Rupiah Defense Takes Priority

11 June 2026

KBVS Economist Team

EXECUTIVE SUMMARY

- **"No Landing" Scenario Gains Traction.**
  May '26 NFP came in at +272K, with the Unemployment Rate holding low at 4.13% and AHE steady at +3.57% YoY — signaling persistent wage pressure. With Supercore inflation still running at +3.9% YoY, the probability of a prolonged Fed hold has risen, with markets beginning to price in the risk of further hikes.
- **U.S. CPI May '26: Inflation Stays Sticky.**
  Headline CPI accelerated to +4.2% YoY (vs. +3.6% prior), with Core at +2.9%. Gasoline led the move at +8.6% YoY, while shelter (+5.3%) and food at home (+2.7%) remained firm. The broad-based pickup across categories reinforces the view that disinflation has stalled, leaving little room for the Fed to cut in the near term.

- **Bank Indonesia raised the BI Rate by 25bps to 5.50%** through a special Weekly RDG, signaling a stronger commitment to Rupiah stability and demonstrating its policy independence and flexibility amid heightened global uncertainty. The move highlights BI's focus on improving the attractiveness of domestic financial assets while maintaining inflation within target and safeguarding macroeconomic stability.
- Meanwhile, **fiscal performance showed improving revenue collection** but faster expenditure growth. Government revenue rose 19.1% yoy to IDR1,185 tn in 5M26, supported by stronger tax collection (+22.1% yoy), while spending surged 34.4% yoy to IDR1,365 tn, driven mainly by Ministry/Agency expenditure (+59.0% yoy). Consequently, the fiscal deficit widened to IDR180.4 tn, although the annualized run-rate still implies a manageable deficit of around 1.68% of GDP, below the FY26 target of 2.68%.
- At the same time, elevated global oil prices are increasingly creating inflationary and fiscal pressures. **Pertamax and Pertamax Green prices jumped more than 30% in June** alone, while diesel-based fuels have risen 70–82% YTD following the spike in crude prices above USD119/bbl. Although subsidized fuels remain unchanged, the widening price gap raises the risk of consumers switching to subsidized products, potentially increasing subsidy costs and fiscal burdens, with every USD1/bbl rise in ICP estimated to add roughly IDR6.8 tn to the fiscal deficit.

Sources : Nurphoto (2026); link: https://www.gettyimages.com/detail/news-photo/basij-paramilitary-force-speed-boats-are-sailing-along-the-news-photo/2150291375?adppopup=true

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US ECONOMIC DATA

US ECONOMIC INDICATORS	Unit	Latest Period	Data	
			Latest	Previous
Fed Rate	%	May '26	3,75	3,75
Economic Growth	%, yoy	1Q26	2,7	2
Inflation Rate	%, yoy	Apr '26	3,8	3,3
Unemployment Rate	%	May '26	4,3	4,3

Sources : various sources, KBVS Research (2026)

The data releases that influenced yield movements in the week of 4-10 Jun '26 are as follows:

- US Initial Jobless Claims increased to 225K (Cons: 214K, Prev: 212K).
- US Average Hourly Earnings in May '26 increased to 0.30% MoM (Cons: 0.30% MoM, Prev: 0.20% MoM).
- US Nonfarm Payrolls in May '26 decreased to 172K (Cons: 85K, Prev: 179K).
- US Unemployment Rate in May '26 stable at 4.30% (Cons: 4.30%, Prev: 4.30%).
- US Existing Home Sales in May '26 increased to 4.17M (Cons: 4.07M, Prev: 4.04M).

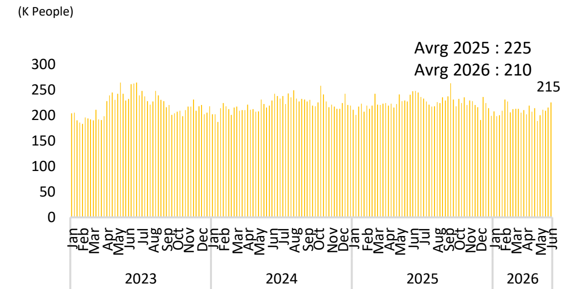
ECONOMIC CALENDAR

(4-10 JUN '26)

Event	Actual	Forecast	Previous
Thursday, 4 Jun '26			
US Beige Book			
US Initial Jobless Claims	225K	214K	212K
US Continuing Jobless Claims	1,777K	1,780K	1,785K
US Nonfarm Productivity (QoQ) (Q1)	0,30%	0,80%	1,80%
US Unit Labor Costs (QoQ) (Q1)	1,80%	2,30%	4,40%
US FOMC Member Bowman Speaks			
US FOMC Member Daly Speaks			
Friday, 5 Jun '26			
US FOMC Member Daly Speaks			
US President Trump Speaks			
US Fed's Balance Sheet	6,711B		6,704B
US Average Hourly Earnings (MoM) (May)	0,30%	0,30%	0,20%
US Nonfarm Payrolls (May)	172K	85K	179K
US Unemployment Rate (May)	4,30%	4,30%	4,30%
US Private Nonfarm Payrolls (May)	120K	85K	177K
US Average Hourly Earnings (YoY) (May)	3,40%	3,40%	3,60%
US Participation Rate (May)	61,80%		61,80%
US U6 Unemployment Rate (May)	8,10%		8,20%
Friday, 8 Jun '26			
US NY Fed 1-Year Consumer Inflation Expectations (May)	3,50%		3,60%
Tuesday, 9 Jun '26			
US ADP Employment Change Weekly	29.00K		30.50K
US Trade Balance (Apr)	-55.90B	-56.20B	-56.60B
US Exports (Apr)	327.10B		318.80B
US Imports (Apr)	383.00B		375.40B
US Existing Home Sales (May)	4.17M	4.07M	4.04M
US Existing Home Sales (MoM) (May)	3,20%		0,70%
US EIA Short-Term Energy Outlook			
Wednesday, 10 Jun '26			
US 3-Year Note Auction	4,19%		3,97%
US API Weekly Crude Oil Stock	-9.119M	-3.400M	-6.750M
US CPI (MoM) (May)		0,50%	0,60%
US CPI (YoY) (May)		4,20%	3,80%
US Core CPI (MoM) (May)		0,30%	0,40%
US Core CPI (YoY) (May)		2,90%	2,80%
US Crude Oil Inventories		-3.000M	-7,974M
US Cushing Crude Oil Inventories			-0,583M

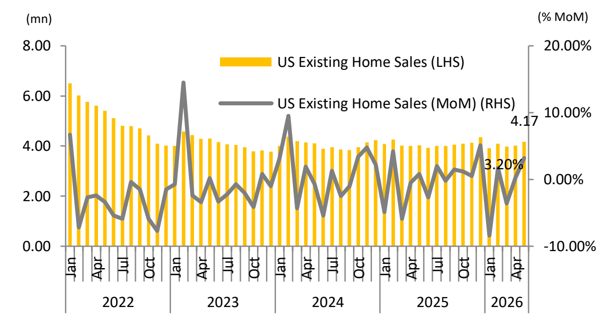
Sources : investing, KBVS Research (2026)

WEEKLY INITIAL JOBLESS CLAIMS



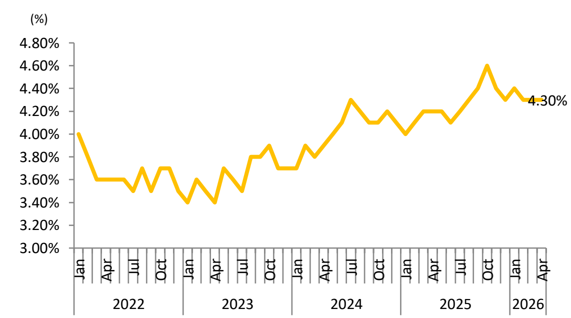
Sources : US DoL, KBVS Research (2026)

EXISTING HOME SALES



Sources : US National Association of Realtors, KBVS Research (2026)

UNEMPLOYMENT RATE



Sources : US Bureau Labor of Statistics, KBVS Research (2026)

The "No Landing" Reality: US Labor Market, CPI, and Fed Rate

Labor Market Defies Gravity

- The May '26 NFP surged by +172k, driven mostly by the service sector. This proves the US consumption is still highly resilient to high interest rate.
- **Stubbornly Low Unemployment**: The unemployment rate remains highly resilient, stagnating around 4.3%. This refuses to trigger recessionary signals, providing strong job security that keeps domestic consumer spending elevated.
- The Prime-Age Labor Force Participation Rate (LFPR) has hit a ceiling at 83.9. With no new labor supply, companies are forced to keep wages high to attract talent.

The Inflation Dilemma

- The bounce in Average Hourly Earnings (AHE) to 3.57% yoy ensures domestic purchasing power remains robust. This persistent wage pressure acts as a hard floor, making it nearly impossible for broader service prices to cool down.
- Extreme CPI Divergence: Headline CPI spiked to 4.2% yoy, breaking away from the Core CPI trajectory (2.8% yoy). Global energy shocks are adding **cost-push inflation**, blocking the Fed from cutting rates.
- **Geopolitical Shock & Un-Anchoring Risk:** Elevated oil prices (WTI at ~$80/bbl) threaten to un-anchor medium-term inflation expectations (5-year Breakeven at ~2.3%), triggering the Fed's "nightmare scenario" that locks monetary policy in a restrictive stance indefinitely.

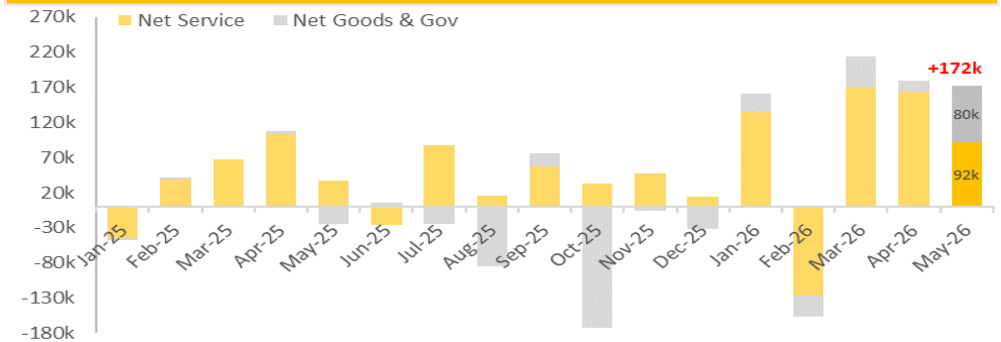
The FED Policy

- **The Death of the Dovish Pivot:** A hot labor market combined with rising inflation eliminates any chance for near-term rate cuts.
- **Higher-for-Longer (or Worse):** The market must now prepare for a prolonged hold scenario, with a growing probability of further rate hikes if inflation continues to widen.

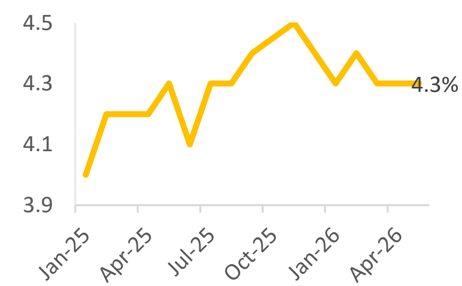
Spillover Effects to Emerging Markets

- The "higher-for-longer" US rate scenario triggers sustained **capital flight from Emerging Markets**. This strengthens the DXY, putting aggressive and persistent pressure on EM currencies.
- Weakening EM currencies **drive up the cost of imported goods** (especially energy). This strips EM central banks of their ability to cut rates, forcing them to prioritize currency defense over domestic growth.
- To survive the capital outflow, EMs must rely heavily on **robust trade surpluses**. **Strict fiscal consolidation**—such as optimizing domestic tax revenues to limit budget deficits—becomes critical to avoid issuing new debt at expensive global rates.

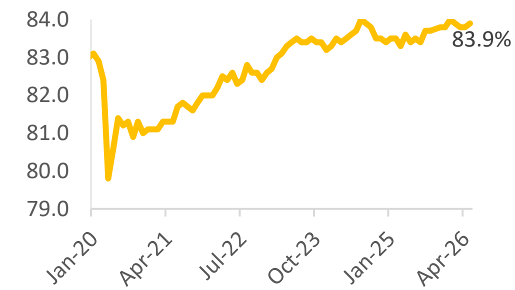
US Non-Farm Payrolls (NFP)



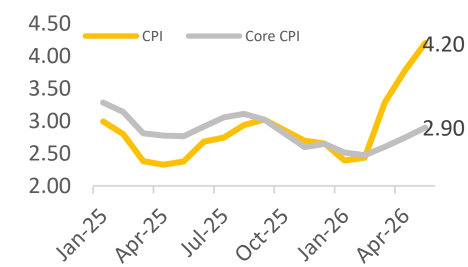
US Unemployment Rate



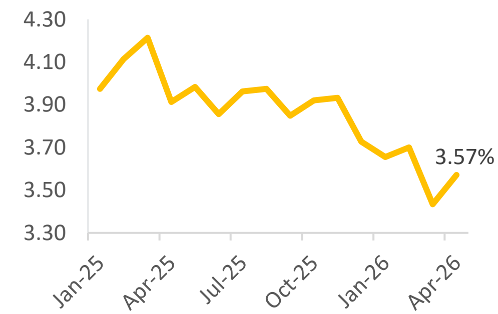
Labor Force Participation Rate



US Consumer Price Index (CPI)



US Average Hours Earning



Sources: FRED, KBVS Research (2026)

US CPI (as of May ‘26)

Table 1. Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, by expenditure category, May 2026
[1982-84=100, unless otherwise noted]

Expenditure category	Relative importance Apr. 2026	Unadjusted indexes			Unadjusted percent change		Seasonally adjusted percent change		
		May 2025	Apr. 2026	May 2026	May 2025-May 2026	Apr. 2026-May 2026	Feb. 2026-Mar. 2026	Mar. 2026-Apr. 2026	Apr. 2026-May 2026
All items	100.000	321.465	333.020	335.123	4.2	0.6	0.9	0.6	0.5
Food	13.512	338.598	348.499	349.032	3.1	0.2	0.0	0.5	0.2
Food at home	8.235	312.491	320.859	321.047	2.7	0.1	-0.2	0.7	0.1
Cereals and bakery products	1.017	360.325	365.366	367.300	1.9	0.5	-0.6	0.1	0.4
Meats, poultry, fish, and eggs	1.959	343.032	349.965	349.340	1.8	-0.2	-0.6	1.3	-0.2
Dairy and related products[1]	0.740	271.348	270.164	268.523	-1.0	-0.6	-0.6	0.8	-0.6
Fruits and vegetables	1.288	351.335	370.431	372.644	6.1	0.6	1.0	1.8	0.2
Nonalcoholic beverages and beverage materials	0.999	226.252	239.417	239.443	5.8	0.0	-0.3	1.1	0.6
Other food at home	2.231	276.606	282.256	282.209	2.0	0.0	0.0	-0.4	0.0
Food away from home[1]	5.277	381.228	393.546	394.728	3.5	0.3	0.2	0.2	0.3
Energy	7.474	280.097	329.907	346.042	23.5	4.9	10.9	3.8	3.9
Energy commodities	4.238	288.959	375.993	406.301	40.6	8.1	21.3	5.6	6.7
Fuel oil	0.117	336.589	532.894	534.873	58.9	0.4	30.7	5.8	3.8
Motor fuel	4.064	283.403	368.371	399.294	40.9	8.4	21.5	5.7	6.8
Gasoline (all types)	3.937	282.614	365.392	396.961	40.5	8.6	21.2	5.4	7.0
Energy services	3.237	282.947	295.713	297.898	5.3	0.7	0.4	1.6	0.4
Electricity	2.495	290.055	304.095	307.226	5.9	1.0	0.8	2.1	0.6
Utility (piped) gas service	0.741	255.981	264.314	263.682	3.0	-0.2	-0.9	-0.1	-0.5
All items less food and energy	79.014	327.509	335.803	336.846	2.9	0.3	0.2	0.4	0.2
Commodities less food and energy commodities	18.856	166.021	167.790	167.785	1.1	0.0	0.1	0.0	-0.1
Apparel	2.483	131.223	138.074	137.510	4.8	-0.4	1.0	0.6	0.3
New vehicles	3.759	178.728	179.207	179.155	0.2	0.0	0.1	-0.2	-0.3
Used cars and trucks	2.607	184.224	177.936	180.554	-2.0	1.5	-0.4	0.0	0.1
Medical care commodities[1]	1.428	417.149	412.564	409.628	-1.8	-0.7	-1.0	-0.4	-0.7
Alcoholic beverages[1]	0.825	294.478	300.555	300.726	2.1	0.1	0.3	0.3	0.1
Tobacco and smoking products[1,2]	0.445	102.789	109.696	110.801	7.8	1.0	0.1	0.5	1.0
Services less energy services	60.158	430.841	443.766	445.580	3.4	0.4	0.2	0.5	0.3
Shelter	35.237	414.689	427.049	428.677	3.4	0.4	0.3	0.6	0.3
Rent of primary residence	7.705	433.698	445.029	446.380	2.9	0.3	0.2	0.5	0.4
Owners' equivalent rent of residences[3]	25.790	426.214	439.137	440.357	3.3	0.3	0.3	0.5	0.3
Medical care services	6.832	630.162	649.526	652.587	3.6	0.5	0.0	0.0	0.5
Physicians' services[1]	1.669	427.488	439.842	439.715	2.9	0.0	0.7	0.6	0.0
Hospital services[1,4]	2.145	432.089	453.638	456.655	5.7	0.7	0.4	-0.3	0.7
Transportation services	6.400	447.544	464.696	465.945	4.1	0.3	0.6	0.3	-0.6
Motor vehicle maintenance and repair[1]	1.032	426.264	448.821	452.383	6.1	0.8	1.3	-0.2	0.8
Motor vehicle insurance	2.684	895.262	894.315	877.278	-2.0	-1.9	0.0	0.1	-1.7
Airline fares	1.042	260.319	308.527	329.824	26.7	6.9	2.7	2.8	2.7

[1] Not seasonally adjusted.
[2] Indexes on a December 2024=100 base.
[3] Indexes on a December 1982=100 base.
[4] Indexes on a December 1996=100 base.

FED PROBABILITIES

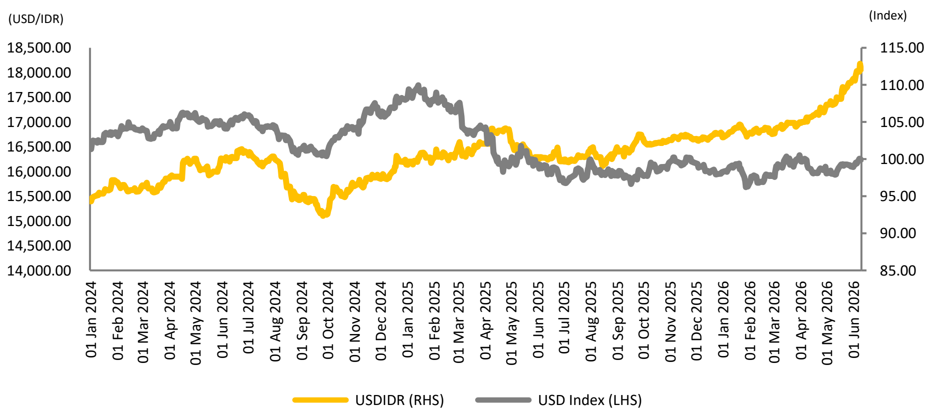
FED PROBABILITIES, as of 10 Jun '26

MEETING DATE	325-350	350-375	375-400	400-425	425-450	450-475	475-500
17-Jun-26	1,8%	98,2%	0,0%	0,0%	0,0%	0,0%	0,0%
29-Jul-26	1,6%	85,8%	12,6%	0,0%	0,0%	0,0%	0,0%
16-Sep-26	1,1%	60,5%	34,6%	3,8%	0,0%	0,0%	0,0%
28-Oct-26	0,9%	48,7%	39,8%	9,9%	0,8%	0,0%	0,0%
09-Dec-26	0,6%	30,7%	43,1%	21,2%	4,2%	0,3%	0,0%
27-Jan-27	0,5%	25,1%	40,8%	25,2%	7,3%	1,0%	0,1%
17-Mar-27	0,3%	18,7%	36,7%	29,3%	12,0%	2,7%	0,3%
28-Apr-27	0,3%	16,3%	34,4%	30,2%	14,2%	3,9%	0,6%

Sources : CME Group, and KBVS Research (2026)

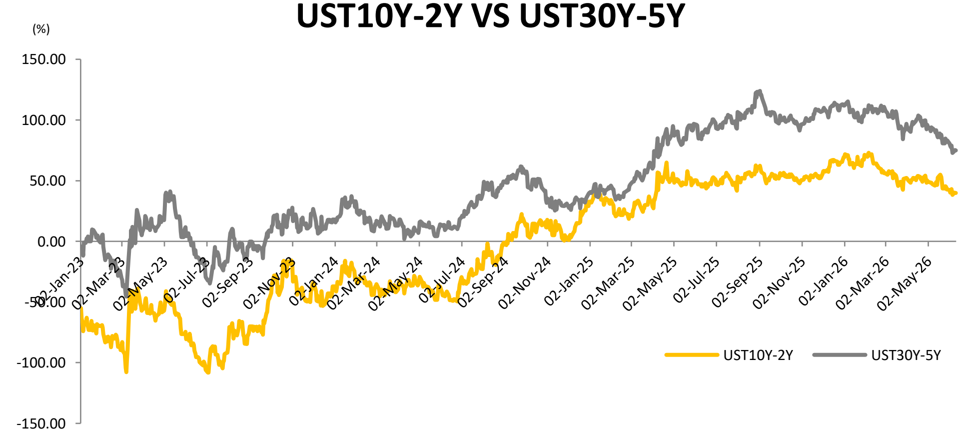
- Fed Probabilities as of 10 Jun '26, the market has completely priced in a hawkish "hold" stance, with the probability of the Fed keeping rates at 350–375 bps rising to 98.2% for the upcoming June FOMC meeting. Rate expectations remain flat with the 350–375 bps target expected to dominate through the entirety of 2026.
- Although the DXY Index pulled back slightly to 99.91, the USD/IDR broke through new psychological resistance, depreciating further to IDR18,060/USD. This highlights that despite minor cooling in broad dollar strength, local currency pressures persist due to the prolonged duration of high global interest rates.
- The U.S. Treasury yield spreads have compressed relative to late May, with the 10Y-2Y spread softening to 40.04bps and the 30Y-5Y spread at 74.50bps. The shorter-end yields remain highly anchored by the Fed's rigid policy, flattening the curve setup as long-term growth and inflation premiums stabilize.

DXY INDEX - USDIDR



Sources : Bloomberg, and KBVS Research (2026)

YIELD SPREAD UST10Y-2Y VS UST30Y-5Y



Sources : Bloomberg, and KBVS Research (2026)

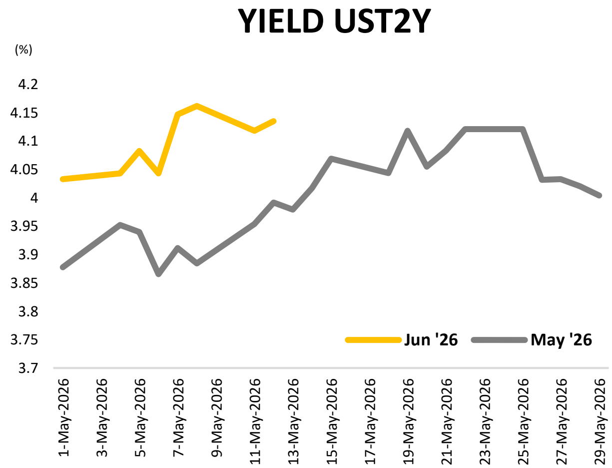
THE MOVEMENT OF UST YIELDS

US FISCAL INDICATORS	Unit	Latest Period	Data	
			Latest	Previous
Govt Debt	USD Tn	Nov' 24	36.08	35.95
Govt Debt to GDP	%	4Q24	124.35	122.3
Govt Budget	USD Bn	Nov '24	-367.30	-257.00
S&P Credit Rating	Rating	27-Mar-24	AA+	AA+

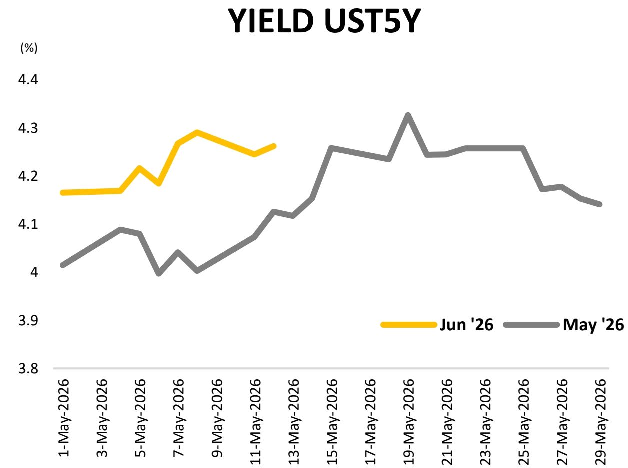
Sources : US Treasury, KBVS Research (2026)

Over the past week, UST yields moved tends to increase:

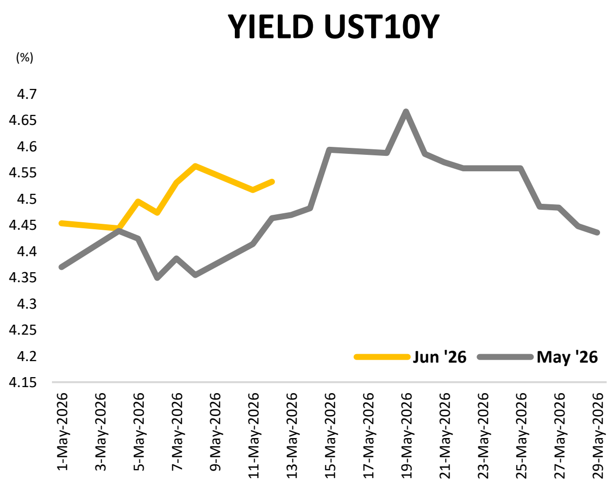
- Yield UST6M
    - +3.76 bps (WoW)
    - +19.96 bps (YtD, as of Jun 10,'26)
- Yield UST1Y
    - +9.10 bps (WoW)
    - +42.32 bps (YtD, as of Jun 10,'26)
- Yield UST2Y
    - +3.37 bps (WoW)
    - +64.31 bps (YtD, as of Jun 10,'26)
- Yield UST5Y
    - +3.37 bps (WoW)
    - +52.45 bps (YtD, as of Jun 10,'26)
- Yield UST10Y
    - +3.18 bps (WoW)
    - +35.94 bps (YtD, as of Jun 10,'26)
- Yield UST30Y
    - +1.92 bps (WoW)
    - +16.73 bps (YtD, as of Jun 10,'26)



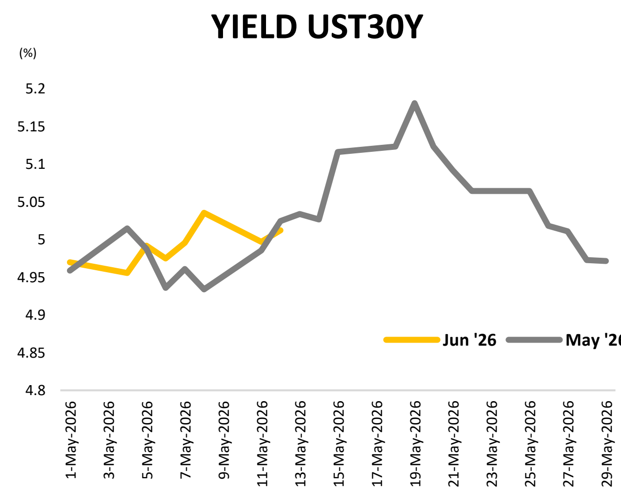
Sources : Bloomberg, KBVS Research (2026)



Sources : Bloomberg, KBVS Research (2026)



Sources : US Treasury, KBVS Research (2026)



Sources : US Treasury, KBVS Research (2026)

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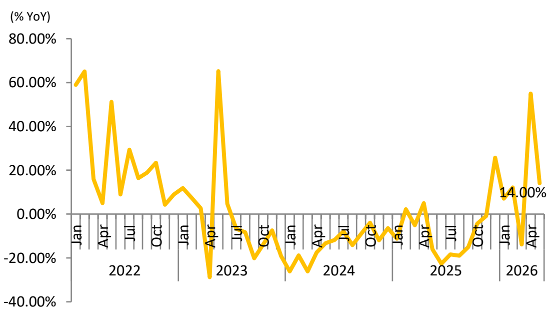
INDONESIA ECONOMIC DATA

INDICATORS OVERVIEW

Economic Indicators	Unit	Latest Period	Data	
			Latest	Previous
Policy Interest Rate	%	9 Jun '26	5,50	5,25
Economic Growth	%, yoy	1Q26	5,61	5,39
Inflation Rate	%, yoy	May '26	3,08	2,42
Unemployment Rate	%	Mar '26	4,68	4,85
S&P Credit Rating	Rating	17 July '24	BBB	BBB

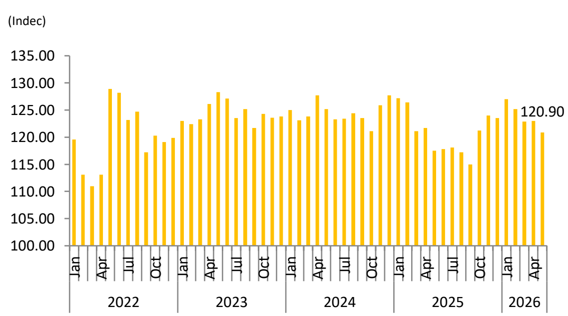
Sources : various sources, KBVS Research (2026)

CAR SALES



Sources : Gaikindo, KBVS Research (2026)

CONSUMER CONFIDENCE



Sources : Gaikindo, KBVS Research (2026)

ECONOMIC CALENDAR

(4-10 JUN '26)

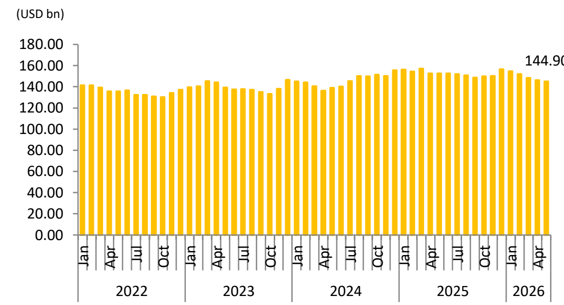
Event	Actual	Forecast	Previous
Thursday, 4 Jun '26			
Friday, 5 Jun '26			
Monday, 8 Jun '26			
ID Fx Reserves (USD) (May)	144.90B		146.20B
ID Motorbike Sales (YoY) (May)	-5,10%		28,10%
Tuesday, 9 Jun '26			
ID Interest Rate Decision	5,50%		5,25%
ID Deposit Facility Rate (Jun)	4,50%		4,25%
ID Lending Facility Rate (Jun)	6,25%		6,00%
Wednesday, 10 Jun '26			
ID Car Sales (YoY) (May)	14,00%		55,00%
ID Consumer Confidence (May)	120,90		123,00

Sources : Investing, KBVS Research (2026)

The data releases that influenced yield movements in the week of 4-10 Jun '26 are as follows:

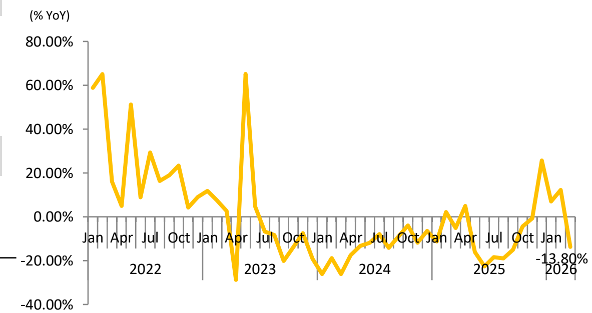
- Bank Indonesia raised the BI Rate by 25 bps to 5.50% during an unofficial regular RDG meeting, aiming to stabilize the Rupiah amid heightened global volatility from the Middle East conflict and to keep inflation within the 2.5±1% target range for 2026–2027.
- ID Fx Reserves in May '26 decreased to USD144.90 bn (Prev : USD146.20 bn)
- ID Motorbike Sales in May '26 decreased to -5.10% YoY (Prev : 28.10% YoY)
- ID Car Sales in May '26 decreased to 14.00% YoY (Prev : 55.00% YoY)
- ID Consumer Confidence in May '26 decreased to 120.90 (Prev : 123.00)

FX RESERVES



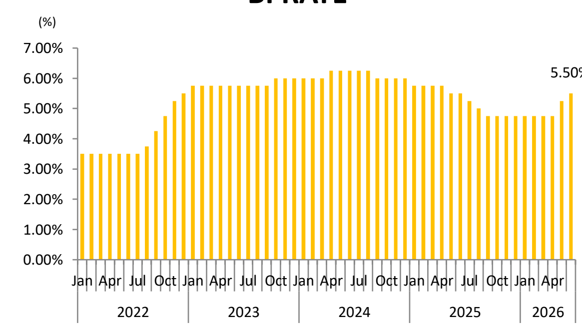
Sources : BI, KBVS Research (2026)

MOTORBIKE SALES



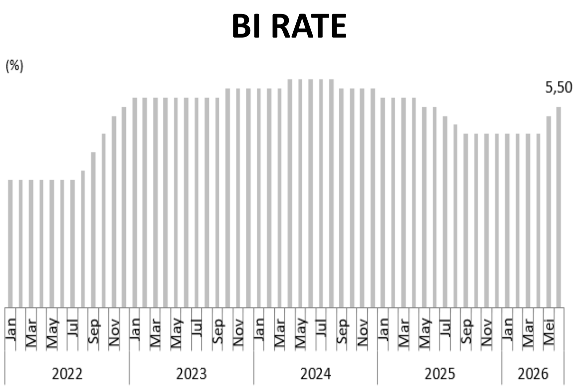
Sources : AISA, KBVS Research (2026)

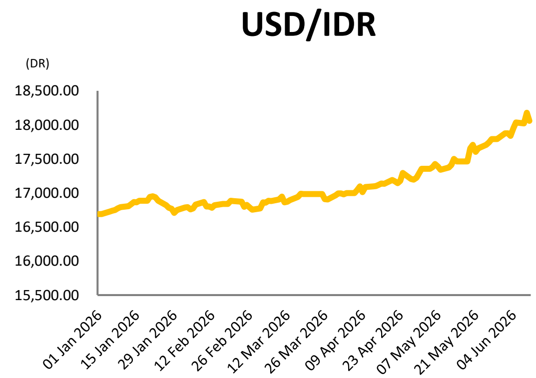
BI RATE



Sources : BI, KBVS Research (2026)

BI RATE





Indicators	9-Jun-26		Monthly Changes (in bps)	Ytd Changes (in bps)
	Latest	M-1		
Policy Rate (in %)				
United States	3,75	3,75	0,0	(175,0)
European Union	2,15	2,15	0,0	(235,0)
United Kingdom	3,75	3,75	0,0	(150,0)
Japan	0,75	0,75	0,0	85,0
China	3,00	3,00	0,0	(45,0)
India	5,25	5,25	0,0	(125,0)
Thailand	1,00	1,00	0,0	(150,0)
Philippines	4,50	4,50	0,0	(200,0)
Indonesia	5,50	5,25	25,0	(50,0)
Global Monetary Policy Change (in number of countries)				
Easing	2	3		
Unchanged	5	15		
Tightening	1	5		

Sources : BI, KBVS Research (2026)

- **Bank Indonesia (BI) raised the BI Rate by 25bps to 5.50%** at its Weekly Board of Governors Meeting (RDG) on 9 Jun ’26. Notably, this 25bps rate hike was delivered through a Weekly RDG. **Going forward, BI will focus on improving the attractiveness and returns of Indonesian financial assets.**

- **BI rate hike also signals the independence and policy flexibility of BI**, reinforcing that monetary policy decisions are driven by its mandate to maintain Rupiah stability and keep inflation within target, while still supporting growth in a balanced manner. **Looking ahead, BI is expected to maintain a firm pro-stability stance.**

May ‘26 APBN Realization

Components	Target APBN '26	Realization 5M25	Realization 5M26	% Target	FY ‘26F (Annualized Run-rate)	Growth (% yoy)
A. Government Revenue	3153.6	995.4	1185.0	37.6	2844.00	19.05
I. Tax Revenue Collection	2693.7	806.2	958.2	35.6	2299.68	18.85
1. Tax Revenue	2357.7	683.3	834.4	35.4	2002.56	22.11
2. Custom & Excise	336.0	122.9	123.8	36.8	297.12	0.73
II. Non-Tax State	459.2	188.8	226.4	49.3	543.36	19.92
B. Government Spending	3842.7	1016.3	1365.4	35.5	3276.96	34.35
I. Central Govt Expenditure	3149.7	694.2	1059.3	33.6	2542.32	52.59
1. Ministry/Agency Exp	1510.5	325.7	517.7	34.3	1242.48	58.95
2. Non-Ministry/Agency Exp	1639.2	368.5	541.6	33.0	1299.84	46.97
II. Regional Transfers (TKD)	693.0	322.0	306.1	44.2	734.64	(4.94)
C. Primary Balances	(89.7)	192.2	58.6	(65.3)	140.64	(69.51)
D. Fiscal Deficit	(689.1)	(20.9)	(180.4)	26.2	(432.96)	763.16
% to GDP	(2.68)	0.09	(0.7)		(1.68)	(877.78)
E. Budget Financing	689.10	326.5	379.4	55.1	910.56	16.20

Sources : APBN Kita, KBVS Research (2026)

- Government revenue reached IDR1,185.0 tn in 5M26, equivalent to 37.6% of the FY26 APBN target, growing 19.1% yoy from IDR995.4 tn in 5M25. The improvement was supported by stronger tax revenue collection, which increased 22.1% yoy to IDR834.4 tn, while non-tax revenue rose 19.9% yoy to IDR226.4 tn. Nevertheless, the current run-rate implies FY26 revenue of around IDR2,844.0 tn, still below the government's target of IDR3,153.6 tn, suggesting that revenue collection needs to accelerate further in the remainder of the year.
- On the expenditure side, government spending rose sharply by 34.4% yoy to IDR1,365.4 tn, already reaching 35.5% of the annual budget. The increase was driven primarily by central government expenditure (+52.6% yoy), particularly Ministry/Agency spending (+59.0% yoy), while regional transfers declined 4.9% yoy. Despite the strong spending growth, the annualized run-rate points to FY26 expenditure of IDR3,276.9 tn, still below the budget ceiling of IDR3,842.7 tn, indicating that spending realization remains broadly manageable at this stage.
- As expenditure growth continued to outpace revenue growth, the fiscal deficit widened to IDR180.4 tn in 5M26 from IDR20.9 tn a year earlier, equivalent to 26.2% of the full-year deficit target. However, the annualized run-rate suggests a FY26 deficit of only IDR432.9 tn, or around 1.68% of GDP, comfortably below the government's budget target of 2.68% of GDP. Meanwhile, the primary balance remained in surplus at IDR58.6 tn, while budget financing reached IDR379.4 tn, or 55.1% of the annual target, reflecting continued front-loading of government financing activities.

https://investortrust.id/macro/104077/penerimaan-pajak-meningkat-defisit-apbn-2026-masih-dalam-batas-aman

Changes in Pertamina Fuel Prices

Location reference: DKI Jakarta, Banten, West Java, Central Java, DI Yogyakarta, East Java

Components	Jan'26 Price (IDR/Liter)	May'26 Price (IDR/Liter)	Jun'26 Price (IDR/Liter)	Ytd Change (%)	MoM Change (IDR)	MoM Change (%)
A. Gasoline						
1. Pertalite (RON 90) — Subsidy	10.000	10.000	10.000	0,00%	-	0,00%
2. Pertamax (RON 92)	12.350	12.300	16.250	31,60%	3.950	32,10%
3. Pertamax Green 95 (RON 95)	13.150	12.900	17.000	29,30%	4.100	31,80%
4. Pertamax Turbo (RON 98)	13.400	19.900	20.750	54,90%	850	4,30%
B. Diesel						
1. Subsidized Solar / Biodiesel (CN 48)	6.800	6.800	6.800	0,00%	-	0,00%
2. Dexlite (CN 51)	13.500	26.000	23.000	70,40%	-3.000	-11,50%
3. Pertamina Dex (CN 53)	13.600	27.900	24.800	82,40%	-3.100	-11,10%

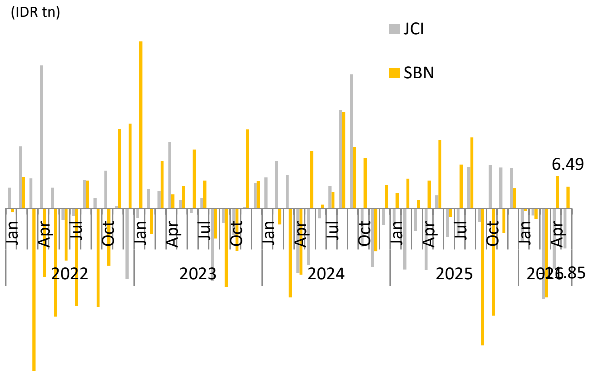
Note: Prices are in IDR/Liter. Blue color = input (hardcoded). Placeholder price — updated according to actual Pertamina data.
Source: Pertamina / MyPertamina App / Ministry of Energy and Mineral Resources — updated monthly

Sources : Pertamina, KBVS Research (2026)

- Pertamina implemented two price adjustments in June 2026 alone, signaling sustained pass-through pressure from elevated global oil prices. The first adjustment on June 1 brought mixed moves, Dexlite fell Rp3,000/liter and Pertamina Dex dropped Rp3,100/liter, while Pertamax Turbo edged up Rp850/liter. The more significant shock came on June 10, when Pertamax (RON 92) surged from Rp12,300 to Rp16,250/liter (+32.1% MoM) and Pertamax Green 95 jumped from Rp12,900 to Rp17,000/liter (+31.8% MoM), the largest single adjustment for both products since the Iran-US conflict triggered a Brent crude spike above USD119/barrel in early May 2026, driven by the partial blockade of the Strait of Hormuz.
- On a YTD basis, the scale of nonsubsidi price inflation is striking: Dexlite is up 70.4% and Pertamina Dex up 82.4% since January, reflecting the full brunt of the geopolitical shock on diesel-grade fuel. Pertamax Turbo has risen 54.9% YTD. Meanwhile, subsidized fuels, Pertalite at Rp10,000/liter and Biosolar at Rp6,800/liter, remain frozen under the government's commitment through end-2026, effectively shielding ~70% of fuel consumers from price volatility but widening the implicit subsidy burden on the fiscal side.
- The widening gap between subsidized and nonsubsidized prices (Pertamax now at 62.5% premium over Pertalite, vs. around 23.5% in January) risks accelerating a trading-down effect, where middle-class consumers shift back to Pertalite, potentially straining the government's subsidy quota. With ICP sensitivity estimated at Rp6.8 trillion of additional APBN deficit per USD1/barrel increase, the sustained high oil price environment remains a key fiscal risk for the remainder of 2026.

DEVELOPMENT OF TRADABLE SBN

CAPITAL FLOW IN SBN&JCI



Sources : Bloomberg, KBVS Research (2026)

Between 4-10 Jun '26, non-residents conducted:

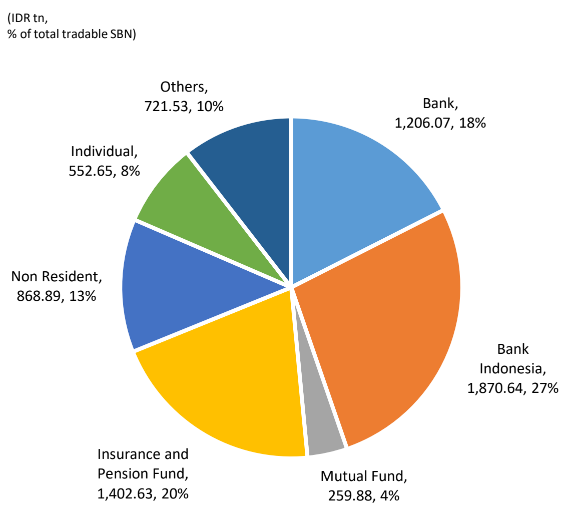
- A net buy of tradeable SBN, amounting IDR1.03 tn.
- A net sell of JCI, amounting IDR10.34 tn.

SUN LATEST AUCTION

9 Jun '26										
Instruments	SPN01260711	SPN12260910	SPN12270610	FR0109	FR0108	FR0106	FR0107	FR0102	FR0105	Total
Incoming Bids (IDR tn)	1,15	3,03	6,36	15,29	8,45	2,36	3,92	3,77	2,37	46,70
Bid to Cover Ratio	1,15	1,21	1,27	2,20	4,69	1,57	1,31	1,26	1,48	1,77
Weighted Average Yields Awarded	6,650%	6,880%	7,299%	7,400%	7,400%	7,410%	7,390%	7,380%	7,390%	
26 May '26										
Instruments	SPN12260702	SPN03260831	SPN12270517	FR0109	FR0108	FR0106	FR0107	FR0102	FR0105	Total
Incoming Bids (IDR tn)	1,31	1,72	4,67	20,20	8,49	6,14	5,94	4,67	4,18	57,30
Bid to Cover Ratio	-	1,72	1,26	1,40	2,69	1,23	1,70	1,15	2,09	1,56
Weighted Average Yields Awarded	-	5,900%	6,500%	6,670%	6,700%	6,860%	6,869%	6,970%	6,980%	

Sources : DJPPR, KBVS Research (2026)

OWNERSHIP of IDR TRADABLE SBN



Sources : DJPPR, and KBVS Research (2026)

As of 9 Jun '26, the largest ownership of tradable SBN is as follows:

- Bank Indonesia : IDR1,870.64 tn (+IDR8.70 tn, WoW),
- Banks : IDR1,206.07 tn (-IDR10.75 tn, WoW), and
- Insurance & Pension Funds: IDR1,402.63 tn (+IDR2.52 tn, WoW)

SBSN LATEST AUCTION

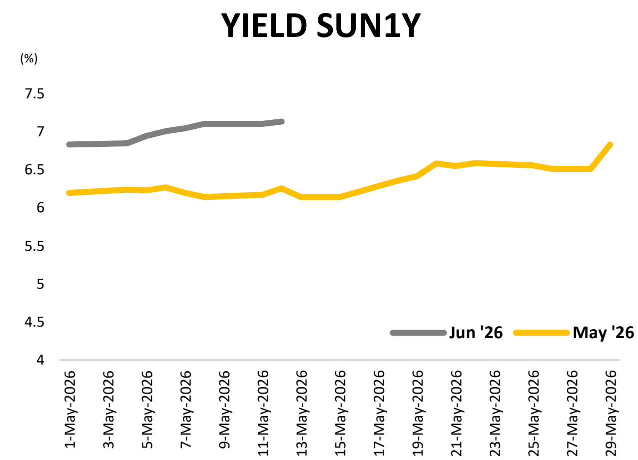
2 Jun '26									
Instruments	SPNS13072026	SPNS23112026	SPNS01032027	PBS030	PBS040	PBS034	PBS005	PBS038	Total
Incoming Bids (IDR tn)	2,10	2,71	5,34	5,15	2,29	2,57	2,48	3,41	26,05
Bid to Cover Ratio	2,10	1,06	1,33	17,18	11,46	5,14	24,77	17,04	2,94
Weighted Average Yields Awarded	6,200%	6,400%	6,680%	6,886%	6,697%	6,849%	6,795%	6,908%	
19 May '26									
Instruments	SPNS13072026	SPNS23112026	SPNS03022027	PBS030	PBS040	PBSG002	PBS034	PBS038	Total
Incoming Bids (IDR tn)	0,93	1,59	4,50	3,66	1,18	1,59	0,64	4,70	18,80
Bid to Cover Ratio	1,86	1,06	1,84	2,93	2,37	2,12	1,07	1,06	1,57
Weighted Average Yields Awarded	5,750%	5,850%	6,100%	6,540%	2,370%	6,749%	6,810%	6,870%	

Sources : DJPPR, KBVS Research (2026)

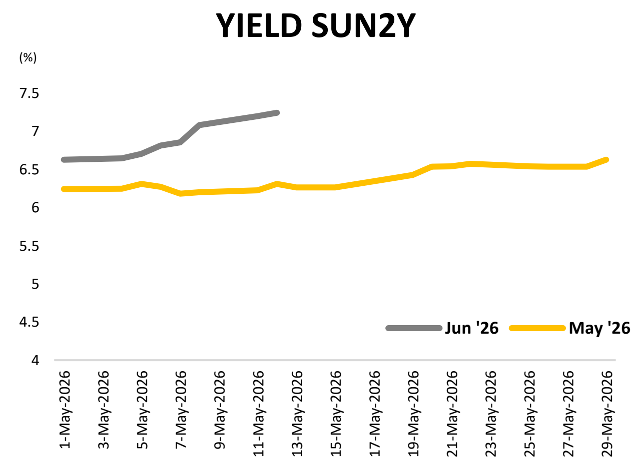
THE MOVEMENT OF SUN YIELDS

Over the past week, SUN yields moved tends to increase:

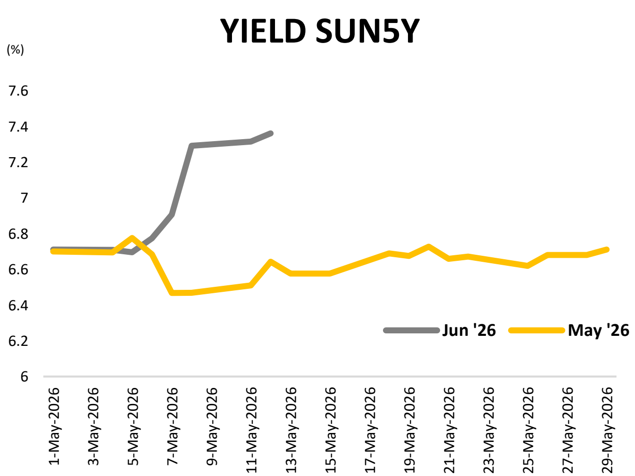
- Yield SUN1Y
  - +17.40 bps (WoW)
  - +247.90 bps (YtD, as of Jun 10,'26)
- Yield SUN2Y
  - +54.60 bps (WoW)
  - +235.20 bps (YtD, as of Jun 10,'26)
- Yield SUN5Y
  - +71.60 bps (WoW)
  - +189.60 bps (YtD, as of Jun 10,'26)
- Yield SUN10Y
  - +63.20 bps (WoW)
  - +126.30 bps (YtD, as of Jun 10,'26)
- Yield SUN30Y
  - +41.50 bps (WoW)
  - +67.80 bps (YtD, as of Jun 10,'26)



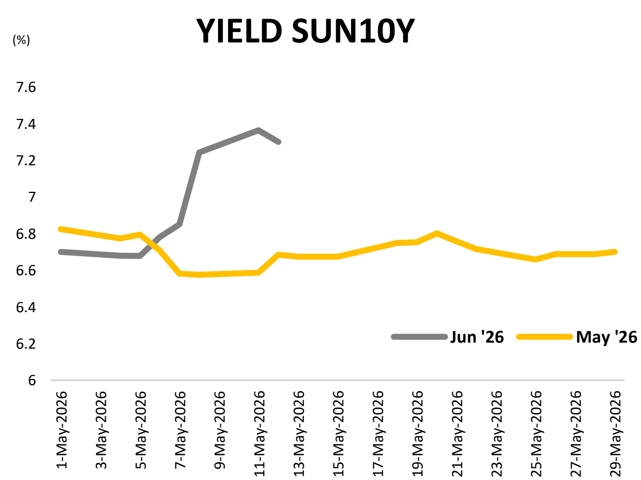
Sources : Bloomberg, KBVS Research (2026)



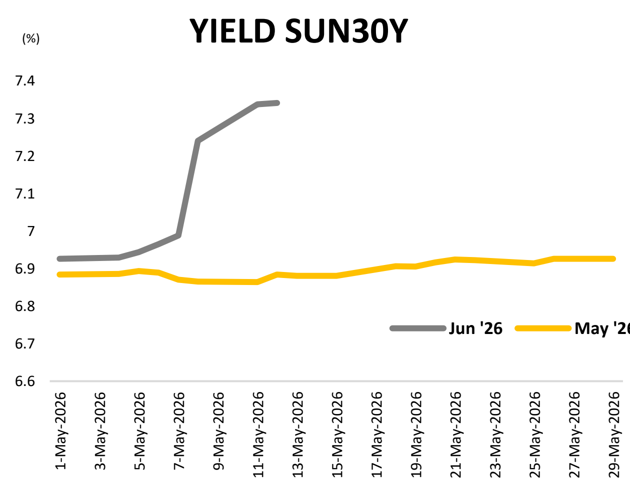
Sources : Bloomberg, KBVS Research (2026)



Sources : Bloomberg, KBVS Research (2026)



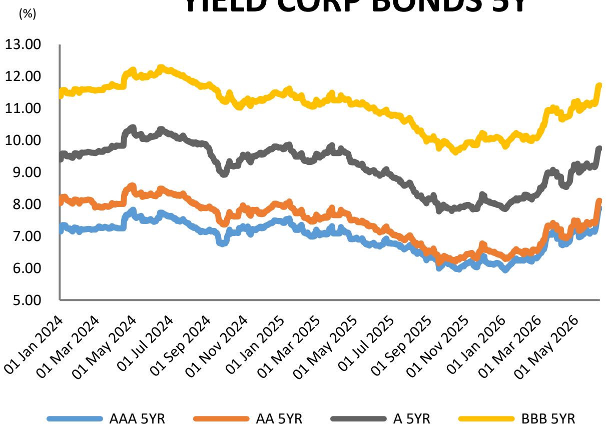
Sources : Bloomberg, KBVS Research (2026)



Sources : Bloomberg, KBVS Research (2026)

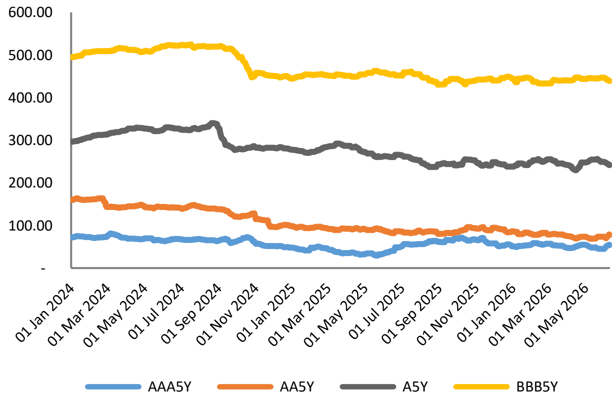
THE MOVEMENT OF CORPORATE BOND YIELD

YIELD CORP BONDS 5Y



Sources : Bloomberg, KBVS Research (2026)

YIELD SPREAD 5Y TENOR

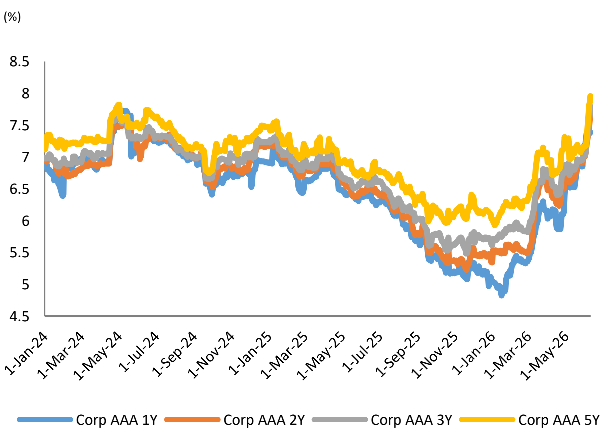


Sources : Bloomberg, KBVS Research (2026)

Corporate bond yields showed a incline movement on most of the tenors last week, as follows:

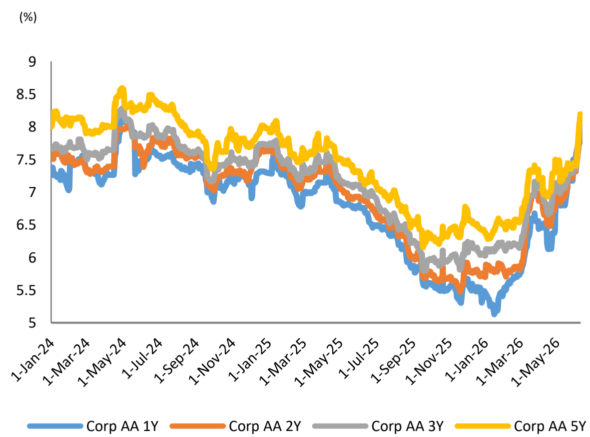
- AAA-rated
  - Tenor 1Y : +8.57 bps (WoW)
  - Tenor 2Y : +57.73 bps (WoW)
  - Tenor 5Y : +77.52 bps (WoW)
- AA-rated
  - Tenor 1Y : +21.86 bps (WoW)
  - Tenor 2Y : +61.20 bps (WoW)
  - Tenor 5Y : +79.11 bps (WoW)
- A-rated
  - Tenor 1Y : +20.18 bps (WoW)
  - Tenor 2Y : +48.58 bps (WoW), and
  - Tenor 5Y : -65.58 bps (WoW)

YIELD AAA-RATED



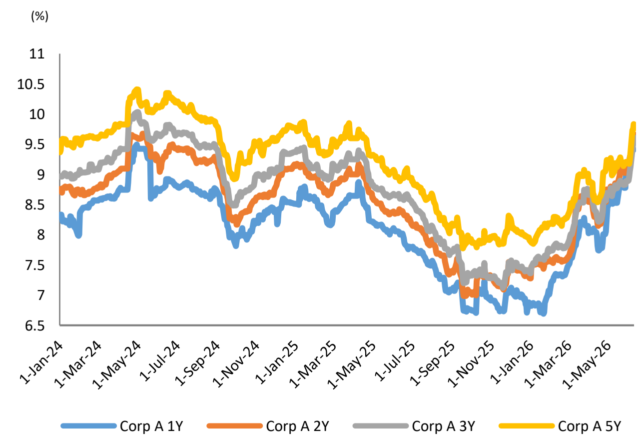
Sources : Bloomberg, KBVS Research (2026)

YIELD AA-RATED



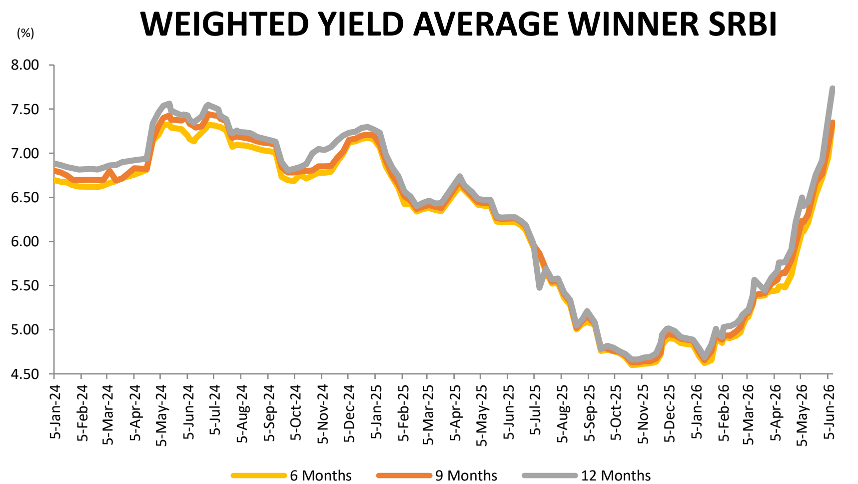
Sources : Bloomberg, KBVS Research (2026)

YIELD A-RATED

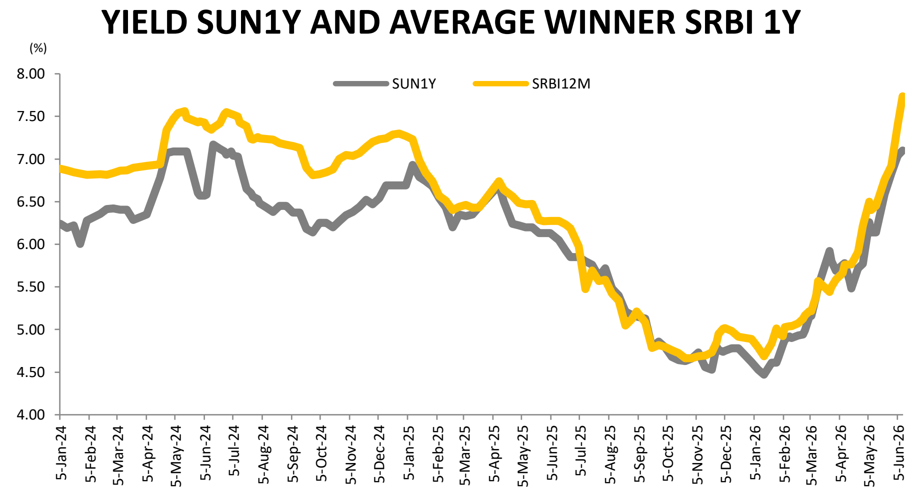


Sources : Bloomberg, KBVS Research (2026)

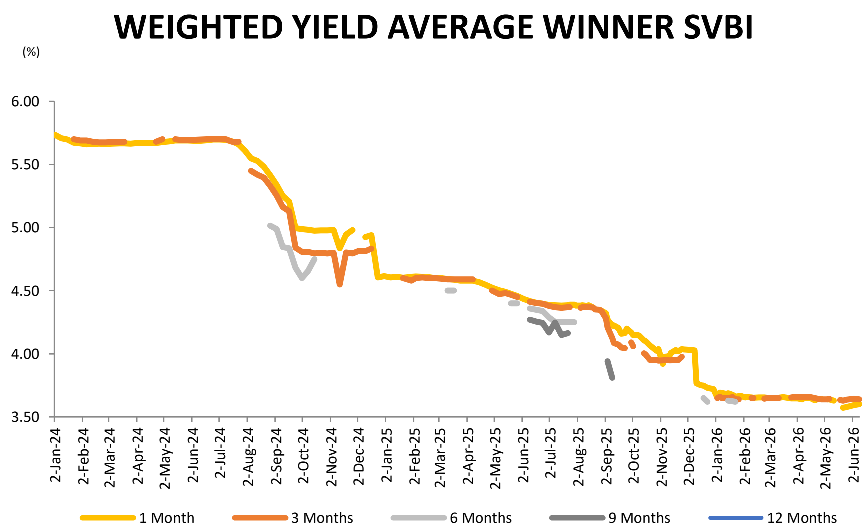
BI'S MONETARY OPERATION



Sources : BI, KBVS Research (2026)



Sources : BI, KBVS Research (2026)



Sources : BI, KBVS Research (2026)

- The SRBI Weighted Average Yield of Winning Bids can be seen in the table below.

Yield (%)	5 Jun'26	10 Jun '26
6 Month	6.90001%	7.20287%
9 Month	7.04586%	7.35026%
12 Month	7.25000%	7.57301%

- Meanwhile, the latest SUVBI auction saw the profit sharing rate was at:
  - 1 month: 3.602%
  - 3 month: 3.639%
  - 6 month: 3.723%
  - 9 month: 3.813%
  - 12 month: 3.850%

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3 Global Economy

9 Domestic Economy

18 **Economic Calendar**

ECONOMIC CALENDAR

(11-17 JUN 2026)

Country	Event	Forecast	Previous
	Thursday, Jun 11, 2026		
US 10-Year Note Auction			4,47%
US Federal Budget Balance (May)		-282.90B	215.00B
JP BSI Large Manufacturing Conditions (Q2)		4,20	3,80
ID Retail Sales (YoY) (Apr)			3,40%
EU Eurogroup Meetings			
US OPEC Monthly Report			
EU Deposit Facility Rate (Jun)		2,25%	2,00%
EU ECB Interest Rate Decision (Jun)		2,40%	2,15%
EU ECB Monetary Policy Statement			
US PPI (MoM) (May)		0,70%	1,40%
US Core PPI (MoM) (May)		0,50%	1,00%
US Initial Jobless Claims		225K	225K
US Continuing Jobless Claims			1,777K
EU ECB Press Conference			
US WASDE Report			
	Friday, Jun 12, 2026		
JP Industrial Production (MoM) (Apr)		0,80%	-0,40%
GE CPI (MoM) (May)		-0,20%	-0,20%
GE CPI (YoY) (May)		2,60%	2,90%
GB GDP (MoM) (Apr)		-0,10%	0,30%
GB Manufacturing Production (MoM) (Apr)			1,20%
GB Monthly GDP 3M/3M Change (Apr)			0,60%
GB Trade Balance Non-EU (Apr)			-15.20B
GB Trade Balance (Apr)		-27.00B	-27.22B
GB Industrial Production (MoM) (Apr)			-0,20%
GB NIESR Monthly GDP Tracker			0,80%
US Michigan 1-Year Inflation Expectations (Jun)			4,80%
US Michigan 5-Year Inflation Expectations (Jun)			3,90%
US Michigan Consumer Expectations (Jun)			44,10
US Michigan Consumer Sentiment (Jun)		46,60	44,80
GE Buba President Nagel Speaks			

Country	Event	Forecast	Previous
	Monday, Jun 15, 2026		
EU Trade Balance (Apr)			7.80B
EU Industrial Production (MoM) (Apr)			0,20%
US NY Empire State Manufacturing Index (Jun)			19,60
US Industrial Production (YoY) (May)			1,35%
US Industrial Production (MoM) (May)			0,70%
	Tuesday, Jun 16, 2026		
CN Industrial Production (YoY) (May)			4,10%
CN Industrial Production Ytd (YoY) (May)			5,60%
CN Unemployment Rate (May)			5,20%
CN Fixed Asset Investment (YoY) (May)			-1,60%
JP BoJ Interest Rate Decision			0,75%
EU Wages (YoY) (Q1)			3,00%
EU ZEW Economic Sentiment (Jun)			-9,10
GE ZEW Current Conditions (Jun)			-77,80
GE ZEW Economic Sentiment (Jun)			-10,20
US ADP Employment Change Weekly			29.00K
US Import Price Index (MoM) (May)			1,90%
US Export Price Index (MoM) (May)			3,30%
US Housing Starts (May)			1.465M
US Housing Starts (MoM) (May)			-2,80%
US Building Permits (May)			1.423M
	Wednesday, Jun 17, 2026		
US 20-Year Bond Auction			5,12%
US API Weekly Crude Oil Stock			-9.119M
JP Trade Balance (May)			301.90B
JP Exports (YoY) (May)			14,80%
JP Imports (YoY) (May)			9,70%
GB CPI (YoY) (May)			2,80%
GB CPI (MoM) (May)			0,70%
GB PPI Input (MoM) (May)			2,40%
EU CPI (YoY) (May)			3,20%
EU CPI (MoM) (May)			1,00%
EU Core CPI (YoY) (May)			2,50%
US IEA Monthly Report			
US Retail Sales (MoM) (May)			0,50%
US Core Retail Sales (MoM) (May)			0,70%
US Retail Control (MoM) (May)			0,50%
US Retail Inventories Ex Auto (Apr)			0,60%
US Pending Home Sales (MoM) (May)			1,40%
US Business Inventories (MoM) (Apr)			0,90%

Sources : investing, KBVS Research (2026)


Thank you!