

**3rd WEEK****November 2019**❖ **MACRO**

- Pronounced wealth inequality that has built up for decades poses a major threat to a U.S. economy that is in otherwise “excellent” shape, former Federal Reserve Chair Janet Yellen said Thursday. The central bank leader from 2014 to 2018 also said the U.S.-China tariff war is having a detrimental impact both on businesses and consumers through higher prices and a general air of uncertainty. While she doesn’t see a recession on the horizon, she also noted that the risks are piling up. “I would bet that there would not be a recession in the coming year. But I would have to say that the odds of a recession are higher than normal and at a level that frankly I am not comfortable with,” Yellen said at the World Business Forum. With three rate cuts this year, there remains “not as much scope as I would like to see for the Fed to be able to respond to that. So there is good reason to worry.”
- The International Monetary Fund urged the Bank of Japan to consider steps to ease the strains caused by its ultra-loose policy on financial institutions, such as targeting a shorter maturity for its long-term bond yield target. Fiscal policy can complement the BOJ’s efforts to protect the economy from overseas risks, the global lender said, suggesting that Tokyo should not shy away from ramping up fiscal spending in the near-term despite its huge public debt. “Strengthening the effectiveness of coordination between monetary and fiscal policy remains a high priority,” the IMF said in its Article 4 policy proposal to Japan on Monday. While the central bank ought to maintain its massive stimulus programme, it must also find ways to mitigate the rising cost of prolonged easing and make its policy sustainable as inflation remains distant from its 2% target, the IMF said. “As it stands, both fiscal policy and monetary policy are stretched, leaving limited room to respond to shocks,” IMF Managing Director Kristalina Georgieva told a news conference.

- Review:

One particular area she cited was inequality, specifically the extent to which benefits during the longest expansion in U.S. history have flowed mostly to top earners and those with post-high school education levels.

❖ **MICRO**

- The flow of foreign capital into Indonesia from the beginning of the year to 21 November 2019 was Rp 220.9 trillion. Governor of Bank Indonesia (BI) Perry Warjiyo explained the composition of the flow of foreign capital into state securities (SBN) of Rp 174.5 trillion, shares of Rp 45.3 trillion and corporate bonds of Rp 1.6 trillion. "This inflow rate is greater than last year's inflow," Perry said at the BI Building on Friday (11/22/2019). He added that there was indeed an outflow of foreign capital of IDR 2 trillion with a SBN composition of IDR 1 trillion, shares IDR 400 billion, corporate bonds IDR 500 billion and the rest are others. Perry explained, the exit of foreign capital towards the end of this year is a natural thing. Because, at the end of the year investors return to determine the direction of investment in the short term and see prospects going forward.
  
- Commission XI of the Indonesian House of Representatives today summoned the Board of Commissioners of the Financial Services Authority (OJK). The summons was in the context of holding a work meeting. The day's meeting discussed the evaluation of OJK's performance in 2019. Besides that, the 2020 work plan will also be discussed and an introduction to the 2020 Annual Activity and Budget Plan (RKAT). "Previously members were invited to introduce themselves," said Chairman of the House of Representatives Commission XI Dito Ganinduto at the Parliament Building, Jakarta, Monday (11/18/2019). Today's meeting was the inaugural meeting for the OJK Board of Commissioners with full formation with Commission XI. The meeting began with introducing each other. After introducing themselves to each other, the Chairman of the

OJK Board of Commissioners Wimboh Santoso began with his presentation. "Initially we will discuss the global economy. After that, it will be discussed in the financial services industry. Then the performance of OJK in the third quarter of 2019 and the OJK 2020 work plan," said Wimboh.

Review:

Global factors also seen are events in the world such as the results of a trade meeting between China and the United States (US). Namely US President Donald Trump and US President Xi Jinping are said to be in agreement, but until now there has been no sign of the agreement.

#### ❖ **BANKING**

- The government continues to make various efforts so that Indonesia's international trade increases. One of them is by holding a Business Forum on Trade Tourism and Investment in New York, United States which was attended by more than 150 investors who have an interest in doing business in Indonesia. BRI's SEVP Global and Treasury Services Listiarini Dewajanti was one of the speakers with the theme 'Product Sourcing Investment Opportunities: Business Matching & Partnership'. He explained the importance of banks in serving International Trade Finance and Global Payment Services transactions between US and Indonesian entrepreneurs. "What Indonesia has, BRI has it, with the increasing trade relations between the United States and Indonesia, BRI will continue to improve this international transaction banking facility. BRI has a network of work abroad, including BRI New York Agency, BRI Singapore, BRI Hongkong Representative and BRI Timor Leste, "he said in a written statement, Monday (11/25/2019).
- Bank Indonesia (BI) benchmark interest rate has dropped to 5%. This benchmark interest is usually used as a guide by banks to determine mortgage interest rates (KPR) for customers. How about the mortgage rates of PT Bank Tabungan Negara (Persero) Tbk or BTN? BTN Director of Finance, Planning, & Treasury Nixon L. P. Napitupulu

explained that it cannot automatically reduce mortgage rates once BI interest rates fall. According to him, it takes a process of 3 to 6 months to reduce interest rates. "So the BI Rate has gone down, led down continuously. Then the easing of reserve requirements has dropped by 50 basis points again, but the market is not going to decline right away. In Indonesia, the adjustment can be 3 to 6 months, the transmission from the BI provisions to the consumer," he said at the BTN Central Office, Central Jakarta, Wednesday (11/27/2019).

Review:

It is expected that the matchmaking business activities carried out by BRI are expected to be able to connect US entrepreneurs and Indonesian local entrepreneurs, particularly BRI Micro Small and Medium Enterprises (MSME) customers.

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