

Indonesia's Sep '25 Inflation: Rising on Food Prices, Gold, and Rupiah Depreciation

As anticipated, headline inflation in Sep '25 continued its upward trajectory, recording 0.21% MoM or 2.65% YoY (Cons: 2.50% YoY; KBVS: 2.51% YoY; Prev: 2.31% YoY). The increase was primarily driven by (i) volatile food inflation, which rose 0.52% MoM / 6.44% YoY; (ii) core inflation, up 0.18% MoM / 2.19% YoY; and (iii) administered prices, which edged higher by 0.06% MoM / 1.10% YoY.

Disaggregated data from the National Strategic Food Price Information Center (PIHPS) highlight the price dynamics of ten key commodities, most of which fall under volatile foods. **The steepest monthly price increases at traditional markets were observed in red chili (+18.15% MoM) and chicken meat (+7.06% MoM)**, followed by eggs (+0.76% MoM), beef (+0.18% MoM), and cooking oil (+0.11% MoM). These movements translated into notable contributions to monthly inflation: red chili and broiler chicken each added 0.13%, while machine-rolled clove cigarettes (SKM), green chili, and hand-rolled clove cigarettes (SKT) each added 0.01%.

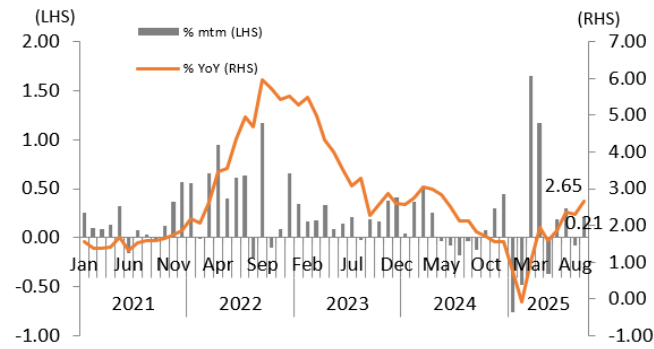
Conversely, several commodities posted notable price declines, easing overall inflationary pressures. These included shallots (-19.48% MoM), bird's eye chili (-5.79% MoM), garlic (-2.42% MoM), granulated sugar (-0.47% MoM), and rice (-0.23% MoM). On a contribution basis, shallots accounted for the largest monthly deflation impact (-0.12%), followed by tomatoes (-0.03%), garlic, bird's eye chili, rice, and cucumbers (each -0.01%).

Within core inflation, upward pressures were traced mainly to higher jewelry gold prices and tuition fees at academies and universities. Notably, domestic gold prices (from Antam) surged 12.83% MoM, climbing from IDR1,980,000/gram on 1 September to IDR2,234,000/gram by 30 September 2025. This mirrored the global gold rally (+9.54% MoM), further amplified by a 1.40% MoM depreciation in the Rupiah (JISDOR) during the same period.

Looking ahead, the persistent uptrend in global gold prices, combined with continued Rupiah weakness, is expected to remain a key driver of core inflation in the near term. We anticipate some relief from currency depreciation pressures should the FOMC deliver another 25 bps Fed Funds Rate cut on 29 October 2025, which markets have largely priced in.

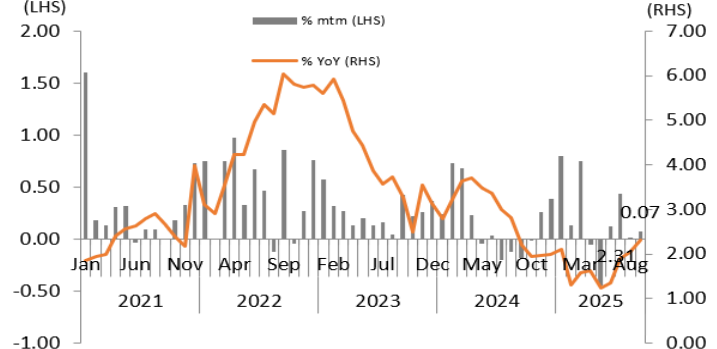
On the domestic front, however, several factors could add to inflationary pressures in October: a) additional liquidity injections—via IDR200tn in excess budget funds (SILPA) transferred by Bank Indonesia to state-owned banks (Himbara)—and; b) higher government spending, particularly civil servant salary adjustments under Presidential Regulation No. 79/2025 (8–12% increase), pose upside risks to Oct '25 inflation. **Nonetheless, food assistance programs, particularly the 8+4+5 scheme targeting rice and cooking oil, are expected to provide some offset, helping to stabilize prices of staple goods.**

Fig 1. CPI (Consumer or Headline) Inflation



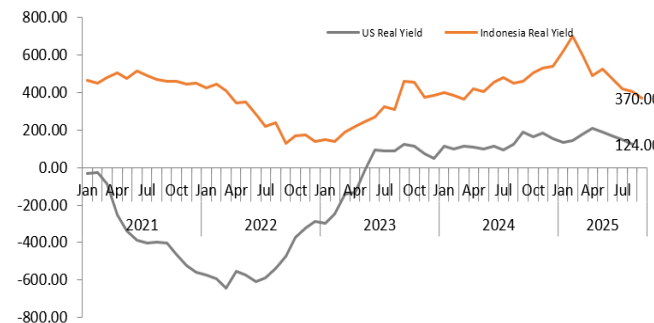
Sources: BPS, KBVS Research - treated (2025)

Fig 2. WPI (Wholesale) Inflation



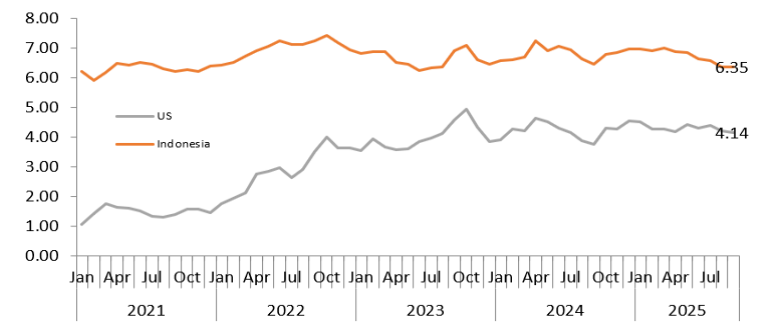
Sources: BPS, KBVS Research - treated (2025)

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



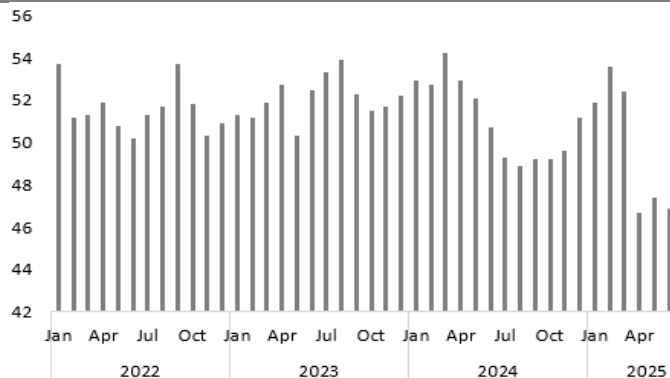
Sources: Bloomberg, KBVS Research - treated (2025)

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



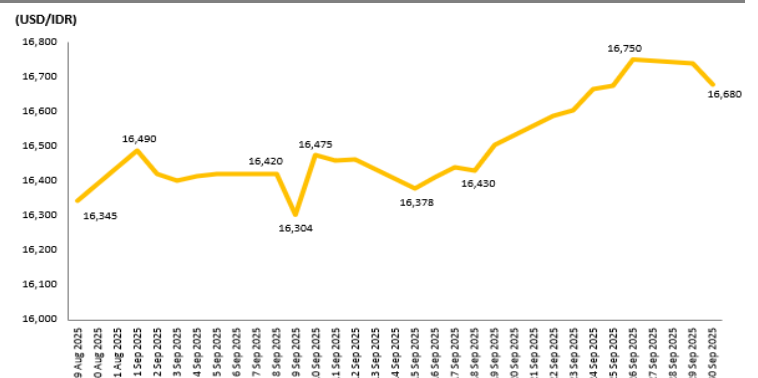
Sources: BI, KBVS Research - treated (2025)

Fig 5. PMI Manufacturing



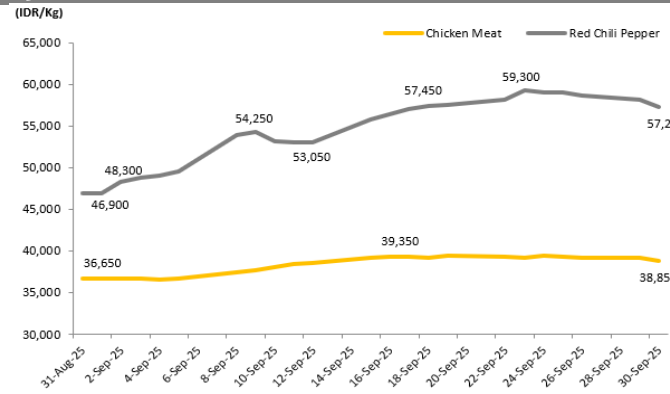
Sources: Market Economics, KBVS Research - treated (2025)

Fig 6. USD/IDR



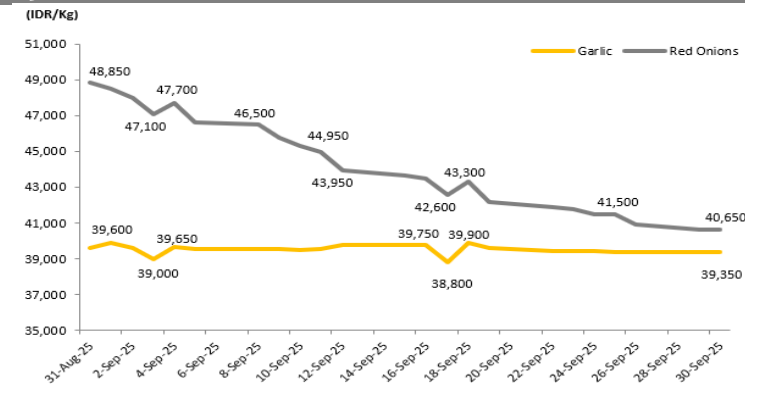
Sources: Bloomberg, KBVS Research - treated (2025)

Fig 7. Chicken Mear & Red Chili Pepper Price



Sources: BI, KBVS Research - treated (2025)

Fig 8. Garlic and Red Onions Price



Sources: BI, KBVS Research - treated (2025)

Table 1. CPI, WPI & Farmer Exchange Rate Sep '25

Indicators	Index		Inflation	
	Latest	M-1	MoM	YoY
Consumer Price Index (CPI)	108.74	108.51	0.21%	2.65%
Food, Beverages, and Tobacco	113.43	113.00	0.38%	5.01%
Clothing and Footwear	104.03	104.00	0.03%	0.79%
Housing, Water, Electricity, and Household Fuels	104.15	104.12	0.03%	1.64%
Equipment, Tools, and Routine Household Maintenance	104.06	104.07	-0.01%	0.30%
Health	106.05	105.91	0.13%	2.01%
Transport	109.74	109.76	-0.02%	-0.15%
Info, Comm. and Financial Services	99.22	99.21	0.01%	-0.31%
Recreation, Sport and Culture	105.18	105.16	0.02%	1.07%
Education Services	106.04	106.03	0.01%	1.15%
Food and Beverages Services/Restaurants	107.93	107.84	0.08%	1.80%
Personal Care and Other Services	121.81	120.32	1.24%	9.59%
Core inflation	107.05	106.86	0.18%	2.19%
Administered Price	110.11	110.04	0.06%	1.10%
Volatile Food	114.06	113.47	0.52%	6.44%
Wholesale Price Index (WPI)	105.27	105.20	0.07%	2.31%
Agriculture	107.46	107.77	-0.29%	5.74%
Mining and Quarrying	99.67	99.53	0.14%	-1.21%
Manufacturing	107.63	107.25	0.35%	2.14%
Farmer Exchange Rate	124.36	123.57	0.64%	3.37%
Farmers Price Received Index	155.04	153.95	0.71%	6.92%
Farmers Price Paid Index	124.67	124.58	0.07%	3.43%

Sources: BPS, KBVS Research – treated (2025)

Table 2. Commodity Price In Traditional Market

No.	Commodity	Price (Rp per Kg)					Monthly Price Change (%, ptp)
		31/8/25	08/9/25	15/9/25	22/9/25	30/9/25	
I	Rice	15,950	15,950	15,900	15,900	15,900	-0.31%
1	Lower Quality Rice I	14,600	14,600	14,550	14,600	14,550	-0.34%
2	Lower Quality Rice II	14,500	14,500	14,450	14,400	14,450	-0.34%
3	Medium Quality Rice I	16,050	16,050	16,000	16,050	16,050	0.00%
4	Medium Quality Rice II	15,900	15,900	15,850	15,850	15,800	-0.63%
5	Super Quality Rice I	17,250	17,250	17,200	17,250	17,200	-0.29%
6	Super Quality Rice II	16,750	16,750	16,650	16,750	16,700	-0.30%
II	Chicken meat	36,650	36,650	39,250	39,300	39,150	6.82%
1	Fresh Race Chicken Meat	36,650	36,650	39,200	39,300	39,150	6.82%
III	Beef	137,100	137,100	137,100	137,350	137,250	0.11%
1	Quality 1 Beef	140,250	140,250	139,900	140,400	140,450	0.14%
2	Quality 2 Beef	132,350	132,350	132,000	132,500	132,250	-0.08%
IV	Chicken eggs	30,250	30,250	30,600	30,700	30,900	2.15%
1	Fresh Chicken Eggs	30,250	30,250	30,600	30,700	30,900	2.15%
V	Red onion	48,850	48,850	43,950	42,150	40,900	-16.27%
1	Medium Shallot	48,850	48,850	43,900	42,150	40,900	-16.27%
VI	Garlic	39,600	39,600	39,750	39,600	39,350	-0.63%
1	Medium Size Garlic	39,600	39,600	39,700	39,600	39,350	-0.63%
VII	Red chili pepper	46,900	46,900	55,850	58,150	58,200	24.09%
1	Large Red Chili	46,250	46,250	50,300	52,950	52,700	13.95%
2	Curly Red Chili	46,950	46,950	57,500	60,000	59,450	26.62%
VIII	Cayenne pepper	47,300	47,300	49,200	48,750	47,450	0.32%
1	Green Cayenne Pepper	44,050	44,050	45,200	44,150	42,650	-3.18%
2	Red Cayenne Pepper	48,500	48,500	51,200	50,850	50,200	3.51%
IX	Cooking oil	21,050	21,050	21,050	21,050	21,000	-0.24%
1	Bulk Cooking Oil	18,600	18,600	18,700	18,600	18,600	0.00%
2	Branded Packaging Cooking Oil 1	22,450	22,450	22,450	22,500	22,400	-0.22%
3	Branded Packaging Cooking Oil 2	21,450	21,450	21,450	21,500	21,400	-0.23%
X	Sugar	18,900	18,900	18,900	18,850	18,850	-0.26%
1	Premium Quality Sugar	19,800	19,800	19,800	19,850	19,800	0.00%
2	Local Sugar	18,200	18,200	18,150	18,100	18,100	-0.55%

Sources: BI, KBVS Research – treated (2025)

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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. (021) 25098300
F. (021) 25098400

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

Jakarta – Kelapa Gading

Rukan Plaza Pasifik
Jl. Boulevard Barat Raya Blok A1 No. 10,
Jakarta Utara 14240
T. (021) 29451577

Jakarta – Puri Indah

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

Jakarta – Pluit

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

Bandung

Jl. Abdul Rivai No. 1A, Kel. Pasirkaliki,
Kec. Cicendo Bandung 40171
T. (022) 3003133

Malang

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

Banjarmasin

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

Pekanbaru

Jl. Tuanku Tambusai, Komplek CNN
Blok A No. 3 Pekanbaru 28291
T. (0761) 859593

Palembang

Komplek PTC Mall Blok I No. 7
Jl. R. Sukanto
Palembang 30114
T. (0711) 2005050

Surabaya

Pakuwon Center Lt 21
Jl. Embong Malang No.1
Surabaya 60261
T. (031) 21008080

Padang

Jl. Proklamasi No. 60A
Padang Timur 25121
T. (0751) 8688080

Yogyakarta

Jl. Magelang KM 5.5 No. 75
Yogyakarta 55000
T. (0274) 8099090

Semarang

Jl. Gajahmada 23A,
Kecamatan Semarang Tengah,
Kelurahan Kembang Sari 50241
T. (024) 40098080

Makassar

Komplek Ruko Citraland City Losari
Business Park, Blok B2 No. 09
Jl. Citraland Boulevard Makassar 90111
T. (0411) 6000818

Medan

Komplek Golden Trade Center
Jl. Jenderal Gatot Subroto No. 18-19
Medan 20112
T. (061) 50339090

Denpasar

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

Pontianak

Jl. Prof. M Yamin No. 14
Kotabaru, Pontianak Selatan
Kalimantan Barat 78116
T. (0561) 8069000

Investment Gallery

Jakarta

Citra Garden 6 Ruko Sixth Avenue
Blok J1 A/18, Cengkareng
Jakarta Barat 11820
T. (021) 52392181

Tangerang

Ruko Aniva Junction Blok D No. 32
Gading Serpong, Tangerang,
Banten 15334
T. (021) 35293147

Semarang

Jl. Jati Raya No. D6,
Srandol Wetan, Banyumanik,
Semarang 50263
T. (024) 8415195

Salatiga

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

Solo

Jl. Ronggowarsito No. 34
Surakarta 57118
T. (0271) 3199090

Jambi

Jl. Orang Kayo Hitam No. 48 B
Jambi Timur 36123
T. (0741) 3068533