

1st WEEK**January 2019**❖ **MACRO**

- Federal Reserve Chairman Jerome Powell said Friday that the central bank "wouldn't hesitate" to adjust how quickly it lets its balance sheet shrink if it starts to cause problems in financial markets. "We don't believe that our issuance is an important part of the story of the market turbulence that began in the fourth quarter of last year. But, I'll say again, if we reached a different conclusion, we wouldn't hesitate to make a change," he said. "If we came to the view that the balance sheet normalization plan or any other aspect of normalization — was part of the problem, we wouldn't hesitate to make a change." Powell spoke Friday at the American Economic Association and Allied Social Science Association annual meeting in Atlanta. He also said that the Fed "will be patient" with monetary policy as it watches how the U.S. economy performs. The Fed currently is allowing \$50 billion each month to run off the balance sheet, which is largely a portfolio of bonds the central bank purchased to stimulate the economy during and after the financial crisis. Last month, Powell said at a news conference that the reduction program will continue ahead as planned.
- Oil prices rose by around 1 percent on Wednesday, extending gains from the previous session on hopes that Washington and Beijing may soon resolve trade disputes that have cast a dark shadow over the global economy. U.S. West Texas Intermediate (WTI) crude oil futures were at \$50.38 per barrel at 0713 GMT, up 60 cents, or 1.2 percent, from their last settlement. That marked the first time this year that WTI has topped \$50 a barrel. International Brent crude futures were up 61 cents, or 1 percent, at \$59.33 per barrel. Both crude price benchmarks had already gained more than 2 percent in the previous session. "Crude continues to extend gains as early reports from Beijing regarding trade negotiations are fueling optimism around successful trade talks between the U.S. and China," said Stephen Innes, head of trading for Asia-Pacific at futures brokerage Oanda in Singapore. "After a dreadful December for risk markets,

crude oil continues to catch a positive vibe," Innes said. The oil price jumps were in line with Asian stock markets, which climbed to 3-1/2 week highs on Wednesday. Trade talks in Beijing between the world's two biggest economies entered a third day on Wednesday, amid signs of progress on issues including purchases of U.S. farm and energy commodities and increased U.S. access to China's markets.

- Review:

Market participants pointed to Powell's December comments on the pace of balance sheet reduction for a renewed round of anxiety in the stock market. Some believe that the Fed program is removing liquidity from the market and that could indirectly impact stocks as the European Central Bank also ends its asset purchases.

❖ **MICRO**

- A number of factors are the causes for not yet optimal monitoring of foreign exchange information data related to Indonesia's export and import activities. Though the data is needed to determine the policies that will be taken by the government and Bank Indonesia to create a healthier financial market and support efforts to maintain the stability of the rupiah. The Executive Director of the BI Report Management and Compliance Department Head, Farida Peranginangin, said that data that had not been matched between the Directorate General of Customs and Excise at the Ministry of Finance as a provider of data on goods and documents and Bank Indonesia as the provider of financial flows data was the cause. There are various factors that make a mismatch, for example banks that are late reporting, exporters who still have not informed the bank, and others. "Most have not matched, especially at the beginning of 2012. If the deadline hasn't arrived yet, we start moving. Because it could be a bank that is late reporting, negligent in reporting and so on. There are also exporters who forget that they have to inform the bank so that the bank does not report," he said in a presentation at the Bank Indonesia Building, Jakarta, Monday (01/07/2019). can also come from the value of foreign exchange proceeds (DHE) that are not in accordance with those in the export goods notification document (PEB). "We also get a report that

the real value of the PEB is indeed different, but we still check it. But there are still fewer ends," Farida said.

- The Financial Services Authority (OJK) said that it wanted to boost the number of issuers on the capital market this year. In addition, the OJK also seeks to add instruments to the capital market. The Chairman of the OJK Board of Commissioners Wimboh Santoso, said that his party will continue to work with all stakeholders including entrepreneurs to add issuers in the capital market. Hiring him, OJK will accept all companies both large and small. "First, it will synergize with entrepreneurs and stakeholders to add more issuers, if the issuer has a problem, yes to us. The main thing is that the issuer must add, there is no need for bigger ones, the medium scale is also okay," said Wimboh, at the Inauguration of the Capital Market Annual Trading Opening, at the Indonesia Stock Exchange Building, Jakarta, Wednesday morning (02/01/2019). Wimboh added that his party would add to the types of fund raising instruments in the capital market to make it easier for companies to enter the capital market. "In addition, we will expand the instruments, instruments issued by medium skills do not start with ORI and retail," he said.
- Review:
So far, BI has only recommended the suspension of exports for exporters who have not yet brought their DHE, but the amount of DHE that is not optimally monitored is considered to be one of the gaps in the effectiveness of the policies taken by the state.

❖ **BANKING**

- PT Bank Mandiri (Persero) Tbk. or Bank Mandiri decided to appoint a new director after convening the Extraordinary General Meeting of Shareholders or EGM Monday, January 7 2018. The issuer known as the BMRI code agreed to change the composition of the board of directors by adding the Director of Commercial Banking. "There was only one decision at the EGM this time to add new directors, Riduan as Bank Mandiri Commercial Banking Director," said Bank Mandiri Managing Director Kartika

Wirjoatmodjo when holding a press conference at Plaza Bank Mandiri, Sudirman, South Jakarta, Monday. Meanwhile, Riduan is one of the career officials who have long worked for Bank Mandiri. Before being appointed as director, he was known to have served as SEVP Middle Corporate Mandiri in 2017. Riduan was also known to have been a Commissioner of Mandiri Sekuritas in June 2018. In addition, Riduan was also noted to have held a position as Regional CEO II / Sumatra 2 of Bank Mandiri in 2016-2017. He is also known to have served as Director of Finance and Investment in BPJS Kesehatan from 2013 to 2016.

- PT. Bank Rakyat Indonesia (Persero) Tbk. or BRI at the Extraordinary General Meeting of Shareholders (EGMS) today besides presenting financial performance until the third quarter of 2018 also reported changes in the management composition of the company. "The EGM set Sunarso as Deputy Managing Director of Bank BRI," said BRI Consumer Director, Handayani at BRI 1 Building, Jakarta, Thursday, January 3, 2018. Sunarso was previously the Managing Director of PT Pegadaian (Persero). BRI Managing Director Suprajarto was uncertain about the reason for Sunarso's appointment as deputy director, because it was decided by the Ministry of State-Owned Enterprises. "If the reason for the appointment of Pak Sunarso can be asked to the Ministry. We just said that just now, I am afraid that I will answer," Suprajarto said. Handayani said the meeting also confirmed the dismissal of Jeffry J. Wurangian as the Company's Commissioner and dismissed Kuswiyoto as the Company's Board of Directors.
- Review:
One reason for the addition of new directors is that in the future Bank Mandiri plans to work on an important segment that has not been developed so far, namely the middle lenders segment. This segment, he said, is a potential customer, especially from medium-sized companies that have the potential to continue to grow but do not have capital such as large companies and state-owned or state-owned enterprises.

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