

**3rd WEEK****February 2019**❖ **MACRO**

- The Federal Reserve is likely near the end of interest rate increases and the program to reduce the bonds it holds on its balance sheet, St. Louis Fed President James Bullard said Thursday. “I think the message from my point of view is the normalization process in the United States is coming to an end,” the central bank official told CNBC in a “Squawk Box ” interview. Bullard added that he thinks rates are actually too high now but acknowledged that his view is in the minority on the policymaking Federal Open Market Committee. Bullard is a voting member of the FOMC and said he has tried to convince his fellow central bankers that they’ve gone “too far.” In particular, he said the December rate hike, which was the fourth of 2018, was a mistake and helped trigger a negative market reaction.
- The U.S. and China appear to be close to ending a tariff fight that hurt financial markets and dented economic activity worldwide, but that’s not going to stop the slowdown already seen in the global economy, experts said on Monday. U.S. President Donald Trump said on Twitter on Sunday that he would delay an increase in tariffs on Chinese goods that was initially planned for early-March. Washington and Beijing were locked in a tariff fight for months last year, but that battle was put on hold — for an initial 90 days — after Trump met Chinese President Xi Jinping in Argentina in December. The American president also said he would meet Xi at his golf club in Mar-a-Lago, Florida, “to conclude an agreement” if “both sides make additional progress.” Trump didn’t announce a timeline for that meeting, but CNBC reported last week that the two countries were discussing holding a late-March summit.

- Review:

The minutes indicated that the Fed likely will bring the balance sheet roll-off to a close by the end of 2019 as reserves get closer to the level where banks feel comfortable.

❖ **MICRO**

- The exchange rate of the rupiah against the US dollar (US) has fluctuated in recent days. Governor of Bank Indonesia (BI) Perry Warjiyo explained that currently the rupiah is still undervalued or below its fundamental value but tends to be stable. Perry projects that the rupiah exchange rate against the US dollar this year will move stably and in accordance with the market mechanism. "The rupiah exchange rate against the US dollar will tend to be stable, but it is still undervalued, but it is likely that the rupiah will strengthen and that can happen," Perry said at the BI Building, Central Jakarta, Thursday (2/21/2019). BI recorded the rupiah exchange rate in quarter IV-2018, point to point strengthened by 3.63% compared to the end of quarter III-2018, supported by the balance of payments which recorded a surplus. The strengthening of the rupiah continued in January 2019 which reached 2.92% and continued to occur in February 2019. Based on Jakarta Interbank Spot Dollar Rate (Jisdor) data or the BI middle rate, today the rupiah is moving fairly stable, which is at Rp 14,057 per US dollar, slightly weaker compared to yesterday which was in the position of Rp. 14,055 per US dollar.
  
- The government will make it easier to apply for credit for entrepreneurs who have already obtained permits through integrated services or online single submission (OSS). This plan was discussed between the Coordinating Minister for the Economy Darmin Nasution and the Chairman of the Financial Services Authority (OJK) Board of Commissioners, Wimboh Santoso. Darmin explained that entrepreneurs who manage business permits through OSS will get a business license number (NIB). After holding this document, the employer does not need to take care of the company register (TDP) and Trading Business License (SIUP). Only the problem is that the SIUP and TDP are still requested by the bank as a condition for credit application Because Darmin and

Wimboh discussed this issue so that OSS and banking rules could go hand in hand. "Because now at the bank says there is still TDP business, we are troubled, our people have no TDP. We know that because the entrepreneurs say there are still those who ask for TDP. We synchronize it between OSS, EoDB and OJK rules," he said The Coordinating Ministry for Economic Affairs, Jakarta, Tuesday (2/19/2019).

- Review:

The strengthening trend of the Rupiah in early 2019 was supported by inflows of foreign capital into the domestic financial market along with the maintenance of domestic economic fundamentals and the continued attractiveness of domestic financial assets and reduced uncertainty in global financial markets.

❖ **BANKING**

- Infrastructure development in the country continues to be boosted. BUMN banks play a role in channeling credit for the construction of these infrastructure. Risk Management Director of PT BNI (Persero) Tbk Bob Tyasika Ananta revealed a number of state-owned banks such as BNI, Mandiri, and BRI had disbursed loans in the infrastructure sector as much as Rp 330.2 trillion during 2018. "So the composition is Mandiri at the highest of Rp. 182.3 trillion, BNI Rp. 110.6 trillion, and BRI Rp. 37.3 trillion," Bob said in a seminar at Graha CIMB Niaga, Jakarta, Tuesday (02/19/2019). Especially for BNI, said Bob, the loan disbursement is 23% of the loan portfolio held in 2018. "We have a total of around Rp 483 trillion in BNI's loan portfolio. 23% of its own infrastructure is related. So 23% of BNI's financing is indeed involved in infrastructure," he explained.
  
- PT Bank Rakyat Indonesia (BRI) through its subsidiary BRI Agro officially launched a digital product capable of serving loans to the community. His name, PINANG aka quiet loan. PINANG is a digital lending product from BRI Agro and is also the first application-based bank loan product in Indonesia. BRI Managing Director Agro Agus Noorsanto said the launch of Pinang was the Company's innovation in facing the digital era, so that the services prepared were more advanced and in accordance with the needs

of today's customers. "The PINANG application is fully digital, with a system of digital verification, digital scoring, and digital signatures," Agus was quoted as saying in his official statement, Jakarta, Sunday (02/24/2019).

- Review:

The advantage gained by the state by following these loans is that the rate of spending of money becomes controlled. Even so, this is also loaded with KKN and also raising funds. To avoid this, of course the government and the banks must really invest their money into real projects.

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