

October's monthly deflation unexpected

Indonesia's Consumer Price Index (CPI) for October, released on Tuesday (11/1), points to 112.75 index points (pt), lower as compared to that in September at 112.87pt. October's monthly headline deflation at 0.11% came in as a pleasant surprise as a consensus estimate for October's CPI would come in at monthly headline inflation of 0.08% (September: 1.17%).

On an annual basis, the CPI rate in October shows a headline inflation rate of 5.71% which came up also better than the consensus estimate of 5.95% (September: 5.95%).

First-Round Effect Roughly Completed

✓ Food, Beverages, and Tobacco (FBT)

The fuel price increase launched in early September by the government seems to have been absorbed fully by most sectors as indicated in the headline inflation rate last month. In October, the CPI for the FBT declined by 0.97% as compared to the previous month (MoM) and contributed a negative 0.25 percentage point (ppt) to October's monthly deflation of 0.11%.

On an annual basis, the post of FBT expanded by 6.76% in October, or lower as compared to 7.91% in September.

✓ Transportation

Transportation account in the CPI posted an MoM increase of 0.35% in October, lower as compared to that in September of 8.88%. Transportation contributed a 0.05ppt to October's headline deflation, lower as compared to September's 1.08ppt.

✓ Food and Beverage Serving Services / Restaurant

The food and Beverage Services / Restaurant account posted a monthly gain of 0.3% in October, or lower as compared to that in September of 0.57%. On annual basis, the post recorded a 4.72% increase in October or higher as compared to that in September of 4.53%.

Restaurant sub-item in the CPI contributed 0.42ppt in the annual October's headline inflation rate, the fourth biggest after Transport (1.92ppt), FBT (1.72ppt), Housing, Water, Electricity, and Household Fuel (0.65ppt).

Inflation Rate
October

November 5, 2022

Disclaimer

Informasi yang terkandung dalam halaman Analisa Saham Indonesia adalah untuk keperluan informasi umum. Informasi ini disediakan oleh Analisa Saham Indonesia dan kami berusaha untuk terus memperbarui informasi dan memperbaikinya, namun kami tidak membuat pernyataan atau jaminan apapun, tersurat maupun tersirat, tentang kelengkapan, akurasi, keandalan, kesesuaian, atau ketersediaan atas halaman ini atau atas informasi, produk, layanan, atau grafik terkait yang terdapat di halaman ini untuk tujuan apa pun. Penggunaan dalam bentuk apapun atas informasi dalam Analisa Saham Indonesia merupakan risiko pengguna sendiri.

Core Inflation

In October, core inflation declined to 0.16% MoM, as compared to that in September of 0.3% MoM. On an annual basis, core inflation increased to 3.31% YoY in October as compared to 3.21% YoY in September. The higher annual core inflation in October reflected a persistent price increase that arose from higher energy and commodity prices early this year. Should items in the Volatile Food category, among others, experience its continued-downward trend, this would eventually help lower the core inflation.

Volatile Food

The Volatile Food classification recorded a higher monthly deflation of 1.62% in October as compared to a deflation of 0.79% the previous month.

Included in this category, among others, are red chili which contributed the biggest deflation point of 0.25ppt last month, broiler chicken egg of 0.06ppt, broiler chicken meat, and bird's eye chili of 0.03ppt.

The stable supply of basic items that are dear to the majority of Indonesian consumers, for example, curl-red chili, bird's eye chili, or any other type of chilies, and cooking oil helped contributed meaningfully to the country's less inflationary pressure.

Administered Price

The Administered Price classification posted a 0.33% MoM in October, lower as compared to an increase of 6.18% MoM the previous month. On an annual basis, the Administered Price group recorded a 13.28% YoY in October, or similar to that in September of 13.28% YoY.

In light of October's inflation figure, Indonesia's central bank Bank Indonesia (BI) states that the headline inflation figure is expected to be in the order of 6.3% at the end of the year.

In addition, Indonesia's central bank Chairman Perry Warjiyo has been quoted as stating that the current overshooting (Chart 1) inflation rate is expected to return to the target level (Chart 2) in the first semester of next year.

An Episode of Inflation Follows the Post the Peak of COVID-19, Worldwide

Since 2021, inflation has risen faster and more persistently than expected. In 2022, inflation in advanced economies reached its highest rate since 1982. (source: World Economic Outlook October) .

Disclaimer

Informasi yang terkandung dalam halaman Analisa Saham Indonesia adalah untuk keperluan informasi umum. Informasi ini disediakan oleh Analisa Saham Indonesia dan kami berusaha untuk terus memperbarui informasi dan memperbaikinya, namun kami tidak membuat pernyataan atau jaminan apapun, tersurat maupun tersirat, tentang kelengkapan, akurasi, keandalan, kesesuaian, atau ketersediaan atas halaman ini atau atas informasi, produk, layanan, atau grafik terkait yang terdapat di halaman ini untuk tujuan apa pun. Penggunaan dalam bentuk apapun atas informasi dalam Analisa Saham Indonesia merupakan risiko pengguna sendiri.

Indonesia's September annual headline inflation figure was the highest since November 2015. The mobility restrictions in the COVID-19 year 2020 in the country as well as in the rest of the world lent it to supply chain issues, under-investment, and pent-up consumer demand.

Also, the fiscal extra-expansion added intensity to consumer pent-up demand during the phase of the COVID-19 recovery and reached the peak when consumers' confidence rose both for consumption and investments. However, the structure of countries' economies differentiates the beginning and pace of CPI acceleration (Charts 3 and 4).

Contact analyst: Dang Maulida

Chart 1: Episode of Inflation Along with the COVID-19 Recovery Phase



Source: Bank Indonesia, Analisa Saham Indonesia

Chart 2: Ensuring Stable Supply and Stock of Domestic Strategic Stuffs

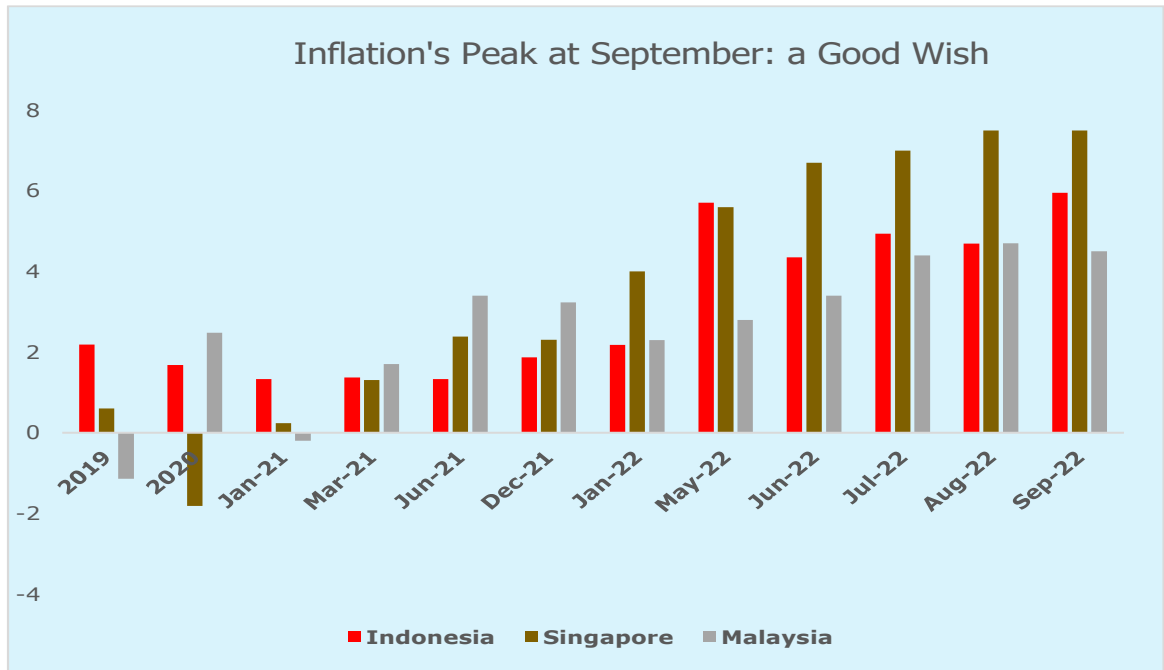


Source: Bank Indonesia, Analisa Saham Indonesia

Disclaimer

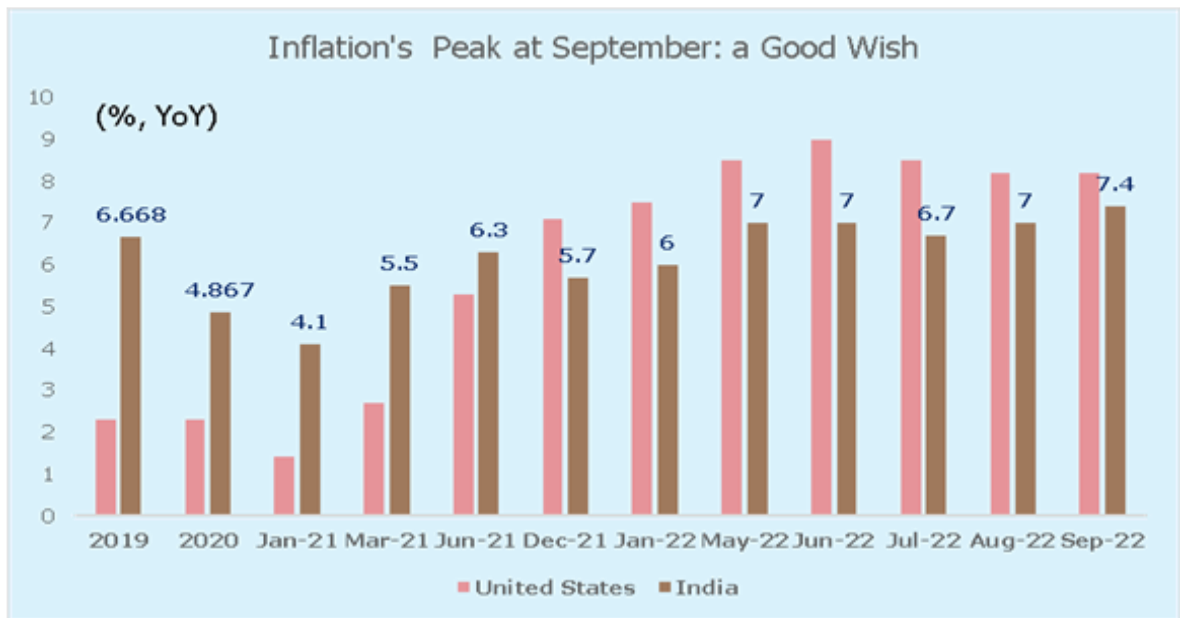
Informasi yang terkandung dalam halaman Analisa Saham Indonesia adalah untuk keperluan informasi umum. Informasi ini disediakan oleh Analisa Saham Indonesia dan kami berusaha untuk terus memperbarui informasi dan memperbaikinya, namun kami tidak membuat pernyataan atau jaminan apapun, tersurat maupun tersirat, tentang kelengkapan, akurasi, keandalan, kesesuaian, atau ketersediaan atas halaman ini atau atas informasi, produk, layanan, atau grafik terkait yang terdapat di halaman ini untuk tujuan apa pun. Penggunaan dalam bentuk apapun atas informasi dalam Analisa Saham Indonesia merupakan risiko pengguna sendiri.

Chart 3: COVID-19 Recovery Phase, Inflation Dynamics in South East Asia



Source: ADB, Central Statistic, Analisa Saham Indonesia

Chart 4:...A Comparison of Advanced and Developing Economies



Source: BLS, IMF, Analisa Saham Indonesia

Disclaimer

Informasi yang terkandung dalam halaman Analisa Saham Indonesia adalah untuk keperluan informasi umum. Informasi ini disediakan oleh Analisa Saham Indonesia dan kami berusaha untuk terus memperbarui informasi dan memperbaikinya, namun kami tidak membuat pernyataan atau jaminan apapun, tersurat maupun tersirat, tentang kelengkapan, akurasi, keandalan, kesesuaian, atau ketersediaan atas halaman ini atau atas informasi, produk, layanan, atau grafik terkait yang terdapat di halaman ini untuk tujuan apa pun. Penggunaan dalam bentuk apapun atas informasi dalam Analisa Saham Indonesia merupakan risiko pengguna sendiri.

The end of the report

Disclaimer

Informasi yang terkandung dalam halaman Analisa Saham Indonesia adalah untuk keperluan informasi umum. Informasi ini disediakan oleh Analisa Saham Indonesia dan kami berusaha untuk terus memperbarui informasi dan memperbaikinya, namun kami tidak membuat pernyataan atau jaminan apapun, tersurat maupun tersirat, tentang kelengkapan, akurasi, keandalan, kesesuaian, atau ketersediaan atas halaman ini atau atas informasi, produk, layanan, atau grafik terkait yang terdapat di halaman ini untuk tujuan apa pun. Penggunaan dalam bentuk apapun atas informasi dalam Analisa Saham Indonesia merupakan risiko pengguna sendiri.