

3rd WEEK**January 2021**❖ **MACRO**

- There likely will be no nasty tweets in the middle of the night excoriating the Federal Reserve to lower interest rates. Nor will its officials be called “boneheads” should their actions not be in keeping with President Joe Biden’s wishes. But that doesn’t mean the U.S. central bank won’t face pressure as it looks to navigate its way through a new administration. Challenges ahead include the coronavirus pandemic, as well as demands for a more inclusive economy and a stronger approach toward social issues, such as racial equality and climate change. There also will be an interesting new dynamic, where Treasury Secretary nominee Janet Yellen will, if confirmed, have the added benefit of being a former Fed chair. Broad monetary policy changes are unlikely ahead. Biden likely will enjoy the same low interest rate environment that the last two holders of the office have held. For his part, Biden won’t be nearly as vocal as Donald Trump was when the ex-president hectored the Fed for even lower rates. Trump often resorted to schoolyard name-calling as he pushed for the negative rates that Japan and some European countries employed in an effort to stoke growth.
- U.S. Treasury yields edged slightly higher on Tuesday morning, after former Federal Reserve Chair Janet Yellen was confirmed as Treasury secretary on Monday evening. The yield on the benchmark 10-year Treasury note rose to 1.048% at 4:00 p.m. ET, while the yield on the 30-year Treasury bond advanced to 1.807%. Yields move inversely to prices. Treasury yields rose slightly on Tuesday, despite concerns about the potential opposition in Congress to President Joe Biden’s proposed \$1.9 trillion stimulus package. Traders will be watching for the International Monetary Fund’s world economic outlook, which is published twice a year and is due out at 8 a.m. ET. Home prices rose 9.5% nationally in November year-over-year, the strongest annual pace in more than six years, according to S&P CoreLogic Case-Shiller Home Price Indices. Weekly API stock change data for crude oil is then due out at 4:30 p.m. ET. Auctions

will be held Tuesday for \$34 billion of 52-week bills, \$30 billion of 119-day bills, \$30 billion of 42-day bills and \$61 billion of 5-year notes.

- Review:

His party, though, has a vocal wing that will be pushing hard for big answers to the pressing social issues of the day, and it won't stand for a Fed that prioritizes the low rates that Wall Street loves without trying to do something more to aid Main Street.

❖ **MICRO**

- Bank Indonesia (BI) will announce the results of the governor board meeting (RDG) for the January 2021 period. The BI benchmark interest rate will be one of the policies announced. Analysis of the LPEM FEB UI states that BI needs to maintain the policy rate at the level of 3.75% this month. Although there is still room for further cutting flowers. "We are of the view that BI should withhold the benchmark interest rate for this month while maintaining macroprudential policies to manage financial sector stability," he wrote, quoted Thursday (21/1/2021). PermataBank economist Josua Pardede said the central bank is expected to maintain the BI7RR benchmark interest rate at 3.75% level considering the current policy interest rate is still consistent to anchor inflation expectations and maintain the stability of the rupiah exchange rate. "Inflation at the beginning of 2021 tends to increase considering the potential increase in price inflation is regulated by the government and volatile price inflation," he explained.
- The Financial Services Authority (OJK) asks banks not to give excessive penalties to debtors who receive credit restructuring in the midst of the Corona virus (COVID-19) pandemic. Chairman of the OJK Board of Commissioners, Wimboh Santoso said that his party had taken various policies so as not to cause problems between creditors and debtors due to COVID-19, including extending credit restructuring until March 2022. "We give notes, don't give additional penalties," he said in a webinar entitled 'Accelerated Economic Recovery', Tuesday (26/1/2021). In addition, his party has also

relaxed the restructuring rules so that the financial sector is not affected by the impact of the COVID-19 pandemic. , including POJK 11/2020 and POJK in non-bank financial institutions. "The policy is for a loan classification moratorium with an accelerated restructuring program, so that banks are not required to make large reserves so that in the end the balance sheet is not disturbed,"

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Meanwhile, in terms of short-term inflation, inflation in January 2021 is predicted to increase in line with the upward trend in price inflation which is volatile and price inflation is regulated by the government.

❖ **BANKING**

- The stock performance of PT Bank Rakyat Indonesia (Persero) Tbk (BBRI) again recorded a milestone in the Indonesian capital market. BBRI became the first state-owned company where the market capitalization exceeded Rp. 600 trillion, or more precisely Rp. 603.06 trillion. In today's trading (20/1) BBRI touched its highest level at IDR 4,920 / share and closed at IDR 4,890 / share, up 5.8%. President Director of BRI Sunarso conveyed that this achievement was a positive appreciation from investors, as BRI continues to focus on Micro, Small and Medium Enterprises (MSMEs), as well as active participation in the recovery of MSMEs in the National Economic Recovery Program (PEN). The value (PBV) of BBRI's shares reached 3 times (3.12) which is the highest since 2014. The increase in market capitalization to Rp 603.06 trillion, placing BRI as the BUMN with the largest Market Cap, and the Bank with the third largest market capitalization in Southeast Asia.
- PT Bank Negara Indonesia (Persero) Tbk (BNI) noted that millennials filled 60% of the total housing loan (KPR) applicants last year. For this reason, in 2021, BNI is ready to spread KPR for millennials again through various facilities from BNI Griya. BNI Director of Consumer Business Corina Leyla Karnalies said that young workers aged 21-35 years are a group of workers who dominate the list of KPR applicants. He also

said that many developers have created special millennial housing projects, with special designs, affordable prices, and flexible payment schemes. BNI has prepared internal data, developer information, and population demographics based on age as a basis for targeting KPR potential in this millennial segment. "Both landed houses and vertical housing are suitable for the millennial segment, depending on their abilities and needs. The millennial segment prefers to go to the primary market because of design considerations, affordable prices, location and practicality," said Corina in a written statement, Thursday (21/1 / 2021).

Review:

BRI is committed to continuing to deliver value to stakeholders through sustainable growth. It is said that BRI will continue to seek new sources of growth through market, digital and village ecosystems.

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