

4th WEEK**June 2018**❖ **MACRO**

- COMEX gold futures contract price for August 2018 moved down 0.28% to US \$ 1,265.3 / troy ounce, up to 14:15 am today. The precious metals price movements are pressured by the appreciation of the US dollar triggered by the Federal Reserve's still high chance of raising interest rates up to four times in 2018. With the move, gold prices continued the downside momentum earlier in the week. For information, the price of gold corrected 0.14% in trading on Monday (25/06/2018). Last week, Fed Governor Jerome Powell said the central bank would still raise its benchmark interest rate gradually. Therefore, the US economic performance so far is still satisfactory. The Fed has a mission to shun Uncle Sam's economy from the threat of overheating, so interest rates need to be raised to manage inflation expectations. Meanwhile, according to the June 2018 dot plot (interest rate projection from each state Fed), the median US benchmark interest rate at the end of the year is at 2.25-2.5%. With the current interest rate, it would take two more bases each 25 basis points. That is, there will be four times the increase during this year. More than the previous estimate of three times.
- On June 29, 2018, the Executive Board of the International Monetary Fund (IMF) completed the Third Reviews under the Extended Credit Facility (ECF) and Extended Fund Facility (EFF) Arrangements for the Republic of Moldova and approved the request for modification of performance criteria. Completion of the review makes available SDR 24 million (about US\$33.8 million). The ECF/EFF arrangements in a total amount of SDR 129.4 million (about US\$178.7 million, or 75 percent of the Republic of Moldova's quota) were approved on November 7, 2016. Following the Executive Board discussion, Mr. Tao Zhang, Deputy Managing Director and Acting Chair, made the following statement: "Moldova's strong commitment to the Fund-supported program has contributed to a further strengthening of the economy. It is critical that prudent policies are maintained and reforms continue to advance to

complete the repair of the financial sector, ensure transparency and stability in the energy sector, and maintain macroeconomic stability. A strong effort is also required to further improve governance.

- Review:

On the other hand, the escalation of trade war does not seem to be able to support the price of gold. Usually the demand for gold as a safe haven asset will increase in the event of economic and political uncertainty, as evidenced by trade wars. However, this time the theory does not seem to apply.

❖ **MICRO**

- The Bank Indonesia (BI) Board of Governors Meeting (RDG) in June will be held on Thursday and Friday (28-29 June 2018). One of the RDG's agenda is to discuss BI rate hike. FXTM Research Analyst Lukman Otunuga said that the BI RDG will be the attention of investors. They are waiting for the RDG decision related to the benchmark interest rate. "Investors' attention will be on Bank Indonesia's policy meeting today to see whether Bank Indonesia will again raise its benchmark interest rate by 25 bps again," Lukman said in his written statement on Thursday (6/28/2018). The possibility is said Lukman very wide open because BI should make policy to save the rupiah that continues to weaken against the United States dollar (US). Earlier, in May, BI raised its benchmark interest rate twice to save the rupiah from the dollar's appreciation and attract capital inflows.
- For the first time, the credit growth of the banking industry's credit is double-digit according to government expectations. The Financial Services Authority said the intermediary performance of the financial services sector in May 2018 continued to show improvement amid the development of financial markets and global pressures. In fact, for the first time in this year, the growth of double-digit bank credit, approaching the projection figure of 10% -12% on an annual basis. "Bank lending grew by 10.26% year on year [yoy], higher than April 2011 growth of 8.94% (yoy)," said Deputy

Commissioner of Strategic and Logistics Management of OJK Anto Probowo, in a written statement on Friday 29/6/2018). In line with that, the improvement in bank intermediary performance is supported by positive growth of Third Party Funds (DPK). In the first five months of this year, public funds raised by 6.47% (yoy). Amid sentiments that color domestic financial markets, the risk of financial institutions, both credit risk, market and liquidity, is maintained at manageable levels.

- Review:

It can be believed to be lifted by the prospect of Fed rate hikes and geopolitical uncertainty, the US dollar will continue to strengthen against emerging market currencies, not to mention the rupiah. It was evident at the opening of trading Thursday morning, the rupiah has touched the level of Rp 14.173 per US dollar.

❖ **BANKING**

- PT Angkasa Pura I (Persero) and PT Bank Rakyat Indonesia (Persero) Tbk have signed a Cooperation Agreement (PKS) on Receiving Payments Through Virtual Account Services Host to Host through BRI's services and facilities BRI's Virtual Account (BRIVA). The signing of the cooperation was done by Finance Director of PT Angkasa Pura I (Persero) Novrihandri and Director of Institutional Relation of Bank BRI Sis Apik Wijayanto at BRI Innovation Center, Gd BRI I, Jakarta, Thursday (28/6). Also present were AP I Director of Marketing & Services Devy Suradji, AP I Operations Director Wendo Asrul Rose, AP I Technical Director Lukman F Laisa and Director of Corporate Banking Bank BRI Kuswiyoto, and Director of Information Technology and Operations of Bank BRI Indra Utoyo . "The signing of this cooperation is one of the implementation of SOE Synergy between Angkasa Pura I and Bank BRI. Through this synergy we hope BRI can always support and provide convenience for Angkasa Pura I in monitoring business activities of the company and business partners especially in banking services & transactions, "said Angkasa Pura I Finance Director Novrihandri.

- PT Bank Negara Indonesia (Persero) Tbk or Bank BNI will operate 205 outlets and 8 digital branches throughout Indonesia during the election day of June 27, 2018. The limited operations opened by the company are a form of support for the smooth operation of the national economy through the payment system service. Corporate Secretary of Bank BNI Ryan Kiryanto said, 205 outlets that operate on a limited basis during Pilkada 2018 include account opening, account deposit or withdrawal, BBM, transfer (in rupiah) including clearing or Real Time Gross Settlement (RTGS). "Every outlet or branch office of BNI operates from 08:00 to 15:00 pm local time," he said in his official statement in Jakarta, Tuesday (26/06/2018). As for the 8 digital branches that remain in operation, the public can obtain account opening and savings deposit services through Cash Recycling Machine (CRM) or ATM machines to deposit and withdraw cash by operating hours from 10:00 to 17:00 local time.
- Review:

Through this partnership Angkasa Pura I business partners can make payments and conduct banking transactions through BRIVA. BRIVA payments can be made in all BRI network, including ATM, EDC, Internet Banking, CMS BRI, Mobile Banking, and all BRI work units including Brilink, to ATM Bersama, Link, and Prima networks. While for multi bank payment means BRIVA payment can not only be done through BRI account only, but also can be transacted from any bank account via interbank transfer menu by adding Bank BRI 002 code.

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