

**1st WEEK****November 2020**❖ **MACRO**

- The Federal Reserve held short-term borrowing rates near zero in a decision Thursday that characterized the economy as growing but not near where it was before the coronavirus pandemic hit. As markets widely expected, the Fed kept its benchmark interest rate anchored in a range between 0%-0.25%, where it has been since an emergency cut seven months ago in the early days of the coronavirus pandemic. Chairman Jerome Powell noted, however, that he thinks the Fed still has plenty it can do to help the recovery. “Is monetary policy out of power or out of ammunition? The answer to that is no, I don’t think that,” Powell said during his post-meeting news conference. “I think that we’re strongly committed to using these powerful tools that we have to support the economy during this difficult time for as long as needed and no one should have any doubt about that.”
- The pandemic-induced economic crisis is set to leave deep scars. Human capital erosion from prolonged high unemployment and school closures, value destruction from bankruptcies, and constraints on future fiscal policy from elevated public debt top the list. Groups that were already poor and vulnerable are set to see the largest setbacks. Swift and unprecedented action by policymakers, including among the Group of Twenty (G20) advanced and emerging market economies, helped avert an even worse economic crisis in the wake of COVID-19 than what has been witnessed. The G20 has provided around US\$11 trillion in necessary support to individuals, businesses, and the healthcare sector since the start of the pandemic. However, much of the fiscal support is now gradually winding down, and many benefits such as cash transfers to households, deferred tax payments, or temporary loans to businesses have expired or are set to expire by the end of this year.

- Review:

The Fed's decision to hold steady comes amid concerns over the direction of the economy as Covid-19 cases accelerate and public officials contemplate restrictions on activities that could hamper growth. As it has done multiple times before, the Fed emphasized that the growth trajectory is largely dependent on the path of the coronavirus.

❖ **MICRO**

- Bank Indonesia (BI) noted that a price monitoring survey in the first week of November 2020 predicted inflation of 0.18% on a monthly basis. Executive Director of the BI Communication Department Onny Widjanarko revealed that with these developments, the inflation forecast for November 2020 in a calendar year is 1.14% on a year to date (ytd) basis. "The main contributors to inflation are chicken meat at 0.08% mtm, cayenne pepper and cooking oil 0.01% each," he said in a press release, Friday (6/11/2020). He said commodities that contributed to deflation in the reporting period came from commodities with 0.02% mtm of air transport rates and 0.01% gold jewelry. "The main contributors to inflation are chicken meat at 0.08% mtm, cayenne pepper and cooking oil 0.01% each," he said in a press release, Friday (6/11/2020). He said commodities that contributed to deflation in the reporting period came from commodities with 0.02% mtm of air freight rates and 0.01% of gold jewelry.
  
- The Financial Services Authority (OJK) assesses that the stability of the financial services sector is maintained due to a number of policies implemented including granting bank credit restructuring. The restructuring policy issued by the OJK since March 2020 has been proven to maintain the stability of the financial services sector from economic pressures due to the COVID-19 pandemic, so the OJK decided to extend the bank credit restructuring policy from March 2021 to March 2022. OJK also supports the government's National Economic Recovery (PEN) program, such as the

implementation of interest subsidies, guarantees for MSMEs and corporations as well as the placement of government funds for lending. The COVID-19 pandemic raises various risks affecting the financial system, namely default debtors (bad credit), investor outflows, liquidity risk and capital risk. The relaxation of the credit restructuring policy by the OJK through the issuance of POJK 11/2020 and POJK 14/2020 which regulates credit / financing restructuring guidelines and various capital market policies in reducing capital market volatility helps financial services institutions mitigate risks and helps businesses continue their business activities in the midst of pandemic.

Review:

Bank Indonesia will continue to strengthen coordination with the Government and relevant authorities to closely monitor the dynamics of the spread of COVID-19 and its impact on the Indonesian economy from time to time, as well as further policy coordination steps that need to be taken to maintain macroeconomic and financial system stability, as well as sustain Indonesia's economic growth remains good and resilient.

#### ❖ **BANKING**

- PT Bank Rakyat Indonesia (Persero) Tbk. apply social values (social values) and economy (economic values) in running its business. Therefore, BRI will not back down in providing services to the community, especially the Micro, Small and Medium Enterprises (UMKM) segment. The application of social and economic values in activities can be carried out simultaneously without a dichotomy. This has been proven by BRI's success in providing the best financial services for small and remote customers, and on the other hand its profitability is maintained. BRI Finance Director Haru Koesmahargyo said that the implementation of social and economic values simultaneously makes the performance of a sustainable company. At the same time, the application of these values has an impact on the movement of the people's economy, thus ultimately increasing their welfare in the long term.

- PT Bank Mandiri (Persero) Tbk officially announced the launch of the Jak Lingko edition of the electronic money card or e-money. Jak Lingko is none other than an integrated public transportation program covering 274 routes covering 85 percent of the DKI Jakarta area. Bank Mandiri Senior Vice President for Digital Banking, Sunarto Xie, promised e-money users to have no trouble refilling their card balances. "Because the choices of top up channels available are very diverse," he said in an official statement in Jakarta, Sunday, November 1, 2020 Sunarto explained that e-money top-up can be done directly via iOS and Android smart phones with NFC (near-field communication) using an online mandiri application. In addition, top up options are also available through applications that have partnered with Bank Mandiri such as LinkAja, Tokopedia, Shopee, Bukalapak, and Blibli. Furthermore, top ups can also be done at Mandiri ATM machines, Transjakarta card vending machines, as well as retail merchants spread throughout Indonesia. Finally, Bank Mandiri also provides an e-money balance update machine that is placed at the main Transjakarta bus stops.

Review:

In the future, BRI will be more specific in serving micro and ultra-micro customers, because it turns out that there are still many Indonesians who do not have bank accounts. We hope that by serving and deeper penetration of business actors, it can provide certainty to upgrade. This can also ensure the continuity of ultra-micro and MSME businesses.

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