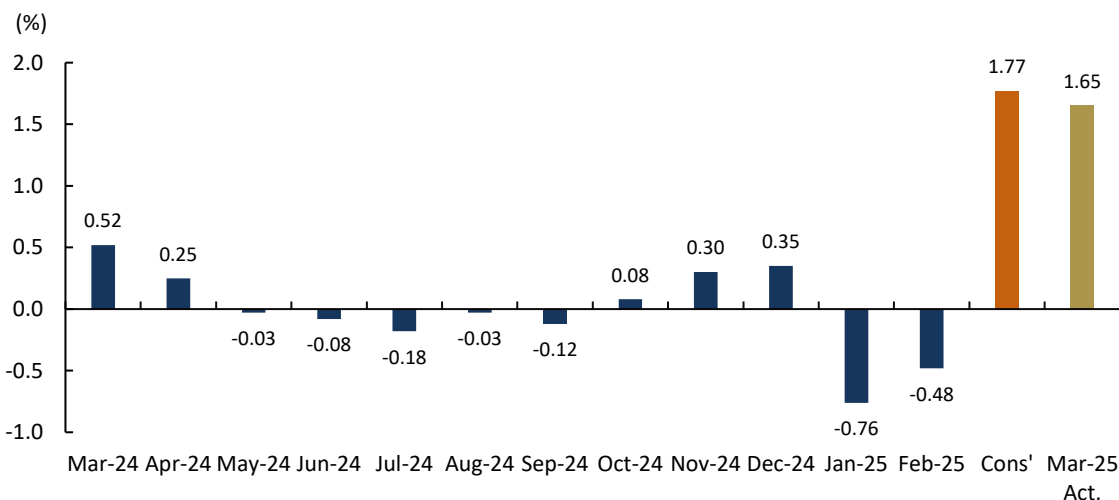


# Indonesia March Inflation: 8 April 2025

- In Mar-25, Indonesia's consumer price index (CPI) was weak, up just 1.03% YoY, lower than market consensus of 1.16% although exceeding our estimate of 0.8% following 0.09% drop in Feb-25. This inflation was driven by seasonal surge in household consumption tied to the Eid al-Fitr festive season coupled with normalization of electricity tariffs which was temporarily discounted in 2M25.
- On MoM basis, CPI rose 1.65%, reversing the 0.48% decline in Feb-25, slightly underperforming consensus forecast of 1.79% rise and reflecting both seasonal demand and low-base effect from the previous month on unwinding of earlier government subsidies when administered prices were artificially held down.
- From a market perspective, this subdued inflation environment supports the attractiveness of fixed income assets, particularly long-dated government bonds, given the relative stability of interest rate expectations. Equity markets may also find safety in consumer-driven sectors, especially those linked to staples and food-related retail, although cost pressures may weigh on margins if core prices continue to rise.
- While the headline figures suggest rising momentum, underlying inflation going forward remains contained on lower commodity prices due to decreased farmers' incomes. However, interest rates may have to remain high caused by IDR vulnerability stemming from global market volatility. Additionally, manageable inflation may mean soft demand in-line with our revised down FY2025 GDP growth to 4.8 – 4.9% from 4.97% previously, reflecting cautiously optimistic economic outlook.

## Inflation MoM



## Inflation Based on Spending Category YoY

Number	Details	Inflation	Contribution to Inflation
<b>Headline Inflation</b>		<b>1.03</b>	<b>1.03</b>
1	Food, Beverages and Tobacco	2.07	0.61
2	Personal care and other services	8.71	0.54
3	Food beverages services/restaurants	2.26	0.23
4	Education services	1.89	0.11
5	Transport	0.83	0.10
6	Clothing and Footwear	1.41	0.07
7	Furnishings, household equipment and routine household maintenance	0.95	0.05
8	Health	1.80	0.05
9	Recreation, sport and culture	1.17	0.02
10	Information, communication and financial services	-0.24	-0.01
11	Housing, water, electricity and household fuels	-4.68	-0.74

## Inflation YoY

