

**2nd WEEK****May 2018**❖ **MACRO**

- A number of economic data and speeches by some Federal Reserve officials will be awaited by the market this week. From Bloomberg put forward other than the Fed's speech agenda this week, the US also released inflation data, labor, and gas stocks in the land of Uncle Sam. As it was known last week, the US central bank's meeting decided not to raise interest rates (Fed Rate). The United States central bank officials seem to be responding to the inflation rate that is currently above the 2% level with calm. This is indicated by the decision of a meeting of US central bank officials that the Federal Reserve not to raise interest rates at the meeting 1-2 May 2018. The Fed raised its benchmark interest rate three times last year Fed officials indicated in March they expect three or four interest rate hikes in 2018. The last time it rose 25 basis points to 1.75% at the March 2018 meeting. Meanwhile, last week, the US also released an April 2018 employment figure that increased, and the unemployment rate dropped below 4% for the first time since year 2000.
- Stocks on Wall Street varied in late trading Friday, as investors mulled some of the latest US economic reports. The Dow Jones Industrial Average rose 91.64 points, or 0.37%, to close at 24,831.17 points. The S & P 500 Index added 4.65 points, or 0.17%, to close at 2,727.72 points. While the Nasdaq Composite Index closed down 2.09 points or 0.03%, to 7402.88 points. US import prices rose 0.3% in April, below market consensus for a 0.5% rise, while prices for US exports rose 0.6% in April, beating market estimates for a 0.3% rise, the Department Labor reported on Friday (11/5). The preliminary figures for consumer sentiment remained unchanged at 98.8 in May from the April reading, generally in line with market expectations, the Thomson Reuters / University of Michigan consumer sentiment index said Friday (11/5).

- Review:

Surprisingly, the unemployment rate dropped to 3.9%, making it the lowest figure since December 2000, after the last six months at 4.1%.

❖ **MICRO**

- Bank Indonesia (BI) is signaling to raise interest rate or BI 7-Days Reverse Repo Rate (7DRRR). This is the ultimate weapon of the central bank to maintain the stamina of the rupiah is lackluster. Even it is not impossible, BI will raise interest rate in Board of Governors Meeting (RDG) 16-17 May 2018, next week. This signal was turned on by BI Governor Agus Martowardojo. According to Agus, in addition to market intervention, BI also has prepared a firm and consistent monetary policy. "Including through 7-Days Reverse Repo Rate rate adjustment with more priority on stabilization," said Agus in his official statement on Wednesday (9/5). The increase in BI's interest rate is simultaneously to strengthen market confidence in the rupiah, as well as the assertion that Indonesia's macro economy is still maintained. This affirmation is important. Understandably, lately the rupiah continues to weaken and even penetrate the psychological level of Rp 14,000 per US dollar (US). Since the beginning of the year until May 8, 2018, the rupiah has weakened by 3.44%.
- The Financial Services Authority (OJK) helps to calm the market amidst the depressed rupiah break above 14,000 per US dollar. It is expected that further sentiment will affect the rupiah against the US dollar. Chairman of the OJK Commissioner Board, Wimboh Santoso said pressure on money markets in developing countries, such as Indonesia is normal. This is considering the development that occurred in the US. "This has happened many times and we have faced this same thing, so there is no extraordinary incident," said Wimboh in the Directorate General of Taxation Building on Friday (11/5/2018). Indeed in the financial sector there are some who do rebalancing. However, it is fair to remember the same thing is happening in other developing countries. The

decline of the Composite Stock Price Index (CSPI) over the past few days according to him is a natural thing happened. Because previously JCI also rose significantly, even translucent to 6,500. "For that we see this condition is still in the order of normal conditions so we do not need to take drastic policy, we still consederasikan in normal conditions," said Wimboh.

- Review:

BI's intention to raise interest rates is considered appropriate, as interest rates are indeed time to rise to withstand foreign outflows, as well as maintain foreign exchange reserves. Ideally, the reference rate should rise 50 basis points (bps). However, the expected gradual increase.

❖ **BANKING**

- PT Bank Mandiri (Persero) Tbk (BMRI) and PT Matahari Putra Prima Tbk (MPPA) are launching a co-branding of Hypermart credit cards to improve customer shopping transactions. SVP Credit Cards of Bank Mandiri Vira Widiyasari said that synergy with retailer network such as MPPA is one of the business strategy of the company in spurring credit card segment performance, especially ahead of big annual events such as Ramadhan and Idul Fitri holy month, usually increasing public consumption. Some promos launched in this collaboration is a 50 percent cashback for the first 500 people who shop with Mandiri Hypermart credit cards from 10:00 to 14:00 pm.
  
- On Monday (23/4), Catholic University of Parahyangan (Unpar) received the arrival of representatives from Bank Rakyat Indonesia (BRI) on the signing of Memorandum of Understanding (MoU) within the framework of Cooperation Briguna Education. This cooperation is especially intended for students who are studying at Unpar Postgraduate School. Rector Unpar Mangadar Situmorang Ph.D welcomed the presence of Director of Institutional Relation BRI Sis Apik Wijayanto, who was accompanied by Head of Institutional Relations Division 1 Arif Suhirman, West Java BRI Regional Leader Fankar Umran and his staff and leaders of BRI branches throughout Bandung. Rector

of Unpar was accompanied by Vice Rector for Organization and Resources. Orpha Jane, Vice Rector for Research, Community Service, and Cooperation. Budi Husodo Bisowarno, head of the Graduate School, and leaders of related institutions in Unpar. In his speech, Mangadar likens togetherness BRI and Unpar already like brother. Therefore, he welcomes the development of cooperation between the two sides. He continued that BRI-Unpar's cooperation in financing the Graduate Program became a concrete manifestation of synergy in developing the world of education and industry in Indonesia.

- Review:

Through this strategy, it is expected to increase Mandiri Credit Card transaction volume to grow by around 15 percent by the end of the year.

**Disclaimer :** Dokumen ini hanya bertujuan sebagai informasi dan diperoleh dari berbagai sumber yang terpercaya, namun bukan merupakan jaminan keakuratan atau kelengkapan dan tidak boleh diandalkan sepenuhnya. Kondisi diatas dapat berubah setiap saat. Dilarang untuk menulis ulang apapun tanpa ijin tertulis dari Bank Jatim.