

February CPI YoY Accelerates on Base Effects, Amid Rising Risks from Domestic Gold Prices

Indonesia's headline inflation accelerated further to **4.76% YoY in Feb '26** (Cons: 4.30% YoY, KBVS: 3.95% YoY, Prev: 3.55% YoY), **exceeding market expectations**. The stronger-than-anticipated increase was largely attributable to a pronounced low base effect, as Feb '25 recorded mild deflation of $-0.09%$ YoY following electricity tariff subsidies implemented during Jan to Feb '25. **On a monthly basis, CPI rose 0.68% MoM in Feb '26** (Cons: 0.30% MoM; KBVS: $-0.11%$ MoM; Prev: $-0.15%$ MoM), marking a clear reversal from January's deflation and indicating a resumption of sequential price increases. Overall, while the headline acceleration appears elevated, careful interpretation is warranted. **The interplay between base effects, seasonal factors, and underlying core inflation trends will be critical in assessing the persistence of price pressures going forward.**

From a component perspective, core inflation increased to **2.63% YoY or 0.42% MoM, up from 2.45% YoY or 0.37% MoM in Jan '26**. The monthly increase was primarily driven by higher prices of gold jewelry, prepared food, and several service-related components. The uptick in core prices reflects intensifying imported inflation pressures, stemming from the depreciation of the rupiah alongside rising global gold prices. Notably, domestic gold prices increased at a faster pace than global benchmarks, as currency weakness compounded the rise in international prices. This dynamic amplified the exchange rate pass-through effect into local jewelry prices, which was also reflected in the Personal Care and Other Services category, where inflation reached **16.66% YoY and 2.55% MoM**, with gold jewelry contributing 0.19 ppt to monthly inflation (*see Fig. 8, p.2*).

Volatile food inflation surged 2.50% MoM and reached 4.64% YoY, driven primarily by sharp increases in cayenne pepper (+9.69% MoM), red chili (+3.59% MoM), fresh chicken meat (+4.09% MoM), and chicken eggs (+3.66% MoM). The spike in chili prices likely reflected weather-related supply disruptions affecting harvest yields in key producing regions (i.e. Lebak, Grobogan, Pasuruan, Magelang, and Lombok Timur), while higher poultry feed costs (particularly corn and soybeans) were subsequently passed on to consumers, via higher retail prices for chicken meat and eggs. Rice prices, by contrast, recorded only modest increases of around 0.32% – $0.35%$ MoM across most grades, indicating that pressures were concentrated in perishable protein and horticultural items rather than staple grains. Food, Beverages, and Tobacco recorded **1.54% MoM inflation**, largely driven by these fresh food components, while tobacco products remained relatively stable. Meanwhile, several staple food items in traditional markets showed price normalization toward the end of February, suggesting that demand-side overheating remains limited. Overall, February's food inflation appears to be predominantly supply-driven rather than reflecting generalized consumption strength.

Administered prices remained elevated at 12.66% YoY, largely reflecting electricity tariffs as a key annual contributor. However, on a monthly basis, the administered component recorded slight deflation ($-0.03%$ MoM), partly due to adjustments in subsidized fuel prices, which helped offset pressures from food and core components. Consistent with this, the Transportation group posted mild annual inflation of **0.12% YoY or $-0.11%$ MoM**, reflecting lower gasoline prices and indicating that seasonal travel demand had not yet materially lifted transport costs in Feb '26.

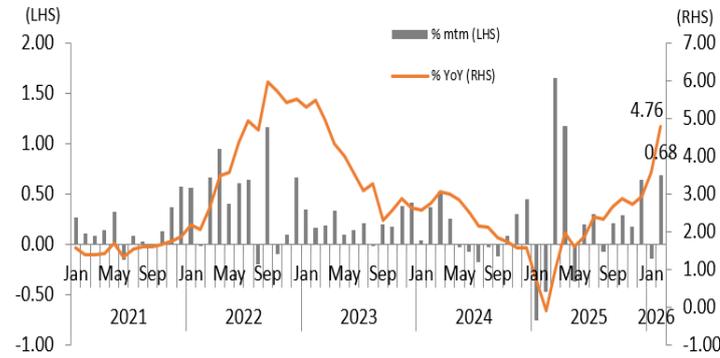
Monetary Policy and Market Implications

Looking ahead, seasonal demand related to Ramadan and Eid al-Fitr is expected to further lift food and transportation prices in Mar '26. The disbursement of *THR* (holiday allowances) typically boosts short-term purchasing power, increasing discretionary spending on food, clothing, personal care, and travel. Meanwhile, the annual "*mudik*" (homecoming) tradition significantly raises demand for airfares, intercity transportation, fuel, and accommodation, potentially exerting upward pressure on both volatile food and administered price components.

Stronger seasonal consumption may also encourage retailers to adjust prices upward amid firmer demand conditions. If global commodity and exchange rate pressures persist, imported cost pass-through into core inflation could intensify, particularly in commodity-linked and discretionary goods. **The interaction between demand-pull forces from *THR*-driven spending and cost-push pressures from external shocks increases the risk of temporary inflation overshooting during the festive period.**

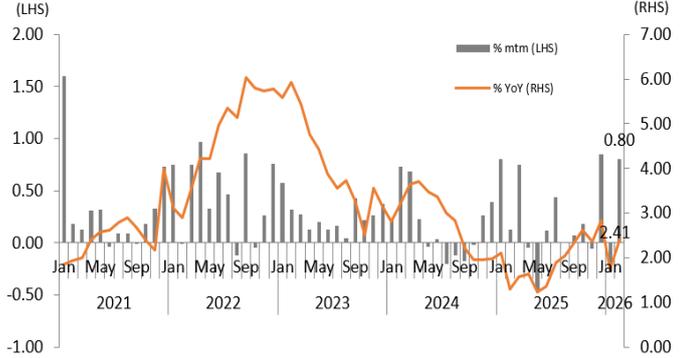
Although year-to-date inflation remains manageable at **0.53%** and core inflation is still relatively anchored, the upward trajectory of headline CPI signals **growing near-term risks**. To safeguard purchasing power and prevent second-round effects, such as wage adjustments and broader price mark-ups, **Bank Indonesia is likely to maintain a cautious and pre-emptive stance**. Holding the BI rate steady would help anchor inflation expectations and support rupiah stability amid persistent external uncertainties. Should exchange rate depreciation or global commodity price spikes intensify, a tightening bias may be warranted to prevent festive-driven pressures from becoming entrenched and to preserve macroeconomic stability.

Fig 1. CPI (Consumer or Headline) Inflation



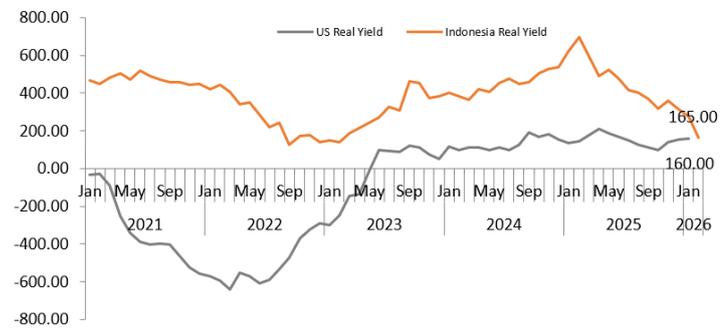
Sources: BPS, KBVS Research – treated (2026)

Fig 2. WPI (Wholesale) Inflation



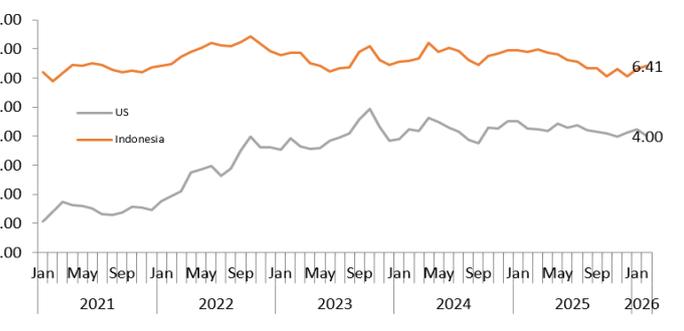
Sources: BPS, KBVS Research – treated (2026)

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



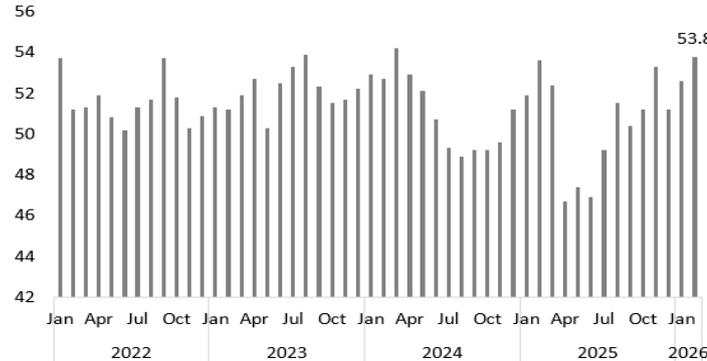
Sources: Bloomberg, KBVS Research – treated (2026)

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



Sources: BI, KBVS Research – treated (2026)

Fig 5. PMI Manufacturing (index)



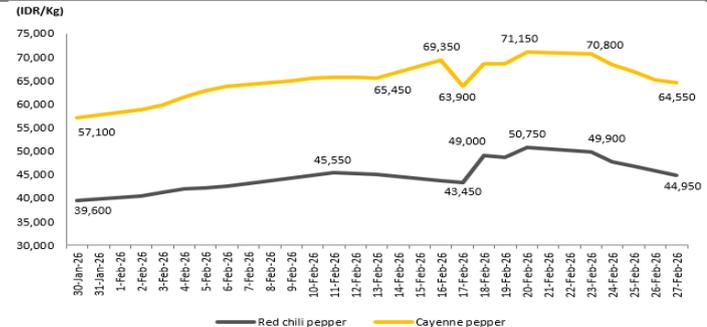
Sources: Market Economics, KBVS Research – treated (2026)

Fig 6. USD/IDR (IDR per USD)



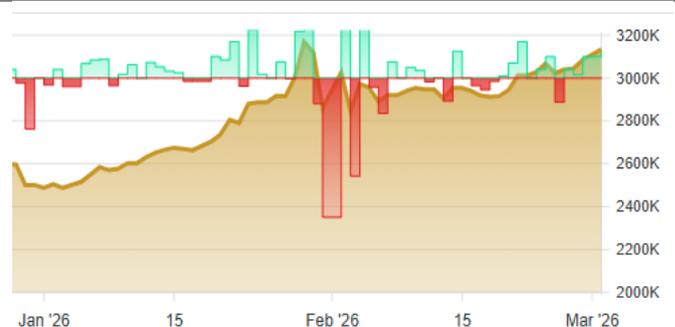
Sources: Bloomberg, KBVS Research – treated (2026)

Fig 7. Cayenne Pepper & Red Chili Pepper Price



Sources: BI, KBVS Research – treated (2026)

Fig 8. Antam Gold Price (Thousand IDR per gr)



Sources: BI, KBVS Research – treated (2026)

Indicators	Index		Inflation	
	Latest	M-1	MoM	YoY
Consumer Price Index (CPI)	110.50	109.92	0.53%	4.76%
Food, Beverages, and Tobacco	116.04	115.47	0.49%	3.51%
Clothing and Footwear	104.25	104.06	0.18%	0.73%
Housing, Water, Electricity, and Household Fuels	204.40	104.26	96.05%	127.49%
Equipment, Tools, and Routine Household Maintenance	104.23	104.08	0.14%	0.12%
Health	106.93	106.55	0.36%	1.61%
Transport	110.20	110.83	-0.57%	0.12%
Info, Comm. and Financial Services	99.32	99.20	0.12%	-0.09%
Recreation, Sport and Culture	105.59	105.48	0.10%	0.96%
Education Services	106.24	106.20	0.04%	1.11%
Food and Beverages Services/Restaurants	108.61	108.20	0.38%	1.37%
Personal Care and Other Services	134.59	128.31	4.89%	16.66%
Core inflation	108.72	107.86	0.80%	2.63%
Administered Price	110.52	110.90	-0.34%	12.66%
Volatile Food	117.81	117.24	0.49%	4.64%
Wholesale Price Index (WPI)	106.85	106.00	0.80%	2.41%
Agriculture	111.91	109.05	2.62%	5.51%
Mining and Quarrying	102.40	102.15	0.24%	2.19%
Manufacturing	108.93	108.40	0.49%	2.50%
Farmer Exchange Rate	125.45	123.60	1.50%	1.62%
Farmers Price Received Index	158.38	155.02	2.17%	5.60%
Farmers Price Paid Index	126.24	125.42	0.65%	3.91%

Sources: BPS, KBVS Research - treated (2026)

No.	Commodity	Price (Rp per Kg)					Monthly Price Change (%, ptp)
		31/01/2026	7/2/2026	14/2/2026	21/2/2026	28/2/2026	
I	Rice	15,750	15,750	15,550	15,800	15,800	0.32%
1	Lower Quality Rice I	14,400	14,400	14,100	14,400	14,450	0.35%
2	Lower Quality Rice II	14,400	14,400	14,750	14,400	14,450	0.35%
3	Medium Quality Rice I	15,950	15,900	15,750	15,900	15,950	0.00%
4	Medium Quality Rice II	15,750	15,750	15,250	15,750	15,800	0.32%
5	Super Quality Rice I	17,150	17,150	16,700	17,150	17,150	0.00%
6	Super Quality Rice II	16,700	16,700	16,200	16,700	16,700	0.00%
II	Chicken meat	40,300	41,150	42,300	42,650	41,950	4.09%
1	Fresh Race Chicken Meat	40,300	41,150	42,300	42,650	41,950	4.09%
III	Beef	139,800	140,300	137,000	141,400	141,250	1.04%
1	Quality 1 Beef	143,050	143,450	140,750	144,650	144,400	0.94%
2	Quality 2 Beef	135,250	135,950	133,250	136,550	136,400	0.85%
IV	Chicken eggs	31,450	31,750	32,350	32,500	32,600	3.66%
1	Fresh Chicken Eggs	31,450	31,750	32,350	32,500	32,600	3.66%
V	Red onion	43,200	43,800	45,050	45,350	44,750	3.59%
1	Medium Shallot	43,200	43,800	45,050	45,350	44,750	3.59%
VI	Garlic	40,400	40,600	41,800	41,150	40,750	0.87%
1	Medium Size Garlic	40,400	40,600	41,800	41,150	40,750	0.87%
VII	Red chili pepper	40,450	44,250	43,650	49,900	44,950	11.12%
1	Large Red Chili	39,800	43,250	43,650	47,350	44,150	10.93%
2	Curly Red Chili	41,050	45,200	43,600	50,700	45,650	11.21%
VIII	Cayenne pepper	58,850	65,050	69,350	70,800	64,550	9.69%
1	Green Cayenne Pepper	52,200	54,000	54,950	55,750	53,850	3.16%
2	Red Cayenne Pepper	64,150	75,300	80,500	83,750	74,650	16.37%
IX	Cooking oil	21,200	21,250	21,550	21,300	21,350	0.71%
1	Bulk Cooking Oil	18,850	18,900	19,450	18,950	19,000	0.80%
2	Branded Packaging Cooking Oil 1	22,600	22,600	23,050	22,700	22,700	0.44%
3	Branded Packaging Cooking Oil 2	21,550	21,550	21,550	21,750	21,650	0.46%
X	Sugar	19,000	19,000	19,050	19,050	19,050	0.26%
1	Premium Quality Sugar	19,800	19,850	19,900	19,800	19,850	0.25%
2	Local Sugar	18,350	18,400	18,300	18,450	18,450	0.54%

Sources: BI, KBVS Research - treated (2026)

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