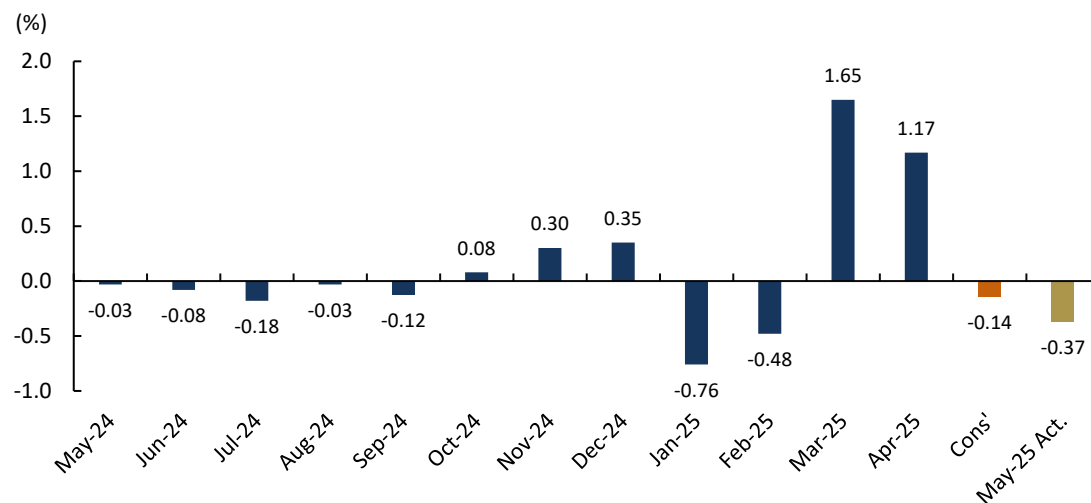


Indonesia May Inflation: 2 June 2025

- Indonesia's May annual inflation rate eased to 1.60%, down from 1.95% in April, and came in below both market expectations of 1.90% and SSI's projection of 1.70%. The latest figure reflects cooling of price pressures as seasonal drivers tied to the Eid al-Fitr festivities began to fade.
- On a monthly basis, the consumer price index (CPI) fell 0.37%, reversing 1.17% spike in April and marking the first monthly deflation in three months. This disinflation was largely driven by a seasonal normalization effect, particularly in volatile components such as food and transportation, where prices typically surge pre-Eid and moderate swiftly thereafter.
- The data reaffirms the current disinflationary environment in Indonesia, suggesting that price stability, tantamount to weak demand, remained intact, particularly despite currency depreciation. Core inflation remained subdued, reflecting soft domestic demand and continued price absorption by businesses in the face of limited pricing power.
- With inflation now sitting well below Bank Indonesia's 2025 target range of 1.5–3.5%, this development strengthens the case for maintaining an accommodative policy stance to support economic recovery, especially as PMI has somewhat improved during the same period, providing some hope of economic improvement ahead.
- Moving forward, inflationary pressures are expected to remain contained, barring any external shocks such as energy price spikes or currency-driven import cost surges. The soft reading in May opens space for further monetary easing if growth momentum weakens, though Bank Indonesia may still tread cautiously given global interest rate volatility and risks of capital outflows. Close attention will be paid to upcoming energy subsidy adjustments and core inflation trends, which will determine the durability of this low inflation path through 2H25.

Inflation MoM



Inflation Based on Spending Category YoY

Number	Details	Inflation	Contribution to Inflation
	Headline Inflation	1.60	1.60
1	Personal care and other services	9.24	0.59
2	Food, Beverages and Tobacco	1.03	0.30
3	Housing, water, electricity and household fuels	1.54	0.24
4	Food beverages services/restaurants	1.97	0.20
5	Education services	1.88	0.11
6	Clothing and Footwear	0.98	0.05
7	Health	1.79	0.05
8	Furnishings, household equipment and routine household maintenance	0.79	0.04
9	Transportation	0.18	0.02
10	Recreation, sport and culture	1.24	0.02
11	Information, communication and financial services	-0.28	-0.02

Inflation YoY

