

US Political Developments and Labor Market Awaited by Global Market Participants

4 July 2024

Economist / Fikri C Permana

US Economic Data

US ECONOMIC INDICATORS	Unit	Latest Period	Data	
			Latest	Previous
Fed Rate	%	Jun '24	5.5	5.5
Economic Growth	%, yoy	1Q24	1.6	3.4
Inflation Rate	%, yoy	May'24	3.3	3.4
Unemployment Rate	%	May'24	4.0	3.9

Sources : various sources, KBVS Research (2024)

The data releases that influenced yield movements in the week of Jun 27th-Jul 3rd, '24 are as follows:

- Weekly initial jobless claims for the week ending Jun 22nd, '24, fell by 5K to 233K (Cons: 236K, Prev: 238K).
- The number of job openings in May '24 rose by 221K from the previous month to 8.14 mn unit (Cons: 7.96 mn, Prev: 7.92 mn).
- The personal consumption expenditure (PCE) price index in the US for May '24 was unchanged 0.0% MoM or 2.6% YoY (Cons: 2.6% YoY, Prev: 2.7% YoY).
- The ISM Manufacturing PMI in Jun '24 unexpectedly declined to 48.5 (Cons: 49.1, Prev: 48.7).
- The RealClearMarkets/TIPP Economic Optimism Index in the US for Jul '24 rose by 3.7 points to 44.2 (Cons: 41.2, Prev: 40.5), the highest level in six months.
- The University of Michigan consumer sentiment in US for Jun '24 was revised higher to 68.2 (Cons: 65.8, Prev: 65.6).

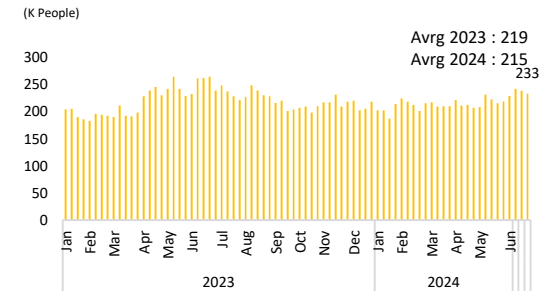
ECONOMIC CALENDAR

(27 JUN - 3 JUL '24)

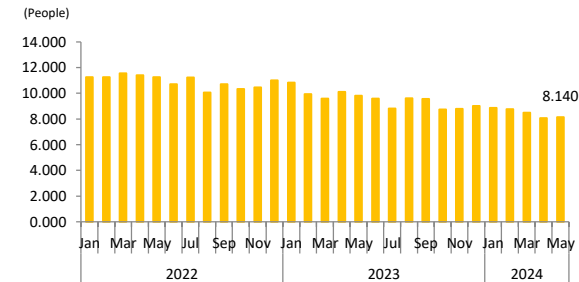
Event	Actual	Forecast	Previous
Thursday, 27 Jun '24			
US 5-Year Note Auction	4.33%		4.55%
US Fed Bank Stress Test Results			
US Core Durable Goods Orders (MoM) (May)	-0.10%	0.20%	0.40%
US Core PCE Prices (Q1)	3.70%	3.60%	2.00%
US Durable Goods Orders (MoM) (May)	0.10%	-0.50%	0.20%
US GDP (QoQ) (Q1)	1.40%	1.30%	3.40%
US GDP Price Index (QoQ) (Q1)	3.10%	3.10%	1.70%
US Goods Trade Balance (May)	-100.62B	-96.00B	-99.41B
US Initial Jobless Claims	233K	236K	239K
US Continuing Jobless Claims	1,839K	1,820K	1,821K
US Retail Inventories Ex Auto (May)	0.00%		0.20%
US Pending Home Sales (MoM) (May)	-2.10%	0.60%	-7.70%
US Atlanta fed GDP Now (Q2)	2.70%	3.00%	3.00%
Friday, 28 Jun '24			
US 7-Year Note Auction	4.28%		4.65%
US Fed Bank Stress Test Results			
US Fed's Balance Sheet	7,231B		7,253B
US President Biden Speaks			
US Core PCE Price Index (MoM) (May)	0.10%	0.10%	0.30%
US Core PCE Price Index (YoY) (May)	2.60%	2.60%	2.80%
US PCE Price Index (YoY) (May)	2.60%	2.60%	2.70%
US PCE Price Index (MoM) (May)	0.00%	0.00%	0.30%
US Personal Spending (MoM) (May)	0.20%	0.30%	0.10%
US Chicago PMI (Jun)	47.40	39.70	35.40
US Michigan 1-Year Inflation Expectations (Jun)	3.00%	3.30%	3.30%
US Michigan 5-Year Inflation Expectations (Jun)	3.00%	3.10%	3.00%
US Michigan Consumer Expectations (Jun)	69.60	67.60	68.80
US Michigan Consumer Sentiment (Jun)	68.20	65.60	69.10
US FOMC Member Bowman Speaks			
Monday, 1 Jul '24			
US S&P Global Manufacturing PMI (Jun)	51.60	51.70	51.30
US Construction Spending (MoM) (May)	-0.10%	0.30%	0.30%
US ISM Manufacturing Employment (Jun)	49.30	50.00	51.50
US ISM Manufacturing PMI (Jun)	48.50	49.20	48.70
US ISM Manufacturing Prices (Jun)	52.10	55.80	57.00
Tuesday, 2 Jul '24			
US Fed Chair Powell Speaks			
US JOLTs Job Openings (May)	8.140M	7.960M	7.919M
Wednesday, 3 Jul '24			
US API Weekly Crude Oil Stock	-9.163M	-0.150M	0.914M
US FOMC Member Williams Speaks			
US ADP Nonfarm Employment Change (Jun)		159K	152K
US Continuing Jobless Claims	1,840K		1,839K
US Initial Jobless Claims	235K		233K
US Trade Balance (May)	-76.60B		-74.60B
US S&P Global Composite PMI (Jun)	54.60		54.50
US S&P Global Services PMI (Jun)	55.10		54.80
US Factory Orders (MoM) (May)	0.20%		0.70%
US ISM Non-Manufacturing Employment (Jun)		47.10	
US ISM Non-Manufacturing PMI (Jun)		52.50	53.80
US ISM Non-Manufacturing Prices (Jun)		58.10	58.10
US Crude Oil Inventories	-0.150M		3.591M
US Cushing Crude Oil Inventories			-0.226M

Sources : investing, KBVS Research (2024)

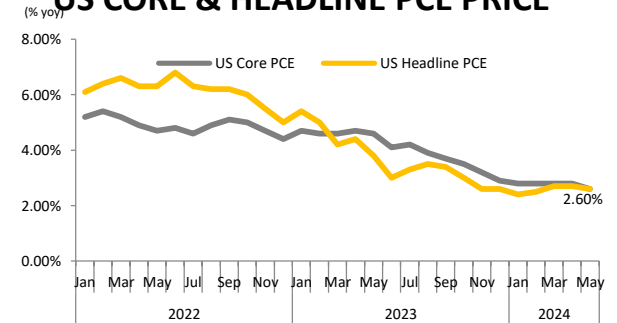
WEEKLY INITIAL JOBLESS CLAIMS



US JOLTS JOB OPENINGS



US CORE & HEADLINE PCE PRICE



The Movement of UST Yields

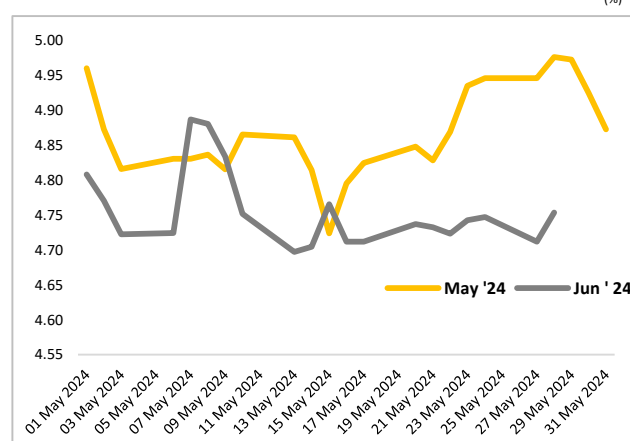
US FISCAL INDICATORS	Unit	Latest Period	Data	
			Latest	Previous
Govt Debt	USD Tn	Mar'24	34.67	34.47
Govt Debt to GDP	%	4Q23	124.3	122.9
Govt Budget	USD Bn	Feb '24	296.28	21.93
S&P Credit Rating	Rating	16-Mar-23	AA+	AA+

Sources : US Treasury, KBVS Research (2024)

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

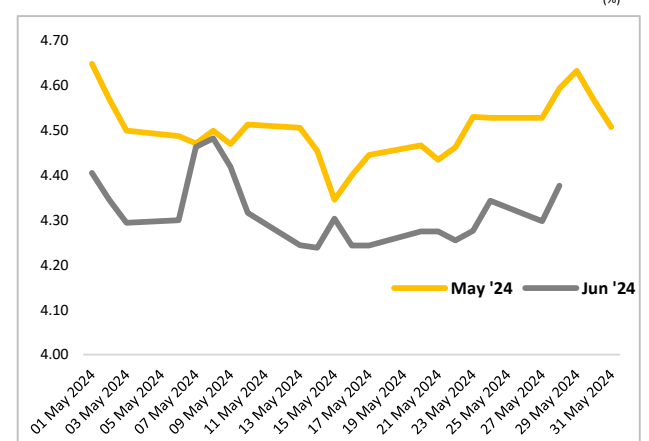
- Yield UST2Y
 - +0.25 bps (WoW)
 - +49.98 bps (YtD, as of Jul 3rd , '24)
- Yield UST5Y
 - +5.51 bps (WoW)
 - +55.08 bps (YtD, as of Jul 3rd , '24)
- Yield UST10Y
 - +10.22 bps (WoW)
 - +55.25 bps (YtD, as of Jul 3rd , '24)
- Yield UST30Y
 - +13.56 bps (WoW)
 - +56.94 bps (YtD, as of Jul 3rd , '24)

YIELD UST2Y



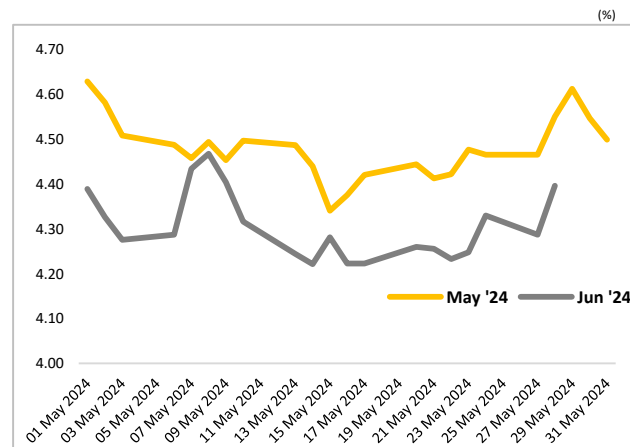
Sources : Bloomberg, KBVS Research (2024)

YIELD UST5Y



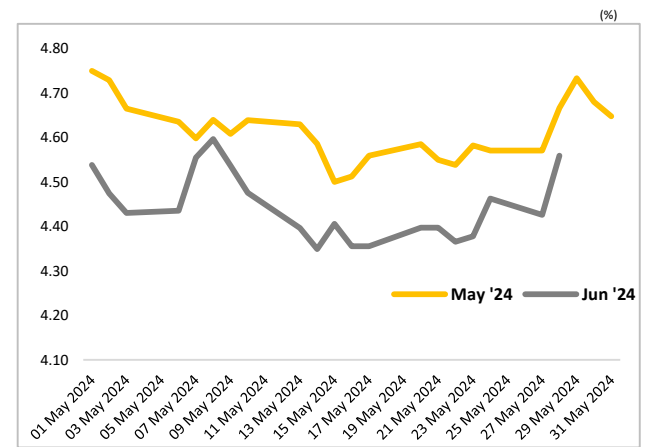
Sources : Bloomberg, KBVS Research (2024)

YIELD UST10Y



Sources : US Treasury, KBVS Research (2024)

YIELD UST30Y



Sources : US Treasury, KBVS Research (2024)

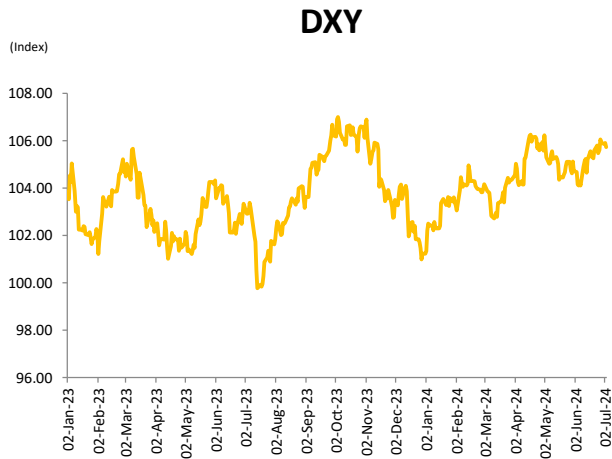
Fed Probabilities and Their Impact

FED PROBABILITIES, as of 3 JUL '24

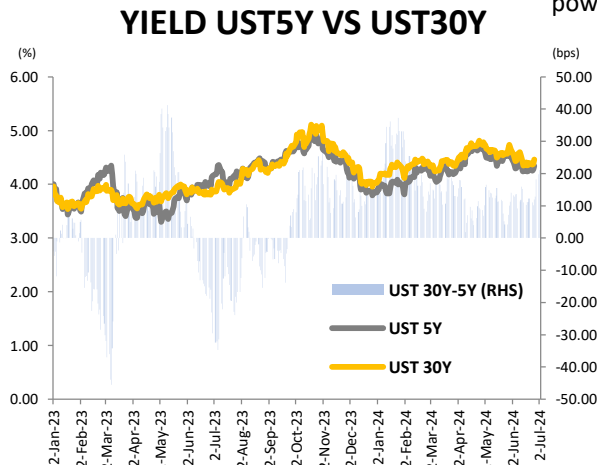
MEETING DATE	FED PROBABILITIES								
	325-350	350-375	375-400	400-425	425-450	450-475	475-500	500-525	525-550
31-Jul-24	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	8.8%	91.2%
18-Sep-24	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.6%	61.5%	32.8%
7-Nov-24	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	25.9%	51.2%	21.0%
18-Dec-24	0.0%	0.0%	0.0%	0.0%	1.4%	18.8%	43.7%	29.9%	6.2%
29-Jan-25	0.0%	0.0%	0.0%	0.8%	11.1%	32.6%	36.0%	16.8%	2.8%
19-Mar-25	0.0%	0.0%	0.5%	7.0%	24.1%	34.7%	24.3%	8.3%	1.1%
30-Apr-25	0.0%	0.2%	3.1%	13.7%	28.3%	30.6%	18.0%	5.4%	0.7%
18-Jun-24	0.1%	1.8%	9.1%	22.0%	29.6%	23.5%	10.9%	2.7%	0.3%

Sources : CME Group, and KBVS Research (2024)

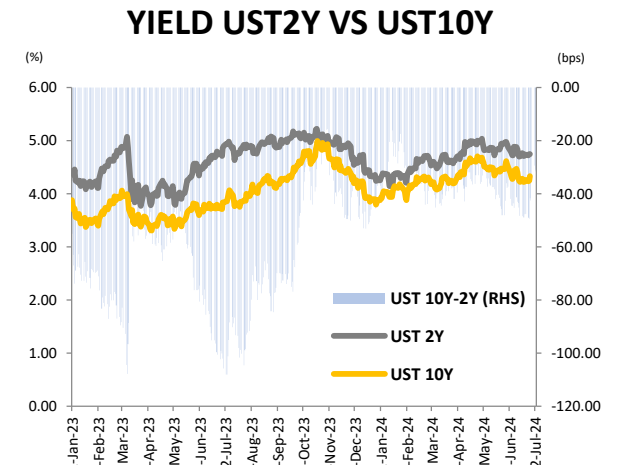
- The DXY steadied around 105 during the past week, following the release of mixed data from the US.
- The DXY decreased by 0.32%, coinciding with the depreciation of the USD's peer currencies, namely:
 - JPY: 0.77% WoW,
 - SEK: 0.02% WoW
- The appreciation against the USD came from:
 - CAD: 0.20%. GBP:
 - GBP: 0.54% WoW,
 - EUR: 0.67% WoW,
 - CHF: 0.86% WoW.
- This situation was further influenced by ECB President Lagarde's statement at the ECB Forum that the central bank does not yet have sufficient evidence that inflation threats have passed.
- Additionally, the far-right National Rally party won the first round of the snap parliamentary election in France, but with a smaller share than projected and far from securing a majority, offering investors some relief that centrist parties could retain power.



Sources : Bloomberg, and KBVS Research (2024)



Sources : Bloomberg, and KBVS Research (2024)



Sources : Bloomberg, KBVS Research (2024)

US Presidential Debate

- The first debate of the US presidential election took place in Atlanta on Thursday night (Jun 27th) local time, between the current president, Joe Biden, and former president, Donald Trump, more than four months ahead of the 2024 US presidential election.
- The debate covered topics such as immigration, the economy, and a host of other issues.
- For those who have yet to make up their minds, debates are an opportunity to hear from both candidates on crucial issues and observe how they present themselves.
- One of the biggest takeaways: The Democrats are in trouble. From the very start, Biden's voice sounded brittle, which several campaign sources attributed to a cold after the debate.
- Although, Trump also blatantly lied more than once during the debate. For example, regarding his favorite subject, he claimed that under his presidency, the US border was the safest "in the history of our country." However, irregular migration into the US was higher during Trump's term than during either of Barack Obama's terms, according to fact-checkers at the Poynter Institute.

Trump-Biden debate draws smaller audience as voters tune out US election

Many media outlets have seen dwindling interest in their coverage of this year's presidential contest



People watch the presidential debate at a watch party in New York City © Sarah Yeneise/EPA-EFE/Shutterstock

Source : [financialtimes.com](https://www.ft.com/content/493c16cd-df8e-4178-b2bb-527150b3b926), link: <https://www.ft.com/content/493c16cd-df8e-4178-b2bb-527150b3b926>

News | US Election 2024

Biden falls flat against Trump in first 2024 US presidential debate

The current president was perceived as stumbling over his words while the Republican Trump repeated numerous falsehoods.



Source : [aljazeera.com](https://www.aljazeera.com/news/2024/6/28/biden-falls-flat-against-trump-in-first-2024-us-presidential-debate), link: <https://www.aljazeera.com/news/2024/6/28/biden-falls-flat-against-trump-in-first-2024-us-presidential-debate>

REPORT

Biden's Debate Performance Has Some U.S. Allies Worried

The U.S. president's lackluster performance was a wake-up call about the prospects of a second Trump term.

By Jack Detsch and Rishi Jyengar



Source : [foreignpolicy.com](https://foreignpolicy.com/2024/07/02/biden-trump-debate-nato-europe-election/), link: <https://foreignpolicy.com/2024/07/02/biden-trump-debate-nato-europe-election/>

POLITICS | UNITED STATES OF AMERICA

US election 2024: Debate 'a disaster for Joe Biden'

Carla Bleiker
06/28/2024

Biden and Donald Trump squared off in the first of two debates before the November election. Key moments included verbal stumbles by Biden and Trump's cageyness on whether he'd accept the election results.



Source : [DW](https://www.dw.com/en/us-election-2024-debate-a-disaster-for-joe-biden/a-69501052) link: <https://www.dw.com/en/us-election-2024-debate-a-disaster-for-joe-biden/a-69501052>

Indonesia Economic Data

INDICATORS OVERVIEW

Economic Indicators	Unit	Latest Period	Data	
			Latest	Previous
Policy Interest Rate	%	20 June '24	6.25	6.25
Economic Growth	%, yoy	1Q24	5.11	5.04
Inflation Rate	%, yoy	Jun '24	2.51	2.84
Unemployment Rate	%	Feb '24	4.82	5.32
S&P Credit Rating	Rating	Rating	4-Jul-23	BBB

Sources : various sources, KBVS Research (2024)

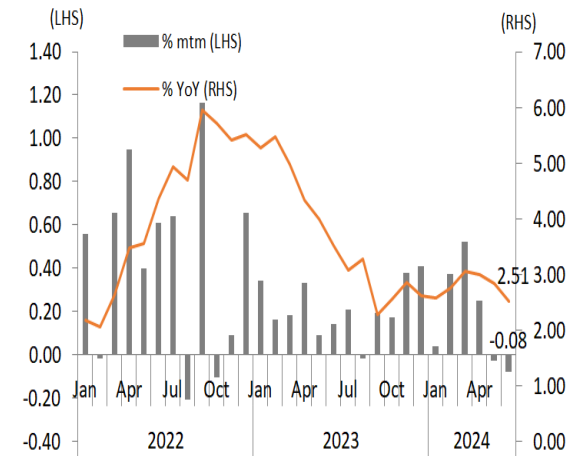
ECONOMIC CALENDAR

(27 JUN - 3 JUL '24)

Event	Actual	Forecast	Previous
Thursday, 27 Jun '24			
Friday, 28 Jun '24			
Monday, 1 Jul '24			
ID Nikkei Manufacturing PMI (Jun)	50.70		52.10
ID Core Inflation (YoY) (Jun)	1.90%	1.96%	1.93%
ID Inflation (YoY) (Jun)	2.51%	2.70%	2.84%
ID Inflation (MoM) (Jun)	-0.08%	0.06%	-0.03%
Tuesday, 2 Jul '24			
Wednesday, 3 Jul '24			

Sources : investing, KBVS Research (2024)

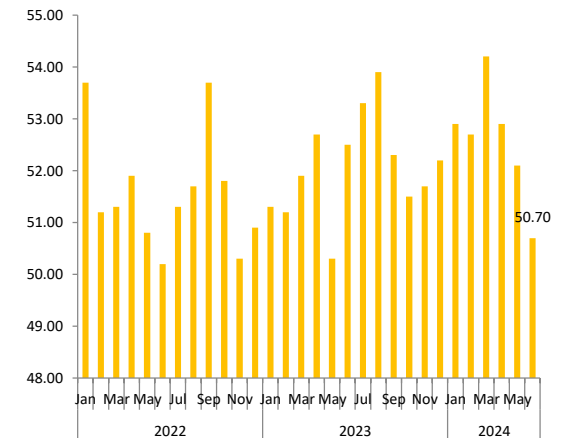
INFLATION



Sources : BPS, KBVS Research (2024)

- As expected, the headline CPI continued its deflationary trend for the second consecutive month, registering at -0.08% MoM in Jun '24 (Cons: 0.06% MoM, KBVS: -0.06% MoM, Prev: -0.03% MoM). This brought the annual rate to 2.51% YoY (Cons: 2.70% YoY, KBVS: 2.64% YoY, Prev: 2.84% YoY), the lowest level in the past nine months.
- Core inflation has also decreased to 1.90% YoY (Cons: 1.94% YoY, KBVS: 1.54% YoY, Prev: 1.93% YoY), consistent with the decline in the prices of spices, particularly red onion and garlic, as well as the stabilization of domestic rice prices.
- At the same time, the S&P Global Indonesia Manufacturing PMI in Jun '2024 fell to 50.7 (Prev: 52.1), the lowest level since May '23. This raises concerns about signs of economic weakening, coinciding with the deflationary trend. However, it is important to note that the PMI is a monthly survey-based data collected from senior executives in the private sector, and the PMI threshold of 50 each month, which distinguishes contraction from expansion, should be kept in mind. Additionally, China's PMI, as Indonesia's main trading partner, increased again to 51.8 (Cons: 51.5, Prev: 51.7).
- Furthermore, the farmers' exchange rate turned positive in Jun '24, at 1.77% MoM (Prev: -0.06% MoM). This indicates an increase in the purchasing power of farmers in rural areas and also shows an improvement in the terms of trade for agricultural products with goods and services consumed or for production costs.

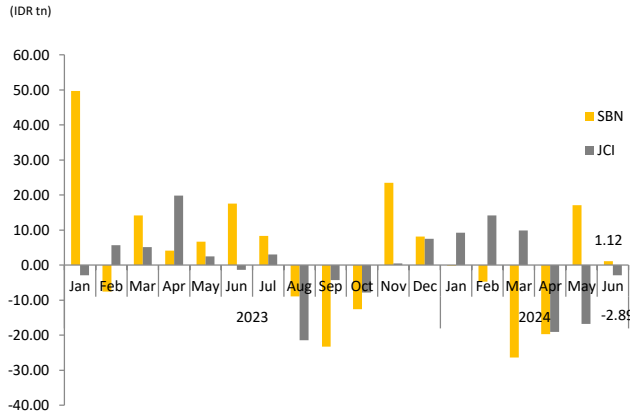
NIKKEI MANUFACTURING PMI



Sources : BI, KBVS Research (2024)

Development of Tradable SBN

CAPITAL FLOW IN SBN&JCI



Sources : Bloomberg, KBVS Research (2024)

During Jun '24, non-residents conducted a net buy of tradable SBN amounting to IDR1.12 tn.

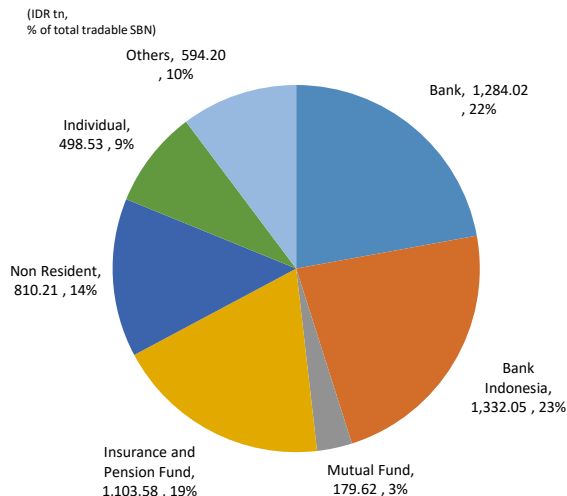
Meanwhile, in the past week (27 June – 3 July), non-resident ownership in tradable SBN increased by IDR10.62 tn.

SUN LATEST AUCTION

25 Jun '24								
Instruments	SPN03240925	SPN12250612	FR0101	FR0100	FR0098	FR0097	FR0102	Total
Incoming Bids (IDR tn)	2.19	3.16	15.51	22.63	6.19	5.36	1.35	56.39
Bid to Cover Ratio	6.25	-	2.31	2.31	2.43	1.53	13.50	2.45
Weighted Average Yields Awarded	6.586%	-	7.000%	7.091%	7.150%	7.160%	7.169%	
11 Jun '24								
Instruments	SPN03240911	SPN12250612	FR0101	FR0100	FR0098	FR0097	FR0102	Total
Incoming Bids (IDR tn)	2.40	4.09	13.26	12.45	4.36	3.92	2.49	42.96
Bid to Cover Ratio	11.98	4.09	1.72	1.60	2.03	3.14	1.31	1.95
Weighted Average Yields Awarded	6.590%	6.819%	6.950%	7.020%	7.040%	7.060%	7.060%	

Sources : DJPPR, KBVS Research (2024)

OWNERSHIP of IDR TRADABLE SBN



Sources : DJPPR, and KBVS Research (2024)

As of 1 July 2024, the largest ownership of tradable SBN is as follows:

- Bank Indonesia : IDR1332.05 tn
- Banks : IDR1,284.02 tn,
- Insurance&Pension Funds: IDR1,103.58 tn, and
- Non Resident: IDR810.21 tn.

SBSN LATEST AUCTION

2 July '24								
Instruments	SPNS20012025	SPNS01042025	PBS032	PBS030	PBSG001	PBS004	PBS038	Total
Incoming Bids (IDR tn)	2.20	3.50	4.17	1.15	1.30	0.36	5.32	17.99
Bid to Cover Ratio	7.32	2.95	3.21	-	13.00	2.39	1.28	2.50
Weighted Average Yields Awarded	6.843%	6.925%	7.000%	-	6.833%	6.991%	7.190%	
19 June '24								
Instruments	SPNS02122024	SPNS03032025	PBS032	PBS030	PBS004	PBS039	PBS038	Total
Incoming Bids (IDR tn)	2.17	3.37	5.50	1.30	0.42	1.13	2.44	16.34
Bid to Cover Ratio	10.85	3.37	1.57	1.63	4.23	1.08	1.75	2.03
Weighted Average Yields Awarded	6.793%	6.874%	6.942%	7.000%	6.993%	7.025%	7.180%	

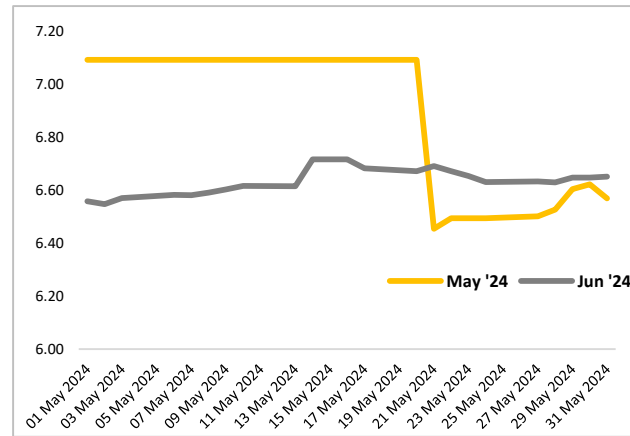
Sources : DJPPR, KBVS Research (2024)

The Movement of SUN Yields

Over the past week, SUN yields moved mixed:

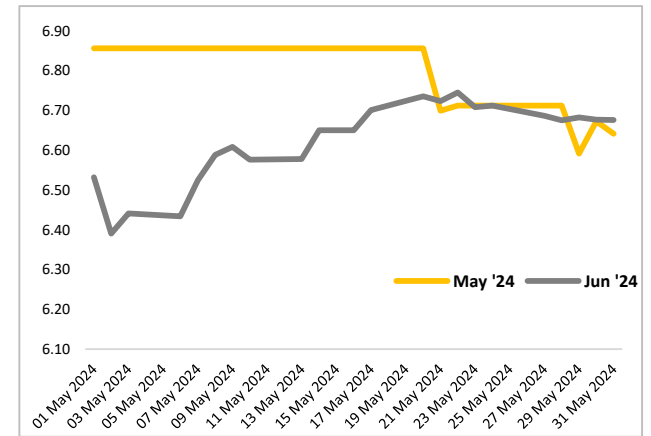
- Yield SUN2Y
 - -1.80 bps (WoW)
 - +31.10 bps (YtD, as of Jul 3rd, '24)
- Yield SUN5Y
 - -1.00 bps (WoW)
 - +55.20 bps (YtD, as of Jul 3rd, '24)
- Yield SUN10Y
 - +1.00 bps (WoW)
 - +64.40 bps (YtD, as of Jul 3rd, '24)
- Yield SUN30Y
 - -1.30 bps (WoW)
 - +25.40 bps (as of Jul 3rd, '24)

YIELD SUN1Y (%)



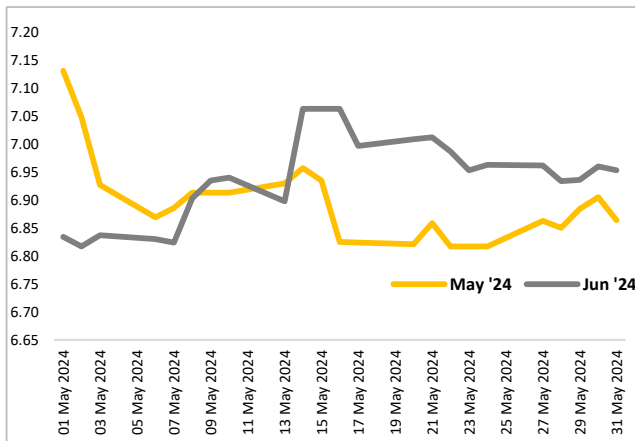
Sources : Bloomberg, KBVS Research (2024)

YIELD SUN2Y (%)



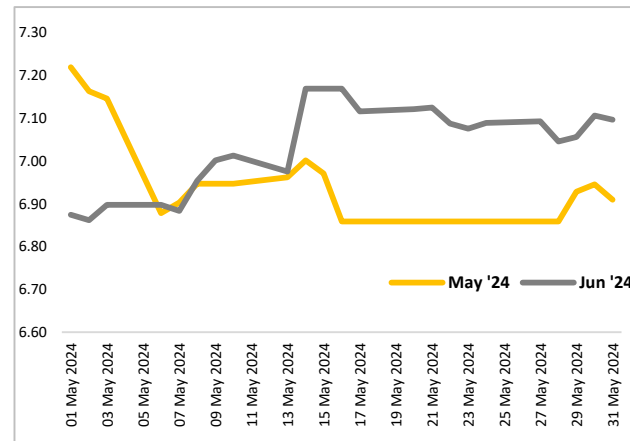
Sources : Bloomberg, KBVS Research (2024)

YIELD SUN5Y



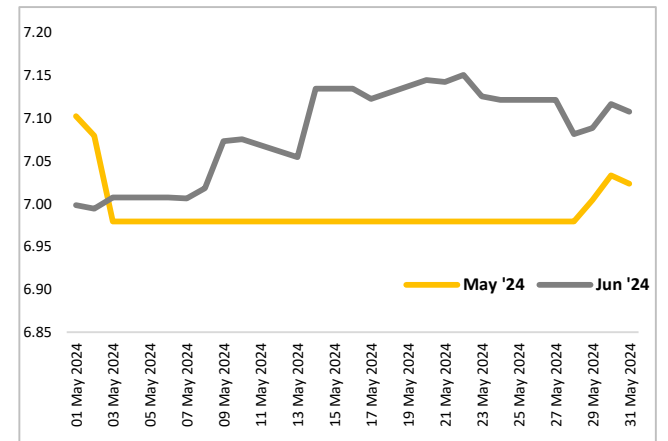
Sources : Bloomberg, KBVS Research (2024)

YIELD SUN10Y



Sources : Bloomberg, KBVS Research (2024)

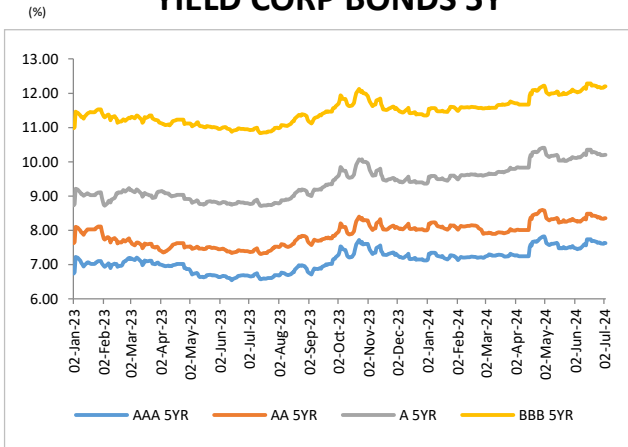
YIELD SUN30Y



Sources : Bloomberg, KBVS Research (2024)

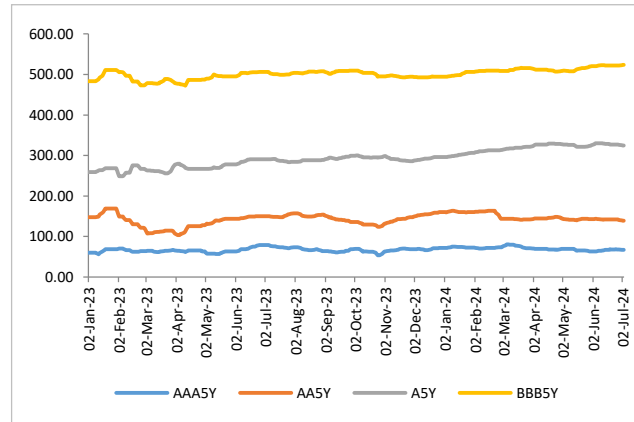
The Movement of Corporate Bond Yields

YIELD CORP BONDS 5Y



Sources : Bloomberg, KBVS Research (2024)

YIELD SPREAD 5Y TENOR

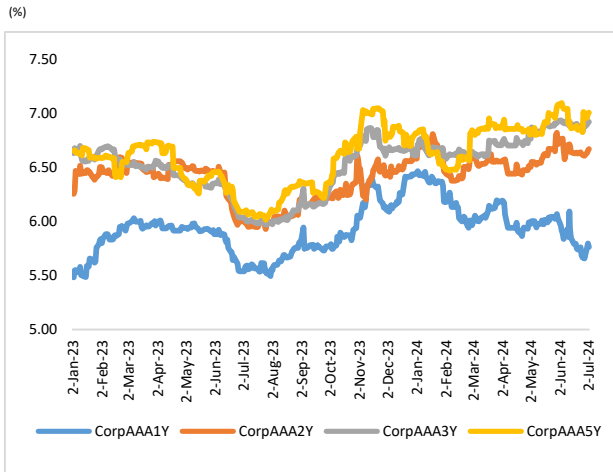


Sources : Bloomberg, KBVS Research (2024)

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

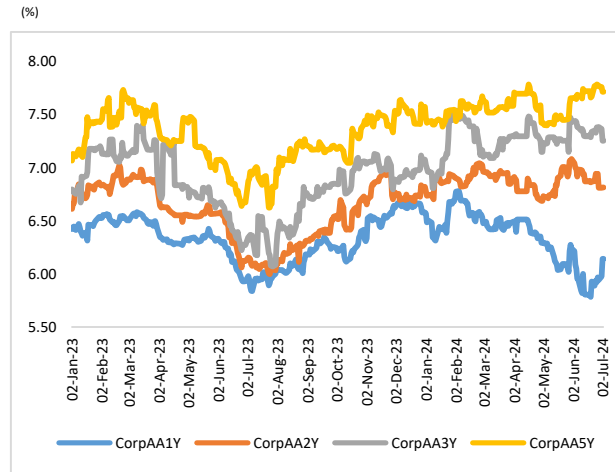
- AAA-rated
 - Tenor 1Y : -0.29 bps (WoW)
 - Tenor 2Y : -2.91 bps (WoW)
 - Tenor 5Y : -2.23 bps (WoW)
- AA-rated
 - Tenor 1Y : -1.79 bps (WoW)
 - Tenor 2Y : -2.96 bps (WoW)
 - Tenor 5Y : -4.15 bps (WoW)
- A-rated
 - Tenor 1Y : -4.91 bps (WoW)
 - Tenor 2Y : -1.93 bps (WoW), and
 - Tenor 5Y : -3.97 bps (WoW)

YIELD AAA-RATED



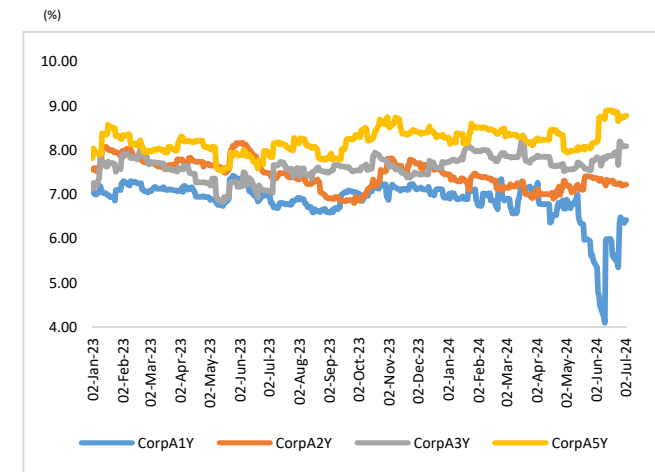
Sources : Bloomberg, KBVS Research (2024)

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

Sources : BI, KBVS Research (2024)

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

Sources : BI, KBVS Research (2024)

SUVBI's DEVELOPMENT

SUVBI	Weighted Yield Average Winner (%)		Bidding Amount (USD mn)	Total Nominal Awarded (USD Mn)	Bid to Cover Ratio
	1 Month	3 Months			
29-Nov-23	5.62	5.63	64.00	64.00	1.00
13-Dec-23	5.71	5.77	65.00	65.00	1.00
28-Dec-23	5.74	5.75	25.00	25.00	1.00
10-Jan-24	5.71	5.70	90.00	90.00	1.00
24-Jan-24	5.67	5.70	65.00	65.00	1.00
7-Feb-24	5.66	5.69	110.00	110.00	1.00
21-Feb-24	5.66	5.67	85.00	85.00	1.00
6-Mar-24	5.66	5.68	187.00	187.00	1.00
20-Mar-24	5.67	5.68	124.00	124.00	1.00
3-Apr-24	5.67	5.68	300.00	300.00	1.00
17-Apr-24	5.67	5.72	193.00	193.00	1.00
2-May-24	5.68	5.70	52.00	52.00	1.00
15-May-24	5.69	5.70	70.00	70.00	1.00
29-May-24	5.69	5.69	80.00	80.00	1.00
12-Jun-24	5.69	5.70	130.00	130.00	1.00
26-Jun-24	5.70	5.70	45.00	45.00	1.00

Sources : BI, KBVS Research (2024)

This Week's Economic Calendar

ECONOMIC CALENDAR

(4-10 JUL 2024)

Country	Event	Forecast	Previous
Thursday, Jul 4, 2024			
	US FOMC Meeting Minutes		
	GE Factory Orders (MoM) (May)	0.50%	-0.20%
	GB BoE Credit Conditions Survey		
	GB S&P Global/CIPS Construction PMI (Jun)	54.00	54.70
	EU ECB's Lane Speaks		
	EU ECB McCaul Speaks		
	GB General Election		
	EU ECB Publishes Account of Monetary Policy Meeting		
Friday, Jul 5, 2024			
	US Fed's Balance Sheet		7,231B
	JP Household Spending (MoM) (May)	0.50%	-1.20%
	JP Household Spending (YoY) (May)	0.20%	0.50%
	ID FX Reserves (USD) (Jun)		139.00B
	GB Halifax House Price Index (MoM) (Jun)	0.20%	-0.10%
	GB Halifax House Price Index (YoY) (Jun)		1.50%
	GE Industrial Production (MoM) (May)	0.20%	-0.10%
	GE Buba President Nagel Speaks		
	GB Mortgage Rate (GBP)		7.93%
	US FOMC Member Williams Speaks		
	EU ECB's Elderson Speaks		
	US Average Hourly Earnings (YoY) (Jun)		4.10%
	US Average Hourly Earnings (MoM) (Jun)	0.30%	0.40%
	US Nonfarm Payrolls (Jun)	189K	272K
	US Participation Rate (Jun)		62.50%
	US Private Nonfarm Payrolls (Jun)	160K	229K
	US U6 Unemployment Rate (Jun)		7.40%
	US Unemployment Rate (Jun)	4.00%	4.00%
	US Fed Monetary Policy Report		

Country	Event	Forecast	Previous
Monday, Jul 8, 2024			
	JP Adjusted Current Account (May)		252.41T
	JP Current Account n.s.a. (May)		2.051T
	ID Consumer Confidence (Jun)		125.20
	GE Trade Balance (May)		22.10B
Tuesday, Jul 9, 2024			
	US Consumer Credit (May)		6.40B
	GB BRC Retail Sales Monitor (YoY) (Jun)		0.40%
	ID Retail Sales (YoY) (May)		-2.70%
Wednesday, Jul 10, 2024			
	CN CPI (MoM) (Jun)		-0.10%
	CN CPI (YoY) (Jun)		0.30%
	CN PPI (YoY) (Jun)		-1.40%
	US OPEC Monthly Report		

- The labor market conditions in the US will again draw attention next week, particularly due to the release of:
 - Average hourly earnings
 - Non Farm Payrolls. dan
 - Unemployment Rate
- Additionally, the release of the Fed Monetary Policy Report, which is issued quarterly, as well as the conditions and results of the election to be held in the UK on Jul 4th, '24, will be closely watched.
- Domestically, the release of FX Reserves and Consumer Confidence data is expected to drive sentiment in the domestic financial market.



KBVS Economic Assumptions – 2Q24

KBVS ECONOMIC ASSUMPTIONS

Year			Fed Rate (%)			YIELD UST10Y (%)			BI Rate (%)			GDP Growth (% yoy)			Inflation (% YoY)			Rupiah ER (Rp per USD)			Yield SUN10Y (%)		
			Worst	Base	Best	Worst	Base	Best	Worst	Base	Best	Worst	Base	Best	Worst	Base	Best	Worst	Base	Best	Worst	Base	Best
2024	End of Year	2Q F	5.50	5.25	5.00	4.48	4.13	3.78	6.25	6.00	5.25	4.57	5.07	5.57	2.90	2.40	1.90	16,472	15,688	14,903	7.31	6.86	6.41
		Dif to 1QF	-0.25	0.00	0.00	-0.07	-0.07	-0.07	0.00	0.25	0.00	-0.41	-0.41	-0.41	-0.40	-0.40	-0.40	133	127	120	0.54	0.54	0.54
	Average	2Q F	5.69	5.44	5.19	4.60	4.25	3.90	6.38	6.13	5.88	4.51	5.01	5.51	3.10	2.60	2.10	16,588	15,798	15,008	7.38	6.93	6.48
		Dif to 1QF	0.14	0.14	0.14	-0.15	-0.15	-0.15	0.28	0.28	0.28	-0.34	-0.34	-0.34	-0.30	-0.30	-0.30	7	7	6	0.49	0.49	0.49
2025	End of Year	2Q F	4.50	4.25	4.00	4.06	3.61	3.16	5.25	5.00	4.75	5.09	5.74	6.39	3.15	2.50	1.85	16,953	15,918	14,884	6.67	6.17	5.67
		Dif to 1QF	-0.50	-0.50	-0.50	0.01	0.01	0.01	0.00	0.00	0.00	0.67	0.67	0.67	-0.10	-0.10	-0.10	320	300	281	0.51	0.51	0.51
	Average	2Q F	4.88	4.63	4.38	4.23	3.78	3.33	5.69	5.44	5.19	4.84	5.49	6.14	3.10	2.45	1.80	16,982	15,945	14,909	6.99	6.49	5.99
		Dif to 1QF	-0.18	-0.18	-0.18	-0.02	-0.02	-0.02	0.34	0.34	0.34	0.54	0.54	0.54	-0.25	-0.25	-0.25	351	329	308	0.73	0.73	0.73
2026	End of Year	2Q F	3.50	3.25	3.00	3.66	3.11	2.56	4.25	4.00	3.75	4.86	5.63	6.40	3.07	2.30	1.53	17,136	15,911	14,686	5.87	5.32	4.77
		Dif to 1QF	0.00	0.00	0.00	0.91	0.91	0.91	0.50	0.50	0.50	0.11	0.11	0.11	-0.10	-0.10	-0.10	347	322	297	0.07	0.07	0.07
	Average	2Q F	3.88	3.63	3.38	3.76	3.21	2.66	4.63	4.38	4.13	4.14	4.91	5.68	3.10	2.33	1.56	17,104	15,881	14,658	6.22	5.67	5.12
		Dif to 1QF	0.23	0.23	0.23	0.81	0.81	0.81	0.68	0.68	0.68	0.18	0.18	0.18	-0.07	-0.07	-0.07	665	617	570	0.25	0.25	0.25

The assumption regarding the global economic:

- Best Scenario: The gradual decrease of US inflation to a range between 2.4% YoY and 2.9% YoY into the end of 2024. This, in turn, could serve as the basis for a potential decrease in the Fed Rate by between to max 50 bps in the respective period. Additionally, geopolitical risk are easing, potentially acting as a catalyst for a decline in global oil prices. Both of these conditions are expected to act as catalysts for further reduction in UST yield.
- Base Scenario: The US inflation is expected to decrease to 2.7% - 3.2% YoY, thus the Fed Rate is anticipated to decrease by 25 bps in 3Q24, resulting in the UST yield approaching the 4.13% level by the end of 2024.
- Worst Scenario: However, if US inflation continues to persist above 3.2%, we are concerned that the Fed will maintain the Fed Rate at 5.50% till the end of 2024.

Meanwhile, the basic foundational assumption regarding the domestic economic involves:

- Best Scenario: If the Fed Rate could decrease and the USD remains stable, the hope is that BI will be able to lower the BI Rate to 5.25%. Furthermore, this scenario is expected to be supported by domestic political stability during the elections. Then, the financial market, particularly the SUN could be reduced to approach the level of 5.9% in the end of 2024.
- Base Scenario: We anticipate a scenario of a 25 bps decrease in the Fed Rate, leading BI Rate to 6.00% at the end of 2024, with the Rupiah expected to around IDR15,688 per USD. Hopefully, the yield of SUN10Y is expected to decrease to 6.86% by the end of 2024.
- Worst Scenario: If the risk-off market sentiment persists, we are concerned that BI may need keep the BI Rate in 6.25% until the end of 2024. This is also concerning at a time when the Rupiah and domestic inflation are at the upper bounds of the government's target. This could result in the possibility of SUN10Y yield reaching the 7.31% level at the respective period.