2nd WEEK

February 2018

❖ MACRO

- The Federal Reserve or the US central bank officially has a new leader. He is Jerome H. Powell. When sworn in as the new governor of the US central bank, Powell vowed to continue to be wary of the financial system's risks. Powell will replace the outdated Janet Yellen. On the occasion, he explained 'what central banks are doing and why the central bank is doing that' amid the Fed's efforts to balance the ongoing economic recovery by overseeing the largest US financial institutions. "Currently the unemployment rate is low, the economy is growing and inflation is low.With our decision on monetary policy, we will support sustainable economic growth, healthy employment markets and price stability," Powell said in a video posting on the Fed's website. Powell added, now, the financial system looks much stronger and more resilient than before the financial crisis. "We will continue to maintain that condition, and my colleagues will remain vigilant and we stand ready to respond to the risks," Powell said.

- World Bank leaders compare cryptocurrencies with "Ponzi schemes". "In the case of using Bitcoin or some other cryptocurrency, we also observe it, but I tell you that most crypto is basically a Ponzi scheme." It's unclear how it works, "World Bank President Jim Yong Kim was quoted as saying. The latest statement by World Bank officials is again questioning the legitimacy of digital currencies such as Bitcoin. The lender "looks very carefully" with blockchain technology, a platform that uses so-called distributed ledgers that allow digital assets to trade securely. "There is hope that the technology can be used in developing countries to follow the flow of money more effectively and reduce corruption," Kim said.

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  With Powell being selected it does not mean that the established Yellen policy will be changed entirely. As we know that Powell is not new to the Fed environment, and Powell is a supporter of Yellen's policy of gradually improving interest rates.

❖ MICRO

- Bank Indonesia (BI) will continue to be aware of the risks of global financial uncertainty. BI will also continue to implement fundamental exchange rate stabilization measures while maintaining market mechanisms. BI Governor Agus DW Martowardojo said a number of risks remain to be watched, whether from global sources related to the normalization of monetary policy in some developed countries, geopolitics, and rising world oil prices, as well as from domestic especially related to the continued consolidation of corporations, not yet strong, and the risk of inflation. "We will continue to focus for the future Bank Indonesia will optimize the monetary, macroprudential and payment system mix to maintain a balance between macroeconomic stability and financial system with ongoing economic recovery process," Agus said in Jakarta on Thursday (8/2). / 2018).

- The program of one million homes, which is proclaimed by the government needs the support of all parties and also requires a lot of funds. Thus, the Asset-Backed Securities Shaped Letter of Participation (EBA-SP) can be a funding instrument. Both sides of this, both the provision of housing and housing finance become the concern of the government and all stakeholders. Lower middle class society is believed to require an affordable installment with a fixed amount. "We both know that the need for housing is one of the basic needs in human needs," said Board of Commissioners Supervisor of the Chief Financial Officer of the Financial Services Non-Bank (IKNB) Financial Services Authority (OJK) Riswinandi in Jakarta, Friday (9/2 / 2018). Meanwhile, President Director of PT Sarana Multigiriya Finansial or SMF Heliantopo said that this can be achieved with two things, namely long tenor of loan so that the lower installment, thus required long-term funding source. "Secondly, the interest rate is fixed, so the amount of installment is also fixed," he said.

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  BI should also strengthen the joint policy of the government to maintain macroeconomic stability and financial system. BI also estimates that global economic growth in 2018 is relatively the same as the previous year which is increasing source of growth coming from developing countries.

❖ **BANKING**

- PT Bank Mandiri Tbk projected the performance of the banking industry this year could improve compared to several years ago. Kartika Wirjoatmodjo, President Director of Bank Mandiri said the bank's performance this year is supported by improved macroeconomic conditions. "For example, improvements in household consumption, exchange rates and liquidity are stable," said Tiko greeting familiar in the speech Mandiri Investment Forum 2018, Wednesday (7/2). According to Tiko this year, credit growth and third party funds (DPK) of the banking sector is projected to improve. Along with this, the ratio of non performing loans (NPLs) will decrease gradually. This year, Bank Mandiri is committed to participate in government infrastructure projects. In addition, Bank Mandiri will also be actively involved in private investment.

- PT Bank Rakyat Indonesia Tbk (BBRI) plans to issue Bank BRI II Bond II with total principal amount of Rp 2.44 trillion. Later, the bonds will be published in two series. The BBRI bonds will be used by BBRI to develop the company's business by channeling credit. The Bond Offering Period will be held on February 14, 2017 until February 15, 2017, to come. Muhammad Nafan Aji, Analyst of Binaartha Parama Sekuritas, said that BBRI is expected to improve the performance of the company, which is supported by the increase in credit growth performance. "Moreover, BBRI is also able to suppress NPL increase by executing risk mitigation effectively." Nafan told KONTAN on

Tuesday (6/2). Nafan recommends buy BBRI stock with target price gradually of Rp 3,870 and 3,920.

- Review:

  As an illustration, over the past few years, Bank Mandiri has been active enough to support infrastructure development through credit disbursement and other financial solutions. Throughout 2017, Bank Mandiri's loan in infrastructure was at US $ 10.4 billion, up 21.9 percent of total loans.