

1st WEEK**January 2018****❖ MACRO**

The minutes of the Federal Open Market Committee (FOMC) December minutes meeting showed that Federal Reserve officials predicted corporate tax cuts and individuals would hoist budget and business. However, the US central bank is still unsure of the impact of the new tax law. FOMC members raised expectations of 2018 GDP growth from 2.1% to 2.5%. "The majority of participants indicate that prospective changes to federal tax policy are factors that could encourage them to increase their real GDP growth projections in the next few years," the minutes said. The FOMC is the Fed's monetary policy breaker unit. The committee at the meeting voted to raise its benchmark interest rate to 1.25% to 1.5%. This interest rate is closely related to the consumer loan interest rate.

- The Bank of Japan (BoJ) firmly maintained its 2 percent inflation target for this year. However, Credit Suisse Group AG predicts that the target is impossible to achieve by 2018. According to Hiromichi Shirakawa, Japan's chief economist at Credit Suisse, the Japanese economy is enjoying a cyclical recovery momentum that benefits from a spike in global demand. However, there are no signs of any structural change. "It's hard for us to say the BoJ 2 percent inflation target can be achieved on an ongoing basis," Shirakawa said in an interview with Bloomberg Television. "We have not seen any structural changes in the mindset of households and companies in Japan," he continued. He has not seen any improvement in both labor productivity and Japanese consumers.
- Review:
The majority of discussions reflected in the minutes of the minutes show the magnitude of observations on the economy. Including the FOMC member's lack of confidence in how much of an impetus in the economy comes from the tax policy.

❖ MICRO

- End of April becomes the deadline for domestic and overseas financial service institutions to provide first report of customer's financial data as of December 31 to Directorate General of Tax (DGT). The first report will also be received by the Financial Services Authority on 1 August 2018 which will be forwarded by OJK to the DGT at the end of the same month. The data will then be exchanged with 101 member countries of the Global Forum which agreed to implement Automatic Exchange of Information (AEOI) starting next September. Financial data submitted consist of customer identity data, client's financial data, identity data of financial institution where client's account, income earned by customer, and final balance contained in customer's account.
- Bank Indonesia (BI) responds to the emergence of Octoin a new digital currency. Recorded already tens of thousands of people have invested in Octoin Coin or OCC. Agusman, Executive Director, Head of the BI Communication Department says Octoin as well as Bitcoin is not a valid payment instrument. "From the side of BI as well as bitcoin then octoin is also not a valid means of payment," said Agusman to kontan.co.id, Wednesday (2/1). According to BI observations, Octoin is more used for investment tools. If the digital currency is used for investment, Agusman said that the entry is not authorized by BI but OJK. Previously reported China, South Korea, United Arab Emirates, India, Africa, Turkey, Europe, the United States were countries that have been internally Octoin transactions since its launch since 2017. Octoin enthusiasts in Indonesia also began to emerge.

Review:

The government hopes the public should not be afraid of the information disclosure. It is a concrete step of government in the state income from taxes. But in addition, there are pros and cons regarding this policy, one of which is open access customers.

❖ BANKING

- Clean up bad debts is still the business agenda of Bank Mandiri Tbk this year. The BMRI-coded bank in the stock market targets to reduce non-performing loans (NPLs) below the 3% level this year. President Director of Bank Mandiri Kartika Wirjoatmodjo explained, this year there are two segments that will be a challenge Bank Mandiri. Namely, the middle and consumer credit segments. While based on the credit sector, commodities are still one that needs to be monitored. "The challenge is that there is medium credit risk accompanied by slow down in consumer credit," said Kartika, Tuesday (2/1). Nevertheless, the red plate bank is still channeling the credit of the commodity sector through corporate credit. Bank Mandiri assessed that the commodity sector which is still likely to receive credit is the business of palm oil and coal. Kartika added, the decline in purchasing power also still haunts consumer loans.

- PT Bank Negara Indonesia Tbk (BNI) recorded Rp 1.22 trillion in savings from the program of Smart Show. This Smart Saving Account is divided into two. Dadang Setiabudi, SEVP IT and Digital Banking BNI say, the first is derived from Smart BNI and second is from regular savings BNI. "Until November 2017 the number of DPN Smart BNI Rp 764 billion with 4.04 million accounts," said Dadang to kontan.co.id, Friday (28/12). The second source of cheap funds from this smart behavior from regular savings that reached Rp 556 billion with the number of accounts 67,616 accounts. As of November 2017, the number of agents BNI46 reached 67,616 agents. To improve penetration of smart manners, BNI trying to increase the number of agents.

- Review:
One of the efforts in maintaining the NPL value is by reducing the risk of non-performing loans, ie by targeting credit growth that can actually be achieved. For example, if in the previous year Bank Mandiri recorded credit growth of up to 10%, then for this year cultivated 11%.

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