

2nd WEEK**June 2021**❖ **MACRO**

- If the Federal Reserve's view on inflation prevails, a few key things have to go right, particularly when it comes to getting people back to work. Solving the jobs puzzle has been the most vexing task for policymakers in the coronavirus pandemic era, with nearly 10 million potential workers still considered unemployed even though the number of open positions available hit a record of 9.3 million in April, according to the latest data from the U.S. Labor Department. There's a fairly simple inflation dynamic at play: The longer it takes to get people back to work, the more employers will have to pay. Those higher salaries in turn will trigger higher prices and could lead to the kinds of longer-term inflationary above-normal pressures that the Fed is trying to avoid. "Unfortunately, we see good reasons to think that labor participation might not return quickly to its pre-Covid level," Ian Shepherdson, chief economist at Pantheon Macroeconomics, said in a note.
- Vaccine policy will top all other economic policies this year as the world tries to recover from the coronavirus crisis, International Monetary Fund chief Kristalina Georgieva said Wednesday at CNBC's Global Evolve Summit. "Vaccine policy this year, probably next year, is going to be the most important economic policy, may beat even monetary and fiscal policy in terms of significance," Georgieva told CNBC's Geoff Cutmore "A prerequisite to bring the world to a sustained high level of growth everywhere is to vaccinate all people and that's not yet done. We have [a] two track vaccination path right now; we have to overcome that," she said. The IMF said in April that the end of the crisis was "increasingly visible." At the time, the institution raised its economic projections for the global economy based on higher vaccination rates and the ongoing monetary and fiscal stimulus.

Review:

The pace of inflation is of critical importance for economic trajectory. Inflation that runs too high could force the Fed to tighten monetary policy quicker than it wants, causing cascading impacts to an economy dependent on debt and thus critically tied to low interest rates.

❖ MICRO

- Governor of Bank Indonesia (BI) Perry Warjiyo emphasized that cryptocurrencies or cryptocurrencies are not legal tender. This is in accordance with the Currency Act. "Crypto is not a legal tender according to the law," said Perry in a webinar organized by the Supreme Audit Agency (BPK), Tuesday (15/6/2021). For this reason, he asked all financial institutions, especially those partnering with BI, not to facilitate or use crypto as a payment or financial service tool. They will be monitored by a number of supervisors. "We continue to make sure that cryptocurrencies in the form of coins are not legal tender. We will deploy supervisors to ensure financial institutions comply with the provisions that previously existed," explained Perry. Finance Minister Sri Mulyani Indrawati said that her party would bring the issue of cryptocurrencies into the G20 forum which will be held in Indonesia next year. This is because the rules are different for each country.
- The Financial Services Authority (OJK) continues to encourage banks to lower lending rates in line with the lower benchmark interest rate or Bank Indonesia (BI) 7 days reverse repo rate. Unfortunately it is difficult to materialize. Chairman of the OJK Board of Commissioners, Wimboh Santoso, said that the reduction in interest rates was not as fast as the decline in the BI rate because many customers delayed payments which then became a burden for banks. Based on his records, customers who have restructured loans to date have reached Rp 775 trillion. "We will push interest rates down as the stimulus from the BI policy rate has fallen, providing ample room for banks to lower interest rates. However, there are IDR 775 trillion customers who delay their interest

payments so that this becomes a burden for banks and financial institutions that accelerate rate reductions. interest is not as fast as the decline in the BI rate," he said in a webinar of the Supreme Audit Agency (BPK), Tuesday (15/6/2021)

Review:

All of this will be a threat to the physical currency that has been legalized by a country and will have an impact on the dynamics of the economy.

❖ **BANKING**

- The United States company, MoneyGram, which provides global remittance services, has again collaborated with the domestic banking industry. This time, MoneyGram underwent a strategic partnership with PT Bank Rakyat Indonesia (Persero) Tbk (BRI). "The strategic partnership between MoneyGram and BRI is important because it combines the global experience of MoneyGram with the reach of BRI that can reach all of Indonesia," said MoneyGram Chief Revenue Officer, Grant Lines to reporters, Thursday (10/6/2021). MoneyGram has a presence in 200 countries and territories worldwide with over 400,000 physical locations. He also said that MoneyGram has grown to serve nearly 150 million people worldwide over the last 5 years. Meanwhile, continued Grant, BRI has branch locations that are very widely spread in Indonesia, with more than 9,000 branches throughout Indonesia. In fact, these branches also reach various rural areas.
- PT Bank Negara Indonesia (Persero), Tbk (BNI) helped develop MSMEs in export-oriented agriculture. One of the efforts made is by holding the Millennial Smartfarming program. The Millennial Smartfarming Program is an ecosystem for millennial empowerment through fostering and developing a digital agricultural ecosystem that relies on the internet of things (IoT) from upstream to downstream. BNI provides a marketplace managed by millennial farmers. This program is also aimed at increasing village financial inclusion. This time, the digital approach implemented by BNI targets young farmers in Gobleg Village, Banjar District, Buleleng Regency, Bali Province.

The Millennial Smartfarming program in Buleleng, Bali collaborates with the 'Young Keren' farmer forum initiated by Bli Agung Wedha which carries the concept of cultural digital agriculture. In the Millennial Smartfarming program, a series of activities are carried out, including a coaching clinic for millennial farmers regarding the use of the Agree Suites application for farmer data collection. and oftaker, on Friday (11/6/2021).

Review:

MoneyGram's experience, which has been trusted by many customers around the world and BRI's reach that covers rural areas in Indonesia, can provide choices and convenience for the community in conducting efficient payment transactions.

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