

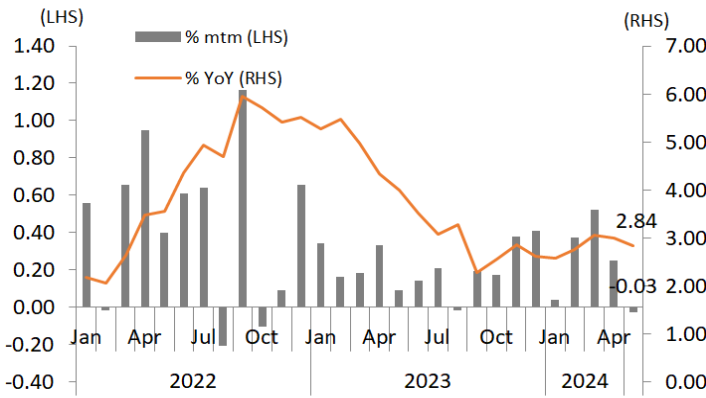
Monthly Deflation in May '24, but Potential Uptick in Jun '24

Headline Inflation in May 2024 recorded a deflation of  $-0.03\%$  MoM or  $2.84\%$  YoY (Cons:  $0.07\%$  MoM or  $2.97\%$  YoY, KBVS:  $0.03\%$  MoM or  $2.91\%$  YoY, Prev:  $0.25\%$  MoM or  $3.00\%$  YoY), marking the lowest level in the past three months. This condition was driven by deflation in the Administered Prices component ( $-0.02\%$  MoM) and the Volatile Prices component ( $-0.12\%$  MoM), while the Core Inflation component still recorded an inflation of  $0.11\%$  MoM or  $1.93\%$  YoY (Cons:  $1.85\%$  YoY, KBVS:  $1.73\%$  YoY, Prev:  $1.82\%$  YoY). Based on commodities, the price decline of rice  $-0.15\%$  MoM (see Fig.8, P.2) and transportation costs, including Intercity Transport Fares ( $-11.04\%$  MoM), Airfare ( $-2.32\%$  MoM), and Railway Fares ( $-3.69\%$  MoM), contributed to the deflation. Conversely, crop failures in Brebes (Central Java) and Tuban (East Java) led to an increase in the prices of Red Onions by  $0.05\%$  MoM, followed by an increase in the prices of Red Chili by  $0.05\%$  MoM (both can be seen in Fig. 11, P.2). Meanwhile, the highest inflation was driven by the Personal Care and Other Services group ( $0.87\%$  MoM), spurred by a rise in domestic gold prices by  $4.73\%$  MoM (see Fig.10, P.2).

Furthermore, the S&P Global Indonesia Manufacturing PMI in May 2024 recorded a decrease to  $52.1$  (Prev:  $52.9$ ). Pressure was observed from the cost side, where input prices increased strongly due to the depreciation of the Rupiah (see Fig.6, P.2). Nonetheless, the deflation in the Industrial Sector of the wholesale price index (IHPB) at  $-0.03\%$  MoM or  $1.94\%$  YoY helped mitigate the impact of the Rupiah depreciation. On the other hand, the IHPB in the Agricultural sector was  $-0.08\%$  MoM in the same period, which is expected to help reduce the risk of an increase in agricultural sector CPI inflation in early Jun '24, despite the potential rice deficit of  $450K$  tons in Jun '24.

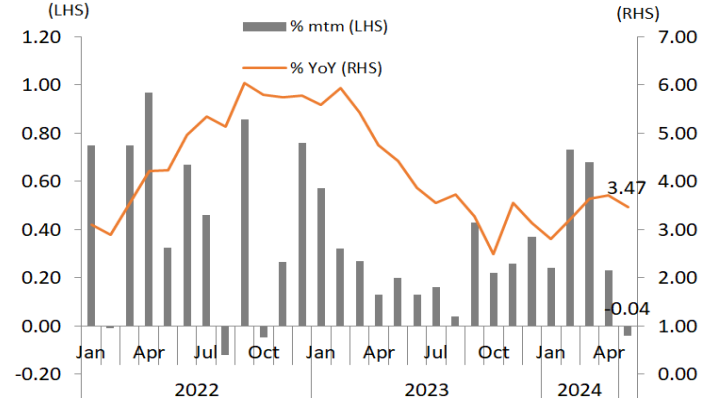
Looking ahead, coupled with more favorable weather conditions, we expect the harvest of volatile foods to improve, mitigating various inflationary risks in Jun '24. Aside from the potential rise in rice prices, concerns also stem from the adjustment of the highest retail price (HET) and the relaxation of HET for Medium and Premium Rice by  $6.49\%$  starting 1 Jun '24, as well as the adjustment of HET for Minyakita prices by approximately  $9.67\%$  and the extension of HET relaxation until 30 Jun '24. Additionally, concerns about inflation transmission due to Rupiah depreciation and the OPEC+ production cuts could potentially lead to adjustments in domestic fuel and electricity prices in the 2H24.

Fig 1. CPI (Consumer or Headline) Inflation



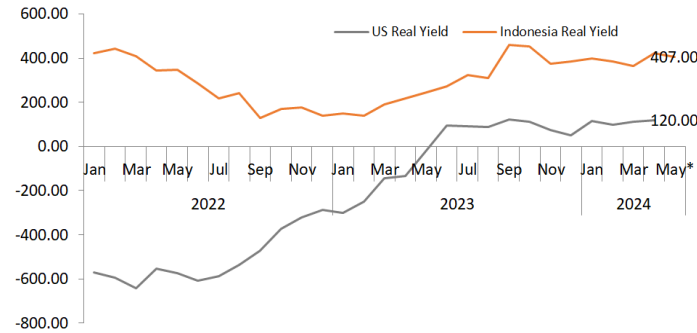
Sources: Bloomberg, KBVS Research - treated (2024)

Fig 2. WPI (Wholesale) Inflation



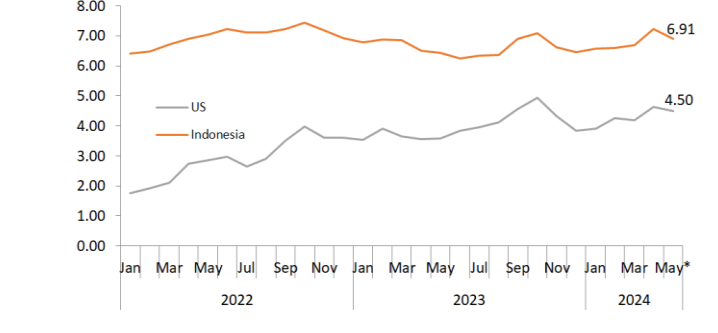
Sources: BPS, KBVS Research - treated (2024)

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



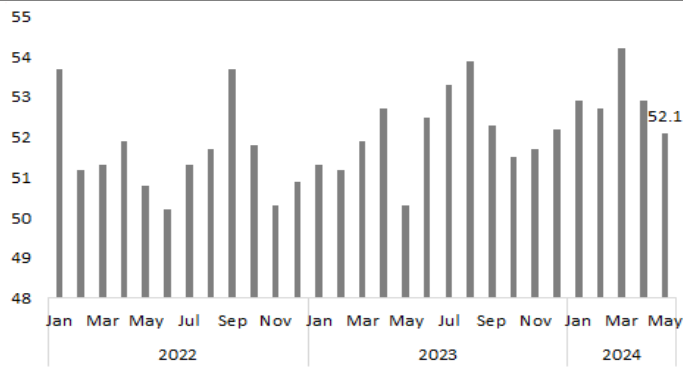
Sources: Bloomberg, KBVS Research - treated (2024)

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



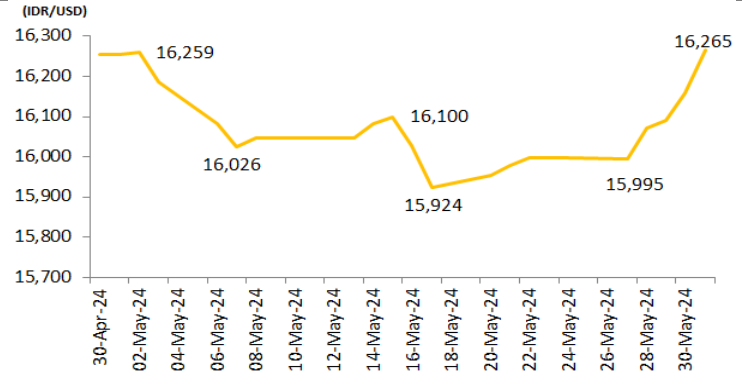
Sources: Bloomberg, KBVS Research - treated (2024)

Fig 5. PMI Manufacturing



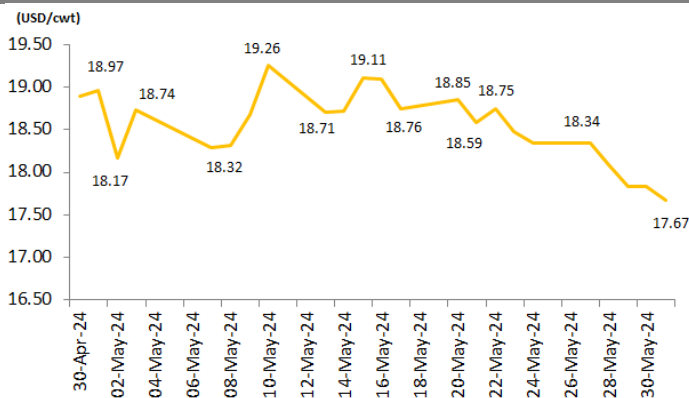
Sources: Market Economics, KBVS Research - treated (2024)

Fig 6. USD/IDR



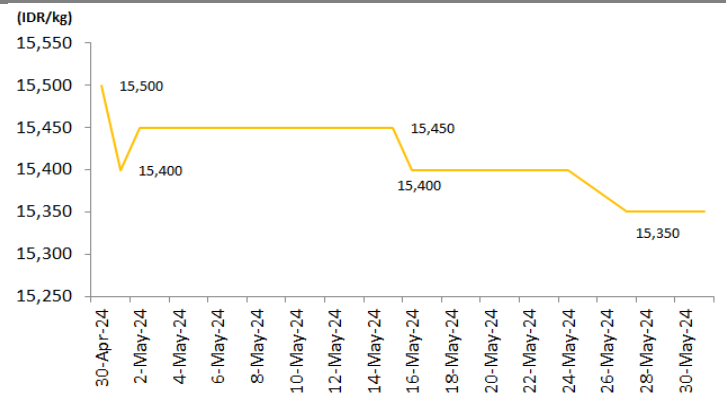
Sources: Bloomberg, KBVS Research - treated (2024)

Fig 7. Global Rice Price



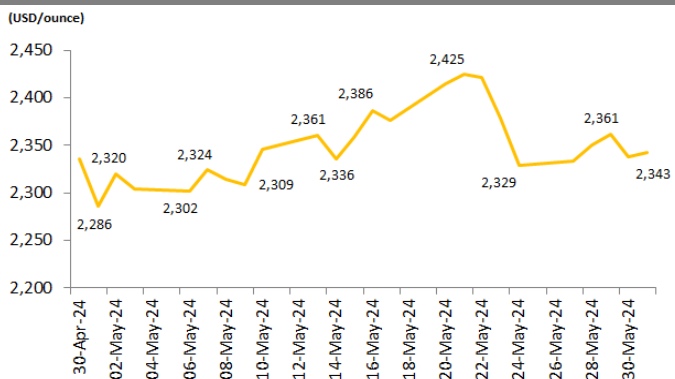
Sources: Bloomberg, KBVS Research - treated (2024)

Fig 8. Domestic Rice Price



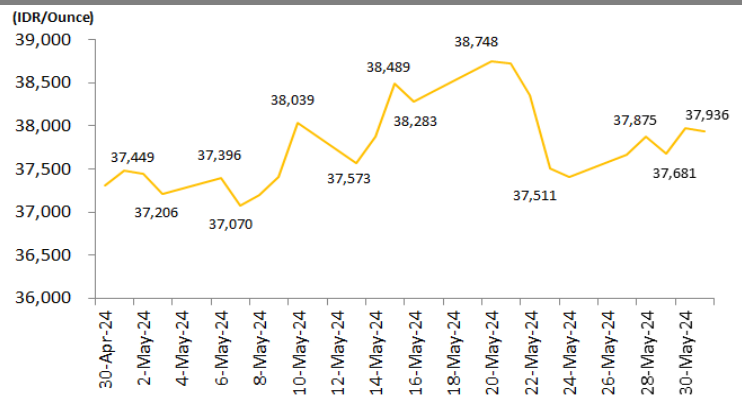
Sources: BI - treated (2024)

Fig 9. Global Gold Price



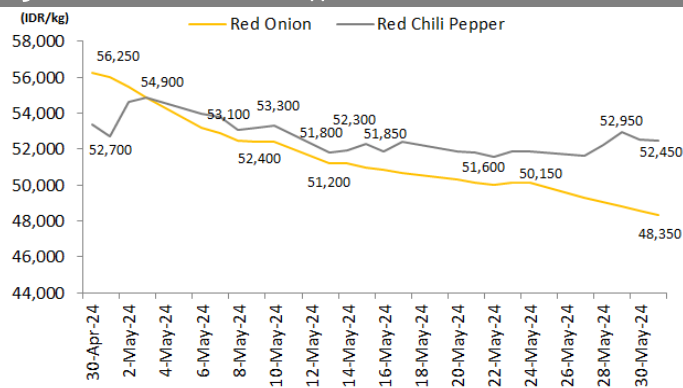
Sources: Bloomberg, KBVS Research - treated (2024)

Fig 10. Domestic Gold Price



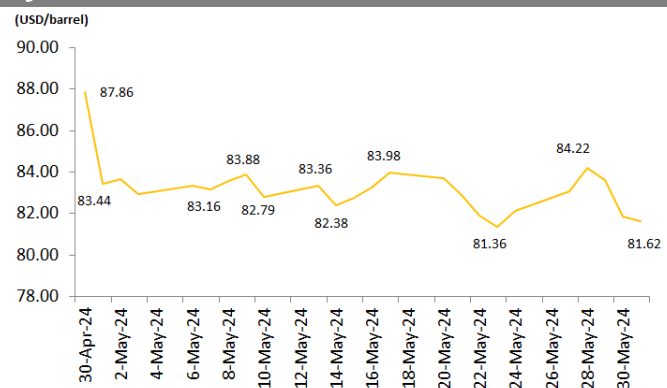
Sources: ANTM - treated (2024)

Fig 11. Red Onion and Red Chili Pepper Price



Sources: BI, KBVS Research - treated (2024)

Fig 12. Brent Oil Price



Sources: Bloomberg - treated (2024)

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

Indicators	Index		Inflation	
	Latest	M-1	MoM	YoY
<b>Consumer Price Index (CPI)</b>	<b>106.37</b>	<b>106.40</b>	<b>-0.03%</b>	<b>2.84%</b>
Food, Beverages, and Tobacco	110.84	111.16	-0.29%	6.18%
Clothing and Footwear	102.94	102.98	-0.04%	1.10%
Housing, Water, Electricity, and Household Fuels	102.31	102.23	0.08%	0.54%
Equipment, Tools, and Routine Household Maintenance	103.25	103.20	0.05%	0.85%
Health	103.72	103.68	0.04%	2.06%
Transport	109.69	110.09	-0.36%	1.34%
Info, Comm. and Financial Services	99.58	99.63	-0.05%	-0.16%
Recreation, Sport and Culture	103.59	103.49	0.10%	1.60%
Education Services	103.14	103.14	0.00%	1.71%
Food and Beverages Services/Restaurants	105.49	105.22	0.26%	2.51%
Personal Care and Other Services	109.50	108.56	0.87%	4.99%
Core inflation	106.37	103.91	2.37%	2.84%
Administered Price	104.09	108.59	-4.14%	1.93%
Volatile Food	108.45	114.02	-4.89%	1.52%
<b>Wholesale Price Index (WPI)</b>	<b>119.60</b>	<b>119.64</b>	<b>-0.04%</b>	<b>3.47%</b>
Agriculture	116.95	117.05	-0.08%	8.38%
Mining and Quarrying	127.54	126.38	0.92%	1.49%
Manufacturing	120.17	120.21	-0.03%	2.39%
<b>Farmer Exchange Rate</b>	<b>116.71</b>	<b>116.79</b>	<b>-0.07%</b>	<b>5.91%</b>
Farmers Price Received Index	141.55	141.78	-0.16%	10.06%
Farmers Price Paid Index	121.28	121.40	-0.10%	3.92%

Sources: BPS, KBVS Research - treated (2024)

Table 2. Commodity Price In Traditional Market

No.	Commodity	Price (Rp per Kg)					Monthly Price Change (% ptp)
		30/ 04/ 2024	07/ 05/2024	14/ 05/ 2024	21/ 05/ 2024	31/ 05/ 2024	
I	<b>Rice</b>	<b>15,500</b>	<b>15,450</b>	<b>15,450</b>	<b>15,400</b>	<b>15,350</b>	<b>-0.97%</b>
1	Lower Quality Rice I	14,300	14,250	14,250	14,250	14,200	-0.70%
2	Lower Quality Rice II	14,050	14,000	13,950	13,900	13,850	-1.42%
3	Medium Quality Rice I	15,600	15,550	15,550	15,500	15,450	-0.96%
4	Medium Quality Rice II	15,300	15,300	15,250	15,250	15,200	-0.65%
5	Super Quality Rice I	16,950	16,900	16,850	16,850	16,800	-0.88%
6	Super Quality Rice II	16,450	16,400	16,400	16,350	16,350	-0.61%
II	<b>Chicken meat</b>	<b>38,000</b>	<b>38,600</b>	<b>39,100</b>	<b>38,950</b>	<b>38,700</b>	<b>1.84%</b>
1	Fresh Race Chicken Meat	38,000	38,600	39,100	38,950	38,700	1.84%
III	<b>Beef</b>	<b>135,750</b>	<b>135,700</b>	<b>135,650</b>	<b>135,600</b>	<b>135,550</b>	<b>-0.15%</b>
1	Quality 1 Beef	139,300	139,300	139,200	139,100	139,050	-0.18%
2	Quality 2 Beef	130,400	130,350	130,350	130,300	130,250	-0.12%
IV	<b>Chicken eggs</b>	<b>31,250</b>	<b>31,450</b>	<b>31,500</b>	<b>31,350</b>	<b>31,050</b>	<b>-0.64%</b>
1	Fresh Chicken Eggs	31,250	31,450	31,500	31,350	31,050	-0.64%
V	<b>Red onion</b>	<b>56,250</b>	<b>52,900</b>	<b>51,200</b>	<b>50,150</b>	<b>49,050</b>	<b>-12.80%</b>
1	Medium Shallot	56,250	52,900	51,200	50,150	49,050	-12.80%
VI	<b>Garlic</b>	<b>47,600</b>	<b>46,850</b>	<b>46,550</b>	<b>46,200</b>	<b>46,000</b>	<b>-3.36%</b>
1	Medium Size Garlic	47,600	46,850	46,550	46,200	46,000	-3.36%
VII	<b>Red chili pepper</b>	<b>53,350</b>	<b>53,800</b>	<b>51,950</b>	<b>51,800</b>	<b>52,250</b>	<b>-2.06%</b>
1	Large Red Chili	55,450	57,100	54,750	53,250	53,100	-4.24%
2	Curly Red Chili	52,200	51,550	49,650	50,600	51,650	-1.05%
VIII	<b>Cayenne pepper</b>	<b>52,800</b>	<b>51,900</b>	<b>50,850</b>	<b>50,950</b>	<b>51,100</b>	<b>-3.22%</b>
1	Green Cayenne Pepper	47,800	48,100	47,450	46,950	46,350	-3.03%
2	Red Cayenne Pepper	55,600	53,300	51,200	51,800	52,700	-5.22%
IX	<b>Cooking oil</b>	<b>19,150</b>	<b>19,100</b>	<b>19,100</b>	<b>19,100</b>	<b>19,100</b>	<b>-0.26%</b>
1	Bulk Cooking Oil	16,600	16,600	16,550	16,550	16,550	-0.30%
2	Branded Packaging Cooking Oil 1	20,800	20,700	20,700	20,700	20,650	-0.72%
3	Branded Packaging Cooking Oil 2	19,450	19,450	19,500	19,450	19,450	0.00%
X	<b>Sugar</b>	<b>18,750</b>	<b>18,850</b>	<b>18,900</b>	<b>18,850</b>	<b>18,800</b>	<b>0.27%</b>
1	Premium Quality Sugar	19,100	19,200	19,250	19,250	19,250	0.79%
2	Local Sugar	18,500	18,600	18,600	18,550	18,450	-0.27%

Sources: BI, KBVS Research - treated (2024)

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