

2nd WEEK**November 2020**❖ **MACRO**

- Federal Reserve Chairman Jerome Powell said Thursday he worries about women, children and business owners who face long-term consequences from the coronavirus pandemic. Asked to name his chief concerns as the world tries to recover from the Covid-19 crisis, Powell said it's "the risk that there is some longer-run damage to the productive capacity of the economy and to people's lives who have been disrupted by the pandemic." He spoke during a European Central Bank panel discussion with ECB President Christine Lagarde and Bank of England Governor Andrew Bailey. "It's women who are not by choice out of the labor market," Powell continued. "It's kids who are not getting the education they should be getting. It's small businesses with generations of intellectual capital that is being destroyed, and it's just workers who have been out of work for a long period of time and losing their connection to the labor force and losing the life that they had."
- In March the CBUAE launched \$70 billion worth of capital and liquidity measures as part of a Targeted Economic Support Scheme (TESS) aimed at providing economic stimulus during the coronavirus crisis. The UAE economy is expected to shrink by 6.6% this year, the International Monetary Fund (IMF) has estimated, as vital sectors such as transportation and tourism have been badly hit by the coronavirus. Lower oil prices are weighing on the country's finances, with the government expected to post a deficit of 9.9% of GDP, up from a 0.8% shortfall in 2019, according to the IMF. "We believe that this initiative will shield the economy from the impact of the pandemic and place us in an ideal position to recover, once the pandemic is over," said the central bank's governor, Abdulhamid Saeed.

- Review:

Most of the economic data lately has been strong, particularly regarding employment. Nonfarm payroll growth for October was better than Wall Street expectations and some 12 million workers have returned to their jobs following 22 million layoffs in March and April.

❖ **MICRO**

- Indonesia's economic growth in the fourth quarter of this year is predicted to return to positive. Governor of Bank Indonesia (BI) Perry Warjiyo revealed this because government spending continued to increase. He is optimistic that this recovery can occur and improve compared to the third quarter or second quarter. "We see various indicators and government spending can continue to increase. God willing, this fourth quarter growth will start to be positive, although not yet high," Perry said in a virtual meeting with the DPR on Thursday (12/11/2020). Indeed, the Indonesian economy in the third quarter was recorded at -3.49%. Despite the contraction, this figure is still better than in the second quarter of 2020 which was minus -5.32%. "All components are improving mainly due to the accelerated expansion of budget realization, so that government consumption can boost economic growth," he explained.

- The COVID-19 pandemic that occurred has indeed put pressure on the financial industry. Including the banking industry, which was affected, starting from slow lending to many of its customers who were unable to pay installments. This has an impact on the ratio of non-performing loans, aka NPLs in banks. From OJK data, it is stated that the gross NPL ratio as of September 2020 was recorded at 3.15% or lower than 3.22% in the previous month period. Then the NPL net in September was recorded at 1.07% lower than August 2020 at 1.14%. Chairman of the OJK Board of Commissioners Wimboh Santoso said this figure continued to decline. According to him, if there are no policies related to restructuring, the ratio of non-performing loans can reach 16 percent.

Review:

Every country has a different economic recovery time. This depends on how the country deals with the COVID-19 pandemic through fiscal to monetary instruments.

❖ **BANKING**

- PT Bank Rakyat Indonesia (Persero) Tbk consolidated with 36 banks throughout Indonesia, including the Regional Development Bank (BPD) and the member banks of Book I and Book II. This activity was packaged in a virtual gathering entitled 'Sustainable Balance Sheet Through Market Deepening & Financial Inclusion With Strong Collaboration In Pandemic Era'. The online meeting activity on Thursday (12/11 /) was attended by 200 participants and presented policy practitioners from the Ministry of Finance, Bank Indonesia (BI), the Financial Services Authority (OJK) and the Deposit Insurance Corporation (LPS) as speakers. The event was held in the format of a half day seminar and Bond School. Deputy President Director of BRI Catur Budi Harto said the virtual gathering was held as a form of the company's efforts to strengthen solidity and cooperation among financial market players in Indonesia. A solid unity of motion is needed so that financial market players can contribute more in efforts to revive the national economy.

- The COVID-19 pandemic has changed the order of human life, including the way of transactions. To help break the chain of spreading the virus through cash, the government urges the public to use cashless (non-cash) payment methods. BNI Director of Consumer Business Corina Leyla Karnalies said that in addition to debit and credit card products, PT Bank Negara Indonesia (Persero) Tbk (BNI) already has an electronic money card or commonly called TapCash as an alternative payment. People don't need to be customers to be able to use BNI TapCash. Corina said TapCash can be found at BNI partner retail stores such as Alfamart, Indomaret, Circle K, TapCash official stores in e-commerce such as Shopee, Tokopedia, Bukalapak, Blibli, Dinomarket or in

vending machines scattered in the transportation area. As of October 2020, BNI has issued nearly 8 million TapCash cards throughout Indonesia.

Review:

In the midst of very challenging economic conditions amid the pandemic, it is hoped that the synergy and collaboration between BRI, Regulators, BPD, Bank Buku I and II can continue to be improved so as to consolidate the financial market in Indonesia, especially for domestic market players who are dominated by banks.

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