

**3rd WEEK****December 2018**❖ **MACRO**

- The Federal Reserve is well positioned to bring interest rates in the U.S. back to neutral levels, and it may need to raise rates two or three more times, former Fed Governor Robert Heller said. The Fed on Wednesday raised its benchmark interest rates by 25 basis points — its fourth hike in 2018 and the ninth since December 2015 when it started rolling back post-crisis stimulus. The central bank projected it would enact two interest rates increases in 2019, which was down from a previous forecast of three, but that wasn't enough to appease investors who had hoped the Fed would ease even further off its tightening path. But for Heller, who said he favors "even tighter policy," the Fed did exactly what it had to. "The Fed is really in a sweet spot right now: Growth is good, unemployment is very low at 3.7 percent and they're roughly at their target of 2 percent inflation. So, what could be better?" Heller told CNBC's "Squawk Box" on Thursday. "They have to continue on their path of taking away the accommodation and get into a neutral stance and that's exactly what they did," he added. Heller was a member of the Fed's Board of Governors from 1986 until 1989.
- China's economic growth is likely to slow to 6.2 percent in 2019 from an expected 6.5 percent this year, as headwinds increase due to its trade dispute with the United States, the World Bank said in a report published on Thursday. Its outlook on China's 2018 economic growth, which would be the weakest in 28 years, remained unchanged from its prediction in April. "Looking ahead, China's key policy challenge is to manage trade-related headwinds while maintaining efforts to limit financial risks," the bank said its latest assessment on the world's second-largest economy. Consumption will remain the main driver of China's economy, as weaker credit growth weighs on investment and slowing global demand and higher U.S. tariffs on Chinese shipments take a toll on the country's exports, the report said.

- Review:

Investors may have been disappointed because, just last month, Fed Chair Jerome Powell said he considered the central bank's benchmark interest rate to be near its neutral level — the point where monetary policy is neither speeding up nor slowing down the economy.

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- To anticipate the cash needs of the Christmas and New Year holidays, Bank Indonesia (BI) provides Rp. 101 trillion in cash. Director of the Bank Indonesia (BI) Money Management Department Luctor Etemergo explained that the Rp 101 trillion increase was 10.3% compared to the previous year's realization of Rp 91.7 trillion. For Jabodetabek, cash circulated around Rp 23.4 trillion (23.2%), Java Non Jabodetabek Rp 28.4 trillion (28.1%) or in Java around Rp 51.8 trillion. Meanwhile for Sumatra Rp. 21.2 trillion (21%) and the Eastern Indonesia Region as much as Rp. 28.1 trillion (27.7%). "This figure increases because there are indeed school holidays, holidays and government budgets that come out. later this year. They usually still withdraw cash," Luctor said at a press conference at the BI Building, Central Jakarta, Friday (12/21/2018).
- The Financial Services Authority (OJK) projects that the collection of funds from the capital market will grow 10 to 12% in 2019. Economic conditions in the next year are not expected to be much different from 2018. This was conveyed by the OJK Hoesen Head of the Capital Market Supervisory Executive at the 2018 Final Year Press Release at the Bank Indonesia Complex, Jakarta, Wednesday (12/19/2018). "The condition and our micro macro analysis is still around 10-12% and rising funds will grow from the position of 2018. That is 2019, it is still possible that the situation is not too different," he said. Hoesen said that transactions in the capital market had increased. Recorded, the daily share transaction in 2018 rose 11%. "If you see 2018, daily transactions add 11

percent from Rp. 7.6 trillion to Rp. 8.45 trillion per day," he added. Furthermore, in the year to date until December 2018 the capital market has raised funds of Rp 162.3 trillion. He hopes that the collection of funds will increase in line with various policies issued by the FSA.

- Review:

To support the community's economic activities, BI also continues to optimize the non-cash payment system, which is held by Bank Indonesia through the Bank Indonesia Real Time Gross Settlement (BI-RTGS) System and the Bank Indonesia National Clearing System (SKNBI). BI has conducted testing of all infrastructure to ensure the implementation of payment system services in a safe, smooth and efficient manner especially if there is an increase in transaction volume at the end of the year

❖ **BANKING**

- PT Bank Rakyat Indonesia (Perseo) Tbk. or BRI is interested in working with Alipay (Ant Financial) and WeChat Pay (Tencent). This is done as the company plans to develop a QR Code-based payment system, MyQR. "As far as providing greater benefits and added value, of course BRI is interested in working with AliPay and WeChat Pay," said Director of Information Technology and Operations BRI Indra Utoyo, Monday, December 17, 2018. So far, said Indra, BRI has cooperated with payment system providers from abroad, especially to support card-based transactions such as Visa, Mastercard and Union Pay. The entry of Alipay (Ant Financial) and WeChat Pay (Tencent) into the payment system in Indonesia helped attract BRI to work together. Especially to operate in Indonesia, the central bank requires that foreign payment system service providers must work with domestic business groups (BUKU) IV.
- Bank Mandiri dan Taspen sepakat memperkuat struktur permodalan dengan penambahan modal sebesar Rp 500 miliar untuk Bank Mantap. Bank ini merupakan bank patungan hasil sinergi kedua BUMN tersebut. Wakil Direktur Utama Bank Mandiri, Sulaiman A Arianto mengatakan, penambahan modal ini dibutuhkan untuk

mengimbangi pertumbuhan bisnis Bank Mantap. Pertumbuhan aset pada 2017 mencapai 85 persen yoy dan risiko terjaga dengan NPL di bawah 0,7 persen. "Penguatan modal ini dapat meningkatkan size Bank Mantap yang saat ini masuk ke bank BUKU II. Peningkatan ini dapat mendorong Bank Mantap mengoptimalkan potensi pasar yang masih sangat besar sehingga mampu mendorong bisnis perseroan," ujar dia di Jakarta, Selasa (18/12/2018). Direktur Utama Taspen, Iqbal Latanro menyatakan, penambahan modal ini diharapkan dapat meningkatkan kesejahteraan aparatur sipil negara (ASN) melalui program pembiayaan perumahan untuk ASN dan kredit pensiunan sampai usia 75 tahun oleh Bank Mantap.

- Review:

Collaboration with companies issuing foreign electronic money is currently being watched by many parties, including BRI. This follows Bank Indonesia regulations regarding electronic money as contained in PBI No. 20/6 / PBI 2018.

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