

4th WEEK**April 2019**❖ **MACRO**

- President Donald Trump, in his most brazen attack yet on the Federal Reserve, called for the central bank on Tuesday to cut interest rates by 1 percentage point and to implement more money-printing quantitative easing. In a two-part tweet, the president unfavorably compared the Fed to its China counterpart and said if monetary policy in the U.S. was looser, the economy would "go up like a rocket." In the past, White House officials including Trump and top economic advisor Larry Kudlow have recommended the Fed cut rates by half a point. The tweets literally doubled down on that approach. The Fed currently targets its benchmark interest rate in a range between 2.25% and 2.5%. It has hiked the rate nine times since December 2015, though it indicated in March that it likely is done with increases for the rest of 2019 despite forecasting two more at the end of last year. Following the president's prescription would take the fed funds rate back to its December 2017 level. The jawboning for rate cuts comes despite another strong economic performance in the first quarter. GDP rose at a robust 3.2% after many economists had been predicting little or no growth ahead of the release. Growth has come with little inflation. The Fed's preferred gauge showed a gain of just 1.6% over the past year excluding food and energy prices.
- International Monetary Fund Managing Director Christine Lagarde said on Monday she expects the United States and China to reach a deal to end their trade dispute, which has unnerved financial markets and cast a shadow over the global economy. "I would say 'Yes'," Lagarde said at the Milken Institute Global Conference when asked whether talks between the world's two largest economies would end in a deal. Washington and Beijing have been engaged for the past year in a trade war marked by tariffs on billions of dollars in goods and threats of escalation. The talks are now at a critical point. U.S. Treasury Secretary Steven Mnuchin was scheduled to speak at the conference on Monday but is headed to China instead for talks. Lagarde was the first speaker at the

annual Milken Institute's conference, which draws 4,000 attendees including some of the world's most powerful thinkers and trendsetters to discuss finance, health care and other topics. Other speakers during the three-day conference include the chiefs of financial powerhouses Goldman Sachs, Blackstone Group, State Street Corp as well as top investors including Steven A. Cohen, Thomas Barrack and Ken Griffin and prominent pension funds and endowments.

- Review:

That lack of inflation is the reason Kudlow and others believe the Fed can cut rates without risk. Central banks normally tighten policy in an effort to control prices when the economy is expanding. While it is not unusual for presidents to criticize monetary policy, it historically has been done quietly, making Trump's public condemnations of Chairman Jerome Powell and his colleagues atypical.

❖ **MICRO**

- Bank Indonesia (BI) will cut its benchmark interest rate after the elected president and vice president are appointed by the General Election Commission (KPU). Such is the economic prediction of the Founder & Chairman of CT Corp Chairul Tanjung in the Mega Bank & Economic Outlook 50th Anniversary Dinner Gala in Jakarta, Thursday (04/25/2019). "What happens with interest rates, I predict in the not too distant future, could be this month, can you wait for certain election results, then Bank Indonesia will definitely start lowering interest rates," said the man familiarly called CT. Not without reason, Chairul explained, the United States (US) is predicted not to raise interest rates. Because, the policy of the US Central Bank is a benchmark (benchmark) BI policy. Moreover, he added, BI had raised interest rates to 175 basis points from April 2018. He estimated that BI would reduce interest rates gradually. "That is roughly related to the CT version's economic predictions," he said. On that occasion CT also said that recently met with former US Central Bank Governor Janet Yellen. In his meeting, he had time to ask about the US conditions where there was much speculation about a recession. Because, short-term yields are higher than long-term.

- PT Bank Rabobank International Indonesia (Rabobank Indonesia) provides notice of operational termination in Indonesia. Responding to this, the spokesman for the Financial Services Authority (OJK) Sekar Putih Djarot explained that the operational termination was carried out because Rabobank had other business plans abroad. "This is related to the consolidation discourse of his business to Singapore. As a regulator, if the discourse is carried out, we will ensure that all rights and obligations to related parties are well maintained and protected," Sekar said in his statement on Tuesday (4/30/2019). He added, it is expected that the bank will also immediately report the plan to the regulator. Previously in the first notice, the termination of operations to customers. In the letter written thank you to customers for accompanying Rabobank's journey for decades in Indonesia. Then in the letter also mentioned Rabobank Indonesia is committed to carrying out the decisions of all shareholders as well as possible and ensuring the process of returning banking licenses and business licenses to the relevant authorities goes well, smoothly and in accordance with applicable regulations in Indonesia.
- Review:
In conclusion, the US will not have a recession in the near future. Because, consumption growth as a motor of the US economy is still high. As a result, the US economy and the dollar will still strengthen.

❖ **BANKING**

- PT Bank Mandiri Tbk (Bank Mandiri) in the first quarter of 2019 recorded a loan distribution of Rp 790.5 trillion, growing 12.4% compared to the same period the previous year. Bank Mandiri Risk Management Director Ahmad Siddik Badruddin explained that from the loan distribution, Bank Mandiri managed to record a net profit of Rp 7.2 trillion, up 23.4% compared to the same period before. Siddik explained that the ratio of non-performing loans (NPLs) was 2.68% lower than the first quarter of 2018 3.32%. This caused the company to cut the allocation of reserve costs to Rp. 2.8 trillion

from Rp. 3.8 trillion. Siddik said this was a reflection of more effective credit quality improvements. "The improvement in Bank Mandiri's NPL ratio was due to improvements in credit quality in almost all business segments and the strengthening of risk management and the success of credit portfolio shifting. Overall, this downward trend pushed us closer to this year's NPL target of 2.5 "-2.7%," said Siddik in a performance presentation at Plaza Mandiri, Jakarta, Monday (4/29/2019). He explained that productive loans were recorded at IDR 522.6 trillion or 76.3% of the bank only loan portfolio. The details, working capital loans (bank only) amounted to Rp295.8 trillion or grew by 7% yoy and investment loans reached Rp226.7 trillion, up 13.6% yoy. Siddik added, the company's expansion rate was supported by two main segments, namely Corporate and Retail, especially micro and consumer loans.

- BNI Syariah President Director Abdullah Firman Wibowo said BNI Syariah recorded a positive performance at the beginning of 2019. This was indicated by the realization of net profit until the first quarter of 2019 amounting to Rp 135 billion or up 43.26 percent on an annual or year on year basis from the same period 2018 Rp 94 , 4 billion. "The increase in net profit was driven by the increase in revenue after the profit sharing distribution rose 18.6 percent yoy to Rp 743 billion from the same period of 2018 Rp 626 billion," Abdullah said in a written statement on Friday, April 26, 2019. In addition, he said, net profit until the first quarter of 2019 was also contributed by fee-based income of Rp 43 billion with an increase of 41.74 percent yoy. According to Abdullah, profit growth was supported by the expansion of financing supported by the quality of financing still maintained. "On the other hand operational efficiency continues to improve," he said. Abdullah said that until the first quarter of 2019, BNI Syariah also recorded the realization of financing distribution of Rp. 29.4 trillion or an increase of 23.9 percent yoy from the same period of 2018 which amounted to Rp. 23.7 trillion.
- Review:
The distribution of people's business loans (KUR) was channeled to IDR5.17 trillion or around 20% of the target in 2019. The 51% of that value or IDR2.64 trillion has been

channeled to the production sector, namely agriculture, fisheries, processing industry and production services. Since it was first distributed until March 2019, Bank Mandiri has channeled KUR of Rp. 71.1 trillion to more than 1.32 million debtors throughout Indonesia.

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