

# Reescalation of Risk Premium

18 January 2024

Economist / Fikri C Permana

# Last Week's Economic Update

## ECONOMIC CALENDAR

(11 TO 17 JAN 2024)

Thursday, January 18, 2024				
EUR	German Buba Balz Speaks			
USD	10-Year Note Auction	4.02%		4.30%
USD	Atlanta Fed GDPNow (Q4)	2.20%	2.20%	2.20%
USD	FOMC Member Williams Speaks			
AUD	Trade Balance (Nov)	11.437B	7.500B	7.660B
EUR	ECB Economic Bulletin			
BRL	CPI (YoY) (Dec)	4.62%	4.54%	4.68%
USD	Continuing Jobless Claims	1,834K	1,871K	1,868K
USD	Core CPI (MoM) (Dec)	0.30%	0.30%	0.30%
USD	Core CPI (YoY) (Dec)	3.90%	3.80%	4.00%
USD	CPI (MoM) (Dec)	0.30%	0.20%	0.10%
USD	CPI (YoY) (Dec)	3.40%	3.20%	3.10%
USD	Initial Jobless Claims	202K	210K	203K
Friday, January 12, 2024				
USD	30-Year Bond Auction	4.23%		4.34%
USD	Federal Budget Balance (Dec)	-129.0B	-65.3B	-314.0B
USD	Fed's Balance Sheet	7,687B		7,681B
JPY	Adjusted Current Account (Nov)	1.89T	2.18T	2.62T
JPY	Current Account n.s.a. (Nov)	1.926T	2.385T	2.583T
AUD	Home Loans (MoM)	0.50%	0.00%	5.60%
CNY	CPI (MoM) (Dec)	0.10%	0.20%	-0.50%
CNY	CPI (YoY) (Dec)	-0.30%	-0.40%	-0.50%
CNY	PPI (YoY) (Dec)	-2.70%	-2.60%	-3.00%
CNY	Exports (Dec)	3.80M		1.70M
CNY	Exports (YoY) (Dec)	2.30%	1.70%	0.50%
CNY	Imports (YoY) (Dec)	0.20%	0.30%	-0.60%
CNY	Trade Balance (USD) (Dec)	75.34B	74.75B	68.39B
GBP	GDP (MoM) (Nov)	0.30%	0.20%	-0.30%
GBP	Industrial Production (MoM) (Nov)	0.30%	0.30%	-1.30%
GBP	Manufacturing Production (YoY) (Nov)	-1.30%	-1.70%	-0.20%
GBP	Monthly GDP 3M/3M Change (Nov)	-0.20%	-0.10%	0.00%
GBP	Trade Balance (Nov)	-14.19B	-15.70B	-15.94B
GBP	Trade Balance Non-EU (Nov)	-2.84B		-3.92B
EUR	French Consumer Spending (MoM) (Nov)	0.70%	-0.10%	-0.90%
EUR	French CPI (MoM) (Dec)	0.10%	0.10%	-0.20%
EUR	French HICP (MoM) (Dec)	0.10%	0.10%	-0.20%
EUR	Spanish CPI (YoY) (Dec)	3.10%	3.10%	3.20%
EUR	Spanish HICP (YoY) (Dec)	3.30%	3.30%	3.30%
CNY	New Loans (Dec)	1,170.0B	1,400.0B	1,090.0B
INR	CPI (YoY) (Dec)	5.69%	5.87%	5.55%
EUR	ECB's Lane Speaks			
GBP	NIESR Monthly GDP Tracker	0.00%		-0.20%
USD	Core PPI (MoM) (Dec)	0.00%	0.20%	0.00%
USD	PPI (MoM) (Dec)	-0.10%	0.10%	-0.10%
USD	FOMC Member Kashkari Speaks			
RUB	CPI (MoM) (Dec)	0.70%	0.90%	1.10%
RUB	CPI (YoY) (Dec)	7.40%	7.60%	7.50%

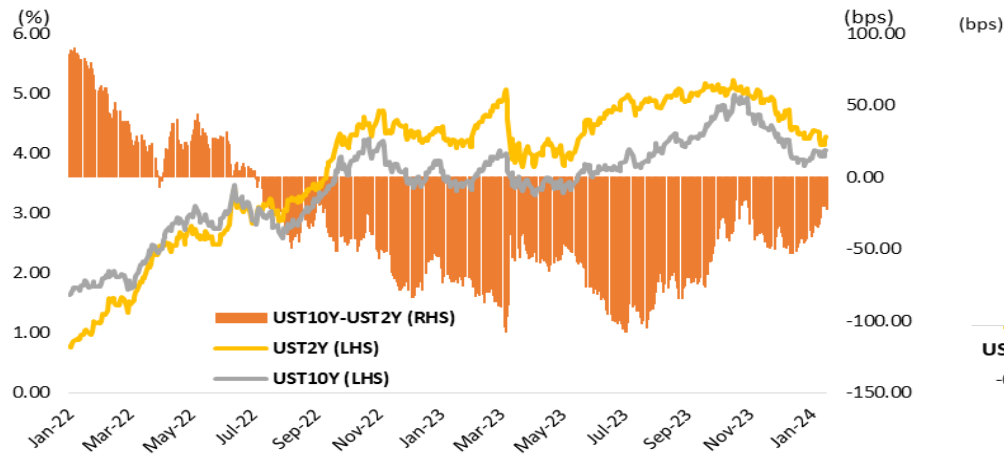
Saturday, January 13, 2024				
USD	WASDE Report			
USD	U.S. Baker Hughes Oil Rig Count	499		501
USD	U.S. Baker Hughes Total Rig Count	619		621
GBP	CFTC GBP speculative net positions	20.7K		15.2K
USD	CFTC Crude Oil speculative net positions	169.7K		163.7K
USD	CFTC Gold speculative net positions	188.6K		207.6K
USD	CFTC Nasdaq 100 speculative net positions	36.8K		39.1K
USD	CFTC S&P 500 speculative net positions	-117.0K		-214.1K
AUD	CFTC AUD speculative net positions	-32.3K		-42.9K
BRL	CFTC BRL speculative net positions	25.1K		34.3K
RUB	CFTC RUB speculative positions	-4.4K		-5.2K
EUR	CFTC EUR speculative net positions	118.9K		119.5K
Monday, January 15, 2024				
USD	United States - Martin Luther King, Jr. Day			
INR	WPI Inflation (YoY) (Dec)	0.73%	0.90%	0.26%
CHF	World Economic Forum Annual Meetings			
EUR	Eurogroup Meetings			
EUR	Industrial Production (MoM) (Nov)	-0.30%	-0.30%	-0.70%
EUR	Trade Balance (Nov)	20.3B	11.2B	11.4B
CAD	Wholesale Sales (MoM) (Nov)	0.90%	0.80%	-0.30%
CAD	BoC Business Outlook Survey			
Tuesday, January 16, 2024				
NZD	NZIER Business Confidence (Q4)	-2%		-52%
AUD	Building Approvals (MoM)	1.60%	1.60%	7.20%
GBP	Average Earnings Index +Bonus (Nov)	6.50%	6.80%	7.20%
GBP	Claimant Count Change (Dec)	11.7K	18.1K	0.6K
GBP	Employment Change 3M/3M (MoM) (Nov)	73K	50K	55K
GBP	Unemployment Rate (Nov)	4.20%	4.30%	4.20%
EUR	German CPI (YoY) (Dec)	3.70%	3.70%	3.20%
EUR	German CPI (MoM) (Dec)	0.10%	0.10%	-0.40%
CHF	World Economic Forum Annual Meetings			
EUR	German ZEW Current Conditions (Jan)	-77.3	-77	-77.1
EUR	German ZEW Economic Sentiment (Jan)	15.2	12	12.8
EUR	ZEW Economic Sentiment (Jan)	22.7	21.9	23
EUR	German Buba President Nagel Speaks			
CAD	Housing Starts (Dec)	249.3K	243.0K	210.9K
USD	NY Empire State Manufacturing Index (Jan)	-43.7	-5	-14.5
CAD	Core CPI (YoY) (Dec)	2.60%		2.80%
CAD	Core CPI (MoM) (Dec)	-0.50%		0.10%
CAD	CPI (MoM) (Dec)	-0.30%	-0.30%	0.10%
GBP	BoE Gov Bailey Speaks			
USD	Fed Waller Speaks			

Wednesday, January 17, 2024				
NZD	Electronic Card Retail Sales (MoM) (Dec)	-2.00%		1.70%
CNY	House Prices (YoY) (Dec)	-0.40%		-0.20%
CNY	Fixed Asset Investment (YoY) (Dec)	3.00%	2.90%	2.90%
CNY	GDP (QoQ) (Q4)	1.00%	1.00%	1.50%
CNY	GDP (YoY) (Q4)	5.20%	5.30%	4.90%
CNY	Chinese GDP YTD (YoY) (Q4)	5.20%		5.20%
CNY	Industrial Production (YoY) (Dec)	6.80%	6.60%	6.60%
CNY	Chinese Industrial Production YTD (YoY) (Dec)	4.60%		4.30%
CNY	Chinese Unemployment Rate (Dec)	5.10%	5.00%	5.00%
CNY	NBS Press Conference			
GBP	CPI (YoY) (Dec)	4.00%	3.80%	3.90%
GBP	CPI (MoM) (Dec)	0.40%	0.20%	-0.20%
GBP	PPI Input (MoM) (Dec)	-1.20%	-0.70%	-0.40%
CHF	World Economic Forum Annual Meetings			
EUR	Core CPI (YoY) (Dec)	3.40%	3.40%	3.60%
EUR	CPI (YoY) (Dec)	2.90%	2.90%	2.40%
EUR	CPI (MoM) (Dec)	0.20%	0.20%	-0.60%
USD	OPEC Monthly Report			
BRL	Retail Sales (MoM) (Nov)		0.10%	-0.30%
BRL	Retail Sales (YoY) (Nov)		2.10%	0.20%
USD	Core Retail Sales (MoM) (Dec)		0.20%	0.20%
USD	Export Price Index (MoM) (Dec)		-0.60%	-0.90%
USD	Import Price Index (MoM) (Dec)		-0.50%	-0.40%
USD	Retail Control (MoM) (Dec)			0.40%
USD	Retail Sales (MoM) (Dec)		0.40%	0.30%
CAD	Foreign Securities Purchases by Canadians (Nov)			-8.20B
CAD	RMPI (MoM) (Dec)		-1.60%	-4.20%
USD	FOMC Member Bowman Speaks			
GBP	BoE Deputy Governor Woods Speaks			
USD	Industrial Production (YoY) (Dec)			-0.39%
USD	Industrial Production (MoM) (Dec)		0.00%	0.20%
USD	Business Inventories (MoM) (Nov)		-0.10%	-0.10%
USD	Retail Inventories Ex Auto (Nov)		-0.80%	-0.90%
EUR	ECB President Lagarde Speaks			

Sources : Investing and KBVS Research-treated (2024)

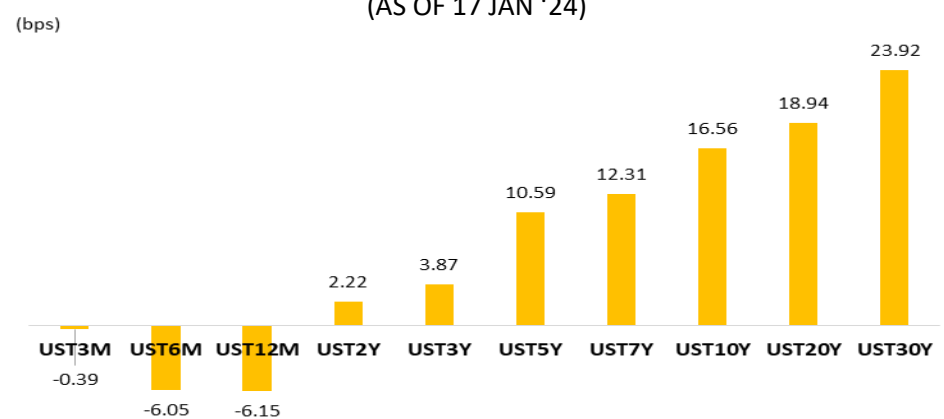
# The Movement of UST Yields

## YIELD UST2Y VS UST10Y



Sources : Bloomberg and KBVS Research-treated (2023)

## DEVELOPMENT OF YIELD UST SINCE 1 JAN (AS OF 17 JAN '24)



Sources : Bloomberg and KBVS Research-treated (2023)

## FED PROBABILITIES

(AS OF 17 JAN '24)

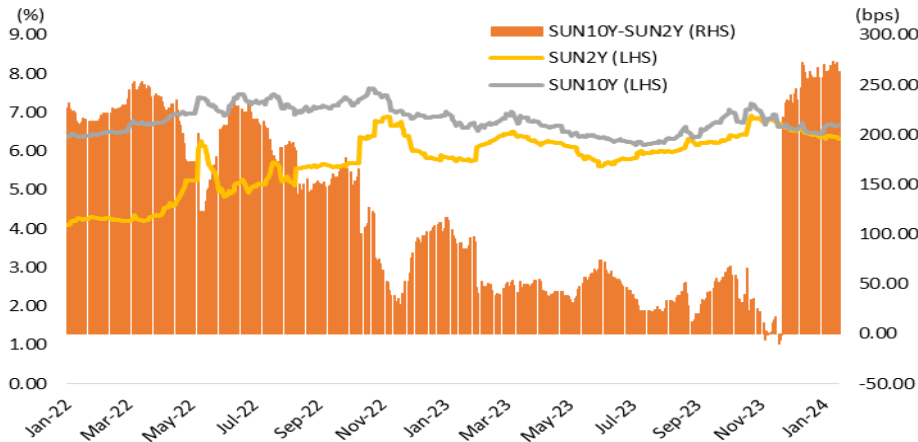
MEETING DATE	FED RATE PROBABILITIES								
	325-350	350-375	375-400	400-425	425-450	450-475	475-500	500-525	525-550
31 Jan '24	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.6%	97.4%
20 Mar '24	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.6%	61.4%	37.0%
1 May '24	0.0%	0.0%	0.0%	0.0%	0.0%	1.4%	55.0%	39.6%	3.9%
12 Jun '24	0.0%	0.0%	0.0%	0.2%	7.6%	53.2%	35.5%	3.5%	0.0%
31 Jul '24	0.0%	0.0%	0.2%	7.3%	51.5%	36.2%	4.7%	0.1%	0.0%
18 Sep '24	0.0%	0.2%	7.2%	50.6%	36.5%	5.4%	0.2%	0.0%	0.0%
7 Nov '24	0.1%	4.8%	35.7%	41.3%	16.0%	2.0%	0.1%	0.0%	0.0%
18 Dec '24	3.9%	29.6%	40.2%	21.0%	4.8%	0.5%	0.0%	0.0%	0.0%

Source : CME Group (2023)

- Fed Member Waller's statement on the potential reluctance to lower the Fed Rate has influenced the median projection for the Fed Rate reduction to reach only 150 bps (Prev: 175 bps, as of 29 Dec '23) by the end of 2024.
- This has prompted a technical rebound in the yield of UST particularly in the W3 of Jan '24.
- Simultaneously, the increase in UST10Y yield, surpassing the UST2Y yield, has further narrowed the yield spread between UST10Y and UST2Y to only -16.14 bps as of 16 Jan '24. This comes after being at -53.03 bps on 12 Dec '23.

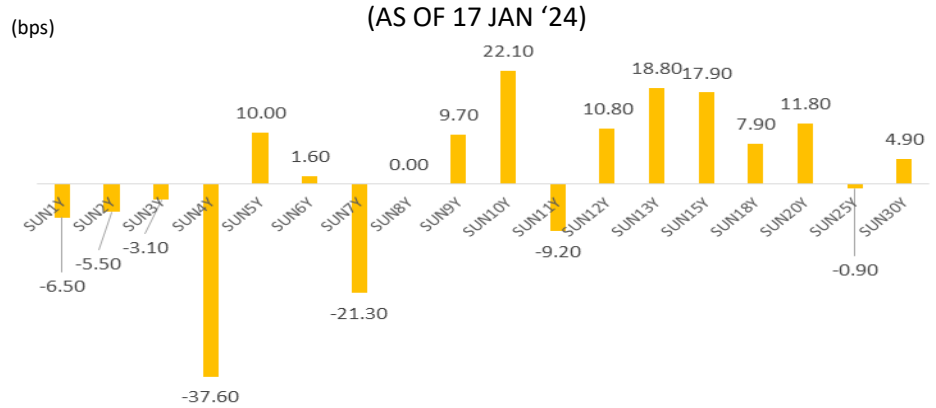
# The Movement SUN Yields

## YIELD SUN2Y VS SUN10Y



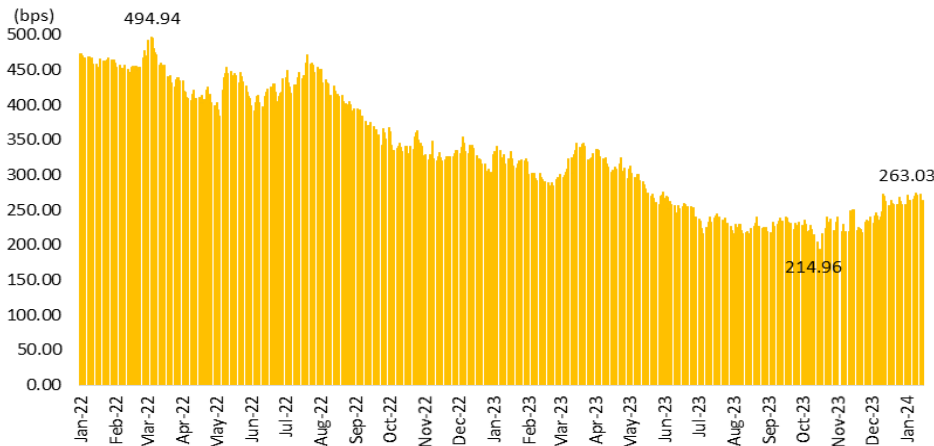
Sources : Bloomberg and KBVS Research-treated (2023)

## DEVELOPMENT OF YIELD SUN SINCE 1 JAN



Sources : Bloomberg and KBVS Research-treated (2023)

## YIELD SPREAD SUN10Y-UST10Y

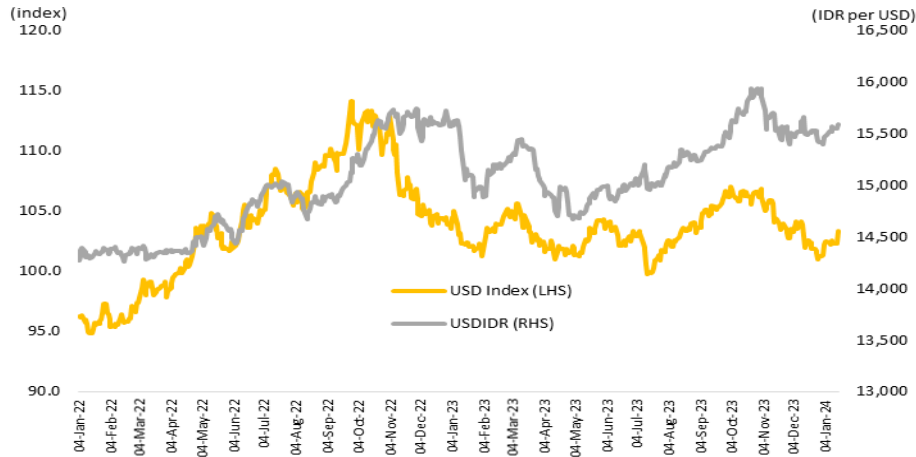


Source : Bloomberg and KBVS Research-treated (2023)

- The inverted yield curve between SUN2Y and SUN10Y did not materialize in early 2024.
- This outcome has been influenced by the escalating geopolitical tensions in the Middle East since the beginning of Jan '24, contributing to a rise in global risk premia.
- As a result, the yield on SUN10Y has been impacted by this increase, concurrently driving an expansion in the yield spread between SUN10Y and UST10Y.
- Simultaneously, this situation has prompted investors to reposition towards SUN with shorter tenors.

# Capital Flow in Indonesia's Portfolio

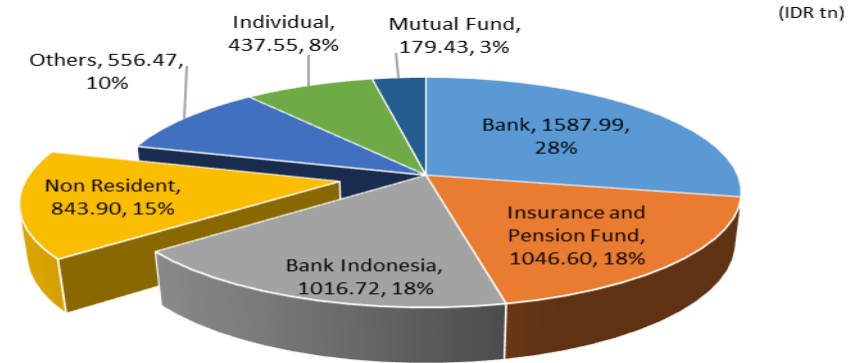
## DEVELOPMENT OF DXY and USDIDR



Sources : Bloomberg and KBVS Research-treated (2023)

## OWNERSHIP OF TRADABLE SBN

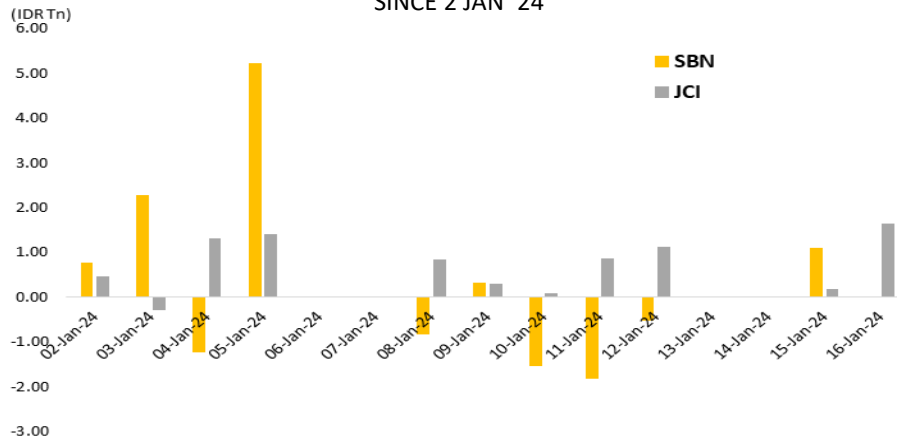
(AS OF 16 JAN '24)



Sources : DJPPR and KBVS Research-treated (2023)

## CAPITAL FLOW IN SBN and JCI

SINCE 2 JAN '24

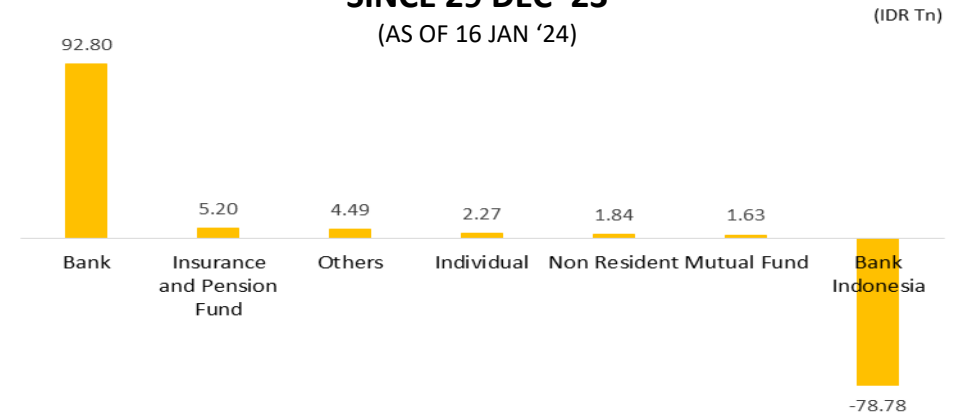


Sources : Bloomberg and KBVS Research-treated (2023)

## CHANGE IN OWNERSHIP of TRADABLE SBN

SINCE 29 DEC '23

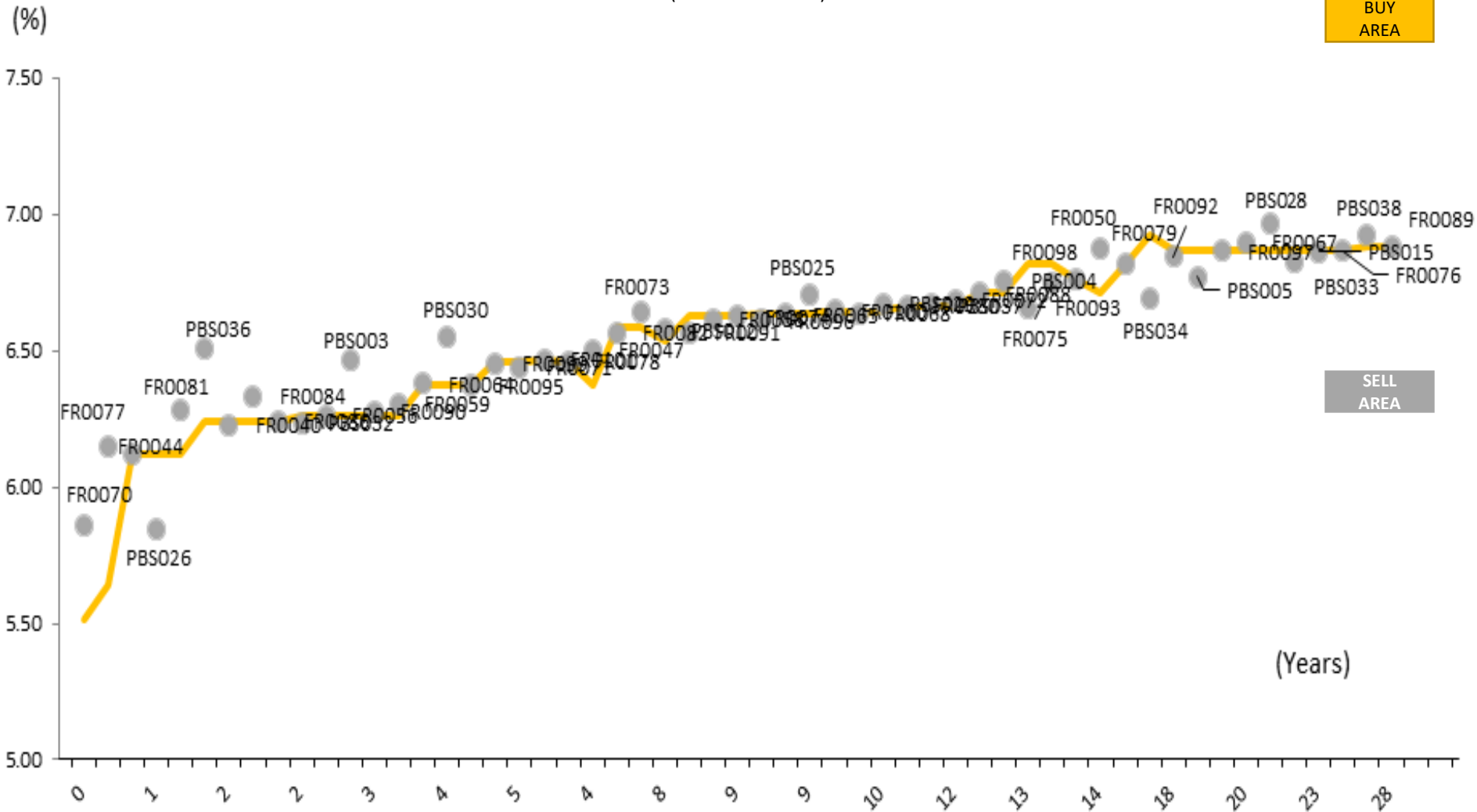
(AS OF 16 JAN '24)



Sources : DJPPR and KBVS Research-treated (2023)

# Yield Curve SUN

**YIELD CURVE**  
(AS OF 17 JAN '24)



Sources : Bloomberg and KBVS Research-treated (2023)

# Bonds Data, as of 17 Jan '24

TTM	Series	Coupon	Price	Benchmark Price	Yield	Benchmark Yield	Maturity	Notes
0	FR0070	8.38	100.31	98.97	5.86	5.52	15 Mar 2024	Fair
0	FR0077	8.13	100.54	97.57	6.15	5.64	15 May 2024	Fair
1	FR0044	10.00	102.31	102.43	6.12	6.12	15 Sep 2024	Fair
1	PBS026	6.63	100.32	102.43	5.85	6.12	15 Oct 2024	Fair
1	FR0081	6.50	100.19	102.43	6.28	6.12	15 Jun 2025	Discounted
2	PBS036	5.38	98.28	98.46	6.51	6.24	15 Aug 2025	Discounted
2	FR0040	11.00	107.20	98.46	6.23	6.24	15 Sep 2025	Premium
2	FR0084	7.25	101.60	98.46	6.34	6.24	15 Feb 2026	Fair
2	FR0086	5.50	98.29	98.46	6.24	6.24	15 Apr 2026	Fair
2	PBS032	4.88	96.64	105.07	6.24	6.27	15 Jul 2026	Fair
3	FR0056	8.38	104.93	105.07	6.27	6.27	15 Sep 2026	Fair
3	PBS003	6.00	98.54	105.07	6.47	6.27	15 Jan 2027	Discounted
3	FR0090	5.13	96.55	105.07	6.28	6.27	15 Apr 2027	Discounted
3	FR0059	7.00	101.85	105.07	6.31	6.27	15 May 2027	Discounted
4	FR0064	6.13	98.90	100.00	6.38	6.37	15 May 2028	Discounted
4	PBS030	5.88	97.16	100.00	6.55	6.37	15 Jul 2028	Discounted
5	FR0095	6.38	99.86	100.00	6.37	6.37	15 Aug 2028	Fair
5	FR0099	6.40	99.56	107.93	6.46	6.46	15 Jan 2029	Fair
5	FR0071	9.00	110.87	107.93	6.44	6.46	15 Mar 2029	Premium
5	FR0101	6.88	101.63	101.76	6.47	6.47	15 Apr 2029	Fair
5	FR0078	8.25	107.75	107.93	6.46	6.46	15 May 2029	Fair
4	FR0047	10.00	112.16	100.00	6.51	6.37	15 Feb 2028	Fair
7	FR0082	7.00	102.16	99.49	6.57	6.59	15 Sep 2030	Premium
7	FR0073	8.75	111.80	99.49	6.65	6.59	15 May 2031	Fair
8	PBS012	8.88	113.64	117.33	6.58	6.54	15 Nov 2031	Discounted
8	FR0091	6.38	98.66	105.64	6.57	6.63	15 Apr 2032	Fair
8	FR0058	8.25	110.11	105.64	6.62	6.63	15 Jun 2032	Premium
9	FR0074	7.50	105.43	105.64	6.63	6.63	15 Aug 2032	Fair
9	FR0096	7.00	102.47	112.67	6.61	6.64	15 Feb 2033	Fair
9	FR0065	6.63	99.70	112.67	6.64	6.64	15 May 2033	Fair
9	PBS025	8.38	111.14	112.67	6.71	6.64	15 May 2033	Discounted

TTM	Series	Coupon	Price	Benchmark Price	Yield	Benchmark Yield	Maturity	Notes
10	FR0100	6.63	99.63	99.83	6.65	6.65	15 Feb 2034	Fair
10	FR0068	8.38	112.50	112.67	6.64	6.64	15 Mar 2034	Fair
10	PBS029	6.38	97.67	99.83	6.68	6.65	15 Mar 2034	Discounted
11	FR0080	7.50	106.36	106.58	6.67	6.67	15 Jun 2035	Fair
12	PBS037	6.88	100.69	106.58	6.67	6.67	15 Mar 2036	Discounted
12	FR0072	8.25	112.69	106.58	6.69	6.67	15 May 2036	Fair
12	FR0088	6.25	95.84	96.14	6.71	6.71	15 Jun 2036	Fair
13	PBS004	6.10	93.98	96.14	6.76	6.71	15 Feb 2037	Discounted
13	FR0093	6.38	97.10	114.61	6.66	6.82	15 Jul 2037	Fair
14	FR0075	7.50	106.58	114.61	6.75	6.82	15 May 2038	Fair
14	FR0098	7.13	103.11	103.30	6.76	6.76	15 Jun 2038	Fair
14	FR0050	10.50	132.48	96.14	6.88	6.71	15 Jul 2038	Fair
15	FR0079	8.38	114.39	114.61	6.82	6.82	15 Apr 2039	Fair
15	PBS034	6.50	97.75	125.70	6.69	6.93	15 Jun 2039	Fair
18	FR0092	7.13	102.67	102.74	6.85	6.87	15 Jun 2042	Fair
19	PBS005	6.75	99.22	102.74	6.77	6.87	15 Apr 2043	Fair
19	FR0097	7.13	102.60	102.74	6.87	6.87	15 Jun 2043	Fair
20	FR0067	8.75	119.70	102.74	6.90	6.87	15 Feb 2044	Fair
23	PBS028	7.75	108.61	102.74	6.97	6.87	15 Oct 2046	Fair
23	PBS033	6.75	98.39	105.95	6.83	6.87	15 Jun 2047	Fair
23	PBS015	8.00	112.16	105.95	6.87	6.87	15 Jul 2047	Premium
24	FR0076	7.38	105.81	105.95	6.87	6.87	15 May 2048	Fair
26	PBS038	6.88	98.91	99.91	6.93	6.88	15 Dec 2049	Discounted
28	FR0089	6.88	99.64	99.91	6.88	6.88	15 Aug 2051	Fair

TTM	Series	Coupon	Price	Benchmark P Yield	Benchmark	Maturity	Notes	
4	INDON 2028	3.50	95.484	99.11	4.69	3.95	11 Jan 2028	Discounted
9	INDON 2033	4.85	99.989	103.66	4.82	4.05	11 Jan 2033	Discounted
29	INDON 2053	5.65	104.696	104.88	5.30	4.38	11 Jan 2053	Discounted







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