

1st WEEK**August 2018**❖ **MACRO**

- The Federal Reserve decided to hold interest rates at the Federal Open Market Committee (FOMC) held on 31 July and 1 August 2018. Bank Indonesia Governor (BI) Perry Warjiyo said, along with the decision of the Fed to hold interest rates, BI policy would remain tight or hawkish. Perry further said, in the August Board of Governors' Meeting (RDG), the BI governing council would still discuss the direction of the upcoming BI policy. "BI's policy stance is still the same, hawkish. We will continue to take preemptive, front loading, and ahead the curve steps," he said. "The target is how to make our financial markets provide an attraction for foreign investors to enter SBN or alternative instruments," Perry continued.
- Weakening of the yuan exchange rate. The Chinese currency headed for its eighth weekly decline, the longest period since the start of the modern regime of foreign exchange trading in 1994. Friday (3/8), the yuan fell 0.44% to 6.8681 per US dollar. The yuan exchange rate has depreciated 6.7% over eight weeks and is nearing a record low against the world's major currencies. "Investors focus on two things: the yuan and Chinese interest rates. Trade. And they will continue to push the yuan weaker until the Central Bank of China intervenes to make large interventions," said Zhou Hao, senior emerging market economist at Commerzbank AG in Singapore. . Well, according to Hao, if the yuan continues to weaken and penetrate the level 7 per US dollar, the exchange rate, also known as renminbi, is likely to fall faster. "This will send shock waves across financial markets and hurt the stock market too," Hao said.

- Review:

It can be predicted that the Fed will hold the Fed Fund Rate (FFR) in the position of 1.75 to 2 percent. The estimate of the increase in the benchmark interest rate by the American central bank was also predicted to occur in September and December. In addition, in 2019, the Fed is predicted to raise interest rates three times.

❖ **MICRO**

- The Central Statistics Agency (BPS) recorded July 2018 inflation of 0.28 percent. Meanwhile, calendar year inflation was recorded at 2.18 percent and year on year at 3.18 percent. In general, this inflation is still in line with the government's target. The Governor of Bank Indonesia, Perry Warjoyo, revealed several factors driving low and controlled inflation. "There are three things. One, inflation expectations are anchored well, if we talk about inflation expectations, economic actors as well as economists in the market are also maintained," Perry said, at the BI Complex Mosque, Jakarta, Friday (08/03/2018). The second factor is Indonesia's economic condition which still operates below national capacity. As is known, the growth of one quarter is 5.06 percent. "Hopefully the second quarter of 5.15 percent, is still below the national output capacity. So the inflation pressure from demand is still low," he said. The third facet is the rupiah exchange rate or exchange rate pass through. "We did not see a large proven exchange rate pass through, so it has also been seen in the past few years that the pass through of the exchange rate against the exchange rate was low," he said.

- The Financial Services Authority (OJK) asserted that it would not remove fees charged to issuers. This follows complaints from a number of issuers for the levy. The Chief Executive of the Capital Market Supervisor and Member of the OJK Board of Commissioners, Hoesen said, his party would indeed examine the objections submitted by the issuer. But for now, the fee will still be applied. "Yes, we have said, we will study it. But now it remains like that. I said it will not go down first in the near future. It will not be changed and reviewed again," he said on the Indonesia Stock Exchange (IDX),

Jakarta, Wednesday (1 / 8/2018). According to him, the contribution is still very much needed for the development carried out by the OJK. Moreover, currently the OJK is no longer getting a budget allocation from the APBN. "At the moment we will not see that first. We still need development. Hopefully the market will grow well and issuers can seek funds in the capital market. It can grow so investors can benefit," he said. Meanwhile, Chairperson of the Indonesian Issuers Association (AEI) Franky Welirang assessed that the fees applied were unfair to issuers engaged in the real sector. According to him, such fees are suitable if charged to companies in the financial services sector.

- Review:

Inflation must be controlled both at the national level and at the regional level. Because, so far inflation has a domino effect on the economy of a region or nationally. The domino effect of uncontrolled inflation is able to cause a decrease in the purchasing power of the people. In addition, high inflation will also hamper investment, economic uncertainty, will lead to price increases, and cause competitiveness to decline.

❖ **BANKING**

- The management of PT Bank Rakyat Indonesia Tbk (BBRI) states that the Klewer Market Harmony activity can be an annual activity. It is expected that the Harmony of Klewer Market can raise the actors of Micro and Small and Medium Enterprises (UMKM). BRI's Managing Director, Suprajarto, appreciated the Klewer Market Harmony activities, moreover that he had been allowed to use the field at Solo City Hall. "BRI is very grateful to be allowed to use this large field. We also hope that this activity will be an annual calendar activity," Suprajarto said on Friday (08/03/2018). He said, the activity was part of BRI's obligation as one of the development agents. In addition, efforts to provide entertainment to the people of Solo. "Entertainment that presents artists such as Via Vallen, Tulus, Raisa, Andra and the Backbone and other artists will be held starting this afternoon until tomorrow," he said.

- PT Bank Mandiri Tbk (BMRI) plans to issue bonds as part of Phase III 2018 Sustainable Public Offering (PUB) I with a total indicative target of Rp 3 trillion. PUB I stage III of 2018 is part of Bank Mandiri PUB I with a total of IDR 14 Trillion. In 2016 and 2017, the company has issued bonds totaling Rp 11 trillion divided into two stages. At the first phase of PUB I 2016 the company issued IDR 5 trillion of bonds and at phase II of 2017 PUB I amounted to IDR 6 trillion. PT Bank Mandiri Tbk Treasury & International Banking Director Darmawan Junaidi said the bond issuance was to strengthen the bank's funding structure and credit expansion. In this publication, Darmawan said, the company had appointed six underwriting companies, namely Mandiri Securities, Bahana Securities, BCA Securities, BNI Securities, Danareksa Sekuritas, and Trimegah Securities. Darmawan added that this phase III PUB I would be issued with a 5-year tenor with a coupon range of 7.75 percent - 8.50 percent.
- Review:

Through this Klewer Harmoni Market, BRI wants to encourage tourism in Solo and its surroundings, and the creative industry is progressing and developing. In addition, this activity is also an activity that can improve friendship between residents of Solo. In the future, it will be very memorable if similar activities are held in a frequent time.

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