

3rd WEEK**June 2020****❖ MACRO**

- When the coronavirus pandemic locked up capital markets and pulled the economy into recession, the Federal Reserve took aim with a \$2.3 trillion bazooka to try to help. Thus far, though, the central bank has only fired off surprisingly few rounds. In the three months since a slew of programs were announced, the Fed has loaned out just \$143 billion, or a mere 6.2% of its total firepower. The most ambitious initiative, the Main Street Lending Program, has yet to make a loan, according to the most recent Fed balance sheet data, though officials expect that to change in a matter of days. As for the rest of the measures, from municipal lending to corporate credit to the Fed's role in the Paycheck Protection Program, there are several likely explanations for why what was supposed to be an infusion of cash into the economy instead has been a comparative trickle.
- The International Monetary Fund slashed its economic forecasts once again on Wednesday and warned that public finances will deteriorate significantly as governments attempt to combat the fallout from the coronavirus crisis. The IMF now estimates a contraction of 4.9% in global gross domestic product in 2020, lower than the 3% fall it predicted in April. "The Covid-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast," the IMF said Wednesday in its World Economic Outlook update. The fund also downgraded its GDP forecast for 2021. It now expects a growth rate of 5.4% from the 5.8% forecast made in April (the positive reading reflects that economic activity will be coming from a lower base following 2020's heavy contraction).

- Review:

One thing that is simple to understand that the programs, particularly in the case of Main Street, are complicated and have proven difficult to launch as the Fed gathers feedback and works through logistics.

❖ **MICRO**

- Bank Indonesia (BI) projects that economic growth in 2020 will decline and improve again in 2021. BI Communication Department Executive Director Onny Widjanarko revealed that in 2020 economic growth is predicted to be in the range of 0.9% -1.9% in 2020 and will again increase to 5% -6% in 2021. "The growth is accompanied by maintained inflation in its target of 3% plus minus 1%," Onny said in a press release on Monday (6/22/2020). He said the current account deficit was estimated to be around 1.5% of gross domestic product (GDP) in 2020 and below 2.5% - 3% of GDP in 2021. Onny explained that the global economic contraction continues, while Indonesia's economic growth is predicted to decline, although at this time pressures are starting to ease. BI takes a policy mix response to mitigate the risk of COVID-19 impact on the economy, and work closely together to take further policy steps that are needed in a coordinated manner with the government and KSSK to maintain macroeconomic and financial system stability, and national economic recovery.

- A number of defaults in the financial industry in Indonesia have had a negative impact on the government which is currently maintaining national economic conditions that are depressed by the COVID-19 pandemic. Strategic steps are needed to resolve the default case so that it does not become a new burden for the government in this potentially recessionary situation. Capital market analyst from Avere Mitra Investama, Teguh Hidayat, said that the current default case would hamper the government's own efforts to popularize the capital market. "The impact can be seen from the transaction volume being quiet and the lack of trust from the public," Teguh said, Thursday (6/25/2020). For your information, since the outbreak of the Corona virus in a number of countries

including Indonesia, the Composite Stock Price Index (CSPI) has experienced a significant pressure, down 20.99% from 6,283 at the beginning of the year, to 4,964 at the close of Wednesday (24/6). In fact, the position of the JCI had touched the level of 3,937 or collapsed 37.33% on Tuesday (24/3).

Review:

At present the uncertainty in the financial markets has begun to subside due to the spread of COVID-19 which is sloping. Restrictions on economic activity as a measure to deal with COVID-19 have the risk of lowering global economic growth by 2020 more than originally estimated.

❖ **BANKING**

- Bank Mandiri continues to strengthen digital banking services to facilitate the public in conducting financial transactions. Until May 2020, there were 647 million transactions through Bank Mandiri e-channels. Bank Mandiri Corporate Secretary, Rully Setiawan said that his party has prepared various strategies in the wholesale, MSME, and to become a modern digital bank as an anticipation step in facing increasingly unlimited competition. "In the Mandiri Online application itself, which is one of the leading digital services of Bank Mandiri, up to May 2020 active users have reached 5 million users, with a transaction value of Rp 230 trillion," he said in a written statement, Sunday (6/21/2020). Rully added, Bank Mandiri began to introduce online onboarding services. Through this service, people do not need to come to the branch office or download an application to open an account, but simply access join.bankmandiri.co.id via cellphone or QR code.
- PT Bank Rakyat Indonesia (Persero) Tbk in collaboration with the Center for Housing Financing Management (PPDPP) Ministry of Public Works and Public Housing (PUPR). Through this collaboration, Bank BRI seeks to channel the financing of subsidized housing through KPR Sejahtera Housing Housing Liquidity Facility (FLPP) to Low-Income Communities (MBR). Through a ceremonial conducted via video

conference, BRI held a mass credit agreement to 500 prospective borrowers spread across BRI Regional Offices throughout Indonesia. Also attending the event was the Consumer Director of BRI, Handayani and the Managing Director of the PPDPP Ministry of PUPR, Arief Sabaruddin. KPR Sejahtera FLPP is a solution provided by the government through the provision of affordable subsidized homes while maintaining the quality of the house. People who get this facility will get various facilities in repaying their loans, among others, cheap loan interest rates, which are 5% effective throughout the tenor, affordable down payment and long-term loan tenors of up to 20 years.

Review:

Bank Mandiri also focuses on developing workforce competence by conducting training to education through cooperation with various domestic and foreign campuses. While on the infrastructure side, Bank Mandiri also continues to develop its services so that its presence in the community can be felt more.

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