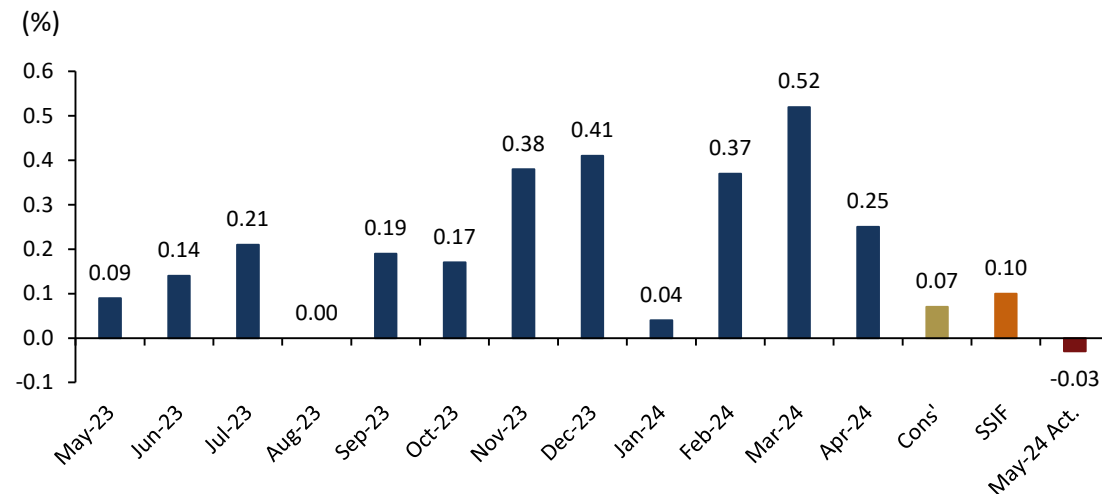


Indonesia May Inflation: 3 June 2024

- Indonesia's annual May inflation rate fell to 2.84%, slightly lower than the market's Consensus and SSI's forecast of 2.97%, and down from the 3.0% recorded in April.
- We see this as a combination of slower demand after Lebaran (diminishing THR effect) and harvest period that usually occurred in January to March being pushed back to March-May. This can be observed through slower increases in communication and financial services (-0.16% compared to -0.13%) and prices of food (6.18% versus 7.04% in April).
- On a monthly basis, the Consumer Price Index (CPI) unexpectedly decreased 0.03% in May 2024 from the previous month, contrary to our forecast of 0.1% rise, and reversing from a 0.25% increase in April 2024.
- We also observe this softer inflation materialized predominantly on the back of lagging consumption effect, which we eventually see this slower demand as a potential obstacle to achieving the government's 5%+ economic growth target (SSI's projection: 4.8%) this year.

Inflation M-o-M



Inflation Based on Spending Category (YoY)

	Breakdown	Inflation	Contribution to Inflation
Headline		2.84	2.84
1	Food, Beverages and Tobacco	6.18	1.75
2	Personal care and other services	4.31	0.26
3	Food beverages services/restaurants	2.51	0.25
4	Health	2.06	0.06
5	Education services	1.71	0.09
6	Transport	1.34	0.17
7	Reaction, sport and culture	1.60	0.03
8	Clothing and Footwear	1.10	0.06
9	Furnishings, household equipment and routine household maintenance	0.85	0.04
10	Housing, water, electricity and household fuels	0.54	0.09
11	Communication and financial services	-0.16	-0.01

Inflation YoY

