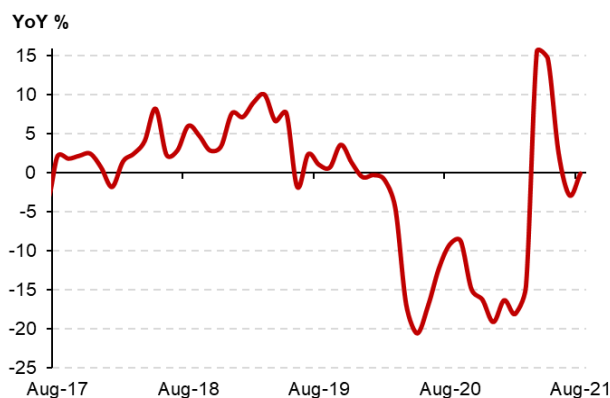


# Indonesia Retail Sales

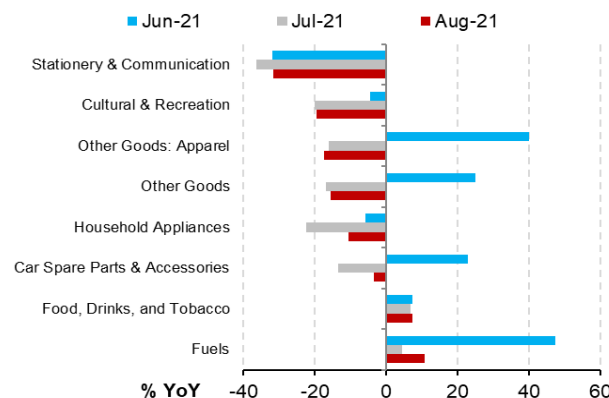
## Retail sales falls in July amid mobility restrictions

- Retail sales declined in July (-2.9% YoY; Jun: 2.5%) amid a resurgence of COVID-19 and the imposition of mobility restrictions to contain the spread of the infections**
  - Broad based slowdown attributable to weak sales of stationery and communication (-36.5%; Jun: -31.8%), household appliances (-22.3%; Jun: -5.7%), and cultural and recreation (-20.0%; Jun: -4.5%).
  - MoM: fell for the second straight month (-5.0%; Jun: -12.8%) albeit at a slower pace.
- Growth contraction is expected to ease in August in line with the relaxation of mobility restrictions**
  - The Real Sales Index (RSI) is expected to fall slightly in August (-0.1% YoY) but partially supported by higher fuels (10.7%; Jul: 4.5%) and food, drinks and tobacco (7.3%; Jul: 6.7%).
  - On MoM, growth is expected to rebound to a four-month high (4.3%) as the government eased restrictions amid lower COVID-19 cases, contradicting the consumer confidence index, which fell to 77.3 (Jul: 80.2).
- Growth is expected to recover for the next three to six months**
  - 3-month Sales Expectation Index (SEI): growth expected to fall in October (-4.3%; expected Sep: -11.2) on base effect. Nonetheless, retail sales are expected to expand for the second straight month on a MoM basis (2.7%; Sep: 7.6%), indicating an improved demand condition.
  - 6-month SEI: growth contraction expected to ease in January 2022 (-2.9%; expected Dec: -4.7%).
- Inflationary pressure is expected to remain weak for the next three to six months**
  - 3-month Price Expectations Index (PEI): price expected to fall in October (-8.0% YoY; expected Sep: -14.3%) albeit at a slower pace as base effect dissipates.
  - 6-month PEI: weak inflationary pressure expected to persist in January 2022 (-14.9% YoY; expected Dec: -17.2%) on base effect. On MoM, build-up inflationary pressure is expected for the second straight month.
- Retail sales will continue to be impacted by an extended emergency curb in some parts of Indonesia**
  - The extension of COVID-19 restrictions in some parts of Java will continue to undermine growth recovery in the near term. Nonetheless, the impact would likely be minimal given that the government has gradually eased mobility restriction and is expected to reopen tourism activity in the near term.

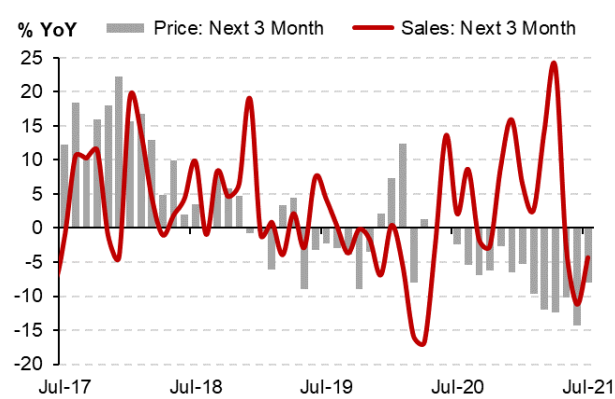
Graph 1: Bank Indonesia Retail Sales Survey



Graph 2: Sales Growth by Commodity Groups

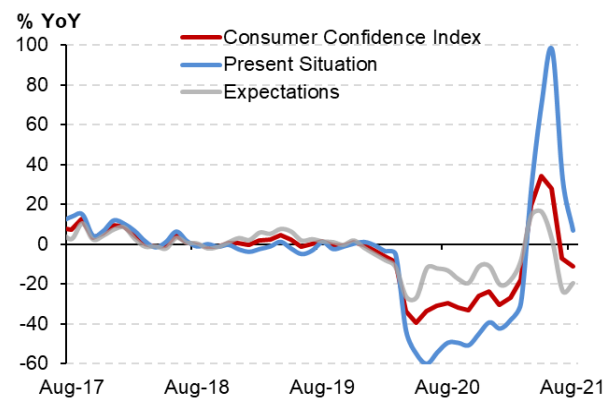


Graph 3: Retailer Expectation



Source: BI, CEIC, Kenanga Research

Graph 4: Consumer Confidence Index



Source: BI, CEIC, Kenanga Research

10 September 2021

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

	2019	2020	Aug-20	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21
<b>Retail Sales</b>	<b>4.0</b>	<b>-17.1</b>	-9.2	-14.6	15.6	14.7	2.5	-2.9	-0.1
Car Spare Parts & Accessories	19.3	-22.5	-25.2	-13.2	8.1	39.6	22.8	-13.5	-3.5
Food, Drinks, and Tobacco	4.7	-2.8	2.7	-9.0	26.7	22.0	7.3	6.7	7.3
Fuels	-3.3	-21.2	-23.5	3.2	37.3	53.5	47.4	4.5	10.7
Stationery & Communication	-6.7	-19.4	-19.2	-38.8	-31.1	-28.6	-31.8	-36.5	-31.6
Household Appliances	6.9	-17.7	-24.5	-23.3	-10.8	-7.4	-5.7	-22.3	-10.6
Cultural & Recreation	-0.7	-35.4	-38.2	-41.9	-7.8	8.4	-4.5	-20.0	-19.6
Other Goods	14.9	-54.3	-56.7	-17.1	48.2	43.1	25.1	-16.8	-15.7
Other Goods: Apparel	13.9	-59.4	-64.9	-10.8	55.2	52.2	39.9	-16.0	-17.4
<b>Retailer Expectation</b>									
Sales: Next 3 Month			8.6	14.3	23.7	-2.7	-11.2	-4.3	N/A
Sales: Next 6 Month			7.4	4.1	1.1	-10.7	-4.7	-2.9	N/A
Price: Next 3 Month			-5.4	-12.0	-12.4	-10.2	-14.3	-8.0	N/A
Price: Next 6 Month			-0.7	-11.9	-8.5	-15.9	-17.2	-14.9	N/A
<b>Consumer Confidence Index</b>	<b>0.9</b>	<b>24.9</b>	-29.4	-17.9	19.6	34.2	28.1	-7.0	-11.0

Source: BI, CEIC, Kenanga Research

\* BI estimates

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