

Oct-24 CPI: CPI reported first monthly inflation since Apr-24

Authors:

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

CPI Review

- Following five consecutive months of deflation, Indonesia's CPI posted a monthly inflation rate of 0.08%mom in Oct-24, up from -0.12%mom in Sep-24. Core inflation emerged as the primary driver of October's inflation, as other components, namely Administered Prices (AP) and Volatile Prices (VP), experienced monthly deflation. Meanwhile, the annual inflation rate decelerated further, reaching 1.71%yoy, down from 1.84%yoy in the previous period. Year-to-date inflation from Jan to Oct-24 stood at 0.86%, notably lower than the 1.91% recorded during the same period last year.
- The VP Index recorded its seventh consecutive month of deflation in Oct-24, with a modest monthly decline of 0.11%mom, a marked improvement from the deeper 1.34%mom deflation in Sep-24. Red chilies and bird's eye chilies remained the primary contributors to the VP Index's deflation, reducing CPI by -0.03ppt and -0.02ppt, respectively. However, prices for other food ingredients began to rise, partially offsetting the monthly deflation. Key contributors to inflation included chicken meat, shallots, and tomatoes. On an annual basis, the VP Index inflation slowed to 0.89%yoy in Oct-24, down from 1.43%yoy in the previous month.
- The AP Index also registered a monthly deflation of 0.25%mom in Oct-24, deepening from the -0.04%mom seen in Sep-24. This decline was largely due to reductions in non-subsidized fuel prices and airline ticket fees at the beginning of the month, spurred by the global downtrend in oil prices and the appreciation of the Rupiah seen in Sep-24. These factors contributed -0.06ppt and -0.01ppt to the deflation, respectively. On an annual scale, AP Index inflation eased further to 1.40%yoy, down from 1.68%yoy in the prior period.
- Core CPI inflation rose to 0.22%mom in Oct-24, up from 0.18%mom in Sep-24, primarily driven by higher prices in prepared foods and gold jewelry. Prepared foods contributed 0.02ppt to inflation, fueled by a steady rise in prices for key food ingredients like shallots over the past two months. Gold jewelry added 0.06ppt, impacted by a weakened Rupiah and heightened global uncertainty due to resilient US economic conditions and geopolitical tensions in the Middle East, which triggered a risk-off sentiment in global financial markets. On an annual basis, core CPI inflation increased to 2.21%yoy in Oct-24, up from 2.09%yoy in the previous month.

Economic and Market Implication

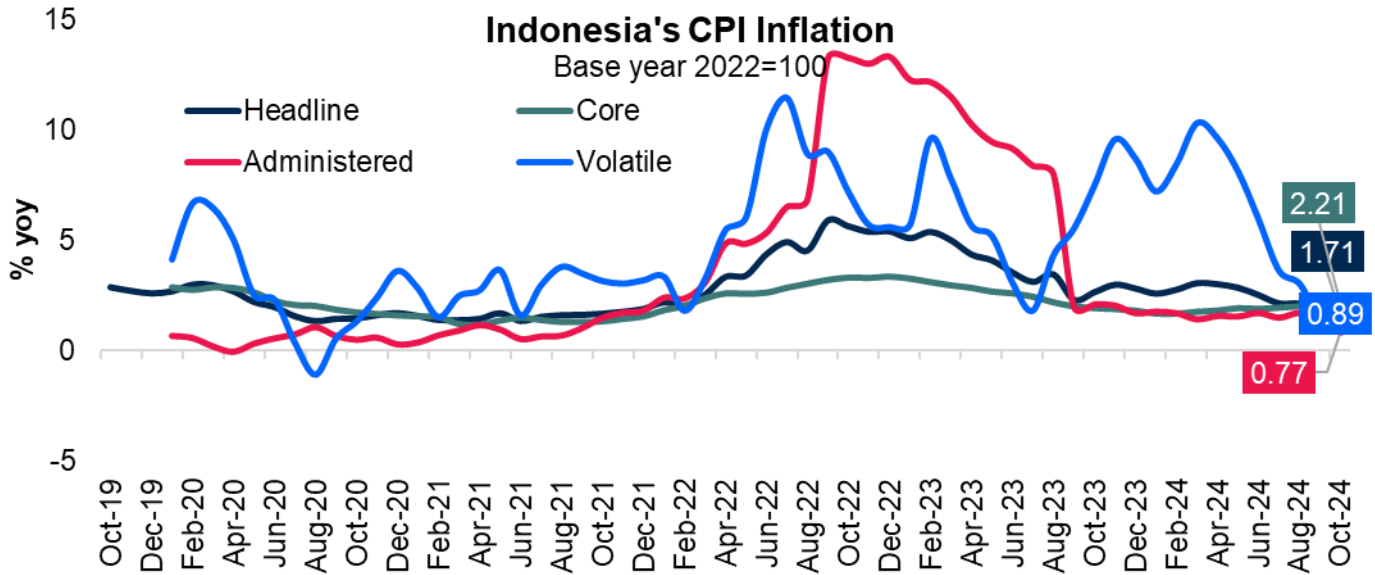
OUR PIERspective: We anticipate inflation to reach approximately 2% by the end of 2024, with a projected rise to around 3% in the coming year.

- We expect inflation to remain within Bank Indonesia's target range of 1.5 – 3.5% this year. Inflationary pressures in the remainder of 2024 are expected to stay mild, as the government has postponed the imposition of excise duties on plastics and sweetened packaged beverages to support consumer purchasing power and economic growth.
- Upside risks could emerge toward the end of the year, yet more driven by seasonal demand increase during the Christmas and New Year celebrations.
- *We project the inflation rate for 2024 to be around 2.33% (vs. to 2.81% in 2023).* This low inflation outlook may provide room for Bank Indonesia to lower the BI-rate in response to potential Fed rate cuts.
- In 2025, inflation is projected to rise in line with several government policy implementations. According to the 2025 Financial Note, the government plans to introduce an excise on sweetened packaged beverages and increase the VAT rate. Additionally, following the significant deceleration in inflation in 2024, inflation will also be affected by the low base effect. Beyond policy impacts, inflation is expected to rise due to increasing consumer demand, which could contribute to demand-pull inflation. *Despite the anticipated rise, inflation is expected to stay controlled by the end of 2025 at approximately 3.12%, remaining within Bank Indonesia's target range of 1.5 – 3.5%.*

PIER Snapshot: Oct-24 CPI

01 November 2024

Indonesia's Headline Inflation and Its Components



Source: Statistics Indonesia & Permata Institute for Economic Research

Food Services and Personal Care Inflation Caused Monthly Inflation in Oct-24

Changes in Consumer Price Index 2022 Base Year (percent)

	M-on-M changes			Y-on-Y changes		
	Aug-24	Sep-24	Oct-24	Aug-24	Sep-24	Oct-24
Food, Drink, and Tobacco	-0.52	-0.59	0.09	3.39	2.57	2.35
Clothing and Footwear	0.09	0.05	0.05	1.19	1.18	1.20
Housing, Water, Electricity, and Other Fuels	0.03	0.04	0.08	0.57	0.60	0.60
Equipment, Tools, and Household Maintenance	0.04	0.12	0.06	1.05	1.08	1.08
Health	0.07	0.04	0.15	1.72	1.69	1.71
Transportation	0.22	-0.16	-0.52	1.42	0.92	-0.08
Information, Communication, and Financial Services	-0.02	-0.01	-0.03	-0.16	-0.28	-0.28
Recreation, Sport, and Culture	0.04	0.05	0.05	1.52	1.55	1.53
Education	0.65	0.29	0.04	1.83	1.94	1.90
Food Service and Restaurant	0.11	0.13	0.25	2.24	2.25	2.36
Personal Care and Other Services	0.50	0.38	0.94	6.04	6.25	7.06
Headline	-0.03	-0.12	0.08	2.12	1.84	1.71

Source: Statistics Indonesia & Permata Institute for Economic Research

PIER Snapshot: Oct-24 CPI

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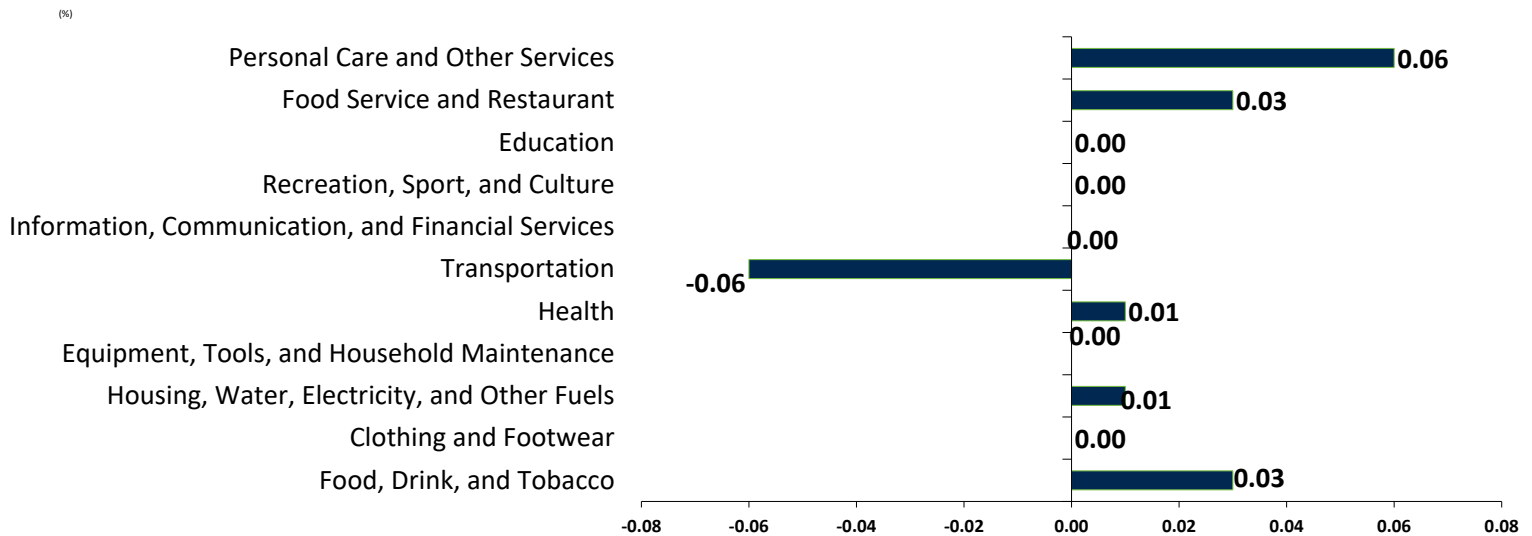
Higher Price of Gold and Processed Food Supported Higher Core Inflation

Changes in Consumer Price Index 2022 Base Year (percent)

	M-on-M changes			Y-on-Y changes		
	Aug-24	Sep-24	Oct-24	Aug-24	Sep-24	Oct-24
Core	0.20	0.16	0.22	2.02	2.09	2.21
Administered	0.23	-0.04	-0.25	1.68	1.40	0.77
Volatile	-1.24	-1.34	-0.11	3.04	1.43	0.89
Headline	-0.03	-0.12	0.08	2.12	1.84	1.71

Source: Statistics Indonesia & Permata Institute for Economic Research

Contributors to monthly CPI change in Oct-24 (ppt)



Source: Statistics Indonesia & Permata Institute for Economic Research

PIER Snapshot: Oct-24 CPI

01 November 2024

PIER's Economic & Market Forecast

	2019	2020	2021	2022	2023	1Q24	2Q24	3Q24F	4Q24F	2024F	2025F
National Account											
Real GDP (% yoy)	5.02	-2.07	3.70	5.31	5.05	5.11	5.05	5.02	5.00	5.04	5.15
Real Consumption: Private (% yoy)	5.04	-2.63	2.02	4.93	4.82	4.91	4.93	4.88	5.00	4.93	5.04
Real Consumption: Government (% yoy)	3.27	2.12	4.24	-4.51	2.95	19.90	1.42	4.81	5.05	6.71	5.37
Real Gross Fixed Capital Formation (% yoy)	4.45	-4.96	3.80	3.87	4.40	3.79	4.43	3.79	4.89	4.23	5.83
Real Export (% yoy)	-0.48	-8.42	17.95	16.28	1.32	1.37	8.28	1.27	4.95	3.92	9.61
Real Import (% yoy)	-7.13	-17.60	24.87	14.75	-1.65	1.94	8.57	2.88	6.36	4.92	11.80
Nominal GDP (IDR tn) - nominal	15,832.66	15,443.35	16,976.75	19,588.09	20,892.38	5,288.49	5,536.50	5,658.03	5,691.22	22,174.24	23,949.73
Nominal GDP (USD bn) - nominal	1,119.10	1,059.93	1,186.29	1,318.68	1,371.47	337.72	342.37	362.28	369.32	1,411.68	1,595.86
Inflation & Unemployment											
Headline Inflation Rate (2022=100, % yoy, avg)	2.82	2.04	1.56	4.14	3.73	2.79	2.78	2.03	2.28	2.51	2.81
Headline Inflation Rate (2022=100, % yoy, eop)	2.59	1.68	1.87	5.41	2.81	3.05	2.51	1.84	2.33	2.33	3.12
Unemployment Rate (%)	5.18	7.07	6.49	5.86	5.32	4.82	4.82	4.94	4.94	4.94	5.03
Fiscal Condition											
Fiscal Balance (% of GDP)	-2.20	-6.14	-4.57	-2.35	-1.65	0.04	-0.34	-1.26	-2.63	-2.63	-2.67
IDR 10-year Bond Yield (%)	7.06	5.89	6.38	6.94	6.48	6.73	7.07	6.45	6.55	6.55	6.30
External Sector											
Trade Balance (USD bn)	-3.59	21.62	35.42	54.46	36.91	7.41	8.03	6.53	6.35	28.33	23.44
Goods Balance (USD bn)	3.51	28.30	43.81	62.67	46.19	9.28	9.96	8.67	8.35	36.26	31.44
Current Account (USD bn)	-30.28	-4.43	3.51	13.22	-2.14	-2.41	-3.02	-2.78	-2.76	-10.96	-18.67
Current Account (% of GDP)	-2.71	-0.42	0.30	1.00	-0.16	-0.71	-0.88	-0.77	-0.75	-0.78	-1.17
Foreign Reserves (USD bn)	129.18	135.90	144.91	137.23	146.38	140.39	140.18	149.92	154.89	154.89	158.77
USD/IDR (avg)	14,141	14,529	14,297	14,874	15,248	15,783	16,295	15,618	15,410	15,777	15,015
USD/IDR (eop)	13,866	14,050	14,253	15,568	15,397	15,855	16,375	15,140	15,347	15,347	14,777
Commodity Price											
Coal Price (USD/MT)	66.2	83.0	169.7	379.2	141.8	131.5	135.1	145.8	108.8	108.8	108.2
CPO Price (USD/MT)	763.7	1,016.4	1,270.3	940.4	797.8	942.9	873.7	932.6	846.3	846.3	850.1
Oil Price (USD/BBL)	65.85	49.87	74.31	80.90	77.9	85.5	82.6	80.9	74.9	74.9	74.4
Interest Rate											
Fed Funds Rate (%)	1.75	0.25	0.25	4.50	5.50	5.50	5.50	5.00	4.50	4.50	3.50
BI Rate (%)	5.00	3.75	3.50	5.50	6.00	6.00	6.25	6.00	5.50	5.50	4.75
Average Lending Rate (%)	10.52	9.67	9.16	9.16	9.27	9.27	9.27	9.30	9.28	9.28	8.96
Banking Sector											
Loan (% yoy)	6.08	-2.40	5.24	11.35	10.38	12.40	12.36	10.85	10.79	10.79	11.34
TPF (% yoy)	6.54	11.11	12.21	9.01	3.73	7.44	8.45	7.04	8.00	8.00	10.70
LDR (%)	94.8	83.2	77.8	79.7	83.8	84.2	85.8	86.9	84.0	86.0	86.5
Real Sector											
Car Sales (Unit)	1,030,126	532,027	887,202	1,048,040	1,005,802	215,250	194,768	223,200	225,741	858,959	908,444
Car Sales (% yoy)	-10.5	-48.4	66.8	18.1	-4.0	-23.8	-13.0	-10.5	-9.7	-14.6	5.8
Motorcycles Sales (Unit)	6,487,460	3,660,616	5,057,516	5,221,470	6,236,992	1,735,090	1,435,904	1,701,502	1,606,008	6,478,504	6,485,228
Motorcycles Sales (% yoy)	1.6	-43.6	38.2	3.2	19.4	-4.9	4.2	12.0	6.0	3.9	0.1

Note:

: quarterly realization

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01 November 2024

Scan di sini untuk membaca report selengkapnya:



Permata Institute for Economic Research (PIER)

Josua Pardede

josua.pardede@permatabank.co.id

Chief Economist

Faisal Rachman

faisal.rachman1@permatabank.co.id

Head of Macroeconomic & Financial Market Research

Adjie Harisandi, CFA

adjie.harisandi@permatabank.co.id

Head of Industry & Regional Research

Qolbie Ardie

qolbie.ardie@permatabank.co.id

Economist

Ani Utami

ani.utami@permatabank.co.id

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

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