

4th WEEK**December 2020****❖ MACRO**

- As the economy picks up speed through 2021, investors could have to wrestle with some unexpected inflation pressures, if only for a little while. Bond market traders and Wall Street experts have been signaling rising inflation from its current dormant levels. In fact, many see inflation moving toward and perhaps a bit above the Federal Reserve's 2% target rate that has been elusive for much of the past decade. The primary driver is an economic reopening fueled by more Americans getting vaccinated, which will cause upward price pressure in industries that were held back during the coronavirus pandemic. The trick, though, will be keeping it there. The Fed considers some inflation good for the economy, as it signals growth and allows room for the central bank to act the next time a crisis comes along and demands help from monetary policy. However, a number of factors have conspired to keep inflation low, and they likely will help contain a rise in the coming months.
- The International Monetary Fund (IMF) projects that the six leading economies in Southeast Asia will face different fiscal pathways in 2021. Especially for Indonesia, Vietnam and Malaysia, the IMF projects that these three countries will rise from the Covid-19 pandemic. Meanwhile, Singapore, the Philippines and Thailand are still struggling to "make their countries healthy". Quoting Nikkei Asia, Wednesday (30/12/2020), the IMF set the number 100 as the basis for real gross domestic product (GDP). When countries, both Vietnam, Indonesia and Malaysia, score above 100 for 2021. This means that these three countries will develop in the next year. The development is faster than the level before the Covid-19 outbreak in 2019. However, the six countries continue to face uncertainty from the mutating epidemic and the entry of a new phase of government in the US.

- Review:

It is to be expected that interest rates to stay lower for longer and the inflation to remain contained. There are going to be some volatile prints on inflation coming up, and the market is going to react to that and try to decipher what that means. that's more cyclical than permanent.

❖ **MICRO**

- Bank Indonesia (BI) recorded that the economic liquidity or money supply in a broad sense (M2) in November 2020 was IDR 6,817.5 trillion or grew 12.2%. From BI publication, it is stated that this development was caused by the growth of the money supply in a narrow sense (M1) which slowed down to 15.8% from 18.5% growth in October 2020 in line with the slowing circulation of currency and demand deposits in Rupiah. "Rupiah demand deposits grew 16.75%, then float funds or electronic money balances issued decreased," wrote the publication, quoted Wednesday (30/12/2020). Furthermore, the position of currency in circulation in society (outside banking and BI) in November 2020 recorded Rp. 712.6 trillion or grew 14.5%. This slowdown occurred because the community's needs began to normalize after the long holiday at the end of October 2020. Meanwhile, for quasi money, which had a share of M2 with a value of Rp. 4,994.4 trillion, rose to 11.1%. Securities other than shares still grew negatively at -5.8% due to the increase in securities held by financial companies other than banks in rupiah.

- Chairman of the Board of Commissioners of the Financial Services Authority (OJK) Wimboh Santoso recounts the dark period or the lowest position of the Composite Stock Price Index (IHSG) during this year's COVID-19 pandemic. The darkest period was when the JCI fell to a level of 3,937 on March 24, 2020. "Breaking the chain of the spread of COVID-19 with the implementation of the COVID-19 prevention health protocol has hit the real sector, our lives must all change and this has an impact directly or indirectly on employers. And ultimately it will reduce the performance of our issuers.

And have an impact on the decline in our JCI. We know that it closed at the lowest level on March 24, 2020, namely 3,937, "said Wimboh at the closing ceremony for the 2020 Indonesia Stock Exchange (IDX) trading which was held virtually, Wednesday (30/12/2020). He also hopes that this dark period will not happen again in Indonesia. "So we have to record this in our minds, that is the lowest point of the Indonesian stock market in recent years," he said.

Review:

BI juga menjelaskan aktiva dalam negeri bersih mengalami peningkatan 12,9%. Perkembangan didorong oleh peningkatan pertumbuhan lainnya seperti pembelian SBN oleh BI dan pertumbuhan ekspansi keuangan pemerintah yang masih tinggi.

❖ **BANKING**

- The COVID-19 pandemic is driving an increase in the number of non-cash transactions in Indonesia. In response to this, PT Bank Negara Indonesia (Persero) Tbk (BNI) is trying to expand the network of using the BNI TapCash card through partnerships with e-commerce to fintech. The BNI TapCash card can be used for non-cash transactions by anyone, including non-BNI customers. BNI Director of Consumer Business Corina Leyla Karnalies explained, Bank Indonesia data stated that e-Commerce transactions in August 2020 rose to 140 million compared to last year's 80 million transactions and August 2018, which was 40 million transactions. This shows that the trust of the Indonesian people to make transactions in e-Commerce is increasing. "Seeing this, BNI is committed to collaborating with various e-commerce and financial technology to make it easier for customers. One form of this collaboration is the expansion of the TapCash top-up channel," said Corina in a written statement, Sunday (27/12). / 2020).
- PT Bank Rakyat Indonesia (Persero) Tbk recorded positive growth in the wealth management business amid the COVID-19 pandemic. BRI's wealth management managed funds as of the end of November 2020 increased 17% on an annual basis (year on year) with Asset Under Management (AUM) reaching IDR 132 trillion. The wealth

management business is an alternative investment instrument offered by BRI to customers or investors. One that many customers and investors choose, namely Government Securities (SBN) because it is one of the safe investment instruments today. The sale of SBN by BRI has almost doubled from the previous year's sales, namely 185 percent on an annual basis (year on year) with a market share of sales approaching 12 percent. As a distribution partner, Bank BRI recorded total retail SBN sales in the primary market during 2020 of IDR 9 trillion.

Review:

When viewed from December 2019 to November 2020, this expansion of collaboration with e-Commerce and Fintech has succeeded in increasing the number of TapCash top-up transactions and posting an increase in transaction volume of 278% and an increase in transactions of 197% year to date (ytd).

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