

# A More Inward Looking (and ProCyclical) Policy

16 January 2025

Economist / Fikri C Permana

# Executive Summary

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- The protectionist measures and tariffs likely to be implemented by President Trump shortly after his inauguration appear to have already been anticipated by global markets.
- This anticipation has seemingly driven a "*flight to quality*" in recent months, as evidenced by the DXY remaining at its highest levels in the past two years.
- Nevertheless, the weakening of the US Core CPI is expected to provide a breath of fresh air, potentially creating room for a slightly larger Fed rate cut than previously anticipated.
- This sentiment of inward-looking (and procyclical) policy also appears to be reflected in Bank Indonesia's actions, interpreted through its decision to lower the BI Rate.
- This move aligns with expectations of a weakening domestic economy, indicated by inflation and economic growth rates hovering at the lower end of Bank Indonesia's target range.
- However, we are concerned that such a policy stance could exacerbate capital outflows and further weaken the Rupiah, especially given the ongoing global *flight to safety* (*risk-off sentiment*).
- These concerns are further compounded by the possibility of a continued current account deficit in the 4Q24.



Source : christianpost.com, link: <https://www.christianpost.com/voices/when-blessings-can-also-be-a-curse.html>, accessed in Jan 15 '25.



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# US ECONOMIC DATA

US ECONOMIC INDICATORS	Unit	Latest Period	Data	
			Latest	Previous
Fed Rate	%	Dec '24	4.50	4.75
Economic Growth	%, yoy	3Q24	2.7	3
Inflation Rate	%, yoy	Nov'24	2.7	2.6
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 9-15 Jan '25 are as follows:

- The number of people claiming unemployment benefits on the period ending Jan 3<sup>rd</sup>, '25 in the US decreased by 10K to 201K (Cons: 214K, Prev: 211K).
- 30-Year Bond Auction increased to 4.91% (Prev: 4.54%).
- Average Hourly Earnings in Dec' 24 decreased to 0.30% MoM (Cons: 0.30% MoM, Prev: 0.40% MoM).
- Nonfarm Payrolls in Dec' 24 increased to 256K (Cons: 164K, Prev: 212K).
- Unemployment Rate in Dec' 24 decreased to 4.10% (Cons: 4.20%, Prev: 4.20%).
- PPI in Dec' 24 decreased to 0.20% MoM (Cons: 0.40% MoM, Prev : 0.40% MoM).

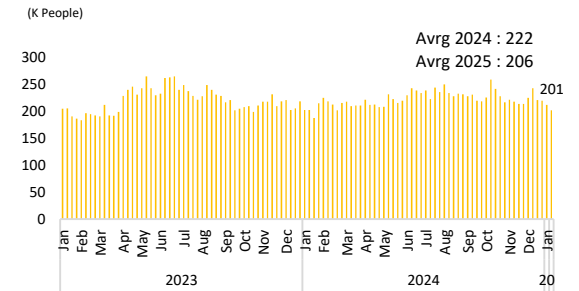
## ECONOMIC CALENDAR

(9-15 JAN '25)

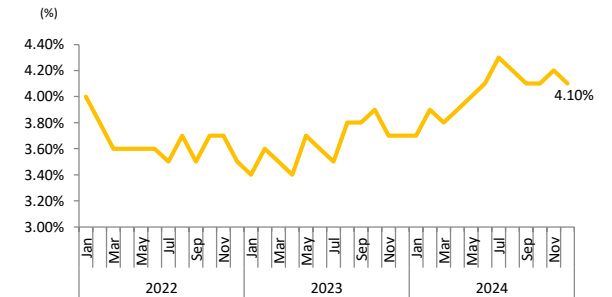
Event	Actual	Forecast	Previous
<b>Thursday, 9 Jan '25</b>			
US 30-Year Note Auction	4.91%		4.54%
US FOMC Meeting Minutes			
US Consumer Credit (Nov)	-7.49B	10.30B	17.32B
US FOMC Member Harker Speaks			
<b>Friday, 10 Jan '25</b>			
US FOMC Member Bowman Speaks			
US Average Hourly Earnings (YoY) (Dec)	3.90%	4.00%	4.00%
US Average Hourly Earnings (MoM) (Dec)	0.30%	0.30%	0.40%
US Nonfarm Payrolls (Dec)	256K	164K	212K
US Participation Rate (Dec)	62.50%		62.50%
US Private Nonfarm Payrolls (Dec)	223K	135K	182K
US U6 Unemployment Rate (Dec)	7.50%		7.70%
US Unemployment Rate (Dec)	4.10%	4.20%	4.20%
US Michigan 1-Year Inflation Expectations (Jan)	3.30%	2.80%	2.80%
US Michigan 5-Year Inflation Expectations (Jan)	3.30%	3.00%	3.00%
US Michigan Consumer Expectations (Jan)	70.20		73.30
US Michigan Consumer Sentiment (Jan)	73.20	74.00	74.00
<b>Monday, 13 Jan '25</b>			
US NY Fed 1-Year Consumer Inflation Expectations (Dec)	3.00%		3.00%
<b>Tuesday, 14 Jan '25</b>			
US CFTC Crude Oil Speculative Net Positions	279.6K		254.3K
US CFTC Gold Speculative Net Positions	254.9K		247.3K
US CFTC Nasdaq 100 Speculative Net Positions	18.8K		23.9K
US CFTC S&P 500 Speculative Net Positions	-62.2K		-56.8K
US Core PPI (MoM) (Dec)	0.00%	0.30%	0.20%
US PPI (MoM) (Dec)	0.20%	0.40%	0.40%
<b>Wednesday, 15 Jan '25</b>			
US EIA Short-Term Energy Outlook			
US Federal Budget Balance (Dec)	-87.0B	-80.0B	-367.0B
US FOMC Member Williams Speaks			
US API Weekly Crude Oil Stock	-2.600M	-3.500M	-4.022M
US IEA Monthly Report			
US Core CPI (MoM) (Dec)		0.30%	0.30%
US Core CPI (YoY) (Dec)		3.30%	3.30%
US CPI (YoY) (Dec)		2.90%	2.70%
US CPI (MoM) (Dec)		0.40%	0.30%
US NY Empire State Manufacturing Index (Jan)		-0.30	0.20
US FOMC Member Kashkari Speaks			
US Crude Oil Inventories		-3.500M	-0.959M
US Cushing Crude Oil Inventories			-2.502M
US FOMC Member Williams Speaks			

Sources : investing, KBVS Research (2025)

## WEEKLY INITIAL JOBLESS CLAIMS

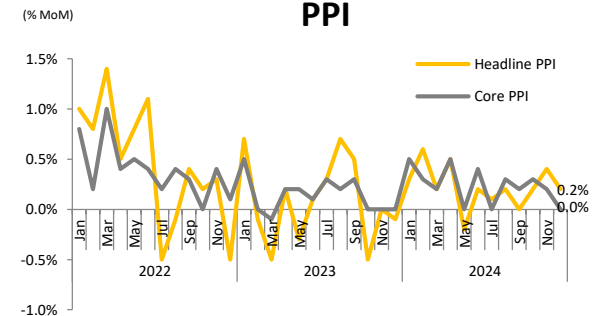


## UNEMPLOYMENT RATE



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

## PPI



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

# US INFLATION

## US CPI

[1982-84=100, unless otherwise noted]

Expenditure category	Relative importance Nov. 2024	Unadjusted indexes			Unadjusted percent change		Seasonally adjusted percent change		
		Dec. 2023	Nov. 2024	Dec. 2024	Dec. 2023- Dec. 2024	Nov. 2024- Dec. 2024	Sep. 2024- Oct. 2024	Oct. 2024- Nov. 2024	Nov. 2024- Dec. 2024
All items.....	100.000	306.746	315.493	315.605	2.9	0.0	0.2	0.3	0.4
Food.....	13.483	325.409	332.904	333.566	2.5	0.2	0.2	0.4	0.3
Food at home.....	8.071	303.005	307.972	308.380	1.8	0.1	0.1	0.5	0.3
Cereals and bakery products.....	1.038	353.844	354.371	356.574	0.8	0.6	1.0	-1.1	1.2
Meats, poultry, fish, and eggs.....	1.737	320.143	331.976	333.659	4.2	0.5	-1.2	1.7	0.6
Dairy and related products.....	0.735	267.889	270.819	271.358	1.3	0.2	1.0	-0.1	0.2
Fruits and vegetables.....	1.388	350.250	354.696	353.630	1.0	-0.3	0.4	0.2	-0.1
Nonalcoholic beverages and beverage materials.....	1.026	215.872	221.735	220.762	2.3	-0.4	0.4	1.5	-0.4
Other food at home.....	2.147	270.223	272.027	272.362	0.8	0.1	0.1	0.1	0.3
Food away from home <sup>1</sup> .....	5.412	361.564	373.530	374.644	3.6	0.3	0.2	0.3	0.3
Energy.....	6.442	269.375	268.213	267.963	-0.5	-0.1	0.0	0.2	2.6
Energy commodities.....	3.339	288.953	280.410	277.772	-3.9	-0.9	-1.0	0.5	4.3
Fuel oil.....	0.070	393.189	335.113	341.794	-13.1	2.0	-4.6	0.6	4.4
Motor fuel.....	3.189	282.246	274.518	271.629	-3.8	-1.1	-0.9	0.5	4.4
Gasoline (all types).....	3.095	280.289	273.570	270.667	-3.4	-1.1	-0.9	0.6	4.4
Energy services.....	3.103	260.877	267.204	269.388	3.3	0.8	1.0	-0.1	0.8
Electricity.....	2.419	269.170	275.801	276.700	2.8	0.3	1.2	-0.4	0.3
Utility (piped) gas service.....	0.684	230.862	236.179	242.224	4.9	2.6	0.3	1.0	2.4
All items less food and energy.....	80.075	311.907	321.947	322.007	3.2	0.0	0.3	0.3	0.2
Commodities less food and energy commodities.....	18.347	164.590	164.406	163.712	-0.5	-0.4	0.0	0.3	0.1
Apparel.....	2.515	125.794	129.542	127.354	1.2	-1.7	-1.5	0.2	0.1
New vehicles.....	3.566	178.269	177.472	177.552	-0.4	0.0	0.0	0.6	0.5
Used cars and trucks.....	1.889	186.383	179.958	180.317	-3.3	0.2	2.7	2.0	1.2
Medical care commodities <sup>1</sup> .....	1.455	410.365	412.424	412.381	0.5	0.0	-0.2	-0.1	0.0
Alcoholic beverages.....	0.844	287.873	292.831	291.832	1.4	-0.3	0.4	0.1	-0.3
Tobacco and smoking products <sup>2</sup> .....	0.562	1,486.900	1,586.249	1,585.901	6.7	0.0	0.6	1.0	0.0
Services less energy services.....	61.728	405.338	422.574	423.207	4.4	0.1	0.3	0.3	0.3
Shelter.....	36.707	389.433	406.250	407.242	4.6	0.2	0.4	0.3	0.3
Rent of primary residence.....	7.750	410.606	426.651	428.151	4.3	0.4	0.3	0.2	0.3
Owners' equivalent rent of residences <sup>2</sup> .....	27.185	400.828	418.669	420.077	4.8	0.3	0.4	0.2	0.3
Medical care services.....	6.542	599.464	619.118	619.686	3.4	0.1	0.4	0.4	0.2
Physicians' services <sup>1</sup> .....	1.823	412.930	423.591	423.860	2.6	0.1	0.5	0.3	0.1
Hospital services <sup>1, 3</sup> .....	1.994	404.407	417.503	418.467	3.5	0.2	0.5	0.0	0.2
Transportation services.....	6.586	409.749	440.980	439.523	7.3	-0.3	0.4	0.0	0.5
Motor vehicle maintenance and repair <sup>1</sup> .....	1.271	392.897	416.418	417.312	6.2	0.2	1.1	0.2	0.2
Motor vehicle insurance.....	3.015	780.284	866.133	868.417	11.3	0.3	-0.1	0.1	0.4
Airline fares.....	0.809	243.348	269.336	262.556	7.9	-2.5	3.2	0.4	3.9

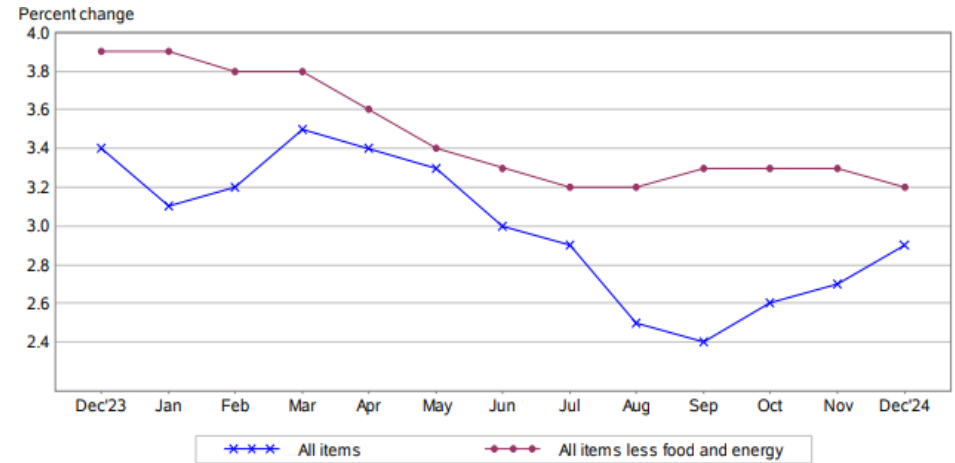
<sup>1</sup> Not seasonally adjusted.

<sup>2</sup> Indexes on a December 1982=100 base.

<sup>3</sup> Indexes on a December 1996=100 base.

Source : US BLS (2025)

## US CPI : ALL ITEMS VS LESS FOOD&ENERGY



Source : US BLS (2025)

- The annual inflation rate in the US rose for the third consecutive month, reaching 2.9% in December 2024, up from 2.7% in November.
- This increase aligns with market expectations and reflects, in part, the impact of low base effects from the prior year, particularly in the energy sector.
- Energy costs declined at a slower pace in December (-0.5% compared to -3.2% in November), driven by smaller price decreases for gasoline (-3.4% vs. -8.1%), fuel oil (-13.1% vs. -19.5%), and natural gas, which saw a notable rise (4.9% vs. 1.8%). Inflation also picked up in other categories, including food (2.5% vs. 2.4%) and transportation (7.3% vs. 7.1%), while price declines for new vehicles moderated (-0.4% vs. -0.7%).
- Conversely, inflation eased slightly for shelter costs, which recorded a 4.6% increase, marking the lowest rate since January 2022 (compared to 4.7% in November).
- Prices for used cars and trucks continued their downward trend, falling by 3.3%, though the decline was marginally smaller than November's 3.4% drop.

# FED PROBABILITIES

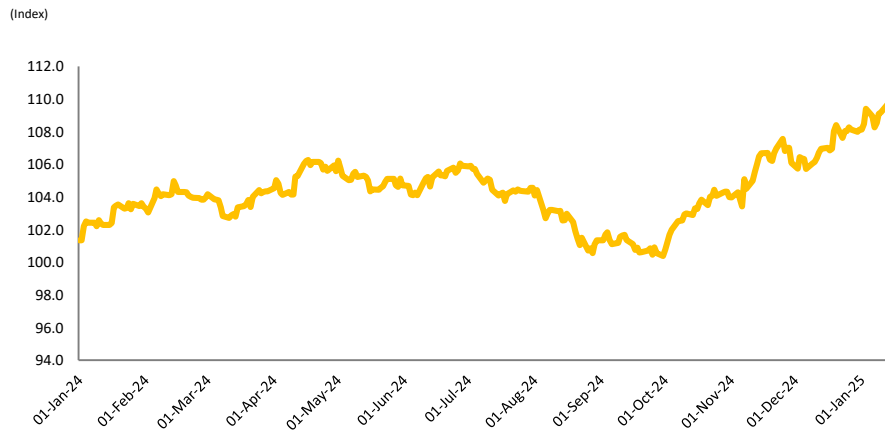
## FED PROBABILITIES, as of 16 JAN '25

MEETING DATE	FED PROBABILITIES (in bps)						
	300-325	325-350	350-375	375-400	400-425	425-450	450-475
29-Jan-25	0.0%	0.0%	0.0%	0.0%	2.7%	97.3%	0.0%
19-Mar-25	0.0%	0.0%	0.0%	0.7%	28.2%	71.0%	0.0%
30-Apr-25	0.0%	0.0%	0.2%	7.4%	38.6%	53.8%	0.0%
18-Jun-25	0.0%	0.1%	3.0%	19.7%	44.6%	32.7%	0.0%
30-Jul-25	0.0%	0.5%	5.4%	23.3%	42.9%	28.0%	0.0%
17-Sep-25	0.1%	1.8%	10.1%	28.4%	38.9%	20.6%	0.0%
29-Oct-25	0.1%	1.4%	8.3%	24.3%	36.6%	24.7%	4.6%
10-Dec-25	0.7%	4.5%	15.4%	29.8%	31.3%	15.8%	2.6%

- A lower-than-expected Core CPI could serve as an additional justification for future Fed rate cuts.
- However, the approaching inauguration of Donald Trump, combined with political and fiscal instability in three major countries—Germany, France, and Canada—is driving investors to adopt a cautious approach and maintain an extended risk-off stance.

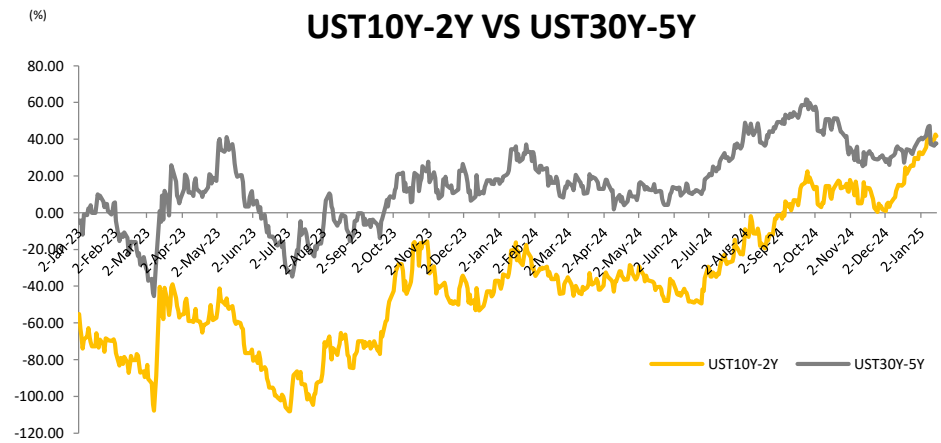
Sources : CME Group, and KBVS Research (2025)

## DXY



Sources : Bloomberg, and KBVS Research (2025)

## YIELD SPREAD UST10Y-2Y VS UST30Y-5Y



Sources : Bloomberg, and KBVS Research (2025)

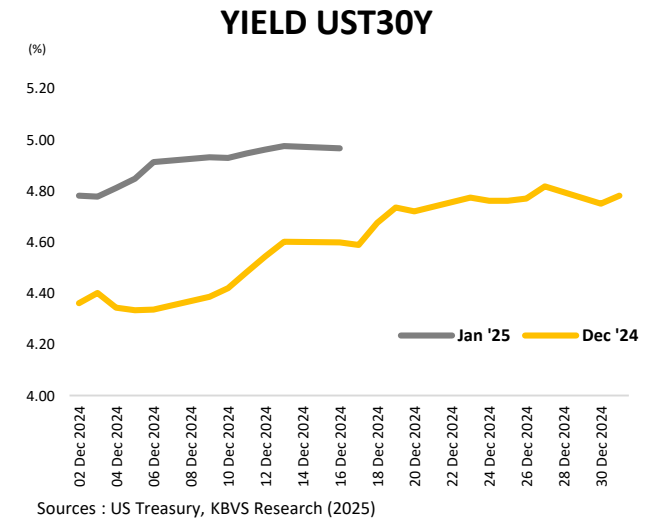
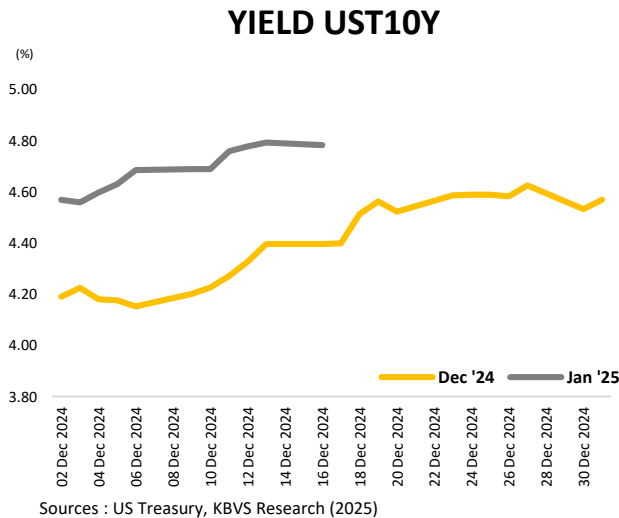
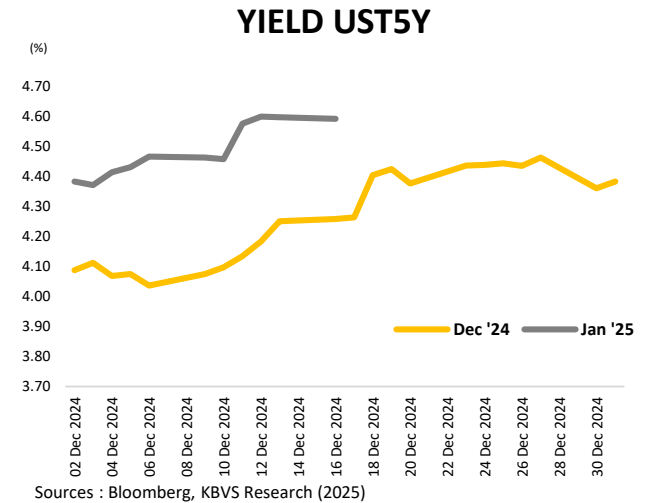
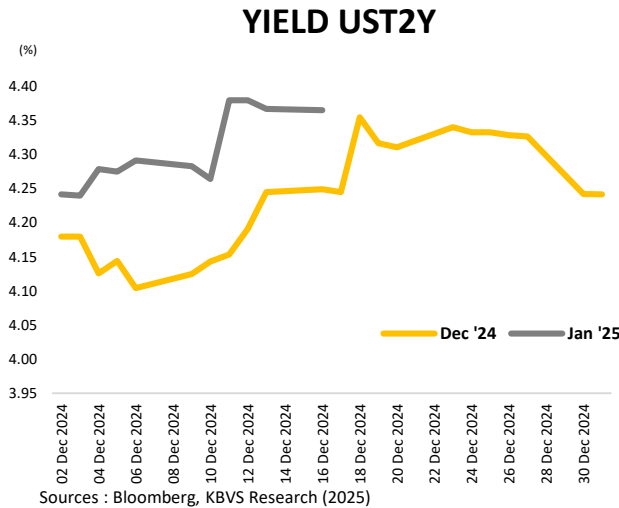
# THE MOVEMENT OF UST YIELDS

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, there has been a tendency for UST yields to increase, where:

- UST6M
  - +4.50 bps (WoW)
  - +4.76 bps (YtD, as of Jan 15, '25)
- UST52W (1Y)
  - +2.18 bps (WoW)
  - +4.09 bps (YtD, as of Jan 15, '25)
- UST2Y
  - +7.15 bps (WoW)
  - +11.27 bps (YtD, as of Jan 15, '25)
- UST5Y
  - +11.78 bps (WoW)
  - +19.72 bps (YtD, as of Jan 15, '25)
- UST10Y
  - +8.68 bps (WoW)
  - +20.70 bps (YtD, as of Jan 15, '25)
- UST30Y
  - +3.62 bps (WoW)
  - +18.59 bps (YtD, as of Jan 15, '25)



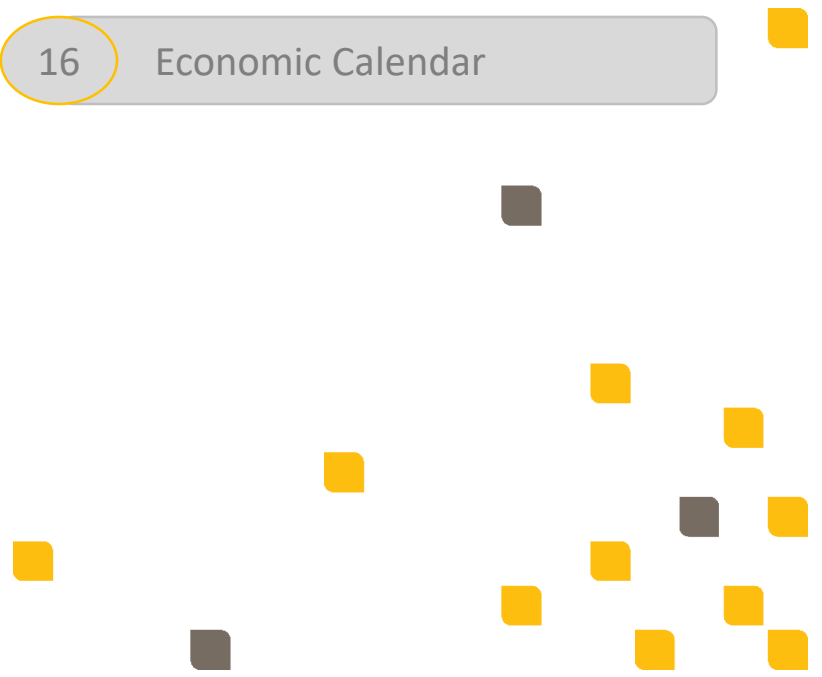


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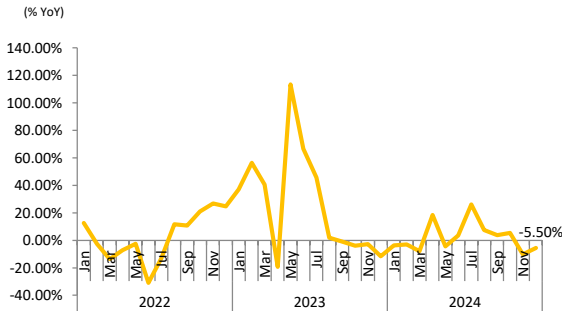
# INDONESIA ECONOMIC DATA

## INDICATORS OVERVIEW

Economic Indicators	Unit	Latest Period	Data	
			Latest	Previous
Policy Interest Rate	%	18 Dec '24	6.00	6.00
Economic Growth	%, yoy	3Q24	4.95	5.05
Inflation Rate	%, yoy	Dec '24	1.57	1.55
Unemployment Rate	%	Sep '24	4.91	4.82
S&P Credit Rating	Rating	17 July '24	BBB	BBB

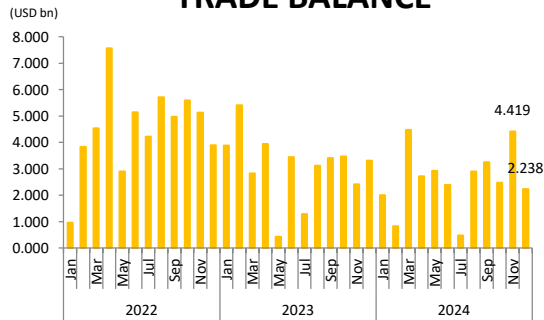
Sources : various sources, KBVS Research (2025)

## MOTORBIKE SALES



Sources : Gaikindo, KBVS Research (2025)

## TRADE BALANCE



Sources : BPS, KBVS Research (2025)

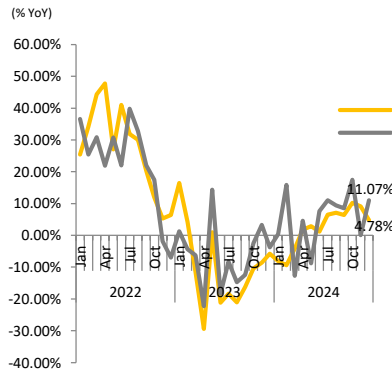
## ECONOMIC CALENDAR

(9-15 JAN '25)

Event	Actual	Forecast	Previous
<b>Thursday, 9 Jan '25</b>			
ID Consumer Confidence (Dec)	127.70		125.90
<b>Friday, 10 Dec '24</b>			
ID Car Sales (YoY) (Dec)	-6.40%		-11.90%
ID Retail Sales (YoY) (Nov)	0.90%		1.50%
ID Motorbike Sales (YoY) (Dec)	-5.50%		-10.30%
<b>Monday, 13 Dec '24</b>			
<b>Tuesday, 14 Dec '24</b>			
<b>Wednesday, 15 Dec '24</b>			
ID Export Growth (YoY) (Dec)	4.78%	7.38%	9.14%
ID Import Growth (YoY) (Dec)	11.07%	4.84%	0.01%
ID Trade Balance (Dec)	2.24B	3.79B	4.42B
ID Interest Rate Decision	5.75%	6.00%	6.00%
ID Deposit Facility Rate (Jan)	5.00%	5.25%	5.25%
ID Lending Facility Rate (Jan)	6.50%	6.75%	6.75%
ID Loans (YoY) (Dec)	10.39%		10.79%

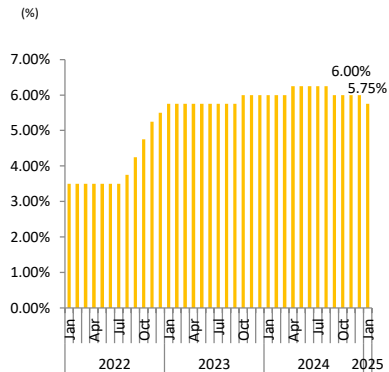
Sources : Investing, KBVS Research (2025)

## EXPORT - IMPORT



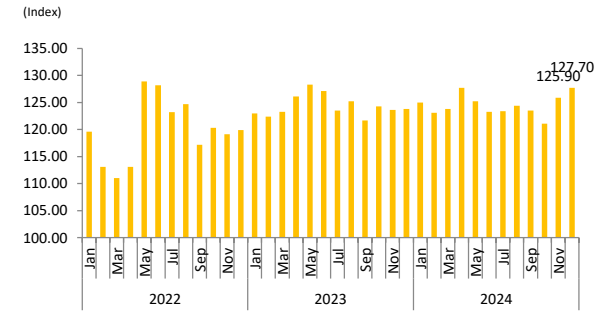
Sources : BPS, KBVS Research (2025)

## BI RATE



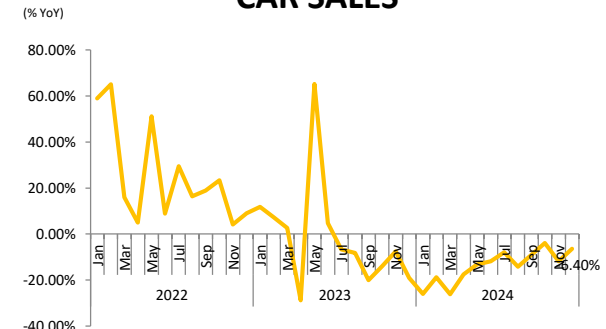
Sources : BI, KBVS Research (2025)

## CONSUMER CONFIDENCE



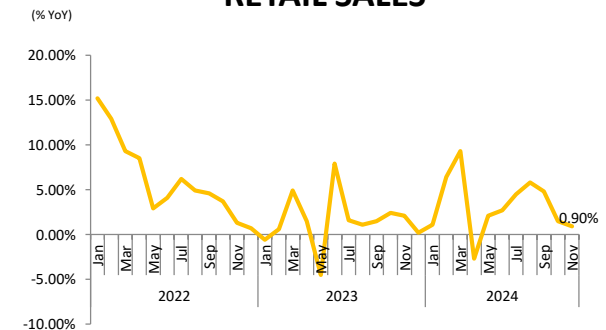
Sources : BI, KBVS Research (2025)

## CAR SALES



Sources : Gaikindo, KBVS Research (2025)

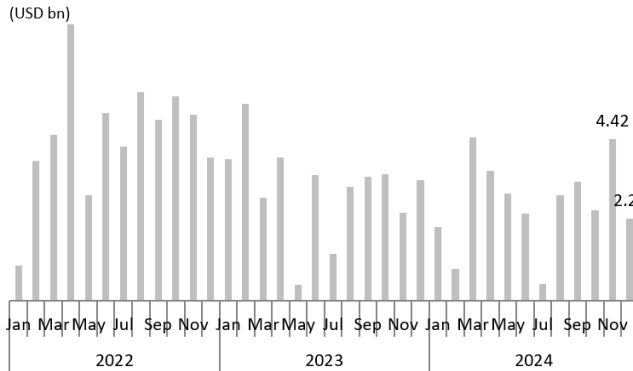
## RETAIL SALES



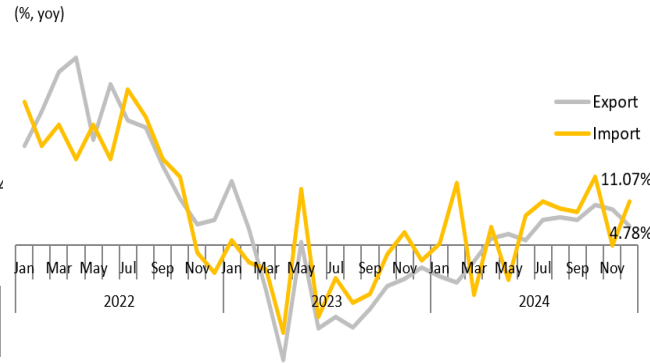
Sources : BI, KBVS Research (2025)

# TRADE BALANCE

## TRADE BALANCE



## EXPORT IMPORT GROWTH

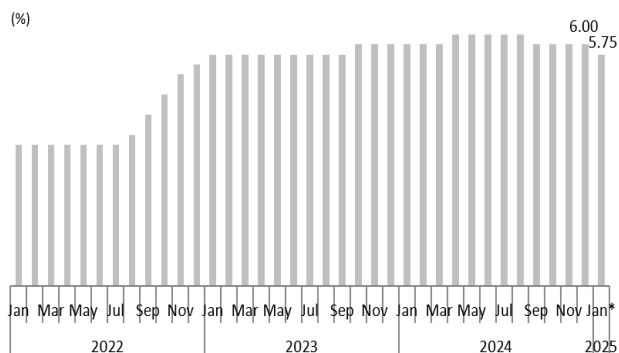


Indicators	Value (USD bn)		Growth (%)	
	Latest	M-1	Mom	YoY
<b>Total Export</b>	23.46	24.00	-2.24	4.78
<b>Oil and Gas</b>	1.54	1.31	17.09	4.09
- Crude Oil	0.23	0.18	27.98	104.70
- Processed Oil	0.47	0.46	2.52	-23.29
- Gas	0.84	0.68	24.08	11.19
<b>Non-Oil and Gas</b>	21.92	22.68	-3.36	4.83
- Agriculture, Forestry, and Fisheries	0.58	0.58	-0.31	63.21
- Manufacturing	17.61	18.26	-3.55	12.24
- Mining & Others	3.73	3.84	-2.94	-23.34
<b>Total Import</b>	21.22	19.63	8.10	11.07
<b>Oil and Gas</b>	3.30	2.57	28.26	-2.24
- Crude Oil	0.90	0.49	82.70	-1.24
- Processing Oil	2.40	2.08	15.34	-2.62
- Gas	0.00	0.00	0.00	0.00
<b>Non-Oil and Gas</b>	17.93	17.06	5.06	13.92
<b>Import Based on the Goods Usage Classification</b>				
Consumption Goods	2.31	2.02	14.00	12.44
Raw/Auxiliary Materials	15.01	14.02	7.05	8.84
Capital Goods	3.91	3.59	8.88	19.6
<b>Trade Balance</b>	2.24	4.37	-48.73%	-32.36%
<b>Oil and Gas Trade Balance</b>	-1.76	-1.26	39.95%	-6.99%
<b>Non-Oil and Gas Trade Balance</b>	4.00	5.62	-28.92%	-23.15%

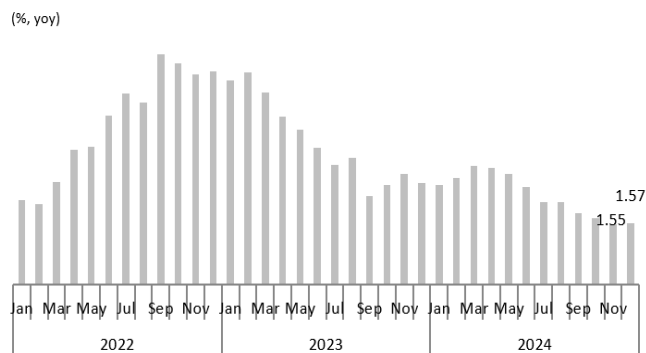
- Indonesia's trade surplus narrowed to USD2.24 bn in Dec '24.
- The primary drivers behind the export decline were a significant drop in nickel and nickel-related products (HS75) by -20.48% MoM and machinery and mechanical appliances (HS84) by -26.38% MoM.
- On the import side, the primary contributors to the increase were crude oil imports, which surged by 82.69% MoM, and mineral fuel imports (HS27), which rose by 33.45% MoM.
- Despite a quarterly trade surplus of USD9.18 bn in 4Q24, concerns remain over the persistent current account deficit (CAD), which has been ongoing since 2Q23.
- The continued CAD raises concerns about Rupiah volatility.
- Despite the 25 bps BI rate cut implemented today, we hope that Bank Indonesia will adopt a more inward-looking approach by encouraging a reduction in domestic funding costs, boosting credit absorption, and driving economic growth within the country.

# BI RATE

## BI RATE



## INFLATION



Indicators	15-Jan-25		Monthly Changes (in bps)	Ytd Changes (in bps)
	Latest	M-1		
<b>Policy Rate (in %)</b>				
United States	4.50	4.75	(25.0)	(100.0)
European Union	3.15	3.40	(25.0)	(135.0)
United Kingdom	4.75	4.75	0.0	(50.0)
Japan	0.25	0.25	0.0	35.0
China	3.10	3.10	0.0	(35.0)
India	6.50	6.50	0.0	0.0
Thailand	2.25	2.25	0.0	(25.0)
Philippines	5.75	6.00	(25.0)	(75.0)
Indonesia	5.75	6.00	(25.0)	(25.0)
<b>Global Monetary Policy Change (in number of countries)</b>				
Easing	2	2		
Unchanged	3	14		
Tightening	3	14		
<b>Average International Interest Rate (in %)</b>				
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)
<b>Domestic Interbank Money Market (in %)</b>				
INDONESIA	6.07	6.12	(4.8)	7.1
JIBOR - 1 Month	6.63	6.63	(0.1)	23.8
JIBOR - 3 Months	6.92	6.92	0.1	16.7
JIBOR - 6 Months	7.06	7.05	0.8	18.9
JIBOR - 12 Months	7.22	7.20	1.3	16.5

Source : BI (2025)

- In a surprising move, Bank Indonesia (BI) adopted a pro-growth stance by reducing the BI Rate by 25 bps to 5.75% (Cons: 6.00%, KBVS: 6.00%, Prev: 6.00%).
- This marks a departure from BI's cautious pro-stability approach over the past year, during which it has been focused on minimizing Rupiah volatility to avoid higher financial market transmission risks, including capital outflows and imported inflation concerns in the domestic real sector.
- The shift in policy from pro-stability to pro-growth reflects BI's intent to stimulate the economy.
- With economic growth expectations for 2024 leaning toward the lower end of BI's target range of 4.7%-5.5% YoY, the rate cut could serve as a timely intervention to reinvigorate growth.
- However, challenges remain. Indonesia's trade surplus for 4Q24 stood at only USD9.18 bn, and the CAD, ongoing since 2Q23, persists as a key concern. Although BI projects the CAD to remain between 0.5%-1.3% of GDP, the BI Rate and the Federal the narrowing interest rate differential between Reserve's rate—now at just 125 bps—has increased the risk of Rupiah depreciation.
- While the adoption of a more inward-looking monetary policy may elevate short-term risks of capital outflows and Rupiah volatility amidst global imbalances and a flight to quality, the move could yield positive long-term impacts.

# DEVELOPMENT OF TRADABLE SBN

## CAPITAL FLOW IN SBN&JCI



Sources : Bloomberg, KBVS Research (2025)

Between 9-15 Jan '25, non-residents conducted:

- A net sell of tradeable SBN, amounting IDR2.56 tn.
- A net sell of JCI, amounting IDR1.81 tn.

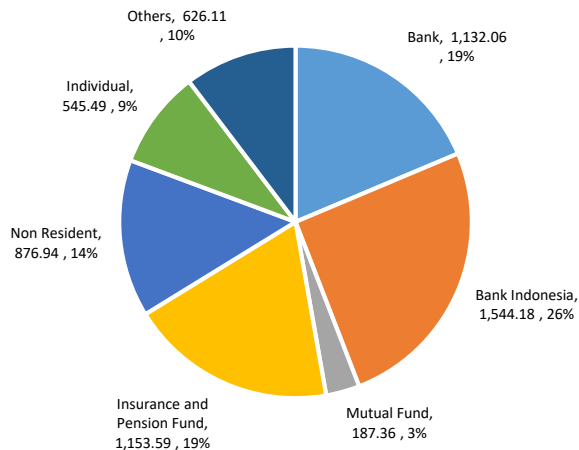
## SUN LATEST AUCTION

7 Jan '25									
Instruments	SPN03250409	SPN12260108	FR0104	FR0103	FR0106	FR0107	FR0102	FR0105	Total
Incoming Bids (IDR tn)	1.03	1.71	9.70	6.20	6.46	5.62	0.56	0.37	31.66
Bid to Cover Ratio	-	1.07	1.37	1.09	1.09	1.02	1.61	21.32	1.21
Weighted Average Yields Awarded	-	6.650%	7.020%	7.100%	7.150%	7.180%	7.108%	7.123%	
10 Dec '24									
Instruments	SPN12250314	SPN12251211	FR0104	FR0103	FR0098	FR0097	FR0102	FR0105	Total
Incoming Bids (IDR tn)	2.04	3.04	7.87	16.31	3.40	2.52	1.67	2.13	38.98
Bid to Cover Ratio	-	-	1.17	1.46	1.31	2.19	5.57	21.32	1.77
Weighted Average Yields Awarded	-	-	6.870%	7.023%	7.089%	7.100%	7.108%	7.123%	

Sources : DJPPR, KBVS Research (2025)

## OWNERSHIP of IDR TRADABLE SBN

(IDR tn, % of total tradable SBN)



Sources : DJPPR, and KBVS Research (2025)

As of 13 Jan '25, the largest ownership of tradable SBN is as follows:

- Bank Indonesia : IDR1,544.18 tn (-IDR1.87 tn, WoW),
- Banks : IDR1,132.06 tn (+IDR12.71 tn, WoW), and
- Insurance & Pension Funds: IDR1,153.59 tn (+IDR8.02 tn, WoW)

## SBSN LATEST AUCTION

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%	
17 Dec '24								
Instruments	SPNS09062025	SPNS01092025	PBS003	PBS030	PBS029	PBS034	PBS038	Total
Incoming Bids (IDR tn)	2.04	3.21	0.89	0.49	0.12	0.17	3.88	10.79
Bid to Cover Ratio	-	1.02	8.90	1.65	-	-	1.09	1.52
Weighted Average Yields Awarded	-	6.380%	6.890%	6.899%	-	-	7.160%	

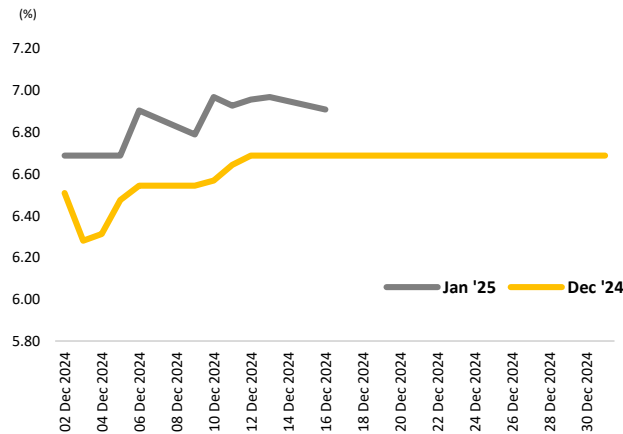
Sources : DJPPR, KBVS Research (2025)

# THE MOVEMENT OF SUN YIELDS

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

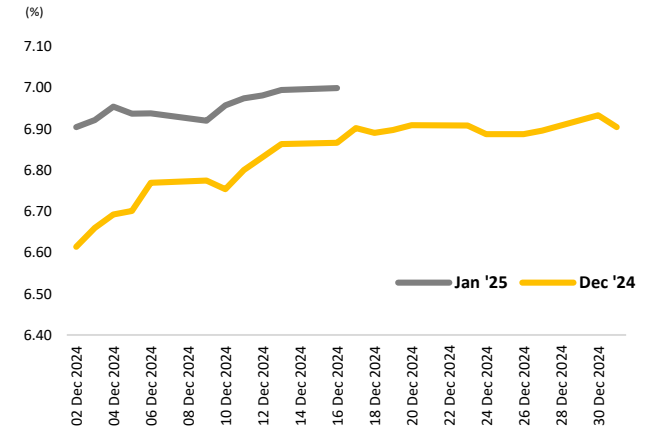
- Yield SUN1Y
  - +17.90 bps (WoW)
  - +28.00 bps (YtD, as of Jan 15, '25)
- Yield SUN2Y
  - +6.60 bps (WoW)
  - +8.20 bps (YtD, as of Jan 15, '25)
- Yield SUN5Y
  - -1.90 bps (WoW)
  - +6.20 bps (YtD, as of Jan 15, '25)
- Yield SUN10Y
  - +10.90 bps (WoW)
  - +29.80 bps (YtD, as of Jan 15, '25)
- Yield SUN30Y
  - +16.70 bps (WoW)
  - +18.30 bps (YtD, as of Jan 15, '25)

### YIELD SUN1Y



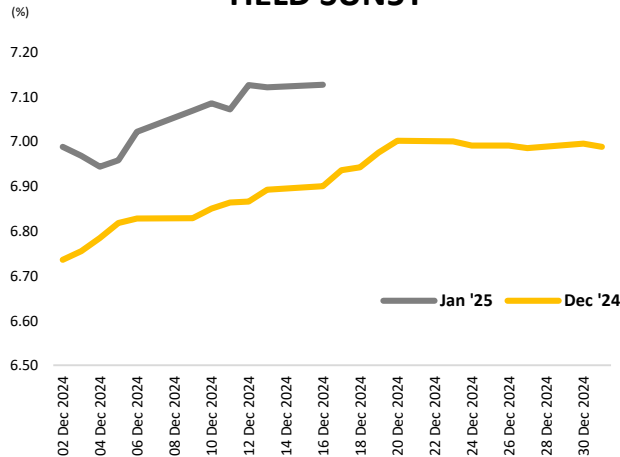
Sources : Bloomberg, KBVS Research (2025)

### YIELD SUN2Y



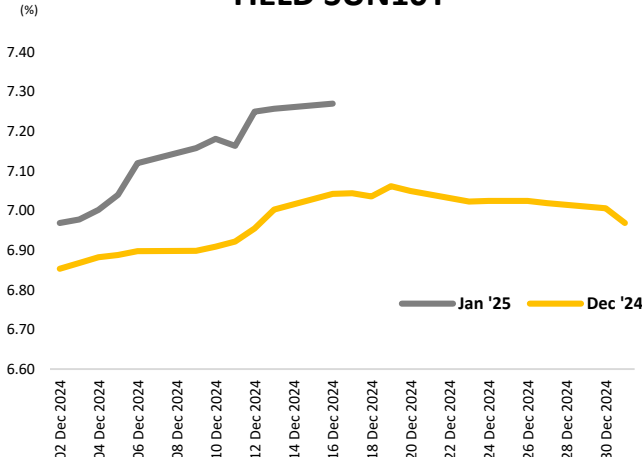
Sources : Bloomberg, KBVS Research (2025)

### YIELD SUN5Y



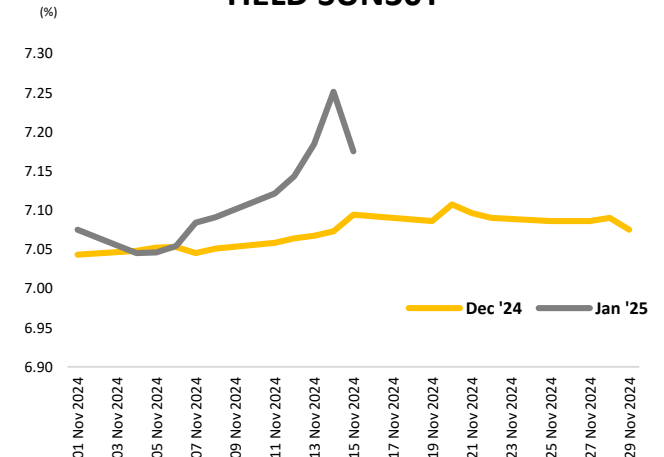
Sources : Bloomberg, KBVS Research (2025)

### YIELD SUN10Y



Sources : Bloomberg, KBVS Research (2025)

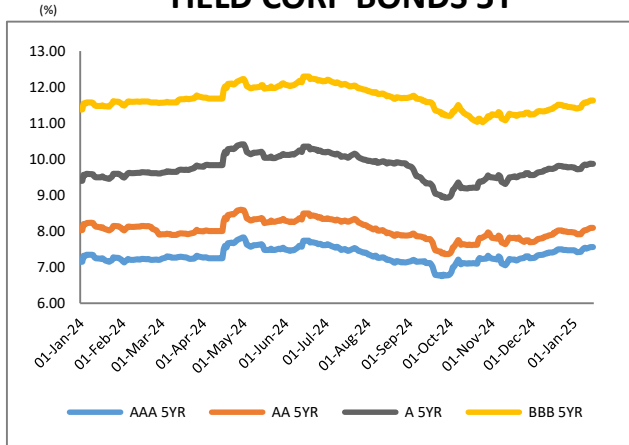
### YIELD SUN30Y



Sources : Bloomberg, KBVS Research (2025)

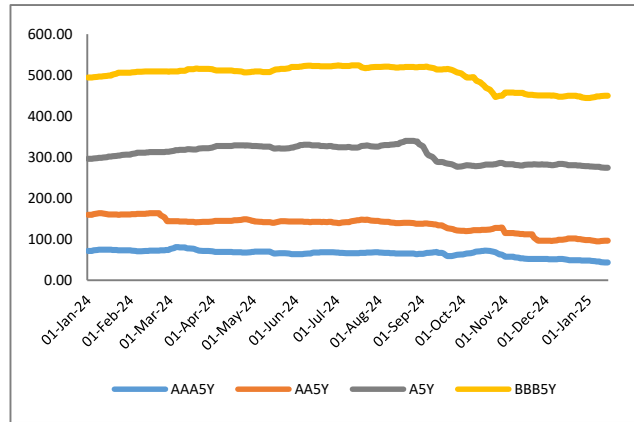
# THE MOVEMENT OF CORPORATE BOND YIELD

## YIELD CORP BONDS 5Y



Sources : Bloomberg, KBVS Research (2025)

## YIELD SPREAD 5Y TENOR

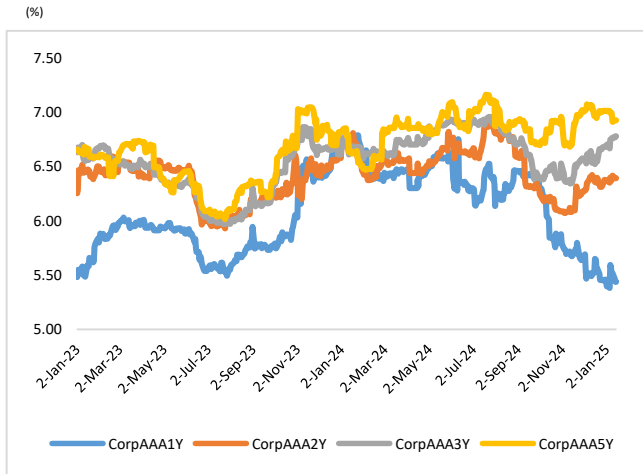


Sources : Bloomberg, KBVS Research (2025)

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

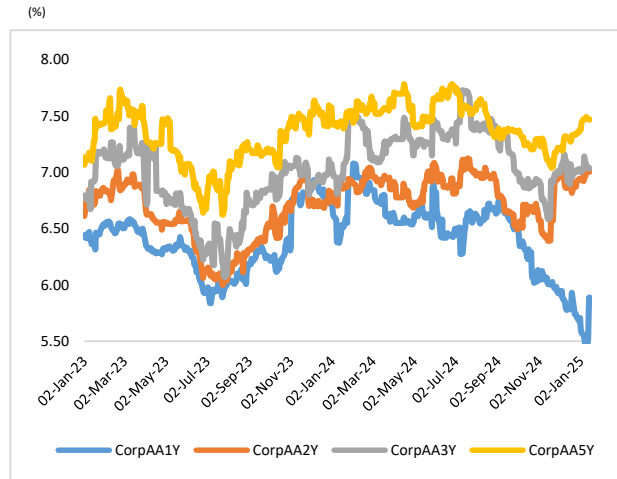
- AAA-rated
  - Tenor 1Y : -14.82 bps (WoW)
  - Tenor 2Y : -0.48 bps (WoW)
  - Tenor 5Y : -5.70 bps (WoW)
- AA-rated
  - Tenor 1Y : +50.92 bps (WoW)
  - Tenor 2Y : +5.10 bps (WoW)
  - Tenor 5Y : +0.64 bps (WoW)
- A-rated
  - Tenor 1Y : -592.75 bps (WoW)
  - Tenor 2Y : +23.93 bps (WoW), and
  - Tenor 5Y : +4.84 bps (WoW)

## YIELD AAA-RATED



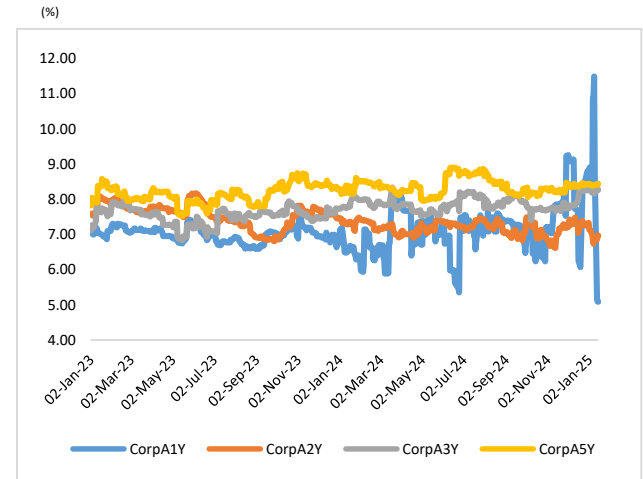
Sources : Bloomberg, KBVS Research (2025)

## YIELD AA-RATED



Sources : Bloomberg, KBVS Research (2025)

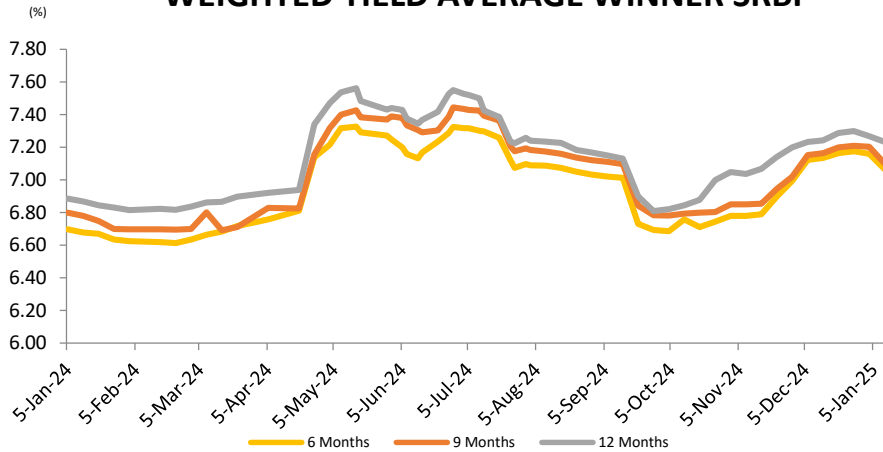
## YIELD A-RATED



Sources : Bloomberg, KBVS Research (2025)

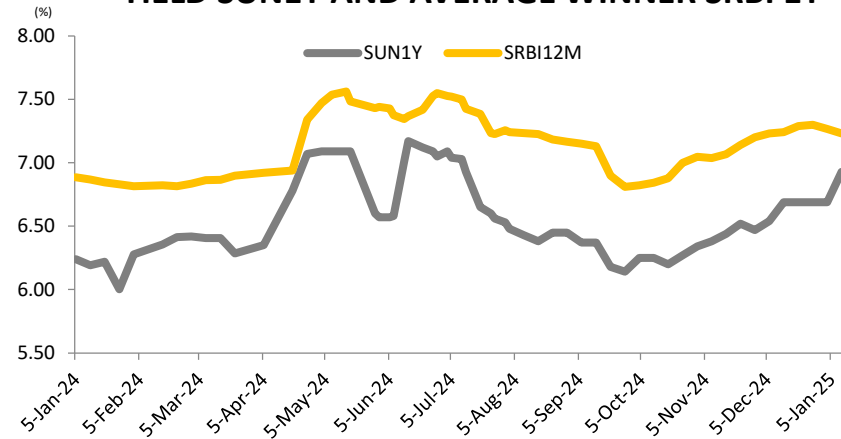
# BI'S MONETARY OPERATION

## WEIGHTED YIELD AVERAGE WINNER SRBI



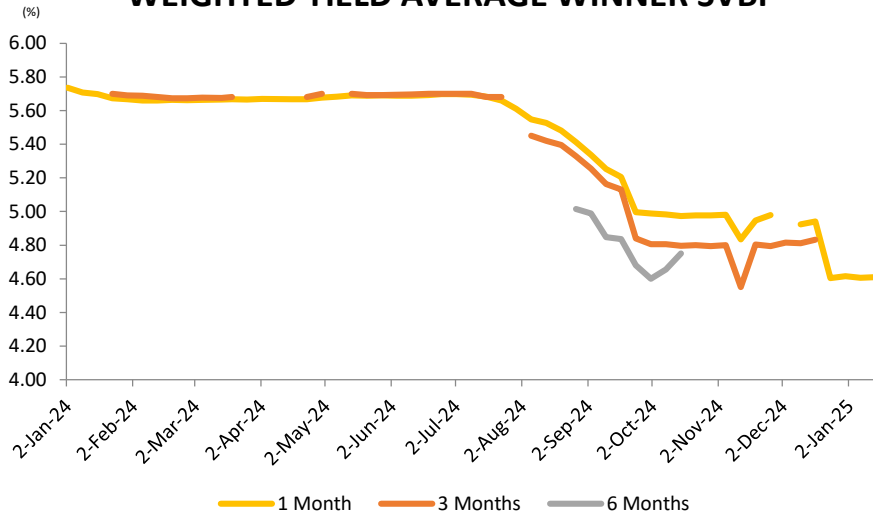
Sources : BI, KBVS Research (2025)

## YIELD SUN1Y AND AVERAGE WINNER SRBI 1Y



Sources : BI, KBVS Research (2025)

## WEIGHTED YIELD AVERAGE WINNER SVBI



Sources : BI, KBVS Research (2025)

- In addition to driving growth in the real sector, we view the recent BI Rate cut as Bank Indonesia's preemptive measure to address concerns over the crowding-out effect, which has emerged alongside the rising average yield of SRBI winners, consistently above 7.00% for the 12-month tenor since late Oct '24.
- This development has also contributed to the flattening of Indonesia's SUN yield curve, with yields for 9-year to 30-year tenors ranging narrowly between 7.25% and 7.28% (as of Jan 15, '25).
- Therefore, we also hope to see a normalization of the yield curve soon, which is expected to enhance investor risk appetite by aligning it with reinvestment risks—a key factor in the bond market.

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# NEXT WEEK ECONOMIC CALENDAR

## ECONOMIC CALENDAR

(16-22 JAN 2025)

Country	Event	Forecast	Previous
<b>Thursday, Jan 16, 2025</b>			
US	Beige Book		
GB	RICS House Price Balance (Dec)	28.00%	25.00%
CN	Loan Prime Rate 5Y		3.60%
CN	PBoC Loan Prime Rate		3.10%
GB	GDP (MoM) (Nov)	0.20%	-0.10%
GB	Industrial Production (MoM) (Nov)	0.10%	-0.60%
GB	Manufacturing Production (MoM) (Nov)	0.20%	-0.60%
GB	Monthly GDP 3M/3M Change (Nov)	0.00%	0.10%
GB	Trade Balance (Nov)	-18.00B	-18.97B
GB	Trade Balance Non-EU (Nov)		-7.28B
GE	CPI (YoY) (Dec)	2.60%	2.20%
GE	CPI (MoM) (Dec)	0.40%	0.40%
GB	BoE Credit Conditions Survey		
EU	Trade Balance (Nov)	7.20B	6.80B
EU	ECB Publishes Account of Monetary Policy Meeting		
GB	NIESR Monthly GDP Tracker (Dec)		0.00%
US	Continuing Jobless Claims		1,867K
US	Core Retail Sales (MoM) (Dec)	0.50%	0.20%
US	Export Price Index (MoM) (Dec)		0.00%
US	Import Price Index (MoM) (Dec)	-0.20%	0.10%
US	Initial Jobless Claims	210K	201K
US	Philadelphia Fed Manufacturing Index (Jan)	-7.00	-10.90
US	Philadelphia Fed Employment (Jan)		4.80
US	Retail Control (MoM) (Dec)		0.40%
US	Retail Sales (MoM) (Dec)	0.60%	0.70%
US	Business Inventories (MoM) (Nov)	0.10%	0.10%
US	Retail Inventories Ex-Auto (Nov)	0.60%	0.60%
US	FOMC Member Williams Speaks		

Country	Event	Forecast	Previous
<b>Friday, Jan 17, 2025</b>			
US	Fed's Balance Sheet		6.854B
CN	Fixed Asset Investment (YoY) (Dec)	3.30%	3.30%
CN	GDP (YoY) (Q4)	5.00%	4.60%
CN	GDP (QoQ) (Q4)	1.70%	0.90%
CN	GDP Ytd (YoY) (Q4)		4.80%
CN	Industrial Production (YoY) (Dec)	5.40%	5.40%
CN	Industrial Production Ytd (YoY) (Dec)		5.80%
CN	Unemployment Rate (Dec)	5.00%	
CN	NBS Press Conference		
GB	Core Retail Sales (YoY) (Dec)		0.10%
GB	Core Retail Sales (MoM) (Dec)		0.30%
GB	Retail Sales (MoM) (Dec)	0.40%	0.20%
GB	Retail Sales (YoY) (Dec)	3.30%	0.50%
GE	Buba President Nagel Speaks		
EU	Core CPI (YoY) (Dec)	2.70%	2.70%
EU	CPI (YoY) (Dec)	2.40%	2.20%
EU	CPI (MoM) (Dec)	0.40%	-0.30%
US	Building Permits (Dec)	1.460M	1.493M
US	Housing Starts (MoM) (Dec)		-1.80%
US	Housing Starts (Dec)	1.330M	1.289M
US	Industrial Production (YoY) (Dec)		-0.90%
US	Industrial Production (MoM) (Dec)	0.30%	-0.10%

Country	Event	Forecast	Previous
<b>Monday, Jan 20, 2025</b>			
CN	Loan Prime Rate 5Y (Jan)		3.60%
JP	Industrial Production (MoM) (Nov)		-2.30%
GE	PPI (MoM) (Dec)		0.50%
<b>Tuesday, Jan 21, 2025</b>			
GB	Average Earnings Index + Bonus (Nov)		5.20%
GB	Claimant Count Change (Dec)		0.3K
GB	Employment Change 3M/3M (MoM) (Nov)		173K
GB	Unemployment Rate (Nov)		4.30%
GE	ZEW Current Conditions (Jan)		-93.10
GE	ZEW Economic Sentiment (Jan)		15.70
EU	ZEW Economic Sentiment (Jan)		17.00
<b>Wednesday, Jan 22, 2025</b>			
US	Leading Index (MoM) (Dec)		0.30%

