

1st WEEK**May 2019**❖ **MACRO**

- Raising interest rates have given the Federal Reserve some breathing room for the next time a downturn hits, economist John Taylor said Friday. The Stanford economist and developer of the Taylor rule model that determines where interest should be based on growth told CNBC that he sees a central bank that has returned to rules-based policy in recent years, which he considers a positive. “I think they made some good changes since they started to normalize. I think that’s a good thing,” Taylor told CNBC’s Steve Liesman during a “Squawk Box ” interview. “To get a normalized Fed is good for the economy. I think that’s good they’re in a better place at this point in case something happens.” Taylor reportedly had been on President Donald Trump’s short list for Fed appointments. However, his view on rates runs counter to the president’s, who has called for a 1 percentage point reduction in the benchmark funds rate.

- Technology is often espoused as a great leveler, enabling sudden and sweeping economic progress for huge swathes of society. But it could also play a role in perpetuating a major societal divide: The gender employment gap. That’s according to a new report from the International Monetary Fund, which found that women face a greater threat of losing their jobs to technology than their male counterparts. Up to 26 million women in major economies could see their jobs displaced within the next two decades, if technology continues at its current rate, the IMF found. That puts 11% at high risk (a 70% likelihood) of job disruption compared to 9% of men, which the report said could lead to a further widening of the pay gap between men and women.

- Review:
Using Taylor’s formula theoretically would put the funds rate around 3.5%, according to an Atlanta Fed calculator, though he did not express a view on where he thinks the right level is now. The current funds rate is targeted in a range between 2.25% and 2.5%.

❖ MICRO

- The exchange rate of the rupiah against the US dollar today is still under pressure. According to Reuters data, the US dollar was recorded at Rp. 14.255 with the highest Rp. 14,282 and the lowest Rp. 14255. Based on data from the US Dollar Jakarta Interbank Spot Dollar Rate (Jisdor), it was recorded at Rp. 14,245, compared to the previous day of Rp. 14,215. Governor of Bank Indonesia (BI) Perry Warjiyo explained the movement of the rupiah exchange rate against the US dollar was caused more by seasonal factors and external factors. "The rupiah exchange rate is stable, seasonally in the end of the month there is pressure because there are demands such as dividends, debt payments," Perry said at the BI Building, Jakarta, Friday (05/03/2019).
- The Financial Services Authority (OJK) will curb unlicensed pawnbrokers. The OJK gave a deadline until July 29, 2019 for business people who run a pawn business to arrange their permits. OJK Special Financial Institution Supervision Director, Supriyono explained, if until that date the business actor has not obtained a permit, the OJK will carry out enforcement. Control will also be carried out initially by limiting its business. "Guidance and supervision, we will do a soft control to limit unlicensed access to other financial services, to banks. They will be limited to banking transactions," he said at the Media Gathering event in Bandung, Friday (05/03/2019).
- Review:
In addition there are global factors such as Argentina which is experiencing a crisis and trade negotiations of major countries such as the United States (US) and China.

❖ BANKING

- PT Bank Rakyat Indonesia (Persero) Tbk, together with the Defense Financial Reporting and Development Center, has again strengthened cooperation in the field of providing employee salary payment services and banking services in the Puslapbinkuhan environment of the Indonesian Ministry of Defense. Bank BRI and

Puslapbinkuhan Kemhan agreed to sign a Cooperation Agreement on the Provision of Employee Salary Payment Services at the Puslapbinkuhan Kemhan Environment, signed by the Director of BRI Institutional Relations Mr. Sis Apik Wijayanto and First Marshal TNI Danang Hadiwibowo, S.E., M.M. witnessed by Air Force Commander Abdulrachman Saleh, First Air Marshal Hesly Paat at Abdulrachman Saleh Airport, Malang (05/02). "This collaboration is one of BRI's commitments to provide excellent banking services to the Indonesian Ministry of Defense," Sis Apik Wijayanto said.

- PT Bank Mandiri (Persero) Tbk. decided to raise deposit rates, specifically the special deposit rate. Bank Mandiri Finance Director Panji Irawan, raising the interest on deposits is inevitable because it keeps up with developments in the market, even though this makes the cost of funds so tight. "We only participate in market interest rates," he said, Monday, May 6, 2019. Previously, Panji said that almost all banks experienced a rise in cost of funds due to rising interest rates and competition for funds since last year. Bank Mandiri has only raised special deposit rates this year due to tight bank liquidity. "So the funds must still be obtained with a special rate. So we have to be included in the special rate deposit and some of the foreign exchange deposits interest rates are forced to adjust," Panji said some time ago. To avoid higher pressure on the net interest margin (NIM), Bank Mandiri decided to increase the yield of loan by 10 basis points from 8.2 percent to 8.3 percent. The increase in CoF was also compensated through a strategy for managing liquidity from short-term instruments to medium-term bonds.
- Review:
BRI not only provides employee salary payment service facilities but also provides additional facilities for employees located within the Indonesian Ministry of Defense through BRI Britama savings and loan facilities to employees with competitive interest rates.

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