out on the duration curve would enhance the focus of the latest QE leg from its initial purpose of keeping markets functioning to lowering longer-term interest rates. From the Fed's view, that decreases borrowing cost for consumers and spurs moves into risk assets, both of which are focused at broader economic growth rather than just keeping liquidity moving.

❖ **MICRO**

- Governor of Bank Indonesia (BI) Perry Warjiyo believes that the collapse of the Indonesian economy due to the COVID-19 pandemic has ended. It is believed that Indonesia's economic growth will return to positive. Perry said that in the economic prospects made by BI, it is believed that in the fourth quarter of 2020 the Indonesian economy could return to being positive. Even though the numbers are very small. "I explain how we view that the economic recovery process is ongoing. Hopefully the fourth quarter of 2020 will start to be positive even though it is still very small," he said in a webinar, Monday (7/12/2020). Perry did not mention how many economic growth forecasts in the country. quarter IV-2020. However, BI estimates that next year Indonesia's economic growth could be in the range of 4.8% -5.8%. Perry explained that positive economic growth was supported by positive consumption, exports and investment. BI also estimates that next year's inflation will be within the target of 3% plus + - 1%. Meanwhile, at the end of this year it is estimated that inflation will be below 2%.
- The COVID-19 pandemic that has hit the banking business has not happened at the Regional Development Bank (BPD). This is evident when national banks have difficulty extending credit, BPD still recorded significant credit growth. Chairman of the Board of Commissioners of the Financial Services Authority (OJK) Wimboh Santoso assessed that BPD is far more immune to pandemics than national banks. BPD credit still grows 4.99% on an annual basis until October 2020. "Appreciation for the BPD because of the

figures that the BPD group of banks has turned out to be more resilience in the face of this COVID-19 condition. We can say that BPD credit growth still grows positively 4.99% year on year and year to date also grows. positive 3.29%, "he said, Tuesday (8/12/2020). This figure is certainly far from the national banking system. Bank Indonesia (BI) noted that in October 2020 national banking credit contracted 0.47%.

Review:

In the current process, the national economic recovery must be strengthened. Now because the root of the problem is a pandemic, preventing the spread of the virus through vaccines and health protocols is very important.

#### ❖ **BANKING**

- The BRILIANPRENEUR 2020 BRI UMKM EXPO (RT) event held by PT Bank Rakyat Indonesia (Persero) Tbk went smoothly and successfully. This can be seen from the MSME goods purchase contract facility totaling US \$ 57.5 million with 99 potential buyers. This figure is an increase of 74% compared to last year's achievement of US \$ 33 million. President Director of BRI Sunarso said that buyers brought in virtually by BRI from foreign countries (US, European Union, Middle East, Japan and Australia) had successfully signed 74 purchase contracts with a total dealing amount of US \$ 57.5 million. "MSMEs that have successfully secured contracts for export include Els Coffee, Blueberry Guitars, Digidoy, Lampu Runa, JC's Pottery, Indo Risakti, Abon Cap Koki, Wastraloka, Siger Jaya Abadi, Alekot Gallery, Wisanka and others. It is clear that BRI has succeeded in empowering the UMKM under its guidance by encouraging MSME players to upgrade to class and Go Export, "said Sunarso in a written statement, Monday (14/12/2020).
- PT Bank Negara Indonesia Tbk (BNI) strives to maintain credit growth until the end of the year in the range of 2-4% year on year (yoy). BNI corporate credit will be focused on sectors that are relatively unaffected by the pandemic and have a positive contribution, including those that are export-oriented and labor-intensive. Director of

BNI Corporate Banking Silvano Rumanthir explained that the portion of BNI's corporate credit was 53% of the total credit. He said that in the future, BNI will target top tier corporations. Silvano explained that during the pandemic almost all economic sectors were affected directly or indirectly, including BNI. However, he remains optimistic that BNI has the potential to grow amid the risk of economic downturn and contraction. The BNI corporate segment is estimated to grow by 4-5% for working capital and investment loans. "Meanwhile, for syndicated loans, its contribution to portfolios as of last October was 17% of total corporate loans. In the midst of the pandemic, BNI is optimistic that until the end of the year the syndicated contribution will be the same as last year's contribution of 20%," explained Silvano in a written statement, Monday (7 / 9/2020).

Review:

BRI can take advantage of this new normal condition by working more efficiently and can generate higher achievement as indicated by a significant increase in transaction volume.

**Disclaimer:** Dokumen ini hanya bertujuan sebagai informasi dan diperoleh dari berbagai sumber yang terpercaya, namun bukan merupakan jaminan keakuratan atau kelengkapan dan tidak boleh diandalkan sepenuhnya. Kondisi diatas dapat berubah setiap saat. Dilarang untuk menulis ulang apapun tanpa ijin tertulis dari Bank Jatim.