

3rd WEEK**April 2019**❖ **MACRO**

- The Federal Reserve's benchmark interest rate has inched up to its highest level in 11 years even though the central bank has sent a clear message that it is done tightening policy indefinitely. In recent days, the effective fed funds rate, which targets the overnight level that banks charge each other for loans, has moved up to 2.44%. That's the highest since March 2008 and is just 6 basis points from the top of the target range and the closest to the top since December, when the Fed last raised rates. For now, the move is looked on as not being especially problematic given that there is still room between the current level and the top of the 2.25% to 2.5% range in which the rate is supposed to trade. But moves toward the upper end of the band have prompted action before, and the trend likely will be a topic of discussion at next week's Federal Open Market Committee meeting.
- Washington's lack of attention to European affairs is a costly mistake. Germany's refusal to reflate its economy and support the continent's growth is killing the market where the U.S. sold \$63.4 billion worth of goods in the first two months of this year — one-fourth of all U.S. goods sales abroad. That compares with a pitiful \$15.6 billion of American exports to China during the same interval. And those sales were down a whopping 20.4 percent from the first two months of last year. The U.S. is wasting time trying to reform China's economy. It is about time for Washington to realize that China — as befits a great power — will do its own thing, on its own terms and in its own time. China's structural reforms should be driven through the World Trade Organization, the International Monetary Fund and, all else failing, through bilateral trade instruments. Washington's priority should be to rapidly balance its trade accounts with China. It's very early days to say that progress is being made, but a 9.2 percent decline in Beijing's trade surplus with the U.S. in the first two months of this year could be a good beginning.

- Review:

When the Fed first began raising rates in December 2015, it succeeded in keeping the funds rate around the midpoint of the target range. But that has changed over the past year. At 6 basis points from the top of the range, you're still within the target. The question becomes whether they think technical pressure is driving this

- ❖ **MICRO**

- Bank Indonesia (BI) said the development of inflation continued to show positive developments. BI Governor Perry Warjiyo explained that based on the monitoring survey the price of the week of April 3 2019 inflation is estimated to be 0.31% month to month and 2.7% on an annual basis. He explained that this was reflected in various positive indicators. "It is true that various indicators continue to show positive developments for inflation," Perry said at the Ministry of Finance office, Jakarta, Tuesday (4/23/2019). Perry explained that the price of airplane tickets is a contributor to inflation. He said that regarding this matter BI had coordinated with the regional inflation control team (TPID) under the Coordinating Minister for Economic Affairs. "It's a routine meeting before Ramadan, prices will remain under control and low during the month of Ramadan until the end of the year. Seasonally correct, ahead of Ramadan or Eid al-Fitr ticket prices do increase, usually in coordination meetings will be discussed anticipatory steps," he said.
- The Indonesian people are considered still not familiar with financial industry products. This is called a challenge for the Indonesian financial industry. The challenge was mentioned by the Batunanggar Voluntary Institute Financial Services Authority (OJK) Deputy Commissioner, according to him, financial inclusion, aka people's knowledge and experience to touch financial products is still considered low. "The first industry challenge for financial inclusion is low, only 60% of the adult population has a bank account, I think this is the challenge," Voluntary said at the Digital Financing talkshow at the IDX Building on Tuesday (4/23/2019). Voluntarily assessing financial inclusion

which is only 60% is still relatively low, especially with a large number of Indonesians. He said that he wanted the value of public financial inclusion to be 75%. "So the key was 50%, and it's still very low. So we want to increase to 75% this year," said Voluntary.

- Review:

BI also seeks the availability and supply of goods and foodstuffs has been very well maintained since last year. This is a reason that drives food prices to remain low and under control.

❖ **BANKING**

- Provision of cheap credit facilities for teachers to get decent housing is increasingly widespread. In addition to Bank Rakyat Indonesia (BRI) and Bank Negara Indonesia (BNI), Bank Mandiri apparently also participated in providing similar Housing Loan (KPR) facilities. "The program for teachers is for five staffing status, civil servants, CPNS, Honorary, Permanent Private, and Private Contracts," said Consumer Loans Executive Vice President of Bank Mandiri, Ignatius Susatyo, when contacted in Jakarta, Thursday, April 25 2019. Susatyo explained, currently there are three mortgage products offered by Bank Mandiri for these teaching staff. All three are the first FLPP mortgages. This KPR facility is provided for teachers who have a basic income below Rp. 4 million who want to buy subsidized housing. Teachers who access this FLPP mortgage facility can get a 0 percent down payment when they become Mandiri payroll customers. As for Mandiri non-payroll customers, the minimum down payment that can be obtained is 1 percent. "Other facilities include a 5 percent interest fix along the tenor, free of provision and administration fees," Susatyo said. The second facility, the ASN KPR, is intended for teachers who are already civil servants. This ASN KPR offers special PNS teacher programs with features including DP starting at 0 percent, long term up to 25 years, and free of administration fees. Furthermore, said Susatyo, these teachers can also take the KPR ASN Combo feature. Through this feature, the installment period can be up to the age of the applicant 65 years or past the age of the

retirement limit. The third facility is Employee KPR for teachers with a minimum work period of 5 years, a minimum salary of Rp 5 million, and being a Mandiri payroll customer. This facility applies to both permanent and contract teachers and can be processed with a limit of up to 45 payroll features.

- Financial technology (fintech) services, especially credit, aka online loans (pinjol) are now growing rapidly in Indonesia. This Fintech lending is called a competitor of banks in lending. PT Bank Rakyat Indonesia Tbk (BRI) has technology to channel credit to make it easier and more efficient to use technology. Director of BRI, Suprajarto, explained that currently the company is developing a digital microcredit submission service called BRISPOT. He explained that this service is expected to facilitate customers who want to apply for credit quickly and efficiently. "This BRISPOT is now 14 hours, but we hope it can be faster even in remote areas," Suprajarto said at a press conference at the BRI office, Jakarta, Wednesday (04/24/2019). He explained, later this service would not only be applied to micro credit but also credit in a small category. According to Supra with BRISPOT, the process of credit submission and analysis can be faster.
- Review:
With these three programs, said Susatyo, Bank Mandiri is committed to providing financing with the best features for teaching staff in Indonesia. In accordance with the spirit of Bank Mandiri to contribute to the prosperity of the country.

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.