

4th WEEK**January 2019**❖ **MACRO**

- Federal Reserve Chairman Jerome Powell said the central bank did not take "political considerations" into account when deciding on Wednesday to take a much more patient approach with interest rates. President Donald Trump has repeatedly attacked the Fed for raising rates. Stocks surged after the Fed decided to hold interest rates in a range between 2.25 percent and 2.5 percent and said in a statement that it will be more "patient" in assessing future rate hikes. The bank also put out a separate statement to ease concerns about its balance sheet unwind, something which Trump has specifically attacked. "What we care about, and really the only thing we care about at the Fed, is doing our job for the American people and using our tools," Powell said at a news conference. "We're always going to do what we think is the right thing, we're never going to take political considerations into account or discuss them as part of our work. We're human, we make mistakes, but we're not going to make mistakes of character or integrity. I wouldn't want the public to know that and I wouldn't want them to see that in our actions," Powell added.
- America's soaring and systematic goods trade deficits with China — with 2018's estimated to reach \$430 billion, for an increase of more than 20 percent from the previous year — are one of the fundamental political and security issues dividing the world's two largest economies. No one should, therefore, be surprised by the statement made last week by the U.S. Commerce Secretary Wilbur Ross that Washington and Beijing were "miles and miles" from any trade agreement. China, after all, is also considered by the U.S. to be a strategic "competitor" (adversary) and a "revisionist power," seeking to upend the American world order. In a strange case of myopia, economic and financial analysts don't see that strategic assessment as a key driver of Washington's dealings with Beijing. Their market outlook is caught up in a bizarre view of an allegedly disintegrating Chinese economy and "news" leakages from

ongoing trade negotiations. All that is frivolous chatter and cheap trading fodder. The Chinese economy is not falling apart. Beijing has, and is actively using, a number of demand management instruments to stabilize the economic growth in the 6 percent to 6.5 percent range it apparently sees as a chief policy objective.

- Review:

Trump's attacks have pointed at both Powell and the central bank. The president has said he's "not even a little bit happy with" Powell and thinks the Fed is "way-off base" with its monetary policy. As recently as December, Trump discussed firing Powell because of widespread losses in the stock market in the last three months of 2018.

❖ **MICRO**

- Bank Indonesia (BI) estimates that external pressure on the Indonesian economy is not as vulnerable as last year. For example, a trade war that occurs between China and the United States (US). BI Governor Perry Warjiyo explained that with the downward pressure it would affect Indonesia's economic growth. "Hopefully the (external) pressure will not be as vulnerable as last year," Perry said at the Mandiri Investment Forum (MIF) at Fairmont Hotel, Jakarta, Wednesday (1/30/2019). He predicted, this year the Indonesian economy could grow in the range of 5-5.4%. This figure is more optimistic when compared to Indonesia's economic growth projection in 2018 which is pegged at 5.1-5.2%. "We predict that our GDP will range from 5-5.4% compared to last year. The midpoint is 5.1%," he said. Meanwhile economic growth in 2018 which is estimated to be in the range of 5.2% is a positive growth rate.
- The Financial Services Authority (OJK) as the regulatory authority and supervisor of financial services institutions, revoked the business license of Bengkulu Safir Syariah Financing Bank. The BPR is located at Jalan Merapi Raya Number 02 Kebun Tebeng, Bengkulu. "Revocation of the business license of Bengkulu Safir Syariah People's Financing Bank was issued through the Decision of the Board of Commissioners (KADK) Number KEP-15 / D.03 / 2018 concerning Revocation of Business License of

the Bengkulu Safir Syariah People Financing Bank, effective January 30, 2019," said the OJK written statement on Wednesday (01/30/2019). Previously, in accordance with the Financial Services Authority Regulation (POJK) Number 19 / POJK.03 / 2017 and the Financial Services Authority Circular Letter (SEOJK) Number 56 / SEOJK.03 / 2017 respectively concerning the Determination of Status and Follow-Up Monitoring of Rural Credit Banks and The Sharia Community Financing Bank, PT BPRS Safir Bengkulu since September 7, 2018 has been designated as a bank with Special Oversight status due to the Minimum Capital Adequacy Ratio (KPMM) of less than 4%.

- Review:

The national economy will be supported by domestic demand and household consumption growth. Investment also grows 6.5-6.9%, we have to grow bigger if we want to increase our GDP. In total, the disaggregation of economic growth from domestic demand is seen from 5.5% investment growth.

❖ **BANKING**

- PT Bank Rakyat Indonesia (Persero) increasingly shows the seriousness of becoming an integrated financial solution. Through the renewal and development of the Cash Management System (CMS) feature, Bank BRI targets the financial management needs of corporate customers. Until the end of December 2018, Bank BRI was recorded as having more than 19 thousand CMS customers with a total transaction reaching Rp 1,334 trillion. Bank BRI Corporate Secretary Bambang Tribaroto revealed, in 2019 the company targeted the CMS business to grow double digits. "We see that the potential of corporate customers' financial management needs is still very large, this year we are targeting BRI CMS transactions to increase by 25% and BRI CMS transaction volume to grow by 40% yoy," he added, in a written statement Wednesday (01/29/2019). This was revealed in the awards night for selected BRI corporate customers held at the Indonesia Kempinski Hotel, Jakarta (29/1). The award is the appreciation of Bank BRI to corporate customers who consistently use Cash Management, Trade Finance and Supply Chain Financing services.

- PT Bank Mandiri (Persero) Tbk this year prepares Rp. 30 trillion for corporate action. The funds will be used to acquire medium-sized banks engaged in small and medium enterprises (MSMEs). Bank Mandiri President Director Kartika Wirjoatmodjo explained that the bank targeted by the company is Commercial Business Activities (BUKU) II with capital of Rp 1 trillion - 5 trillion and BUKU III with capital of Rp 5 trillion - Rp 30 trillion. "Our capital is now 20%, so there are more than 3-4%. Our target is 17% to 3%, around Rp. 30 trillion," Tiko said at Plaza Mandiri, Jakarta, Monday (1/28/2019). The 2018 period for the company's capital adequacy ratio (CAR) was 20.96%. For acquisitions, currently Bank Mandiri is still looking at the price valuations of the targeted banks. According to him, the valuation of banks in Indonesia is quite high because there are many foreign parties who are heavily investing in banking in the country.
- Review:
One strategy in boosting the performance of CMS is that BRI launched The New BRI Cash Management System. Through the development of the latest version of CMS, Bank BRI provides many new features, such as an Account Dashboard that can display trends in transactions that have been carried out by customers.

Disclaimer: Dokumen ini hanya bertujuan sebagai informasi dan diperoleh dari berbagai sumber yang terpercaya, namun bukan merupakan jaminan keakuratan atau kelengkapan dan tidak boleh diandalkan sepenuhnya. Kondisi diatas dapat berubah setiap saat. Dilarang untuk menulis ulang apapun tanpa ijin tertulis dari Bank Jatim.