

4th WEEK**February 2019**❖ **MACRO**

- William Dudley, former New York Fed president, has a message for Wall Street: Stop blaming the central bank when the stock market declines. Dudley, who retired in June 2018, said Thursday on CNBC that the Federal Reserve's actions have become a "convenient whipping boy." Many traders blamed the late 2018 market tailspin on the Fed's balance-sheet runoff. The program, which allows bonds in the Fed's portfolio to mature without replacing them, effectively reduces the central bank's balance sheet. The balance sheet had swelled to more than \$4.5 trillion in early 2015 in the wake of several rounds of quantitative easing, or bond-buying, aimed at boosting the economy after the 2008 financial crisis. The runoff is expected to end later this year, with the balance sheet at around \$3.7 trillion. Reducing the balance sheet, like hiking interest rates, acts as a tightening measure on the economy. "Look what happened. The balance sheet is still running off, and the stock market has recovered in the first quarter," Dudley told CNBC's Steve Liesman, in an interview from the annual conference of the National Association of Business Economics in Washington, D.C.
- U.S. President Donald Trump's success in scoring a second-term in the Oval Office in 2020 will depend on how much his domestic and foreign policies work, according to former White House official Anthony Scaramucci. Speaking to CNBC's "Capital Connection" on Tuesday, Scaramucci said Trump will be "very tough to beat" if three things work out: The U.S. economy continues to grow, the president's border security strategy excites his political base, and his foreign policies yield results. "If those things happen and the economy continues to grow, I think he'll be very tough to beat in 2020," said Scaramucci, the founder and co-managing partner of investment firm SkyBridge Capital. He predicted that a thriving U.S. economy will boost Trump's chances of getting re-elected to around 85 percent. If growth slows down — as forecast by many

economists — Trump still has a 60-percent to 65-percent chance of winning the election, Scaramucci added.

- Review:

It was a convenient whipping boy; the Fed's seeming inflexibility in the space of all these market developments for a while was a convenient whipping boy. The markets occasionally go down for a whole host of reasons

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- Bank Indonesia (BI) believes this year's rupiah exchange rate will be better. Even predicted the US dollar (US) against the rupiah will leave the level of Rp. 14,000. The prediction was questioned by senior researcher Institute for Development of Economics and Finance (INDEF) Faisal Basri. According to him the prediction is only based on prayer, which is expecting the entry of foreign funds. "Then the BI Governor said he was optimistic that it was below Rp. 14,000 but with prayer not business. What prayer? Foreign capital came on. That was prayer not a business. He said the rupiah strengthened because of strong foreign capital," in the 2018 Economic Outlook event held by CNBC Indonesia at the Westin Hotel, Jakarta, Thursday (2/28/2019). Faisal considered that the attitude of the Governor of BI Perry Warjiyo in his statement was too light in taking care of the rupiah exchange rate. According to him, the BI Governor should know that the heart of the Indonesian economy is still in trouble. "How do we grow more than 5% now if the credit to GDP ratio is only 40%, 2018 35.2%. China is 215%, South Africa is above 100%, Vietnam is above 100%. That's what you need. This is talking "I don't know why I'm cranky, I'm horrified," he added.
- The digital economy is growing rapidly throughout the world, including in Indonesia. Various services began to emerge from the start of digital wallet providers, digital payment systems to digital debt or commonly known as online debt. "One more message is that technology gives benefits to banks so that a lot of fees and segment products are given to those that are not bankable. Credit can be done online and we cannot weir,"

said Wimboh Santoso, Chairperson of the Financial Services Authority (OJK) Economic Outlook 2019 Westin Hotel, Jakarta, (2/28/2019). As the emergence of online debt, there is also a risk arising in the credit world. Generally online debt provides a very high interest to burden its customers. Online debt also according to Wimboh began to be set aside by the community to become online loan sharks. However, OJK said Wimboh, continues to provide protection to customers by registering all online loan service companies operating in Indonesia. "So we have a policy and love the Peer to Peer corridor to OJK. There must be responsibility, and it should not be hit and run. If the credit lending platform is registered, the OJK can give a warning, and we can close it from the Ministry of Communication," he asserted.

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BI should talk about how to strengthen the rupiah exchange rate by strengthening the real sector. That way it can improve Indonesia's trade balance which is still in deficit.

❖ **BANKING**

- Non-cash or cashless transactions are increasingly being carried out to create 3 types of banking or banking transactions that support, namely mobile banking, internet banking, and electronic money or Tbank. Initially all of these transactions can only be accessed through different applications, but now all three types of banking transactions have been incorporated into one application. The application that combines the three types of banking transactions is BRIImo, the latest version of the digital banking application from BRI Mobile. In addition to the new, this application also offers a variety of other advanced features that can be directly accessed in one application. "BRIImo is the latest application from BRI Mobile that combines the functions of mobile banking, internet banking, and electronic money or Tbank into one application with a more complete and interesting transaction menu," said Director of Consumer Bank BRI Handayani in the BRIImo launch event at BRI I Building , Jakarta, Wednesday (02/27/2019).

- PT BNI (Persero) Tbk cooperates with Triplogic startup to facilitate cheap credit access (People's Business Credit / KUR) to micro, small and medium enterprises (MSMEs). This cooperation was marked by the signing of the Cooperation Agreement in Jakarta on Thursday (2/28/2019) by General Manager of the BNI Small Business Business Division Bambang Setyatmojo with the Chief Executive Officer of Triplogic Oki Earlivan S. It is hoped that Triplogic can help channel KUR on target. "If we look deeper, the root of the problem is the history of MSME transactions that have not been well recorded. Here, Triplogic can provide solutions so that banks can more easily assess the feasibility of MSMEs to receive credit. Meanwhile, on the UMKM side, they are easier to access credit. , "Bambang said in his official statement. BNI said, this step is in accordance with the tagline "BNI is Digital" because the credit process will be through the Digital Loan Procession application. The application was developed by BNI that worked on the potential of Triplogic partners which currently reached more than 100,000 throughout Indonesia.
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BRIimo is the latest digital banking breakthrough initiated by PT Bank Rakyat Indonesia (Persero) to provide convenience and security for banking transaction services. This latest BRI Mobile application uses a database by carrying the user interface (UI) and user experience (UX).

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