

**1st WEEK****February 2021**❖ **MACRO**

- Dallas Federal Reserve President Robert Kaplan in a CNBC interview Tuesday backed more spending across a variety of fronts as the economy tries to shake off the Covid-19 pandemic effects. President Joe Biden has proposed spending \$1.9 trillion to provide more cash payouts and enhanced unemployment benefits to Americans, as well as a minimum wage hike, funding for vaccine programs and aid to schools along with state and local governments. Congressional Republicans have set forth a more modest \$618 billion plan that would provide lower direct payments and no funding for state and local governments. While not endorsing either plan, Kaplan said additional fiscal help is needed for an array of still-pressing priorities. “It’s critical we have money to do vaccinations and testing. It’s critical that people who are out of work have continued relief beyond March,” the central bank official told CNBC’s Steve Liesman during a “Squawk Box” interview.
- The euro zone economy dropped by 0.7% in the final quarter of 2020 as governments stepped up social restrictions to contain a second wave of Covid-19 infections, Europe’s statistics office said on Tuesday. A preliminary reading points to an annual GDP contraction of 6.8% for the euro area in 2020, Eurostat said. The region had experienced a growth rate of 12.4% in the third quarter as low infection rates at the time had allowed governments to partially reopen their economies. However, the health emergency deteriorated in the last three months of 2020, with Germany and France going as far as reintroducing national lockdowns. The tightening of the social restrictions weighed on the economic performance once again. Data released last week showed that Germany grew 0.1% in the final quarter of 2020. Spain experienced a GDP growth rate of 0.4% in the same period while France contracted by 1.3%. The numbers came in above analysts’ expectations and suggested that some businesses had learnt how to cope as best as possible with lockdowns.

- Review:

It's critical we have enough money to reopen schools, and one of the big issues in this pandemic is women with children have disproportionately left the workforce. So getting schools reopened in person, having money for that and money for child care is going to be critical to getting that group back into the workforce. We need it if we're going to grow faster.

- ❖ **MICRO**

- Bank Indonesia (BI) estimates that Indonesia's economy will grow positively this year. BI estimates that Indonesia's economic growth this year is projected to be 4.8 to 5.8% with the start of the Corona virus vaccination in Indonesia. This was conveyed by the Governor of BI Perry Warjiyo at the Mandiri Investment Forum, Wednesday (3/2/2020). "We see our GDP forecast for 2021 at 4.8-5.8% this year," he said. He said the economy was also starting to improve. This is in line with the spread of vaccinations. "I am sure you have listened to the vaccination plan from the Minister of Health, Pak Budi Sadikin. You will also hear about fiscal stimuli, and I will also touch on monetary stimuli on how to coordinate cooperation," he explained. Perry also estimates that the current account deficit for the year will be in the range of 1.4 to 1.5%. "We predict this year's current account deficit will be between minus 1 to minus 2% of GDP at around 1.4 or 1.5% of GDP, after last year's current account deficit was very low at minus 5%," he said.
- The Financial Services Authority (OJK) has again temporarily suspended or suspended two mutual fund products. Both mutual fund products are owned by PT Sucorinvest Asset Management. The two suspended products are Sucorinvest Money Market Fund and Sucorinvest Citra Dana Balimbang. This investment management company announced directly. "We hereby intend to inform you of the temporary suspension of purchase of 2 mutual fund products managed by PT Sucorinvest Asset Management,

namely Sucorinvest Money Market Fund and Sucorinvest Citra Dana Berimbang," said Sucorinvest Asset Management President Director Jemmy Paul Wawointana, Monday (8/2 /2021). Even so, Jemmy emphasized that all other Sucorinvest product operational activities will continue as usual. Only Sucorinvest Money Market Fund and Sucorinvest Citra Dana Berimbang are not able to do unit purchase transactions until the next announcement. However, customers can still carry out the sales or redemption process as usual. The company also provides investment alternatives to the same asset class products such as Sucorinvest Sharia Money Market Fund, Sucorinvest Flexi Fund and Sucorinvest Anak Pintar.

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Health Minister Budi Gunadi Sadikin said the success of this vaccination program would depend on the participation and support of the entire community. This is because vaccines require certain coverage before they can have a protective effect through herd immunity.

❖ **BANKING**

- BRI recorded a significant growth in lending for the micro, small and medium business (MSME) segment throughout 2020. This growth made BRI the only bank in Indonesia that has an MSME loan ratio of up to 82.13 percent of the company's portfolio. Based on data from performance reports throughout 2020, the total credit disbursed by the BRI Group last year reached Rp. 938.37 trillion or grew by 3.89 percent on an annual basis (yoy). This figure is better than the national credit growth in 2020, which is estimated by OJK to be in the range of minus 1 to 2 percent. In addition, BRI micro credit growth throughout 2020 grew by double digits reaching 14.2 percent yoy. Meanwhile, small and medium enterprise loans rose 3.9 percent and consumer loans increased 2.3 percent over the same period. If detailed, throughout 2020 BRI has distributed credit to micro segment debtors worth IDR 351.3 trillion. This amount reached 40 percent of BRI's total loan portfolio of Rp 938.37 trillion.

- The government has launched a number of national economic recovery (PEN) programs through banking. One of the state-owned banks that has become a channeling partner for the assistance program is PT Bank Mandiri Tbk. So, how will the disbursement be realized during 2020? President Director of PT Bank Mandiri Tbk. Darmawan Junaidi revealed that by the end of 2020, the distribution of PEN loans from Bank Mandiri reached Rp.66.6 trillion. debtor, "said Darmawan in a hearing with Commission XI DPR RI, Jakarta, Thursday (4/1/2021). Furthermore, the Director of Finance of Bank Mandiri, Sigit Prastowo, detailed that the total amount of PEN funds had been distributed to several segments, one of which was MSMEs. "In the MSME segment, Bank Mandiri disbursed Rp 42 trillion to more than 265 thousand debtors. Meanwhile, in the non-MSME segment, Bank Mandiri distributed Rp 24.6 trillion to more than 3 thousand debtors," said Sigit.

#### Review:

One of the efforts that must be made to revive the Indonesian economy is by leveraging the distribution of productive credit. This must be done massively, especially for the MSME segment which is the backbone of the national economy. BRI has been trying to boost micro credit growth so far, especially in 2020, and BRI will continue to do this in the future.

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