

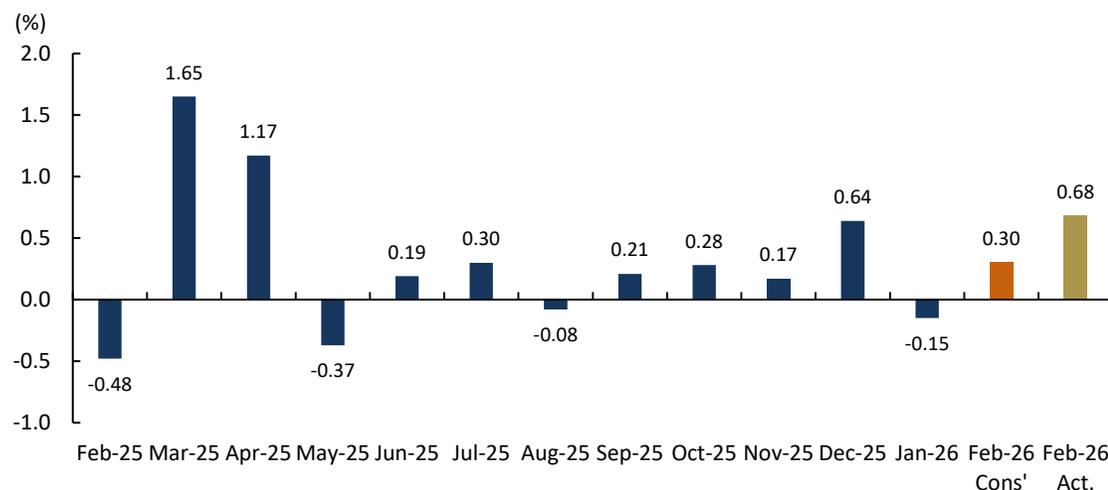
Indonesia February Inflation: 2 March 2026

- Indonesia's inflation re-accelerated sharply in Feb-26 to 4.76% YoY, up from 3.55% in Jan-26 and marking the highest reading since Mar-23, well above SSI's forecast of 4.0% and consensus of 4.3%. The surge was largely driven by a low base electricity effect stemming from early 2025 tariff discounts, artificially compressing last year's price levels. As discounts rolled off, the statistical rebound pushed inflation decisively above BI's 1.5%–3.5% target corridor, altering the short-term monetary dynamics.
- Price pressures broadened. Food inflation rose to 3.51% YoY from 1.54%, while housing remained the main driver at 16.19% from 11.93%, reflecting subsidy recalibration. Clothing (0.73%), furnishings (0.21%), and health (1.61%) posted moderate gains. Transport eased to 0.12% from 0.58%, restaurant (1.37%) and education (1.11%) were stable, and communication was mildly deflationary (-0.09%).
- Core inflation climbed to 2.63% YoY, its highest since May-23, indicating gradually firming underlying demand on the government's free meal program. On monthly basis, CPI rose 0.68%, reversing January's 0.15% contraction, pointing to stronger short-term momentum beyond base effects.
- With headline inflation now materially above target and core inflation trending higher, space for near-term rate easing has narrowed significantly for BI. In the context of still-fragile IDR and elevated global yields, BI's priority will likely remain anchored to currency and inflation stabilization rather than growth stimulus with policy normalization remaining cautious and credibility-focused.
- Looking ahead, moderation in inflation will be complicated by the recent higher energy prices and IDR depreciation on the back of the recent Iran bombing. Thus, risks remain skewed to the upside in the near term with headline inflation above 4%, particularly if food supply disruptions emerge ahead of the Ramadan–Eid season. We note that the upside surprise relative to SSI's projection highlights Indonesia's entrance into a more delicate macro-balancing environment, where inflation control, FX stability, and growth support must be managed with tighter coordination and institutional discipline.

Inflation Based on Spending Category YoY

Number	Details	Inflation	Contribution to Inflation
	Headline Inflation	4.76	4.76
1	Housing, water, electricity and household fuels	16.19	2.26
2	Personal care and other services	16.66	1.12
3	Food, Beverages and Tobacco	3.51	1.05
4	Food beverages services/restaurants	1.37	0.14
5	Education services	1.11	0.06
6	Health	1.61	0.05
7	Clothing and Footwear	0.73	0.04
8	Recreation, sport and culture	0.96	0.02
9	Furnishings, household equipment and routine household maintenance	0.21	0.01
10	Transportation	0.12	0.01
11	Information, communication and financial services	-0.09	0.00

Inflation MoM



Inflation YoY

