

1st WEEK**July 2021**❖ **MACRO**

- Federal Reserve officials talked tapering at their most recent meeting, but few seemed in a rush to get the process going, according to minutes released Wednesday. The Federal Open Market Committee's June 15-16 meeting summary provided only a few new glimpses into talks about when the central bank should begin reducing the pace of its bond purchases. Some members indicated that the economic recovery was proceeding faster than expected and was being accompanied by an outsized rise in inflation, both making the case for taking the Fed's foot off the policy pedal. However, the prevailing mindset was that there should be no rush and markets must be well prepared for any shifts. Most members agreed, according to the minutes, that the economy had yet to meet the "substantial further progress" benchmark the Fed has set out for any significant shifts in policy.
- The Bank of Japan offered a cautiously optimistic view on the country's regional economies, pointing to divergent trends in areas gaining from robust exports and those still hurt by weak consumption due to the COVID-19 pandemic. In a quarterly report released on Monday, the BOJ raised its assessment for two of Japan's nine regions including the Kinki western area that is home to big exporters such as Panasonic (6752.T). But it cut its assessment for two regions and left unchanged its view for the remaining five areas, as the pandemic cooled consumer spending and continued to hit the tourism industry. The assessment reinforces market expectations the BOJ will maintain its aggressive stimulus, but forgo expanding the measures any time soon in the hope that the economy will recover without more support. "Japan's economy remains in a severe state but is picking up as a trend," Kuroda told a quarterly meeting of the BOJ's regional branch managers on Monday.

Review:

In coming meetings, participants agreed to continue assessing the economy's progress toward the Committee's goals and to begin to discuss their plans for adjusting the path and composition of asset purchases.

❖ **MICRO**

- Bank Indonesia (BI) stated that there is room for a reduction in the interest rate for new bank loans of up to 2%. If the bank's new loan interest rate is 9.17%, then the calculation of the loan interest rate can reach 7.17%. "We see that the space is still quite large, around 2 percent can still go down. The new loan interest rate is 9.17 percent, in fact, it can still go down 200 basis points below that," said Assistant Governor to the Head of BI's Macrorudential Policy Department, Juda Agung, to the media, Friday. (2/7/2021). He explained, the basic lending rate (SBDK) has decreased. In simple terms, he said, the SBDK is a commitment given by the bank to its customers. So, the bank can make adjustments (adjustments). "Well, even though the SBDK is down, the SBDK is a kind of basic loan interest rate, usually called the prime lending rate, some say a publish, a commitment from the bank that he will give credit like this if someone applies for credit," he explained.
- The Financial Services Authority (OJK) will distribute vaccinations to 10 million people until the end of December 2021. This distribution will be carried out in collaboration with the Financial Services Industry (IJK) and the Ministry of Health. "Since last June, we have helped distribute 480 thousand COVID-19 vaccinations for employees and families of the financial services industry and its consumers. We are trying to get 10 million by the end of the year," said Chairman of the OJK Board of Commissioners, Wimboh Santoso in a written statement on Sunday (11/7/2021). According to him, this figure is expected to be achieved. Because, apart from being targeted at employees and their families, vaccinations will also be given to customers. Both individuals and

corporations, as well as families and the general public in the form of corporate social responsibility (CSR). Wimboh explained that the implementation of COVID-19 vaccination through the Financial Services Industry throughout Indonesia is expected to accelerate the target of establishing community immunity at all levels of society, according to the Government's target in November future.

Review:

Banking perceptions of business risk are still high, so this is what causes the decline in SBDK not followed by a fast pace in new loan interest rates..

❖ **BANKING**

In celebration of its 75th anniversary, BNI prepared various programs to support MSMEs to be empowered and remain resilient despite the pressures of the pandemic. BNI actively encourages the digitization of MSMEs so that they can penetrate a wider market, even to the international market. BNI encourages fostered MSMEs to expand their marketing network through online platforms. MSMEs are facilitated to connect with a number of platforms that have partnered with BNI. The potential for acquisition of MSMEs with technology support currently targeted by BNI is 335,858 MSMEs. This series of BNI MSME programs has received the attention of the Coordinating Minister for the Economy of the Republic of Indonesia Erlangga Hartarto. "I appreciate BNI's continued role and direct active contribution in the current national economic recovery process. Its support ranges from being a bank providing incentives for the Pre-Employment Card program and launching the program. BNI MSME Go Export to support MSME businesses so that they can take part in the world market are some concrete evidences of BNI's participation to participate in developing this country," he said.

- The maximum limit for ATM chip cash withdrawals from today has increased to Rp 20 million per day from the previous Rp 15 million. This is to support the policy for the Implementation of Emergency Community Activity Restrictions (PPKM) to suppress

the spread of COVID-19. "The increase in the maximum nominal value of funds for cash withdrawals using ATMs with chip technology only applies to ATM machines that also use chip technology," said Executive Director of the Communications Department of Bank Indonesia (BI) Erwin Haryono in a written statement quoted Monday (12/7/2021) . BI urges banks to publish to the public a list of ATM locations that can make cash withdrawals with a new limit of up to Rp. 20 million per day. Bank Mandiri has also adjusted the maximum limit for cash withdrawals at chip ATM machines. Bank Mandiri Director of Operations Toni E.B. Subari explained that the limit increase was adjusted for Priority debit card types, Platinum GPN, Platinum Visa, Gold Business Visa, and Platinum Bisnis Visa.

Review:

Support for MSMEs in the agricultural sector, BNI implements the smartfarming 4.0 program as an effort to implement precision agriculture by utilizing digital technology. This program aims to increase production with more effective cultivation processes.

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