

Tuesday, June 9th, 2020

GENERAL NEWS AND HEADLINES

City roars back to normal as lockdown eases

The Jakarta Post, Headline; Kompas, Headline; Media Indonesia, Headline

The heavy traffic on the streets and crowded bus and train stations that have long defined Jakarta returned with a vengeance on Monday, as the nation's commercial hub saw the reopening of several business sectors, including offices, and the city transitioned to the so-called "new normal".

Jakarta Governor Anies Baswedan said he had received reports of increased traffic and long lines at several Transjakarta bus stops from the administration's field inspectors on Monday morning.

Anies acknowledged that although the number of people commuting using personal vehicles was higher than the relatively low number of people using public transportation, there were still passenger pileups, especially at Transjakarta stations, as workers returned to their offices. The odd-even traffic policy will not be in place during the transition period, he added.

PT Kereta Commuter Indonesia (KCI) spokesperson Anne Purba said the company recorded 150,000 commuters using its services on Monday morning, up from 80,000 recorded per day on average during the PSBB period. Anne emphasized that KCI had complied with a Transportation Ministerial regulation that limited the number of passengers on each train to 35 to 40 percent of total capacity.

Dozens of Instagram users posted a series of photos showing long lines at train stations in Bogor and Bekasi in West Java. Despite the high-spirited return to a typical workday in Jakarta, however, some commuters also took to social media to express concerns over their safety as crowded stations and trains could potentially lead to a new wave of COVID-19 infections.

Greater Surabaya ends PSBB implementation

Koran Tempo, Berita Utama

Local administrations within Greater Surabaya in East Java, which consists of Surabaya and its satellite regencies Sidoarjo and Gresik, have agreed not to extend the implementation of large-scale social restrictions (PSBB) that ended on June 8. All three local administrations have decided to impose different COVID-19 measures separately.

East Java regional secretary Heru Tjahjono said new social restrictions policies would be implemented by each local administration for the next two weeks, which are set as a transitional phase before Greater Surabaya enters the “new normal” period. The transitional period, according to Heru, would be monitored by the East Java administration.

“They name [the transitional phase] differently. In Gresik, it is called PPK [health protocol tightening]. Meanwhile, in Sidoarjo, it is called the new normal transitional phase,” Heru explained. Previously, Surabaya was designated as a “black zone” on May 21 as the region recorded nearly 3,000 confirmed COVID-19 cases.

Govt considers reopening *pesantren*

Republika, Headline

The government is currently finalizing its plan to reopen *pesantren* (Islamic boarding schools) as the country slowly enters the “new normal” phase. Vice President Ma’ruf Amin said the government would discuss the implementation of health protocols in *pesantren* on Wednesday June 10.

One of the health protocols, according to Ma’ruf, was that *santri* (Islamic boarding school students) have to undergo a polymerase chain reaction (PCR) test before being allowed to return to school. Ma’ruf added that the *santri* then would have to wear a face mask and maintain physical distance while in *pesantren*.

A *pesantren* was once declared one of the country’s biggest COVID-19 clusters. In mid-April, the Malaysia authority announced that 43 Malaysian students of Al Fatah *pesantren* in Temboro, East Java tested positive for COVID-19 after returning home. Following contact tracing and health testing, it was discovered that hundreds of other students that had been in contact with the 43 Malaysian students were spread across the country, including in East Java, Aceh, Lampung, Riau, South Sulawesi, South Kalimantan and Central Kalimantan.

Poll body awaits approval on regional elections' additional budget

Kompas, p.1

As the government insists on holding the 2020 simultaneous regional elections in December amid the COVID-19 outbreak, the General Elections Commission (KPU) and the Elections Supervisory Agency (Bawaslu) have proposed additional budgetary funds to finance the additional logistics of the elections, including personal protective equipment and other health equipment.

As of Monday, however, the two poll bodies had yet to acquire approval for the additional funds, which are estimated to reach between Rp 2.8 trillion and Rp 5.9 trillion in total, despite the fact that the preparatory stage of the elections is scheduled to begin next week on June 15.

KPU commissioner Viryan Azis said on Monday that health equipment was urgently needed to ensure the health and safety of voters and voting officers.

"Without additional funds and health equipment, there will be no elections in the middle of an outbreak. Both requirements are equally important," said Bawaslu member Fritz Edward Siregar echoing Viryan's statement.

Nurhadi arrest may reveal more graft cases

The Jakarta Post, p.3

Indonesia's antigraft agency must use the recent arrest of former Supreme Court secretary Nurhadi to uncover more corruption cases in judicial institutions, said former commissioner Bambang Widjojanto.

Investigators of the Corruption Eradication Commission (KPK) arrested Nurhadi and his son-in-law Rezeky Herbiyono in South Jakarta last week, months after both were named suspects and put on the KPK's wanted list for allegedly accepting bribes in the form of nine checks and Rp 46 billion (US\$3.2 million) in cash pertaining to three cases handled by the country's highest court between 2011 and 2016.

Bambang alleged that the pair could have been involved in more than three cases, as Nurhadi's position allowed him to control the flow of justice in the Supreme Court.

Bambang, who served as the KPK commissioner from 2011 to 2015, further suspected that the bribery cases implicating Nurhadi were only the tip of the iceberg. Therefore, he urged the antigrift agency to dig deeper into more alleged corruption in the Supreme Court by developing the case.

BUSINESS AND ECONOMICS NEWS AND HEADLINES

JCI climbs as economic reopening ticks up investor confidence

Bisnis Indonesia, headline

The Jakarta Composite Index (JCI), the main gauge of the Indonesia Stock Exchange (IDX), climbed 122.78 points or 2.48 percent from 4,947.78 at trade opening to 5,070.56 at closing on Monday. Positive sentiment from economic reopening, issuers' improving performance and rising capital inflow have been the main drivers of the index's growth.

The IDX data show that net foreign buy reached Rp 3.26 trillion (US\$235.12 million) from June 2 to 8. This adds to Rp 11.29 trillion net foreign buy since May 4 this year.

Furthermore, big cap stocks such as state-owned bank PT Bank Mandiri, state-owned bank PT Bank Rakyat Indonesia and private lender PT Bank Central Asia saw their stock price increase 8.2 percent, 6.1 percent and 3.1 percent respectively. Other big cap stocks that are top movers of the index include issuers in the consumer goods, property and construction sectors.

According to MNC Sekuritas Medan equity trading head Frankie Wijoyo Prasetyo, the market is rebounding as the reopening of economies in several countries sends a positive signal to the market. As a result, investors are becoming more confident to buy.

However, Frankie advises investors to remain cautious of profit-taking actions, issuers' financial performance in the second quarter, as well as the market response to COVID-19 case development in the country.

Market responds positively to new normal policy

Investor Daily, headline

Investors have responded positively to new normal economic activities in Jakarta. This sentiment is represented by the Jakarta Stock Exchange's Composite Index (JCI) that rose by 122.78 points or 2.48 percent and passed the psychological threshold of 5,000 to 5,070.56; followed by the rupiah's continued appreciation against the US dollar to below Rp 14,000 per dollar. So far this year, the JCI still lost 19.51 percent, much less than 37.49 percent in March.

OSO Sekuritas analyst Sukarno Alatas and Sucor Sekuritas analyst Hendriko Gani attributed the rising stock index and the strengthening rupiah to the positive sentiment from foreign and domestic investors. They responded positively to various policies taken by authorities in response to the COVID-19 pandemic. They include the government's national economic recovery (PEN) program of Rp 677.2 trillion, monetary stimulus by Bank Indonesia (BI) totaling Rp 583.8 trillion, and debt restructuring stimulus by the Financial Services Authority (OJK) at Rp 597 trillion.

In addition, some positive external factors contribute to capital inflows into emerging markets, including Indonesia. They include substantial job creation in the United States by 2.5 million workers in 2020, which resulted in the unemployment rate decreasing to 13.3 percent in the US, as well as businesses reopening in major economies. Furthermore, social riots in the US and Hong Kong followed by important stimuli in the developed countries have also boosted liquidity to emerging markets.

As a result, the capital inflow into Indonesia stock or bond markets boosted foreign reserves by US\$2.6 billion to US\$130.5 billion at the end of May. This yielded in rupiah appreciation against the US dollar at Rp 13,956. Besides, some companies are still making profits in the first quarter of 2020 such as PT Bank Mandiri, which made Rp 7.92 trillion in profit, or a 9.44 percent increase year-on-year.

In the Jakarta Stock Exchange, top gainers included PT Kresna Graha Investama, whose stock price rose 35 percent to Rp 135 and PT Asuransi Jiwa Syariah (JMAS) by 28.75 percent to Rp 206, followed by drilling contractor company PT Apexindo Pratama Duta (APEX) by 26 percent to Rp 126, steel maker company PT Krakatau Steel (KRAS) by 25 percent to Rp 270, and technology company PT Multipolar Technology (MLPT) by 24.86 percent to Rp 1,105.

Business players prefer rupiah stability

Kontan, headline

The rupiah has been strengthening below Rp 14,000 per US dollar. However, business players prefer the currency's stability to help them with making decisions for their work plan. Cellphone distributor and retailer PT Erajaya Swasembada vice president director Hasan Aula said, "If [the currency] goes up and down rapidly, it makes projection and price setting difficult."

Indonesian Chamber of Commerce and Industry (Kadin) deputy chairwoman Shinta Kamdani said rupiah volatility could potentially lead to miscalculation of the cash flow and financial planning, as well as disrupting companies' financial strategy significantly. She added that most business players assumed a Rp 14,000 exchange rate in their planning.

Furthermore, Indonesian Importers Association (GINSI) general secretary Erwin Taufan said that although the rupiah appreciation could benefit producers in the pharmaceutical sector, it did not apply to the consumer goods and food sectors. In addition, business players are currently taking a wait and see attitude, he added. Therefore, since they have not stocked more imported materials, the currency appreciation has not taken any effect.

BPK prioritizes auditing govt capital injection to SOEs

Kompas, economic headline

The government plans to inject Rp 118.15 trillion (US\$8.52 billion) worth of capital to state-owned enterprises (SOEs) affected by the COVID-19 pandemic through the national economic recovery (PEN) program.

Of the total, Rp 76.08 trillion is compensation funds to state-owned oil and gas company Pertamina and state-owned electricity company PLN and Rp 42.07 trillion is state capital injection (PMN) or working capital support to a number of SOEs. The Supreme Audit Agency (BPK) prioritizes the capital injection for their audit this year.

The BPK audit will see if the SOEs to receive the capital injection were chosen correctly and if the fund use follows the terms set by the government and the company's business plans. For example, the funds must not be used to pay employee salaries or company debt. Instead, it should be used for payments that could help stimulate the economy, such as payment to vendors.

The government has chosen 10 SOEs to receive the capital injection based on their significance in affecting people's livelihoods, sovereign role, total assets, exposure to the financial system and the government's ownership.

"We will oversee the capital injection so it does not go to SOEs that were problematic even before the COVID-19 pandemic started. We should pay attention to this matter. The BPK will focus on that," said BPK III member Achsanul Qosasi on Monday.

New dining approach: Restaurants prepare for reopening

The Jakarta Post, p.1

Restaurant owners are finding new ways to serve customers as they prepare new protocols to ensure safety for when they reopen for the first time since the COVID-19 pandemic forced businesses to shutter, upending income.

The Union Group, which oversees gourmet restaurant Benedict and bakery and bar Union, plans to introduce a safety protocol that would start with sanitation measures, body temperature checks for both staff workers and customers and reduced seating capacity. It would also integrate contactless protocol throughout the dining experience, from a contactless menu in which customers order from their phones to cashless payments.

Meanwhile, MDA Restaurant Group, which manages a number of foreign brands including AB Steak and Animale, is preparing a new layout entering the new normal. AB Steak, in addition to continuing its take-out and home services, is now offering a private dining service in which the AB Steak team serves its signature steak at customers' homes. Furthermore, restaurant and bar Animale has launched a special take-out menu and ready-to-cook service, Animale To Go.

Jakarta is in the process of relaxing large-scale social restrictions (PSBB), with restaurants allowed to operate at under 50 percent capacity under certain health protocols, as stated in a new health ministerial decree.

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