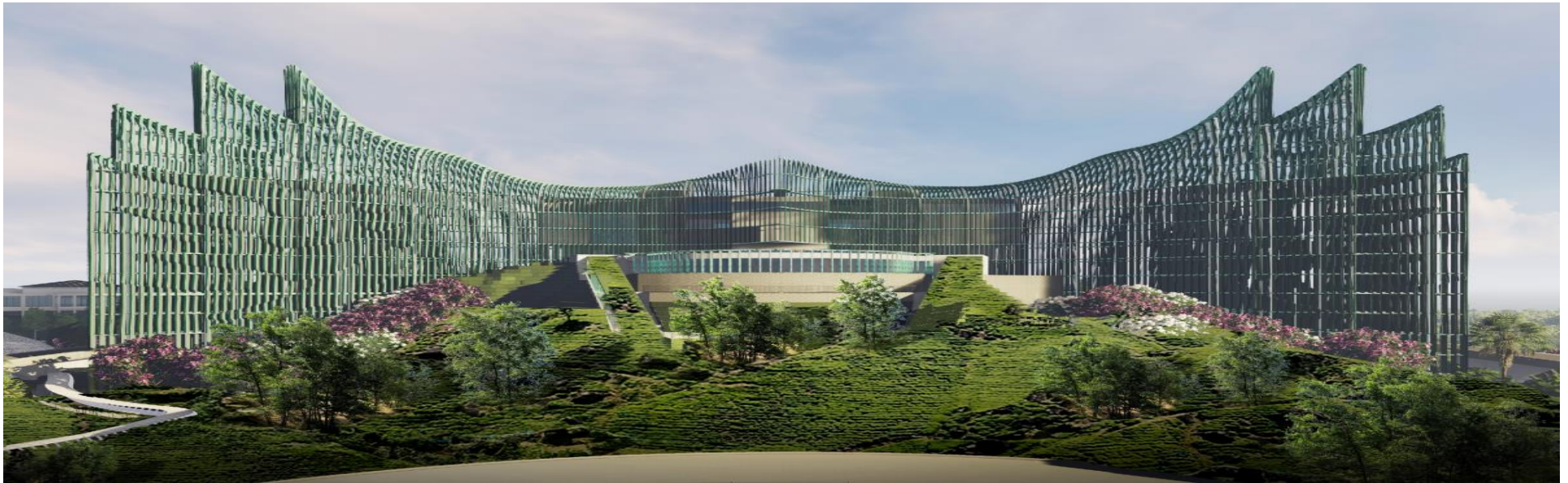


Welcoming the Euphoria of a New Government

17 October 2024

Economist / Fikri C Permana

Executive Summary

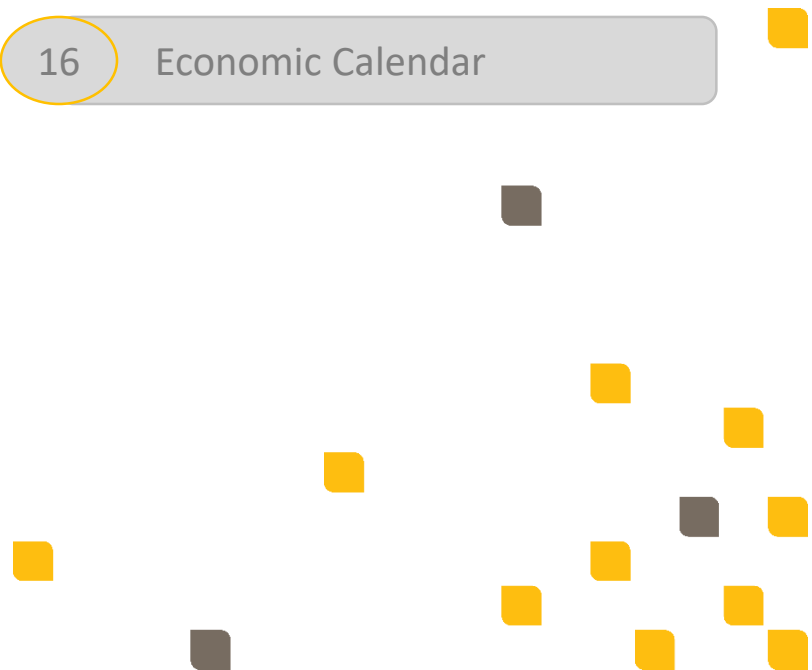


- The decline in US inflation data, particularly the CPI, has remained subdued. This, coupled with statements from several Fed members indicating a resilient labor market, has led to expectations that the upcoming Fed rate cut in the next FOMC meeting will be relatively limited.
- At the same time, the likelihood of a more significant rate cut by the Bank of England (BoE) and an earlier rate cut by the European Central Bank (ECB) contributed to a sharp increase in the DXY index last week.
- Domestically, the potential continuation of prudent fiscal policies, especially with the possibility of Sri Mulyani retaining her position as Finance Minister under President Prabowo's leadership, has generated positive market sentiment.
- Meanwhile, Bank Indonesia's pro-stability stance, as reflected by its decision to maintain the BI rate at 6.00%, has also supported the stability of the Rupiah.



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US ECONOMIC DATA

US ECONOMIC INDICATORS	Unit	Latest Period	Data	
			Latest	Previous
Fed Rate	%	Sep '24	5.0	5.5
Economic Growth	%, yoy	2Q24	3.0	2.9
Inflation Rate	%, yoy	Sep'24	2.4	2.5
Unemployment Rate	%	Sep'24	4.1	4.2

Sources : various sources, KBVS Research (2024)

The data releases that influenced yield movements in the week of 10 – 16 Oct '24 are as follows:

- The number of people claiming unemployment benefits on the period ending Oct 5th in the US increase to 258K (Cons: 231K, Prev: 225K).
- Core CPI for Sep '24 stable at 0.30% MoM (Cons: 0.20% MoM, Prev: 0.30% MoM).
- CPI in Sep '24 stable at 0.20% MoM (Cons: 0.10% MoM, Prev: 0.20% MoM).
- US PPI in Sep '24 down to 0.00% MoM (Cons: 0.10% MoM, Prev: 0.20% MoM). Meanwhile, Core PPI, which exclude food and energy costs, rose by 0.2% MoM (Cons: 0.2% MoM, Prev: 0.3% MoM).
- US NY Fed consumer inflation expectations in Sep '24 for the year ahead were unchanged at 3.0% (Prev: 3.0% YoY).
- The NY Empire State Manufacturing Index in Oct '24 plummeted to -11.9 (Cons: 3.8, Prev: 11.5).

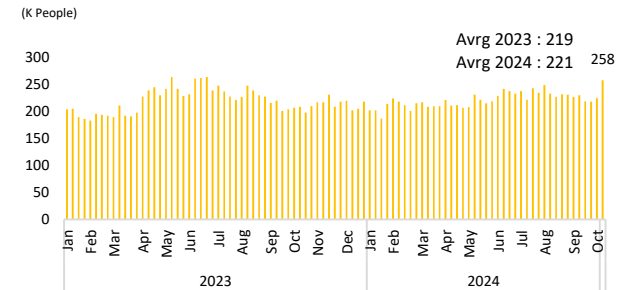
ECONOMIC CALENDAR

(10-16 OCT '24)

Event	Actual	Forecast	Previous
Thursday, 10 Oct '24			
US 10-Year Note Auction	4.07%		3.65%
US FOMC Meeting Minutes			
US FOMC Member Daly Speaks			
US Core CPI (MoM) (Sep)	0.30%	0.20%	0.30%
US Core CPI (YoY) (Sep)	3.30%	3.20%	3.20%
US CPI (YoY) (Sep)	2.40%	2.30%	2.50%
US CPI (MoM) (Sep)	0.20%	0.10%	0.20%
US Continuing Jobless Claims	1,861K	1,830K	1,819K
US Initial Jobless Claims	258K	231K	225K
US FOMC Member Williams Speaks			
Friday, 11 Oct '24			
US 30-Year Bond Auction	4.39%		4.02%
US Fed Balance Sheet	7,047B		7,047B
US Core PPI (MoM) (Sep)	0.20%	0.20%	0.30%
US PPI (MoM) (Sep)	0.00%	0.10%	0.20%
US Michigan 1-Year Inflation Expectations (Oct)	2.90%	2.70%	2.70%
US Michigan 5-Year Inflation Expectations (Oct)	3.00%	3.00%	3.10%
US Michigan Consumer Expectations (Oct)	72.90	75.00	74.40
US Michigan Consumer Sentiment (Oct)	68.90	70.90	70.10
US WASDE Report			
Monday, 14 Oct '24			
US OPEC Monthly Report			
US FOMC Member Kashkari Speaks			
Tuesday, 15 Oct '24			
US Fed Waller Speaks			
US FOMC Member Kashkari Speaks			
US IEA Monthly Report			
US NY Empire State Manufacturing Index (Oct)	-11.90	3.40	11.50
US NY Fed 1-Year Consumer Inflation Expectations (Sep)	3.00%		3.00%
US FOMC Member Daly Speaks			
Wednesday, 16 Oct '24			
US FOMC Member Bostic Speaks			
US Export Price Index (MoM) (Sep)		-0.40%	-0.70%
US Import Price Index (MoM) (Sep)		-0.30%	-0.30%

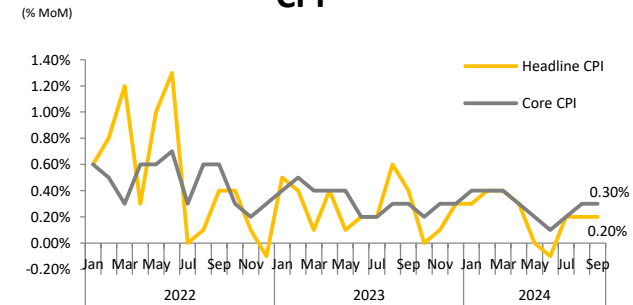
Sources : investing, KBVS Research (2024)

WEEKLY INITIAL JOBLESS CLAIMS



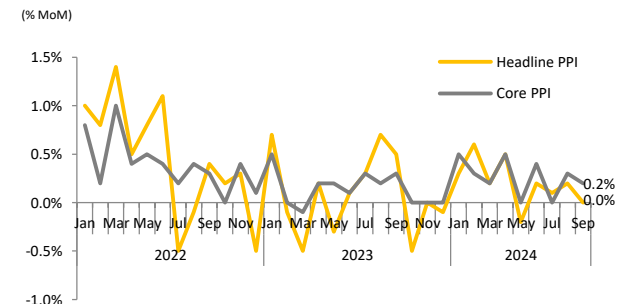
Sources : US DoL, KBVS Research (2024)

CPI



Sources : US Bureau of Labor Statistics, KBVS Research (2024)

PPI



Sources : US Bureau of Labor Statistics, KBVS Research (2024)

FED PROBABILITIES AND THEIR IMPACT

FED PROBABILITIES, as of 16 OCT '24

MEETING DATE	FED PROBABILITIES								
	275-300	300-325	325-350	350-375	375-400	400-425	425-450	450-475	475-500
7-Nov-24	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	94.1%	5.9%
18-Dec-24	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	86.2%	13.3%	0.5%
29-Jan-25	0.0%	0.0%	0.0%	0.0%	0.0%	64.5%	31.7%	3.7%	0.1%
19-Mar-25	0.0%	0.0%	0.0%	0.0%	60.6%	33.6%	5.4%	0.3%	0.0%
30-Apr-25	0.0%	0.0%	0.0%	40.1%	42.8%	15.0%	2.1%	0.1%	0.0%
18-Jun-25	0.0%	0.0%	25.9%	41.8%	24.8%	6.6%	0.8%	0.0%	0.0%
30-Jul-25	0.0%	9.6%	31.8%	35.5%	18.0%	4.5%	0.5%	0.0%	0.0%
17-Sep-25	3.6%	18.0%	33.2%	28.9%	12.9%	3.0%	0.3%	0.0%	0.0%

Sources : CME Group, and KBVS Research (2024)

- Several statements made by FOMC members last week—such as Daly, Kashkari, Williams, and Bostic—highlighted the continued resilience of the US labor market and the limited possibility of a Fed rate cut.

- At the same time, the earlier rate cut by the ECB and the likelihood of a more significant rate cut by the BoE has led to the depreciation of several USD peers throughout the past week, including:

- JPY 0.06%
- CHF 0.22%
- SEK 0.30%
- GBP 0.43%
- CAD 0.52%
- EUR 0.56%

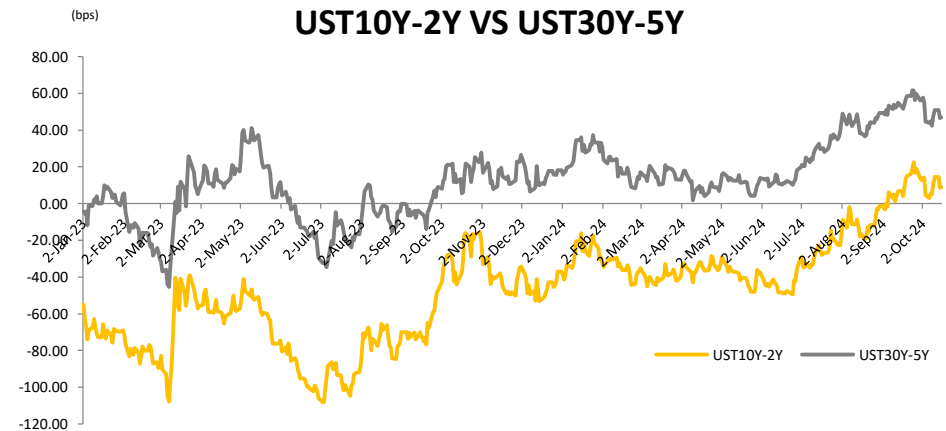
- Meanwhile, the yield spread between US10Y and 2Y treasury bonds has narrowed.

DXY



Sources : Bloomberg, and KBVS Research (2024)

YIELD SPREAD UST10Y-2Y VS UST30Y-5Y



Sources : Bloomberg, and KBVS Research (2024)

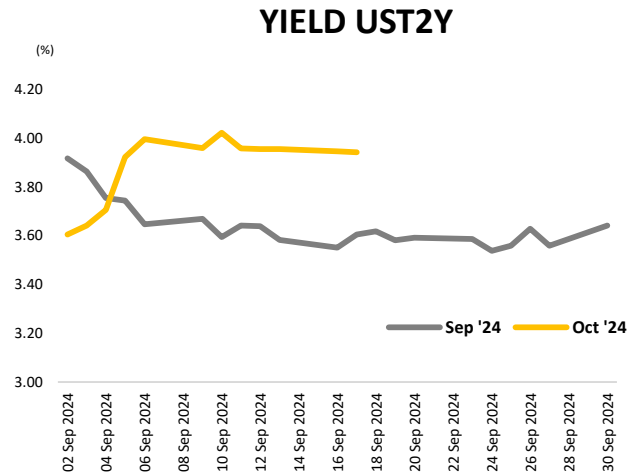
THE MOVEMENT OF UST YIELDS

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+

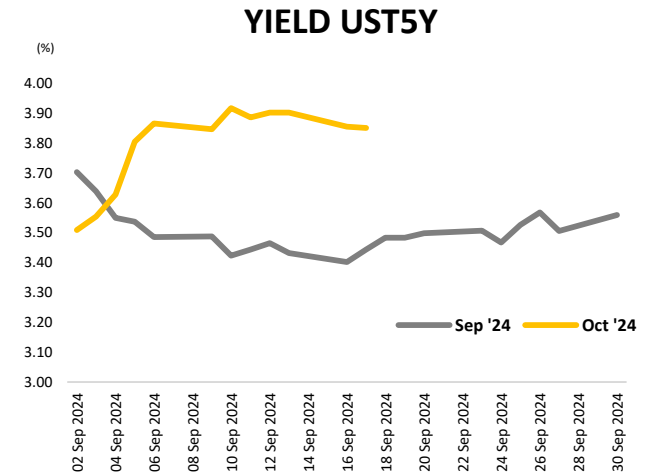
Sources : US Treasury, KBVS Research (2024)

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

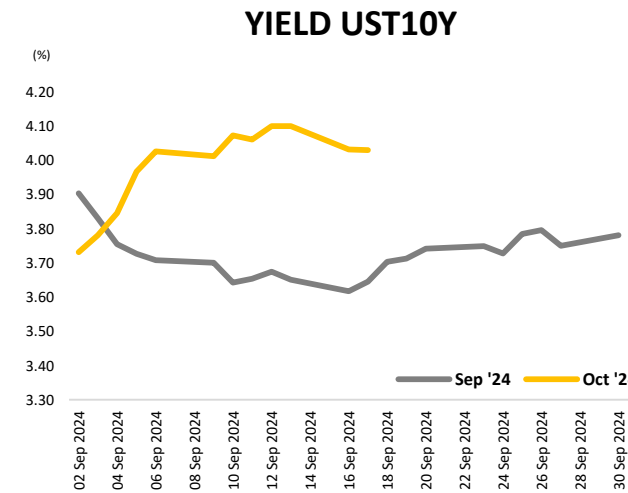
- UST6M
 - -6.09 bps (WoW)
 - -84.52 bps (YtD, as of Oct 16,'24)
- UST52W (1Y)
 - -8.01 bps (WoW)
 - -60.54 bps (YtD, as of Oct 16,'24)
- UST2Y
 - -9.03 bps (WoW)
 - -31.87 bps (YtD, as of Oct 16,'24)
- UST5Y
 - -7.99 bps (WoW)
 - -1.03 bps (YtD, as of Oct 16,'24)
- UST10Y
 - -6.04 bps (WoW)
 - +13.31 bps (YtD, as of Oct 16,'24)
- UST30Y
 - -4.06 bps (WoW)
 - +27.20 bps (YtD, as of Oct 16,'24)



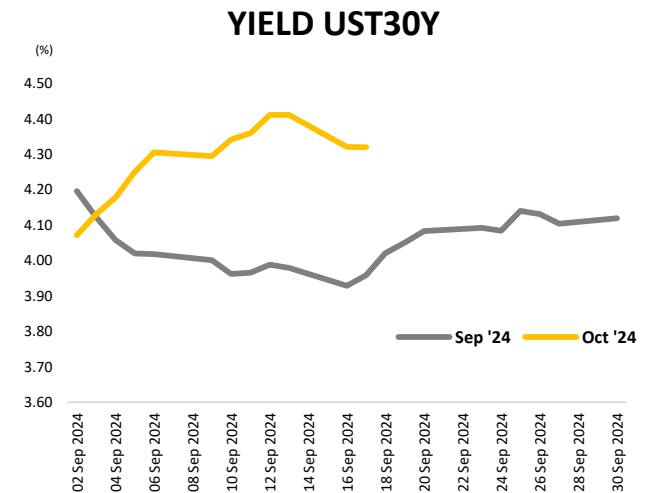
Sources : Bloomberg, KBVS Research (2024)



Sources : Bloomberg, KBVS Research (2024)



Sources : US Treasury, KBVS Research (2024)



Sources : US Treasury, KBVS Research (2024)

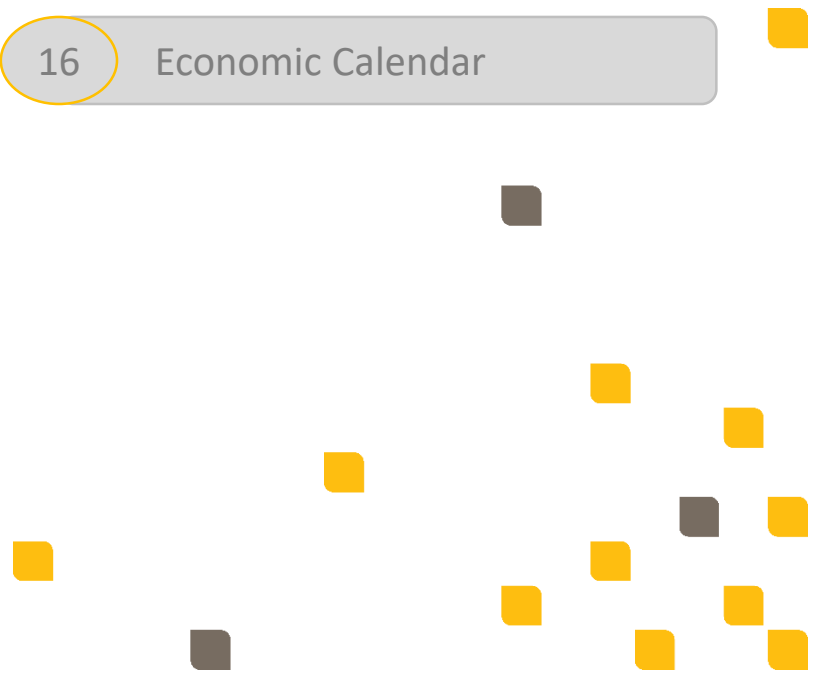


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INDONESIA ECONOMIC DATA

INDICATORS OVERVIEW

Economic Indicators	Unit	Latest Period	Data	
			Latest	Previous
Policy Interest Rate	%	16 Oct '24	6.00	6.00
Economic Growth	%, yoy	2Q24	5.05	5.11
Inflation Rate	%, yoy	Sep' 24	1.84	2.12
Unemployment Rate	%	Feb '24	4.82	5.32
S&P Credit Rating	Rating	17 July '24	BBB	BBB

Sources : various sources, KBVS Research (2024)

ECONOMIC CALENDAR

(10-16 OCT '24)

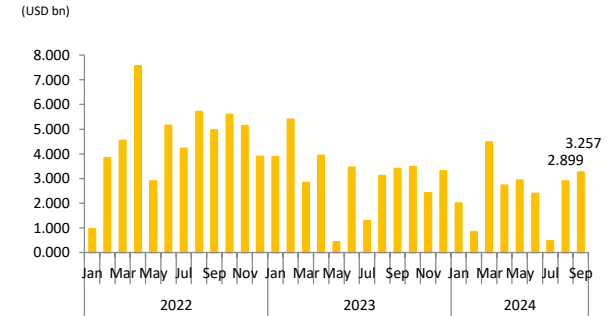
Event	Actual	Forecast	Previous
Thursday, 10 Oct '24			
Friday, 11 Oct '24			
Monday, 14 Oct '24			
Tuesday, 15 Oct '24			
ID Export Growth (YoY) (Sep)	6.44%	8.00%	6.56%
ID Import Growth (YoY) (Sep)	8.55%	11.80%	9.46%
ID Trade Balance (Sep)	3.26B	2.83B	2.78B
Wednesday, 16 Oct '24			
ID Deposit Facility Rate (Oct)	5.25%	5.25%	5.25%
ID Lending Facility Rate (Oct)	6.75%	6.75%	6.75%
ID Loans (YoY) (Oct)	10.85%		11.40%
ID Interest Rate Decision	6.00%	6.00%	6.00%

Sources : Investing, KBVS Research (2024)

The data releases that influenced yield movements in the week of 10–16 Oct '24 are:

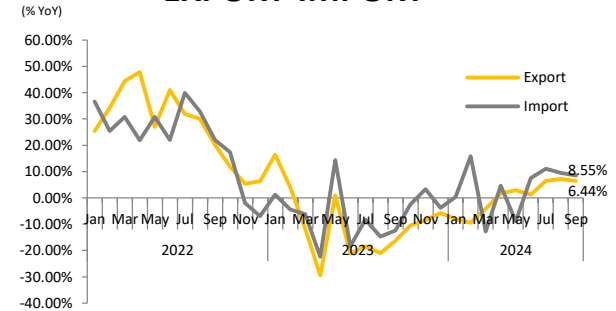
- The larger decline in imports (-8.91% MoM) compared to exports (-6.17% MoM) in Sep '24 helped improve Indonesia's trade surplus to USD3.26 bn (Cons: USD2.80 bn, KBVS: USD2.49 bn, Prev: USD2.89 bn), the highest level since Mar '24. However, the cumulative trade surplus for 3Q24, amounting to USD6.60 bn, may not be sufficient to reverse the current account deficit that has persisted since 2Q23.
- BI maintain BI rate at 6.00%, as the pro-stability stance.

TRADE BALANCE



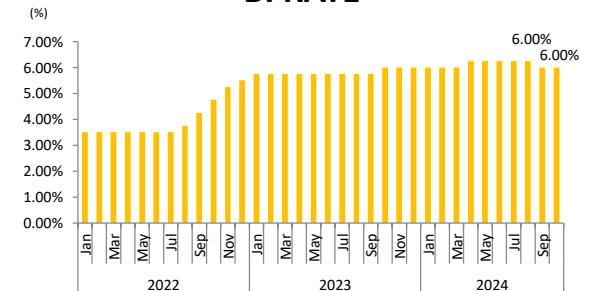
Sources : BI, KBVS Research (2024)

EXPORT-IMPORT



Sources : BI, KBVS Research (2024)

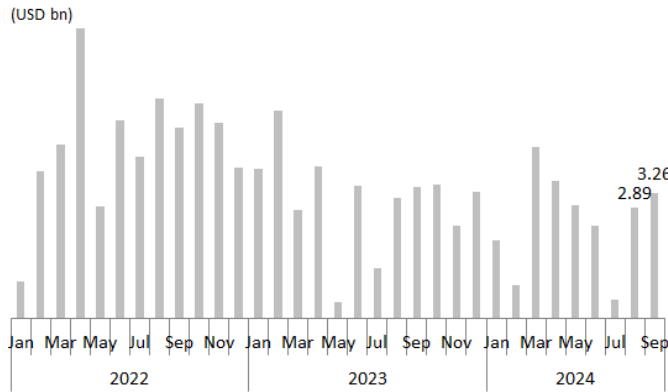
BI RATE



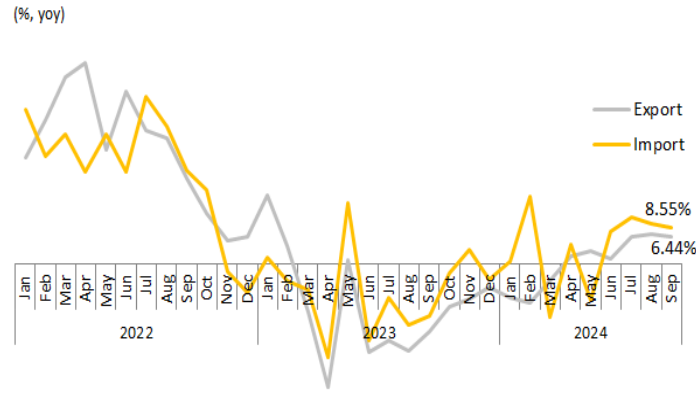
Sources : BI, KBVS Research (2024)

TRADE BALANCE

TRADE BALANCE



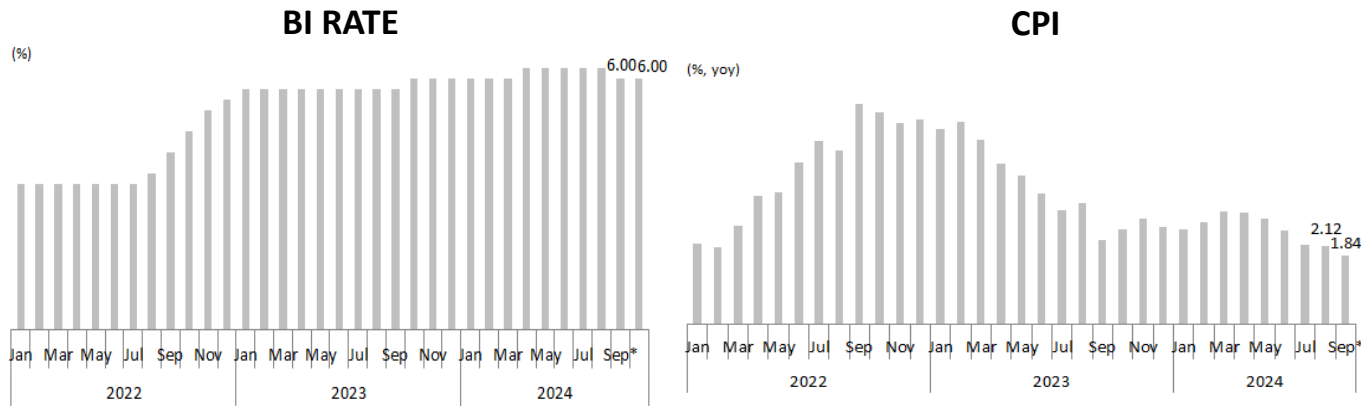
EXPORT-IMPORT



Indicators	Value (USD bn)			Growth (%)	
	Latest	M-1	MoM	YoY	
Total Export	22.08	23.44	-5.80	6.44	
Oil and Gas	1.17	1.20	-2.80	-16.74	
- Crude Oil	0.20	0.12	63.47	-3.61	
- Processed Oil	0.31	0.36	-12.90	-37.22	
- Gas	0.66	0.72	-8.87	-6.05	
Non-Oil and Gas	20.91	22.24	-5.96	8.13	
- Agriculture, Forestry, and Fisheries	0.56	0.55	2.95	38.76	
- Manufacturing	16.46	17.59	-6.38	7.11	
- Mining & Others	3.89	4.10	-5.36	9.03	
Total Import	18.82	20.67	-8.91	8.55	
Oil and Gas	2.53	2.65	-4.53	-24.04	
- Crude Oil	0.75	0.71	6.16	-41.55	
- Processing Oil	1.78	1.94	-8.41	-13.05	
- Gas	0.00	0.00	0.00	0.00	
Non-Oil and Gas	16.30	18.02	-9.55	16.29	
Import Based on the Goods Usage Classification					
Consumption Goods	1.85	1.98	-6.37	11.30	
Raw/Auxiliary Materials	13.44	14.88	-9.69	5.87	
Capital Goods	3.53	3.81	-7.15	18.44	
Trade Balance	3.26	2.77	17.35%	-4.79%	
Oil and Gas Trade Balance	-1.36	-1.44	6.34%	-29.24%	
Non-Oil and Gas Trade Balance	4.62	4.22	-8.57%	-13.73%	

- The larger decline in imports (-8.91% MoM) compared to exports (-6.17% MoM) in Sep '24 helped improve Indonesia's trade surplus to USD3.26 bn (Cons: USD2.80 bn, KBVS: USD2.49 bn, Prev: USD2.89 bn), the highest level since Mar '24.
- This continued trade surplus marks the 53rd consecutive month of surplus since May '19. However, the cumulative trade surplus for 3Q24, amounting to USD6.60 bn, may not be sufficient to reverse the current account deficit that has persisted since 2Q23.
- In the short term, we view the increase in the trade surplus as a positive factor for the Rupiah.
- However, given concerns that the current account deficit will likely persist in 3Q24, alongside the continued contraction in manufacturing PMIs of major economies, we foresee risks of fundamental Rupiah weakening in the long term.
- Therefore, we estimate that the Rupiah will likely remain in the range of IDR 15,400 to IDR 15,700 per USD until the end of 2024.
- At the same time, we do not expect Bank Indonesia to lower its policy rate hastily before further reductions in the Fed rate occur.

BI RATE



Indicators	16-Oct-24		Monthly Changes (in bps)	Ytd Changes (in bps)
	Latest	M-1		
Policy Rate (in %)				
United States	5.00	5.50	(50.0)	(50.0)
European Union	3.65	4.25	(60.0)	(85.0)
United Kingdom	5.00	5.00	0.0	(25.0)
Japan	0.25	0.25	0.0	35.0
China	3.35	3.35	0.0	(10.0)
India	6.50	6.50	0.0	0.0
Thailand	2.50	2.50	0.0	0.0
Philippines	6.25	6.50	(25.0)	(25.0)
Indonesia	6.00	6.00	0.0	0.0
Global Monetary Policy Change (in number of countries)				
Easing	7	9		
Unchanged	11	7		
Tightening	0	2		
Average International Interest Rate (in %)				
USD LIBOR -1 Month	4.96	5.13	(16.9)	(45.0)
USD LIBOR -3 Months	4.85	5.12	(27.1)	(75.6)
USD LIBOR -6 Months	4.68	4.91	(22.8)	(117.8)
Domestic Interbank Money Market (in %)				
INDONIA	6.30	6.30	(0.3)	30.2
JIBOR - 1 Month	6.80	6.90	(9.6)	41.4
JIBOR - 3 Months	7.08	7.18	(10.1)	32.8
JIBOR - 6 Months	7.20	7.30	(9.9)	33.1
JIBOR - 12 Months	7.36	7.46	(9.9)	30.6

- BI maintain the BI Rate at 6.00% (Cons: 6.00%, KBVS: 6.00%, Prev: 6.00%) reflects a pro-stability.
- Although inflation in Sep '24, at 1.84% YoY, the decline in FX Reserves to USD149.92 bn in the same month.
- We view this as an effort to maintain the interest rate differential between the BI Rate and the Fed Rate at 100 bps, while also preserving the yield spread between the SUN10Y and US10Y at above 250 bps.
- This helps sustain investor interest in domestic portfolios and is expected to support future Rupiah expectations, keeping it within the range of IDR 15,400 – 15,700 per USD, at least until the FOMC meeting on Nov 7.
- These measures are expected to be complemented by fiscal policy announcements from the new cabinet in the coming days.
- Looking ahead, with global geopolitical risks still uncertain, the possibility of a significant stimulus from China, and the US presidential election on November 5, we strongly commend BI's decision. However, with the anticipated Fed Rate cut, we hope that BI will follow suit in the coming months, as it aligns with efforts to maintain inflation control and Rupiah stability.

THE POTENTIAL ECONOMIC CABINET

Sustainability and capability will be highly anticipated from the upcoming Minister in the Economic Sector in the next cabinet.

Several key challenges lie ahead:

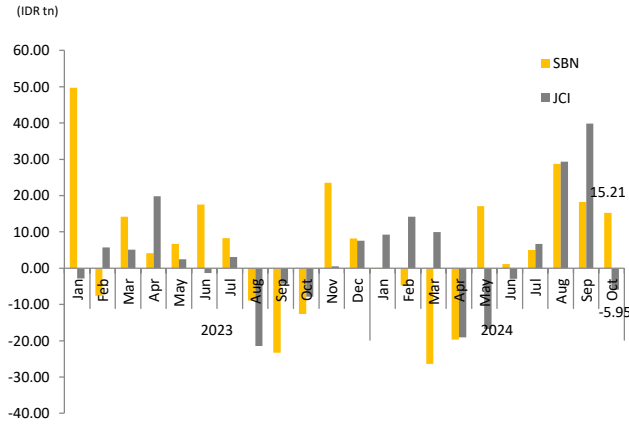
- First, **maintaining fiscal stability**, following the prudent fiscal policies of the past decade;
- Second, **boosting state revenue** in anticipation of increased government spending; and
- Third, fostering **better coordination** between central and regional governments, as well as among fiscal, monetary, and macroprudential policies.

1. Housing Minister Candidate	: Maruarar Sirait - Politician from Gerindra Party
2. Coordinating Minister Candidate	: Zulkifli Hasan - Minister of Trade
3. Coordinating Minister for Economic Affairs Candidate	: Airlangga Hartarto - Coordinating Minister for Economic Affairs
4. Finance Minister Candidate	: Sri Mulyani - Minister of Finance
5. Investment Minister Candidate	: Rosan Roeslani - Minister of Investment
6. Minister of Energy and Mineral Resources Candidate	: Bahlil Lahadalia - Minister of Energy and Mineral Resources
7. Industry Minister Candidate	: Agus Gumiwang - Minister of Industry
8. SME Minister Candidate	: Maman Abdurahman - Politician from Golkar Party
9. State-Owned Enterprises (SOEs) Minister Candidate	: Erick Thohir - Minister of SOEs
10. Deputy SOEs Minister Candidate	: Kartika Wirjoatmodjo
11. Agriculture Minister Candidate	: Andi Amran Sulaiman - Minister of Agriculture
12. Marine and Fisheries Minister Candidate	: Sakti Wahyu Trenggono - Minister of Marine and Fisheries
13. Transportation Minister Candidate	: Dudy Purwagandhi - Member of the PLN Board of Commissioners
14. Minister of Creative Economy Candidate	: Widiyanti Putri Wardhana
15. Minister of Agrarian Affairs and Spatial Planning Candidate	: Nusron Wahid
16. Minister of National Development Planning/Head of Bappenas Candidate	: Rachmat Pambudy
17. Trade Minister Candidate	: Budi Santoso
18. Deputy SOEs Minister Candidate	: Fahri Hamzah - Vice Chairman of the Gelora Party
19. Deputy Housing Minister Candidate	: Dony Oskaria - CEO of Aviasi Pariwisata Indonesia
20. Deputy Minister of Tourism Candidate	: Yuliot Tanjung
21. Deputy Investment Minister Candidate	: Diana Kusumastuti - Director General of Human Settlements at PUPR Minister
22. Deputy Minister of Manpower Candidate	: Afriansyah Noor - Deputy Minister of Manpower
23. Deputy Finance Minister Candidate	: Thomas Djiwandono - Deputy Minister of Finance
24. Deputy Finance Minister Candidate	: Suahasil Nazara - Deputy Minister of Finance
25. Deputy Finance Minister Candidate	: Anggito Abimanyu

Source : Katadata (2024), link : <https://katadata.co.id/berita/industri/670f5129f37b6/daftar-calon-menteri-dan-wakil-menteri-bidang-ekonomi-prabowo-gibran>

DEVELOPMENT OF TRADABLE SBN

CAPITAL FLOW IN SBN&JCI



Sources : Bloomberg, KBVS Research (2024)

Between 10 and 16 Oct '24, non-residents conducted:

- a net buy of tradable SBN amounting to IDR4.89 tn, and
- A net sell of JCI, amounting IDR0.68 tn.

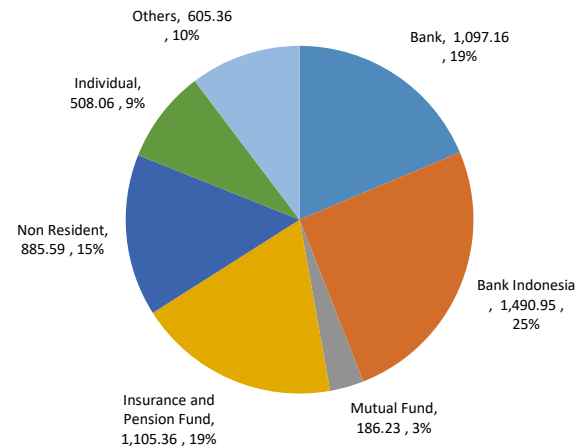
SUN LATEST AUCTION

15 Oct '24								
Instruments	SPN12250116	SPN12251002	FR0104	FR0103	FR0098	FR0097	FR0102	Total
Incoming Bids (IDR tn)	2.11	5.02	12.08	15.21	3.42	2.83	3.60	44.27
Bid to Cover Ratio	-	2.51	1.64	1.36	1.63	3.54	2.32	1.77
Weighted Average Yields Awarded	-	6.100%	6.420%	6.710%	6.810%	6.880%	6.939%	
1 Oct '24								
Instruments	SPN03250101	SPN12251002	FR0104	FR0103	FR0098	FR0097	FR0102	Total
Incoming Bids (IDR tn)	2.02	5.89	14.13	14.96	4.82	3.26	1.57	46.65
Bid to Cover Ratio	-	2.95	1.64	2.03	1.18	5.02	1.21	1.94
Weighted Average Yields Awarded	-	5.945%	6.240%	6.530%	6.679%	6.829%	6.889%	

Sources : DJPPR, KBVS Research (2024)

OWNERSHIP of IDR TRADABLE SBN

(IDR tn, % of total tradable SBN)



Sources : DJPPR, and KBVS Research (2024)

As of 15 Oct '24, the largest ownership of tradable SBN is as follows:

- Bank Indonesia : IDR1,490.95 tn (-IDR14.59 tn, WoW),
- Banks : IDR1,097.16 tn (-IDR43.07 tn, WoW), and
- Insurance & Pension Funds: IDR1,105.36 tn (-IDR0.82 tn, WoW)

SBSN LATEST AUCTION

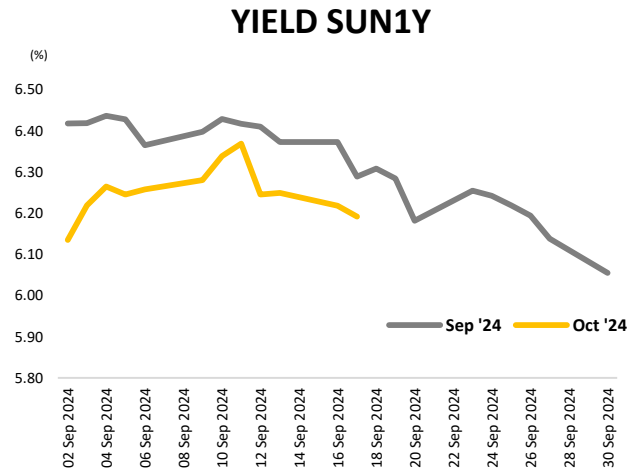
8 Oct '24								
Instruments	SPNS01042025	SPNS07072025	PBS032	PBS030	PBS004	PBS039	PBS038	Total
Incoming Bids (IDR tn)	2.16	4.37	2.01	2.26	0.26	0.17	3.62	14.85
Bid to Cover Ratio	3.59	1.56	1.15	3.02	2.60	1.71	2.20	1.92
Weighted Average Yields Awarded	6.230%	6.214%	6.399%	6.490%	7.992%	6.896%	7.050%	
24 Sep '24								
Instruments	SPNS01042025	SPNS09062025	PBS032	PBS030	PBS029	PBS004	PBS038	Total
Incoming Bids (IDR tn)	3.30	4.39	9.88	6.81	0.92	1.10	5.95	32.34
Bid to Cover Ratio	-	21.94	6.81	2.48	1.31	1.69	1.40	3.23
Weighted Average Yields Awarded	-	6.220%	6.250%	6.340%	6.561%	6.616%	6.870%	

Sources : DJPPR, KBVS Research (2024)

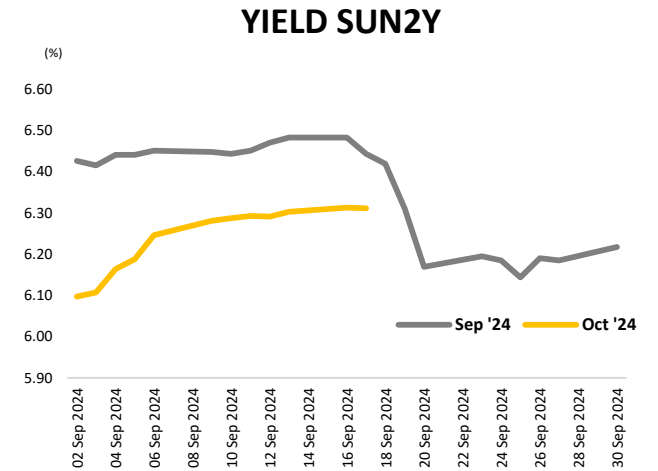
The Movement of SUN Yields

Over the past week, SUN yields moved tends to increased:

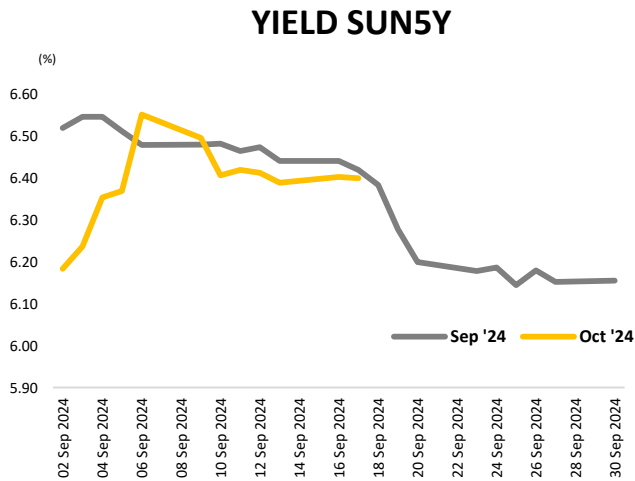
- Yield SUN1Y
 - -10.10 bps (WoW)
 - -12.70 bps (YtD, as of Oct 16, '24)
- Yield SUN2Y
 - +0.70 bps (WoW)
 - -8.90 bps (YtD, as of Oct 16, '24)
- Yield SUN5Y
 - -2.90 bps (WoW)
 - -2.40 bps (YtD, as of Oct 16, '24)
- Yield SUN10Y
 - -0.30 bps (WoW)
 - +20.80 bps (YtD, as of Oct 16, '24)
- Yield SUN30Y
 - -0.10 bps (WoW)
 - +5.90 bps (YtD, as of Oct 16, '24)



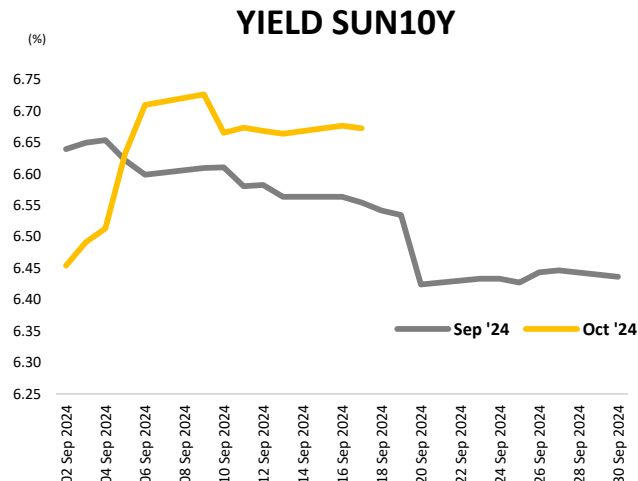
Sources : Bloomberg, KBVS Research (2024)



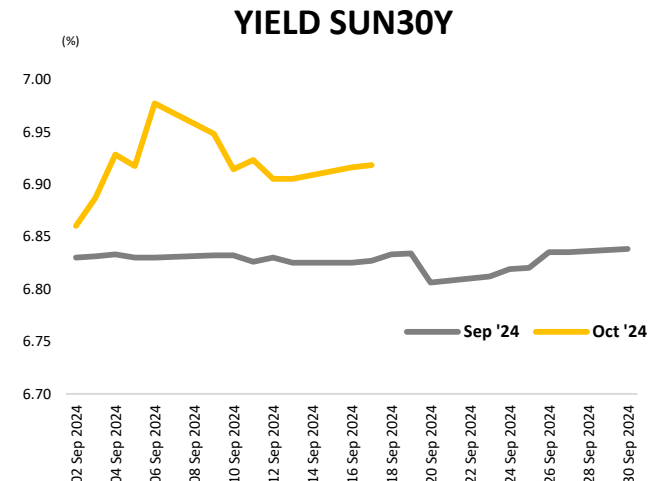
Sources : Bloomberg, KBVS Research (2024)



Sources : Bloomberg, KBVS Research (2024)



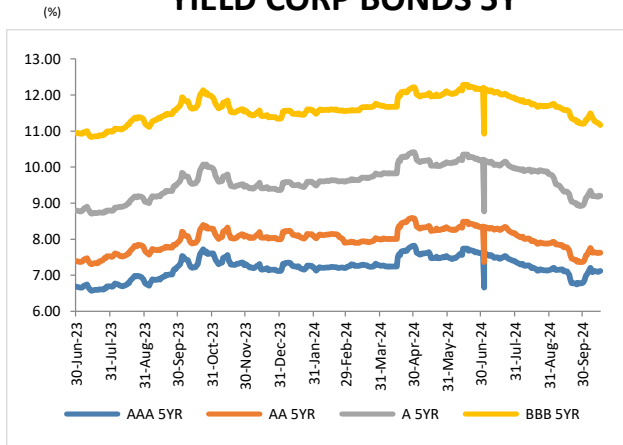
Sources : Bloomberg, KBVS Research (2024)



Sources : Bloomberg, KBVS Research (2024)

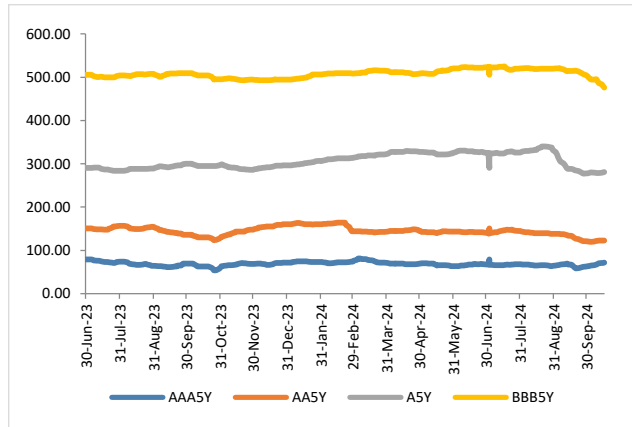
The Movement of Corporate Bond Yields

YIELD CORP BONDS 5Y



Sources : Bloomberg, KBVS Research (2024)

YIELD SPREAD 5Y TENOR

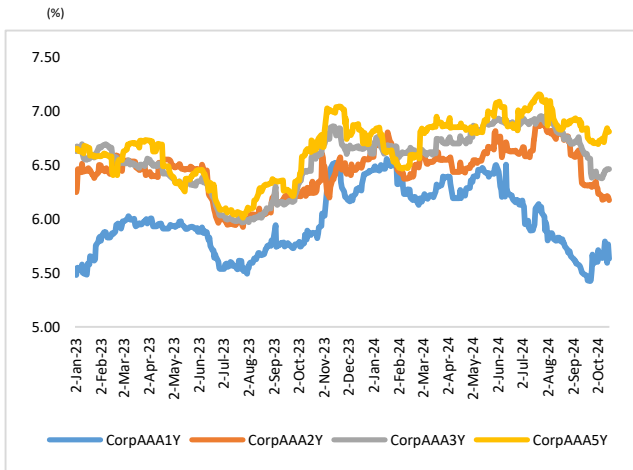


Sources : Bloomberg, KBVS Research (2024)

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

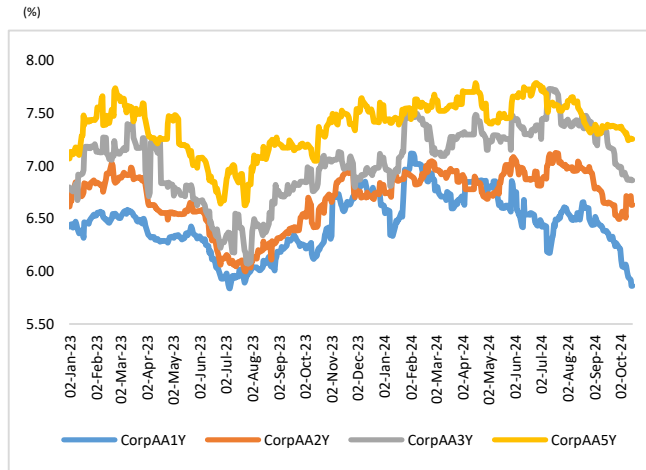
- AAA-rated
 - Tenor 1Y : -7.38 bps (WoW)
 - Tenor 2Y : +1.80 bps (WoW)
 - Tenor 5Y : +9.64 bps (WoW)
- AA-rated
 - Tenor 1Y : -19.83 bps (WoW)
 - Tenor 2Y : -3.97 bps (WoW)
 - Tenor 5Y : -5.61 bps (WoW)
- A-rated
 - Tenor 1Y : -32.04 bps (WoW)
 - Tenor 2Y : -29.03 bps (WoW), and
 - Tenor 5Y : +0.69 bps (WoW)

YIELD AAA-RATED



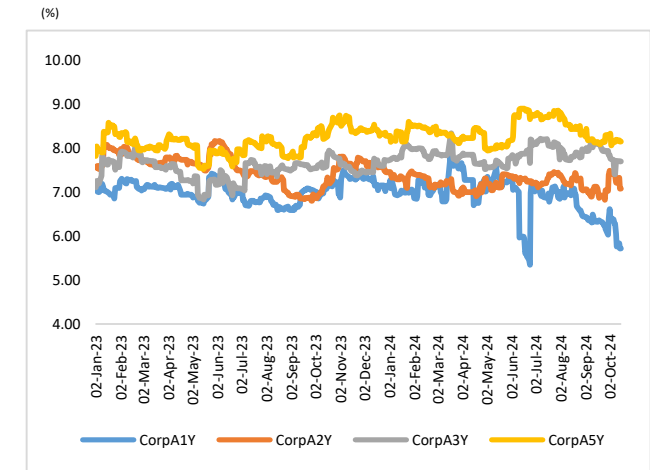
Sources : Bloomberg, KBVS Research (2024)

YIELD AA-RATED



Sources : Bloomberg, KBVS Research (2024)

YIELD A-RATED



Sources : Bloomberg, KBVS Research (2024)

BI'S MONETARY OPERATION

SRBI's DEVELOPMENT

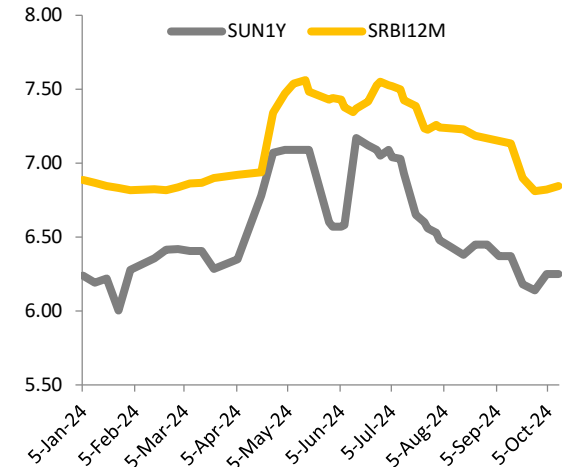
SRBI	Weighted Yield Average Winner (%)			Bidding Amount (IDR bn)	Total Nominal Awarded (IDR bn)	Bid to Cover Ratio
	6 Months	9 Months	12 Months			
5-Jan-24	6.70	6.80	6.89	31,667.00	22,050.00	1.44
12-Jan-24	6.68	6.78	6.87	33,833.00	19,520.00	1.73
19-Jan-24	6.67	6.75	6.85	39,987.00	25,000.00	1.60
26-Jan-24	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
3-Jul-24	7.32	7.43	7.53	27,224.20	18,852.00	1.44
5-Jul-24	7.32	7.43	7.52	25,986.60	18,647.00	1.39
10-Jul-24	7.30	7.42	7.50	32,163.90	17,981.00	1.79
12-Jul-24	7.30	7.39	7.43	39,348.60	17,971.00	2.19
19-Jul-24	7.26	7.36	7.39	67,741.10	25,000.00	2.71
24-Jul-24	7.12	7.21	7.24	52,687.10	22,000.00	2.39
26-Jul-24	7.07	7.18	7.23	41,454.70	34,000.00	1.22
31-Jul-24	7.10	7.19	7.26	25,086.00	13,041.00	1.92
2-Aug-24	7.09	7.18	7.24	29,918.00	22,061.00	1.36
9-Aug-24	7.09	7.17	7.24	19,656.40	15,000.00	1.31
16-Aug-24	7.07	7.16	7.23	15,650.00	15,650.00	1.00
23-Aug-24	7.05	7.14	7.18	24,505.10	15,000.00	1.63
30-Aug-24	7.03	7.12	7.17	16,602.40	12,000.00	1.38
6-Sep-24	7.02	7.11	7.15	18,074.00	10,000.00	1.81
13-Sep-24	7.01	7.10	7.13	33,863.10	10,000.00	3.39
20-Sep-24	6.73	6.84	6.90	46,048.50	19,000.00	2.42
27-Sep-24	6.69	6.78	6.81	22,076.90	19,000.00	1.16
4-Oct-24	6.69	6.78	6.82	18,030.00	15,000.00	1.20
11-Oct-24	6.76	6.79	6.84	21,174.00	18,000.00	1.18

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	6 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
9-Jul-24	5.69	5.70	-	644.00	639.00	1.01
16-Jul-24	5.68	5.68	-	552.00	264.00	2.09
23-Jul-24	5.66	5.68	-	687.00	267.00	2.57
30-Jul-24	5.61	-	-	299.00	150.00	1.99
6-Aug-24	5.55	5.45	-	864.00	190.00	4.55
13-Aug-24	5.53	5.42	-	977.00	587.00	1.66
20-Aug-24	5.48	5.40	-	1,079.00	612.00	1.76
27-Aug-24	5.41	5.33	5.02	935.50	306.00	3.06
3-Sep-24	5.34	5.25	4.99	1,019.00	884.00	1.15
10-Sep-24	5.25	5.16	4.85	710.50	644.50	1.10
17-Sep-24	5.21	5.13	4.84	652.00	627.00	1.04
24-Sep-24	5.00	4.84	4.68	311.00	301.00	1.03
1-Oct-24	4.99	4.81	4.60	283.00	283.00	1.00
8-Oct-24	4.98	4.81	4.66	398.00	374.00	1.06
15-Oct-24	4.97	4.80	4.75	435.00	430.00	1.01

Sources : BI, KBVS Research (2024)



Euribor Rates in 15 Oct '24:

- 1 month : 3.235% (Prev: 3.282%)
- 3 months : 3.215% (Prev: 3.268%)
- 6 months : 3.057% (prev: 3.048%)

Sources : Euribor Rates, KBVS Research (2024)

The downward trend in the weighted average yield of winners since Jun 28, '24, was halted during the most recent SRBI auction on Oct 4, '24.

In fact, the yield for the 12-month tenor increased slightly to 6.84% (Prev: 6.82%).

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Next Week's Economic Calendar

ECONOMIC CALENDAR

(17-23 OCT 2024)

Country	Event	Forecast	Previous	Country	Event	Forecast	Previous	Country	Event	Forecast	Previous
Thursday, Oct 17, 2024				Friday, Oct 18, 2024				Monday, Oct 21, 2024			
US	Federal Budget Balance (Sep)	61.0B	-380.0B	GB	BoE Deputy Governor Woods Speaks			CN	Loan Prime Rate 5Y (Oct)		3.85%
EU	ECB President Lagarde Speaks			US	TIC Net Long-Term Transactions (Aug)		135.40B	CN	PBoC Loan Prime Rate		3.35%
US	API Weekly Crude Oil Stock		10,900M	US	Fed's Balance Sheet		7,047B	GE	PPI (MoM) (Sep)		0.20%
JP	Adjusted Trade Balance	-0.49T	-0.60T	JP	National Core CPI (YoY) (Sep)	2.30%	2.80%	US	Leading Index (MoM) (Sep)		-0.20%
JP	Exports (YoY) (Sep)	0.50%	5.60%	JP	National CPI (MoM) (Sep)		0.50%	Tuesday, Oct 22, 2024			
JP	Imports (YoY) (Sep)	3.20%	2.30%	CN	Fixed Asset Investment (YoY) (Sep)	3.30%	3.40%	ID	M2 Money Supply (YoY) (Sep)		7.30%
JP	Trade Balance (Sep)	-237.6B	-695.3B	CN	GDP (YoY) (Q3)	4.60%	4.70%	Wednesday, Oct 23, 2024			
EU	ECB McCaul Speaks			CN	GDP (QoQ) (Q3)		0.70%	US	Existing Home Sales (Sep)		3.86M
EU	Core CPI (YoY) (Sep)	2.70%	2.80%	CN	GDP Ytd (YoY) (Q3)		5.00%	US	Existing Home Sales (MoM) (Sep)		-2.50%
EU	CPI (YoY) (Sep)	1.80%	2.20%	CN	Industrial Production (YoY) (Sep)	4.60%	4.50%				
EU	CPI (MoM) (Sep)	-0.10%	0.10%	CN	Industrial Production Ytd (YoY) (Sep)		5.80%				
EU	Trade Balance (Aug)	17.80B	21.20B	CN	Unemployment Rate (Sep)	5.30%	5.30%				
EU	ECB McCaul Speaks			CN	Press Conference						
EU	Leaders Summit			GB	Core Retail Sales (YoY) (Sep)		2.30%				
EU	Deposit Facility Rate (Oct)	3.25%	3.50%	GB	Core Retail Sales (MoM) (Sep)		1.10%				
EU	ECB Marginal Lending Facility		3.90%	GB	Retail Sales (YoY) (Sep)		2.50%				
EU	ECB Interest Rate Decision (Oct)	3.40%	3.65%	GB	Retail Sales (MoM) (Sep)	-0.30%	1.00%				
EU	ECB Monetary Policy Statement			EU	Leaders Summit						
US	Continuing Jobless Claims		1,861K	US	Building Permits (Sep)	1.450M	1.470M				
US	Initial Jobless Claims	241K	258K	US	Housing Starts (MoM) (Sep)		9.60%				
US	Core Retail Sales (MoM) (Sep)	0.10%	0.10%	US	Housing Starts (Sep)	1.350M	1.356M				
US	Philadelphia Fed Manufacturing Index (Oct)	4.20	1.70	US	FOMC Member Bostic Speaks						
US	Philadelphia Fed Employment (Oct)		10.70	US	FOMC Member Kashkari Speaks						
US	Retail Control (MoM) (Sep)		0.30%	US	Fed Waller Speaks						
US	Retail Sales (MoM) (Sep)	0.30%	0.10%	US	FOMC Member Bostic Speaks						
EU	ECB Press Conference										
US	Industrial Production (YoY) (Sep)		0.04%								
US	Industrial Production (MoM) (Sep)	-0.10%	0.80%								
US	Business Inventories (MoM) (Aug)	0.30%	0.40%								
US	Retail Inventories Ex Auto (Aug)	0.40%	0.50%								
EU	ECB President Lagarde Speaks										
US	Crude Oil Inventories		5.810M								
US	Cushing Crude Oil Inventories		1.247M								



KBVS ECONOMIC ASSUMPTIONS

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	3QF	4.75	4.50	4.25	4.04	3.69	3.34	5.75	5.50	5.25	4.61	5.11	5.61	2.90	2.40	1.90	16,266	15,491	14,716	6.63	6.18	5.73
		Dif to 1QF	-1.00	-0.75	-0.75	-0.51	-0.51	-0.51	-0.50	-0.25	0.00	-0.37	-0.37	-0.37	-0.40	-0.40	-0.40	-73	-70	-67	-0.14	-0.14	-0.14
	Average	3QF	5.38	5.13	4.88	4.35	4.00	3.65	6.19	5.94	5.69	4.58	5.08	5.58	3.21	2.71	2.21	16,634	15,842	15,050	7.04	6.59	6.14
		Dif to 1QF	-0.18	-0.18	-0.18	-0.40	-0.40	-0.40	0.09	0.09	0.09	-0.27	-0.27	-0.27	-0.19	-0.19	-0.19	53	51	48	0.15	0.15	0.15
2025	End of Year	3QF	3.75	3.50	3.25	3.85	3.40	2.95	4.75	4.50	4.25	4.52	5.17	5.82	3.15	2.50	1.85	16,970	15,935	14,899	6.40	5.90	5.40
		Dif to 1QF	-1.25	-1.25	-1.25	-0.20	-0.20	-0.20	-0.50	-0.50	-0.50	0.10	0.10	0.10	-0.10	-0.10	-0.10	337	317	296	0.24	0.24	0.24
	Average	3QF	4.13	3.88	3.63	3.96	3.51	3.06	5.19	4.94	4.69	4.39	5.04	5.69	3.10	2.45	1.80	16,954	15,919	14,884	6.54	6.04	5.54
		Dif to 1QF	-0.93	-0.93	-0.93	-0.29	-0.29	-0.29	-0.16	-0.16	-0.16	0.09	0.09	0.09	-0.25	-0.25	-0.25	323	303	283	0.28	0.28	0.28
2026	End of Year	3QF	2.75	2.50	2.25	3.08	2.53	1.98	3.75	3.50	3.25	4.71	5.48	6.25	3.07	2.30	1.53	17,686	16,422	15,157	5.67	5.12	4.57
		Dif to 1QF	-0.75	-0.75	-0.75	0.33	0.33	0.33	0.00	0.00	0.00	-0.04	-0.04	-0.04	-0.10	-0.10	-0.10	897	833	768	-0.13	-0.13	-0.13
	Average	3QF	3.13	2.88	2.63	3.30	2.75	2.20	4.13	3.88	3.63	4.36	5.13	5.90	3.10	2.33	1.56	17,623	16,363	15,103	5.93	5.38	4.83
		Dif to 1QF	-0.53	-0.53	-0.53	0.35	0.35	0.35	0.18	0.18	0.18	0.40	0.40	0.40	-0.07	-0.07	-0.07	1,184	1,099	1,015	-0.04	-0.04	-0.04

Note: 1QF : KBVS forecast at the end of 1Q24,
3QF : KBVS forecast at the end of 3Q24.

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 another 75 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 100 bps in 2024, resulting in the UST yield approaching the 3.34% to 3.69% 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 4.75% till the end of 2024 (max 1 x 25 bps decreasing).

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 5.7% in the end of 2024.
- Base Scenario: We anticipate a scenario of 2 x 25 bps decrease in the Fed Rate, leading BI Rate to 5.50% at the end of 2024, with the Rupiah expected to around IDR15,491 per USD. Hopefully, the yield of SUN10Y is expected to decrease to 6.18% by the end of 2024.
- Worst Scenario: If the risk-off market sentiment persists, we are concerned that BI rate may only reduce by another 25 bps to 5.75% 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 BI's and gov't target. This could result in the possibility of SUN10Y yield reaching the 6.6% level at the respective period.