

**4th WEEK****September 2017**❖ **MACRO**

- The US Federal Reserve is back on track to raise the Fed Fund Rate (FFR) rate gradually. This is due to factors in the form of faded weakening inflation increasingly and the US economic fundamentals, which are getting solid. Quoting Reuters on Tuesday (26/09/2017), in the last week the Fed decided to hold the benchmark interest rate. New York Fed President William Dudley highlights the weakening US dollar and US economic activity is slightly above average and wage increases. "Given the trend of more solid import prices and waning effects from temporary factors, I expect inflation to rise and stabilize in the target range (the Fed) by 2 percent in the medium term," Dudley said. To respond to these conditions, Dudley added, the Fed has a tendency to remove gradually accommodative monetary policy.
- The International Monetary Fund (IMF) on Wednesday called for global efforts to support low-income countries for fighting climate change. Because, these countries will suffer the most from climate change. "The rise in temperature has uneven macroeconomic effects, with adverse consequences concentrated in countries with relatively hot climates, like most low-income countries," the IMF said in an analytical chapter of the upcoming World Economic Outlook, Antara, Thursday, September 28, 2017. The study found that rising temperatures would decrease per capita income in these countries because it would reduce agricultural yields, reduce worker productivity, slow investment and damage health. According to research, a temperature of one degree Celsius in a country with an average annual temperature of 25 degrees Celsius, like Bangladesh or Haiti, would reduce per capita income by up to 1.5 percent, which could last for at least seven years.

---

**Review:**

The Fed emphasizes growing expectations of preparing to raise its benchmark interest rate for the third time this year in December 2017 to come. Keep in mind that the US has just got a storm disaster. The impact of the storm is predicted to make it difficult to interpret economic data in the future.

**❖ MICRO**

- Bank Indonesia (BI) decided to cut its benchmark interest rate or 7 Day Reverse Repo Rate (DRR) by 25 basis points (bps) to 4.25%. This became the lowest interest rate in history. The decline was also followed, by deposit facility interest rate at 3.5% level and 5% lending facility. Advisory Board Chairman of Mandiri Institute Chatib Basri said the central bank's benchmark interest rate cut since late 2016 would be able to lower lending rates so that then it would be channeled into the real sector. However, this is not the case because there is no demand from the private sector for expansion. "Once thought the interest rate was lowered, banks would lend to the real sector, but it did not happen. Why? Because the request does not exist. The undisbursed loan is still high," said Chatib, Jakarta, Tuesday (26/9). He continued, looking at the reality, then the main problem that was existed today was not the high interest rates of credit, but the absence of demand from the business world due to consumption that grows flat.
- 
- Financial Services Authority (OJK) held the first working meeting with Commission XI of the House of Representatives (DPR) RI. In the meeting, Chairman of the Board of Commissioners OJK Wimboh Santoso said he would do fine tune alias adjustment of internal organization OJK. One of which is emphasized including optimizing the internal OJK's Human Resources (HR). "Optimizing existing human resources if there is a long time in one place, there should be a rotation to test it in the next 2-3 years," he said in Jakarta, Wednesday (27/9). This is also done to provide opportunities to other potential OJK employees (regeneration). Not just adjustments, the regulator also planned to make efficient use of the budget in order to maximize the performance of

OJK. "The need for rental payments for headquarters and regional offices, payment of tax debt, and the fulfillment of work infrastructure," said Wimboh. As an illustration, Wimboh said that he had cut the budget by reducing domestic and foreign travel services, including service facilities such as transportation and hotels. According to OJK calculations, if all efficiency was done it could save up to Rp 400 billion until the end of 2017.

Review:

BI's policy in declining its benchmark interest rate still needs to be observed in the coming months. Because with cheap interest, people will not be interested in putting money in the bank.

❖ **BANKING**

PT Bank Negara Indonesia (Persero) Tbk or Bank BNI participated in financing the construction of Semarang - Solo toll road through a syndicated loan agreement with several other banks with a portion of 26.35% of the syndicated financing or Rp 1.35 trillion. Meanwhile, Semarang - Solo Toll Road along 72.65 kilometers has a project value of Rp 7.31 trillion, financed syndicated with a total financing of Rp 5.1 trillion. Development of Semarang - Solo Toll is divided into 5 Sections, namely Section I: Semarang - Ungaran, Section II: Ungaran - Bawen, Section III: Bawen - Salatiga, Section IV: Salatiga - Boyolali, and Section V: Boyolali - Kartasura. Section I and Section II are currently in operation, in which Section I commences operation since November 2011 and Section II commences April 2014. In this syndicated loan agreement BNI also acts as Facility Agent and Guarantee Agent. PT Trans Marga Jateng / TMJ (Jasa Marga Group) is the owner of the Semarang - Solo toll road concession. Other syndicated members are Bank BRI, Bank Mandiri, Bank Jateng, and PT Sarana Multi Infrastruktur (SMI).

- PT Bank Rakyat Indonesia Tbk (BRI) cooperates with BPJS Kesehatan. This is to improve banking services to customers. Sis Apik Wijjayanto, Director of BRI said that with this cooperation, BPJS dues can be paid through BRILink Mobile Agent. "This cooperation is to facilitate the public to pay BPJS dues," said Sis Apik in a written statement on Thursday (28/9). Previously BRI has been serving the payment of dues BPJS through teller, ATM, internet banking and automatic fund transfer. Currently there are 2 million transactions per month BPJS contribution payment through BRI. BPJS transactions conducted through BRILink can increase the flexibility of payment because it can be used in some tools and gadgets. BRI currently has 117,471 BRILink agents spread across Indonesia with 490 million transactions and Rp 177 trillion of volume.

### Review:

BNI's syndicated financing is a form of support for government programs to accelerate infrastructure development that will boost Indonesia's economic growth and sustainable employment growth.

**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 izin tertulis dari Bank Jatim.