

1st WEEK**July 2020**❖ **MACRO**

- The Federal Reserve on Wednesday released the minutes from its June 9-10 meeting, during which it held interest rates steady and said it expects loose policy to prevail until the economy gets back to normal. Officials also had an in-depth discussion about capping bond yields and strengthening guidance about where policy will be set in the future. Central bankers on the Federal Open Market Committee voted then to hold their benchmark short-term borrowing rate in a range of 0%-0.25% and said that rate likely would prevail until the economy “had weathered recent events.” That’s where the Fed took the rate in mid-March as it sought to provide support for an economy reeling from the coronavirus. Officials at the meeting noted that “the current stance of monetary policy remained appropriate” but said the Fed should strengthen the guidance it provides to markets. The minutes noted a need for “highly accommodative monetary policy for some time” and said the conditions for that should be spelled out clearly.

- Asia’s economy is expected to shrink this year “for the first time in living memory,” the International Monetary Fund said, warning that the region could take several years to recover. The fund said in a blog post published Tuesday that Asia’s economy will likely contract by 1.6% this year — a downgrade from its previous forecast of no growth in April. The region is still in a better shape compared to other parts of the world, but a weaker global economy has made it difficult for Asia to grow, Changyong Rhee, director of the Asia and Pacific department at IMF, told CNBC’s “Squawk Box Asia” on Wednesday. He said “Asia cannot be an exception” when the whole world is suffering from the effects of the coronavirus pandemic. The IMF last month slashed its forecasts for the global economy. It projects the world economy could shrink by 4.9% this year before rebounding to grow by 5.4% next year.

- Review:

Most participants commented that the Committee should communicate a more explicit form of forward guidance for the path of the federal funds rate and provide more clarity regarding purchases of Treasury securities and agency [mortgage-backed securities] as more information about the trajectory of the economy becomes available.

❖ **MICRO**

- Finally, the Government and Bank Indonesia (BI) agreed on various burdens or burden sharing in overcoming the impact of the COVID-19 pandemic in Indonesia. Burden Sharing aims to accelerate national economic recovery (PEN). Finance Minister Sri Mulyani Indrawati said the burden sharing scheme had already been agreed by the House of Representatives (DPR). The agreement was after the government and BI had a joint working meeting on this burden sharing scheme. "The government together with BI with political support from both the president and the cabinet as well as the DPR have agreed that there is a burden sharing scheme that can be accounted for both from the macroeconomic side as a whole," Sri Mulyani said virtually, Jakarta, Monday (6/7 / 2020). In tackling the impact of Corona, the government needs additional financing of up to Rp 903.46 trillion. This figure comes from a widening deficit that reached IDR 1,039.2 trillion, equivalent to 6.34% of gross domestic product (GDP).

- The Financial Services Authority (OJK) has given the blessing to PT Bank Bukopin Tbk (BBKP) to increase capital through coporation. The total additional capital that will be pocketed by Bukopin is around Rp 838 billion. "We are very grateful for the support of shareholders and regulators who support since the beginning of this capital addition process to finally obtain an effective statement from the FSA today," Managing Director Rivan Purwantono said in a written statement quoted from the disclosure of information on Wednesday (1/7/2020)). The additional capital comes from corporate actions that are being prepared by the company with a fifth limited public offering (PUT V) through

the issuance of new shares. The scheme is to offer Pre-emptive Rights (HMETD) to shareholders.

Review:

This category of public goods is financing in the health sector, social protection, and sectoral support as well as local government. Meanwhile, non-public goods are for MSMEs, non-UMKM corporations, and others.

❖ **BANKING**

- Commemorating its 74th anniversary, PT Bank Negara Indonesia (Persero) Tbk (BNI) seeks to unite energy with Micro, Small and Medium Enterprises (MSMEs) entering a new normal era. The Director of Micro, Small and Medium Enterprises (MSMEs) of BNI Tambok P Setyawati explained that with the spirit of 'BNItudigital', BNI presents the BNI MOVE (Mobile Innovation for SME Ecosystem) application that makes it easier for MSME entrepreneurs to obtain capital from banks. Tambok said, BNI MOVE is a form of BNI's response to changes that occur so quickly due to the COVID-19 pandemic. Through the BNI MOVE application, debtors no longer need to come to BNI branch offices to apply for credit for both People's Business Credit (KUR) and BNI Entrepreneurship (BWU). Not only does it facilitate access to credit, this is also in line with the appeal for physical distancing to suppress the spread of COVID -19.
- Bank Mandiri will optimize the government's placement of funds for the National Economic Recovery (PEN) from the impact of the COVID-19 pandemic. Bank Mandiri has also prepared a credit distribution plan (pipeline) by sector with a focus on efforts that support employment and food security. Based on the Ministry of Finance Regulation (PMK) 70/2020, the government places state money in Himbara banks to be distributed as productive credit, especially to the micro, small and medium enterprises (MSMEs) segment, with a target of up to three times disbursement. The placement of these funds in Bank Mandiri is IDR 10 trillion, with a disbursement allocation plan of IDR 20 trillion for the MSME segment and IDR 10 trillion for the wholesale segment.

Bank Mandiri President Director Royke Tumilaar during the ceremony of handing over PEN loans to micro and SME segment debtors together with the Bank's board of directors. Mandiri in Bintaro, Banten said that his party will collaborate with various components of society, including existing customers, and utilize all resources at Bank Mandiri to ensure that this PEN fund can be disbursed quickly and on target.

Review:

This application is also a new hope for MSME players, including those in remote areas, to survive and be more successful in the midst of this pandemic. Not only that, BNI hopes that the BNI MOVE application will also contribute to the National Economic Recovery (PEN) program, making it easier for MSME entrepreneurs to get credit.

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