

3rd WEEK**April 2021**❖ **MACRO**

- Federal Reserve officials next week are likely to paint a robust picture on the economy while simultaneously not even hinting at policy changes ahead. Investors increasingly have come to trust central bankers when they say that even with the economy running at its hottest pace in nearly 40 years, they won't start taking away policy accommodation until it's clear the recovery is on solid ground. "The economic outlook is fairly good, as long the Fed keeps its foot on the pedal," said Randy Frederick, vice president of trading and derivatives at Charles Schwab. "The market has finally accepted that they will. The Fed has kept short-term borrowing rates near zero since early in the Covid-19 pandemic, and has continued to buy at least \$120 billion of bond-related assets each month. The asset purchases have pushed the central bank's balance sheet to nearly \$8 trillion, or about double its level since the crisis began.
- Europe's economy is on track to return to its pre-crisis levels in 2022, the International Monetary Fund said on Wednesday, though this projection depends on the region's Covid-19 vaccination campaign. European countries have been forced to introduce new restrictions or toughen previous public health measures in recent weeks as Covid infections have surged. This led to a 0.2 percentage point drop in the IMF's growth forecast for this year, which currently stands at 4.5%. "On the assumption that vaccines become widely available in the summer of 2021 and throughout 2022, GDP growth is projected at 3.9% in 2022, bringing Europe's GDP back to the pre-pandemic levels," the IMF said in its latest regional economic outlook. However, uncertainty over how the pandemic will evolve continues to cloud the outlook, particularly when it comes to potential new variants and the speed of the vaccination rollout.

- Review:

Financial markets, though, have been leery that with economic data getting stronger by the day and inflationary pressures starting to build that the Fed could find itself pressed to start easing off the accelerator.

❖ **MICRO**

- Bank Indonesia (BI) noted that Indonesia's foreign debt (ULN) in February 2021 was recorded at US \$ 422.6 billion, or the equivalent of Rp. 6,169 trillion, assuming an exchange rate of Rp. 14,600. This figure is higher than the previous month's growth of 2.7%. Head of the BI Communication Department, Erwin Haryono, said that these external debt consisted of government external debt, which as of February reached US \$ 209.2 billion or Rp. 3,051 trillion. "Annually, the government's external debt grows 4.6%, higher than the growth in January 2021 of 2.8%. This is in line with efforts to deal with the impact of the COVID-19 pandemic since 2020, vaccination programs to social protection," Erwin said in a statement. official, Friday (16/4/2021). The term of this government debt consists of medium to long term and active debt portfolio management is carried out to control costs and debt risk.
- The Financial Services Authority (OJK) said that the penetration rate of the country's insurance industry is still low, which is almost touching the 3% level of gross domestic product (GDP). This figure is still lagging behind that of neighboring countries in the ASEAN region and the world. Head of the OJK 2A Non-Bank Financial Industry Supervision (IKNB) Department, Ahmad Nasrullah, said that this penetration rate is the contribution of the national insurance industry to the Indonesian economy. "From year to year, our penetration rate cannot be above 3%, always below 3%, February 2021 is almost close to 3%," said Ahmad in a virtual media briefing on Unit Link Insurance Products and its Supervision by OJK, Wednesday (21 / Ahmad said that the national insurance industry's penetration rate of GDP is far behind compared to developed

countries, where the figure can reach double digits. Even with neighboring countries like Malaysia, it is still lagging behind.

Review:

The government continues to manage government foreign debt in a measured and prudent manner to support the Government's priority spending, including the government administration, defense, and compulsory social security sectors (17.7% of total Government external debt), the health services sector and social activities (17, 2%), the education services sector (16.3%), the construction sector (15.3%), and the financial and insurance services sector (12.7%).

❖ **BANKING**

- Bilateral cooperation between Indonesia and various countries in the world continues to be carried out as a step to strengthen diplomatic relations, including with South Korea. It is known that bilateral relations between the two countries have been established since 1973, making South Korea one of Indonesia's main trading partners. Meanwhile, PT Bank Negara Indonesia (Persero) Tbk (BNI) took part in optimizing its role to serve businesses between Indonesia and South Korea by becoming the only Indonesian banking service that has an office in South Korea to be precise through the Seoul Overseas Branch Office (KCLN). Deputy President Director of BNI Adi Sulistyowati revealed that since March 22, 2021, BNI has relocated the KCLN Seoul office to the Korea Chamber of Commerce & Industry (KCCI) building floors 2 and 5, 39Sejong-daero, Jung-gu, Seoul. BNI because of its more strategic location and the KCCI building routinely organizes trade & investment forums, where KCLN can use it to hold business matching and bring together Indonesian companies and MSMEs with traders and investors in South Korea, "added Susi, the nickname of the Deputy President Director of BNI. , during the Inauguration of the New BNI Seoul Office and the Launch of the Korea Desk Service which was broadcast virtually, Friday (16/4/2021).

- PT Bank Rakyat Indonesia (Persero) Tbk announced a remittance cooperation with Western Union. This cooperation is in the form of providing remittance services that allow customers in Indonesia to receive Western Union funds from abroad in more than 9 thousand BRI work units. International senders can send funds using the Western Union digital service available in 75 countries or through Western Union agents worldwide. Meanwhile, outgoing transfers from BRI in Indonesia are expected to start this year. BRI's Senior Executive Vice President (SEVP) Treasury & Global Services, Listiarini Dewajanti, said that BRI always focuses on maintaining the growth of the remittance business. In addition, according to him, BRI is also one of the banks that are considered in the remittance business. "We always try to increase remittance transactions, especially by collaborating with top companies in this industry, in this case Western Union. Hopefully this collaboration can have a positive impact on both parties," said Listiarini in a written statement, Tuesday (20/4/2021).

Review:

The design with a combination of modern, digital, and luxury carried by BNI Seoul is intended to be able to accommodate various needs both for corporate banking regarding trade, finance and investment banking to individual customers of the Indonesian diaspora in South Korea.

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