

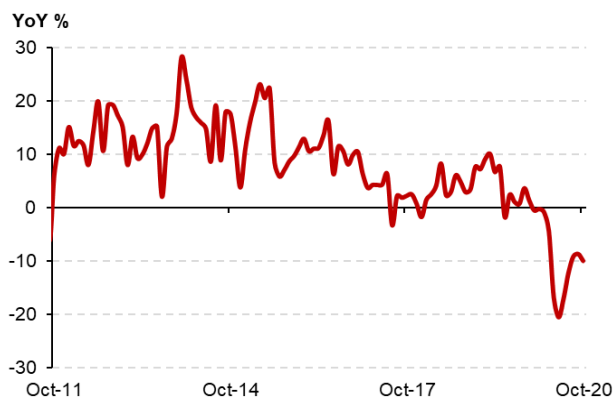
12 November 2020

Indonesia Retail Sales

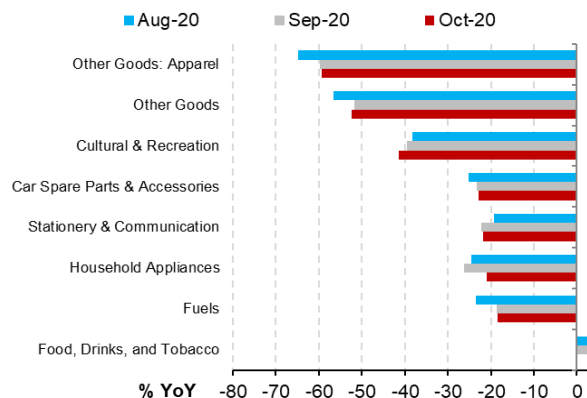
Fall at a slower pace in September on broad-based improvement

- Retail sales fell for the tenth straight month in September but at a slower pace (-8.7% YoY; Aug: -9.2%)**
 - Mainly attributable to a broad-based slowdown led by apparel (-59.7%; Aug: -64.9%), followed by other goods (-51.8%; Aug: -56.7%) and cultural & recreation (-39.5%; -38.2%). Nonetheless, it was partially supported by a second successive month of growth rebound in food, drinks, and tobacco (3.1%; Aug: 2.7%).
 - MoM: growth fell to a three-month low (-1.4%; Aug: 1.3%) due to a sharp moderation in car spare parts & accessories (0.4%; Aug: 12.0%) as well as a drop in food, drinks and tobacco (-1.2%; Aug: 2.0%).
- Retail sales are expected to fall further in October**
 - Real Sales Index (RSI) to fall by 10.0% YoY in October due to a broad-based slowdown observed across most commodity groups, mostly held back by food, drinks and tobacco (-0.2%). This is also in line with the worsening consumer confidence index (-33.3%; Sep: -31.6%), the level last seen in May.
- Weak YoY sales growth are expected for the next 3 months, while to rise for the next 6 months**
 - 3-month Sales Expectation Index (SEI): to fall by 1.6% in December (expected Nov: 8.6%).
 - 6-month SEI: to increase sharply in March 2021 (16.4%; expected Feb: 7.4%).
- Subdued inflationary pressure is expected for the next 3 to 6 months**
 - 3-month Price Expectations Index (PEI): growth contraction to edge higher in December (-6.9%; expected Nov: -5.4%).
 - 6-month PEI: contraction to be reduced further in March 2021 (-2.6%; expected Feb: -0.7%).
- COVID-19 to weigh on recovery**
 - Indonesia continues to report a spike in coronavirus cases. As of Wednesday, new positive cases registered at 3,770 with total cases now at 448,118 and the total death toll stands at 14,836.
 - While September's retail sales pointing to a recovery, we remain cautious as weak consumer sentiment and uncertainty may continue to weigh on household spending, Indonesia's main driver of economic activity.

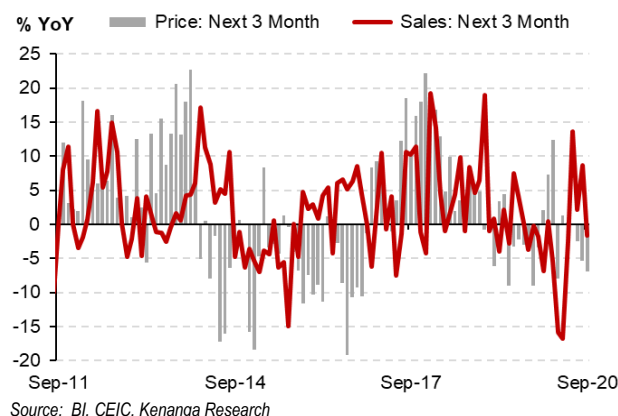
Graph 1: Bank Indonesia Retail Sales Survey



Graph 2: Sales Growth by Commodity Groups



Graph 3: Retailer Expectation



Graph 4: Consumer Confidence Index



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Table 1: Retail Sales Survey & Retailer Expectation Trend (YoY %)

	2018	2019	Oct-19	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20
Retail Sales	3.7	4.0	3.6	-20.6	-17.1	-12.3	-9.2	-8.7	-10.0
Car Spare Parts & Accessories	4.4	19.3	18.0	-46.9	-37.8	-33.7	-25.2	-23.3	-22.9
Food, Drinks, and Tobacco	6.2	4.7	6.7	-9.7	-7.6	-1.9	2.7	3.1	-0.2
Fuels	11.3	-3.3	-10.9	-45.4	-27.0	-26.1	-23.5	-18.7	-18.5
Stationery & Communication	-13.3	-6.7	-1.6	-19.7	-16.3	-17.3	-19.2	-22.2	-21.8
Household Appliances	3.5	6.9	4.0	-21.9	-23.1	-21.3	-24.5	-26.2	-20.9
Cultural & Recreation	5.5	-0.7	-10.6	-53.7	-44.6	-38.7	-38.2	-39.5	-41.4
Other Goods	29.6	14.9	-13.6	-72.9	-69.1	-60.3	-56.7	-51.8	-52.3
Other Goods: Apparel	15.1	13.9	-8.6	-74.0	-73.7	-66.5	-64.9	-59.7	-59.4
Retailer Expectation									
Sales: Next 3 Month			-0.2	-2.4	13.6	2.1	8.6	-1.6	N/A
Sales: Next 6 Month			8.9	3.3	4.2	2.8	7.4	16.4	N/A
Price: Next 3 Month			-9.0	0.2	0.1	-2.4	-5.4	-6.9	N/A
Price: Next 6 Month			0.9	-8.1	-4.3	-9.8	-0.7	-2.6	N/A
Consumer Confidence Index	1.4	0.9	-0.7	-39.3	-33.7	-30.9	-29.4	-31.6	-33.3

Source: BI, CEIC, Kenanga Research

* BI estimates

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