

# PIER Snapshot: Jun-24 CPI

## 01 July 2024

# Jun-24 CPI: Back-to-Back Deflation, a Decline in Food Prices Continued

Authors:

Josua Pardede – Chief Economist – [josua.pardede@permatbank.co.id](mailto:josua.pardede@permatbank.co.id)  
Faisal Rachman – Head of Macro. & Fin. Market Research – [faisal.rachman1@permatbank.co.id](mailto:faisal.rachman1@permatbank.co.id)  
Qolbie Ardie – Economist – [qolbie.ardie@permatbank.co.id](mailto:qolbie.ardie@permatbank.co.id)

## CPI Review

- For the second consecutive month, the Consumer Price Index (CPI) recorded monthly deflation. The CPI deflation in June 2024 was more pronounced than in the previous month, primarily due to a greater decline in Volatile Price (VP). Meanwhile, Administered Price (AP) and core CPI experienced mild inflation. The monthly headline CPI showed a deflation of 0.08% month-on-month (mom) in June 2024, following a 0.03% mom deflation in May 2024. Annually, the headline CPI decreased to 2.51% year-on-year (yoy) in June 2024 from 2.84% yoy in May 2024, remaining within Bank Indonesia's target range of 1.5 – 3.5%. Year-to-date (YTD) inflation for the first half of 2024 was 1.07%, lower than the 1.37% YTD inflation recorded in the first half of 2023.
- The monthly deflation in VP increased to 0.98% mom in June 2024 from 0.69% mom in May 2024, driven by deflation in most food commodities. The food items contributing most to this deflation were shallots (0.09 percentage points (ppt)), tomatoes (0.07 ppt), and chicken meat (0.05 ppt). The ongoing deflation in many food commodities was due to price normalization, following the harvest season. However, some commodities, such as red chili and bird's eye chili, still recorded inflation due to the planting pattern and growing period for chilies are relatively longer than other food commodities as well as increasing demand ahead of the Eid al-Adha celebration. Annually, VP inflation slowed to 5.96% yoy in June 2024 from 8.14% yoy in May 2024.
- The AP component saw an increase after experiencing deflation in the previous period. Monthly AP rose by 0.12% mom in June 2024, following a 0.13% mom deflation in May 2024. Air transportation contributed the most to the monthly AP inflation due to the school holidays and Eid al-Adha celebration. Another major component of AP, namely energy price, remained relatively stable in June 2024. Annually, AP inflation increased to 1.68% yoy from 1.52% yoy in May 2024.
- Monthly core inflation slowed to 0.10% mom in June 2024 from 0.18% mom in May 2024. Annually, core inflation eased to 1.90% yoy from 1.93% yoy in May 2024. Gold jewelry was the main contributor to core CPI inflation, adding 0.01 ppt to headline inflation, yet it was a lower contribution compared to May 2024 which was 0.05 ppt. The easing of global gold prices in June 2024 slightly reduced the inflation related to gold prices.

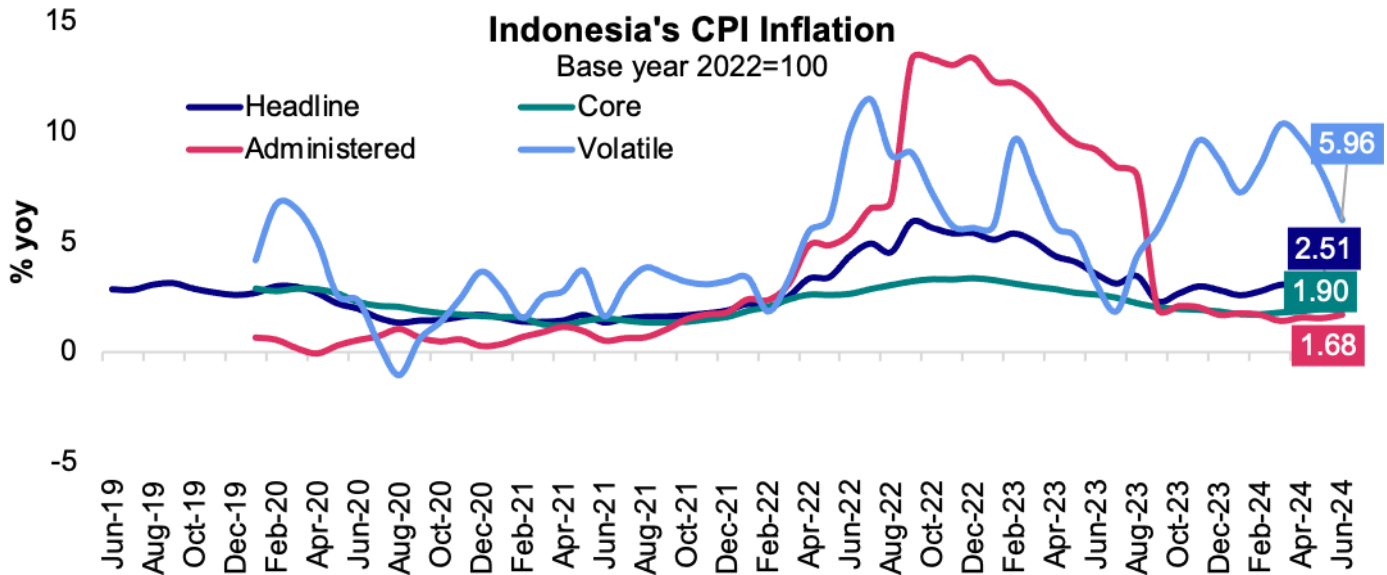
## Economic and Market Implication

- **Inflationary pressure is expected to rise modestly in 2H24.**  
We maintain our expectation of inflation to stay within the target range of 1.5 – 3.5% for this year. In 2H24, upward risks will come from the implementation of excise duties on plastic and sweetened packaged beverages, which is still subject to the government's pending decisions on these policies. However, if the government decides to delay the policy, the inflation could be lower than expected. Another inflationary risk may come from potential adjustment on energy prices if Rupiah keeps weakening.
- **The moderate inflation will support Bank Indonesia (BI) to maintain the current policy rate and increasing global uncertainty.**  
Given that both headline and core inflation remain stable within the target range, inflationary pressure is expected to be modest. This provides BI with sufficient flexibility to maintain or even reduce the policy rate in the future. With global uncertainty high, putting pressure on Rupiah stability and imported inflation, and anticipating room for a Federal Funds Rate (FFR) cut in December 2024, we expect the BI-rate to remain at 6.25% until the end of 2024. We foresee BI beginning to cut the BI-rate in the first quarter of 2024.

# PIER Snapshot: Jun-24 CPI

01 July 2024

## Indonesia's Headline Inflation and Its Components



Source: Statistics Indonesia & Permata Institute for Economic Research

## FBT Components Recorded Deflation for the Third Consecutive Months

### Changes in Consumer Price Index 2022 Base Year (percent)

	M-on-M changes			Y-on-Y changes		
	Apr-24	May-24	Jun-24	Apr-24	May-24	Jun-24
Food, Drink, and Tobacco	-0.03	-0.29	-0.49	7.04	6.18	4.95
Clothing and Footwear	0.46	-0.04	0.02	0.67	1.10	1.09
Housing, Water, Electricity, and Other Fuels	0.01	0.08	0.04	0.50	0.54	0.47
Equipment, Tools, and Household Maintenance	0.16	0.05	0.21	0.99	0.85	0.95
Health	0.07	0.04	0.05	2.08	2.06	1.89
Transportation	0.93	-0.36	0.11	1.33	1.34	1.61
Information, Communication, and Financial Services	-0.02	-0.05	-0.02	-0.13	-0.16	-0.18
Recreation, Sport, and Culture	0.07	0.10	0.09	1.58	1.60	1.50
Education	0.02	0.00	0.01	1.72	1.71	1.69
Food Service and Restaurant	0.31	0.26	0.09	2.47	2.51	2.31
Personal Care and Other Services	1.33	0.87	0.27	4.31	4.99	5.24
<b>Headline</b>	<b>0.25</b>	<b>-0.03</b>	<b>-0.08</b>	<b>3.00</b>	<b>2.84</b>	<b>2.51</b>

Source: Statistics Indonesia & Permata Institute for Economic Research

# PIER Snapshot: Jun-24 CPI

01 July 2024

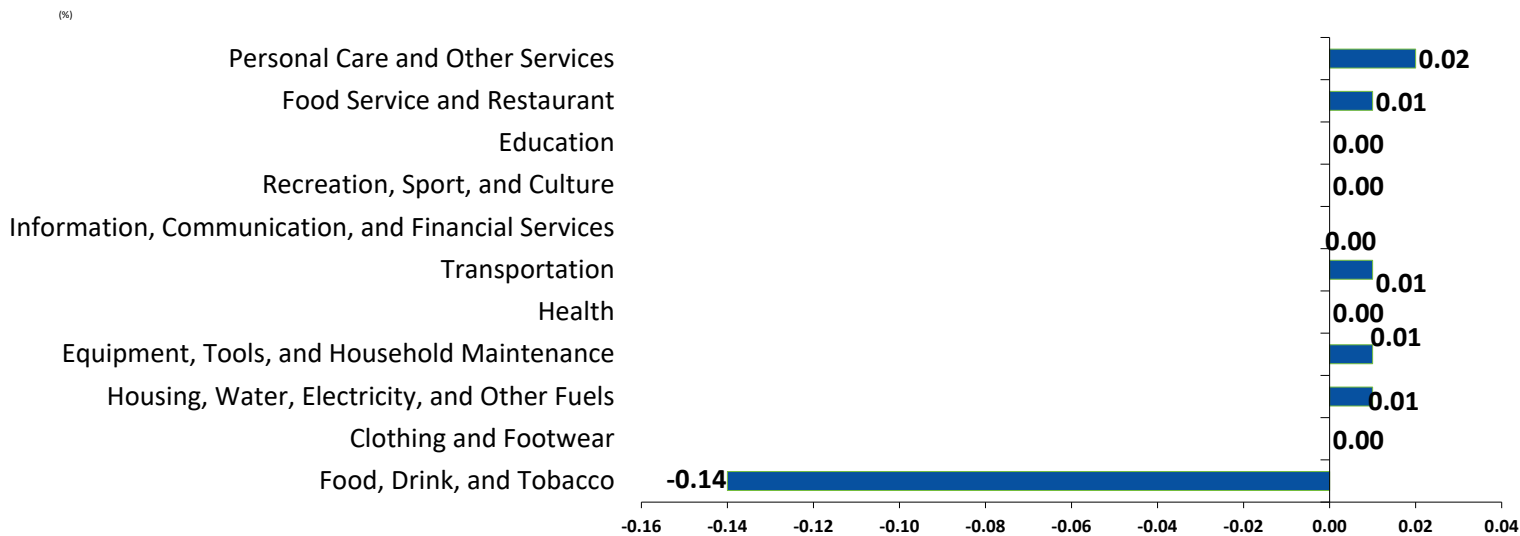
## Deflation in VP Offset Modest inflation in Core and AP Inflation

### Changes in Consumer Price Index 2022 Base Year (percent)

	M-on-M changes			Y-on-Y changes		
	Apr-24	May-24	Jun-24	Apr-24	May-24	Jun-24
Core	0.29	0.17	0.10	1.82	1.93	1.90
Administered	0.62	-0.13	0.12	1.54	1.52	1.68
Volatile	-0.31	-0.69	-0.98	9.63	8.14	5.96
<b>Headline</b>	<b>0.25</b>	<b>-0.03</b>	<b>-0.08</b>	<b>3.00</b>	<b>2.84</b>	<b>2.51</b>

Source: Statistics Indonesia & Permata Institute for Economic Research

### Contributors to Jun-24 CPI (%)



Source: Statistics Indonesia & Permata Institute for Economic Research

# PIER Snapshot: Jun-24 CPI

## 01 July 2024

### PIER's Economic & Market Forecast

	2019	2020	2021	2022	2023	1Q24	2Q24F	3Q24F	4Q24F	2024F	2025F	2026F
<b>National Account</b>												
Real GDP (% yoy)	5.02	-2.07	3.70	5.31	5.05	5.11	5.10	5.05	5.00	5.07	5.15	5.26
Real Consumption: Private (% yoy)	5.04	-2.63	2.02	4.93	4.82	4.91	4.88	4.95	5.00	4.93	5.10	5.12
Real Consumption: Government (% yoy)	3.27	2.12	4.24	-4.51	2.95	19.90	6.89	4.81	5.05	8.07	5.49	6.08
Real Gross Fixed Capital Formation (% yoy)	4.45	-4.96	3.80	3.87	4.40	3.79	3.63	3.79	4.89	4.04	5.83	6.62
Real Export (% yoy)	-0.48	-8.42	17.95	16.28	1.32	0.50	-1.09	1.27	4.95	1.50	9.61	10.41
Real Import (% yoy)	-7.13	-17.60	24.87	14.75	-1.65	1.77	-0.95	2.88	6.36	2.60	11.80	12.63
Nominal GDP (IDR tn) - nominal	15,832.66	15,443.35	16,976.75	19,588.09	20,892.38	5,288.29	5,655.74	5,727.73	5,731.44	22,403.21	24,266.91	26,317.21
Nominal GDP (USD bn) - nominal	1,119.10	1,059.93	1,186.29	1,318.68	1,371.47	337.70	346.45	353.39	354.71	1,392.25	1,534.97	1,732.43
<b>Inflation &amp; Unemployment</b>												
Headline Inflation Rate (2022=100, % yoy, avg)	2.82	2.04	1.56	4.14	3.73	2.79	2.79	3.15	3.07	3.03	3.15	3.18
Headline Inflation Rate (2022=100, % yoy, eop)	2.59	1.68	1.87	5.41	2.81	3.05	2.51	3.12	3.08	3.08	3.25	3.15
Unemployment Rate (%)	5.18	7.07	6.49	5.86	5.32	4.82	4.82	4.94	4.94	4.94	5.03	4.93
<b>Fiscal Condition</b>												
Fiscal Balance (% of GDP)	-2.20	-6.14	-4.57	-2.35	-1.65	0.04	-0.30	-0.75	-2.18	-2.18	-2.56	-2.84
IDR 10-year Bond Yield (%)	7.06	5.89	6.38	6.94	6.48	6.73	7.25	7.16	7.10	7.10	6.39	5.87
<b>External Sector</b>												
Trade Balance (USD bn)	-3.59	21.62	35.42	54.46	36.91	7.31	6.11	5.44	6.52	25.38	23.41	17.22
Goods Balance (USD bn)	3.51	28.30	43.81	62.67	46.45	9.82	8.13	7.44	7.84	33.23	31.44	25.24
Current Account (USD bn)	-30.28	-4.43	3.51	13.22	-1.88	-2.16	-3.97	-3.91	-3.06	-13.10	-18.67	-26.63
Current Account (% of GDP)	-2.71	-0.42	0.30	1.00	-0.14	-0.64	-1.15	-1.11	-0.86	-0.94	-1.22	-1.54
Foreign Reserves (USD bn)	129.18	135.90	144.91	137.23	146.38	140.39	131.99	132.52	140.42	140.42	140.77	144.21
USD/IDR (avg)	14,141	14,529	14,297	14,874	15,248	15,783	16,325	16,208	16,158	16,119	15,817	15,201
USD/IDR (eop)	13,866	14,050	14,253	15,568	15,397	15,855	16,235	16,245	16,121	16,121	15,595	14,897
<b>Commodity Price</b>												
Coal Price (USD/MT)	66.2	83.0	169.7	379.2	141.8	131.5	124.4	121.0	117.5	117.5	103.8	90.3
CPO Price (USD/MT)	763.7	1,016.4	1,270.3	940.4	797.8	942.9	813.7	821.7	829.6	829.6	818.0	808.3
Oil Price (USD/BBL)	65.85	49.87	74.31	80.90	77.9	85.5	81.0	80.7	80.3	80.3	78.9	82.0
<b>Interest Rate</b>												
Fed Funds Rate (%)	1.75	0.25	0.25	4.50	5.50	5.50	5.50	5.50	5.25	5.25	4.50	3.75
BI Rate (%)	5.00	3.75	3.50	5.50	6.00	6.00	6.25	6.25	6.25	6.25	5.50	4.75
Average Lending Rate (%)	10.52	9.67	9.16	9.16	9.27	9.28	9.34	9.40	9.41	9.41	8.97	8.30
<b>Banking Sector</b>												
Loan (% yoy)	6.08	-2.40	5.24	11.35	10.38	12.40	10.58	10.69	10.79	10.79	11.34	11.78
TPF (% yoy)	6.54	11.11	12.21	9.01	3.73	7.44	6.28	8.15	10.57	10.57	9.39	9.22
LDR (%)	94.8	83.2	77.8	79.7	83.8	84.2	86.1	85.9	84.0	84.0	85.5	87.5
<b>Real Sector</b>												
Car Sales (Unit)	1,030,126	532,027	887,202	1,048,040	1,005,802	215,069	202,128	252,240	279,733	949,170	1,071,763	1,144,675
Car Sales (% yoy)	-10.5	-48.4	66.8	18.1	-4.0	-1.0	-9.7	1.2	25.4	4.2	2.3	6.8
Motorcycles Sales (Unit)	6,487,460	3,660,616	5,057,516	5,221,470	6,236,992	1,735,090	1,026,925	1,604,918	1,502,065	5,868,997	6,300,894	6,436,790
Motorcycles Sales (% yoy)	1.6	-43.6	38.2	3.2	19.4	17.6	-25.5	5.6	-0.9	0.7	0.4	2.2

Source: Permata Institute for Economic Research (PIER)

# PIER Snapshot: Jun-24 CPI

## 01 July 2024

Scan di sini untuk membaca report selengkapnya:



## Permata Institute for Economic Research (PIER)

<b>Josua Pardede</b> <a href="mailto:josua.pardede@permatabank.co.id">josua.pardede@permatabank.co.id</a>	Chief Economist
<b>Faisal Rachman</b> <a href="mailto:faisal.rachman1@permatabank.co.id">faisal.rachman1@permatabank.co.id</a>	Head of Macroeconomic & Financial Market Research
<b>Adjie Harisandi</b> <a href="mailto:adjie.harisandi@permatabank.co.id">adjie.harisandi@permatabank.co.id</a>	Head of Industry & Regional Research
<b>Qolbie Ardie</b> <a href="mailto:qolbie.ardie@permatabank.co.id">qolbie.ardie@permatabank.co.id</a>	Economist
<b>Ani Utami</b> <a href="mailto:ani.utami@permatabank.co.id">ani.utami@permatabank.co.id</a>	Industry Analyst

### PT. Bank Permata,Tbk.

WTC II, 30th Floor  
 Jl. Jend Sudirman Kav.29-31  
 Jakarta 12920, Indonesia  
 Telephone: +62 21 523 7788  
 Fax: + 62 21 523 7253

This document is issued by Economic Research Division PT Bank Permata Tbk. (PermataBank) for information and private circulation purpose only. It does not constitute any offer, proposal, recommendation, or solicitation to any person to enter into any transaction or adopt any hedging, trading or investment strategy, nor does it constitute any prediction of likely future movement in rates or prices or any representation that any such future movement will not exceed those shown in any illustration. All reasonable care has been taken in preparing this document, no responsibility or liability is accepted for error, omissions, negligence, and/or inaccuracy of fact or for any opinion expressed herein. Opinion, projection, and estimates are subject to change without notice. PermataBank and/or its members of Board of Director and Commissioners, employees, affiliates, agents and/or its advisors disclaims any and all responsibility or liability relating to or resulting from the use of this document whatsoever which may be brought against or suffered by any person as a result of acting in reliance upon the whole or any part of the contents of this document. You are advised to make your own independent judgment with respect to any matter contained herein, by fully aware of any consequences obtained on said judgment.