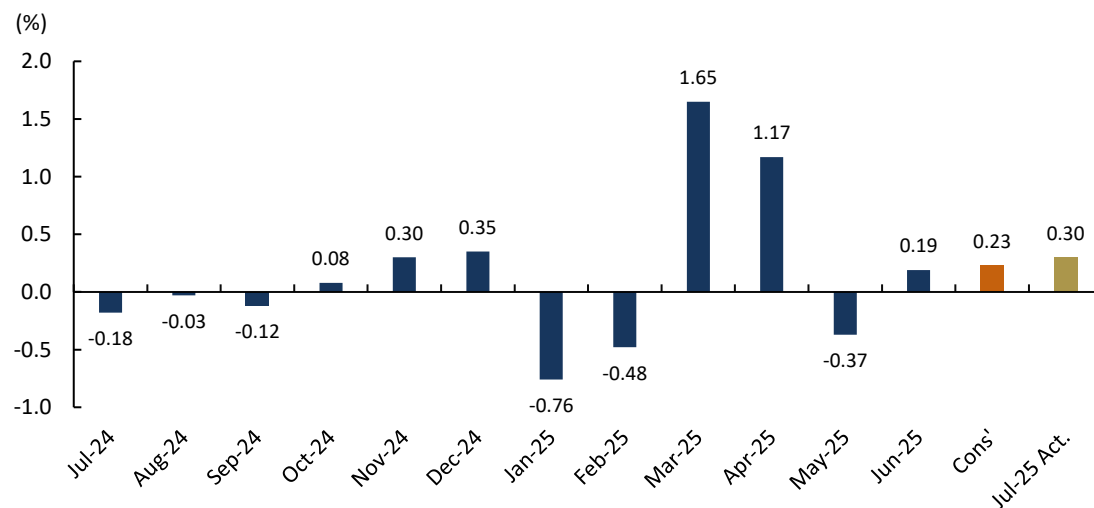


Indonesia July Inflation: 1 August 2025

- Indonesia's annual inflation accelerated to 2.37% in July 2025, up significantly from 1.87% in June and slightly above the market consensus of 2.24%, as well as Samuel Sekuritas Indonesia's (SSI) projection of 2.2% for the month. Despite this uptick—marking the highest level since June 2024—inflation remains comfortably within Bank Indonesia's target band of 1.5–3.5%. The increase was primarily driven by rising prices in food and transportation, influenced by seasonal factors and continuing supply-chain constraints.
- However, core inflation, which provides a clearer picture of underlying demand conditions, eased to 2.32%, marking a seven-month low and coming in below market expectations of 2.37%. This suggests that domestic consumer demand is still relatively muted, corroborated by recent PMI data and moderate household consumption trends.
- On a monthly basis, Indonesia's CPI increased 0.3%, accelerating from 0.19% rise recorded in June, and slightly above forecasts of 0.21%, indicating short-term pressures on prices.
- Looking ahead, inflationary pressures are expected to moderate as seasonal effects dissipate and global supply chains gradually stabilize. With core inflation trending lower, Bank Indonesia is likely to maintain its accommodative stance, keeping interest rates steady to support economic growth and ensure currency stability amid global uncertainties, particularly related to U.S. trade policies and geopolitical tensions. For investors, while the marginally higher headline CPI reading could induce short-term caution in bond markets, the stable core inflation trajectory and supportive monetary policy outlook reinforce the attractiveness of Indonesian government bonds (SBN). SSI maintains a neutral stance on inflation and expects it to remain within the central bank's target range through the rest of 2025.

Inflation MoM



Inflation Based on Spending Category YoY

Number	Details	Inflation	Contribution to Inflation
	Headline Inflation	2.37	2.37
1	Food, Beverages and Tobacco	3.75	1.08
2	Personal care and other services	9.00	0.57
3	Housing, water, electricity and household fuels	1.65	0.26
4	Food beverages services/restaurants	1.86	0.19
5	Education services	1.95	0.11
6	Health	1.94	0.06
7	Clothing and Footwear	1.00	0.05
8	Furnishings, household equipment and routine household maintenance	0.52	0.03
9	Transportation	0.12	0.02
10	Recreation, sport and culture	1.05	0.02
11	Information, communication and financial services	-0.31	-0.02

Inflation YoY

