

Global Economy Awaits The Fed Signals, While Domestically, The Anticipation of Creative Destruction

22 February 2024

Economist / Fikri C Permana

Last Week's Economic Update

ECONOMIC CALENDAR

(15 TO 21 FEB 2024)

Event	Actual	Forecast	Previous
Thursday, Feb 15, 2024			
GE Buba President Nagel Speaks			
JP GDP (QoQ) (Q4)	-0.10%	0.20%	-0.80%
JP GDP (YoY) (Q4)	-0.40%		-3.30%
JP GDP Price Index (YoY) (Q4)	3.80%	4.00%	5.30%
US FOMC Member Bostic Speaks			
ID Export Growth (YoY) (Jan)	-8.06%	-2.70%	-5.85%
ID Import Growth (YoY) (Jan)	0.36%	1.30%	-3.81%
ID Trade Balance (Jan)	2.01B	2.99B	3.30B
JP Industrial Production (MoM) (Dec)	1.40%	1.80%	-0.90%
GB Business Investment (QoQ) (Q4)	-1.50%	-0.10%	-2.80%
GB GDP (YoY) (Q4)	-0.20%	0.10%	0.20%
GB GDP (MoM) (Dec)	-0.10%	-0.20%	0.20%
GB GDP (QoQ) (Q4)	-0.30%	-0.10%	-0.10%
GB Industrial Production (MoM) (Dec)	0.60%	-0.10%	0.50%
GB Labour Productivity (Q3)	0.70%	-0.20%	0.60%
GB Manufacturing Production (MoM) (Dec)	0.80%	-0.10%	0.80%
GB Monthly GDP 3M/3M Change (Dec)	-0.30%	-0.10%	-0.20%
GB Trade Balance (Dec)	-13.99B	-15.00B	-15.13B
GB Trade Balance Non-EU (Dec)	-3.32B		-3.75B
EU President Lagarde Speaks			
US IEA Monthly Report			
EU Trade Balance (Dec)	16.80B	21.50B	20.30B
EU ECB's Lane Speaks			
GB NIESR Monthly GDP Tracker	-0.10%	0.00%	-0.30%
US Continuing Jobless Claims	1,895K	1,880K	1,865K
US Initial Jobless Claims	212K	219K	220K
US Core Retail Sales (MoM) (Jan)	-0.60%	0.20%	0.40%
US Export Price Index (MoM) (Jan)	0.80%	-0.10%	-0.70%
US Import Price Index (MoM) (Jan)	0.80%	0.00%	-0.70%
US New York Empire State Manufacturing Index (Feb)	-2.40	-13.70	-43.70
US Philadelphia Fed Manufacturing Index (Feb)	5.20	-8.00	-10.60
US Philadelphia Fed Employment (Feb)	-10.3		-1.80
US Retail Control (MoM) (Jan)	-0.40%	0.20%	0.60%
US Retail Sales (MoM) (Jan)	-0.80%	-0.20%	0.40%
GB BoE MPC Member Mann Speaks			
US Industrial Production (YoY) (Jan)	0.03%		1.17%
US Industrial Production (MoM) (Jan)	-0.10%	0.20%	-0.10%
US Business Inventories (MoM) (Dec)	0.40%	0.40%	-0.10%
US Retail Inventories Ex Auto (Dec)	0.40%	0.60%	-0.90%

Event	Actual	Forecast	Previous
Friday, Feb 16, 2024			
US Atlanta Fed GDP Now (Q1)	2.90%	3.40%	3.40%
GE Buba President Nagel Speaks			
US Fed Waller Speaks			
US TIC Net Long-Term Transactions (Dec)	160.20B	42.60B	99.70B
US Fed Balance Sheet	7.643B		7.631B
US FOMC Member Bostic Speaks			
ID Retail Sales (YoY) (Dec)	0.20%		2.10%
GB Core Retail Sales (MoM) (Jan)	3.20%	1.70%	-3.50%
GB Core Retail Sales (YoY) (Jan)	0.70%	-1.60%	-2.10%
GB Retail Sales (YoY) (Jan)	0.70%	-1.40%	-2.40%
GB Retail Sales (MoM) (Jan)	3.40%	1.50%	-3.30%
EU ECB's Schnabel Speaks			
US Building Permits (Jan)	1.470M	1.509M	1.493M
US Core PPI (MoM) (Jan)	0.50%	0.10%	-0.10%
US Housing Starts (Jan)	1.331M	1.450M	1.562M
US Housing Starts (MoM) (Jan)	-14.80%	0.00%	3.30%
US PPI (MoM) (Jan)	0.30%	0.10%	-0.10%
US Michigan 1-Year Inflation Expectations (Feb)	3.00%	2.90%	2.90%
US Michigan 5-Year Inflation Expectations (Feb)	2.90%	2.80%	2.90%
US Michigan Consumer Expectations (Feb)	78.40	76.50	77.10
US Michigan Consumer Sentiment (Feb)	79.60	80.00	79.00

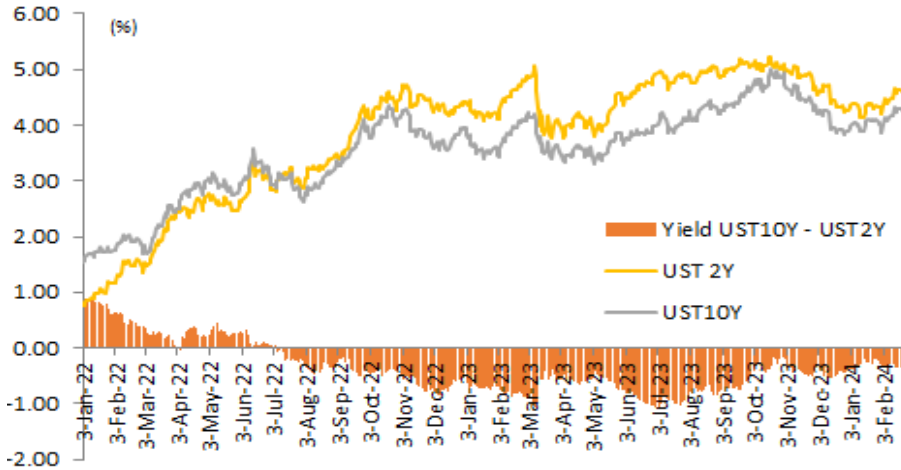
Event	Actual	Forecast	Previous
Monday, Feb 19, 2024			
GE Buba Balz Speaks			
Tuesday, Feb 20, 2024			
CN PBoC Loan Prime Rate	3.45%	3.45%	3.45%
GB BoE Gov Bailey Speaks			
GE Buba Balz Speaks			
US Leading Index (MoM) (Jan)	-0.40%	-0.30%	-0.20%
Wednesday, Feb 21, 2024			
JP Exports (YoY) (Jan)	11.90%	9.50%	9.70%
JP Imports (YoY) (Jan)	-9.60%	-8.40%	-6.90%
JP Trade Balance (Jan)	-1,758.3B	-1,925.9B	68.90B
JP Adjusted Trade Balance	0.24T	-0.23T	-0.41T
ID Deposit Facility Rate (Feb)	5.25%	5.25%	5.25%
ID Lending Facility Rate (Feb)	6.75%	6.75%	6.75%
ID Loans (YoY) (Jan)	1.83%		10.38%
ID Interest Rate Decision	6.00%	6.00%	6.00%
EU Central Bank Non-Monetary Policy Meeting			
GE Buba President Nagel Speaks			
EU ECB Supervisory Board Member Fernandez-Bollo Speaks			
GE 10-Year Bund Auction			2.23%
US FOMC Member Bostic Speaks			
EU ECB Supervisory Board Member Tuominen Speaks			

Sources : Investing and KBVS Research-treated (2024)

- The robustness of the US labor data is evidenced by the weekly Initial Jobless Claims, followed by persistently high PPI inflation (both headline and core), suggesting the possibility of an extended delay in the Fed Rate reduction.
- Meanwhile, economic contractions indicated by Japan and the UK have propelled an increase in the DXY over the past week.
- The smooth and peaceful conduct of the elections is expected to promptly reduce the *wait-and-see* behavior in the domestic market.
- The continuous shrinkage of the trade surplus for 45 consecutive months to USD2.01 bn (prev: USD3.30 bn) raises concerns about a potential current account deficit in 1Q24.
- BI has maintained the BI Rate at 6.00%, while vigilantly considering inflation and the Rupiah before any future rate cuts.

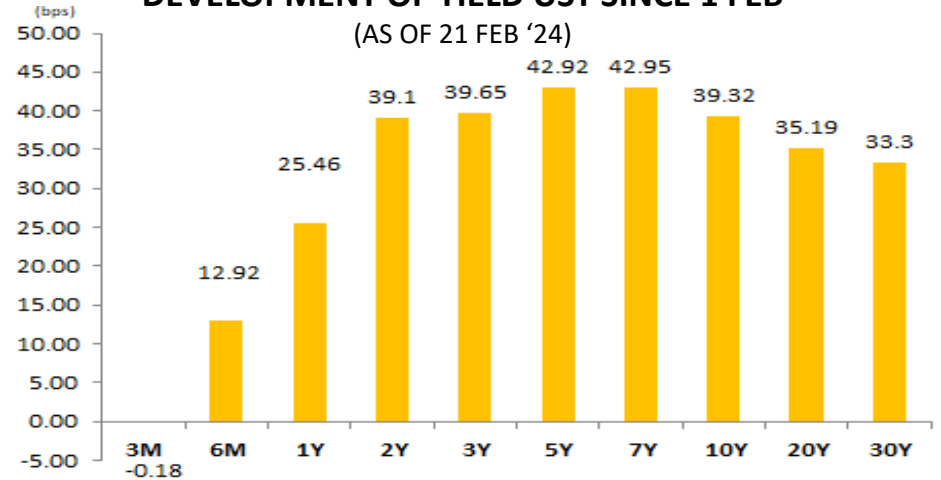
The Movement of UST Yields

YIELD UST2Y VS UST10Y



Sources : Bloomberg and KBVS Research-treated (2024)

DEVELOPMENT OF YIELD UST SINCE 1 FEB



Sources : Bloomberg and KBVS Research-treated (2024)

FED PROBABILITIES

(AS OF 21 FEB '24)

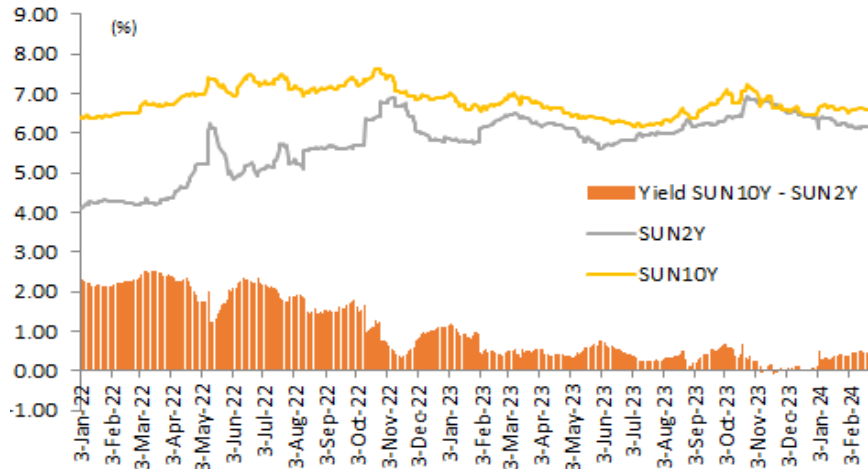
MEETING DATE	MEETING PROBABILITIES							
	350-375	375-400	400-425	425-450	450-475	475-500	500-525	525-550
20-Mar-24	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	8.5%	91.5%
1-May-24	0.0%	0.0%	0.0%	0.0%	0.0%	2.6%	34.1%	63.3%
12-Jun-24	0.0%	0.0%	0.0%	0.0%	1.7%	23.1%	53.1%	22.2%
31-Jul-24	0.0%	0.0%	0.0%	1.1%	16.1%	43.2%	32.3%	7.3%
18-Sep-24	0.0%	0.0%	0.9%	12.6%	37.0%	34.8%	13.0%	1.7%
7-Nov-24	0.0%	0.5%	7.7%	26.8%	35.7%	22.1%	6.4%	0.7%
18-Dec-24	0.3%	5.4%	20.7%	32.9%	26.5%	11.4%	2.5%	0.2%

Source : CME Group (2024)

- The labor market data (initial jobless claims) and PPI inflation are driving expectations for a prolonged delay in the Fed Rate reduction until 12 Jun '24.
- This has led to an increase in UST2Y yield by +3.43 bps in the past week or +29.14 bps since the beginning of Feb '24, or +36.22 bps (ytd, as of 20 Feb '24).
- Similarly, UST10Y yield has risen by +1.99 bps in the last week or +25.87 bps since the beginning of Feb '24 or +39.62 bps (ytd, as of 20 Feb '24).
- However, the closer likelihood of a Fed Rate reduction is narrowing the yield spread between UST10Y and UST2Y to -33.68 bps from -37.08 bps at the end of 2023.

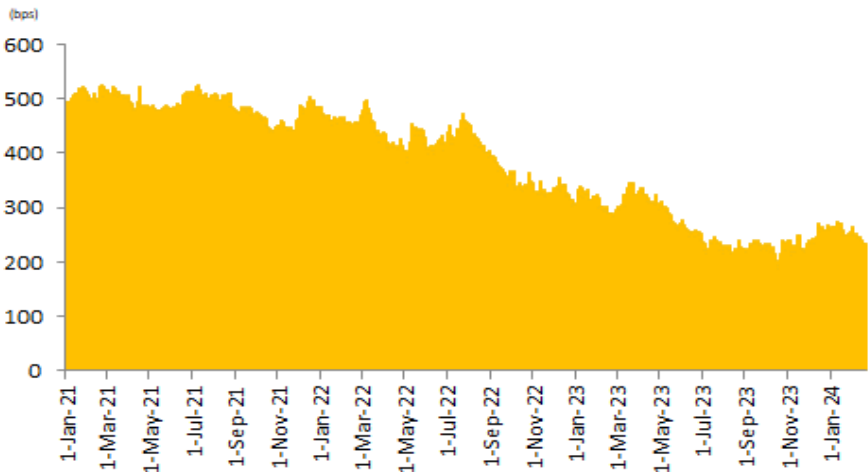
The Movement SUN Yields

YIELD SUN2Y VS SUN10Y



Sources : Bloomberg and KBVS Research-treated (2024)

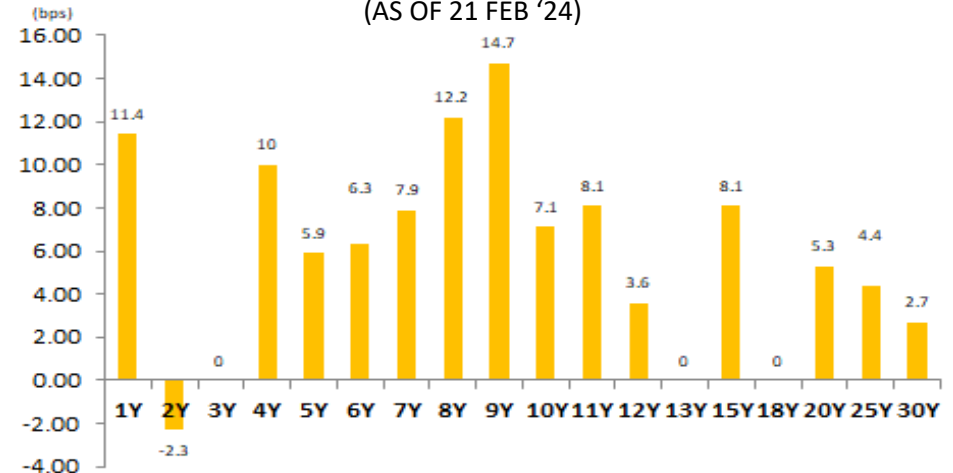
YIELD SPREAD SUN10Y-UST10Y



Source : Bloomberg and KBVS Research-treated (2024)

DEVELOPMENT OF YIELD SUN SINCE 1 FEB

(AS OF 21 FEB '24)



Sources : Bloomberg and KBVS Research-treated (2024)

- The increase in SUN yields remains relatively limited, with SUN2Y yields rising by just +3.30 bps in the past week, and even SUN10Y yields declining by -1.90 bps over the same period.
- We view this as a manifestation of effective coordination between BI and the MoF in maintaining stability in the domestic asset portfolio.
- This is evidenced by BI's increased ownership of tradable SBN by IDR12.97 tn, while Non-Residents reduced their ownership of tradable SBN by IDR5.60 tn during the same period.
- These conditions have widened the yield spread between SUN10Y and SUN2Y to 44.50 bps from 7.10 bps at the end of 2023.

Capital Flow in Indonesia's Portfolio

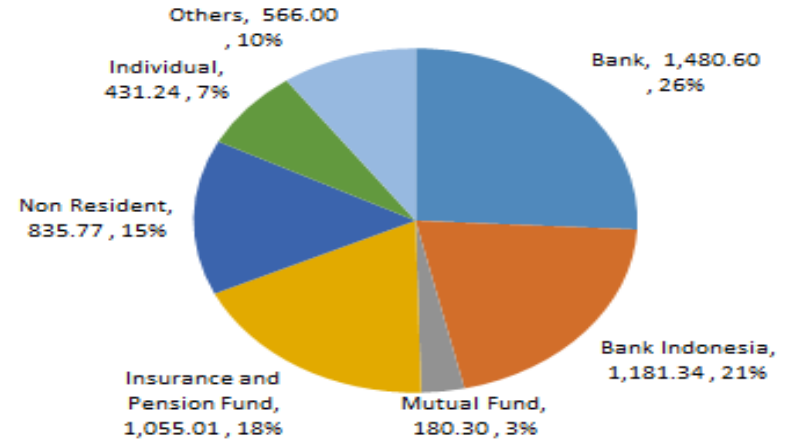
DEVELOPMENT OF DXY and USDIDR



Sources : Bloomberg and KBVS Research-treated (2024)

OWNERSHIP OF TRADABLE SBN

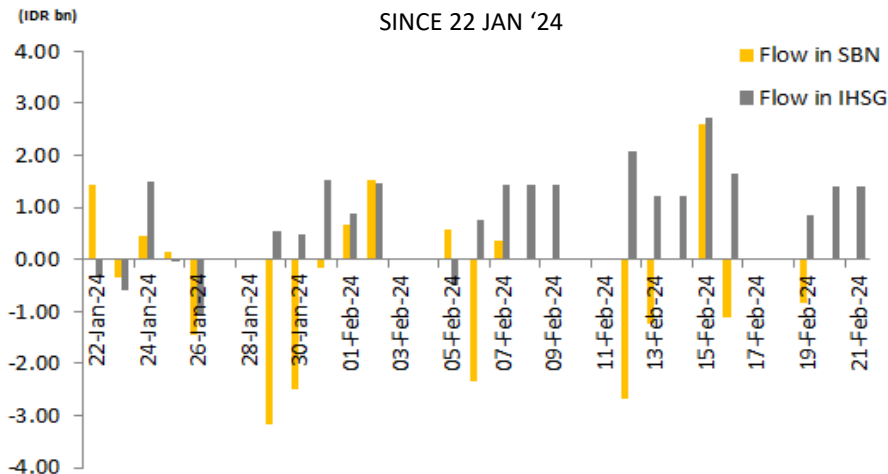
(AS OF 21 FEB '24)



Sources : DJPPR and KBVS Research-treated (2024)

CAPITAL FLOW IN SBN and JCI

SINCE 22 JAN '24

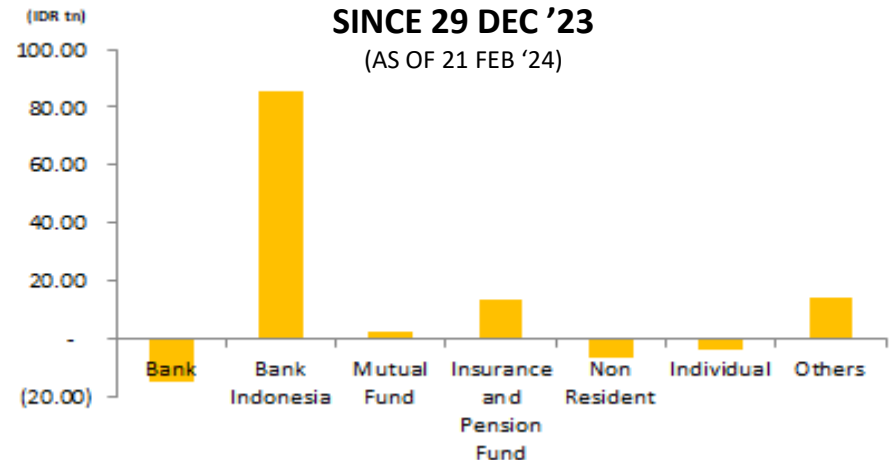


Sources : Bloomberg and KBVS Research-treated (2024)

CHANGE IN OWNERSHIP of TRADABLE SBN

SINCE 29 DEC '23

(AS OF 21 FEB '24)



Sources : DJPPR and KBVS Research-treated (2024)

The Results of The Latest SBSN & SUN Auction, on 21 Feb '24.

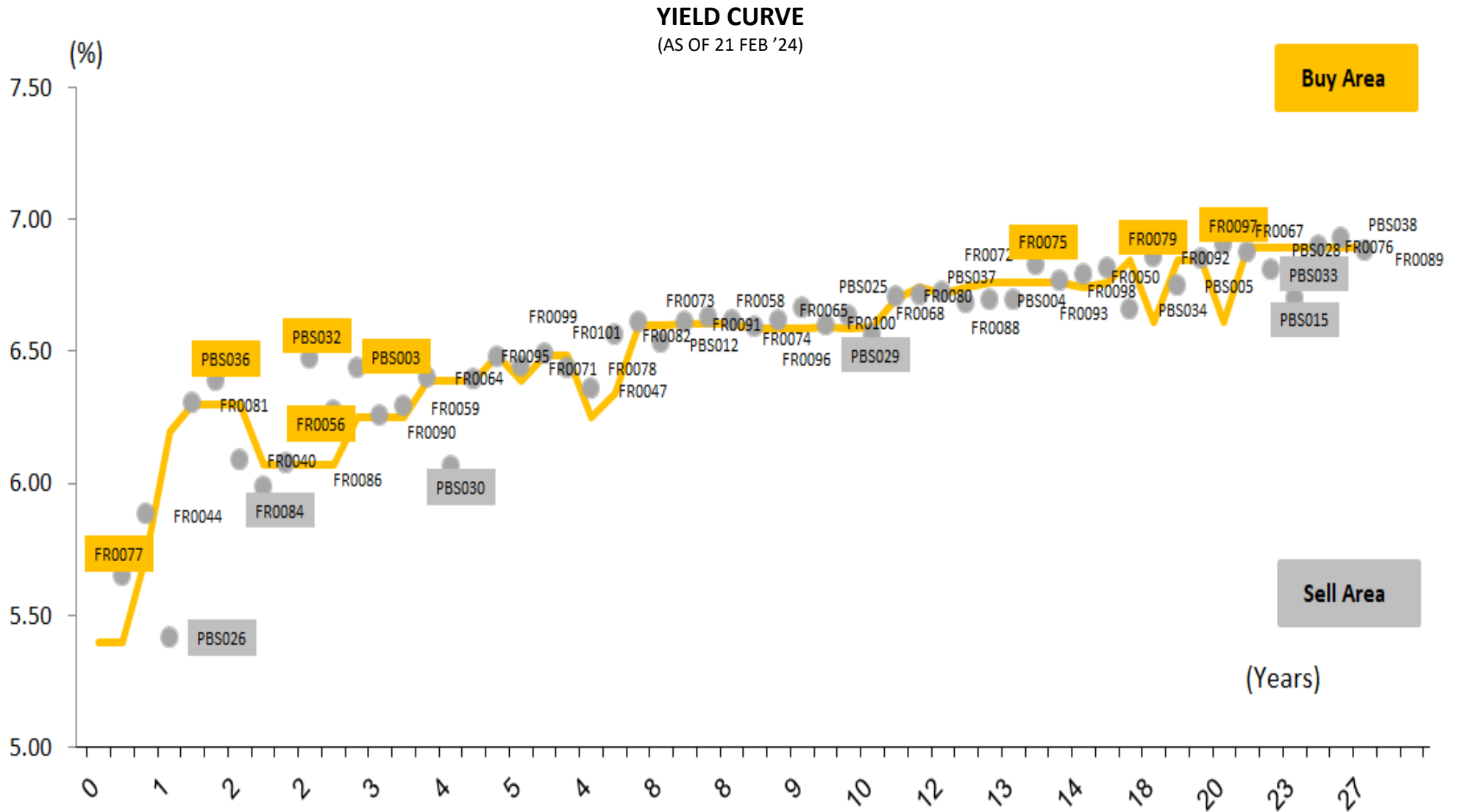
SUN Auction Result On 12 Feb '24

Date	Total Incoming Bids (IDR bn)	Total Awarded (IDR bn)	FR0098	FR0097	FR0100	FR0101	FR0102	SPN03240515	SPN12250213
12- Feb - 24	52,631	24,000	6.79%	6.89%	6.66%	6.52%	6.97%	6.40%	6.48%

SBSN Auction Result On 20 Feb '24

Date	Total Incoming Bids (IDR bn)	Total Awarded (IDR bn)	SPNS05082024	PBSG001	PBS030	PBS038	PBS032	PBS004	SPNS18112024
20-Feb - 24	19,882	12,000	6.37%	6.58%	6.46%	6.99%	6.53%	6.68%	6.39%

Yield Curve SUN



Sources : Bloomberg and KBVS Research-treated (2023)

Bonds Data, as of 21 Feb '24

BOND DATA								
TTM	Series	Coupon	Price	Benchmark Price	Yield	Benchmark Yield	Maturity	Notes
0	FR0070	8.38	100.17	99.28	4.06	5.40	15 Mar 2024	Premium
0	FR0077	8.13	100.42	99.28	5.64	5.40	15 May 2024	Fair
1	FR0044	10.00	102.22	97.64	5.88	5.73	15 Sep 2024	Fair
1	PBS026	6.63	100.58	95.68	5.41	6.20	15 Oct 2024	Premium
1	FR0081	6.50	100.15	100.24	6.30	6.30	15 Jun 2025	Fair
1	PBS036	5.38	98.52	100.24	6.38	6.30	15 Aug 2025	Discounted
2	FR0040	11.00	107.12	100.24	6.08	6.30	15 Sep 2025	Premium
2	FR0084	7.25	102.10	98.86	5.98	6.07	15 Feb 2026	Premium
2	FR0086	5.50	98.68	98.86	6.07	6.07	15 Apr 2026	Fair
2	PBS032	4.88	96.38	98.86	6.47	6.07	15 Jul 2026	Discounted
3	FR0056	8.38	104.79	98.86	6.27	6.07	15 Sep 2026	Fair
3	PBS003	6.00	98.70	96.82	6.43	6.25	15 Jan 2027	Fair
3	FR0090	5.13	96.58	96.82	6.25	6.25	15 Apr 2027	Fair
3	FR0059	7.00	101.86	96.82	6.28	6.25	15 May 2027	Fair
4	FR0064	6.13	98.87	99.94	6.40	6.39	15 May 2028	Discounted
4	PBS030	5.88	98.21	99.94	6.06	6.39	15 Jul 2028	Fair
4	FR0095	6.38	99.80	99.94	6.39	6.39	15 Aug 2028	Fair
5	FR0099	6.40	99.58	101.68	6.47	6.48	15 Jan 2029	Fair
5	FR0071	9.00	110.66	99.94	6.44	6.39	15 Mar 2029	Fair
5	FR0101	6.88	101.58	101.68	6.48	6.48	15 Apr 2029	Fair
5	FR0078	8.25	107.76	101.68	6.43	6.48	15 May 2029	Premium
4	FR0047	10.00	112.42	96.82	6.35	6.25	15 Feb 2028	Fair
7	FR0082	7.00	102.15	121.83	6.56	6.34	15 Sep 2030	Discounted
7	FR0073	8.75	111.97	99.46	6.60	6.60	15 May 2031	Fair
8	PBS012	8.88	113.89	99.46	6.52	6.60	15 Nov 2031	Premium
8	FR0091	6.38	98.40	98.57	6.60	6.60	15 Apr 2032	Fair
8	FR0058	8.25	110.01	98.57	6.62	6.60	15 Jun 2032	Fair
8	FR0074	7.50	105.44	98.57	6.61	6.60	15 Aug 2032	Fair

BOND DATA								
TTM	Series	Coupon	Price	Benchmark Price	Yield	Benchmark Yield	Maturity	Notes
9	FR0096	7.00	102.58	102.75	6.59	6.59	15 Feb 2033	Fair
9	FR0065	6.63	99.89	102.75	6.61	6.59	15 May 2033	Discounted
9	PBS025	8.38	111.44	102.75	6.66	6.59	15 May 2033	Fair
10	FR0100	6.63	100.12	100.22	6.59	6.59	15 Feb 2034	Fair
10	FR0068	8.38	112.50	102.75	6.63	6.59	15 Mar 2034	Fair
10	PBS029	6.38	98.18	100.22	6.56	6.59	15 Mar 2034	Fair
11	FR0080	7.50	106.03	106.28	6.70	6.70	15 Jun 2035	Fair
12	PBS037	6.88	101.11	126.04	6.71	6.74	15 Mar 2036	Fair
12	FR0072	8.25	112.41	112.61	6.72	6.72	15 May 2036	Fair
12	FR0088	6.25	96.08	126.04	6.68	6.74	15 Jun 2036	Fair
13	PBS004	6.10	94.62	103.30	6.69	6.76	15 Feb 2037	Fair
13	FR0093	6.38	97.03	103.30	6.69	6.76	15 Jul 2037	Fair
14	FR0075	7.50	105.91	103.30	6.82	6.76	15 May 2038	Fair
14	FR0098	7.13	103.10	103.30	6.76	6.76	15 Jun 2038	Fair
14	FR0050	10.50	133.45	126.04	6.78	6.74	15 Jul 2038	Fair
15	FR0079	8.38	114.36	103.30	6.81	6.76	15 Apr 2039	Fair
15	PBS034	6.50	98.17	106.36	6.66	6.84	15 Jun 2039	Fair
18	FR0092	7.13	102.54	97.50	6.85	6.61	15 Jun 2042	Fair
19	PBS005	6.75	99.44	102.97	6.74	6.84	15 Apr 2043	Fair
19	FR0097	7.13	102.75	102.97	6.84	6.84	15 Jun 2043	Fair
20	FR0067	8.75	119.56	97.50	6.90	6.61	15 Feb 2044	Fair
23	PBS028	7.75	109.75	105.60	6.87	6.90	15 Oct 2046	Premium
23	PBS033	6.75	99.05	105.60	6.81	6.90	15 Jun 2047	Fair
23	PBS015	8.00	114.57	105.60	6.69	6.90	15 Jul 2047	Premium
24	FR0076	7.38	105.19	105.60	6.90	6.90	15 May 2048	Fair
26	PBS038	6.88	99.11	105.60	6.92	6.90	15 Dec 2049	Discounted
27	FR0089	6.88	99.75	99.77	6.88	6.89	15 Aug 2051	Fair

GLOBAL BONDS DATA								
TTM	Series	Coupon	Price	Benchmark Price	Yield	Benchmark Yield	Maturity	Notes
4	INDON 2028	3.50	94,892	99.27	4.89	4.39	11 Jan 2028	Discounted
9	INDON 2033	4.85	98,504	98.31	5.02	4.28	11 Jan 2033	Fair
29	INDON 2053	5.65	102,589	102.39	5.44	4.56	11 Jan 2053	Fair

This Week's Economic Calendar

ECONOMIC CALENDAR

(22 TO 28 FEB 2024)

Event	Actual	Forecast	Previous
Thursday, Feb 22, 2024			
US 20-Year Bond Auction			4.42%
US FOMC Member Bowman Speaks			
US FOMC Meeting Minutes			
US API Weekly Crude Oil Stock			8.520M
JP Au Jibun Bank Japan Services PMI			53.10
GE HCOB Manufacturing PMI (Feb)		46.10	45.50
GE HCOB Services PMI (Feb)		48.00	47.70
EU HCOB Manufacturing PMI (Feb)		47.00	46.60
EU HCOB Composite PMI (Feb)		48.50	47.90
EU HCOB Services PMI (Feb)		48.80	48.40
GB S&P Global/CIPS Manufacturing PMI		47.50	47.00
GB S&P Global/CIPS Composite PMI		52.70	52.90
GB S&P Global/CIPS Services PMI		54.50	54.30
EU Core CPI (YoY) (Jan)		3.30%	3.40%
EU CPI (YoY) (Jan)		2.80%	2.90%
EU CPI (MoM) (Jan)		-0.40%	0.20%
EU ECB Publishes Account of Monetary Policy Meeting			
US Continuing Jobless Claims			1,895K
US Initial Jobless Claims		217K	212K
US S&P Global Manufacturing PMI (Feb)		50.10	50.70
US S&P Global Composite PMI (Feb)			52.00
US S&P Global Services PMI (Feb)		52.00	52.50
US Existing Home Sales (Jan)		3.97M	3.78M
US Existing Home Sales (MoM) (Jan)			-1.00%
ID Balance Of Payment (EUR) (Q4)			-1.50B
ID Current Account % of GDP (Q4)			-0.20%
US Crude Oil Inventories			12,018M
US Cushing Crude Oil Inventories			0.710M
Friday, Feb 23, 2024			
US 30-Year TIPS Auction			1.97%
US Fed's Balance Sheet			7,634B
US Fed Waller Speaks			
ID M2 Money Supply (YoY) (Jan)			3.50%
GE GDP (YoY) (Q4)		-0.20%	-0.40%
GE GDP (QoQ) (Q4)		-0.30%	-0.10%
GE Business Expectations (Feb)		83.80	83.50
GE Current Assessment (Feb)		87.00	87.00
GE Ifo Business Climate Index (Feb)		85.50	85.20
GE Buba Mauderer Speaks			
GE Buba President Nagel Speaks			
EU Eurogroup Meetings			

Event	Actual	Forecast	Previous
Monday, Feb 26, 2024			
US Building Permits		1.470M	1.493M
US New Home Sales (MoM) (Jan)			8.00%
US New Home Sales (Jan)			664K
Tuesday, Feb 27, 2024			
US 2-Year Note Auction			4.37%
US 5-Year Note Auction			4.06%
JP National Core CPI (YoY) (Jan)			2.30%
GE Gfk Consumer Climate (Mar)			-29.70
US Core Durable Goods Orders (MoM) (Jan)			0.50%
US Durable Goods Orders (MoM) (Jan)			
US S&P/CS HPI Composite - 20 n.s.a. (YoY) (Dec)			5.40%
US S&P/CS HPI Composite - 20 n.s.a. (MoM) (Dec)			-0.20%
US CB Consumer Confidence (Feb)			114.80
Wednesday, Feb 28, 2024			
US 7-Year Note Auction			4.11%
US API Weekly Crude Oil Stock			
US GDP (QoQ) (Q4)			3.30%
US GDP Price Index (QoQ) (Q4)			1.50%
US Goods Trade Balance (Jan)			-87.89B
US Retail Inventories Ex Auto (Jan)			0.40%

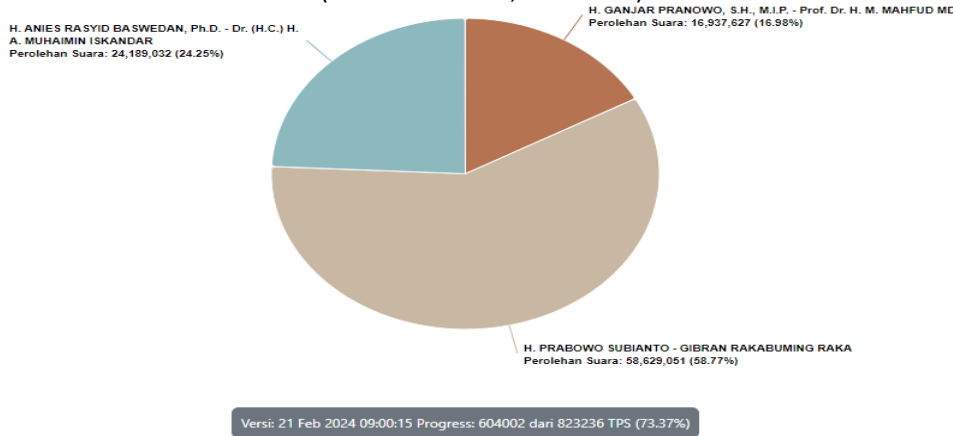
Sources : Investing and KBVS Research-treated (2024)

INDONESIA'S ELECTION SECTION

One Round Election

REAL COUNT RESULT OF PRESIDENT-VICE PRESIDENT

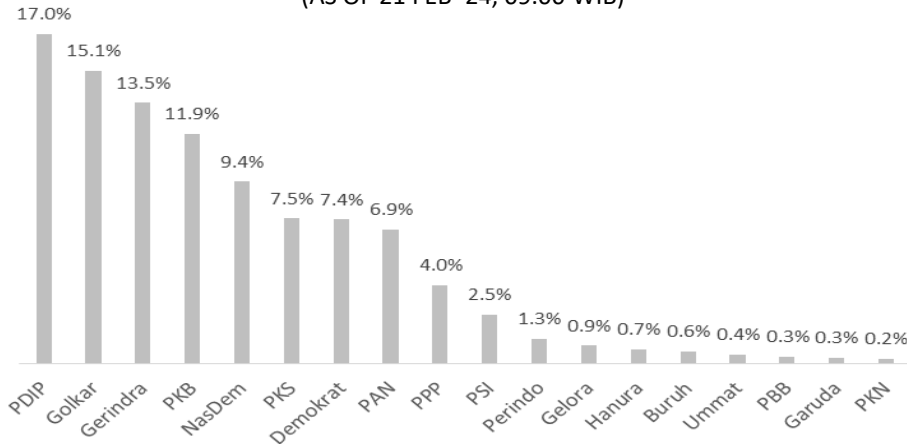
(AS OF 21 FEB '24, 09.00 WIB)



Source : KPU (2024), link: <https://pemilu2024.kpu.go.id/pilpres/hitung-suara/>

REAL COUNT RESULT OF DPR RI 2024

(AS OF 21 FEB '24, 09.00 WIB)



Source : KPU (2024), link: <https://pemilu2024.kpu.go.id/pilpres/hitung-suara/>

REAL COUNT RESULT OF PRESIDENT-VICE PRESIDENT

(AS OF 21 FEB '24, 09.00 WIB)

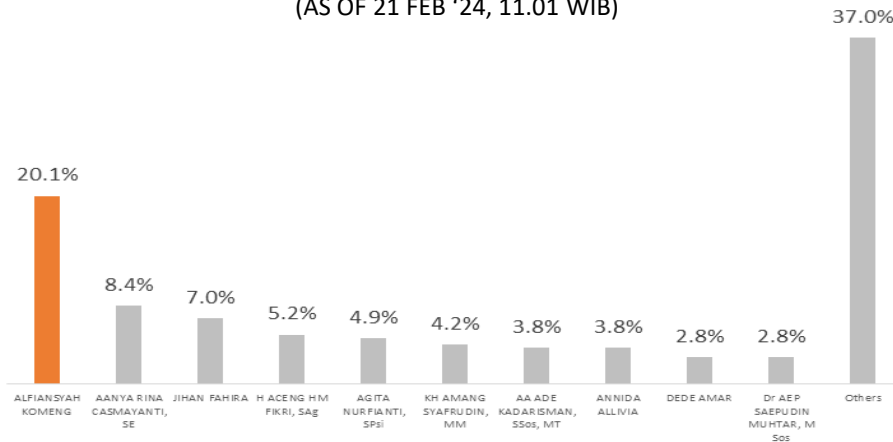
Provinsi	Progress	A-MIN	PRA-GIB	GAN-MAH
ACEH	71.1%	76.1%	21.7%	2.2%
BALI	55.3%	3.2%	52.0%	44.8%
BANTEN	67.9%	33.8%	56.7%	9.5%
BENGKULU	88.7%	18.2%	70.2%	11.6%
DI YOGYAKARTA	77.7%	19.1%	51.0%	29.9%
DKI JAKARTA	69.8%	40.8%	41.6%	17.6%
GORONTALO	83.1%	29.1%	65.5%	5.5%
JAMBI	75.5%	24.6%	64.9%	10.6%
JAWA BARAT	69.7%	32.1%	58.2%	9.8%
JAWA TENGAH	87.8%	12.7%	52.9%	34.4%
JAWA TIMUR	82.3%	15.7%	66.7%	17.6%
KALIMANTAN BARAT	75.8%	23.4%	60.4%	16.1%
KALIMANTAN SELATAN	65.5%	36.6%	56.9%	6.5%
KALIMANTAN TENGAH	70.5%	17.2%	72.0%	10.7%
KALIMANTAN TIMUR	63.4%	20.5%	68.9%	10.6%
KALIMANTAN UTARA	69.3%	18.5%	69.4%	12.2%
KEP. BANGKA BELITUNG	81.5%	22.2%	60.1%	17.7%
KEP. RIAU	56.0%	32.6%	55.8%	11.6%
LAMPUNG	86.3%	15.0%	69.7%	15.3%
MALUKU	50.9%	18.7%	64.4%	17.0%
MALUKU UTARA	53.4%	26.8%	60.8%	12.4%
NUSA TENGGARA BARAT	77.1%	25.4%	67.0%	7.6%
NUSA TENGGARA TIMUR	66.2%	5.5%	61.3%	33.2%
P A P U A	28.5%	11.4%	59.2%	29.5%
PAPUA BARAT	23.7%	11.1%	61.5%	27.5%
PAPUA BARAT DAYA	37.0%	13.7%	59.3%	27.0%
PAPUA PEGUNUNGAN	0.1%	20.0%	60.6%	19.4%
PAPUA SELATAN	18.1%	9.9%	72.1%	18.1%
PAPUA TENGAH	4.6%	10.5%	61.2%	28.2%
RIAU	62.8%	38.8%	51.8%	9.4%
SULAWESI BARAT	83.3%	27.9%	64.7%	7.4%
SULAWESI SELATAN	75.9%	38.2%	56.9%	4.9%
SULAWESI TENGAH	73.0%	21.9%	69.3%	8.8%
SULAWESI TENGGARA	81.3%	23.6%	70.5%	5.9%
SULAWESI UTARA	87.4%	7.3%	75.3%	17.4%
SUMATERA BARAT	76.3%	56.9%	39.1%	4.0%
SUMATERA SELATAN	78.1%	18.3%	70.0%	11.8%
SUMATERA UTARA	57.6%	28.3%	59.4%	12.2%
Luar Negeri	55.6%	23.1%	56.1%	20.8%
TOTAL	73.37%	24.2%	58.8%	17.0%

Source : KPU (2024), link: <https://pemilu2024.kpu.go.id/pilpres/hitung-suara/>

“Komeng and Kondang Kusumaning” Phenomenon

REAL COUNT RESULT OF DPD JABAR

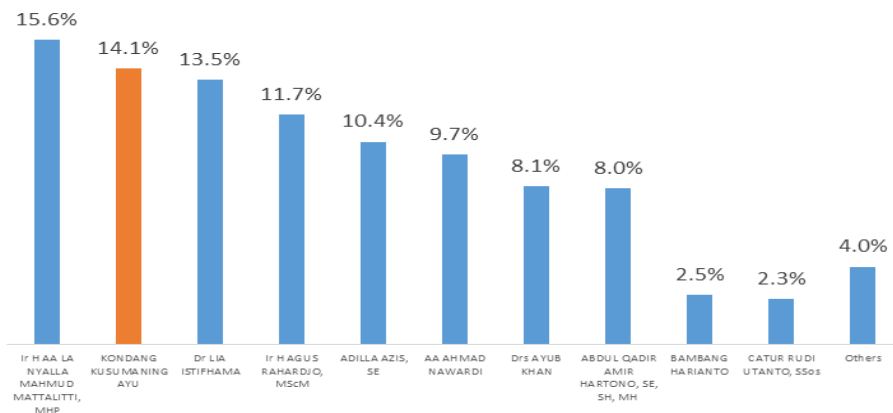
(AS OF 21 FEB '24, 11.01 WIB)



Source : KPU (2024), link: <https://pemilu2024.kpu.go.id/pilpres/hitung-suara/>

REAL COUNT RESULT OF DPD JATIM

(AS OF 21 FEB '24, 11.01 WIB)



Source : KPU (2024), link: <https://pemilu2024.kpu.go.id/pilpres/hitung-suara/>

- The potential election of Komeng to represent West Java in the Regional Representative Council (DPD), with a real count vote tally reaching 1.8 mn (or 20.1%) as of 21 Feb '24 at 11:01 WIB, is quite phenomenal.
- Similarly, the leading position of Kondang Kusumaning Ayu in the DPD of East Java with 1.7 mn (or 14.1%), signifies significant phenomena.
- We hope that these two phenomena represent another form of the "*Schumpeterian Theory*" or known as the "*Creative Destruction Theory*", as a consequence of the best access to power, capital, or influence.
- Looking ahead, we anticipate an increase in innovation, competition, and entrepreneurship."

Waiting for The “Creative Destruction”

Prabowo: Ditjen Pajak Pisah dari Kemenkeu, Penerimaan Negara Naik 23%

NEWS - Tim Redaksi, CNBC Indonesia

19 February 2024 10:05

Source : CNBC, diakses pada 21 Feb '24, link:

<https://www.cnbcindonesia.com/news/20240219094209-4-515553/prabowo-ditjen-pajak-pisah-dari-kemenkeu-penerimaan-negara-naik-23>

PRELIMINARY REALIZATION OF APBN 2023

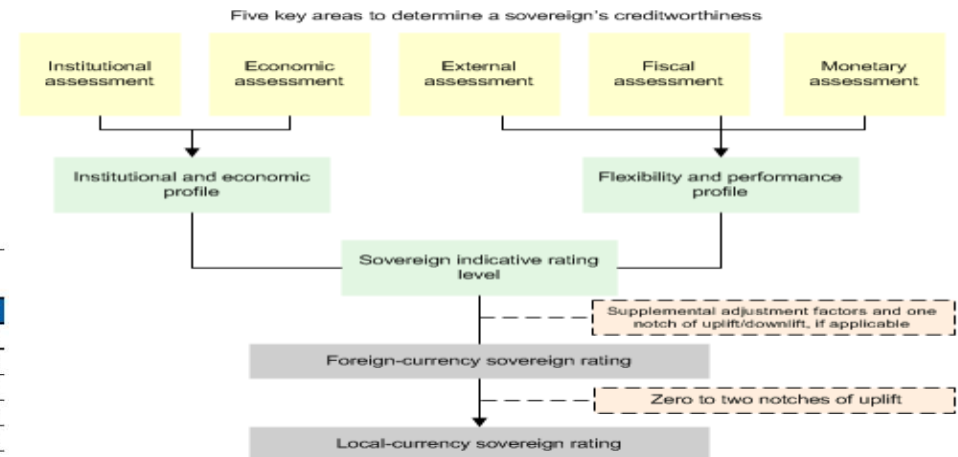
APBN (triliun rupiah)	2023					
	APBN	Perpres 75/2023	Realisasi (Sementara)	% thd APBN	% thd Perpres 75/2023	Growth (%)
A. Pendapatan Negara	2.463,02	2.637,25	2.774,30	112,64	105,20	5,25
I. Pendapatan Dalam Negeri	2.462,62	2.634,15	2.761,31	112,13	104,83	4,99
1. Penerimaan Perpajakan	2.021,22	2.118,35	2.155,42	106,64	101,75	5,94
a. Pajak	1.718,03	1.818,24	1.869,23	108,80	102,80	8,88
b. Kepabeanan dan Cukai	303,19	300,11	286,19	94,39	95,36	(9,94)
2. PNBPN	441,39	515,80	605,89	137,27	117,47	1,73
II. Penerimaan Hibah	0,41	3,10	12,99	3.172,42	418,99	128,03
B. Belanja Negara	3.061,18	3.117,18	3.121,94	101,99	100,15	0,83
I. Belanja Pemerintah Pusat	2.246,46	2.302,46	2.240,65	99,74	97,32	(1,73)
1. Belanja K/L	1.000,84	1.000,84	1.153,46	115,25	115,25	6,34
2. Belanja Non K/L	1.245,61	1.301,61	1.087,18	87,28	83,53	(9,05)
II. Transfer Ke Daerah	814,72	814,72	881,30	108,17	108,17	7,97
C. Keseimbangan Primer	(156,75)	(38,53)	92,24	(58,84)	(239,41)	(224,52)
D. Surplus/(Defisit) Anggaran	(598,15)	(479,93)	(347,64)	58,12	72,44	(24,49)
% Surplus/(Defisit) thd PDB	(2,84)	(2,27)	(1,65)			
E. Pembiayaan Anggaran	598,15	479,93	359,51	60,10	74,91	(39,17)
SILPA/SIKPA	-	-	11,86			

Source : APBN Kita (2024), link: <https://media.kemenkeu.go.id/getmedia/00d3acf5-5aa8-499a-b7e3-ceadc5be7094/Publikasi-APBN-KiTa-Edisi-Januari-2024.pdf?ext=.pdf>

If creative destruction in the form of separating the Revenue and Expenditure sides of the state is implemented, with the effectiveness of State Revenue reaching 23% of GDP, it would certainly be a very positive development.

Considering that by the end of 2023, Indonesia's tax ratio was only at 8.95% and State Revenue was merely 13.28% of GDP, this has been a longstanding challenge in assessing the economic assessment by various rating agencies in adjusting Indonesia's Sovereign rating.

S&P's SOVEREIGN ISSUER CREDIT RATING FRAMEWORK



Source : S&P (2024), link : https://www.spglobal.com/ratings/division-assets/pdfs/021519_howratesovereigns.pdf

S&P's RATING SCORE SNAPSHOT

(AS OF 31 MAY 2020)

Rating Score Snapshot						
Issuer	Sovereign Foreign-Currency Ratings	Institutional assessment	Economic assessment	External assessment	Fiscal assessment: budget performance	Fiscal assessment: debt
Indonesia	BBB/Negative/A-2	3	4	4	3	3
Malaysia	A-/Stable/A-2	3	4	2	3	4
Philippines	BBB+/Stable/A-2	4	4	1	3	3
Singapore	AAA/Stable/A-1+	1	1	1	1	1
Thailand	BBB+/Stable/A-2	4	4	1	3	3

Source : S&P (2024), link: [https://www.spglobal.com/ratings/en/research/articles/200603-sovereign-ratings-score-snapshot-11517881#:~:text=Our%20analysis%20of%20sovereign%20creditworthiness,and%20\(v\)%20monetary%20assessment](https://www.spglobal.com/ratings/en/research/articles/200603-sovereign-ratings-score-snapshot-11517881#:~:text=Our%20analysis%20of%20sovereign%20creditworthiness,and%20(v)%20monetary%20assessment)



 KB Valbury Sekuritas