

**3rd WEEK****March 2018**❖ **MACRO**

- There is a deeper hawkish tendency towards the Federal Reserve's view of interest rates that could be worrisome to market participants. Previously, the Fed decided to raise interest rates with consideration of the economic conditions of the United States (US) in a strong condition. Quoting CNBC on Saturday, March 24, 2018, Federal Reserve officials, in their first meeting led by Jerome Powell, raised their average forecast to fund levels by 2019 to 2.9 percent from 2.7 percent, and to 2020 to 3 , 4 percent from 3.1 percent. That is a relatively aggressive estimate of market expectations. However, their total is only about 30 basis points tightening over the next two years. The more concern comes with a closer look at how much Fed officials are more hawkish than median. This suggests a definite market risk to a more hawkish Fed over the next few years. To be sure, that could change if economic data comes in weaker than expected, especially if inflation does not rise toward the Fed's two percent goal. But if the economy follows the current forecast, it will not be too much for the Fed to end up becoming more hawkish than current attitudes.
- The developed economies of East Asia and the Pacific, such as Japan, China, South Korea, and Singapore spend most of their country's budget on basic education. Such a solid initial public investment has proven successful in providing a strong foundation for the next level of education system. According to a World Bank report entitled Growing More Intelligent: Fair Learning and Development in East Asia and the Pacific, released on Thursday (15/3/2018), Singapore which spends a third of the national budget for education in 1952 now provides only one-fifth of its portion. the cause is the income of the Lion Country boosted by the presence of a market of qualified workers and earning better wages. While in South Korea, 14.3% of the total budget in 1963 was allocated for education and then spending increased to 20.4% in 2000 before finally falling to 12.8% in 2013. By 1955, Japan had allocated 14.5% of government spending

on education and lasted for the next 30 years, before falling to 8.13% -9.3% in 2009-2013. The report argues that improved education is needed to sustain economic growth.

- Review:

The Fed's projection for this year shows an average estimate of 2.1 percent for funding levels, but eight officials are above the median (more than half the committee). Their average forecast to fund level is 2.4 percent, that is one more increase than the median for a total of four years.

❖ **MICRO**

- Bank Indonesia (BI) sees the Indonesian economy in 2018 still faces several challenges. This challenge is related to several factors both global and domestic. Agus Martowardojo, Governor of BI said cyclical challenge this year is still a matter to be faced. "Including a new challenge is the increase of trade protectionism," Agus said in his presentation at the economic report book launch of 2017, Wednesday (28/3). This protectionism according to BI will disrupt the prospects for the ongoing global economic recovery and could have an impact on the Indonesian economy. Related to this BI will continue to strengthen cooperation among institutions. This is to strengthen the efforts of a strong and balanced sustainable economic transformation with the optimization of cyclical and structural policies. Cyclical policy focuses on maintaining economic stability. As for the structural policy will focus on five things namely competitiveness, industrial capacity, community welfare, strengthen the structure of financing and optimize opportunities.
- Chairman of the Board of Commissioners of Financial Services Authority Wimboh Santoso on Saturday, March 24, 2018 was officially inaugurated as chairman of the Society of Sharia Economics (MES) period 2018.-2021. Wimboh replaces Muliaman D. Hadad who is out of his stewardship. The inauguration of Wimboh and the new board of MES is done by the Chairman of the Board of Trustees of KH. Ma'ruf Amin. Wimboh was elected as Chairman through a decision of nine people from Formation Team led

by KH. Ma'ruf Amin after going through many considerations and input from the members. As the new Chairman of MES, Wimboh said the growth of sharia financial industry in 2017 reached 27% or higher than conventional financial industry. "The total assets of Indonesia's sharia finance (excluding Sharia Sharia) reached Rp 1,133.23 trillion or grew by 27%, higher than conventional finance industry growth, while Indonesia's sukuk share reached 19% of all sukuk issued by various countries" said Wimboh in a written statement received by CNBC Indonesia, Sunday (25/3/2018).

- Review:

There are several factors that encourage credit growth to grow more than 5%. Among these are improving world economies that are driving up trade volume. In addition, macroeconomic stability and financial system are maintained each year, and also improving economic confidence of economic actors in Indonesia.

❖ **BANKING**

- PT Bank Rakyat Indonesia (Persero) Tbk sends short messages (SMS) to customers. The short message contains information that the customer's debit card or ATM card can not be used. "Dear customer of BRI, for the security of transaction, your ATM card will be disabled. Reply your card at the nearest BRI branch office (for free), BRI 14017 Contact Info," said the SMS sent to customers on Saturday (24/3/2018 ). SMS also had a chance to make panic among customers. Not a few of them directly go to branch offices, which eventually branch offices were filled by customers. "What's wrong with BRI? Early in the morning I can tell you the ATM will be deactivated, I try to go to the ATM, it can not be used, asked to the branch office but many are closed. said a Facebook user named Hadar Nafis Gumay. BRI also explained the reason for disabling the debit card through its official Twitter account, @ contrabri. The Company apologized for the inconvenience. "As a preventive measure of ATM card misuse by irresponsible parties, the ATM card is disabled," writtn by BRI.

PT Bank Negara Indonesia Tbk continues to increase its current savings and current account savings account (CASA) in 2018. As of January 2018, CASA BNI's share or ratio is at 63.9 percent improved compared to January 2017 is at 62.4 percent level. Even in industry, CASA banking ratios continue to increase. Data from the Financial Services Authority (OJK) as of January 2018 showed an increase in the ratio or portion of CASA banking to 55.06 percent when compared to January 2017 54.38 percent. Vice President Director of BNI, Herry Sidharta explained, seeing the condition of intensive interbank competition in obtaining low-cost funds, the bank has prepared several strategies such as the increase of digital banking transaction services and the increasing role of branchless banking agents. "Convenience, convenience and especially the security of transactions are also a priority as well as the main weapon for optimal fund customers to make transactions at BNI," explained Herry, Friday (23/3).

Review:

The incident experienced by BRI is inevitably impact on BRI's reputation itself, so BRI should be able to provide a way out that can calm its customers.

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