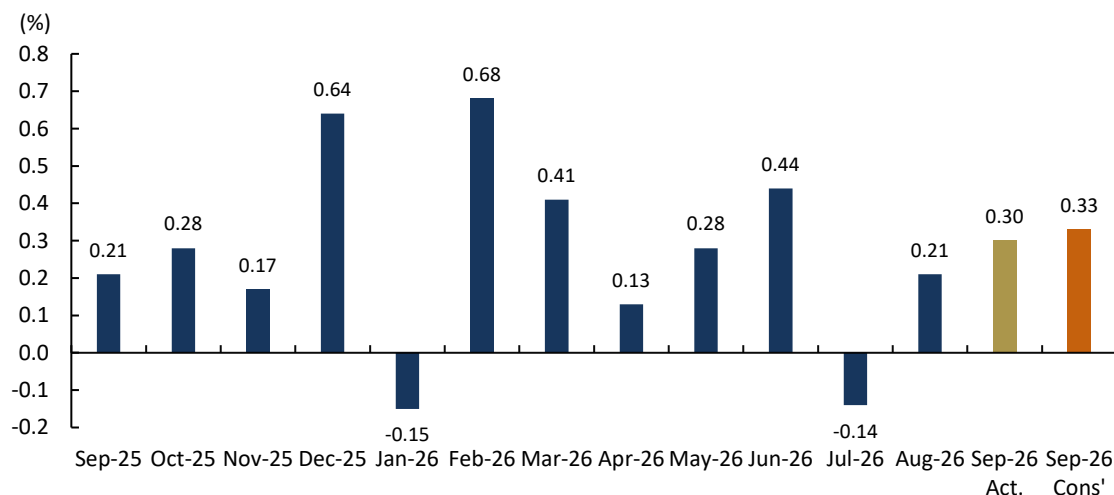


# Indonesia September Inflation: 1 October 2026

- Now only 0.22ppt below the upper limit, leaving limited room for additional price shocks, Indonesia's September headline inflation rose to 3.28% YoY from 3.19% in August, matching SSI's forecast and broadly in line with consensus of 3.3%. Although within BI's 1.5%–3.5% target range, inflation does little to ease concerns over rising household living costs on continued weak IDR and high energy costs.
- Food inflation accelerated to 4.37% YoY from 3.86%, while transport inflation remained elevated at 4.84%. Monthly inflation also increased to 0.30% MoM from 0.21%, indicating stronger near-term price pressures. Persistent increases in food and transport costs could constrain discretionary spending, particularly among lower-income households.
- Although core inflation eased to 2.84% YoY from 2.92%, we see consistently limited consumer purchasing power and weaker pricing power among businesses. Therefore, manufacturers and retailers could face margin pressures if input costs rise faster than selling prices.
- For BI, higher headline inflation narrows policy flexibility despite softer core inflation. Supply-driven price increases may respond less directly to monetary tightening, but persistent food inflation or IDR depreciation could increase the risk of broader price pass-through. Consequently, room for policy easing appears limited, while maintaining restrictive financial conditions could weigh on current credit demand and investment.
- We remain cautious on the inflation outlook through end-2026. Further food-supply disruptions, energy-price increases, El-Nino effects or exchange-rate pass-throughs could push headline inflation above BI's upper target boundary. Even if inflation remains within target, sustained pressures on essential expenditures could weaken household consumption, leaving businesses exposed to both higher costs and constrained demand, undermining economic growth.

## Inflation MoM



## Inflation, Based on Spending Category (YoY %)

| Number | Details                                                          | CPI Aug-26  | CPI Sep-26  | Contribution to CPI Sep-26 |
|--------|------------------------------------------------------------------|-------------|-------------|----------------------------|
|        | <b>Headline Inflation</b>                                        | <b>3.19</b> | <b>3.28</b> | <b>3.19</b>                |
| 1      | Housing, water, electricity & household fuels                    | 1.01        | 1.02        | 0.16                       |
| 2      | Personal care & other services                                   | 9.25        | 7.77        | 0.53                       |
| 3      | Foods, beverages & tobacco                                       | 3.86        | 4.37        | 1.28                       |
| 4      | Food beverages services/restaurants                              | 2.67        | 2.70        | 0.27                       |
| 5      | Transportation                                                   | 4.79        | 4.84        | 0.58                       |
| 6      | Education services                                               | 1.20        | 1.43        | 0.08                       |
| 7      | Health                                                           | 2.12        | 2.24        | 0.07                       |
| 8      | Clothing & footwear                                              | 1.21        | 1.20        | 0.06                       |
| 9      | Recreation, sports & culture                                     | 1.75        | 1.81        | 0.03                       |
| 10     | Furnishings, household equipment & routine household maintenance | 2.00        | 2.19        | 0.11                       |
| 11     | Information, communications & financial services                 | 1.72        | 1.83        | 0.11                       |

## Inflation YoY

