

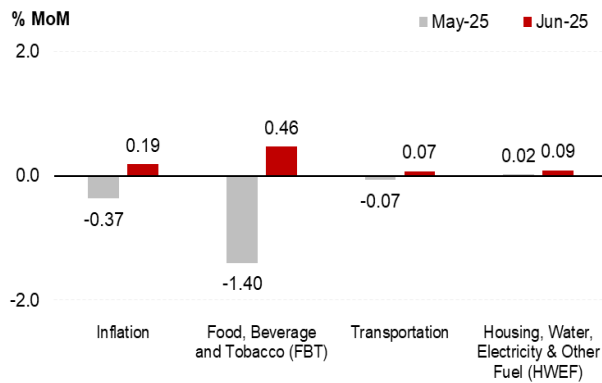
02 July 2025

Indonesia Consumer Price Index

June inflation accelerates on higher food prices

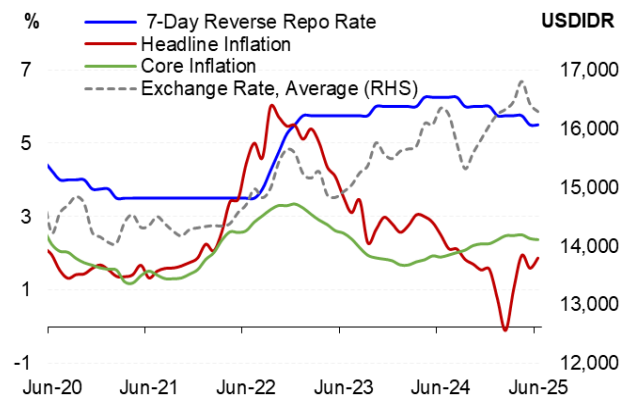
- **Headline inflation rose to 1.87% YoY (May: 1.60%), slightly above consensus (1.80%) but within Bank Indonesia's (BI) 1.5% - 3.5% target for the third straight month**
 - MoM (0.19%; May: -0.37%): rebounded, reversing last month's sharp drop.
 - Core inflation (2.37% YoY; May: 2.40%): moderated slightly, a five-month low, but remained stable.
- **Price pressures mainly from uptick in food and housing, water, electricity & other fuel costs**
 - Food, beverage & tobacco (1.99%; May: 1.03%): accelerated from previous month on higher prices of key staples such as rice, chili, shallots and tomatoes.
 - Housing, water, electricity & other fuels (1.59%; May: 1.54%): slight uptick due to the removal of electricity tariff discounts for low-capacity households following delays budget finalisation process.
 - Transportation (0.15%; May: 0.18%): eased slightly, largely reflecting cheaper fuel prices.
- **Inflationary pressures across selected ASEAN economies remained subdued in May**
 - Philippines: headline inflation moderated to 1.3% (Apr: 1.4%), the lowest since November 2019, primarily due to lower food and transport costs.
 - Thailand (-0.6%; Apr: -0.2%): remained deflationary for two consecutive months amid increased vegetable production and softer energy prices.
- **2025 Inflation forecast held steady at 1.5% (2024: 2.3%), BI likely to resume monetary easing**
 - **Inflation dynamics:** Despite the higher inflation reading in June, average inflation for the first six months of this year held steady as base effects fade, inflation is expected to remain broadly contained, supported by subdued energy prices, sufficient food supply, and effective policy coordination.
 - **Monetary policy outlook:** BI has room to resume monetary easing, given stable inflation, a sufficient food supply, and a widening trade surplus, which also gradually supports the rupiah. We anticipate a further rate cut probably in August or September, with the central bank likely to move cautiously, assessing the impact of prior easing while closely monitoring global economic conditions.

Graph 1: CPI by Main Categories



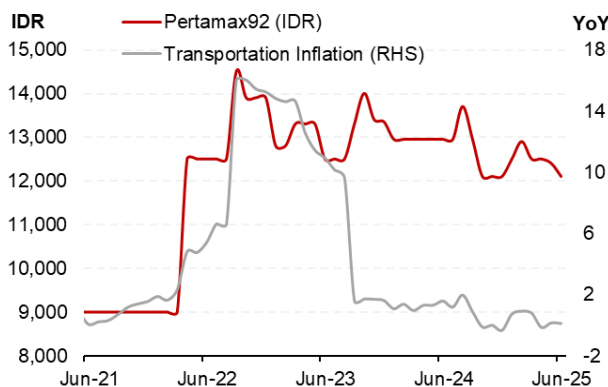
Source: BPS, Macrobond, Kenanga Research

Graph 2: Inflation vs. Policy Rate and Rupiah



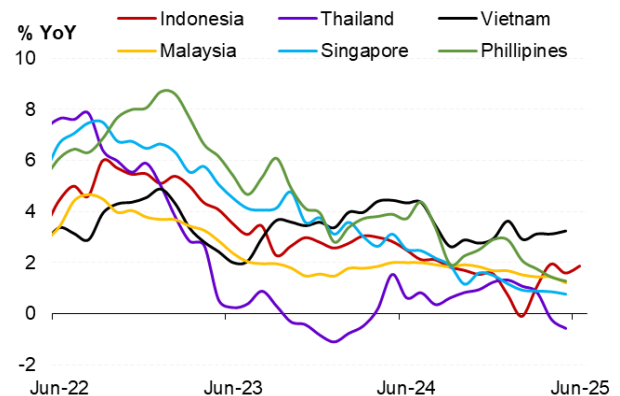
Source: BPS, Macrobond, Kenanga Research

Graph 3: Pertamina92 vs Transportation Inflation



Source: BPS, Bloomberg, Macrobond, Kenanga Research

Graph 4: Regional Inflation Growth Trend



Source: BPS, Macrobond, Kenanga Research

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

Base 2018=100	weight	2023	2024	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25
CPI	100.00	3.73	2.30	0.76	-0.09	1.03	1.95	1.60	1.87
Food, Beverage and Tobacco (FBT)	25.01	4.97	4.45	3.69	2.25	2.07	2.17	1.03	1.99
Housing, Water, Electricity & Other Fuel (HWEF)	20.45	1.83	0.54	-8.75	-12.08	-4.68	1.60	1.54	1.59
Transportation	12.38	8.81	0.96	0.76	0.94	0.83	-0.11	0.18	0.15
Food and Beverage Provision/Restaurant	8.67	3.15	2.38	2.47	2.47	2.26	2.14	1.97	1.95
Household Equipment & Routine Maintenance (HHE)	5.97	2.38	1.04	1.14	1.02	0.95	0.88	0.79	0.57
Personal Care and Other Services (PCS)	5.89	4.32	5.29	7.27	8.43	8.71	9.93	9.24	9.30
Information, Comm & Financial Service (ICFS)	5.83	-0.24	-0.19	-0.30	-0.26	-0.24	-0.64	-0.28	-0.27
Education	5.62	2.10	1.73	2.05	2.04	1.89	1.88	1.88	1.82
Clothing and Footwear (CF)	5.41	1.80	1.11	1.24	1.18	1.41	0.91	0.98	1.01
Health	2.62	1.99	1.82	1.84	1.79	1.80	1.83	1.79	1.84
Recreation, Sports, and Culture (RSC)	2.15	2.21	1.55	1.11	1.14	1.17	1.25	1.24	1.23
Core		2.43	1.96	2.36	2.48	2.48	2.50	2.40	2.37
Administered		7.22	1.35	-6.41	-9.02	-3.16	1.25	1.36	1.34
Volatile		5.57	4.88	3.07	0.56	0.37	0.64	-1.17	0.57
Energy		8.02	-0.28	-13.10	-18.59	-8.41	-0.05	-0.13	-0.26

Source: BPS, Macrobond, Kenanga Research

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