

## Cooling Headline Inflation Masks Rising Core and Input Cost Risks

Indonesia's headline CPI inflation eased to 0.17% MoM and 2.72% YoY in Nov '25 (Cons: 2.75% YoY; KBVS: 2.79% YoY; Prev: 2.86% YoY). Across the inflation basket, core inflation remained relatively firm at 0.11% MoM or 2.36% YoY (Prev: 0.25% MoM or 2.36% YoY). Administered-price inflation inched up to 0.05% MoM or 1.58% YoY (Prev: 0.02% MoM or 1.45% YoY), while volatile food inflation recorded a notable improvement, easing to 0.01% MoM or 5.48% YoY (Prev: 0.01% MoM or 6.59% YoY).

**Beyond demand-supply dynamics, the persistence of core inflation in Nov '25 also reflects the impact of Rupiah depreciation, which averaged around 0.6% MoM during the month.** The overall price pattern was characterized by sharp divergences in volatile food categories. Upward pressure came from monthly price increases in shallots, fresh fish, carrots, oranges, mustard greens, cucumbers, and long beans, alongside seasonal upticks in airfares and gold jewelry. Conversely, prices softened for broiler chicken meat, rice, red chilies, chicken eggs, jengkol, and potatoes. At the same time, higher water tariffs in Jakarta and Boalemo (Gorontalo Province), combined with non-subsidized fuel price increases implemented in early November, contributed to the rise in administered-price inflation.

**Inflationary pressures were also reflected in the latest S&P Global Indonesia Manufacturing PMI, which rose strongly to 53.3 (Prev: 51.2) in Nov '25, the highest since Feb '25.** However, this expansion came with a surge in input costs, reaching their highest level since Feb '25, while output charges climbed to their highest level since Apr '24. These trends indicate the possibility of further inflationary pass-through in the coming months as manufacturers adjust selling prices. On the positive side, improving domestic demand supported gains in employment, output, and purchasing activity.

### Outlook and Implications for Financial Markets

Looking ahead, risks stem not only from the potential rise in manufactured goods inflation but also from weather-related disruptions that could affect the supply side. With the rainy season intensifying and Tropical Cyclone Senyar expected by BMKG to persist through Feb '26, the threat of harvest disruptions, flooding, and logistical delays has increased. Such vulnerabilities could quickly reverse the favorable trends in volatile food prices and generate sudden upside risks to the headline CPI during a period of peak year-end demand. Key commodities likely to be affected include palm oil, coffee, corn, and rice, in addition to chilies and poultry products. Even so, Bulog's sizeable rice inventory of 3.8 mn tons should help cushion some of the associated risks.

**Rupiah depreciation remains another concern**, though expectations of a Fed rate cut—likely 25 bps at the 10 Dec '25 meeting—may help stabilize the currency thereafter, reducing imported inflation pass-through to both core and headline measures. In this context, stronger coordination by national (TPIP) and regional inflation control teams (TPID) will be essential to maintain price stability as year-end mobility increases. Government year-end stimulus programs, including toll-road discounts, airfare reductions, lower sea and rail transport fares, and support for the national online shopping festival (Harbolnas), should also help offset inflationary pressures.

**From a monetary-policy perspective, if inflation remains contained, we expect Bank Indonesia to have room for a rate cut this month.** We now assign a high probability to a further 25 bps reduction in the BI Rate to 4.50% by year-end, contingent on a synchronized Federal Reserve rate cut and continued domestic price stability. **Such a coordinated policy shift would likely improve liquidity conditions, drive a further decline in SUN10Y yields, and enhance the relative attractiveness of Indonesian financial assets.**

Fig 1. CPI (Consumer or Headline) Inflation

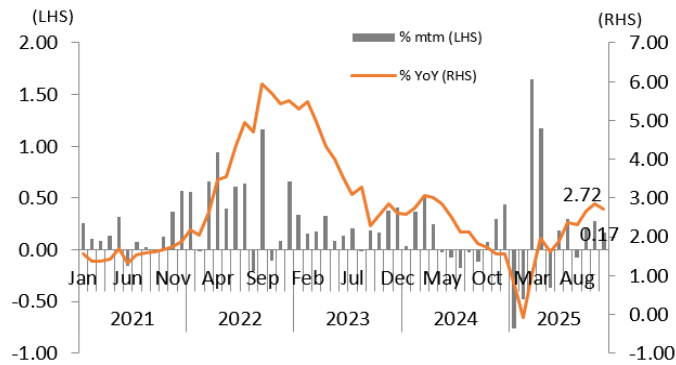


Fig 2. WPI (Wholesale) Inflation

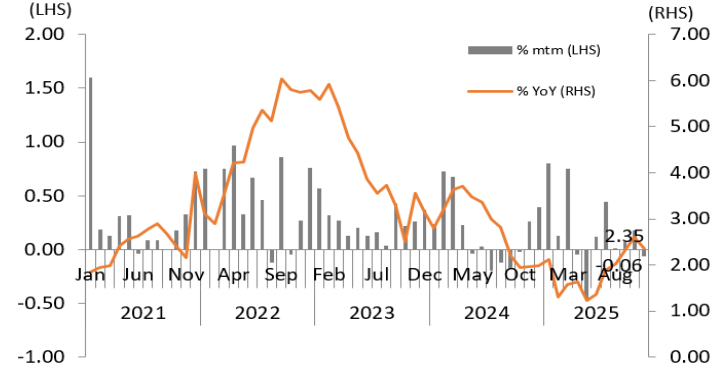


Fig 3. Real Yield US vs Indonesia (in bps)

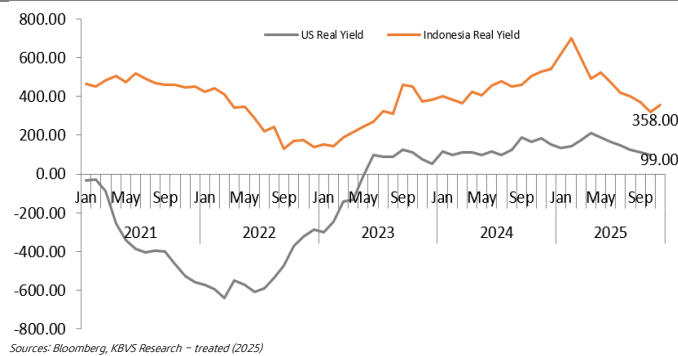


Fig 4. Yield of 10Yr Government Bond (in %)

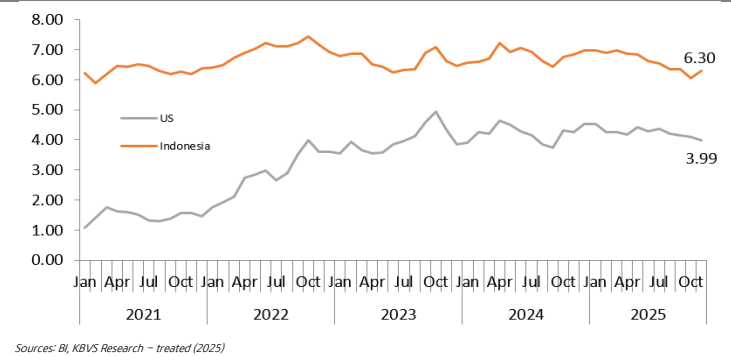


Fig 5. PMI Manufacturing

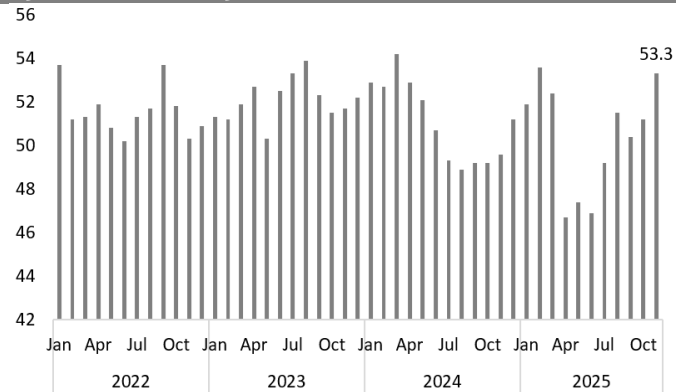


Fig 6. USD/IDR

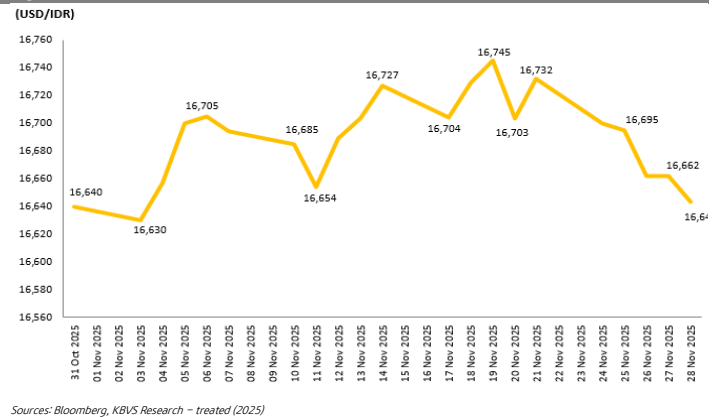


Fig 7. Red Chili Pepper & Cayenne Pepper Price

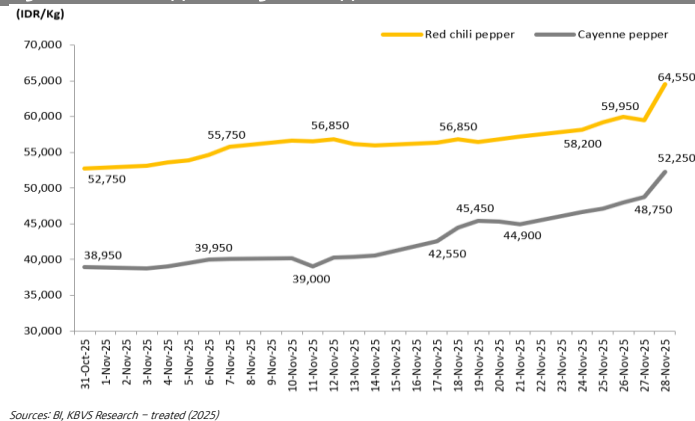


Fig 8. Rice & Beef Price

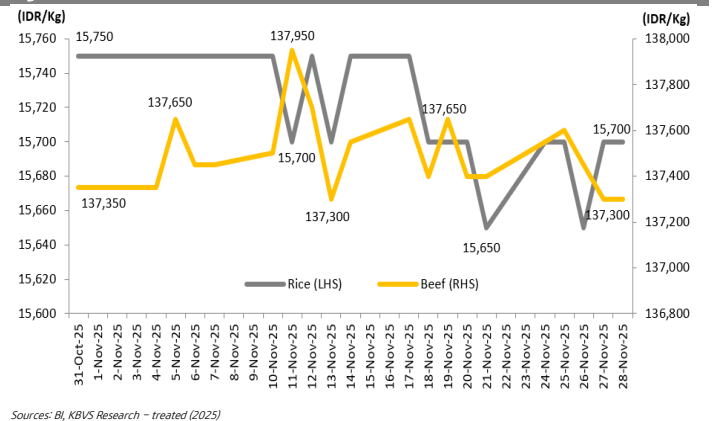


Table 1. CPI, WPI &amp; Farmer Exchange Rate Nov '25

Indicators	Index		Inflation	
	Latest	M-1	MoM	YoY
<b>Consumer Price Index (CPI)</b>	<b>109,04</b>	<b>108,74</b>	<b>0,28%</b>	<b>2,86%</b>
Food, Beverages, and Tobacco	109,22	109,04	0,17%	2,72%
Clothing and Footwear	113,59	113,52	0,06%	4,25%
Housing, Water, Electricity, and Household Fuels	104,06	104,03	0,03%	0,76%
Equipment, Tools, and Routine Household Maintenance	104,20	104,18	0,02%	1,57%
Health	104,08	104,05	0,03%	0,23%
Transport	106,45	106,32	0,12%	2,09%
Info, Comm. and Financial Services	110,22	109,85	0,34%	0,71%
Recreation, Sport and Culture	99,23	99,25	-0,02%	-0,25%
Education Services	105,37	105,35	0,02%	1,15%
Food and Beverages Services/Restaurants	106,19	106,19	0,00%	1,26%
Personal Care and Other Services	108,06	107,99	0,06%	1,50%
Core inflation	107,65	107,47	0,17%	2,36%
Administered Price	110,49	110,22	0,24%	1,58%
Volatile Food	114,11	114,09	0,02%	5,48%
<b>Wholesale Price Index (WPI)</b>	<b>105,40</b>	<b>105,46</b>	<b>-0,06%</b>	<b>2,35%</b>
Agriculture	107,83	107,96	-0,12%	5,76%
Mining and Quarrying	100,83	100,06	0,77%	0,10%
Manufacturing	107,68	107,82	-0,13%	2,16%
<b>Farmer Exchange Rate</b>	<b>124,05</b>	<b>124,33</b>	<b>-0,23%</b>	<b>2,78%</b>
Farmers Price Received Index	154,72	115,13	34,39%	27,56%
Farmers Price Paid Index	124,73	124,77	-0,03%	-15,05%

Sources: BPS, KBVS Research – treated (2025)

Table 2. Commodity Price In Traditional Market

No.	Commodity	Price (Rp per Kg)					Monthly Price Change (%, ptp)
		10/31/2025	11/7/2025	11/14/2025	11/21/2025	11/30/2025	
I	<b>Rice</b>	<b>15,750</b>	<b>15,750</b>	<b>15,750</b>	<b>15,650</b>	<b>15,700</b>	<b>-0,32%</b>
1	Lower Quality Rice I	14,450	14,450	14,450	14,400	14,300	-1,04%
2	Lower Quality Rice II	14,300	14,300	14,250	14,300	14,250	-0,35%
3	Medium Quality Rice I	15,900	15,900	15,900	15,850	15,850	-0,31%
4	Medium Quality Rice II	15,750	15,700	15,700	15,700	15,700	-0,32%
5	Super Quality Rice I	17,100	17,100	17,100	17,050	17,050	-0,29%
6	Super Quality Rice II	16,600	16,600	16,600	16,550	16,550	-0,30%
II	<b>Chicken meat</b>	<b>38,050</b>	<b>37,550</b>	<b>37,850</b>	<b>39,350</b>	<b>39,900</b>	<b>4,86%</b>
1	Fresh Race Chicken Meat	38,050	37,550	37,850	39,550	39,900	4,86%
III	<b>Beef</b>	<b>137,350</b>	<b>137,450</b>	<b>137,550</b>	<b>137,400</b>	<b>137,300</b>	<b>-0,04%</b>
1	Quality 1 Beef	140,500	140,650	140,700	141,400	140,500	0,00%
2	Quality 2 Beef	132,450	132,550	132,650	133,050	132,750	0,23%
IV	<b>Chicken eggs</b>	<b>31,450</b>	<b>31,450</b>	<b>31,450</b>	<b>31,550</b>	<b>31,800</b>	<b>1,11%</b>
1	Fresh Chicken Eggs	31,450	31,450	31,450	31,600	31,800	1,11%
V	<b>Red onion</b>	<b>41,850</b>	<b>41,900</b>	<b>41,600</b>	<b>42,450</b>	<b>44,700</b>	<b>6,81%</b>
1	Medium Shallot	41,850	41,900	41,600	42,550	44,700	6,81%
VI	<b>Garlic</b>	<b>38,850</b>	<b>38,800</b>	<b>38,600</b>	<b>38,800</b>	<b>38,950</b>	<b>0,26%</b>
1	Medium Size Gartic	38,850	38,800	38,600	38,900	38,950	0,26%
VII	<b>Red chili pepper</b>	<b>52,750</b>	<b>55,750</b>	<b>56,000</b>	<b>57,250</b>	<b>64,550</b>	<b>22,37%</b>
1	Large Red Chili	49,650	55,050	57,150	57,350	59,950	20,75%
2	Curly Red Chili	53,200	55,100	54,300	56,650	64,600	21,43%
VIII	<b>Cayenne pepper</b>	<b>38,950</b>	<b>40,050</b>	<b>40,600</b>	<b>44,900</b>	<b>52,250</b>	<b>34,15%</b>
1	Green Cayenne Pepper	36,250	36,750	37,550	40,200	46,750	28,97%
2	Red Cayenne Pepper	40,600	41,650	42,700	49,800	55,250	36,08%
IX	<b>Cooking oil</b>	<b>21,000</b>	<b>21,000</b>	<b>21,000</b>	<b>21,000</b>	<b>21,000</b>	<b>0,00%</b>
1	Bulk Cooking Oil	18,600	18,650	18,600	18,650	18,650	0,27%
2	Branded Packaging Cooking Oil 1	22,450	22,450	22,450	22,400	22,400	-0,22%
3	Branded Packaging Cooking Oil 2	21,350	21,350	21,400	21,400	21,400	0,23%
X	<b>Sugar</b>	<b>18,750</b>	<b>18,800</b>	<b>18,800</b>	<b>18,800</b>	<b>18,750</b>	<b>0,00%</b>
1	Premium Quality Sugar	19,700	19,800	19,800	19,800	19,750	0,25%
2	Local Sugar	18,050	18,000	18,050	18,050	18,000	-0,28%

Sources: BI, KBVS Research – treated (2025)

## 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 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. (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