

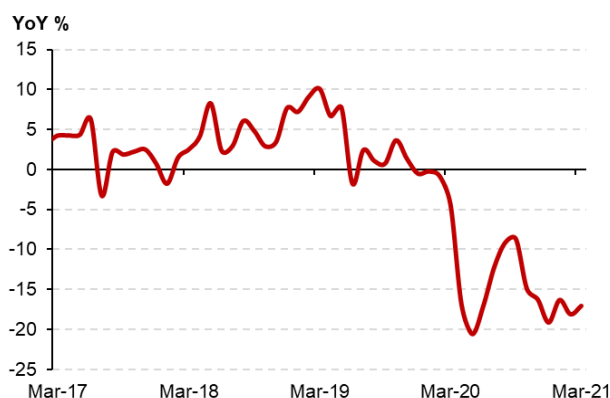
13 April 2021

# Indonesia Retail Sales

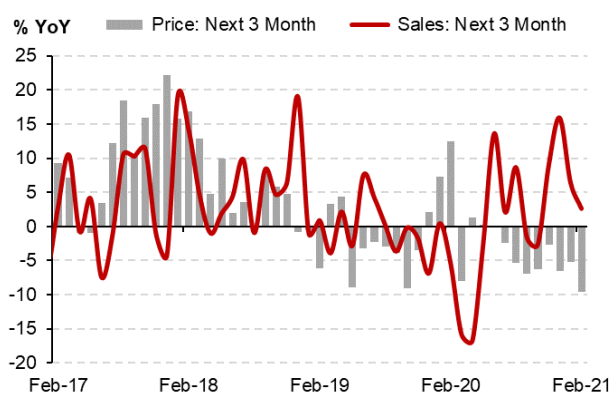
Growth fall at a faster rate in February on extended movement curbs

- Retail sales fell sharply in February (-18.1% YoY; Jan: -16.4%) and remain in contraction for the sixteenth straight month**
  - Broad-based slowdown led by cultural and recreation (-51.0%; Jan: -53.0%), followed by other goods (-44.1%; Jan: -44.5%) and apparel (-41.3%; Jan: -46.3%).
  - MoM: smaller decline (-2.7%; Jan: -4.3%) attributable to a smaller MoM growth contraction in fuels (-2.0%; Jan: -10.4%) and household appliances (-2.0%; Jan: -6.9%).
- Weaker growth is expected to persist in March**
  - The Real Sales Index (RSI) is expected to fall by 17.1% YoY in March, albeit slightly lower than the preceding month. The growth contraction is likely to remain due to a broad-based slowdown across all commodity groups led by cultural & recreation (-41.9%; Feb: -51.0%) and base effect. On MoM, growth is expected to rebound by 2.9% (Feb: -2.7%), in line with the improved consumer confidence index (93.4; Feb: 85.8).
- YoY sales growth expected to moderate for the next three to six months**
  - 3-month Sales Expectation Index (SEI): growth to moderate in May (2.6%; expected Apr: 6.4%), a four-month low.
  - 6-month SEI: slower growth expected in August (7.2%; expected Jul: 8.1%).
- Inflationary pressure is expected to remain weak for the next three to six months**
  - 3-month Price Expectations Index (PEI): growth expected to fall sharply in May (-9.6% YoY; expected Apr: -5.2%) mainly due to base effect.
  - 6-month PEI: mild inflationary pressure in August (-7.8% YoY; expected Jul: -5.2%).
- Extended micro-scale restriction until Apr 19 is expected to weigh on growth recovery**
  - We reiterate our view that retail sales will continue to remain under pressure in the near term as a result of the COVID-19 pandemic and its curbing measures. The government has implemented the restriction policy in 20 provinces out of 34 provinces, including main Java Island, Bali, Aceh, and Riau.

**Graph 1: Bank Indonesia Retail Sales Survey**

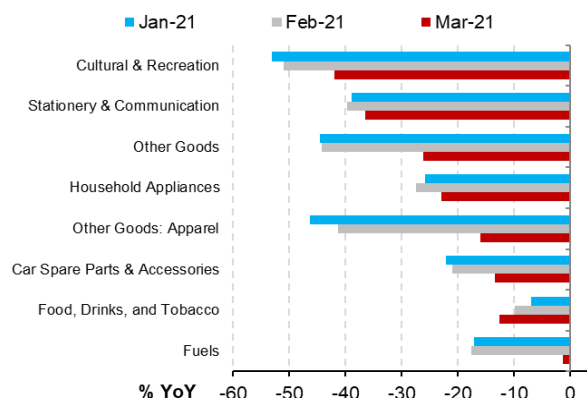


**Graph 3: Retailer Expectation**

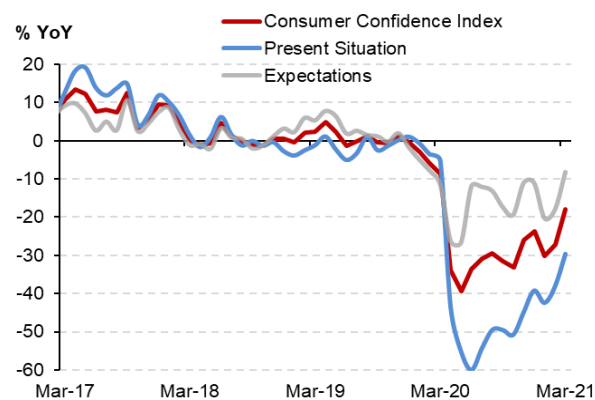


Source: BI, CEIC, Kenanga Research

**Graph 2: Sales Growth by Commodity Groups**



**Graph 4: Consumer Confidence Index**



Source: BI, CEIC, Kenanga Research

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

	2019	2020	Mar-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21
<b>Retail Sales</b>	<b>4.0</b>	<b>-17.1</b>	<b>-4.5</b>	<b>-14.9</b>	<b>-16.3</b>	<b>-19.2</b>	<b>-16.4</b>	<b>-18.1</b>	<b>-17.1</b>
Car Spare Parts & Accessories	19.3	-22.5	-14.7	-22.9	-21.6	-20.0	-22.1	-21.0	-13.4
Food, Drinks, and Tobacco	4.7	-2.8	3.7	-5.6	-6.6	-10.3	-7.0	-9.8	-12.6
Fuels	-3.3	-21.2	-18.7	-17.3	-14.3	-12.0	-17.1	-17.5	-1.2
Stationery & Communication	-6.7	-19.4	-7.6	-30.9	-36.3	-39.2	-38.8	-39.7	-36.4
Household Appliances	6.9	-17.7	-5.5	-23.3	-26.3	-25.0	-25.8	-27.4	-22.9
Cultural & Recreation	-0.7	-35.4	-20.5	-40.6	-40.3	-40.0	-53.0	-51.0	-41.9
Other Goods	14.9	-54.3	-52.2	-53.5	-51.3	-55.0	-44.5	-44.1	-26.2
Other Goods: Apparel	13.9	-59.4	-60.5	-58.1	-56.6	-59.7	-46.3	-41.3	-16.0
<b>Retailer Expectation</b>									
Sales: Next 3 Month			-15.8	-2.7	8.9	15.9	6.4	2.6	N/A
Sales: Next 6 Month			-2.9	4.0	5.7	18.0	8.1	7.2	N/A
Price: Next 3 Month			-8.0	-6.3	-2.7	-6.5	-5.2	-9.6	N/A
Price: Next 6 Month			0.1	-5.7	-9.1	-0.7	-5.2	-7.8	N/A
<b>Consumer Confidence Index</b>	<b>0.9</b>	<b>24.9</b>	<b>-8.6</b>	<b>-33.3</b>	<b>-25.9</b>	<b>-23.6</b>	<b>-30.3</b>	<b>-27.1</b>	<b>-17.9</b>

Source: BI, CEIC, Kenanga Research

\* BI estimates

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