

Donald Trump vs Jerome Powell

24 July 2025

Economist / Fikri C Permana

EXECUTIVE SUMMARY

- The standoff between Donald Trump and Fed Chair Jerome Powell highlights one of the most high-profile tests of central bank independence in recent decades. Trump repeatedly criticized Powell for raising interest rates, which he believed hindered economic growth, and even contemplated firing him in 2025.
- Powell, however, maintained composure, arguing a data-driven approach focused on inflation and employment, and resisted political pressure. Public confidence in the Fed became increasingly polarized along party lines, with Republicans showing more support than Democrats.
- As of July 2025, the market expects a likely Fed rate cut by September, supported by a 2.7% rise in CPI and 2.9% core inflation in June. Powell's resistance to early cuts and insistence on more data reinforces the Fed's cautious stance amid political and economic pressures.
- The Indonesia–EU Comprehensive Economic Partnership Agreement (IEU-CEPA) has entered its final stage. The draft legal text is expected to be completed by September 2025, with full implementation projected in early 2027 after all EU Member States ratify the deal.
- The agreement will liberalize around 80 percent of Indonesia's exports to the EU, especially apparel, footwear, palm oil, fisheries, and automotive components.



Source: The New York Times (2025),

Link: <https://www.nytimes.com/2019/06/26/business/jerome-powell-donald-trump.html>



TABLE OF CONTENTS :

3 Global Economy

8 Domestic Economy

16 Economic Calendar

US ECONOMIC DATA

US ECONOMIC INDICATORS	Unit	Latest Period	Data	
			Latest	Previous
Fed Rate	%	Jun '25	4,50	4,50
Economic Growth	%, yoy	1Q25	2.0	2.5
Inflation Rate	%, yoy	Jun '25	2,7	2,4
Unemployment Rate	%	Jun '25	4,1	4,2

Sources : various sources, KBVS Research (2025)

The data releases that influenced yield movements in the week of 17-23 Jul '25 are as follows:

- The number of people claiming unemployment benefits on the period ending July 11th, '25 in the US decreased by 7K to 221K (Cons: 233K, Prev: 228K).
- Core Retail Sales in Jun '25 increased to 0.50% MoM (Cons: 0.30% MoM, Prev: -0.20% MoM).
- Philly Fed Manufacturing Index in Jul '25 increased to 15.90 (Cons: -1.20, Prev: -4.00).
- Retail Sales in Jun '25 increased to 0.60% MoM (Cons: 0.10% MoM, Prev: -0.90% MoM).

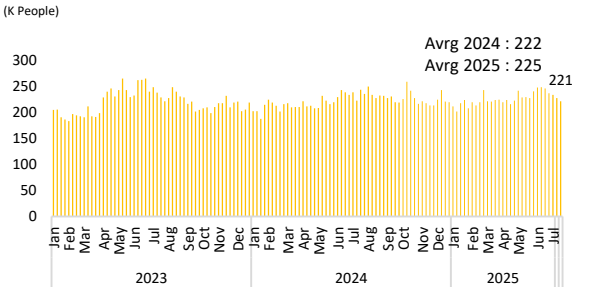
ECONOMIC CALENDAR

(17-23 JUL '25)

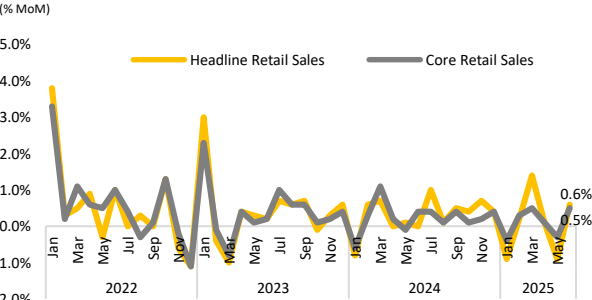
Event	Actual	Forecast	Previous
Thursday, 17 Jul '25			
US Beige Book			
US FOMC Member Williams Speaks			
US Continuing Jobless Claims	1,956K	1,970K	1,954K
US Initial Jobless Claims	221K	233K	228K
US Core Retail Sales (MoM) (Jun)	0.50%	0.30%	-0.20%
US Export Price Index (MoM) (Jun)	0.50%	0.00%	-0.60%
US Import Price Index (MoM) (Jun)	0.10%	0.30%	-0.40%
US Philly Fed Manufacturing Index (Jul)	15.90	-1.20	-4.00
US Philly Fed Employment (Jul)	10.30		-9.80
US Retail Control (MoM) (Jun)	0.50%	0.30%	0.20%
US Retail Sales (MoM) (Jun)	0.60%	0.10%	-0.90%
US Business Inventories (MoM) (May)	0.00%	0.00%	0.00%
US Retail Inventories Ex Auto (May)	0.20%	0.20%	0.20%
US FOMC Member Daly Speaks			
Friday, 18 Jul '25			
US TIC Net Long-Term Transactions (May)	259.40B		-8.20B
US Fed's Balance Sheet	6,659B		6,662B
US Fed Waller Speaks			
US Building Permits (Jun)	1.397M	1.390M	1.394M
US Housing Starts (Jun)	1.321M	1.290M	1.263M
US Housing Starts (MoM) (Jun)	4.60%		-9.70%
US Michigan 1-Year Inflation Expectations (Jul)	4.40%	5.00%	5.00%
US Michigan 5-Year Inflation Expectations (Jul)	3.60%	3.90%	4.00%
US Michigan Consumer Expectations (Jul)	58.60	55.00	58.10
US Michigan Consumer Sentiment (Jul)	61.80	61.40	60.70
Monday, 21 Jul '25			
US Leading Index (MoM) (Jun)	-0.30%	-0.20%	0.00%
Tuesday, 22 Jul '25			
US Fed Chair Powell Speaks			
Wednesday, 23 Jul '25			
US FOMC Member Bowman Speaks			
US API Weekly Crude Oil Stock	-0.577M		19.100M
US Existing Home Sales (Jun)		4.01M	4.03M
US Existing Home Sales (MoM) (Jun)			0.80%
US Crude Oil Inventories			-3.859M
US Cushing Crude Oil Inventories			0.213M

Sources : investing, KBVS Research (2025)

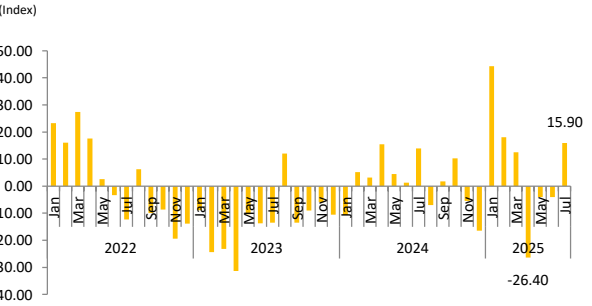
WEEKLY INITIAL JOBLESS CLAIMS



RETAIL SALES



PHILLY FED MANUFACTURING



TRUMP vs POWELL

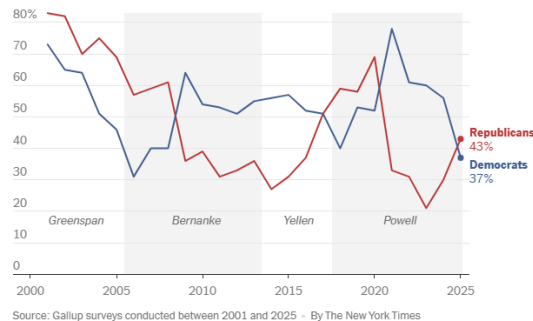
Public Views of the Fed Chair Are Polarized as Trump Mulls His Firing

Few Americans have confidence in the chairman, Jerome Powell, to do the right thing on the economy, though attitudes are deeply partisan.

Listen to this article · 2:35 min [Learn more](#) [Share full article](#)

Public opinion about the Fed chair has become increasingly polarized

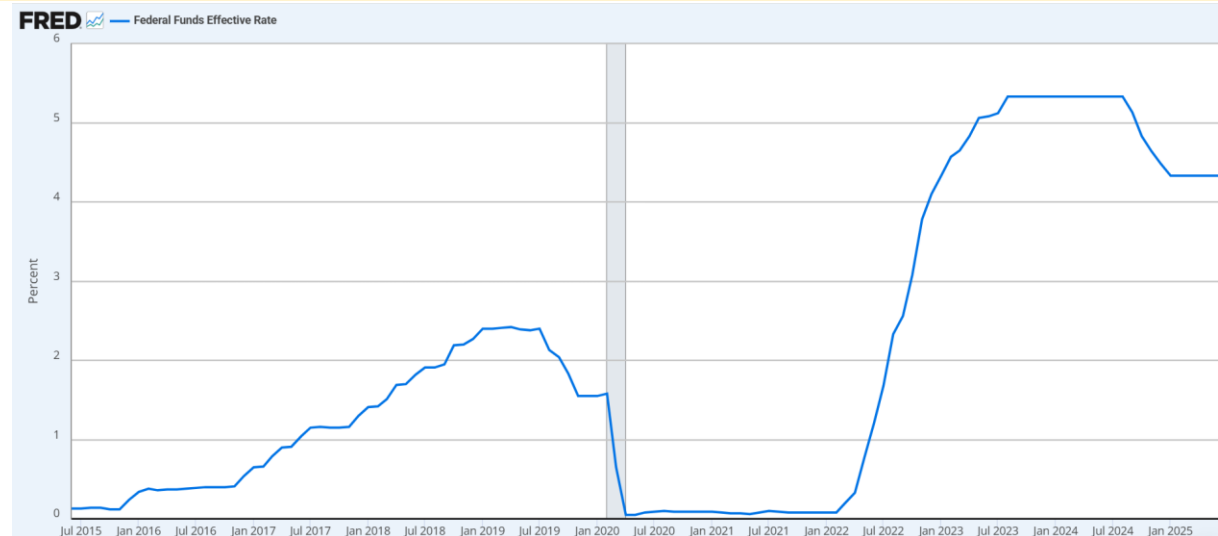
Percent saying they have at least a fair amount of confidence in (Fed chair name) to do or recommend the right thing for the economy



Source: NY Times (2025)



Source: AP News(2025)



Source: FRED (2025)

- “As usual, the Fed did Nothing,” and later “The Fed has no clue!” tweeted Donald Trump. “We are guided solely by the data,” said Powell.
- As early as 2018, President Trump criticized Fed Chair Jerome Powell for raising interest rates, arguing that the high rates were slowing the economy. Trump pushed for sharp cuts and even called for negative rates, a policy never used in the U.S.
- Jerome Powell defended the Fed’s independence, sticking to a data-driven policy. Stating that the several times the Fed raised rates to prevent the economy from overheating were decisions based on inflation and employment data, not political pressure.
- During a 2025 Oval Office meeting, Trump asked House Republicans whether he should fire Powell, according to CBS News. He later told reporters that it was “highly unlikely,” but admitted discussing the idea and said “almost all of them said I should.”
- In 2019, the cuts responded to global uncertainty despite President Trump’s demands. In 2025, with inflation easing and the labor market showing signs of strain, the Fed cut rates again, amid election-year scrutiny. Powell insisted that data, not politics, drove both moves.
- The standoff between Trump and Powell marked one of the most visible tests of central bank independence in decades, breaking the norm by openly and repeatedly pressuring the Fed to cut rates. Viewing monetary policy for growth and political gain, while Powell pushed back, resisting political interference. Tensions between political power and institutional restraint reshaping public trust in both.

FED PROBABILITIES

FED PROBABILITIES, as of 23 Jul '25

MEETING DATE	225-250	250-275	275-300	300-325	325-350	350-375	375-400	400-425	425-450
30-Jul-25	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.7%	95.3%
17-Sep-25	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.6%	56.0%	41.4%
29-Oct-25	0.0%	0.0%	0.0%	0.0%	0.0%	1.4%	30.6%	48.3%	19.7%
10-Dec-25	0.0%	0.0%	0.0%	0.0%	1.0%	21.8%	43.0%	28.3%	5.9%
28-Jan-26	0.0%	0.0%	0.0%	0.4%	9.5%	30.5%	37.0%	19.1%	3.5%
18-Mar-26	0.0%	0.0%	0.2%	5.9%	22.3%	34.4%	26.1%	9.6%	1.4%
29-Apr-26	0.0%	0.1%	2.4%	12.0%	26.8%	31.3%	20.0%	6.5%	0.9%
17-Jun-26	0.1%	1.4%	8.1%	20.8%	29.5%	24.6%	12.0%	3.2%	0.3%

Sources : CME Group, and KBVS Research (2025)

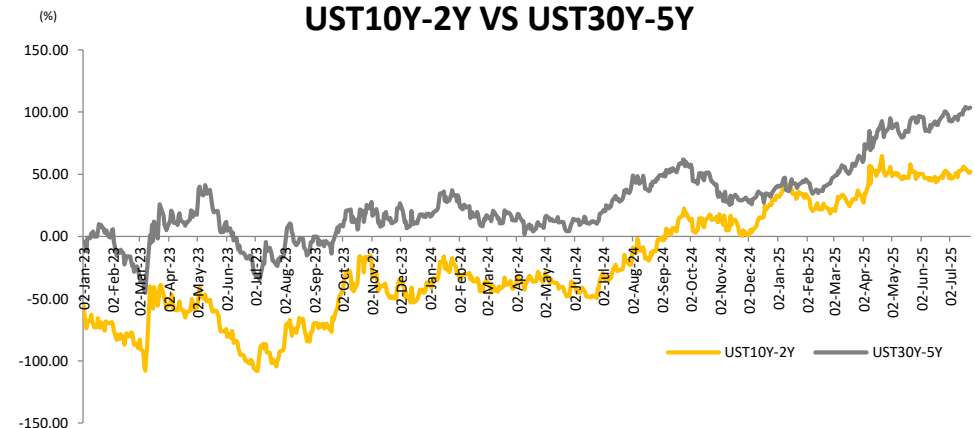
- The Federal Reserve will likely be able to start cutting short-term borrowing costs by September after reports show a widely expected increase in consumer prices last month
- The market-priced probability of a Fed interest-rate cut by September remained around 60% after the Bureau of Labor Statistics reported CPI rose 2.7% in Jun'24, and underlying inflation was up 2.9%
- Traders might see a 5% chance of a rate cut this month, with Fed policymakers mostly saying they need more data before reducing rates

DXY



Sources : Bloomberg, and KBVS Research (2025)

YIELD SPREAD UST10Y-2Y VS UST30Y-5Y



Sources : Bloomberg, and KBVS Research (2025)

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 (2025)

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

- Yield UST6M
 - 0.79 bps (WoW)
 - 1.06 bps (YtD, as of Jul 23,'25)
- Yield UST1Y
 - 1.58 bps (WoW)
 - 8.88 bps (YtD, as of Jul 23,'25)
- Yield UST2Y
 - 4.13 bps (WoW)
 - 39.12 bps (YtD, as of Jul 23,'25)
- Yield UST5Y
 - 7.89 bps (WoW)
 - 46.88 bps (YtD, as of Jul 23,'25)
- Yield UST10Y
 - 7.55 bps (WoW)
 - 18.92 bps (YtD, as of Jul 23,'25)
- Yield UST30Y
 - 5.61 bps (WoW)
 - +17.31 bps (YtD, as of Jul 23,'25)

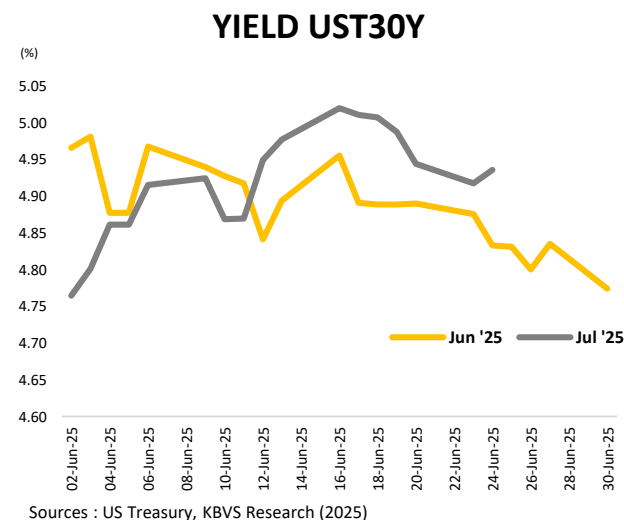
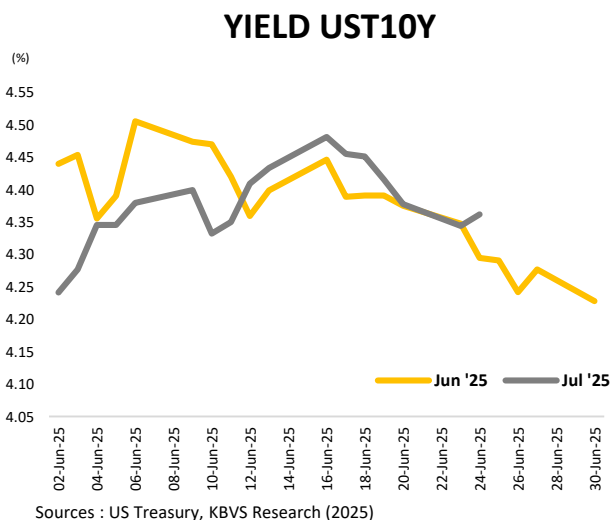
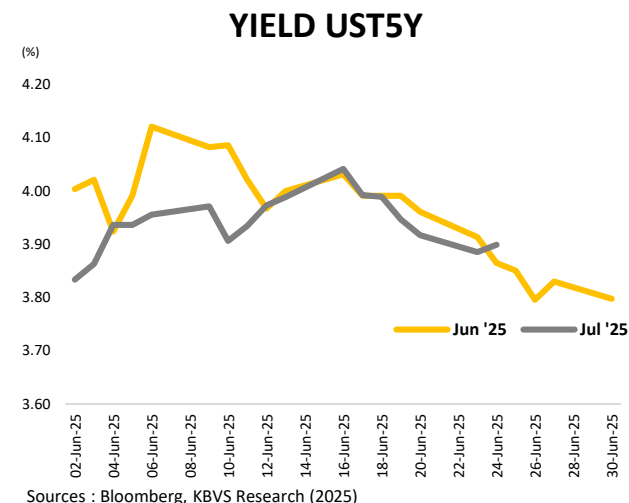
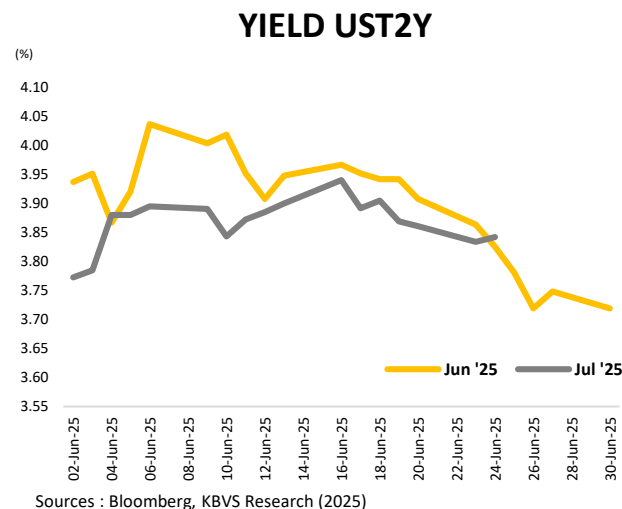




TABLE OF CONTENTS :

3

Global Economy

8

Domestic Economy

16

Economic Calendar

INDONESIA ECONOMIC DATA

INDICATORS OVERVIEW

Economic Indicators	Unit	Latest Period	Data	
			Latest	Previous
Policy Interest Rate	%	18 Jul '25	5.25	5.50
Economic Growth	%, yoy	1Q25	4.87	5.02
Inflation Rate	%, yoy	Jun '25	1.87	1.60
Unemployment Rate	%	Feb '25	4.76	4.91
S&P Credit Rating	Rating	17 July '24	BBB	BBB

Sources : various sources, KBVS Research (2025)

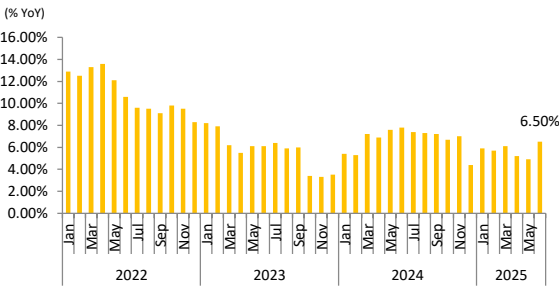
ECONOMIC CALENDAR

(17-23 JUL '25)

Event	Actual	Forecast	Previous
Thursday, 17 Jul '25			
Friday, 18 Jul '25			
Monday, 21 Jul '25			
Tuesday, 22 Jul '25			
ID M2 Money Supply (YoY) (Jun)	6.50%		4.90%
Wednesday, 23 Jul '25			

Sources : Investing, KBVS Research (2025)

M2 MONEY SUPPLY

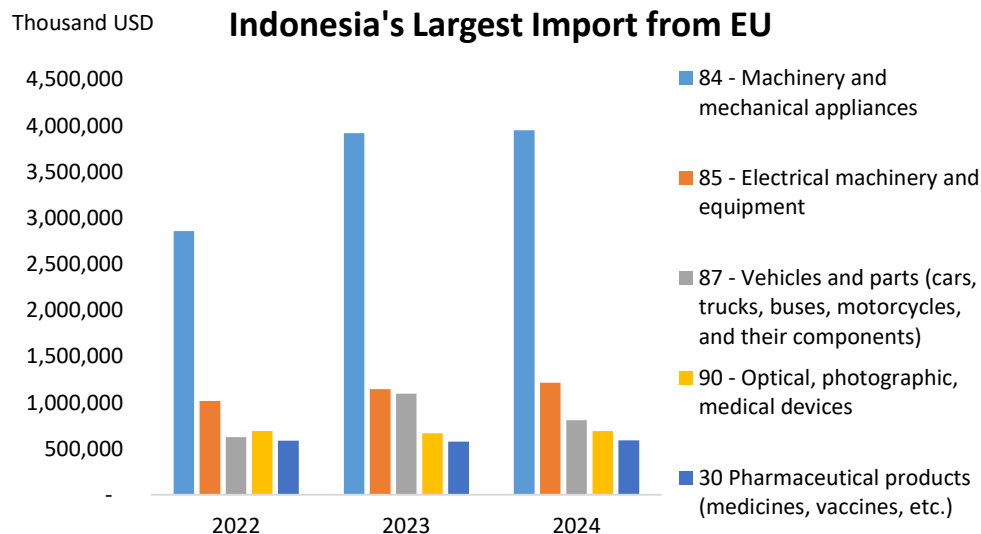
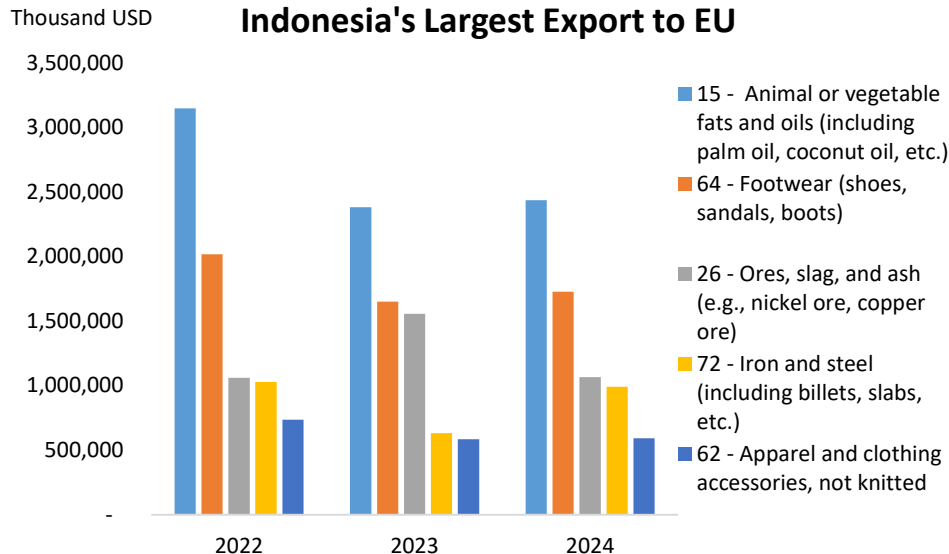


Sources : BI, KBVS Research (2025)

The data release that influenced yield movements in the week of 17-23 Jul '25 are as follows:

- M2 Money Supply in Jun '25 increased to 6.50% YoY (Prev: 4.90% YoY).

UPDATE IEU-CEPA

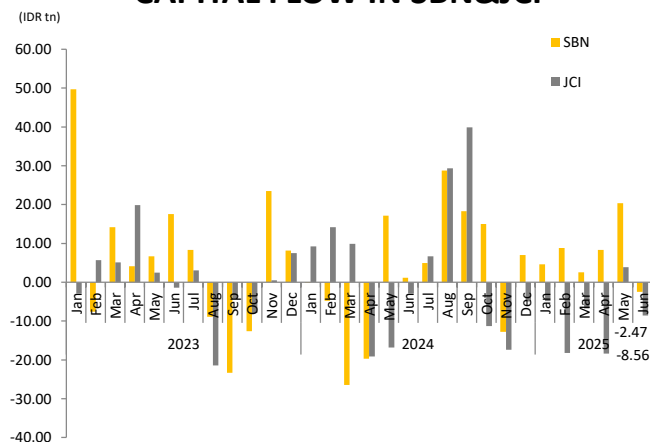


Sources : BPS and KBVS Research (2025)

- The Indonesia–EU Comprehensive Economic Partnership Agreement (IEU-CEPA) has entered its final stage. **The draft legal text is expected to be completed by September 2025, with full implementation projected in early 2027 after all EU Member States ratify the deal.**
- **The agreement will liberalize around 80 percent of Indonesia's exports to the EU**, especially apparel, footwear, palm oil, fisheries, and automotive components.
 - Tariffs on textiles and footwear will be removed immediately upon implementation, while processed palm oil and electric vehicle battery components will be phased out gradually over five years.
 - In return, the EU will gain improved access for its machinery, chemicals, and other manufactured goods, along with enhanced regulatory cooperation and investment protections.
- Cheaper access to European technology will support domestic industry, while EU investors are expected to increase investments in the electric vehicle sector, strategic minerals, and digital infrastructure.
- Indonesia's trade surplus with the EU has already grown from US\$2.5 billion in 2023 to US\$4.5 billion in 2024, and **government projections suggest exports could increase by more than 50% in the first few years of implementation.**
- On the investment side, EU foreign direct investment (FDI) stock in Indonesia reached €25.1 billion by the end of 2023, focusing on high-value manufacturing and infrastructure development.
 - European companies such as BASF, Unilever, and TotalEnergies already operate in Indonesia and are expected to expand their presence.

DEVELOPMENT OF TRADABLE SBN

CAPITAL FLOW IN SBN&JCI



Sources : Bloomberg, KBVS Research (2025)

Between 17-23 July '25, non-residents conducted:

- A net sell of tradeable SBN, amounting IDR1.82 tn.
- A net sell of JCI, amounting IDR0.39 tn.

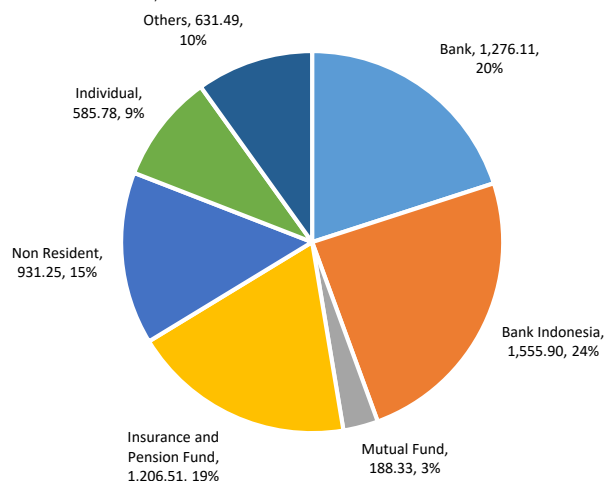
SUN LATEST AUCTION

15 Jul '25									
Instruments	SPN03251015	SPN12260702	FR0104	FR0103	FR0106	FR0107	FR0102	FR0105	Total
Incoming Bids (IDR tn)	1,00	5,81	37,47	32,47	12,60	9,97	5,34	4,35	109,01
Bid to Cover Ratio	-	2,90	6,30	4,48	2,62	2,46	1,26	1,18	3,41
Weighted Average Yields Awarded	-	5,820%	6,150%	6,570%	6,890%	6,996%	7,020%	7,050%	
1 Jul '25									
Instruments	SPN12251002	SPN12260702	FR0104	FR0103	FR0106	FR0107	FR0102	FR0105	Total
Incoming Bids (IDR tn)	1,00	6,27	43,16	39,12	18,03	10,83	1,53	1,75	121,68
Bid to Cover Ratio	-	3,14	5,91	4,30	3,00	2,04	1,05	2,06	3,80
Weighted Average Yields Awarded	-	5,850%	6,254%	6,595%	6,947%	7,010%	7,010%	7,059%	

Sources : DJPPR, KBVS Research (2025)

OWNERSHIP of IDR TRADABLE SBN

(IDR tn, % of total tradable SBN)



Sources : DJPPR, and KBVS Research (2025)

As of 21 July '25, the largest ownership of tradable SBN is as follows:

- Bank Indonesia : IDR1,555.90 tn (+IDR19.12 tn, WoW),
- Banks : IDR1,276.11 tn (+IDR0.66 tn, WoW), and
- Insurance & Pension Funds: IDR1,206.51 tn (+IDR8.62 tn, WoW)

SBSN LATEST AUCTION

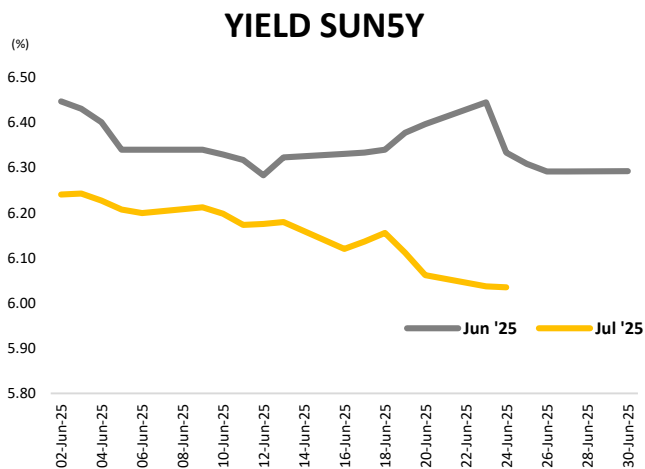
22 Jul '25								
Instruments	SPNS12012026	SPNS06042026	PBS003	PBS030	PBS034	PBS039	PBS038	Total
Incoming Bids (IDR tn)	2.79	7.95	13.93	14.31	2.62	0.90	7.77	50.26
Bid to Cover Ratio	6.98	19.87	13.26	3.11	3.08	5.97	1.71	4.19
Weighted Average Yields Awarded	5.460%	5.510%	5.700%	5.877%	6.759%	6.854%	6.950%	
8 Jul '25								
Instruments	SPNS12012026	SPNS06042026	PBS003	PBS030	PBSG001	PBS034	PBS038	Total
Incoming Bids (IDR tn)	1.04	4.90	8.58	13.35	3.15	2.05	7.77	40.83
Bid to Cover Ratio	-	2.45	5.36	3.38	1.97	2.93	3.61	3.40
Weighted Average Yields Awarded	-	5.842%	5.982%	6.111%	6.230%	6.829%	6.969%	

Sources : DJPPR, KBVS Research (2025)

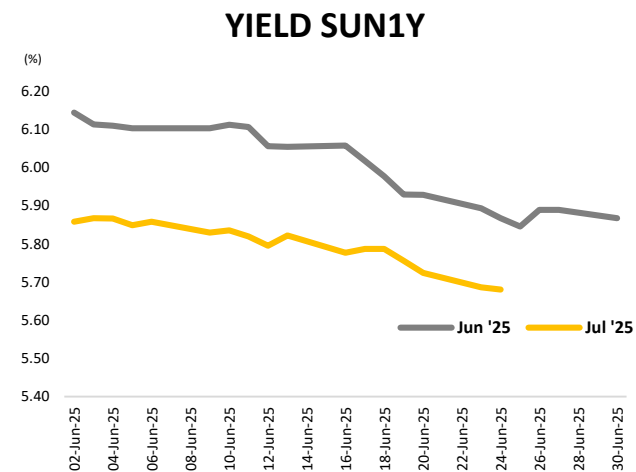
THE MOVEMENT OF SUN YIELDS

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

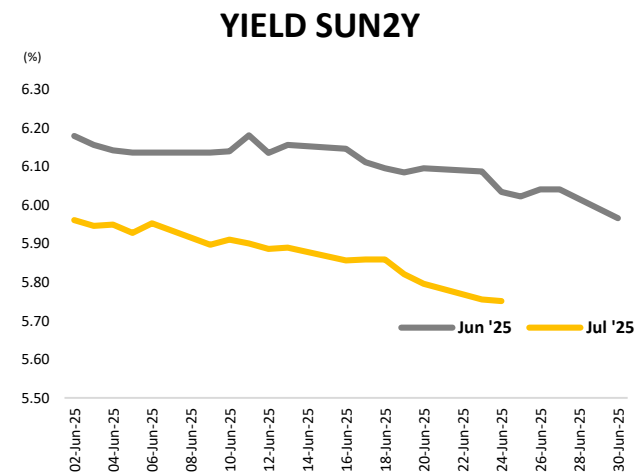
- Yield SUN1Y
 - -11.00 bps (WoW)
 - -101.10 bps (YtD, as of Jul 23,'25)
- Yield SUN2Y
 - -12.50 bps (WoW)
 - -117.00 bps (YtD, as of Jul 23,'25)
- Yield SUN5Y
 - -9.80 bps (WoW)
 - -95.00 bps (YtD, as of Jul 23,'25)
- Yield SUN10Y
 - -7.80 bps (WoW)
 - -48.80 bps (YtD, as of Jul 23,'25)
- Yield SUN30Y
 - -3.40 bps (WoW)
 - -11.70 bps (YtD, as of Jul 23,'25)



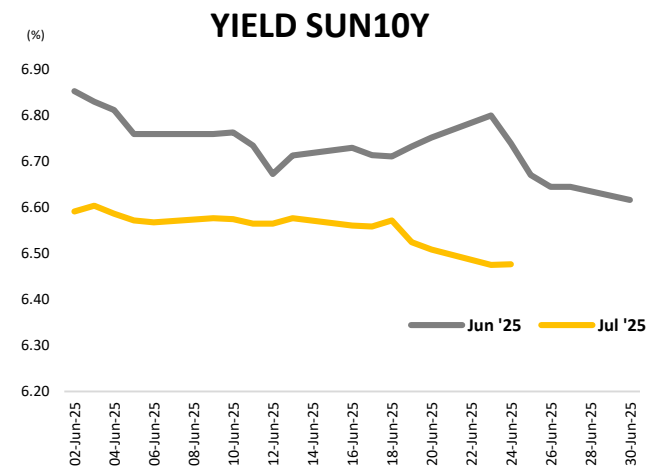
Sources : Bloomberg, KBVS Research (2025)



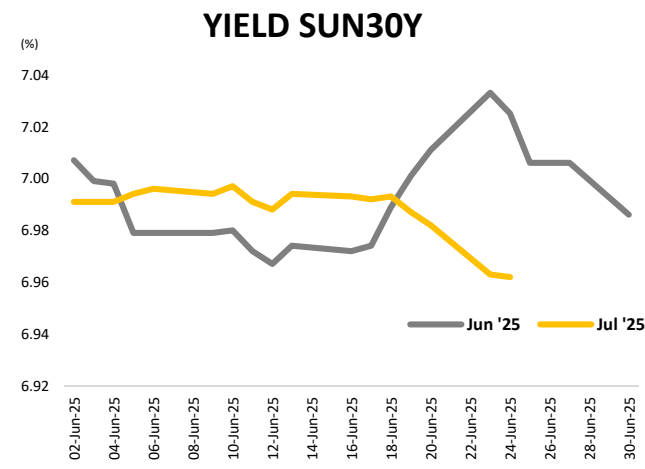
Sources : Bloomberg, KBVS Research (2025)



Sources : Bloomberg, KBVS Research (2025)



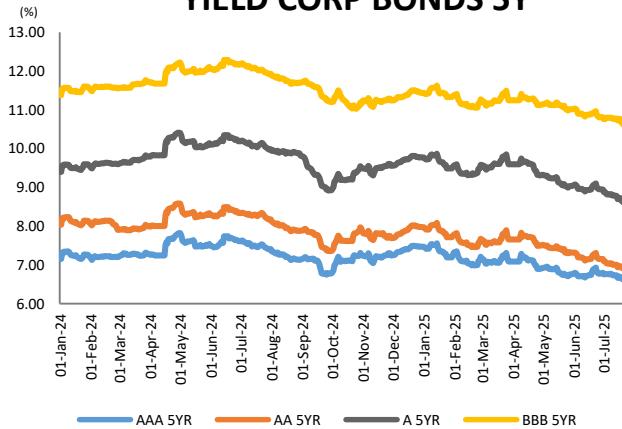
Sources : Bloomberg, KBVS Research (2025)



Sources : Bloomberg, KBVS Research (2025)

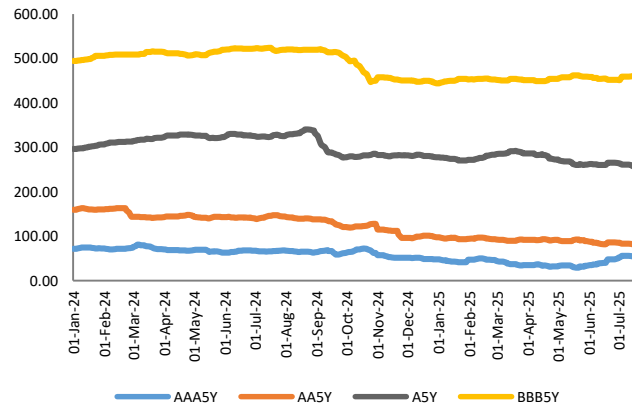
THE MOVEMENT OF CORPORATE BOND YIELD

YIELD CORP BONDS 5Y



Sources : Bloomberg, KBVS Research (2025)

YIELD SPREAD 5Y TENOR

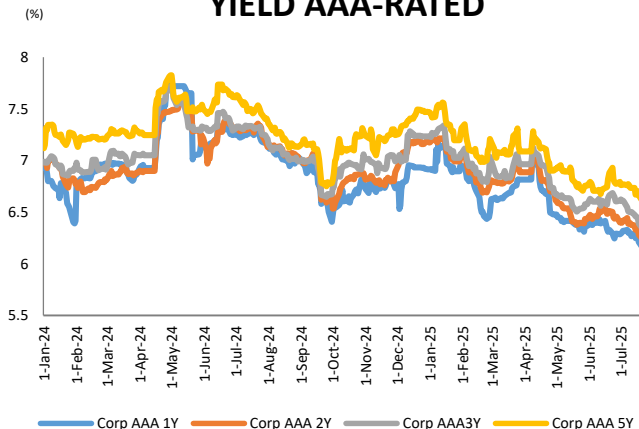


Sources : Bloomberg, KBVS Research (2025)

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

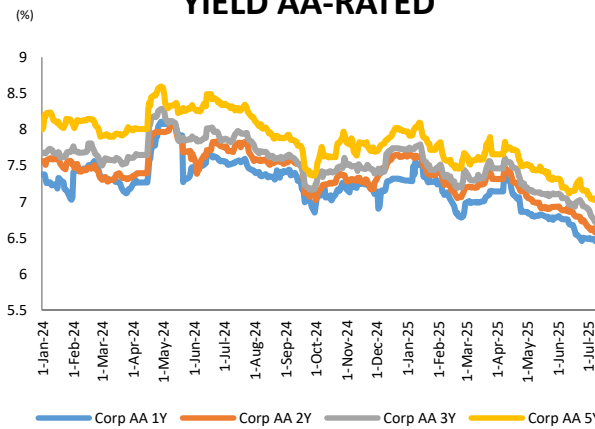
- AAA-rated
 - Tenor 1Y : -14.06 bps (WoW)
 - Tenor 2Y : -15.02 bps (WoW)
 - Tenor 5Y : -9.31 bps (WoW)
- AA-rated
 - Tenor 1Y : -8.14 bps (WoW)
 - Tenor 2Y : -8.92 bps (WoW)
 - Tenor 5Y : -8.35 bps (WoW)
- A-rated
 - Tenor 1Y : -13.45 bps (WoW)
 - Tenor 2Y : -14.16 bps (WoW), and
 - Tenor 5Y : -13.42 bps (WoW)

YIELD AAA-RATED



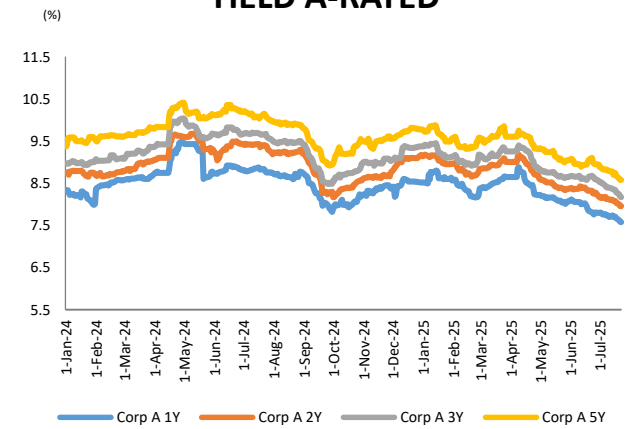
Sources : Bloomberg, KBVS Research (2025)

YIELD AA-RATED



Sources : Bloomberg, KBVS Research (2025)

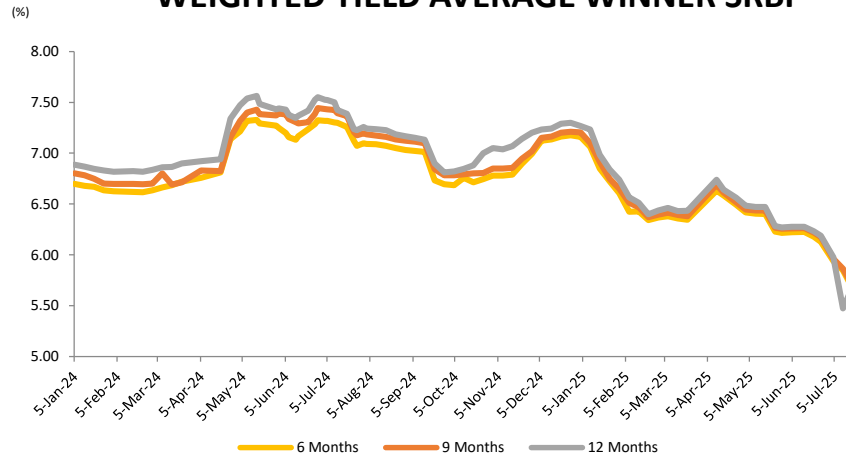
YIELD A-RATED



Sources : Bloomberg, KBVS Research (2025)

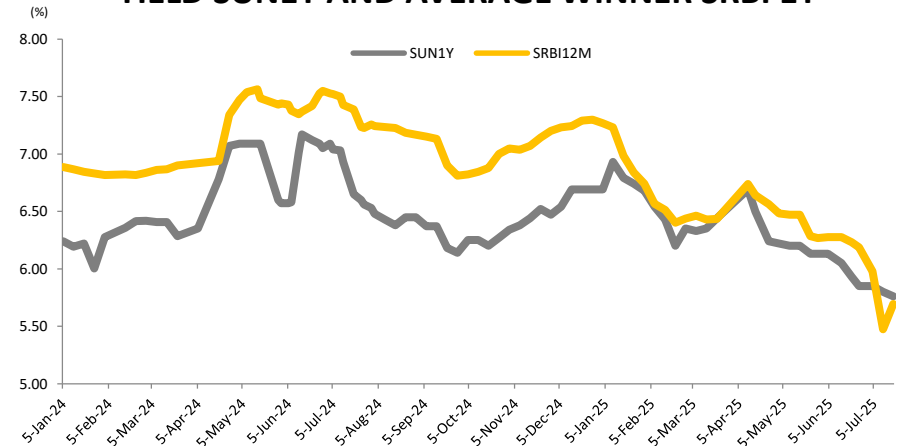
BI'S MONETARY OPERATION

WEIGHTED YIELD AVERAGE WINNER SRBI



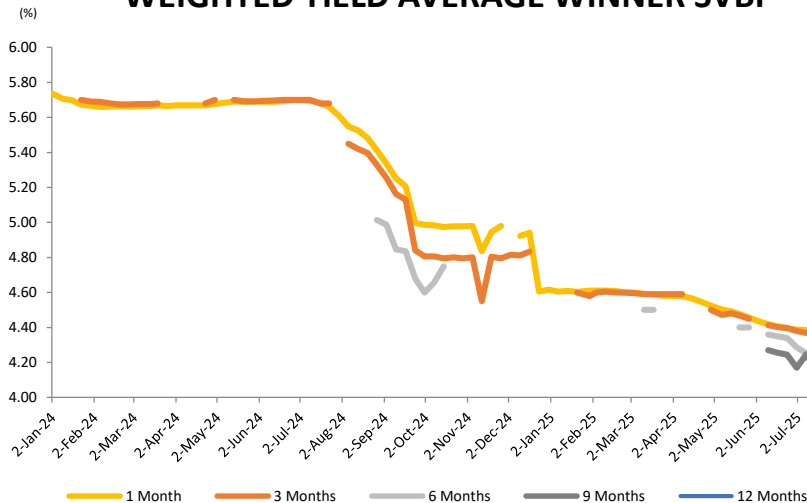
Sources : BI, KBVS Research (2025)

YIELD SUN1Y AND AVERAGE WINNER SRBI 1Y



Sources : BI, KBVS Research (2025)

WEIGHTED YIELD AVERAGE WINNER SVBI



Sources : BI, KBVS Research (2025)

- Incoming bids in the SRBI auction on 18 Jul '25, recorded an increase, decline from IDR63.94 tn to IDR75.98 tn.
- This was also accompanied by a decline movement in the weighted average yield across the respective tenors as follows:
 - 6 month : -20.029 bps
 - 9 month :- 19.865 bps
 - 12 month : -16.294 bps
- On the other hand, Incoming bids in the SVBI auction on 22 Jul '25, decline to USD490.00 mn (Prev: USD799.00 mn).
- Yields mixed across tenors, with the following results::
 - 1 month: + 0.178 bps
 - 3 month: +0.477 bps
 - 6 month: -1.038 bps



TABLE OF CONTENTS :

3 Global Economy

8 Domestic Economy

16 Economic Calendar

NEXT WEEK ECONOMIC CALENDAR

ECONOMIC CALENDAR

(24-30 JUL 2025)

Country	Event	Forecast	Previous	Country	Event	Forecast	Previous	Country	Event	Forecast	Previous
Thursday, Jul 24, 2025				Friday, Jul 25, 2025				Monday, Jul 28, 2025			
US	20-Year Bond Auction		4.94%	US	10-Year TIPS Auction		2.22%				
JP	Au Jibun Bank Services PMI (Jul)		51.70	US	Fed's Balance Sheet		6,659B				
GE	Gfk Consumer Climate (Aug)	-19.20	-20.30	JP	Tokyo Core CPI (YoY) (Jul)	3.00%	3.10%				
GE	HCOB Manufacturing PMI (Jul)	49.40	49.00	GB	Core Retail Sales (MoM) (Jun)		-2.80%				
GE	HCOB Services PMI (Jul)	50.00	49.70	GB	Core Retail Sales (YoY) (Jun)		-1.30%				
EU	HCOB Manufacturing PMI (Jul)	49.70	49.50	GB	Retail Sales (MoM) (Jun)	1.20%	-2.70%				
EU	HCOB Composite PMI (Jul)	50.90	50.60	GB	Retail Sales (YoY) (Jun)		-1.30%				
EU	HCOB Services PMI (Jul)	50.60	50.50	GE	Business Expectations (Jul)	91.30	90.70				
GB	S&P Global Composite PMI (Jul)		52.00	GE	Current Assessment (Jul)		86.20				
GB	S&P Global Manufacturing PMI (Jul)	48.10	47.70	GE	Ifo Business Climate Index (Jul)	89.20	88.40				
GB	S&P Global Services PMI (Jul)	52.90	52.80	US	Core Durable Goods Orders (MoM) (Jun)	0.00%	0.50%				
EU	Deposit Facility Rate (Jul)	2.00%	2.00%	US	Durable Goods Orders (MoM) (Jun)	-10.30%	16.40%				
EU	ECB Marginal Lending Facility		2.40%								
EU	ECB Interest Rate Decision (Jul)	2.15%	2.15%								
EU	ECB Monetary Policy Statement										
US	Building Permits (Jun)	1.390M	1.394M								
US	Continuing Jobless Claims		1,956K								
US	Initial Jobless Claims	229K	221K								
EU	ECB Press Conference										
US	S&P Global Manufacturing PMI (Jul)	52.70	52.90								
US	S&P Global Composite PMI (Jul)		52.90								
US	S&P Global Services PMI (Jul)	53.00	52.90								
US	New Home Sales (Jun)	651K	623K								
US	New Home Sales (MoM) (Jun)		-13.70%								
								Tuesday, Jul 29, 2025			
								US	Goods Trade Balance (Jun)		-96.42B
								US	Retail Inventories Ex Auto (Jun)		0.20%
								US	S&P/CS HPI Composite - 20 n.s.a. (YoY) (May)		3.40%
								US	S&P/CS HPI Composite - 20 n.s.a. (MoM) (May)		0.80%
								US	CB Consumer Confidence (Jul)		93.00
								US	JOLTs Job Openings (Jun)		7.769M
								Tuesday, Jul 230, 2025			
								JP	BoJ Interest Rate Decision		0.50%
								GE	Retail Sales (MoM) (Jun)		-1.60%
								GE	GDP (YoY) (Q2)		0.00%
								GE	GDP (QoQ) (Q2)		0.40%
								EU	GDP (YoY) (Q2)		1.50%
								EU	GDP (QoQ) (Q2)		0.60%
								US	ADP Nonfarm Employment Change (Jul)		-33K
								US	Core PCE Prices (Q2)		3.50%
								US	GDP (QoQ) (Q2)		-0.50%
								US	GDP Price Index (QoQ) (Q2)		3.80%
								US	Pending Home Sales (MoM) (Jun)		1.80%

KBVS's 2H25 ECONOMIC ASSUMPTIONS

Year		Fed Rate (%)			Yield US10Y (%)			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	4.50			4.53			6.00			5.02			1.57			16,143			6.97		
	Average	5.27			4.20			6.10			5.03			2.29			15,847			6.78		
2025	End of Year	4.25	4.00	3.75	4.08	3.78	3.48	5.25	5.00	4.50	4.42	4.72	5.02	1.85	1.55	1.25	17,355	16,295	15,236	6.55	6.25	5.85
	Average	4.31	4.06	3.81	4.38	4.08	3.78	5.63	5.38	4.98	4.50	4.80	5.10	1.83	1.53	1.23	17,169	16,121	15,073	6.78	6.38	5.98
2026	End of Year	3.50	3.00	2.50	3.69	3.19	2.69	4.50	4.25	4.00	4.78	5.03	5.28	2.08	1.83	1.58	17,617	16,357	15,098	5.91	5.51	5.11
	Average	3.88	3.38	2.88	3.99	3.49	2.99	4.88	4.63	4.38	4.69	4.94	5.19	1.98	1.74	1.50	17,607	16,348	15,090	6.22	5.72	5.22

Source: KBVS Research – Juli (2025)

- Overall, not much has changed from our assumptions back in Mar '25.
- The Fed Rate remains largely unchanged; however, with the introduction of the Trump Tariff and its implications on U.S. inflation and growth, we have slightly raised our 2025 US10Y yield assumption by +24.0 bps.
- Conversely, we have trimmed our BI Rate assumption by -25 bps to -50 bps for end-2025, reflecting Bank Indonesia's increasingly pro-growth stance amid weak domestic demand and global monetary easing.
- We've also lowered our 2025–2026 inflation outlook by -0.01% to -0.75%, supported by improving domestic supply-demand dynamics and subdued consumption under persistent risk-off sentiment.
- Accordingly, we now expect the SUN10Y yield to end 2025 lower by -9 bps and decline a further -59 bps by end-2026, in line with dovish signals from global and domestic central banks.
- Looking forward, structural shifts—particularly the Trump Tariff, geopolitical tensions, and Indonesia's fiscal realignments—will shape the economic trajectory into 2026.
- **Despite the potential for strong momentum (like coasting downhill), lingering “speed bumps” remain key hurdles to a faster recovery.**

