

The Return of Volatile Foods Inflation

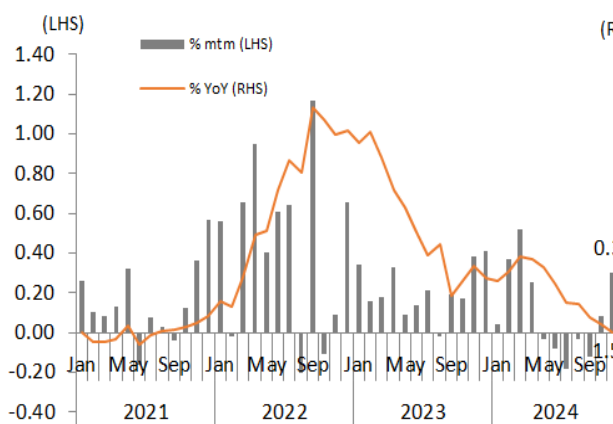
The rise in most expenditure group indices led to the highest monthly Consumer Price Index (CPI) inflation since Apr '24, reaching 0.30% MoM or 1.55% YoY in Nov '24 (Cons: 0.23% MoM or 1.50% YoY, KBVS: 0.10% MoM or 1.62% YoY, Prev: 0.08% MoM or 1.71% YoY). This monthly inflation uptick was further driven by price increases in red onions, garlic, tomatoes, broiler chicken, fresh fish, cooking oil, ground coffee, machine-rolled cigarettes (SKM), air transport tariffs, and gold jewelry - see Table 2, p.3. The La Nina conditions since late Sep '24, which caused bad weather and crop failures of red onions and garlic in several production areas, particularly Brebes (Central Java) and Kulon Progo (DI Yogyakarta), are believed to be the main cause of the supply shortage for both commodities, thereby pushing up their prices in Nov '24. Additionally, inflationary pressure continued to stem from volatile food components (1.07% MoM) - see Table 1, p.3 - after experiencing monthly deflation since Apr '24.

Meanwhile, the Wholesale Price Index (IHPB) saw inflation of 0.26% MoM or 1.96% YoY (Previous: -0.02% MoM or 1.95% YoY). Similar to CPI, the rise in IHPB was driven by price increases in the agricultural sector (0.89% MoM or 1.57% YoY) - see Table 1, p.3 - particularly for palm oil, tomatoes, red onions, broiler chicken, and cooking oil, which were the main contributors to the inflation increase in IHPB.

According to the S&P Global Indonesia Manufacturing PMI, the index rose to 49.6 in Nov '24 (Prev: 49.2), but it still indicates that Indonesia's manufacturing PMI has been in contraction territory for five consecutive months. This was especially evident in the Employment component, which saw the largest decline in over three years, with backlogs of work falling for the sixth consecutive month, albeit only marginally. Additionally, input cost inflation edged higher due to rising raw material prices.

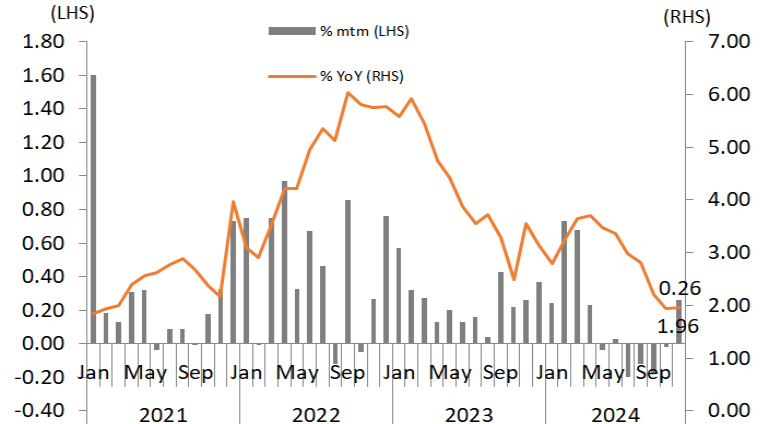
Looking ahead, the potential for further inflationary pressures remains significant, particularly in Dec '24, due to the possibility of ongoing La Nina conditions and concerns over crop failures, coinciding with increased mobility during the school holidays, Christmas, and New Year. However, with annual inflation levels within the lower range of Bank Indonesia's target, we still foresee the likelihood of a BI rate cut in Dec '24, under expectation of a stable Rupiah.

Fig 1. CPI (Consumer or Headline) Inflation



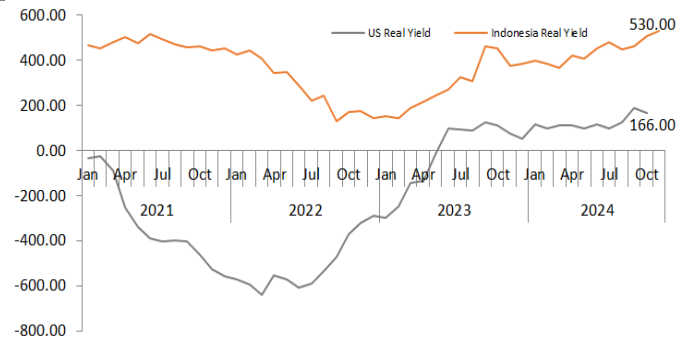
Sources: Bloomberg, KBVS Research - treated (2024)

Fig 2. WPI (Wholesale) Inflation



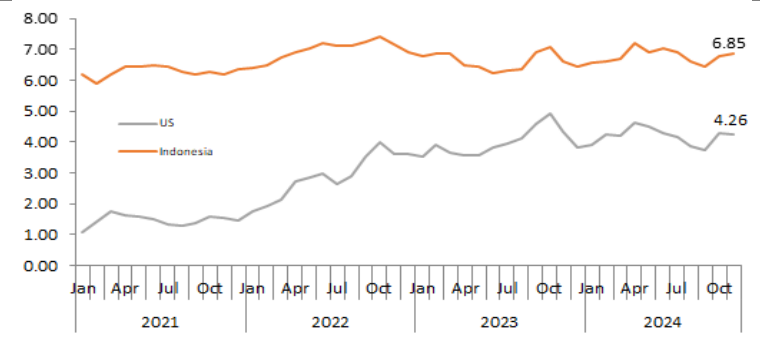
Sources: BPS, KBVS Research - treated (2024)

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



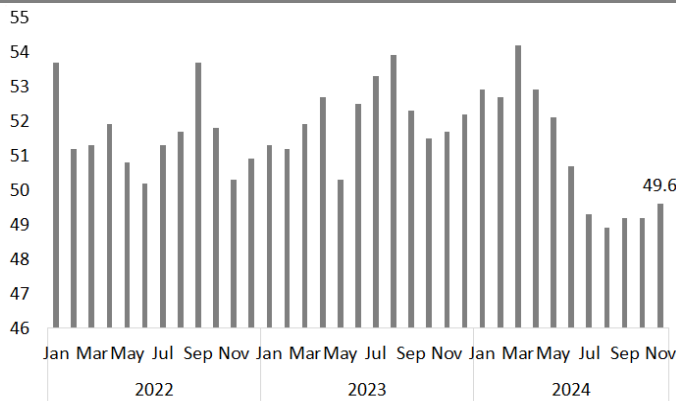
Sources: Bloomberg, KBVS Research – treated (2024)

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



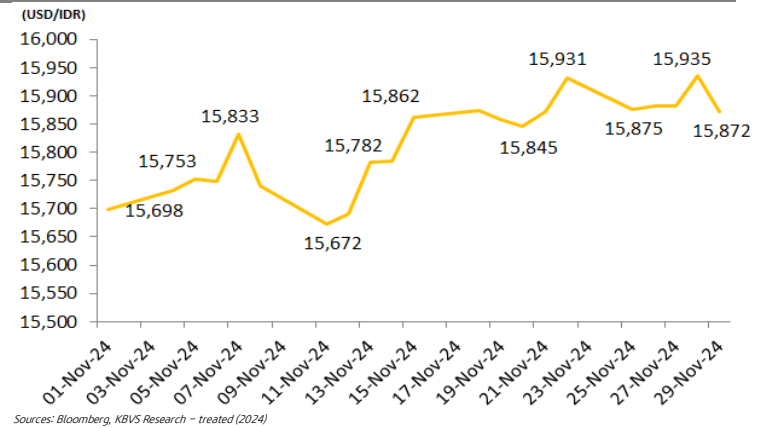
Sources: Bloomberg, KBVS Research – treated (2024)

Fig 5. PMI Manufacturing



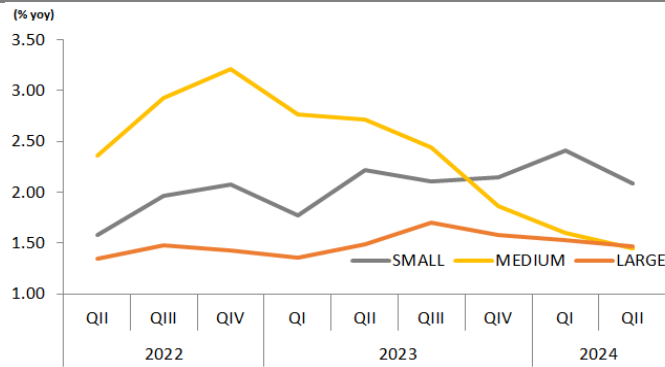
Sources: Market Economics, KBVS Research – treated (2024)

Fig 6. USD/IDR



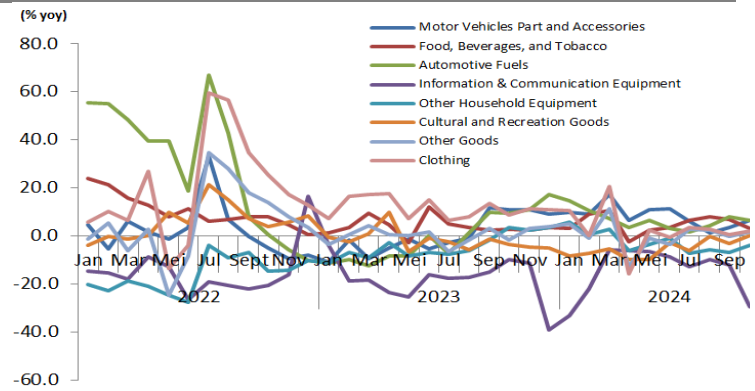
Sources: Bloomberg, KBVS Research – treated (2024)

Fig 7. Residential Property Prices



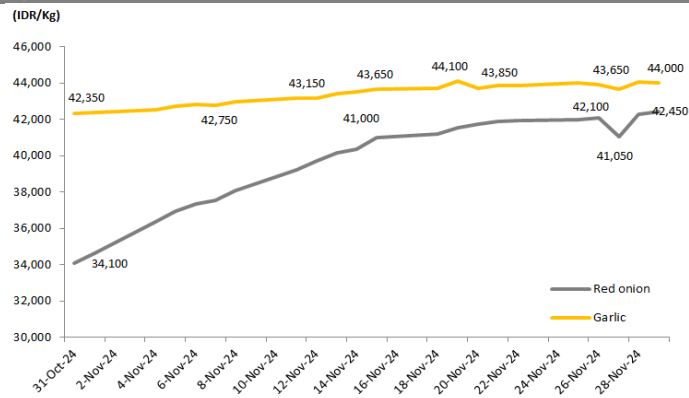
Sources: BI, KBVS Research – treated (2024)

Fig 8. Retail Price Survey



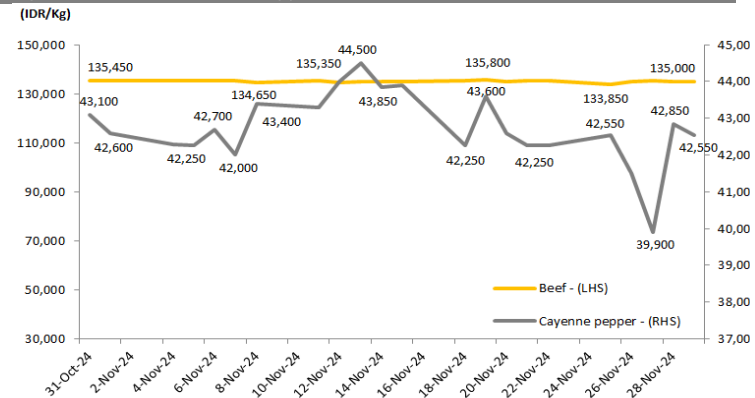
Sources: BI – treated (2024)

Fig 9. Red Onion & Garlic Price



Sources: BI KBVS Research – treated (2024)

Fig 10. Red Onion & Chicken Eggs Price



Sources: BI, KBVS Research – treated (2024)

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

Indicators	Index		Inflation	
	Latest	M-1	MoM	YoY
Consumer Price Index (CPI)	106.33	106.01	0.30%	1.55%
Food, Beverages, and Tobacco	108.96	108.12	0.78%	1.68%
Clothing and Footwear	103.27	103.26	0.01%	1.20%
Housing, Water, Electricity, and Household Fuels	102.59	102.55	0.04%	0.59%
Equipment, Tools, and Routine Household Maintenance	103.84	103.81	0.03%	1.08%
Health	104.27	104.12	0.14%	1.65%
Transport	109.44	109.33	0.10%	0.03%
Info, Comm. and Financial Services	99.48	99.50	-0.02%	-0.28%
Recreation, Sport and Culture	104.17	104.12	0.05%	1.49%
Education Services	104.87	104.87	0.00%	1.89%
Food and Beverages Services/Restaurants	106.46	106.28	0.17%	2.40%
Personal Care and Other Services	112.93	112.20	0.65%	7.26%
Core inflation	105.17	104.99	0.17%	2.26%
Administered Price	108.77	108.64	0.12%	0.82%
Volatile Food	108.18	107.04	1.07%	-0.32%
Wholesale Price Index (WPI)	119.32	119.01	0.26%	1.96%
Agriculture	112.69	111.69	0.90%	1.57%
Mining and Quarrying	125.99	126.25	-0.21%	1.81%
Manufacturing	120.87	120.72	0.12%	2.04%
Farmer Exchange Rate				
Farmers Price Received Index	121.29	120.70	0.49%	3.91%
Farmers Price Paid Index	146.82	145.56	0.87%	5.82%

Sources: BPS, KBUS Research – treated (2024)

Table 2. Commodity Price In Traditional Market

No.	Commodity	Price (Rp per Kg)					Monthly Price Change (%, ptp)
		31/ 10/ 2024	07/ 11/2024	14/ 11/2024	21/ 11/ 2024	29/ 11/ 2024	
I	Rice	15,250	15,250	15,250	15,200	15,250	0.00%
1	Lower Quality Rice I	14,000	14,000	14,000	13,950	14,000	0.00%
2	Lower Quality Rice II	13,800	13,750	13,750	13,750	13,750	-0.36%
3	Medium Quality Rice I	15,350	15,300	15,300	15,300	15,300	-0.33%
4	Medium Quality Rice II	15,250	15,250	15,200	15,200	15,200	-0.33%
5	Super Quality Rice I	16,650	16,700	16,650	16,650	16,650	0.00%
6	Super Quality Rice II	16,250	16,250	16,250	16,200	16,250	0.00%
II	Chicken meat	37,750	37,250	37,450	37,250	37,700	-0.13%
1	Fresh Race Chicken Meat	37,700	37,250	37,400	37,250	37,650	-0.13%
III	Beef	135,450	135,200	135,100	135,150	134,950	-0.37%
1	Quality 1 Beef	138,850	138,750	138,500	138,650	138,400	-0.32%
2	Quality 2 Beef	130,000	129,850	129,700	129,900	129,800	-0.15%
IV	Chicken eggs	29,450	29,450	29,350	29,250	29,350	-0.34%
1	Fresh Chicken Eggs	29,400	29,450	29,300	29,250	29,250	-0.51%
V	Red onion	34,100	37,550	40,350	41,900	42,300	24.05%
1	Medium Shallot	34,100	37,550	40,350	41,900	42,300	24.05%
VI	Garlic	42,350	42,750	43,500	43,850	44,050	4.01%
1	Medium Size Garlic	42,350	42,750	43,500	43,850	44,000	3.90%
VII	Red chili pepper	33,400	32,400	32,600	33,750	34,600	3.59%
1	Large Red Chili	33,200	32,800	32,700	33,550	33,950	2.26%
2	Curly Red Chili	33,300	32,200	32,650	34,150	34,500	3.60%
VIII	Cayenne pepper	43,100	42,000	43,850	42,250	42,850	-0.58%
1	Green Cayenne Pepper	39,250	38,250	37,500	36,600	37,150	-5.35%
2	Red Cayenne Pepper	45,650	44,400	48,100	45,850	44,950	-1.53%
IX	Cooking oil	19,700	19,850	19,950	20,100	20,250	2.79%
1	Bulk Cooking Oil	17,650	17,900	18,100	18,300	18,300	3.68%
2	Branded Packaging Cooking Oil 1	21,100	21,200	21,250	21,400	21,500	1.90%
3	Branded Packaging Cooking Oil 2	19,900	20,000	20,050	20,200	20,250	1.76%
X	Sugar	18,500	18,550	18,550	18,550	18,600	0.54%
1	Premium Quality Sugar	19,200	19,250	19,250	19,300	19,300	0.52%
2	Local Sugar	17,950	18,000	17,950	17,950	18,000	0.28%

Sources: BI, KBUS Research – treated (2024)

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