

**2nd WEEK****June 2018**❖ **MACRO**

- Information, which has been received since the Federal Open Market Committee's (FOMC) meeting in May indicates that the labor market continues to strengthen and economic activity has risen at a solid level. The increase in employment is quite strong, on average, in recent months, and the unemployment rate has declined. Recent data indicate that household expenditure growth has increased, while business fixed investment continues to grow strongly. On a 12-month basis, both overall inflation and inflation of goods other than food and energy, have moved closer to 2%. Indicators of long-term inflation expectations are little changed, balanced. Consistent with its statutory mandate, the Committee seeks to foster employment and maximum price stability. The Committee expects that a gradual increase in the target range of federal funds interest will be consistent with the ongoing expansion of economic activity, strong labor market conditions, as well as the 2% symmetric inflation objectives of the Committee in the medium term. The risks to the economic outlook appear less balanced. Given the expected and expected job market and inflation conditions, the Committee decided to raise the target range for federal funds to 1.75% to 2%. The monetary policy stance remains accommodative, thereby supporting strong labor market conditions and generating sustainably up to 2% inflation.
- Japan's central bank, Bank of Japan (BoJ), cut its inflation projections in order to maintain monetary easing. The policy reinforces the view that Japan's economy will be left behind from its US and EU counterparts. In April 2018, Japanese inflation stood at 0.7 percent or far from the two percent year-on-year inflation target. BoJ Governor Haruhiko Kuroda predicted an increase in the productivity of the services sector will curb inflation. The Japanese economy sees the labor market tighter, and the gap is increasing, but prices do not rise much. "Therefore, it is most appropriate to be patient in maintaining a strong monetary easing," he said, quoting Reuters on Friday (15/6). As

expected, Japan's central bank kept its short-term interest rate at minus 0.1 percent. Not only that, the BoJ also appealed to the government to give zero percent yield for the 10-year notes issued. Japan's policy is contrary to the decision of the European Central Bank (ECB) to stop buying bonds this year. Meanwhile, policy-making was taken in order to ward off the financial crisis as happened in 2007-2009 ago. Kuroda admitted it was fair if the BoJ policy direction deviated from the Federal Reserve and the ECB, given the difficulty of Japan's deficiency.

- Review:

In determining the timing and size of adjustments to future federal funds rate target range, the Committee will assess the expected and realized economic conditions relative to the maximum work goals and 2% symmetric inflation target. The assessment will consider various information, including measures of labor market conditions, inflation pressure indicators and inflation expectations, and readings on financial and international developments.

❖ **MICRO**

- In welcoming the Lebaran holidays and leave on June 11-20, 2018, Bank Indonesia (BI) said it will open a limited service / operations on 19-20 June 2018. "We will reaffirm to the public and the business world. so we are ready 19-20 June 2018 open limited operations so that we are ready on 19-20 June 2018 to receive inflows of money, then payment and other payment systems, "said BI Governor Perry Warjiyo, in Jakarta recently. BI confirmed that it has provided Rp188, 2 trillion in order to meet the needs of cash. In addition, BI has also prepared the needs of electronic money in order to maintain the smoothness, convenience, and security of transactions during Lebaran holidays. Meanwhile, BI Deputy Governor Sugeng said BI payment real time gross settlement (RTGS), BI scripless securities settlement system (BISS), BI electronic trading platform (ETP) and BI national clearing system (SKNBI) operates on June 11-14, 2018 due to a holiday with Lebaran. "On June 15-16, 2018 Idul Fitri holiday was

abandoned, Monday, June 18, 2018, the services of BI RTGS, SSSS, ETP and SKNBI were canceled," he said.

- The month of Ramadan is coming to an end, and Eid al-Fitr or Eid will be coming soon. The need to buy homecoming tickets, preparations for traveling to the hometown to wear new clothes also increased. Naturally, if the biggest household expenditure during the year most sucked in the month of Ramadan. Usually to meet these needs, some people choose to borrow money in pawnshops to banks. However, a series of requirements must be met before withdrawing funds at the agency. Even for pawnshops need to be redeemed at the expense of our possessions. The solution, in today's technological era, loans can be made through financial technology-based services (fintech). Rapid and unsecured process makes many people tempted to borrow through cyberspace channel, one of them through the website MoneyTeman.com. According to Aidil Zulkifli, CEO of MoneyFriends, approaching Lebaran online loan application increased by about 2% to 3%.
- Review:  
To maintain the smoothness of the payment system, BI has set the holiday schedule and open the service office specifically. BI will close all services before Idul Fitri holiday is on Monday to Thursday 11 to 14 June 2018, also on Lebaran day on 15-16 June 2018. Bank Indonesia opened new service back on Tuesday and Wednesday 19-20 June 2018.

### ❖ **BANKING**

- A total of 302 branches of Bank Mandiri will continue to operate and serve customers on a rolling basis during the Idul Fitri 1439 H holiday season, except on June 15, 2018, in order to help meet the needs of the community. They will provide limited banking services, such as open accounts, check balances, cash deposits, book-entry, and payment order delivery SPBU-SPBU to Pertamina. Bank Mandiri since May 22, 2018 has also increased cash supply up to 90% from normal to Rp1.9 trillion per day in all branch offices and ATM machines to anticipate the increase in cash requirement in Ramadhan

and ahead of Idul Fitri holiday, especially on the homecoming route. This condition will last until the end of joint leave on June 20, 2018. "In total, we prepared a total cash of Rp57.26 trillion for the preparation of Ramadan and Idul Fitri 1439 H. We hope that this readiness can help the community," said Corporate Secretary Bank Mandiri Rohan Hafas in a press release, Tuesday (6/12/2018).

Welcoming Idul Fitri 1439 H, PT Asuransi BRI Life provides peace for travelers in the form of life insurance protection for 12,200 travelers of Bank BRI customers. Free travel facilities provided by Bank BRI by using a fleet of land (bus), sea (ship) and air (aircraft). Of the total 12,200 travelers, BRI Life covered 11,800 people by providing life insurance protection for travelers who use bus fleets during the trip to the destination city of going home. A total of 200 bus fleet with convenient facilities provided by BRI Bank for travelers who are its customers, with lanes that go through Surabaya, Blitar, Pati, Wonogori and Wonosari. "In addition to the ease of transportation provided by Bank BRI, participants will also get breaking the fast during the trip, as well as given accident protection from BRI Life," said President Director of BRI Life Gatot Mardiwastito in Jakarta, Monday (6/11/2018).

- Review:

As a support to the smoothness of homecoming tradition, the Bank Mandiri has also ensured the readiness of infrastructure electronic money products in order to facilitate the community to perform activities or other daily activities.

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