

3rd WEEK**August 2018**❖ **MACRO**

- Leader of the central bank of the United States (US) or the Federal Reserve (The Fed) Jerome Powell said it would keep raising interest rates in response to a healthy US economy and signaling more interest rate increases. The move will remain despite US President Donald Trump's criticism of higher borrowing costs. The Fed began to tighten monetary policy in 2015 to raise interest rates twice in 2018. It is estimated that interest rates will increase again in September and December. Speaking at the Jackson Hole, Wyoming symposium, Powell said, he believed that the gradual increase in interest rates would remain in line with economic conditions. "The economy is strong, inflation is close to our two percent target, and most people want to find jobs. If strong growth in income and employment continues, a gradual increase in interest rates in the target range will still be appropriate," he said, as quoted by Reuters page. , Saturday (08/25/2018).
- Saudi Arabia is moving ahead with economic reforms and growth in its non-oil economy will pick up this year despite any delay to a planned sale of shares in national oil giant Saudi Aramco, a senior International Monetary Fund official said on Friday. "Aramco was one part of the reform programme. Other parts are moving ahead pretty well," Tim Callen, the IMF's mission chief for Saudi Arabia, told reporters after annual consultations with the Saudi government. He said the IMF's projections for Saudi economic growth to accelerate in coming years were based on expectations for a broad range of reforms to continue, and did not include the impact of the initial public offer of Aramco shares. Industry sources told Reuters this week that the sale of a roughly 5 percent stake in Aramco, originally slated to take place this year and raise at least \$100 billion for the government, had been postponed indefinitely.
- Review:
Reversing these purchase has always stressed Wall Street. The Fed has ruled out outright asset sales. Instead, the Fed began to allow assets to slowly roll off its balance sheet at

a pace of \$10 billion per month. These roll-offs are not set to reach the peak pace of \$50 billion per month until October.

❖ **MICRO**

- Bank Indonesia (BI) released the Current Account Deficit / CAD deficit in the second quarter of 2018 of USD 8 billion. The deficit increased by 3 percent from the first quarter of 2018 which was recorded at only Rp 5.7 billion or 2.2 percent of gross domestic product (GDP). "In line with the increase in the business economy GDP growth in the second quarter of the second quarter experienced an increase of 3 billion, up 3 percent. This is higher than the first quarter current account deficit," said Executive Director of the Bank Indonesia (BI) Departemen Yati Kurniati in media briefing at the BI Building, Jakarta, Friday (08/10/2018). Yati revealed that the increase in CAD was influenced by a decrease in the non-oil and gas trade balance surplus. The decline was mainly due to rising imports of raw materials and capital goods, as a result of increased production and investment activities in the midst of falling non-oil and gas exports.
- 43 member companies of the Indonesian Financial Technology Association (AFTECH) signed the responsible Information Technology (LPMUBTI) Borrower Borrowing Service (LPMUBTI) Guidelines for Guidelines on Satrio Tower, Jakarta, ON Thursday (08/23/2018) . This signing is a guideline that regulates a good corporate governance code of ethics that is intended to protect consumer rights and grow a healthy business ecosystem. On this occasion, AFTECH announced the official appointment of three members of the Independent Ethics Committee, namely Andre Rahadian, Marla Sagrado, and Abadi Tisnadisastra as supervisors of the implementation of AFTECH. Former Deputy Chair of the Financial Services Authority (OJK) Board of Commissioners Rahmat Waluyanto joined the AFTECH Advisory Board together with M. Chatib Basri, Mahendra Siregar, and Budi Rahardjo. The LPMUBTI contains a set of principles and processes mutually agreed upon and voluntarily by AFTECH member

companies that provide information technology-based (online) lending and borrowing services to consumers in Indonesia.

- Review:

The increase in the oil and gas trade balance deficit is influenced by the increase in oil and gas imports in line with the increase in global oil prices and higher demand during Lebaran and school holidays.

❖ **BANKING**

- PT Bank Rakyat Indonesia Tbk plans to add a new satellite. Previously, BRI had a satellite that was launched on June 18, 2016 and was named BRIsat. Director of Digital Banking and Information Technology BRI Indra Utoyo said, BRI wanted to provide wider services. "Ideally two satellites, additional satellites provide diversification in the east, and there are also in the west," he said, Thursday (8/23). The scheme, new satellite operations will be carried out by BRI's grandson, PT Satkomindo Mediyasa. Satkomindo itself, called Indra, is a subsidiary of the BRI Pension Fund. "Still have to regulate, so as not to violate regulations," explained Indra. Indra could not say how much the investment value of the satellite was because he did not have a permit. To operate, reflecting BRIsat, BRI needed a three-year process before it was launched. Currently the plan has been submitted to the Ministry of BUMN.

- PT Bank Mandiri (Persero) Tbk signed a cooperation agreement with two financial technology (fintech) lending companies, PT Amarta Mikro Fintek (Amarta) and PT Lunaria Annu Teknologi or KoinWork. With this collaboration, Bank Mandiri wants to expand the reach of its customers, especially for Micro, Small and Medium Enterprises (MSMEs). Bank Mandiri Retail Banking Director Donsuwan Simatupang said they wanted to strengthen working capital and market expansion. "Bank Mandiri will utilize synergies with Amarta and KoinWorks to strengthen the penetration of financing to business groups that are still unreachable or unbanked because of the business structure and cash flow that still do not meet the requirements of conventional

banks," said Donsuwan at Plaza Mandiri, Jakarta. Monday (08/27/2018) He considered, the synergy of conventional banking and fintech companies is very strategic to provide access to financing for SMEs so that they can develop. Amarta and KoinWorks will refer UMKM partners according to the criteria to Bank Mandiri.

- Review:

There are many benefits of satellite ownership by a bank. One of them is this satellite will help BRI connect its banking services to all corners of Indonesia. Telecommunication lines via satellite make it easier for BRI to reach remote areas. Then second, this satellite will make BRI's communication costs more efficient. Because according to Haru, BRI spent communication costs of around Rp. 500 billion a year, including to rent satellites.

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