

2nd WEEK**March 2021**❖ **MACRO**

- A resurgent economy, percolating inflation and a stock market ripping higher don't seem to make much of a recipe for easy monetary policy. But that's the position in which the Federal Reserve finds itself. The challenge for the central bank this week will be to explain that position to investors and assure them that even if the status quo remains, that won't provoke policymakers to change course, nor should they. "The basic line is, 'Everything looks a little better, but there's still a lot of uncertainty and we're not going to do anything soon.' I'm sure we'll hear that," said Bill English, former head of the Fed's Division of Monetary Affairs and now a finance professor at the Yale School of Management. "They do want to suggest that things are better," he said. "On the other hand, they don't want to suggest that they're going to change policy anytime soon. So it's a tricky communication." The Federal Open Market Committee, which sets monetary policy, meets Tuesday and Wednesday, followed by a news conference from Fed Chairman Jerome Powell.
- Despite COVID-19, Vietnam's economy has remained resilient, expanding by 2.9 percent in 2020—one of the highest growth rates in the world—and growth is projected to be 6.5 percent in 2021, thanks to strong economic fundamentals, decisive containment measures and well-targeted government support, according to the IMF's latest annual assessment of the country's economy. The pandemic hit the economy hard, but Vietnam has taken decisive steps to limit both the health and economic fallout. Swift introduction of containment measures, combined with aggressive contact tracing, targeted testing, and isolation of suspected COVID-19 cases, helped keep recorded infections and death rates notably low on a per capita basis.

- Review:

No one is expecting broad-stroke changes. Short-term borrowing rates will remain near zero, and the Fed will continue buying at least \$120 billion a month in bonds to keep markets flowing and financial conditions loose.

❖ **MICRO**

- The Board of Governors Meeting of Bank Indonesia (BI) on 17-18 March 2021 decided to keep the BI 7-Day Reverse Repo Rate (B17DRR) aka the benchmark interest rate at 3.5 percent. BI Governor Perry Warjiyo said this decision was in line with the need to maintain the stability of the rupiah exchange rate from increasing global financial market uncertainty. "In the midst of low inflation forecasts," BI Governor Perry Warjiyo said in a virtual press conference on Thursday, March 18, 2021. In addition, BI also maintained the Deposit Facility rate at 2.75 percent and the Lending Facility rate at 4.25 percent. Previously, BI had several times lowered the benchmark interest rate. Finally, the reduction was made on February 18, 2021. At that time, BI decided to lower the reference rate from 3.75 percent to 3.5 percent.
- Financial Services Authority Regulation (POJK) number 3 of 2021 is considered repressive by issuers. This replacement rule for Government Regulation number 45 of 1995 provides protection for retail investors. However, the issuer believes that preventive measures are much more effective in providing protection. "The best thing is integrated preventive supervision when an issuer issues a quarterly financial report, if it is considered strange, it can be immediately asked for a public expose," said the Honorary Board of the Indonesian Listed Companies Association Theo Lekatompessy when contacted by Kontan.co.id, Thursday (11/3). also criticized the rules regarding the responsibilities of commissioners and directors. Article 89 states that members of the board of directors and / or members of the board of commissioners are responsible for the losses of the public company.

Review:

To support the economic recovery program, BI will further optimize accommodative macroprudential policies and accelerate financial market deepening. Then, provide support for international policies and accelerate the digitization of the payment system.

❖ **BANKING**

- BRI recorded a significant growth in lending for the micro, small and medium business (MSME) segment throughout 2020. This growth made BRI the only bank in Indonesia that has an MSME loan ratio of up to 82.13 percent of the company's portfolio. Based on data from performance reports throughout 2020, the total credit disbursed by the BRI Group last year reached Rp. 938.37 trillion or grew by 3.89 percent on an annual basis (yoy). This figure is better than the national credit growth in 2020, which is estimated by OJK to be in the range of minus 1 to 2 percent. In addition, BRI micro credit growth throughout 2020 grew by double digits reaching 14.2 percent yoy. Meanwhile, small and medium enterprise loans rose 3.9 percent and consumer loans increased 2.3 percent over the same period. If detailed, throughout 2020 BRI has distributed credit to micro segment debtors worth IDR 351.3 trillion. This amount reached 40 percent of BRI's total loan portfolio of Rp 938.37 trillion.
- Bank Mandiri's Annual General Meeting of Shareholders (AGMS) decided to provide Rp 10.27 trillion or around 60% of net profit for dividends to be distributed to shareholders. President Director of Bank Mandiri Darmawan Junaidi said that this dividend is Rp 220 per share. He said that by calculating the composition of the red and white shares of 60%, Bank Mandiri will deposit dividends of around Rp 6.16 trillion into the state treasury, while 40% of last year's net profit will be retained earnings. Darmawan revealed that the dividend amount is very online with the management's commitment to be able to contribute optimally to the country and the desire to become

the main financial partner of choice for customers, one of which is with reliable and simple digital banking services.

Review:

This synergy is a tangible form of realizing the direction and vision of the president to accelerate efforts to improve the quality of technology-based agricultural human resources

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