

3rd WEEK**January 2018**❖ **MACRO**

- The New York Federal Reserve Bank said inflation expectations in the United States (US) began to increase in December 2017 and indicate inflationary pressure will begin to strengthen. The median consumer expectation for inflation on the one-year horizon rose to 2.8 percent in December 2017 compared with 2.6 percent in November. "The median inflation expectations on the three-year horizon also increased from 2.8 percent in November to 2.9 percent in December 2017," said a survey report released by the New York Federal Reserve Bank, as quoted from Xinhua, Wednesday, January 17, 2018. Consumers continues to expect further improvements in the labor market. Expectations for next-year revenue growth continued to increase from 2.6 percent in November to 2.7 percent in December, the latest level achieved in November 2014.
- The dollar weakened against other major currencies at the end of trading Tuesday (Wednesday morning GMT). The dollar index fell after investors speculated that European Central Bank (ECB) policy makers are preparing to cut back on monetary stimulus programs. The media reported that minutes of the ECB meeting in December showed that the central bank could shift away from ultra-loose monetary policy efforts later this year. A review of the monetary policy could happen if the eurozone economy continues to expand and if inflation continues to rise toward the central bank's target of around 2%, the paper said. The US dollar index, which measures the greenback against six other major currencies, fell 0.62% to 90.410 in late trading.
- Review:
Fed officials shared the pace of monetary policy tightening this year due to their differences to the inflation outlook. The accumulation of inflationary pressures is likely to convince the central bank to continue the rate of gradual rate rise today.

❖ **MICRO**

- Bank Indonesia (BI) said, the new loan growth in quarter IV-2017 quarterly (qtq) increased. This is reflected in the New Loan Balance (SBT) of new loan growth of 94.3%, higher than 77.9% in the previous quarter driven by both seasonal and non-seasonal factors in the form of increased demand and credit offerings. "On the demand side, the highest growth in credit demand occurred in the construction sector in line with the continuing improvement of the sector's performance in the fourth quarter of 2017," said Executive Director of BI Communication Department, Agusman, Tuesday (16/1/2018). Meanwhile, on the credit supply side, the increase in bank offerings was indicated by the increased promotion of credit offerings and the decline in loan interest rates, reflecting the lagging lending policy in the fourth quarter of 2017. Nevertheless, banks remain cautious in disbursing new loans as reflected by the average percentage of loan approvals not approved by banks at 21.7%, up from 18.1% in the previous quarter.
- The gross premium of the national insurance industry and BPJS (social insurance) as of November 2017 grew 19.7% or reached Rp 60 trillion compared to the same period last year. Life insurance dominated premium growth by 35% or increased by Rp43.4 trillion. Plt Deputy Commissioner Supervisory IKNB II Financial Services Authority (OJK) Muhammad Ichsanuddin said the results of insurance premium income have an impact on the increase of national insurance industry assets. The authorities recorded both conventional industrial assets and BPJS until November 2017 reached Rp1,097.6 trillion. Compared to the same period last year, asset growth reached 20.21% or Rp184.5 trillion. The largest asset growth was achieved by BPJS, which received Rp3.6 trillion in government assistance. "The investment for conventional insurance industry until November 2017 reached Rp933.7 trillion, an increase of 23.96% or Rp180.5 trillion, dominated by life insurance with 46.98% and social insurance at 33.47%," said Ichsanuddin in a press conference in Jakarta, last weekend.

Review:

The main priority of banks in the new loan disbursement in the first quarter of 2018 is working capital credit primarily in the sector of large trading & retail, manufacturing industry sector, financial intermediary sector.

❖ **BANKING**

- PT Bank Mandiri Tbk (Mandiri) is targeted to distribute social assistance (bansos) to 2 million beneficiary families (KPM) in 2018. Director of Government and Institutional Bank Mandiri Kartini Sally said the target of Bansos distribution in Family Hope Program (PKH) increased by 1 million KPM, where in 2017 Bank Mandiri has channeled approximately 1 million KPM to 2 million KPM which will be disbursed in 2018. "For the program of Non-Cash Food Assistance (BPNT) which initially amounted to 38,545 KPM in 2017 will increased by 865,283 KPM in 2018 so it will be 903,828 KPM, "said Sally to Kontan.co.id, Wednesday (17/1).
- PT Bank Negara Indonesia Tbk (BBNI) targets credit distribution to increase 15-17 percent by the end of 2018. The shooting increased compared to 12.2 percent credit growth during 2017. During 2017, BNI has disbursed credit amounting to Rp441 , 31 trillion. Loan disbursements rose 12.2 percent from Rp393.3 trillion at the end of 2016. Most of the loan portion was channeled into the banking business segment. To achieve its loan growth target this year, according to BNI President Director Achmad Baiquni, BNI's management is boosting credit in infrastructure and investment sectors. "We still see the infrastructure sector so that our credit growth support in 2018 yes, both investment credit began to grow," said Baiquni, met in the event 'Public Expose of Business Performance 2017' at BNI Head Office, Jakarta, Wednesday, January 17, 2018
- Review:
Strategies to be considered include the readiness of agents in the distribution of bansos is very large, so it is required the addition of new grocery agency (Internal Bank Mandiri) and acquire other agents as well as optimize the function of Interops Himbara.

Bank Mandiri will continue to implement the Mandiri Volunteer Program to reach the distribution area and provide financial education to KPM in locations that are difficult to reach.

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