

# Awaiting Guidance From The Fed

2 May 2024

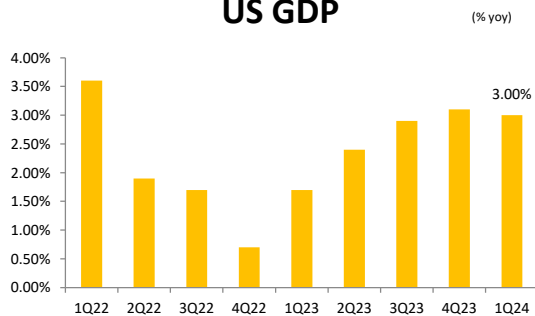
Economist / Fikri C Permana

# US Economic Data

US ECONOMIC INDICATORS	Unit	Latest Period	Data	
			Latest	Previous
Fed Rate	%	20 Mar '24	5.5	5.5
Economic Growth	%, yoy	1Q24	3.0	3.1
Inflation Rate	%, yoy	Mar'24	3.5	3.2
Unemployment Rate	%	Mar'24	3.8	3.9

Sources : various sources, KBVS Research (2024)

## US GDP



Sources : US CB, KBVS Research (2024)

- The US economy in 1Q24 expanded 1.6% qoq (Cons: 2.5% qoq, Prev: 3.4% qoq).
- It was the lowest growth since the contractions in the 1H22.
- A slowdown was seen for consumer spending (2.5% vs 3.3%), mainly due to a fall in goods consumption (-0.4% vs 3.0%) while spending on services rose faster (4.0% vs 3.4%).
- Government spending rose way less (1.2% vs 4.6%), and exports slowed sharply (0.9% vs 5.1%) while imports soared (7.2% vs 2.2%).

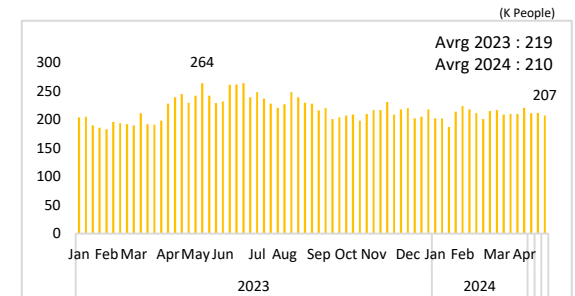
## ECONOMIC CALENDAR

(25 APR – 1 MAY '24)

Event	Actual	Forecast	Previous
<b>Thursday, 25 Apr '24</b>			
US 5-Year Note Auction	4.66%		4.24%
US Continuing Jobless Claims	1,781K	1,814K	1,796K
US Core PCE Prices (Q1)	3.70%	3.40%	2.00%
<b>US GDP (QoQ) (Q1)</b>	<b>1.60%</b>	<b>2.50%</b>	<b>3.40%</b>
US GDP Price Index (QoQ) (Q1)	3.10%	3.00%	1.70%
US Goods Trade Balance (Mar)	-91.83B	-91.10B	-91.84B
<b>US Initial Jobless Claims</b>	<b>207K</b>	<b>214K</b>	<b>212K</b>
US Retail Inventories Ex Auto (Mar)	-0.10%		0.30%
US Pending Home Sales (MoM) (Mar)	3.40%	0.30%	1.60%
US Treasury Secretary Yellen Speaks			
<b>Friday, 26 Apr '24</b>			
US 7-Year Note Auction	4.72%		4.19%
US Fed's Balance Sheet	7,402B		7,406B
<b>US Core PCE Price Index (YoY) (Mar)</b>	<b>2.80%</b>	<b>2.60%</b>	<b>2.80%</b>
US Core PCE Price Index (MoM) (Mar)	0.30%	0.30%	0.30%
US PCE Price Index (YoY) (Mar)	2.70%	2.60%	2.50%
US PCE Price Index (MoM) (Mar)	0.30%	0.30%	0.30%
US Personal Spending (MoM) (Mar)	0.80%	0.60%	0.80%
US Michigan 1-Year Inflation Expectations (Apr)	3.20%	3.10%	2.90%
US Michigan 5-Year Inflation Expectations (Apr)	3.00%	3.00%	2.80%
US Michigan Consumer Expectations (Apr)	76.00	77.00	77.40
US Michigan Consumer Sentiment (Apr)	77.20	77.80	79.40
<b>Monday, 29 Apr '24</b>			
<b>Tuesday, 30 Apr '24</b>			
US Employment Cost Index (QoQ) (Q1)	1.20%	1.00%	0.90%
US S&P/CS HPI Composite - 20 n.s.a. (YoY) (Feb)	7.30%	6.70%	6.60%
US S&P/CS HPI Composite - 20 n.s.a. (MoM) (Feb)	0.90%		-0.10%
US Chicago PMI (Apr)	37.90	44.90	41.40
US CB Consumer Confidence (Apr)	97.00	104.00	103.10
<b>Wednesday, 1 May '24</b>			
US API Weekly Crude Oil Stock	4.906M	-1.500M	-3.230M
US ADP Nonfarm Employment Change (Apr)	192K	179K	208K
US S&P Global Manufacturing PMI	50.00	49.90	51.90
US Construction Spending (MoM) (Mar)	-0.20%	0.30%	-0.30%
US ISM Manufacturing Employment (Apr)	48.60	48.20	47.40
US ISM Manufacturing PMI (Apr)	49.20	50.00	50.30
US ISM Manufacturing Prices (Apr)	60.90	55.50	55.80
US JOLTs Job Openings (Mar)	8.488M	8.680M	8.813M
US Crude Oil Inventories	7.265M	-2.300M	-6.386M
US Cushing Crude Oil Inventories	1.089M		-0.659M
US Fed Interest Rate Decision	5.50%	5.50%	5.50%

Sources : investing, KBVS Research (2024)

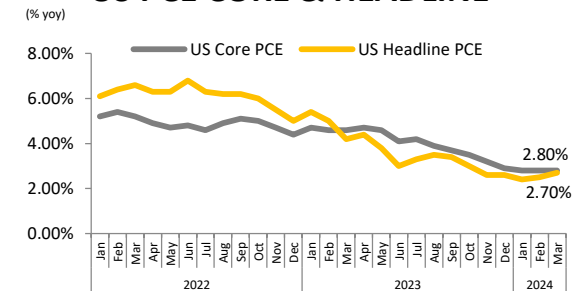
## WEEKLY INITIAL JOBLESS CLAIMS



Sources : US DoL, KBVS Research (2024)

The robust labor market and the risk of demand-side inflation are still indicated by low initial jobless claims.

## US PCE CORE & HEADLINE



Sources : US BEA, KBVS Research (2024)

- The PCE price index in Mar '24, in the US, edged up to 2.7% YoY (Cons: 2.6% YoY, Prev: 2.5% YoY). Furthermore, prices for services +0.4% MoM and goods +0.1% MoM.
- Meanwhile, core PCE inflation which excludes food and energy and is preferred Fed inflation measure, was steady 2.8% YoY (Cons: 2.6% YoY, Prev: 2.8% YoY).

# The Movement of UST Yields

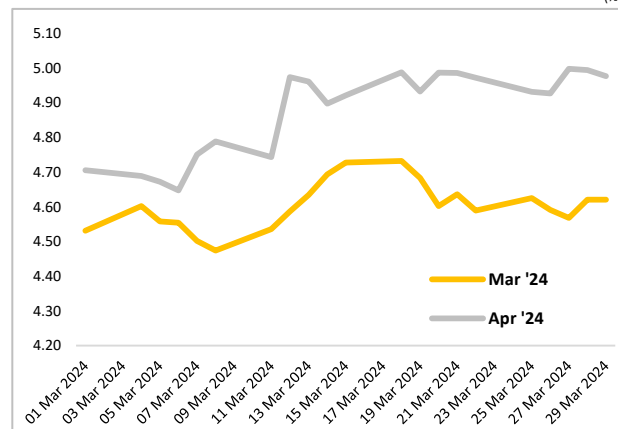
US FISCAL INDICATORS	Unit	Latest Period	Data	
			Latest	Previous
Govt Debt	USD Tn	Mar'24	34.67	34.47
Govt Debt to GDP	%	4Q23	124.3	122.9
Govt Budget	USD Bn	Feb '24	296.28	21.93
S&P Credit Rating	Rating	16-Mar-23	AA+	AA+

Sources : US Treasury, KBVS Research (2024)

Weekly UST yields in the secondary market resume the decreasing trend last week:

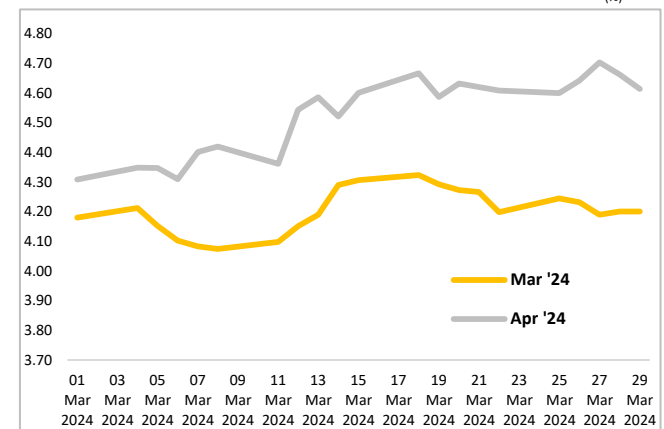
- Yield UST2Y
  - +3.76 bps (WoW)
  - +78.52 bps (YtD, as of 30 Apr '24)
- Yield UST5Y
  - -0.35 bps (WoW)
  - +86.83 bps (YtD, as of 30 Apr '24)
- Yield UST10Y
  - -2.41 bps (WoW)
  - +80.07 bps (YtD, as of 30 Apr '24)

### YIELD UST2Y



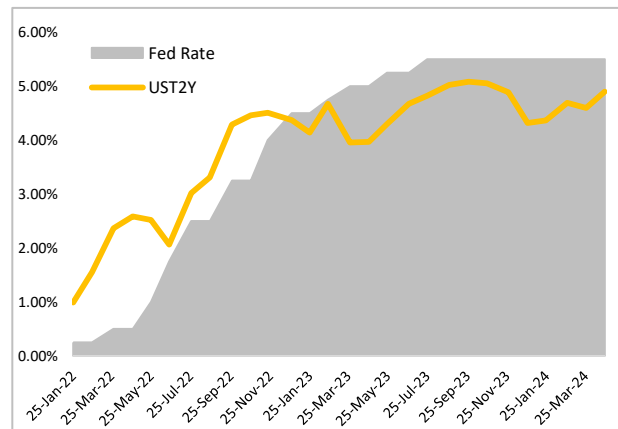
Sources : Bloomberg, KBVS Research (2024)

### YIELD UST5Y



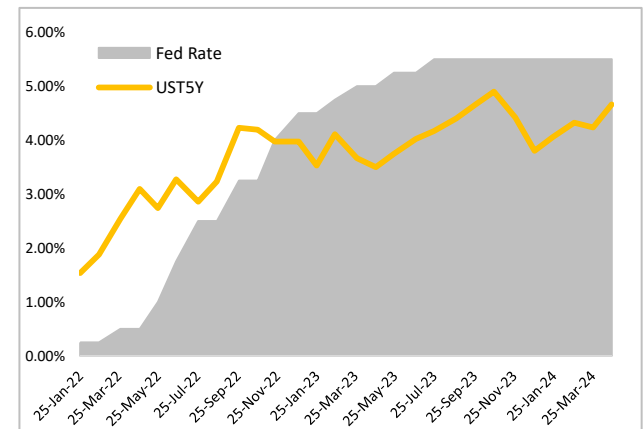
Sources : Bloomberg, KBVS Research (2024)

### YIELD AUCTION UST2Y



Sources : US Treasury, KBVS Research (2024)

### YIELD AUCTION UST5Y



Sources : US Treasury, KBVS Research (2024)

# The Fed's Pivot is Also Postponed

## FED PROBABILITIES, as of 30 Apr '24

MEETING DATE	FED PROBABILITIES						
	375-400	400-425	425-450	450-475	475-500	500-525	525-550
1-May-24	0.0%	0.0%	0.0%	0.0%	0.0%	2.7%	97.3%
12-Jun-24	0.0%	0.0%	0.0%	0.0%	0.2%	11.3%	88.4%
31-Jul-24	0.0%	0.0%	0.0%	0.2%	2.5%	27.3%	70.1%
18-Sep-24	0.0%	0.0%	0.0%	1.0%	12.4%	44.4%	42.1%
7-Nov-24	0.0%	0.0%	0.3%	3.9%	20.4%	43.8%	31.6%
18-Dec-24	0.0%	0.1%	1.8%	10.9%	30.3%	38.7%	18.3%
29-Jan-25	0.0%	0.6%	4.5%	16.7%	32.8%	32.6%	12.8%
19-Mar-25	0.3%	2.1%	9.3%	23.0%	32.7%	24.8%	7.8%
30-Apr-25	0.8%	4.1%	12.9%	25.6%	30.6%	20.3%	5.7%

Sources : CME Group, and KBVS Research (2024)

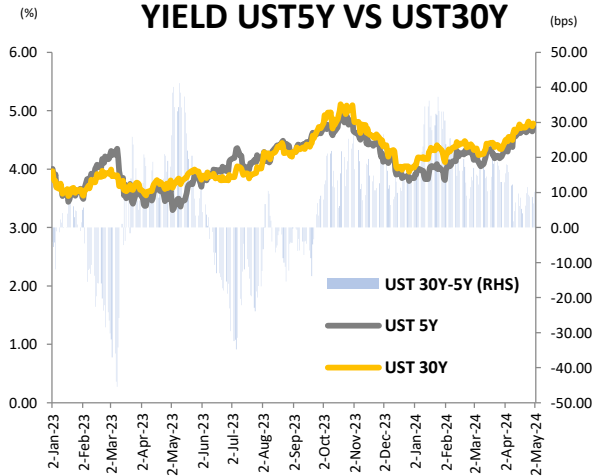
- Given the continued high inflation risks in the US, the higher-for longer of the Fed Rate UST yields.
- This further drives the occurrence of an inverted yield curve between UST10Y and UST2Y, with the hope that this condition will change as the Fed Rate decreases.
- However, with the release of US economic data, particularly the disappointing GDP Growth and the decline in Michigan Consumer Expectations in Apr '24 to 76.0 (Cons: 77.0, Prev: 77.4).

### DXY



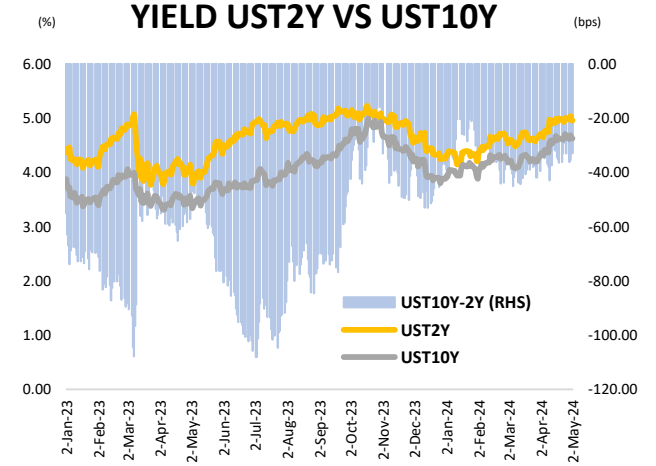
Sources : Bloomberg, and KBVS Research (2024)

### YIELD UST5Y VS UST30Y



Sources : Bloomberg, and KBVS Research (2024)

### YIELD UST2Y VS UST10Y



Sources : Bloomberg, KBVS Research (2024)

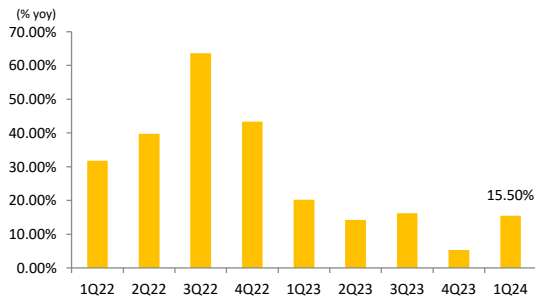
# Indonesia Economic Data

## INDICATORS OVERVIEW

Economic Indicators	Unit	Latest Period	Data	
			Latest	Previous
Policy Interest Rate	%	20 Mar '24	6.00	6.00
Economic Growth	%, yoy	4Q23	5.04	4.90
Inflation Rate	%, yoy	Mar '24	3.05	2.75
Unemployment Rate	%	Ags '23	5.32	5.45
S&P Credit Rating	Rating	Rating	4-Jul-23	BBB

Sources : various sources, KBVS Research (2024)

## FOREIGN DIRECT INVESTMENT



Sources : BI, KBVS Research (2024)

- FDI into Indonesia, excluding investment in banking and the oil & gas sectors, increased by 15.5% YoY (Prev: 16.2% YoY) to IDR204.4 tn (USD12.59 bn) in 1Q24, creating 540 thousand jobs..
- The largest beneficiaries of the FDI were the base metal industry, followed by mining, transportation, warehousing, and telecommunications.

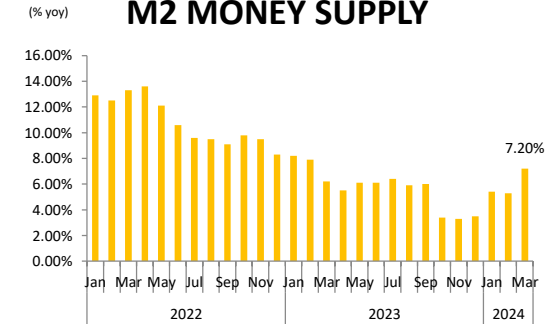
## ECONOMIC CALENDAR

(25 APR – 1 May '24)

Event	Actual	Forecast	Previous
<b>Thursday, 25 Apr '24</b>			
ID M2 Money Supply (YoY) (Mar)	7.20%		5.30%
<b>Wednesday, 24 Apr '24</b>			
ID Foreign Direct Investment (YoY)	15.50%		16.20%
<b>Thursday, 2 May '24</b>			
Nikkei Manufacturing PMI (Apr)	52.90		54.20

Sources : investing, KBVS Research (2024)

## M2 MONEY SUPPLY

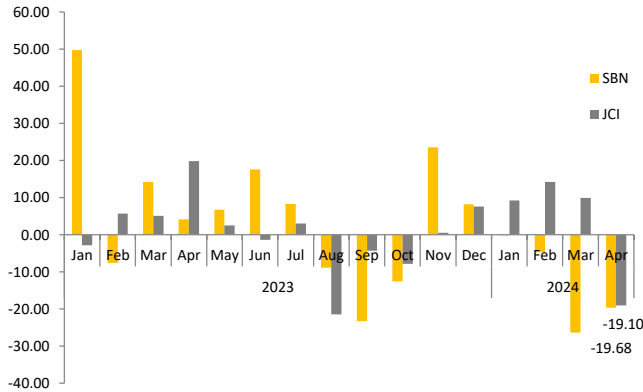


Sources : BPS, KBVS Research (2024)

- In Mar '24, M2 stood at IDR8,888.4 tn, marking a 7.2% YoY growth (Prev: 5.3% YoY). This development was driven by the narrow money (M1) growth of 7.9% YoY and quasi money growth of 6.2% YoY.
- The growth of M2 in Mar '24 was influenced by credit distribution which grew by 11.8% YoY (Prev: 11.0% YoY); net claims on the Central Government increased by 18.0% YoY (Prev: 1.0% YoY), while net foreign assets decreased by -1.1% YoY (Prev: 2.3% YoY).

# Development of Tradable SBN

## CAPITAL FLOW IN SBN&JCI



Sources : Bloomberg, KBVS Research (2024)

During Apr '24, Non-Residents conducted net sales of tradable SBN amounting to USD0.99 bn (or IDR15.91 tn).

Meanwhile, net foreign sell of JCI during Apr '24 (ytd) amounting to IDR1.14 bn (or IDR18.30 tn).

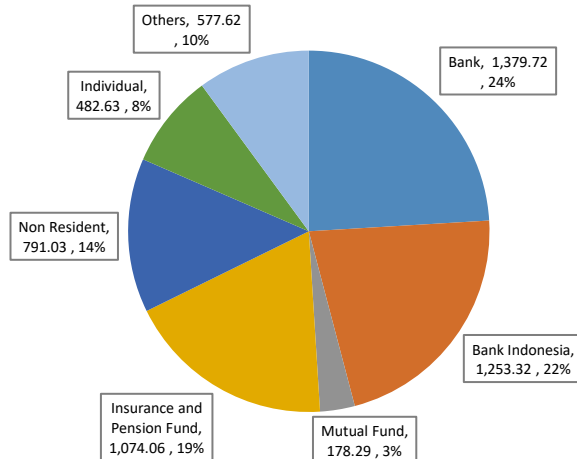
## SUN LATEST AUCTION

30 Apr '24								
Instruments	SPN03240801	SPN12250502	FR0101	FR0100	FR0098	FR0097	FR0102	Total
Incoming Bids (IDR tn)	3.29	4.92	14.27	14.23	4.14	6.53	2.81	50.20
Bid to Cover Ratio	9.41	8.21	1.69	1.77	2.07	3.19	-	2.33
Weighted Average Yields Awarded	6.517%	6.747%	7.160%	7.240%	7.240%	7.160%	-	
26 Mar '24								
Instruments	SPN12240628	SPN12250314	FR0101	FR0100	FR0098	FR0097	FR0102	Total
Incoming Bids (IDR tn)	2.29	4.94	8.37	5.65	2.77	2.27	6.05	32.34
Bid to Cover Ratio	-	2.47	1.12	1.22	1.46	1.34	1.23	1.35
Weighted Average Yields Awarded	-	6.455%	6.570%	6.680%	6.890%	6.940%	6.960%	

Sources : DJPPR, KBVS Research (2024)

## OWNERSHIP of IDR TRADABLE SBN

(% of total tradable SBN)



Sources : DJPPR, and KBVS Research (2024)

- As of 29 Apr '24, the transactions led to Non-resident ownership in IDR Tradable SBN reaching IDR791.03 tn, accounting for 13.79% of the total tradable SBN.
- Meanwhile, BI continues its net purchases amounting to IDR34.89 tn in Apr '24 or IDR211.15 tn ytd (as of 29 Apr '24).

## SBSN LATEST AUCTION

23 Apr '24								
Instruments	SPNS22102024	SPNS20012025	PBS032	PBS030	PBS004	PBS039	PBS038	Total
Incoming Bids (IDR tn)	2.02	4.69	3.54	1.54	2.02	1.68	0.73	21.07
Bid to Cover Ratio	103.55	2.78	3.37	19.23	40.30	1.14	1.02	1.30
Weighted Average Yields Awarded	6.500%	6.660%	6.910%	6.849%	6.950%	7.130%	7.150%	
19 Mar '24								
Instruments	SPNS03092024	SPNS02122024	PBS032	PBS030	PBSG001	PBS004	PBS038	Total
Incoming Bids (IDR tn)	2.17	4.41	6.93	1.34	1.07	0.84	4.31	21.07
Bid to Cover Ratio	4.81	3.67	1.80	1.12	1.07	1.11	1.22	1.76
Weighted Average Yields Awarded	6.410%	6.472%	6.620%	6.488%	6.603%	6.720%	6.969%	

Sources : DJPPR, KBVS Research (2024)

# Domestic Fiscal Side

## APBN REALIZATION, as of 31 Mar '24



Sources : MoF-RI (2024)

## MACRO ASSUMPTION OF APBN 2024



Source : MOF-RI (2024)

## SENSITIVITY ANALYSIS APBN 2024

URAIAN	2024						
	Pertumbuhan Ekonomi ↑ 0,1%	Inflasi ↑ 0,1%	SBN 10 Tahun ↑ 0,1%	Nilai Tukar Rupiah ↑ Rp100/US\$	ICP ↑ US\$1	Lifting Minyak ↑ 10rb	Lifting Gas ↑ 10rb
<b>A. Pendapatan Negara</b>	1,9	1,7	0,0	4,0	3,6	2,1	1,1
I. Penerimaan Dalam Negeri	1,9	1,7	0,0	4,0	3,6	2,1	1,1
1. Penerimaan Perpajakan	1,9	1,7	0,0	3,0	1,8	0,4	0,5
2. PNBP	0,0	0,0	0,0	1,0	1,8	1,7	0,6
II. Penerimaan Hibah	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>B. Belanja Negara</b>	0,1	0,1	1,2	10,2	10,1	0,3	0,3
I. Belanja Pemerintah Pusat*	0,0	0,0	1,2	9,5	9,8	0,1	0,0
II. Transfer ke Daerah	0,1	0,1	0,0	0,7	0,3	0,3	0,2
<b>C. Surplus/(Defisit) Anggaran</b>	1,8	1,6	-1,2	-6,2	-6,5	1,8	0,8
<b>D. Pembiayaan Anggaran</b>	0,0	0,0	0,0	-1,2	0,0	0,0	0,0

Sources : MOF-RI (2024)

MoF-RI reports the realization of the APBN as of 31 Mar '24, as follows:

- State Revenue: IDR620.1 tn (22.1% of the target), down by -4.1% YoY.
- State Expenditure: IDR611.9 tn (or 18.4% of the target), up by +18.0% YoY.
- State Budget Surplus: IDR8.1 tn (0.04% of GDP).
- Primary Balance: surplus of IDR122.1 tn, down by -46.5% YoY.

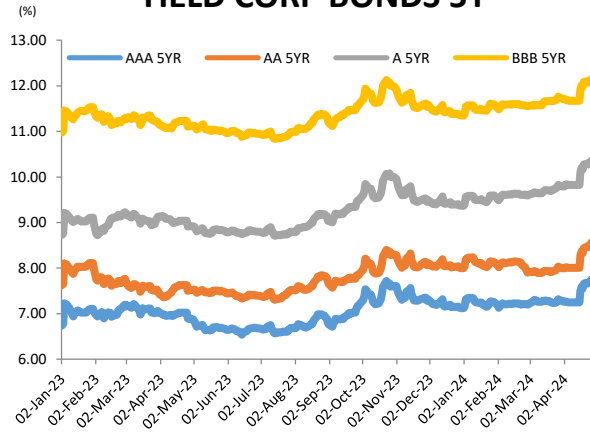
Given the economic volatility observed, we anticipate there will soon be changes to the assumptions in the 2024 State Budget.



Sources : BPS, MoF-RI Estimation (2024)

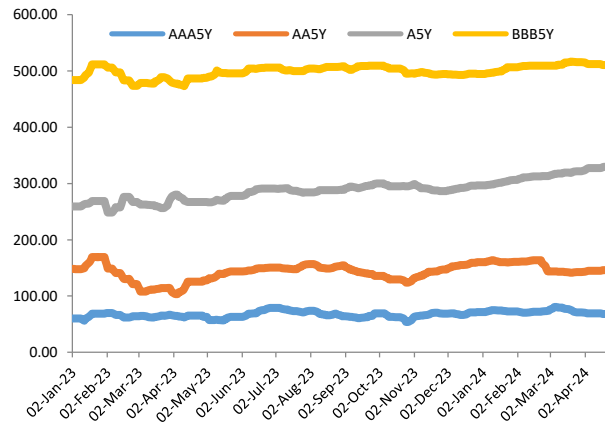
# The Movement of Corporate Bond Yields

## YIELD CORP BONDS 5Y



Sources : Bloomberg, KBVS Research (2024)

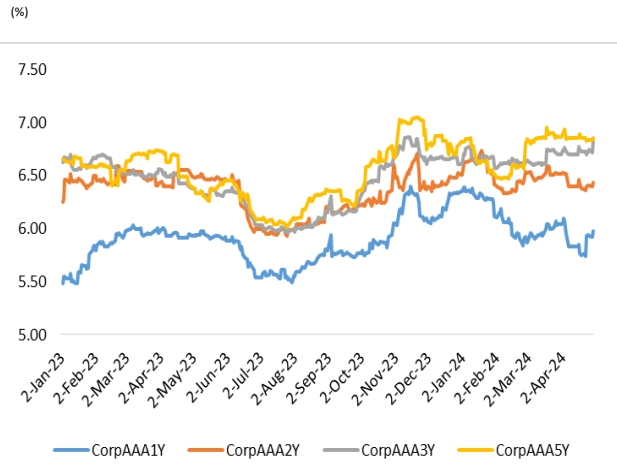
## YIELD SPREAD 5Y TENOR



Sources : Bloomberg, KBVS Research (2024)

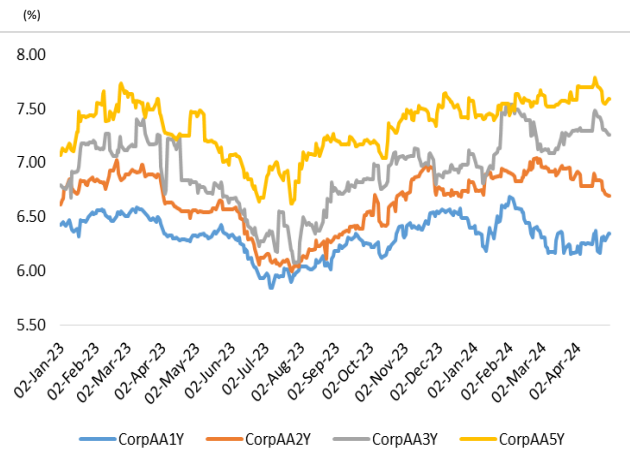
- The trend of rising SUN yields also impacts the trend of increasing corporate bond yields.
- However, the increase in corporate bond yields is particularly noticeable in the 1-year tenor, where the increases for AAA-rated bonds reach +21.26 bps, AA-rated +20.89 bps, A-rated +18.91 bps, and BBB-rated +18.96 bps.
- Meanwhile, the increases for other AAA-rated bonds are as follows:
  - Tenor 3Y : +10.91 bps
  - Tenor 5Y : +9.14 bps
- AA-rated
  - Tenor 3Y : +8.92 bps
  - Tenor 5Y : +6.66 bps
- A-rated
  - Tenor 3Y : +8.81 bps
  - Tenor 5Y : +8.09 bps

## YIELD AAA-RATED



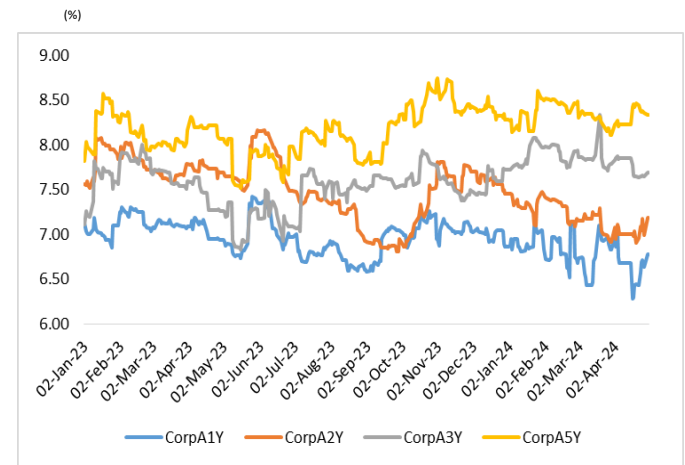
Sources : Bloomberg, KBVS Research (2024)

## YIELD AA-RATED



Sources : Bloomberg, KBVS Research (2024)

## YIELD A-RATED



Sources : Bloomberg, KBVS Research (2024)



# BI's Monetary Operation

## SRBI's DEVELOPMENT

SRBI	Weighted Yield Average Winner (%)			Bidding Amount (IDR bn)	Total Nominal Awarded (ID R bn)	Bid to Cover Ratio
	6 Months	9 Months	12 Months			
5-Jan-24	6.70	6.80	6.89	31,667.00	22,050.00	1.44
12-Jan-24	6.68	6.78	6.87	33,833.00	19,520.00	1.73
19-Jan-24	6.67	6.75	6.85	39,987.00	25,000.00	1.60
26-Jan-24	6.64	6.70	6.83	37,435.00	29,000.00	1.29
2-Feb-24	6.62	6.70	6.82	40,047.00	29,000.00	1.38
16-Feb-24	6.62	6.70	6.82	13,791.00	12,791.00	1.08
23-Feb-24	6.61	6.70	6.82	8,073.00	7,583.00	1.06
1-Mar-24	6.64	6.70	6.84	4,996.00	3,966.00	1.26
8-Mar-24	6.66	6.80	6.86	4,075.00	3,665.00	1.11
15-Mar-24	6.68	6.69	6.87	9,720.00	9,130.00	1.06
22-Mar-24	6.72	6.71	6.90	9,538.00	8,808.00	1.08
5-Apr-24	6.76	6.83	6.92	14,906.00	13,199.00	1.13
19-Apr-24	6.81	6.82	6.94	7,225.00	3,484.00	2.07
26-Apr-24	7.14	7.16	7.34	21,168.00	20,708.00	1.02

Sources : BI, KBVS Research (2024)

- Through its twist operation policy, Bank Indonesia remains actively engaged in issuing SBRI, SVBI, SuKBI, and SUVBI in the market.
- The promotion of these instruments is also accompanied by offering yields higher than SUN1Y and significant increases have occurred following Bank Indonesia's 25 bps Bi Rate hike last week..

## SVBI's DEVELOPMENT

SVBI	Weighted Yield Average Winner (%)		Bidding Amount (USD mn)	Total Nominal Awarded (USD Mn)	Bid to Cover Ratio
	1 Month	3 Months			
2-Jan-24	5.74	-	66.00	31.00	2.13
9-Jan-24	5.71	-	268.00	147.00	1.82
16-Jan-24	5.70	-	382.00	284.00	1.35
23-Jan-24	5.67	5.70	397.00	251.00	1.58
30-Jan-24	5.67	5.69	512.00	472.00	1.08
6-Feb-24	5.66	5.69	472.00	442.00	1.07
13-Feb-24	5.66	5.68	808.00	607.00	1.33
20-Feb-24	5.66	5.67	662.00	652.00	1.02
27-Feb-24	5.66	5.67	518.00	488.00	1.06
5-Mar-24	5.66	5.68	312.00	272.00	1.15
14-Mar-24	5.67	5.68	577.00	532.00	1.08
19-Mar-24	5.67	5.68	367.00	357.00	1.03
26-Mar-24	5.66	-	375.00	358.00	1.05
2-Apr-24	5.67	5.68	264.50	264.50	1.00
16-Apr-24	5.67	-	210.00	160.00	1.31
23-Apr-24	5.67	5.68	514.00	489.00	1.05

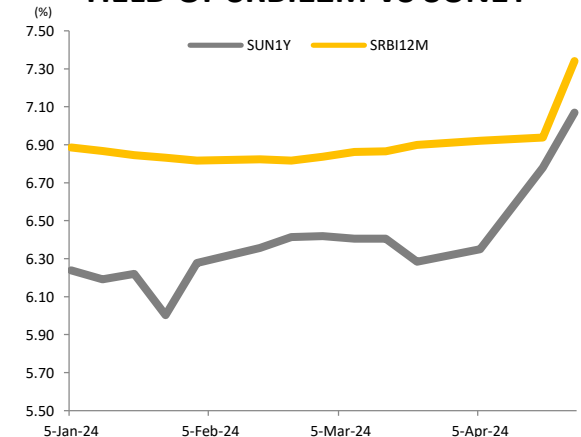
Sources : BI, KBVS Research (2024)

## SUVBI's DEVELOPMENT

SUVBI	Weighted Yield Average Winner (%)		Bidding Amount (USD mn)	Total Nominal Awarded (USD Mn)	Bid to Cover Ratio
	1 Month	3 Months			
29-Nov-23	5.62	5.63	64.00	64.00	1.00
13-Dec-23	5.71	5.77	65.00	65.00	1.00
28-Dec-23	5.74	5.75	25.00	25.00	1.00
10-Jan-24	5.71	5.70	90.00	90.00	1.00
24-Jan-24	5.67	5.70	65.00	65.00	1.00
7-Feb-24	5.66	5.69	110.00	110.00	1.00
21-Feb-24	5.66	5.67	85.00	85.00	1.00
6-Mar-24	5.66	5.68	187.00	187.00	1.00
20-Mar-24	5.67	5.68	124.00	124.00	1.00
3-Apr-24	5.67	5.68	300.00	300.00	1.00
17-Apr-24	5.67	5.72	193.00	193.00	1.00

Sources : BI, KBVS Research (2024)

## YIELD OF SRBI12M VS SUN1Y



Sources : BI, KBVS Research (2024)

# This Week's Economic Calendar

## ECONOMIC CALENDAR

(2 MAY - 8 MAY 2024)

Event	Forecast	Previous	Event	Forecast	Previous	Event	Forecast	Previous
<b>Thursday, May 2, 2024</b>			<b>Friday, May 3, 2024</b>			<b>Monday, May 6, 2024</b>		
US FOMC Statement			EU ECB's Lane Speaks			CN Caixin Services PMI (Apr)		52.70
US FOMC Press Conference			US Fed's Balance Sheet		7,402B	GE HCOB Services PMI (Apr)		53.30
<b>US Fed Interest Rate Decision</b>	<b>5.50%</b>	<b>5.50%</b>	GB S&P Global/CIPS Composite PMI (Apr)	54.00	52.80	EU HCOB Composite PMI (Apr)		51.40
JP Monetary Policy Meeting Minutes			GB S&P Global/CIPS Services PMI (Apr)	54.90	53.10	EU HCOB Services PMI (Apr)		52.90
ID Nikkei Manufacturing PMI (Apr)		54.20	<b>EU Unemployment Rate (Mar)</b>	<b>6.50%</b>	<b>6.50%</b>	ID GDP (QoQ) (Q1)		0.45%
ID Core Inflation (YoY) (Apr)		1.77%	US Average Hourly Earnings (MoM) (Apr)	0.30%	0.30%	ID GDP (YoY) (Q1)		5.04%
ID Inflation (MoM) (Apr)		0.52%	US Average Hourly Earnings (YoY) (Apr)		4.10%	<b>Tuesday, May 7, 2024</b>		
ID Inflation (YoY) (Apr)		3.05%	<b>US Nonfarm Payrolls (Apr)</b>	<b>243K</b>	<b>303K</b>	GB BRC Retail Sales Monitor (YoY) (Apr)		3.20%
GB Nationwide HPI (MoM) (Apr)		-0.20%	US Participation Rate (Apr)		62.70%	JP Au Jibun Bank Japan Services PMI (Apr)		54.60
GB Nationwide HPI (YoY) (Apr)		1.60%	US Private Nonfarm Payrolls (Apr)	180K	232K	GB Halifax House Price Index (MoM) (Apr)		-1.00%
GE HCOB Manufacturing PMI (Apr)	42.20	41.90	US U6 Unemployment Rate (Apr)		7.30%	GB Halifax House Price Index (YoY) (Apr)		0.30%
EU HCOB Manufacturing PMI (Apr)	45.60	46.10	US Unemployment Rate (Apr)	3.80%	3.80%	GE Factory Orders (MoM) (Mar)		0.20%
US Continuing Jobless Claims		1,781K	US S&P Global Composite PMI (Apr)	50.90	52.10	GE Trade Balance (Mar)		21.40B
US Exports		263.00B	US S&P Global Services PMI (Apr)	50.90	51.70	GB S&P Global/CIPS Construction PMI (Apr)		50.20
US Imports		331.90B	US ISM Non-Manufacturing Employment (Apr)		48.50	<b>Wednesday, May 8, 2024</b>		
<b>US Initial Jobless Claims</b>	<b>212K</b>	<b>207K</b>	US ISM Non-Manufacturing PMI (Apr)	52.00	51.40	US Consumer Credit (Mar)		14.12B
US Nonfarm Productivity (QoQ) (Q1)	0.80%	3.20%	US ISM Non-Manufacturing Prices (Apr)		53.40	ID FX Reserves (USD) (Apr)		140.40B
US Trade Balance (Mar)	-69.30B	-68.90B				GE Industrial Production (MoM) (Mar)		2.10%
US Unit Labor Costs (QoQ) (Q1)	3.20%	0.40%						
US Factory Orders (MoM) (Mar)	1.60%	1.40%						
GE Buba Balz Speaks								

- The developments of the FOMC meeting on 1 May '24, will certainly be the focus of the market, which will also greatly influence the stance of other central banks, global exchange rates, and the global economy.
- Meanwhile, the anticipation of GDP Growth on 6 May '24, will be the primary focus of domestic investors.

# FOMC Meeting 1 May '24

## FEDERAL RESERVE press release



For release at 2:00 p.m. EDT

May 1, 2024

Recent indicators suggest that economic activity has continued to expand at a solid pace. Job gains have remained strong, and the unemployment rate has remained low. Inflation has eased over the past year but remains elevated. In recent months, there has been a lack of further progress toward the Committee's 2 percent inflation objective.

The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. The Committee judges that the risks to achieving its employment and inflation goals have moved toward better balance over the past year. The economic outlook is uncertain, and the Committee remains highly attentive to inflation risks.

In support of its goals, the Committee decided to maintain the target range for the federal funds rate at 5-1/4 to 5-1/2 percent. In considering any adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks. The Committee does not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably toward 2 percent. In addition, the Committee will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities. Beginning in June, the Committee will slow the pace of decline of its securities holdings by reducing the monthly redemption cap on Treasury securities from \$60 billion to \$25 billion. The Committee will maintain the monthly redemption cap on agency debt and agency mortgage-backed securities at \$35 billion and will reinvest any principal payments in excess of this cap into Treasury securities. The Committee is strongly committed to returning inflation to its 2 percent objective.

In assessing the appropriate stance of monetary policy, the Committee will continue to monitor the implications of incoming information for the economic outlook. The Committee would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals. The Committee's assessments will take into account a wide range of information, including readings on labor market conditions, inflation pressures and inflation expectations, and financial and international developments.

Voting for the monetary policy action were Jerome H. Powell, Chair; John C. Williams, Vice Chair; Thomas I. Barkin; Michael S. Barr; Raphael W. Bostic; Michelle W. Bowman; Lisa D. Cook; Mary C. Daly; Philip N. Jefferson; Adriana D. Kugler; Loretta J. Mester; and Christopher J. Waller.

Source : Fed Reserve (2024)

For release at 2:00 p.m. EDT

May 1, 2024

### Decisions Regarding Monetary Policy Implementation

The Federal Reserve has made the following decisions to implement the monetary policy stance announced by the Federal Open Market Committee in its [statement](#) on May 1, 2024:

- The Board of Governors of the Federal Reserve System voted unanimously to maintain the interest rate paid on reserve balances at 5.4 percent, effective May 2, 2024.
- As part of its policy decision, the Federal Open Market Committee voted to direct the Open Market Desk at the Federal Reserve Bank of New York, until instructed otherwise, to execute transactions in the System Open Market Account in accordance with the following domestic policy directive:
  - "Effective May 2, 2024, the Federal Open Market Committee directs the Desk to:
    - Undertake open market operations as necessary to maintain the federal funds rate in a target range of 5-1/4 to 5-1/2 percent.
    - Conduct standing overnight repurchase agreement operations with a minimum bid rate of 5.5 percent and with an aggregate operation limit of \$500 billion.
    - Conduct standing overnight reverse repurchase agreement operations at an offering rate of 5.3 percent and with a per-counterparty limit of \$160 billion per day.
    - Roll over at auction the amount of principal payments from the Federal Reserve's holdings of Treasury securities maturing in May that exceeds a cap of \$60 billion per month. Beginning on June 1, roll over at auction the amount of principal payments from the Federal Reserve's holdings of Treasury securities maturing in each calendar month that exceeds a cap of \$25 billion per month. Redeem Treasury coupon securities up to these monthly caps and Treasury bills to the extent that coupon principal payments are less than the monthly caps.
    - Reinvest into agency mortgage-backed securities (MBS) the amount of principal payments from the Federal Reserve's holdings of agency debt and agency MBS received in May that exceeds a cap of \$35 billion per month. Beginning on June 1, reinvest the amount of principal payments from the Federal Reserve's holdings of agency debt and agency MBS received in each calendar month that exceeds a cap of \$35 billion per month into Treasury securities to roughly match the maturity composition of Treasury securities outstanding.
    - Allow modest deviations from stated amounts for reinvestments, if needed for operational reasons.
    - Engage in dollar roll and coupon swap transactions as necessary to facilitate settlement of the Federal Reserve's agency MBS transactions."
- In a related action, the Board of Governors of the Federal Reserve System voted unanimously to approve the establishment of the primary credit rate at the existing level of 5.5 percent.

This information will be updated as appropriate to reflect decisions of the Federal Open Market Committee or the Board of Governors regarding details of the Federal Reserve's operational tools and approach used to implement monetary policy.

More information regarding open market operations and reinvestments may be found on the Federal Reserve Bank of New York's [website](#).

Source : Fed Reserve (2024)

