

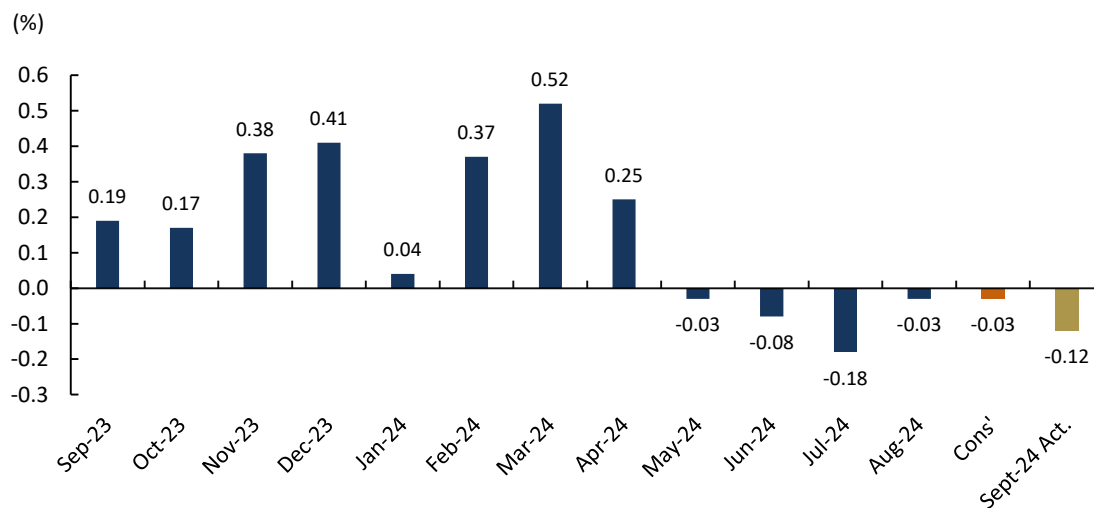
# Indonesia September Inflation: 1 October 2024

- In September 2024, Indonesia's annual inflation rate declined to 1.84%, significantly below consensus of 2% and our lower bound forecast of 1.93%. This marks the lowest level since November 2021. The primary factor of the fall was lower food prices, which rose at their slowest pace in 14 months, up by only 2.57% versus 3.39% in August. This moderation was largely attributable to abundant rice supply due to delayed harvest season that began in May instead of March, cushioning against price hikes and stabilizing the food market.
- Other sectors also experienced softening inflation rates. Health-related costs saw modest reduction (1.69% from 1.72% in August), reflecting slight easing in healthcare expenses. The transportation sector displayed noticeable decreased inflation (0.92% from 1.42%), suggesting lower fuel prices or transport costs. Clothing prices also dipped marginally to 1.18% from 1.19%, highlighting declines in retail markets. Communication costs experienced faster fall, down to -0.28% from -0.16%, indicating ongoing technological advancements, competitive pricing in telecommunications, and exacerbated by lagging demand. From a monthly perspective, the 1.2% deflation marks five consecutive months of contractions in CPI, further translating to sluggish consumer demand.
- We observe this softer inflation materialization having occurred predominantly on the back of slowing consumption effect - this, coupled with below-50 PMI, is a potential obstacle to achieving the government's 5%+ economic growth target in FY2024 (SSI's projection: 4.9%; consensus: 5.0%).

## Inflation Based on Spending Category YoY

	Breakdown	Inflation	Contribution to Inflation
<b>Headline Inflation</b>		<b>1.84</b>	<b>1.84</b>
1	Food, beverages and tobacco	2.57	0.73
2	Personal care and other services	6.25	0.39
3	Food beverages services/restaurants	2.25	0.22
4	Transportation	0.92	0.11
5	Education services	1.94	0.11
6	Housing, water, electricity and household fuels	0.60	0.10
7	Clothing and Footwear	1.18	0.06
8	Furnishings, household equipment and routine household maintenance	1.08	0.06
9	Health	1.69	0.05
10	Reaction, sports and culture	1.55	0.03
11	Communications and financial services	-0.28	-0.02

## Inflation MoM



## Inflation YoY

