

# Trump's Speech Encourages a Wait-and-See Approach in the Market

23 January 2025

Economist / Fikri C Permana

# Executive Summary

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- Trump's statement titled "The Golden Age of America Begins Right Now" has captured the market's attention this week.
- The upcoming implementation of the new Trump Tariff, set for February 1, 2025, continues to drive a wait-and-see approach in the market.
- Domestically, this has contributed to the Rupiah stabilizing and even appreciating slightly over the past week.
- Additionally, the reduction in Bank Indonesia's policy rate has begun to influence lower yields on Bank Indonesia Certificates (SRBI) and government bonds (SBN and SBSN).
- We anticipate these developments will soon positively impact the real sector, particularly with the approach of religious seasonal events such as Ramadan and Eid al-Fitr in March.

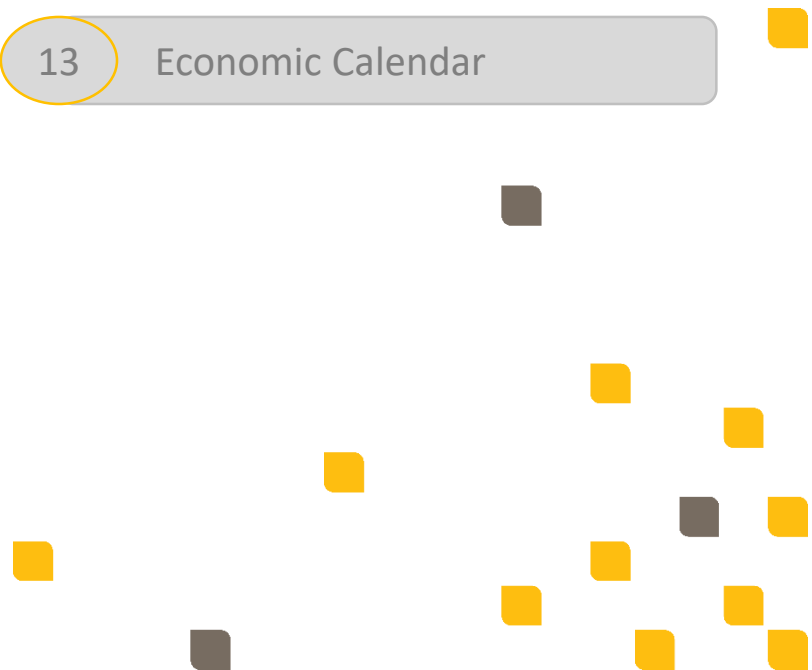


Source : <https://abcnews.go.com/US/read-donald-trumps-inauguration-speech-transcript/story?id=117903564> , accessed at Jan 21, ;25.



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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	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 16-22 Jan '25 are as follows:

- The number of people claiming unemployment benefits on the period ending Jan 10<sup>th</sup>, '25 in the US increased by 14K to 217K (Cons: 210K, Prev: 203K).
- Core Retail Sales in Dec' 24 increased to 0.40% MoM (Cons: 0.50% MoM, Prev: 0.20% MoM).
- Philadelphia Fed Manufacturing Index in Jan' 25 increased to 44.30 (Cons: -5.00, Prev: -10.90).
- Retail Sales in Dec' 24 decreased to 0.40% MoM (Cons: 0.60% MoM, Prev: 0.80% MoM).

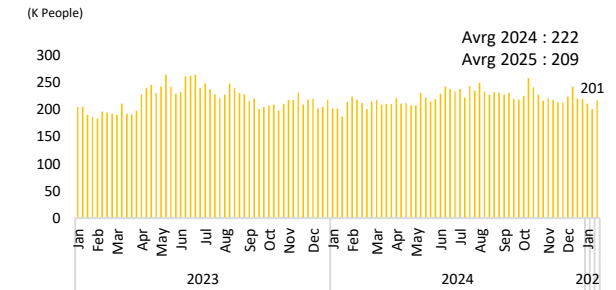
## ECONOMIC CALENDAR

(16-22 JAN '25)

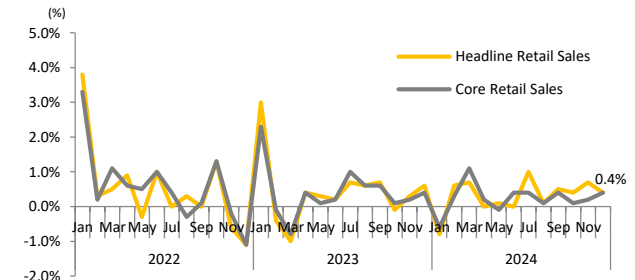
Event	Actual	Forecast	Previous
<b>Thursday, 16 Jan '25</b>			
US Beige Book			
US Continuing Jobless Claims	1,859K	1,870K	1,877K
US Core Retail Sales (MoM) (Dec)	0.40%	0.50%	0.20%
US Export Price Index (MoM) (Dec)	0.30%	0.20%	0.00%
US Import Price Index (MoM) (Dec)	0.10%	-0.10%	0.10%
US Initial Jobless Claims	217K	210K	203K
US Philadelphia Fed Manufacturing Index (Jan)	44.30	-5.00	-10.90
US Philadelphia Fed Employment (Jan)	11.90		4.80
US Retail Control (MoM) (Dec)	0.70%	0.40%	0.40%
US Retail Sales (MoM) (Dec)	0.40%	0.60%	0.80%
US Business Inventories (MoM) (Nov)	0.10%	0.10%	0.00%
US Retail Inventories Ex-Auto (Nov)	0.50%	0.60%	0.10%
US FOMC Member Williams Speaks			
<b>Friday, 17 Jan '25</b>			
US Fed's Balance Sheet	6,834B		6.854B
US Building Permits (Dec)	1.483M	1.460M	1.493M
US Housing Starts (MoM) (Dec)	15.80%		-3.70%
US Housing Starts (Dec)	1.499M	1.330M	1.294M
US Industrial Production (YoY) (Dec)	0.55%		-0.61%
US Industrial Production (MoM) (Dec)	0.90%	0.30%	0.20%
<b>Monday, 20 Jan '25</b>			
<b>Tuesday, 21 Jan '25</b>			
US President Trump Speaks			
<b>Wednesday, 22 Jan '25</b>			
US Leading Index (MoM) (Dec)		-0.10%	0.30%

Sources : investing, KBVS Research (2025)

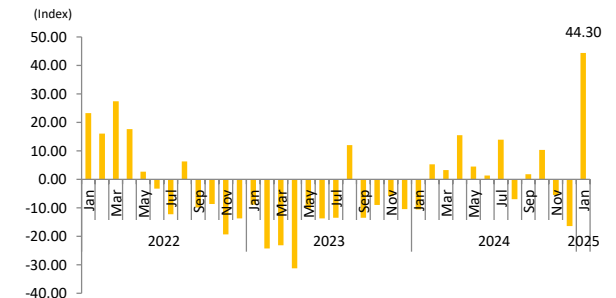
## WEEKLY INITIAL JOBLESS CLAIMS



## RETAIL SALES



## PHILY FED MANUFACTURING INDEX



# TRUMP'S SPEECH

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Our sovereignty will be reclaimed. Our safety will be restored. The scales of justice will be rebalanced. The vicious, violent, and unfair weaponization of the Justice Department and our government will end. (Applause.)

And our top priority will be to create a nation that is proud, prosperous, and free. (Applause.)

America will soon be greater, stronger, and far more exceptional than ever before. (Applause.)

I return to the presidency confident and optimistic that we are at the start of a thrilling new era of national success. A tide of change is sweeping the country, sunlight is pouring over the entire world, and America has the chance to seize this opportunity like never before.

As our victory showed, the entire nation is rapidly unifying behind our agenda with dramatic increases in support from virtually every element of our society: young and old, men and women, African Americans, Hispanic Americans, Asian Americans, urban, suburban, rural. And very importantly, we had a powerful win in all seven swing states — (applause) — and the popular vote, we won by millions of people. (Applause.)

To the Black and Hispanic communities, I want to thank you for the tremendous outpouring of love and trust that you have shown me with your vote. We set records, and I will not forget it. I've heard your voices in the campaign, and I look forward to working with you in the years to come.

First, I will declare a national emergency at our southern border. (Applause.)

All illegal entry will immediately be halted, and we will begin the process of returning millions and millions of criminal aliens back to the places from which they came. We will reinstate my Remain in Mexico policy. (Applause.)

I will end the practice of catch and release. (Applause.)

And I will send troops to the southern border to repel the disastrous invasion of our country. (Applause.)

Source : The White House (2025)

Under the orders I sign today, we will also be designating the cartels as foreign terrorist organizations. (Applause.)

And by invoking the Alien Enemies Act of 1798, I will direct our government to use the full and immense power of federal and state law enforcement to eliminate the presence of all foreign gangs and criminal networks bringing devastating crime to U.S. soil, including our cities and inner cities. (Applause.)

America will be a manufacturing nation once again, and we have something that no other manufacturing nation will ever have — the largest amount of oil and gas of any country on earth — and we are going to use it. We'll use it. (Applause.)

We will bring prices down, fill our strategic reserves up again right to the top, and export American energy all over the world. (Applause.)

We will be a rich nation again, and it is that liquid gold under our feet that will help to do it.

And above all, China is operating the Panama Canal. And we didn't give it to China. We gave it to Panama, and we're taking it back. (Applause.)

Above all, my message to Americans today is that it is time for us to once again act with courage, vigor, and the vitality of history's greatest civilization.

We will be a nation like no other, full of compassion, courage, and exceptionalism. Our power will stop all wars and bring a new spirit of unity to a world that has been angry, violent, and totally unpredictable.

America will be respected again and admired again, including by people of religion, faith, and goodwill. We will be prosperous, we will be proud, we will be strong, and we will win like never before.

We will not be conquered, we will not be intimidated, we will not be broken, and we will not fail. From this day on, the United States of America will be a free, sovereign, and independent nation.

We will stand bravely, we will live proudly, we will dream boldly, and nothing will stand in our way because we are Americans. The future is ours, and our golden age has just begun.

# FED PROBABILITIES

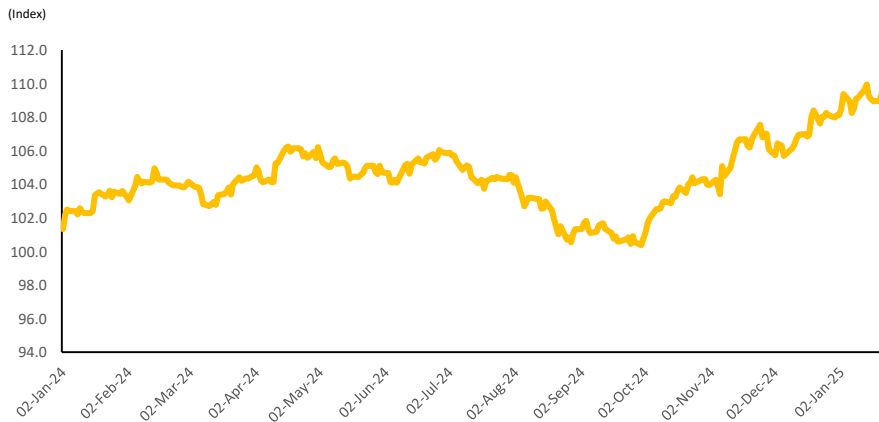
## FED PROBABILITIES, as of 22 JAN '25

MEETING DATE	FED PROBABILITIES (in bps)					
	300-325	325-350	350-375	375-400	400-425	425-450
29-Jan-25	0.0%	0.0%	0.0%	0.0%	0.5%	99.5%
19-Mar-25	0.0%	0.0%	0.0%	0.1%	24.3%	75.6%
30-Apr-25	0.0%	0.0%	0.0%	5.5%	35.7%	58.7%
18-Jun-25	0.0%	0.0%	2.2%	17.4%	44.7%	35.7%
30-Jul-25	0.0%	0.3%	4.5%	21.6%	43.3%	30.2%
17-Sep-25	0.1%	1.3%	8.3%	26.4%	40.4%	23.5%
29-Oct-25	0.3%	2.3%	11.0%	28.5%	37.9%	20.0%
10-Dec-25	0.6%	3.6%	13.6%	29.9%	35.3%	17.1%

- President Trump's recent speech has fostered a *wait-and-see* sentiment in the market.
- Nonetheless, the tariffs he announced—10% on China and 25% on Mexico and Canada—are expected to take effect.
- This development has had a temporarily positive impact, as the implementation is slated for Feb 1, '25.
- However, the market remains cautious due to the lack of clear guidance on whether the tariffs will be fully implemented at once or introduced gradually.

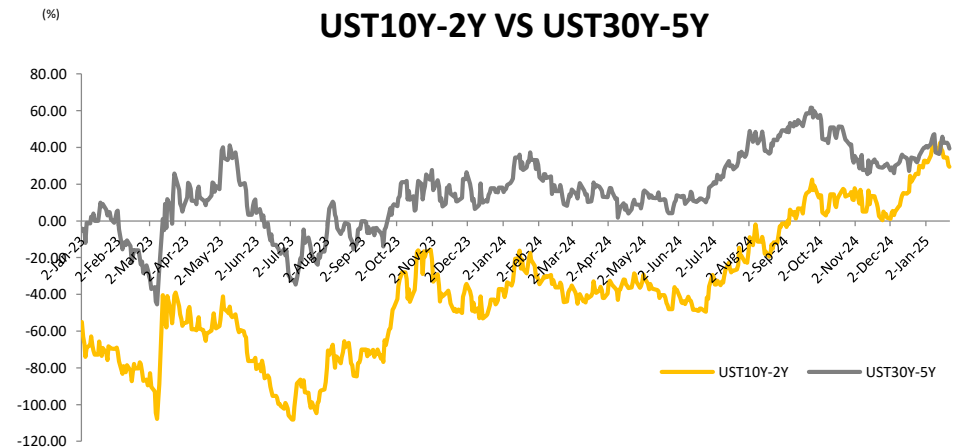
Sources : CME Group, and KBVS Research (2025)

## DXY



Sources : Bloomberg, and KBVS Research (2025)

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



Sources : Bloomberg, and KBVS Research (2025)

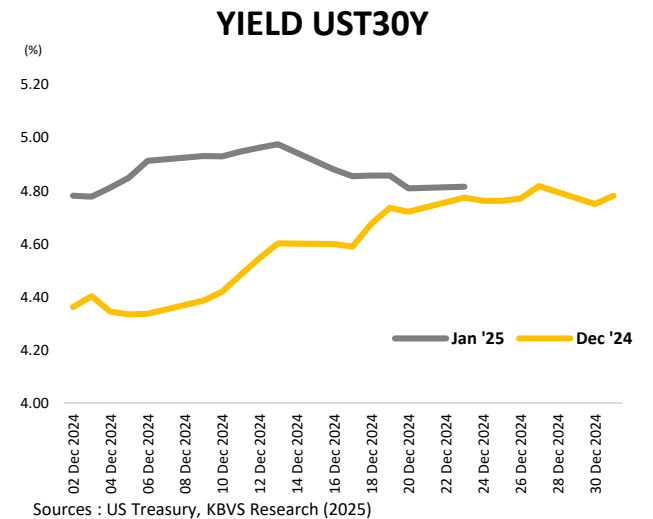
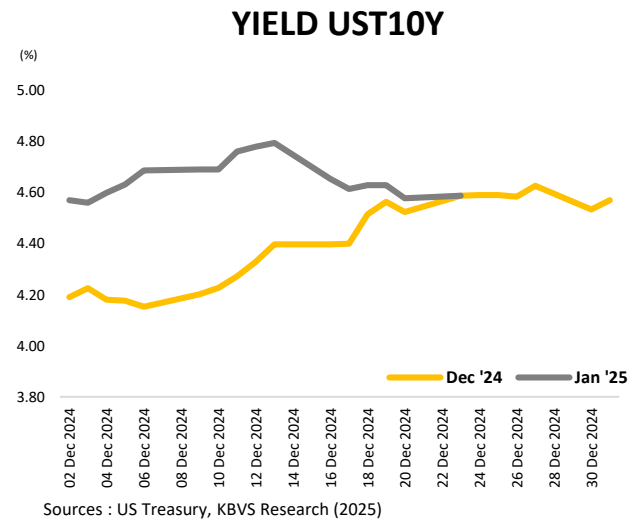
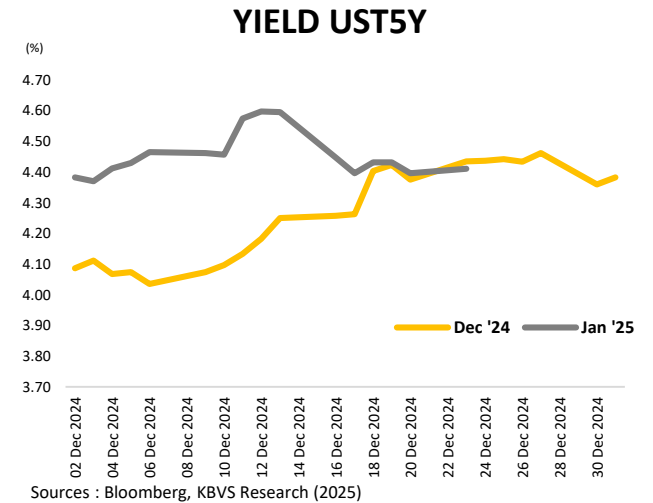
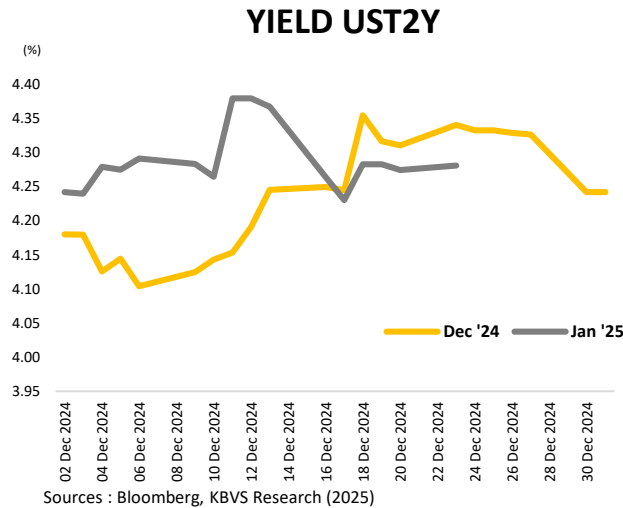
# THE MOVEMENT OF UST YIELDS

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
  - +1.06 bps (WoW)
  - +3.44 bps (YtD, as of Jan 22,'25)
- UST52W (1Y)
  - +0.44 bps (WoW)
  - +2.91 bps (YtD, as of Jan 22,'25)
- UST2Y
  - +1.67 bps (WoW)
  - +3.89 bps (YtD, as of Jan 22,'25)
- UST5Y
  - -4.44 bps (WoW)
  - +2.09 bps (YtD, as of Jan 22,'25)
- UST10Y
  - -7.87 bps (WoW)
  - +0.54 bps (YtD, as of Jan 22,'25)
- UST30Y
  - -8.27 bps (WoW)
  - +1.56 bps (YtD, as of Jan 22,'25)





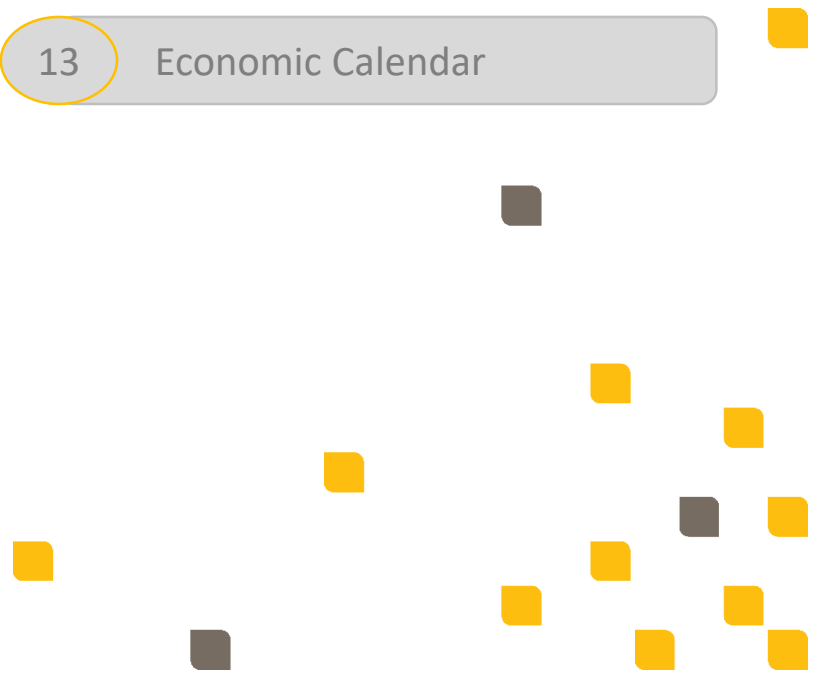


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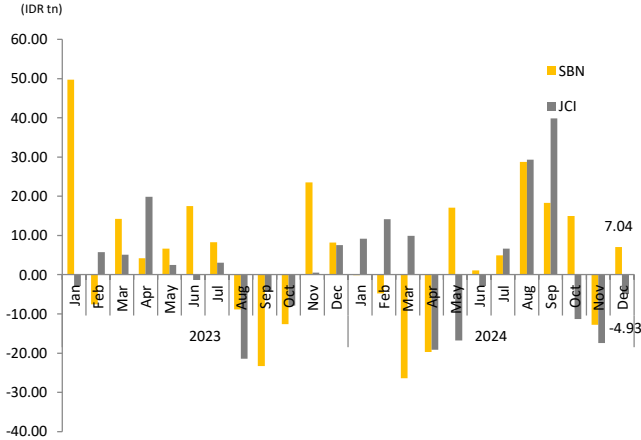
13 Economic Calendar





# DEVELOPMENT OF TRADABLE SBN

## CAPITAL FLOW IN SBN&JCI



Sources : Bloomberg, KBVS Research (2025)

Between 16-22 Jan '25, non-residents conducted:

- A net sell of tradeable SBN, amounting IDR8.94 tn.
- A net sell of JCI, amounting IDR0.37 tn.

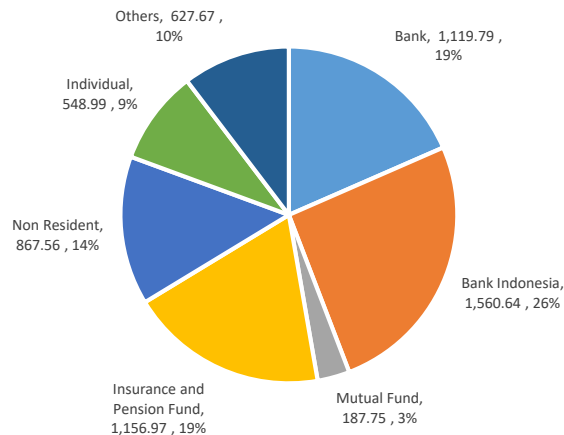
## SUN LATEST AUCTION

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%	
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%	

Sources : DJPPR, KBVS Research (2025)

## OWNERSHIP of IDR TRADABLE SBN

(IDR tn, % of total tradable SBN)



Sources : DJPPR, and KBVS Research (2025)

As of 20 Jan '25, the largest ownership of tradable SBN is as follows:

- Bank Indonesia : IDR1,560.64 tn (+IDR16.46 tn, WoW),
- Banks : IDR1,119.79 tn (-IDR12.27 tn, WoW), and
- Insurance & Pension Funds: IDR1,156.97 tn (+IDR3.38 tn, WoW)

## SBSN LATEST AUCTION

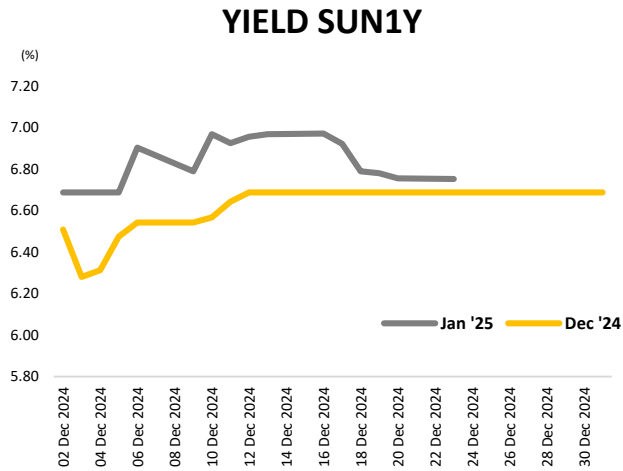
14 Jan '25								
Instruments	SPNS07072025	SPNS13102025	PBS003	PBS030	PBS034	PBS039	PBS038	Total
Incoming Bids (IDR tn)	1.10	2.57	4.86	1.78	0.46	0.26	3.04	14.06
Bid to Cover Ratio	1.10	1.47	1.26	2.96	-	-	1.09	1.41
Weighted Average Yields Awarded	6.500%	6.600%	7.088%	7.129%	-	-	7.287%	
17 Dec '24								
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)

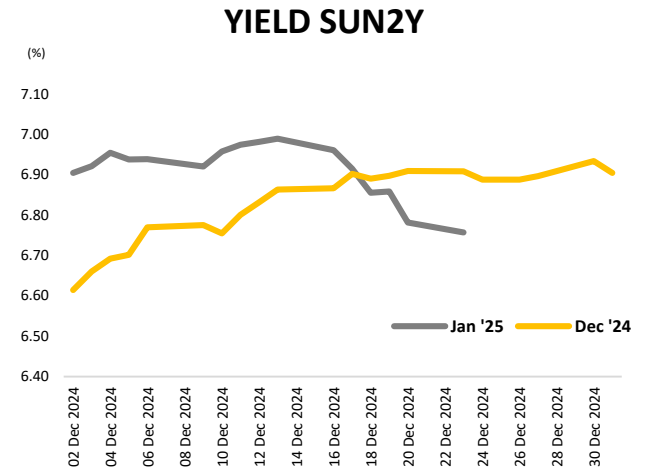
# THE MOVEMENT OF SUN YIELDS

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

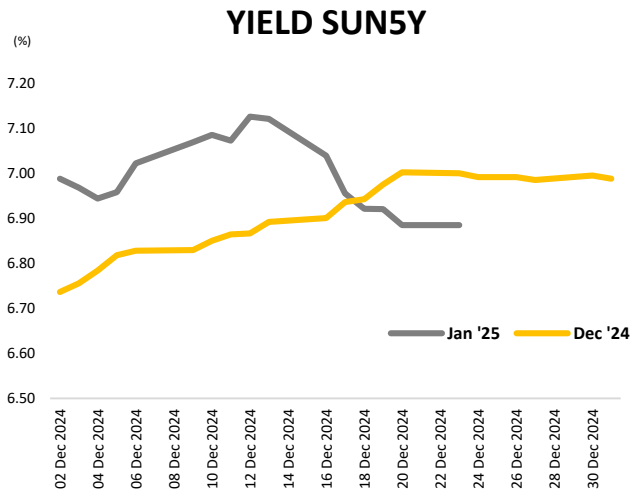
- Yield SUN1Y
  - -24.20 bps (WoW)
  - +4.20 bps (YtD, as of Jan 22, '25)
- Yield SUN2Y
  - -18.30 bps (WoW)
  - -12.70 bps (YtD, as of Jan 22, '25)
- Yield SUN5Y
  - -15.90 bps (WoW)
  - -10.80 bps (YtD, as of Jan 22, '25)
- Yield SUN10Y
  - -16.00 bps (WoW)
  - +11.90 bps (YtD, as of Jan 22, '25)
- Yield SUN30Y
  - -4.90 bps (WoW)
  - +12.60 bps (YtD, as of Jan 22, '25)



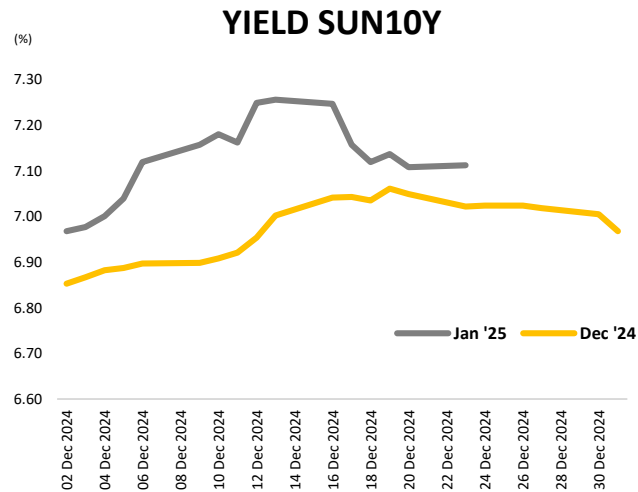
Sources : Bloomberg, KBVS Research (2025)



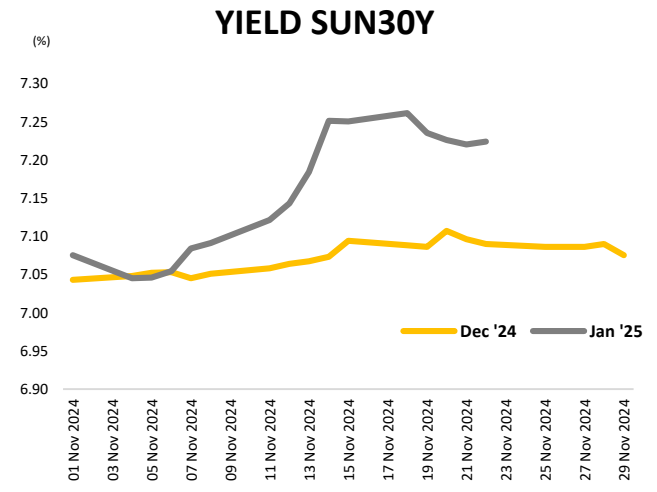
Sources : Bloomberg, KBVS Research (2025)



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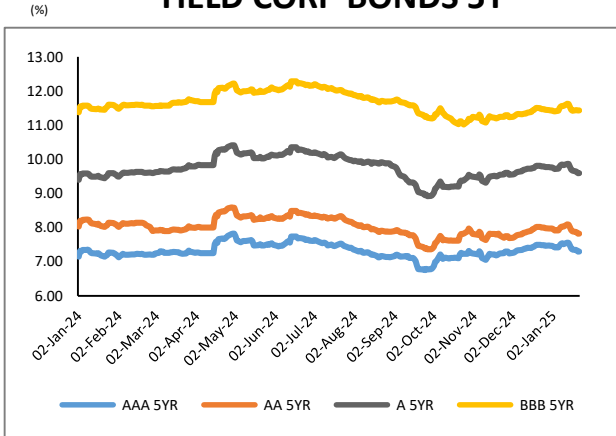
Sources : Bloomberg, KBVS Research (2025)



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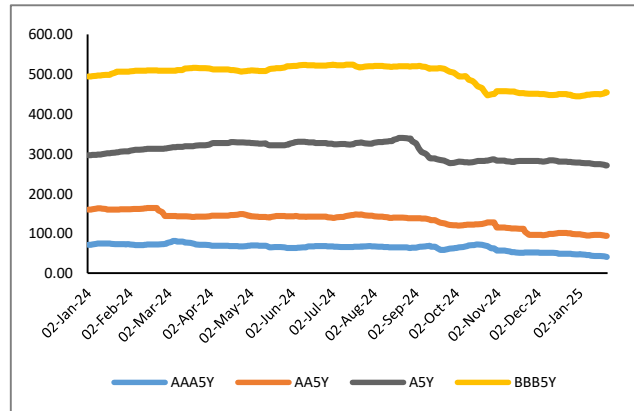
# THE MOVEMENT OF CORPORATE BOND YIELD

## YIELD CORP BONDS 5Y



Sources : Bloomberg, KBVS Research (2025)

## YIELD SPREAD 5Y TENOR

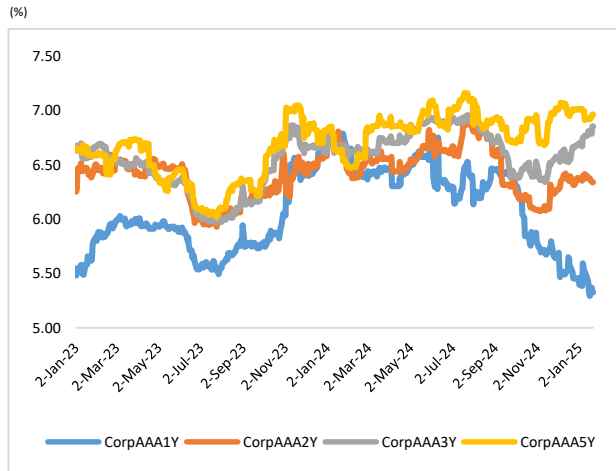


Sources : Bloomberg, KBVS Research (2025)

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

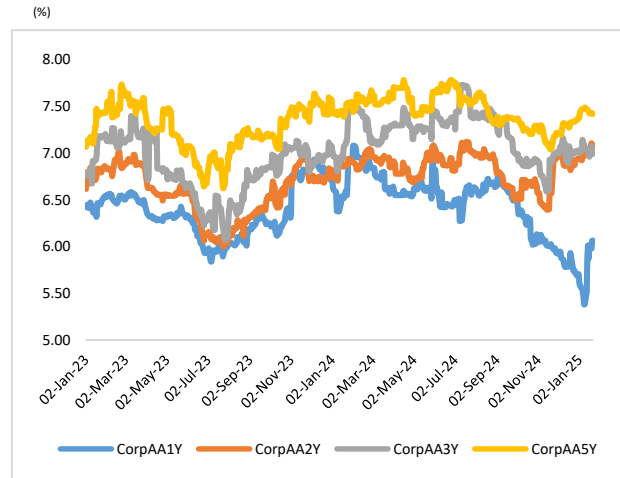
- AAA-rated
  - Tenor 1Y : -15.32 bps (WoW)
  - Tenor 2Y : -5.74 bps (WoW)
  - Tenor 5Y : +3.64 bps (WoW)
- AA-rated
  - Tenor 1Y : +0.35 bps (WoW)
  - Tenor 2Y : +6.56 bps (WoW)
  - Tenor 5Y : -3.86 bps (WoW)
- A-rated
  - Tenor 1Y : +161.92 bps (WoW)
  - Tenor 2Y : +18.18 bps (WoW), and
  - Tenor 5Y : -1.49 bps (WoW)

## YIELD AAA-RATED



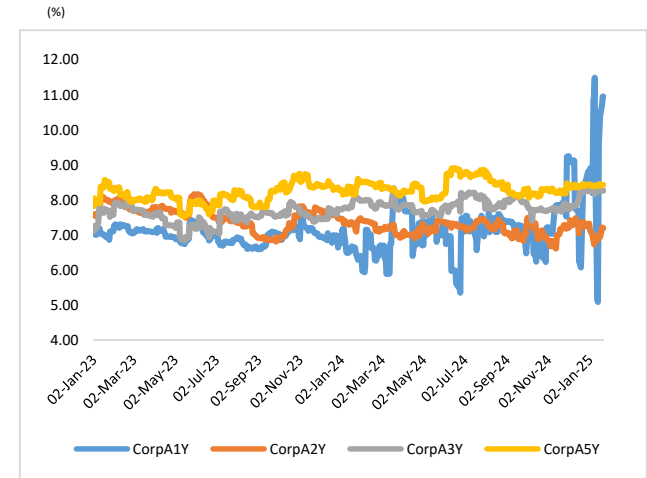
Sources : Bloomberg, KBVS Research (2025)

## YIELD AA-RATED



Sources : Bloomberg, KBVS Research (2025)

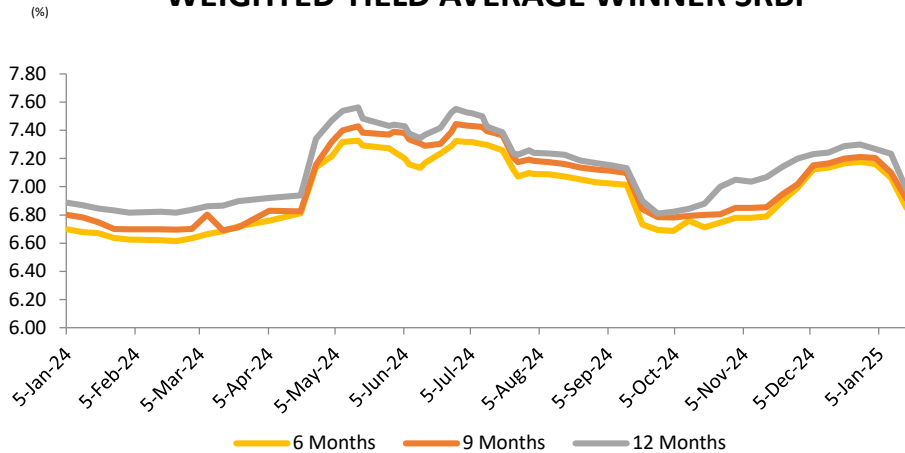
## YIELD A-RATED



Sources : Bloomberg, KBVS Research (2025)

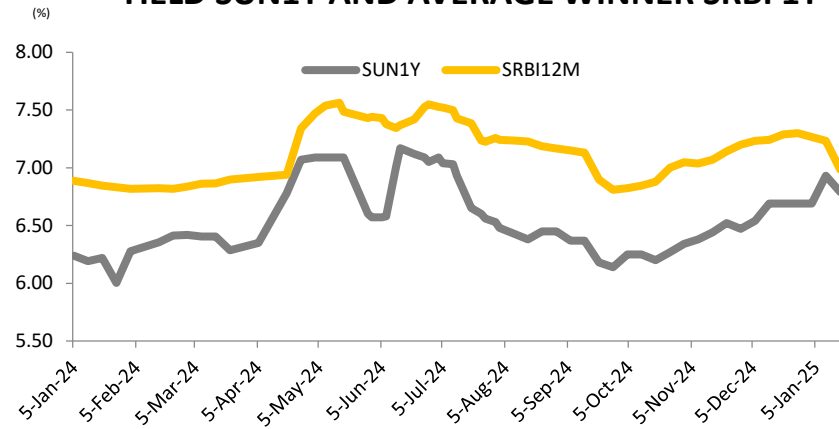
# BI'S MONETARY OPERATION

## WEIGHTED YIELD AVERAGE WINNER SRBI



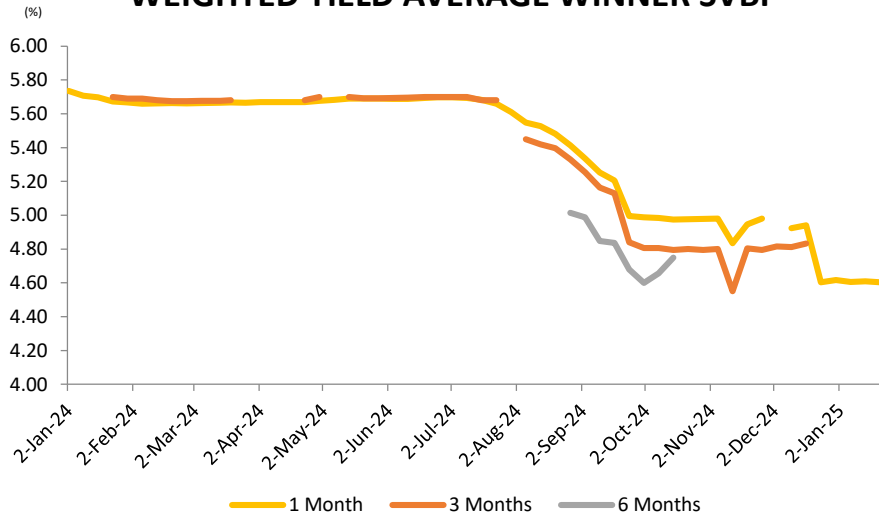
Sources : BI, KBVS Research (2025)

## 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 7-year to 30-year tenors ranging narrowly between 7.04% and 7.25% (as of Jan 22, '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

(23-29 JAN 2025)

Country	Event	Forecast	Previous
<b>Thursday, Jan 23, 2025</b>			
US	20-Year Bond Auction		4.69%
GE	Buba President Nagel Speaks		
US	API Weekly Crude Oil Stock		-2.600M
JP	Adjusted Trade Balance	-0.64T	-0.38T
JP	Exports (YoY) (Dec)	2.30%	3.80%
JP	Imports (YoY) (Dec)	2.60%	-3.80%
JP	Trade Balance (Dec)	-55.0B	-110.3B
ID	M2 Money Supply (YoY) (Dec)		7.00%
US	Continuing Jobless Claims		1,859K
US	Initial Jobless Claims	220K	217K

Country	Event	Forecast	Previous
<b>Friday, Jan 24, 2025</b>			
US	Crude Oil Inventories		-1.962M
US	Cushing Crude Oil Inventories		0.765M
US	10-Year TIPS Auction		2.07%
US	Fed's Balance Sheet		6,834B
JP	National Core CPI (YoY) (Dec)	3.00%	2.70%
JP	National CPI (MoM) (Dec)		0.60%
JP	Au Jibun Bank Services PMI (Jan)		50.90
JP	BoJ Monetary Policy Statement		
JP	BoJ Outlook Report (YoY)		
JP	BoJ Interest Rate Decision	0.50%	0.25%
ID	Foreign Direct Investment (YoY)		18.60%
JP	BoJ Press Conference		
GE	HCOB Manufacturing PMI	42.90	42.50
GE	HCOB Services PMI	51.10	51.20
EU	HCOB Manufacturing PMI	45.60	45.10
EU	HCOB Composite PMI		49.60
EU	HCOB Services PMI	51.40	51.60
GB	S&P Global Manufacturing PMI	46.90	47.00
GB	S&P Global Composite PMI		50.40
GB	S&P Global Services PMI	50.80	51.10
EU	ECB President Lagarde Speaks		
US	S&P Global Manufacturing PMI		49.40
US	S&P Global Composite PMI		55.40
US	S&P Global Services PMI		56.80
US	Existing Home Sales (MoM) (Dec)		4.80%
US	Existing Home Sales (Dec)	4.19M	4.15M
US	Michigan 1-Year Inflation Expectations (Jan)	3.30%	2.80%
US	Michigan 5-Year Inflation Expectations (Jan)	3.30%	3.00%
US	Michigan Consumer Expectations (Jan)	70.20	73.30
US	Michigan Consumer Sentiment (Jan)	73.20	74.00

Country	Event	Forecast	Previous
<b>Monday, Jan 27, 2025</b>			
CN	Composite PMI (Jan)		52.20
CN	Manufacturing PMI (Jan)		50.10
CN	Non-Manufacturing PMI (Jan)		52.20
GE	Business Expectations (Jan)		84.40
GE	Current Assessment (Jan)		85.10
GE	Ifo Business Climate Index (Jan)		84.70
US	New Home Sales (Dec)		664K
US	New Home Sales (MoM) (Dec)		5.90%
<b>Tuesday, Jan 28, 2025</b>			
US	Core Durable Goods Orders (MoM) (Dec)		-0.20%
US	Durable Goods Orders (MoM) (Dec)		-1.20%
US	S&P/CS HPI Composite - 20 n.s.a. (MoM) (Nov)		-0.20%
US	S&P/CS HPI Composite - 20 n.s.a. (YoY) (Nov)		4.20%
US	CB Consumer Confidence (Jan)		104.70
<b>Wednesday, Jan 29, 2025</b>			
GE	Gfk Consumer Climate (Feb)		-21.30
US	Goods Trade Balance (Dec)		-103.50B
US	Retail Inventories Ex Auto (Dec)		0.50%

