

The Market Remains Uncertain, Caught Between a Risk-Off and Risk-On Sentiment

6 February 2025

Economist / Fikri C Permana

Executive Summary

- The 30-day delay in Trump's tariffs on Mexico and Canada has eased trade tensions that have persisted since his election. However, the potential implementation of additional tariffs on China and the EU has raised new concerns among investors.
- At the same time, the deterioration in U.S. labor market data has heightened fears that the real sector in the U.S. is also under pressure.
- This development has reopened the possibility of a 25 bps Fed Rate cut being implemented sooner as a pro-cyclical policy, with investors anticipating such a move in early May.
- Domestically, economic fundamentals remain robust.
- This is reflected in the fourth-quarter GDP growth of 5.02% YoY, surpassing the 5.0% threshold, and an annual growth rate of 5.03% for 2024.
- Additionally, the S&P Global Manufacturing PMI showed improvement in Jan '25, with almost all components posting significant gains, except for input costs, which remained stable in line with controlled inflation.
- Furthermore, inflation in Jan '25 recorded a deflation of -0.76% MoM or 0.76% YoY, driven by a 50% electricity tariff discount implemented during the month.



Source : <https://www.aljazeera.com/news/2025/2/3/trump-delays-canada-tariffs-but-anger-and-calls-to-rethink-us-ties-persist>, accessed at Feb 5, '25.

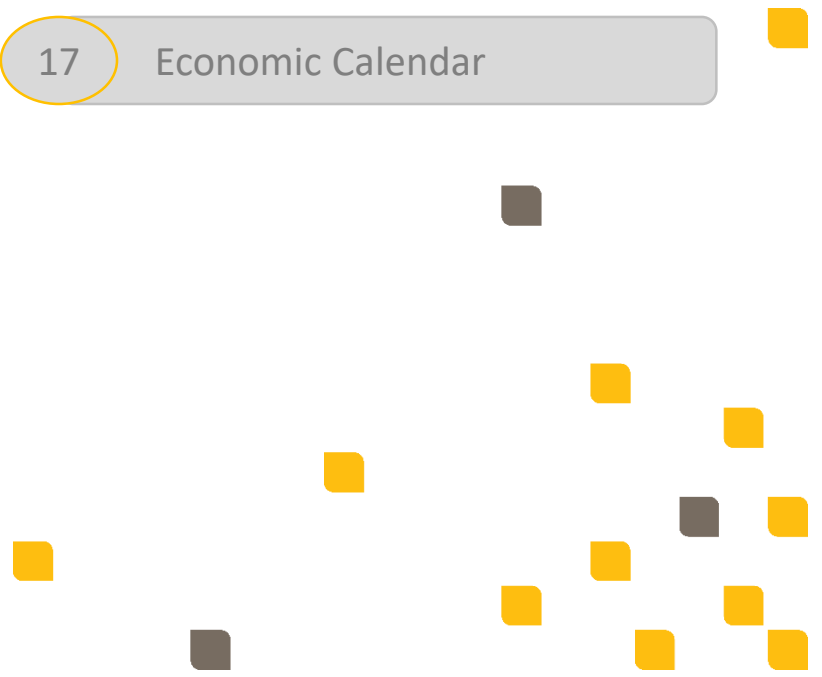


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US ECONOMIC DATA

US ECONOMIC INDICATORS	Unit	Latest Period	Data	
			Latest	Previous
Fed Rate	%	Jan '25	4.50	4.50
Economic Growth	%, yoy	4Q24	2.5	2.7
Inflation Rate	%, yoy	Dec'24	2.9	2.7
Unemployment Rate	%	Dec'24	4.1	4.2

Sources : various sources, KBVS Research (2025)

The data releases that influenced yield movements in the week of 30 Jan – 5 Feb '25 are as follows:

- The number of people claiming unemployment benefits on the period ending Jan 24th, '25 in the US decreased by 16K to 207K (Cons: 224K, Prev: 223K).
- Fed Interest Rate stable at 4.50% (Cons: 4.50%, Prev: 4.50%).
- GDP in 4Q24 decreased to 2.30% QoQ (Cons: 2.70% QoQ, Prev: 3.10% QoQ).
- Core PCE Price Index in Dec '24 increased to 0.20% MoM (Cons: 0.20% MoM, Prev: 0.10% MoM).
- Chicago PMI in Jan '25 increased to 39.50 (Cons: 40.30, Prev: 36.90).
- GDP in 4Q24 decreased to 2.30% QoQ (Cons: 2.70% QoQ, Prev: 3.10% QoQ).
- S&P Global Manufacturing PMI in Jan '25 increased to 51.20 (Cons: 50.10, Prev: 49.40).
- ISM Manufacturing PMI in Jan '25 increased to 50.90 (Cons: 49.30, Prev: 49.20).
- ISM Manufacturing Prices in Jan '25 increased to 54.90 (Cons: 52.60, Prev: 52.50).
- JOLTs Job Openings in Dec '24 decreased to 7.600M (Cons: 8.010M, Prev: 8.156M).

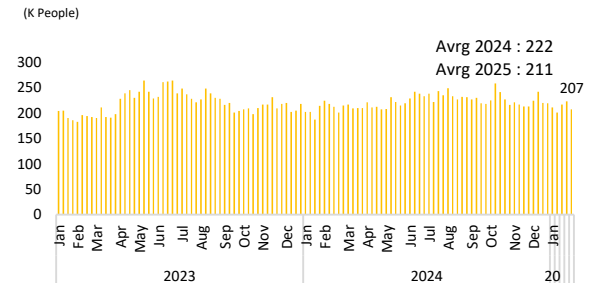
ECONOMIC CALENDAR

(30 JAN – 5 FEB '25)

Event	Actual	Forecast	Previous
Thursday, 30 Jan '25			
US FOMC Statement			
US Fed Interest Rate Decision	4.50%	4.50%	4.50%
US FOMC Press Conference			
US Continuing Jobless Claims	1,858K	1,890K	1,900K
US Initial Jobless Claims	207K	224K	223K
US Core PCE Prices (Q4)	2.50%	2.50%	2.20%
US GDP (QoQ) (Q4)	2.30%	2.70%	3.10%
US GDP Price Index (QoQ) (Q4)	2.20%	2.50%	1.90%
US Pending Home Sales (MoM) (Dec)	-5.50%	0.00%	1.60%
Friday, 31 Jan '25			
US Fed's Balance Sheet	6,818B		6,832B
US Core PCE Price Index (YoY) (Dec)	2.80%	2.80%	2.80%
US Core PCE Price Index (MoM) (Dec)	0.20%	0.20%	0.10%
US Employment Cost Index (QoQ) (Q4)	0.90%	0.90%	0.80%
US FOMC Member Bowman Speaks			
US PCE Price Index (MoM) (Dec)	0.30%	0.30%	0.10%
US PCE Price Index (YoY) (Dec)	2.60%	2.60%	2.40%
US Personal Spending (MoM) (Dec)	0.70%	0.50%	0.60%
US Chicago PMI (Jan)	39.50	40.30	36.90
Monday, 3 Feb '25			
US OPEC Meeting			
US S&P Global Manufacturing PMI (Jan)	51.20	50.10	49.40
US Construction Spending (MoM) (Dec)	0.50%	0.30%	0.20%
US ISM Manufacturing Employment (Jan)	50.30	47.80	45.40
US ISM Manufacturing PMI (Jan)	50.90	49.30	49.20
US ISM Manufacturing Prices (Jan)	54.90	52.60	52.50
Tuesday, 4 Feb '25			
US Atlanta Fed GDP Now (Q1)	3.90%	2.90%	2.90%
US FOMC Member Bostic Speaks			
US Factory Orders (MoM) (Dec)	-0.90%	-0.70%	-0.80%
US JOLTs Job Openings (Dec)	7.600M	8.010M	8.156M
US FOMC Member Bostic Speaks			
Wednesday, 5 Feb '25			
US FOMC Member Daly Speaks			
US API Weekly Crude Oil Stock	5.025M	3.170M	2.860M
US ADP Nonfarm Employment Change (Jan)		148K	122K
US Exports (Dec)			273.40B
US Imports (Dec)			351.60B
US Trade Balance (Dec)		-97.10B	-78.20B
EU ECB's Lane Speaks			
US S&P Global Composite PMI (Jan)		52.40	55.40
US S&P Global Services PMI (Jan)		52.80	56.80
US ISM Non-Manufacturing Employment (Jan)			51.40
US ISM Non-Manufacturing PMI (Jan)		54.20	54.00
US ISM Non-Manufacturing Prices (Jan)			64.40
US Crude Oil Inventories			3.463M
US Cushing Crude Oil Inventories			0.326M

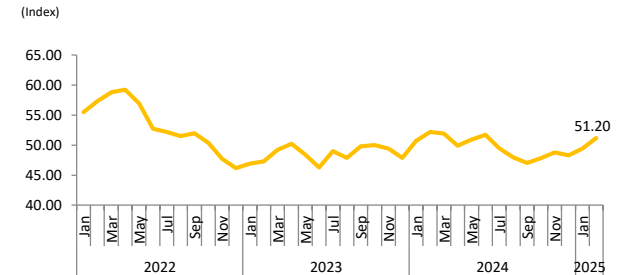
Sources : investing, KBVS Research (2025)

WEEKLY INITIAL JOBLESS CLAIMS



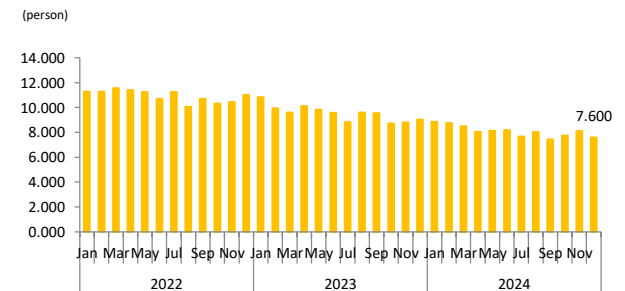
Sources : US DoL, KBVS Research (2025)

S&P GLOBAL MANUFACTURING PMI



Sources : S&P Global, KBVS Research (2025)

JOLTs JOB OPENINGS



Sources : US Bureau of Labor Statistics, KBVS Research (2025)

TARIFF DELAY

Trump agrees to postpone Canada and Mexico tariffs by one month

President delays threatened 25% tariffs on US neighbors but China still to face 10% levy on exports to US from Tuesday



◀ Mexico's president announces one-month pause in US tariffs - video

Source : The Guardian (2025), link: <https://www.theguardian.com/world/2025/feb/03/mexican-president-announces-one-month-pause-on-trump-us-tariffs>

Trump agrees to pause tariffs on Canada and Mexico after they pledge to boost border enforcement



1 of 14 | Donald Trump holds off his tariff threats against Mexico for one month after President Claudia Sheinbaum agrees to send 10,000 national guard troops to the border. Trump's tariffs against Canada and China are still slated to go into effect Tuesday. Read More

Source : AP News(2025), link: <https://apnews.com/article/trump-tariffs-canada-mexico-china-sheinbaum-trudeau-017efa8c3343b8d2a9444f7e65356ae9>

- **Ongoing Tariff War Risk:** Trump views tariffs as strategic economic tools, leveraging them for both domestic and foreign policy objectives, including pressuring Colombia on deportation policies.
- **Tariff Delay:** A temporary 30-day delay on tariffs for Canada and Mexico provided short-term relief.
- **Canada's and Mexico's Response:** Both countries enhanced border security and took action against fentanyl trade and money laundering to secure this reprieve.
- **Canada's Retaliation Plan:** Prime Minister Trudeau warned of a 25% tariff on CAD155 bn of U.S. imports if U.S. tariffs were imposed, with key Liberal figures Mark Carney and Chrystia Freeland supporting this countermeasure.
- **Diplomatic Approach:** While firmly opposing U.S. tariffs, Canada and Mexico remain open to diplomatic negotiations without making concessions.
- **China in Focus:** A 10% tariff on Chinese imports remains scheduled, with upcoming discussions between Trump and Xi Jinping.
- **Global Economic Uncertainty:** Potential new U.S. tariffs on EU imports raise concerns about whether a full-blown crisis has been averted or merely delayed.

FED PROBABILITIES

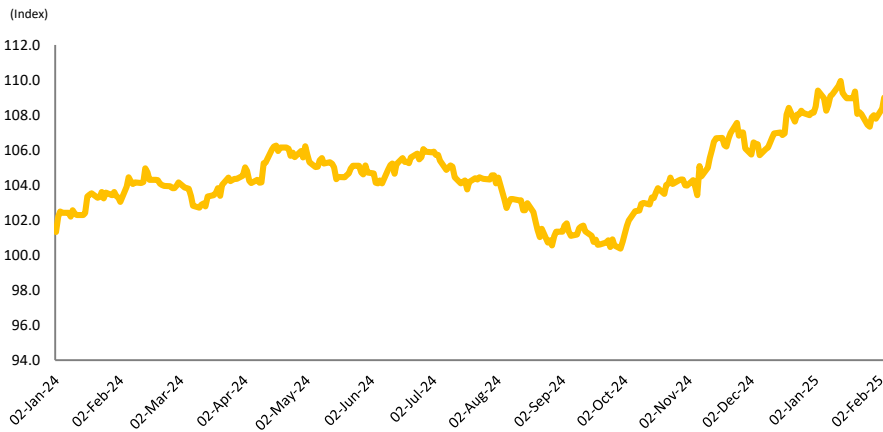
FED PROBABILITIES, as of 5 FEB '25

MEETING DATE	FED PROBABILITIES (in bps)						
	275-300	300-325	325-350	350-375	375-400	400-425	425-450
19-Mar-25	0.00%	0.00%	0.00%	0.00%	0.00%	16.50%	83.50%
7-May-25	0.00%	0.00%	0.00%	0.00%	4.30%	33.80%	61.90%
18-Jun-25	0.00%	0.00%	0.00%	1.90%	17.70%	46.60%	33.80%
30-Jul-25	0.00%	0.00%	0.40%	5.50%	24.30%	43.70%	26.10%
17-Sep-25	0.00%	0.10%	2.10%	11.60%	30.60%	37.90%	17.60%
29-Oct-25	0.00%	0.60%	4.10%	15.70%	32.20%	33.60%	13.80%
10-Dec-25	0.20%	1.40%	6.80%	19.50%	32.50%	29.00%	10.60%
28-Jan-26	0.30%	1.90%	8.10%	20.80%	32.20%	27.20%	9.60%

- The delay in Trump's tariffs and the U.S. labor data, particularly the small Job Openings in Dec '24, have raised concerns that the economic fundamentals may not be as strong as previously anticipated.
- This has paved the way for a pro-cyclical policy that is expected to be implemented by the Fed, with a 25 bps cut anticipated at the FOMC meeting on May 7, '25.
- This has also kept U.S. Treasury yields from rising, although concerns over the Trump tariff continue to drive a "wait and see" stance, with the DXY holding above the 108 level.

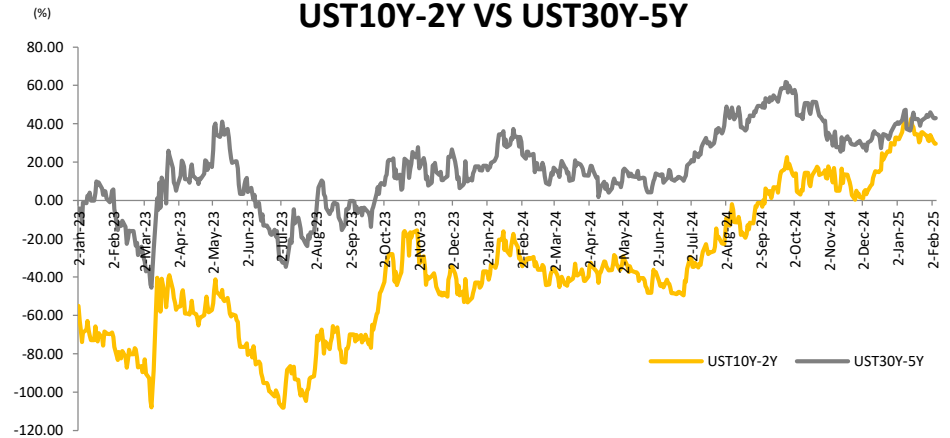
Sources : CME Group, and KBVS Research (2025)

DXY



Sources : Bloomberg, and KBVS Research (2025)

YIELD SPREAD UST10Y-2Y VS UST30Y-5Y



Sources : Bloomberg, and KBVS Research (2025)

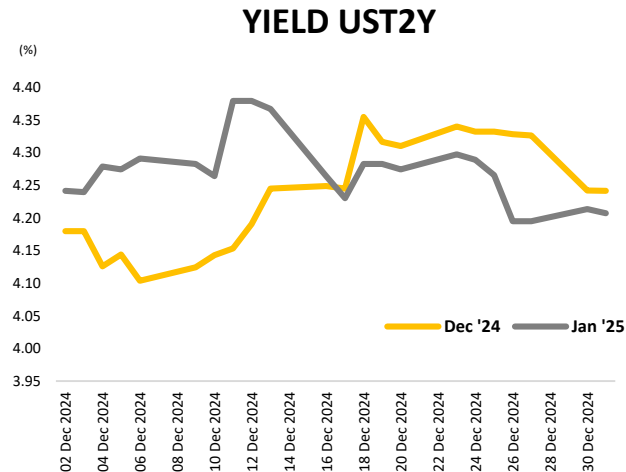
THE MOVEMENT OF UST YIELDS

US FISCAL INDICATORS	Unit	Latest Period	Data	
			Latest	Previous
Govt Debt	USD Tn	Nov' 24	36.08	35.95
Govt Debt to GDP	%	4Q24	124.35	122.3
Govt Budget	USD Bn	Nov '24	-367.30	-257.00
S&P Credit Rating	Rating	27-Mar-24	AA+	AA+

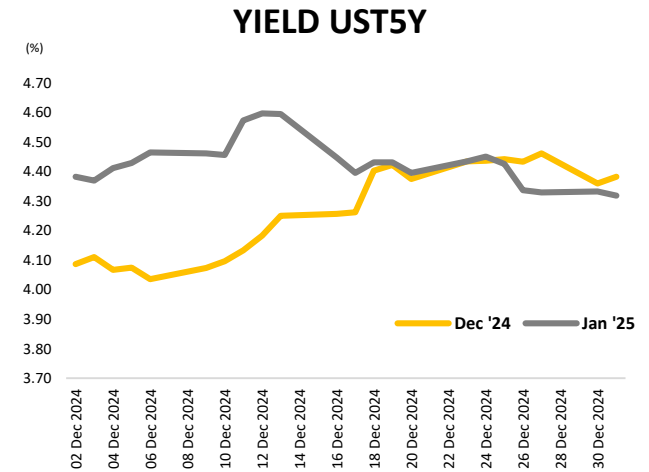
Sources : US Treasury, KBVS Research (2025)

Over the past week, UST yields moved tends to decrease:

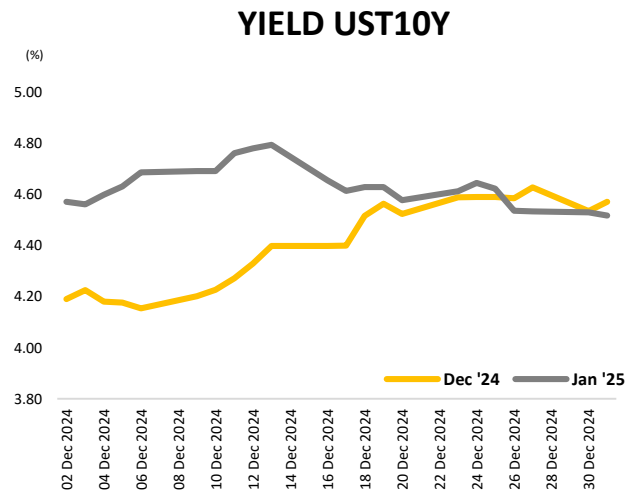
- Yield UST6M
 - +0.06 bps (WoW)
 - +3.44 bps (YtD, as of Feb 5,'25)
- Yield UST1Y
 - +0.86 bps (WoW)
 - +2.14 bps (YtD, as of Feb 5,'25)
- Yield UST2Y
 - -2.05 bps (WoW)
 - -5.48 bps (YtD, as of Feb 5,'25)
- Yield UST5Y
 - -7.03 bps (WoW)
 - -13.39 bps (YtD, as of Feb 5,'25)
- Yield SUN10Y
 - -9.82 bps (WoW)
 - -15.09 bps (YtD, as of Feb 5,'25)
- Yield SUN30Y
 - -12.43 bps (WoW)
 - -14.54 bps (YtD, as of Feb 5,'25)



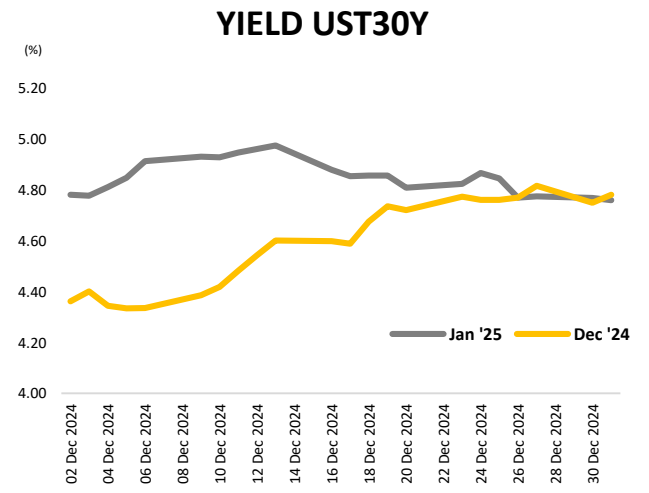
Sources : Bloomberg, KBVS Research (2025)



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Sources : US Treasury, KBVS Research (2025)



Sources : US Treasury, KBVS Research (2025)

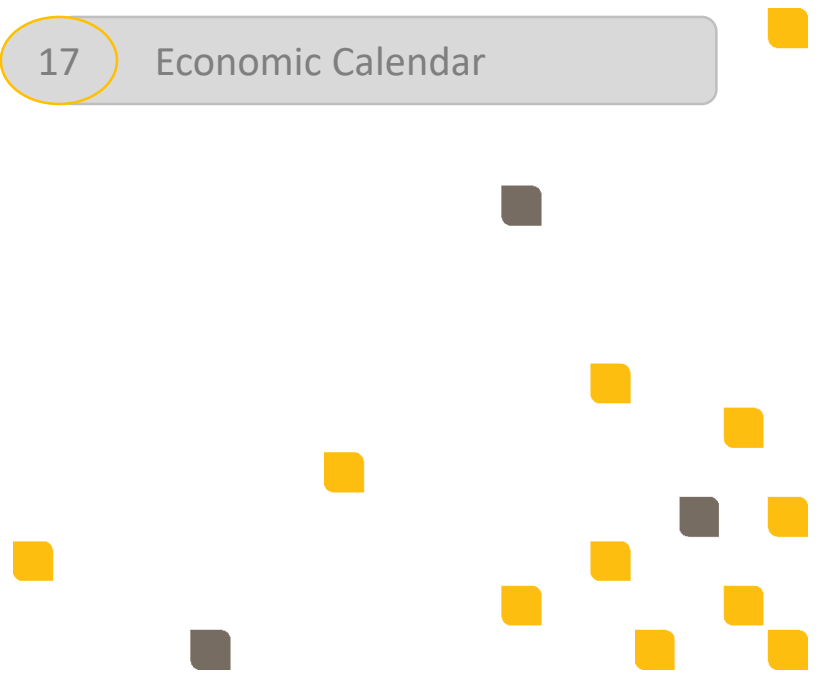


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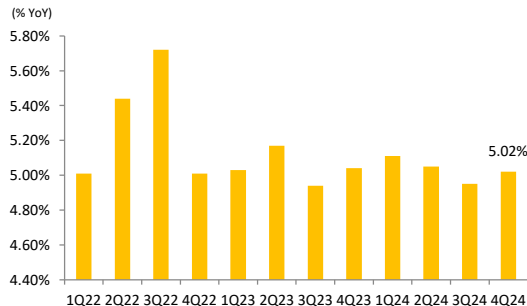
INDONESIA ECONOMIC DATA

INDICATORS OVERVIEW

Economic Indicators	Unit	Latest Period	Data	
			Latest	Previous
Policy Interest Rate	%	18 Jan '25	5.75	6.00
Economic Growth	%, yoy	4Q24	5.02	4.95
Inflation Rate	%, yoy	Jan '25	0.76	1.57
Unemployment Rate	%	Sep '24	4.91	4.82
S&P Credit Rating	Rating	17 July '24	BBB	BBB

Sources : various sources, KBVS Research (2025)

GDP



Sources : BPS, KBVS Research (2025)

The data releases that influenced yield movements in the week of 30 Jan – 5 Feb '25 are as follows:

- Foreign Direct Investment increased to 33.30% YoY (Prev: 18.60% YoY).
- S&P Global Manufacturing PMI in Jan '25 increased to 51.90 (Prev: 51.20).
- A 50% reduction in electricity tariffs, coupled with declining prices of tomatoes, cucumbers, railway fares, and air transport tariffs, contributed to deflation in Jan '25, reaching -0.76% MoM or 0.76% YoY. However, Core Inflation remained positive at 0.30% MoM.
- Indonesia's economic growth in 4Q24 came in slightly below our expectations, registering 5.02% YoY, bringing full-year 2024 GDP growth to 5.03% YoY.

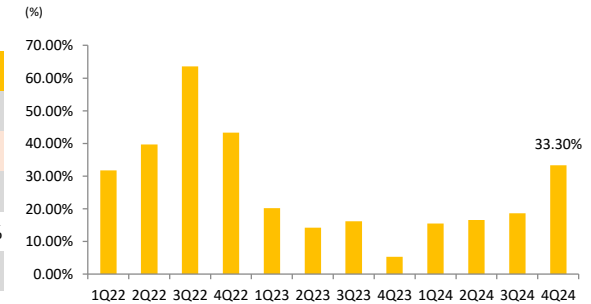
ECONOMIC CALENDAR

(30 JAN – 5 FEB '25)

Event	Actual	Forecast	Previous
Thursday, 30 Jan '25			
ID Foreign Direct Investment (YoY) (Q4)	33.30%		18.60%
Friday, 31 Jan '25			
ID S&P Global Manufacturing PMI (Jan)	51.90		51.20
ID Core Inflation (YoY) (Jan)	2.36%	2.30%	2.26%
ID Inflation (MoM) (Jan)	-0.76%	0.32%	0.44%
ID Inflation (YoY) (Jan)	0.76%	1.88%	1.57%
Tuesday, 4 Feb '25			
ID GDP (QoQ) (Q4)		0.56%	1.50%
ID GDP (YoY) (Q4)		4.98%	4.95%

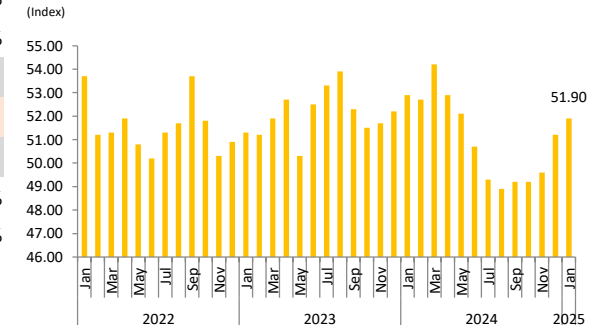
Sources : Investing, KBVS Research (2025)

FDI



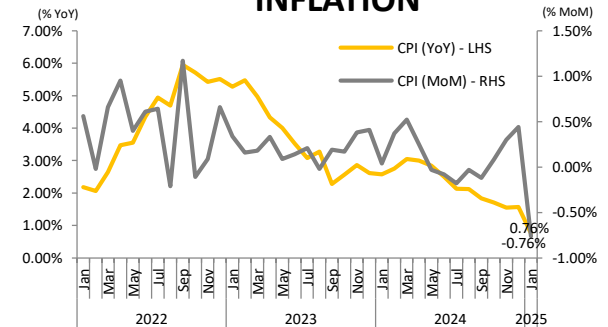
Sources : BKPM, KBVS Research (2025)

S&P GLOBAL MANUFACTURING PMI



Sources : S&P Global, KBVS Research (2025)

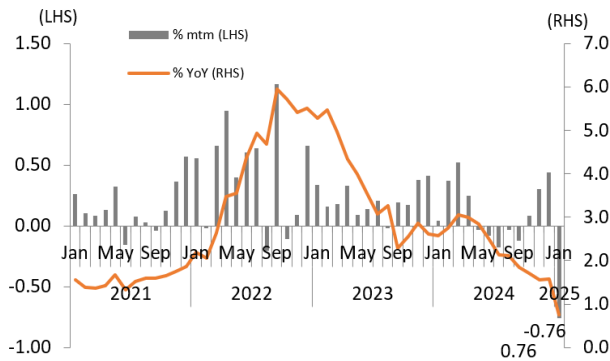
INFLATION



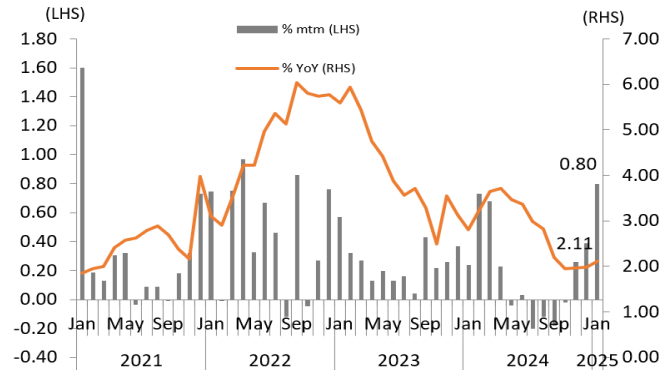
Sources : BPS, KBVS Research (2025)

INFLATION

CPI INFLATION



WPI INFLATION



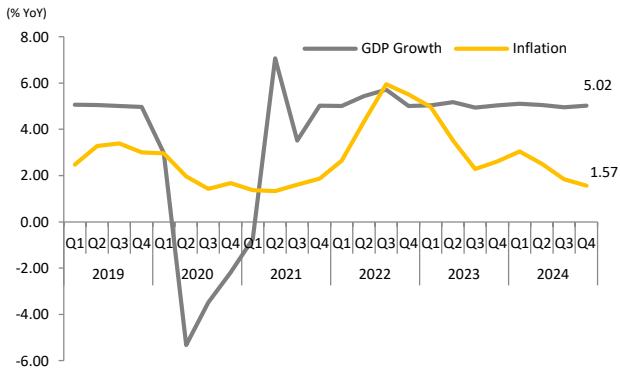
Indicators	Index			Inflation	
	Latest	M-1	MoM	YoY	
Consumer Price Index (CPI)	105.99	106.80	-0.76%	0.76%	
Food, Beverages, and Tobacco	112.55	110.41	1.94%	3.69%	
Clothing and Footwear	103.48	103.38	0.10%	1.24%	
Housing, Water, Electricity, and Household Fuels	93.20	102.60	-9.16%	-8.75%	
Equipment, Tools, and Routine Household Maintenance	104.01	103.87	0.13%	1.14%	
Health	105.06	104.64	0.40%	1.84%	
Transport	109.68	109.48	0.18%	0.76%	
Info, Comm. and Financial Services	99.40	99.48	-0.08%	-0.30%	
Recreation, Sport and Culture	104.47	104.26	0.20%	1.11%	
Education Services	105.06	104.92	0.13%	2.05%	
Food and Beverages Services/Restaurants	106.96	106.64	0.30%	2.47%	
Personal Care and Other Services	113.90	113.22	0.60%	7.27%	
Core inflation	105.67	105.35	0.30%	2.36%	
Administered Price	100.77	108.80	-7.38%	-6.41%	
Volatile Food	113.65	110.39	2.95%	3.07%	
Wholesale Price Index (WPI)	104.20	119.32	-12.67%	-11.50%	
Agriculture	106.70	112.69	-5.32%	-5.71%	
Mining and Quarrying	101.41	125.99	-19.51%	-19.00%	
Manufacturing	103.21	120.87	-14.61%	-13.11%	
Farmer Exchange Rate	122.78	123.68	-0.73%	3.81%	
Farmers Price Received Index	149.50	150.72	-0.81%	6.11%	
Farmers Price Paid Index	121.76	121.87	-0.09%	1.56%	

Source : BPS (2025)

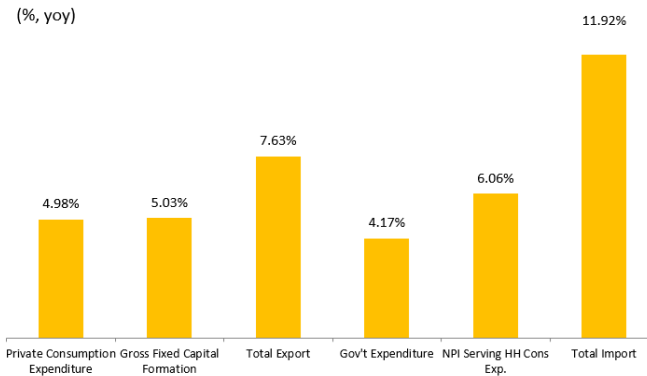
- A 50% reduction in electricity tariffs, combined with declining prices of tomatoes, cucumbers, railway fares, and air transport tariffs, contributed to deflation in Jan '25, reaching -0.76% MoM or 0.76% YoY.
- On the same day, the S&P Global Indonesia Manufacturing PMI for Jan '25 climbed to 51.9 (Prev: 51.2), marking the second consecutive month of expansion in factory activity and the strongest growth rate since May '24
- We anticipate continued deflationary pressures in Feb '25.
- While we also expect the expansionary momentum of the Indonesia's Manufacturing PMI in the coming months.
- At the same time, we believe this will help drive economic growth in 1Q25 closer to 5.0% YoY – 5.2% YoY.
- As a result, we also anticipate room for further BI rate cuts in 2Q25 as a pro-cyclical policy from the monetary's side.

GDP GROWTH

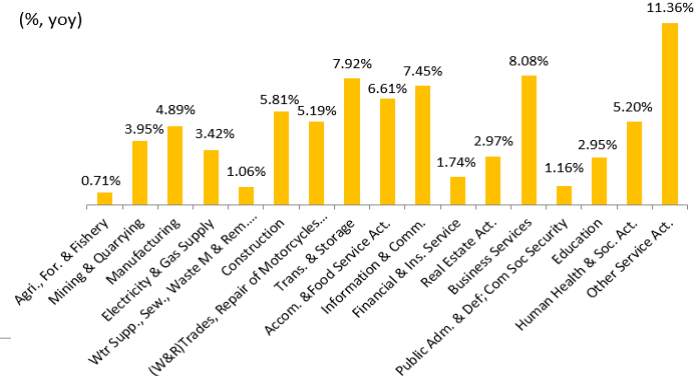
ECONOMIC GROWTH & INFLATION



GDP BASED ON EXPENDITURE



GDP BASED ON INDUSTRIAL ORIGIN



Types	Current Price			Constant Price (2010)		
	2022	2023	2024	2022	2023	2024
Based On Expenditure						
Private Consumption Expenditure	10,161.70	11,109.60	11,964.90	6,187.90	6,486.30	6,806.40
Gross Fixed Capital Formation	5,697.30	6,090.70	6,452.50	3,686.60	3,825.20	4,001.70
Total Export	4,799.80	4,544.90	4,911.20	2,858.00	2,896.40	3,085.10
Total Import	4,106.10	4,091.20	4,514.00	2,420.8	2,382.00	2,571.40
Government Consumption Expenditure	1,506.30	1,557.50	1,711.60	871.00	897.30	956.60
NPI Serving Household Consumption Expenditure	229.00	261.20	300.10	139.90	153.90	173.10
Changes in Inventories	129.40	248.60	498.30	70.70	127.70	246.70
Based On Industrial Origin						
Manufacturing	3,591.80	3,900.10	4,202.90	2,396.60	2,507.80	2,618.90
Agri., For. & Fishery	2,428.90	2,617.70	2,791.40	1,435.90	1,454.60	1,464.30
(W&R)Trades, Repair of Motorcycles & MC	2,516.70	2,702.60	2,892.70	1,530.00	1,604.20	1,682.30
Mining & Quarrying	2,393.40	2,198.00	2,026.60	858.10	910.70	955.30
Construction	1,913.00	2,702.40	2,233.50	1,530.00	1,604.20	1,682.80
Transportation & Storage	983.50	1,231.20	1,358.10	486.90	554.80	603.10
Information & Comm.	812.70	883.60	960.00	750.30	807.30	868.40
Financial & Ins. Service	809.40	869.20	922.80	473.60	496.20	519.70
Education	566.40	583.40	621.40	352.60	358.80	372.30
Public Adm. & Def; Com Soc Security	605.40	616.40	673.70	373.40	379.10	403.30
Accom. & Food Service Act.	471.90	526.20	584.50	347.90	382.60	415.40
Real Estate Act.	488.30	505.50	520.70	339.00	343.90	352.50
Other Service Act.	354.20	405.20	454.30	219.80	242.90	266.70
Business Services	341.40	383.10	424.20	214.40	232.10	251.50
Human Health & Soc. Act.	236.20	252.00	278.20	161.40	168.90	182.60
Electricity & Gas Supply	204.70	218.30	227.50	122.50	128.50	134.60
Wtr Suppl., Sew., Waste M & Rem. Activities	12.50	13.30	14.30	10.20	10.70	10.90
Indonesia's GDP	19,588.10	20,892.30	22,139.00	11,710.20	12,310.50	12,920.30

- Looking ahead, the ongoing electricity discount program, could increase the likelihood of monthly deflation
- Additionally, the rollout of the free nutritious meal program on Jan 1, '25, along with its additional budget allocation, the 6.5% average increase in the UMP, and the seasonal momentum of Eid are expected to positively impact consumer purchasing power.
- However, concerns over Trump tariffs may slightly hinder Indonesia's export performance.
- Moreover, investor sentiment may remain cautious, leading to a wait-and-see approach in both portfolio and direct investment inflows.
- In this context, we anticipate that Bank Indonesia may consider opening room for a policy rate cut by the end of 1Q25 or early 2Q25 to stimulate domestic investment.
- As a result, we expect GDP growth to remain above 5.0% YoY in 1Q25 and 2Q25.

Source : BPS (2025)

INPRES NO.1/2025



PRESIDEN
REPUBLIK INDONESIA

SALINAN

INSTRUKSI PRESIDEN REPUBLIK INDONESIA

NOMOR 1 TAHUN 2025

TENTANG

EFISIENSI BELANJA DALAM PELAKSANAAN ANGGARAN PENDAPATAN DAN
BELANJA NEGARA DAN ANGGARAN PENDAPATAN DAN BELANJA DAERAH
TAHUN ANGGARAN 2025

PRESIDEN REPUBLIK INDONESIA,

Dalam rangka efisiensi belanja pada pelaksanaan anggaran yang tertuang dalam Anggaran Pendapatan dan Belanja Negara (APBN) dan Anggaran Pendapatan dan Belanja Daerah (APBD) Tahun Anggaran 2025, dengan ini menginstruksikan:

Kepada : 1. Para Menteri Kabinet Merah Putih;
2. Panglima Tentara Nasional Indonesia;
3. Kepala Kepolisian Negara Republik Indonesia;
4. Jaksa Agung Republik Indonesia;
5. Para Kepala Lembaga Pemerintah Non Kementerian;
6. Para Pimpinan Kesekretariatan Lembaga Negara;
7. Para Gubernur; dan
8. Para Bupati/Wali Kota.

Untuk :

KESATU : Melakukan reviu sesuai tugas, fungsi, dan kewenangan masing-masing, dalam rangka efisiensi atas anggaran belanja:
1. Kementerian/Lembaga dalam APBN Tahun Anggaran 2025;

On January 22, 2025, President Prabowo Subianto issued Presidential Instruction (Inpres) Number 1 of 2025, aiming to enhance efficiency in the implementation of the State Budget (APBN) and Regional Budgets (APBD) for the 2025 fiscal year.

- The key directives are as follows:
Targets: Achieve a total budget efficiency of IDR 306.695 trillion, comprising:
 - iDR 256.1 tn from ministerial and institutional expenditures.
 - IDR 50.595 tn from transfers to regions.

2. APBD Tahun Anggaran 2025; dan
3. Transfer ke Daerah dalam APBN Tahun Anggaran 2025, dengan berdasarkan pada ketentuan peraturan perundang-undangan.

KEDUA : Efisiensi atas anggaran belanja negara Tahun Anggaran 2025 sebesar Rp306.695.177.420.000,00 (tiga ratus enam triliun enam ratus sembilan puluh lima miliar seratus tujuh puluh tujuh juta empat ratus dua puluh ribu rupiah) terdiri atas:

a. Anggaran belanja Kementerian/Lembaga Tahun Anggaran 2025 sebagaimana dimaksud dalam Diktum KESATU angka 1 sebesar Rp256.100.000.000.000,00 (dua ratus lima puluh enam triliun seratus miliar rupiah);
b. Transfer ke Daerah sebagaimana dimaksud dalam Diktum KESATU angka 3 sebesar Rp50.595.177.420.000,00 (lima puluh triliun lima ratus sembilan puluh lima miliar seratus tujuh puluh tujuh juta empat ratus dua puluh ribu rupiah).

KETIGA : Menteri/Pimpinan Lembaga untuk:

1. Melakukan identifikasi rencana efisiensi belanja Kementerian/Lembaga sesuai besaran yang ditetapkan oleh Menteri Keuangan.
2. Identifikasi rencana efisiensi sebagaimana dimaksud pada angka 1 meliputi belanja operasional dan non operasional, sekurang-kurangnya terdiri atas belanja operasional perkantoran, belanja pemeliharaan, perjalanan dinas, bantuan pemerintah, pembangunan infrastruktur, serta pengadaan peralatan dan mesin.
3. Identifikasi rencana efisiensi sebagaimana dimaksud pada angka 1, tidak termasuk:
a. Belanja pegawai; dan
b. Belanja bantuan sosial.

Budget Reductions:

- Central Government - Ministries and Agencies:
A reduction focusing on: operational office expenses, Maintenance costs, Official travel, Government assistance, Infrastructure development, Procurement of equipment and machinery.
- Regional Governments - Transfer to Regions:
 - Revenue Sharing Funds (DBH): IDR13.9 tn.
 - General Allocation Funds (DAU) designated for public works: IDR15.6 tn.
 - Specific Allocation Funds (DAK) for physical projects: IDR18.3 tn.
 - Special Autonomy Funds: IDR509.4 bn.
 - Yogyakarta Special Region Funds: IDR200 bn.
 - Village Funds: IDR2 tn.

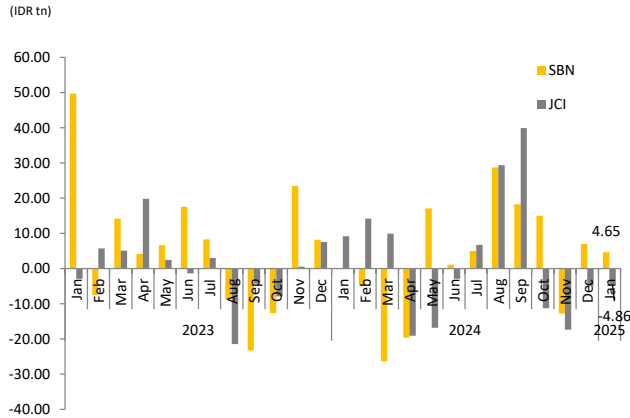
Reallocation of Funds: The savings from these budget cuts are intended to be redirected towards priority programs, including:

- Free Nutritious Meals Program: An allocation of IDR71 tn to provide free meals for children.
- Healthcare Initiatives: Funding for free health check-ups and the construction of hospitals.
- Educational Improvements: Investments in renovating schools to enhance educational infrastructure.
- Food Security Programs: Initiatives aimed at ensuring food availability and stability.

These measures reflect the government's commitment to reallocating resources from non-essential to programs that directly benefit the public & promote sustainable development.

DEVELOPMENT OF TRADABLE SBN

CAPITAL FLOW IN SBN&JCI



Sources : Bloomberg, KBVS Research (2025)

Between 30 Jan – 5 Feb '25, non-residents conducted:

- A net buy of tradeable SBN, amounting IDR4.47 tn.
- A net sell of JCI, amounting IDR0.76 tn.

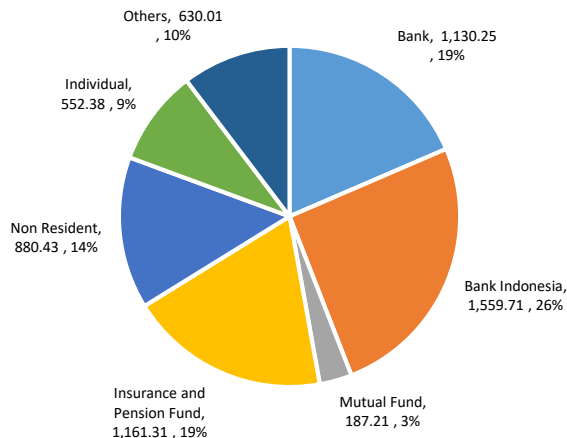
SUN LATEST AUCTION

4 Feb '25									
Instruments	SPN03250507	SPN12260205	FR0104	FR0103	FR0106	FR0107	FR0102	FR0105	Total
Incoming Bids (IDR tn)	1.00	4.92	31.31	19.32	11.16	6.40	1.28	1.69	77.08
Bid to Cover Ratio	-	2.46	3.00	2.86	2.82	1.94	5.14	1.30	2.75
Weighted Average Yields Awarded	-	6.400%	6.860%	7.055%	7.270%	7.280%	7.156%	7.208%	
21 Jan '25									
Instruments	SPN03250423	SPN12260108	FR0104	FR0103	FR0106	FR0107	FR0102	FR0105	Total
Incoming Bids (IDR tn)	2.51	2.79	20.35	15.04	5.97	5.51	0.36	1.94	31.66
Bid to Cover Ratio	-	1.02	2.29	1.93	1.57	2.40	2.40	6.46	1.21
Weighted Average Yields Awarded	-	6.450%	6.912%	7.120%	7.300%	7.290%	7.232%	7.227%	

Sources : DJPPR, KBVS Research (2025)

OWNERSHIP of IDR TRADABLE SBN

(IDR tn, % of total tradable SBN)



Sources : DJPPR, and KBVS Research (2025)

As of 3 Feb '25, the largest ownership of tradable SBN is as follows:

- Bank Indonesia : IDR1,559.71 tn (-IDR8.80 tn, WoW),
- Banks : IDR1,130.25 tn (+IDR12.42 tn, WoW), and
- Insurance & Pension Funds: IDR1,161.31 tn (+IDR0.48 tn, WoW)

SBSN LATEST AUCTION

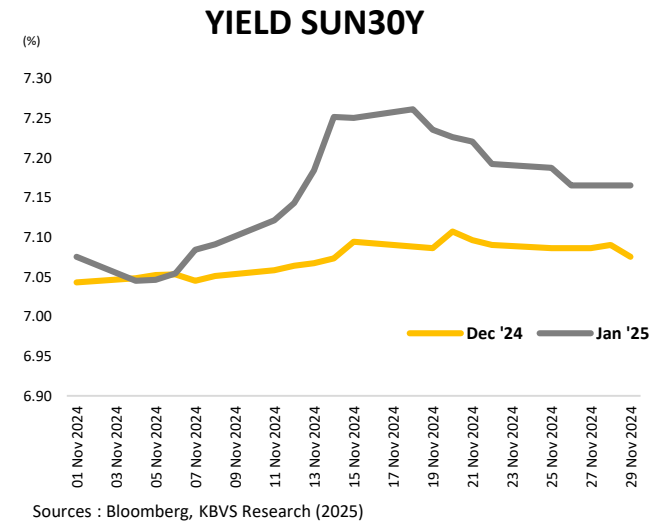
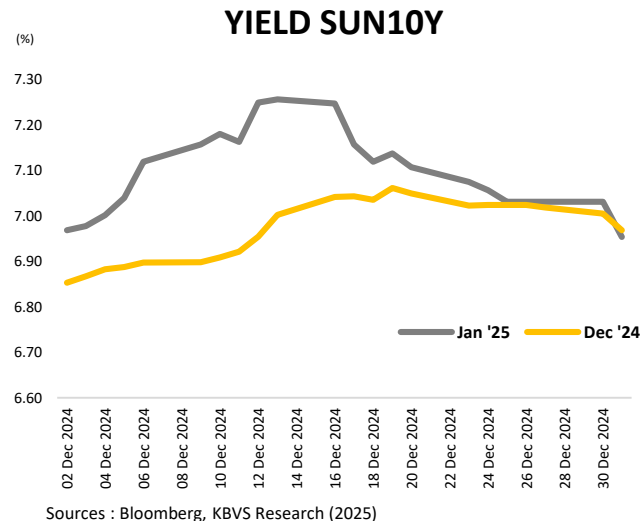
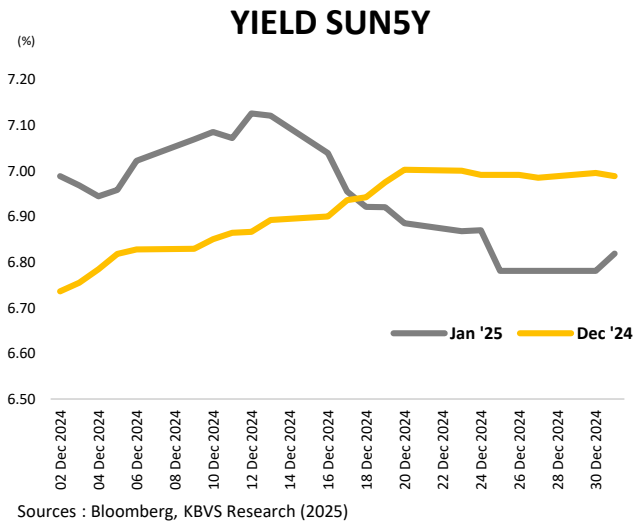
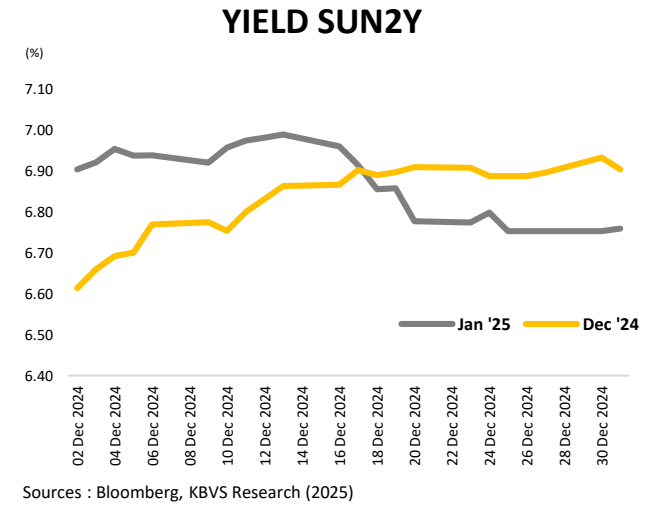
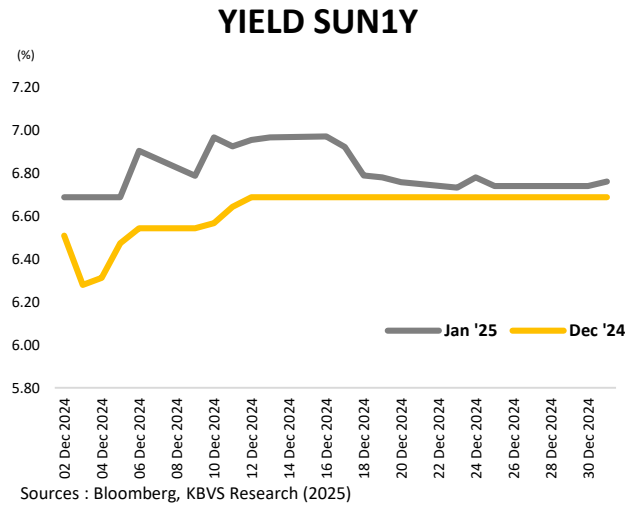
30 Jan '25								
Instruments	SPNS07072025	SPNS13102025	PBS003	PBS030	PBSG001	PBS034	PBS038	Total
Incoming Bids (IDR tn)	2.08	3.14	5.04	3.26	1.13	0.62	5.26	20.52
Bid to Cover Ratio	1.01	1.26	3.15	1.05	3.75	6.20	15.02	2.05
Weighted Average Yields Awarded	6.330%	6.350%	6.850%	6.890%	6.798%	6.983%	7.207%	
14 Jan '25								
Instruments	SPNS07072025	SPNS13102025	PBS003	PBS030	PBS034	PBS039	PBS038	Total
Incoming Bids (IDR tn)	1.10	2.57	4.86	1.78	0.46	0.26	3.04	14.06
Bid to Cover Ratio	1.10	1.47	1.26	2.96	-	-	1.09	1.41
Weighted Average Yields Awarded	6.500%	6.600%	7.088%	7.129%	-	-	7.287%	

Sources : DJPPR, KBVS Research (2025)

THE MOVEMENT OF SUN YIELDS

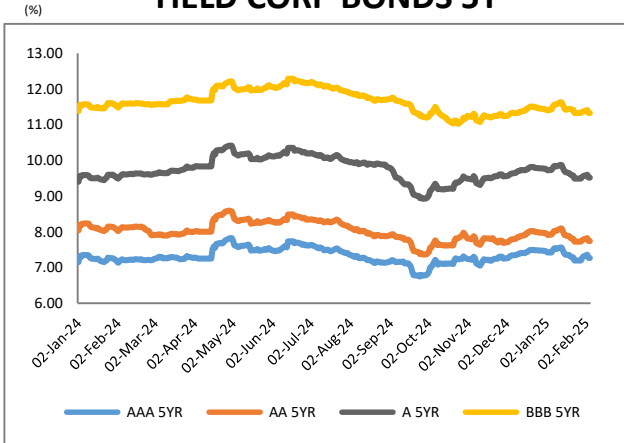
Over the past week, SUN yields moved tends to decrease:

- Yield SUN1Y
 - -18.60 bps (WoW)
 - -11.30 bps (YtD, as of Feb 5, '25)
- Yield SUN2Y
 - -9.40 bps (WoW)
 - -23.90 bps (YtD, as of Feb 5, '25)
- Yield SUN5Y
 - -10.20 bps (WoW)
 - -27.10 bps (YtD, as of Feb 5, '25)
- Yield SUN10Y
 - -4.10 bps (WoW)
 - -5.60 bps (YtD, as of Feb 5, '25)
- Yield SUN30Y
 - -6.00 bps (WoW)
 - -2.70 bps (YtD, as of Feb 5, '25)



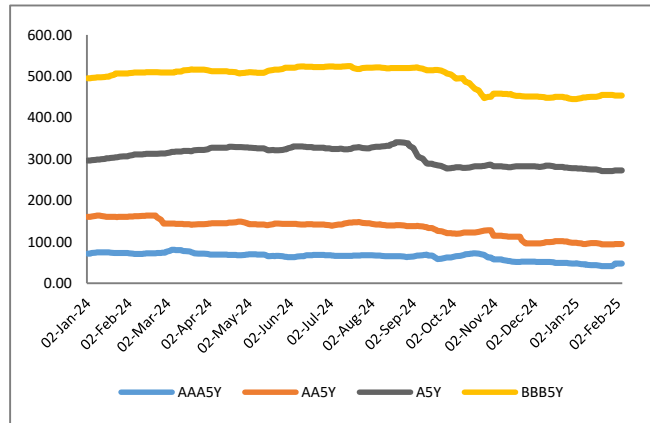
THE MOVEMENT OF CORPORATE BOND YIELD

YIELD CORP BONDS 5Y



Sources : Bloomberg, KBVS Research (2025)

YIELD SPREAD 5Y TENOR

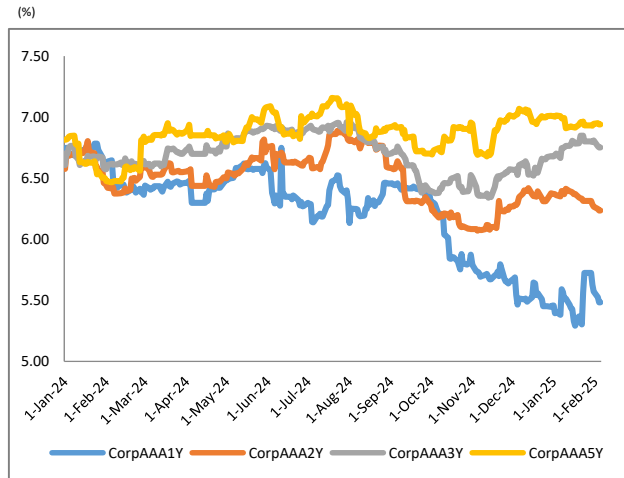


Sources : Bloomberg, KBVS Research (2025)

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

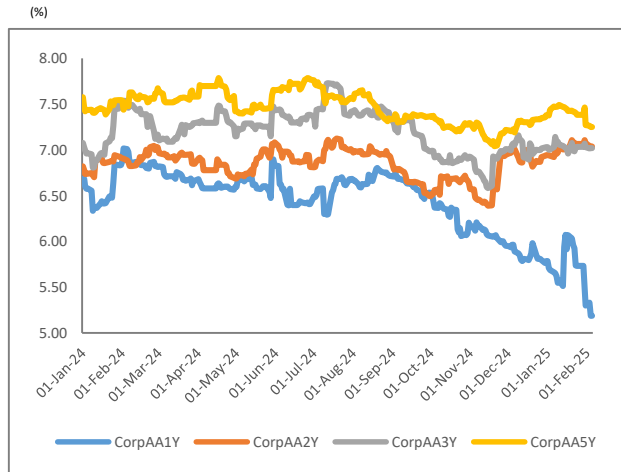
- AAA-rated
 - Tenor 1Y : -27.95 bps (WoW)
 - Tenor 2Y : -11.52 bps (WoW)
 - Tenor 5Y : -0.24 bps (WoW)
- AA-rated
 - Tenor 1Y : -72.55 bps (WoW)
 - Tenor 2Y : -2.45 bps (WoW)
 - Tenor 5Y : -12.70 bps (WoW)
- A-rated
 - Tenor 1Y : -474.97 bps (WoW)
 - Tenor 2Y : -37.26 bps (WoW), and
 - Tenor 5Y : +1.27 bps (WoW)

YIELD AAA-RATED



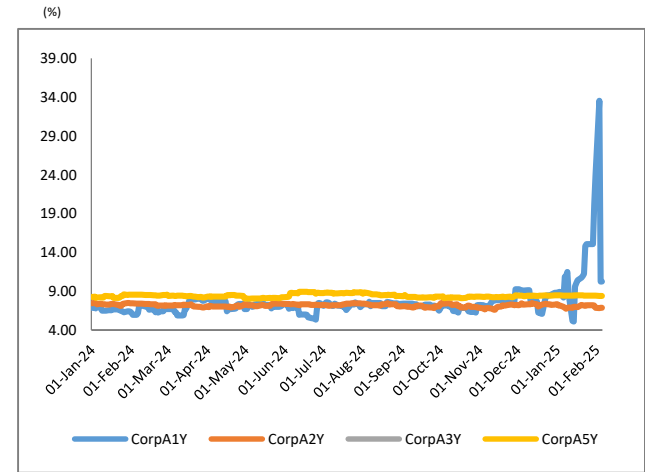
Sources : Bloomberg, KBVS Research (2025)

YIELD AA-RATED



Sources : Bloomberg, KBVS Research (2025)

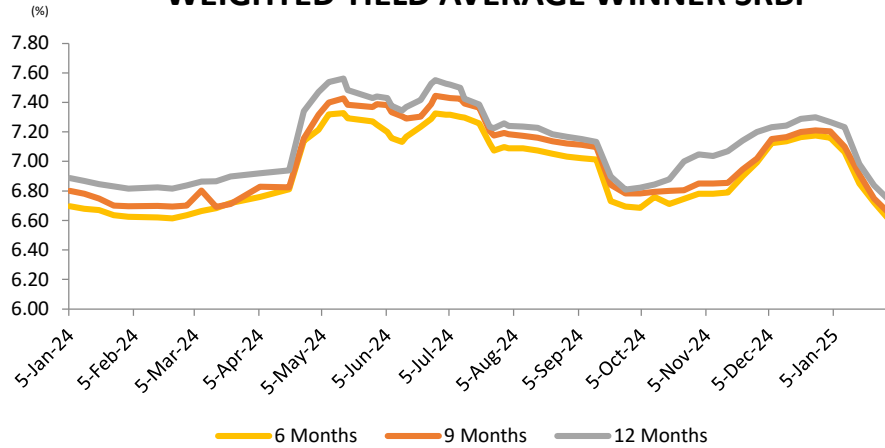
YIELD A-RATED



Sources : Bloomberg, KBVS Research (2025)

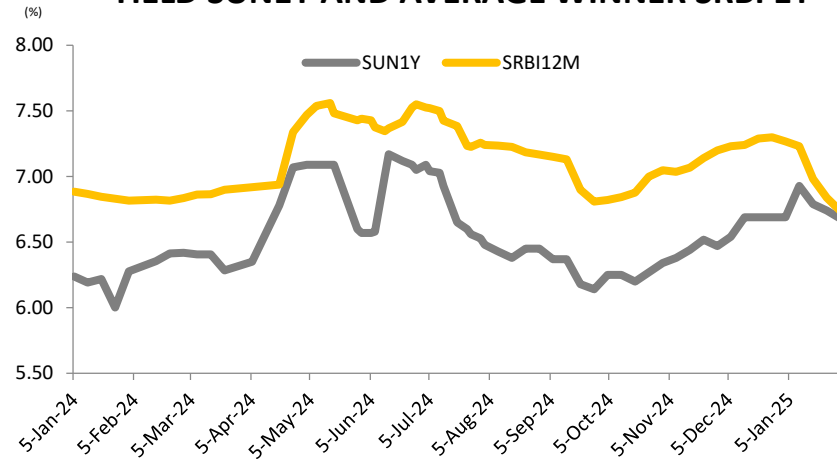
BI'S MONETARY OPERATION

WEIGHTED YIELD AVERAGE WINNER SRBI



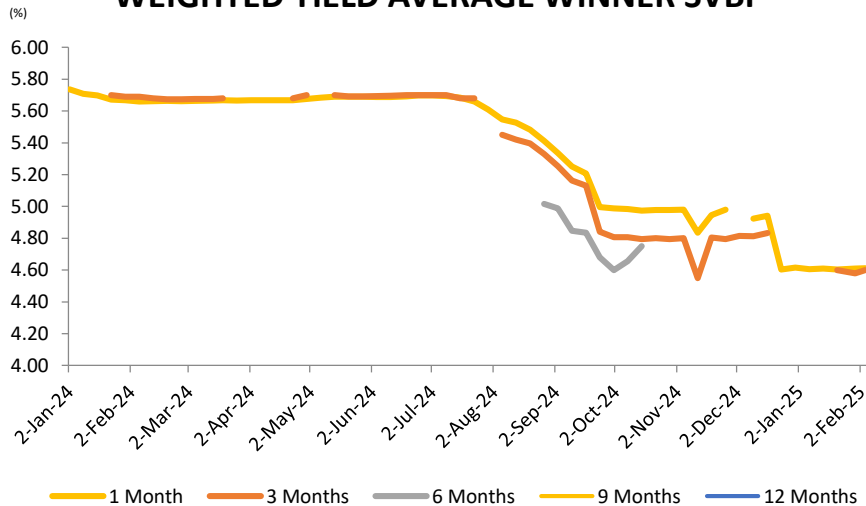
Sources : BI, KBVS Research (2025)

YIELD SUN1Y AND AVERAGE WINNER SRBI 1Y



Sources : BI, KBVS Research (2025)

WEIGHTED YIELD AVERAGE WINNER SVBI



Sources : BI, KBVS Research (2025)

- The BI Rate cut aimed at stimulating economic growth appears to have been well received by the market.
- This is reflected in the decline of the average winner yield in the SRBI auction following the rate cut announcement, persisting through last week's final auction.
- We hope this will also help alleviate concerns regarding the crowding-out effect and the concentration of investments in SRBI, which offers higher yields compared to other investment instruments with even longer tenors.
- However, we remain concerned about Bank Indonesia's ability to intervene in the Rupiah through open market operations (OMO), as the currency has yet to return to a level below IDR 16,000 per USD, which we consider to be the Rupiah's real effective equilibrium level.

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NEXT WEEK ECONOMIC CALENDAR

ECONOMIC CALENDAR

(6-12 FEB 2025)

Country	Event	Forecast	Previous
Thursday, Feb 6, 2025			
US	FOMC Member Bowman Speaks		
GE	Factory Orders (MoM) (Dec)	1.70%	-5.40%
GB	S&P Global Construction PMI (Jan)	53.70	53.30
GB	BoE MPC Vote Cut (Feb)	8.00	3.00
GB	BoE MPC Vote Hike (Feb)	0.00	0.00
GB	BoE MPC Vote Unchanged (Feb)	1.00	6.00
GB	BoE Interest Rate Decision (Feb)	4.50%	4.75%
GB	BoE MPC Meeting Minutes		
US	Continuing Jobless Claims		1,858K
US	Initial Jobless Claims	214K	207K
US	Nonfarm Productivity (QoQ) (Q4)	1.80%	2.20%
US	Unit Labor Costs (QoQ) (Q4)	3.30%	0.80%
GB	BoE Gov Bailey Speaks		
GE	Buba President Nagel Speaks		

Country	Event	Forecast	Previous
Friday, Feb 7, 2025			
GE	Buba Balz Speaks		
US	Fed Waller Speaks		
US	FOMC Member Daly Speaks		
US	Fed's Balance Sheet		6,818B
JP	Household Spending (YoY) (Dec)	0.30%	-0.40%
JP	Household Spending (MoM) (Dec)	-0.50%	0.40%
ID	Fx Reserves (USD) (Jan)		155.70B
GB	Halifax House Price Index (YoY) (Jan)		3.30%
GB	Halifax House Price Index (MoM) (Jan)		-0.20%
GE	Industrial Production (MoM) (Dec)	-0.70%	1.50%
GE	Trade Balance (Dec)	17.10B	19.70B
EU	ECB's De Guindos Speaks		
GB	Mortgage Rate (GBP) (Jan)		7.50%
GB	BoE MPC Member Pill Speaks		
US	Average Hourly Earnings (YoY) (Jan)		3.90%
US	Average Hourly Earnings (MoM) (Jan)	0.30%	0.30%
US	Nonfarm Payrolls (Jan)	154K	256K
US	Participation Rate (Jan)		62.50%
US	Payroll Benchmark n.s.a.		-818.00K
US	Private Nonfarm Payrolls (Jan)		223K
US	U6 Unemployment Rate (Jan)		7.50%
US	Unemployment Rate (Jan)	4.10%	4.10%
US	FOMC Member Bowman Speaks		
US	Michigan 1-Year Inflation Expectations (Feb)		3.30%
US	Michigan 5-Year Inflation Expectations (Feb)		3.20%
US	Michigan Consumer Expectations (Feb)		69.30
US	Michigan Consumer Sentiment (Feb)	71.40	71.10

Country	Event	Forecast	Previous
Monday, Feb 10, 2025			
JP	Adjusted Current Account (Dec)		303.34T
JP	Current Account n.s.a. (Dec)		3.353T
Tuesday, Feb 11, 2025			
GB	BRC Retail Sales Monitor (YoY) (Jan)		3.10%
ID	Consumer Confidence (Jan)		127.70
Wednesday, Feb 12, 2025			
ID	Retail Sales (YoY) (Dec)		0.90%
US	Core CPI (MoM) (Jan)		0.20%
US	Core CPI (YoY) (Jan)		3.20%
US	CPI (MoM) (Jan)		0.40%
US	CPI (YoY) (Jan)		2.90%

