

**2<sup>nd</sup> WEEK****October 2020**❖ **MACRO**

- The unprecedented level of policy support for markets has set the scene for a “generational opportunity” for stocks, according to Patrick Spencer, vice chair of equities at Baird. With market sentiment gripped by political developments stateside ahead of the November 3 election, stocks have received a boost in recent sessions from renewed optimism over a potential federal stimulus deal. Although he suggested that further polling indicating a Democratic victory would offer markets more surety, Spencer argued that regardless of the election outcome, equity markets are set for a bullish period. “(Federal Reserve Chairman) Jerome (Powell), irrespective of what he said last night (Wednesday) — and he is going to obviously maintain his \$140 billion support in the market by buying bonds — but he has recently set the scene, for my mind, for a generational opportunity in equities,” Spencer told CNBC’s “Street Signs Europe” Thursday.
- Equity markets could tank in the coming months if the coronavirus crisis persists and the economic recovery takes longer than expected to materialize, the International Monetary Fund warned on Tuesday. Stock markets have come off their September lows and are broadly higher year to date. The S&P 500 is up about 8% since the start of 2020 and the tech-heavy Nasdaq is more than 30% higher for the same period. This positive momentum in equities has contrasted with the severe economic shock caused by the coronavirus pandemic. “A disconnect persists, for example, between financial markets , where there have been rising stock market valuations (despite the recent repricing) and the weak economic activity and uncertain outlook,” Tobias Adrian, the IMF’s director of the monetary and capital markets department, wrote in a blog post Tuesday. However, he warned that if the economic recovery was delayed, “investor optimism may wane.”

- Review:

The Fed has deployed an unprecedented level of monetary stimulus to support markets since the onset of the coronavirus pandemic in March, and policymakers have repeatedly urged Congress to provide more fiscal support to shore up the economy.

❖ **MICRO**

- Bank Indonesia (BI) noted that business activities in the third quarter of 2020 experienced improvement. Although it is still in a contraction phase compared to the previous quarter. Citing a survey of business activities published by BI, this is reflected in the value of the Weighted Net Balance (WNB) of business activities in the third quarter of 2020 of -5.97%, improving from -35.75% in the second quarter. The central bank said this improvement occurred in all sectors especially the Manufacturing Industry -1.45%, trade in hotels and restaurants -2.3%, the transportation and communication sector -0.19%. There are sectors that have started to record positive performance such as finance, real estate and corporate services (WNB 0.26 %), the electricity, gas and clean water sectors to agriculture, plantation, livestock and forestry respectively 0.18%.
- Chairman of the Board of Commissioners of the Financial Services Authority (OJK) Wimboh Santoso said that his party supports the merger of BUMN sharia banks. A total of three banks that will be merged, namely PT Bank BRI Syariah Tbk (BRIS), PT Bank BNI Syariah (BNIS), and PT Bank Syariah Mandiri (BSM). He said that his party supports mergers and acquisitions in the national banking industry because it will increase efficiency and competitiveness. "For this reason, OJK has received preliminary information and will facilitate various policies and provisions so that this corporate action will proceed according to the planned time stages," Wimboh said in his statement on Tuesday (13/10/2020). in line with Indonesia's efforts to become a center for sharia financial development, where Indonesia currently ranks in the top four in the

development of the Islamic finance industry based on the Islamic Finance Development Indicator.

Review:

BI respondents conveyed several factors driving this improvement due to the improvement in the financial subsector, the harvest season in food crop agriculture and plantations.

❖ **BANKING**

- Head of the Project Management Office (PMO) team to merge three Islamic State-Owned Enterprises (BUMN) and Deputy Director of PT Bank Mandiri (Persero) Tbk, Hery Gunardi, is targeting three state-owned sharia banks to officially merge in February 2021. "Insyaallah, the legal merger will be legal in the first quarter of 2021. It is hoped that in February 2021 a little merger will take place there," Hery said in a virtual press conference, Tuesday (13/10). Currently, three state-owned sharia banks consisting of BRI Syariah, BNI Syariah, and Bank Syariah Mandiri have just signed a Conditional Merger Agreement (CMA). This is the initial part of the merger process. "The initial steps to merge state-owned sharia banks have officially begun," he added. Hery said BRI Syariah will be the surviving entity. This subsidiary of PT Bank Rakyat Indonesia (Persero) Tbk was deliberately chosen to be the surviving entity because it is the only company that has been listed on the Indonesia Stock Exchange (BEI).
- PT Bank Negara Indonesia (Persero) Tbk (BNI) is increasingly focused on promoting the welfare of farmers in connection with efforts to accelerate the National Economic Recovery (PEN). This step is a form of BNI's support for the National Food Security program in entering an era of adaptation to new habits. To realize the welfare of these farmers, BNI in collaboration with the Lampung Provincial Government launched the Berjaya Farmers Card in Bandar Lampung. The Berjaya Farmers Card aims to increase farmers' income, through structured, systematic and integrated problem solving efforts through the use of information technology. This Berjaya Farmers Card uses a media

application which is a system to support digital agricultural activities such as purchasing, selling, and submitting digital financing to financial institutions.

Review:

Later, on the 20<sup>th</sup> October 2020 they will announce what kind of merger plan. What is the composition of the shares, the logo may be there, then how is it related to customer service.

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