

1st WEEK**March 2019**❖ **MACRO**

- The Federal Reserve may need “several meetings” to get a good read on the U.S. economy, a top monetary policymaker said on Tuesday, a clear signal that the Fed’s rate-hike holiday may last for a while. Eric Rosengren, president of the Federal Reserve Bank of Boston, said earlier concerns that the economy might overheat without higher interest rates now seem “less pressing,” with little inflation pressure and sharp market swings at the end of 2018 making investors less ebullient. At the same time, slower growth in Europe and China and ongoing trade conflict make it hard to have confidence about the U.S. economy staying strong, he said. The remarks in a speech on Tuesday represent a stark change in emphasis for Rosengren, who is a voting member on the Fed’s policy-setting Federal Open Market Committee this year. As recently as January, he said two rate hikes could still be necessary in 2019 if optimistic economic forecasts came true.
- A decision by Ukraine’s constitutional court to row back on a key anti-corruption law may have repercussions for the country’s relationship with the International Monetary Fund (IMF). This week, Ukraine’s constitutional court rejected an anti-corruption law that would have made the illegal enrichment of officials a criminal act, according to a state news agency. And the decision cannot be appealed. Introducing anti-corruption laws is a key component of the international aid for Ukraine, and crucially was one of the conditions that it had to meet as part of its \$17.5 billion bailout package from the IMF. “Any about-turn in the anti-corruption reform would be a huge blow to Ukraine’s relationship with the IMF and other Western partners — indeed, the EU has already expressed their concerns about the latest development,” Liza Ermolenko, an emerging Europe economist at Barclays, told CNBC Thursday.

- Review:

Fed officials signaled in January that rate hikes were on hold, saying they would be “patient” before making any moves, after raising rates four times in 2018.

❖ **MICRO**

- Bank Indonesia (BI) said China's economic slowdown will have an impact on the Indonesian economy because China is one of the biggest trading partners for the Republic of Indonesia. BI said China's economy grew 6.6%. This figure is the lowest since 1990 or the last 28 years. The slow growth is also caused by a trade war with the United States (US). BI Governor Perry Warjiyo explained, even though it was affected, there were conditions that could be used by Indonesia to get opportunities to improve the industrial sector. "Our exports are the biggest commodity to China. If the economy goes down, demand will also decrease. We must not give up," Perry said in a discussion at the Dharmawangsa Hotel, Jakarta, Monday (03/04/2019).

- The Financial Services Authority (OJK) today inaugurated the Fintech Indonesia Joint Funding Association (AFPI). This association is a gathering place for fintech peer to peer (P2P) lending actors. The inauguration of AFPI was also marked by the inauguration of the AFPI board members in the period 2019-2021. For this period, Adrian Gunadi was appointed as Chairperson of AFPI. "We appreciate and thank the OJK for listening to the aspirations of Fintech P2P Lending organizers regarding the importance of the association's presence in carrying out its supervisory and regulatory functions. It is expected that with the existence of the association, the Fintech P2P Lending industry can grow strong and healthy and benefit those who have not served by conventional financial institutions," he said at the IDX Building, Jakarta, Friday (03/08/2018).

Also attending the inauguration of AFPI included the Chief Executive Officer of the OJK Non-Bank Financial Industry, Riswinandi, the Board of Directors of the Indonesia Stock Exchange, the ranks of the AFPI board and a number of AFPI members.

- Review:

The opportunity for China's economic downturn is industrial relocation, as Japan did in 1980 and South Korea since the Asian crisis a few years ago. Indonesia can carry out activities to add value to Indonesian exports, for example by processing mines domestically and then selling them.

❖ **BANKING**

- PT Bank Mandiri (Persero) Tbk dismissed the news stating that the company plans to acquire PT Bank Permata Tbk. The news of the acquisition spread because of Standard Chartered Bank, one of the shareholders of Bank Permata planning to release shares or divestment. Bank Mandiri Corporate Secretary Rohan Hafas said the company was planning to buy shares in a company in the financial services sector this year. Especially banks with medium scale. The plan has been submitted to the market since the end of last year. However, the company has not targeted a certain name to be acquired, let alone refer to Bank Permata. In fact, each bank has not made any communication. "If it's chat, that's not yet, because we need to tell first (to the shareholders), ask permission first. There are no offers yet, nothing too. We only say we have interests, but not to certain banks," Rohan said , Tuesday (3/5).

- Bank Rakyat Indonesia (BRI) shows its involvement in driving the growth of the tourism industry in Indonesia. The effort is to become the only bank that serves payments on the homestay rental application platform, Indohomestay. "Of course, as a majority bank in the MSME sector, it is very appropriate if Indohomestay cooperates with BRI in encouraging the development of the tourism industry," said Executive Vice President of Retail Payment Division at Bank BRI, Arif Wicaksono during the signing of the BRI MoU and Indohomestay, Jakarta, Friday (1/3/2019). Arif said the efforts of Bank BRI to encourage tourism were not only in the form of presenting payment services, but also providing special promos in the framework of cooperation with Indohomestay, namely discounts on homestays up to 50%. "In the meantime we are a

discount. So when you book a homestay, pay using a debit card, credit card, or electronic money for one month is immediately discounted by 50%," he explained.

- Review:

Moreover, the company has actually not included the acquisition plan into the 2019 Bank Business Plan (RBB) report which is usually submitted to the Financial Services Authority (OJK) since the end of the year.

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