

Liquidity is Ready And Steady, Yet Constrained By A Weak Labor Market

18 September 2025

Economist / Fikri C Permana

EXECUTIVE SUMMARY

- The Federal Reserve has officially pivoted its policy, delivering a widely anticipated quarter-point rate cut to a new target range of 4.00–4.25%. This move reflects the Fed's effort to balance conflicting economic signals—providing support for slowing growth while acknowledging that inflationary pressures remain persistent.
- Updated projections suggest the Fed may implement two additional rate cuts before the year's end. This shift toward a more accommodative U.S. stance is expected to set off a broader global easing cycle, potentially weakening the dollar and channeling greater investment flows into emerging markets. On the other hand, the Fed's ongoing balance sheet reduction—through the unwinding of its U.S. Treasury and MBS holdings—is likely to limit the extent of the decline in U.S. government bond yields relative to the Fed funds rate cut.
- Anticipating the Fed's dovish pivot, Bank Indonesia moved preemptively, cutting its benchmark rate by 25 bps to 4.75%. The decision was underpinned by expectations of global monetary easing, Rupiah stability, and well-anchored domestic inflation. Looking ahead, we expect BI to continue easing by at least two more 25 bps cuts through end-2025, in line with its consistent pro-growth stance since the beginning of the year.
- With additional support from fiscal, macroprudential, and microprudential measures—coupled with stronger focus on production and labor market dynamics—we anticipate Indonesia's economy to accelerate toward the upper bound of 4.6%–5.4% YoY growth by end-2025.



Source: koran-jakarta, link: <https://koran-jakarta.com/2025-09-16/jerome-powell-lokal-menkeu-purbaya-yudhi-sadewa-bikin-pasar-saham-bergejolak-hanya-dengan-satu-kalimat>



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US ECONOMIC DATA

US ECONOMIC INDICATORS	Unit	Latest Period	Data	
			Latest	Previous
Fed Rate	%	Jul '25	4.50	4.50
Economic Growth	%, yoy	2Q25	2.0	2.1
Inflation Rate	%, yoy	Aug '25	2.9	2.7
Unemployment Rate	%	Aug '25	4.3	4.2

Sources : various sources, KBVS Research (2025)

The data releases that influenced yield movements in the week of 11-17 Sep '25 are as follows:

- The number of people claiming unemployment benefits on the period ending September 5th, '25 in the US increased by 27K to 263K (Cons: 235K, Prev: 236K).
- 10-Year Note Auction decreased to 4.03% (Prev: 4.26%).
- Core CPI in Aug '25 stable at 0.30% MoM (Cons: 0.30% MoM, Prev: 0.30% MoM).
- CPI in Aug '25 increased to 0.40% MoM (Cons: 0.30% MoM, Prev: 0.20% MoM).
- 30-Year Bond Auction decreased to 4.65% (Prev: 4.81%).
- Core Retail Sales in Aug '25 increased to 0.70% MoM (Cons: 0.40% MoM, Prev: 0.40% MoM).
- Retail Sales in Aug '25 stable at 0.60% MoM (Cons: 0.20% MoM, Prev: 0.60% MoM).

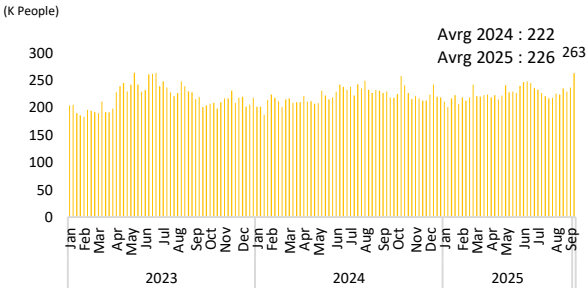
ECONOMIC CALENDAR

(11-17 SEP '25)

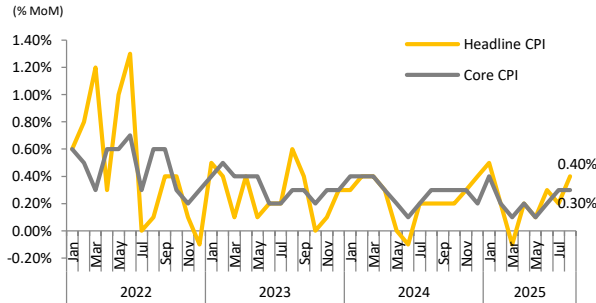
Event	Actual	Forecast	Previous
Thursday, 11 Sep '25			
US 10-Year Note Auction	4.03%		4.26%
US IEA Monthly Report			
US OPEC Monthly Report			
US Continuing Jobless Claims	1,939K	1,950K	1,939K
US Initial Jobless Claims	263K	235K	236K
US Core CPI (YoY) (Aug)	3.10%	3.10%	3.10%
US Core CPI (MoM) (Aug)	0.30%	0.30%	0.30%
US CPI (YoY) (Aug)	2.90%	2.90%	2.70%
US CPI (MoM) (Aug)	0.40%	0.30%	0.20%
Friday, 12 Sep '25			
US 30-Year Bond Auction	4.65%		4.81%
US Fed Budget Balance (Aug)	-345.00B	-305.70B	-291.00B
US Fed's Balance Sheet	6,606B		6,602B
US Michigan 1-Year Inflation Expectations (Sep)	4.80%	4.80%	4.80%
US Michigan 5-Year Inflation Expectations (Sep)	3.90%	3.40%	3.50%
US Michigan Consumer Expectations (Sep)	51.80	54.90	55.90
US Michigan Consumer Sentiment (Sep)	55.40	58.20	58.20
US WASDE Report			
Monday, 15 Sep '25			
US NY Empire State Manufacturing Index (Sep)	-8.70	4.30	11.90
Tuesday, 16 Sep '25			
US Core Retail Sales (MoM) (Aug)	0.70%	0.40%	0.40%
US Export Price Index (MoM) (Aug)	0.30%	-0.10%	0.30%
US Import Price Index (MoM) (Aug)	0.30%	-0.20%	0.20%
US Retail Control (MoM) (Aug)	0.70%	0.40%	0.50%
US Retail Sales (MoM) (Aug)	0.60%	0.20%	0.60%
US Industrial Production (YoY) (Aug)	0.87%		1.27%
US Industrial Production (MoM) (Aug)	0.10%	-0.10%	-0.40%
US Business Inventories (MoM) (Jul)	0.20%	0.20%	0.20%
US Retail Inventories Ex Auto (Jul)	0.10%	-0.10%	0.10%
Wednesday, 17 Sep '25			
US 20-Year Bond Auction	4.61%		4.88%
US API Weekly Crude Oil Stock	-3.420M	-1.600M	1.250M
US Building Permits (Aug)		1.370M	1.362M
US Housing Starts (MoM) (Aug)			5.20%
US Housing Starts (Aug)		1.370M	1.428M
US Crude Oil Inventories			3.939M
US Cushing Crude Oil Inventories			-0.365M

Sources : investing, KBVS Research (2025)

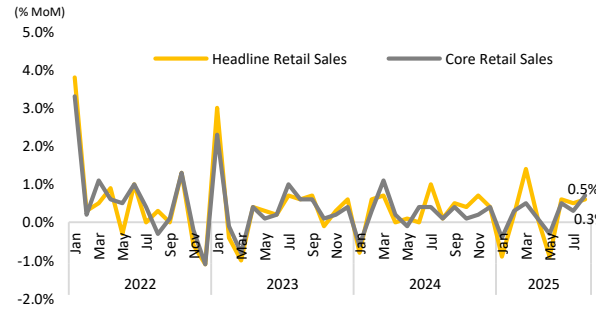
WEEKLY INITIAL JOBLESS CLAIMS



CPI



RETAIL SALES



FED DELIVERS WIDELY EXPECTED RATE CUT

Press Release

September 17, 2025

Federal Reserve issues FOMC statement

For release at 2:00 p.m. EDT

Share

Recent indicators suggest that growth of economic activity moderated in the first half of the year. Job gains have slowed, and the unemployment rate has edged up but remains low. Inflation has moved up and remains somewhat elevated.

The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. Uncertainty about the economic outlook remains elevated. The Committee is attentive to the risks to both sides of its dual mandate and judges that downside risks to employment have risen.

In support of its goals and in light of the shift in the balance of risks, the Committee decided to lower the target range for the federal funds rate by 1/4 percentage point to 4 to 4-1/4 percent. In considering 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.

Source : The FED (2025), link: <https://www.federalreserve.gov/newsevents/pressreleases/monetary20250917a.htm>

Variable	Median ¹					Central Tendency ²					2025
	2025	2026	2027	2028	Longer run	2025	2026	2027	2028	Longer run	
Change in real GDP	1.6	1.8	1.9	1.8	1.8	1.4–1.7	1.7–2.1	1.8–2.0	1.7–2.0	1.7–2.0	1.3–2.0
June projection	1.4	1.6	1.8		1.8	1.2–1.5	1.5–1.8	1.7–2.0		1.7–2.0	1.1–2.1
Unemployment rate	4.5	4.4	4.3	4.2	4.2	4.4–4.5	4.4–4.5	4.2–4.4	4.0–4.3	4.0–4.3	4.2–4.6
June projection	4.5	4.5	4.4		4.2	4.4–4.5	4.3–4.6	4.2–4.6		4.0–4.3	4.3–4.6
PCE inflation	3.0	2.6	2.1	2.0	2.0	2.9–3.0	2.4–2.7	2.0–2.2	2.0	2.0	2.5–3.2
June projection	3.0	2.4	2.1		2.0	2.8–3.2	2.3–2.6	2.0–2.2		2.0	2.5–3.3
Core PCE inflation ⁴	3.1	2.6	2.1	2.0		3.0–3.2	2.5–2.7	2.0–2.2	2.0		2.7–3.4
June projection	3.1	2.4	2.1			2.9–3.4	2.3–2.7	2.0–2.2			2.5–3.5

Memo: Projected appropriate policy path

Federal funds rate	3.6	3.4	3.1	3.1	3.0	3.6–4.1	2.9–3.6	2.9–3.6	2.8–3.6	2.8–3.5	2.9–4.4
June projection	3.9	3.6	3.4		3.0	3.9–4.4	3.1–3.9	2.9–3.6		2.6–3.6	3.6–4.4

Source : The FED (2025), link: <https://www.federalreserve.gov/monetarypolicy/fomcprojtabl20250917.htm>

Decisions Regarding Monetary Policy Implementation

The Federal Reserve has made the following decisions to implement the monetary policy stance announced by the Federal Open Market Committee in its statement on September 17, 2025:

- The Board of Governors of the Federal Reserve System voted to lower the interest rate paid on reserve balances to 4.15 percent, effective September 18, 2025.
- As part of its policy decision, the Federal Open Market Committee voted to direct the Open Market Desk at the Federal Reserve Bank of New York, until instructed otherwise, to execute transactions in the System Open Market Account in accordance with the following domestic policy directive:

"Effective September 18, 2025, the Federal Open Market Committee directs the Desk to:

- Undertake open market operations as necessary to maintain the federal funds rate in a target range of 4 to 4-1/4 percent.
 - Conduct standing overnight repurchase agreement operations with a minimum bid rate of 4.25 percent and with an aggregate operation limit of \$500 billion.
 - Conduct standing overnight reverse repurchase agreement operations at an offering rate of 4 percent and with a per-counterparty limit of \$160 billion per day.
 - Roll over at auction the amount of principal payments from the Federal Reserve's holdings of Treasury securities maturing in each calendar month that exceeds a cap of \$5 billion per month. Redeem Treasury coupon securities up to this monthly cap and Treasury bills to the extent that coupon principal payments are less than the monthly cap.
 - Reinvest the amount of principal payments from the Federal Reserve's holdings of agency debt and agency mortgage-backed securities (MBS) received in each calendar month that exceeds a cap of \$35 billion per month into Treasury securities to roughly match the maturity composition of Treasury securities outstanding.
 - Allow modest deviations from stated amounts for reinvestments, if needed for operational reasons."
- In a related action, the Board of Governors of the Federal Reserve System voted to approve a 1/4 percentage point decrease in the primary credit rate to 4.25 percent, effective September 18, 2025. In taking this action, the Board approved requests to establish that rate submitted by the Boards of Directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Richmond, Atlanta, Chicago, Minneapolis, Kansas City, Dallas, and San Francisco.

Source : The FED (2025), link: <https://www.federalreserve.gov/newsevents/pressreleases/monetary20250917a1.htm>

- The Federal Reserve's policy pivot, with projections for two additional rate cuts this year, could trigger a broader global monetary easing cycle, shaping the decisions of other central banks. Anticipation of further U.S. rate reductions—supported by a median forecast for the policy rate to decline to 3.6% by the end of 2026—may weaken the dollar and spur investment flows into emerging markets.
- This easing trajectory is anchored in a moderating inflation outlook, as the Fed projects Core PCE inflation to ease to 2.6% by 2026, providing the rationale for its accommodative stance. Yet, the Fed faces the challenge of balancing slowing growth against persistent inflation, a dilemma mirrored by many international policymakers grappling with similar domestic pressures.
- However, the elasticity of U.S. government bond yield declines relative to Fed rate cuts is expected to be limited, given the Fed's concurrent normalization of its holdings of U.S. Treasuries and mortgage-backed securities.

FED PROBABILITIES

FED PROBABILITIES, as of 17 Sep '25

MEETING DATE	220-225	225-250	250-275	275-300	300-325	325-350	350-375	375-400	400-425
29-Oct-25	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	87.7%	12.3%
10-Dec-25	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	79.9%	19.0%	1.10%
28-Jan-26	0.0%	0.0%	0.0%	0.0%	0.0%	39.8%	49.6%	10.1%	0.5%
18-Mar-26	0.0%	0.0%	0.0%	0.0%	22.3%	45.3%	27.4%	4.7%	0.2%
29-Apr-26	0.0%	0.0%	0.0%	6.5%	29.0%	40.1%	20.9%	3.4%	0.2%
17-Jun-26	0.0%	0.0%	3.9%	20.0%	35.7%	28.5%	10.4%	1.5%	0.1%
29-Jul-26	0.0%	1.2%	8.7%	24.7%	33.5%	23.1%	7.7%	1.1%	0.0%

Sources : CME Group, and KBVS Research (2025)

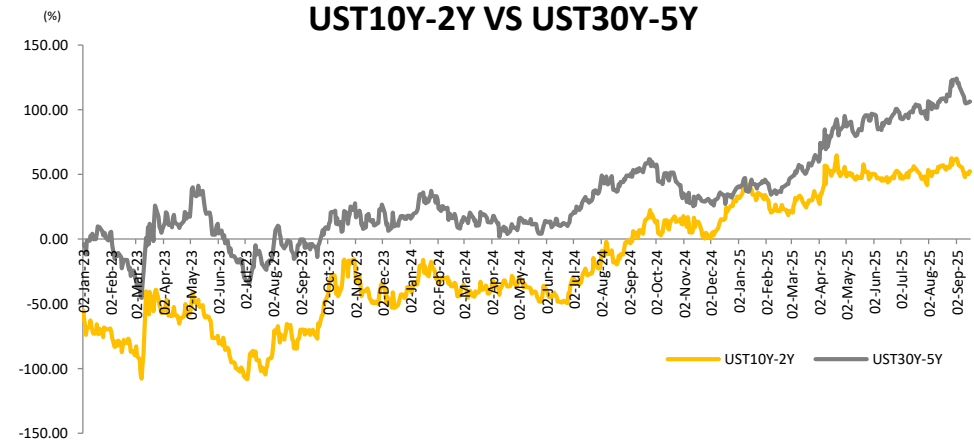
- The Federal Reserve has initiated its monetary easing cycle with a quarter-point rate reduction, a move largely driven by clear signs of a cooling labor market.
- The decision was prompted by a rising unemployment rate and a higher-than-anticipated number of initial jobless claims.
- With this first cut delivered, attention now shifts to the future, as Fed projections suggest two more rate cuts may occur this year. The central bank's primary challenge remains balancing these risks to employment against inflation that is still elevated.

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
 - -4.74 bps (WoW)
 - -45.90 bps (YtD, as of Sep 17,'25)
- Yield UST1Y
 - -6.86 bps (WoW)
 - -55.72 bps (YtD, as of Sep 17,'25)
- Yield UST2Y
 - -4.07 bps (WoW)
 - -73.85 bps (YtD, as of Sep 17,'25)
- Yield UST5Y
 - -1.59 bps (WoW)
 - -80.25 bps (YtD, as of Sep 17,'25)
- Yield UST10Y
 - -3.09 bps (WoW)
 - -55.45 bps (YtD, as of Sep 17,'25)
- Yield UST30Y
 - -6.85 bps (WoW)
 - -15.37 bps (YtD, as of Sep 17,'25)

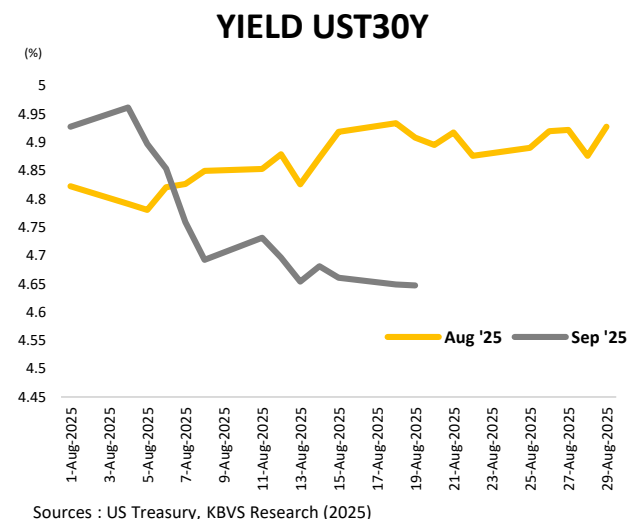
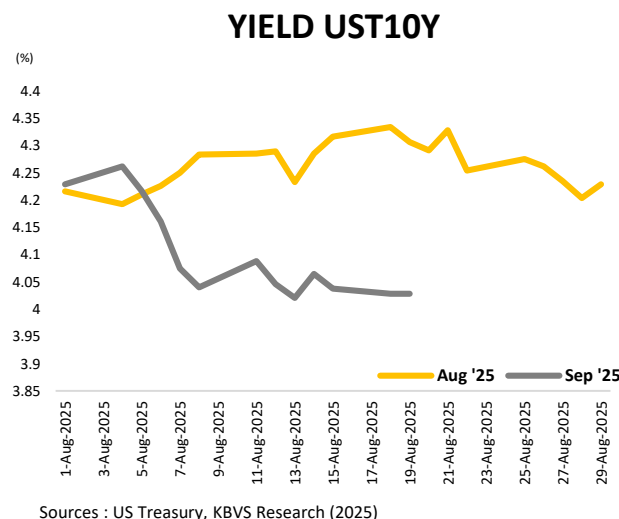
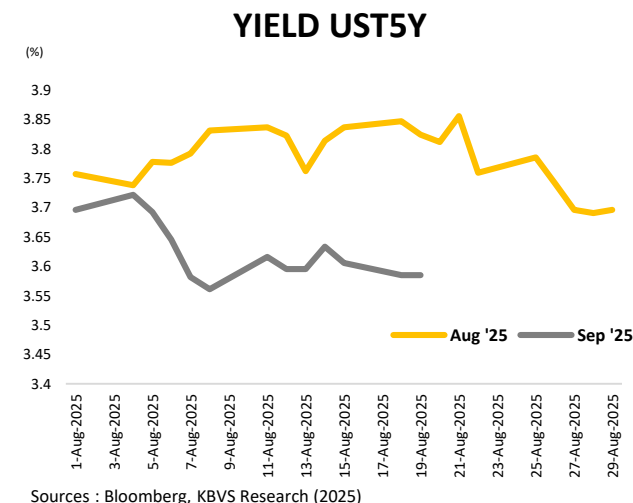
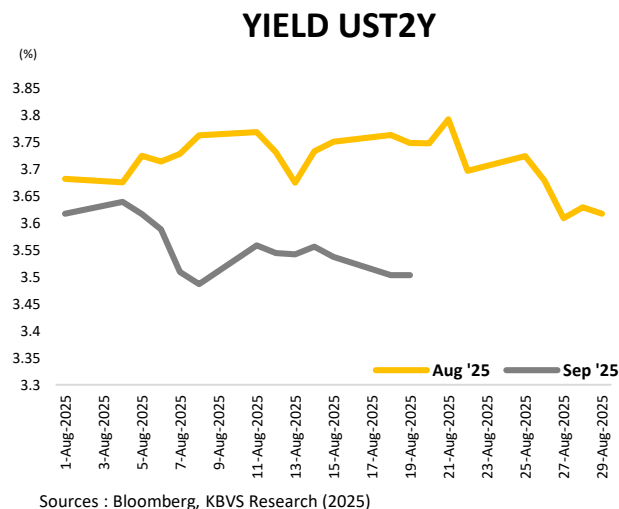




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INDONESIA ECONOMIC DATA

INDICATORS OVERVIEW

Economic Indicators	Unit	Latest Period	Data	
			Latest	Previous
Policy Interest Rate	%	17 Sep '25	4.75	5.00
Economic Growth	%, yoy	2Q25	5.12	4.87
Inflation Rate	%, yoy	Aug '25	2.31	2.37
Unemployment Rate	%	Feb '25	4.76	4.91
S&P Credit Rating	Rating	17 July '24	BBB	BBB

Sources : various sources, KBVS Research (2025)

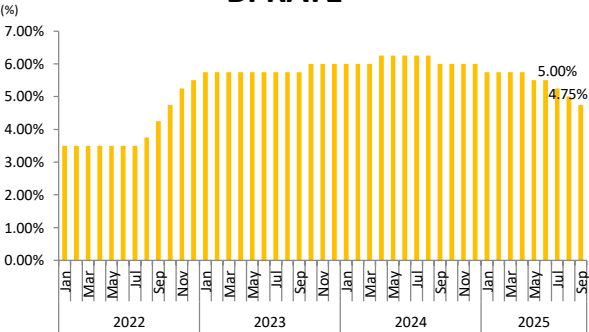
ECONOMIC CALENDAR

(11-17 SEP '25)

Event	Actual	Forecast	Previous
Thursday, 11 Sep '25			
Friday, 12 Sep '25			
Monday, 15 Sep '25			
Tuesday, 16 Sep '25			
Wednesday, 17 Sep '25			
ID Deposit Facility Rate (Sep)	3.75%	4.25%	4.25%
ID Lending Facility Rate (Sep)	5.50%	5.75%	5.75%
ID Loans (YoY) (Aug)	7.56%		7.03%
ID Interest Rate Decision	4.75%	5.00%	5.00%

Sources : Investing, KBVS Research (2025)

BI RATE

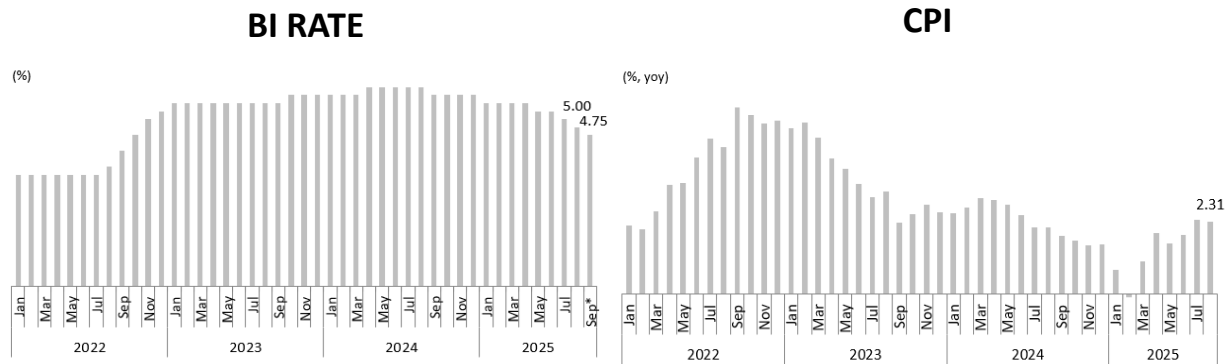


Sources : BI, KBVS Research (2025)

The data release that influenced yield movements in the week of 11-17 Sep '25 are as follows:

- **The rising probability of a Fed rate cut, coupled with accommodative policies from other central banks and a push for economic growth, has prompted BI to once again lower its policy rate by 25 bps.** This move is also expected to accelerate the long-delayed decline in banking interest rates, which has been constrained by the high level of undisbursed loans, currently amounting to IDR 2,372 tn (22.7% of the available credit ceiling). The policy is further supported by a 0.30% appreciation of the Rupiah as of 16 Sep '25 (ptp) compared to Aug '25, alongside expectations of Rupiah stability across markets through the end of 2025 and inflation remaining well-contained within BI's target range through late 2026. **Looking ahead, we see further room for BI to pursue rate cuts, consistent with its pro-growth stance and in line with the employment creation mandate under the revised P2SK Bill.**

BI RATE



Indicators	17-Sep-25		Monthly Changes	Ytd Changes
	Latest	M-1	(in bps)	(in bps)
Policy Rate (in %)				
United States	4.50	4.50	0.0	(100.0)
European Union	2.15	2.15	0.0	(235.0)
United Kingdom	4.00	4.25	(25.0)	(125.0)
Japan	0.50	0.50	0.0	60.0
China	3.00	3.00	0.0	(45.0)
India	5.50	5.50	0.0	(100.0)
Thailand	1.50	1.75	(25.0)	(100.0)
Philippines	5.00	5.25	(25.0)	(150.0)
Indonesia	4.75	5.00	(25.0)	(125.0)
Global Monetary Policy Change (in number of countries)				
Easing	2	0		
Unchanged	8	6		
Tightening	0	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 %)				
INDONIA	4.59	4.97	(38.2)	(141.1)
JIBOR - 1 Month	5.50	6.02	(51.2)	(88.6)
JIBOR - 3 Months	5.88	6.31	(42.5)	(86.5)
JIBOR - 6 Months	6.00	6.41	(41.1)	(87.4)
JIBOR - 12 Months	6.60	6.74	(14.2)	(45.2)

Sources : Various sources, KBVS Research (2025)

- As expected, **Bank Indonesia (BI)** reaffirmed its **accommodative and pro-growth stance** this year by cutting the policy rate by 25 bps to **4.75% (Cons: 5.00%, KBVS: 4.75%, Prev: 5.00%)**. This decision was driven by several factors: a) the rising probability of a Fed rate cut, alongside accommodative policies from other central banks; b) the rigidity of domestic banking rates, both on deposits and lending; c) inflation currently at the lower bound of BI's target range, with expectations remaining stable through end-2026; and d) a stable Rupiah.
- Looking forward, we see further scope for BI to lower rates in line with its pro-growth stance and consistent with the employment creation mandate outlined in the revised **P2SK Bill**. We also expect this to gradually lower domestic funding costs, including banking and multifinance lending rates, alongside a downward adjustment in yields for both government securities and corporate bonds. If these dynamics unfold as expected, we also anticipate that Indonesia's economic growth could strengthen toward the upper end of Bank Indonesia's forecast range, reaching 4.6%–5.4% YoY by the end of 2025.

GOVERNMENT STIMULUS PROGRAM 2025

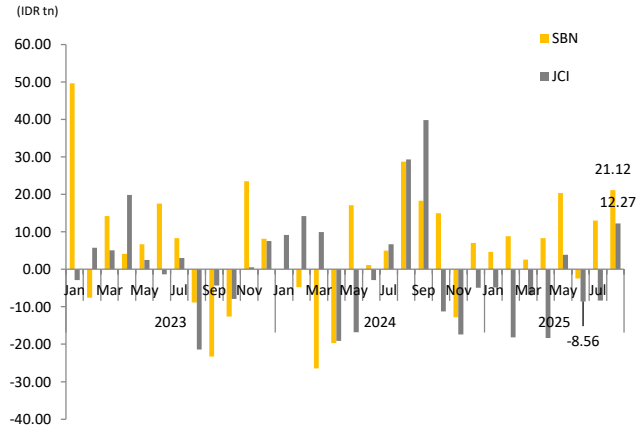
Quarter	Policy/Program	Objective
1Q25	10 kg Rice Food Assistance	To support purchasing power and maintain food stability as a social cushion.
	PPh 21 DTP Tax Incentive	To reduce the tax burden for employees in labor-intensive industries (textiles, footwear, furniture) to support purchasing power.
	Electricity Tariff Discount	To provide relief for low-power household customers to maintain purchasing power.
	Seasonal Transportation Discount	To anticipate and facilitate the surge in public mobility during the Nyepi and Eid al-Fitr holidays.
2Q25	Electricity Discount	To encourage an increase in household consumption as part of the economic acceleration strategy.
	Food and Social Assistance	Thickening of social assistance to maintain the purchasing power of vulnerable families and accelerate consumption.
	Transportation Discounts/Subsidies	To encourage public mobility and spending by leveraging the peak momentum of the school holidays.
	Wage Subsidy Assistance (BSU)	To provide direct cash assistance to workers to support purchasing power and encourage consumption.
3Q25	IDR200 tn Liquidity Injection into Banking	To increase liquidity so that banks can lower credit interest rates, thereby encouraging business expansion and consumption.
	Full implementation of Free Nutritious Meal Program (MBG)	Long-term human capital investment and creating massive, stable demand for local food products to empower the grassroots economy.
	8 + 4 + 5 Economic Policy Package:	
	8 Acceleration Programs: <ul style="list-style-type: none"> • Paid Internship program • 10 kg Rice Food Assistance • Expansion of PPh 21 DTP & BPJS Ketenagakerjaan Premium Discount • Additional Service Benefits (MLT) of BPJS Ketenagakerjaan • Cash-for-Work Programs, Housing, and Regulation. 4 Continued Programs (until 2026): <ul style="list-style-type: none"> • Extension of 0.5% Final Income Tax (MSMEs) • PPh 21 DTP (Tourism & Labor-Intensive Industries) • JKK & JKM • Premium Discounts for non-wage workers (BPU). 5 Programs Focused on Labor Absorption: <ul style="list-style-type: none"> • The Red and White Village Cooperative (KDKMP) program • Replanting of Plantations • Red and White Fishing Village • Revitalization of Coastal Ponds, • Modernization of Fishing Vessels. 	<ul style="list-style-type: none"> - Quick intervention to support purchasing power, create jobs, and reduce operational cost burdens. - To provide business certainty and a signal of policy stability for the business community for medium-term planning. - Structural intervention to modernize and increase productivity in the labor-intensive primary sectors (agriculture & fisheries).

Sources : Various sources, KBVS Research (2025)

- The appointment of Purbaya Yudhi Sadewa as Minister of Finance, succeeding Sri Mulyani, presents a considerable challenge. However, Purbaya has responded effectively by introducing several new policies, particularly the reallocation of the government's budget surplus (SILPA) from Bank Indonesia to state-owned banks, along with the 8+4+5 program. These initiatives have fostered optimism for Indonesia's economy, especially in boosting domestic liquidity.
- We also expect stronger coordination and synergy among the various economic authorities—monetary, fiscal, macroprudential, and microprudential—to safeguard domestic economic stability.
- That said, the current fiscal focus appears to prioritize consumption rather than significantly strengthening the production side. As a result, labor market challenges remain a central issue in stimulating household demand, credit expansion, and lower bank lending rates. This, in turn, limits the broader impact on investment and long-term economic growth.

DEVELOPMENT OF TRADABLE SBN

CAPITAL FLOW IN SBN&JCI



Sources : Bloomberg, KBVS Research (2025)

Between 11-17 September '25, non-residents conducted:

- A net sell of tradeable SBN, amounting IDR1.94 tn.
- A net buy of JCI, amounting IDR0.08 tn.

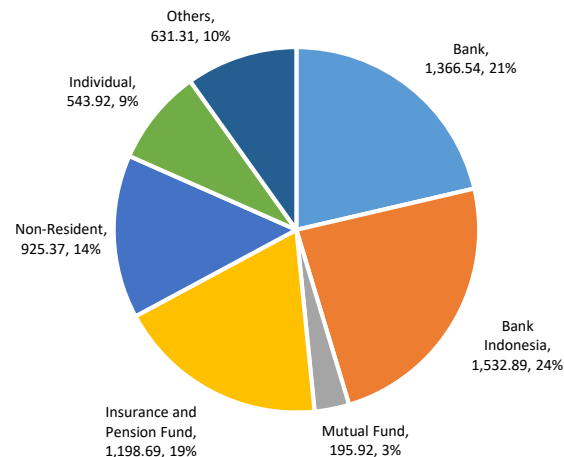
SUN LATEST AUCTION

9 Sep '25									
Instruments	SPN03251210	SPN12260910	FR0109	FR0108	FR0106	FR0107	FR0102	FR0105	Total
Incoming Bids (IDR tn)	0.52	5.16	27.59	24.46	8.95	5.60	3.74	3.54	79.55
Bid to Cover Ratio	-	1.01	18.39	6.99	1.85	1.67	1.12	1.26	3.25
Weighted Average Yields Awarded	-	5.153%	5.829%	6.450%	6.769%	6.900%	6.940%	6.950%	
26 Aug '25									
Instruments	SPN12251127	SPN12260813	FR0109	FR0108	FR0106	FR0107	FR0102	FR0105	Total
Incoming Bids (IDR tn)	0.82	6.81	54.02	28.01	16.24	9.49	6.14	4.49	126.02
Bid to Cover Ratio	1.10	2.72	8.25	4.15	2.35	2.56	4.55	2.99	4.20
Weighted Average Yields Awarded	4.950%	5.000%	5.730%	6.320%	6.675%	6.820%	6.850%	6.890%	

Sources : DJPPR, KBVS Research (2025)

OWNERSHIP of IDR TRADABLE SBN

(IDR tn,
% of total tradable SBN)



Sources : DJPPR, and KBVS Research (2025)

As of 15 September '25, the largest ownership of tradable SBN is as follows:

- Bank Indonesia : IDR1,532.89 tn (-IDR1.66 tn, WoW),
- Banks : IDR1,366.54 tn (+IDR7.41 tn, WoW), and
- Insurance & Pension Funds: IDR1,198.69 tn (+IDR8.02 tn, WoW)

SBSN LATEST AUCTION

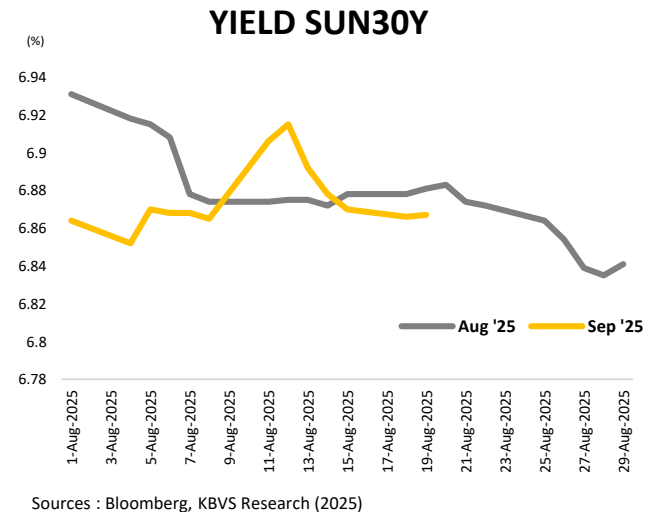
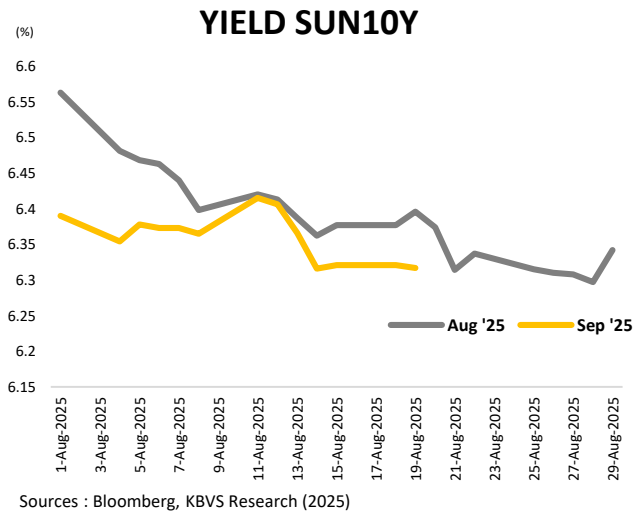
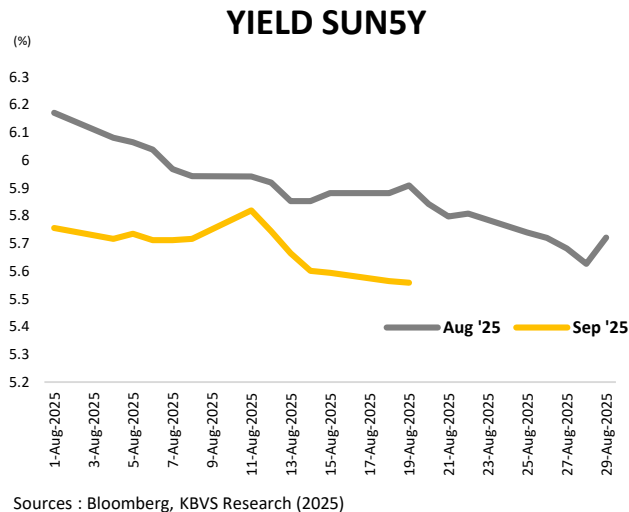
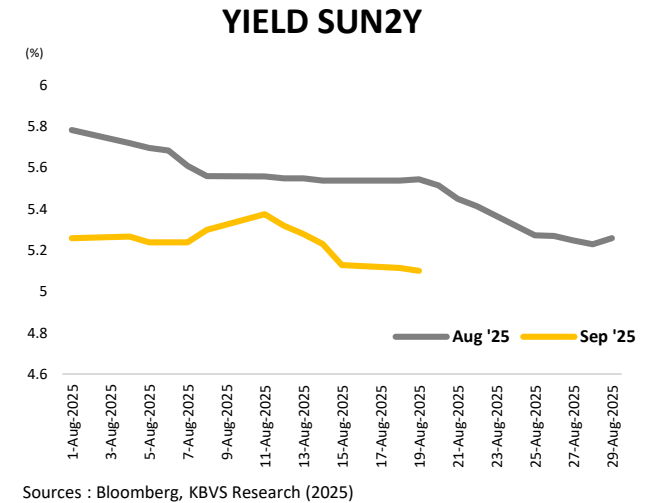
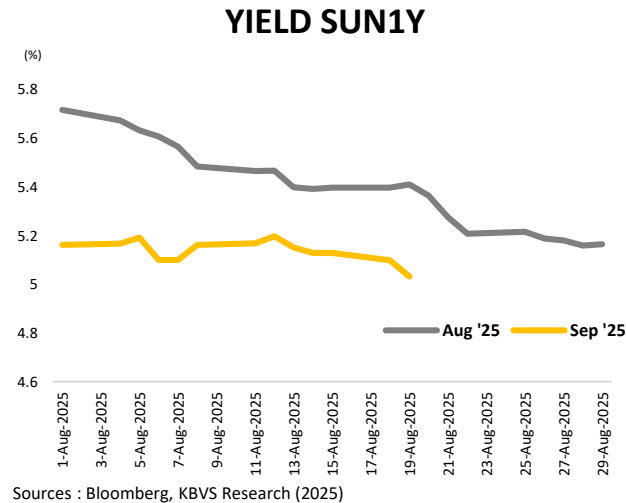
16 Sep '25								
Instruments	SPNS09032026	SPNS01062026	PBS003	PBS030	PBS034	PBS039	PBS038	Total
Incoming Bids (IDR tn)	5.51	10.14	8.63	13.99	6.34	6.38	8.69	59.68
Bid to Cover Ratio	5.51	10.14	43.15	9.32	3.17	2.60	4.70	5.97
Weighted Average Yields Awarded	5.028%	5.027%	5.060%	5.196%	6.550%	6.740%	6.840%	
2 Sep '25								
Instruments	SPNS09032026	SPNS01062026	PBS003	PBS030	PBSG001	PBS034	PBS038	Total
Incoming Bids (IDR tn)	0.52	5.77	4.55	9.56	3.58	9.76	8.17	41.86
Bid to Cover Ratio	-	3.95	8.27	11.24	2.87	4.15	4.15	4.23
Weighted Average Yields Awarded	-	5.099%	5.308%	5.489%	5.799%	6.610%	6.851%	

Sources : DJPPR, KBVS Research (2025)

THE MOVEMENT OF SUN YIELDS

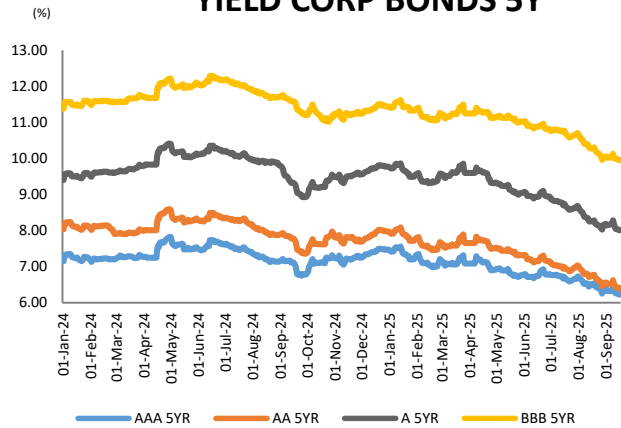
Over the past week, SUN yields moved tends to decrease:

- Yield SUN1Y
 - -21.00 bps (WoW)
 - -170.10 bps (YtD, as of Sep 17, '25)
- Yield SUN2Y
 - -31.90 bps (WoW)
 - -190.50 bps (YtD, as of Sep 17, '25)
- Yield SUN5Y
 - -26.70 bps (WoW)
 - -151.20 bps (YtD, as of Sep 17, '25)
- Yield SUN10Y
 - -13.10 bps (WoW)
 - -69.30 bps (YtD, as of Sep 17, '25)
- Yield SUN30Y
 - -6.10 bps (WoW)
 - -22.10 bps (YtD, as of Sep 17, '25)



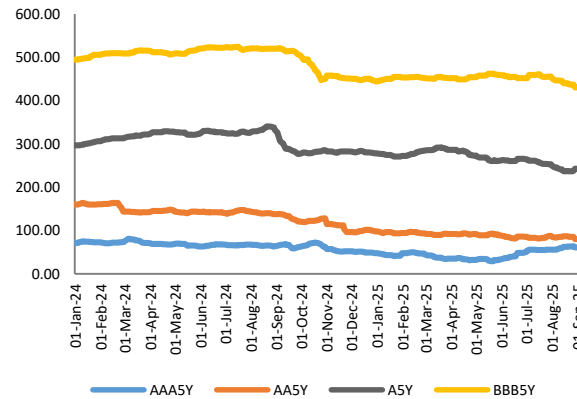
THE MOVEMENT OF CORPORATE BOND YIELD

YIELD CORP BONDS 5Y



Sources : Bloomberg, KBVS Research (2025)

YIELD SPREAD 5Y TENOR

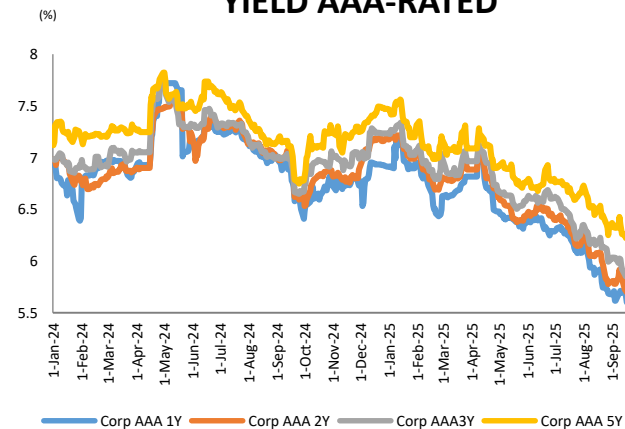


Sources : Bloomberg, KBVS Research (2025)

Corporate bond yields showed a decline movement on most of the tenors last week, as follows:

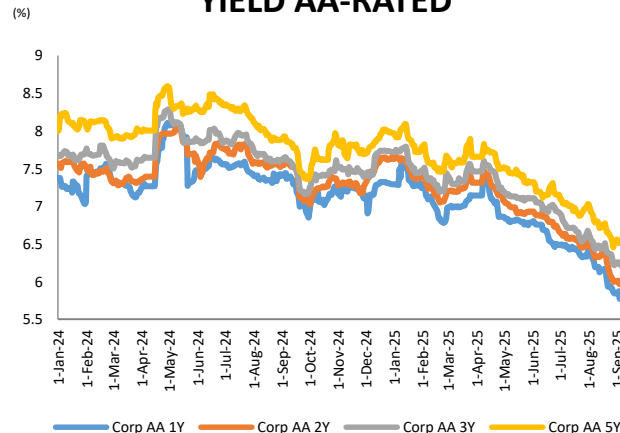
- AAA-rated
 - Tenor 1Y : -15.57 bps (WoW)
 - Tenor 2Y : -27.49 bps (WoW)
 - Tenor 5Y : -21.52 bps (WoW)
- AA-rated
 - Tenor 1Y : -15.81 bps (WoW)
 - Tenor 2Y : -26.11 bps (WoW)
 - Tenor 5Y : -24.13 bps (WoW)
- A-rated
 - Tenor 1Y : -19.97 bps (WoW)
 - Tenor 2Y : -37.42 bps (WoW), and
 - Tenor 5Y : -29.04 bps (WoW)

YIELD AAA-RATED



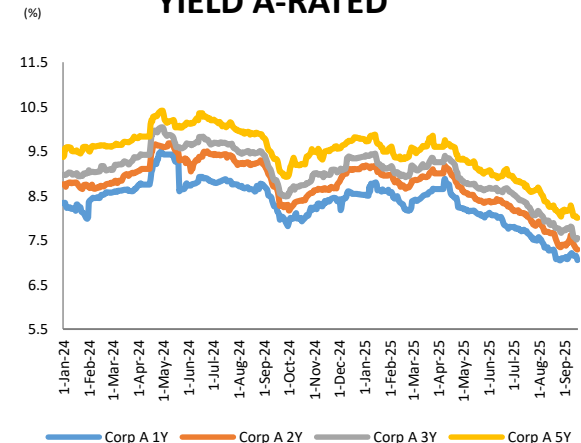
Sources : Bloomberg, KBVS Research (2025)

YIELD AA-RATED



Sources : Bloomberg, KBVS Research (2025)

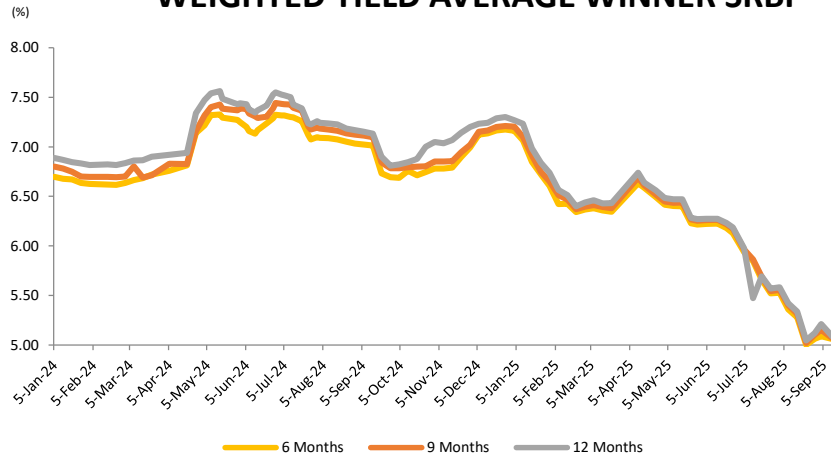
YIELD A-RATED



Sources : Bloomberg, KBVS Research (2025)

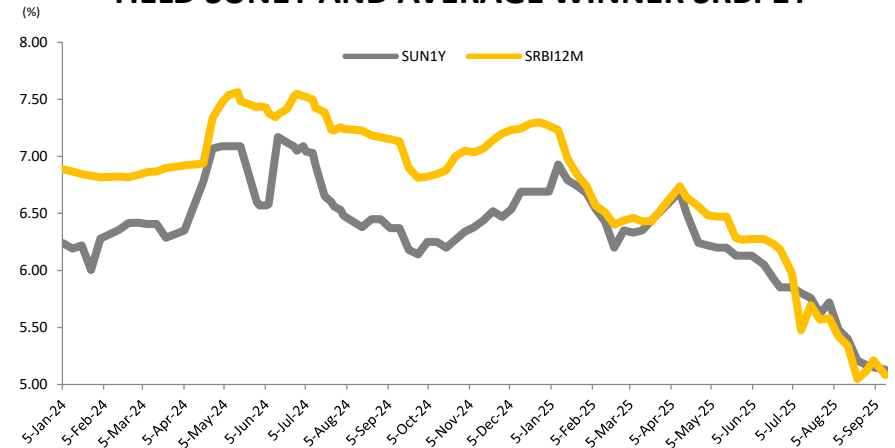
BI'S MONETARY OPERATION

WEIGHTED YIELD AVERAGE WINNER SRBI



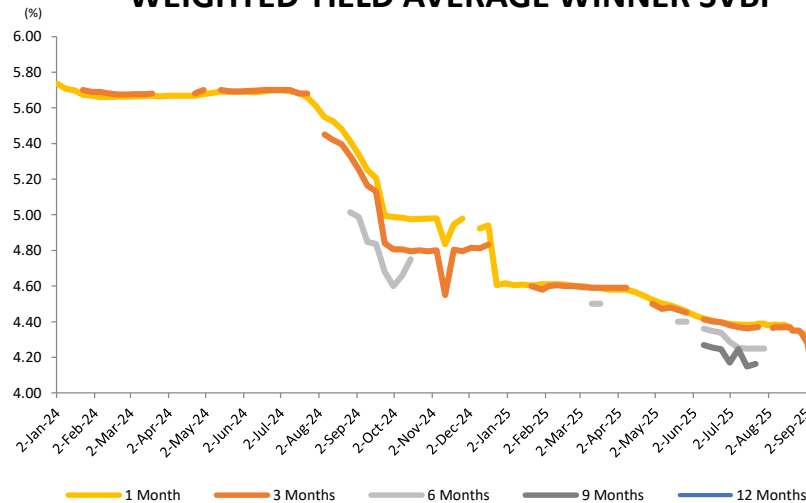
Sources : BI, KBVS Research (2025)

YIELD SUN1Y AND AVERAGE WINNER SRBI 1Y



Sources : BI, KBVS Research (2025)

WEIGHTED YIELD AVERAGE WINNER SVBI



Sources : BI, KBVS Research (2025)

- Yields from the latest SRBI auction continued their downward trajectory across all tenors, with Weighted Average Yield of Winning Bids recorded at:
 - 6 month : 5,05935% (prev: 5,06000%)
 - 9 month : 5,06740% (Prev: 5,10529%)
 - 12 month : 5,08386% (Prev: 5,13038 %)
- Similarly, the weighted average yields for SVBI also trended lower driven by growing market expectations of a potential rate cut by the US Federal Reserve, with the notable case of the 9-month tenor yielding lower than the 1-month and 3-month tenors:
 - 1 month: 4,20353% (Prev: 4,22327%%)
 - 3 month: 4,07232% (Prev: 4,12394 %)
 - 9 month: 3,81000%



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NEXT WEEK ECONOMIC CALENDAR

ECONOMIC CALENDAR

(18-24 SEP 2025)

Country	Event	Forecast	Previous
Thursday, Sep 18, 2025			
GB	BoE MPC Vote Cut (Sep)	1.00	5.00
GB	BoE MPC Vote Hike (Sep)	0.00	0.00
GB	BoE MPC Vote Unchanged (Sep)	8.00	4.00
GB	BoE Interest Rate Decision (Sep)	4.00%	4.00%
GB	BoE MPC Meeting Minutes		
US	Continuing Jobless Claims		1,939K
US	Initial Jobless Claims	245K	263K
US	Philly Fed Manufacturing Index (Sep)	1.40	-0.30
US	Philly Fed Employment (Sep)		5.90
US	Leading Index (MoM) (Aug)	-0.10%	-0.10%
US	10-Year TIPS Auction		1.99%

Country	Event	Forecast	Previous
Friday, Sep 19, 2025			
US	TIC Net Long Term Transactions (Jul)		150.80B
US	Fed's Balance Sheet		6,606B
JP	National Core CPI (YoY) (Aug)	2.70%	3.10%
JP	National CPI (MoM) (Aug)		0.10%
JP	BoJ Monetary Policy Statement		
JP	BoJ Interest Rate Decision	0.50%	0.50%
GB	Core Retail Sales (MoM) (Aug)		0.50%
GB	Core Retail Sales (YoY) (Aug)		1.30%
GB	Retail Sales (MoM) (Aug)	0.40%	0.60%
GB	Retail Sales (YoY) (Aug)	0.50%	1.10%
JP	BoJ Press Conference		
GE	PPI (MoM) (Aug)	-0.10%	-0.10%
EU	ECB Supervisory Board Member Tuominen Speaks		
EU	Eurogroup Meetings		

Country	Event	Forecast	Previous
Monday, Sep 22, 2025			
CN	Loan Prime Rate 5Y (Sep)		3.50%
Tuesday, Sep 23, 2025			
ID	M2 Money Supply (YoY) (Aug)		6.50%
GE	HCOB Manufacturing PMI (Sep)		49.80
GE	HCOB Services PMI (Sep)		49.30
EU	HCOB Manufacturing PMI (Sep)		50.70
EU	HCOB Composite PMI (Sep)		51.00
EU	HCOB Services PMI (Sep)		50.50
GB	S&P Global Composite PMI (Sep)		53.50
GB	S&P Global Manufacturing PMI (Sep)		47.00
GB	S&P Global Services PMI (Sep)		54.20
US	Current Account (Q2)		-450.20B
US	S&P Global Manufacturing PMI (Sep)		53.00
US	S&P Global Composite PMI (Sep)		54.60
US	S&P Global Services PMI (Sep)		54.50
Wednesday, Sep 24, 2025			
JP	Au Jibun Bank Services PMI (Sep)		53.10
GE	Business Expectations (Sep)		91.60
GE	Current Assessment (Sep)		86.40
GE	Ifo Business Climate Index (Sep)		89.00
US	New Home Sales (MoM) (Aug)		-0.60%
US	New Home Sales (Aug)		652K

