

1st WEEK**January 2021**❖ **MACRO**

- The Federal Reserve enters the new year with a fresh challenge on its plate, namely whether its commitment to higher inflation will bring power or poison to financial markets. Wall Street kicked off 2021 with its worst first trading day showing in years, as major averages slumped Monday at a time when investors were still counting on the last days of a Santa Claus rally. While some pundits looked at political uncertainty as a major underpinning for the plunge, an inflation trade also was at work. A key indicator, which looks at the relationship between Treasury yields and inflation-protected bonds of the same duration, rose to levels not seen in more than two years. The “breakeven” rate for 10-year inflation expectations briefly touched 2%, a level that policymakers consider healthy but also was indicative of a market that already is looking for pressure while the Fed’s favorite indicator is closer to 1.4%. Central bank officials have said they will tolerate levels higher than 2% in an effort to gin up expectations, rev the economy and get back to full employment. But if inflation rises faster than expected, that could be toxic for investors as it would force the Fed to tighten policy sooner than officials would like.
- Most developed countries should start to return to normal by the second half of the year as Covid vaccinations accelerate, the top forecaster at the International Monetary Fund said Tuesday. “It’s a very dark and difficult winter, but there is light at the end of the tunnel,” IMF chief economist Gita Gopinath told CNBC’s Steve Liesman in a “Squawk on the Street” interview. “In terms of the outlook, what is true as of now is that we’re starting out the year at a somewhat stronger point than we had expected into 2020, which is a good thing. But right now, it’s a race between the virus and the vaccine.” In its most recent forecast, released in October, the IMF said it expects global growth in 2021 to rebound to 5.2% after a 4.4% contraction last year. The U.S. growth estimate was at

3.1% for 2021 off a 4.3% decline in 2020. The agency soon will update that outlook, though Gopinath did not indicate whether an upgrade was likely.

- Review:

Indeed, some market participants are starting to worry that with stock valuations reaching generational highs and the Fed so far not sharing any bubble concerns, the market could be in for a reckoning.

❖ **MICRO**

- Bank Indonesia (BI) reforms the payment system in Indonesia. This regulatory reform is contained in Bank Indonesia Regulation (PBI) No.22 / 23 / PBI / 2020 concerning the Payment System (PBI Payment System) which came into effect on July 1, 2021. Assistant Governor and Head of the Payment System Department, Filianingsih Hendarta, said that this PBI strengthened regulations regarding access to payment system operations, payment system administration, and exit policies, BI functions in the payment system sector, integrated data management, and expansion of technology innovation trial space. "This is PBI Payung, this is the principle we set and we provide the link," said Filianingsing in a virtual BI BBM event, Friday (8/1/2021). Filianingsih explained that the regulation in the PBI payment system is based on an activity and risk-based approach. so that it does not apply equally to all or one size fits all, particularly in access policy and payment system operation and supervision by BI.
- Chairman of the Board of Commissioners of the Financial Services Authority (OJK) Wimboh Santoso recounts the dark period or the lowest position of the Composite Stock Price Index (IHSG) during the COVID-19 pandemic this year. The darkest period was when the JCI fell to a level of 3,937 on March 24, 2020. "Breaking the chain of the spread of COVID-19 with the implementation of the COVID-19 prevention health protocol has hit the real sector, all of our lives must change and this has an impact directly or indirectly on employers. And ultimately it will reduce the performance of our issuers. And have an impact on the decline in our JCI. We know that it closed at the

lowest level on March 24, 2020, namely 3,937, "said Wimboh at the closing ceremony for the 2020 Indonesia Stock Exchange (IDX) trading which was held virtually, Wednesday (30/12/2020). He also hopes that this dark period will not happen again in Indonesia. "So we have to record this in our minds, that is the lowest point of the Indonesian stock market in recent years," he said. According to Wimboh, to prevent the JCI from returning to its dark period, stakeholders must do something.

Review:

The purpose of the issuance of this provision is to maintain a balance between efforts to optimize digital innovation opportunities with efforts to maintain financial system stability and payment systems in order to create a payment system that is fast, easy, cheap, safe and reliable, while taking into account the expansion of access and consumer protection.

❖ **BANKING**

- Welcoming 2021, President Director of PT Bank Rakyat Indonesia (Persero) Sunarso believes that BRI's performance will be better than in 2020. Sunarso also said that in 2021, BRI will focus on saving MSMEs that have a major contribution to the Indonesian economy through various programs. "In 2021 the mood is still in crisis, but I am optimistic that BRI's performance will be better than this year (2020). This year we focus on saving Micro, Small and Medium Enterprises (MSMEs) through restructuring and channeling government stimulus, and for the year In 2021, we will raise MSMEs to get back the wheels of the national economy, "said Sunarso in a written statement, Sunday (3/1/2021). Furthermore, when briefing BRI employees in Jakarta, last Wednesday (30/12), Sunarso said that MSMEs have a crucial role in the Indonesian economy. MSMEs have recorded a contribution of 60.3% of Indonesia's total gross domestic product (GDP). "Empowering and saving MSMEs is the same as saving BRI and saving BRI the same as maintaining the sustainability of the Indonesian economy," said Sunarso.

- PT. Bank Negara Indonesia (Persero) Tbk (BNI) collaborates with PT Permodalan Nasional Madani (Persero) (PNM) as partners in lending to PNM-assisted MSME partners. This collaboration is in line with the National Economic Recovery Program (PEN) and BNI wants to focus on encouraging the people's economic movement. The collaboration between the two BUMNs was marked by the signing of a Cooperation Agreement between BNI's Director of Micro, Small and Medium Enterprises (UMKM) Muhammad Iqbal and the Director of Compliance and Risk Management PNM M.Q. Gunadi was in Jakarta yesterday. To date, there have been more than 10,000 debtors who have received the benefits of credit distribution between BNI and PNM. To encourage accelerated community empowerment through this collaboration, BNI and PNM are committed to increasing the absorption of lending by facilitating access to finance for MSMEs.

Review:

BBRI's stock performance, which is back to its pre-pandemic price, shows that BRI's strategies and steps have been appreciated and responded positively. The public and shareholders have responded positively to the implementation of prudential principles and risk management.

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