

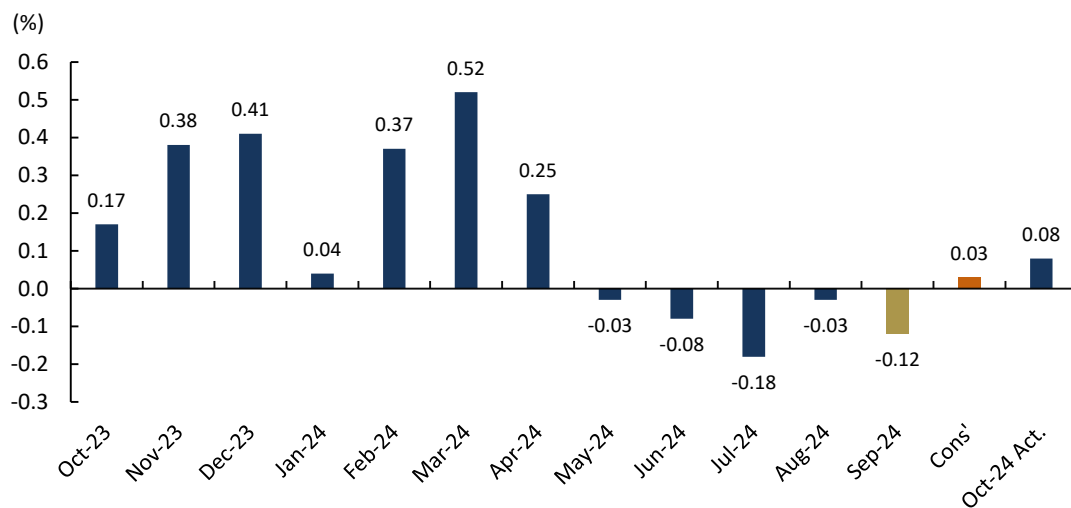
Indonesia Oktober Inflation: 1 November 2024

- Slightly below our projection of 1.76%, Indonesia's inflation in October 2024 exhibited a notable cooling, with the annual inflation rate falling to 1.71%, marking its lowest point since October 2021. A major factor in this trend has been the tempered rise in food prices, which showed the smallest increase in 15 months at 2.35%, down from September's 2.57%. This moderation can be largely attributed to well-stocked rice supplies on the back of unusually delayed harvest season that pushed yields from March to May. This delay, while non-traditional, has contributed to easing food price pressures in recent months, offering some relief to households.
- A closer look at sectoral inflation reveals a mixed but overall easing picture. Price increases in recreation and culture showed only slight moderation (1.53%, down from 1.55% in September), as did education (1.90%, down from 1.94%). Meanwhile, transport prices dipped into negative territory, dropping to -0.08% from a previous 0.92%, indicating lower fuel or logistics costs, possibly due to increased discounting to stimulate demand. However, slight upticks were seen in inflation across sectors like health (1.71%, up from 1.69%), clothing (1.20%, up from 1.18%), and accommodation services (2.36%, up from 2.25%), reflecting pockets of persistent demand or supply constraints in these areas. Prices in housing and furnishing, however, remained stable at 0.60% and 1.08%, respectively, underscoring steady demand and supply conditions in these essentials. Interestingly, communication services continued to experience deflation, holding steady at -0.28%, most likely reflecting relatively sluggish demand.
- On a monthly basis, the Consumer Price Index (CPI) saw a slight rise of 0.08% in October, marking the first monthly increase in half a year, following 0.12% decrease in September. This marginal rise indicates that, while general price levels remain restrained, specific factors—likely seasonal or temporary in nature—are influencing price movements.
- 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: 4.95 %; consensus: 5.0%).

Inflation Based on Spending Category YoY

	Breakdown	Inflation	Contribution to Inflation
	Headline Inflation	1.71	1.71
1	Food, Beverages and Tobacco	2.35	0.67
2	Personal care and other services	7.06	0.43
3	Food beverages services/restaurants	2.36	0.23
4	Education services	1.90	0.11
5	Housing, water, electricity and household fuels	0.60	0.10
6	Clothing and Footwear	1.20	0.06
7	Furnishings, household equipment and routine household maintenance	1.08	0.06
8	Health	1.71	0.05
9	Reaction, sport and culture	1.53	0.03
10	Transport	-0.08	-0.01
11	Communication and financial services	-0.28	-0.02

Inflation MoM



Inflation YoY

