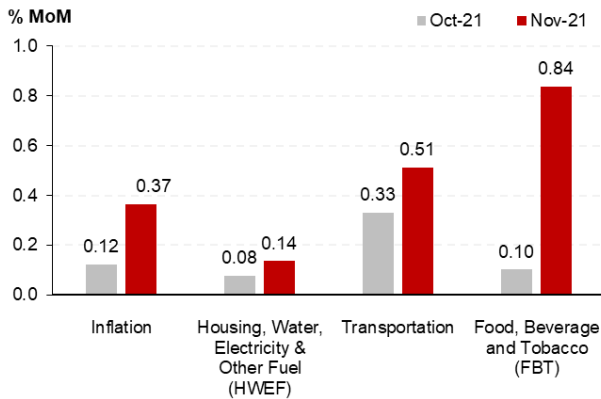


Indonesia Consumer Price Index

Inflation rise to a 17-month high in November

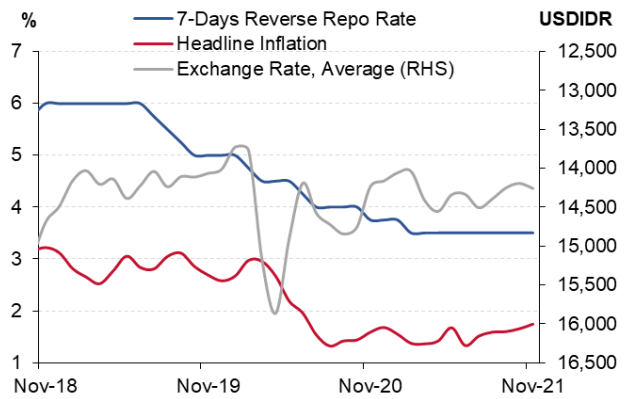
- Headline inflation expanded in November (1.75%; Oct: 1.66%), highest since June 2020, and beating consensus (1.66%). Nonetheless, it remained below Bank Indonesia's (BI) inflation target band of 2.0-4.0% for the eighteen-straight month**
 - MoM: expanded to a 11-month high (0.37%; Oct: 0.12%), in line with the resumption of economic activity.
 - Core inflation: increased to a five-month high (1.44%; Oct: 1.33%).
- Rising YoY inflationary pressure due to higher prices of housing, water, electricity & other fuel, and personal care & other services. However, the momentum was capped by lower food, beverage & tobacco prices**
 - Housing, water, electricity & other fuel (0.69%; Oct: 0.52%): expanded to a 16-month high.
 - Personal care & other services (1.15%; Oct: 0.54%): accelerated to a four-month high.
 - Food, beverage & tobacco (2.98%; Oct: 3.01%): moderated to a four-month low, on base effect. However, on MoM, it expanded sharply to 0.84% (Oct: 0.1%).
- Higher inflationary pressure across the region**
 - VN: CPI increased in November (2.1%; October: 1.8%), attributable to the fuel price hikes and higher consumer goods and services prices.
 - SG: headline inflation accelerated to 3.2% in October (Sep: 2.5%), highest since March 2013, due to increased private transport and accommodation prices.
- 2021 CPI forecast retained at 1.6% (2020: 2.04%)**
 - Despite rising inflationary pressure in the latest month, the momentum is still weak to push up overall headline inflation for 2021 within the BI's target.
 - Nevertheless, we expect BI's monetary policy stance to remain status quo at the next Board of Governor meeting on December 16 and possibly till 2H22. This is mainly due to the subdued inflation outlook, coupled with renewed fears and uncertainty of the COVID-19 pandemic brought by the emergence of the Omicron variant, which could weigh on consumer and business confidence going forward.

Graph 1: CPI by Main Categories



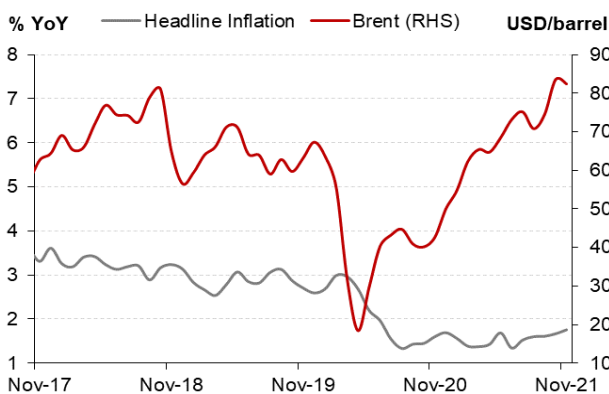
Source: BPS, CEIC, Kenanga Research

Graph 2: Inflation vs. Policy Rate



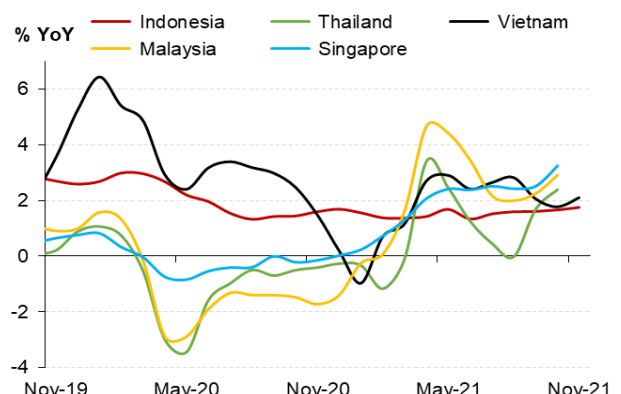
Source: BPS, CEIC, Kenanga Research

Graph 3: CPI vs. Crude Oil Prices



Source: BPS, CEIC, Bloomberg, Kenanga Research

Graph 4: Regional Inflation Growth Trend



Source: BPS, CEIC, Kenanga Research

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

Base 2018=100	weight	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21
CPI	100.00	1.33	1.52	1.59	1.60	1.66	1.75
Food, Beverage and Tobacco (FBT)	25.01	1.85	2.74	3.31	3.20	3.01	2.98
Housing, Water, Electricity & Other Fuel (HWEF)	20.45	0.30	0.36	0.39	0.40	0.52	0.69
Transportation	12.38	0.09	0.25	0.34	0.74	1.21	1.42
Food and Beverage Provision/Restaurant	8.67	2.68	2.59	2.55	2.67	2.60	2.71
Household Equipment & Routine Maintenance (HHE)	5.97	1.78	1.79	1.99	2.04	2.21	2.49
Personal Care and Other Services (PCS)	5.89	3.53	2.50	0.62	0.42	0.54	1.15
Information, Comm & Financial Service (ICFS)	5.83	0.01	0.02	-0.02	-0.02	0.04	0.02
Education	5.62	1.61	1.63	2.26	1.74	1.72	1.60
Clothing and Footwear (CF)	5.41	1.18	1.17	1.04	1.32	1.39	1.34
Health	2.62	1.92	1.87	2.14	2.10	2.01	1.70
Recreation, Sports, and Culture (RSC)	2.15	0.96	0.86	0.74	0.86	0.88	1.02
Core		1.49	1.40	1.31	1.30	1.33	1.44
Administered		0.49	0.61	0.65	0.99	1.47	1.69
Volatile		1.60	2.97	3.80	3.51	3.16	3.05
Energy		-0.12	-0.09	-0.10	-0.04	0.18	0.30

Source: BPS, CEIC, Kenanga Research

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