

Deflation Continues for Four Consecutive Months

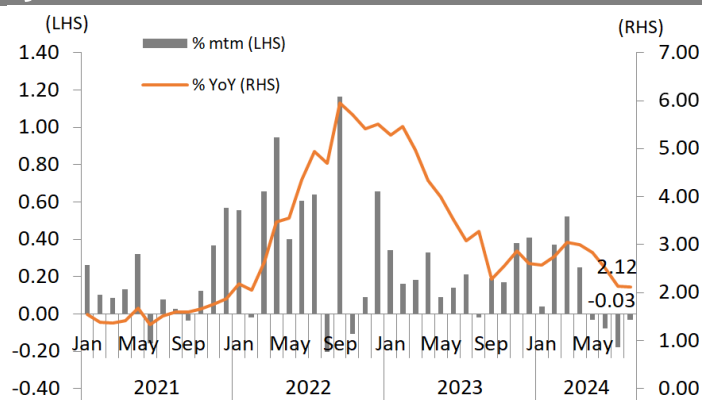
As expected, monthly deflation occurred for the fourth consecutive time in Aug '24, with the monthly CPI inflation rate at **-0.03% MoM** or **2.12% YoY** (Cons: 0.00% MoM or 2.10% YoY, KBVS: -0.03% MoM or 2.21% YoY, Prev: -0.18% MoM or 2.13% YoY). Among the components contributing to inflation, the **Volatile Foods group** was the primary driver of deflation at **-0.20% MoM** during the **same month**, mainly due to the significant price decreases in cayenne pepper (-18.9% MoM) and red chili pepper (-7.9% MoM). This situation was largely influenced by harvests in several regions, such as the cayenne pepper harvest in Karanganyar and Kediri Regencies, as well as the onion harvest in Kendal, Brebes, and Sleman Regencies. This trend is also reflected in the deflation of the Foodstuffs group, which recorded **-0.20% MoM** deflation in the same month.

Meanwhile, the **Administered Price group** experienced inflation of **0.04% MoM**, along with the **Core Inflation group**, which saw inflation of **0.13% MoM**. This was also driven by the **Energy Component** inflation of **0.03% MoM**, influenced by the adjustment of non-subsidized fuel prices by non-government operators as of Aug 1, '24, with increases ranging from 3.36% (BP 92) to 5.14% (Shell Super).

However, concerns over deflation accompanied by a decline in purchasing power remain a topic of debate. On one hand, the farmer's exchange rate, an indicator of rural purchasing power, recorded a **0.20% MoM** or **7.38% YoY** increase in Aug '24. This was driven by a **0.08% MoM** increase in the price index received by farmers, while the price index paid by farmers decreased by **-0.12% MoM**. On the other hand, car sales in Jul '24 continued to contract by **-7.88% YoY**, despite motorcycle sales increasing by **2.50% YoY**. Additionally, total third party funds (or DPK) as of Jul '24 rose by **7.72% YoY**, although the growth in savings below IDR100 mn (the lowest tiering) only increased by **4.9% YoY**.

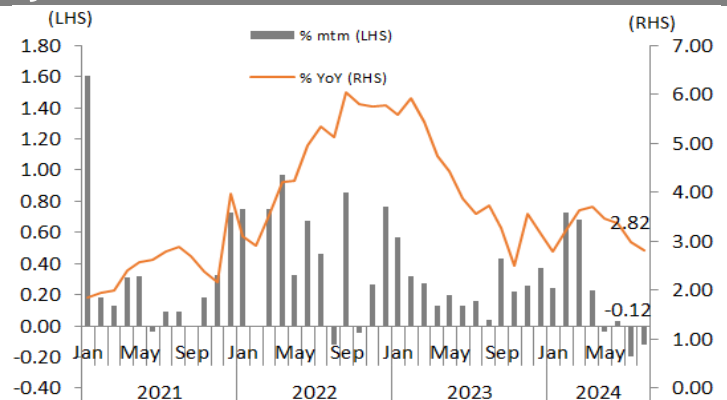
Looking ahead, ongoing harvests in several regions—particularly for commodities like chili, onion, and rice—coupled with the potential appreciation of the Rupiah in line with a possible Fed Rate cut in mid-Sep 2024, are expected to further drive deflation throughout Sep '24. However, concerns about the potential impact of La Niña, which is expected to last until Oct '24, along with the dynamics surrounding the upcoming Regional Elections on Nov 27, '24, could spur inflation. As a result, we anticipate a narrow fluctuation between inflation and deflation in Sep 2024.

Fig 1. CPI (Consumer or Headline) Inflation



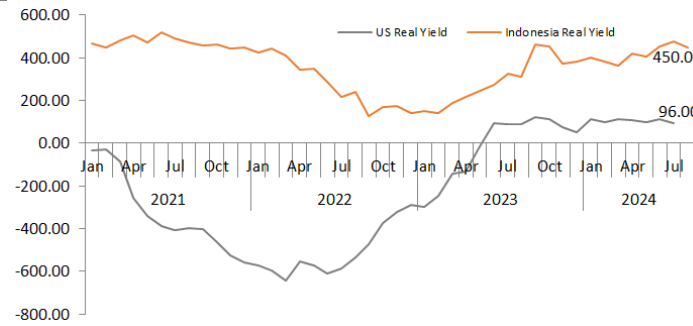
Sources: Bloomberg, KBVS Research - treated (2024)

Fig 2. WPI (Wholesale) Inflation



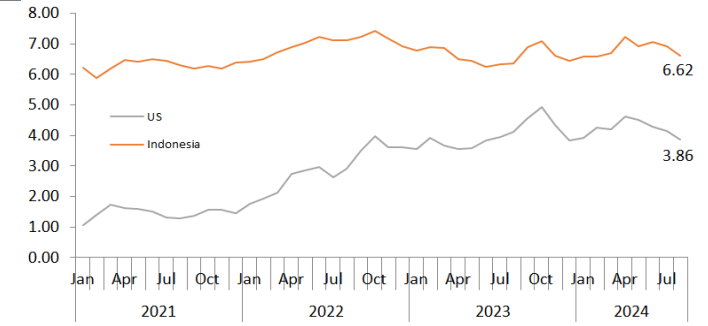
Sources: BPS, KBVS Research - treated (2024)

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



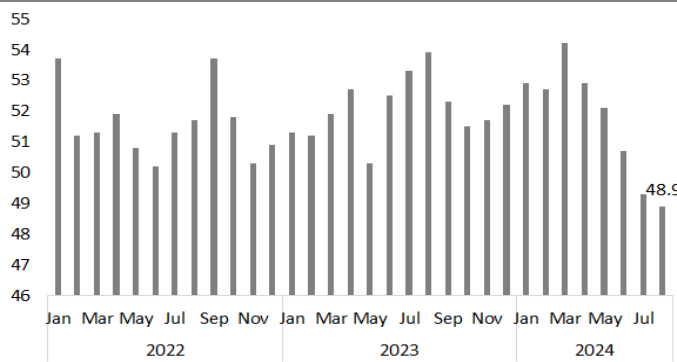
Sources: Bloomberg, KBVS Research – treated (2024)

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



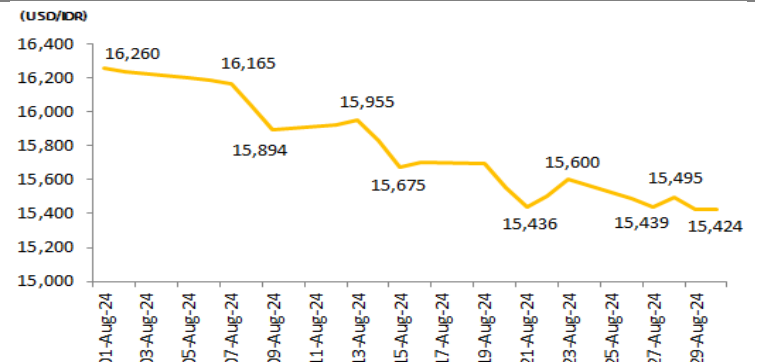
Sources: Bloomberg, KBVS Research – treated (2024)

Fig 5. PMI Manufacturing



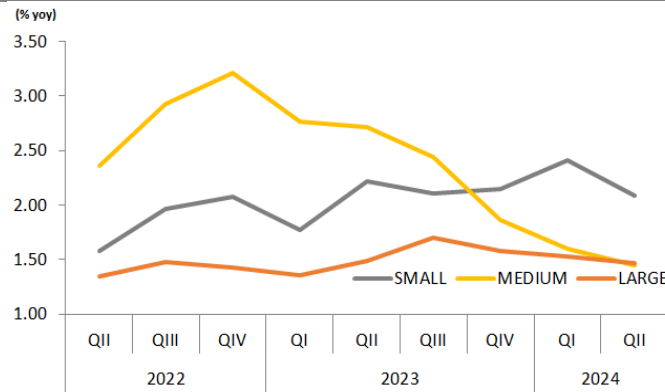
Sources: Market Economics, KBVS Research – treated (2024)

Fig 6. USD/IDR



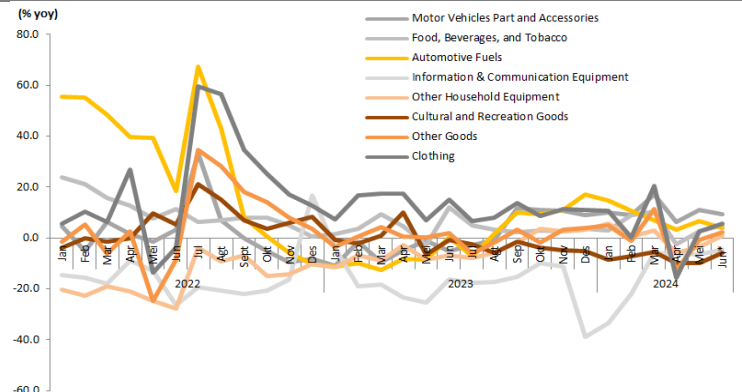
Sources: Bloomberg, KBVS Research – treated (2024)

Fig 7. Residential Property Prices



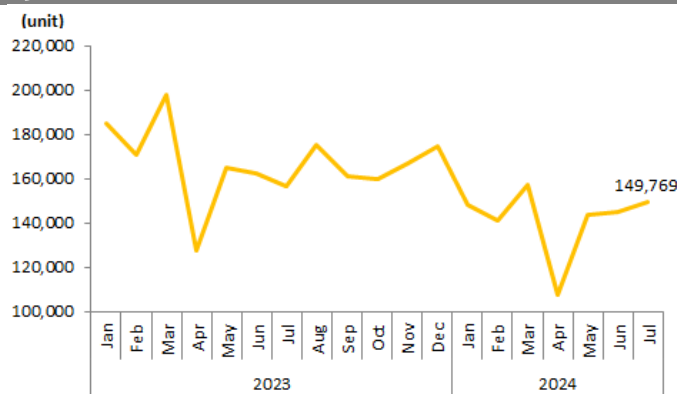
Sources: BI, KBVS Research – treated (2024)

Fig 8. Retail Price Survey



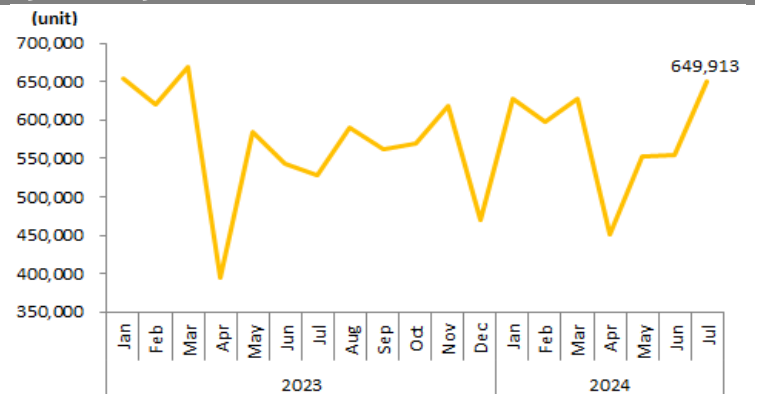
Sources: BI – treated (2024)

Fig 9. Car Sales



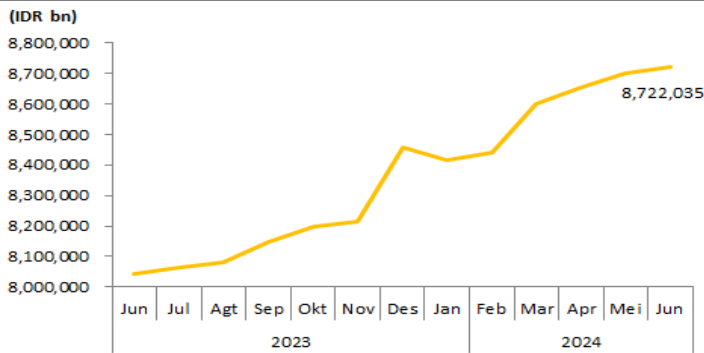
Sources: Gaikindo, KBVS Research – treated (2024)

Fig 10. Motorcycle Sales



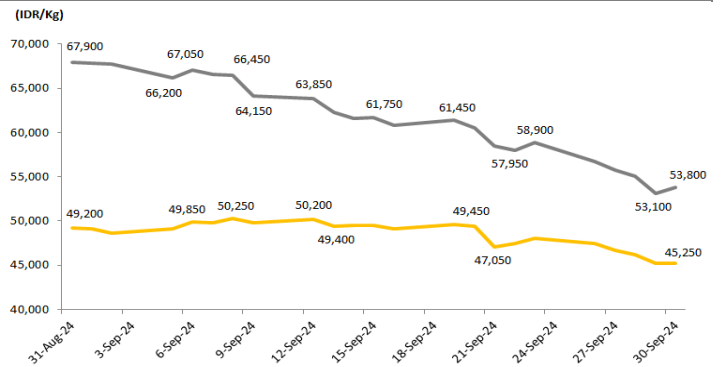
Sources: AISI – treated (2024)

Fig 11. Third Party Funds in Commercial Bank Operations



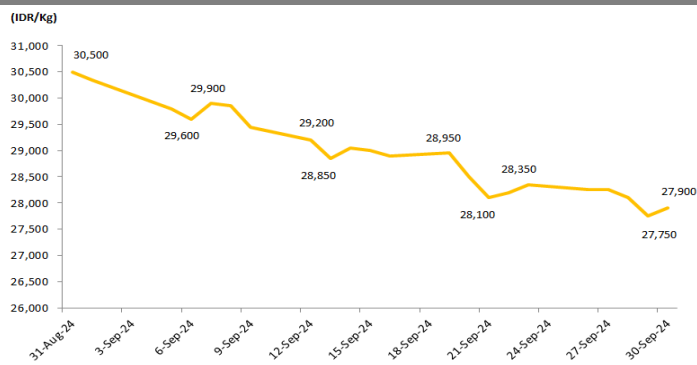
Sources: OJK, KBVS Research - treated (2024)

Fig 12. Cayenne Pepper & Red Chili Pepper Price



Sources: BI - treated (2024)

Fig 13. Red Onion Price



Sources: OJK, KBVS Research - treated (2024)

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

Indicators	Index		Inflation	
	Latest	M-1	MoM	YoY
Consumer Price Index (CPI)	106.06	106.09	-0.03%	2.12%
Food, Beverages, and Tobacco	108.66	109.23	-0.52%	3.39%
Clothing and Footwear	103.16	103.07	0.09%	1.19%
Housing, Water, Electricity, and Household Fuels	102.43	102.40	0.03%	0.57%
Equipment, Tools, and Routine Household Maintenance	103.63	103.59	0.04%	1.05%
Health	103.92	103.85	0.07%	1.72%
Transport	110.08	109.84	0.22%	1.42%
Info, Comm. and Financial Services	99.54	99.56	-0.02%	-0.16%
Recreation, Sport and Culture	104.02	103.98	0.04%	1.52%
Education Services	104.53	103.86	0.65%	1.83%
Food and Beverages Services/Restaurants	105.88	105.76	0.11%	2.24%
Personal Care and Other Services	110.73	110.18	0.50%	6.04%
Core inflation	104.59	104.38	0.20%	2.02%
Administered Price	108.95	108.70	0.23%	1.68%
Volatile Food	108.61	109.97	-1.24%	3.04%
Wholesale Price Index (WPI)	119.39	119.39	0.00%	2.98%
Agriculture	114.78	114.78	0.00%	5.09%
Mining and Quarrying	126.52	126.52	0.00%	1.46%
Manufacturing	120.44	120.44	0.00%	2.53%
Farmer Exchange Rate	119.85	119.61	0.20%	7.15%
Farmers Price Received Index	144.73	144.61	0.08%	10.49%
Farmers Price Paid Index	120.76	120.91	-0.12%	3.12%

Sources: BPS, KBVS Research - treated (2024)

Table 2. Commodity Price In Traditional Market

No.	Commodity	Price (Rp per Kg)					Monthly Price Change (%, ptp)
		31/ 07/ 2024	07/ 08/2024	14/ 08/ 2024	21/ 08/ 2024	31/ 08/ 2024	
I	Rice	15,350	15,350	15,300	15,250	15,250	-0.65%
1	Lower Quality Rice I	14,100	14,100	14,100	14,100	14,000	-0.71%
2	Lower Quality Rice II	13,850	13,850	13,900	13,850	13,700	-1.08%
3	Medium Quality Rice I	15,450	15,450	15,450	15,400	15,300	-0.97%
4	Medium Quality Rice II	15,350	15,350	15,300	15,300	15,250	-0.65%
5	Super Quality Rice I	16,900	16,850	16,850	16,850	16,800	-0.59%
6	Super Quality Rice II	16,350	16,300	16,300	16,300	16,250	-0.61%
II	Chicken meat	34,850	35,800	35,450	35,100	35,150	0.86%
1	Fresh Race Chicken Meat	34,850	35,800	35,750	35,700	35,150	0.86%
III	Beef	135,300	135,300	135,350	135,450	134,950	-0.26%
1	Quality 1 Beef	138,800	138,800	138,800	138,850	138,550	-0.18%
2	Quality 2 Beef	130,100	130,050	129,850	130,050	129,500	-0.46%
IV	Chicken eggs	29,900	29,850	29,700	29,400	29,350	-1.84%
1	Fresh Chicken Eggs	29,900	29,850	29,750	29,600	29,350	-1.84%
V	Red onion	30,500	29,900	29,050	28,100	28,100	-7.87%
1	Medium Shallot	30,500	29,900	29,150	28,500	28,100	-7.87%
VI	Garlic	42,400	42,200	42,050	41,950	42,150	-0.59%
1	Medium Size Garlic	42,400	42,200	42,100	42,150	42,150	-0.59%
VII	Red chili pepper	49,200	49,750	49,500	47,050	46,150	-6.20%
1	Large Red Chili	47,900	48,450	47,750	47,050	44,750	-6.58%
2	Curly Red Chili	50,200	50,550	50,650	49,850	46,650	-7.07%
VIII	Cayenne pepper	67,900	66,600	61,600	58,450	55,050	-18.92%
1	Green Cayenne Pepper	56,950	54,550	51,350	52,300	50,650	-11.06%
2	Red Cayenne Pepper	77,250	76,550	71,200	66,700	56,200	-27.25%
IX	Cooking oil	19,200	19,200	19,200	19,150	19,300	0.52%
1	Bulk Cooking Oil	16,750	16,750	16,850	16,850	16,950	1.19%
2	Branded Packaging Cooking Oil 1	20,750	20,750	20,750	20,750	20,750	0.00%
3	Branded Packaging Cooking Oil 2	19,500	19,500	19,550	19,550	19,650	0.77%
X	Sugar	18,500	18,400	18,350	18,350	18,450	-0.27%
1	Premium Quality Sugar	19,200	19,150	19,200	19,200	19,250	0.26%
2	Local Sugar	17,900	17,800	17,800	17,850	17,850	-0.28%

Sources: BI, KBVS Research - treated (2024)

Disclaimer

This report is prepared by PT KB Valbury Sekuritas, a member of the Indonesia Stock Exchange, or its subsidiaries or its affiliates ("KBVS"). All the material presented in this report is under copyright to KBVS. None of the parts of this material, nor its contents, may be copied, photocopied, or duplicated in any form or by any means or altered in any way, or transmitted to, or distributed to any other party without the prior written consent of KBVS.

The research presented in this report is based on the information obtained by KBVS from sources believed to be reliable, however KBVS do not make representations as to their accuracy, completeness or correctness. KBVS accepts no liability for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from the use of the material presented in this report and further communication given or relied in relation to this document. The material in this report is not to be construed as an offer or a solicitation of an offer to buy or sell any securities or financial products. This report is not to be relied upon in substitution for the exercise of independent judgement. Past performance and no representation or warranty, express or implied, is made regarding future performance. Information, valuations, opinions, forecasts and estimates contained in this report reflects a judgement at its original date of publication by KBVS and are subject to change without notice, its accuracy is not guaranteed or it may be incomplete.

The Research Analyst(s) primarily responsible for the content of this research report, in part or as a whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The Analyst also certifies that no part of his/her compensation was, is or will be related to specific recommendation views expressed in this report. It also certifies that the views and recommendations expressed in this report do not and will not take into account client circumstances, objectives, needs and no intentions involved as a use for recommendations for sale or buy any securities or financial instruments.

KB Valbury Sekuritas Head Office

Sahid Sudirman Center 41st Floor Unit A-C
Jalan Jenderal Sudirman No. 86 Kelurahan Karet Tengsin,
Kecamatan Tanah Abang, Jakarta Pusat 10220, Indonesia
T. +62 21 – 250 98 300
F. +62 21 – 255 33 778

Branch Office

Jakarta – Sudirman

Sahid Sudirman Center 41st Floor Unit A-C
Jalan Jenderal Sudirman No. 86 Karet Tengsin,
Tanah Abang, Jakarta Pusat 10220
T. (021) 25098300/301

Bandung

Jl. HOS Cokroaminato No. 82
Bandung 40171
T. (022) 87255800

Palembang

Komplek PTC Mall Blok I No. 7
Jl. R. Sukanto
Palembang 30114
T. (0711) 5700281

Semarang

Candi Plaza Building Lt. Dasar
Jl. Sultan Agung No. 90-90A
Semarang 50252
T. (024) 8501122

Jakarta – Kelapa Gading

Rukan Plaza Pasifik
Jl. Raya Boulevard Barat Blok A1 No. 10
Jakarta Utara 11620
T. (021) 29451577

Malang

Jl. Pahlawan Trip No. 7
Malang 65112
T. (0341) 585888

Surabaya

Pelawon Center Lt 21
Jl. Embong Malang No.1
Surabaya 60261
T. (031) 2955788

Makassar

Komplek RUKO Citraland City Losari
Business Park, Blok B2 No. 09
Jl. Citraland Boulevard Makassar 90111
T. (0241) 16000818

Jakarta – Puri Indah

Rukan Grand Aries Niaga Blok E1 No. IV
Jl. Taman Aries, Kembangan
Jakarta Barat 11620
T. (021) 22542390

Banjarmasin

Jl. Gatot Subroto No. 33
Banjarmasin 70235
T. (0511) – 3265918

Padang

Jl. Kampung Nias II No. 10,
Padang 25211
T. (0751) 8955747

Medan

Komplek Jati Junction No. PS-5A
Jl. Perintis Kemerdekaan
Medan 20218
T. (061) 88816222

Jakarta – Pluit

Jl. Pluit Putra Raya No. 2
Jakarta Utara 14450
T. (021) 6692119

Pekanbaru

Jl. Tuanku Tambusai, Komplek CNN
Blok A No. 3 Pekanbaru 28291
T. (0761) 839993

Yogyakarta

Jl. Magelang KM 5.5 No. 75
Yogyakarta 55000
T. (0274) 623111

Denpasar

Jl. Teuku Umar No. 177
Komplek Ibis Styles Hotel
Denpasar Bali 80114
T. (0361) 225229

Investment Gallery

Jakarta

Citra Garden 6 Ruko Sixth Avenue
Blok J.1 A/18, Cengkareng
Jakarta Barat 11820
T. (021) 522392181

Semarang

Jl. MT Haryono 637
Semarang 50242
T. (024) 8415195

Salatiga

Jl. Diponegoro No. 68
Salatiga 50711
T. (0298) 313007

Solo

Jl. Ronggowarsito No. 34
Surakarta 57118
T. (0271) 6726306