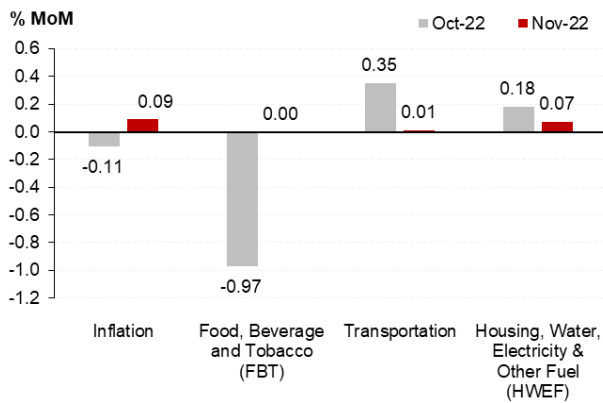


Indonesia Consumer Price Index

Inflation slowed in November but remained above BI's target

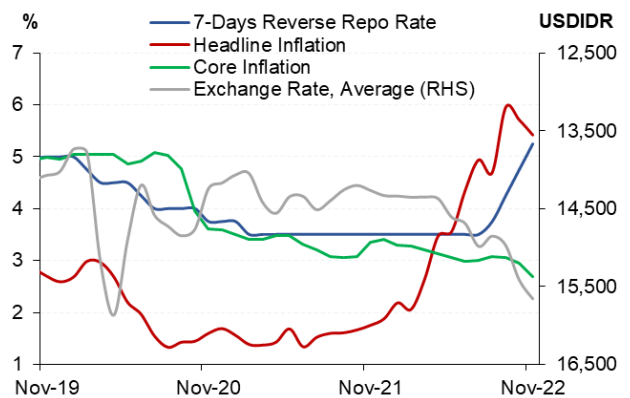
- Headline inflation moderated to 5.42% YoY in November (Oct: 5.71%) and below the consensus estimate of 5.50%. The inflation reading is still above Bank Indonesia's (BI) inflation target band of 2.0% - 4.0% for the sixth straight month**
 - MoM: rebounded slightly (0.09%; Oct: -0.11%), following a price deflation in the preceding month.
 - Core inflation: inched down slightly (3.30% YoY; Oct: 3.31%) but remained relatively high.
- Moderate inflationary pressure but remained relatively high, led by transportation and food, beverage and tobacco prices**
 - Transportation (15.45%; Oct: 16.03%): slowed to a three-month low amid high base effect.
 - Food, beverage & tobacco (5.87%; Oct: 6.76%): price moderated to a six-month low.
- Elevated inflationary pressure across the region**
 - VN: CPI expanded for the third month in November (4.4%; Oct: 4.3%) due to higher gasoline prices.
 - SG: headline inflation moderated to 6.7% in October (Sep: 7.5%), while core inflation, the central bank's favoured price measure slowed to 5.1% (Sep: 5.3%).
- 2022 inflation forecast is revise down to 4.3% (2021: 1.56%) from 4.5% as the final month reading may settle lower**
 - The price pressure is expected to trend lower in December than previously anticipated due to the impact of recent monetary policy tightening and a relatively stable energy price. Despite recent moderation in the inflation rate, the core inflation remained relatively elevated and persistently registered positive growth on an MoM basis.
 - Going forward, we slashed our 2023 inflation projection to 4.0% from 4.7% to reflect the impact of monetary policy tightening and the expectation of slower global growth in 2023. Likewise, we still expect BI to further raise its policy rate in its final monetary policy meeting this month by just 25 bps. The decision is expected to ensure the rupiah's stability and steer core inflation's return to its target range within the first half of 2023.

Graph 1: CPI by Main Categories



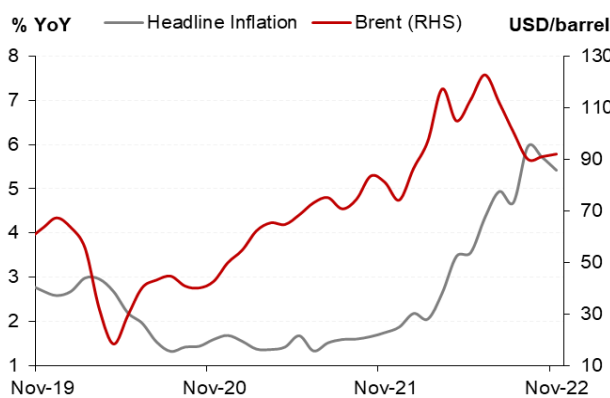
Source: BPS, CEIC, Kenanga Research

Graph 2: Inflation vs. Policy Rate



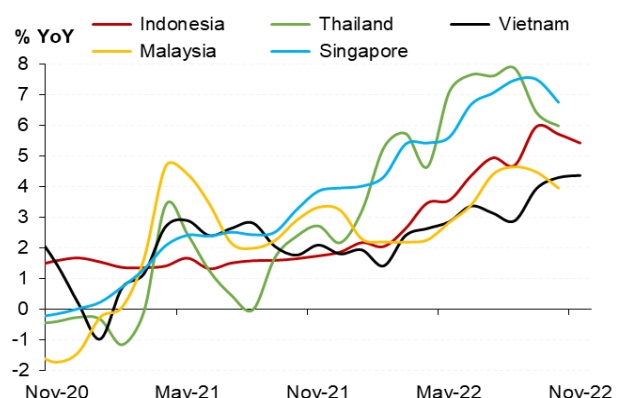
Source: BPS, CEIC, Kenanga Research

Graph 3: CPI vs. Crude Oil Prices



Source: BPS, CEIC, Bloomberg, Kenanga Research

Graph 4: Regional Inflation Growth Trend



Source: BPS, CEIC, Kenanga Research

02 December 2022

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

Base 2018=100	weight	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22
CPI	100.00	4.35	4.94	4.69	5.95	5.71	5.42
Food, Beverage and Tobacco (FBT)	25.01	8.26	9.35	7.73	7.91	6.76	5.87
Housing, Water, Electricity & Other Fuel (HWEF)	20.45	2.14	2.57	3.11	3.19	3.30	3.24
Transportation	12.38	5.45	6.65	6.62	16.01	16.03	15.45
Food and Beverage Provision/Restaurant	8.67	3.67	3.96	4.20	4.53	4.72	4.59
Household Equipment & Routine Maintenance (HHE)	5.97	4.77	4.91	4.89	5.04	5.08	4.96
Personal Care and Other Services (PCS)	5.89	4.43	4.79	4.93	5.17	5.41	5.48
Information, Comm & Financial Service (ICFS)	5.83	-0.23	-0.27	-0.29	-0.31	-0.42	-0.40
Education	5.62	1.69	1.85	2.50	2.61	2.74	2.76
Clothing and Footwear (CF)	5.41	1.38	1.54	1.63	1.56	1.50	1.53
Health	2.62	2.46	2.30	2.08	2.54	2.70	2.90
Recreation, Sports, and Culture (RSC)	2.15	1.97	2.25	2.53	2.73	2.85	2.90
Core		2.63	2.86	3.04	3.21	3.31	3.30
Administered		5.33	6.51	6.84	13.28	13.28	13.01
Volatile		10.07	11.47	8.93	9.02	7.19	5.70
Energy		4.20	5.02	5.84	16.48	16.88	16.85

Source: BPS, CEIC, Kenanga Research

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