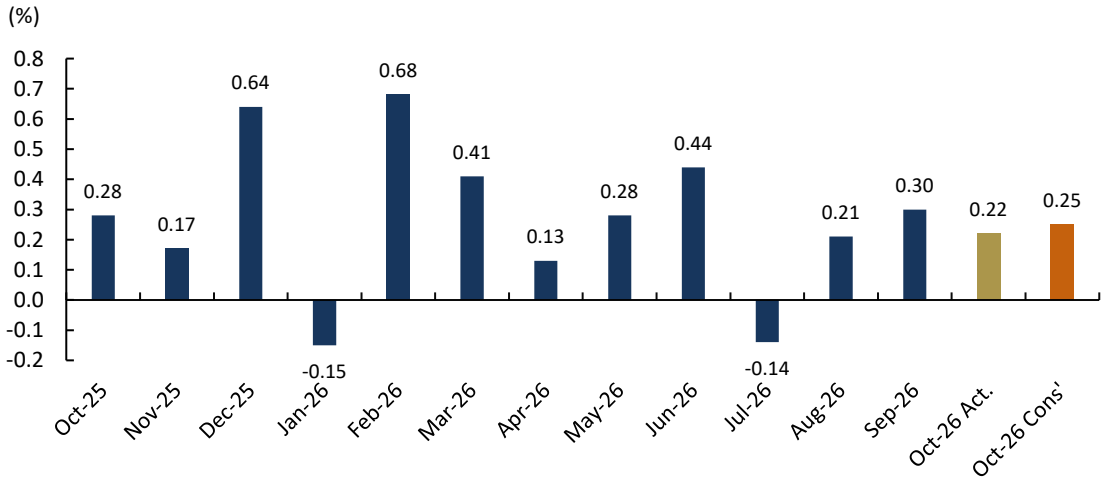
Indonesia October Inflation: 2 November 2026

- Providing limited reassurance as food price pressures continued to build, Indonesia's annual inflation modestly eased from 3.28% in Sep-26 to 3.23% YoY in Oct-26, in line with market expectations of 3.29% and SSI's forecast of 3.26%, as well as remaining at BI's upper target range of 3.5%.
- On the back of weak purchasing power, the slight moderation was partly caused by personal care inflation, which fell to 4.52% from 7.77%, alongside easing pressures in recreation and education. Core inflation declined to a six-month low of 2.56% YoY from 2.84%, below market expectations of 2.75%. While this suggests subdued underlying price pressures, lower inflation also reflected limited pricing power and weak consumer demand.
- Meanwhile, food inflation accelerated to a five-month high of 4.82% YoY from 4.37%, amid lingering El Niño-related supply disruptions. Price pressures also increased across transportation, housing, healthcare, and household furnishings. Higher essential spending could further constrain household purchasing power, particularly among lower-income groups, limiting discretionary consumption.
- Monthly inflation slowed to 0.22% MoM from 0.30% in September, below market expectations of 0.25%, although prices rose for the third consecutive month. Persistent food inflation, transportation costs, and exchange rate pressures could slow further disinflation. The softer headline reading therefore masks continued pressure on household budgets.
- We expect inflation to remain within BI's target range through end-2026, although food supply disruptions, elevated energy prices, and IDR volatility remain upside risks. October's Manufacturing PMI of 54.0 signals stronger industrial activity, but its transmission to employment and household demand remains uncertain. SSI expects BI to hold its policy rate at 5.75% in the near term, as IDR stability concerns constrain room for easing despite softer core inflation.

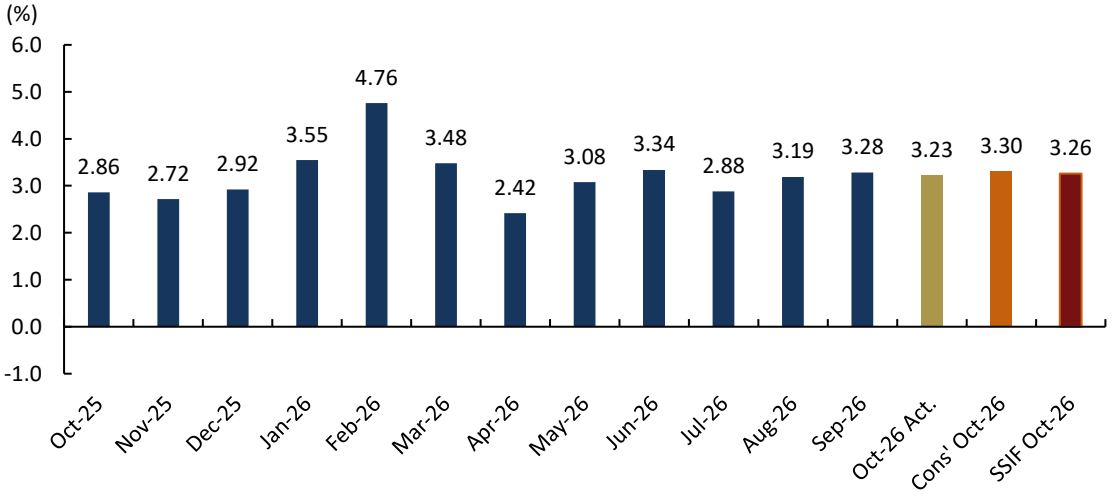
Inflation, Based on Spending Category (YoY %)

Number	Details	CPI Sep-26	CPI Oct-26	Contribution to CPI Oct-26
	Headline Inflation	**3.28**	**3.23**	**3.23**
1	Housing, water, electricity & household fuels	1.02	1.06	0.17
2	Personal care & other services	7.77	4.52	0.32
3	Foods, beverages & tobacco	4.37	4.82	1.40
4	Food beverages services/restaurants	2.70	2.83	0.28
5	Transportation	4.84	4.87	0.59
6	Education services	1.43	1.35	0.08
7	Health	2.24	2.31	0.07
8	Clothing & footwear	1.20	1.26	0.06
9	Recreation, sports & culture	1.81	1.76	0.03
10	Furnishings, household equipment & routine household maintenance	2.19	2.39	0.12
11	Information, communications & financial services	1.83	1.91	0.11

Inflation MoM



Inflation YoY



Sources: Bloomberg, BPS, SSI Research

Macro Strategy Team