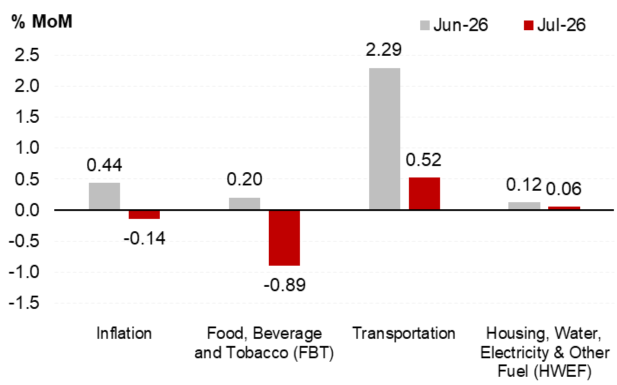
04 August 2026

Indonesia Consumer Price Index (Jul-26)

Inflation unexpectedly cools, easing pressure on Bank Indonesia

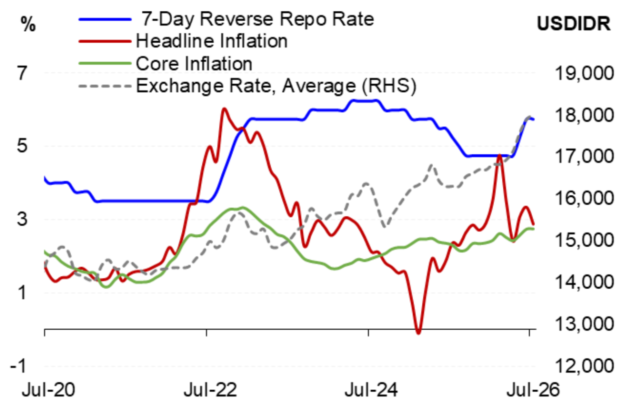
- **Indonesia's headline inflation slowed sharply to 2.88% YoY in July (Jun: 3.34%), below consensus (3.20%) and stayed within Bank Indonesia's (BI) 1.5% - 3.5% target range for a fifth straight month**
  - MoM (-0.14%; Jun: 0.44%): Fell into deflation for the first time since January 2026, and recorded the weakest monthly reading this year, pointing to softer near-term price pressures.
  - Core inflation (2.76% YoY; Jun: 2.76%): Held steady at 39-month high, indicating steady underlying demand.
- **Softer food prices offset higher fuel costs**
  - Food, beverage & tobacco (2.97%; Jun: 4.67%): Eased sharply as shallots, tomatoes and eggs prices fell.
  - Transportation (5.12%; Jun: 4.57%): Jumped to a near three years high, driven by higher prices of gasoline, airfares, engine oil, motorcycles and cars.
  - Housing, water, electricity & other fuel (0.99%; Jun: 1.04%): Edged lower but continued to reflect higher housing maintenance, repair, and security costs.
  - Personal care & other services (9.04%; Jun: 10.10%): Down to an 11-month low due to lower gold jewellery prices.
- **Regional inflation trends remained mixed in July**
  - Thailand (2.4%; Jun: 2.8%): Moderated but stayed within the Bank of Thailand's 1%-3% target range and below market expectations.
  - Singapore (1.9%; Jun: 1.8%): Rose to a 22-month high, supported by firmer accommodation costs and higher core inflation (1.6%; May: 1.4%).
- **2026 inflation outlook retained at 3.1% (2025: 1.9%) amid higher fuel prices and weak Rupiah**
  - **Inflation dynamics:** July's softer-than-expected reading suggests the pass-through from earlier fuel price rises and Rupiah weakness has been milder than feared. Still, we continue to expect inflation to trend higher over the rest of the year on higher fuel prices, a weak Rupiah and resilient domestic demand, as reflected in persistently firm core inflation.
  - **Monetary policy outlook:** We now expect BI to hold the policy rate unchanged at 5.75% in the near term, following its recent defensive tightening. With the Rupiah stabilising around the 18,000 level against the USD and inflation remaining within target, the case for another rate hike has weakened. Hence, BI is likely to stay cautious, given continued external uncertainties and its focus on preserving Rupiah stability.

Graph 1: CPI by Main Categories



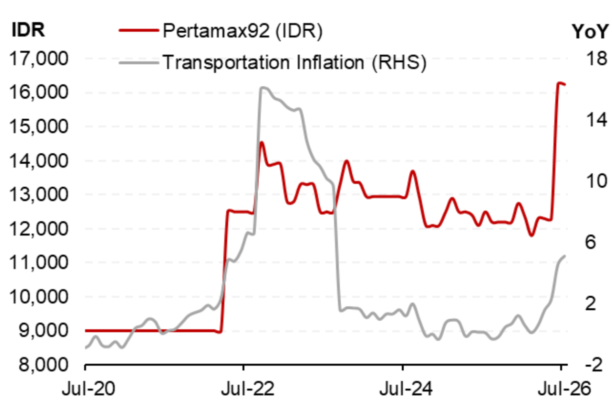
Source: BPS, Macrobond, Kenanga Research

Graph 2: Inflation vs. Policy Rate and Rupiah



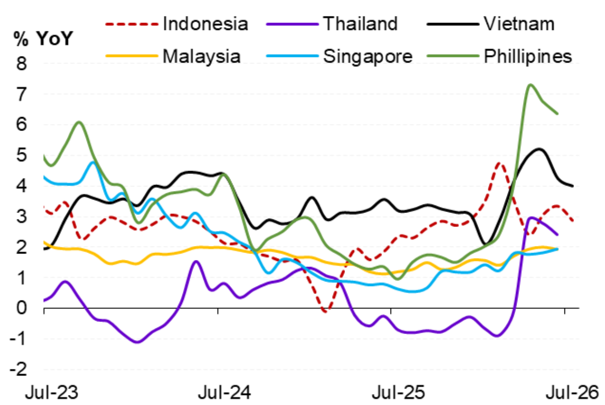
Source: BPS, Macrobond, Kenanga Research

Graph 3: Pertamax92 vs Transportation Inflation



Source: BPS, Bloomberg, Macrobond, Kenanga Research

Graph 4: Regional Inflation Growth Trend



Source: BPS, Macrobond, Kenanga Research

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

Base 2018=100	*weight*	2023	2024	2025	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26
CPI	***100.00***	**3.73**	**2.30**	**1.91**	**4.76**	**3.48**	**2.42**	**3.08**	**3.34**	**2.88**
Food, Beverage and Tobacco (FBT)	*25.01*	4.97	4.45	3.32	3.51	3.34	3.06	4.94	4.67	2.97
Housing, Water, Electricity & Other Fuel (HWEF)	*20.45*	1.83	0.54	-0.92	16.19	7.24	0.74	1.00	1.04	0.99
Transportation	*12.38*	8.81	0.96	0.40	0.12	0.61	1.61	2.30	4.57	5.12
Food and Beverage Provision/Restaurant	*8.67*	3.15	2.38	1.95	1.37	1.42	1.93	2.24	2.36	2.55
Household Equipment & Routine Maintenance (HHE)	*5.97*	2.38	1.04	0.61	0.21	0.24	0.60	0.98	1.44	1.72
Personal Care and Other Services (PCS)	*5.89*	4.32	5.29	9.82	16.66	15.32	11.43	10.35	10.10	9.04
Information, Comm & Financial Service (ICFS)	*5.83*	-0.24	-0.19	-0.31	-0.09	-0.03	0.83	0.97	1.26	1.50
Education	*5.62*	2.10	1.73	1.65	1.11	1.14	1.14	1.15	1.27	1.00
Clothing and Footwear (CF)	*5.41*	1.80	1.11	0.96	0.73	0.65	0.79	0.84	1.00	1.04
Health	*2.62*	1.99	1.82	1.90	1.61	1.49	1.49	1.70	1.84	1.96
Recreation, Sports, and Culture (RSC)	*2.15*	2.21	1.55	1.15	0.96	1.08	1.19	1.30	1.40	1.58
Core		2.43	1.96	2.36	2.63	2.52	2.44	2.59	2.76	2.76
Administered		7.22	1.35	-0.52	12.66	6.08	1.53	2.07	3.42	3.58
Volatile		5.57	4.88	3.09	4.64	4.24	3.37	6.24	5.58	2.52
Energy		8.02	-0.28	-3.30	22.18	9.08	0.21	0.81	2.87	3.26

Source: BPS, Macrobond, Kenanga Research

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