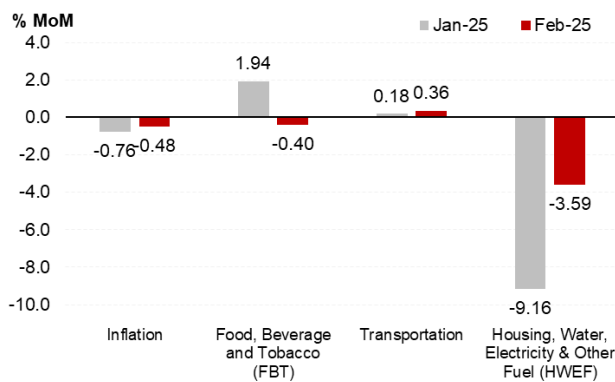


Indonesia Consumer Price Index

Dips into deflation amid electricity tariff discounts

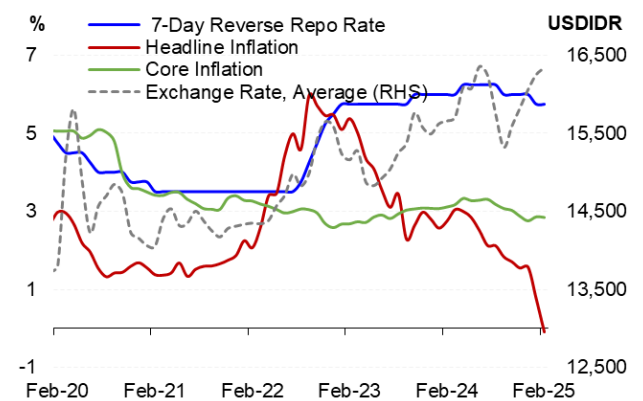
- Inflation turned negative (-0.09% YoY; Jan: 0.76%) missing consensus (0.55%) and falling well below Bank Indonesia's (BI) 1.5% - 3.5% target**
 - MoM (-0.48%; Jan: -0.76%): deflation persisted for the second straight month.
 - Core inflation (2.48% YoY; Jan: 2.36%): expanded to a 20-month high, reflecting stable domestic demand.
- Electricity tariff discounts and lower food prices weigh on February inflation**
 - Housing, water, electricity & other fuel (-12.08%; Jan: -8.75%): contracted sharply following the second month of electricity tariff discount for households using less than 2,200 Volt-Ampere (VA).
 - Food, beverage & tobacco (2.25%; Jan: 3.69%): slowed due to lower prices of onions, tomatoes, chillies and eggs.
 - Transportation (0.94%; Jan: 0.76%): rose slightly as subsidised fuel prices increased.
- Steady inflationary pressure across the selected ASEAN countries in January**
 - Philippines: headline inflation held steady (2.9%; Dec 24: 2.9%) as lower rice prices and moderate utility costs offset overall price pressure.
 - Thailand: inflation accelerated (1.32%; Dec 24: 1.23%), due to higher energy and food prices but remained within the central bank's 1.0% - 3.0% target for the second straight month.
- 2025 inflation forecast revised down to 1.5% (previous forecast: 2.8%; 2024: 2.30%)**
 - Inflation dynamics:** The electricity tariff discount from January until February is expected to have a temporary effect, but likely influence 2025's average inflation low. Price pressures should gradually rise from 2Q25 onwards as the high base effect fades and seasonal factors like *Lebaran* take hold.
 - Monetary policy outlook:** With subdued headline inflation and a need to support economic growth, BI has ample room to ease policy. However, geopolitical risks and uncertainty from US policy shifts may limit near-term easing. BI is likely to prioritise rupiah stability amid heightened global financial uncertainty.

Graph 1: CPI by Main Categories



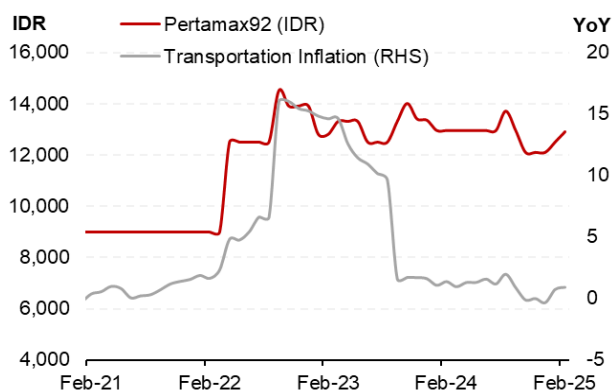
Source: BPS, Macrobond, Kenanga Research

Graph 2: Inflation vs. Policy Rate and Rupiah



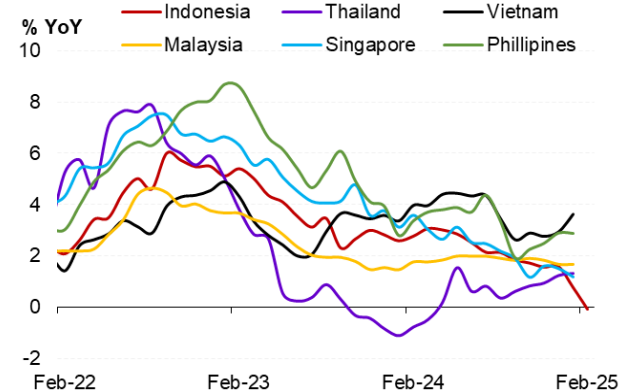
Source: BPS, Macrobond, Kenanga Research

Graph 3: Pertamina92 vs Transportation Inflation



Source: BPS, Bloomberg, Macrobond, Kenanga Research

Graph 4: Regional Inflation Growth Trend



Source: BPS, Macrobond, Kenanga Research

04 March 2025

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

Base 2018=100	weight	2023	2024	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25
CPI	100.00	3.73	2.30	1.84	1.71	1.55	1.57	0.76	-0.09
Food, Beverage and Tobacco (FBT)	25.01	4.97	4.45	2.57	2.35	1.68	1.90	3.69	2.25
Housing, Water, Electricity & Other Fuel (HWEF)	20.45	1.83	0.54	0.60	0.60	0.59	0.59	-8.75	-12.08
Transportation	12.38	8.81	0.96	0.92	-0.08	0.03	-0.30	0.76	0.94
Food and Beverage Provision/Restaurant	8.67	3.15	2.38	2.25	2.36	2.40	2.48	2.47	2.47
Household Equipment & Routine Maintenance (HHE)	5.97	2.38	1.04	1.08	1.08	1.08	1.04	1.14	1.02
Personal Care and Other Services (PCS)	5.89	4.32	5.29	6.25	7.06	7.26	7.02	7.27	8.43
Information, Comm & Financial Service (ICFS)	5.83	-0.24	-0.19	-0.28	-0.28	-0.28	-0.27	-0.30	-0.26
Education	5.62	2.10	1.73	1.94	1.90	1.89	1.94	2.05	2.04
Clothing and Footwear (CF)	5.41	1.80	1.11	1.18	1.20	1.20	1.16	1.24	1.18
Health	2.62	1.99	1.82	1.69	1.71	1.65	1.93	1.84	1.79
Recreation, Sports, and Culture (RSC)	2.15	2.21	1.55	1.55	1.53	1.49	1.17	1.11	1.14
Core		2.43	1.96	2.09	2.21	2.26	2.26	2.36	2.48
Administered		7.22	1.35	1.40	0.77	0.82	0.56	-6.41	-9.02
Volatile		5.57	4.88	1.43	0.89	-0.32	0.12	3.07	0.56
Energy		8.02	-0.28	-0.29	-1.11	-0.81	-0.75	-13.10	-18.59

Source: BPS, Macrobond, Kenanga Research

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