

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

- Cleveland Federal Reserve President Loretta Mester said activity is slowing in her region due to rising coronavirus cases, and she sees more policy help necessary to help the economy through the pandemic. Speaking to CNBC in a live interview Tuesday, the central bank official echoed comments from her Atlanta counterpart, Raphael Bostic, who also said he sees a rougher road to recovery. “I think we’re seeing the same thing,” Mester said on “Closing Bell.” “We saw a reopening in May and activity starting to come back pretty well. Over the past week or so, there’s been some leveling off, and I think it’s probably due to the increase in cases not only in Ohio but across the country.” The U.S. has seen nearly 3 million coronavirus infections and almost 123,000 deaths, according to the Covid Tracking Project. Deaths and hospitalizations have slowed across much of the country, but the aggregate rise in cases, particularly among younger segments, has slowed economic reopenings in multiple states.
- The International Monetary Fund revised its growth forecasts for the Middle East and North Africa downward again amid an “unusually high level of uncertainty,” according to its latest regional economic report. It now expects MENA economies to contract 5.7% in 2020. In April, it predicted that the region would shrink 3.3% for the year. “The unusually high level of uncertainty regarding the length of the pandemic and its impact on firm closures, the resulting downside risks (including social unrest and political instability), and potential renewed volatility in global oil markets dominate the outlook,” the report said. Jihad Azour, director of the IMF’s Middle East and Central Asia department, said the region experienced “twin shocks” with the coronavirus pandemic and depressed oil prices. “Managing this crisis had a big impact and a toll on the economy and this is why we had to revise our growth rates downward this year,” he told CNBC’s Hadley Gamble on Sunday.

- Review:

Along with the Fed continuing with low rates and lending and liquidity programs, It was said that Congress also likely will need to continue its support of businesses and individuals who need money to get through an economic slump that became a recession in February.

❖ **MICRO**

- The redenomination plan of the rupiah which had sunk again surfaced after the issuance of the Minister of Finance Regulation No. 77 / PMK.01 / 2020 concerning the Ministry of Finance's Strategic Plan for 2020-2024. This rule was signed by Minister of Finance Sri Mulyani Indrawati on June 29, 2020. In the Minister of Finance, the plan to change the value of the rupiah is included in the 2020-2024 Mid-Term National Legislation Program Bill. The Rupiah Redenomination Bill is targeted to be completed between 2021-2024. In mid-2013, the Ministry of Finance issued an illustration of the proceeds from the rupiah redenomination. The Rupiah redenominated currency is depicted as having a different graphic design even though the basic color is the same. In addition, three zeros were eliminated after simplification so that Rp 100,000 was written as Rp. 100. Quoted from the Bank Indonesia website, rupiah redenomination is an act of simplifying and equalizing the value of a currency when economic conditions are stable and healthy. The redenomination action is carried out by eliminating some zeros in the value of money or goods, thus simplifying the writing of the value of goods, services, and money.
  
- The Financial Services Authority (OJK) ensures that the financial services sector remains stable during the COVID-19 pandemic. Based on OJK monitoring, financial system stability was maintained with intermediation performance that grew positively on various indicators and risk profiles. In May 2020, the intermediation of the financial services sector grew positively, as reflected in banking credit growing by 3.04% yoy.

Banking third party funds (DPK) also grew by 8.87% yoy. Meanwhile, financing receivables from finance companies contracted by 5.1% yoy. "As of June 23, 2020, fundraising through the capital market was recorded at Rp. 39.6 trillion with 22 new issuers. There are 83 issuers in the pipeline that will make bids. general public with a total bid indication of Rp. 44.6 trillion," said Deputy Commissioner for Public Relations and logistics, Anto Prabowo.

Review:

The simplification or redenomination of the rupiah aims to make the Indonesian currency more efficient, more sovereign, and more prestigious than other countries. Redenomination simply changes the writing by subtracting zeros, not the currency value of the goods or services.

#### ❖ **BANKING**

- Bank Mandiri inaugurated the operation of a modern branch office with an educational concept (Edu-Branch) at Menara Astra, Jakarta today. The operation of this modern branch office is a transformation effort from Bank Mandiri by adopting the development of digital technology to improve the quality of products and services. Deputy President Director of Bank Mandiri Hery Gunardi said the KCP innovation with the Edu-Branch concept was carried out as a form of the company's adaptation to the latest business developments. This is in line with the 4.0 industrial revolution as well as an initiative to fulfill customer service in the midst of the COVID-19 pandemic. "This initiative is also an implementation of the company's latest vision to become the customer's first choice financial partner with a mission to provide reliable and simple digital banking solutions so that in the future Bank Mandiri can become the best modern digital bank," said Hery, in a written statement, Thursday (9/9). 7/2020).
- Bank BRI, as one of the government distribution partners that sells Government Securities (SBN) ORI Series 017, has the highest demand. At the close of the ORI017 offering period on July 9, 2020, BRI managed to book sales of Rp 2.19 trillion from

2,842 investors. BRI Corporate Secretary Aman Sukriyanto said the value exceeded BRI's marketing target of Rp 500 billion. He also said that BRI will continue to optimize the SBN product offerings issued by the government in order to increase the spread of domestic investment. In the midst of the implementation of the new normality, Bank BRI focuses on offering securities sales to customer segments that have the potential to place their funds in SBN instruments. Investment offers through ORI017 are considered very attractive, in addition to having a return value (coupon) of 6.4%, also has a risk which is very low because it is guaranteed by the state. ORI017 is also one of the community channels to help and encourage the government to carry out funding recovery during the COVID-19 pandemic.

Review:

In line with the agenda of adapting to new 'new normal' habits, Bank Mandiri must continue to innovate and be creative to obtain a more efficient distribution method and reduce direct contact / interaction by increasing customer contact points on digital channels.

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