

2nd WEEK**September 2017**❖ **MACRO**

- The Federal Reserve shouldn't wait until it reaches its economic goals before starting to tighten monetary policy, Cleveland Fed President Loretta Mester said Thursday. One of the more consistently hawkish officials at the central bank, Mester pushed her case for a gradual but consistent pattern of rate hikes during a speech in Pittsburgh. While the Fed has presided over a period of continuous declines in the unemployment rate, which currently stands at 4.4 percent, getting "good" inflation coursing through the economy has been elusive. As a result, some officials as well as market participants have pushed for the Fed to hold off on rate hikes until price and wage pressures start to rise. But she said that could lead to the mistake of waiting too long that will in turn have economic consequences.
- The China-driven surge in commodity prices could soon come to an end, according to a private survey of Chinese businesses. Contrary to "markets' unremitting faith in the Chinese government campaign to combat" oversupply in metals, "firms are saying quite the opposite. For the sixth quarter in a row, coal, aluminum, steel, and copper each saw capacity rise on net," according to the China Beige Book's early brief of third-quarter data released Tuesday. "Sector-wide growth took a dive across the board—revenue, profits, output, export orders, volumes, hiring, capex, borrowing, wages, and sales prices," the report said. The China Beige Book is a quarterly survey of Chinese companies in an attempt to present a more accurate picture of growth.

Review:

Mester explained that while high inflation generally gets a bad rap, low inflation also is costly as "it can lead consumers and businesses to delay purchases and it increases debt burdens, either of which could slow the economy."

❖ MICRO

- Bank Indonesia (BI) is currently processing licensing for electronic money issuance by e-commerce. Some e-commerce companies that are applying for this permit include Tokopedia and Shopee. Director of the BI Financial Electronification and Inclusion Program Pungky Purnomo Wibowo said, before giving permission to a number of e-commerce companies, there were several considerations by the central bank. One of these considerations is a guarantee of a secure information technology (IT) system. "Must be careful, IT security must be well maintained," said Pungky in Jakarta, Friday (9/22/2017). Apart from IT security, the central bank also requires an independent audit team. The audit team included IT and financial aspects.
- Throughout 2017, the Investigative Alert Task Force of the Financial Services Authority has stopped unauthorized investment activities by 44 entities. The OJK Investment Alert Task Force immediately summoned 11 other entities suspected of offering illegal investments. However, abysmal illegal investment is rife in the midst of society with various modes. Chairman of Tobing Investigation Task Force L Tobing explained, there were several new modes of illegal investment in attendance. "The basis now is investing money to offer very high profits," said Tongam at the Financial Services Authority (OJK) journalist training event in Bogor, Saturday (9/9/2017). Tongam said, the benefits offered by illegal investments under the guise of futures trading could reach 30 percent every month. In addition, this investment is also called without risk. (Also read: Bodong investment is increasingly rampant, OJK asks the public to report) Another mode of illegal investment is investment in gold. However, the gold product is not given to customers. Tongam said, the entity offered gold products, but was left behind in the entity. While customers get a 5 percent profit per month.

Review:

If a number of these requirements can be met by e-commerce concerned, then the central bank will give permission for the electronic money. Pungky said, this was done to ensure consumer protection.

❖ **BANKING**

- PT Bank Mandiri Tbk (BMRI) began to do a share split (stock split) starting today until the next three days. The value of the stock split implementation is equal to 1: 2. Launching information disclosure issued by Bank Mandiri on the Indonesia Stock Exchange (IDX) website, Wednesday (09/13/2017), adjusting theoretical prices and changing parameters of BMRI shares on the regular market with a long nominal value of Rp500 per share on September 12, was recorded at the price Rp. 13,200. Therefore, the theoretical price of BMRI shares listed on the IDX for the regular market and negotiation market on September 13, refers to the new nominal value of Rp250 per share, set at a multiple of the price fraction of Rp.6,600.
- PT. Bank Rakyat Indonesia seeks to raise the class of Micro, Small and Medium Enterprises or MSMEs by providing Co Branding Card facilities for non-cash transactions. BRI made a joint declaration with PD. Pasar Jaya is related to providing banking product service facilities to support PD's business activities. Pasar Jaya. "This Co Branding Card is a form of BRI's support for traders in the market market managed by PD Pasar Jaya in order to intensively conduct non-cash transactions. With the utilization of BRI's co-branding cards, they are expected to get banking services that are fast, convenient, modern, "said Head of Bank BRI Institution 2 Division Sigit Murtiyoso in a release, September 27, 2017.

Review:

A public company (issuer) conducts a stock split with the aim that the transaction becomes crowded again. If a stock is traded, the company can still be liquid. Stock split was also carried out with the aim of attracting more investors, especially retail investors.

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