

1st WEEK**July 2018**❖ **MACRO**

- Throughout the first half of this year, the price of stored gold was corrected. The factors that will still be circulating are gold prices so far this year. Quoting Bloomberg, the price of gold in the Commodity Exchange at the end of June 2018 was recorded at US \$ 1,254 per ounce troy. In the first six months of this year, gold prices decreased 5.21%. Anis Monex Investindo Futures Faisyal said, the reduction in interest rates in the first semester and an increase in the benchmark interest rate of the United States Central Bank (The Federal Reserve). "The policy of the new Fed governor, hawkish Jerome Powell makes gold prices decline," he said Faisyal (4/6). Improved US economic data also became one of the sentiments that made the movement of wealth that became safe haven declined. Meanwhile the sentiment threatening the US trade war with China is insignificant.
- The Chinese Central Bank is aware of the movement of the value of the yuan against the US dollar. However, China's central bank chief Yi Gang stressed that China's economic fundamentals remained strong and the yuan's depreciation reflected a strengthening against the US dollar. "This is the effect of external uncertainty," said Yi, Wednesday (4/7). The value of the yuan has decreased by 3 percent against the US dollar over the past two weeks. This decline was caused by a trade war between the US and China. Import tariff policies made by the US and China, can disrupt the global trade chain. This causes business uncertainty from entrepreneurs. Yi ensured that despite an increase in the exchange rate, financial risk remained under control. Not only that, the balance of payments and the flow of Chinese international currencies remain stable.
- Review:
There are still factors that will suppress gold price movements this year. If the Fed plans to raise interest rates twice more in the remainder of this year. Besides the Fed, the Bank

of England (BoE) also plans to raise interest rates. This factor has the potential to weaken gold prices.

❖ **MICRO**

- Bank Indonesia Governor Perry Warjiyo said the weakening of the rupiah on Tuesday (07/03/2018) which had touched the level of Rp14,450 per US dollar, was still in a manageable range and the market did not need to panic. The Central Bank continued to stabilize by applying double intervention on the forex market and Government Securities (SBN) to stem the exit of foreign capital which depreciated the rupiah exchange rate. "The weakening of the rupiah, which is currently still 'manageable', is also manageable in the current year, so there is no need to panic," he said on Antaranews.com, Tuesday. Bank Indonesia not only relied on the impact of the BI 7 Day Reverse Repo Rate's benchmark interest rate rate which had just been raised 50 basis points to five percent on June 29, 2018. BI also continued to increase double intervention in the forex and SBN markets, such as optimizing the frequency of auction of term repo instruments to ensure the availability of banking liquidity.
- Still struggling at the feasibility and appropriateness stage or fit and proper test, the Financial Services Authority (OJK) instructs the management of the Indonesia Stock Exchange (BEI) to postpone the Annual General Meeting of Shareholders (AGMS). Previously, the IDX planned to hold an AGM on June 25, 2018. However, due to an authority request on Thursday (7/6), the bourse had to extend the meeting to 29 June 2018. OJK's request to postpone the AGMS was not without reason, it was done because the authorities were still conduct further deepening of the IDX board of directors. Deputy Commissioner of Capital Market Supervisor II OJK Fahri Hilmi explained that OJK still needed time for the fit and proper test process. He also ensures that the authorities do not experience difficulties or obstacles in carrying out these stages. "All goes well, we only need time," Fahri said to Kontan.co.id, Thursday (7/6). Although reluctant to inform the extent to which the fit and proper test stage was carried out, Fahri

ensured that when all stages of the process were completed, the public would immediately get the information.

- Review:

The central bank's move to raise interest rates twice in May was 50 basis points as a preventive measure by the central bank to strengthen the stability of the rupiah against higher Fed interest rates in June 2018 and increased risks in global financial markets.

❖ **BANKING**

- President Director of PT Bank Rakyat Indonesia Tbk Suprajarto said BRI would increase lending rates and mortgage interest rates or mortgages. This was in response to Bank Indonesia's decision to raise interest rates by 50 basis points. "Yes, yes, if not, we are told to close," Suprajarto said when met at halal law at the home of the Minister of State-Owned Enterprises, Rini Soemarno, Jakarta, Saturday, June 30 2018. Suprajarto said currently credit interest rates for small and medium-sized micro enterprises are around 12 percent to 13 percent. While the mortgage interest rate is 10.5%. Yesterday, 29 June 2018 Bank Indonesia raised the benchmark interest rate or BI 7-Days Repo Rate (BI 7DRR) by 50 basis points (bps) to 5.25 percent. The decision was taken at the Board of Governors' Meeting (RDG).
- PT Bank Mandiri (Persero), Tbk or Bank Mandiri has disbursed syndicated loans amounting to US \$ 2.9 billion, equivalent to Rp.42 trillion as of June 2018. Large Corporate Bank Mandiri Senior Executive Vice President Dikdik Yustandi said of the total loans disbursed given to the development of toll road infrastructure and telecommunications. "One of them is channeled to infrastructure development to finance the construction of the Semarang-Batang toll road with a transaction value of Rp 7.7 trillion, which was carried out in April 2018," Dikdik said in his official statement in Jakarta, Wednesday, July 4, 2018. On financing the toll road construction This, continued Dikdik, Bank Mandiri acted as bookrunner or syndicated leader together with Bank CIMB Niaga and Bank Central Asia. The syndication members are

syndicated members including Sarana Multi Infrastruktur, KEB Hana Bank Indonesia, Panin Bank, and Central Java Regional Development Bank.

- Review:

The decision to increase the benchmark interest rate was also followed by a 50 bps increase in deposit facility to 4.50 percent. While the lending facility increased by 50 bps to 6.00 percent. With this increase, BI has raised interest rates three times in the past six months.

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