

The Challenges of The Services Inflation

29 February 2024

Economist / Fikri C Permana

Last Week's Economic Update

ECONOMIC CALENDAR

(22 TO 28 FEB 2024)

Thursday, Feb 22, 2024			
US 20-Year Bond Auction	4.60%		4.42%
US FOMC Member Bowman Speaks			
US FOMC Meeting Minutes			
US API Weekly Crude Oil Stock	7.168M	4.298M	8.520M
JP Au Jibun Bank Japan Services PMI	52.50		53.10
ID Balance Of Payment (EUR) (Q4)	8.60B		-1.50B
ID Current Account % of GDP (Q4)	-0.40%		-0.20%
EU ECB Supervisory Board Member Fernandez-Bollo Speaks			
GE HCOB Manufacturing PMI (Feb)	42.30	46.10	45.50
GE HCOB Services PMI (Feb)	48.20	48.00	47.70
EU HCOB Manufacturing PMI (Feb)	46.10	47.00	46.60
EU HCOB Composite PMI (Feb)	48.90	48.50	47.90
EU HCOB Services PMI (Feb)	50.00	48.80	48.40
EU ECB Supervisory Board Member Tuominen Speaks			
GB S&P Global/CIPS Manufacturing PMI	47.10	47.50	47.00
GB S&P Global/CIPS Composite PMI	53.30	52.90	52.90
GB S&P Global/CIPS Services PMI	54.30	54.20	54.30
EU Core CPI (YoY) (Jan)	3.30%	3.30%	3.40%
EU CPI (YoY) (Jan)	2.80%	2.80%	2.90%
EU CPI (MoM) (Jan)	-0.40%	-0.40%	0.20%
EU ECB Publishes Account of Monetary Policy Meeting			
US Continuing Jobless Claims	1,862K	1,885K	1,889K
US Initial Jobless Claims	201K	217K	213K
US S&P Global Manufacturing PMI (Feb)	51.50	50.50	50.70
US S&P Global Composite PMI (Feb)	51.40	51.80	52.00
US S&P Global Services PMI (Feb)	51.30	52.40	52.50
US Existing Home Sales (Jan)	4.00M	3.96M	3.88M
US Existing Home Sales (MoM) (Jan)	3.10%		-0.80%
US Crude Oil Inventories	3.514M	3.879M	12.018M
US Cushing Crude Oil Inventories	0.741M		0.710M

Friday, Feb 23, 2024			
US 30-Year TIPS Auction	2.20%		1.97%
US Fed's Balance Sheet	7,582B		7,634B
US Fed Waller Speaks			
ID M2 Money Supply (YoY) (Jan)	5.40%		3.50%
GE GDP (YoY) (Q4)	-0.20%	-0.20%	-0.40%
GE GDP (QoQ) (Q4)	-0.30%	-0.30%	-0.10%
GE Business Expectations (Feb)	84.10	84.00	83.50
GE Current Assessment (Feb)	86.90	86.70	86.90
GE Ifo Business Climate Index (Feb)	85.50	85.50	85.20
EU ECB's Schnabel Speaks			
EU ECB's Supervisory Board Member Jochnick Speaks			
GE Buba Mauderer Speaks			
GE Buba President Nagel Speaks			
EU Eurogroup Meetings			

Event	Actual	Forecast	Previous
Monday, Feb 26, 2024			
GB BoE MPC Member Pill Speaks			
GE Buba Mauderer Speaks			
GE Buba President Nagel Speaks			
US Building Permits	1.489M	1.470M	1.493M
US New Home Sales (Jan)	661K	680K	651K
US New Home Sales (MoM) (Jan)	1.50%	3.00%	7.20%
EU ECB President Lagarde Speaks			
US 2-Year Note Auction	4.69%		4.37%
Tuesday, Feb 27, 2024			
US 5-Year Note Auction	4.32%		4.06%
JP National Core CPI (YoY) (Jan)	2.00%	1.90%	2.30%
JP National CPI (Jan)	0.00%		0.10%
GE Gfk Consumer Climate (Mar)	-29.00	-29.00	-29.60
EU ECB's Elderson Speaks			
US Core Durable Goods Orders (MoM) (Jan)	-0.30%	0.20%	-0.10%
US Durable Goods Orders (MoM) (Jan)	-6.10%	-4.90%	-0.30%
GB MPC Member Ramsden Speaks			
US S&P/CS HPI Composite - 20 n.s.a. (YoY) (Dec)	6.10%	6.00%	5.40%
US S&P/CS HPI Composite - 20 n.s.a. (MoM) (Dec)	-0.30%		-0.20%
US Fed Vice Chair For Supervision Barr Speaks			
US CB Consumer Confidence (Feb)	106.70	114.80	1180.90
GE Buba Balz Speaks			
Wednesday, Feb 28, 2024			
US 7-Year Note Auction	4.33%		4.11%
US API Weekly Crude Oil Stock	8.428M		7.186M
US GDP (QoQ) (Q4)		3.30%	4.90%
US GDP Price Index (QoQ) (Q4)		1.50%	3.30%
US Goods Trade Balance (Jan)		-88.40B	-87.89B
US Retail Inventories Ex Auto (Jan)			0.40%
EU ECB McCaul Speaks			
GB BoE MPC Member Mann Speaks			
US Crude Oil Inventories		3.100M	3.514M
US Cushing Crude Oil Inventories			0.741M

Sources : Investing and KBVS Research-treated (2024)

US Inflation Rate

US Inflation Rate

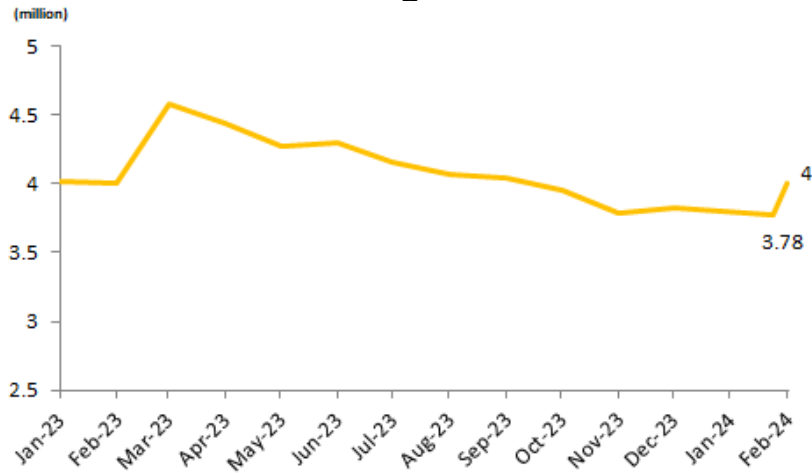
(JAN '24)

Items	Seasonally adjusted changes (% MoM)							Unadjusted change (% YoY)
	2023						2024	
	Jul	Aug.	Sep.	Oct.	Nov.	Dec.	Jan	Jan' 24
All items	0.2	0.5	0.4	0.1	0.2	0.2	0.3	3.1
Food	0.2	0.2	0.2	0.3	0.2	0.2	0.4	2.6
Food at home	0.2	0.2	0.1	0.3	0.0	0.1	0.4	1.2
Food away from home(1)	0.2	0.3	0.4	0.4	0.4	0.3	0.5	5.1
Energy	0	4.4	1.2	-2.1	-1.6	-0.2	-0.9	-4.6
Energy commodities	-0.1	8.3	1.8	-4.3	-3.8	-0.7	-3.2	-6.9
Gasoline (all types)	-0.2	8.3	1.6	-4.3	-4.0	-0.6	-3.3	-6.4
Fuel oil	2.1	11.2	6.4	-6.4	-1.1	-3.3	-4.5	-14.2
Energy services	0.1	0.1	0.3	0.4	1.0	0.3	1.4	-2.0
Electricity	-0.4	0.2	0.8	0.4	1.0	0.6	1.2	3.8
Utility (piped) gas service	1.5	-0.3	-1.4	0.3	1.2	-0.6	2.0	-17.8
All items less food and energy	0.2	0.2	0.3	0.2	0.3	0.3	0.4	3.9
Commodities less food and energy commoditie	-0.3	-0.2	-0.2	0.0	-0.2	-0.1	-0.3	-0.3
New vehicles	0	0.2	0.2	-0.1	0.0	0.2	0.0	0.7
Used cars and trucks	-1.5	-1.9	-1.8	-0.4	1.4	0.6	-3.4	-3.5
Apparel	0.1	0.2	-0.3	0.0	-0.6	0.0	-0.7	0.1
Medical care commodities(1)	0.5	0.6	-0.3	0.4	0.5	-0.1	-0.6	3.0
Services less energy services	0.4	0.4	0.5	0.3	0.5	0.4	0.7	5.4
Shelter	0.5	0.3	0.6	0.3	0.4	0.4	0.6	6.0
Transportation services	0.8	1.6	0.7	0.9	1.0	0.1	1.0	9.5
Medical care services	-0.3	0	0.2	0.2	0.5	0.5	0.7	0.6

Source : US BLS (2024), treated

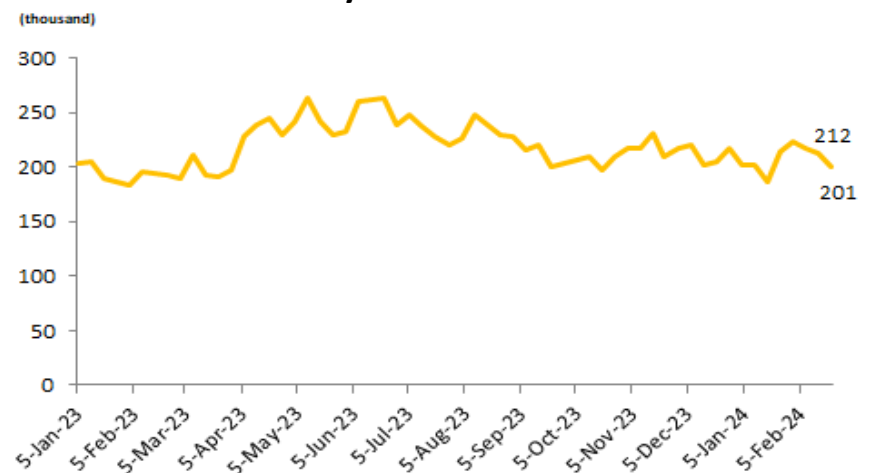
US Risk of Inflation

US Existing Home Sales



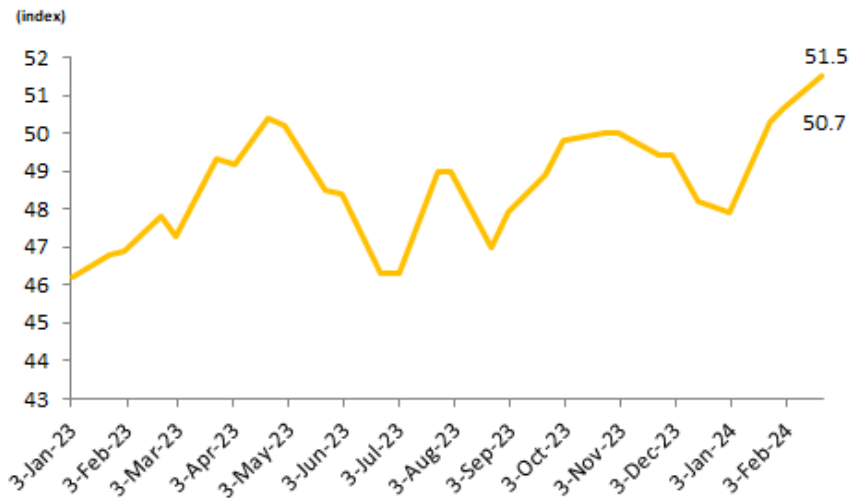
Source : US National Association of Realtors (2024)

US Weekly Initial Jobless Claims



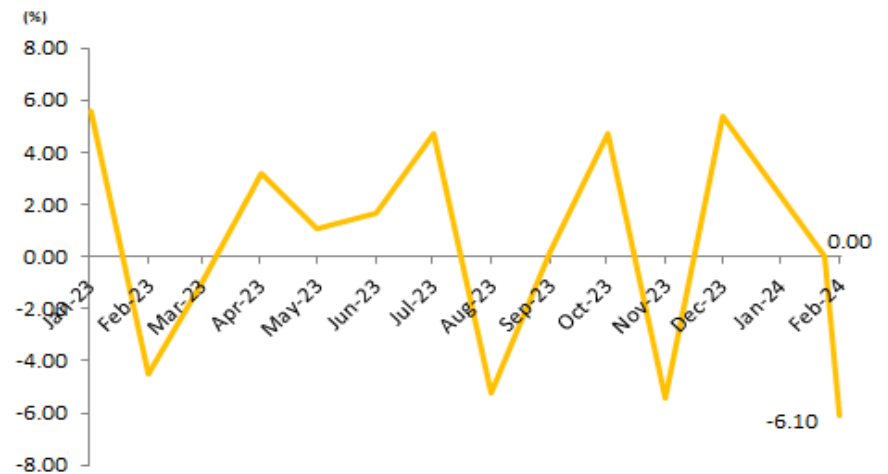
Source : US Department of Labor (2024)

US S&P Global Manufacturing PMI



Source : Markit (2024)

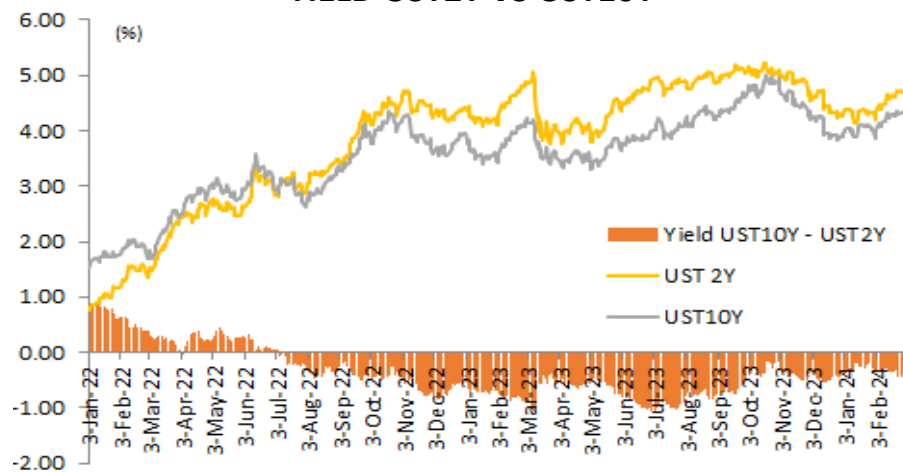
US Durable Good Order



Source : US Census Bureau (2024)

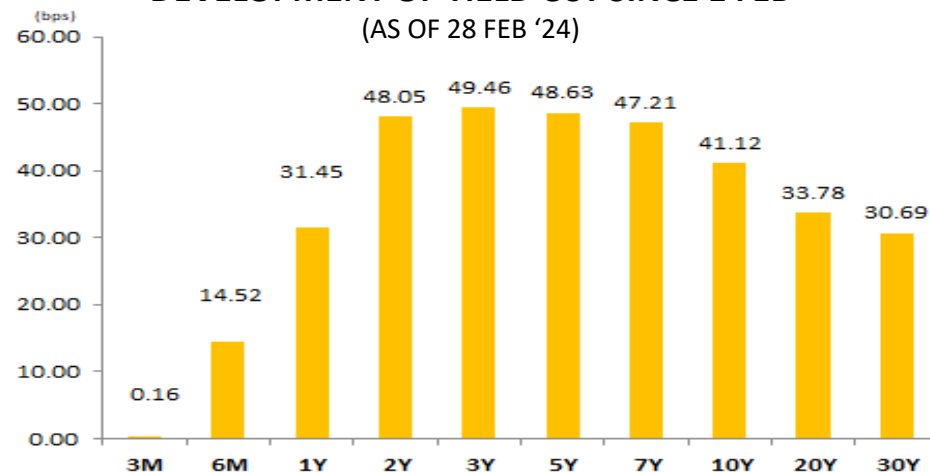
The Movement of UST Yields

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 28 FEB '24)

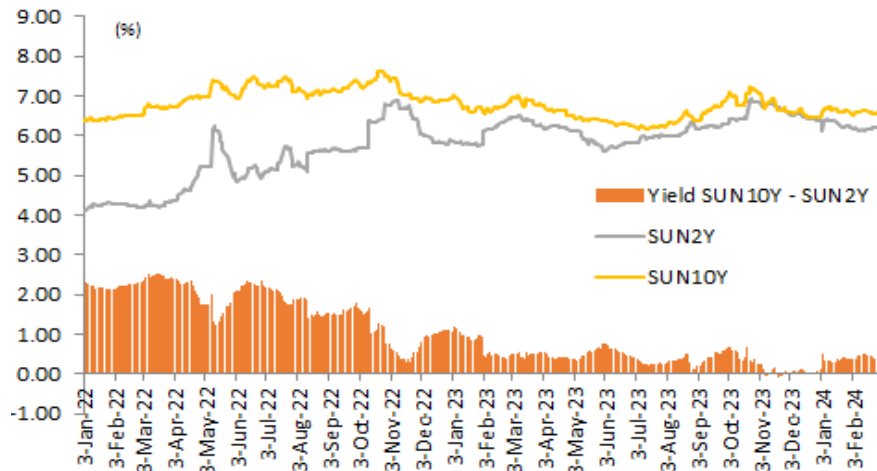
MEETING DATE	MEETING PROBABILITIES						
	375-400	400-425	425-450	450-475	475-500	500-525	525-550
20-Mar-24	0.0%	0.0%	0.0%	0.0%	0.0%	2.5%	97.5%
1-May-24	0.0%	0.0%	0.0%	0.0%	0.4%	18.4%	81.1%
12-Jun-24	0.0%	0.0%	0.0%	0.2%	9.9%	51.3%	38.6%
31-Jul-24	0.0%	0.0%	0.1%	5.5%	32.6%	44.3%	17.5%
18-Sep-24	0.0%	0.1%	3.8%	24.2%	40.7%	25.8%	5.4%
7-Nov-24	0.0%	2.0%	14.4%	32.8%	33.0%	15.2%	2.6%
18-Dec-24	1.4%	10.3%	26.6%	32.9%	21.1%	6.8%	0.9%

Source : CME Group (2024)

- UST2Y yield experienced an increase of +8.95 bps on a weekly basis, +33.40 bps MoM and +43.30 bps Ytd (as of 28 Feb), but decreased by -13.29 bps YoY.
- UST10Y yield increased +1.80 bps on a weekly basis, +15.41 bps MoM, +41.23 bps Ytd (as of 18 Feb) and +37.14 bps YoY.
- As a consequences, UST10Y-UST2Y yield spreads also increased by +50.43 bps, but decreased by -7.15 bps on a weekly basis, -17.99 bps MoM and -2.07 bps ytd (as of 28 Feb).

The Movement SUN Yields

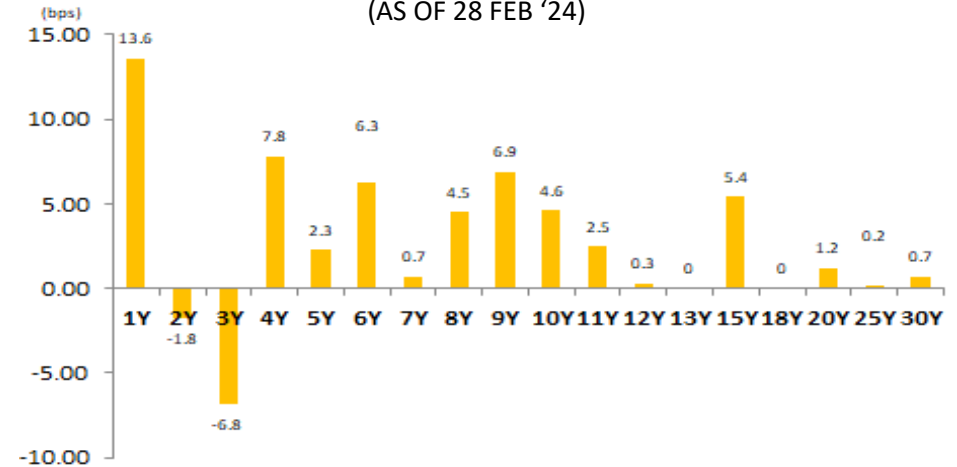
YIELD SUN2Y VS SUN10Y



Sources : Bloomberg and KBVS Research-treated (2024)

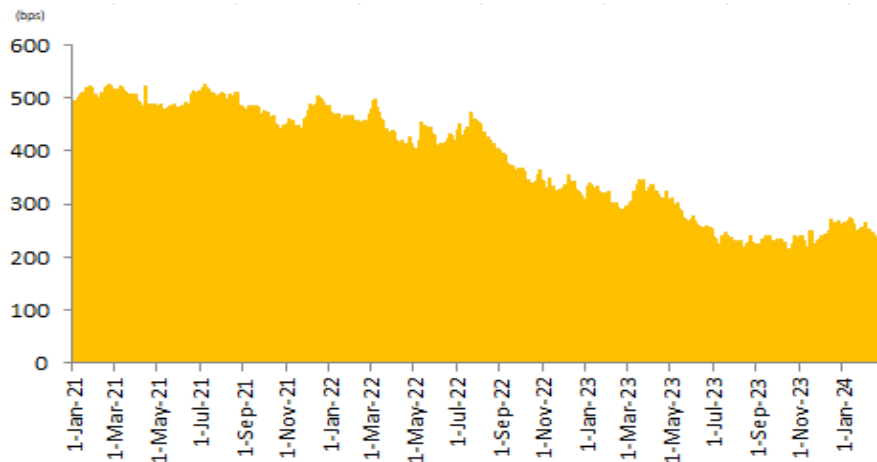
DEVELOPMENT OF YIELD SUN SINCE 1 FEB

(AS OF 28 FEB '24)



Sources : Bloomberg and KBVS Research-treated (2024)

YIELD SPREAD SUN10Y-UST10Y

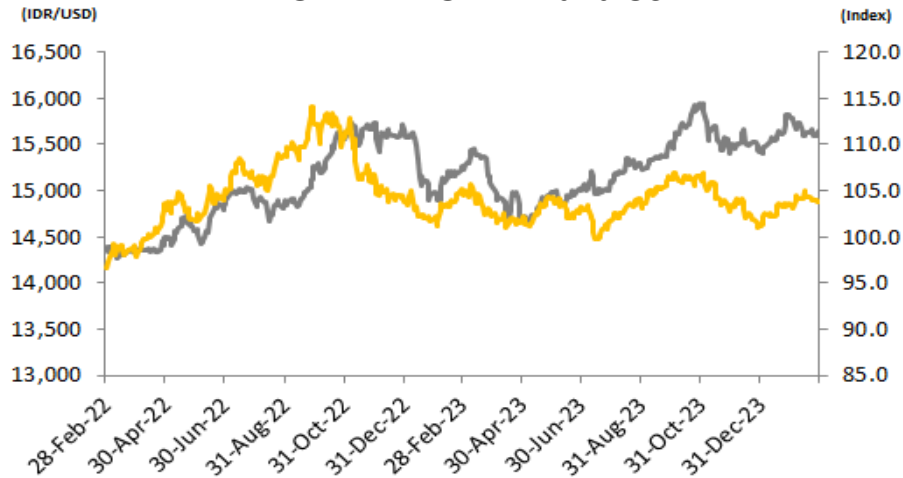


Source : Bloomberg and KBVS Research-treated (2024)

- SUN2Y yield increased 0.50 bps on a weekly basis, but decreased by -6.70 bps MoM, -20.20 bps ytd (as of 28 Feb) and -26.20 bps YoY.
- SUN10Y yield increased 12.50 bps ytd (as of 28 Feb), but decreased -2.50 bps on weekly basis, -5.10 bps MoM and -149.00 bps YoY.
- SUN10Y-SUN2Y Yield spreads increased +1.60 bps MoM and +32.70 bps ytd (as of 28 Feb), but decreased -3.00 bps weekly and -3.60 bps YoY.

Capital Flow in Indonesia's Portfolio

DEVELOPMENT OF DXY and USDIDR

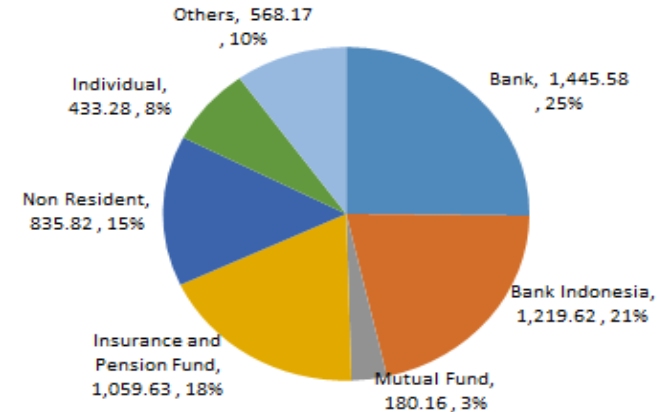


Sources : Bloomberg and KBVS Research-treated (2024)

OWNERSHIP OF TRADABLE SBN

(AS OF 28 FEB '24)

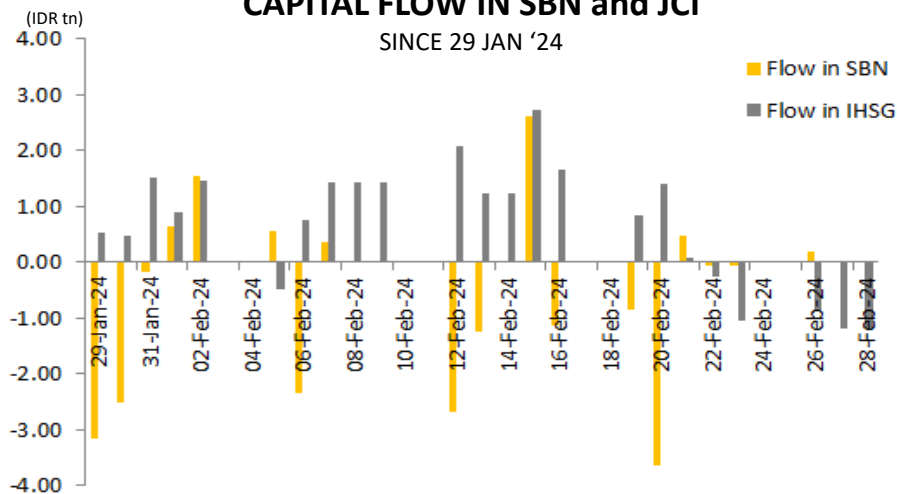
(IDR tn)



Sources : DJPPR and KBVS Research-treated (2024)

CAPITAL FLOW IN SBN and JCI

SINCE 29 JAN '24

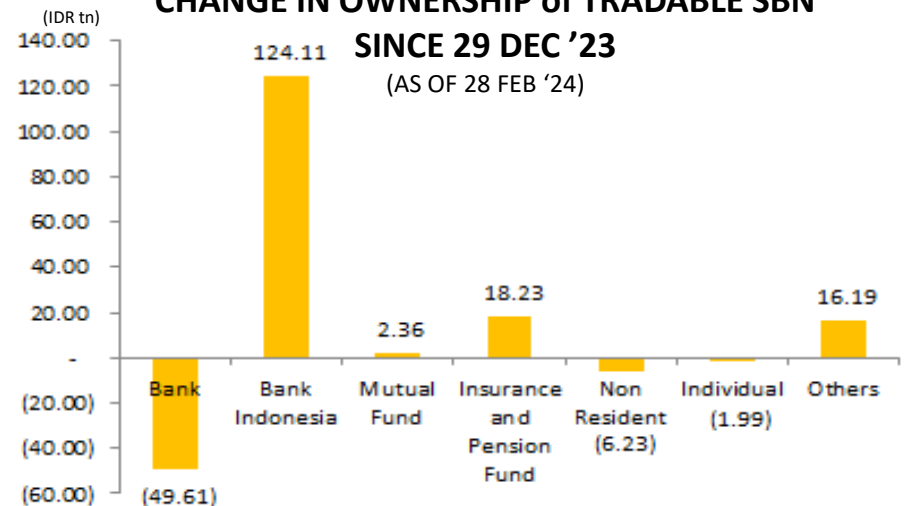


Sources : Bloomberg and KBVS Research-treated (2024)

CHANGE IN OWNERSHIP of TRADABLE SBN

SINCE 29 DEC '23

(AS OF 28 FEB '24)



Sources : DJPPR and KBVS Research-treated (2024)

The Results of The Latest SBSN & SUN Auction, on 27 Feb '24.

SBSN Auction Result On 20 Feb '24

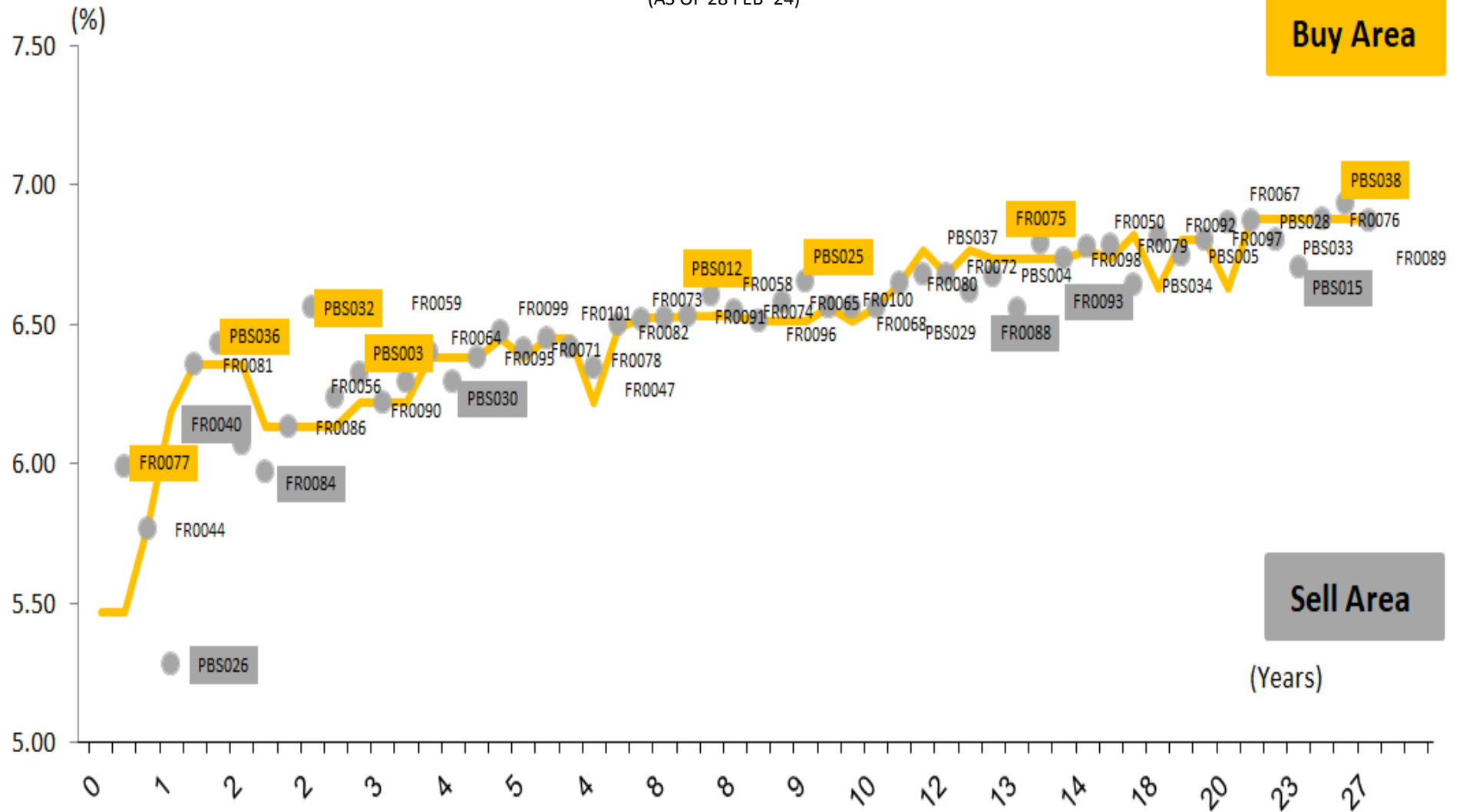
Date	Total Incoming Bids (IDR bn)	Total Awarded (IDR bn)	SPNS05082024	PBSG001	PBS030	PBS038	PBS032	PBS004	SPNS18112024
20-Feb-24	19,882	12,000	6.37%	6.58%	6.46%	6.99%	6.53%	6.68%	6.39%

SUN Auction Result On 27 Feb '24

Date	Total Incoming Bids (IDR bn)	Total Awarded (IDR bn)	SPN12240529	FR0098	FR0097	FR0100	FR0101	FR0102	SPN12250213
12-Feb-24	61,040	24,000	6.40%	6.77%	6.85%	6.60%	6.51%	6.93%	6.47%

Yield Curve SUN

YIELD CURVE
(AS OF 28 FEB '24)



Sources : Bloomberg and KBVS Research-treated (2023)

Bonds Data, as of 28 Feb '24

BOND DATA								
TTM	Series	Coupon	Price	Benchmark Price	Yield	Benchmark Yield	Maturity	Notes
0	FR0070	8,38	100,10	99,38	4,65	5,47	15 Mar 2024	Premium
0	FR0077	8,13	100,36	99,38	5,99	5,47	15 May 2024	Fair
1	FR0044	10,00	102,20	97,73	5,76	5,78	15 Sep 2024	Premium
1	PBS026	6,63	100,63	95,79	5,28	6,19	15 Oct 2024	Premium
1	FR0081	6,50	100,11	100,17	6,36	6,36	15 Jun 2025	Fair
1	PBS036	5,38	98,48	100,17	6,43	6,36	15 Aug 2025	Discounted
2	FR0040	11,00	107,05	100,17	6,07	6,36	15 Sep 2025	Premium
2	FR0084	7,25	102,12	98,75	5,97	6,13	15 Feb 2026	Premium
2	FR0086	5,50	98,65	98,75	6,13	6,13	15 Apr 2026	Fair
2	PBS032	4,88	96,29	98,75	6,56	6,13	15 Jul 2026	Discounted
3	FR0056	8,38	104,78	98,75	6,24	6,13	15 Sep 2026	Fair
3	PBS003	6,00	98,97	96,92	6,33	6,22	15 Jan 2027	Fair
3	FR0090	5,13	96,74	96,92	6,22	6,22	15 Apr 2027	Fair
3	FR0059	7,00	101,84	96,92	6,30	6,22	15 May 2027	Fair
4	FR0064	6,13	98,90	99,98	6,40	6,38	15 May 2028	Discounted
4	PBS030	5,88	97,96	99,98	6,29	6,38	15 Jul 2028	Fair
4	FR0095	6,38	99,88	99,98	6,38	6,38	15 Aug 2028	Fair
5	FR0099	6,40	99,58	101,82	6,47	6,45	15 Jan 2029	Discounted
5	FR0071	9,00	110,83	99,98	6,41	6,38	15 Mar 2029	Fair
5	FR0101	6,88	101,73	101,82	6,45	6,45	15 Apr 2029	Fair
5	FR0078	8,25	107,88	101,82	6,42	6,45	15 May 2029	Premium
4	FR0047	10,00	112,40	96,92	6,34	6,22	15 Feb 2028	Fair
7	FR0082	7,00	102,51	120,89	6,50	6,49	15 Sep 2030	Discounted
7	FR0073	8,75	112,52	99,86	6,52	6,53	15 May 2031	Premium
8	PBS012	8,88	113,85	99,86	6,53	6,53	15 Nov 2031	Fair
8	FR0091	6,38	98,89	99,03	6,53	6,53	15 Apr 2032	Fair
8	FR0058	8,25	110,16	99,03	6,60	6,53	15 Jun 2032	Fair
8	FR0074	7,50	105,86	99,03	6,55	6,53	15 Aug 2032	Fair

BOND DATA								
TTM	Series	Coupon	Price	Benchmark Price	Yield	Benchmark Yield	Maturity	Notes
9	FR0096	7,00	103,14	103,29	6,51	6,51	15 Feb 2033	Fair
9	FR0065	6,63	100,11	103,29	6,58	6,51	15 May 2033	Discounted
9	PBS025	8,38	111,44	103,29	6,66	6,51	15 May 2033	Fair
10	FR0100	6,63	100,37	100,45	6,56	6,56	15 Feb 2034	Fair
10	FR0068	8,38	113,03	103,29	6,56	6,51	15 Mar 2034	Fair
10	PBS029	6,38	98,18	100,45	6,56	6,56	15 Mar 2034	Fair
11	FR0080	7,50	106,50	106,68	6,65	6,65	15 Jun 2035	Fair
12	PBS037	6,88	101,37	125,75	6,68	6,77	15 Mar 2036	Fair
12	FR0072	8,25	112,77	112,94	6,68	6,68	15 May 2036	Fair
12	FR0088	6,25	96,47	125,75	6,62	6,77	15 Jun 2036	Fair
13	PBS004	6,10	94,75	103,54	6,67	6,73	15 Feb 2037	Fair
13	FR0093	6,38	97,83	103,54	6,55	6,73	15 Jul 2037	Fair
14	FR0075	7,50	106,24	103,54	6,79	6,73	15 May 2038	Fair
14	FR0098	7,13	103,40	103,54	6,73	6,73	15 Jun 2038	Fair
14	FR0050	10,50	133,49	125,75	6,78	6,77	15 Jul 2038	Fair
15	FR0079	8,38	114,59	103,54	6,78	6,73	15 Apr 2039	Fair
15	PBS034	6,50	98,29	106,58	6,64	6,82	15 Jun 2039	Fair
18	FR0092	7,13	102,96	97,33	6,82	6,63	15 Jun 2042	Fair
19	PBS005	6,75	99,44	103,40	6,75	6,81	15 Apr 2043	Fair
19	FR0097	7,13	103,24	103,40	6,81	6,81	15 Jun 2043	Fair
20	FR0067	8,75	119,99	97,33	6,87	6,63	15 Feb 2044	Fair
23	PBS028	7,75	109,77	105,85	6,87	6,88	15 Oct 2046	Premium
23	PBS033	6,75	99,07	105,85	6,80	6,88	15 Jun 2047	Fair
23	PBS015	8,00	114,47	105,85	6,71	6,88	15 Jul 2047	Premium
24	FR0076	7,38	105,62	105,85	6,88	6,88	15 May 2048	Fair
26	PBS038	6,88	99,13	105,85	6,93	6,88	15 Dec 2049	Discounted
27	FR0089	6,88	99,79	100,05	6,87	6,87	15 Aug 2051	Discounted

GLOBAL BONDS DATA								
TTM	Series	Coupon	Price	Benchmark Pri	Yield	Benchmark Y	Maturity	Notes
4	INDON 2028	3,50	94,904	99,05	4,89	4,47	11 Jan 2028	Discounted
9	INDON 2033	4,85	98,438	98,25	5,03	4,29	11 Jan 2033	Fair
29	INDON 2053	5,65	103,132	99,84	5,41	4,51	11 Jan 2053	Fair

This Week's Economic Calendar

ECONOMIC CALENDAR

(29 FEB TO 6 MAR 2024)

Thursday, Feb 29, 2024			
US FOMC Member Bostic Speaks			
US FOMC Member Williams Speaks			
JP Industrial Production (MoM) (Jan)	-6.70%	1.40%	
JP BoJ Core CPI (YoY)	2.50%	2.60%	
GB Nationwide HPI (YoY)		-0.20%	
GB Nationwide HPI (MoM)		0.70%	
GE Retail Sales (MoM) (Jan)	0.50%	-1.60%	
GE Unemployment Change (Feb)	7K	-2K	
GE Unemployment Rate (Feb)	5.80%	5.80%	
GE Buba Mauderer Speaks			
GE Buba President Nagel Speaks			
GE CPI (YoY) (Feb)	2.60%	2.90%	
GE CPI (MoM) (Feb)	0.50%	0.20%	
US Continuing Jobless Claims		1,862K	
US Initial Jobless Claims	209K	201K	
US Core PCE Price Index (MoM) (Jan)	0.40%	0.20%	
US Core PCE Price Index (YoY) (Jan)	2.80%	2.90%	
US PCE Price Index (YoY) (Jan)	2.40%	2.60%	
US PCE Price Index (MoM) (Jan)	0.30%	0.20%	
US Personal Spending (MoM) (Jan)	0.20%	0.70%	
US Chicago PMI (Feb)	47.90	46.00	
US Pending Home Sales (MoM) (Jan)	1.50%	8.30%	
US FOMC Member Bostic Speaks			

Friday, Mar 1, 2024			
US FOMC Member Mester Speaks			
US Fed's Balance Sheet			7,582B
ID Nikkei Manufacturing PMI (Feb)			52.90
US FOMC Member Williams Speaks			
CN Composite PMI (Feb)			50.90
CN Manufacturing PMI (Feb)	49.10	49.20	
CN Non-Manufacturing PMI (Feb)	50.80	50.70	
CN Caixin Manufacturing PMI (Feb)	50.70	50.80	
ID Core Inflation (YoY) (Feb)	1.73%	1.68%	
ID Inflation (YoY) (Feb)	2.58%	2.57%	
ID Inflation (MoM) (Feb)	0.20%	0.04%	
GE HCOB Manufacturing PMI (Feb)	42.30	45.50	
EU HCOB Manufacturing PMI (Feb)	46.10	46.60	
GB S&P Global/CIPS Manufacturing PMI (Feb)	47.10	47.00	
EU Core CPI (YoY)	2.90%	3.30%	
EU CPI (YoY) (Feb)	2.50%	2.80%	
EU CPI (MoM) (Feb)		-0.40%	
EU Unemployment Rate (Jan)	6.40%	6.40%	
GB BoE MPC Member Pill Speaks			
US S&P Global Manufacturing PMI (Feb)	51.50	50.70	
US Construction Spending (MoM) (Jan)	0.20%	0.90%	
US ISM Manufacturing Employment (Feb)		47.10	
US ISM Manufacturing PMI (Feb)	49.50	49.10	
US ISM Manufacturing Prices (Feb)	54.60	52.90	
US Michigan 1-Year Inflation Expectations (Feb)	3.00%	2.90%	
US Michigan 5-Year Inflation Expectations (Feb)	2.90%	2.90%	
US Michigan Consumer Expectations (Feb)	78.40	77.10	
US Michigan Consumer Sentiment (Feb)	79.60	79.00	
US Fed Waller Speaks			
US FOMC Member Bostic Speaks			

Event	Actual	Forecast	Previous
Monday, Mar 4, 2024			
JP Capital Spending (YoY) (Q4)			3.40%
Tuesday, Mar 5, 2024			
JP Tokyo Core CPI (YoY) (Feb)			1.60%
GB BRC Retail Sales Monitor (YoY) (Feb)			1.40%
JP Au Jibun Bank Japan Services PMI (Feb)			52.50
CN Caixin Services PMI (Feb)			52.70
GE HCOB Services PMI (Feb)			48.20
EU HCOB Composite PMI (Feb)			48.90
EU HCOB Services PMI (Feb)			50.00
GB S&P Global/CIPS Composite PMI (Feb)			53.30
GB S&P Global/CIPS Services PMI (Feb)			54.30
US S&P Global Composite PMI (Feb)			53.30
US S&P Global Services PMI (Feb)			51.30
US Factory orders (MoM) (Jan)			0.20%
US ISM Non-Manufacturing Employment (Feb)			50.50
US ISM Non-Manufacturing PMI (Feb)			53.40
US ISM Non-Manufacturing Prices (Feb)			64.00
Wednesday, Mar 6, 2024			
GE Trade Balance (Jan)			22.20B
GB S&P Global/CIPS Construction PMI (Feb)			48.80
US ADP Nonfarm Employment Change (Feb)			107K
US JOLTs Job Openings (Jan)			9.026M

Sources : Investing and KBVS Research-treated (2024)



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