

THE FED'S STANCE REMAINS CAUTIOUS, Pending Developments Across Various Factors

8 May 2025

Economist / Fikri C Permana

EXECUTIVE SUMMARY

- The emerging room for a potential Fed Rate cut is a positive signal for the outlook of the fixed income market.
- However, fundamental economic indicators—including inflation, growth prospects, and labor market conditions—remain key challenges that could delay any immediate monetary easing.
- In addition, developments in global trade prospects, especially amid ongoing negotiations between the U.S. and other countries, will also play a crucial role.

- Indonesia’s financial markets performed relatively well over the past week.
- Unfortunately, the rise in inflation and the slowdown in economic growth have somewhat restrained further upward momentum in the markets.
- On top of that, regional and global developments will continue to be decisive factors shaping the trajectory of the economy and financial markets going forward.



Source: kontan (2025), accessed in 8 May '25.

Link: <https://internasional.kontan.co.id/news/resmi-pernyataan-hasil-fomc-bank-sentral-amerika-serikat-the-fed-7-mei-2025>

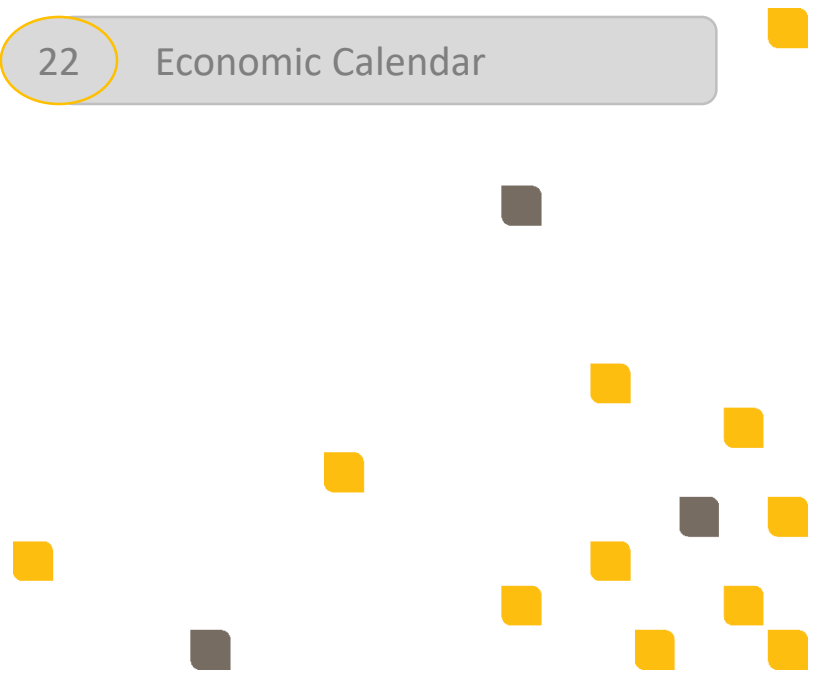


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US ECONOMIC DATA

US ECONOMIC INDICATORS	Unit	Latest Period	Data	
			Latest	Previous
Fed Rate	%	Mar '25	4.50	4.50
Economic Growth	%, yoy	1Q25	2.0	2.5
Inflation Rate	%, yoy	Mar '25	2.4	2.8
Unemployment Rate	%	Apr '25	4.2	4.2

Sources : various sources, KBVS Research (2025)

The data releases that influenced yield movements in the week of 1-7 May '25 are as follows:

- The number of people claiming unemployment benefits on the period ending Apr 25th, '25 in the US increased by 18K to 241K (Cons: 224K, Prev: 223K).
- S&P Global Manufacturing PMI in Apr '25 stable at 50.20 (Cons: 50.70, Prev: 50.20).
- ISM Manufacturing PMI in Apr '25 decreased to 48.70 (Cons: 48.00, Prev: 49.00).
- ISM Manufacturing Prices in Apr '25 increased to 69.80 (Cons: 72.90, Prev: 69.40).
- Average Hourly Earnings in Apr '25 decreased to 0.20% MoM (Cons: 0.30% MoM, Prev: 0.30% MoM).
- Nonfarm Payrolls in Apr '25 decreased to 177K (Cons : 138K, Prev: 185K).
- Unemployment Rate in Apr '25 stable at 4.20% (Cons: 4.20%, Prev: 4.20%).
- S&P Global Services PMI in Apr '25 decreased to 50.80 (Cons: 51.40, Prev: 54.40).
- ISM Non-Manufacturing PMI in Apr '25 increased to 51.60 (Cons: 50.20, Prev: 50.80).
- ISM Non-Manufacturing Prices in Apr '25 increased to 65.10 (Cons: 61.20, Prev: 60.90).
- 10-Year Note Auction decreased to 4.34% (Prev: 4.44%).

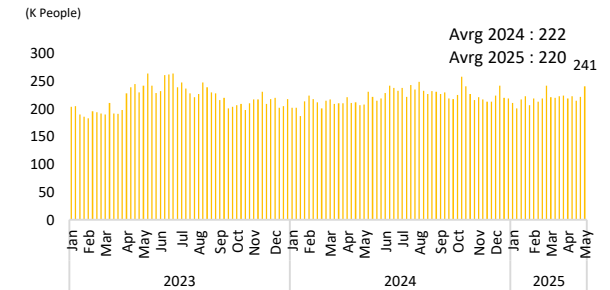
ECONOMIC CALENDAR

(1-7 MAY '25)

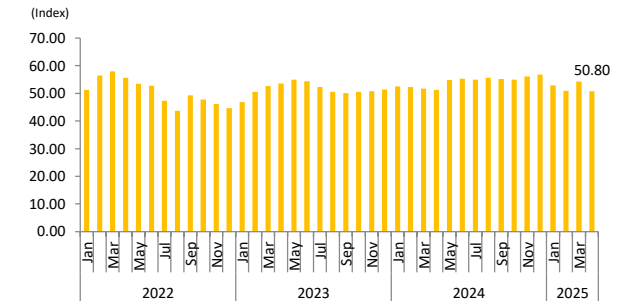
Event	Actual	Forecast	Previous
Thursday, 1 May '25			
US President Trump Speaks			
US Continuing Jobless Claims	1,916K	1,860K	1,833K
US Initial Jobless Claims	241K	224K	223K
US S&P Global Manufacturing PMI (Apr)	50.20	50.70	50.20
US Construction Spending (MoM) (Mar)	-0.50%	0.20%	0.60%
US ISM Manufacturing Employment (Apr)	46.50		44.70
US ISM Manufacturing PMI (Apr)	48.70	48.00	49.00
US ISM Manufacturing Prices (Apr)	69.80	72.90	69.40
US Atlanta Fed GDP Now (Q2)	1.10%	2.40%	2.40%
Friday, 2 May '25			
US Fed's Balance Sheet	6,709B		6,727B
US Average Hourly Earnings (MoM) (Apr)	0.20%	0.30%	0.30%
US Average Hourly Earnings (YoY) (Apr)	3.80%	3.90%	3.80%
US Nonfarm Payrolls (Apr)	177K	138K	185K
US Participation Rate (Apr)	62.60%		62.50%
US Private Nonfarm Payrolls (Apr)	167K	124K	170K
US U6 Unemployment Rate (Apr)	7.80%		7.90%
US Unemployment Rate (Apr)	4.20%	4.20%	4.20%
US Factory Orders (MoM) (Mar)	4.30%	4.40%	0.50%
Monday, 5 May '25			
US S&P Global Composite PMI (Apr)	50.60	51.20	53.50
US S&P Global Services PMI (Apr)	50.80	51.40	54.40
US ISM Non-Manufacturing Employment (Apr)	49.00	47.00	46.20
US ISM Non-Manufacturing PMI (Apr)	51.60	50.20	50.80
US ISM Non-Manufacturing Prices (Apr)	65.10	61.20	60.90
Tuesday, 6 May '25			
US 3-Year Note Auction	3.82%		3.75%
US Trade Balance (Mar)	-140.50B	-136.80B	-123.20B
US Exports (Mar)	278.50B		278.50B
US Imports (Mar)	419.00B		401.10B
US EIA Short-Term Energy Outlook			
Wednesday, 7 May '25			
US 10-Year Note Auction	4.32%		4.44%
US Atlanta Fed GDP Now (Q2)	2.20%	1.10%	1.10%
US API Weekly Crude Oil Stock	-4.490M	-2.500M	3.760M
US Crude Oil Inventories		-2.500M	-2.696M
US Cushing Crude Oil Inventories			0.682M

Sources : investing, KBVS Research (2025)

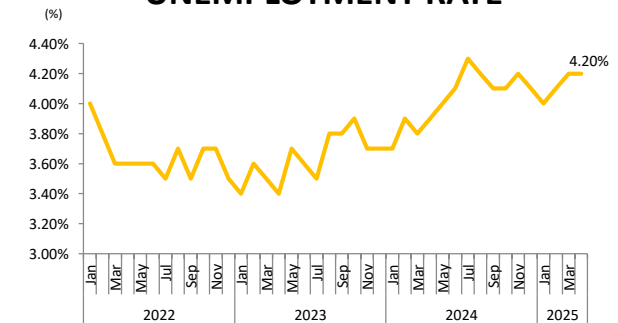
WEEKLY INITIAL JOBLESS CLAIMS



S&P GLOBAL SERVICES PMI



UNEMPLOYMENT RATE



FOMC Meeting on 7 May '25

Federal Reserve issues FOMC statement

For release at 2:00 p.m. EDT

Share 

Although swings in net exports have affected the data, recent indicators suggest that economic activity has continued to expand at a solid pace. The unemployment rate has stabilized at a low level in recent months, and labor market conditions remain solid. Inflation remains somewhat elevated.

The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. Uncertainty about the economic outlook has increased further. The Committee is attentive to the risks to both sides of its dual mandate and judges that the risks of higher unemployment and higher inflation have risen.

In support of its goals, the Committee decided to maintain the target range for the federal funds rate at 4-1/4 to 4-1/2 percent. In considering the extent and timing of additional 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 will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities. The Committee is strongly committed to supporting maximum employment and 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; Michael S. Barr; Michelle W. Bowman; Susan M. Collins; Lisa D. Cook; Austan D. Goolsbee; Philip N. Jefferson; Neel Kashkari; Adriana D. Kugler; Alberto G. Musalem; and Christopher J. Waller. Neel Kashkari voted as an alternate member at this meeting.

For media inquiries, please email media@frb.gov or call 202-452-2955.

Implementation Note issued May 7, 2025

Source: Federal Reserve (2025)

Link: <https://www.federalreserve.gov/newsevents/pressreleases/monetary20250507a.htm>

- Federal Reserve Chair Jerome Powell has maintained a cautious stance, underscoring lingering uncertainties in the economic outlook and reiterating that the Fed is in no rush to cut interest rates without more definitive signals from the data.
- He explicitly rejected the notion of a preemptive rate cut in response to potential disruptions stemming from President Donald Trump's renewed tariff threats, signaling that monetary policy will not be reactive to political developments absent concrete economic deterioration.
- Powell noted that it remains too early to determine whether inflation or unemployment will become the more pressing concern. With inflation appearing sticky in certain sectors and labor market dynamics showing signs of softening, the Fed is opting for a patient, data-dependent approach. "We can afford to wait and see," Powell said, highlighting that recent indicators suggest the U.S. economy continues to grow at a solid pace, despite volatility in net exports and global trade frictions.
- The Fed's posture of strategic patience is having a notable impact on U.S. Treasury yields. Investors are recalibrating their expectations for the policy rate path, now leaning toward a longer wait for any Fed rate cuts.
- As a result, yields on short- to medium-tenor Treasuries have remained elevated, with the 2Y and 10Y yield curves reflecting diminished odds of imminent monetary easing.
- The yield curve continues to exhibit signs of flattening, with some segments briefly inverting—a signal that markets remain cautious about growth prospects despite strong headline GDP figures.
- On the trade front, upcoming talks between Treasury Secretary Scott Bessent, U.S. Trade Representative Jamieson Greer, and Chinese officials in Switzerland are drawing attention.
- However, prospects for meaningful progress appear limited, as President Trump has made clear he will not lower tariffs on Chinese imports preemptively to advance negotiations.
- This hardened stance adds an additional layer of uncertainty to the global trade outlook, which may weigh on business confidence and investment decisions.

FED PROBABILITIES

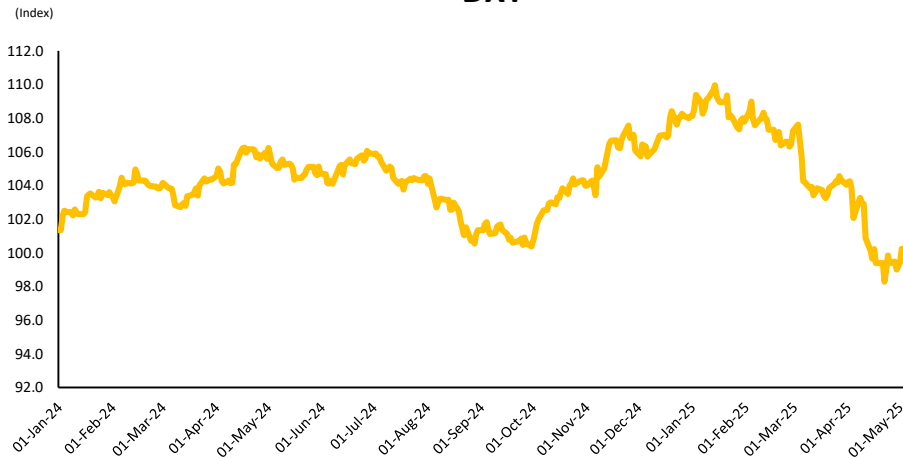
FED PROBABILITIES, as of 7 May '25

MEETING DATE	FED PROBABILITIES (in bps)							
	250-275	275-300	300-325	325-350	350-375	375-400	400-425	425-450
7-May-25	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.1%	96.9%
18-Jun-25	0.0%	0.0%	0.0%	0.0%	0.0%	0.9%	31.0%	68.1%
30-Jul-25	0.0%	0.0%	0.0%	0.0%	0.6%	20.8%	55.5%	23.0%
17-Sep-25	0.0%	0.0%	0.0%	0.5%	17.2%	49.2%	28.9%	4.2%
29-Oct-25	0.0%	0.0%	0.3%	11.2%	37.7%	36.2%	13.1%	1.5%
10-Dec-25	0.0%	0.2%	8.3%	30.6%	36.6%	19.3%	4.6%	0.4%
28-Jan-26	0.1%	3.5%	17.4%	33.0%	29.5%	13.3%	2.9%	0.2%
18-Mar-26	1.7%	10.1%	24.8%	31.4%	21.9%	8.4%	1.6%	0.1%

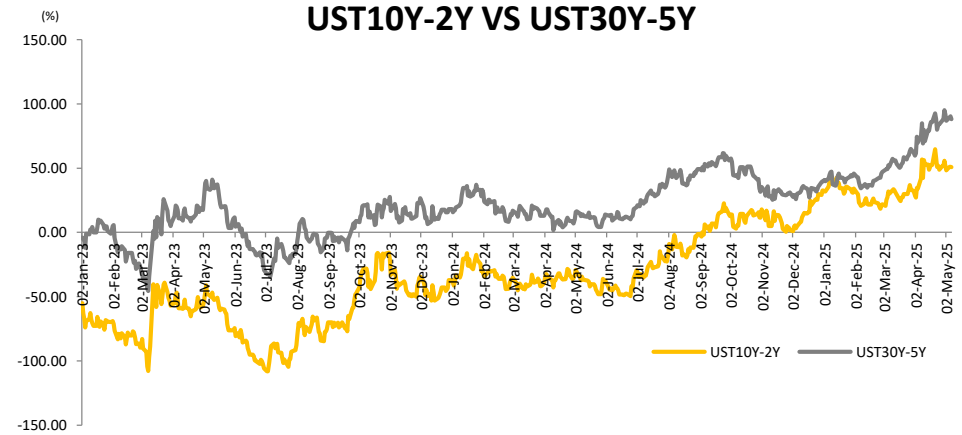
Sources : CME Group, and KBVS Research (2025)

- Markets are currently pricing in 25 bps cuts for July, September, and October.
- However, developments in trade negotiations, as well as fundamental economic conditions in the U.S.—including inflation, the labor market, and growth prospects—should remain key considerations in anticipating the Federal Reserve’s policy stance going forward.
- The multitude of factors that could still shift market expectations appears to be sustaining a wait-and-see sentiment in the fixed income space, further contributing to the ongoing flattening of the U.S. Treasury yield curve.

DXY



YIELD SPREAD UST10Y-2Y VS UST30Y-5Y



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 increase:

- Yield UST6M
 - +3.17 bps (WoW)
 - -6.08 bps (YtD, as of May 7,'25)
- Yield UST1Y
 - +14.52 bps (WoW)
 - -14.74 bps (YtD, as of May 7,'25)
- Yield UST2Y
 - +21.10 bps (WoW)
 - -42.79 bps (YtD, as of May 7,'25)
- Yield UST5Y
 - +19.37 bps (WoW)
 - -46.19 bps (YtD, as of May 7,'25)
- Yield UST10Y
 - +15.99 bps (WoW)
 - -24.72 bps (YtD, as of May 7,'25)
- Yield UST30Y
 - +12.57 bps (WoW)
 - +2.19 bps (YtD, as of May 7,'25)

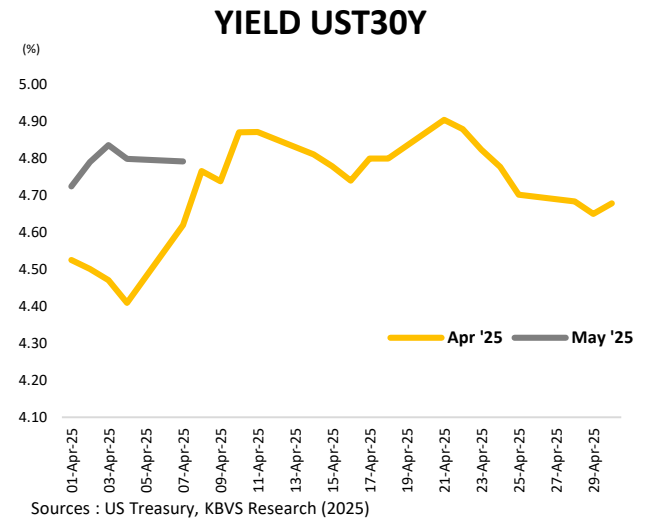
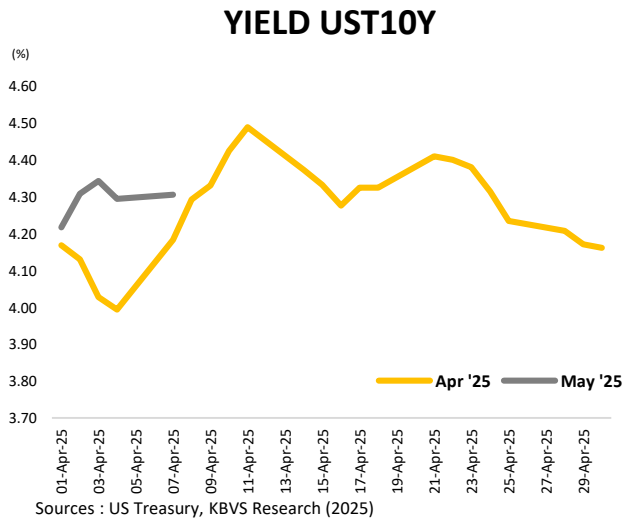
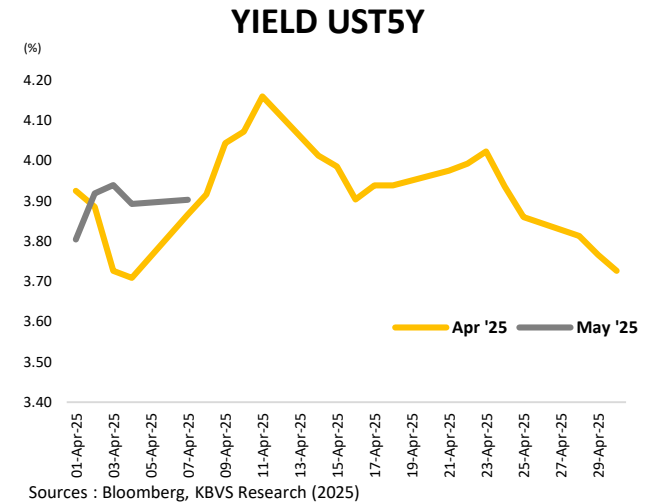
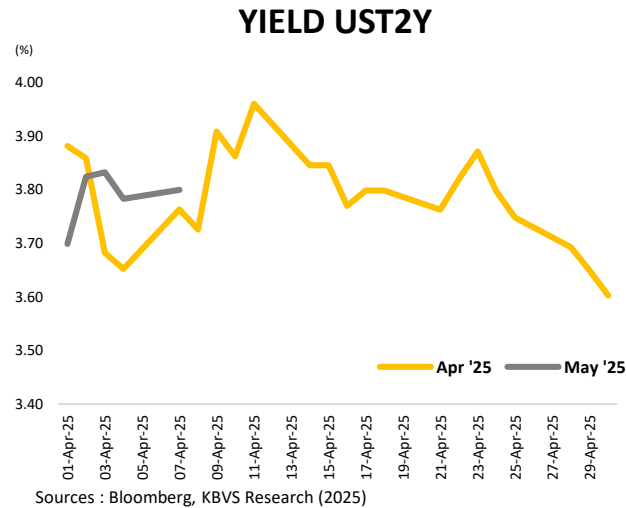


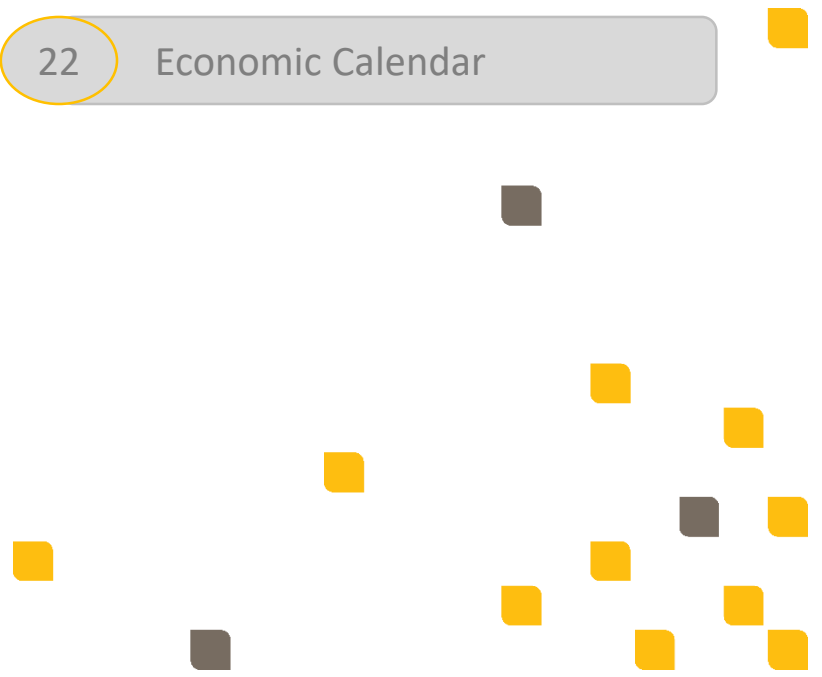


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INDONESIA ECONOMIC DATA

INDICATORS OVERVIEW

Economic Indicators	Unit	Latest Period	Data	
			Latest	Previous
Policy Interest Rate	%	18 Apr '25	5.75	5.75
Economic Growth	%, yoy	1Q25	4.87	5.02
Inflation Rate	%, yoy	Apr '25	1.95	1.03
Unemployment Rate	%	Feb '25	4.76	4.91
S&P Credit Rating	Rating	17 July '24	BBB	BBB

Sources : various sources, KBVS Research (2025)

The data releases in the week 1-7 May '25 are as follows:

- In contrast to previous years, post-Eid al-Fitr inflation in Apr '25 exhibited a higher increase compared to typical seasonal trends during the holiday period. This rise was driven by ongoing core inflation growth of 0.31% MoM and a 5.21% MoM surge in administered prices, primarily due to electricity tariff normalization.

Additionally, elevated prices of gold/jewelry, red onions, and tomatoes contributed to the headline inflation rate climbing to 1.17% MoM or 1.95% YoY. We are concerned that these conditions signal the onset of weakening domestic economic growth, coinciding with declining household purchasing power (*as indicated by lower consumer confidence*) and a contraction in manufacturing activity (*reflected in the downturn of the S&P Global Manufacturing PMI*) during the same month. The interplay of these factors underscores potential risks to economic resilience, particularly amid persistent inflationary pressures and softer demand dynamics.

- As expected, Indonesia's economic growth in 1Q25 was lower than in 4Q24, reaching -0.98% qoq or 4.87% YoY. This occurred alongside well-contained inflation, which stood at 1.03% YoY at the end of 1Q25. From the expenditure side, the slowdown was primarily driven by a -6.23% YoY contraction in government capital spending under the APBN, despite positive investment performance, with domestic and foreign direct investment recording growth of 15.87% YoY. By sector, the Mining sector contracted by -1.23% YoY, while the Agriculture sector posted strong growth of 10.52% YoY. Looking ahead, budget reallocation efforts and ongoing trade negotiations are expected to continue influencing the trajectory of the domestic economy.

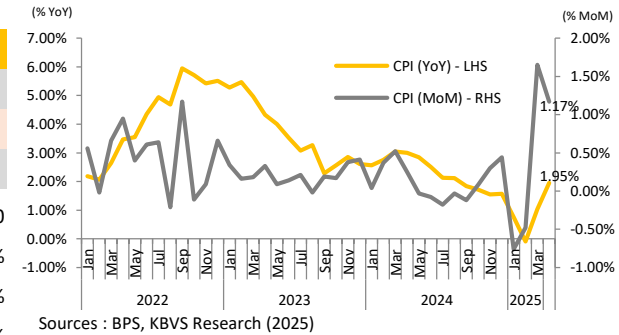
ECONOMIC CALENDAR

(1-7 MAY '25)

Event	Actual	Forecast	Previous
Thursday, 1 May '25			
Friday, 2 May '25			
ID S&P Global Manufacturing PMI (Apr)	46.70		52.40
ID Core Inflation (YoY) (Apr)	2.50%		2.48%
ID Inflation (MoM) (Apr)	1.17%		1.65%
ID Inflation (YoY) (Apr)	1.95%		1.03%
Monday, 5 May '25			
ID GDP (QoQ) (Q1)	-0.98%	-0.89%	0.53%
ID GDP (YoY) (Q1)	4.87%	4.91%	5.02%
Tuesday, 6 May '25			
Wednesday, 7 May '25			

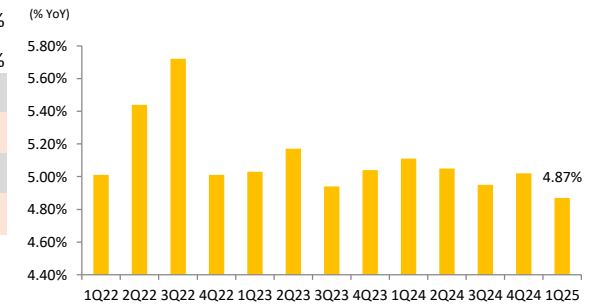
Sources : Investing, KBVS Research (2025)

CPI



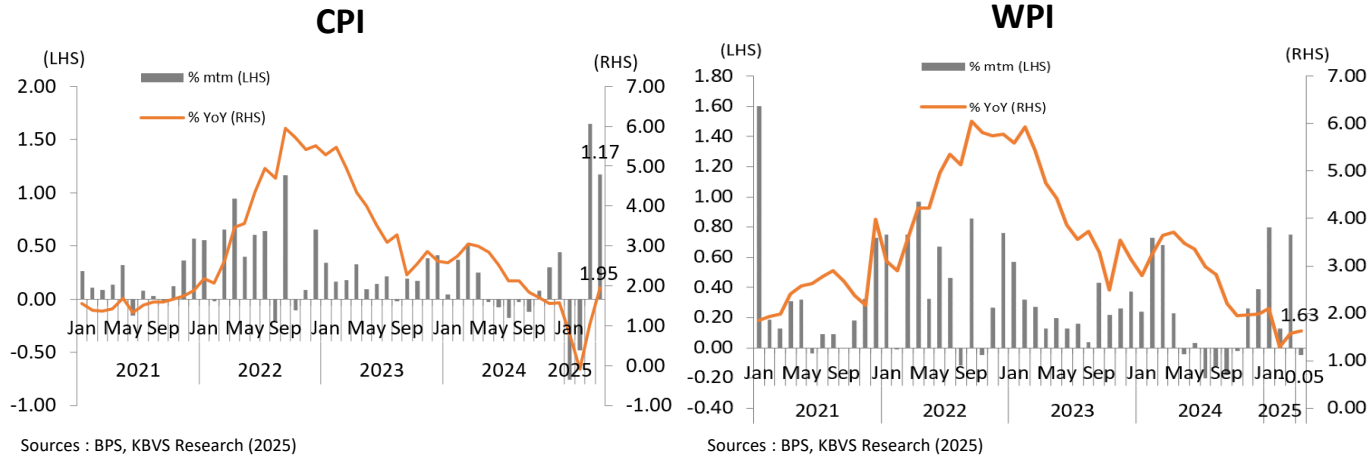
Sources : BPS, KBVS Research (2025)

GDP



Sources : BPS, KBVS Research (2025)

INFLATION



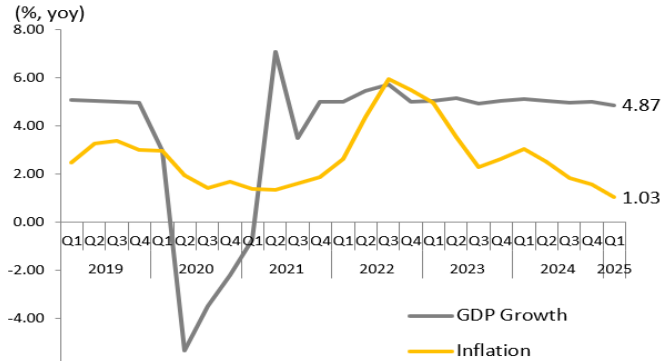
Indicators	Index	Inflation		
	Latest	M-1	MoM	YoY
Consumer Price Index (CPI)	108.47	107.22	1.17%	1.95%
Food, Beverages, and Tobacco	113.57	113.49	0.07%	2.17%
Clothing and Footwear	103.92	103.96	-0.04%	0.91%
Housing, Water, Electricity, and Household Fuels	103.87	97.44	6.60%	1.60%
Equipment, Tools, and Routine Household Maintenance	104.11	104.02	0.09%	0.88%
Health	105.58	105.47	0.10%	1.83%
Transport	109.97	109.98	-0.01%	-0.11%
Info, Comm. and Financial Services	98.99	99.41	-0.42%	-0.64%
Recreation, Sport and Culture	104.78	104.63	0.14%	1.25%
Education Services	105.08	105.07	0.01%	1.88%
Food and Beverages Services/Restaurants	107.47	107.27	0.19%	2.14%
Personal Care and Other Services	119.34	116.47	2.46%	9.93%
Core inflation	106.51	106.18	0.31%	2.50%
Administered Price	109.95	104.51	5.21%	1.25%
Volatile Food	114.75	114.80	-0.04%	0.64%
Wholesale Price Index (WPI)	105.07	105.12	-0.05%	1.63%
Agriculture	108.41	109.20	-0.72%	2.62%
Mining and Quarrying	100.89	100.54	0.35%	-0.10%
Manufacturing	106.86	106.82	0.04%	0.79%
Farmer Exchange Rate	121.06	123.72	-2.15%	3.66%
Farmers Price Received Index	150.19	152.24	-1.35%	5.93%
Farmers Price Paid Index	124.07	123.05	0.83%	2.20%

Sources : BPS, KBVS Research (2025)

- In a departure from typical seasonal patterns, Apr '25 inflation rose more sharply than expected following the Eid al-Fitr holiday. This is reflected in the headline inflation, which stood at 1.17% MoM and 1.95% YoY.
- The electricity tariff adjustment notably pushed the Housing, Water, Electricity, and Household Fuels category to surge 6.60% MoM. Interestingly, the Food, Beverage, and Tobacco group—typically a key driver of inflation—was relatively flat in Apr '25, rising only 0.07% MoM.
- We are concerned that this upward trend in annual inflation in Apr '25 could lead to a continued increase in household consumption expenditure.
- Thus, we estimate that GDP growth for both 1Q and 2Q25 will likely fall below the 5.0% threshold.
- Looking ahead, we expect monthly inflation to moderate, supported by a decline in gold prices, Rupiah appreciation (which helps suppress imported inflation), lower energy commodity prices, and a continued drop in rice prices in line with increased domestic rice production. However, the lingering effects of electricity tariff normalization remain a key upside risk to future inflation.

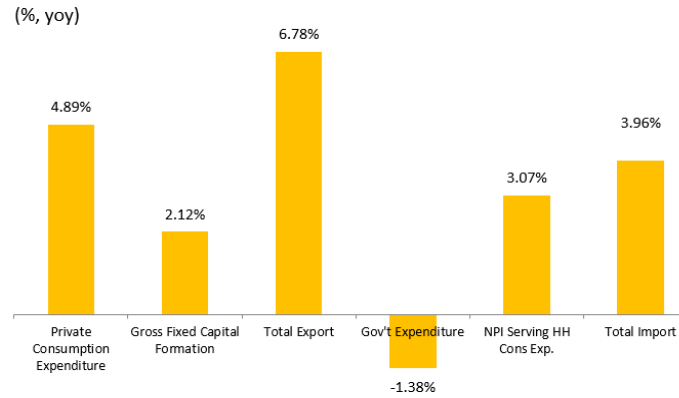
GDP

ECONOMIC GROWTH & INFLATION



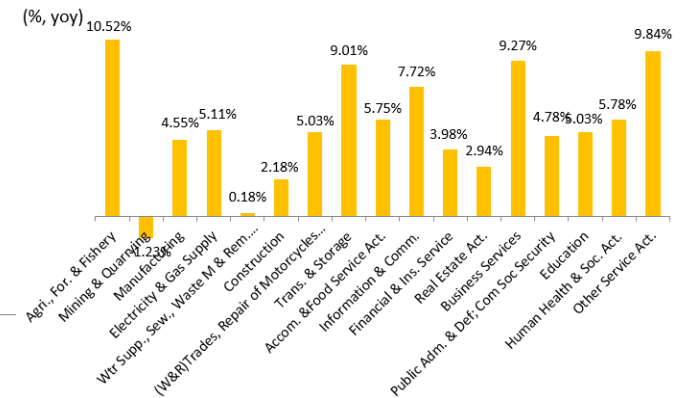
Sources : BPS, KBVS Research (2025)

GDP BASED ON EXPENDITURE



Sources : BPS, KBVS Research (2025)

GDP BASED ON SECTOR



Sources : BPS, KBVS Research (2025)

Types	Current Price		Constant Price (2010)			
	1Q24	4Q24	1Q25	1Q24	4Q24	1Q25
Based On Expenditure						
Private Consumption Expenditure	2,905.10	3,048.10	3,089.50	1,659.90	1,731.40	1,741.00
Gross Fixed Capital Formation	1,541.30	1,709.20	1,588.30	959.00	1,057.50	979.30
Total Export	1,135.90	1,325.50	1,263.30	728.80	828.90	778.20
Total Import	1,042.60	1,207.80	1,118.50	597.40	691.60	621.00
Government Consumption Expenditure	332.00	565.00	333.30	190.50	312.50	187.80
NPI Serving Household Consumption Expenditure	75.80	77.90	78.60	43.90	44.80	45.30
Changes in Inventories	133.90	-0.40	175.00	66.60	-0.20	85.20
Based On Industrial Origin						
Manufacturing	1,019.70	1,085.60	1,090.50	638.60	672.10	667.70
Agri., For. & Fishery	613.80	641.80	717.30	327.10	329.40	361.50
(W&R)Trades, Repair of Motorcycles & MC	695.40	739.70	749.00	407.50	428.10	428.00
Mining & Quarrying	493.90	535.70	509.20	234.20	249.90	231.30
Construction	541.20	591.60	557.30	307.20	333.60	313.80
Transportation & Storage	313.40	351.20	344.80	141.90	155.70	154.70
Information & Comm.	232.90	246.20	251.50	211.10	222.90	227.30
Financial & Ins. Service	227.90	229.10	240.70	129.30	128.60	134.40
Education	147.30	168.50	158.20	88.40	101.40	92.80
Public Adm. & Def; Com Soc Security	117.70	169.30	190.40	106.00	102.90	111.10
Accom. & Food Service Act.	138.50	152.50	150.20	99.80	107.40	105.50
Real Estate Act.	128.50	132.30	121.10	87.10	89.40	89.70
Other Service Act.	108.20	121.40	119.60	63.80	71.10	70.10
Business Services	102.00	109.20	112.10	87.10	89.40	89.70
Human Health & Soc. Act.	177.70	169.30	190.40	106.00	102.90	111.10
Electricity & Gas Supply	55.30	58.30	58.50	32.60	34.60	34.30
Wtr Supp., Sew., Waste M & Rem. Activities	3.50	3.70	3.70	2.70	2.80	2.70
Indonesia's GDP	5,288.60	5,674.90	5,665.90	3,113.00	3,296.70	3,264.50

Sources : BPS, KBVS Research (2025)

- As anticipated, Indonesia's economic growth moderated in the 1Q25, recording -0.98% qdq or 4.87% YoY. From the expenditure side, the main drag on growth stemmed from a -1.38% YoY contraction in government expenditure. On a more positive note, investment growth provided a key support pillar, with combined domestic and foreign direct investment rising by 15.87% YoY. On the production side, sectoral dynamics were mixed.
- Looking ahead, revenue performance and budget reallocation efforts will be critical in revitalizing growth from the demand side. We also hope to see greater investment channeled into labor-intensive industries, which would help reduce consumer caution and support a rebound in spending in 2Q25 and beyond.

GOVERNMENT PROCUREMENT OF GOODS AND SERVICES

PERATURAN PRESIDEN REPUBLIK INDONESIA NOMOR 16 TAHUN 2018

PERATURAN PRESIDEN REPUBLIK INDONESIA NOMOR 46 TAHUN 2025

Pasal 1

Pasal 1(14) The Work Result Inspection Officer, hereinafter abbreviated as PjPHP, is an administrative officer/functional officer/personnel tasked with examining the administration of the results of the Procurement of Goods/Services N/A

Pasal 1(15) The Work Result Inspection Committee, hereinafter abbreviated as PPHP, is a team tasked with examining the administration of the results of the Procurement of Goods/Services. N/A

Pasal 1(27) Business Actors are every individual or business entity, whether in the form of a legal entity or not a legal entity that is established and domiciled or carries out activities within the jurisdiction of the Republic of Indonesia, either alone or together through an agreement to carry out Business Actor is a business entity or individual who conducts business and/or activities in a specific field. business activities in various economic fields.

N/A

Pasal 1(40a) Direct Procurement of Construction Work is a selection method to obtain a provider for construction work valued at no more than IDR 400,000,000.00 (four hundred million rupiah).

Pasal 1(47) Medium Enterprises are productive economic enterprises that stand alone, carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or become part of either directly or indirectly with Small Businesses or Large Businesses with the amount of net assets or annual sales results as regulated in the Law on Micro, Small, and Medium Enterprises. N/A

Pasal 2

The scope of enforcement of this Presidential Regulation includes:

- a. Procurement of Goods/Services within Ministries/Agencies/Regional Apparatuses that use expenditure budgets from the State Budget (APBN)/Regional Budget (APBD);
- b. Procurement of Goods/Services that use expenditure budgets from the State Budget (APBN)/Regional Budget (APBD) as referred to in point a, including the procurement of Goods/Services that are partially or entirely funded by domestic loans and/or domestic grants received by the Government and/or Regional Governments; and/or
- c. Procurement of Goods/Services that use expenditure budgets from the State Budget (APBN)/Regional Budget (APBD) as referred to in point a, including the procurement of Goods/Services that are partially or entirely financed by foreign loans or foreign grants.

Scope of Application of this Presidential Regulation includes:

- a. Procurement of Goods/Services within Ministries/Agencies/Regional Apparatuses/Other Institutions/Village Governments that utilize budgetary funds sourced partially or wholly from the State Budget (APBN), Regional Budget (APBD), or Village Budget (APBDes);
- b. Procurement of Goods/Services financed by APBN/APBD/APBDes as referred to in point (a), including those partially or wholly funded by domestic loans and/or domestic grants; and
- c. Procurement of Goods/Services financed by APBN/APBD as referred to in point (a), including those partially or wholly funded by foreign loans or foreign grants.

Pasal 5

d. develop an E-marketplace for the Procurement of Goods/Services;

h. encourage the implementation of research and the creative industry; and

d. Developing an E-marketplace for Goods/Services Procurement;

h. Encouraging the implementation of research and the creative industry, as well as the utilization of inventions and innovations/results of research, development, study, and application of science and technology.

Pasal 7 ayat 2

b. planning/supervising consultants in Construction Works act as implementers of the Construction Works they have planned/supervised, except in the implementation of integrated work procurement;

d. cooperative administrators/managers concurrently serve as Commitment Making Officers (PPK)/Procurement Working Group (Pokja Pemilihan)/Procurement Officers in the implementation of Goods/Services Procurement in Ministries/Agencies/Regional Apparatuses;

f. several business entities participating in the same Tender/Selection are directly or indirectly controlled by the same party, and/or more than 50% (fifty percent) of the shares are owned by the same shareholders.

b. Planning/supervisory consultants in the procurement of goods/construction works/other services act as implementers of the procurement of the goods/construction/other services they planned/supervised, except in the case of integrated work procurement;

d. Cooperative managers serving concurrently as Commitment Making Officers (PPK), Procurement Working Group (Pokja Pemilihan), or Procurement Officers in Ministries/Agencies/Regional Apparatuses/Other Institutions;

f. Multiple business entities participating in the same Tender/Selection that meet the criteria of Beneficial Ownership as regulated under the legislation concerning the application of Beneficial Ownership principles to corporations for the prevention and eradication of money laundering and terrorism financing.

Pasal 9

Ayat (1)

N/A

Ayat (3) Budget Users (PA) managing the Regional Budget (APBD) may delegate the authority as referred to in ayat (1) letters a to f to the Budget User Authority (KPA).

Pasal 10

N/A

Ayat (1)

f2 Adjust procedures/processes/stages, methods, contract types, and/or contract forms in the procurement process in consideration of legal gaps and/or governmental stagnation for public benefit and interest.

Ayat (3) Budget Users (PA) for APBD management may delegate the authority as referred to in paragraph (1) letters a to f2 to Proxy Budget Users (KPA).

(2a) PPK (Commitment Making Officials) as referred to in paragraphs (1) and (2) must hold a PPK Competency Certificate according to their typology.

(5) Ministries/Agencies/Regional Governments shall prepare an action plan to fulfill the requirement of PPKs holding the appropriate PPK Competency Certificates as referred to in paragraph (2a).

(6) Further provisions regarding PPK competency as referred to in paragraph (2a) and the action plan for fulfilling certified PPKs as referred to in paragraph (5) shall be jointly regulated by the minister responsible for state financial affairs, the minister responsible for home affairs, and the head of the procurement agency.

Pasal 13

(1)a. carry out preparation and implementation of Provider selection;

(1)a Carry out preparation and implementation of provider selection, except for Direct Procurement and E-purchasing with direct purchasing.

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Pasal 19

(1) In preparing the technical specifications/Terms of Reference (KAK):

- a. use domestic products;
- b. use products certified with Indonesian National Standards (SNI); and
- c. maximize the use of green industry products.

N/A

(2) In preparing technical specifications/Terms of Reference (KAK), brand mentioning is allowed for:

- a. components of goods/services;
- b. spare parts;
- c. parts of an existing system;
- d. goods/services in the electronic catalog; or
- e. goods/services in a Fast Tender.

Pasal 20

NA

NA

NA

(1) In preparing the technical specifications/Terms of Reference (KAK) for goods/services, PPK shall use:

- a. Domestic Products;
- b. Products certified with Indonesian National Standards (SNI);
- c. Products from Micro and Small Enterprises and cooperatives from domestic production; and
- d. Environmentally Friendly Products.

1a) In preparing the technical specifications/terms of reference for goods/services, the Commitment Making Officer (PPK) shall use domestic products as referred to in paragraph (1) letter a, adjusted to the capabilities of domestic industries as listed in the inventory of domestically produced goods/services published by the ministry responsible for government affairs in the industrial sector.

(2) In the preparation of technical specifications/terms of reference, it is permissible to mention brand names for:

- a. components of goods/services;
- b. spare parts;
- c. parts of an existing system; or
- d. goods/services listed in the electronic catalog.

(3) In packaging the procurement of goods/services, the PPK must allocate at least 40% (forty percent) of the procurement budget for the use of products from micro and small enterprises as well as cooperatives that are domestically produced.

Pasal 20A

Packaging strategies for construction works may include resource provision by the owner (supplied by owner).

Pasal 20B

(1) Resource provision for construction works by the owner may include:

- a. raw materials, materials, and standardized goods;
- b. raw materials, materials, and goods to support permanent buildings;
- c. raw materials, materials, and goods for one or more packages of construction work;
- d. equipment to support construction work; and/or
- e. goods and services in construction works handled by specialist service providers.

(2) The resource provision as referred to in paragraph (1) may be carried out through:

- a. E-purchasing; and/or
- b. orders based on a framework contract.

Pasal 26

(5) The Owner's Estimate (HPS) is used as:

- a. a tool to assess the fairness of bid prices and/or unit prices;
- b. the basis for determining the maximum limit of valid bids in the procurement of Goods/Construction Works/Other Services; and
- c. the basis for determining the amount of the Performance Guarantee for bids whose value is lower than 80% (eighty percent) of the HPS value.

(7) The preparation of the HPS is exempted for the procurement of Goods/Services with a budget ceiling of no more than IDR 10,000,000 (ten million rupiah), E-purchasing, and integrated work tenders.

(5) The Owner's Estimate (HPS) shall be used as:

- a. a tool to assess the fairness of the bid price and/or unit price;
- b. a basis to set the maximum limit of valid offers in the procurement of goods/construction works/other services;
- c. the basis for determining the amount of bid security, performance security, and objection appeal security;
- d. the basis for defining the requirements for managerial personnel and main equipment in construction work; and
- e. the basis for determining the guarantor.

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Pasal 28

- (4) Work Order Letters (SPK) as referred to in paragraph (1) letter c are used for the procurement of Consultancy Services valued at no more than IDR 100,000,000 (one hundred million rupiah), procurement of Goods/Other Services valued between above IDR 50,000,000 (fifty million rupiah) and up to IDR 200,000,000 (two hundred million rupiah), and procurement of Construction Works valued at no more than IDR 200,000,000 (two hundred million rupiah).
- (5) Agreements as referred to in paragraph (1) letter d are used for the procurement of Goods/Construction Works/Other Services with a value of more than IDR 200,000,000 (two hundred million rupiah) and for the procurement of Consultancy Services with a value of more than IDR Rp200,000,000.00 (two hundred million rupiah).
- (6) Purchase Orders as referred to in paragraph (1) letter e are used for the procurement of Goods/Services through E-purchasing or online store purchases.

NA

Pasal 29

(2) Advance payments as referred to in paragraph (1) are given under the following conditions:

- a. up to 30% (thirty percent) of the contract value for small enterprises;
- b. up to 20% (twenty percent) of the contract value for non-small enterprises and Consultancy Service Providers; or
- c. up to 15% (fifteen percent) of the contract value for multi-year contracts.

Pasal 38

- (2) E-purchasing as referred to in paragraph (1) letter a is carried out for Goods/Construction Works/Other Services listed in the electronic catalog.
- (3) Direct Procurement as referred to in paragraph (1) letter b is carried out for Goods/Construction Works/Other Services with a value of no more than IDR 200,000,000 (two hundred million rupiah).
- (5) Performance Guarantees are valid until the handover of Goods/Other Services procurement or the first handover of Construction Works.
- a. organizing urgent activities preparation to follow up on international commitments attended by the President/Vice President;
 - b. confidential goods/services for national interests including intelligence, witness protection, security of the President and Vice President, Former Presidents and Former Vice Presidents and their families, and state guests at the head-of-state/government level, or other confidential goods/services according to prevailing laws and regulations;
 - c. Construction Works that constitute an integrated construction system and unified responsibility for risks of structural failure that cannot be fully anticipated in advance;
 - d. Goods/Construction Works/Other Services that can only be provided by one capable Business Entity;
 - e. procurement and distribution of superior seeds including rice, corn, and soybeans, and fertilizers including Urea, NPK, and ZA to farmers to ensure the timely availability of seeds and fertilizers for food security programs;
 - f. infrastructure, facilities, and utilities works within housing for Low-Income Communities implemented by the relevant developer;
 - g. specific Goods/Construction Works/Other Services that can only be carried out by patent holders, or those licensed by patent holders, or the tender winners authorized by the government; or
 - h. Goods/Construction Works/Other Services that fail after being retendered.

NA

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(4) The work order as referred to in paragraph (1) letter c is used for Procurement of Consulting Services with a maximum value of IDR 100,000,000.00 (one hundred million rupiah), Procurement of Other Goods/Services with a minimum value of above IDR 50,000,000.00 (fifty million rupiah) up to a maximum value of IDR 200,000,000.00 (two hundred million rupiah), and Procurement of Construction Work with a maximum value of IDR 400,000,000.00 (four hundred million rupiah).

(5) The agreement letter as referred to in paragraph (1) letter d is used for Procurement of Other Goods/Services with a value of at least above Rp400,000,000.00 (four hundred million rupiah), and for Procurement of Consulting Services with a value of at least above Rp100,000,000.00 (one hundred million rupiah).

(6) The letter/proof of order as referred to in paragraph (1) letter e is used for Procurement of Goods/Services through E-purchasing.

(6a) In the case of a Contract using a Lump Sum Contract, the form of Contract as referred to in paragraph (1) does not require detailed supporting contract documents.

(2) The advance payment as referred to in paragraph (1) shall be granted under the following conditions:

- a. at least 50% (fifty percent) of the contract value for micro, small enterprises, and cooperatives for contracts ranging from IDR 50,000,000.00 (fifty million rupiah) to IDR 200,000,000.00 (two hundred million rupiah);
- b. at least 30% (thirty percent) of the contract value for micro, small enterprises, and cooperatives for contracts above IDR 200,000,000.00 (two hundred million rupiah) up to IDR 2,500,000,000.00 (two billion five hundred million rupiah);
- c. up to 30% (thirty percent) of the contract value for micro, small enterprises, and cooperatives for contracts above IDR 2,500,000,000.00 (two billion five hundred million rupiah) up to IDR 15,000,000,000.00 (fifteen billion rupiah);
- d. up to 20% (twenty percent) of the contract value for non-micro and small enterprises and consultancy service providers; or
- e. up to 15% (fifteen percent) of the contract value for multi-year contracts.

(2) E-purchasing as referred to in paragraph (1) letter a shall be carried out for Goods/Construction Works/Other Services that are listed in the electronic catalog.

(3) Direct Procurement as referred to in paragraph (1) letter b shall be conducted for:

- a. Goods/Other Services with a maximum value of IDR 200,000,000.00 (two hundred million rupiah); and
- b. Construction Works with a maximum value of IDR 400,000,000.00 (four hundred million rupiah).

(5) The criteria for Goods/Construction Works/Other Services under special circumstances as referred to in paragraph (4) include:

- a. implementation of government priority programs, government assistance, and/or Presidential aid based on Presidential directives;
 - b. organization of sudden events attended by the President/Vice President;
 - c. goods/services of a confidential nature for national interests, including intelligence, witness protection, security of the President and Vice President, Former Presidents and Former Vice Presidents and their families, as well as state guests at the head-of-state/government level, or other confidential goods/services in accordance with the provisions of laws and regulations;
 - d. construction works that constitute an integrated construction system and a single responsibility for the risk of building failure that cannot be planned or predicted in advance;
 - e. Goods/Construction Works/Other Services that can only be provided by one capable Business Actor;
 - f. procurement and distribution of superior seeds, including rice, corn, and soybeans, as well as fertilizers including Urea, NPK, and ZA to farmers to ensure timely and accurate availability of seeds and fertilizers in support of food security enhancement;
 - g. infrastructure, facilities, and utilities in housing areas for low-income communities carried out by the respective developers;
 - h. specific Goods/Construction Works/Other Services that can only be executed by the patent holder, or a party authorized by the patent holder, or a party that wins a Tender to obtain such authorization from the Government;
 - i. Goods/Construction Works/Other Services that have undergone repeated Tenders and resulted in failure;
 - j. selection of Providers to continue the procurement of Goods/Construction Works/Other Services in the event of Contract termination; or
 - k. repeat orders for the same Provider of Goods/Construction Works/Other Services.
- (8) The procurement of Goods/Construction Works/Other Services using the selection method through Direct Procurement with a minimum value above IDR 50,000,000.00 (fifty million rupiah), Direct Appointment, Quick Tender, and Tender must use an electronic procurement system application with transactional features.

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Pasal 41

(6) In the case of Direct Appointment for Consultancy Services Providers as referred to in paragraph (5) letter d, it is limited to a maximum of 2 (two) times.

NA

Pasal 53

NA

Pasal 63

(1) International Tender/Selection may be conducted for:

- a. Procurement of Construction Works valued above IDR 1,000,000,000,000 (one trillion rupiah);
- b. Procurement of Goods/Other Services valued above IDR 50,000,000,000 (fifty billion rupiah);
- c. Procurement of Consultancy Services valued above IDR 25,000,000,000 (twenty-five billion rupiah); or
- d. Procurement of Goods/Services financed by Export Credit Agencies or Private Foreign Creditors.

(2) International Tender/Selection may also be conducted for values below the thresholds mentioned in paragraph (1) letters a, b, and c, if no domestic Business Entity is capable and meets the requirements.

NA

(3) Foreign business entities participating in International Tender/Selection as referred to in paragraph (1) must collaborate with national business entities in the form of a consortium, subcontract, or other forms of cooperation.

(4) Foreign business entities performing Goods/Construction Works procurement must cooperate with domestic industries for spare parts production and after-sales service.

(5) Procurement of Goods/Construction Works/Consultancy Services/Other Services through International Tender/Selection shall be announced on the websites of Ministries/Agencies/Regional Governments and international community websites.

(6) Tender/Selection documents in International Procurement must be written in at least 2 (two) languages: Indonesian and English.

(8) Contract payments through International Tender/Selection may use rupiah and/or comply with relevant laws and regulations.

Pasal 64

(1) Procurement of Goods/Services funded by foreign loans or foreign grants shall follow the provisions set in this Presidential Regulation, except when otherwise stipulated in the foreign loan or grant agreement.

Pasal 65

(1) Small enterprises consist of Micro and Small Enterprises.

(2) In Goods/Services Procurement, Budget Users (PA)/Budget User Authorities (KPA) must enhance the participation of small enterprises.

(3) Packaging must aim to create as many packages as possible for small enterprises without disregarding principles of efficiency, fair competition, system integration, and quality of technical capabilities.

(4) Procurement packages for Goods/Construction Works/Other Services valued up to IDR 2,500,000,000 (two billion five hundred million rupiah) shall be reserved for small enterprises, except for packages requiring technical capabilities beyond what small enterprises can provide.

(5) The National Public Procurement Agency (LKPP) and Ministries/Agencies/Regional Governments shall expand the role of small enterprises by listing their goods/services in the electronic catalog.

(6) Non-small enterprise providers may cooperate with small enterprises in the form of partnerships, subcontracts, or other types of cooperation if small enterprises with relevant capabilities are available.

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(6) Selection as referred to in paragraph (1) letter d shall be conducted for Consultancy Services with a minimum value above IDR 100,000,000.00 (one hundred million rupiah).

(7) The procurement of Consultancy Services through Direct Procurement, Direct Appointment, and Selection methods must utilize an electronic procurement system application with transactional features.

(3) In the event of a contract amendment due to an emergency situation, the provision for increasing the final Contract value may exceed 10% (ten percent) upon approval from the Budget User (PA).

(1) International Procurement of Goods/Services may be conducted for:

- a. Construction Works procurement with a minimum value above IDR 1,000,000,000,000.00 (one trillion rupiah);
- b. Procurement of Goods/Other Services with a minimum value above IDR 50,000,000,000.00 (fifty billion rupiah);
- c. Consultancy Services procurement with a minimum value above IDR 25,000,000,000.00 (twenty-five billion rupiah); or
- d. Procurement of Goods/Services financed by export credit agencies or foreign private creditors.

(2) In the absence of capable and qualified domestic Business Actors, International Procurement of Goods/Services may be conducted for values below the thresholds mentioned in paragraph (1) letters a, b, and c.

(2a) International Procurement of Goods/Services as referred to in paragraph (1) must include provisions concerning:

- a. transfer of technology/knowledge;
- b. utilization of national experts/technical personnel; and/or
- c. utilization of other domestic goods/services.

(3) Foreign business entities participating in International Procurement of Goods/Services as referred to in paragraph (1) must form a business partnership with a national business entity in the form of a consortium, subcontract, or other cooperation arrangements.

(4) Foreign business entities executing the procurement of Goods/Construction Works/Other Services must cooperate with domestic industries, including but not limited to the manufacturing of spare parts and/or provision of after-sales services.

(5) International Procurement of Goods/Services must be announced on the websites of Ministries/Agencies/Regional Governments and on international community websites.

(6) Procurement documents for International Procurement of Goods/Services must be written in at least two languages, namely Indonesian and English.

(8) Contract payments for International Procurement of Goods/Services may be made in Rupiah and/or in accordance with the provisions of laws and regulations.

(1) Procurement of Goods/Services for activities funded by foreign loans or foreign grants shall follow the provisions set forth in this Presidential Regulation, unless otherwise stipulated in the foreign loan agreement or foreign grant agreement, or in derivative agreements/other documents related to the agreement as part of the requirements of the foreign loan or foreign grant, including provisions on the country of origin of goods and services.

(1) Ministries/Agencies/Regional Governments/Other Institutions are required to use products from Micro and Small Enterprises (MSEs) and cooperatives that are domestically produced.

(2) The Ministries/Agencies/Regional Governments/Other Institutions as referred to in paragraph (1) must allocate at least 40% (forty percent) of their goods/services expenditure budget for products from MSEs and cooperatives.

(3) Procurement packages for Goods/Construction Works/Other Services with a budget ceiling of up to IDR 15,000,000,000.00 (fifteen billion rupiah) are designated for Micro and Small Enterprises and cooperatives.

(4) The budget ceiling value as referred to in paragraph (3) is exempted for packages requiring technical capabilities that cannot be met by Micro and Small Enterprises and cooperatives.

(5) The Ministry in charge of cooperatives and small enterprises and the Regional Governments shall expand the participation of MSEs and cooperatives by including MSE and cooperative-produced goods/services in the electronic catalog.

(6) Non-MSE/cooperative suppliers executing the procurement must engage in business collaboration with MSEs and cooperatives in the form of partnerships, subcontracts, or other cooperative forms, if there are MSEs and cooperatives with the required capabilities in the relevant field.

(7) The collaboration with MSEs and cooperatives as referred to in paragraph (6) shall be stated in the Procurement Documents.

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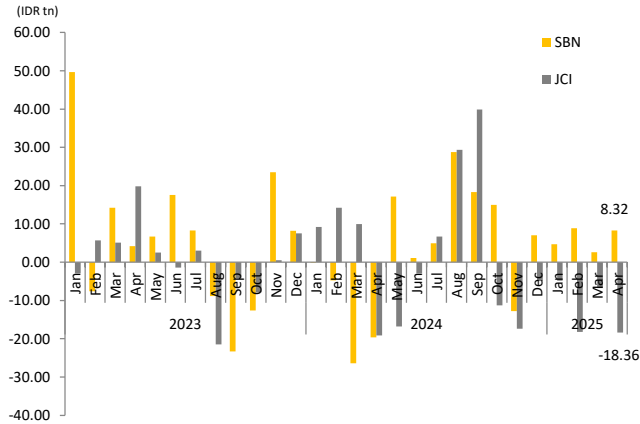
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<p>Pasal 66</p> <p>(1) Ministries/Agencies/Regional Apparatuses are required to use domestic products, including national design and engineering.</p> <p>(2) The obligation to use domestic products as referred to in paragraph (1) shall apply if there are bidders offering goods/services with a Domestic Component Level (TKDN) value plus a Company Benefit Weight (BMP) value of at least 40% (forty percent).</p> <p>(3) The calculation of TKDN and BMP as referred to in paragraph (2) shall be carried out in accordance with the provisions of the applicable laws and regulations.</p> <p>(4) The provisions referred to in paragraphs (2) and (3) shall be included in the General Procurement Plan (RUP), technical specifications/Terms of Reference (KAK), and the Procurement Documents.</p> <p>(5) The procurement of imported goods may be carried out if:</p> <p>a. such goods cannot yet be produced domestically; or</p> <p>b. domestic production volume is insufficient to meet the demand.</p> <p>(6) The National Public Procurement Agency (LKPP) and/or Ministries/Agencies/Regional Governments shall increase the inclusion of domestic products in the electronic catalog.</p>	<p>(1) Ministries/Agencies/Regional Apparatuses/Other Institutions are required to use Domestic Products, including nationally designed and engineered products.</p> <p>(2) The obligation to use Domestic Products as referred to in paragraph (1) for industrial products shall be carried out under the following conditions:</p> <p>a. use Domestic Products with a minimum Domestic Component Level (TKDN) of 25% (twenty-five percent) if there are Domestic Products with a combined Domestic Component Level and enterprise benefit weight of at least 40% (forty percent);</p> <p>b. if such Domestic Products as referred to in point (a) are unavailable or insufficient in quantity, then use Domestic Products with at least 25% Domestic Component Level;</p> <p>c. if the Domestic Products referred to in points (a) and (b) are unavailable or insufficient in quantity, then use Domestic Products with a Domestic Component Level of less than 25%; or</p> <p>d. if the Domestic Products referred to in points (a), (b), and (c) are unavailable or insufficient in quantity, then use Domestic Products listed in the national industry information system.</p> <p>(3) The obligation to use Domestic Products as referred to in paragraph (1) for non-industrial products shall use Domestic Products as declared by the Business Actor (self-declared).</p> <p>(4) If the Domestic Products referred to in paragraphs (2) and (3) are unavailable or insufficient in quantity, imported products may be used.</p> <p>(5) The provisions regarding the fulfillment of the obligation to use Domestic Products as referred to in paragraph (2) shall be carried out with due consideration to domestic industry capacity.</p> <p>(6) The Minister responsible for industrial affairs shall provide information related to domestic industrial capacity as referred to in paragraph (5).</p> <p>(7) In the event that the information referred to in paragraph (6) is not yet available, the use of imported products may be carried out upon approval from the minister/head of agency/regional head or an official appointed by them.</p> <p>(8) The Minister responsible for industrial affairs may determine the minimum Domestic Component Level for specific industries beyond the provisions referred to in paragraph (2).</p> <p>(9) The Minister responsible for construction services, in coordination with the Minister responsible for industrial affairs, may establish the minimum Domestic Component Level for construction services.</p> <p>(10) The Domestic Component Level and enterprise benefit weight as referred to in paragraph (2) shall refer to the inventory list of domestically produced goods/services published by the ministry responsible for industrial affairs.</p> <p>(11) The obligation to use Domestic Products as referred to in paragraph (2) must be implemented at the procurement planning, preparation, and provider selection stages.</p> <p>(12) The provisions referred to in paragraph (11) shall be stated in the Procurement Plan (RUP), technical specifications/terms of reference, and/or Procurement Documents.</p>

GOVERNMENT PROCUREMENT OF GOODS AND SERVICES

PERATURAN PRESIDEN REPUBLIK INDONESIA NOMOR 16 TAHUN 2018	PERATURAN PRESIDEN REPUBLIK INDONESIA NOMOR 46 TAHUN 2025
<p>Pasal 67</p> <p>(1) Price preference is an incentive for domestic products in provider selection, in the form of an acceptable price margin.</p> <p>(2) Price preference applies to Goods/Services Procurement with a minimum value exceeding IDR 1,000,000,000.00 (one billion rupiah).</p> <p>(3) Price preference is given for goods/services with a minimum TKDN of 25% (twenty-five percent).</p> <p>(4) The maximum price preference for goods/services is 25% (twenty-five percent).</p> <p>(5) The maximum price preference for Construction Works carried out by national business entities is 7.5% (seven point five percent) above the lowest bid from foreign business entities.</p> <p>(6) Price preference is taken into account in the evaluation of bid prices that have met administrative and technical requirements.</p> <p>(7) The winner is determined based on the lowest price sequence from the Final Evaluation Result (HEA).</p> <p>(8) HEA is calculated using the formula:</p> <p>HEA = (1 – KP) × HP, where:</p> <p>KP = TKDN × maximum preference</p> <p>KP is the Preference Coefficient</p> <p>HP is the Bid Price after arithmetic correction.</p> <p>(9) In the event that two or more bids have the same lowest HEA, the bidder with the higher TKDN shall be declared the winner.</p>	<p>(1) Price preference refers to the price adjustment applied to the bid price during the final price evaluation process in the Procurement of Goods/Services.</p> <p>(2) Price preference applies to the Procurement of Goods/Services using the Tender or E-purchasing method with a mini-competition method under the following conditions:</p> <ul style="list-style-type: none">a. with an HPS (Estimated Price) of at least IDR 1,000,000,000.00 (one billion rupiah);b. with a budget ceiling of at least IDR 1,000,000,000.00 (one billion rupiah) for integrated works; orc. with a procurement package budget ceiling of at least IDR 1,000,000,000.00 (one billion rupiah) for E-purchasing using a mini-competition method. <p>(3) Price preference is granted for Other Goods/Services through the Tender or E-purchasing method with a mini-competition method, with the following conditions:</p> <ul style="list-style-type: none">a. the maximum price preference for Other Goods/Services is 25% (twenty-five percent);b. price preference is given to Other Goods/Services with a Domestic Component Level of at least 25% (twenty-five percent);c. the determination of the winner is based on the lowest price after final evaluation or a combination of technical and price evaluation results; andd. in the case of two or more bids with the same lowest final evaluation price, the bid with the higher Domestic Component Level is selected as the winner. <p>(4) Price preference is granted for Construction Works through the Tender method with the following conditions:</p> <ul style="list-style-type: none">a. given to bids from participants that commit to meeting the minimum Domestic Component Level requirements as set forth in the regulations;b. the commitment to meet the minimum Domestic Component Level requirement applies only to the Goods component;c. the maximum price preference is 25% (twenty-five percent) for commitments to the Domestic Component Level that is greater than or equal to the minimum Domestic Component Level;d. the determination of the winner is based on the lowest price after final evaluation or a combination of technical and price evaluation results for integrated Construction Works; ande. in the case of two or more bids with the same lowest final evaluation price, the bid with the higher Domestic Component Level is selected as the winner. <p>(5) The final evaluation result as referred to in paragraph (3) letter c and paragraph (4) letter d is calculated using the following formula:</p> <p>HEA = (1 - KP) x HP</p> <p>where:</p> <p>HEA = final evaluation result</p> <p>KP = preference coefficient</p> <p>KP = Domestic Component Level x highest preference</p> <p>HP = bid price after arithmetic correction.</p> <p>(6) For Construction Works in the International Procurement of Goods/Services, price preference is granted as follows:</p> <ul style="list-style-type: none">a. 7.5% (seven point five percent) to domestic companies over the lowest bid from foreign companies; andb. an additional 5% (five percent) to domestic companies in consortium with foreign companies, provided that the lead firm is a domestic company.

DEVELOPMENT OF TRADABLE SBN

CAPITAL FLOW IN SBN&JCI



Sources : Bloomberg, KBVS Research (2025)

Between 1-7 May '25, non-residents conducted:

- A net sell of tradeable SBN, amounting ID1.77 tn.
- A net sell of JCI, amounting IDR0.04 tn.

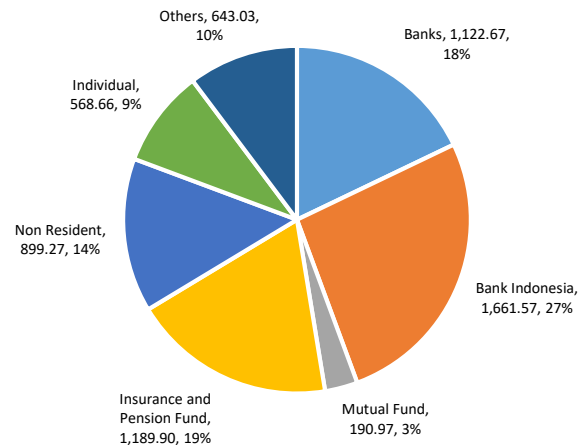
SUN LATEST AUCTION

6 May '25									
Instruments	SPN12250807	SPN12260507	FR0104	FR0103	FR0106	FR0107	FR0102	FR0105	Total
Incoming Bids (IDR tn)	1.00	5.32	43.16	18.44	5.56	3.34	2.76	1.26	80.85
Bid to Cover Ratio	-	2.66	5.83	1.54	1.31	1.52	2.40	1.26	2.70
Weighted Average Yields Awarded	-	6.200%	6.602%	6.896%	7.040%	7.060%	7.080%	7.129%	
22 Apr '25									
Instruments	SPN03250723	SPN12260423	FR0104	FR0103	FR0106	FR0107	FR0102	FR0105	Total
Incoming Bids (IDR tn)	2.00	6.58	43.48	13.52	6.44	3.16	1.60	0.69	77.47
Bid to Cover Ratio	-	3.29	6.04	1.18	1.43	1.98	2.46	1.25	2.77
Weighted Average Yields Awarded	-	6.280%	6.758%	6.980%	7.060%	7.070%	7.150%	7.148%	

Sources : DJPPR, KBVS Research (2025)

OWNERSHIP of IDR TRADABLE SBN

(IDR tn, % of total tradable SBN)



Sources : DJPPR, and KBVS Research (2025)

As of 5 May '25, the largest ownership of tradable SBN is as follows:

- Bank Indonesia : IDR1,661.57 tn (+IDR16.75 tn, WoW),
- Banks : IDR1,122.67 tn (-IDR15.95 tn, WoW), and
- Insurance & Pension Funds: IDR1,189.90 tn (+IDR0.01 tn, WoW)

SBSN LATEST AUCTION

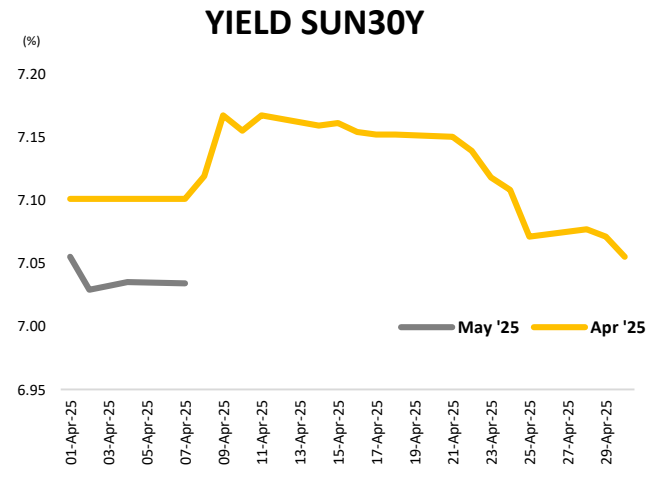
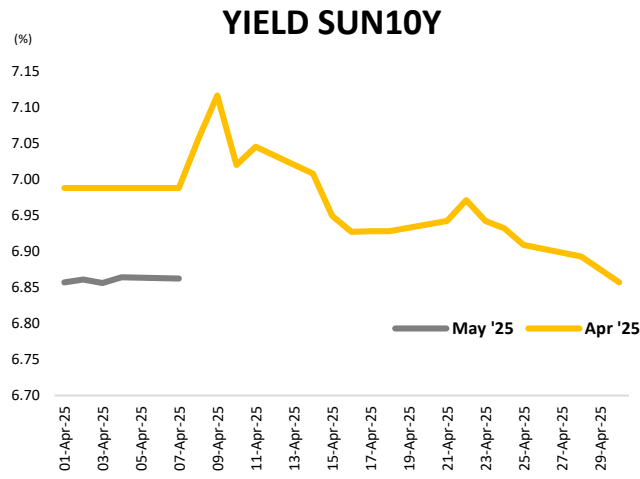
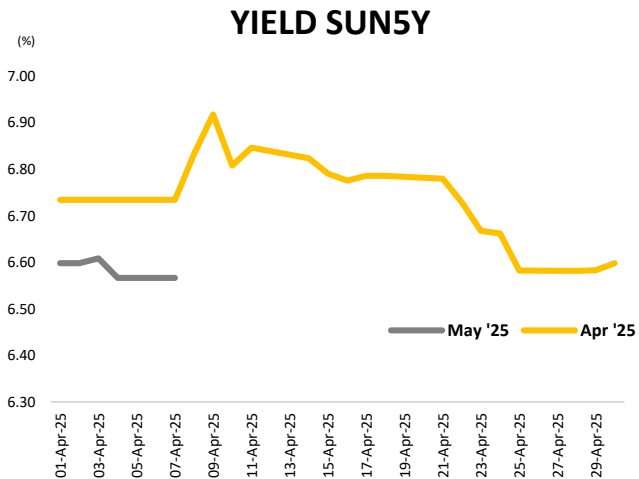
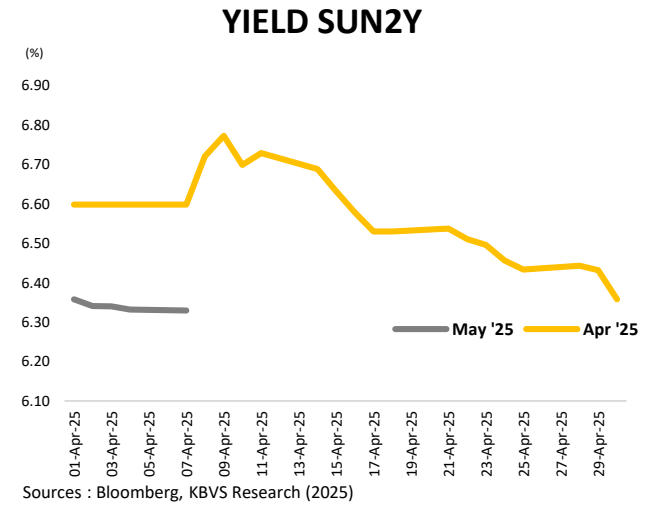
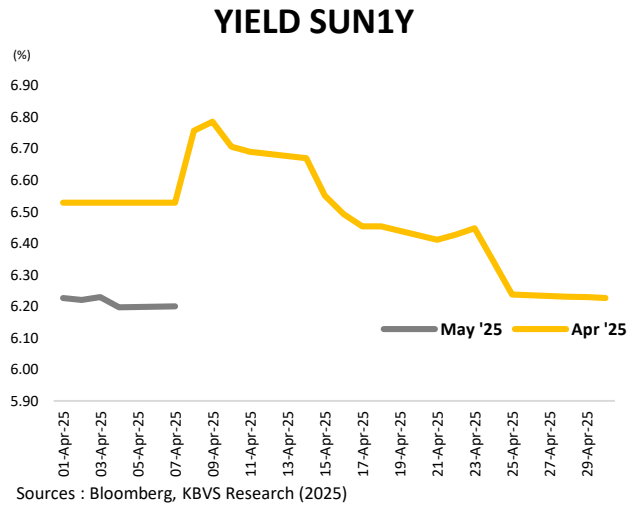
29 Apr '25								
Instruments	SPNS13102025	SPNS12012026	PBS003	PBS030	PBS034	PBS039	PBS038	Total
Incoming Bids (IDR tn)	1.12	5.66	9.21	9.44	0.38	2.11	4.76	32.68
Bid to Cover Ratio	2.24	11.32	2.49	2.27	-	1.03	4.32	2.72
Weighted Average Yields Awarded	6.200%	6.200%	6.409%	6.492%	-	7.044%	7.097%	
15 Apr '25								
Instruments	SPNS13102025	SPNS12012026	PBS003	PBS030	PBSG001	PBS034	PBS038	Total
Incoming Bids (IDR tn)	2.42	5.84	11.30	8.32	2.02	2.17	4.06	36.13
Bid to Cover Ratio	-	4.49	3.32	1.85	2.02	7.22	2.70	3.01
Weighted Average Yields Awarded	-	6.380%	6.780%	6.820%	6.804%	7.030%	7.178%	

Sources : DJPPR, KBVS Research (2025)

THE MOVEMENT OF SUN YIELDS

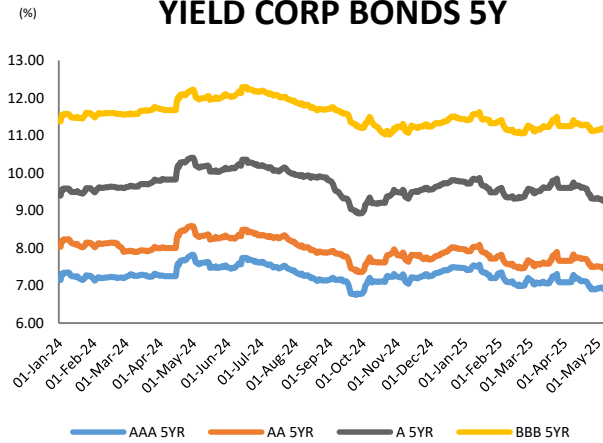
Over the past week, SUN yields moved tends to decrease:

- Yield SUN1Y
 - -1.80 bps (WoW)
 - -48.00 bps (YtD, as of May 7, '25)
- Yield SUN2Y
 - -5.40 bps (WoW)
 - -60.00 bps (YtD, as of May 7, '25)
- Yield SUN5Y
 - -4.60 bps (WoW)
 - -43.60 bps (YtD, as of May 7, '25)
- Yield SUN10Y
 - +0.80 bps (WoW)
 - -11.90 bps (YtD, as of May 7, '25)
- Yield SUN30Y
 - -1.80 bps (WoW)
 - -3.80 bps (YtD, as of May 7, '25)



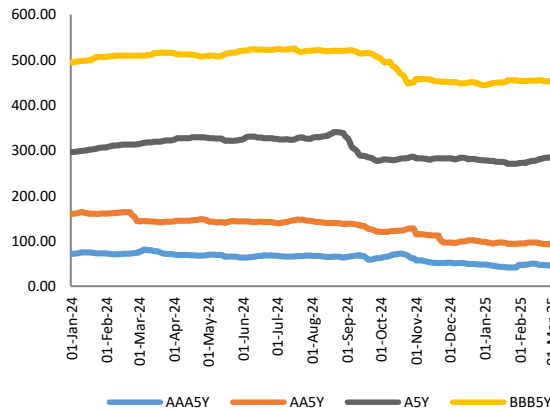
THE MOVEMENT OF CORPORATE BOND YIELD

YIELD CORP BONDS 5Y



Sources : Bloomberg, KBVS Research (2025)

YIELD SPREAD 5Y TENOR

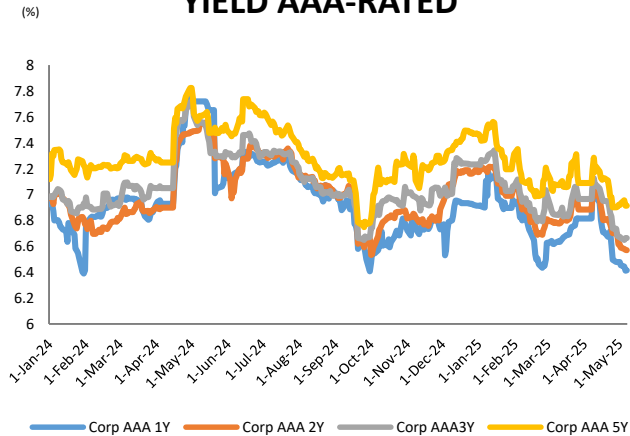


Sources : Bloomberg, KBVS Research (2025)

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

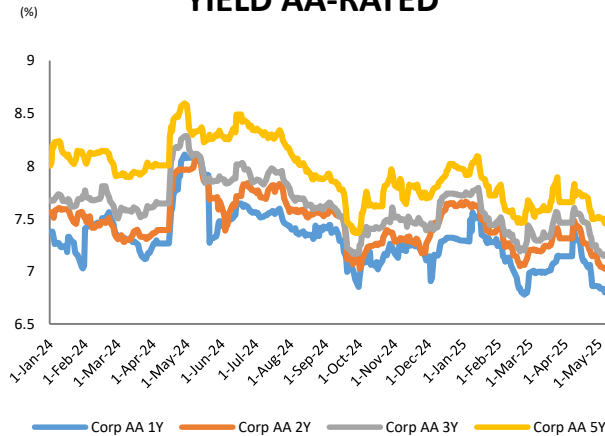
- AAA-rated
 - Tenor 1Y : -5.61 bps (WoW)
 - Tenor 2Y : -7.01 bps (WoW)
 - Tenor 5Y : -2.09 bps (WoW)
- AA-rated
 - Tenor 1Y : -4.69 bps (WoW)
 - Tenor 2Y : -7.81 bps (WoW)
 - Tenor 5Y : -7.56 bps (WoW)
- A-rated
 - Tenor 1Y : -5.16 bps (WoW)
 - Tenor 2Y : -8.40 bps (WoW), and
 - Tenor 5Y : -8.63 bps (WoW)

YIELD AAA-RATED



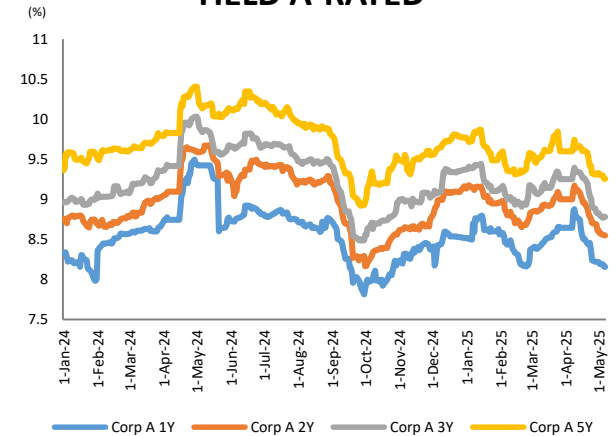
Sources : Bloomberg, KBVS Research (2025)

YIELD AA-RATED



Sources : Bloomberg, KBVS Research (2025)

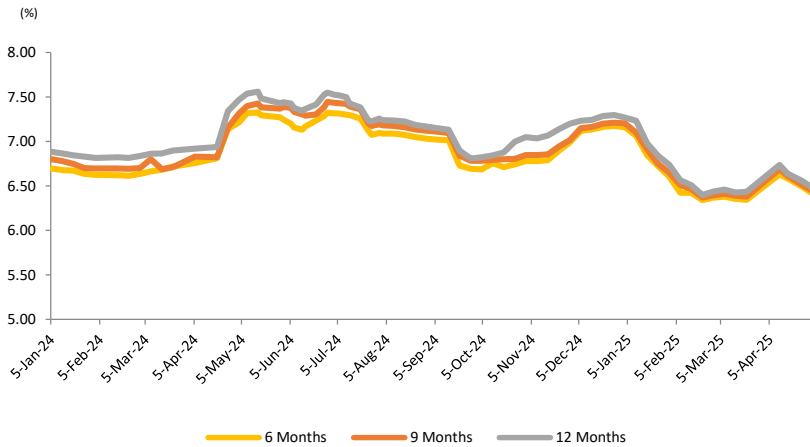
YIELD A-RATED



Sources : Bloomberg, KBVS Research (2025)

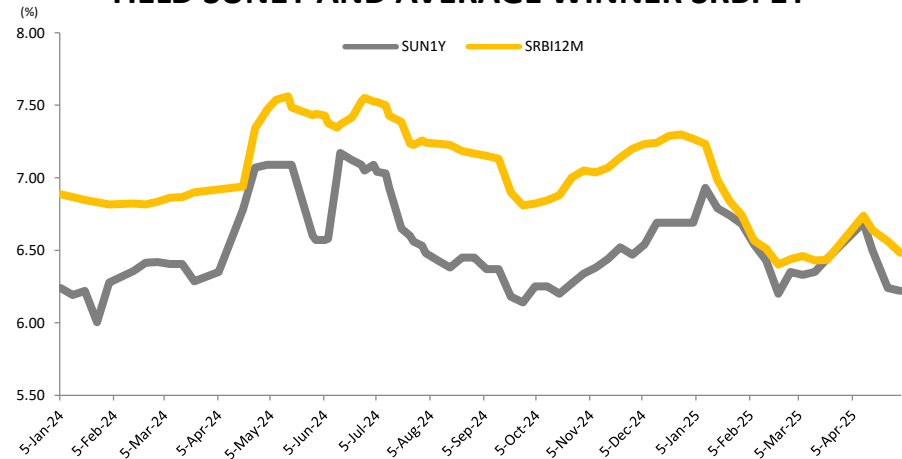
BI'S MONETARY OPERATION

WEIGHTED YIELD AVERAGE WINNER SRBI



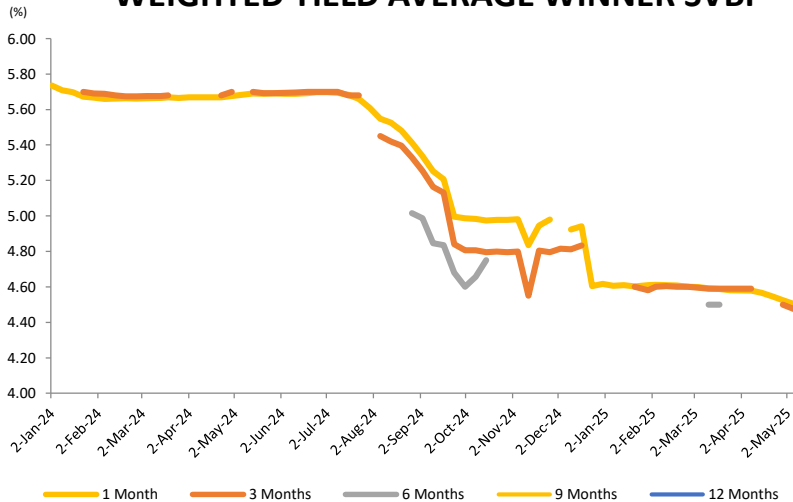
Sources : BI, KBVS Research (2025)

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 May 2, 25, remained stable at IDR36.76 tn (Prev: IDR37.74 tn).
- The sustained level of demand incoming bids di SRBI drove down the weighted average winning yields across all tenors:
 - 6-month tenor declined to 6.45963% (Prev: 6.54041%)
 - 9-month tenor declined to 6.49648% (Prev: 6.57639%)
 - 12-month tenor declined to 6.50728% (Prev: 6.59580%)
- Similary, Incoming bids in the SVBI auction on May 6, 25, remains steady at USD60200 mn (Prev: USD628.50 mn).
- This persistent demand helped push yields weighted average winning of:
 - 1-month tenor declined to 4.50227% (Prev: 4,52440%)
 - 3-month tenor declined to 4.47228% (Prev: 4,50000%)
- Meanwhile, in the secondary market, based on transaction data from late April (April 18) through early May (May 2), non-residents once again recorded aggregate net sales totaling IDR3.95 tn.



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NEXT WEEK ECONOMIC CALENDAR

ECONOMIC CALENDAR

(8-14 MAY 2025)

Country	Event	Forecast	Previous	Country	Event	Forecast	Previous	Country	Event	Forecast	Previous
Thursday, May 8, 2025				Friday, May 9, 2025				Monday, May 12, 2025			
US	FOMC Statement			US	30-Year Bond Auction		4.81%	JP	Adjusted Current Account (Mar)		231.68T
US	Fed Interest Rate Decision	4.50%	4.50%	US	Fed's Balance Sheet		6,709B	JP	Current Account n.s.a. (Mar)		4.061T
US	FOMC Press Conference			JP	Household Spending (YoY) (Mar)	0.20%	-0.50%				
US	Consumer Credit (Mar)	9.80B	-0.81B	JP	Household Spending (MoM) (Mar)		3.50%	Tuesday, May 13, 2025			
JP	Monetary Policy Meeting Minutes			ID	Motorbike Sales (YoY) (Apr)		-7.20%	US	Fed Budget Balance (Apr)		-161.00B
JP	10-Year JGB Auction		1.41%	ID	Consumer Confidence (Apr)		121.10	GB	BRC Retail Sales Monitor (YoY) (Apr)		0.90%
GB	Halifax House Price Index (MoM) (Apr)	0.20%	-0.50%	GB	Industrial Production (MoM) (Mar)		1.50%	GB	Average Earnings Index + Bonus (Mar)		5.60%
GB	Halifax House Price Index (YoY) (Apr)		2.80%	GB	Manufacturing Production (MoM) (Mar)		2.20%	GB	Claimant Count Change (Apr)		18.70K
GE	Industrial Production (MoM) (Mar)	0.90%	-1.30%	GB	BoE Gov Bailey Speaks			GB	Employment Change 3M/3M (MoM) (Mar)		206K
GE	Trade Balance (Mar)	18.80B	17.70B	CN	New Loans (Apr)		3,640B	GB	Unemployment Rate (Mar)		4.40%
GB	Mortgage Rate (GBP) (Apr)		7.23%	US	FOMC Member Williams Speaks			GE	ZEW Current Conditions (May)		-81.20
GE	Buba Balz Speaks			US	Fed Vice Chair for Supervision Barr Speaks			GE	ZEW Economic Sentiment (May)		-14.00
GB	BoE MPC Vote Cut (May)	9.00	1.00	US	FOMC Member Pill Speaks			EU	ZEW Economic Sentiment (May)		-18.50
GB	BoE MPC Vote Hike (May)	0.00	0.00	GB	NIESR Monthly GDP Tracker (Apr)		0.60%	US	Core CPI (MoM) (Apr)		0.10%
GB	BoE MPC Vote Unchanged (May)	0.00	8.00	US	Fed Waller Speaks			US	Core CPI (YoY) (Apr)		2.80%
GB	BoE Interest Rate Decision (May)	4.25%	4.50%					US	CPI (MoM) (Apr)		-0.10%
GB	BoE MPC Meeting Minutes							US	CPI (YoY) (Apr)		2.40%
GB	BoE Inflation Letter							Wednesday, May 14, 2025			
US	Continuing Jobless Claims		1,916K					ID	Retail Sales (YoY) (Mar)		2.00%
US	Initial Jobless Claims	232K	241K					GE	CPI (YoY) (Apr)		2.10%
US	Nonfarm Productivity (QoQ) (Q1)	-0.40%	1.50%					GE	CPI (MoM) (Apr)		0.40%
US	Labor Costs (QoQ) (Q1)	5.30%	2.20%					US	OPEC Monthly Report		
GB	BoE Gov Bailey Speaks										

