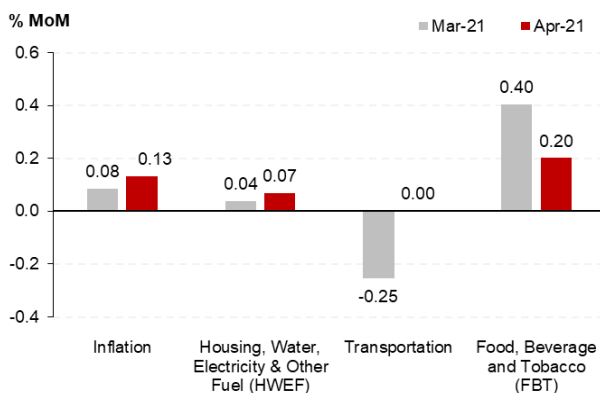


Indonesia Consumer Price Index

Inflation edged up in April on higher transportation and food prices

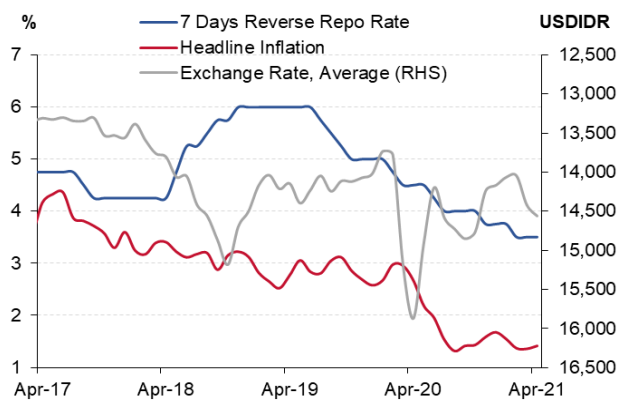
- Headline inflation expanded to a three-month high in April (1.42%; Mar: 1.37%), a tad below consensus of 1.46% and remained below Bank Indonesia's (BI) inflation target band of 2.0%-4.0%.**
 - MoM: edged up to a three-month high (0.13%; Mar: 0.08%).
 - Core inflation: moderated for thirteen straight months (1.18%; Mar: 1.21%).
- Attributable to higher prices of transportation and food, beverage & tobacco but partially capped by weak personal care & other services**
 - Transportation (1.01%; Mar: 0.59%): expanded for the third straight month in tandem with higher global oil prices.
 - Food, beverage, & tobacco (2.33%; Mar: 2.22%): inched up on improved demand.
 - Personal care & other services (2.6%; Mar: 3.53%): bucked the trend as price decelerated and weighed on overall inflation.
- Higher inflationary pressure across the region on rising demand in line with continued economic recovery**
 - VN: CPI accelerated to a seven-month high (2.7%; Mar: 1.2%) on higher prices of transport services.
 - SG: inflation expanded for the third straight month in March (1.3%; Feb: 0.7%), highest since May 2017.
- 2021 CPI forecast retain at 2.30% (2020: 2.04%)**
 - Inflationary pressure is expected to gradually increase in the 2H21 on the back of a low base effect and a recovery in the economic activities amid wider vaccine rollout.
 - On policy rate outlook, we reiterate our view that BI would likely hold rates steady at 3.50% for the rest of the year in line with price stability and the need to support the rupiah amid increasing global financial market instability.

Graph 1: CPI by Main Categories



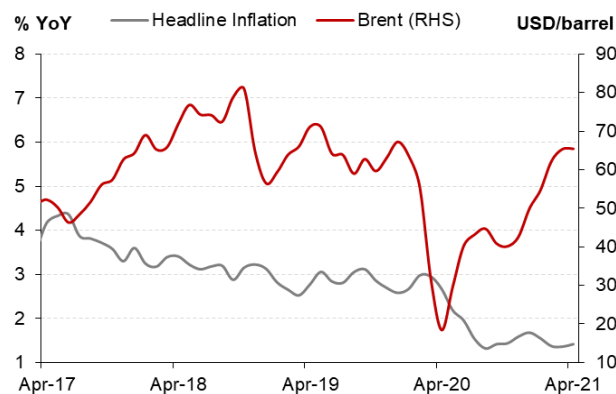
Source: BPS, CEIC, Kenanga Research

Graph 2: Inflation vs. Policy Rate



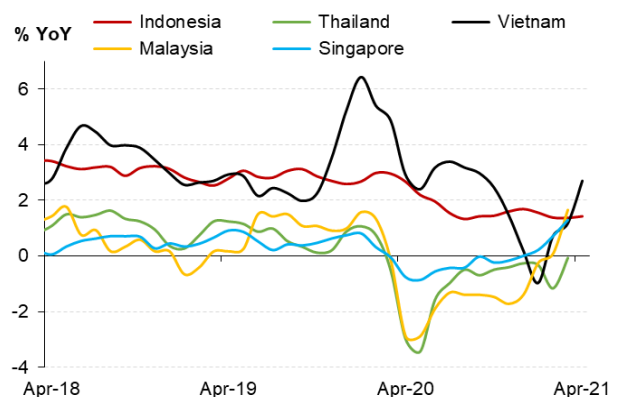
Source: BPS, CEIC, Kenanga Research

Graph 3: CPI vs. Crude Oil Prices



Source: BPS, CEIC, Bloomberg, Kenanga Research

Graph 4: Regional Inflation Growth Trend



Source: BPS, CEIC, Kenanga Research

04 May 2021

Table 1: Indonesia Consumer Price Index Growth Trend (% YoY)

Base 2018=100	weight	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21
CPI	100.00	1.59	1.68	1.55	1.38	1.37	1.42
Food, Beverage and Tobacco (FBT)	25.01	2.87	3.63	2.81	1.92	2.22	2.33
Housing, Water, Electricity & Other Fuel (HWEF)	20.45	0.41	0.35	0.25	0.20	0.22	0.20
Transportation	12.38	-0.47	-0.85	-0.26	0.41	0.59	1.01
Food and Beverage Provision/Restaurant	8.67	2.11	2.26	2.41	2.52	2.32	2.35
Household Equipment & Routine Maintenance (HHE)	5.97	1.16	1.03	1.10	1.40	1.23	1.41
Personal Care and Other Services (PCS)	5.89	6.21	5.80	5.55	4.97	3.53	2.60
Information, Comm & Financial Service (ICFS)	5.83	-0.43	-0.35	-0.35	-0.37	-0.31	0.03
Education	5.62	1.40	1.40	1.57	1.56	1.56	1.57
Clothing and Footwear (CF)	5.41	1.18	1.01	1.00	0.84	0.73	0.89
Health	2.62	2.98	2.79	2.55	2.40	2.28	2.23
Recreation, Sports, and Culture (RSC)	2.15	0.83	0.73	0.60	0.59	0.62	0.79
Core		1.67	1.60	1.56	1.53	1.21	1.18
Administered		0.56	0.25	0.34	0.66	0.88	1.12
Volatile		2.41	3.62	2.82	1.52	2.49	2.73
Energy		-0.87	-0.90	-0.29	-0.04	-0.10	-0.11

Source: BPS, CEIC, Kenanga Research

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