

1st WEEK**November 2019**❖ **MACRO**

- The Federal Reserve's more than decadelong quest to generate a healthy level of inflation continues to falter, even with the central bank's easing turn in 2019 that is targeted specifically at the issue. Not only has the Fed missed its 2% target for all of this year but it also now faces fading hopes that anything will change for at least the next several years. The expected inflation rate a year from now is 2.3%, according to the New York Fed's survey of consumer expectations released this week. While that number is technically ahead of the Fed's goal, it has consistently overshot the actual level throughout its existence, often by a full percentage point or more. October's reading represented a decline of 0.2 percentage point to 2.3%, the lowest level ever in a survey that goes back to June 2013. The three-year expectation is for 2.4% inflation.
- The International Monetary Fund (IMF) believes one of South America's smallest countries is likely to see a dramatic upswing in economic growth next year. Guyana, a country of about 780,000 which shares a border with Brazil, Suriname and Venezuela in the northeast of South America, will see economic growth of 86% in 2020, according to the IMF. That's up from 4.4% in 2019. Such an explosive expansion of annualized real GDP (gross domestic product) would likely see Guyana register the fastest economic growth in the world next year. To be sure, Guyana's projected economic expansion would be 40 times that of what is expected from the U.S. — the world's largest economy. "The reason the IMF is projecting that is because Guyana has the highest amount of oil for each individual person of any country in the world," Natalia Davies Hidalgo, a freelance Latin American analyst, told CNBC via telephone on Monday. In comparison to OPEC kingpin Saudi Arabia, which has approximately 1,900 barrels of offshore reserves per person, Guyana has 3,900 barrels, Hidalgo said. "And it could have more, as production hasn't even started yet and new discoveries are still being made."

- Review:

Fed officials consider a bit of inflation good for the economy as it represents rising living standards. In their moves to construct policy during and after the financial crisis, they arrived at the 2% target though they've only surpassed it once, in 2011, using the personal consumption expenditures index less food and energy prices as a guide.

❖ **MICRO**

- Bank Indonesia (BI) has made policy easing several times to encourage lending. However, this step is considered not to have a significant impact on credit demand. Raden Pardede, Deputy Chairperson of Monetary, Fiscal and Public Policy, explained that this was reflected in the lending of single digits in September 2019. "Credit growth is also slightly weakening, indeed BI has made efforts to try to move the economy such as easing liquidity, lowering interest rates and lowering LTV in the hope that there will be relief and also causing credit demand to rise, but so far we have not seen credit growth increase," said he was in a discussion at the IDX Building, Jakarta, Monday (11/04/2019). According to him, lending was also hampered due to the tightening of banking liquidity as measured by Loan Deposit to Ratio (LDR). This is because the ability to channel bank loans is still limited. "Liquidity has indeed loosened slightly by 95% to 94% but the size is actually high, our ability to channel credit in the future depends on the ability to get a deposit," he said.

To reduce and prevent the circulation of financial technology (fintech) illegal online loans, the investment alert task force is opening a consultation place aimed at the public. This place, called Warung Waspada Investasi, will serve public consultations who want to find out information related to fintech, investment to consumer complaint information. Chairperson of the Investment Alert Task Force Tongam L Tobing explained that the coffee shop was chosen because it is currently following the trend of people who like to drink coffee. So that consultation and outreach is expected to be right on target. "At Warung Waspada Investment people can consult in order to avoid illegal

investment offers to protect the public, especially when we are in Jakarta for the first time," he said, Saturday (11/02/2019) .

Review:

The slowdown in the global economy has quite an impact on the Indonesian economy. He said, one of the effects of a slowing economy is the falling retail sector.

❖ **BANKING**

- PT Bank Rakyat Indonesia (Persero) Tbk issued debt or bond instruments on November 7, 2019 in the amount of Rp 5 trillion, which is the Phase III Sustainable Public Issuance in 2019. This time, BRI managed to attract investors by recording a demand of Rp 6.9 trillion or oversubscribed 1.38 times, exceeding the expected target of IDR 5 trillion. SEVP Treasury & Global Services Listiarini Dewajanti said institutional investors still dominate the purchase of Bank BRI bonds. The proportion is 95% institutional investors and 5% retail investors. "In this phase I, the proportion of sales to institutional investors is 95% and retail investors are 5% of the total funds raised," he said in a written statement, Friday (11/08/2019). "Sales to retail investors are conducted through BRI Wealth Management. "in order to provide opportunities for BRI Bank customers to invest in the debt market and participate in financing the MSME sector in Indonesia," he added.
- Now the process of managing mortgage rights can be done online. The ease of the process was accompanied by digitizing payments from PT Bank Negara Indonesia (Persero) Tbk (BNI). The Ministry of Agrarian Affairs and Spatial Planning / National Land Agency (ATR / BPN) partnered with BNI to enable the public to arrange Mortgage Rights from anywhere and at any time, and pay their fees non-cash through Electronic Mortgage Rights or HT eL. The cooperation was marked by the signing of a Memorandum of Understanding (MoU) and Cooperation Agreement (PKS) related to Land Registration, Handling Assets & Collateral Problems in Jakarta. Attending the event were Minister of ATR / BPN RI Sofyan A Djalil, Deputy Minister of BUMN RI

Gunawan Sadikin, Deputy Minister of BUMN Kartika Wirjoatmodjo, and Director of Institutional Relations BNI Adi Sulistyowati.

Review:

The bonds will be officially listed on the bourse on November 8, 2019, one day after the date of issue. The bondholders will get their first coupon payment on February 7, 2020.

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