

**3<sup>rd</sup> WEEK****February 2021**❖ **MACRO**

- CNBC's Jim Cramer said Thursday that it's a mistake to dump stocks in reaction to the Federal Reserve's decision to leave the interest rate unchanged. He defended Fed Chairman Jerome Powell, who the day prior maintained the central bank's goal to keep short-term borrowing rates low to support the U.S. economic recovery, even if inflation picks up in the near term. "Higher rates are bad for the economy. Powell doesn't want us to take that hit if we don't have to," the "Mad Money" host said. "He doesn't want his legacy to be botching the recovery ... [not after he] acted so aggressively last year to keep the economy from crashing." The Fed slashed rates last year in response to the coronavirus pandemic. Now many market watchers are trying to anticipate the Fed's next move as the economy gains traction.
- Nigeria's economy unexpectedly came out of a recession in the fourth quarter as growth in agriculture and telecommunications offset a sharp drop in oil production. Gross domestic product grew 0.11% in the three months through December from a year earlier, compared with a decline of 3.6% in the third quarter, the Abuja-based National Bureau of Statistics said on its website on Thursday. The median estimate of five economists in a Bloomberg survey was for a quarterly decline of 1.86%. The economy contracted 1.92% for the full year, the most since at least 1991, according to International Monetary Fund data. The surprise rebound means Africa's largest economy may recover faster than expected as the oil price and output increase this year. It could also point to the growing importance of the non-crude sector. Oil production fell to 1.56 million barrels a day in the fourth quarter from 1.67 million barrels in the previous three months. While crude contributes less than 10% to the country's GDP, it accounts for nearly all foreign-exchange earnings and half of government revenue in the continent's biggest producer of the commodity.

- Review:

Mandates put in place to slow the spread of Covid-19 upended the economy and threw the country's unemployment rate into double-digit range. The jobless rate has since fallen to 6.2% as of February, and Powell said the Fed would prioritize giving the labor market room to recover.

❖ **MICRO**

- The Governor of Bank Indonesia (BI) alluded to the high bank loan interest. In fact, BI has significantly lowered the BI 7 day reverse repo rate. Even today, BI decided to lower the BI 7 day reverse repo rate by 25 bps to 3.5%. However, the decline in the benchmark interest rate proved to be very slow in affecting bank lending rates. Banks are still applying high lending rates. "The decline in monetary policy interest rates and loosening liquidity has pushed interest rates down further, although the reduction in bank lending rates needs to be encouraged," BI Governor Perry Warjiyo said in an announcement of the results of the Monthly RDP on Thursday. 18/2/2021). Perry explained that throughout 2020 the BI benchmark interest rate had fallen by 125 bps and pushed the average overnight interbank money market rate to around 3.04%. The 1-month deposit rate has also decreased by 181 bps to 4.27% in December 2020.
- The Financial Services Authority (OJK) will discuss regulations regarding digital bank capital in Indonesia. This is done because digital banks have begun to be intensively formed to serve customers. The regulator said that the regulation regarding this digital bank is that it must have a minimum capital of IDR 10 trillion. Executive Director of OJK Banking Research and Regulation Anung Herlianto targets the OJK Regulation (POJK) to be completed by the middle of this year. "For a new bank the draft is not final and is still in discussion, the minimum capital requirement is Rp 10 trillion," he said in a video conference, Thursday (18/2/2021). He revealed that banks must also work on segments in accordance with the applied business model and technology. This digital

bank must also have a branch office in Indonesia. "Must have at least one branch office and have a clear business whether the wholesale, retail and IT capacity is clear," he said.

Review:

Bank Indonesia hopes that banks can accelerate the reduction of loan interest rates as a joint effort to boost credit or financing for the business world and national economic recovery.

### ❖ **BANKING**

- PT Bank Rakyat Indonesia Tbk (BBRI) also provides support for the Pertashop program. This is done through banking services, KUR financing, and working capital credit facilities. BRI also provides opportunities for BRILink agent partners or BRI customers to be able to develop their business as Pertashop partners and open opportunities for Pertashop partners to become BRI partners as BRI BRILink agents. This shows the synergy between BRI and Pertamina in the Pertashop program to turn the economy of the community while ensuring the need for non-subsidized fuel and LPG. BRI's Director of Institutional and BUMN Relations Agus Noorsanto said that the Pertashop business is a MSME business segment that is expected to drive economic growth in the community. "BRI will provide working capital credit facilities to Pertashop partners, this is one of BRI's commitments in supporting Indonesia's economic growth. With this support, it is hoped that energy supply services for the community can reach all corners of the country," said Agus in a written statement, Friday (19/2/2021).
- Pandemics do not always leave sad and dark stories. Amid the joint efforts of the government and society to suppress the spread of COVID-19, there are happy stories that relieve and come from the fighters of the national economy. The story comes from Supriyadi and Adi Dharma, both tough businessmen who managed to export furniture and furniture to various countries, amidst the dark clouds hanging over the world due to the plague. Supriyadi, familiarly called Supri, leads PT Kharisma Rotan Mandiri from

Gatak District, Sukoharjo Regency, Central Java. From Glatrak, Supri has globalized high quality rattan woven products to various countries such as the United States, Europe (Germany, France, Belgium), the United Arab Emirates and China. The products produced by his small business are 100% sold abroad. country. Supri's export flow did not stop during the Pandemic, but instead increased sharply, by half, aka 50% of exports even during normal times before the pandemic.

Review:

This is a strategic step for Pertamina's Subholding Commercial & Trading in collaboration with BRI. This is also at the same time to support Indonesia's economic revival during the COVID-19 pandemic.

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