

3rd WEEK**January 2019**❖ **MACRO**

- Growing economic headwinds and anxiety about the pace of growth are cause for the Federal Reserve to be cautious about hiking interest rates further, John Williams, president of the central bank's New York region, said in a speech Friday. Williams, who is a voting member of the policymaking Federal Open Market Committee, reiterated recent calls from other Fed officials that suggest a less aggressive approach to rate hikes in 2019 after a year that saw four quarter-point increases. "The approach we need is one of prudence, patience, and good judgment," he told bankers at a forum in Somerset, New Jersey. "The motto of 'data dependence' is more relevant than ever." Investors grew skittish over signs of an economic slowdown and worries that the Fed would make a policy mistake by continuing to raise rates on a preset course. However, in recent days Chairman Jerome Powell and several other central bank officials have emphasized the importance of data in the timing of hikes. Williams said he still expects a "strong" and "healthy" economy that will grow by 2 to 2.5 percent this year.
- The International Monetary Fund on Monday cut its world economic growth forecasts for 2019 and 2020, due to weakness in Europe and some emerging markets, and said failure to resolve trade tensions could further destabilise a slowing global economy. In its second downgrade in three months, the global lender also cited a bigger-than-expected slowdown in China's economy and a possible "No Deal" Brexit as risks to its outlook, saying these could worsen market turbulence in financial markets. The IMF predicted the global economy to grow at 3.5 percent in 2019 and 3.6 percent in 2020, down 0.2 and 0.1 percentage point respectively from last October's forecasts. The new forecasts, released ahead of this week's gathering of world leaders and business executives in the Swiss ski resort of Davos, show that policymakers may need to come up with plans to deal with an end to years of solid global growth. "Risks to global growth tilt to the downside. An escalation of trade tensions beyond those already

incorporated in the forecast remains a key source of risk to the outlook," the IMF said in an update to its World Economic Outlook report.

- Review:

The Fed also needs to keep an eye on how its balance sheet reduction program is going. The Fed is allowing a maximum of \$50 billion in proceeds from bonds it holds to roll off each month while reinvesting the rest.

❖ **MICRO**

- Bank Indonesia (BI) is aware of conditions on global financial markets and continues to ensure the stability of the rupiah. The executive director of the BI Monetary Management Department, Nanang Hendarsah, is cautious because it is influenced by four factors. First, continued market anxiety over the global economic slowdown. Second, concerns over the impact of the partial halt of government services in the US (partial US Government shutdown). Third, uncertainty about the solution to Brexit implementation. Fourth, the continued results of US-China negotiations. He explained the dollar index (DXY) continued to move up from 95.00 on January 10 to 96.10 today. Therefore, according to Nanang, BI is always on standby to take steps in market operations to stabilize the rupiah.
- The coordinating ministry for the economy today held a coordination meeting with the National Council of Inclusive Finance (DNKI). This meeting will discuss 2018 inclusive financial performance evaluation and 2019 inclusive financial work plan. Financial inclusion means a more open and accessible financial system for the public. "This is an ordinary evaluation meeting," said OJK Deputy Commissioner in the field of OJK consumer protection, at the Office of the Coordinating Ministry for Economic Affairs, Monday (01/21/2019). From the observation of detikFinance, the meeting scheduled for 16.00 WIB was attended by the Deputy Commissioner in the field of education and consumer protection of the Financial Services Authority (OJK), Bank Indonesia Deputy Governor Sugeng and Deputy for financial services at the BUMN

Ministry Gatot Trihargo. Expert staff of financial services and capital markets of the Ministry of Finance, director general of regional finance, director general handling poor people, Acting Secretary General of Communication and Information, Deputy for economic affairs at Bappenas and representatives from the National Team accelerating poverty reduction. The establishment of the National Council of Inclusive Finance is the implementation of Presidential Regulation No. 82 of 2016 concerning the National Strategy for Inclusive Finance.

- Review:

These four factors caused the dynamics of global financial markets to change rapidly and caused pressure to strengthen the US dollar against all world currencies, including against the rupiah.

❖ **BANKING**

- The assets under management of the BRI Financial Institution Pension Fund (DPLK) show a growth of 25%, from Rp. 8.79 trillion to Rp. 10.97 trillion. BRI Corporate Secretary Bambang Tribaroto revealed, the increase was driven by the increase in the number of BRI DPLK participants which grew 47%. In addition, the majority of BRI's DPLK portfolios are placed in money market instruments. "We allocate 67.2% to the money market, 27.7% of fixed income and the rest we put in stock mutual funds and sharia-based instruments," Bambang said in a written statement on Friday (1/25/2019). In the gathering "Brilliant Retirement with DPLK BRI" at the Sheraton Grand Jakarta Gandaria City Hotel, Thursday (24/1), Bambang said that good financial planning and investment is the key in the community to be able to achieve a prosperous post-retirement period.
- Bank Mandiri and Mandiri Sekuritas and Jefferies will hold the Mandiri Investment Forum (MIF) 2019, which brings together domestic and foreign investors to encourage increased investment in the country. Head of Mandiri Institute Moekti Soejachmoen mentions an annual forum entitled "Indonesia: Invest Now!" it will be participated by

around 600 investors and business people from inside and outside the country. The forum will be held from January 28 to February 1, 2019 at the Fairmont Hotel, Jakarta. Moekti said, this forum is important to create synergies between investors, business people and stakeholders so they can capture investment opportunities that can support efforts to improve Indonesia's economic growth. "To accelerate investment, there needs to be synergy of all parties," he said as quoted from the statement, Monday, January 21, 2019.

- Review:

With a large network and customer base, it will become an opportunity to boost BRI's DPLK performance in 2019. In addition to increasing Indonesian public awareness of BRI DPLK products, the name of the new DPLK BRI product was launched which previously became BRI Pension Plan Investment (IRP) "BRIFINE", which means BRI Future Investment.

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