

Soft April inflation lifts SUN10Y real yield to a 413 bps spread

Indonesia's headline inflation came in at 0.13% MoM (Cons: 0.32%, KBVS: 0.65%, Prev: 0.41%) **or 2.42% YoY** (Cons: 2.70%, KBVS: 2.96%, Prev: 3.48%) **in Apr '26**. This softer inflation print effectively widened the real yield of SUN10Y to an attractive 413 bps (Prev: 314 bps). The low monthly figure shows that consumer demand has cooled down smoothly after the Eid al-Fitr (HBKN) holidays, avoiding any major price spikes.

This easing was primarily driven by falling prices in the Personal Care and Other Services category, which dropped sharply by -0.99% MoM, mainly due to lower prices of toiletries such as shampoo, soap, toothpaste, and cosmetics following post-holiday normalization. At the same time, the Food, Beverages, and Tobacco group also recorded a deflation of -0.20% MoM as grocery prices stabilized post-holiday, particularly for key staples such as rice, chicken meat, eggs, chili, and cooking oil as supply conditions improved.

These price drops acted as a cushion against rising travel costs. In mid-April, adjustments in non-subsidized fuel prices and more expensive airfares pushed the Transportation sector up by 0.99% MoM. Additionally, dining out became slightly more expensive, with the Food & Beverage Services/Restaurant category rising by 0.69% MoM, reflecting higher costs in prepared meals, coffee, and casual dining as operators begin to pass through rising input and logistics costs.

Monetary Policy and Market Implications

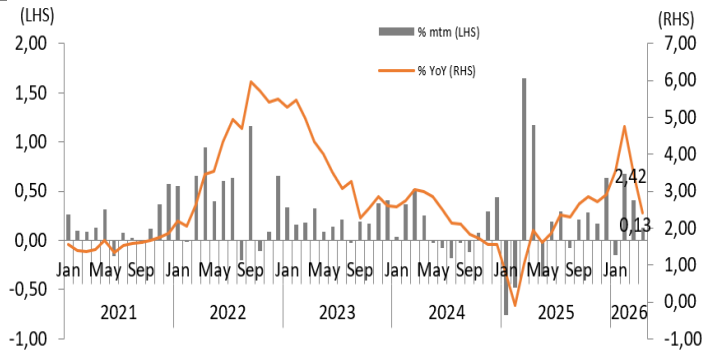
Looking at the bigger picture, global commodity markets are giving mixed signals. While a recent drop in gold prices offered some relief to consumers, global crude oil prices remain stubbornly high due to ongoing geopolitical conflicts. Going forward, inflation in May will be heavily influenced by these global oil trends. It is important to note that up to this point, the government has only increased the prices of non-subsidized fuels (including the recent adjustment on 4 May '26), while subsidized fuel prices remain unchanged. Keeping subsidized fuel prices flat provides a strong anchor for household purchasing power and prevents a massive, broad-based inflation spike. However, the higher non-subsidized fuel prices will still add direct upward pressure on middle-class transportation and business logistics costs.

From an external perspective, **the Indonesian Rupiah has recently traded in the range of around IDR17,200–17,400/USD, reflecting a continued depreciation** from earlier levels below IDR17,000. While still relatively manageable, this weakening increases the risk of imported inflation, particularly through higher costs of energy imports, raw materials, and intermediate goods. Given Indonesia's reliance on imported oil, a weaker currency could further amplify domestic price pressures, especially if global crude oil prices remain elevated.

For retail investors, the key metric to watch is how companies handle these rising input costs. If businesses are forced to pass these logistics expenses onto consumers by raising their final selling prices to protect their profit margins, it could trigger a second wave of inflation across everyday goods.

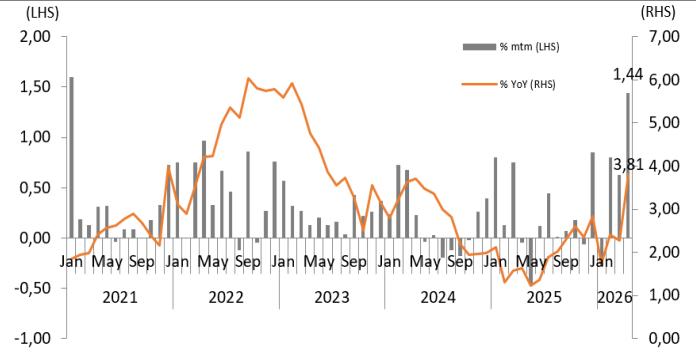
We anticipate BI will keep its benchmark interest rate steady in the near term, as this approach helps protect the Rupiah, manage imported inflation risks, and maintain economic growth. While inflation remains well within Bank Indonesia's target range of 2.5% ±1%, suggesting no immediate urgency for a rate hike, the potential for further Rupiah depreciation and rising imported inflation presents a case for a more hawkish stance. Nevertheless, balancing these external risks against the need to support domestic economic growth, Bank Indonesia is still more likely to keep its policy rate on hold for now.

Fig 1. CPI (Consumer or Headline) Inflation



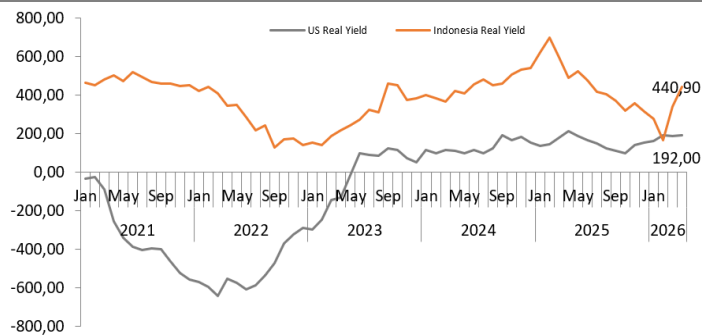
Sources: BPS, KBVS Research – treated (2026)

Fig 2. WPI (Wholesale) Inflation



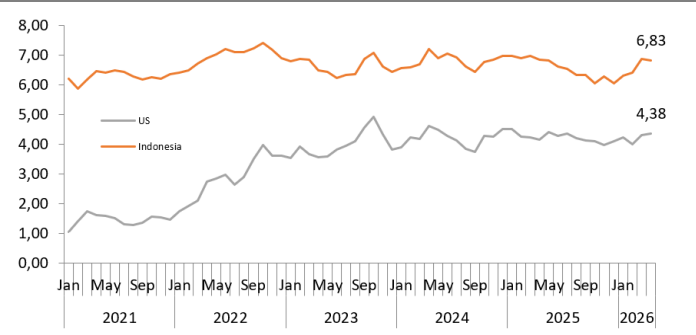
Sources: BPS, KBVS Research – treated (2026)

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



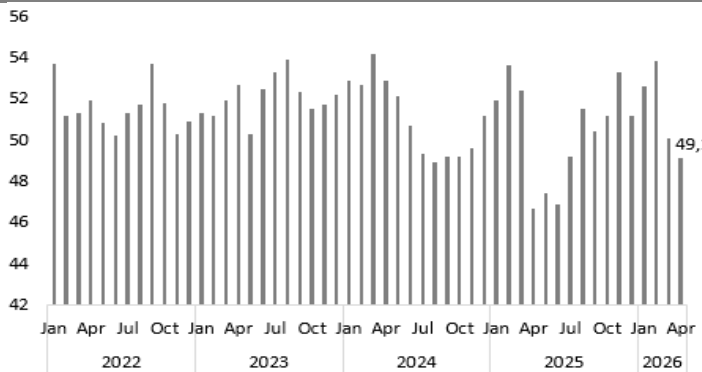
Sources: Bloomberg, KBVS Research – treated (2026)

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



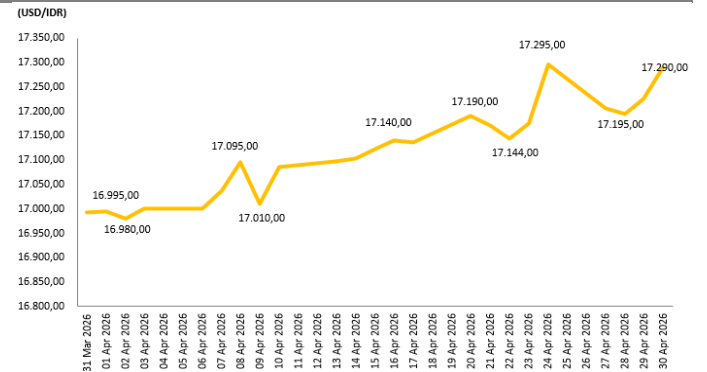
Sources: BI, KBVS Research – treated (2026)

Fig 5. PMI Manufacturing (index)



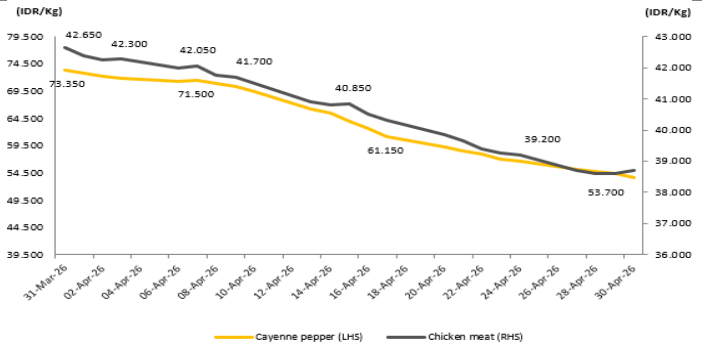
Sources: Market Economics, KBVS Research – treated (2026)

Fig 6. USD/IDR (IDR per USD)



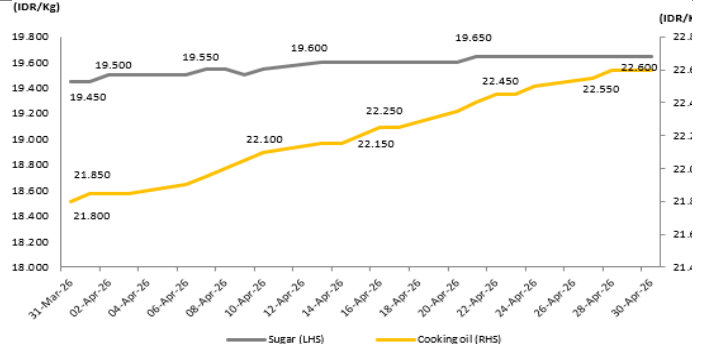
Sources: Bloomberg, KBVS Research – treated (2026)

Fig 7. Cayenne Pepper & Red Chicken Meat Price



Sources: BI, KBVS Research – treated (2026)

Fig 8. Cooking Oil & Sugar Price



Sources: BI, KBVS Research – treated (2026)

Table 1. CPI, WPI & Farmer Exchange Rate Apr '26

Indicators	Index		Inflation	
	Latest	M-1	MoM	YoY
Consumer Price Index (CPI)	111,09	110,95	0,13%	2,42%
Food, Beverages, and Tobacco	117,05	117,28	-0,20%	3,06%
Clothing and Footwear	104,74	104,64	0,10%	0,79%
Housing, Water, Electricity, and Household Fuels	104,64	104,49	0,14%	0,74%
Equipment, Tools, and Routine Household Maintenance	104,73	104,27	0,44%	0,60%
Health	107,15	107,04	0,10%	1,49%
Transport	111,74	110,65	0,99%	1,61%
Info, Comm. and Financial Services	99,81	99,38	0,43%	0,83%
Recreation, Sport and Culture	106,03	105,76	0,26%	1,19%
Education Services	106,28	106,27	0,01%	1,14%
Food and Beverages Services/Restaurants	109,54	108,79	0,69%	1,93%
Personal Care and Other Services	132,98	134,31	-0,99%	11,43%
Core inflation	109,11	108,86	0,23%	2,44%
Administered Price	111,63	110,86	0,69%	1,53%
Volatile Food	118,62	119,67	-0,88%	3,37%
Wholesale Price Index (WPI)	109,07	107,52	1,44%	3,81%
Agriculture	113,31	113,25	0,05%	4,52%
Mining and Quarrying	103,34	101,77	1,54%	2,43%
Manufacturing	110,06	109,57	0,45%	2,99%
Farmer Exchange Rate	125,24	125,35	-0,09%	3,45%
Farmers Price Received Index	159,14	158,89	0,16%	5,96%
Farmers Price Paid Index	127,07	126,76	0,24%	2,42%

Sources: BPS, KBVS Research - treated (2026)

No.	Commodity	Price (Rp per Kg)					Monthly Price Change (%, ptp)
		31/ 03/ 2026	07/ 04/ 2026	14/ 04/ 2026	21/ 04/ 2026	30/04/2026	
I	Rice	15,900	15,900	15,950	15,950	15,950	0,31%
1	Lower Quality Rice I	14,500	14,500	14,550	14,550	14,550	0,34%
2	Lower Quality Rice II	14,500	14,550	14,550	14,550	14,550	0,34%
3	Medium Quality Rice I	16,000	16,050	16,050	16,100	16,100	0,63%
4	Medium Quality Rice II	15,850	15,900	15,900	15,950	16,000	0,95%
5	Super Quality Rice I	17,250	17,300	17,350	17,350	17,350	0,58%
6	Super Quality Rice II	16,800	16,850	16,850	16,900	16,900	0,60%
II	Chicken meat	42,650	42,050	40,800	39,650	38,600	-9,50%
1	Fresh Race Chicken Meat	42,650	42,050	40,800	39,650	38,600	-9,50%
III	Beef	145,050	144,400	144,500	144,550	144,700	-0,24%
1	Quality 1 Beef	148,300	147,700	147,800	147,900	148,050	-0,17%
2	Quality 2 Beef	140,200	140,050	139,950	139,800	139,950	-0,18%
IV	Chicken eggs	33,300	32,800	32,450	32,100	31,600	-5,11%
1	Fresh Chicken Eggs	33,300	32,800	32,450	32,100	31,600	-5,11%
V	Red onion	47,750	47,350	46,700	46,300	46,000	-3,66%
1	Medium Shallot	47,750	47,350	46,700	46,300	46,000	-3,66%
VI	Garlic	40,450	40,450	40,000	39,750	39,450	-2,47%
1	Medium Size Garlic	40,450	40,450	40,000	39,750	39,450	-2,47%
VII	Red chili pepper	47,700	45,450	44,600	46,550	47,400	-0,63%
1	Large Red Chili	48,600	45,900	45,550	47,800	49,650	2,16%
2	Curly Red Chili	47,150	45,500	44,700	46,550	46,850	-0,64%
VIII	Cayenne pepper	73,350	71,500	65,400	58,550	54,700	-25,43%
1	Green Cayenne Pepper	55,850	53,500	51,750	48,950	48,550	-13,07%
2	Red Cayenne Pepper	86,750	86,150	77,450	67,400	61,100	-29,57%
IX	Cooking oil	21,800	21,950	22,150	22,400	22,600	3,67%
1	Bulk Cooking Oil	19,850	19,950	20,100	20,450	20,550	3,53%
2	Branded Packaging Cooking Oil 1	23,000	23,100	23,400	23,600	23,800	3,48%
3	Branded Packaging Cooking Oil 2	22,000	22,150	22,450	22,700	22,850	3,86%
X	Sugar	19,450	19,550	19,600	19,650	19,650	1,03%
1	Premium Quality Sugar	20,100	20,150	20,200	20,250	20,250	0,75%
2	Local Sugar	18,950	19,050	19,100	19,200	19,250	1,58%

Sources: BI, KBVS Research - treated (2026)

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