

1st WEEK**June 2020**❖ **MACRO**

- Getting the U.S. economy back to strong growth could require negative interest rates, according to a St. Louis Federal Reserve economist. As many economists dismiss the likelihood of the current record-breaking slump being followed by an equally aggressive recovery, central bank economist Yi Wen said in a paper on the St. Louis Fed's website that achieving that kind of a rebound is necessary and possible. The key, he said, is using aggressive stimulus even beyond what authorities deployed during the financial crisis, and that could include taking interest rates below zero. Wen compared the response to two major U.S. economic downturns: the Great Depression and the financial crisis. He found that the use of aggressive fiscal response through President Franklin Delano Roosevelt's New Deal helped generate a V-shaped recovery after the Depression, while primarily monetary responses like low interest rates and Fed asset purchases during the financial crisis produced an L-shaped recovery in which GDP failed to reach potential.
- The Lebanese government is "not under any illusion that the coming months are going to be easy for anybody," the advisor to Prime Minister Hassan Diab on financial affairs, George Chalhoub told CNBC's Hadley Gamble on Tuesday. Lebanon is seeking a \$10 billion loan from the International Monetary Fund which the government hopes could help bring the country's ailing economy back from the brink. Chalhoub told CNBC that discussions are still "at least probably a few weeks to a month" away from completion. "Negotiations have been very open, very candid. And I would say probably there is a certain sense of cautious optimism on our part. It seems like there is a little bit of give-and-take between the negotiating team in Lebanon and the IMF team," said Chalhoub. However, a former minister of economy and trade said it was not realistic to expect the process to be completed so soon, noting that a number of laws need to be passed.

- Review:

It is found that a combination of aggressive fiscal and monetary policies is necessary for the U.S. to achieve a V-shaped recovery in the level of real GDP. Aggressive policy means that the U.S. will need to consider negative interest rates and aggressive government spending, such as spending on infrastructure.

❖ **MICRO**

- Bank Indonesia (BI) assesses that the liquidity of the banking industry is still in a safe condition. The national banks are considered to still have the ability to run credit relaxation programs as an economic recovery launched by the government. BI Governor Perry Warjiyo explained, banking liquidity is safe when viewed from ownership of state securities (SBN). Many banks have SBN, which of course can be repo or guaranteed to BI. "We explain that liquidity funding for the relaxation of the business world, credit relaxation and so on in accordance with PP No. 23 2020 of course banks will fulfill it from their SBN repo to BI. It is BI's duty to provide liquidity funds to banks to support the success of credit relaxation program carried out as part of the economic recovery program, "he said in a virtual press conference after attending a limited meeting on Wednesday (3/6/2020). Jerry explained, in his notes the national banking industry in total had SBN ownership at around Rp 886 trillion. Most of the SBN ownership can be guaranteed by BI to obtain liquidity.

- Composite Stock Price Index (CSPI) began to show a strengthening trend. This is different from the initial conditions of the COVID-19 pandemic which made the CSPI continue to sag. Chairman of the Board of Commissioners of the Financial Services Authority (OJK) Wimboh Santoso revealed the pressure caused by COVID-19 made the capital market experience a shock. "Our index which was above 6,000 dropped dramatically to drop even below 4,500. This negative sentiment did occur at the beginning," Wimboh said in a video conference on Thursday (6/4/2020). issued a variety of policies so that the reduction is not too drastic. For example by shortening the

auto rejection range and allowing issuers to repurchase shares in the market without holding a general meeting of shareholders (RUPS). "All of this does not mean avoiding, but so that the tension is not too high and the decline is not too deep," he explained. According to Wimboh, the current positive sentiment has begun to return and the CSPI has returned to green.

Review:

SBN ownership can support banking liquidity needs. Although it must be admitted, maybe there are still some banks that need help placement of funds from the government.

❖ **BANKING**

- To deal with the new normal situation, PT Bank Mandiri Tbk focus on developing digital services. Bank Mandiri President Director Royke Tumilaar explained that digital services were projected to be one of the main drivers of sustainable growth. He said the Mandiri Online application, one of the leading digital services of Bank Mandiri, until March 2020, active users reached more than 3.6 million users, growing 62% compared to the same period last year from that number, the transaction value that occurred reached Rp229.5 trillion . "We are committed to maintaining sustainable business growth and consistently providing better added value to shareholders. For that reason, we focus on anticipating a future where one of them is developing digital banking solutions in line with changing consumer behavior that tends to turn to digital channels , "Royke said in a video conference on Monday (6/8/2020).
- PT Bank Rakyat Indonesia (Persero) Tbk together with the Ministry of Villages, Disadvantaged Regions, and Transmigration held a virtual training for entrepreneurs who have a business background of personal protective products (PPE). Mainly about the standardization of PPE making so that their products can be accepted and compete in the market. The training titled 'Online Training for Healthy Class Edition' is also at the same time as BRI's assistance for Micro, Small and Medium Enterprises (MSMEs)

facing the New Normal era. BRI Corporate Secretary Amam Sukriyanto revealed that several PPE products such as masks and hand sanitizers are currently in high demand. "Through this training, it is expected that SMEs will gain sufficient knowledge about the standardization of APD making so that their products can be accepted and compete in the market," Amam said. written statement, Monday (6/8/2020).

Review:

Going forward, Bank Mandiri has also prepared a variety of strategies, both in the wholesale segment, MSME and to become a modern digital bank as an anticipatory step in the face of increasingly unlimited competition.

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.