

Bye Inflation Risk, Welcome Fed Rate Cuts!

15 August 2024

Economist / Fikri C Permana

Executive Summary

- The recession risk indicated by the rising Sahm Rule Index appears to be diminishing this week.
- This is driven by weakening inflation risk in US (both PPI and CPI), then increasing expectations for a more aggressive Federal Reserve rate cut, with expectations for a 100 bps reduction by the end of 2024.
- Additionally, the Reserve Bank of New Zealand (RBNZ) delivers the first cut rates in over 4 years by 25 bps to 5.25% on Aug 14, '24, despite inflation in the respective country still at 3.3% YoY as of Jun '24.
- This environment has put pressure on the DXY, which has reached its lowest point since Jan 15, '24.
- At the same time, this situation has led to an appreciation of the Rupiah, a decline in SUN yields, and increased capital inflows into domestic portfolios.
- Nevertheless, concerns about the *backloading* of SBN issuance should be noted, as it may potentially dampen the bullish sentiment in the fixed income market towards the end of the year.



New Zealand delivers first rate cut in over 4 years and flags more easing

By Lucy Craymer

August 14, 2024 12:22 PM GMT+7 · Updated 39 min ago



View of an entrance to the Reserve Bank of New Zealand in Wellington, New Zealand November 10, 2022. REUTERS/Lucy Craymer/File Photo [Purchase Licensing Rights](#)

Summary

- RBNZ cuts rates by 25 bps to 5.25%, first easing in over 4 yrs
- RBNZ flags more cuts ahead, taking rate to 3.85% end-2025
- Kiwi dir tumbles as markets bet on more aggressive easing path
- Market pricing sees policy rate near 3.0% by end of 2025

Source: Reuters, Aug 14, 2024, link:

<https://www.reuters.com/markets/new-zealand-central-bank-cuts-cash-rate-by-25-bps-525-2024-08-14/>

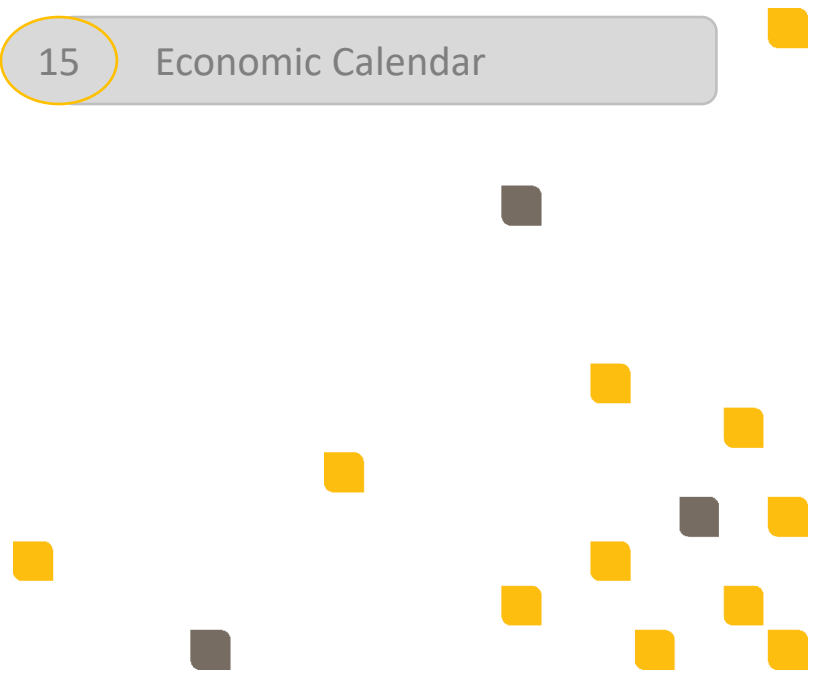


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US Economic Data

US ECONOMIC INDICATORS	Unit	Latest Period	Data	
			Latest	Previous
Fed Rate	%	Aug '24	5.5	5.5
Economic Growth	%, yoy	1Q24	2.9	3.1
Inflation Rate	%, yoy	Jun'24	3.0	3.3
Unemployment Rate	%	Jul'24	4.3	4.1

Sources : various sources, KBVS Research (2024)

The data releases that influenced yield movements in the week of 8 – 14 Aug '24 are as follows:

- The number of people claiming unemployment benefits in the US on the period ending Aug 3rd fell by 17K to 233K (Cons: 241K, Prev: 250K).
- The average rate for a 30-year fixed mortgage plunged by 26 bps to 6.47% as of Aug 8th, reaching its lowest level since mid-May '23, according to Freddie Mac.
- The NFIB Small Business Optimism Index in the US fo Jul '24 rose to 93.7 (Prev: 91.5), the highest since Feb '22.
- Factory gate prices (or PPI) in the US for Jul '24 increased 0.1% MoM (Cons: 0.2% MoM, Prev: 0.2% MoM).

Meanwhile:

- US consumer inflation expectations for the year ahead in Jul '24 were unchanged at 3.0% YoY (Prev: 3.0% YoY).
- The US government budget deficit in Jul '24 widened to USD-244.0 bn (Cons: USD-254.3 bn, Prev: USD-66.0 bn).

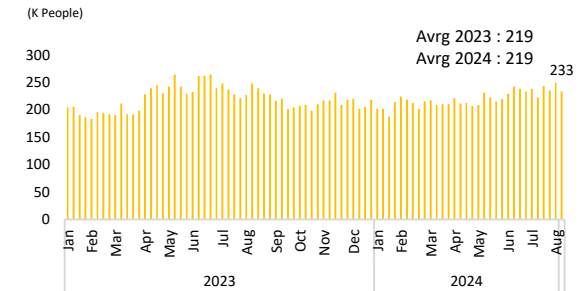
ECONOMIC CALENDAR

(8 - 14 AUG '24)

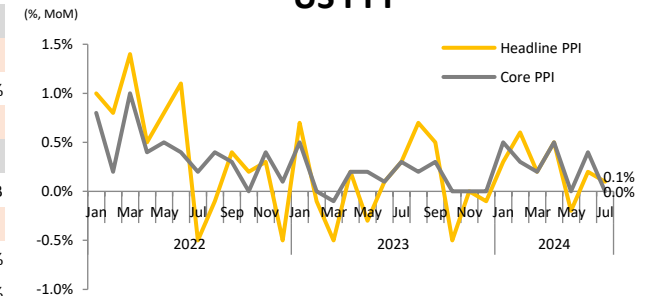
Event	Actual	Forecast	Previous
Thursday, 8 Aug '24			
US 10-Year Note Auction	3.96%		4.28%
US Consumer Credit (Jun)	8.93B	9.80B	13.95B
US Continuing Jobless Claims	1,875K	1,870K	1,869K
US Initial Jobless Claims	233K	241K	250K
US Atlanta Fed GDP Now (Q3)	2.90%	2.90%	2.90%
Friday, 9 Aug '24			
US 30-Years Bond Auction	4.31%		4.41%
US Fed's Balance Sheet	7,175B		7,178B
Monday, 12 Aug '24			
US OPEC Monthly Report			
US NY Fed 1-Year Consumer Inflation Expectations (Jul)	3.00%		3.00%
US WASDE Report			
Tuesday, 13 Aug '24			
US Federal Budget Balance (Jul)	-244.0B	-254.3B	-66.0B
US IEA Monthly Report			
US Core PPI (MoM) (Jul)	0.00%	0.20%	0.30%
US PPI (MoM) (Jul)	0.10%	0.20%	0.20%
Wednesday, 14 Aug '24			
US FOMC Member Bostic Speaks			
US API Weekly Crude Oil Stock	-5.205M	-2.000M	0.180M
US Core CPI (MoM) (Jul)		0.20%	0.10%
US Core CPI (YoY) (Jul)		3.20%	3.30%
US CPI (MoM) (Jul)		0.20%	-0.10%
US CPI (YoY) (Jul)		3.00%	3.00%
US Crude Oil Inventories		-2.000M	-3.728M
US Cushing Crude Oil Inventories			0.579M

Sources : investing, KBVS Research (2024)

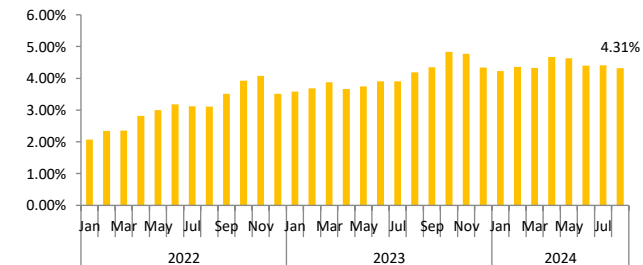
WEEKLY INITIAL JOBLESS CLAIMS



US PPI

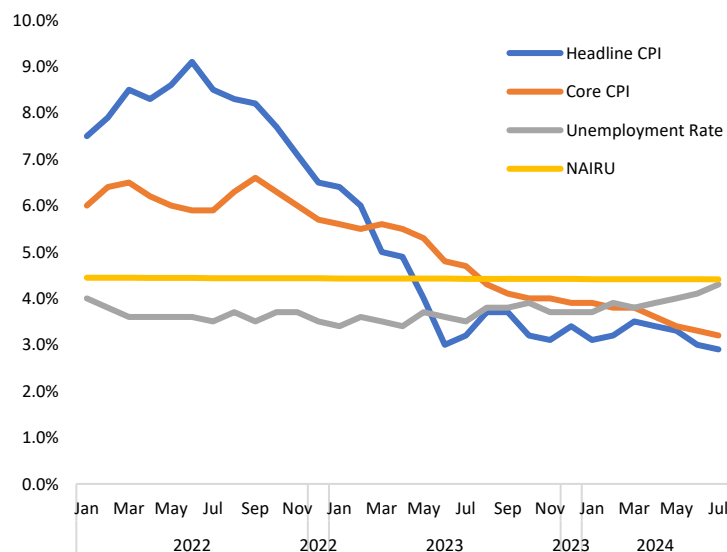


US 30-YEAR BOND AUCTION



US CPI

CPI VS UNEMPLOYMENT RATE



Sources : US BLS, St Louis Fed, and KBVS Research (2024)

- The decline in CPI inflation in the US is highly anticipated to mitigate the risk of a higher-for-longer scenario, and it is expected to prompt a policy response from the Fed to balance inflation and the labor market (in the context of Philips Curve), while also reducing the risk of a recession (in the context of the Taylor Rule).
- However, inflation in the services sector, particularly in medical services and transportation services, remains a hurdle in further lowering inflation risks in the US going forward.

CPI for ALL URBAN CONSUMERS : US CITY AVERAGE

Expenditure category	Relative importance Jun. 2024	Unadjusted indexes			Unadjusted percent change		Seasonally adjusted percent change		
		Jul. 2023	Jun. 2024	Jul. 2024	Jul. 2023- Jul. 2024	Jun. 2024- Jul. 2024	Apr. 2024- May 2024	May 2024- Jun. 2024	Jun. 2024- Jul. 2024
All items.....	100.000	305.691	314.175	314.540	2.9	0.1	0.0	-0.1	0.2
Food.....	13.410	323.523	329.710	330.561	2.2	0.3	0.1	0.2	0.2
Food at home.....	8.046	303.455	305.752	306.643	1.1	0.3	0.0	0.1	0.1
Cereals and bakery products.....	1.050	356.377	356.938	356.525	0.0	-0.1	0.2	-0.1	-0.5
Meats, poultry, fish, and eggs.....	1.701	317.445	323.848	327.013	3.0	1.0	0.2	0.2	0.7
Dairy and related products.....	0.731	269.143	268.098	268.653	-0.2	0.2	-0.5	0.6	-0.2
Fruits and vegetables.....	1.371	351.646	348.901	350.962	-0.2	0.6	0.0	-0.5	0.8
Nonalcoholic beverages and beverage materials.....	1.019	216.056	219.373	220.129	1.9	0.3	-0.3	0.1	0.5
Other food at home.....	2.174	271.276	274.285	273.643	0.9	-0.2	0.0	0.5	-0.5
Food away from home ¹	5.364	354.862	368.616	369.383	4.1	0.2	0.4	0.4	0.2
Energy.....	6.915	284.828	286.675	287.868	1.1	0.4	-2.0	-2.0	0.0
Energy commodities.....	3.758	323.358	314.299	316.799	-2.0	0.8	-3.5	-3.7	0.1
Fuel oil.....	0.074	364.304	356.646	363.140	-0.3	1.8	-0.4	-2.4	0.9
Motor fuel.....	3.606	318.891	309.120	311.534	-2.3	0.8	-3.6	-3.7	0.0
Gasoline (all types).....	3.504	318.071	308.475	310.915	-2.2	0.8	-3.6	-3.8	0.0
Energy services.....	3.156	259.766	270.689	270.573	4.2	0.0	-0.2	-0.1	-0.1
Electricity.....	2.495	270.268	283.250	283.415	4.9	0.1	0.0	-0.7	0.1
Utility (piped) gas service.....	0.661	223.290	227.478	226.593	1.5	-0.4	-0.8	2.4	-0.7
All items less food and energy.....	79.676	309.402	319.003	319.214	3.2	0.1	0.2	0.1	0.2
Commodities less food and energy commodities.....	18.545	168.014	165.493	164.836	-1.9	-0.4	0.0	-0.1	-0.3
Apparel.....	2.564	129.172	131.525	129.466	0.2	-1.6	-0.3	0.1	-0.4
New vehicles.....	3.592	179.696	178.001	177.840	-1.0	-0.1	-0.5	-0.2	-0.2
Used cars and trucks.....	1.914	201.624	181.603	179.579	-10.9	-1.1	0.6	-1.5	-2.3
Medical care commodities ¹	1.477	406.169	416.812	417.465	2.8	0.2	1.3	0.2	0.2
Alcoholic beverages.....	0.842	285.580	290.825	291.088	1.9	0.1	0.1	0.2	0.3
Tobacco and smoking products ¹	0.548	1,431.302	1,541.460	1,543.823	7.9	0.2	1.6	0.5	0.2
Services less energy services.....	61.130	398.002	416.733	417.592	4.9	0.2	0.2	0.1	0.3
Shelter.....	36.315	382.226	400.234	401.545	5.1	0.3	0.4	0.2	0.4
Rent of primary residence.....	7.639	400.210	418.820	420.577	5.1	0.4	0.4	0.3	0.5
Owners' equivalent rent of residences ²	26.762	391.131	410.428	411.880	5.3	0.4	0.4	0.3	0.4
Medical care services.....	6.505	591.832	613.033	611.137	3.3	-0.3	0.3	0.2	-0.3
Physicians' services ¹	1.798	413.437	415.961	416.312	0.7	0.1	0.0	0.1	0.1
Hospital services ^{1, 3}	2.003	389.061	417.648	412.926	6.1	-1.1	0.5	0.1	-1.1
Transportation services.....	6.487	396.199	432.521	431.196	8.8	-0.3	-0.5	-0.5	0.4
Motor vehicle maintenance and repair ¹	1.245	387.159	406.321	405.109	4.6	-0.3	0.3	0.2	-0.3
Motor vehicle insurance.....	2.949	717.799	843.579	851.007	18.6	0.9	-0.1	0.9	1.2
Airline fares.....	0.799	253.345	265.061	246.222	-2.8	-7.1	-3.6	-5.0	-1.6

Sources : US BLS (2024)

Fed Probabilities and Their Impact

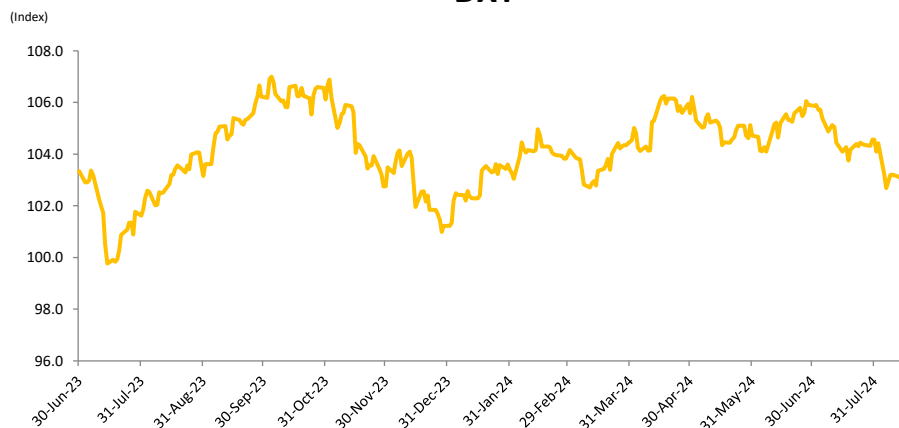
FED PROBABILITIES, as of 14 AUG '24

MEETING DATE	FED PROBABILITIES											
	225-250	250-275	275-300	300-325	325-350	350-375	375-400	400-425	425-450	450-475	475-500	500-525
18-Sep-24	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	52.5%	47.5%
7-Nov-24	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	18.7%	50.7%	30.6%	0.0%
18-Dec-24	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	7.1%	30.9%	43.0%	18.9%	0.0%	0.0%
29-Jan-25	0.0%	0.0%	0.0%	0.0%	0.4%	8.6%	31.7%	41.5%	17.7%	0.0%	0.0%	0.0%
19-Mar-25	0.0%	0.0%	0.0%	1.0%	10.2%	32.4%	39.8%	16.5%	0.0%	0.0%	0.0%	0.0%
30-Apr-25	0.0%	0.0%	0.6%	6.4%	23.1%	36.7%	26.3%	6.9%	0.0%	0.0%	0.0%	0.0%
18-Jun-24	0.0%	0.5%	4.9%	18.9%	33.3%	28.9%	11.7%	1.7%	0.0%	0.0%	0.0%	0.0%
30-Jul-24	0.2%	2.4%	11.1%	25.2%	31.4%	21.4%	7.4%	1.0%	0.0%	0.0%	0.0%	0.0%

Sources : CME Group, and KBVS Research (2024)

- Markets now see a higher chance for a larger 50 bps Fed rate cut in Sep 18th, '24, with over 100 bps of total easing expected this year.
- The expectation of an aggressive Fed rate cut triggered a sell-off in the USD, causing the DXY to drop significantly -0.50% last week, to 102.59 – the lowest level since Jan 15th, '24.
- Furthermore, the decline of the USD was also driven by the appreciation of all DXY peer currencies, namely:
 - SEK 0.21%
 - CAD 0.31%
 - CHF 0.42%
 - JPY 0.62%
 - EUR 0.71%
 - GBP 1.25%
- At the same time, expectations of a Fed Rate cut also led to a more significant decline in the UST2Y yield, further narrowing the inverted yield curve between UST20Y and UST2Y. As of Aug 7, it had narrowed to just -1.9 bps.

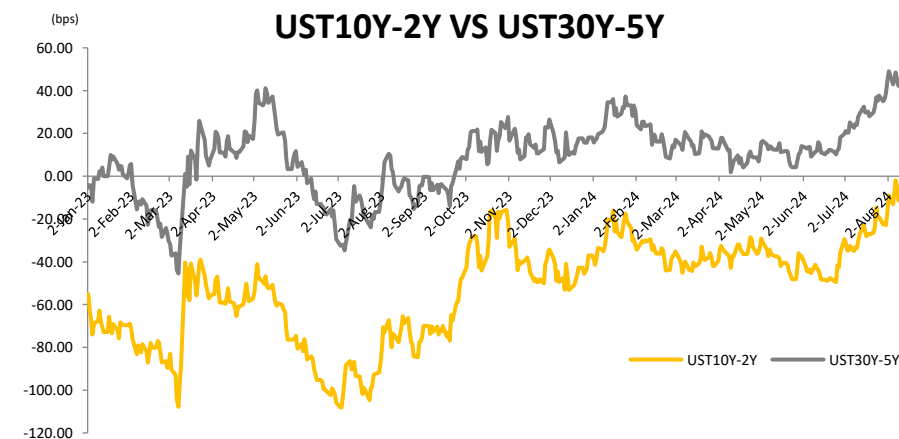
DXY



Sources : Bloomberg, and KBVS Research (2024)

YIELD SPREAD

UST10Y-2Y VS UST30Y-5Y



Sources : Bloomberg, and KBVS Research (2024)

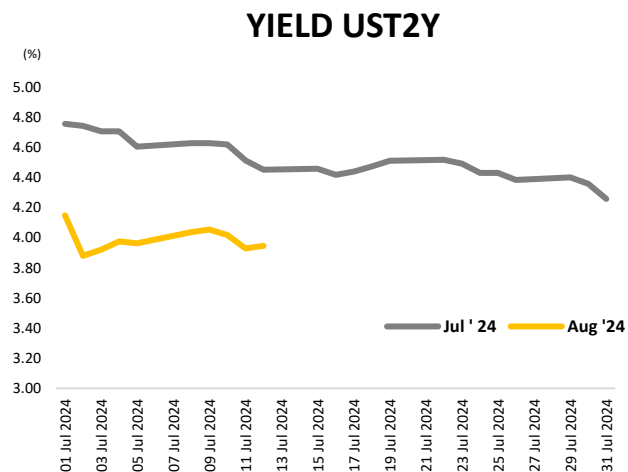
The Movement of UST Yields

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

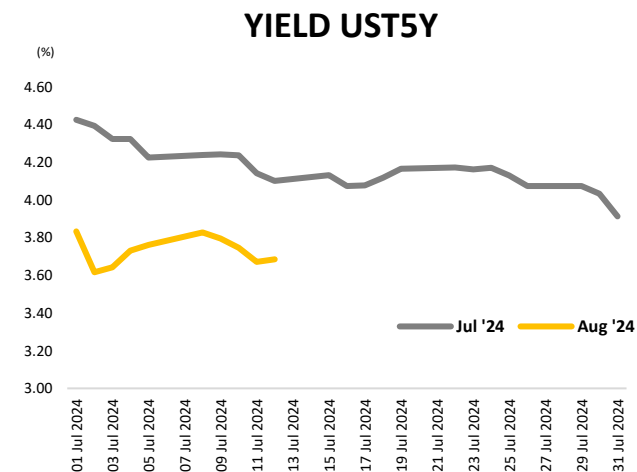
Sources : US Treasury, KBVS Research (2024)

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

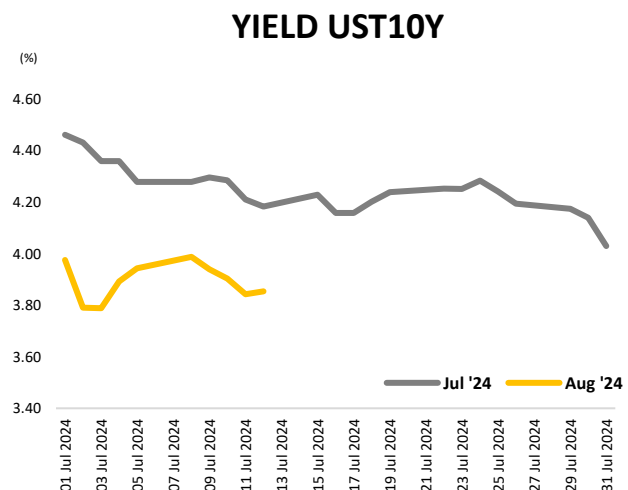
- UST6M
 - -2.66 bps (WoW)
 - -33.30 bps (YtD, as of Aug 14 , '24)
- UST52W (1Y)
 - -3.25 bps (WoW)
 - -37.41 bps (YtD, as of Aug 14 , '24)
- UST2Y
 - -1.46 bps (WoW)
 - -30.24 bps (YtD, as of Aug 14 , '24)
- UST5Y
 - -7.87 bps (WoW)
 - -16.37 bps (YtD, as of Aug 14 , '24)
- UST10Y
 - -9.28 bps (WoW)
 - -2.88 bps (YtD, as of Aug 14 , '24)
- UST30Y
 - -8.79 bps (WoW)
 - +13.02 bps (YtD, as of Aug 14 , '24)



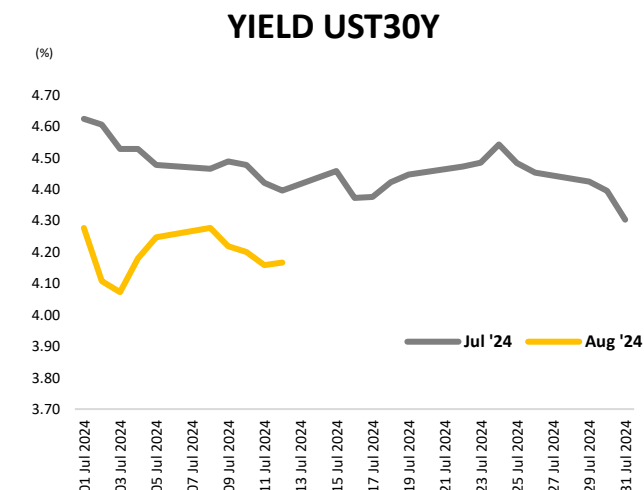
Sources : Bloomberg, KBVS Research (2024)



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Sources : US Treasury, KBVS Research (2024)



Sources : US Treasury, KBVS Research (2024)

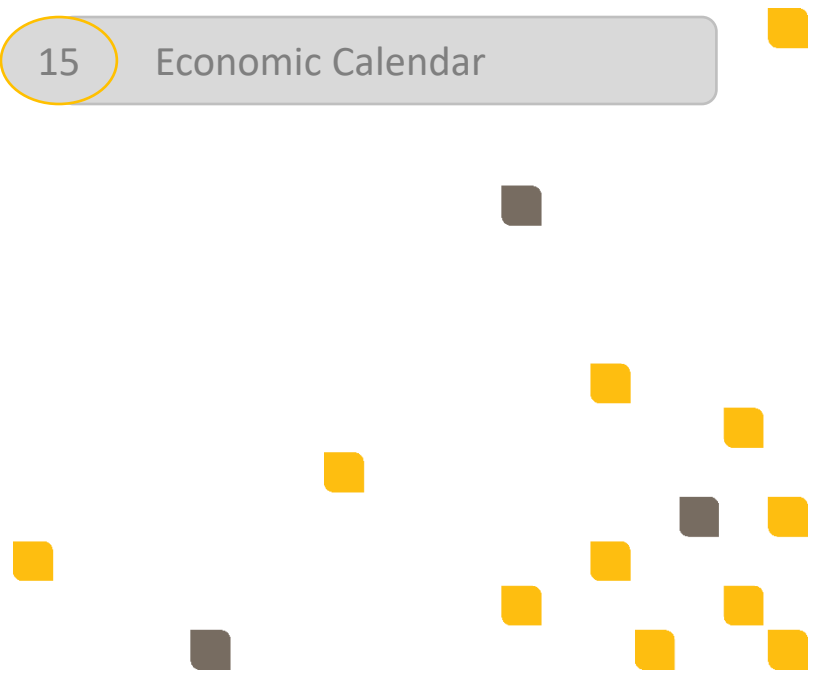


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Indonesia Economic Data

INDICATORS OVERVIEW

Economic Indicators	Unit	Latest Period	Data	
			Latest	Previous
Policy Interest Rate	%	17 July '24	6.25	6.25
Economic Growth	%, yoy	2Q24	5.05	5.11
Inflation Rate	%, yoy	Jul '24	2.13	2.51
Unemployment Rate	%	Feb '24	4.82	5.32
S&P Credit Rating	Rating	17 July '24	BBB	BBB

Sources : various sources, KBVS Research (2024)

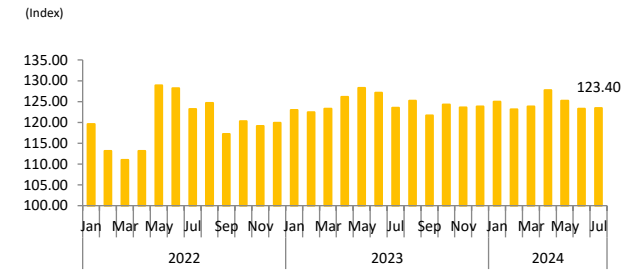
ECONOMIC CALENDAR

(8-14 AUG '24)

Event	Actual	Forecast	Previous
Thursday, 8 Aug '24			
ID Consumer Confidence (Jul)	123.40		123.30
ID Car Sales (YoY) (Jul)	-7.90%		-11.80%
Friday, 9 Aug '24			
ID Retail Sales (YoY) (Jun)	2.70%		2.10%
Monday, 12 Aug '24			
Tuesday, 13 Aug '24			
Tuesday, 14 Aug '24			

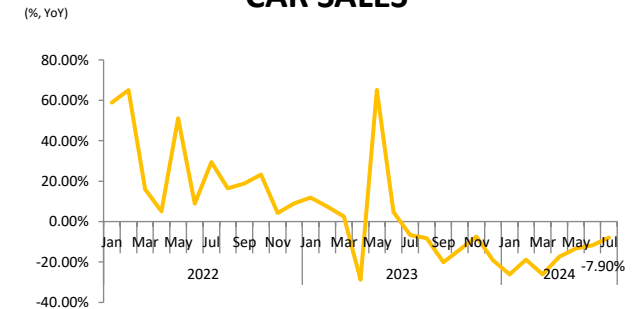
Sources : investing, KBVS Research (2024)

CONSUMER CONFIDENCE



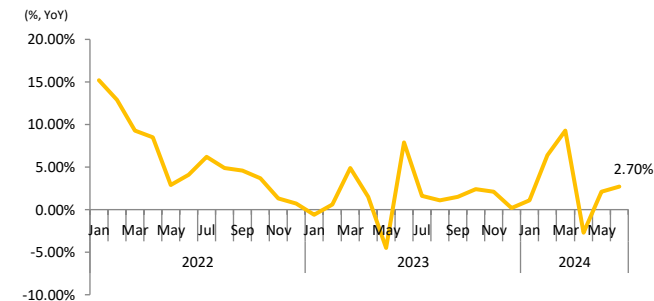
Sources : BI, KBVS Research (2024)

CAR SALES



Sources : Gaikindo, KBVS Research (2024)

RETAIL SALES

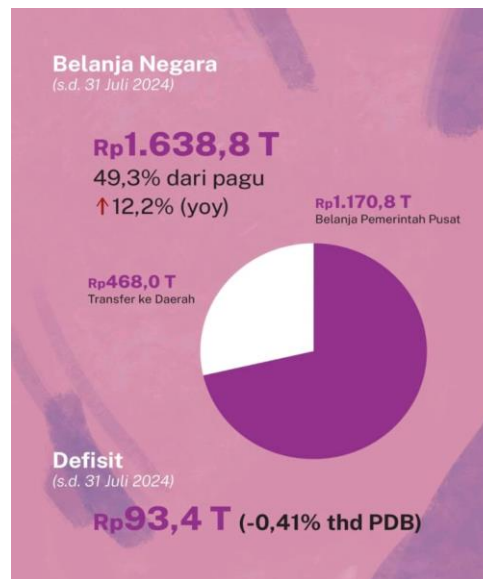
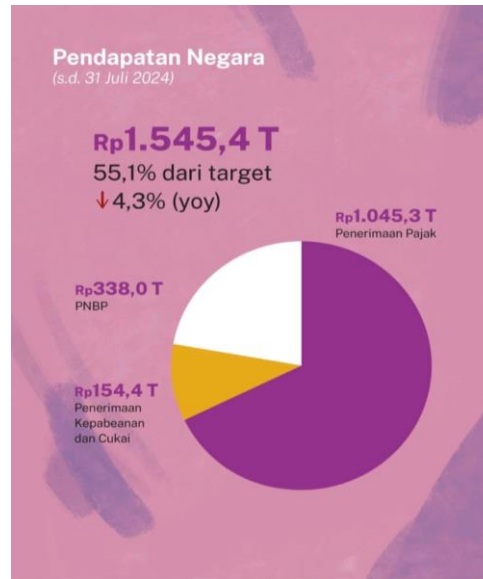
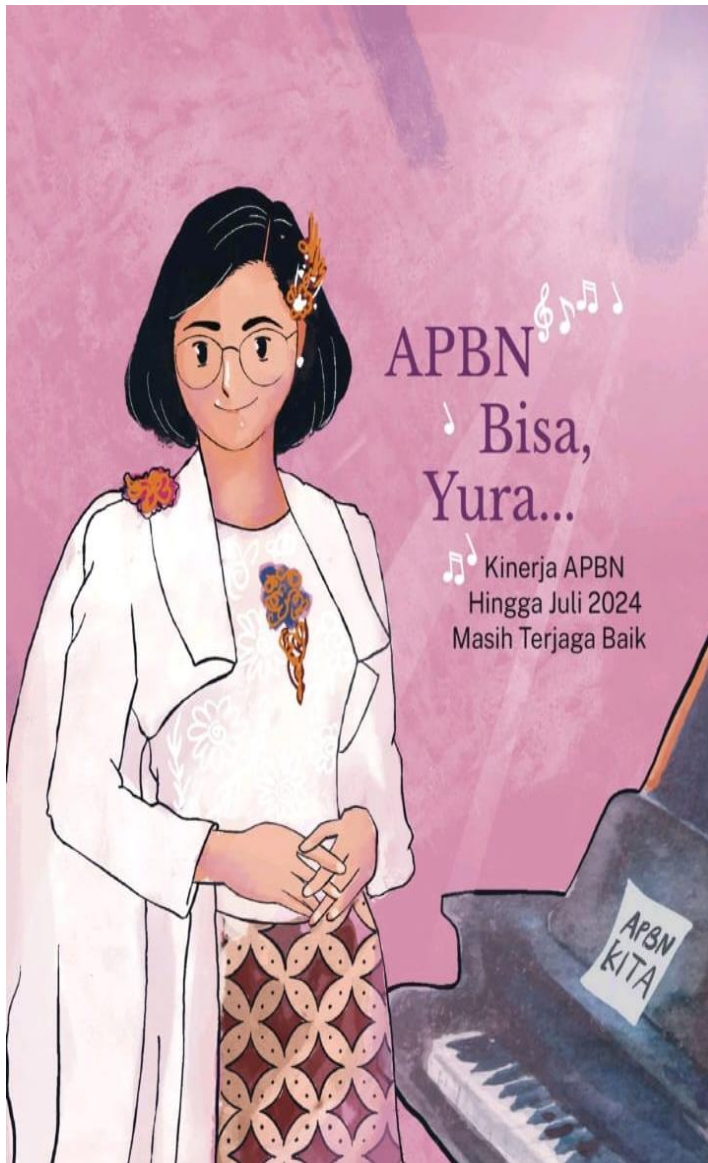


Sources : BI, KBVS Research (2024)

The data releases that influenced yield movements in the week of 8 – 14 Aug '24 are as follows:

- Indonesia's consumer confidence in Jul '24 slightly increased to 123.4 (Prev: 123.3). This modest rise was mainly driven by improved expectations regarding the country's current economic conditions, which rose to 113.5 (Prev: 112.9), particularly due to an increase in the Job Availability Index to 107.7 (Prev: 106.8). However, the Consumer Expectation Index experienced a decline in Jul '24, falling to 133.3 (Prev: 133.8), largely influenced by a drop in the Business Activities Expectation Index to 130.5 (Prev: 131.5). When analyzed by spending levels, consumer confidence increased across all categories except for expenditures >IDR 5 mn, which saw a decrease to 123.2 (Prev: 130.3).
- Car sales in Indonesia for Jul '24 declined by -7.9% YoY (Prev: -11.9% YoY) to 74.2K units. This marked the 13th consecutive month of decline in car sales, but it was the smallest decrease since Nov '23, attributed to weak demand and a *wait-and-see* approach in anticipation of a reduction in the cost of funds, particularly interest rates on loans.
- Retail sales in Indonesia for Jun '24 increased by 2.7% YoY (Prev: 21.% YoY). It was the second straight month of growth in retail turnover. The increase aligns with heightened activity during the Iduladha and school holiday periods, as well as the rising demand in preparation for the 2024/2025 academic year.

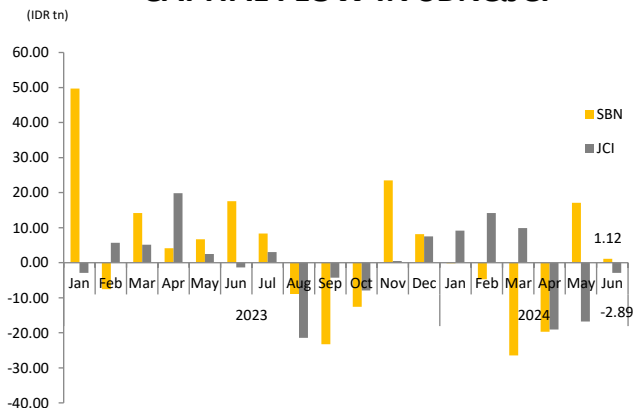
APBN – as of Jul 31, '24



- Government revenue up to Jul '24 reached IDR1,545.4 tn, accounting for 55.1% of the target set in this year's APBN. This achievement represents a -4.3% YoY.
- Meanwhile, the realization of government spending up to Jul '24 remains on track, amounting to IDR1,638.8 tn (≈49.3% of the APBN 2024 target), reflecting a growth of 12.2% YoY. Of the total spending :
 - Central government expenditure reaching IDR1,170.8 tn, saw a growth of 14.7% YoY. This includes spending by ministries and agencies (K/L) at IDR588.7 tn, or 54.0% of the target, and non-K/L spending at IDR582.1 tn or 42.3 percent of the State Budget target.
 - Meanwhile, the disbursement of transfer funds to the regions was recorded at IDR468 tn.
- The primary balance remains positive at IDR179.3 tn, despite Ia decline from last year's figure of IDR394.6 tn.
- However, the country's deficit as of Jul '24 is relatively moderate, recorded at IDR-93.4 tn (target of IDR-522.83 tn) or -0.41% of the GDP target.
- As of Jul 2024, the government has borrowed new debt amounting to IDR266.3 tn, which represents 41.1% of the 2024 APBN target of IDR648.1 tn.
- This total includes net issuance of SBN as of Jul 31, '24 amounting to IDR253 tn (target of IDR666.4 tn), which is 38.0% YoY growth.
- Additionally, there have been loans amounting to IDR3.3 tn and non-debt financing recorded at IDR-49.3 tn.
- Consequently, budget financing realization is reported to be on track, reaching IDR217 tn, or 41.5% of the ceiling.
- Furthermore, **we are concerned that this may lead to backloading in the issuance of SBN towards the end of the year, especially considering the possibility of increased government expenditures at the end of the year following the transition to a new government in Oct '24.**

Development of Tradable SBN

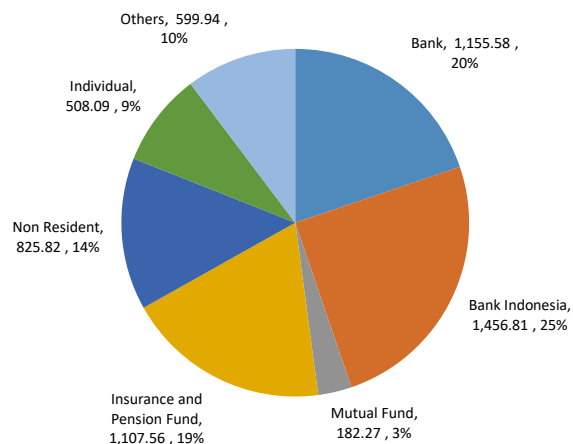
CAPITAL FLOW IN SBN&JCI



Sources : Bloomberg, KBVS Research (2024)

OWNERSHIP of IDR TRADABLE SBN

(IDR tn, % of total tradable SBN)



Sources : DJPPR, and KBVS Research (2024)

Between 8 Aug and 14 Aug '24, non-residents conducted:

- a net buy of tradable SBN amounting to IDR5.97 tn, and
- A net buy of JCI, amounting IDR2.84 tn.

As of 13 Aug '24, the largest ownership of tradable SBN is as follows:

- Bank Indonesia : IDR1,456.81 tn (+IDR27.31 tn, WoW),
- Banks : IDR1,155.58 tn (-IDR14.24 tn, WoW), and
- Insurance & Pension Funds: IDR1,107.56 tn (+IDR0.31 tn, WoW)

SUN LATEST AUCTION

6 Aug '24									
Instruments	SPN03241106	SPN12250807	FR0101	FRSDG001	FR0103	FR0098	FR0097	FR0102	Total
Incoming Bids (IDR tn)	2.03	4.84	10.63	1.04	37.10	5.53	3.63	2.20	66.99
Bid to Cover Ratio	-	2.42	2.76	1.89	3.48	2.13	1.96	1.47	2.91
Weighted Average Yields Awarded	-	6.548%	6.660%	6.700%	6.812%	6.960%	7.009%	7.040%	
23 Jul '24									
Instruments	SPN03241023	SPN12250710	FR0101	FR0100	FR0098	FR0097	FR0102		Total
Incoming Bids (IDR tn)	3.42	8.26	19.37	15.05	3.97	2.48	4.63		57.19
Bid to Cover Ratio	3.42	10.33	2.73	1.46	2.84	9.93	4.03		2.60
Weighted Average Yields Awarded	6.450%	6.720%	6.876%	7.010%	7.140%	7.147%	7.130%		

Sources : DJPPR, KBVS Research (2024)

SBSN LATEST AUCTION

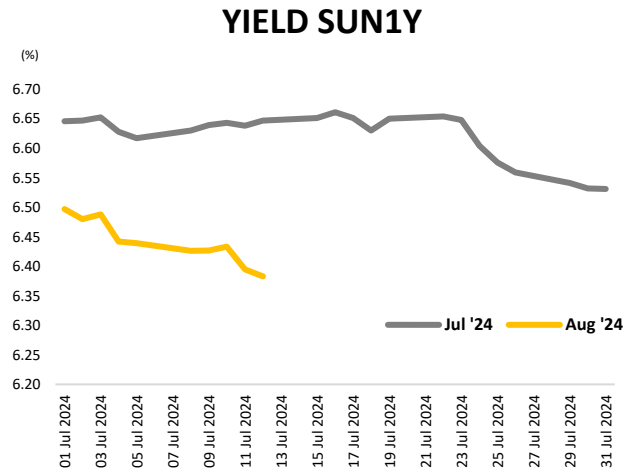
13 Aug '24								
Instruments	SPNS02022025	SPNS29052025	PBS032	PBS030	PBS004	PBS039	PBS038	Total
Incoming Bids (IDR tn)	2.26	3.46	5.01	2.85	1.11	0.16	3.11	17.97
Bid to Cover Ratio	2.82	6.29	5.01	1.08	1.24	1.07	1.60	2.25
Weighted Average Yields Awarded	6.450%	6.560%	6.670%	6.668%	6.866%	6.917%	7.040%	
30 Jul '24								
Instruments	SPNS02022025	SPNS29052025	PBS032	PBS030	PBSG001	PBS004	PBS038	Total
Incoming Bids (IDR tn)	2.05	3.76	6.38	2.31	4.09	0.80	5.30	24.69
Bid to Cover Ratio	-	3.76	3.04	1.18	3.27	1.23	5.05	3.09
Weighted Average Yields Awarded	-	6.700%	6.724%	6.731%	6.749%	6.958%	7.100%	

Sources : DJPPR, KBVS Research (2024)

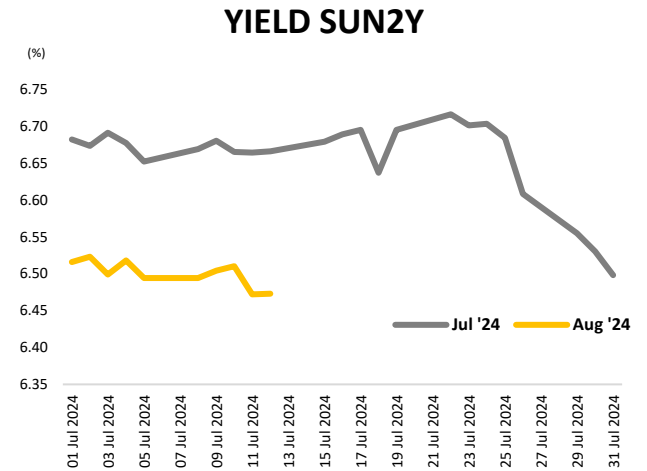
The Movement of SUN Yields

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

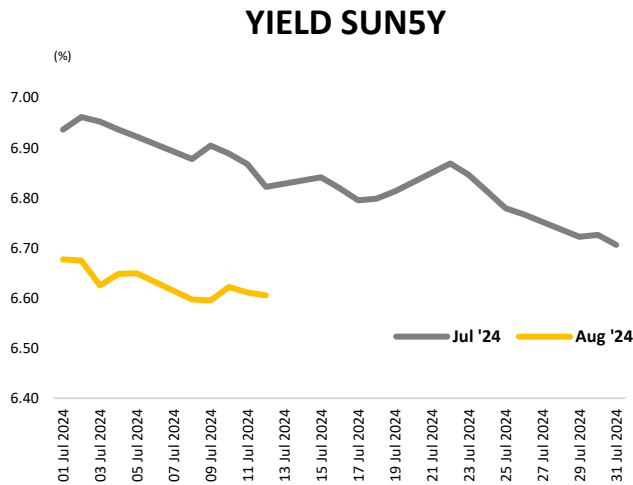
- Yield SUN1Y
 - -6.00 bps (WoW)
 - +1.40 bps (YtD, as of Aug 14, '24)
- Yield SUN2Y
 - -1.00 bps (WoW)
 - +10.10 bps (YtD, as of Aug 14, '24)
- Yield SUN5Y
 - -6.80 bps (WoW)
 - +18.00 bps (YtD, as of Aug 14, '24)
- Yield SUN10Y
 - -5.10 bps (WoW)
 - +29.30 bps (YtD, as of Aug 14, '24)
- Yield SUN30Y
 - -2.60 bps (WoW)
 - +10.70 bps (YtD, as of Aug 14, '24)



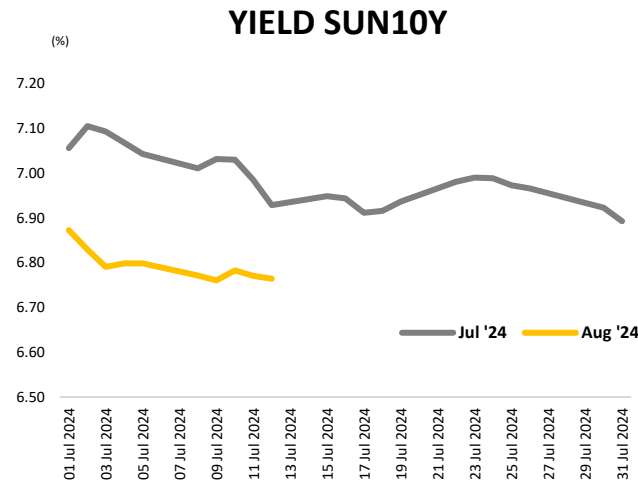
Sources : Bloomberg, KBVS Research (2024)



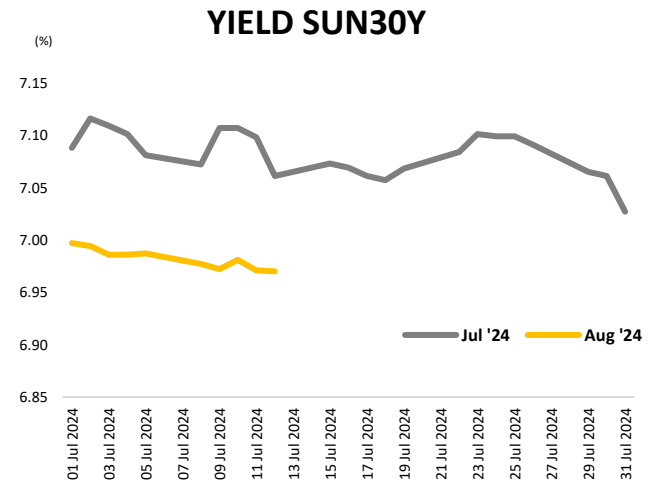
Sources : Bloomberg, KBVS Research (2024)



Sources : Bloomberg, KBVS Research (2024)



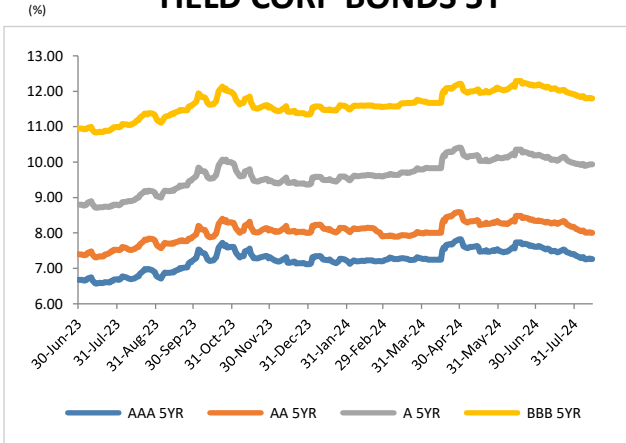
Sources : Bloomberg, KBVS Research (2024)



Sources : Bloomberg, KBVS Research (2024)

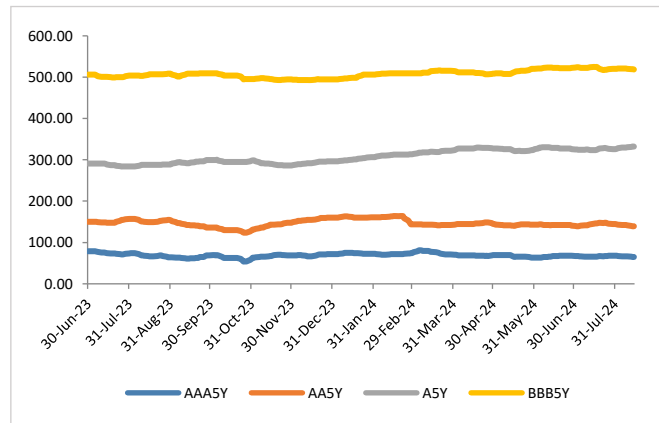
The Movement of Corporate Bond Yields

YIELD CORP BONDS 5Y



Sources : Bloomberg, KBVS Research (2024)

YIELD SPREAD 5Y TENOR

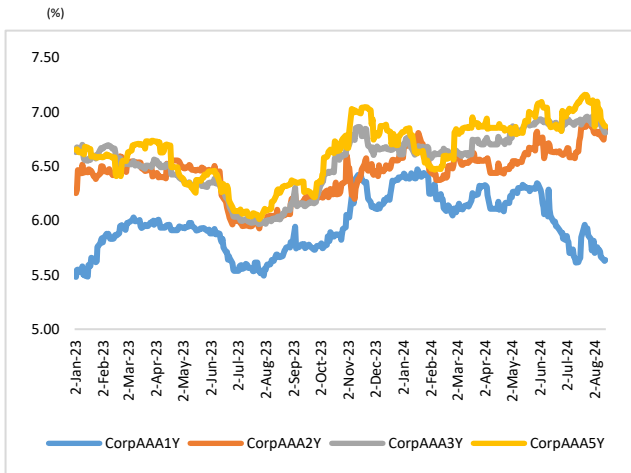


Sources : Bloomberg, KBVS Research (2024)

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

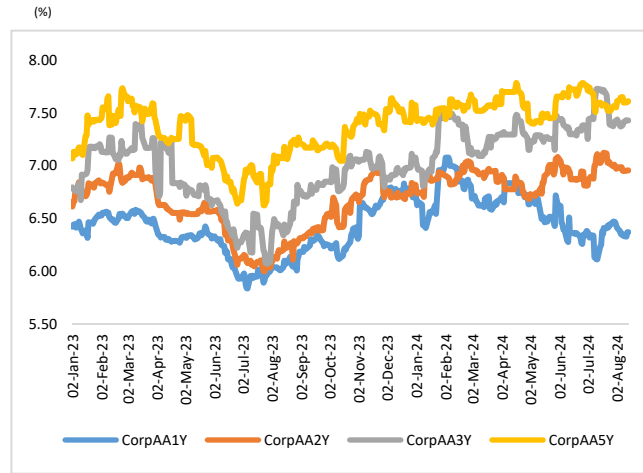
- AAA-rated
 - Tenor 1Y : -8.63 bps (WoW)
 - Tenor 2Y : +3.82 bps (WoW)
 - Tenor 5Y : -14.53 bps (WoW)
- AA-rated
 - Tenor 1Y : +1.34 bps (WoW)
 - Tenor 2Y : +5.69 bps (WoW)
 - Tenor 5Y : -3.11 bps (WoW)
- A-rated
 - Tenor 1Y : -8.59 bps (WoW)
 - Tenor 2Y : -6.90 bps (WoW), and
 - Tenor 5Y : -13.76 bps (WoW)

YIELD AAA-RATED



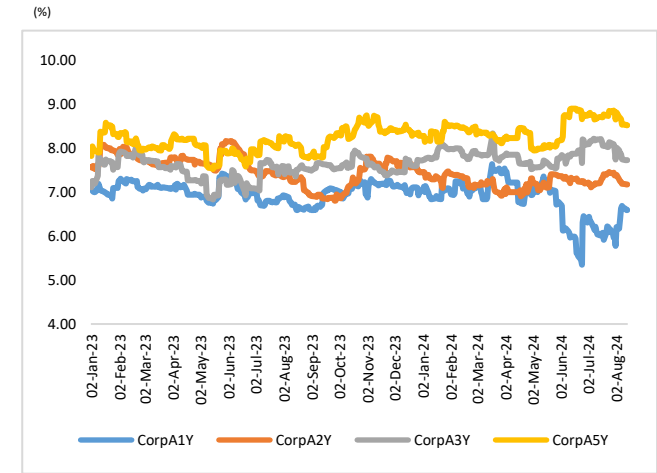
Sources : Bloomberg, KBVS Research (2024)

YIELD AA-RATED



Sources : Bloomberg, KBVS Research (2024)

YIELD A-RATED



Sources : Bloomberg, KBVS Research (2024)

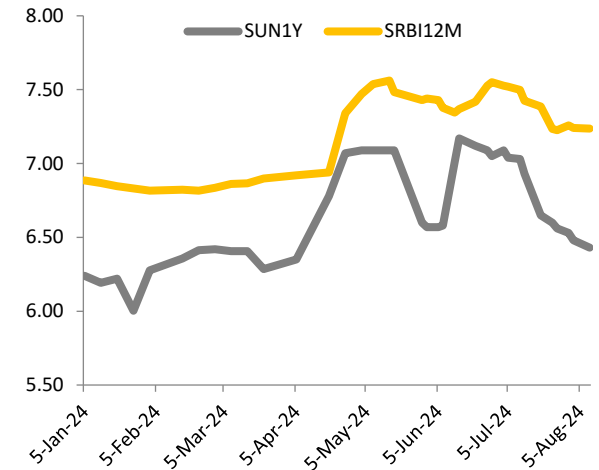
BI's Monetary Operation

SRBI's DEVELOPMENT

SRBI	Weighted Yield Average Winner (%)			Bidding Amount (IDR bn)	Total Nominal Awarded (IDR bn)	Bid to Cover Ratio
	6 Months	9 Months	12 Months			
5-Jan-24	6.70	6.80	6.89	31,667.00	22,050.00	1.44
12-Jan-24	6.68	6.78	6.87	33,833.00	19,520.00	1.73
19-Jan-24	6.67	6.75	6.85	39,987.00	25,000.00	1.60
26-Jan-24	6.64	6.70	6.83	37,435.00	29,000.00	1.29
2-Feb-24	6.62	6.70	6.82	40,047.00	29,000.00	1.38
16-Feb-24	6.62	6.70	6.82	13,791.00	12,791.00	1.08
23-Feb-24	6.61	6.70	6.82	8,073.00	7,583.00	1.06
1-Mar-24	6.64	6.70	6.84	4,996.00	3,966.00	1.26
8-Mar-24	6.66	6.80	6.86	4,075.00	3,665.00	1.11
15-Mar-24	6.68	6.69	6.87	9,720.00	9,130.00	1.06
22-Mar-24	6.72	6.71	6.90	9,538.00	8,808.00	1.08
5-Apr-24	6.76	6.83	6.92	14,906.00	13,199.00	1.13
19-Apr-24	6.81	6.82	6.94	7,225.00	3,484.00	2.07
26-Apr-24	7.14	7.16	7.34	21,168.00	20,708.00	1.02
3-May-24	7.22	7.32	7.47	37,497.00	36,262.00	1.03
8-May-24	7.32	7.40	7.54	32,276.00	22,483.00	1.44
15-May-24	7.33	7.43	7.56	39,675.00	25,790.00	1.54
17-May-24	7.29	7.38	7.48	54,530.00	27,610.00	1.98
29-May-24	7.27	7.37	7.43	49,103.50	30,000.00	1.64
31-May-24	7.25	7.39	7.44	38,761.00	24,453.00	1.59
5-Jun-24	7.20	7.38	7.43	60,699.70	23,000.00	2.64
7-Jun-24	7.16	7.33	7.38	65,254.80	21,902.00	2.98
12-Jun-24	7.13	7.31	7.35	46,327.00	46,327.00	1.00
14-Jun-24	7.17	7.29	7.37	35,370.00	28,500.00	1.24
21-Jun-24	7.23	7.30	7.42	32,617.00	31,895.00	1.02
26-Jun-24	7.29	7.39	7.53	26,796.00	20,798.00	1.29
28-Jun-24	7.32	7.44	7.55	23,814.00	18,611.70	1.28
3-Jul-24	7.32	7.43	7.53	27,224.20	18,852.00	1.44
5-Jul-24	7.32	7.43	7.52	25,986.60	18,647.00	1.39
10-Jul-24	7.30	7.42	7.50	32,163.90	17,981.00	1.79
12-Jul-24	7.30	7.39	7.43	39,348.60	17,971.00	2.19
19-Jul-24	7.26	7.36	7.39	67,741.10	25,000.00	2.71
24-Jul-24	7.12	7.21	7.24	52,687.10	22,000.00	2.39
26-Jul-24	7.07	7.18	7.23	41,454.70	34,000.00	1.22
31-Jul-24	7.10	7.19	7.26	25,086.00	13,041.00	1.92
2-Aug-24	7.09	7.18	7.24	29,918.00	22,061.00	1.36
9-Aug-24	7.09	7.17	7.24	19,656.40	15,000.00	1.31

SVBI's DEVELOPMENT

SVBI	Weighted Yield Average Winner (%)		Bidding Amount (USD mn)	Total Nominal Awarded (USD Mn)	Bid to Cover Ratio
	1 Month	3 Months			
2-Jan-24	5.74		66.00	31.00	2.13
9-Jan-24	5.71		268.00	147.00	1.82
16-Jan-24	5.70		382.00	284.00	1.35
23-Jan-24	5.67	5.70	397.00	251.00	1.58
30-Jan-24	5.67	5.69	512.00	472.00	1.08
6-Feb-24	5.66	5.69	472.00	442.00	1.07
13-Feb-24	5.66	5.68	808.00	607.00	1.33
20-Feb-24	5.66	5.67	662.00	652.00	1.02
27-Feb-24	5.66	5.67	518.00	488.00	1.06
5-Mar-24	5.66	5.68	312.00	272.00	1.15
14-Mar-24	5.67	5.68	577.00	532.00	1.08
19-Mar-24	5.67	5.68	367.00	357.00	1.03
26-Mar-24	5.66		375.00	358.00	1.05
2-Apr-24	5.67	5.68	264.50	264.50	1.00
16-Apr-24	5.67		210.00	160.00	1.31
23-Apr-24	5.67	5.68	514.00	489.00	1.05
30-Apr-24	5.68	5.70	305.00	303.00	1.01
7-May-24	5.68		253.00	228.00	1.11
14-May-24	5.69	5.70	431.00	366.00	1.18
21-May-24	5.69	5.69	375.00	350.00	1.07
28-May-24	5.69	5.69	209.00	204.00	1.02
4-Jun-24	5.69	5.69	606.00	591.00	1.03
11-Jun-24	5.69	5.70	430.50	420.50	1.02
19-Jun-24	5.69	5.70	152.00	137.00	1.11
25-Jun-24	5.70	5.70	282.00	242.00	1.17
2-Jul-24	5.70	5.70	342.00	340.00	1.01
9-Jul-24	5.69	5.70	644.00	639.00	1.01
16-Jul-24	5.68	5.68	552.00	264.00	2.09
23-Jul-24	5.66	5.68	687.00	267.00	2.57
30-Jul-24	5.61		299.00	150.00	1.99
6-Aug-24	5.55	5.45	864.00	190.00	4.55
13-Aug-24	5.53	5.42	977.00	587.00	1.66



USD Libor Rates in 12 Aug '24:

- 1 month : 5.45225% (Prev: 5.44188%)
- 3 months : 5.37763% (Prev: 5.39402%)
- 6 months : 5.23257% (Prev: 5.21392%)

Euribor Rates in 12 Aug '24:

- 1 month : 3.625% (Prev: 3.620%)
- 3 months : 3.548% (Prev: 3.569%)
- 6 months : 3.445% (Prev: 3.494%)

Sources : Global Rates, KBVS Research (2024)

The yield on SRBI has continued to decline. The most recent auction results on Aug 9, '24, recorded a weighted average yield for the 12-month SRBI tenor at 7.24%, the lowest level since Apr 19, '24.

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3 Global Economy

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Next Week's Economic Calendar

ECONOMIC CALENDAR

(8-14 AUG 2024)

Country	Event	Forecast	Previous
Thursday, Aug 15, 2024			
JP	GDP (YoY) (Q2)	2.10%	-1.80%
JP	GDP (QoQ) (Q2)	0.60%	-0.50%
JP	GDP Price Index (YoY) (Q2)	2.60%	3.40%
CN	Fixed Asset Investment (YoY) (Jul)	3.90%	3.90%
CN	Industrial Production (YoY) (Jul)	5.30%	5.30%
CN	Industrial Production YTD (YoY) (Jul)		6.00%
CN	Unemployment Rate (Jul)	5.10%	5.00%
CN	NBS Press Conference		
ID	Export Growth (YoY) (Jul)		1.17%
ID	Import Growth (YoY) (Jul)		7.58%
ID	Trade Balance (Jul)		2.39B
JP	Industrial Production (MoM) (Jun)	-3.60%	3.60%
GB	Business Investment (QoQ) (Q2)	0.40%	0.50%
GB	GDP (YoY) (Q2)		0.30%
GB	GDP (QoQ) (Q2)	0.60%	0.70%
GB	GDP (MoM) (Q2)	0.10%	0.40%
GB	Industrial Production (MoM) (Jun)	0.10%	0.20%
GB	Manufacturing Production (MoM) (Jun)	0.10%	0.40%
GB	Monthly GDP 3M/3M Change (Jun)		0.90%
GB	Trade Balance (Jun)	-16.70B	-17.92B
GB	Trade Balance Non-EU (Jun)		-6.86B
GB	Labour Productivity (Q2)	-0.30%	-0.30%
EU	ECB Publishes Account of Monetary Policy Meeting		
GB	NIESR Monthly GDP Tracker (Jul)		0.60%
US	Continuing Jobless Claims		1,875K
US	Core Retail Sales (MoM) (Jul)	0.10%	0.40%
US	Export Price Index (MoM) (Jul)		-0.50%
US	Import Price Index (MoM) (Jul)	-0.10%	0.00%
US	Initial Jobless Claims	235K	233K
US	NY Empire State Manufacturing Index (Aug)	-5.90	-6.60
US	Philly Fed Manufacturing Index (Aug)	5.60	13.90
US	Philly Fed Employment (Aug)		15.20
US	Retail Control (MoM) (Jul)		0.90%
US	Retail Sales (MoM) (Jul)	0.40%	0.00%
US	Industrial Production (YoY) (Jul)		1.58%
US	Industrial Production (MoM) (Jul)	-0.20%	0.60%
US	Business Inventories (MoM) (Jun)	0.30%	0.50%
US	Retail Inventories Ex Auto (Jun)	0.20%	0.00%

Country	Event	Forecast	Previous
Friday, Jul 16, 2024			
US	FOMC Member Harker Speaks		
US	TIC Net Long-Term Transactions (Jun)		-54.6B
US	Fed's Balance Sheet		7,175B
JP	Tertiary Industry Activity Index (MoM)	0.30%	-0.40%
GB	Core Retail Sales (MoM) (Jul)		-1.50%
GB	Core Retail Sales (YoY) (Jul)		-0.80%
GB	Retail Sales (MoM) (Jul)	0.60%	-1.20%
GB	Retail Sales (YoY) (Jul)		-0.20%
EU	Trade Balance (Jun)	14.50B	13.90B
US	Building Permits (Jul)	1.430M	1.454M
US	Housing Starts (MoM) (Jul)		3.00%
US	Housing Starts (Jul)	1.340M	1.353M
US	Michigan 1-Year Inflation Expectations (Aug)		2.90%
US	Michigan 5-Year Inflation Expectations (Aug)		3.00%
US	Michigan Consumer Expectations (Aug)		68.80
US	Michigan Consumer Sentiment (Aug)	66.70	66.40

Country	Event	Forecast	Previous
Monday, Aug 19, 2024			
ID	Interest Rate Decision (Aug)		6.25%
ID	Deposit Facility Rate (Aug)		5.50%
ID	Lending Facility Rate (Aug)		7.00%
US	Leading Index (MoM) (Jul)		-0.20%
Tuesday, Aug 20, 2024			
CN	Loan Prime Rate 5Y (Aug)		3.85%
GE	PPI (MoM) (Jul)		0.20%
EU	Core CPI (YoY) (Jul)		2.90%
EU	CPI (YoY) (Jul)		2.60%
EU	CPI (MoM) (Jul)		0.20%
Wednesday, Aug 21, 2024			
JP	Exports (YoY) (Jul)		5.40%
JP	Imports (YoY) (Jul)		3.20%
JP	Trade Balance (Jul)		224.0B

In the coming week, the data to be anticipated are as follows:

- **Global Data:**
 - UK's GDP and UK's retail sales.
 - EU's CPI.
 - US weekly initial jobless claims, retail sales, industrial production, and inflation expectations.
- **Regional Data:**
 - Japan's GDP
 - China's Industrial Production and China's Loan 5Y Prime Rate
- **Indonesia Data:**
 - Indonesia's trade balance (including export and import data).
 - BI rate interest rate decision.

