

# Government Communication Has Improved, And The Yield on SUN Has Started to Decline

27 Jun 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 20-26<sup>th</sup>, '24 are as follows:

- Weekly initial jobless claims for the week ending Jun 15<sup>th</sup>, '24, decreased by 5K to 238K (Cons: 235K, Prev: 243K).
- The S&P Global US Manufacturing PMI in Jun '24 rose to a three-month high of 51.7 (Cons 51.0, Prev: 51.3).
- US CB Consumer Confidence in Jun '24 stable at 100.4 (Cons: 100.0, Prev: 101.3).
- Existing Home Sales in the US for May '24 declined -0.7% MoM (prev: -1.9% MoM) to a seasonally adjusted annualized rate of 4.11 mn units (Cons: 4.08 mn units, Prev: 4.14 mn units).

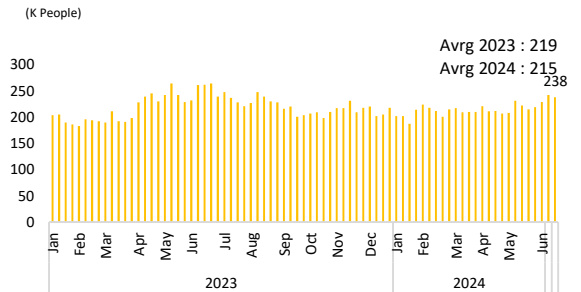
## ECONOMIC CALENDAR

(20-26 JUN '24)

Event	Actual	Forecast	Previous
<b>Thursday, 20 Jun '24</b>			
US Building Permits (May)	1.386M	1.450M	1.440M
US Continuing Jobless Claims	1,828K	1,810K	1,813K
US Initial Jobless Claims	238K	235K	243K
US Current Account (Q1)	-237.6B	-207.0B	-211.8B
US Housing Starts (May)	1.277M	1.370M	1.352M
US Housing Starts (MoM) (May)	-5.50%	0.70%	4.10%
US Philadelphia Fed Manufacturing Index (Jun)	1.30	4.80	4.50
US Philadelphia Fed Employment (Jun)	-2.50		-7.90
US Crude Oil Inventories	-2.547M	-2.800M	3.730M
US Cushing Crude Oil Inventories	0.307M		-1.593M
<b>Friday, 21 Jun '24</b>			
US 5-Year TIPS Auction	2.05%		2.24%
US Fed's Balance Sheet	7,253B		7,259B
US S&P Global Manufacturing PMI (Jun)	51.70	51.00	51.30
US S&P Global Composite PMI (Jun)	54.60	53.50	54.50
US S&P Global Services PMI (Jun)	55.10	53.40	54.80
US Existing Home Sales (May)	4.11M	4.08M	4.14M
US Existing Home Sales (MoM) (May)	-0.70%		-1.90%
US Leading Index (MoM) (May)	-0.50%	-0.40%	-0.60%
US Fed Monetary Policy Report			
<b>Monday, 24 Jun '24</b>			
US Fed Waller Speaks			
<b>Tuesday, 25 Jun '24</b>			
US FOMC Member Daly Speaks			
US CFTC Gold Speculative Net Positions	243.1K		233.9K
US CFTC Nasdaq 100 Speculative Net Positions	-3.8K		-8.0K
US CFTC S&P 500 Speculative Net Positions	-114.1K		-111.4K
US FOMC Member Bowman Speaks			
US S&P/CS HPI Composite - 20 n.s.a. (MoM) (Apr)	1.40%		1.60%
US S&P/CS HPI Composite - 20 n.s.a. (YoY) (Apr)	7.20%	7.00%	7.50%
US CB Consumer Confidence (Jun)	100.40	100.20	101.30
<b>Wednesday, 26 Jun '24</b>			
US 2-Year Note Auction	4.71%		4.92%
US FOMC Member Bowman Speaks			
US API Weekly Crude Oil Stock	0.914M	-3.000M	2.264M
US Building Permits	1.386M		1.440M
US New Home Sales (May)		636K	634K
US New Home Sales (MoM) (May)			-4.70%
US Crude Oil Inventories			-2.547M
US Cushing Crude Oil Inventories			0.307M

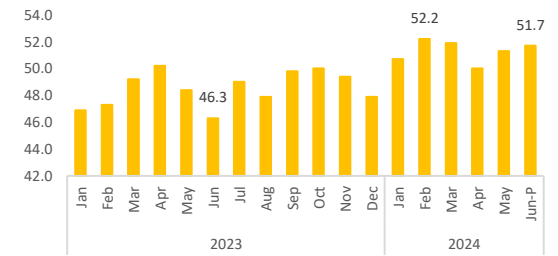
Sources : investing, KBVS Research (2024)

## WEEKLY INITIAL JOBLESS CLAIMS



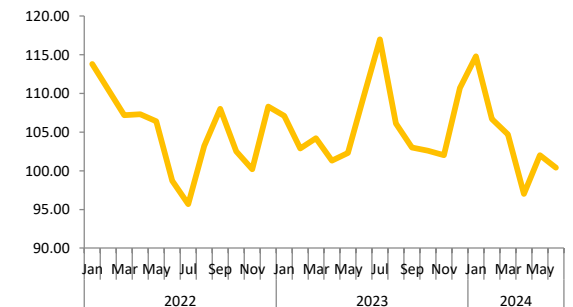
Sources : US DoL, KBVS Research (2024)

## US MANUFACTURING PMI



Sources : Markit, KBVS Research (2024)

## CONSUMER CONFIDENCE



Sources : US Conference Board, KBVS Research (2024)

# The Movement of UST Yields

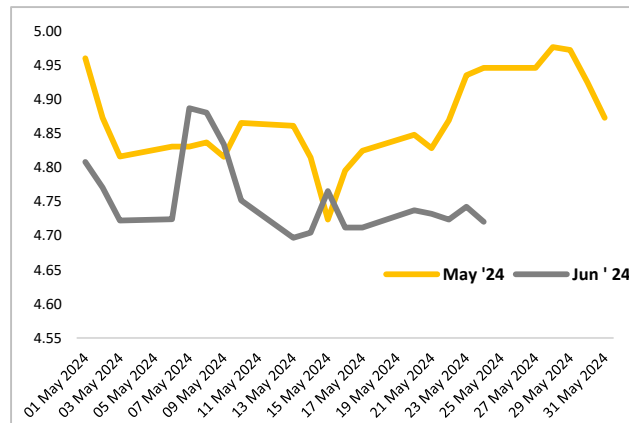
US FISCAL INDICATORS	Unit	Latest Period	Data	
			Latest	Previous
Govt Debt	USD Tn	Mar'24	34.67	34.47
Govt Debt to GDP	%	4Q23	124.3	122.9
Govt Budget	USD Bn	Feb '24	296.28	21.93
S&P Credit Rating	Rating	16-Mar-23	AA+	AA+

Sources : US Treasury, KBVS Research (2024)

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

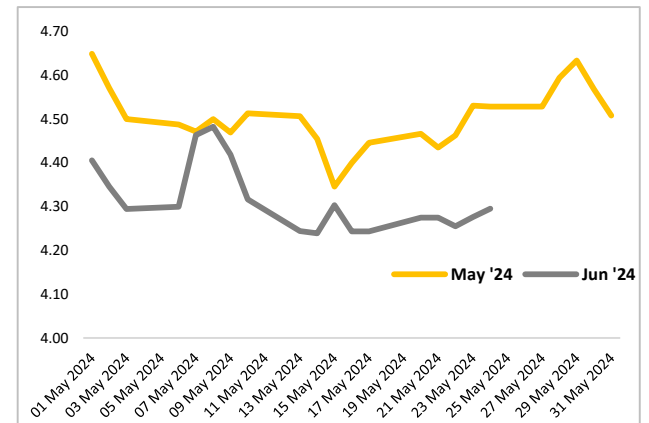
- Yield UST2Y
  - +0.83 bps (WoW)
  - +47.04 bps (YtD, as of 26 Jun '24)
- Yield UST5Y
  - +5.20 bps (WoW)
  - +44.80 bps (YtD, as of 26 Jun '24)
- Yield UST10Y
  - +4.24 bps (WoW)
  - +38.60 bps (YtD, as of 26 Jun '24)
- Yield UST30Y
  - +4.02 bps (WoW)
  - +36.71 bps (YtD, as of 26 Jun '24)

## YIELD UST2Y



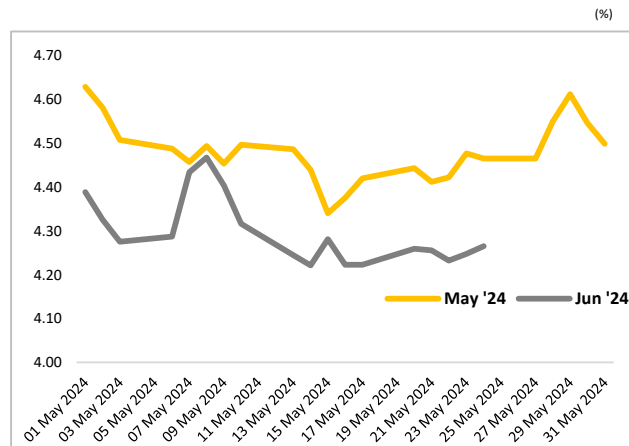
Sources : Bloomberg, KBVS Research (2024)

## YIELD UST5Y



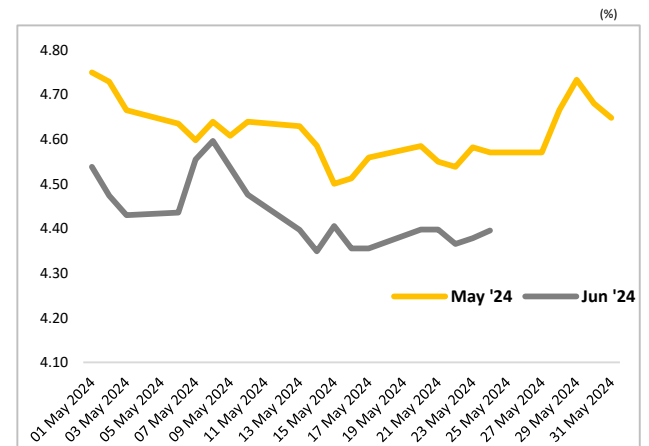
Sources : Bloomberg, KBVS Research (2024)

## 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 26 JUN '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%	10.3%	89.7%
18-Sep-24	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	6.4%	59.5%	34.1%
7-Nov-24	0.0%	0.0%	0.0%	0.0%	0.0%	2.3%	25.3%	50.5%	21.9%
18-Dec-24	0.0%	0.0%	0.0%	0.0%	1.6%	18.8%	43.3%	30.0%	6.2%
29-Jan-25	0.0%	0.0%	0.0%	1.0%	11.7%	33.2%	35.5%	16.0%	2.6%
19-Mar-25	0.0%	0.0%	0.6%	7.8%	25.4%	34.7%	23.1%	7.5%	0.9%
30-Apr-25	0.0%	0.3%	3.7%	15.4%	29.4%	29.7%	16.3%	4.6%	0.5%
18-Jun-24	0.2%	2.3%	10.5%	23.5%	29.6%	22.0%	9.6%	2.3%	0.2%

Sources : CME Group, and KBVS Research (2024)

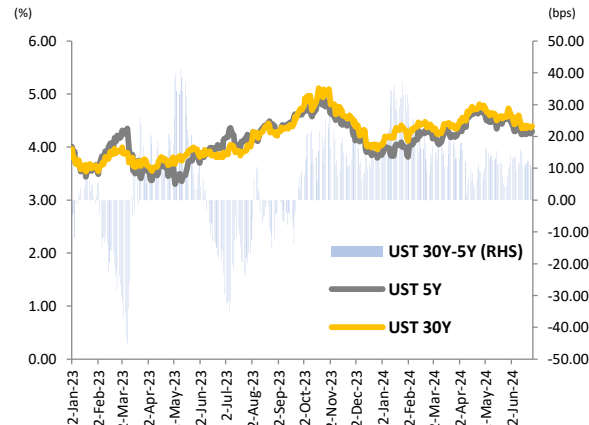
- The dollar index surged above 105.8 on Friday (Jun 21<sup>st</sup>, '24), hitting a seven-week high as expectations that the Federal Reserve may be slower than other major central banks to lower interest rates.
- The DXY increased by +0.55%, coinciding with the depreciation of the USD's peer currencies, namely:
  - GBP: 0.42% WoW
  - EUR: 0.46% WoW
  - SEK: 0.51% WoW
  - JPY: 1.27% WoW
  - CHF: 1.46% WoW
- The appreciation against the USD came from CAD: 0.31%.

### DXY



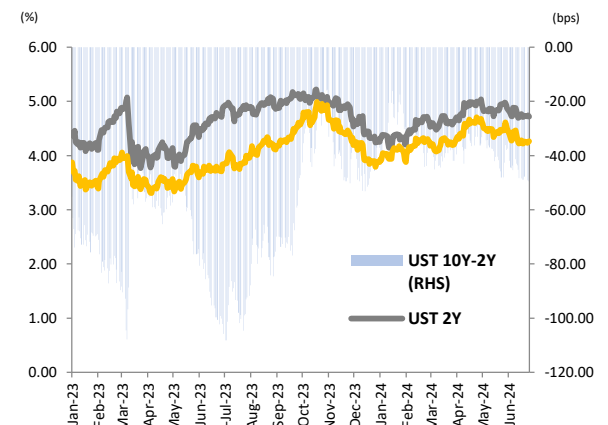
Sources : Bloomberg, and KBVS Research (2024)

### YIELD UST5Y VS UST30Y



Sources : Bloomberg, and KBVS Research (2024)

### YIELD UST2Y VS UST10Y



Sources : Bloomberg, KBVS Research (2024)

# Indonesia Economic Data

## INDICATORS OVERVIEW

Economic Indicators	Unit	Latest Period	Data	
			Latest	Previous
Policy Interest Rate	%	22 May '24	6.25	6.25
Economic Growth	%, yoy	1Q24	5.11	5.04
Inflation Rate	%, yoy	May '24	2.84	3.00
Unemployment Rate	%	Feb '24	4.82	5.32
S&P Credit Rating	Rating	Rating	4-Jul-23	BBB

Sources : various sources, KBVS Research (2024)

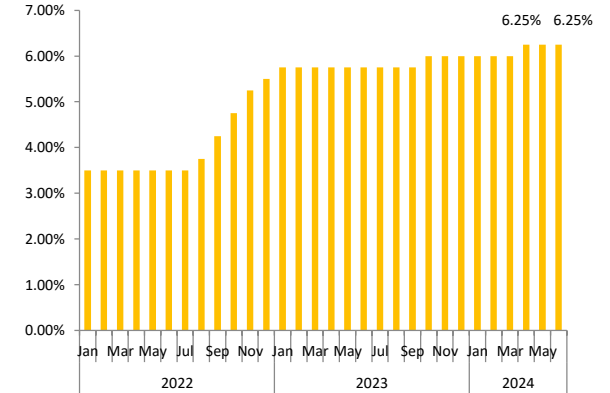
## ECONOMIC CALENDAR

(20-26 JUN '24)

Event	Actual	Forecast	Previous
<b>Thursday, 20 Jun '24</b>			
ID Loans (YoY) (May)	12.15%		13.09%
ID Deposit Facility Rate (Jun)	5.50%	5.50%	5.50%
ID Lending Facility Rate (Jun)	7.00%		7.00%
ID Interest Rate Decision	6.25%	6.25%	6.25%
<b>Friday, 21 Jun '24</b>			
ID M2 Money Supply (YoY) (May)	7.60%		6.90%
<b>Monday, 24 Jun '24</b>			
<b>Tuesday, 25 Jun '24</b>			
<b>Wednesday, 26 Jun '24</b>			

Sources : investing, KBVS Research (2024)

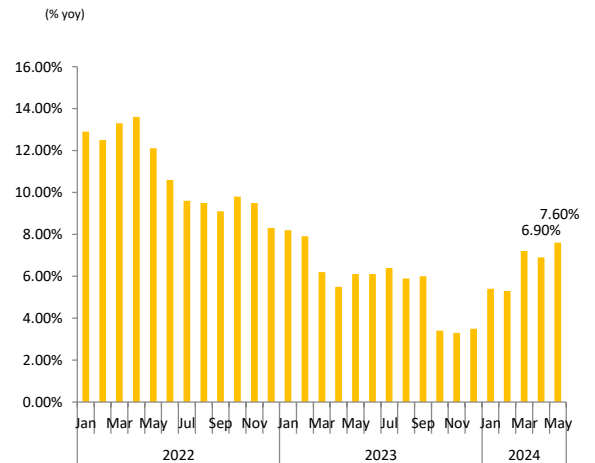
## BI7DRR



Sources : BPS, KBVS Research (2024)

- The BI Rate has been maintained at 6.25% (Cons: 6.25%, KBVS: 6.25%, Prev: 6.25%). Simultaneously, BI also maintained the Deposit Facility rate at 5.50% and the Lending Facility rate at 7.00%.
- We believe this decision aligns with
  - the stable inflation rate, which stood at 2.84% YoY in May '24, and the target to keep inflation at 2.5% YoY ( $\pm 1\%$ ) through the end of 2025, and
  - the dovish stance adopted by the Fed and the Bank of England, given the increasing likelihood of interest rate cuts in these major economies by the end of 2024.
- However, concerns about the Rupiah's depreciation trend over the past month, driven by capital outflows and worries about a rising fiscal deficit, have also garnered BI's attention.
- BI has refined its countercyclical macroprudential policy on the Bank's Foreign Exchange Funding Ratio (RPLN) to strengthen the management of the bank's foreign funding in line with economic needs, effective from Aug 1st, '24.
- We hope this will mitigate the risk of sudden capital reversals.
- Additionally, we encourage BI to further enhance effective intervention and communication to ensure the stability of the Rupiah. Therefore, we also hope for at least one 25 bps reduction in the BI Rate by the end of 2024.

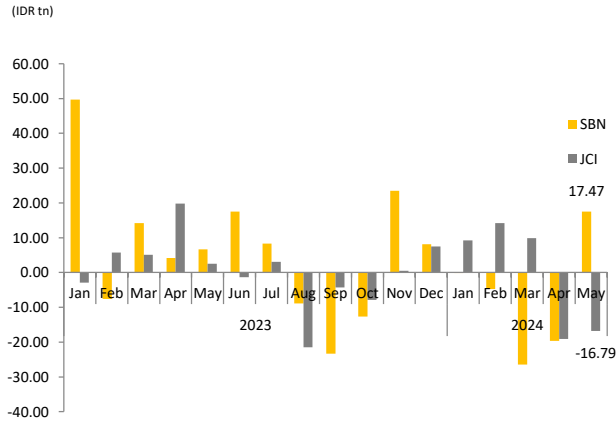
## M2 MONEY SUPPLY



Sources : BI, KBVS Research (2024)

# Development of Tradable SBN

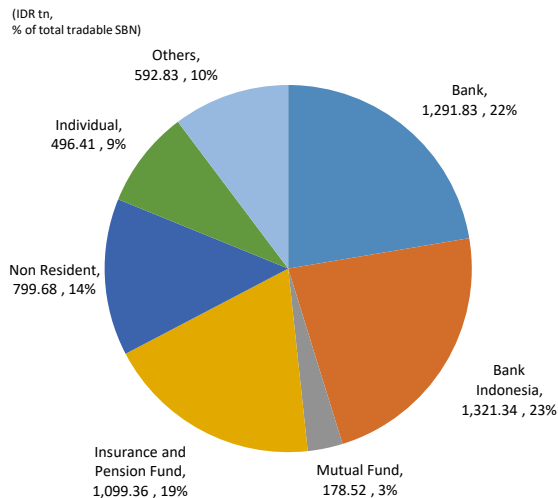
## CAPITAL FLOW IN SBN&JCI



Sources : Bloomberg, KBVS Research (2024)

- During Jun '24 (as of Jun 24<sup>th</sup>), Non-Residents conducted net sell of tradable SBN amounting to USD0.45 bn or IDR7.29 tn, mtd (as of Jun 21<sup>st</sup>).
- Thus the Non-resident ownership in IDR Tradable SBN reaching IDR799.68 tn, accounting for 13.84% of the total tradable SBN.

## OWNERSHIP of IDR TRADABLE SBN



Sources : DJPPR, and KBVS Research (2024)

- As of Jun 21<sup>st</sup>, Meanwhile, BI increased its holdings of tradable SBN by USD2.89 bn or IDR43.83 tn, mtd (as of Jun 21<sup>st</sup>).
- Then the BI ownership in IDR Tradable SBN reaching IDR1,321.34 tn (net) or IDR1,408.35 tn (gross), accounting for 22.86% (net) or 24.37% (gross) of the total tradable SBN.

## 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)

## SBSN LATEST AUCTION

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%	
4 June '24								
Instruments	SPNS02122024	SPNS03032025	PBS032	PBS030	PBSG001	PBS004	PBS038	Total
Incoming Bids (IDR tn)	2.20	3.73	9.12	1.36	3.27	0.77	5.75	26.21
Bid to Cover Ratio	2.76	1.59	3.80	9.05	1.26	2.57	4.11	2.62
Weighted Average Yields Awarded	6.589%	6.786%	6.853%	6.808%	6.790%	6.880%	7.110%	

Sources : DJPPR, KBVS Research (2024)

# APBN Realization

URAIAN	APBN	REALISASI	
		JUMLAH	%
<b>A. Pendapatan dan Hibah</b>	<b>2.802,3</b>	<b>1.123,5</b>	<b>40,1</b>
I. Penerimaan Dalam Negeri	2.801,9	1.120,9	40,0
1. Penerimaan Perpajakan	2.309,9	869,5	37,6
a. Pajak Dalam Negeri	2.235,0	841,5	37,7
i. Pajak Penghasilan	1.139,8	473,0	41,5
- Migas	76,4	29,3	38,4
- Non Migas	1.063,4	443,7	41,7
ii. Pajak Pertambahan Nilai	811,4	282,3	34,8
iii. Pajak Bumi dan Bangunan	27,2	1,9	7,0
iv. Cukai	246,1	81,1	33,0
v. Pajak Lainnya	10,5	3,1	29,4
b. Pajak Perdagangan Internasional	74,9	28,0	37,4
i. Bea Masuk	57,4	20,3	35,4
ii. Bea Keluar	17,5	7,7	43,9
2. Penerimaan Bukan Pajak	492,0	251,4	51,1
a. Penerimaan Sumber Daya Alam	207,7	95,7	46,1
i. Migas	110,2	46,0	41,8
- Minyak Bumi	80,5	46,0	57,2
- Gas Alam	29,6	0,0	0,0
ii. Non Migas	97,5	49,7	50,9
b. Pendapatan dari Kekayaan Negara yang Dipisahkan	85,8	58,8	68,5
c. PNBPN Lainnya	115,1	64,1	55,7
d. Pendapatan BLU	83,4	32,7	39,3
II. Hibah	0,4	2,7	618,4
<b>B. Belanja Negara</b>	<b>3.325,1</b>	<b>1.145,3</b>	<b>34,4</b>
I. Belanja Pemerintah Pusat	2.467,5	824,3	33,4
1. Belanja Pegawai	484,4	202,4	41,8
2. Belanja Barang	407,0	142,4	35,0
3. Belanja Modal	247,5	58,4	23,6
4. Pembayaran Kewajiban Utang	497,3	205,9	41,4
a. Utang Dalam Negeri	456,8	186,6	40,8
b. Utang Luar Negeri	40,5	19,3	47,7
5. Subsidi	286,0	77,8	27,2
a. Subsidi Energi	189,1	56,9	30,1
i. BBM (Pertamina)	113,3	33,4	29,5
ii. Listrik (PLN)	75,8	23,5	30,9
b. Subsidi Non Energi	96,9	21,0	21,7
6. Belanja Hibah	0,0	0,0	0,0
7. Bantuan Sosial	157,3	70,5	44,8
8. Belanja Lainnya	388,0	66,8	17,2
II. Transfer ke Daerah	857,6	321,0	37,4
1. Dana Bagi Hasil	143,1	45,1	31,5
2. Dana Alokasi Umum	427,7	186,3	43,6
3. Dana Transfer Khusus	188,1	51,8	27,6
a. Dana Alokasi Khusus Fisik	53,8	1,2	2,2
b. Dana Alokasi Khusus Nonfisik	133,8	50,5	37,8
c. Hibah Ke Daerah	0,5	0,1	21,7
4. Dana Otonomi Khusus	18,3	2,8	15,5
5. Dana Keistimewaan DIY	1,4	1,1	80,0
6. Dana Desa	71,0	32,9	46,3
7. Insentif Fiskal	8,0	0,8	10,3
<b>C. Keseimbangan Primer</b>	<b>(25,5)</b>	<b>184,2</b>	<b>(722,0)</b>
<b>D. Surplus/Defisit Anggaran</b>	<b>(522,8)</b>	<b>(21,8)</b>	<b>4,2</b>
<b>% Surplus/Defisit terhadap PDB (APBN)</b>	<b>(2,29)</b>	<b>(0,10)</b>	

Source : MOF-RI (2024).

E. Pembiayaan	522,8	84,6	16,2
I. Pembiayaan Utang	648,1	132,2	20,4
1. Surat Berharga Negara (Neto)	666,4	141,6	21,3
2. Pinjaman (Neto)	(18,4)	(9,5)	51,6
a. Pinjaman Dalam Negeri (Neto)	(0,6)	0,2	(28,8)
i. Penarikan Pinjaman Dalam Negeri (Bruto)	3,3	2,2	67,8
ii. Pembayaran Cicilan Pokok Pinjaman DN	(3,9)	(2,0)	52,0
b. Pinjaman Luar Negeri (Neto)	(17,7)	(9,7)	54,5
i. Penarikan Pinjaman Luar Negeri (Bruto)	67,8	25,3	37,4
ii. Pembayaran Cicilan Pokok Pinjaman LN	(85,5)	(35,0)	40,9
II. Pembiayaan Investasi	(176,2)	(49,0)	27,8
1. Investasi Kepada BUMN	(18,6)	(28,2)	151,4
2. Investasi Kepada Lembaga/Badan Lainnya	(10,0)	0,0	0,0
3. Investasi Kepada BLU	(41,2)	(15,0)	36,4
4. Investasi kepada Organisasi/Lembaga Keuangan Internasional/Badan Usaha Internasional	(1,9)	(2,0)	104,1
5. Penerimaan Kembali Investasi	0,0	2,2	0,0
6. Investasi Pemerintah	(13,7)	(6,0)	43,7
7. Pembiayaan Pendidikan	(52,0)	0,0	0,0
8. Cadangan Pembiayaan Investasi	(38,8)	0,0	0,0
III. Pemberian Pinjaman	(0,3)	1,1	(432,5)
IV. Kewajiban Penjaminan	(0,8)	0,0	0,0
V. Pembiayaan Lainnya	52,0	0,3	0,6

## Sri Mulyani: Pak Prabowo Jamin Defisit APBN di Bawah 3% PDB

MARKET - M Rosseno Aji Nugroho, CNBC Indonesia

24 June 2024 09:54

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Source : CNBC, 24 Jun '24 (2024), link:

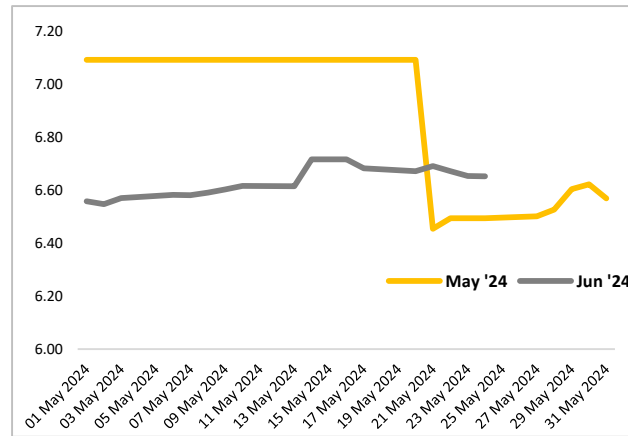
<https://www.cnbcindonesia.com/market/20240624095229-17-548689/sri-mulyani-pak-prabowo-jamin-defisit-apbn-di-bawah-3-pdb>

# The Movement of SUN Yields

Over the past week, there has been a tendency for SUN yields to decline, where:

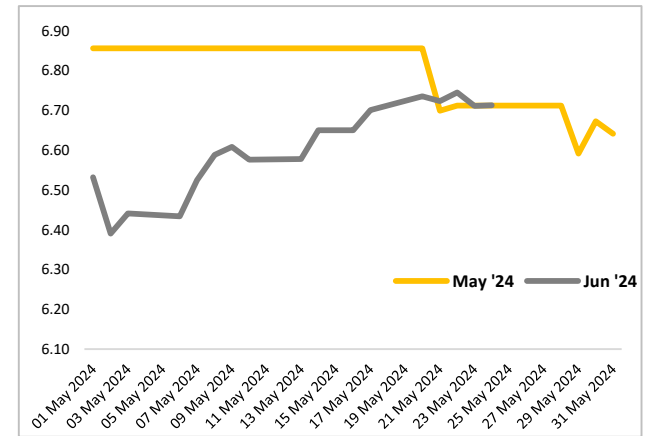
- Yield SUN2Y
  - -3.10 bps (WoW)
  - +28.60 bps (YtD, as of 26 Jun '24)
- Yield SUN5Y
  - -4.40 bps (WoW)
  - +55.20 bps (YtD, as of 26 Jun '24)
- Yield SUN10Y
  - -4.20 bps (WoW)
  - +61.90 bps (YtD, as of 26 Jun '24)
- Yield SUN30Y
  - +0.20 bps (WoW)
  - +27.00 bps (YtD, as of 26 Jun '24)

### YIELD SUN1Y (%)



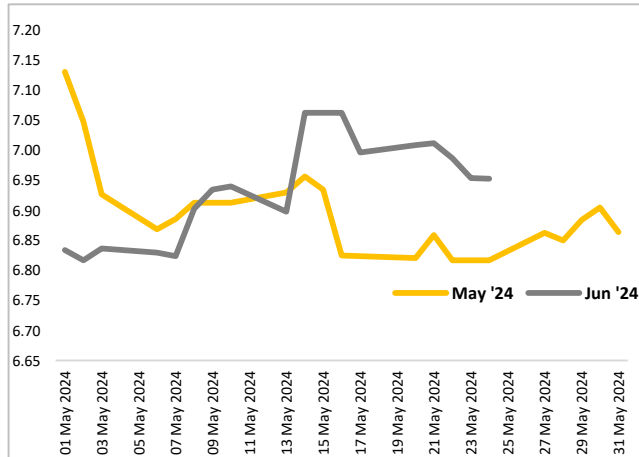
Sources : Bloomberg, KBVS Research (2024)

### YIELD SUN2Y (%)



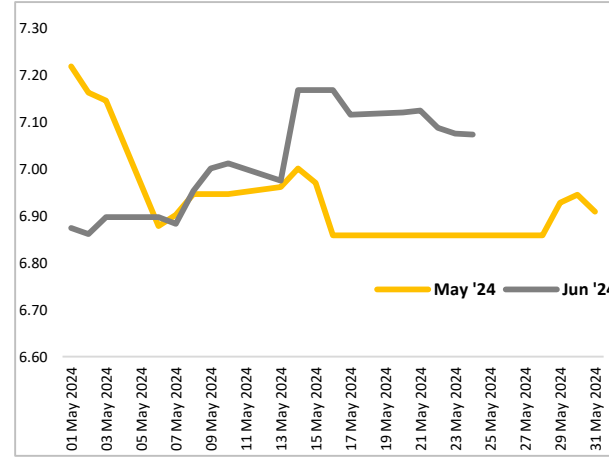
Sources : Bloomberg, KBVS Research (2024)

### YIELD SUN5Y



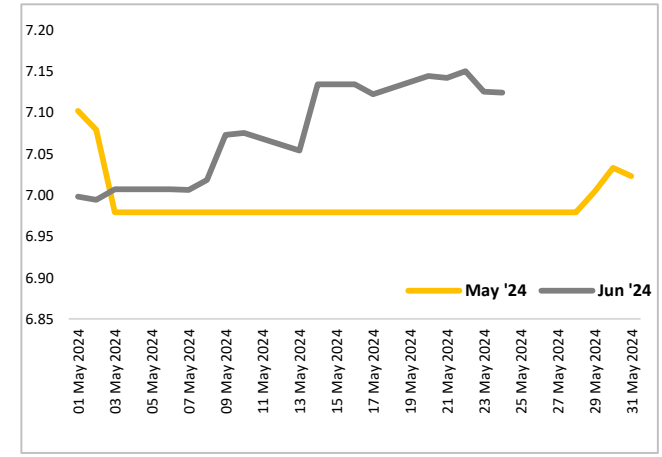
Sources : Bloomberg, KBVS Research (2024)

### YIELD SUN10Y



Sources : Bloomberg, KBVS Research (2024)

### YIELD SUN30Y

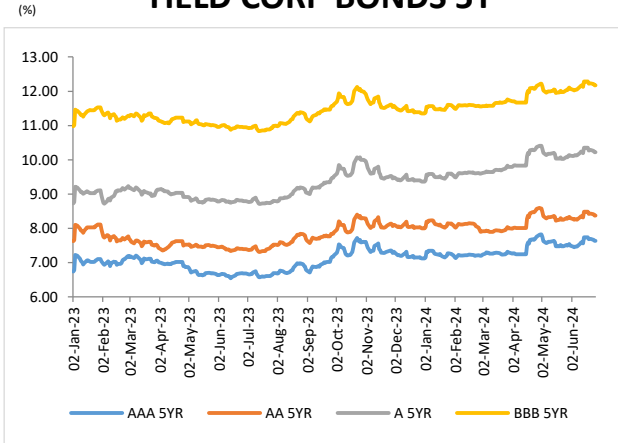


Sources : Bloomberg, KBVS Research (2024)



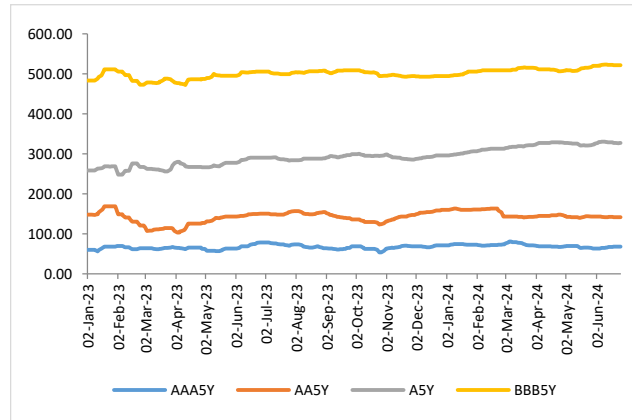
# The Movement of Corporate Bond Yields

## YIELD CORP BONDS 5Y



Sources : Bloomberg, KBVS Research (2024)

## YIELD SPREAD 5Y TENOR

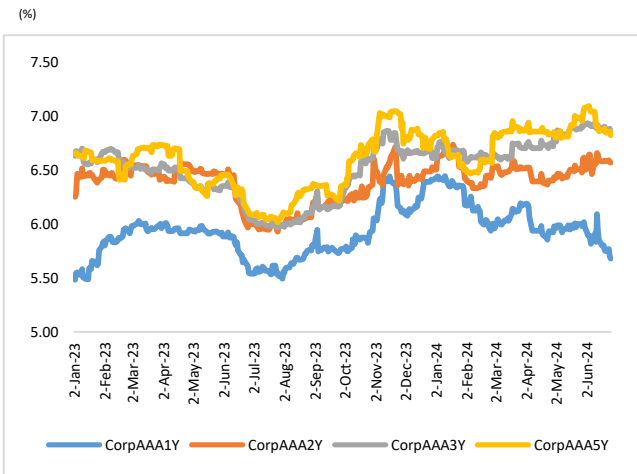


Sources : Bloomberg, KBVS Research (2024)

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

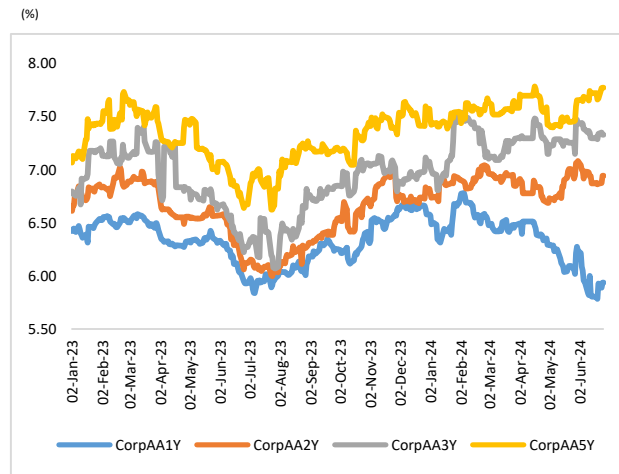
- AAA-rated
  - Tenor 1Y : -13.83 bps
  - Tenor 3Y : -9.46 bps
- AA-rated
  - Tenor 1Y : -11.17 bps
  - Tenor 3Y : -10.17 bps
- A-rated
  - Tenor 1Y : +112.14 bps
  - Tenor 3Y : -13.87 bps

## YIELD AAA-RATED



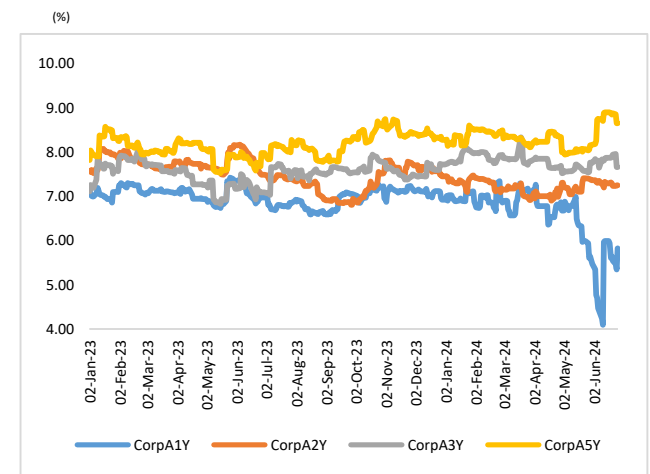
Sources : Bloomberg, KBVS Research (2024)

## 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

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

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

Sources : BI, KBVS Research (2024)

# This Week's Economic Calendar

## ECONOMIC CALENDAR

(27 JUN – 3 JUL 2024)

Country	Event	Forecast	Previous
<b>Thursday, Jun 27, 2024</b>			
US	5-Year Note Auction		4.55%
US	Fed Bank Stress Test Results		
GB	BoE Financial Stability Report		
GB	BoE Gov Bailey Speaks		
EU	Euro Summit		
EU	Eurogroup Meetings		
EU	ECB's Elderson Speaks		
US	Core Durable Goods Orders (MoM) (May)	0.10%	0.40%
US	Core PCE Prices (Q1)	3.60%	2.00%
US	Durable Goods Orders (MoM) (May)	-0.10%	0.60%
US	GDP (QoQ) (Q1)	1.40%	1.30%
US	GDP Price Index (QoQ) (Q1)	3.00%	3.10%
US	Goods Trade Balance (May)	-96.00B	-97.95B
US	Initial Jobless Claims	240K	238K
US	Continuing Jobless Claims		1,828K
US	Retail Inventories Ex Auto (May)		0.30%
US	Pending Home Sales (MoM) (May)		-7.70%
<b>Friday, Jun 28, 2024</b>			
US	7-Year Note Auction		4.65%
US	Fed Bank Stress Test Results		
JP	Tokyo Core CPI (YoY) (Jun)	2.00%	1.90%
JP	Industrial Production (MoM) (May)	2.00%	-0.90%
GB	Business Investment (QoQ)	0.90%	1.40%
GB	Current Account (Q1)	-17.70B	-21.20B
GB	GDP (YoY)	0.20%	-0.20%
GB	GDP (QoQ)	0.60%	-0.30%
GE	Retail Sales (MoM) (May)		-1.20%
GE	Unemployment Change (Jun)	15K	25K
GE	Unemployment Rate (Jun)	5.90%	5.90%
EU	Leaders Summit		
EU	Eurogroup Meetings		
US	Core PCE Price Index (MoM) (May)	0.10%	0.20%
US	Core PCE Price Index (YoY) (May)	2.60%	2.80%
US	PCE Price Index (YoY) (May)	2.60%	2.70%
US	PCE Price Index (MoM) (May)	0.00%	0.30%
US	Personal Spending (MoM) (May)	0.30%	0.20%
US	Chicago PMI (Jun)	40.00	35.40
US	Michigan 1-Year Inflation Expectations (Jun)	3.30%	3.30%
US	Michigan 5-Year Inflation Expectations (Jun)	3.10%	3.00%
US	Michigan Consumer Expectations (Jun)	67.60	68.80
US	Michigan Consumer Sentiment (Jun)	65.90	65.60
US	Fed Monetary Policy Report		
US	FOMC Member Bowman Speaks		

Country	Event	Forecast	Previous
<b>Monday, Jul 1, 2024</b>			
JP	Tankan All Big Industry Capex (Q2)		4.00%
JP	Tankan Big Manufacturing Outlook Index (Q2)		10.00
JP	Tankan Large Manufacturers Index (Q2)		11.00
JP	Tankan Large Non-Manufacturers Index (Q2)		34.00
ID	Nikkei Manufacturing PMI (Jun)		52.10
CN	Caixin Manufacturing PMI (Jun)		51.70
ID	Core Inflation (YoY) (Jun)		1.93%
ID	Inflation (YoY) (Jun)		2.84%
ID	Inflation (MoM) (Jun)		-0.03%
GB	Nationwide HPI (YoY) (Jun)		1.30%
GB	Nationwide HPI (MoM) (Jun)		0.40%
GE	HCOB Manufacturing PMI (Jun)		43.40
EU	HCOB Manufacturing PMI (Jun)		45.60
GB	S&P Global/CIPS Manufacturing PMI (Jun)		51.40
GE	CPI (MoM) (Jun)		0.10%
GE	CPI (YoY) (Jun)		2.40%
US	S&P Global Manufacturing PMI (Jun)		51.70
US	Construction Spending (MoM) (May)		-0.10%
US	ISM Manufacturing Employment (Jun)		51.50
US	ISM Manufacturing PMI (Jun)		48.70
US	ISM Manufacturing Prices (Jun)		57.00
<b>Tuesday, Jul 2, 2024</b>			
EU	CPI (YoY) (Jun)		2.60%
EU	Unemployment Rate (May)		6.40%
US	JOLTs Job Openings (May)		8.059M
<b>Wednesday, Jul 3, 2024</b>			
JP	Au Jibun Bank Japan Services PMI (Jun)		49.80
CN	Caixin Services PMI (Jun)		54.00
GE	HCOB Services PMI (Jun)		53.50
EU	HCOB Composite PMI (Jun)		50.80
EU	HCOB Services PMI (Jun)		52.60
GB	S&P Global/CIPS Composite PMI (Jun)		51.70
GB	S&P Global/CIPS Services PMI (Jun)		51.20
US	ADP Nonfarm Employment Change (Jun)		152K
US	Trade Balance (May)		-74.60B
US	S&P Global Composite PMI (Jun)		54.60
US	S&P Global Services PMI (Jun)		55.10
US	Factory Orders (MoM) (May)		0.70%
US	ISM Non-Manufacturing Employment (Jun)		47.10
US	ISM Non-Manufacturing PMI (Jun)		53.80
US	ISM Non-Manufacturing Prices (Jun)		58.10

# 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.

