

Where Do We Currently Stand?

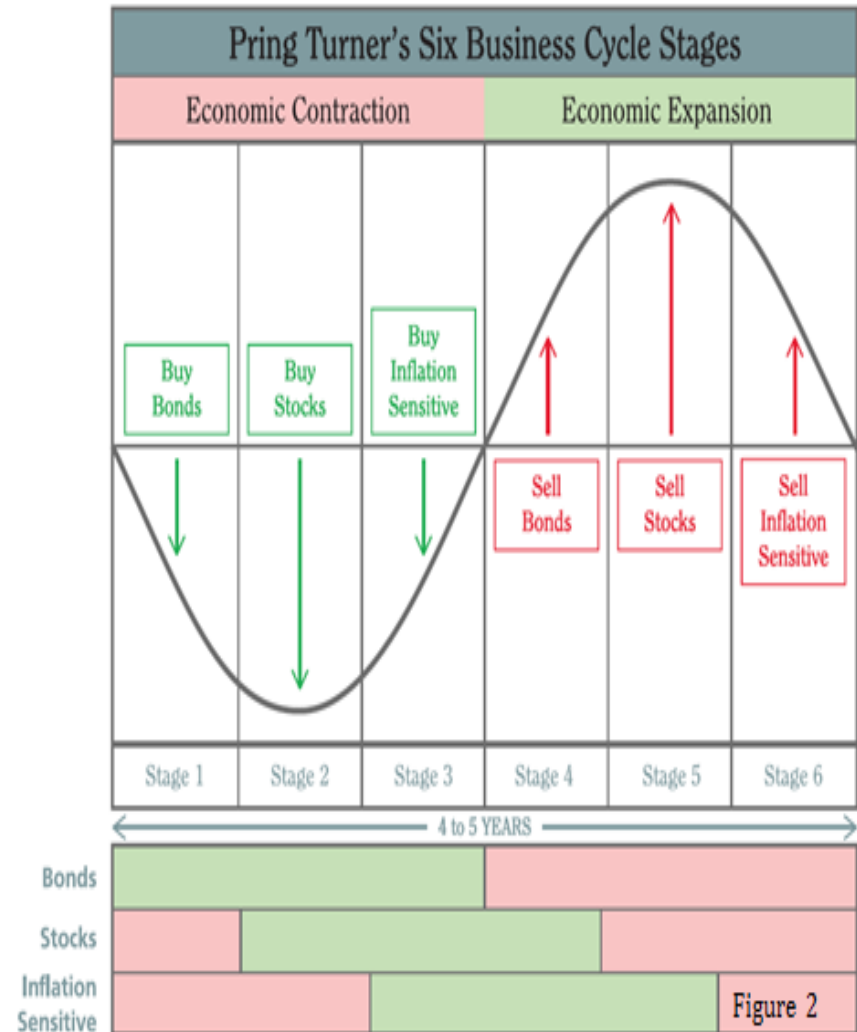
– Are We In The Recovery Phase Or The Contraction Phase?

26 September 2024

Economist / Fikri C Permana

Executive Summary

- The Fed is expected to continue its aggressive rate cuts in November.
- This is anticipated to stimulate global economic growth, alongside the large-scale stimulus initiated by the People's Bank of China (PBoC).
- On the other hand, the hawkish stance demonstrated by the Bank of Japan (BoJ) and rising geopolitical tensions in the Middle East could pose challenges to further global economic growth.
- Domestically, the continued rate cuts by the Fed are also expected to be mirrored by Bank Indonesia (BI), with a reduction in the BI Rate at a similar level.
- This has been reflected in declining yields, increased capital inflows into the domestic market, and continued appreciation of the Rupiah.
- Additionally, adjustments to the revenue and expenditure in the 2025 APBN are expected to keep the fiscal deficit for 2025 at IDR616.2 tn, equivalent to 2.53% of GDP.



Source: pringturner (2024)



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US ECONOMIC DATA

US ECONOMIC INDICATORS	Unit	Latest Period	Data	
			Latest	Previous
Fed Rate	%	Sep '24	5.5	5.5
Economic Growth	%, yoy	2Q24	3.1	2.9
Inflation Rate	%, yoy	Aug'24	2.5	2.9
Unemployment Rate	%	Aug'24	4.2	4.3

Sources : various sources, KBVS Research (2024)

The data releases that influenced yield movements in the week of 19 Sep – 25 Sep '24 are as follows:

- The number of people claiming unemployment benefits on the period ending Sep 14th in the US decrease to 219K (Cons: 230K, Prev: 231K).
- Philadelphia Fed Manufacturing Index for Sep '24 increased to 1.70 (Cons: -0.80, Prev: -7.00).
- Existing Home Sales in Aug '24 decreased to 3.86 mn (Cons: 3.92 mn, Prev: 3.96 mn).
- S&P Global Manufacturing Index in Sep '24 down to 47.00 (Cons: 48.60, Prev: 47.90).
- S&P Global Services PMI in Sep '24 decreased to 55.40 (Cons: 55.30, Prev: 55.70).
- CB Consumer Confidence in Sep '24 down to 98.70 (Cons: 103.90, Prev: 105.60).

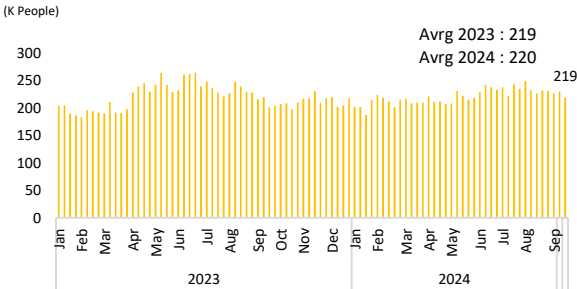
ECONOMIC CALENDAR

(19-25 SEP '24)

Event	Actual	Forecast	Previous
Thursday, 19 Sep '24			
US Interest Rate Projection - 1st Year (Q3)	3.40%		4.10%
US Interest Rate Projection - 2nd Year (Q3)	2.90%		3.10%
US Interest Rate Projection - 3rd Year (Q3)	2.90%		2.90%
US Interest Rate Projection - Current (Q3)	4.40%		5.10%
US Interest Rate Projection - Longer (Q3)	2.90%		2.80%
US Fed Interest Rate Decision	5.00%	5.25%	5.50%
US FOMC Economic Projections			
US FOMC Statements			
US FOMC Press Conference			
US TIC Net Long-Term Transactions (Jul)	135.40B		80.50B
US Continuing Jobless Claims	1,829K	1,850K	1,843K
US Initial Jobless Claims	219K	230K	231K
US Current Account (Q2)	-266.80B	-259.00B	-241.00B
US Philadelphia Fed Manufacturing Index (Sep)	1.70	-0.80	-7.00
US Philadelphia Fed Employment (Sep)	10.70		-5.70
US Existing Home Sales (Aug)	3.86M	3.92M	3.96M
US Existing Home Sales (MoM) (Aug)	-2.50%		1.50%
US Leading Index (MoM) (Aug)	-0.20%	-0.30%	-0.60%
Friday, 20 Sep '24			
US 10-Year TIPS Auction	1.59%		1.88%
US Fed's Balance Sheet	7,109B		7,115B
Monday, 23 Sep '24			
US FOMC Member Bostic Speaks			
US S&P Global Manufacturing PMI (Sep)	47.00	48.60	47.90
US S&P Global Composite PMI (Sep)	54.40	54.30	54.60
US S&P Global Services PMI (Sep)	55.40	55.30	55.70
Tuesday, 24 Sep '24			
US FOMC Member Kashkari Speaks			
US FOMC Member Bowman Speaks			
US S&P/CS HPI Composite - 20 n.s.a. (MoM) (Jul)	0.00%		0.60%
US S&P/CS HPI Composite - 20 n.s.a. (YoY) (Jul)	5.90%	5.90%	6.50%
US CB Consumer Confidence (Sep)	98.70	103.90	105.60
Wednesday, 25 Sep '24			
US 2-Year Note Auction	3.52%		3.87%
US API Weekly Crude Oil Stock	-4.339M	-1.100M	1.960M
US New Home Sales (MoM) (Aug)			10.60%
US New Home Sales (Aug)		699K	739K
US Crude Oil Inventories		-1.200M	-1.630M
US Cushing Crude Oil Inventories			-1.979M

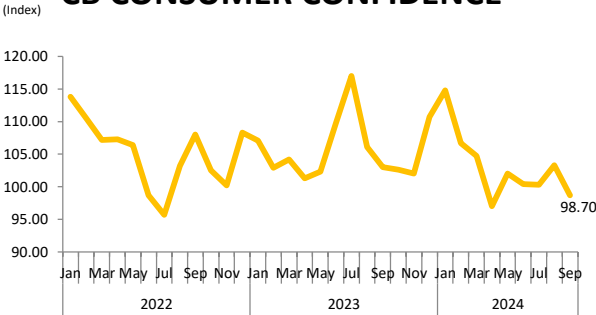
Sources : investing, KBVS Research (2024)

WEEKLY INITIAL JOBLESS CLAIMS



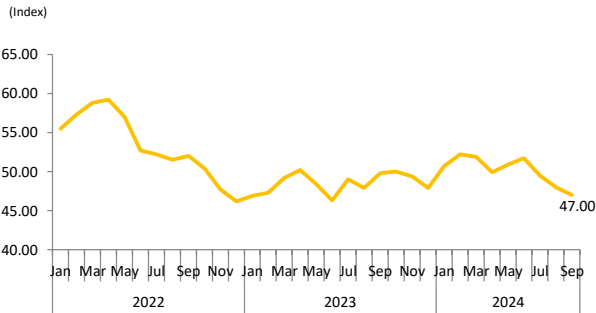
Sources : US DoL, KBVS Research (2024)

CB CONSUMER CONFIDENCE



Sources : US Conference Board, KBVS Research (2024)

MANUFACTURING PMI



Sources : Markit, KBVS Research (2024)

FED PROBABILITIES AND THEIR IMPACT

FED PROBABILITIES, as of 25 SEP '24

MEETING DATE	175-200	200-225	225-250	250-275	275-300	300-325	325-350	350-375	375-400	400-425	425-450	450-475
7-Nov-24	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	60.4%	39.6%
18-Dec-24	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	35.5%	48.2%	16.3%	0.0%
29-Jan-25	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	13.1%	40.2%	36.4%	10.3%	0.0%	0.0%
19-Mar-25	0.0%	0.0%	0.0%	0.0%	3.3%	19.8%	39.2%	29.9%	7.7%	0.0%	0.0%	0.0%
30-Apr-25	0.0%	0.0%	0.0%	2.7%	16.9%	35.8%	31.6%	11.6%	1.4%	0.0%	0.0%	0.0%
18-Jun-25	0.0%	0.0%	1.8%	12.2%	29.5%	33.0%	18.3%	4.8%	0.5%	0.0%	0.0%	0.0%
30-Jul-25	0.0%	0.6%	5.4%	18.2%	30.7%	27.8%	13.6%	3.3%	0.3%	0.0%	0.0%	0.0%
17-Sep-25	0.2%	1.8%	8.5%	21.3%	30.0%	24.4%	11.1%	2.6%	0.2%	0.0%	0.0%	0.0%

Sources : CME Group, and KBVS Research (2024)

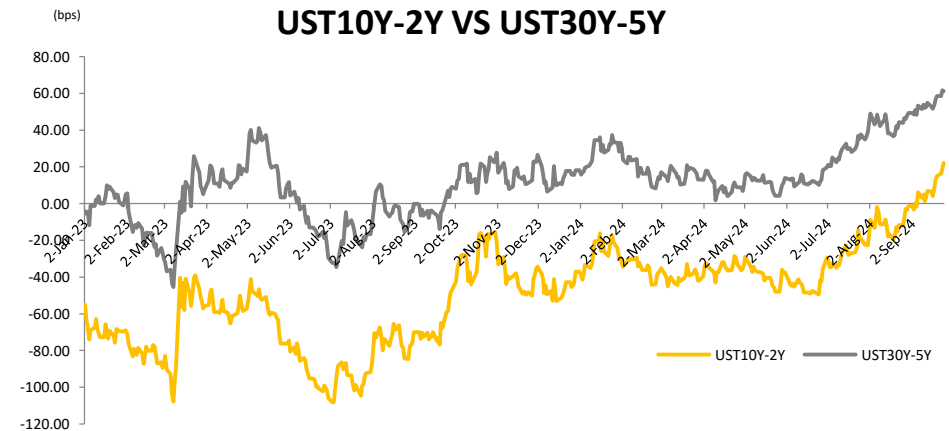
- The continued expectation of a Fed Rate cut, with predictions of a further 50 bps reduction in the upcoming November FOMC meeting, once again pushed the DXY down by -0.51% last week
- This is also driven by the appreciation of several currencies against the USD, including:
 - CHF 0.13%
 - EUR 0.64%
 - SEK 0.86%
 - JPY 1.00%
 - CAD 1.25%
 - GBP 1.28%
- Simultaneously, the inverted yield curve between the US2Y and US10Y yields ended on Sep 9th, '24, and has since returned to a normal curve.

DXY



Sources : Bloomberg, and KBVS Research (2024)

YIELD SPREAD UST10Y-2Y VS UST30Y-5Y



Sources : Bloomberg, and KBVS Research (2024)

GLOBAL ECONOMIC CONDITION

Bank of Japan holds interest rates and upgrades consumption outlook

Central bank forecasts Japanese economy will keep growing at a pace above its potential growth rate



The Bank of Japan said private consumption had been on a moderately increasing trend despite the impact of rising prices © Issei Kato/Reuters

Source: financialtimes (2024)

- Although the Bank of Japan (BoJ) has maintained its interest rate at 0.25%, it pointed to a moderate recovery in the economy, while cautioning that "*high uncertainties*" persist in the outlook for both economic activity and prices.
- As a result, the majority of economists expect the BoJ to raise rates again in 2024, with some predicting a 25 bps increase as early as next month.

China unleashes boldest stimulus in years to boost ailing economy

People's Bank of China announces support measures including a cut in interest rates but some experts fear they may not be enough



Pan Gongsheng, Governor of the People's Bank of China, holds a press conference in Beijing on Tuesday where he unveiled his latest economic stimulus plans. Photograph: Adek Berry/AFP/Getty Images

Source: the guardian (2024)

- The Governor of the People's Bank of China (PBOC), Pan Gongsheng, announced that up to GBP50 bn worth of assets could be allocated to the stock exchange program aimed at fostering additional investments.
- He also stated plans to lower the deposit requirement for purchasing a second home from 25% to 15%.
- The central bank anticipates that this combination of reduced interest rates and lower deposit requirements will benefit approximately 50 mn households, resulting in an annual decrease of about CNY150 bn yuan (GBP16 bn) in total interest expenses.

White House is 'afraid' of escalation in Middle East tensions

'Children being harmed, people being harmed, it's difficult to see,' after bombings rock Lebanon, says White House

Michael Gabriel Hernandez | 19.09.2024 - Update : 19.09.2024



A new wave of wireless communications device explosions across Lebanon on Wednesday killed at least nine people and injured more than 300 others, injured individuals from the device explosions are being treated at the Lebanese-Italian hospital in the city of Tyre (Syr), Lebanon on September 18, 2024.

Source: aa.com (2024)

- The White House expressed its concerns on Thursday regarding the potential for further escalation of tensions in the Middle East, following a series of bombings in Lebanon that lasted for two consecutive days and resulted in the deaths of at least 37 individuals and injuries to thousands more.
- This unrest has led to an increase in global oil prices, with WTI rising by +1.62% WoW and Brent crude increasing by +1.40% WoW.
- Additionally, natural gas prices surged by +13.76% WoW.
- The situation has disrupted supply chains and distribution routes, prompting airlines to suspend flights as tensions in the region continue to escalate.

THE MOVEMENT OF UST YIELDS

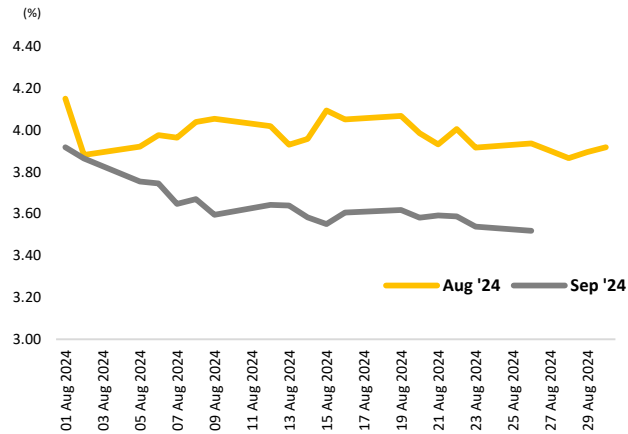
US FISCAL INDICATORS	Unit	Latest Period	Data	
			Latest	Previous
Govt Debt	USD Tn	Mar'24	34.67	34.47
Govt Debt to GDP	%	4Q23	124.3	122.9
Govt Budget	USD Bn	Feb '24	296.28	21.93
S&P Credit Rating	Rating	16-Mar-23	AA+	AA+

Sources : US Treasury, KBVS Research (2024)

Over the past week, there has been a tendency for UST yields to decrease, where:

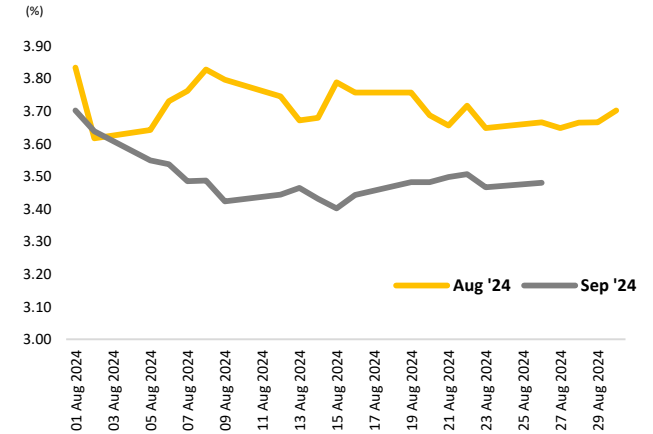
- UST6M
 - -15.35 bps (WoW)
 - -89.28 bps (YtD, as of Sep 25, '24)
- UST52W (1Y)
 - -8.26 bps (WoW)
 - -86.57 bps (YtD, as of Sep 25, '24)
- UST2Y
 - -9.68 bps (WoW)
 - -72.95 bps (YtD, as of Sep 25, '24)
- UST5Y
 - -0.23 bps (WoW)
 - -36.68 bps (YtD, as of Sep 25, '24)
- UST10Y
 - +3.18 bps (WoW)
 - -14.35 bps (YtD, as of Sep 25, '24)
- UST30Y
 - +6.19 bps (WoW)
 - +5.42 bps (YtD, as of Sep 25, '24)

YIELD UST2Y



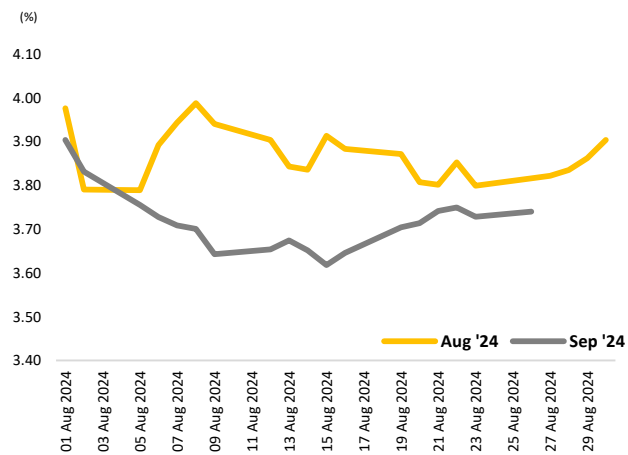
Sources : Bloomberg, KBVS Research (2024)

YIELD UST5Y



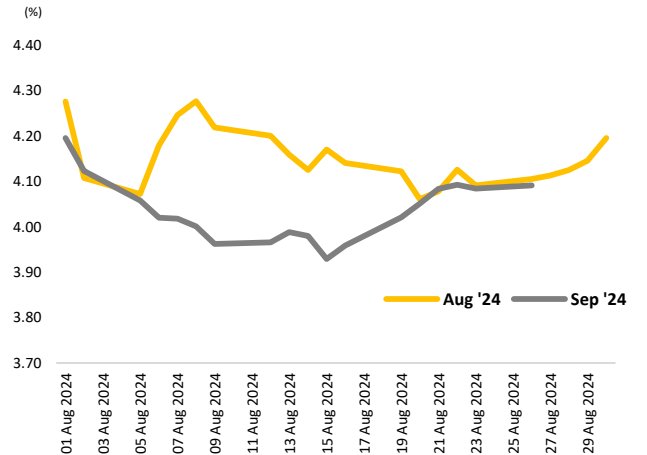
Sources : Bloomberg, KBVS Research (2024)

YIELD UST10Y



Sources : US Treasury, KBVS Research (2024)

YIELD UST30Y



Sources : US Treasury, KBVS Research (2024)



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INDONESIA ECONOMIC DATA

INDICATORS OVERVIEW

Economic Indicators	Unit	Latest Period	Data	
			Latest	Previous
Policy Interest Rate	%	18 Sep '24	6.00	6.25
Economic Growth	%, yoy	2Q24	5.05	5.11
Inflation Rate	%, yoy	Aug '24	2.12	2.13
Unemployment Rate	%	Feb '24	4.82	5.32
S&P Credit Rating	Rating	17 July '24	BBB	BBB

Sources : various sources, KBVS Research (2024)

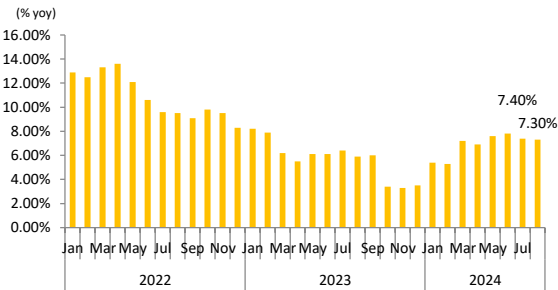
ECONOMIC CALENDAR

(19-25 SEP '24)

Event	Actual	Forecast	Previous
Thursday, 19 Sep '24			
Friday, 20 Sep '24			
Monday, 23 Sep '24			
ID M2 Money Supply (YoY) (Aug)	7.30%		7.40%
Tuesday, 24 Sep '24			
Wednesday, 25 Sep '24			

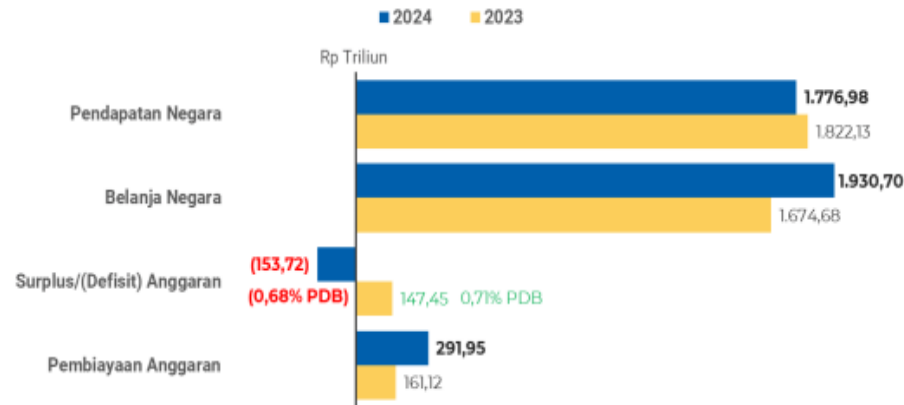
Sources : Investing, KBVS Research (2024)

M2 MONEY SUPPLY

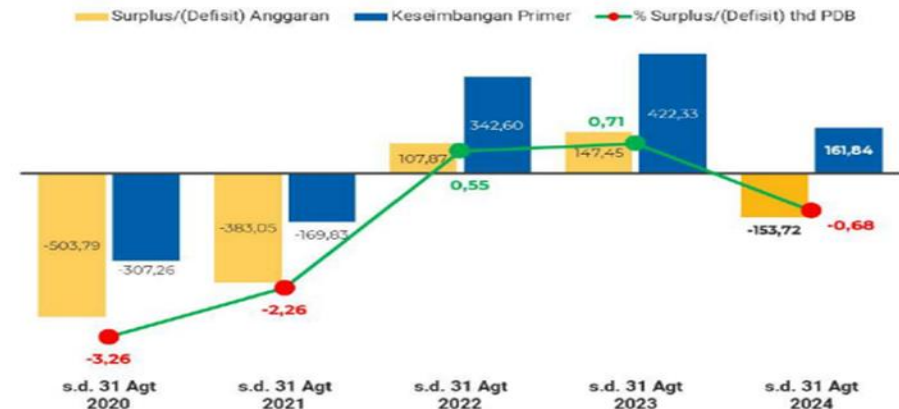


APBN REALIZATION, AS OF AUG 31ST

Realisasi APBN
s.d. 31 Agustus 2024



Perkembangan Surplus/Defisit
dan Keseimbangan Primer



APBN (triliun rupiah)	2023				2024			
	Perpres 75/2023	Realisasi s.d. 31 Agustus	% thd Perpres 75/2023	Growth (%, yoy)	APBN	Realisasi s.d. 31 Agustus	% thd APBN	Growth (%, yoy)
A. Pendapatan Negara	2.637,25	1.822,13	69,09	3,26	2.802,29	1.776,98	63,41	(2,48)
I. Pendapatan Dalam Negeri	2.634,15	1.821,56	69,15	3,26	2.801,86	1.763,53	62,94	(3,19)
1. Penerimaan Perpajakan	2.118,35	1.418,54	66,96	2,94	2.309,86	1.379,76	59,73	(2,73)
a. Pajak	1.818,24	1.246,97	68,58	6,42	1.988,88	1.196,54	60,16	(4,04)
b. Kepabeanan dan Cukai	300,11	171,57	57,17	(16,80)	320,98	183,22	57,08	6,79
2. PNPB	515,80	403,03	78,14	4,38	492,00	383,78	78,00	(4,78)
II. Penerimaan Hibah	3,10	0,56	18,17	6,75	0,43	13,45	3.122,65	2.286,75
B. Belanja Negara	3.117,18	1.674,68	53,72	1,08	3.325,12	1.930,70	58,06	15,29
I. Belanja Pemerintah Pusat	2.302,46	1.170,77	50,85	(0,60)	2.467,53	1.368,55	55,46	16,89
1. Belanja K/L	1.000,84	581,65	58,12	1,02	1.090,83	703,33	64,48	20,92
2. Belanja Non K/L	1.301,61	589,12	45,26	(2,15)	1.376,70	665,21	48,32	12,92
II. Transfer Ke Daerah	814,72	503,91	61,85	5,22	857,59	562,15	65,55	11,56
C. Keseimbangan Primer	(38,53)	422,33	(1.096,17)	23,27	(25,51)	161,84	(634,52)	(61,68)
D. Surplus/(Defisit) Anggaran	(479,93)	147,45	(30,72)	36,69	(522,83)	(153,72)	29,40	(204,25)
% Surplus/(Defisit) thd PDB	(2,27)	0,71			(2,29)	(0,68)		
E. Pembiayaan Anggaran	479,93	161,12	33,57	(44,03)	522,83	291,95	55,84	81,19

Source : MOF-RI (2024)

- As of the end of August 2024, the realization of Revenues&Grants reached IDR1,776.98 tn, or 63.41% of the 2024 APBN target, representing a contraction of -2.48% YoY.
- As of the end of Aug '24, the figure reached IDR1,930.70 tn, equivalent to 58.06% of the ceiling or an increase of +15.29% YoY.

APBN 2025

MACRO ASSUMPTION

Indikator	2025	
	RAPBN	APBN
Pertumbuhan Ekonomi (%yoy)	5,2	5,2
Inflasi (%yoy)	2,5	2,5
Nilai Tukar (Rp/US\$)	16.100	16.000
Tingkat Suku Bunga SBN 10 Tahun (%)	7,1	7,0
Harga Minyak Mentah Indonesia (US\$/barel)	82	82
Lifting Minyak Mentah (ribu barel per hari)	600	605
Lifting Gas (ribu barel setara minyak per hari)	1.005	1.005

Source : MOF-RI (2024)

POSTURE OF APBN

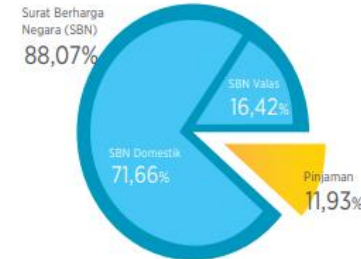
Uraian	2025	
	RAPBN	APBN
A. PENDAPATAN NEGARA	2.996,9	3.005,1
I. PENDAPATAN DALAM NEGERI	2.996,3	3.004,5
1. Penerimaan Perpajakan	2.490,9	2.490,9
2. Penerimaan Negara Bukan Pajak	505,4	513,6
II. PENERIMAAN HIBAH	0,6	0,6
B. BELANJA NEGARA	3.613,1	3.621,3
I. BELANJA PEMERINTAH PUSAT	2.693,2	2.701,4
1. Belanja K/L	976,8	1.160,1
2. Belanja Non K/L	1.716,4	1.541,4
II. TRANSFER KE DAERAH	919,9	919,9
C. KESEIMBANGAN PRIMER	(63,3)	(63,3)
D. SURPLUS/(DEFISIT) ANGGARAN (A - B)	(616,2)	(616,2)
% Surplus/(Defisit) Anggaran terhadap PDB	(2,53)	(2,53)
E. PEMBIAYAAN ANGGARAN	616,2	616,2

Source : MOF-RI (2024)

- The global economic situation remains highly dynamic, with risks and uncertainties becoming the primary assumptions in shaping the 2025 State Budget (APBN).
- The APBN is consistently directed to fulfill three primary functions: Allocation, Distribution, and Stabilization.
- The state revenue target in the 2025 National Budget is set at IDR3,005.1 tn.
- State spending in the 2025 is projected to reach IDR3,621.3 tn, equivalent to 14.9% of GDP.
- The budget deficit for 2025 is projected at IDR616.2 tn, equivalent to 2.53% of the GDP.

Posisi Utang

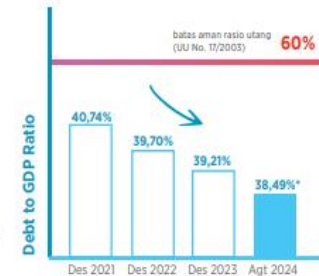
Rp **8.461,93**
*dalam triliun Rupiah



Surat Berharga Negara (SBN)
88,07%

Debt to GDP

38,49%



* berdasarkan proyeksi PDB Triwulan III Tahun 2024

Surat Berharga Negara

Rp **7.452,56**
*dalam triliun Rupiah

Domestik	Rp 6.063,41
Surat Utang Negara	Rp 4.845,68
Surat Berharga Syariah Negara	Rp 1.217,73
Valas	Rp 1.389,14
Surat Utang Negara	Rp 1.025,14
Surat Berharga Syariah Negara	Rp 364,00

Pinjaman

Rp **1.009,37**
*dalam triliun Rupiah

Pinjaman DN*	Rp 39,63
Pinjaman LN*	Rp 969,74
Bilateral	Rp 264,05
Multilateral	Rp 578,76
Commercial Banks	Rp 126,94
Suppliers	Rp -

DEVELOPMENT OF TRADABLE SBN

CAPITAL FLOW IN SBN&JCI



Sources : Bloomberg, KBVS Research (2024)

Between 19 Sep and 25 Sep '24, non-residents conducted:

- a net buy of tradable SBN amounting to IDR16.89 tn, and
- A net buy of JCI, amounting IDR3.87 tn.

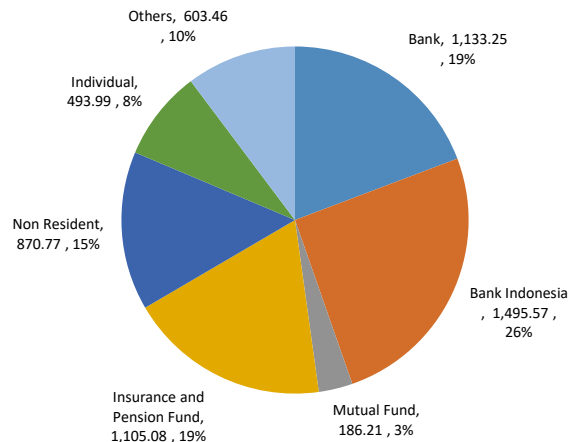
SUN LATEST AUCTION

17 Sep '24								
Instruments	SPN03241218	SPN12250918	FR0104	FR0103	FR0098	FR0097	FR0102	Total
Incoming Bids (IDR tn)	3.56	4.27	16.02	26.19	5.44	5.09	3.14	63.70
Bid to Cover Ratio	-	-	2.18	3.52	2.31	2.21	1.23	2.90
Weighted Average Yields Awarded	-	-	6.406%	6.529%	6.670%	6.769%	6.840%	
3 Sep '24								
Instruments	SPN03241204	SPN12250904	FR0104	FR0103	FR0098	FR0097	FR0102	Total
Incoming Bids (IDR tn)	2.04	3.53	15.16	14.31	3.19	4.22	3.04	45.49
Bid to Cover Ratio	-	-	1.74	1.55	4.56	3.30	2.10	2.07
Weighted Average Yields Awarded	-	-	6.465%	6.640%	6.740%	6.830%	6.847%	

Sources : DJPPR, KBVS Research (2024)

OWNERSHIP of IDR TRADABLE SBN

(IDR tn,
% of total tradable SBN)



Sources : DJPPR, and KBVS Research (2024)

As of 23 Sep '24, the largest ownership of tradable SBN is as follows:

- Bank Indonesia : IDR1,495.57 tn (+IDR0.42 tn, WoW),
- Banks : IDR1,133.25 tn (-IDR0.09 tn, WoW), and
- Insurance & Pension Funds: IDR1,105.08 tn (-IDR0.96 tn, WoW)

SBSN LATEST AUCTION

24 Sep '24								
Instruments	SPNS01042025	SPNS09062025	PBS032	PBS030	PBS029	PBS004	PBS038	Total
Incoming Bids (IDR tn)	3.30	4.39	9.88	6.81	0.92	1.10	5.95	32.34
Bid to Cover Ratio	-	21.94	6.81	2.48	1.31	1.69	1.40	3.23
Weighted Average Yields Awarded	-	6.220%	6.250%	6.340%	6.561%	6.616%	6.870%	
10 Sep '24								
Instruments	SPNS01042025	SPNS09062025	PBS032	PBS030	PBS004	PBS039	PBS038	Total
Incoming Bids (IDR tn)	2.07	4.02	6.21	2.26	1.55	0.34	4.83	21.27
Bid to Cover Ratio	8.26	2.87	5.18	1.96	1.15	1.38	2.01	2.66
Weighted Average Yields Awarded	6.424%	6.499%	6.570%	6.584%	6.705%	6.829%	6.960%	

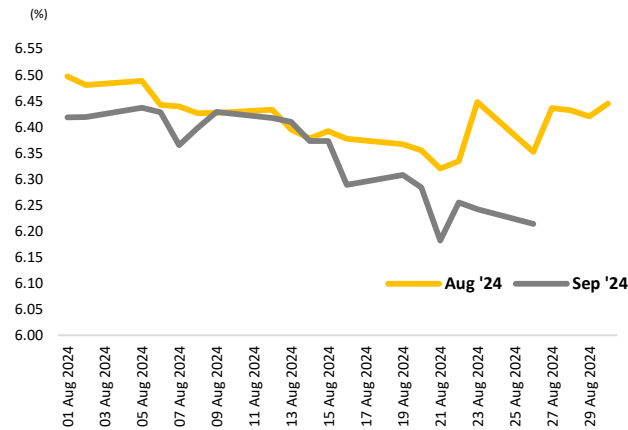
Sources : DJPPR, KBVS Research (2024)

The Movement of SUN Yields

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

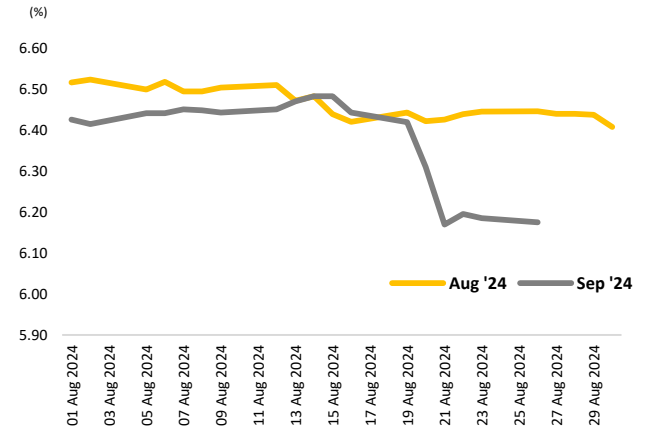
- Yield SUN1Y
 - -9.40 bps (WoW)
 - -15.10 bps (YtD, as of Sep 25, '24)
- Yield SUN2Y
 - -25.00 bps (WoW)
 - -21.40 bps (YtD, as of Sep 25, '24)
- Yield SUN5Y
 - -23.80 bps (WoW)
 - -25.60 bps (YtD, as of Sep 25, '24)
- Yield SUN10Y
 - -11.80 bps (WoW)
 - -3.10 bps (YtD, as of Sep 25, '24)
- Yield SUN30Y
 - -1.60 bps (WoW)
 - -3.70 bps (YtD, as of Sep 25, '24)

YIELD SUN1Y



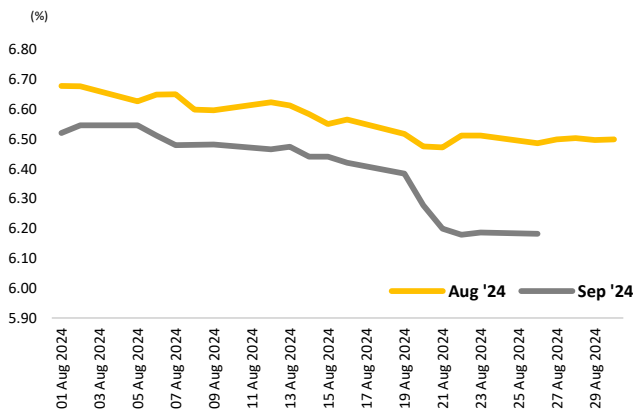
Sources : Bloomberg, KBVS Research (2024)

YIELD SUN2Y



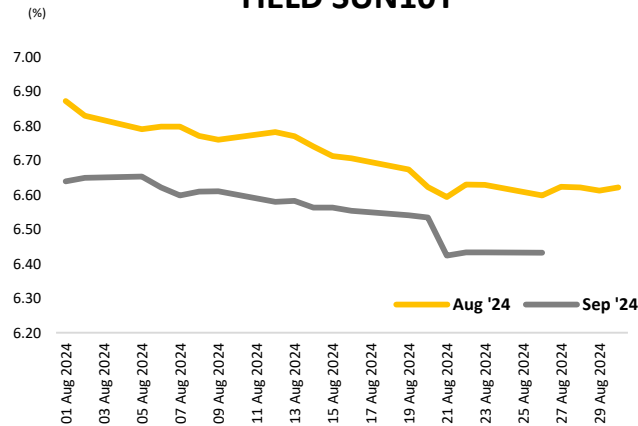
Sources : Bloomberg, KBVS Research (2024)

YIELD SUN5Y



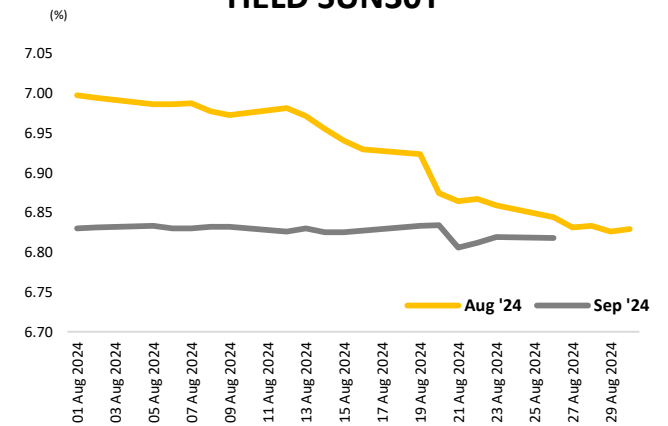
Sources : Bloomberg, KBVS Research (2024)

YIELD SUN10Y



Sources : Bloomberg, KBVS Research (2024)

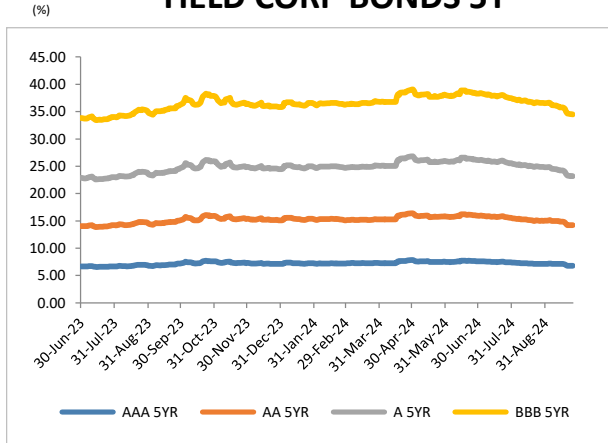
YIELD SUN30Y



Sources : Bloomberg, KBVS Research (2024)

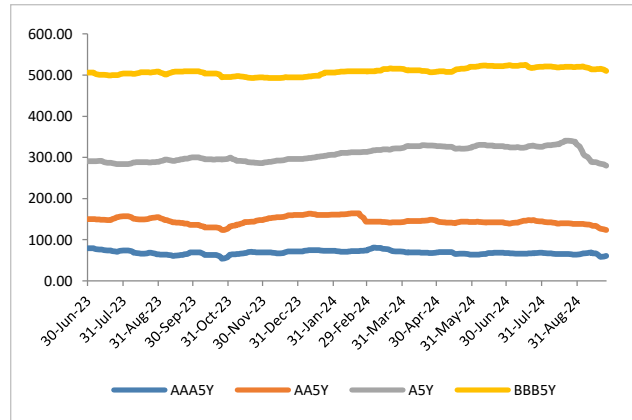
The Movement of Corporate Bond Yields

YIELD CORP BONDS 5Y



Sources : Bloomberg, KBVS Research (2024)

YIELD SPREAD 5Y TENOR

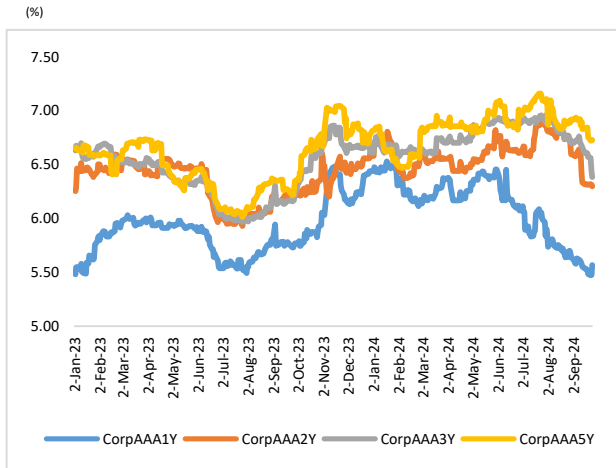


Sources : Bloomberg, KBVS Research (2024)

Corporate bonds showed a trend of decreasing yields last week, as follows:

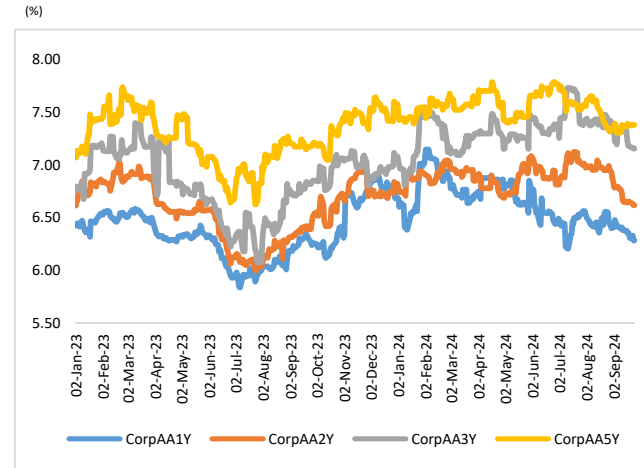
- AAA-rated
 - Tenor 1Y : +19.22 bps (WoW)
 - Tenor 2Y : -0.27 bps (WoW)
 - Tenor 5Y : -11.66 bps (WoW)
- AA-rated
 - Tenor 1Y : -7.92 bps (WoW)
 - Tenor 2Y : -3.96 bps (WoW)
 - Tenor 5Y : -0.44 bps (WoW)
- A-rated
 - Tenor 1Y : -9.67 bps (WoW)
 - Tenor 2Y : -3.93 bps (WoW), and
 - Tenor 5Y : +2.60 bps (WoW)

YIELD AAA-RATED



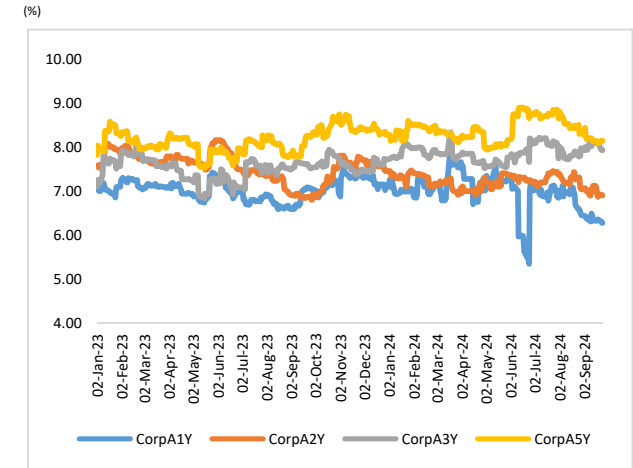
Sources : Bloomberg, KBVS Research (2024)

YIELD AA-RATED



Sources : Bloomberg, KBVS Research (2024)

YIELD A-RATED



Sources : Bloomberg, KBVS Research (2024)

BI'S MONETARY OPERATION

SRBI's DEVELOPMENT

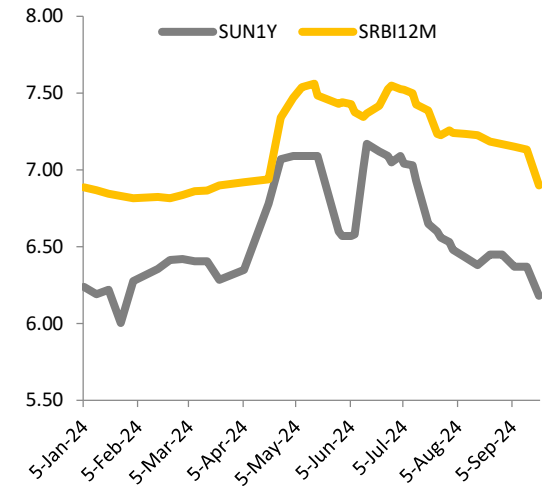
SRBI	Weighted Yield Average Winner (%)			Bidding Amount (IDR bn)	Total Nominal Awarded (IDR bn)	Bid to Cover Ratio
	6 Months	9 Months	12 Months			
5-Jan-24	6.70	6.80	6.89	31,667.00	22,050.00	1.44
12-Jan-24	6.68	6.78	6.87	33,833.00	19,520.00	1.73
19-Jan-24	6.67	6.75	6.85	39,987.00	25,000.00	1.60
26-Jan-24	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
3-May-24	7.22	7.32	7.47	37,497.00	36,262.00	1.03
8-May-24	7.32	7.40	7.54	32,276.00	22,483.00	1.44
15-May-24	7.33	7.43	7.56	39,675.00	25,790.00	1.54
17-May-24	7.29	7.38	7.48	54,530.00	27,610.00	1.98
29-May-24	7.27	7.37	7.43	49,103.50	30,000.00	1.64
31-May-24	7.25	7.39	7.44	38,761.00	24,453.00	1.59
5-Jun-24	7.20	7.38	7.43	60,699.70	23,000.00	2.64
7-Jun-24	7.16	7.33	7.38	65,254.80	21,902.00	2.98
12-Jun-24	7.13	7.31	7.35	46,327.00	46,327.00	1.00
14-Jun-24	7.17	7.29	7.37	35,370.00	28,500.00	1.24
21-Jun-24	7.23	7.30	7.42	32,617.00	31,895.00	1.02
26-Jun-24	7.29	7.39	7.53	26,796.00	20,798.00	1.29
28-Jun-24	7.32	7.44	7.55	23,814.00	18,611.70	1.28
3-Jul-24	7.32	7.43	7.53	27,224.20	18,852.00	1.44
5-Jul-24	7.32	7.43	7.52	25,986.60	18,647.00	1.39
10-Jul-24	7.30	7.42	7.50	32,163.90	17,981.00	1.79
12-Jul-24	7.30	7.39	7.43	39,348.60	17,971.00	2.19
19-Jul-24	7.26	7.36	7.39	67,741.10	25,000.00	2.71
24-Jul-24	7.12	7.21	7.24	52,687.10	22,000.00	2.39
26-Jul-24	7.07	7.18	7.23	41,454.70	34,000.00	1.22
31-Jul-24	7.10	7.19	7.26	25,086.00	13,041.00	1.92
2-Aug-24	7.09	7.18	7.24	29,918.00	22,061.00	1.36
9-Aug-24	7.09	7.17	7.24	19,656.40	15,000.00	1.31
16-Aug-24	7.07	7.16	7.23	15,650.00	15,650.00	1.00
23-Aug-24	7.05	7.14	7.18	24,505.10	15,000.00	1.63
30-Aug-24	7.03	7.12	7.17	16,602.40	12,000.00	1.38
6-Sep-24	7.02	7.11	7.15	18,074.00	10,000.00	1.81
13-Sep-24	7.01	7.10	7.13	33,863.10	10,000.00	3.39
20-Sep-24	6.73	6.84	6.90	46,048.50	19,000.00	2.42

Sources : BI, KBVS Research (2024)

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	6 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
30-Apr-24	5.68	5.70	-	305.00	303.00	1.01
7-May-24	5.68	-	-	253.00	228.00	1.11
14-May-24	5.69	5.70	-	431.00	366.00	1.18
21-May-24	5.69	5.69	-	375.00	350.00	1.07
28-May-24	5.69	5.69	-	209.00	204.00	1.02
4-Jun-24	5.69	5.69	-	606.00	591.00	1.03
11-Jun-24	5.69	5.70	-	430.50	420.50	1.02
19-Jun-24	5.69	5.70	-	152.00	137.00	1.11
25-Jun-24	5.70	5.70	-	282.00	242.00	1.17
2-Jul-24	5.70	5.70	-	342.00	340.00	1.01
9-Jul-24	5.69	5.70	-	644.00	639.00	1.01
16-Jul-24	5.68	5.68	-	552.00	264.00	2.09
23-Jul-24	5.66	5.68	-	687.00	267.00	2.57
30-Jul-24	5.61	-	-	299.00	150.00	1.99
6-Aug-24	5.55	5.45	-	864.00	190.00	4.55
13-Aug-24	5.53	5.42	-	977.00	587.00	1.66
20-Aug-24	5.48	5.40	-	1,079.00	612.00	1.76
27-Aug-24	5.41	5.33	5.02	935.50	306.00	3.06
3-Sep-24	5.34	5.25	4.99	1,019.00	884.00	1.15
10-Sep-24	5.25	5.16	4.85	710.50	644.50	1.10
17-Sep-24	5.21	5.13	4.84	652.00	627.00	1.04
24-Sep-24	5.00	4.84	4.68	311.00	301.00	1.03

Sources : BI, KBVS Research (2024)



USD Libor Rates in 24 Sep '24:

- 1 month : 4.96895% (Prev: 5.07930%)
- 3 months : 4.92044% (Prev: 5.08124%)
- 6 months : 4.73788% (Prev: 4.86453%)

Euribor Rates in 17 Sep '24:

- 1 month : 3.382% (Prev: 3.414%)
- 3 months : 3.402% (Prev: 3.480%)
- 6 months : 3.196% (Prev: 3.268%)

Sources : Global Rates, KBVS Research (2024)

The yield on SRBI has continued to decline.

The most recent auction results on Sep 20th, '24, recorded a weighted average yield for the 12-month SRBI tenor at 6.90% (Prev: 7.13%), the lowest level since Mar 22, '24.



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Next Week's Economic Calendar

ECONOMIC CALENDAR

(26 SEP-2 OCT 2024)

Country	Event	Forecast	Previous
Thursday, Sep 26, 2024			
US	5-Year Note Auction		3.65%
JP	Monetary Policy Meeting Minutes		
GE	GfK Consumer Climate (Oct)	-22.60	-22.00
EU	ECB Economic Bulletin		
EU	ECB's Elderson Speaks		
EU	ECB McCaul Speaks		
US	Continuing Jobless Claims		1,829K
US	Initial Jobless Claims	224K	219K
US	Core Durable Goods Orders (MoM) (Aug)	0.10%	-0.20%
US	Core PCE Prices (Q2)	2.80%	3.70%
US	Durable Goods Orders (MoM) (Aug)	-2.80%	9.80%
US	GDP (QoQ) (Q2)	3.00%	1.40%
US	GDP Price Index (QoQ) (Q2)	2.50%	3.10%
US	FOMC Member Bowman Speaks		
US	Fed Chair Powell Speaks		
US	FOMC Member Williams Speaks		
EU	ECB President Lagarde Speaks		
GE	Buba Vice President Buch Speaks		
US	Pending Home Sales (MoM) (Aug)	0.50%	-5.50%
EU	ECB's De Guindos Speaks		
US	Fed Vice Chair for Supervision Barr Speaks		
US	Treasury Secretary Yellen Speaks		
EU	ECB's Schnabel Speaks		
Friday, Sep 27, 2024			
US	7-Year Note Auction		3.77%
US	Fed Vice Chair for Supervision Barr Speaks		
US	FOMC Member Kashkari Speaks		
US	Fed's Balance Sheet		7,109B
JP	Tokyo Core CPI (YoY) (Sep)	2.00%	2.40%
GE	Unemployment Change (Sep)	13K	2K
GE	Unemployment Rate (Sep)	6.00%	6.00%
EU	ECB's Lane Speaks		
GE	Buba President Nagel Speaks		
US	Core PCE Price Index (MoM) (Aug)	0.20%	0.20%
US	Core PCE Price Index (YoY) (Aug)		2.60%
US	Goods Trade Balance (Aug)	-100.20B	-102.84B
US	PCE Price Index (YoY) (Aug)		2.50%
US	PCE Price Index (MoM) (Aug)	0.20%	0.20%
US	Personal Spending (MoM) (Aug)	0.30%	0.50%
US	Retail Inventories Ex-Auto (Aug)		0.50%
US	Michigan 1-Year Inflation Expectations (Sep)	2.70%	2.80%
US	Michigan 5-Year Inflation Expectations (Sep)	3.10%	3.00%
US	Michigan Consumer Expectations (Sep)	73.00	72.10
US	Michigan Consumer Sentiment (Sep)	69.40	69.00

Country	Event	Forecast	Previous
Monday, Sep 30, 2024			
JP	Industrial Production (MoM) (Aug)		3.10%
CN	Composite PMI (Sep)		50.10
CN	Manufacturing PMI (Sep)		49.10
CN	Non-Manufacturing PMI (Sep)		50.30
CN	Caixin Manufacturing PMI (Sep)		50.40
CN	Caixin Services PMI (Sep)		51.60
GB	Business Investment (QoQ) (Q2)		-0.10%
GB	GDP (QoQ) (Q2)		0.60%
GB	GDP (YoY) (Q2)		0.90%
GB	Nationwide HPI (YoY) (Sep)		2.40%
GB	Nationwide HPI (MoM) (Sep)		-0.20%
GE	Retail Sales (MoM) (May)		-1.20%
GE	CPI (YoY) (Sep)		1.90%
GE	CPI (MoM) (Sep)		-0.10%
US	Chicago PMI (Sep)		46.10
Tuesday, Oct 1, 2024			
JP	Tankan All Big Industry Capex (Q3)		11.10%
JP	Tankan Big Manufacturing Outlook Index (Q3)		14.00
JP	Tankan Large Manufacturers Index (Q3)		13.00
JP	Tankan Large Non-Manufacturers Index (Q3)		33.00
ID	Nikkei Manufacturing PMI (Sep)		48.90
ID	Core Inflation (YoY) (Sep)		2.02%
ID	Inflation (MoM) (Sep)		-0.03%
ID	Inflation (YoY) (Sep)		2.12%
GE	HCOB Manufacturing PMI (Sep)		40.30
EU	HCOB Manufacturing PMI (Sep)		44.80
GB	S&P Global/CIPS Manufacturing PMI (Sep)		51.50
EU	CPI (YoY) (Sep)		2.20%
US	S&P Global Manufacturing PMI (Sep)		47.00
US	Construction Spending (MoM) (Aug)		-0.03%
US	ISM Manufacturing Employment (Sep)		46.00
US	ISM Manufacturing PMI (Sep)		47.20
US	ISM Manufacturing Prices (Sep)		54.00
US	JOLTs Job Openings (Aug)		7.673M
Wednesday, Oct 2, 2024			
EU	Unemployment Rate (Aug)		6.40%
US	ADP Nonfarm Employment Change (Sep)		99K

KBVS ECONOMIC ASSUMPTIONS

KBVS ECONOMIC ASSUMPTIONS

Year			Fed Rate (%)			YIELD UST10Y (%)			BI Rate (%)			GDP Growth (% yoy)			Inflation (% YoY)			Rupiah ER (Rp per USD)			Yield SUN10Y (%)		
			Worst	Base	Best	Worst	Base	Best	Worst	Base	Best	Worst	Base	Best	Worst	Base	Best	Worst	Base	Best	Worst	Base	Best
2024	End of Year	3QF	4.75	4.50	4.25	4.04	3.69	3.34	5.75	5.50	5.25	4.61	5.11	5.61	2.90	2.40	1.90	16,266	15,491	14,716	6.63	6.18	5.73
		Dif to 1QF	-1.00	-0.75	-0.75	-0.51	-0.51	-0.51	-0.50	-0.25	0.00	-0.37	-0.37	-0.37	-0.40	-0.40	-0.40	-73	-70	-67	-0.14	-0.14	-0.14
	Average	3QF	5.38	5.13	4.88	4.35	4.00	3.65	6.19	5.94	5.69	4.58	5.08	5.58	3.21	2.71	2.21	16,634	15,842	15,050	7.04	6.59	6.14
		Dif to 1QF	-0.18	-0.18	-0.18	-0.40	-0.40	-0.40	0.09	0.09	0.09	-0.27	-0.27	-0.27	-0.19	-0.19	-0.19	53	51	48	0.15	0.15	0.15
2025	End of Year	3QF	3.75	3.50	3.25	3.85	3.40	2.95	4.75	4.50	4.25	4.52	5.17	5.82	3.15	2.50	1.85	16,970	15,935	14,899	6.40	5.90	5.40
		Dif to 1QF	-1.25	-1.25	-1.25	-0.20	-0.20	-0.20	-0.50	-0.50	-0.50	0.10	0.10	0.10	-0.10	-0.10	-0.10	337	317	296	0.24	0.24	0.24
	Average	3QF	4.13	3.88	3.63	3.96	3.51	3.06	5.19	4.94	4.69	4.39	5.04	5.69	3.10	2.45	1.80	16,954	15,919	14,884	6.54	6.04	5.54
		Dif to 1QF	-0.93	-0.93	-0.93	-0.29	-0.29	-0.29	-0.16	-0.16	-0.16	0.09	0.09	0.09	-0.25	-0.25	-0.25	323	303	283	0.28	0.28	0.28
2026	End of Year	3QF	2.75	2.50	2.25	3.08	2.53	1.98	3.75	3.50	3.25	4.71	5.48	6.25	3.07	2.30	1.53	17,686	16,422	15,157	5.67	5.12	4.57
		Dif to 1QF	-0.75	-0.75	-0.75	0.33	0.33	0.33	0.00	0.00	0.00	-0.04	-0.04	-0.04	-0.10	-0.10	-0.10	897	833	768	-0.13	-0.13	-0.13
	Average	3QF	3.13	2.88	2.63	3.30	2.75	2.20	4.13	3.88	3.63	4.36	5.13	5.90	3.10	2.33	1.56	17,623	16,363	15,103	5.93	5.38	4.83
		Dif to 1QF	-0.53	-0.53	-0.53	0.35	0.35	0.35	0.18	0.18	0.18	0.40	0.40	0.40	-0.07	-0.07	-0.07	1,184	1,099	1,015	-0.04	-0.04	-0.04

Note: 1QF : KBVS forecast at the end of 1Q24,
3QF : KBVS forecast at the end of 3Q24.

The assumption regarding the global economic:

- Best Scenario: The gradual decrease of US inflation to a range between 2.4% YoY and 2.9% YoY into the end of 2024. This, in turn, could serve as the basis for a potential decrease in the Fed Rate by another 75 bps in the respective period. Additionally, geopolitical risk are easing, potentially acting as a catalyst for a decline in global oil prices. Both of these conditions are expected to act as catalysts for further reduction in UST yield.
- Base Scenario: The US inflation is expected to decrease to 2.7% - 3.2% YoY, thus the Fed Rate is anticipated to decrease by 100 bps in 2024, resulting in the UST yield approaching the 3.34% to 3.69% level by the end of 2024.
- Worst Scenario: However, if US inflation continues to persist above 3.2%, we are concerned that the Fed will maintain the Fed Rate at 4.75% till the end of 2024 (max 1 x 25 bps decreasing).

Meanwhile, the basic foundational assumption regarding the domestic economic involves:

- Best Scenario: If the Fed Rate could decrease and the USD remains stable, the hope is that BI will be able to lower the BI Rate to 5.25%. Furthermore, this scenario is expected to be supported by domestic political stability during the elections. Then, the financial market, particularly the SUN could be reduced to approach the level of 5.7% in the end of 2024.
- Base Scenario: We anticipate a scenario of 2 x 25 bps decrease in the Fed Rate, leading BI Rate to 5.50% at the end of 2024, with the Rupiah expected to around IDR15,491 per USD. Hopefully, the yield of SUN10Y is expected to decrease to 6.18% by the end of 2024.
- Worst Scenario: If the risk-off market sentiment persists, we are concerned that BI rate may only reduce by another 25 bps to 5.75% until the end of 2024. This is also concerning at a time when the Rupiah and domestic inflation are at the upper bounds of the BI's and gov't target. This could result in the possibility of SUN10Y yield reaching the 6.6% level at the respective period.

