KB금융그룹 | 국민의 평생 금융파트너

Pro-Growth, But Fiscal Risks Persist

25 September 2025

Economist / Fikri C Permana

KB Valbury Sekuritas

EXECUTIVE SUMMARY

- The Fed has initiated its easing cycle with a 25-bps rate cut, reflecting signs of a cooling labor market.
- Markets now focus on the October FOMC meeting, where futures suggest another cut.
- Yet, heightened geopolitical risks—including Palestine's recognition at the UN—and the threat of a U.S. government shutdown call for caution, as both may weigh on Treasury yields and the DXY.

- Meanwhile, the IEU-CEPA promises significant gains, eliminating over 98% of tariffs and potentially tripling Indonesia's exports to the EU within five years, while saving EU exporters EUR600 mn annually. The agreement also removes key trade barriers, fostering investment in strategic sectors such as EVs and sustainable industries.
- Domestically, fiscal concerns persist as the widening deficit and 2026 budget assumptions raise stability risks, despite reduced crowding-out pressures from government liquidity injections into banks.
- On the other hand, pro-cyclical stimulus through food aid programs—such as rice and cooking oil—aims to support household purchasing power.

Source : China Daily (2025), link: https://www.chinadailyhk.com/hk/article/318729

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US ECONOMIC DATA

US ECONOMIC INDICATORS	Unit	Latest Period	Data	
			Latest	Previous
Fed Rate	%	Sep '25	4.25	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 18-24 Sep '25 are as follows:

- The number of people claiming unemployment benefits on the period ending September 12th, '25 in the US decreased by 33K to 231K (Cons: 241K, Prev: 264K).
- Fed Interest Rate Decision decreased to 4.25% (Cons: 4.25%, Prev: 4.50%).
- Philly Fed Manufacturing Index in Sep '25 increased to 23.20 (Cons: 1.70, Prev: -0.30).
- S&P Global Manufacturing PMI in Sep '25 decreased to 52.00 (Cons: 52.20, Prev: 53.00).
- S&P Global Services PMI in Sep '25 decreased to 53.90 (Cons: 54.00, Prev: 54.50).

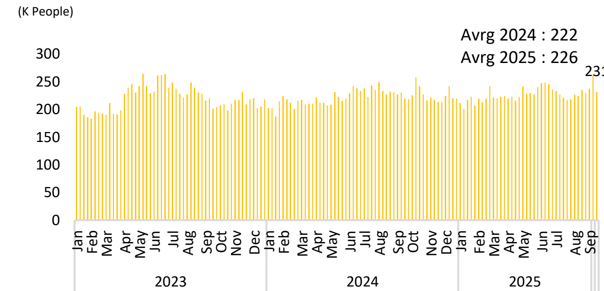
ECONOMIC CALENDAR

(18-24 SEP '25)

Event	Actual	Forecast	Previous
Thursday, 18 Sep '25			
US Interest Rate Projection - 1st Year (Q3)	3.40%		3.60%
US Interest Rate Projection - 2nd Year (Q3)	3.10%		3.40%
US Interest Rate Projection - 3rd Year (Q3)	3.10%		3.10%
US Interest Rate Projection - Current (Q3)	3.60%		3.90%
US Interest Rate Projection - Longer (Q3)	3.00%		3.00%
US FOMC Economic Projections			
US FOMC Statement			
US FOMC Press Conference			
US Fed Interest Rate Decision	4.25%	4.25%	4.50%
US Continuing Jobless Claims	1.920K	1,950K	1,927K
US Initial Jobless Claims	231K	241K	264K
US Philly Fed Manufacturing Index (Sep)	23.20	1.40	-0.30
US Philly Fed Employment (Sep)	5.60		5.90
US Leading Index (MoM) (Aug)	-0.50%	-0.20%	0.10%
Friday, 19 Sep '25			
US 10-Year TIPS Auction	1.73%		1.99%
US TIC Net Long Term Transactions (Jul)	49.20B		151.00B
US Fed's Balance Sheet	6,609B		6,606B
Monday, 22 Sep '25			
US FOMC Member Williams Speaks			
Tuesday, 23 Sep '25			
US Current Account (Q2)	-251.30B	-259.00B	-439.80B
US FOMC Member Bowman Speaks			
US S&P Global Manufacturing PMI (Sep)	52.00	52.20	53.00
US S&P Global Compoite PMI (Sep)	53.60	54.60	54.60
US S&P Global Services PMI (Sep)	53.90	54.00	54.50
US FOMC Member Bostic Speaks			
US Fed Chair Powell Speaks			
Wednesday, 24 Sep '25			
US 2-Year Note Auction	3.56%		3.64%
US API Weekly Crude Oil Stock	-3.821M		-3.420M
US Building Permits (Aug)		1.312M	1.362M
US New Home Sales (MoM) (Aug)			-0.60%
US New Home Sales (Aug)		650K	652K
US Crude Oil Inventories			-9.285M
US Cushing Crude Oil Inventories			-0.296M

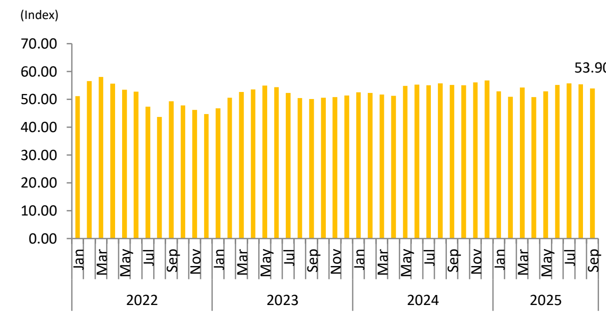
Sources : investing, KBVS Research (2025)

WEEKLY INITIAL JOBLESS CLAIMS



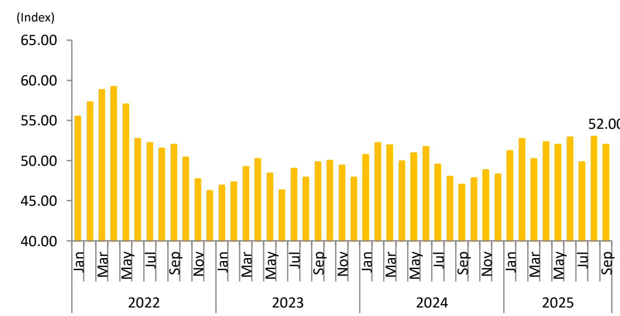
Sources : US DoL, KBVS Research (2025)

S&P GLOBAL SERVICES PMI



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

S&P GLOBAL MANUFACTURING PMI



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

RECOGNITION OF PALESTINIAN SOVEREIGNTY IN UNGA

Which are the 150+ countries that have recognised Palestine as of 2025?

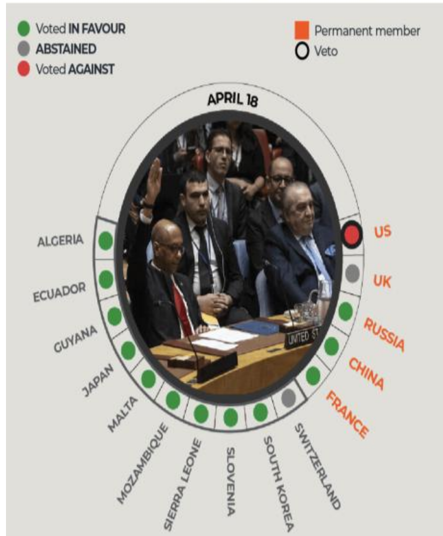
The State of Palestine is recognised as a sovereign nation by 157 UN member states, representing 81 percent of members.

Head of the Palestine Mission to the UK, Husam Zomlot, reacts as he holds a plaque with the words 'Embassy of the State of Palestine', during a flag-raising ceremony outside the Mission in west London on September 22, 2025 (AFP)

UNITED NATIONS

US blocks Palestinian full UN membership

On April 18, 2024, the United States vetoed a widely supported resolution at the United Nations Security Council for Palestine to gain full membership at the UN.



Source : AJazeera (2025), link : https://www.aljazeera.com/news/2025/9/23/which-are-the-150-countries-that-have-recognised-palestine-as-of-2025

UK recognises Palestinian statehood 108 years after Balfour Declaration

The decision, announced alongside recognition by Canada and Australia, comes as Israel continues its deadly destruction in Gaza.

US President Donald Trump expressed his disagreement with recognition during a state visit to the UK last week and a meeting with Britain's Prime Minister Keir Starmer [File: Andrew Caballero-Reynolds/AFP]

Source : Aljazeera (2025), link : https://www.aljazeera.com/news/2025/9/21/uk-pm-starmer-to-recognise-palestinian-statehood-before-unga-meeting

At the UN, Trump condemns moves to recognise Palestinian state

By Michelle Nichols, Gram Slattery and Dawoud Abu Alkas

September 24, 2025 4:44 AM GMT+7 · Updated September 24, 2025

Source : Reuters (2025), link : https://www.reuters.com/world/asia-pacific/recognition-palestinian-state-offers-no-relief-traumatised-gazans-2025-09-23/

- France, Luxembourg, Malta, Monaco, Andorra, and Belgium have formally recognized a Palestinian state at the 80th UN General Assembly, joining Canada, Australia, Portugal, and the UK, which announced its recognition on Sunday, amid Israel's West Bank settlement expansion and intensified attacks in Gaza.
- The UK's move comes over a century after the Balfour Declaration and 77 years after Israel's founding.
- At the UN, Trump openly criticized countries recognizing Palestine, questioning the UN's role and urging world powers to focus on freeing hostages held by Hamas in Gaza..

SHUTDOWN RISK RISES AS TRUMP CANCELS MEETING

Trump scraps meeting with Democrats, raising government shutdown risk

By Richard Cowan and Nolan D. McCaskill

September 24, 2025 1:54 PM GMT+7 · Updated 12 hours ago

Aa

A view of the dome of the U.S. Capitol building in Washington, D.C., U.S., September 19, 2025. REUTERS/Kent Nishimura/File Photo
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Source : Reuters (2025), link : https://www.reuters.com/world/us/trump-scraps-meeting-with-democrats-funding-us-shutdown-looms-2025-09-23/

- President Donald Trump announced on social media Tuesday that he canceled a planned meeting with Democratic congressional leaders, citing what he described as "unserious and ridiculous demands" from the Minority Radical Left Democrats. The meeting, initially reported by POLITICO to include Senate Minority Leader Chuck Schumer and House Minority Leader Hakeem Jeffries, was expected to discuss measures to prevent a looming government shutdown.
- The abrupt cancellation drew sharp criticism from Democratic leaders, who publicly attributed responsibility for a potential October 1 shutdown to the president.
- The heightened risk of a government shutdown typically increases market uncertainty, prompting investors to seek safe-haven assets like U.S. Treasuries. This could temporarily push Treasury prices higher and yields lower, especially in short- to medium-term maturities, as market participants price in potential fiscal and political disruption.

Shutdown Crisis Tests Trump's Go-It-Alone Approach to Democrats

The president has spent his first months in office freezing out Democrats, who have in turn opposed him routinely. Now they need each other to keep the government open.

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With a Republican trifecta, President Trump has adopted a go-it-alone approach at the dawn of his second term, freezing out Democrats. Eric Lee for The New York Times

Source : nytimes (2025), link : https://www.nytimes.com/2025/09/24/us/politics/trump-democrats-government-shutdown.html

FED PROBABILITIES

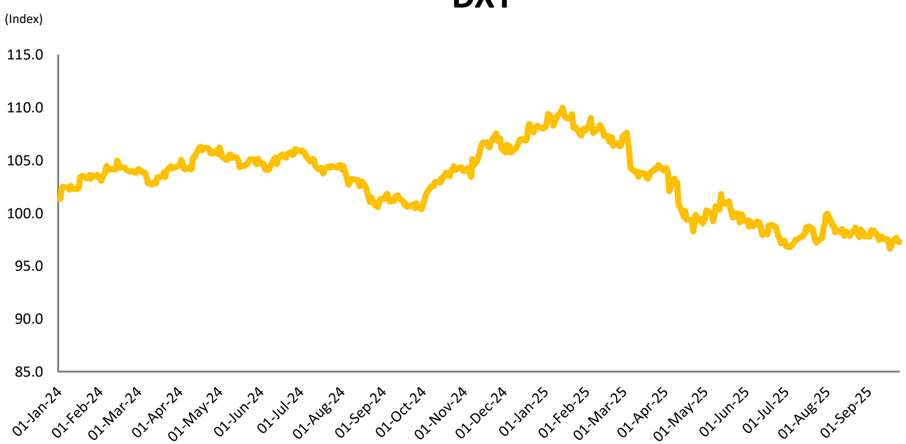
FED PROBABILITIES, as of 24 Sep '25

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%	91.9%	8.1%
10-Dec-25	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	77.0%	21.7%	1.3%
28-Jan-26	0.0%	0.0%	0.0%	0.0%	0.0%	34.1%	52.5%	12.7%	0.7%
18-Mar-26	0.0%	0.0%	0.0%	0.0%	16.1%	42.8%	33.7%	7.1%	0.4%
29-Apr-26	0.0%	0.0%	0.0%	4.2%	23.0%	40.4%	26.8%	5.3%	0.3%
17-Jun-26	0.0%	0.0%	2.5%	15.3%	33.3%	32.4%	14.1%	2.4%	0.1%
29-Jul-26	0.0%	0.7%	6.3%	20.7%	33.0%	26.9%	10.6%	1.7%	0.1%
16-Sep-26	0.3%	2.7%	11.4%	25.1%	30.8%	21.1%	7.4%	1.1%	0.1%

Sources : CME Group, and KBVS Research (2025)

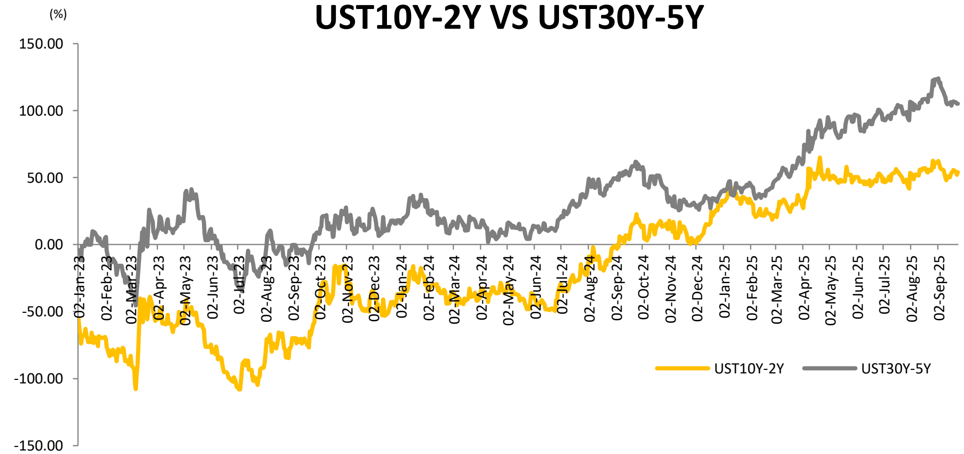
- The Fed has begun its monetary easing cycle with a 25-bps rate cut, prompted by clear signs of a cooling labor market.
- Market attention now turns to the FOMC's October meeting, where Fed funds futures imply a likely additional cut.
- However, elevated geopolitical risks—particularly regarding Palestine's recognition at the UN—and concerns over a potential U.S. government shutdown warrant caution, as both factors could influence U.S. government bond yields and the DXY.

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

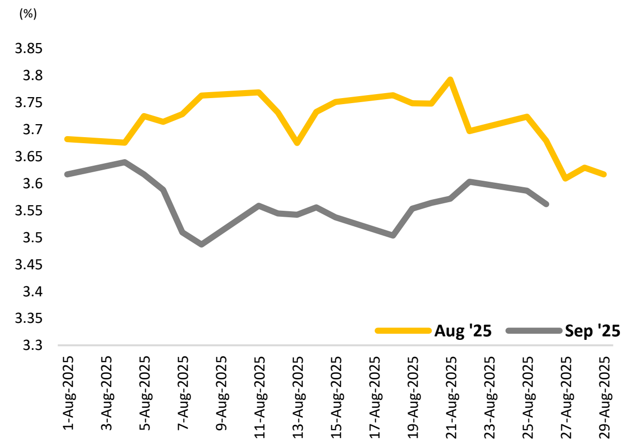
US FISCAL INDICATORS	Unit	Latest Period	Data	
			Latest	Previous
Govt Debt	USD Tn	Nov' 24	36.08	35.95
Govt Debt to GDP	%	4Q24	124.35	122.3
Govt Budget	USD Bn	Nov '24	-367.30	-257.00
S&P Credit Rating	Rating	27-Mar-24	AA+	AA+

Sources : US Treasury, KBVS Research (2025)

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

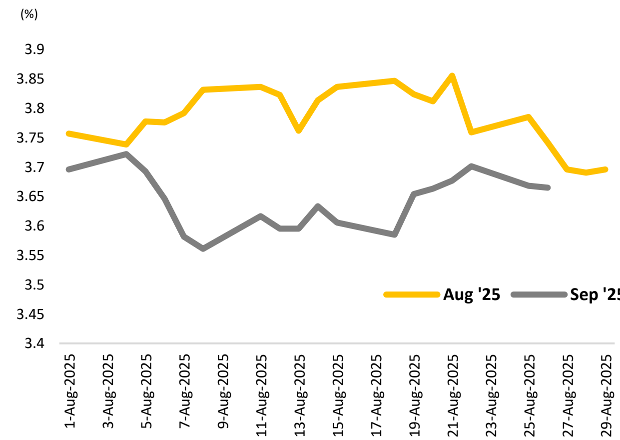
- Yield UST6M
  - -0.05 bps (WoW)
  - -45.37 bps (YtD, as of Sep 24,'25)
- Yield UST1Y
  - -1.25 bps (WoW)
  - -55.90 bps (YtD, as of Sep 24,'25)
- Yield UST2Y
  - +1.02 bps (WoW)
  - -67.83 bps (YtD, as of Sep 24,'25)
- Yield UST5Y
  - +1.40 bps (WoW)
  - -71.38 bps (YtD, as of Sep 24,'25)
- Yield UST10Y
  - +1.70 bps (WoW)
  - -46.48 bps (YtD, as of Sep 24,'25)
- Yield UST30Y
  - +2.82 bps (WoW)
  - -6.29 bps (YtD, as of Sep 24,'25)

YIELD UST2Y



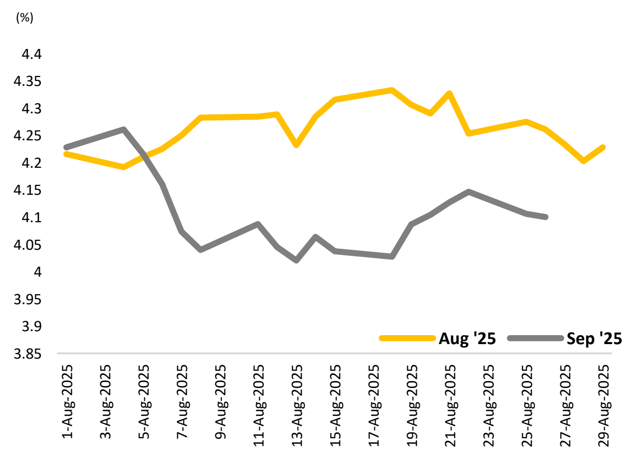
Sources : Bloomberg, KBVS Research (2025)

YIELD UST5Y



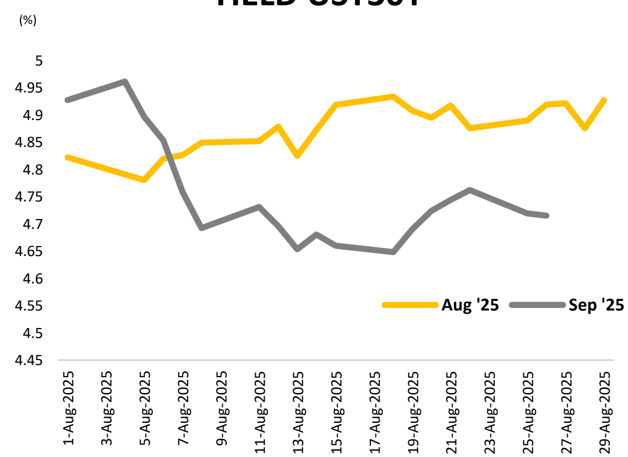
Sources : Bloomberg, KBVS Research (2025)

YIELD UST10Y



Sources : US Treasury, KBVS Research (2025)

YIELD UST30Y



Sources : US Treasury, KBVS Research (2025)

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INDONESIA ECONOMIC DATA

INDICATORS OVERVIEW

Economic Indicators	Unit	Latest Period	Data	
			Latest	Previous
Policy Interest Rate	%	18 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)

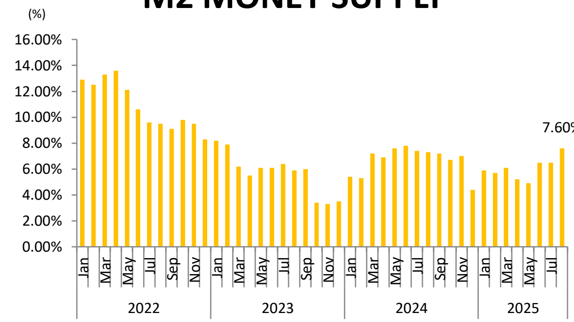
ECONOMIC CALENDAR

(18-24 SEP '25)

Event	Actual	Forecast	Previous
Thursday, 18 Sep '25			
Friday, 19 Sep '25			
Monday, 22 Sep '25			
Tuesday, 23 Sep '25			
ID M2 Money Supply (YoY) (Aug)	7.60%		6.60%
Wednesday, 24 Sep '25			

Sources : Investing, KBVS Research (2025)

M2 MONEY SUPPLY



Sources : BI, KBVS Research (2025)

The data release that influenced yield movements in the week of 18-24 Sep '25 are as follows:

- Indonesia's money supply (M2) expanded in Aug '25 by 7.6% YoY (Prev: 6.6% YoY), reaching IDR9,657.1 tn. Growth was driven by a sharp increase in narrow money (M1) at 10.5% YoY and quasi money at 5.6% YoY. Net foreign assets rose 10.7% YoY (Prev: 7.3%) to IDR2,024.9 tn, while credit disbursement grew 7.0% YoY (Prev: 6.7%). Net claims on the central government also increased by 5.0% YoY after contracting in the prior period.
- The government and parliament (DPR) agreed for the 2026 state budget (APBN) macro's assumptions.

RECENT FISCAL UPDATES

Sah! DPR RI Sepakati UU APBN 2026 Rp 3.842,7 T

Arrijal Rachman, CNBC Indonesia
23 September 2025 11:12

Foto: Ketua Badan Anggaran DPR RI, MH Said Abdullah Dalam Rapat Paripurna DPR RI, ke-5 Masa Persidangan 1 Tahun Sidang 2025-2026 di Gedung DPR/MPR RI, Senayan, Jakarta, Selasa (23/9/2025). (CNBC Indonesia/Muhammad Sabki)

Source : cnbc (2025), link : https://www.cnbcindonesia.com/news/20250923110854-4-669348/sah-dpr-ri-sepakati-uu-apbn-2026-rp-38427-t

Stimulus Ekonomi Ditambah Bansos Minyak Goreng dan PPN Ditanggung Pemerintah

Menteri Koordinator Perekonomian Airlangga Hartarto mengumumkan tambahan paket stimulus ekonomi 8+4+5. Di antaranya bantuan pangan minyak goreng.

22 September 2025 | 17.14 WIB

Menteri Koordinator Bidang Perekonomian Airlangga Hartarto (tengah) memberikan keterangan pers mengenai finalisasi paket stimulus ekonomi usai rapat koordinasi dengan beberapa kementerian dan lembaga di kantor Kemenko Perekonomian, Jakarta, 22 September 2025. Tempo/Anastasya Lavenia

Source : Tempo (2025), link : https://www.tempo.co/ekonomi/-stimulus-ekonomi-ditambah-bansos-minyak-goreng-dan-ppn-ditanggung-pemerintah-2072229

- The government and parliament have agreed on the 2026 state budget (APBN) macro assumptions:
  - GDP growth: 5.4%
  - Inflation: 2.5%
  - Rupiah: Rp16,500 per USD
  - 10-year bond yield: 6.9%
  - Fiscal deficit: Rp689.1 tn (2.68% of GDP)
- Additional fiscal stimulus includes food aid of 10 kg rice and 2 liters of Minyakita cooking oil for two months, targeting 18.3 mn beneficiary households.
- As of Aug '25, the APBN's realization posted:
  - Deficit of Rp321.6 tn (1.35% of GDP) versus 0.69% in Aug '24.
  - Gov't revenue reached Rp1,638.7 tn (-7.8% YoY), while
  - Expenditure stood at Rp1,960.3 tn (+1.5% YoY).

APBN Realization as of August 2025

Realisasi APBN (Triliun Rupiah)	2024			2025			2024-2025
	APBN	Realisasi s.d. 31 Agt	% thd APBN	APBN	Realisasi s.d. 31 Agt	% thd APBN	% YoY
Pendapatan Negara	**2802,5**	**1777,3**	**63,4%**	**2865,5**	**1638,7**	**57,2%**	**-7,8%**
Penerimaan Perpajakan	2218,4	1379,8	62,2%	2387,3	1330,3	55,7%	-3,6%
Penerimaan Pajak	1921,9	1196,5	62,3%	2076,9	1135,4	54,7%	-5,1%
Kepabeanan & Cukai	296,5	183,2	61,8%	310,4	194,9	62,8%	6,4%
PNBP	**549,1**	**384,1**	**70,0%**	**477,2**	**306,8**	**64,3%**	**-20,1%**
Belanja Negara	**3343,5**	**1930,7**	**57,7%**	**3527,5**	**1960,3**	**55,6%**	**1,5%**
Belanja Pemerintah Pusat	**2485,9**	**1368,6**	**55,1%**	**2663,4**	**1388,8**	**52,1%**	**1,5%**
Belanja K/L	1090,8	703,3	64,5%	1275,6	686	53,8%	-2,5%
Belanja non-K/L	1395,1	665,2	47,7%	1387,8	702,8	50,6%	5,7%
Transfer Ke Daerah	**857,6**	**562,1**	**65,5%**	**864,1**	**571,5**	**66,1%**	**1,7%**
Keseimbangan Primer	**-43,7**	**162,1**	**-371%**	**-109,9**	**22**	**-20%**	**-86,4%**
Surplus/Defisit	**-541**	**-153,4**	**28,4%**	**-662**	**-321,6**	**48,6%**	**109,6%**
% terhadap PDB	-2,37%	-0,69%		-2,78%	-1,35%		
Pembiayaan Anggaran	**541**	**295,0**	**54,5%**	**662**	**425,7**	**64,3%**	**44,3%**

Source : stockbit (2025), link : https://snips.stockbit.com/snips-terbaru/-realisasi-apbn-8m25-penerimaan-pajak-masih-lemah-belanja-terakselerasi

A GAME CHANGER FOR INDONESIA-EU TRADE RELATIONS

KEMENTERIAN KOORDINATOR BIDANG PEREKONOMIAN
REPUBLIK INDONESIA

SIARAN PERS
HM.02.04/325/SET.M.EKON.3/09/2025

Kesepakatan Penyelesaian IEU-CEPA Sebagai Game Changer untuk Pertumbuhan Ekonomi

Kabupaten Badung, 23 September 2025

Kemitraan ekonomi antara Indonesia dan Uni Eropa semakin menunjukkan perkembangan yang signifikan. Di tengah dinamika global yang penuh tantangan, kedua pihak menegaskan komitmen untuk menjaga sistem perdagangan yang terbuka, transparan, dan berbasis aturan. Kolaborasi erat ini diyakini akan menjadi motor penting bagi pertumbuhan, resiliensi, dan kesejahteraan bersama.

Dalam upaya diseminsasi publik mengenai manfaat dan pemanfaatan Indonesia–European Union Comprehensive Economic Partnership Agreement (IEU CEPA) bagi masyarakat, khususnya kalangan dunia usaha, Pemerintah Indonesia bersama Uni Eropa menyelenggarakan Indonesia–European Union Business Outlook usai penyelenggaraan Penandatanganan dan Pengumuman Bersama tentang Kesepakatan Substansial IEU-CEPA antara Menteri Koordinator Bidang Perekonomian Airlangga Hartarto dengan Keamanan Ekonomi Komisi Eropa Maroš Šefčovič di Bali, Selasa (23/09). Forum tersebut dihadiri oleh para pejabat tinggi, perwakilan diplomatik, asosiasi bisnis, serta pelaku usaha dari kedua belah pihak.

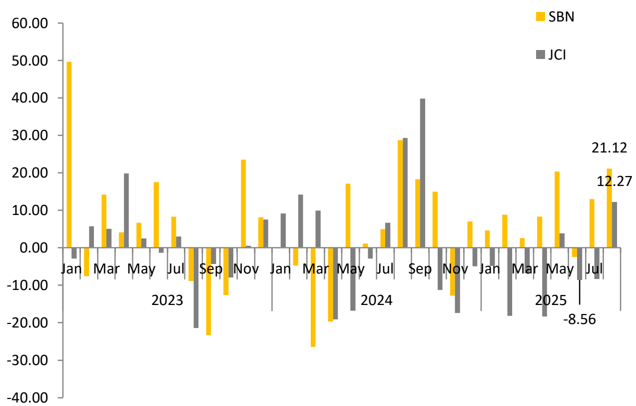
Sources : ekon.go.id (2025), link:https://www.ekon.go.id/publikasi/detail/6572/kesepakatan-penyelesaian-ieu-cepa-sebagai-game-changer-untuk-pertumbuhan-ekonomi

- After a nine-year journey, Indonesia and the European Union have officially finalized the Indonesia-European Union Comprehensive Economic Partnership Agreement (IEU-CEPA). The landmark deal is considered a "game changer" for future economic growth, driven by several key factors:
  - a) the elimination of over 98% of tariffs on goods;
  - b) a significant projected increase for Indonesian exports to the EU, potentially 2.5 times higher within five years;
  - c) the removal of trade barriers to open new investment channels for strategic sectors such as electric vehicles, and
  - d) annual savings of over EUR600 mn in customs duties for EU exporters.

- Looking forward, the implementation of IEU-CEPA is anticipated to significantly boost Indonesia’s economic welfare and is projected to create up to 5 million new jobs in the first five years. The comprehensive agreement, which also includes a focus on strengthening the digital economy, is targeted to become effective by 1 Jan 2027, following the ratification process by both parties.

DEVELOPMENT OF TRADABLE SBN

CAPITAL FLOW IN SBN&JCI



Sources : Bloomberg, KBVS Research (2025)

Between 18-24 September '25, non-residents conducted:

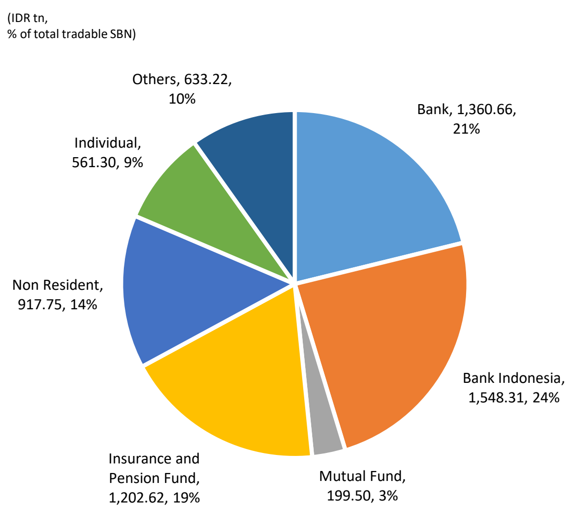
- A net sell of tradeable SBN, amounting IDR17.11 tn.
- A net buy of JCI, amounting IDR14.10 tn.

SUN LATEST AUCTION

23 Sep '25									
Instruments	SPN03251224	SPN12260910	FR0109	FR0108	FR0106	FR0107	FR0102	FR0105	Total
Incoming Bids (IDR tn)	5.58	9.47	24.42	21.62	15.21	10.11	6.29	5.77	98.47
Bid to Cover Ratio	2.79	1.35	4.61	4.60	2.92	2.08	2.67	3.61	2.98
Weighted Average Yields Awarded	4.750%	4.800%	5.347%	6.280%	6.750%	6.860%	6.890%	6.899%	
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%	

Sources : DJPPR, KBVS Research (2025)

OWNERSHIP of IDR TRADABLE SBN



Sources : DJPPR, and KBVS Research (2025)

As of 22 September '25, the largest ownership of tradable SBN is as follows:

- Bank Indonesia : IDR1,548.31 tn (+IDR22.81 tn, WoW),
- Banks : IDR1,360.66 tn (-IDR12.64 tn, WoW), and
- Insurance & Pension Funds: IDR1,202.62 tn (+IDR3.33 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%	

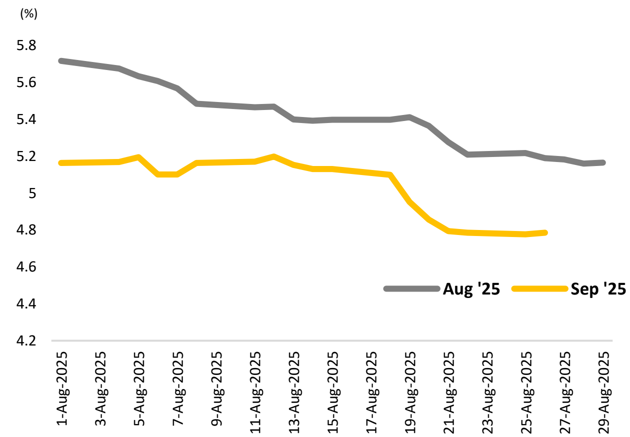
Sources : DJPPR, KBVS Research (2025)

THE MOVEMENT OF SUN YIELDS

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

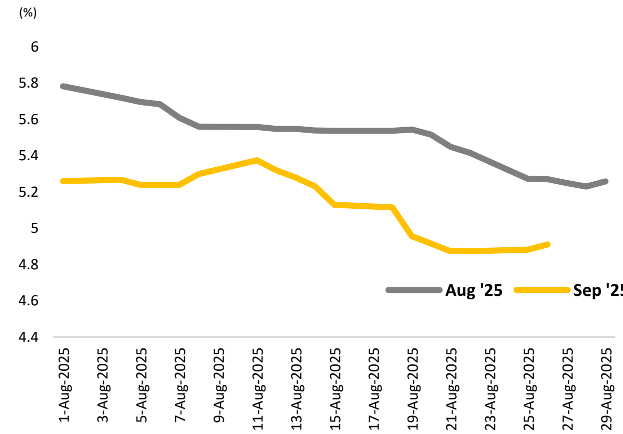
- Yield SUN1Y
    - -13.20 bps (WoW)
    - -186.90 bps (YtD, as of Sep 24,‘25)
- Yield SUN2Y
    - -2.10 bps (WoW)
    - -197.00 bps (YtD, as of Sep 24,‘25)
- Yield SUN5Y
    - +6.30 bps (WoW)
    - -149.90 bps (YtD, as of Sep 24,‘25)
- Yield SUN10Y
    - +9.90 bps (WoW)
    - -60.30 bps (YtD, as of Sep 24,‘25)
- Yield SUN30Y
    - +1.70 bps (WoW)
    - -21.00 bps (YtD, as of Sep 24,‘25)

YIELD SUN1Y



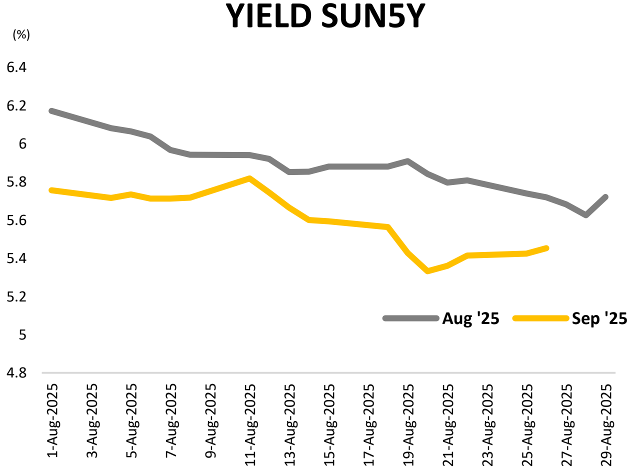
Sources : Bloomberg, KBVS Research (2025)

YIELD SUN2Y



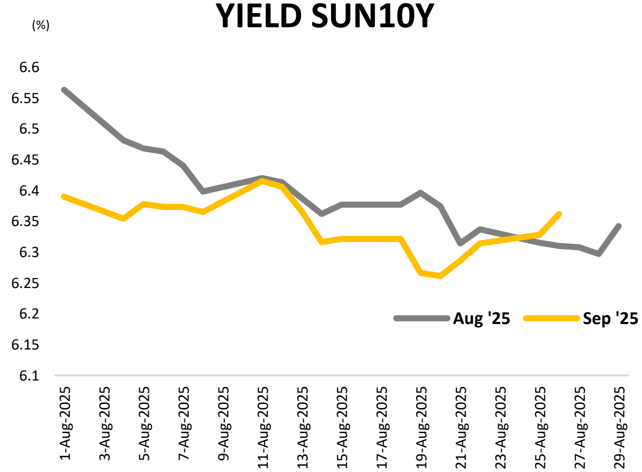
Sources : Bloomberg, KBVS Research (2025)

YIELD SUN5Y



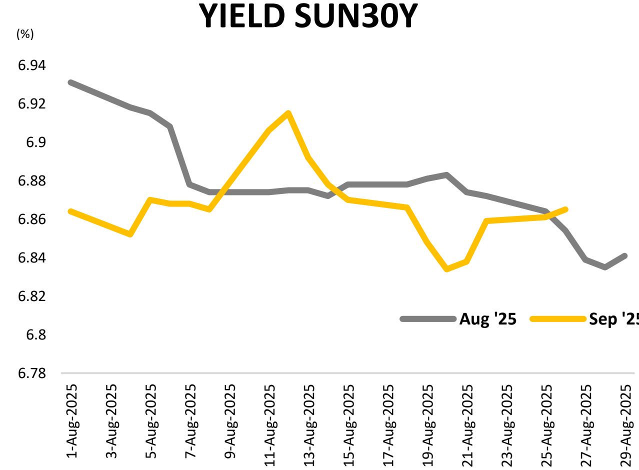
Sources : Bloomberg, KBVS Research (2025)

YIELD SUN10Y



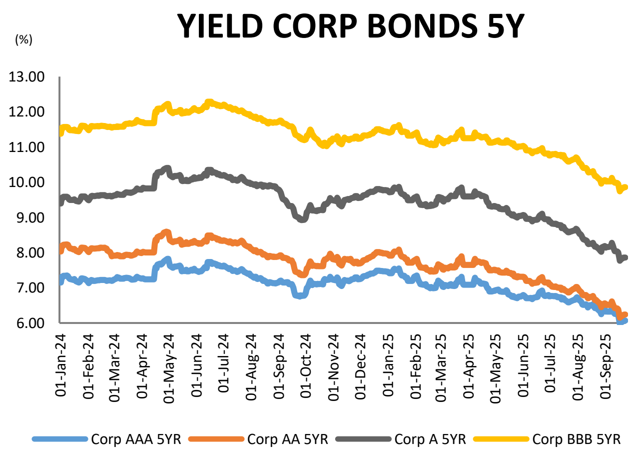
Sources : Bloomberg, KBVS Research (2025)

YIELD SUN30Y

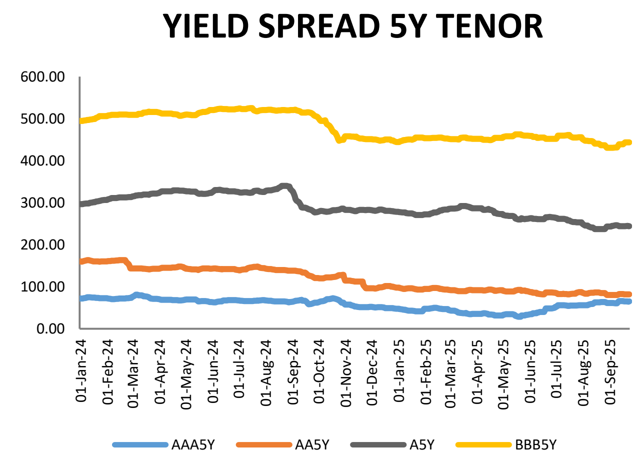


Sources : Bloomberg, KBVS Research (2025)

THE MOVEMENT OF CORPORATE BOND YIELD



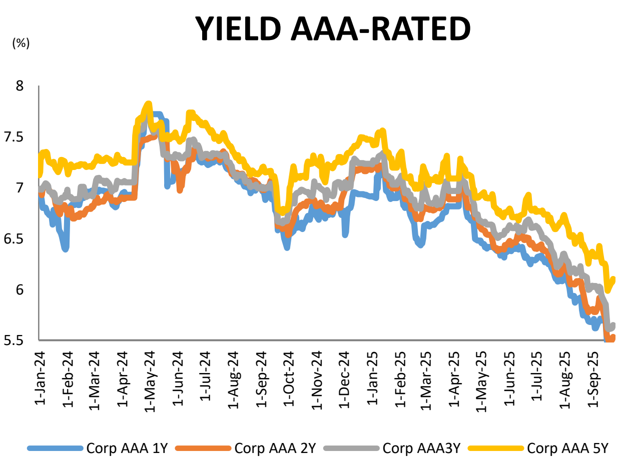
Sources : Bloomberg, KBVS Research (2025)



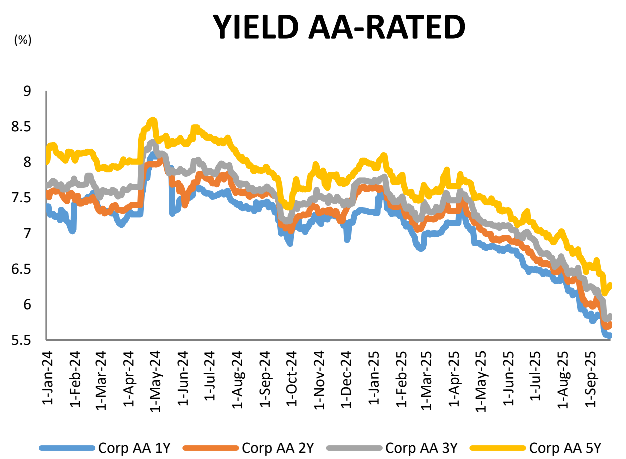
Sources : Bloomberg, KBVS Research (2025)

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

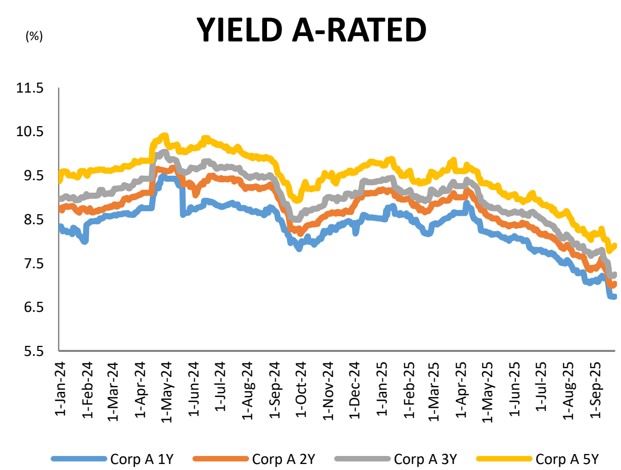
- AAA-rated
  - Tenor 1Y : -10.61 bps (WoW)
  - Tenor 2Y : +0.51 bps (WoW)
  - Tenor 5Y : +0.54 bps (WoW)
- AA-rated
  - Tenor 1Y : -6.49 bps (WoW)
  - Tenor 2Y : +1.47 bps (WoW)
  - Tenor 5Y : +5.38 bps (WoW)
- A-rated
  - Tenor 1Y : -20.17 bps (WoW)
  - Tenor 2Y : -9.21 bps (WoW), and
  - Tenor 5Y : +6.33 bps (WoW)



Sources : Bloomberg, KBVS Research (2025)



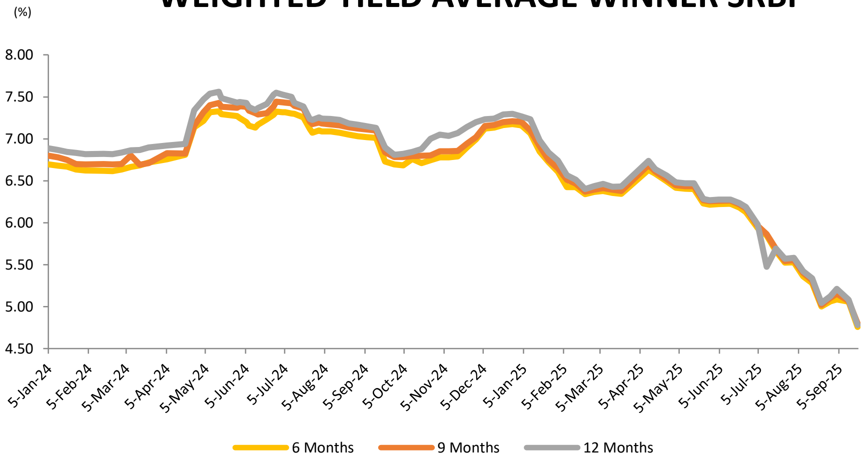
Sources : Bloomberg, KBVS Research (2025)



Sources : Bloomberg, KBVS Research (2025)

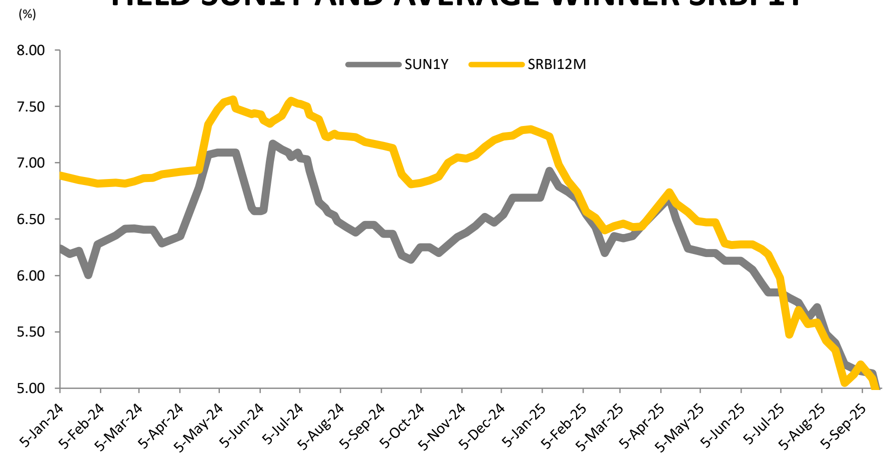
BI'S MONETARY OPERATION

WEIGHTED YIELD AVERAGE WINNER SRBI



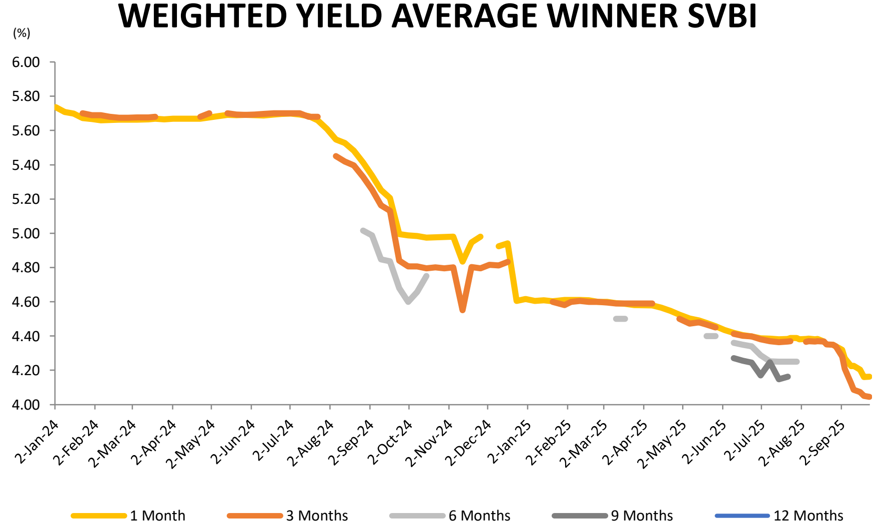
Sources : BI, KBVS Research (2025)

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 : 4,76000% (prev: 5,05935%)
    - 9 month : 4,80000% (Prev: 5,06740%)
    - 12 month : 4,78204% (Prev: 5,08386%)

- Following a similar trend, weighted average yields for SVBI also declined amidst growing expectations of a potential US Federal Reserve rate cut. The latest results show a clear inversion, with the 9-month tenor (3.81000%) yielding below the shorter-term 1-month (4.16258%) and 3-month (4.04500%) tenors.
    - 1 month: 4,16258 % (Prev: 4,20353 %)
    - 3 month: 4,04500% (Prev: 4,07232 %)
    - 9 month: 3,81000%

TABLE OF CONTENTS :

NEXT WEEK ECONOMIC CALENDAR

ECONOMIC CALENDAR

(25 SEP – 1 OCT 2025)

Country	Event	Forecast	Previous
	Thursday, Sep 25, 2025		
US 5-Year Note Auction			3.72%
US FOMC Member Daly Speaks			
JP Monetary Policy Meeting Minutes			
GE Gfk Consumer Climate (Oct)		-23.10	-23.60
EU ECB Economic Bulletin			
US Continuing Jobless Claims			1,920K
US Initial Jobless Claims		235K	231K
US Core Durable Goods Orders (MoM) (Aug)			1.00%
US Durable Goods Orders (MoM) (Aug)		-0.40%	-2.80%
US GDP (QoQ) (Q2)		3.30%	-0.50%
US GDP Price Index (QoQ) (Q2)		2.00%	3.80%
US Goods Trade Balance (Aug)		-95.50B	-102.84B
US Retail Inventories Ex Auto (Aug)			0.10%
US FOMC Member Williams Speaks			
US Existing Home Sales (Aug)		3.96M	4.01M
US Existing Home Sales (MoM) (Aug)			2.00%
US FOMC Member Bowman Speaks			
	Friday, Sep 26, 2025		
US 7-Year Note Auction			3.93%
US Fed Vice Chair For Supervision Barr Speaks			
US FOMC Member Daly Speaks			
JP Tokyo Core CPI (YoY) (Sep)		2.80%	2.50%
JP BoJ Board Member Noguchi Speaks			
EU ECB President Lagarde Speaks			
US Core PCE Price Index (MoM) (Aug)		0.20%	0.30%
US Core PCE Price Index (YoY) (Aug)			2.90%
US PCE Price Index (MoM) (Aug)			0.20%
US PCE Price Index (YoY) (Aug)			2.60%
US Personal Spending (MoM) (Aug)		0.50%	0.50%
US Michigan 1-Year Inflation Expectations (Sep)		4.80%	4.80%
US Michigan 5-Year Inflation Expectations (Sep)		3.90%	3.50%
US Michigan Consumer Expectations (Sep)		51.80	51.80
US Michigan Consumer Sentiment (Sep)		55.40	55.40

Country	Event	Forecast	Previous
	Monday, Sep 29, 2025		
US Pending Home Sales (MoM) (Aug)			-0.40%
	Tuesday, Sep 30, 2025		
JP Industrial Production (MoM) (Aug)			-1.20%
CN Composite PMI (Sep)			50.50
CN Manufacturing PMI (Sep)			49.40
CN Non-Manufacturing PMI (Sep)			50.30
CN Caixin Manufacturing PMI (MoM) (Sep)			50.50
CN Caixin Services PMI (Sep)			53.00
GB Business Investment (QoQ) (Q2)			-4.00%
GB Current Account (Q2)			-23.50B
GB GDP (YoY) (Q2)			1.20%
GB GDP (QoQ) (Q2)			0.30%
GE Retail Sales (MoM) (Aug)			-1.50%
GE Unemployment Change (Sep)			-9K
GE Unemployment Rate (Sep)			6.30%
GE CPI (YoY) (Sep)			2.20%
GE CPI (MoM) (Sep)			0.10%
US S&P/CS HPI Composite - 20 n.s.a. (MoM) (Jul)			0.00%
US S&P/CS HPI Composite - 20 n.s.a. (YoY) (Jul)			2.10%
US Chicago PMI (Sep)			41.50
US CB Consumer Confidence (Sep)			97.40
US JOLTs Job Openings (Aug)			7.181M

Country	Event	Forecast	Previous
	Wednesday, Oct 1, 2025		
JP Tankan All Big Industry Capex (Q3)			11.50%
JP Tankan Big Manufacturing Outlook Index (Q3)			12.00
JP Tankan Large Manufacturers Index (Q3)			13.00
JP Tankan Large Non-Manufacturers Index (Q3)			34.00
ID S&P Global Manufacturing PMI (Sep)			51.50
ID Core Inflation (YoY) (Sep)			2.17%
ID Inflation (YoY) (Sep)			2.13%
ID Inflation (MoM) (Sep)			-0.08%
ID Export Growth (YoY) (Aug)			9.86%
ID Import Growth (YoY) (Aug)			-5.86%
ID Trade Balance (Aug)			4.18M
GB Nationwide HPI (MoM) (Sep)			-0.10%
GB Nationwide HPI (YoY) (Sep)			2.10%
GE HCOB Manufacturing PMI (Sep)			48.50
EU HCOB Manufacturing PMI (Sep)			49.50
GB S&P Global Manufacturing PMI (Sep)			46.20
EU CPI (YoY) (Sep)			2.00%
US ADP Nonfarm Employment Change (Sep)			54K
US S&P Global Manufacturing PMI (Sep)			52.00
US Construction Spending (MoM) (Sep)			-0.10%
US ISM Manufacturing Employment (Sep)			43.80
US ISM Manufacturing PMI (Sep)			48.70
US ISM Manufacturing Prices (Sep)			63.70

Sources : investing, KBVS Research (2025)


Thank you!