

The Decline in Global Geopolitical Risks

20 February 2025

Economist / Fikri C Permana

EXECUTIVE SUMMARY

- The prospect of peace between Russia and Ukraine is expected to have an immediate positive impact by reducing geopolitical risks and lowering global investment uncertainties.
- However, concerns over Trump Tariffs, along with their implications for global inflation and economic growth, remain a key issue to monitor. This aligns with Powell's statement emphasizing the need for caution and the Fed's stance of "no rush to cut interest rates," as reflected in the FOMC Minutes from January.
- Meanwhile, the increase in Indonesia's trade balance in January 2025, extending the country's 57-month consecutive trade surplus, is anticipated to reinforce domestic economic stability. This outlook is further supported by the upcoming implementation of new regulations on export proceeds from natural resources (DHE SDA), set to take effect on Mar 1, '25.
- Bank Indonesia has also anticipated these developments by diversifying instruments for DHE placement, which not only enhances liquidity access for exporters and the banking sector but also complements the central bank's decision to maintain the BI rate at 5.75%.



Source: Fortune(2025), link: <https://fortune.com/2016/02/04/donald-trump-nobel-prize/>



TABLE OF CONTENTS :

3 Global Economy

8 Domestic Economy

16 Economic Calendar

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	Jan'25	3.0	2.9
Unemployment Rate	%	Jan'25	4.0	4.1

Sources : various sources, KBVS Research (2025)

The data releases that influenced yield movements in the week of 13-19 Feb '25 are as follows:

- The number of people claiming unemployment benefits on the period ending Feb 7th, '25 in the US decreased by 7K to 213K (Cons: 217K, Prev: 220K).
- 10 Year Note Auction decreased to 4.63% MoM (Prev: 4.68% MoM).
- PPI in Jan'25 decreased to 0.40% MoM (Cons: 0.30% MoM, Prev: 0.50% MoM).
- 30 Year Bond Auction decreased to 4.75% (Prev: 4.91%).
- Core Retail Sales in Jan'25 decreased to -0.40% MoM (Cons : 0.30% MoM, Prev: 0.70% MoM).
- Retail Sales in Jan'25 decreased to -0.90% MoM (Cons: -0.20% MoM, Prev: 0.70% MoM).

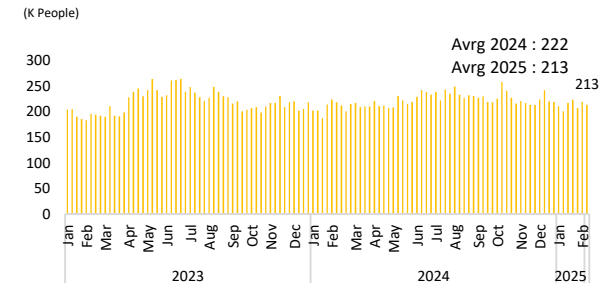
ECONOMIC CALENDAR

(13-19 FEB '25)

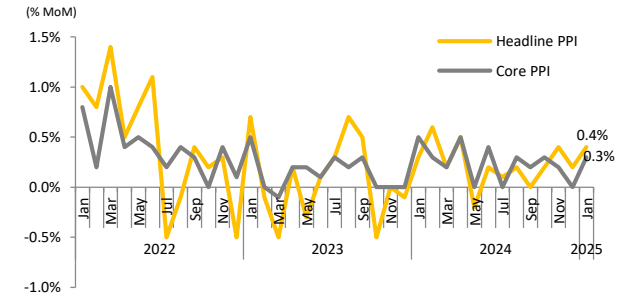
Event	Actual	Forecast	Previous
Thursday, 13 Feb '25			
US FOMC Member Bostic Speaks			
US 10-Year Note Auction	4.63%		4.68%
US Fed Budget Balance (Jan)	-129.0B	-88.1B	-87.0B
US Fed Waller Speaks			
US IEA Monthly Report			
US Continuing Jobless Claims	1,850K	1,880K	1,886K
US Initial Jobless Claims	213K	217K	220K
US Core PPI (MoM) (Jan)	0.30%	0.30%	0.40%
US PPI (MoM) (Jan)	0.40%	0.30%	0.50%
Friday, 14 Feb '25			
US 30-Year Bond Auction	4.75%		4.91%
US Fed's Balance Sheet	6,814B		6,811B
US Core Retail Sales (MoM) (Jan)	-0.40%	0.30%	0.70%
US Export Price Index (MoM) (Jan)	1.30%	0.30%	0.50%
US Import Price Index (MoM) (Jan)	0.30%	0.40%	0.20%
US Retail Control (MoM) (Jan)	-0.80%	0.30%	0.80%
US Retail Sales (MoM) (Jan)	-0.90%	-0.20%	0.70%
US Industrial Production (YoY) (Jan)	2.00%		0.34%
US Industrial Production (MoM) (Jan)	0.50%	0.30%	1.00%
US Business Inventories (MoM) (Dec)	-0.20%	0.00%	0.10%
US Retail Inventories Ex-Auto (Dec)	-0.10%	0.20%	0.50%
Monday, 17 Feb '25			
US FOMC Member Harker Speaks			
US FOMC Member Bowman Speaks			
Tuesday, 18 Feb '25			
US Fed Waller Speaks			
US NY Empire State Manufacturing Index (Feb)	5.70	-1.90	-12.60
US FOMC Member Daly Speaks			
Wednesday, 19 Feb '25			
US Fed Vice Chair for Supervision Barr Speaks			
US President Trump Speaks			
US TIC Net Long-Term Transactions (Dec)	72.0B	149.1B	53.2B
US Building Permits (Jan)		1.460M	1.482M
US Housing Starts (MoM) (Jan)			15.80%
US Housing Starts (Jan)		1.390M	1.499M

Sources : investing, KBVS Research (2025)

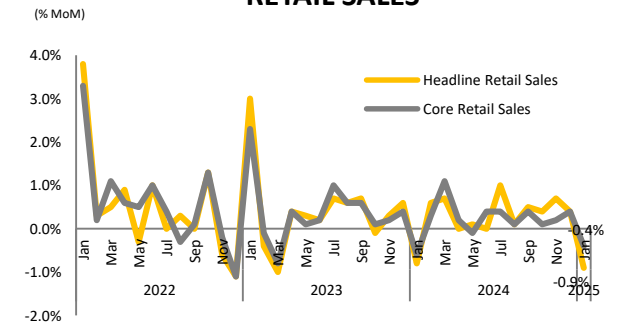
WEEKLY INITIAL JOBLESS CLAIMS



PPI



RETAIL SALES



FOMC's 28-29 JAN '25 MINUTES OF MEETING

Minutes of the Federal Open Market Committee

January 28-29, 2025

A joint meeting of the Federal Open Market Committee and the Board of Governors of the Federal Reserve System was held in the offices of the Board of Governors on January 28, 2025, at 8:30 a.m. and continued on Wednesday, January 29, 2025, at 9:00 a.m.¹

Annual Organizational Matters²

The agenda for this meeting reported that advices of the election of the following members and alternate members of the Federal Open Market Committee for a term beginning January 28, 2025, were received and that these individuals executed their oaths of office.

The elected members and alternate members were as follows:

John C. Williams, President of the Federal Reserve Bank of New York, with Sushmita Shukla, First Vice President of the Federal Reserve Bank of New York, as alternate;

Susan M. Collins, President of the Federal Reserve Bank of Boston, with Patrick Harker, President of the Federal Reserve Bank of Philadelphia, as alternate;

Austan D. Goolsbee, President of the Federal Reserve Bank of Chicago, with Beth M. Hammack, President of the Federal Reserve Bank of Cleveland, as alternate;

Alberto G. Musalem, President of the Federal Reserve Bank of St. Louis, with Lorie K. Logan, President of the Federal Reserve Bank of Dallas, as alternate;

Jeffrey R. Schmid, President of the Federal Reserve Bank of Kansas City, with Neel Kashkari, President of the Federal Reserve Bank of Minneapolis, as alternate;

By unanimous vote, the following officers of the Committee were selected to serve until the selection of their successors at the first regularly scheduled meeting of the Committee in 2026:

Jerome H. Powell	Chair
John C. Williams	Vice Chair
Joshua Gallin	Secretary
Matthew M. Luecke	Deputy Secretary
Brian J. Bonis	Assistant Secretary
Michelle A. Smith	Assistant Secretary
Mark E. Van Der Weide	General Counsel
Richard Ostrander	Deputy General Counsel
Reena Sahni	Assistant General Counsel
Trevor A. Reeve	Economist
Stacey Tevlin	Economist
Beth Anne Wilson	Economist
Shaghil Ahmed	
Kartik B. Athreya	
James A. Clouse	
Brian M. Doyle	
Eric M. Engen	
Carlos Garriga	
Joseph W. Gruber	
Anna Paulson	
William Wascher	
Egon Zakrajsek	Associate Economists

By unanimous vote, the Committee selected the Federal Reserve Bank of New York to execute transactions for the System Open Market Account (SOMA).

By unanimous vote, the Committee selected Roberto Perli and Julie Ann Remache to serve at the pleasure of the Committee as manager and deputy manager of the SOMA, respectively, on the understanding that these selections were subject to being satisfactory to the Federal Reserve Bank of New York.

Secretary's note: The Federal Reserve Bank of New York subsequently sent advice that the selections indicated previously were satisfactory.

Committee Policy Actions

In their discussions of monetary policy for this meeting, members agreed that recent indicators suggested that economic activity had continued to expand at a solid pace. The unemployment rate had stabilized at a low level in recent months and labor market conditions had remained solid. Members concurred that inflation remained somewhat elevated. Almost all members agreed that the risks to achieving the Committee's employment and inflation goals were roughly in balance. Members viewed the economic outlook as uncertain and agreed that they were attentive to the risks to both sides of the Committee's dual mandate.

In support of its goals, the Committee agreed to maintain the target range for the federal funds rate at 4¼ to 4½ percent. Members agreed that in considering the extent and timing of additional adjustments to the target range for the federal funds rate, the Committee would carefully assess incoming data, the evolving outlook, and the balance of risks. Members agreed to continue to reduce the Federal Reserve's holdings of Treasury securities and agency debt and agency MBS. All members agreed that the postmeeting statement should affirm their strong commitment both to supporting maximum employment and to returning inflation to the Committee's 2 percent objective.

"Recent indicators suggest that economic activity has continued to expand at a solid pace. The unemployment rate has stabilized at a low level in recent months, and labor market conditions remain solid. Inflation remains somewhat elevated.

The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. The Committee judges that the risks to achieving its employment and inflation goals are roughly in balance. The economic outlook is uncertain, and the Committee is attentive to the risks to both sides of its dual mandate.

In support of its goals, the Committee decided to maintain the target range for the federal funds rate at 4¼ to 4½ percent. In considering the extent and timing of additional adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks. The Committee will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities. The Committee is strongly committed to supporting maximum employment and returning inflation to its 2 percent objective.

In assessing the appropriate stance of monetary policy, the Committee will continue to monitor the implications of incoming information for the economic outlook. The Committee would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals. The Committee's assessments will take into account a wide range of information, including readings on labor market conditions, inflation pressures and inflation expectations, and financial and international developments."

Voting for this action: Jerome H. Powell, John C. Williams, Michael S. Barr, Michelle W. Bowman, Susan M. Collins, Lisa D. Cook, Austan D. Goolsbee, Philip N. Jefferson, Adriana D. Kugler, Alberto G. Musalem, Jeffrey R. Schmid, and Christopher J. Waller.

Voting against this action: None.

Consistent with the Committee's decision to leave the target range for the federal funds rate unchanged, the Board of Governors of the Federal Reserve System voted unanimously to maintain the interest rate paid on reserve balances at 4.4 percent, effective January 30, 2025. The Board of Governors of the Federal Reserve System voted unanimously to approve the establishment of the primary credit rate at the existing level of 4.5 percent, effective January 30, 2025.

- The Minutes from the Jan '25 FOMC meeting indicated that most Fed policymakers recognized the high level of uncertainty, advocating for a prudent stance on future monetary policy adjustments.
- Many participants suggested that keeping the policy rate at a restrictive level would be appropriate if economic growth remained strong and inflation persisted.
- However, some noted that easing policy could be warranted if labor market conditions deteriorated, economic momentum weakened, or inflation returned to 2% faster than anticipated.
- Several officials emphasized the need for further confirmation of sustained disinflation.
- Additionally, participants pointed to upside risks to inflation, citing factors such as potential shifts in trade and immigration policies, supply chain disruptions due to geopolitical events, and unexpectedly strong consumer spending.
- In January, the Fed maintained the fed funds rate at 4.25%-4.5%, pausing its rate-cutting cycle after three consecutive reductions in 2024.

FED PROBABILITIES

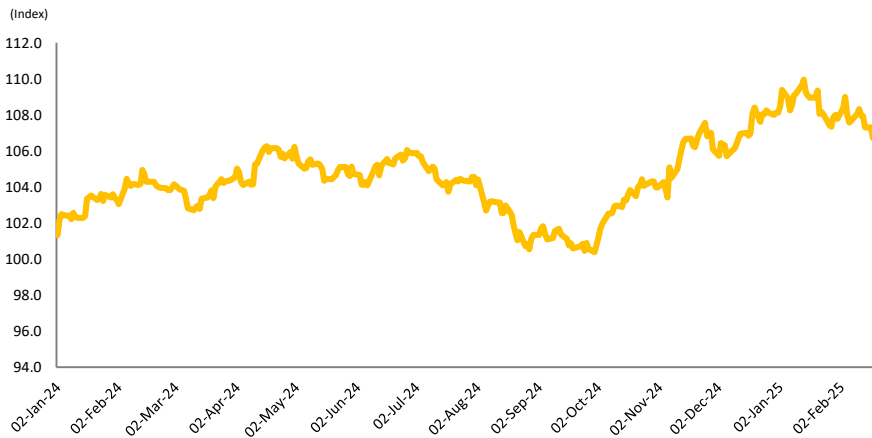
FED PROBABILITIES, as of 19 FEB '25

MEETING DATE	FED PROBABILITIES (in bps)					
	300-325	325-350	350-375	375-400	400-425	425-450
19-Mar-25	0.0%	0.0%	0.0%	0.0%	3.5%	96.5%
30-Apr-25	0.0%	0.0%	0.0%	0.4%	14.0%	85.6%
18-Jun-25	0.0%	0.0%	0.1%	5.1%	38.5%	56.3%
30-Jul-25	0.0%	0.0%	0.8%	9.9%	41.1%	48.2%
17-Sep-25	0.0%	0.3%	4.2%	21.5%	43.7%	30.3%
29-Oct-25	0.0%	0.8%	6.4%	24.3%	42.0%	26.4%
10-Dec-25	0.3%	2.3%	11.2%	29.1%	37.8%	19.3%
28-Jan-26	0.5%	3.5%	13.6%	30.2%	35.4%	16.8%

- The FOMC meeting minutes, along with Powell's statements before Congress and other FOMC members, indicating "no rush to cut interest rates," have reinforced expectations that the Fed will implement only one rate cut in 2025.
- However, the increasing prospects of a Russia-Ukraine peace agreement could help ease geopolitical risks, reduce supply chain disruptions, and drive down global energy prices. This, in turn, is expected to contribute to lower global inflation, potentially creating additional room for further Fed rate cuts.

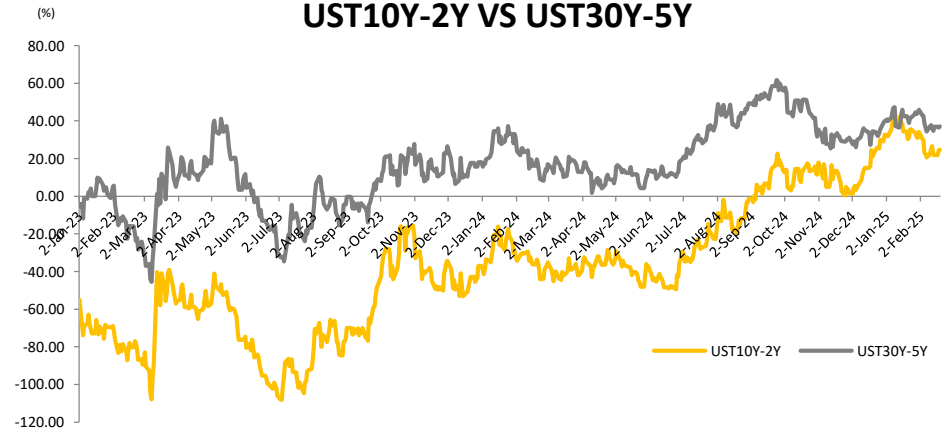
Sources : CME Group, and KBVS Research (2025)

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
 - +0.00 bps (WoW)
 - +9.52 bps (YtD, as of Feb 19, '25)
- Yield UST1Y
 - -5.44 bps (WoW)
 - +7.49 bps (YtD, as of Feb 19, '25)
- Yield UST2Y
 - -5.12 bps (WoW)
 - +6.20 bps (YtD, as of Feb 19, '25)
- Yield UST5Y
 - -6.19 bps (WoW)
 - +2.37 bps (YtD, as of Feb 19, '25)
- Yield SUN10Y
 - -5.88 bps (WoW)
 - -0.70 bps (YtD, as of Feb 19, '25)
- Yield SUN30Y
 - -4.73 bps (WoW)
 - +0.36 bps (YtD, as of Feb 19, '25)

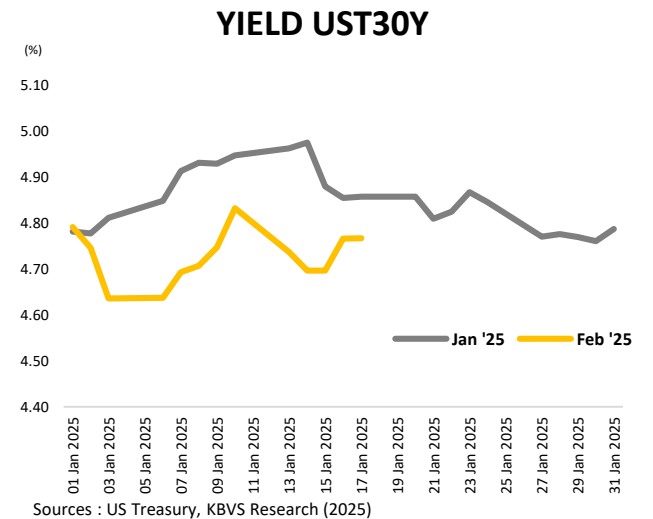
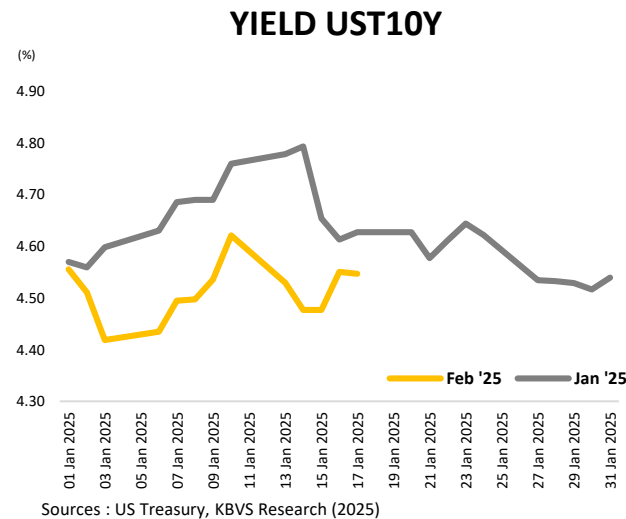
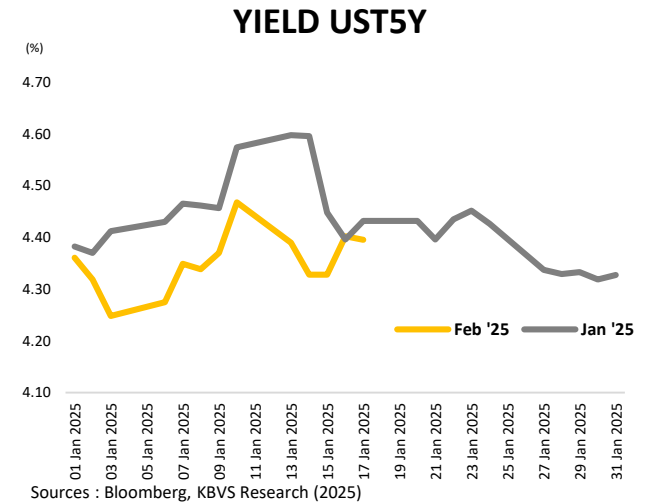
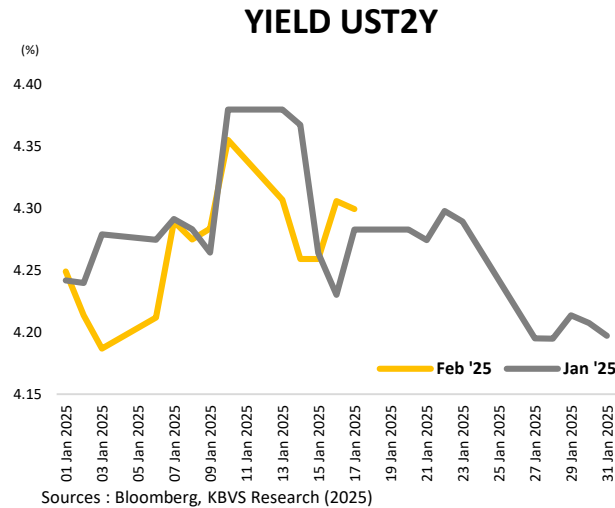


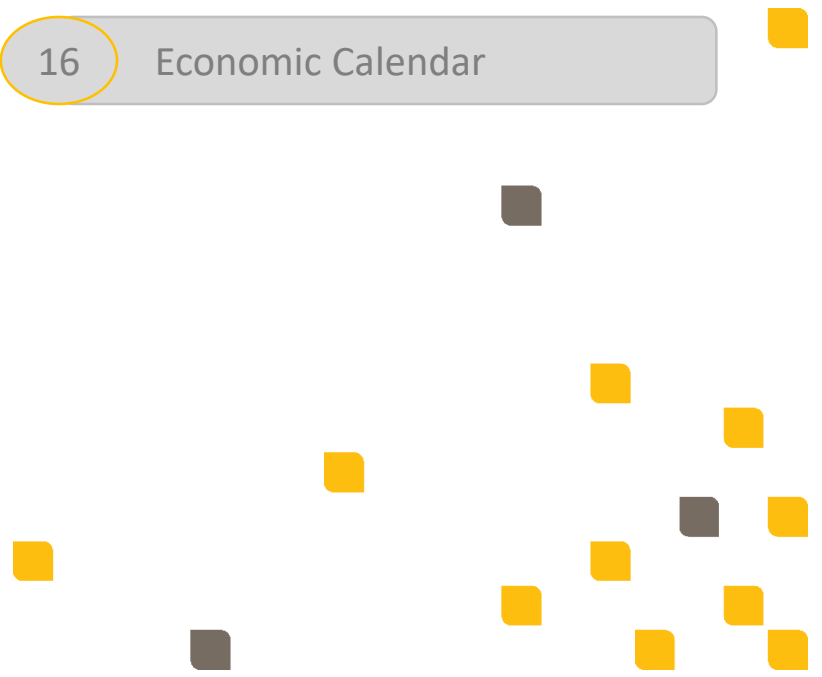


TABLE OF CONTENTS :

3 Global Economy

8 Domestic Economy

16 Economic Calendar



INDONESIA ECONOMIC DATA

INDICATORS OVERVIEW

Economic Indicators	Unit	Latest Period	Data	
			Latest	Previous
Policy Interest Rate	%	19 Jan '25	5.75	5.75
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)

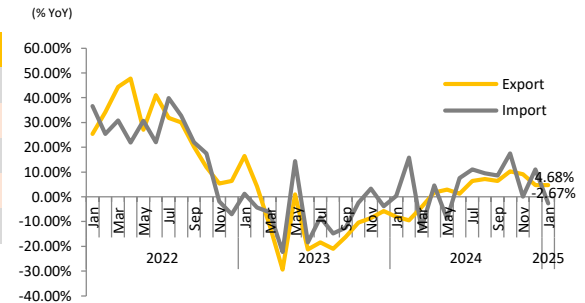
ECONOMIC CALENDAR

(13-19 FEB '25)

Event	Actual	Forecast	Previous
Thursday, 13 Feb '25			
Friday, 14 Feb '25			
Monday, 17 Feb '25			
ID Export Growth (YoY) (Jan)	4.68%	6.99%	4.78%
ID Import Growth (YoY) (Jan)	-2.67%	9.95%	11.07%
ID Trade Balance (Jan)	3.45B	1.91B	2.24B
Wednesday, 18 Feb '25			
Thursday, 19 Feb '25			
ID Loans (YoY) (Jan)	10.27%		10.39%
ID Deposit Facility Rate (Feb)	5.00%	5.00%	5.00%
ID Lending Facility Rate (Feb)	6.50%	6.50%	6.50%
ID Interest Rate Decision	5.75%	5.75%	5.75%

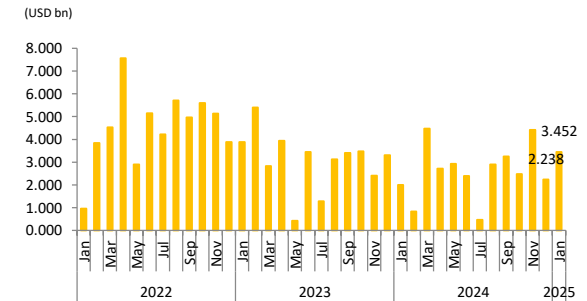
Sources : Investing, KBVS Research (2025)

EXPORT-IMPORT



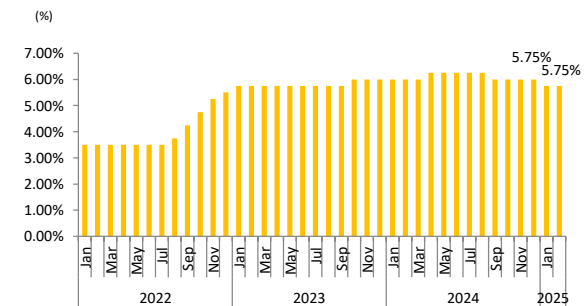
Sources : BPS, KBVS Research (2025)

TRADE BALANCE



Sources : BPS, KBVS Research (2025)

BI RATE



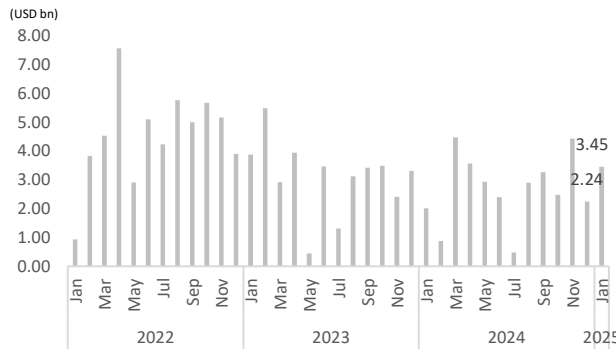
Sources : BI, KBVS Research (2025)

The data releases in the week of 13-19 Feb '25 are as follows:

- **Indonesia's trade surplus continued for the 57th consecutive month since Apr '20, expanding further in Jan '25 to USD3.45 bn (Cons: USD1.91 bn, KBVS: USD1.47 bn, Prev: USD2.24 bn).** The drop in imports was mainly attributed to a sharp decline in Oil & Gas imports, which fell by -24.69% MoM (Prev: 8.10% MoM). On the export side, the contraction was more limited at -8.56% MoM, while on a yearly basis, exports still grew by 4.68% YoY (Cons: 6.99% YoY; Prev: 4.78% YoY). The improvement in the Jan '25 trade surplus is expected to support Rupiah stability, especially with the implementation of the new mandatory Foreign Exchange Proceeds (DHE) regulation. However, concerns over the implementation of Trump's tariffs, possible retaliatory measures, and reciprocal trade actions remain key risks that need to be anticipated.
- **As expected, Bank Indonesia (BI) has maintained the BI Rate at 5.75%.** Nevertheless, we believe BI will continue to adopt a pro-growth stance, supported by a decline in the cost of funds driven by lower interbank money market yields, a decrease in the weighted average winner yield of SRBI, and its transmission to lower SUN yields. Additionally, the introduction of a new instrument for managing export proceeds (DHE) is expected to further create room for a decline in the cost of funds while simultaneously ensuring Rupiah stability.

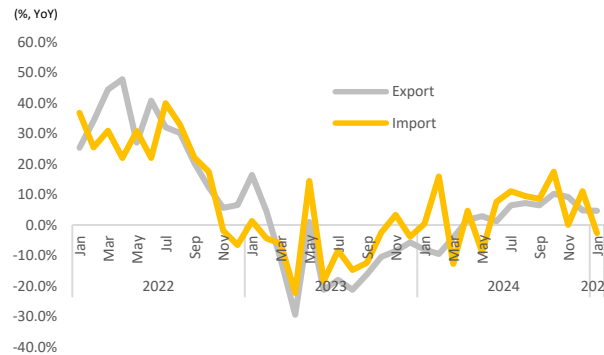
TRADE BALANCE

TRADE BALANCE



Sources : BPS, KBVS Research (2025)

EXPORT-IMPORT



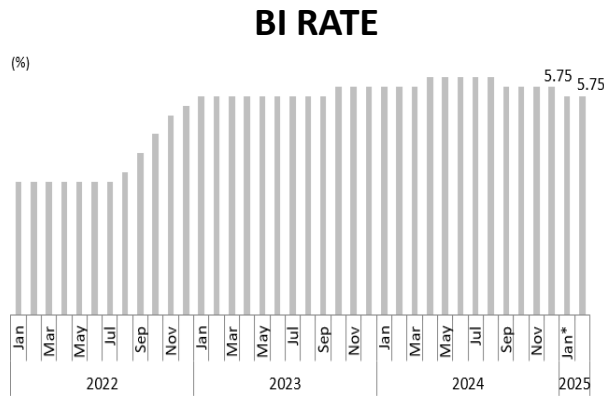
Sources : BPS, KBVS Research (2025)

Indicators	Value (USD bn)		Growth (%)	
	Latest	M-1	MoM	YoY
Total Export (FOB)	21.45	23.46	-8.56	4.68
Oil and Gas	1.06	1.54	-31.35	-24.38
- Crude Oil	0.07	0.23	-69.33	-54.93
- Processed Oil	0.39	0.47	-14.92	-3.24
- Gas	0.59	0.84	-30.06	-29.09
Non-Oil and Gas	20.39	21.92	-6.96	6.81
- Agriculture, Forestry, and Fisheries	0.55	0.58	-6.35	45.46
- Manufacturing	17.13	17.61	-2.72	14.02
- Mining & Others	2.71	3.73	-27.09	-26.45
Total Import (CIF)	18.00	21.22	-15.18	-2.67
Oil and Gas	2.48	3.30	-24.69	-7.99
- Crude Oil	0.55	0.90	-38.84	-24.47
- Processing Oil	1.93	2.40	-19.37	-1.89
- Gas	0.00	0.00	-	-
Non-Oil and Gas	15.52	17.93	-13.43	-1.76
Import Based on the Goods Usage Classification				
Consumption Goods	1.64	2.31	-28.65	-7.16
Raw/Auxiliary Materials	13.04	15.01	-13.11	-3.15
Capital Goods	3.32	3.91	-15.19	1.74
Trade Balance	3.45	2.24		
Oil and Gas Trade Balance	-1.43	-1.76		
Non-Oil and Gas Trade Balance	4.88	3.99		

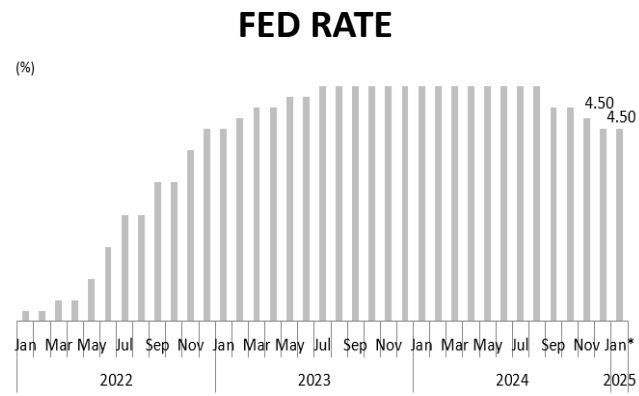
Sources: BPS, KBVS Research – treated (2025).

- Indonesia's trade surplus continued for the 57th consecutive month since Apr '20, expanding further in Jan '25 to USD3.45 bn (Cons: USD1.91 bn, KBVS: USD1.47 bn, Prev: USD2.24 bn). The drop in imports was mainly attributed to a sharp decline in Oil & Gas imports, which fell by -24.69% MoM (Prev: 8.10% MoM). On the export side, the contraction was more limited at -8.56% MoM, while on a yearly basis, exports still grew by 4.68% YoY (Cons: 6.99% YoY; Prev: 4.78% YoY).
- The improvement in the Jan '25 trade surplus is expected to support Rupiah stability, especially with the implementation of the new mandatory Foreign Exchange Proceeds (DHE) regulation, which requires 100% of export proceeds exceeding IDR4.05 bn to be kept domestically for one year, effective Mar 1, '25. However, concerns over the implementation of Trump's tariffs, possible retaliatory measures, and reciprocal trade actions remain key risks that need to be anticipated. These developments could lead to shifts in global supply chains, along with secondary and tertiary effects, including potential changes in production factors, industry relocations, and technology transfers. If strategically leveraged, these shifts could benefit Indonesia by boosting employment absorption and further driving economic growth.

BI RATE



Sources : BI, KBVS Research (2025)



Sources : The Fed, KBVS Research (2025)

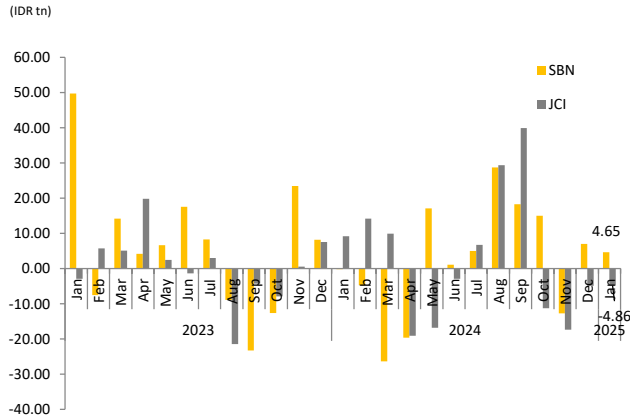
Indicators	19-Feb-25		Monthly Changes (in bps)	Ytd Changes (in bps)
	Latest	M-1		
Policy Rate (in %)				
United States	4.50	4.50	0.0	(100.0)
European Union	2.90	3.15	(25.0)	(160.0)
United Kingdom	4.50	4.75	(25.0)	(75.0)
Japan	0.50	0.25	25.0	60.0
China	3.10	3.10	0.0	(35.0)
India	6.25	6.50	(25.0)	(25.0)
Thailand	2.25	2.25	0.0	(25.0)
Philippines	5.75	5.75	0.0	(75.0)
Indonesia	5.75	5.75	0.0	(25.0)
Global Monetary Policy Change (in number of countries)				
Easing	3	2		
Unchanged	5	3		
Tightening	6	3		
Average International Interest Rate (in %)				
USD LIBOR -1 Month	4.96	4.96	0.0	(45.0)
USD LIBOR -3 Months	4.85	4.85	0.0	(75.6)
USD LIBOR -6 Months	4.68	4.68	0.0	(117.8)
Domestic Interbank Money Market (in %)				
INDONESIA	5.93	6.07	(14.3)	(7.2)
JIBOR - 1 Month	6.51	6.63	(11.6)	12.2
JIBOR - 3 Months	6.81	6.92	(10.4)	6.3
JIBOR - 6 Months	6.94	7.06	(11.5)	7.4
JIBOR - 12 Months	7.12	7.22	(10.0)	6.5

Sources: BI, KBVS Research – treated (2025).

- Yesterday, BI maintained the BI Rate at 5.75% (Cons: 5.75%, KBVS: 5.75%, Prev: 5.75%).
- We view this as a balanced stance taken by BI, striking a compromise between pro-growth and pro-stability objectives, in line with this month's Board of Governors Meeting (RDG) theme: "*BI Rate Remains at 5.75%: Preserving Stability, Supporting Economic Growth.*"
- Nevertheless, last month's BI Rate cut has led to a decline in the cost of funds, driven by lower interbank money market yields, a decrease in the weighted average winning yield of SRBI, and its transmission to lower (SUN) yields.
- Additionally, in this RDG, BI announced an expansion of instruments for the placement and utilization of Foreign Exchange Proceeds from DHE SDA under Government Regulation No. 8 of 2025. The expanded instruments include:
 - Placement in Foreign Currency Term Deposits (TD Valas DHE) with a tenor of up to 12 months;
 - Placement in SVBI and SUVBI instruments with a tenor of up to 12 months;
 - Utilization through:
 - a) Conversion of TD Valas DHE into FX Swaps,
 - b) FX Swaps with underlying TD Valas DHE, SVBI, and SUVBI,
 - c) TD Valas DHE, SVBI, and SUVBI as collateral for Rupiah-denominated bank loans.

DEVELOPMENT OF TRADABLE SBN

CAPITAL FLOW IN SBN&JCI



Sources : Bloomberg, KBVS Research (2025)

Between 13-19 Feb '25, non-residents conducted:

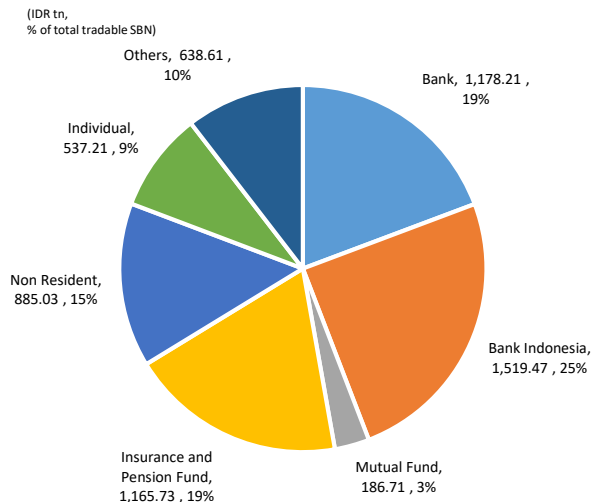
- A net sell of tradeable SBN, amounting IDR1.78 tn.
- A net buy of JCI, amounting IDR0.44 tn.

SUN LATEST AUCTION

18 Feb '25									
Instruments	SPN03250521	SPN12260205	FR0104	FR0103	FR0106	FR0107	FR0102	FR0105	Total
Incoming Bids (IDR tn)	1.57	5.02	37.33	21.33	8.36	5.80	1.62	29763.00	84.00
Bid to Cover Ratio	-	2.51	4.32	2.25	2.20	2.15	2.49	1.10	2.80
Weighted Average Yields Awarded	-	6.250%	6.550%	6.784%	6.990%	7.030%	7.039%	7.120%	
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%	

Sources : DJPPR, KBVS Research (2025)

OWNERSHIP of IDR TRADABLE SBN



Sources : DJPPR, and KBVS Research (2025)

As of 17 Feb '25, the largest ownership of tradable SBN is as follows:

- Bank Indonesia : IDR1,519.47 tn (-IDR6.57 tn, WoW),
- Banks : IDR1,178.21 tn (+IDR6.79 tn, WoW), and
- Insurance & Pension Funds: IDR1,165.73 tn (+IDR0.61 tn, WoW)

SBSN LATEST AUCTION

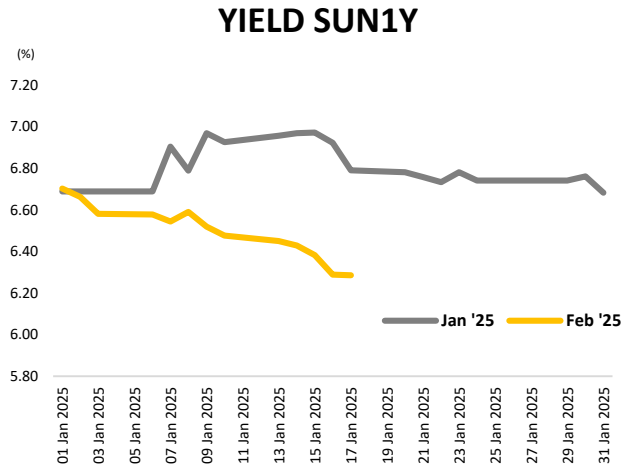
11 Feb '25								
Instruments	SPNS04082025	SPNS10112025	PBS003	PBS030	PBS034	PBS039	PBS038	Total
Incoming Bids (IDR tn)	1.26	4.87	9.92	8.11	0.57	0.30	5.23	30.26
Bid to Cover Ratio	-	9.75	3.89	2.32	-	-	1.51	3.03
Weighted Average Yields Awarded	-	6.300%	6.580%	6.640%	-	-	7.100%	
30 Jan '25								
Instruments	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%	

Sources : DJPPR, KBVS Research (2025)

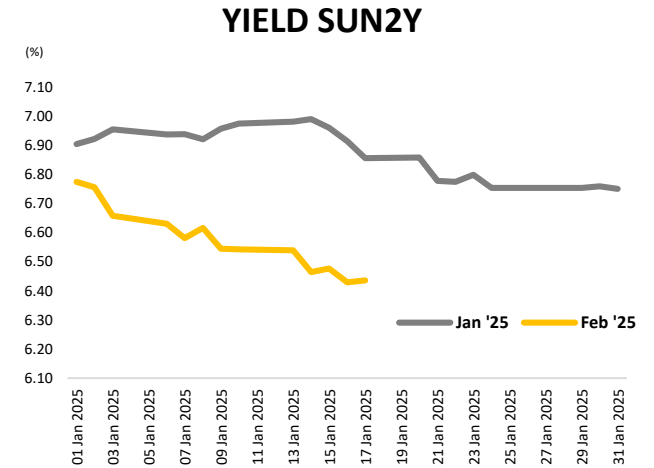
THE MOVEMENT OF SUN YIELDS

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

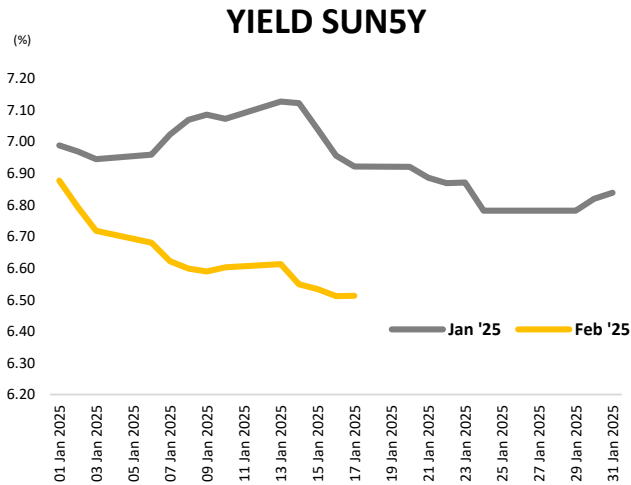
- Yield SUN1Y
 - -21.90 bps (WoW)
 - -43.10 bps (YtD, as of Feb 19, '25)
- Yield SUN2Y
 - -10.60 bps (WoW)
 - -46.80 bps (YtD, as of Feb 19, '25)
- Yield SUN5Y
 - -6.70 bps (WoW)
 - -45.30 bps (YtD, as of Feb 19, '25)
- Yield SUN10Y
 - -2.70 bps (WoW)
 - -17.50 bps (YtD, as of Feb 19, '25)
- Yield SUN30Y
 - +0.20 bps (WoW)
 - -5.70 bps (YtD, as of Feb 19, '25)



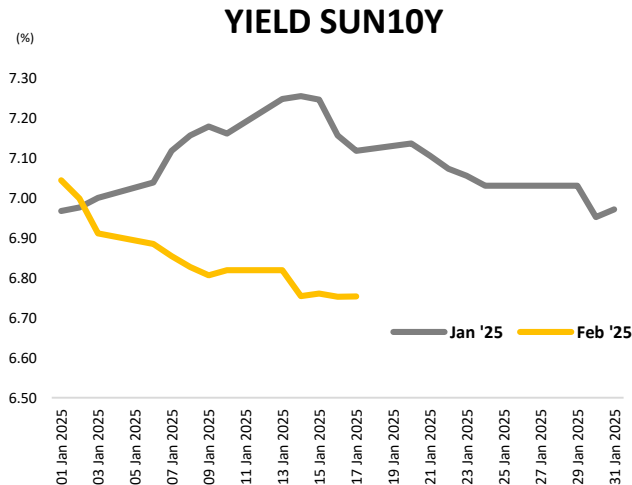
Sources : Bloomberg, KBVS Research (2025)



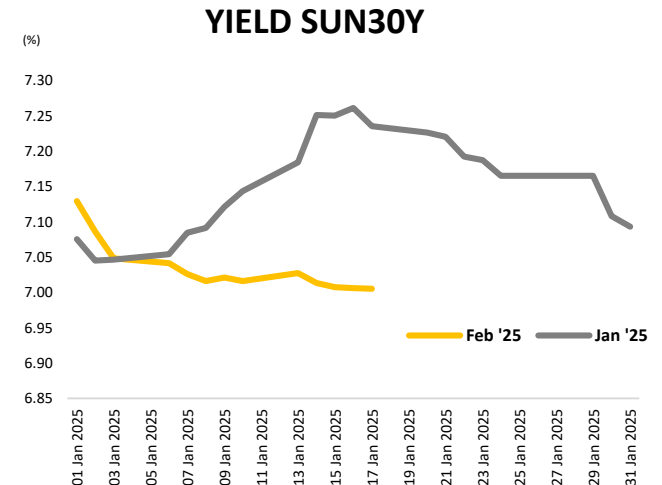
Sources : Bloomberg, KBVS Research (2025)



Sources : Bloomberg, KBVS Research (2025)



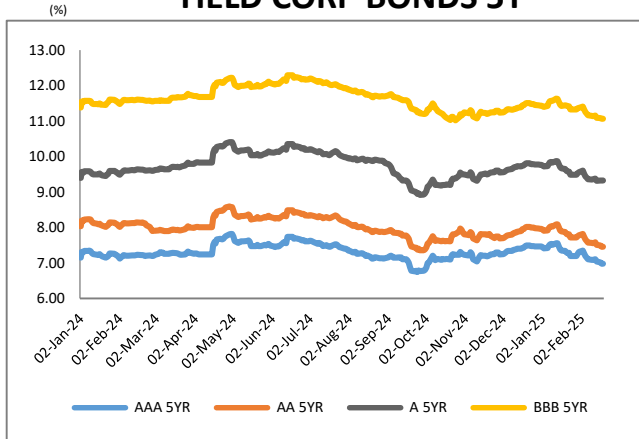
Sources : Bloomberg, KBVS Research (2025)



Sources : Bloomberg, KBVS Research (2025)

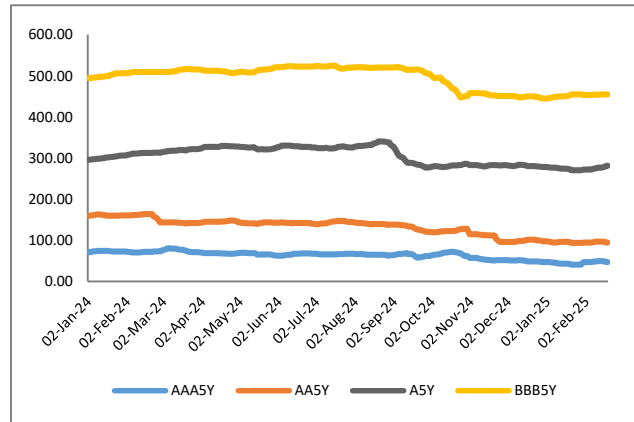
THE MOVEMENT OF CORPORATE BOND YIELD

YIELD CORP BONDS 5Y



Sources : Bloomberg, KBVS Research (2025)

YIELD SPREAD 5Y TENOR

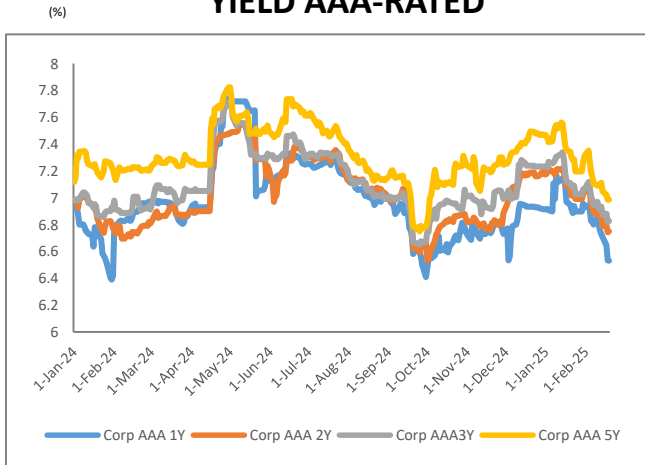


Sources : Bloomberg, KBVS Research (2025)

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

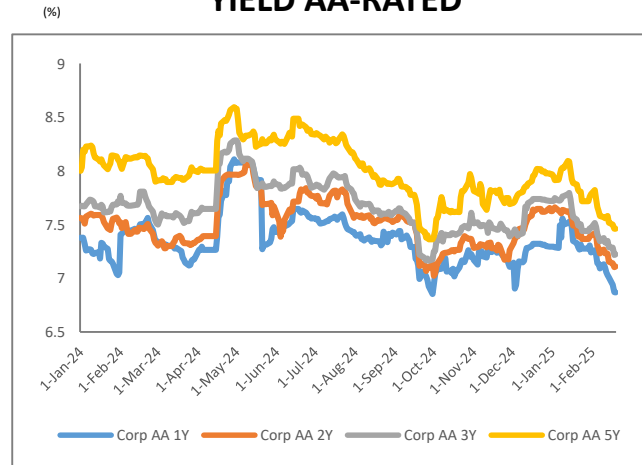
- AAA-rated
 - Tenor 1Y : -25.25 bps (WoW)
 - Tenor 2Y : -11.41 bps (WoW)
 - Tenor 5Y : -9.20 bps (WoW)
- AA-rated
 - Tenor 1Y : -21.51 bps (WoW)
 - Tenor 2Y : -12.09 bps (WoW)
 - Tenor 5Y : -8.64 bps (WoW)
- A-rated
 - Tenor 1Y : -18.52 bps (WoW)
 - Tenor 2Y : -6.42 bps (WoW), and
 - Tenor 5Y : -2.09 bps (WoW)

YIELD AAA-RATED



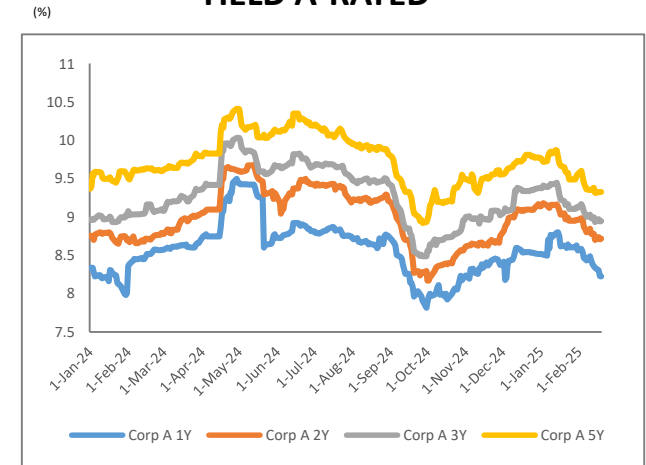
Sources : Bloomberg, KBVS Research (2025)

YIELD AA-RATED



Sources : Bloomberg, KBVS Research (2025)

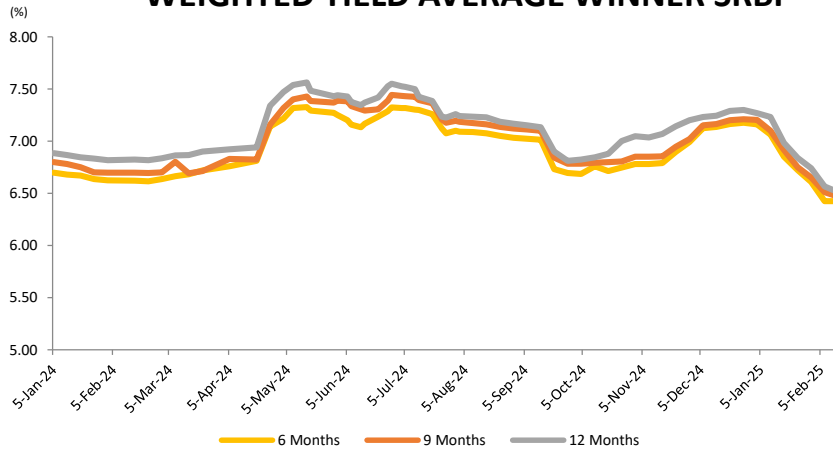
YIELD A-RATED



Sources : Bloomberg, KBVS Research (2025)

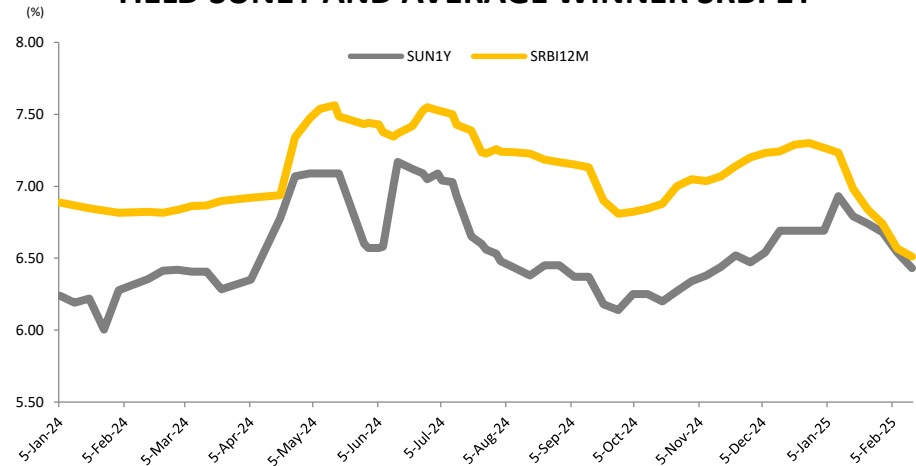
BI'S MONETARY OPERATION

WEIGHTED YIELD AVERAGE WINNER SRBI



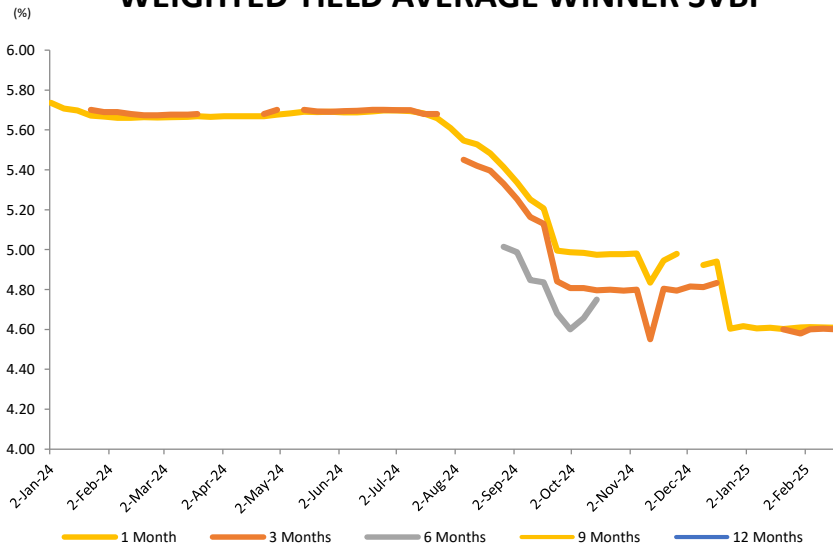
Sources : BI, KBVS Research (2025)

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.

TABLE OF CONTENTS :

3 Global Economy

8 Domestic Economy

16 Economic Calendar



NEXT WEEK ECONOMIC CALENDAR

ECONOMIC CALENDAR

(20-26 FEB 2025)

Country	Event	Forecast	Previous	Country	Event	Forecast	Previous	Country	Event	Forecast	Previous
Thursday, Feb 20, 2025				Friday, Feb 21, 2025				Monday, Feb 24, 2025			
US	20-Year Bond Auction		4.90%	US	Crude Oil Inventories		4.070M	GE	Business Expectations (Feb)		84.20
US	FOMC Meeting Minutes			US	Cushing Crude Oil Inventories		0.872M	GE	Current Assessment (Feb)		86.10
US	API Weekly Crude Oil Stock		9.043M	US	30-Year TIPS Auction		2.06%	GE	Ifo Business Climate Index (Feb)		85.10
CN	Loan Prime Rate 5Y (Feb)	3.60%	3.60%	US	Fed's Balance Sheet		6,814B	EU	Core CPI (YoY) (Jan)		2.70%
CN	PBoC Loan Prime Rate	3.10%	3.10%	JP	National Core CPI (YoY) (Jan)	3.10%	3.00%	EU	CPI (YoY) (Jan)		2.50%
ID	M2 Money Supply (YoY) (Jan)		4.40%	JP	Au Jibun Bank Manufacturing PMI (Feb)		53.00	EU	CPI (MoM) (Jan)		0.40%
GE	PPI (MoM) (Jan)	0.60%	-0.10%	GB	Core Retail Sales (MoM) (Jan)		-0.60%	Tuesday, Feb 25, 2025			
US	Continuing Jobless Claims		1,850K	GB	Core Retail Sales (YoY) (Jan)		2.90%	GE	GDP (YoY) (Q4)		-0.20%
US	Initial Jobless Claims	214K	213K	GB	Retail Sales (MoM) (Jan)	0.30%	-0.30%	GE	GDP (QoQ) (Q4)		-0.20%
US	Philly Fed Manufacturing Index (Feb)	19.40	44.30	GB	Retail Sales (YoY) (Jan)		3.60%	US	S&P/CS HPI Composite - 20 n.s.a. (YoY) (Dec)		4.30%
US	Philly Fed Employment (Feb)		11.90	GE	HCOB Manufacturing PMI (Feb)	45.40	45.00	US	S&P/CS HPI Composite - 20 n.s.a. (MoM) (Dec)		-0.10%
US	Leading Index (MoM) (Jan)	0.00%	-0.10%	GE	HCOB Services PMI (Feb)	52.40	52.50	US	CB Consumer Confidence (Feb)		104.10
GE	Buba President Nagel Speaks			EU	HCOB Manufacturing PMI (Feb)	46.90	46.60	Wednesday, Feb 26, 2025			
				EU	HCOB Composite PMI (Feb)		50.20	GE	Gfk Consumer Climate (Mar)		-22.40
				EU	HCOB Services PMI (Feb)	51.50	51.30	US	New Home Sales (Jan)		698K
				GB	S&P Global Composite PMI (Feb)		50.60	US	New Home Sales (MoM) (Jan)		3.60%
				GB	S&P Global Manufacturing PMI (Feb)	48.50	48.30				
				GB	S&P Global Services PMI (Feb)	50.80	50.80				
				EU	ECB's Lane Speaks						
				US	S&P Global Manufacturing PMI (Feb)	51.20	51.20				
				US	S&P Global Composite PMI (Feb)		52.70				
				US	S&P Global Services PMI (Feb)	53.20	52.90				
				US	Existing Home Sales (Jan)	4.13M	4.24M				
				US	Existing Home Sales (MoM) (Jan)		2.20%				
				US	Michigan 1-Year Inflation Expectations (Feb)	4.30%	3.30%				
				US	Michigan 5-Year Inflation Expectations (Feb)	3.30%	3.20%				
				US	Michigan Consumer Expectations (Feb)	67.30	69.30				
				US	Michigan Consumer Sentiment (Feb)	67.80	71.10				

