

4th WEEK**June 2020****❖ MACRO**

- Federal Reserve Chairman Jerome Powell said big questions remain over the outlook for the economy, particularly in light of ongoing efforts to contain the coronavirus pandemic. In remarks he will deliver Tuesday to the House Financial Services Committee, the central bank leader turned up concerns he had expressed earlier this month about growth as the U.S. remains mired in a recession that began in February. “Output and employment remain far below their pre-pandemic levels. The path forward for the economy is extraordinarily uncertain and will depend in large part on our success in containing the virus,” Powell said. “A full recovery is unlikely until people are confident that it is safe to reengage in a broad range of activities,” he added. “The path forward will also depend on the policy actions taken at all levels of government to provide relief and to support the recovery for as long as needed.”

- The International Monetary Fund has warned that the ongoing disconnect between financial markets and the real economy could lead to a correction in asset prices. In recent months, equity markets have rallied despite troubling real-world events. The world is grappling with the coronavirus health emergency that has taken the lives of almost 500,000 people, according to John Hopkins University data, and threatens to cause an unprecedented economic crisis. In addition, there is social unrest in many advanced economies as citizens demand a more equal society, which could hit investor confidence. Recent data indicates a deeper-than-expected downturn, the Fund added, but markets appear unfazed: the S&P 500 enjoyed its largest 50-day rally in history in early June.

- Review:
We are reminded by the importance of building on recent momentum, which he said will be predicated on the path of the virus. Due to many businesses are opening their doors, hiring is picking up, and spending is increasing.

❖ MICRO

- Bank Indonesia (BI) said the rate of bank credit growth is still low even though the BI 7 Days Reverse Repo Rate interest rate is down. BI Governor, Perry Warjiyo said, new credit growth reached 2.68% as of May 2020. In fact, BI has lowered the interest rate 1.75% since 2019. "DPK growth is still okay, but for credit growth is only 2.68%, whereas last year it grew 10.5%," Perry said in a video conference on Saturday (6/27/2020). The low credit growth, he explained, is because the economy is not moving due to the Corona virus pandemic or COVID-19. "This shows that if the economy stagnates, the economy has not recovered, so naturally the available credit is not withdrawn, the business world if economic activity has not grown, of course, has not attracted the ceiling available, that's why fiscal stimulus drives the economy so that bank credit grows," he explained.

- The Financial Services Authority (OJK) said that credit restructuring activities that were affected by the Corona pandemic had started sloping in June 2020. This meant that the number of restructuring was already lower than in the April to May period this year. This was revealed by the Chairman of the OJK Board of Commissioners, Wimboh Santoso in the DPR's Commission XI meeting room, South Jakarta, Monday (6/29/2020). "It's starting to run a little sloping, meaning that most of it is conducted April-May, in June sloping," said Wimboh. Until June 15, 2020, OJK recorded the total value of bank loan restructuring reaching Rp 655.8 trillion from 6.27 million customers. Most of those who use this program are customers of micro, small and medium enterprises (MSMEs). Of this amount, outstanding MSME loans reached Rp 298.8 trillion from 5.17 million debtors. While non-MSMEs had Rp 356.98 trillion for 1.1 million debtors.

- Review:
Although it has not yet had an impact on the movement of bank credit, it can be said that a decrease in interest rates has been followed by the interbank money market.

❖ BANKING

- PT Bank Bukopin Tbk received technical assistance or technical assistance from PT Bank Rakyat Indonesia (Persero) Tbk (BRI) to fix the problem of liquidity and bank operations. The head of the technical assistance team, Johanes Kuntjoro Adisardjono, hopes that the community and customers can provide time to work and remain calm during the recovery process. Ensuring maximum efforts are being made by all parties, both the TA team, Bank Bukopin management, shareholders, and regulators. "We hope that the public and customers will remain calm and not worry too much because the recovery process is ongoing. We are optimistic that conditions will improve," said Kuntjoro, Monday (6/29) /2020. Kuntjoro said that the BRI Technical Assistance Team was active working to assist Bank Bukopin since June 18, 2020. This follows up on the OJK letter dated June 11, 2020 regarding Requests for Technical Assistance to Bank Bukopin.
- Joko Fitra, a SME actor felt the impact of the COVID-19 pandemic for his business. When Kebumen Regency was established as a COVID-19 red zone in March 2020 and the enactment of large-scale social restrictions (PSBB) made its shop turnover decrease dramatically. Joko faced a difficult situation, because at the same time he still had to fulfill operational obligations, including installment obligations at the bank. "I am still paying the installments. I was just resigned, where do I want to pay the installments?" said Joko, Thursday (6/25/2020). Joko got a breath of fresh air from his difficulties. During the pandemic, BNI provided stimulus for debtors affected by COVID-19 such as Joko. The policy was socialized by BNI Kebumen officers in April 2020. "Fortunately, there is a policy, so I get interest relief. Alhamdulillah. Just now I intend to propose a waiver, BNI has said it first. The things we really need are in difficult times," Joko said. When his business turnover was declining, Joko obtained additional income from his partnership with BNI as an Agent46 and distributor of social assistance in the form of non-cash food assistance.

Review:

Liquidity management is the main concern of the Technical Assistance Team so that monitoring of bank cash flows is a priority. In managing liquidity, the team also communicates intensely with the regulators so that it is expected that the best solution in maintaining liquidity stability can be realized immediately.

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