

**2nd WEEK****February 2019**❖ **MACRO**

- Federal Reserve Chairman Jerome Powell said the U.S. economy looks strong, but the central bank is continuing to find ways to fight poverty. Speaking on Tuesday in Mississippi, Powell said the central bank is looking at a number of ways to help rural communities, with a particular focus on banking and finance for areas of need. “Today, data at the national level show a strong economy. Unemployment is near a half-century low, and economic output is growing at a solid pace. But we know that prosperity has not been felt as much in some areas, including many rural places,” he said in remarks to the Hope Enterprise Corporation Rural Policy Forum in Itta Bena. As he has in the recent past, the Fed chair focused on the importance of getting more Americans involved in the working population. His remarks did not touch on monetary policy.
- Spain, Italy, Portugal and Greece should fight high youth unemployment levels with labour market reforms, less bureaucracy for business and investment in innovation, International Monetary Fund chief Christine Lagarde said on Thursday. Speaking in Germany, Lagarde said the structural reforms, with backing from the European Union, were needed to ensure that incomes in poorer members of the bloc catch up with their richer neighbours - a process referred to as convergence. Successful convergence would help the bloc weather a storm taking shape in the form of populist parties that are opposed to the EU, discord over immigration policy and pressure on the global trading order, she said. “The continent’s next generation, which is still suffering from the economic scars of the global financial crisis, is searching for quality jobs and a stable future,” Lagarde at a dinner on the eve of the Munich Security Conference.

- Review:

The U.S. labor force participation rate is at 63.2 percent currently, about half a percentage point above where it was at the beginning of 2019, but lags behind most other industrialized countries. The nation ranked 101st in the world in that category, according to 2018 World Bank statistics.

❖ **MICRO**

- (BI) re-issued Residential Property Price Survey (SHPR). As a result, there has been a slowdown in the increase in residential property prices in the primary market and the decline in sales. Quoting BI's website, Tuesday (02/12/2019), the Residential Property Price Index (IHPR) in the fourth quarter of 2018 was recorded to grow by 0.35% from the previous quarter. Growth recorded slowed compared to the previous quarter's IHPR growth which grew by 0.42% (qtq). The slowdown in the rise in residential property prices came mainly from small type houses. In the first quarter of 2019, house prices are expected to increase by 0.42% (qtq), mainly due to increases in prices of building materials and labor costs. In quarter IV-2018, residential property sales also decreased by -5.78%. Even so, it is still better compared to sales in the previous quarter which decreased by -14.14% (qtq).
- The rise of online loan companies or financial technology (fintech) has made the Surabaya City Government continue to oversee the financial services. Because, in addition to providing easy money loans, but often many are trapped in their loans. Head of the Surabaya City Regional Financial and Tax Management Agency (BPKPD), Yusron Sumartono, said that there were many people who had become victims due to the fact that their online loans were not yet clear. Victims are usually tempted because at the beginning the loan is lured by the ease of borrowing at low interest rates. "Sometimes it will also be difficult to pay, so that gradually a high interest arises, eventually the interest swells," Yusron said at a press conference at the Surabaya City Public Relations Office on Wednesday (02/13/19). For this reason, Yusron appealed not

to be easily tempted by all the facilities offered by fintech companies. Because online based loans are regulated in the Financial Services Authority (OJK) regulations. "Actually, everything has been regulated in the OJK regulations and has been circulated through the website. And it can be accessed about the legality also on the OJK official website," Yusron explained.

- Review:

The survey results indicate that the use of internal funds has a large portion of residential property development. The portion of developer internal funds used in quarter IV 2018 was 58.02%, an increase compared to the portion in the previous quarter of 55.73%.

❖ **BANKING**

- BRI Life's insurance growth shows significant achievements throughout 2018. This also indicates that the national life insurance company owned by PT BRI Tbk continues to focus on developing the bancassurance business and improving services to micro business customers. Insurance Director of Life BRI Gatot Mardiwasisito Trisnadi said, by continuing to improve business infrastructure that is designed to be integrated with Bank BRI's parent company, the growth of Gross Life Premium in BRI Life Insurance in 2018 reached Rp 4.2 trillion or grew by 12 percent compared to the previous year. "The growth has also resulted in Fee Based Income (FBI) contributions of more than Rp. 300 billion, growing 77 percent from 2017 and profit reaching no less than Rp. 600 billion or growing by 84 percent from 2017," Gatot said in a written statement. , Wednesday (02/13/2019).
- PT Bank Negara Indonesia (Persero) Tbk (BNI) will acquire the bank in 2019 by preparing a fund allocation of Rp. 3-4 trillion. This step is one of the company's business expansion in 2019. SME Business Director and Commercial BNI Syariah, Dhiyas Widhyati said, the corporate action (acquisition) of its parent company can indeed be done through a subsidiary. The BNI subsidiaries are BNI Syariah, BNI Life, BNI Multifinance, BNI Securities, and BNI Asset Management. "Yes it can indeed be with

a subsidiary. Thank God, just pray," he said in the BNI Syariah Building, South Jakarta, Thursday (02/14/2019). Even so, he has not confirmed, BNI Syariah will be involved in the corporate action. But he did not deny that the company could be used as an alternative to BNI's chosen subsidiary. "Is there BNI Syariah? Yes we are heading there, just look at it because we are talking about it. But is there a possibility of BNI sharia? What is clear is that there are several alternatives," he said.

- Review:

the achievement of BRI Life's Premium Return of Rp. 4 trillion is a remarkable achievement. Thus, in 2021, BRI Life's Premium Return can reach Rp 20 trillion.

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