

3rd WEEK**May 2019**❖ **MACRO**

- Federal Reserve officials remained firmly committed to a “patient” policy stance at their meeting earlier this month, saying rates likely will remain unchanged well into the future. Minutes from the May 1-2 Federal Open Market Committee meeting also showed that members raised their expectations for full-year economic growth and said that earlier concerns they had about a slowdown had abated. Despite their general optimism, the committee held the line on interest rates, primarily citing a lack of inflation pressures that allow the central bank to watch how events unfold before making any further moves. “Members observed that a patient approach to determining future adjustments to the target range for the federal funds rate would likely remain appropriate for some time, especially in an environment of moderate economic growth and muted inflation pressures, even if global economic and financial conditions continued to improve,” the meeting summary stated. For the past several meetings, members had expressed concerns about slowing global growth, the messy Brexit negotiations and the U.S.-China trade impasse.
- Gold prices dropped to a more than two-week low on Tuesday, as investors opted for the dollar and improved appetite for riskier assets dented the appeal of bullion, while markets awaited the release of minutes from the U.S. Federal Reserve. Spot gold slipped 0.4% to \$1,272.55 per ounce, having touched its lowest since May 3 at \$1,268.97 earlier in the session. U.S. gold futures settled \$4.10 lower at \$1,273.20. “One big reason is that the U.S. dollar remains pretty strong. What we are seeing, in a strange way, money is flowing towards the dollar as a safe-haven,” said Bart Melek, head of commodity strategies at TD Securities in Toronto. “Also, we have little bit of risk appetite on the stock futures, so less of a reason to go into gold as a hedge,” he added.

- Review:

However, the minutes from the most recent meeting showed a more upbeat tone. A number of participants observed that some of the risks and uncertainties that had surrounded their outlooks earlier in the year had moderated, including those related to the global economic outlook, Brexit, and trade negotiations.

❖ **MICRO**

- The first quarter of Indonesia's foreign debt statistics (SULNI) issued by Bank Indonesia (BI) recorded US \$ 387.6 billion of external debt (Debt) or Rp.5,542.6 trillion (exchange rate of Rp.14,300). The debt consists of government debt which reached US \$ 187.7 billion or around Rp.2,684.1 trillion or grew 3.6% compared to the same period the previous year. Meanwhile for private external debt, US \$ 197.1 billion grew 12.8% compared to the previous quarter. The INDEF researcher called the government in this case Finance Minister Sri Mulyani Indrawati and President Joko Widodo to evaluate the debt. "So now is the time for the Minister of Finance and Pak Jokowi's economic team to evaluate again. Where is the problem of the debt effectiveness. Don't get less effective but keep on going," Bhima said when contacted by detikFinance, Saturday (05/18/2019). He said, this was seen from the stagnant economic growth, household consumption that did not increase significantly. "This will be a burden for the next generation," he explained.

- Online loan financial technology (fintech) services are called helping to drive financial inclusion. Because people who are not touched by bank services can still get access to funding from this service. But the interest given by fintech is far greater than the interest imposed by banks. The Financial Services Authority (OJK) says there are a number of reasons why fintech pinjol provides large interest rates. Deputy chairman of the OJK board of commissioners Nurhaida explained that in distributing fintech lending loans there was a big risk. "If the fintech interest is higher than the bank indeed, if the bank

has collateral, if fintech doesn't require collateral," Nurhaida said at the BI Building, Jakarta, Monday (05/20/2019).

- Review:

One of the conclusions taken is debt has also not been proven to be able to create a stimulus for the economy. Debt-funded infrastructure development is some of which are still below the usage capacity, because it is underdeveloped and planned.

❖ **BANKING**

- PT BNI Life Insurance (BNI Life) as of April 2019 has booked assets with a total of Rp 17.5 trillion, BNI Life's assets have increased by around 8% or Rp 1.3 trillion compared to the April 2018 period. "The biggest asset contribution comes from an investment of around Rp. 16 trillion," explained Director of BNI Life, Sadiq Akasya at Sulawesi Restaurant, Jakarta, Friday (05/17/2019). BNI Life's insurance performance until April 2019 shows continued positive growth. This is indicated by premium income of around Rp 2 trillion or an increase of 40.8% compared to the same period in 2018. The positive growth of BNI Life is inversely proportional to the condition of the decline in the first quarter life insurance industry (GWP) of 10.6% based on OJK data. The position of the Company's strong performance for the past 4 months was also evident from the current year's profit which grew significantly by 627% yoy to Rp 125 billion.
- The Annual General Meeting of Shareholders (AGM) of PT Bank Tabungan Negara (Persero) Tbk agreed to distribute dividends of 20% of profits in 2018. The remaining 80% is retained earnings. Director of Finance, Treasury, and Finance and Director of Collection Asset Management, Nixon LP Napitulu said, the dividend was equivalent to Rp. 561.58 billion or Rp. 53,029 per share. "The first dividend pay 20% Rp. 561 billion," he said after the AGM at the Head Office of Bank BTN Jakarta, Friday (05/17/2019). The plan, the dividend will be distributed to shareholders on the second Sunday in June 2019. Meanwhile, 80% of retained earnings are around Rp.2.24 trillion. The company decided to hold an 80% profit considering the expansion needs. "Why, the reason is we

need capital strengthening because in order to strengthen PSAK 71 we need capital for future expansion," he said.

- Review:

BNI Life is still optimistic that it can reach the 2019 target, with several strategies, such as increasing the ability of salespeople to produce policy closures, expanding the market.

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