

Food Inflation Persist in Jan '24

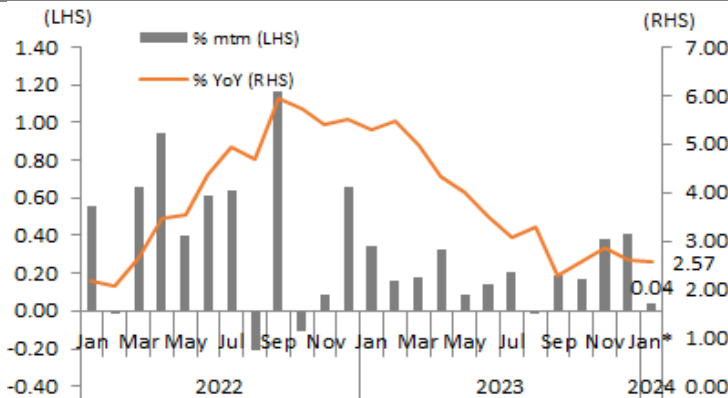
As anticipated, the inflation rate in the first month of 2024 stood at 0.04% MoM (Cons: 0.27% MoM, KBVS: 0.12% MoM, Prev: 0.41% MoM). This figure represents the lowest monthly inflation in January over the past 9 years. However, on an annual basis, due to technical adjustments amid the base year calculation shifting to 2022=100 (Previously 2019=100), accompanied by changes in the CPI base calculation using the Cost of Living Survey (Survei Biaya Hidup-SBH) from 2022. Consequently, the annual inflation in Jan '24 stood at 2.57% YoY; however, using the 2019=100 base year, it equates to 2.29% YoY (Cons: 2.53% YoY, KBVS: 2.38% YoY, Prev: 2.61% YoY).

In Jan '24, the primary inflationary drivers continue to stem from the Food, Beverage, and Tobacco group. This is particularly attributed to the rise in prices of food ingredients such as tomatoes, shallots, rice, fresh fish, and broiler chicken, which also fall within the core inflation (+0.20% MoM) and Volatile Food component inflation (+0.01% MoM) – see Table 1 and Table 2, p.3. Conversely, the ongoing decline in the prices of Non-Subsidized Fuel since Nov '23 contributes to an Administered Price component deflation of -0.48% MoM in Jan '24. Moreover, as of 1 Jan '24, the reduction in Non-Subsidized Fuel prices continued for Pertamina (-1.12% MoM), Pertamina Turbo (-6.19% MoM), Dexlite (-6.43% MoM), Pertamina Green 95 (-6.71% MoM), and Pertamina DEX (-6.79% MoM).

Meanwhile, Indonesia's Manufacturing Purchasing Managers' Index (PMI) has consistently remained in the expansionary zone for the past 29 months – see Fig 5, p.2. In Jan '24, the PMI for Indonesia's Manufacturing sector rose to 52.9 (Prev: 52.2), driven by faster new order growth and improved supply conditions, leading to the fastest production growth in two years. This underscores the resilient condition of the real sector amid increasing political tension domestically. Therefore, the GDP Growth expectation for 2023, estimated at 5.08% YoY, is anticipated to persist in 2024, with an expected growth rate of 5.2% YoY.

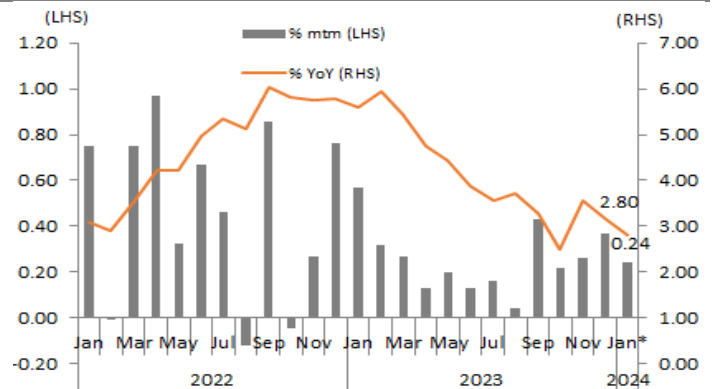
In Feb '24, concerns about the ongoing El Nino phenomenon until Apr '24 are feared to continue affecting domestic food production. Coupled with potential demand-driven inflation, fueled by the distribution of social assistance and campaign funds ahead of the upcoming presidential and legislative elections in the middle of next month. Consequently, we predict a reversal in the usual trend of declining monthly inflation between Jan and Feb this year, reminiscent of the situation in 2001.

Fig 1. CPI (Consumer or Headline) Inflation



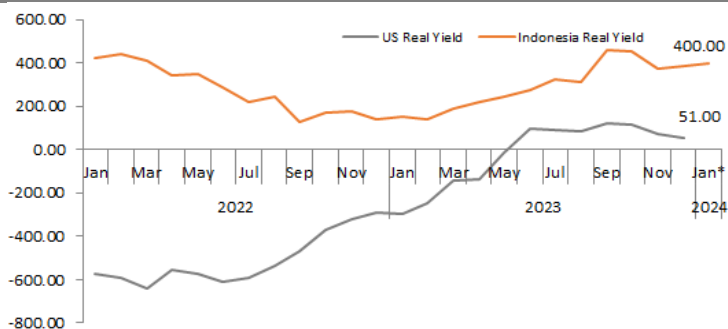
Sources: Bloomberg, KBVS Research – treated (2024)

Fig 2. WPI (Wholesale) Inflation



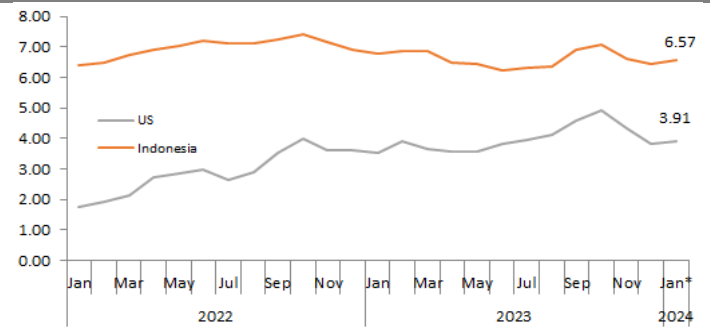
Sources: Bloomberg, KBVS Research – treated (2024)

Fig 3. Real Yield US vs Indonesia (in bps)



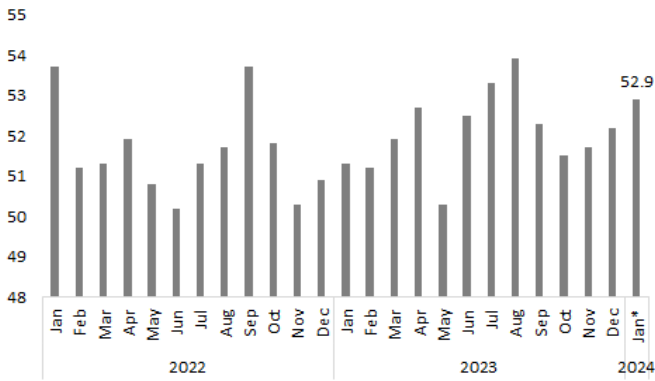
Sources: Bloomberg, KBVS Research – treated (2024)

Fig 4. Yield of 10Yr Government Bond (in %)



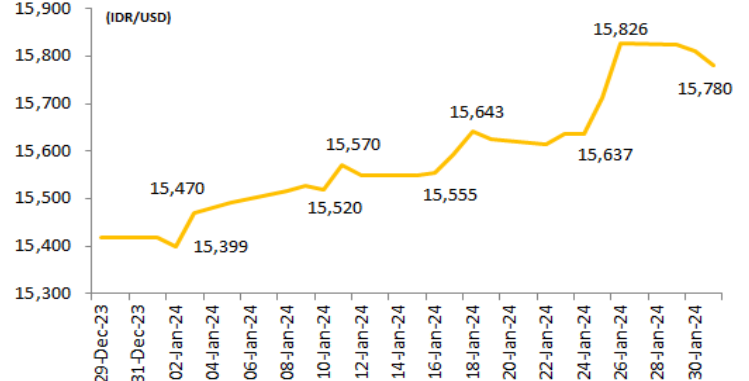
Sources: Bloomberg, KBVS Research – treated (2024)

Fig 5. PMI Manufacturing



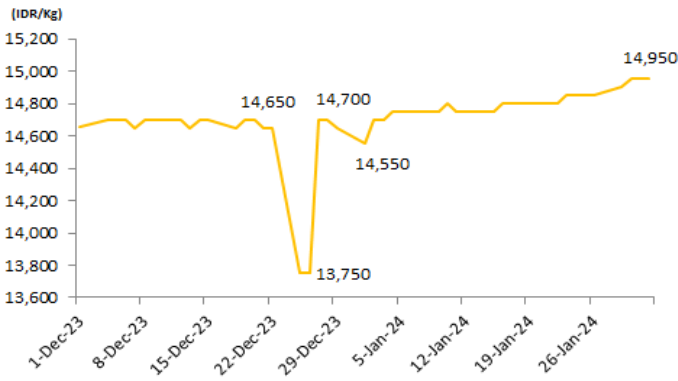
Sources: Market Economics, KBVS Research - treated (2024)

Fig 6. USD/IDR



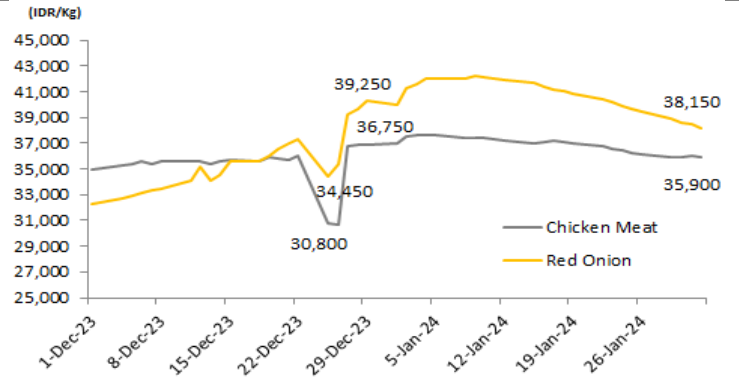
Sources: Investing, KBVS Research - treated (2024)

Fig 7. Rice Price



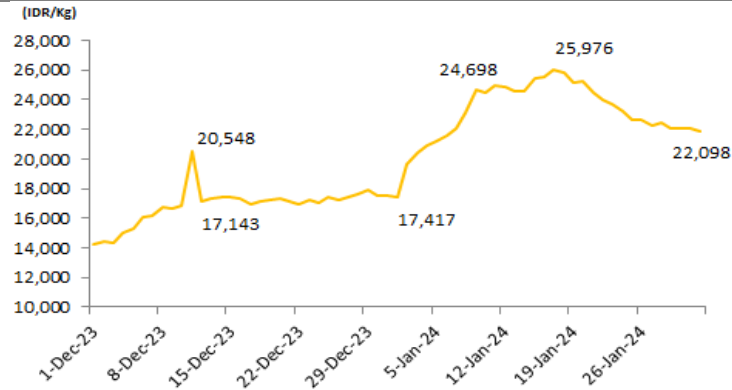
Sources: BI, KBVS Research - treated (2024)

Fig 8. Chicken Meat & Red Onion Price



Sources: BI - treated (2024)

Fig 9. Tomato Price



Sources: Jakarta Pangan, KBVS Research - treated (2024)

Table 1. CPI, WPI & Farmer Exchange Rate Jan '24

Indicators	Index		Inflation	
	Latest	M-1	MoM	YoY
<b>Consumer Price Index (CPI)</b>	<b>105.19</b>	<b>105.15</b>	<b>0.04%</b>	<b>2.57%</b>
Food, Beverages, and Tobacco	108.54	108.35	0.18%	5.84%
Clothing and Footwear	102.21	102.19	0.02%	1.02%
Housing, Water, Electricity, and Household Fuels	102.14	102.00	0.14%	0.58%
Equipment, Tools, and Routine Household Maintenance	102.84	102.80	0.04%	1.20%
Health	103.16	102.66	0.49%	1.88%
Transport	108.85	109.81	-0.87%	1.11%
Info, Comm. and Financial Services	99.70	99.75	-0.05%	-0.11%
Recreation, Sport and Culture	103.32	103.05	0.26%	1.68%
Education Services	102.95	102.92	0.03%	1.57%
Food and Beverages Services/Restaurants	104.38	104.06	0.31%	2.37%
Personal Care and Other Services	106.18	105.79	0.37%	3.01%
Core inflation	103.23	103.02	0.20%	1.68%
Administered Price	107.67	108.19	-0.48%	1.74%
Volatile Food	110.27	110.26	0.01%	7.22%
<b>Wholesale Price Index (WPI)</b>	<b>117.74</b>	<b>117.46</b>	<b>0.24%</b>	<b>2.80%</b>
Agriculture	113.16	112.69	0.42%	5.13%
Mining and Quarrying	125.19	124.07	1.03%	0.43%
Manufacturing	118.78	118.56	0.46%	2.21%
<b>Farmer Exchange Rate</b>	<b>118.27</b>	<b>117.77</b>	<b>0.42%</b>	<b>11.70%</b>
Farmers Price Received Index	140.89	139.92	0.69%	15.49%
Farmers Price Paid Index	119.89	118.81	0.91%	4.06%

Sources: BPS, KBVS Research - treated (2024)

Table 2. Commodity Price In Traditional Market

No.	Commodity	Price (Rp per Kg)					Monthly Price Change (% , ptp)
		31/12/2023	08/ 01/2024	15/ 01/ 2024	22/ 01/ 2024	31/ 01/ 2024	
<b>I</b>	<b>Rice</b>	<b>14,550</b>	<b>14,750</b>	<b>14,750</b>	<b>14,800</b>	<b>14,900</b>	<b>2.41%</b>
1	Lower Quality Rice I	13,550	13,650	13,700	13,750	13,800	1.85%
2	Lower Quality Rice II	13,200	13,400	13,450	13,500	13,550	2.65%
3	Medium Quality Rice I	14,650	14,750	14,800	14,850	14,900	1.71%
4	Medium Quality Rice II	14,400	14,600	14,650	14,700	14,750	2.43%
5	Super Quality Rice I	15,850	16,050	16,100	16,150	16,250	2.52%
6	Super Quality Rice II	15,350	15,550	15,600	15,650	15,800	2.93%
<b>II</b>	<b>Chicken meat</b>	<b>36,950</b>	<b>37,400</b>	<b>37,000</b>	<b>36,750</b>	<b>35,950</b>	<b>-2.71%</b>
1	Fresh Race Chicken Meat	36,950	37,400	37,000	36,750	35,950	-2.71%
<b>III</b>	<b>Beef</b>	<b>134,600</b>	<b>134,400</b>	<b>134,500</b>	<b>134,500</b>	<b>134,500</b>	<b>-0.07%</b>
1	Quality 1 Beef	137,700	137,950	138,050	138,050	138,050	0.25%
2	Quality 2 Beef	129,250	129,050	129,150	129,150	129,100	-0.12%
<b>IV</b>	<b>Chicken eggs</b>	<b>28,850</b>	<b>28,950</b>	<b>28,800</b>	<b>29,050</b>	<b>29,000</b>	<b>0.52%</b>
1	Fresh Chicken Eggs	28,850	28,950	28,800	29,050	29,000	0.52%
<b>V</b>	<b>Red onion</b>	<b>40,000</b>	<b>42,050</b>	<b>41,700</b>	<b>40,450</b>	<b>38,900</b>	<b>-2.75%</b>
1	Medium Shallot	40,000	42,050	41,700	40,450	38,900	-2.75%
<b>VI</b>	<b>Garlic</b>	<b>40,050</b>	<b>41,200</b>	<b>41,350</b>	<b>41,200</b>	<b>41,200</b>	<b>2.87%</b>
1	Medium Size Garlic	40,050	41,200	41,350	41,200	41,200	2.87%
<b>VII</b>	<b>Red chili pepper</b>	<b>61,450</b>	<b>57,950</b>	<b>55,100</b>	<b>55,800</b>	<b>55,250</b>	<b>-10.09%</b>
1	Large Red Chili	62,250	60,850	59,300	60,400	61,350	-1.45%
2	Curly Red Chili	59,950	57,850	53,700	54,400	53,100	-11.43%
<b>VIII</b>	<b>Cayenne pepper</b>	<b>71,750</b>	<b>64,450</b>	<b>55,200</b>	<b>50,750</b>	<b>46,400</b>	<b>-35.33%</b>
1	Green Cayenne Pepper	49,900	51,450	47,700	44,400	42,550	-14.73%
2	Red Cayenne Pepper	88,600	75,550	61,650	55,200	48,800	-44.92%
<b>IX</b>	<b>Cooking oil</b>	<b>18,700</b>	<b>18,750</b>	<b>18,750</b>	<b>18,800</b>	<b>18,800</b>	<b>0.53%</b>
1	Bulk Cooking Oil	15,000	15,350	15,400	15,550	15,650	4.33%
2	Branded Packaging Cooking Oil 1	20,900	20,700	20,650	20,750	20,700	-0.96%
3	Branded Packaging Cooking Oil 2	19,300	19,450	19,350	19,350	19,300	0.00%
<b>X</b>	<b>Sugar</b>	<b>17,700</b>	<b>17,750</b>	<b>17,750</b>	<b>17,800</b>	<b>17,850</b>	<b>0.85%</b>
1	Premium Quality Sugar	18,000	18,050	18,100	18,100	18,200	1.11%
2	Local Sugar	17,500	17,500	17,500	17,500	17,550	0.29%

Sources: BPS, KBVS Research - treated (2024)

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