

4th WEEK**January 2018**❖ **MACRO**

- Jerome Powell will soon become the 16th Federal Reserve Chairman. The US Senate has secured himself for the position on Tuesday (23/1) local time. The final voting result is 85 to 12 for confirmation. Powell - also known as Jay - has been predicted to occupy the top position of the Fed after he was appointed by President Donald Trump in November. Powell was elected during the Fed's critical period, where the US central bank is normalizing its policies after years of extraordinary accolades triggered by the financial crisis. Despite confirmation on Tuesday, Powell is unlikely to officially carry out his duties until Janet Yellen's term ends in February. Yellen said he would leave the Fed after Powell was sworn in, even though his term would not end until January 31, 2024. If the Fed Chairman was usually an economist, Powell had a market-based background, especially in venture capital. Previously, Powell worked at Carlyle Group, Severn Capital Partners and Global Environmental Fund.
- The International Monetary Fund (IMF) estimates that the 2018 global economy will grow 3.9% from a year earlier. This projection is 0.2 point higher than previous estimates. Similarly for 2019 also raised its projection by 0.2 points to 3.9%. Global economic growth has risen since 2016. This suggests that global economic growth will continue to strengthen. US President Donald Trump, who cut taxes early this year, is one of the reasons the IMF raised its economic outlook for the nation to grow by 0.4 points to 2.7% this year from a year earlier. However, China's economy this year is expected to slow slightly to 6.6% from 6.8% the previous year. The emerging and developing markets in 2018 are projected to grow 4.9% and 5% by 2019. While the Indonesian economy in the 2018 APBN is targeted to grow by 5.4% from a year earlier. Then in 2019 is predicted to grow 5.5-6.5%, and 5.7-6.7% in 2020. While the economic five ASEAN countries (ASEAN 5) is still solid and is predicted to grow 5.3% this year.

- Review:

His policy positions are mostly expected to be very close to Yellen, although some statements suggest he may be a bit hawkish about monetary policy. That is, tend to raise interest rates and loosen bank regulation, especially as it relates to community and local bank.

❖ **MICRO**

- Although prohibiting the use of digital currency (cryptocurrency) as a means of payment, but Bank Indonesia (BI) did not turn a blind eye to the increasingly rampant virtual money. BI also admitted will also take advantage of the presence of blockchain technology that became the basic technology of the operation of cryptocurrency such as bitcoin, ripple, and other digital currencies. With that technology, did not rule out the physical currency of rupiah that has been circulated BI for this time, turned into digital. Assistant Deputy Executive Director of Bank Indonesia Payment System (BI) Susiati Dewi said digital currency technology will begin to be tested by BI this year. It aims to the efficiency of the payment system industry. "At one time maybe the physical money that we circulated to be digital, now not all countries in the world have not released yet," said Susi during a visit to editorial office of Kontan, Friday (26/1/2018).

- Financial Services Authority (OJK) prohibits financial services institutions in Bali engaged in utilizing and marketing digital currency or "bitcoin" because it does not have the legality of Bank Indonesia. "Because of this high risk, the financial institutions regulated by OJK are prohibited from engaging with bitcoin," said Head of OJK Regional Bali and Nusa Tenggara Hezbollah in Denpasar. According to Hizbullah, financial services institutions such as the banks if involved to participate in the sale of bitcoin, the financial services institutions will be given sanctions. "Sanctions depend on his mistakes can be heavy can be light," said Hezbollah. However, until now there has been no report or findings that financial services institutions, especially those operating in Bali are involved in the digital currency system.

- Review:

Trial and review of the use of virtual currency has also been done by central banks of other countries. Future targets, between central banks and countries can transact using crypto money that is recognized by all authorities. However, the BI virtual currency and the central bank will be different from the current crypto currency. Because the digital currency released by the central bank will still have assets that are the basis of the transaction.

❖ **BANKING**

- PT Bank Rakyat Indonesia (Persero) Tbk is preparing Rp 9 trillion for corporate action this year. According to the plan, the funds will be used to inject capital into a subsidiary and prepare for opportunities to acquire new companies. "We are always conservative when we prepare funds, do not get in the middle of the road is not enough. Our budget is prepared for approximately Rp 9 trillion, if there is good goods we buy," said Director of Business Strategy and Finance BRI Haru Koesmahargyo in the event BRI 2017 Performance Exposure in Building BRI, Jakarta, Wednesday (24/1/2018). To date, BRI has five subsidiaries consisting of PT BRI Syariah, PT Bank Rakyat Indonesia AgriNiaga Tbk (BRI Agro), BRI Remittance Company Ltd., PT Asuransi Brinji Jiwa Sejahtera (BRI Life) and PT BRI Multifinance Indonesia (BRI Multifinance). Latest, BRI last year also acquired 35% shares owned by PT Bahana Artha Ventura.

- In order to utilize banking services, Bank Mandiri together with the Ministry of Administrative Reform of Bureaucratic Reform (KemenPAN-RB) and State Personnel Board (BKN) cooperate. The cooperation is evidenced by the signing of a Memorandum of Understanding (MoU) Development of State Civil State Apparatus Information System on Monday (22/1/2018). The MoU mentions several points, including the provision of human resources, the support of information technology infrastructure, the development of personnel information systems, and the use of synergistic banking services among the parties. The objectives of the MoU include three things. First, the

provision of reports on the implementation of civil state apparatus information system development for KemenPAN-RB and BKN with strategic support from Bank Mandiri. Second, to coordinate, synchronize and supervise the implementation of cooperation in the framework of development of civil state apparatus information system between KemenPAN-RB, BKN and Bank Mandiri. Third, providing synergistic support in the development of civil state apparatus information system which is jointly implemented between BKN and Bank Mandiri.

- Review:

With the existence of corporate action, BRI hopes to support market capitalization. In 2022, BRI targets to achieve market capitalization of Rp 700 trillion. While data on Tuesday, January 23, 2018, BRI market capitalization has reached Rp 483.52 trillion.

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