

Thursday, Sept. 3rd, 2020

GENERAL NEWS AND HEADLINES

Patients crowd hospitals as 183 medical workers are lost

The Jakarta Post, p. 1; Media Indonesia, headline

COVID-19 patients are crowding hospitals as bone-tired medical workers continue to bear the brunt of rising case figures, with at least 183 of them having reportedly died of the virus.

More than 2,000 daily new cases appear to be the new normal for Indonesia, which on Wednesday recorded 3,075 new cases and 111 deaths – bringing the tally to 180,646 confirmed cases, 42,877 of which are active cases, and 7,616 deaths.

The daily new cases figure hit record highs of more than 3,000 for three consecutive days last week, partly attributed to recent long weekends.

As people flocked to crowded places, COVID-19 patients swarmed hospitals, prompting fears of a "collapsing healthcare system", as described by senior public health expert Adang Bachtiar of the Indonesian Public Health Experts Association (IAKMI).

"The latest situation is that there has been an escalation of the bed occupancy rate in some hospitals, especially in Jakarta," COVID-19 task force spokesperson Wiku Adisasmito told a press briefing on Tuesday.

He said isolation and ICU bed occupancy rates at the capital city's 67 COVID-19 referral hospitals had reached 69 percent and 77 percent, respectively, on Aug. 28. The government was working on bringing the rates down to below 60 percent, including by sending patients in mild to moderate cases to Wisma Atlet, a makeshift hospital designated for COVID-19.

Development of Merah Putih vaccine reaches 40%

Media Indonesia, p. 2

Research and Technology Minister and National Research and Innovation Agency (BRIN) head Bambang Brodjonegoro said the development of the home-grown Merah Putih (Red and White) vaccine had reached 40 percent.

In addition to the Eijkman Institute for Molecular Biology, there are four other institutions working on the vaccine, namely the University of Indonesia (UI), the Bandung Institute of Technology (ITB), Airlangga University and the Indonesian Institute of Sciences (LIPI).

“Specifically concerning the vaccine being developed by Eijkman, we can say about 40 percent has been covered,” Bambang said in a press statement on Wednesday.

According to Bambang, Eijkman’s candidate vaccine uses a recombinant subunit platform that is both mammalian and yeast cell-based. The Eijkman Institute will also be using an inactivated virus in the development of the vaccine.

PDI-P names candidate pair for Surabaya mayoral race

Republika, p. 3

After the Indonesian Democratic Party of Struggle (PDI-P) left the decision of nominating a candidate for the Surabaya mayoral race up to party chairwoman Megawati Soekarnoputri, the party’s central executive board (DPP) has finally nominated Eri Cahyadi and Armudji as its candidate pair.

Political observers have deemed the appointment of the pair a win for current Surabaya Mayor Tri Rismaharini, as Eri had been her pick when PDI-P secretary-general Hasto Kristiyanto nominated Surabaya’s current deputy mayor, Whisnu Sakti Buana.

Eri currently sits as head of the Surabaya Development Planning Agency, whereas Armuji is a member of the East Java Legislative Council (DPRD).

Eri and Armuji will go up against Machfud Arifin and Mujiaman, the candidate pair nominated by the coalition consisting the Golkar Party, the National Awakening Party (PKB), the Prosperous Justice Party (PKS), the National Mandate Party (PAN), the Gerindra Party and the Democratic Party.

Registration for regional elections candidate pairs to begin

Kompas, p. 2

Registration for candidate pairs contesting the 2020 regional elections will be open from Sep. 4 to 6. Because the registration period is very short, political parties have been urged to carefully prepare the required documents. In addition to required paperwork, candidate pairs are also mandated to undergo a COVID-19 polymerase chain reaction (PCR) test.

The simultaneous regional elections, slated for Dec. 9, will be held across 9 provinces, in 261 districts and cities. Registration will be carried out at the respective General Elections Commission (KPU) office in the region.

KPU member Hasyim Asy'ari reminded that registration for candidate pairs nominated by political parties must be carried out by the party's leader at their level.

For example, in the gubernatorial race, registration is done by the chairman of the party's provincial chapter. As for the regental and mayoral races, candidate registration is done by the head of the party's regional executive board.

Each political party can only support or nominate one candidate pair. Candidates that can register with the KPU are those who have received recommendations from the party's central executive board.

KPK ready to take on bribery case implicating prosecutor

The Jakarta Post, p. 3; Media Indonesia, p. 4

The Corruption Eradication Commission (KPK) says it is ready to take over prosecutor Pinangki Sirna Malasari's case from the Attorney General's Office (AGO) as long as it meets certain requirements stipulated in the KPK Law.

The AGO arrested Pinangki in August for allegedly accepting bribes in connection with graft convict Djoko Tjandra, who had been arrested around two weeks earlier after being on the run for years.

Acting KPK spokesperson Ali Fikri said the KPK could take over the case if it met the requirements set out in Article 10A of the KPK Law.

"The KPK will take over the case if at least one of the conditions stipulated in Article 10A is met," Ali said on Wednesday as reported by *kompas.com*. Article 10A of the

law stipulates that the commission is eligible to take on a corruption case if it does not have any form of resolution or if it is being delayed without justifiable reasons. The KPK may also take on a case if the judicial process is deemed to be protecting perpetrators of a crime.

Ali said the KPK understood the public's expectations, so it had urged the AGO to carry out a transparent and objective judicial process of the case. "The AGO should develop this case if they find more parties responsible, given that, in the end, the public will evaluate its works," Ali said.

AGO spokesperson Hari Setiyono previously refuted claims that it would hand Pinangki's case over to the KPK.

BUSINESS AND ECONOMICS NEWS AND HEADLINES

Mandiri bankers lead other state-owned banks

Kontan, Bisnis Indonesia, headline

Bank Mandiri president director Royke Tumilaar was appointed president director of Bank Negara Indonesia (BNI) during the latter company's general shareholders' meeting (RUPS). Royke's appointment has added to the long list of Bank Mandiri bankers that have earned leadership posts at state-owned banks.

In addition to Royke, four other bankers from Bank Mandiri were appointed to director positions. Silvano Rumanir was appointed corporate banking director, David Pirzada risk management director, Muhammad Iqbal MSMEs director and Novita Widya Anggraini financial director.

The president-director positions at all state-owned banks are now held by Bank Mandiri bankers. BTN president director Pahala N Mansury was the director of Bank Mandiri in 2010, while Bank Rakyat Indonesia (BRI) president director Sunarso was the commercial and business banking director from 2010 to 2015.

Royke said BNI had similar corporate loan segmentations as Bank Mandiri. He was planning to continue to focus on corporate loans during his term. "The opportunity in infrastructure or government projects is still wide open," said Royke.

Following Royke's appointment, Hery Gunardi will fill the interim president director position until the appointment of the new directors during Mandiri's next extraordinary general shareholders' meeting (RUPSLB).

The spread of former Mandiri bankers in other state-owned banks may increase competition in the financial market as they may target the same segments rather pursuing complimentary services. Potential resistance from bankers in other state banks to top management may create a counterproductive environment within the companies.

Renewable energy development to become priority

Bisnis Indonesia, industry

The development of new and renewable energy projects will become the priority in 2020-2029 to achieve the target of 23 percent use of renewable energy in 2025. However, the plan to develop 35,000 megawatt (MW) mega power plants might be postponed for two years from the target date due to the decrease in demand for electricity.

"We will evaluate the 35,000 MW [plans]. Those with contracts will be discussed with the developers. Those yet to have contracts will be evaluated. We might postpone it for two years to absorb renewable energy," said PLN megaproject director Ikhsan Asaad.

Institute for Essential Services Reform (IESR) executive director Fabby Tumiwa argued that PLN should be more confident in building utility-scale renewable energy projects. He called on PLN to look far into the future. Developing solar power plants with battery storage would become more competitive after 2028, he said, especially as the cost of funding coal-powered power plant projects increased.

Aside from the low price of fossil fuels, economic uncertainties remain one of the main challenges for the development of renewable energy. In addition to investor-friendly regulations, more support in the form of incentives is also necessary.

Bank loans continue to grow in July 2020

Investor Daily, headline

The Financial Services Authority (OJK) is optimistic that demands for loans will increase significantly as the economy rebounds, indicated by the 1.53 percent year on year (yoy) loan growth in July 2020, an increase from the 1.49 percent growth yoy in the previous month.

OJK chairman Wimboh Santoso noted that in addition to loan growth, other banking indicators had also shown improvement. For instance, the capital adequacy ratio (CAR) reached 23.1 percent in July, the highest in the world, while in June it was only 22.55 percent.

Wimboh said that such a high CAR gave ample room for banks to pursue loan expansions without additional capital injections. According to OJK simulations, without capital injection, an additional loan expansion of Rp 280 trillion (US\$18.97 billion) would cause the CAR to decrease by 1 percent to 22 percent. A Rp 1.3 quadrillion loan expansion would cause the CAR to drop by 4 percent to 19 percent.

Wimboh, however, acknowledged that the high loan growth in July was mainly attributable to state-owned banks, whose total loans grew by 3.36 percent. Loans from private commercial banks grew 0.9 percent, those of regional development banks (BPD) grew 8.23 percent and foreign bank offices recorded a contraction.

"Based on the segment, loans for micro, small and medium enterprises (MSME), commerce and consumption have fallen significantly, whereas loans in the corporation sector continue to grow and thus providing support for the overall loan growth," Wimboh added.

Rising COVID-19 cases impede consumer demand

Kompas, Economy and Business page

Rising COVID-19 positive cases have slowed down consumer demand, especially among the middle and upper classes. People have tended to refrain from spending and going out, which caused deflation in August and July. Statistics Indonesia (BPS) recorded 0.5 percent deflation in August and 0.1 percent deflation in July.

The deflation was caused by a decrease in consumption among the middle and upper classes, which typically accounts for 83 percent of total national consumption. The bottom 40 percent of the population accounts for only 17 percent of total consumption. Therefore, the government's social safety net programs targeting poor people will not affect consumer demand significantly.

Bank Permata economist Josua Pardede said the problem of consumption was occurring in the middle and upper classes because they were tending to save more as a result of concerns about the rising number of COVID-19 cases.

According to the Indonesian Deposit Insurance Corporation (LPS), deposit savings increased by 6.5 percent in July, compared to 5.1 percent in June. Deposits of more than Rp 5 billion each recorded the highest increase.

Indonesian manufacturing improves, but risks remain

The Jakarta Post, Headlines page (p. 2)

Indonesian manufacturing has shown signs of improvement for the first time since February, but risks remain as new COVID-19 clusters emerge in factories and industrial areas and as household spending remains weak.

IHS Markit's Manufacturing Purchasing Managers' Index (PMI) for Indonesia, a gauge of the country's manufacturing activity, rose to 50.8 points in August from 46.9 a month before. A value above 50 indicates an expansion from the previous month, while a reading below 50 reflects a contraction.

"Indonesian manufacturers reported an improvement in business conditions for the first time since February, with output growing at the fastest rate in just over six years," IHS Markit head economist Bernard Aw said in a statement on Tuesday.

The index had recorded its worst decline in the survey's nine-year history and the steepest drop recorded in Asia when it fell to 27.7 in April from 45.3 in March as COVID-19 containment measures forced factories to shut and caused unemployment to grow.

Aw said the higher PMI was driven by solid growth in both production volumes and new order inflows in August, as well as revived demand from the gradual reopening of the economy.

However, the rise in production has yet to lift factories' capacity utilization to a level higher than before the pandemic, as manufacturers used existing stocks of goods to meet increased demand, resulting in further layoffs, albeit at a lower rate than in July.

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