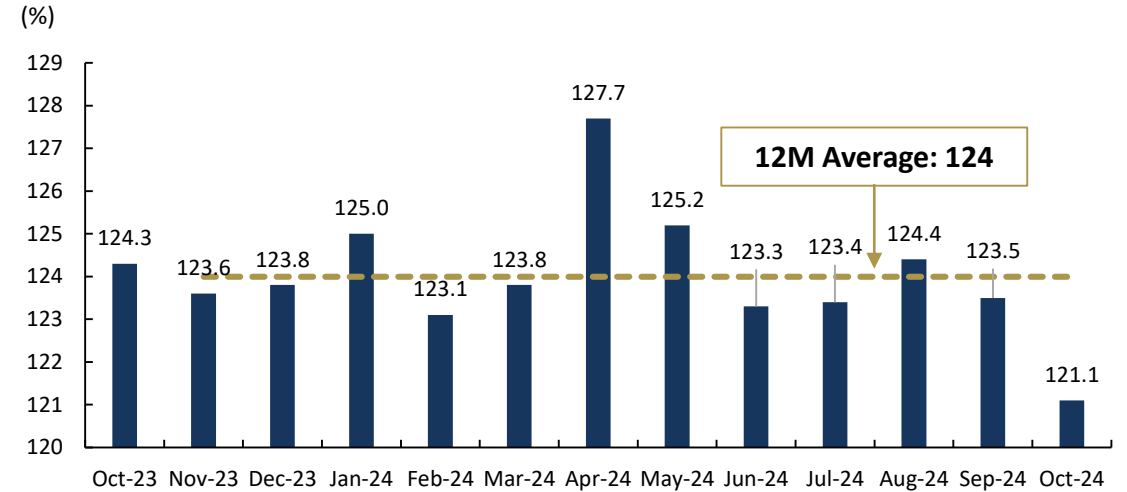
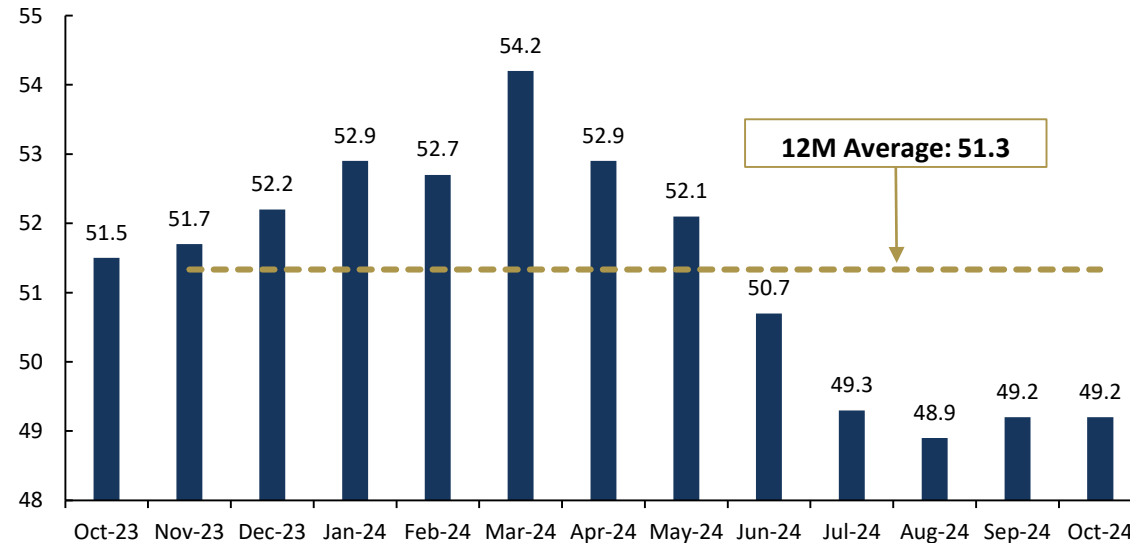


- Worse than our expectation, Indonesia's consumer confidence index dropped to 121.1 in October 2024, down from 123.5 in September. This decline marks the lowest reading since December 2022, reflecting a growing sense of economic caution among consumers. The decline spans almost all six sub-indices, suggesting that Indonesian households are increasingly concerned about the economy's immediate and future trajectory. Such a downturn in consumer confidence could impact spending on goods and services, with potential ripple effects across various sectors, including retail, hospitality, and consumer-oriented services.
- The most significant decline was seen in perceptions of current economic conditions, which fell 4 points to 109.9. This drop suggests that consumers are feeling the slowdown in economic activity. When confidence in present conditions diminishes, consumers are more likely to limit spending, especially on non-essential items. This cautious approach could suppress demand in industries particularly reliant on discretionary consumer spending, adversely affecting growth in retail sales and consumer services. With budgets feeling the strain, households may cut back on non-essential spending, which could dampen sectors like hospitality, retail, auto, media and leisure.
- Moreover, the future does not appear bright from the consumers' perspective, as the economic outlook sub-index also fell 1.8 points to 133.1. While this decline is less sharp than that in current conditions, it highlights consumers' wariness about potential headwinds in the coming months. This apprehension may stem from global economic uncertainties or regional political tensions that could impact job stability and household income growth. A more pessimistic view of the economy's trajectory could lead to increasingly conservative approach to spending and saving, further slowing economic momentum.
- Concerns over job availability are another critical factor influencing consumer confidence. The job availability index dropped slightly 0.7 points to 132.4, signaling mild uneasiness about employment prospects. Meanwhile, perceptions of job availability compared to six months ago declined 3.5 points to 104.7, a more significant shift that underscores growing uncertainty about labor market conditions.
- Interestingly, the only area that showed slight improvement was income expectations for the next six months, which rose 0.2 points to 138.4. This slight uptick hints at cautious optimism regarding future income growth, possibly as consumers anticipate economic stabilization or potential growth in specific industries.
- Indonesia is likely to see relatively unexciting index performance in the coming months, driven by lagging effects on consumption and constrained production capacity. These factors present potential obstacles to achieving the government's FY24 economic growth target of over 5% (SSI's projection: 4.9%), particularly if the IDR weakens again as fund flows ebb due to liquidity volatility and market capriciousness.

## Indonesia Consumer Confidence Index



## Indonesia Manufacturing PMI



## Indonesia Inflation Y-o-Y

