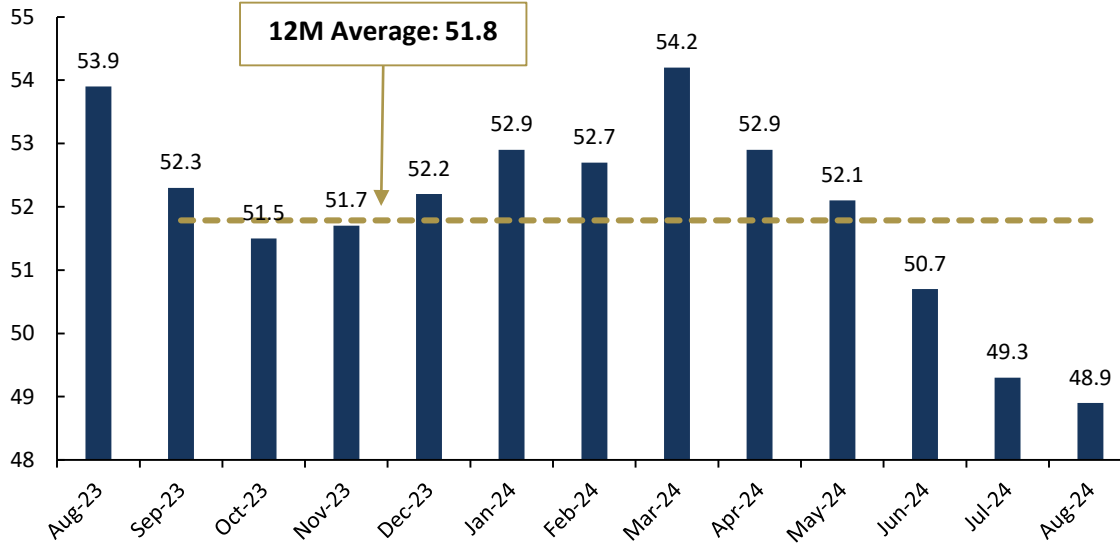


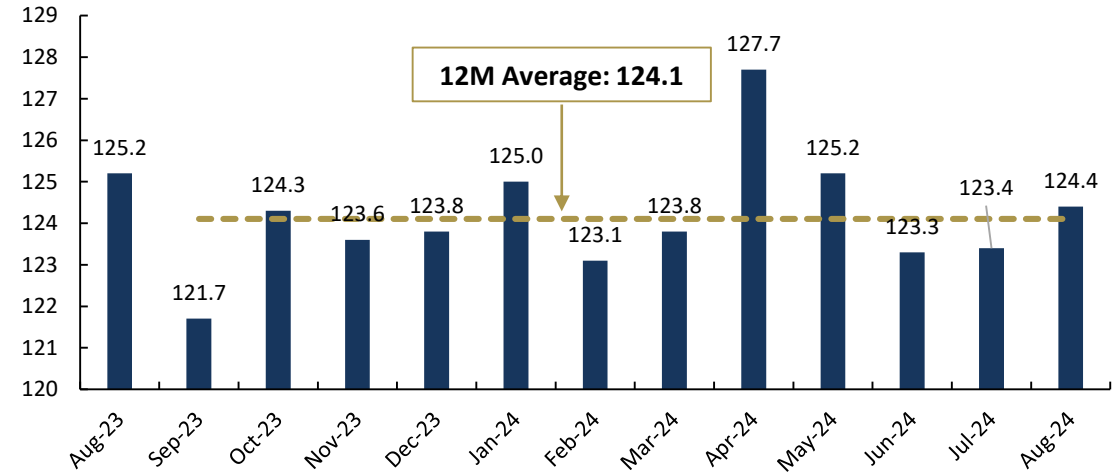
# Indonesia Consumer Confidence Index: 9 September 2024

- Indonesia's August consumer confidence surged to a three-month high of 124.4, reflecting improved optimism among Indonesian consumers about the economic conditions, in line with our expectation. This upward movement represents a modest increase from the 123.4 level recorded in July 2024.
- The increase in consumer confidence is primarily attributed to the strengthening of almost all sub-indices. These indicators provide a more granular view of the factors driving consumer sentiment. First, the sub-index measuring perceptions of the country's current economic conditions rose 0.5 points to 114. This, partly backed the strength of the IDR, suggests that consumers' view the economic environment more positively compared to the previous month. While this increase is modest (the IDR depreciation against the USD is flat ytd), it reflects the resilience of the economy amidst global economic headwinds, but somewhat cushioned by the potential outlook of lower interest rates ahead.
- The economic outlook sub-index saw the most significant improvement, jumping by 1.6 points to 134.9. This is a clear indicator that consumers are increasingly optimistic about the future, likely driven by expectations of continued solid economic and business performances as well as political stability over the next six months.
- In terms of income expectations, the sub-index for current income expectations grew 1.5 points to 122.9, indicating that consumers feel more secured about their present financial situation. Even more telling, the income expectations for the next six months increased 2.3 points to 140, underscoring a sense of optimism that income levels will increase in the near term.
- However, not all indicators showed improvements. The sub-index measuring job availability compared to six months ago slipped slightly by 0.1 points to 107.6. While the drop is minor, it does suggest some lingering concern about how the job market has evolved in the past half-year. This could be a result of slower job creation in certain sectors, in line with two consecutive months of contractions in Indonesia's Manufacturing PMI.
- Indonesia is likely to see a relatively flat index in the coming months, driven by the lagging effects on consumption and constrained production capacity, as shown by persistent month-on-month deflation and August subpar PMI of 48.9. These factors present potential obstacles to achieving the government's FY24 economic growth target of 5%+ (SSI's projection: 4.9%), particularly if the IDR were to weaken again as fund flows ebb on liquidity volatility due to market capriciousness.

## Indonesia Manufacturing PMI



## Indonesia Consumer Confidence Index



## Indonesia Inflation Y-o-Y (%)

