

**3<sup>rd</sup> WEEK****September 2020****❖ MACRO**

- Federal Reserve Chairman Jerome Powell pledged continued support for an economy that he said has shown substantial improvement but still needs more work. In remarks the central bank leader will deliver Tuesday to the House Financial Services Committee, Powell reiterated the Fed's commitment to helping the economy through the coronavirus pandemic and outlined what's been done so far. "We remain committed to using our tools to do what we can, for as long as it takes, to ensure that the recovery will be as strong as possible, and to limit lasting damage to the economy," Powell said in his prepared testimony. The appearance is one of three Powell will make on Capitol Hill this week. The Fed has cut short-term interest rates to near zero and launched 13 lending and liquidity programs that have helped ease market stresses and provided credit to businesses. In addition, the Federal Open Market Committee last week committed to not raising interest rates until inflation rises above 2%.
- The Monetary Policy Committee (MPC) met on Monday 21st and Tuesday 22nd September 2020, in the light of lingering uncertainties associated with the COVID-19 pandemic and downturn in crude oil prices. These uncertainties which centered primarily on when the pandemic will be fully subdued and the oil market return to normalcy, have resulted in persistent weak aggregate demand, disruptions in global supply chains, mixed price development, volatile and downward trending oil prices, as well as rising unemployment. The Committee observed the moderate improvement in global output performance with widespread recession in the second quarter of 2020. This followed the sharp decline in output growth in the Advanced Economies and some Emerging Markets and Developing Economies (EMDEs), as well as the risk of further deterioration in global output growth, associated with the lingering shocks from the COVID-19 pandemic. Global exports and international travels, however, showed signs

of gradual but sluggish recovery, as countries relax restrictions to allow for resumption of economic activities.

- Review:

Economic activity has picked up from its depressed second-quarter level, when much of the economy was shut down to stem the spread of the virus. Many economic indicators show marked improvement.

❖ **MICRO**

- Indonesia's foreign debt is still experiencing growth, although it is slowing down. Bank Indonesia (BI) noted that external debt in July 2020 was recorded at US \$ 409.7 billion or equivalent to Rp.6,104 trillion (assuming an exchange rate of Rp.14,900). The central bank said that the slowdown occurred due to lower private external debt growth. Meanwhile, government external debt was still relatively stable. For the public sector, including the government and central bank, it was US \$ 201.8 billion. "The growth of Indonesia's external debt in July 2020 was recorded at 4.1%, slower than the previous month's growth of 5.1%," wrote the statement, Tuesday (15/9/2020). Indonesia's external debt structure remains healthy, supported by the application of the precautionary principle. be careful in its management. The ratio of Indonesia's external debt to Gross Domestic Product (GDP) at the end of July 2020 was 38.2%, an increase compared to the ratio in the previous month of 37.4%.
  
- The Financial Services Authority (OJK) has four steps to revive the sharia economy and finance in Indonesia. The goal is that the Islamic economy and financial industry have a big role in the recovery of the national economy. Chairman of the OJK Board of Commissioners, Wimboh Santoso said that the condition of the Corona pandemic was a momentum to realize the national sharia economy and finance rose. "OJK has a very high commitment to continue to develop Islamic finance that is highly competitive and contributes significantly to the national economy and to improve the welfare of the

wider community," said Wimboh in a virtual Islamic Financial Economic Research Forum (FREKS), Monday (21/9 / 2020).

Review:

The structure of Indonesia's external debt remains healthy, supported by the application of the precautionary principle in its management. The ratio of Indonesia's external debt to Gross Domestic Product (GDP) at the end of July 2020 was 38.2%, an increase compared to the ratio in the previous month of 37.4%.

❖ **BANKING**

- Since 17 August 2020, the Ministry of BUMN has officially re-branding the BUMN Creative House program to become BUMN Home. The goal is to maximize the role of BUMN for Indonesia. In addition to functioning to develop Micro, Small and Medium Enterprises, BUMN Houses have 5 new functions, including developing MSMEs, Disaster Response Task Force, distribution of the Partnership and Community Development Program (PKBL), management of co-working spaces and coffee shops, as well as the center of BUMN Millennial activities. To introduce BNI's BUMN House to the millennial generation, PT Bank Negara Indonesia (Persero) Tbk (BNI) collaborated with Let's Go Up Class to organize the MUDA Virtual Week UMKM program on 15-21 September 2020. MUDA MSME Virtual Week is a series of virtual activities aimed at spreading the spirit of entrepreneurship, especially to the millennial generation in Indonesia to continue to be optimistic and move forward in developing businesses in the COVID-19 pandemic situation.
  
- PT Bank Mandiri Tbk has restructured loans for 521,257 customers valued at Rp 120.3 trillion. The credit installment relief is provided for customers affected by Corona (COVID-19). "We have restructured loans affected by COVID-19 at this time, reaching Rp. 120.3 trillion. The number of debtors who received restructuring from Mandiri is 521,257 debtors," said Acting President Director of Bank Mandiri, Hery Gunardi at a hearing (RDP). at Commission XI DPR RI, Jakarta, Thursday (17/9/2020). In more

detail, it was explained that the distribution was mostly to non-UMKM, amounting to Rp. 82.5 trillion to 135,062 debtors. Meanwhile, for MSMEs amounting to Rp. 37.8 trillion to 386,195 debtors. As of June 2020, Bank Mandiri credit grew by 4.07% to Rp. 754.8 trillion compared to June last year which was Rp. Rp. 725.2 trillion.

Review:

Through these activities, it is hoped that other millennials can see firsthand the business process and how the owner develops his business.

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