

Digesting the Outcomes of the First FOMC Meeting in 2024

1 February 2024

Economist / Fikri C Permana

Last Week's Economic Update

ECONOMIC CALENDAR

(25 TO 31 JAN 2024)

Thursday, Jan 25, 2024			
US 5-Year Note Auction	4.06%		3.80%
GE Business Expectations (Jan)	83.50	84.80	84.20
GE Current Assessment (Jan)	87.00	88.60	88.50
GE Ifo Business Climate Index (Jan)	85.20	86.70	86.30
EU Deposit Facility Rate (Jan)	4.00%	4.00%	4.00%
EU ECB Interest Rate Decision (Jan)	4.50%	4.50%	4.50%
EU ECB Marginal Lending Facility	4.75%		4.75%
EU ECB Monetary Policy Statement			
US Building Permits	1.493M	1.495M	1.467M
US Continuing Jobless Claims	1,833K	1,828K	1,806K
US Core Durable Goods Orders (MoM) (Dec)	0.60%	0.20%	0.50%
US Durable Goods Orders (MoM) (Dec)	0.00%	1.10%	5.50%
US GDP (QoQ) (Q4)	3.30%	2.00%	4.90%
US GDP Price Index (QoQ) (Q4)	1.50%	2.30%	3.30%
US Goods Trade Balance (Dec)	-88.46B	-88.70B	-90.27B
US Initial Jobless Claims	214K	200K	189K
US Retail Inventories Ex Auto (Dec)	0.60%		-0.60%
EU ECB Press Conference			
US New Home Sales (Dec)	664K	645K	615K
US New Home Sales (MoM) (Dec)	8.00%		-9.00%
EU President Lagarde Speaks			
Friday, Jan 26, 2024			
US 7-Year Note Auction	4.11%		3.86%
US Fed's Balance Sheet	7,677B		7,674B
JP Tokyo Core CPI (YoY) (Jan)	1.60%	1.90%	2.10%
JP Monetary Policy Meeting			
GE Gfk Consumer Climate (Feb)	-29.70	-24.50	-25.40
GE Buba Balz Speaks			
US Core PCE Price Index (MoM) (Dec)	0.20%	0.20%	0.10%
US Core PCE Price Index (YoY) (Dec)	2.90%	3.00%	3.20%
US PCE Price Index (YoY) (Dec)	2.60%	2.60%	2.60%
US PCE Price Index (MoM) (Dec)	0.20%	0.20%	-0.10%
US Personal Spending (MoM) (Dec)	0.70%	0.40%	0.40%
US Pending Home Sales (MoM) (Dec)	8.30%	1.50%	-0.30%

Event	Actual	Forecast	Previous
Monday, Jan 29, 2024			
ECB's De Guindos Speaks			
Dallas Fed Mfg Business Index (Jan)	-27.4		-10.4
Tuesday, Jan 30, 2024			
JP Unemployment Rate (Dec)	2.40%	2.50%	2.50%
German GDP (YoY) (Q4)	-0.20%	-0.20%	-0.40%
EU GDP (YoY) (Q4)	0.10%	0.00%	0.00%
CB Consumer Confidence (Jan)	114.8	114.2	108
JOLTs Job Openings (Dec)	9.026M	8.750M	8.925M
Wednesday, Jan 30, 2024			
API Weekly Crude Oil Stock	-2.500M	-0.867M	-6.674M
BoJ Summary of Opinions			
CN Manufacturing PMI (Jan)	49.2	49.2	49
German Retail Sales (YoY) (Dec)	-1.70%		-1.70%
German CPI (YoY) (Jan)	2.90%	3.00%	3.70%
US ADP Nonfarm Employment Change (Jan)	107K	145K	158K
CAD GDP (MoM) (Dec)	0.30%		0.20%

Sources : Investing and KBVS Research-treated (2024)

Treasury Announces Marketable Borrowing Estimates

Sources and Uses Reconciliation Table									
Quarter	Announcement Date	Financing Need	Financing			Change in Cash Balance	End-Of-Quarter Cash Balance	Memo SOGMA Redemptions	
			Marketable Borrowing	All Other Sources	Total				
		(1)	(2)	(3)	(4) = (2) + (3)	(5) = (4) - (1)	(6)	(7)	
Jan - Mar	2022	Actual	423	668	1	669	245	652	0
Apr - Jun	2022	Actual	(180)	7	(58)	(49)	131	782	(20)
Jul - Sep	2022	Actual	453	457	(130)	307	(146)	635	(130)
Oct - Dec	2022	Actual	308	373	(194)	179	(189)	447	(139)
Jan - Mar	2023	Actual	656	657	(270)	387	(269)	178	(221)
Apr - Jun	2023	Actual	181	657	(250)	406	225	402	(180)
Jul - Sep	2023	Actual	520	1010	(235)	775	254	657	(130)
Oct - Dec	2023	October 31, 2023	407	776	(276)	500	93	750	(171)
		Actual	402	776	(242)	534	102	769	(171)
		Forecast Position	(5)	(0)	14	13	19	19	0
Jan - Mar	2024	October 31, 2023	548	816	(240)	548	0	750	(172)
		January 29, 2024	522	760	(237)	504	(19)	750	(172)
		Forecast Position	(25)	(55)	11	(44)	(19)	0	0
Apr - Jun	2024	January 29, 2024	(71)	202	(273)	(71)	(0)	750	(197)

Source : Treasury.Gov (2024)

US TREASURY CASH BALANCE

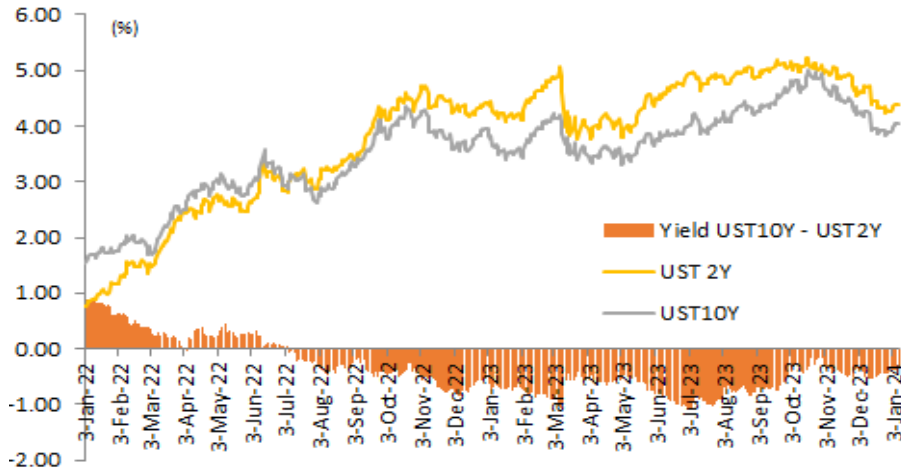
Cash Balance Assumptions	October - December Quarter			January - March Quarter		
	Prior	Current	Change	Prior	Current	Change
Opening Balance	\$657	\$657	\$0	\$750	\$769	\$19
Closing Balance	\$750	\$769	\$19	\$750	\$750	\$0
Impact on Borrowing	\$93	\$112	\$19	\$0	-\$19	-\$19

Sources : Treasury.Gov (2024)

- The U.S. Department of the Treasury today announced its current estimates of privately-held net marketable borrowing for the 1Q (Jan to Mar) '24 and 2Q (Apr to Jun) '24 .
 - During the 1Q24, Treasury expects to borrow USD760 billion in privately-held net marketable debt, assuming an end-of-March cash balance of USD750 billion. The borrowing estimate is USD55 bn lower than announced in Oct '23, largely due to projections of higher net fiscal flows and a higher beginning of quarter cash balance.
 - During the 2Q24, Treasury expects to borrow USD202 bn in privately-held net marketable debt, assuming an end-of-June cash balance of USD750 bn.

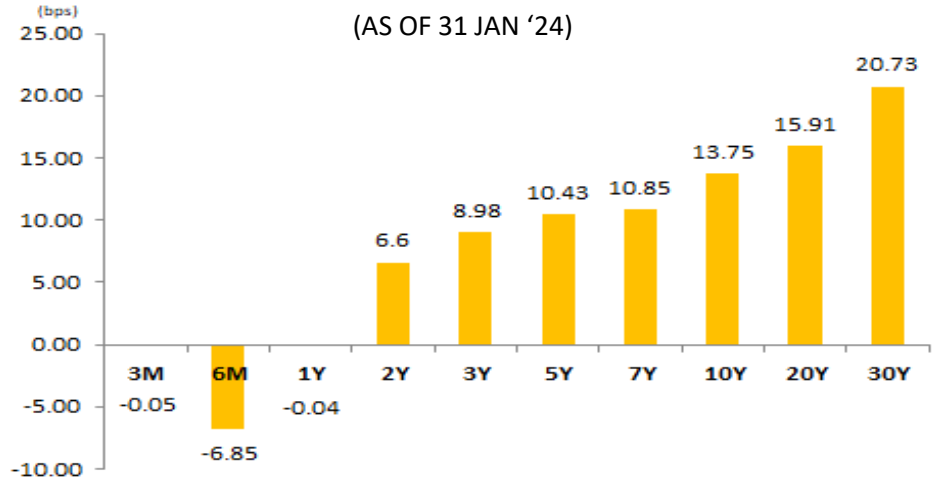
The Movement of UST Yields

YIELD UST2Y VS UST10Y



Sources : Bloomberg and KBVS Research-treated (2024)

DEVELOPMENT OF YIELD UST SINCE 1 JAN (AS OF 31 JAN '24)



Sources : Bloomberg and KBVS Research-treated (2024)

FED PROBABILITIES

(AS OF 31 JAN '24)

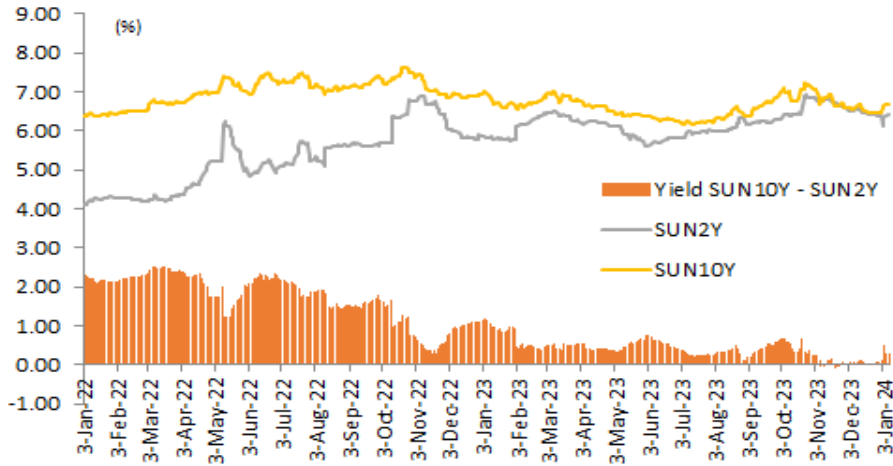
MEETING DATE	MEETING PROBABILITIES								
	325-350	350-375	375-400	400-425	425-450	450-475	475-500	500-525	525-550
31-Jan-24	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.1%	97.9%
20-Mar-24	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.9%	44.7%	54.4%
1-May-24	0.0%	0.0%	0.0%	0.0%	0.0%	0.7%	34.7%	52.2%	12.4%
12-Jun-24	0.0%	0.0%	0.0%	0.0%	0.7%	33.4%	51.5%	14.0%	0.5%
31-Jul-24	0.0%	0.0%	0.0%	0.6%	29.1%	49.1%	18.9%	2.3%	0.1%
18-Sep-24	0.0%	0.0%	0.5%	26.8%	47.5%	21.3%	3.6%	0.2%	0.0%
7-Nov-24	0.0%	0.3%	15.8%	38.8%	32.3%	11.0%	1.7%	0.1%	0.0%
18-Dec-24	0.3%	13.3%	35.1%	33.3%	14.5%	3.2%	0.4%	0.0%	0.0%

Source : CME Group (2024)

- The previous announcement from the US Treasury has driven increased net fiscal flows and a higher cash balance.
- Simultaneously, the US GDP data for 4Q23, which registered a 3.30% YoY growth, further strengthened these expectations.
- As a result, since Monday (29 Jan '24), there has been a decline in the yield of UST10Y by -14.43 bps, following an increase of +33.19 bps from the beginning of the year until 25 Jan '24.

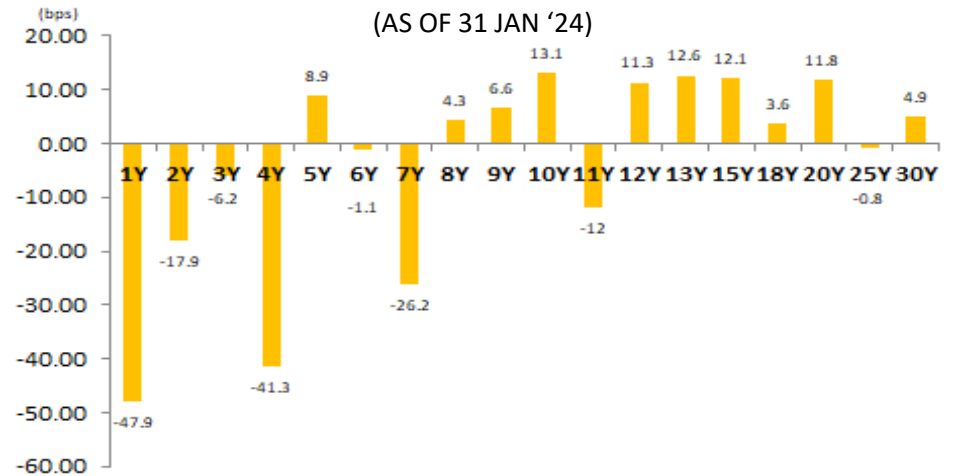
The Movement SUN Yields

YIELD SUN2Y VS SUN10Y



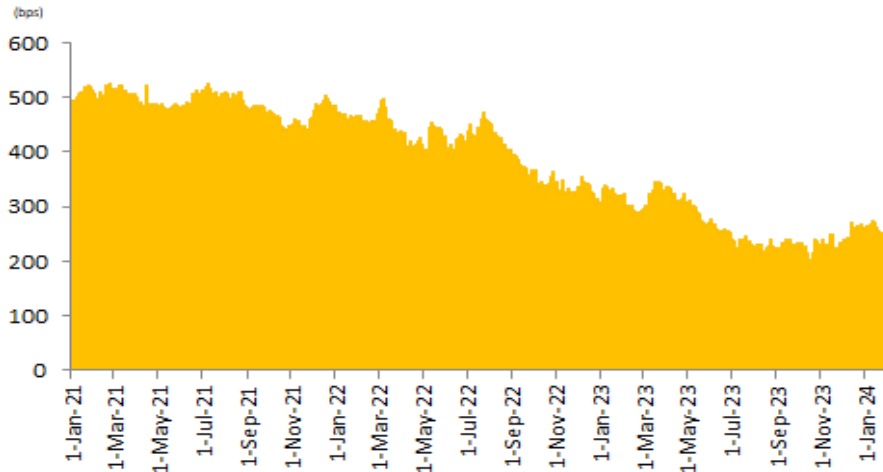
Sources : Bloomberg and KBVS Research-treated (2024)

DEVELOPMENT OF YIELD SUN SINCE 1 JAN



Sources : Bloomberg and KBVS Research-treated (2024)

YIELD SPREAD SUN10Y-UST10Y

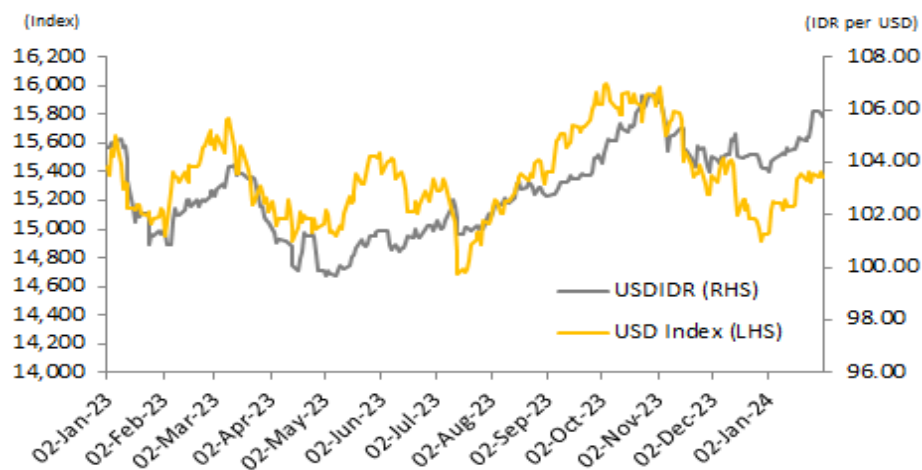


Source : Bloomberg and KBVS Research-treated (2024)

- The same conditions also influence the movement of SUN yields.
- This is evident from the cessation of the increase in SUN10Y yields that occurred from the beginning of the year until 25 '24, amounting to +18.6 bps, with a decline of -4.3 bps in the last three days.
- Unfortunately, the downward trend in SUN yields is somewhat impeded by the depreciation of the Rupiah against the USD, triggered by sentiment regarding the potential resignation of the Finance Minister and escalating domestic political tensions.

Capital Flow in Indonesia's Portfolio

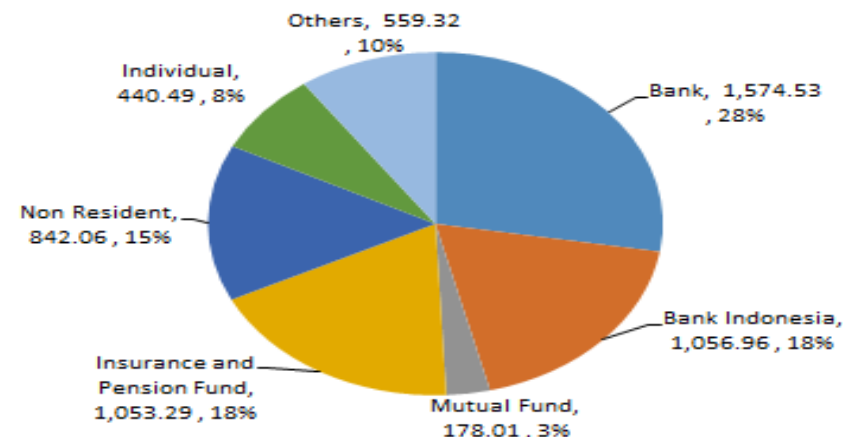
DEVELOPMENT OF DXY and USDIDR



Sources : Bloomberg and KBVS Research-treated (2024)

OWNERSHIP OF TRADABLE SBN

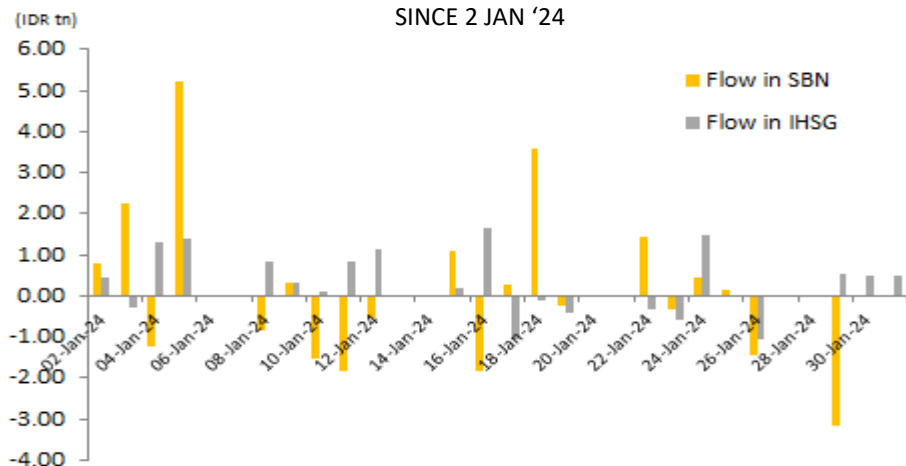
(AS OF 31 JAN '24)



Sources : DJPPR and KBVS Research-treated (2024)

CAPITAL FLOW IN SBN and JCI

SINCE 2 JAN '24

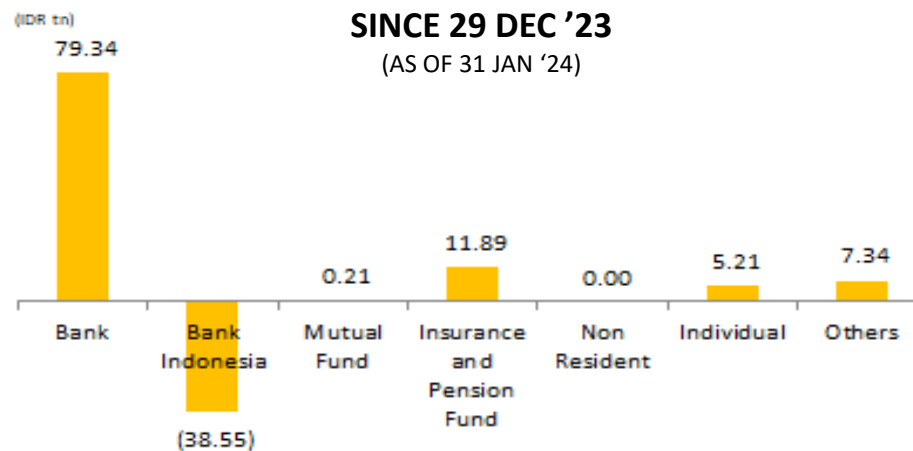


Sources : Bloomberg and KBVS Research-treated (2024)

CHANGE IN OWNERSHIP of TRADABLE SBN

SINCE 29 DEC '23

(AS OF 31 JAN '24)



Sources : DJPPR and KBVS Research-treated (2024)

The Results of The Latest SBSN & SUN Auction

SBSN Auction Result On 23 Jan '24

Date	Total Incoming Bids (IDR bn)	Total Awarded (IDR bn)	SPSN07102024	PBSG001	PBS030	PBS038	PBS032	PBS039
23- Jan - 24	23,768	12,000	6.47%	6.54%	6.47%	6.98%	6.50%	6.67%

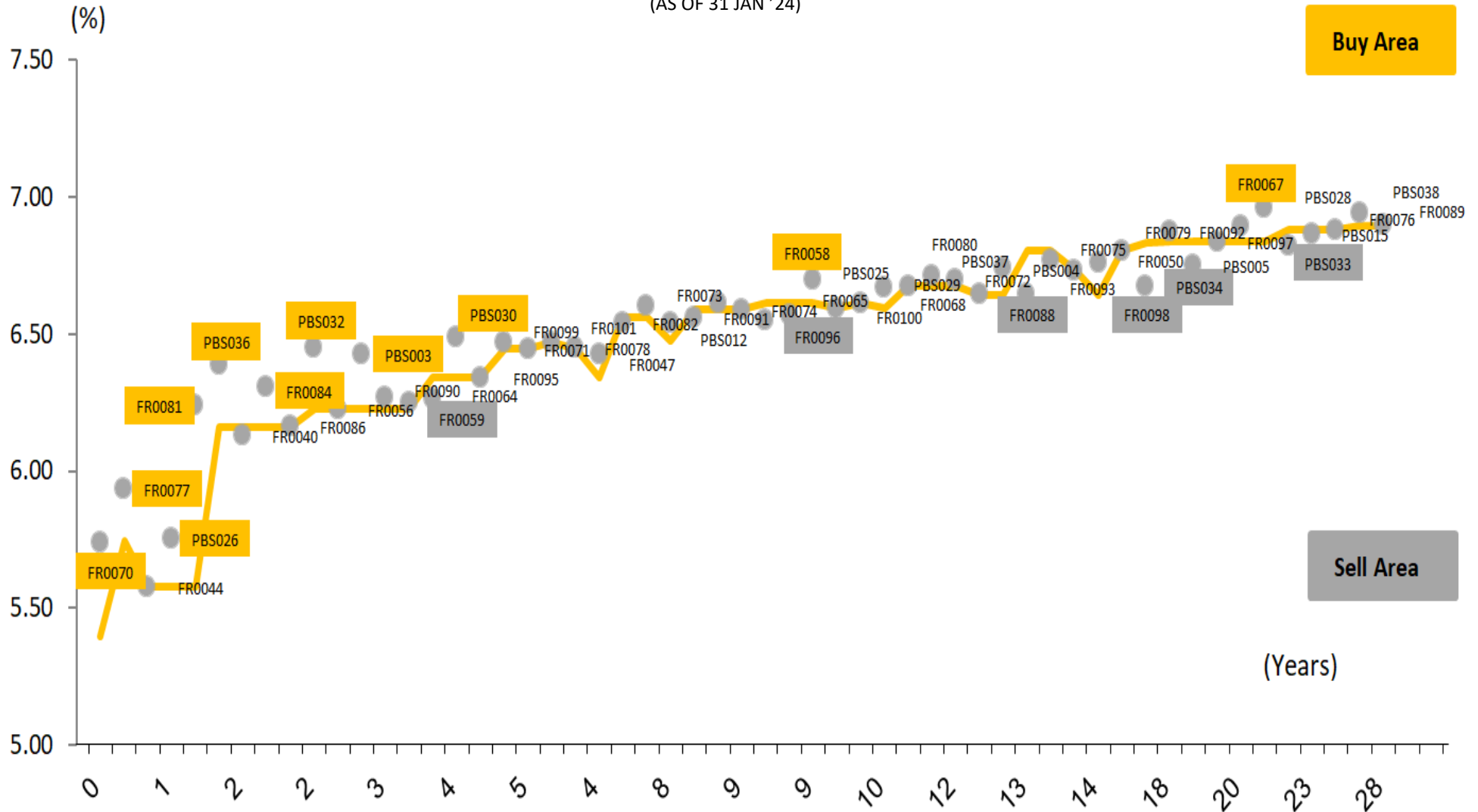
SUN Auction Result On 30 Jan '24

Date	Total Incoming Bids (IDR bn)	Total Awarded (IDR bn)	SPSN12250116	SPN03240501	FR0098	FR0097	FRSDG001	FR0100	FR0101	FR0102
30- Jan - 24	73,242	24,000	6.49%	6.40%	6.79%	6.90%	6.58%	6.63%	6.54%	6.95%

Source : DJPPR, KBVS Research-treated (2024)

Yield Curve SUN

YIELD CURVE
(AS OF 31 JAN '24)



Sources : Bloomberg and KBVS Research-treated (2023)

Bonds Data, as of 31 Jan '24

BOND DATA								
TTM	Series	Coupon	Price	Benchmark Price	Yield	Benchmark Yield	Maturity	Notes
0	FR0070	8.38	100.24	99.18	5.74	5.40	15 Mar 2024	Fair
0	FR0077	8.13	100.53	97.72	5.94	5.74	15 May 2024	Fair
1	FR0044	10.00	102.46	102.64	5.58	5.58	15 Sep 2024	Fair
1	PBS026	6.63	100.36	102.64	5.75	5.58	15 Oct 2024	Discounted
1	FR0081	6.50	100.25	102.64	6.24	5.58	15 Jun 2025	Discounted
2	PBS036	5.38	98.44	98.65	6.39	6.16	15 Aug 2025	Discounted
2	FR0040	11.00	107.22	98.65	6.13	6.16	15 Sep 2025	Premium
2	FR0084	7.25	101.65	98.65	6.31	6.16	15 Feb 2026	Fair
2	FR0086	5.50	98.52	98.65	6.16	6.16	15 Apr 2026	Fair
2	PBS032	4.88	96.44	105.11	6.45	6.23	15 Jul 2026	Discounted
3	FR0056	8.38	104.94	105.11	6.23	6.23	15 Sep 2026	Fair
3	PBS003	6.00	98.66	105.11	6.43	6.23	15 Jan 2027	Discounted
3	FR0090	5.13	96.43	105.11	6.27	6.23	15 Apr 2027	Discounted
3	FR0059	7.00	102.03	105.11	6.25	6.23	15 May 2027	Discounted
4	FR0064	6.13	99.32	100.13	6.26	6.34	15 May 2028	Fair
4	PBS030	5.88	97.40	100.13	6.49	6.34	15 Jul 2028	Discounted
5	FR0095	6.38	99.98	100.13	6.34	6.34	15 Aug 2028	Fair
5	FR0099	6.40	99.58	107.95	6.47	6.45	15 Jan 2029	Discounted
5	FR0071	9.00	110.82	107.95	6.44	6.45	15 Mar 2029	Premium
5	FR0101	6.88	101.63	101.76	6.47	6.47	15 Apr 2029	Fair
5	FR0078	8.25	107.81	107.95	6.45	6.45	15 May 2029	Fair
4	FR0047	10.00	112.36	100.13	6.42	6.34	15 Feb 2028	Fair
7	FR0082	7.00	102.36	99.64	6.54	6.56	15 Sep 2030	Premium
7	FR0073	8.75	112.18	99.64	6.60	6.56	15 May 2031	Fair
8	PBS012	8.88	113.85	117.66	6.54	6.48	15 Nov 2031	Discounted
8	FR0091	6.38	98.71	105.87	6.56	6.59	15 Apr 2032	Fair
8	FR0058	8.25	110.18	105.87	6.61	6.59	15 Jun 2032	Fair
9	FR0074	7.50	105.62	105.87	6.59	6.59	15 Aug 2032	Fair
9	FR0096	7.00	102.88	112.84	6.55	6.61	15 Feb 2033	Fair
9	FR0065	6.63	100.17	112.84	6.57	6.61	15 May 2033	Fair
9	PBS025	8.38	111.18	112.84	6.70	6.61	15 May 2033	Discounted

BOND DATA								
TTM	Series	Coupon	Price	Benchmark Price	Yield	Benchmark Yield	Maturity	Notes
10	FR0100	6.63	100.19	100.21	6.60	6.60	15 Feb 2034	Fair
10	FR0068	8.38	112.64	112.84	6.61	6.61	15 Mar 2034	Fair
10	PBS029	6.38	97.70	100.21	6.67	6.60	15 Mar 2034	Discounted
11	FR0080	7.50	106.30	106.50	6.67	6.67	15 Jun 2035	Fair
12	PBS037	6.88	100.50	106.50	6.71	6.67	15 Mar 2036	Discounted
12	FR0072	8.25	112.62	106.50	6.70	6.67	15 May 2036	Fair
12	FR0088	6.25	96.29	96.69	6.65	6.65	15 Jun 2036	Fair
13	PBS004	6.10	94.15	96.69	6.74	6.65	15 Feb 2037	Discounted
13	FR0093	6.38	97.24	114.73	6.64	6.80	15 Jul 2037	Fair
14	FR0075	7.50	106.43	114.73	6.77	6.80	15 May 2038	Fair
14	FR0098	7.13	103.40	103.58	6.73	6.73	15 Jun 2038	Fair
14	FR0050	10.50	133.68	96.69	6.76	6.65	15 Jul 2038	Fair
15	FR0079	8.38	114.48	114.73	6.80	6.80	15 Apr 2039	Fair
15	PBS034	6.50	97.95	126.77	6.67	6.84	15 Jun 2039	Fair
18	FR0092	7.13	102.37	103.04	6.88	6.84	15 Jun 2042	Discounted
19	PBS005	6.75	99.39	103.04	6.75	6.84	15 Apr 2043	Fair
19	FR0097	7.13	102.85	103.04	6.84	6.84	15 Jun 2043	Fair
20	FR0067	8.75	119.67	103.04	6.89	6.84	15 Feb 2044	Fair
23	PBS028	7.75	108.68	103.04	6.96	6.84	15 Oct 2046	Fair
23	PBS033	6.75	98.42	105.78	6.82	6.88	15 Jun 2047	Fair
23	PBS015	8.00	112.16	105.78	6.86	6.88	15 Jul 2047	Premium
24	FR0076	7.38	105.50	105.78	6.88	6.88	15 May 2048	Fair
26	PBS038	6.88	98.89	99.74	6.94	6.90	15 Dec 2049	Discounted
28	FR0089	6.88	99.40	99.74	6.90	6.90	15 Aug 2051	Fair

GLOBAL BONDS DATA								
TTM	Series	Coupon	Price	Benchmark P Yield	Benchmark	Maturity	Notes	
4	INDON 2028	3.50	95.399	99.73	4.72	4.10	11 Jan 2028	Discounted
9	INDON 2033	4.85	100.117	103.56	4.80	4.06	11 Jan 2033	Discounted
29	INDON 2053	5.65	104.166	104.67	5.34	4.39	11 Jan 2053	Discounted

This Week's Economic Calendar

ECONOMIC CALENDAR

(1 TO 7 FEB 2024)

Event	Actual	Forecast	Previous
Thursday, Jan 30, 2024			
FOMC Statement			
Fed Interest Rate Decision	5.50%	5.50%	5.50%
Au Jibun Bank Japan Manufacturing PMI (Jan)		48	48
ID Nikkei Manufacturing PMI (Jan)			52.2
CN Caixin Manufacturing PMI (Jan)		50.8	50.8
ID Core Inflation (YoY) (Jan)		1.76%	1.80%
ID Inflation (YoY) (Jan)		2.55%	2.61%
ID Inflation (MoM) (Jan)		0.29%	0.41%
S&P Global India Manufacturing PMI (Jan)			54.9
HCOB Germany Manufacturing PMI (Jan)		45.4	43.3
HCOB Eurozone Manufacturing PMI (Jan)		46.6	44.4
OPEC Meeting			
EU Core CPI (MoM) (Jan)			0.50%
EU Core CPI (YoY) (Jan)		3.20%	3.40%
EU CPI (YoY) (Jan)		2.70%	2.90%
EU CPI (MoM) (Jan)			0.20%
EU CPI, n.s.a (Jan)			124.05
EU Leaders Summit			
EU Unemployment Rate (Dec)		6.40%	6.40%
BoE Interest Rate Decision (Jan)		5.25%	5.25%
BoE MPC Meeting Minutes			
US Continuing Jobless Claims		1,840K	1,833K
US Weekly Initial Jobless Claims		213K	214K
US Nonfarm Productivity (QoQ) (Q4)		2.40%	5.20%
ECB President Lagarde Speaks			
BoE Gov Bailey Speaks			
S&P Global Canada Manufacturing PMI (Jan)			45.4
S&P Global US Manufacturing PMI (Jan)		50.3	47.9
US Construction Spending (MoM) (Dec)		0.50%	0.40%
US ISM Manufacturing PMI (Jan)		47.2	47.4

Friday, Feb 2, 2024			
US Fed's Balance Sheet			7,677B
GB BoE MPC Member Pill Speaks			
US Average Hourly Earnings (YoY) (Jan)		4.10%	4.10%
US Average Hourly Earnings (MoM) (Jan)		0.30%	0.40%
US Nonfarm Payrolls (Jan)		173K	216K
US Participation Rate (Jan)			62.50%
US Private Nonfarm Payrolls (Jan)		145K	164K
US U6 Unemployment Rate (Jan)			7.10%
US Unemployment Rate (Jan)		3.80%	3.70%
US Factory Orders (MoM) (Dec)		0.20%	2.60%
US Michigan 1-Year Inflation Expectations (Jan)		2.90%	2.90%
US Michigan 5-Year Inflation Expectations (Jan)		2.80%	2.80%
US Michigan Consumer Expectations (Jan)		75.90	75.90
US Michigan Consumer Sentiment (Jan)		78.80	78.80

- Amidst the Federal Reserve's decision to maintain the Federal Reserve Rate within the range of 5.25%-5.50%, and Chair Powell's indication that it would be suitable to commence rate reductions at some point this year, with decisions contingent on evolving economic conditions and unlikely to include a cut in March, UST yields exhibited a decline last night.
- This underscores the Federal Reserve and market's high dependency on economic data moving forward.

Event	Actual	Forecast	Previous
Monday, Feb 5, 2024			
JP Au Jibun Bank Japan Services PMI (Jan)			52.70
CN Caixin Services PMI (Jan)			52.90
GE Trade Balance (Dec)			20.40B
GE HCOB Services PMI (Jan)			47.60
EU HCOB Composite PMI (Jan)			47.90
EU HCOB Services PMI (Jan)			48.40
GB S&P Global/CIPS Composite PMI (Jan)			52.50
GB S&P Global/CIPS Services PMI (Jan)			53.80
US S&P Global Composite PMI (Jan)			52.30
US S&P Global Services PMI (Jan)			52.90
US ISM Non-Manufacturing Employment (Jan)			43.30
US ISM Non-Manufacturing PMI (Jan)			50.60
US ISM Non-Manufacturing Prices (Jan)			57.40
Tuesday, Feb 6, 2024			
ID GDP (QoQ) (Q4)			1.60%
ID GDP (YoY) (Q4)			4.94%
ID GDP Annual			5.31%
JP Household Spending (YoY) (Dec)			-2.90%
JP Household Spending (MoM) (Dec)			-1.00%
GB BRC Retail Sales Monitor (YoY) (Jan)			1.90%
GE Factory Orders (MoM) (Dec)			0.30%
GB S&P Global/CIPS Construction PMI (Jan)			46.80
Wednesday, Feb 7, 2024			
ID Fx Reserves (USD) (Jan)			146.40B
GB Halifax House Price Index (YoY) (Jan)			1.70%
GB Halifax House Price Index (MoM) (Jan)			1.10%
GE Industrial Production (MoM) (Dec)			-0.70%
US Trade Balance (Dec)			-63.20B

Sources : Investing and KBVS Research-treated (2024)



 KB Valbury Sekuritas