

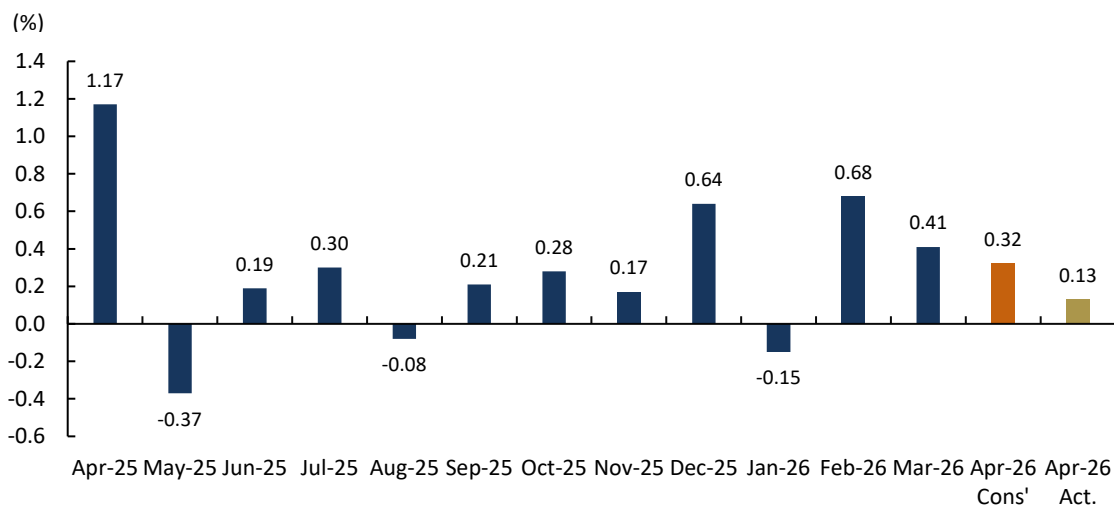
Indonesia April Inflation: 4 May 2026

- Indonesia's inflation dynamics in Apr-26 point to a higher-than-expected disinflationary trend, with headline CPI easing to 2.42% YoY from 3.48% in March, below both SSI's forecast of 3.0% and market consensus of 2.7%. The figure remains well within BI's target corridor of 1.5%–3.5% with disinflation primarily driven by a normalization in key volatile and administered components, particularly food and housing.
- Food inflation eased to 3.06% YoY, reflecting improving supply conditions post-festive season and a gradual unwinding of earlier supply-side disruptions. Meanwhile, housing inflation dropped sharply to 0.74% from 7.24%, indicating a significant base effect correction and possibly softer adjustments in administered prices. These two components alone explain most of the headline drop, underscoring that the inflation moderation is not merely cyclical, but also structural in nature—linked to normalization of previous elevated categories.
- That said, underlying demand-side signals remain relatively contained. Core inflation edged down to 2.44% YoY from 2.52%, marking the softest level in four months. This suggests that domestic demand, while still supportive of growth, is not exerting upward pressure on prices. However, there are signs of reacceleration in several discretionary categories: transport, recreation, restaurants, and furnishings. The rebound in communication prices also hints at some normalization after prior deflationary adjustments.
- While on a monthly basis inflation rose just 0.13%, decelerating from 0.41% in March, the continuation of a more subdued near-term price trajectory will depend on the absence of significant supply shocks coupled with government policies related to administered price increases ahead. This mild sequential increase will also hinge on BI's ability to maintain IDR stability.
- Looking ahead, cost push inflation remains a risk in the near term, particularly given higher fuel prices and IDR depreciation. However, for now, limited pass-through (continued subsidized fuel prices) from global commodity shocks suggests that headline inflation could hover in the 2.3%–2.8% range in the short term. For Indonesia's Central Bank, this environment provides some policy flexibility, although the scope for rate cuts will remain contingent on external stability—particularly IDR dynamics and global financial conditions.

Inflation Based on Spending Category YoY

Number	Details	CPI Mar-26	CPI Apr-26	Contribution to CPI Apr-26
	Headline Inflation	3.48	2.42	3.48
1	Housing, water, electricity and household fuels	7.24	0.74	0.03
2	Personal care and other services	15.32	11.43	0.77
3	Food, beverages and tobacco	3.34	3.06	0.9
4	Food beverages services/restaurants	1.42	1.93	0.19
5	Transportation	0.61	1.61	0.2
6	Education services	1.14	1.14	0.06
7	Health	1.49	1.49	0.04
8	Clothing and footwear	0.65	0.79	0.12
9	Recreation, sport and culture	1.08	1.19	0.02
10	Furnishings, household equipment and routine household maintenance	0.24	0.60	0.03
11	Information, communication and financial services	-0.03	0.83	0.05

Inflation MoM



Inflation YoY

