

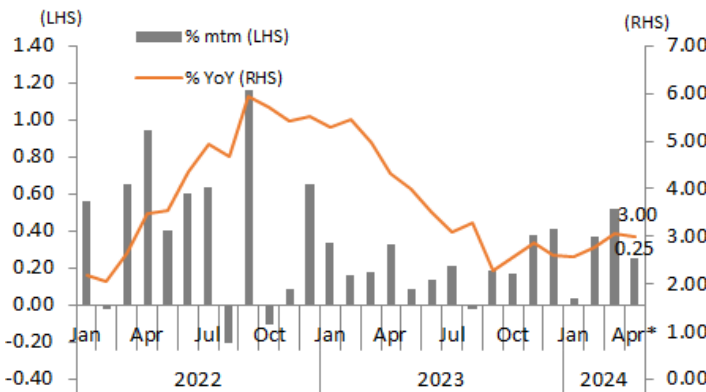
Inflation Eases Yet Still Weighs on Manufacturing PMI

In Apr '24, inflation eased to 0.25% mom or 3.00% yoy (Cons: 0.30% mom or 3.10% yoy, KBVS: 0.30% mom or 2.85% yoy, Prev: 0.52% mom or 3.05% yoy), driven by the beginning of the harvest season for rice and corn, despite coinciding with the seasonal Ramadhan and Idul Fitri '24, coupled with relaxation in reference prices for sales (HAP) and the highest retail prices (HET). This figure is lower compared to the seasonal Lebaran in 2021, 2022, and 2023. By component, the decrease in Apr '24 inflation was driven by deflation in volatile foods (-0.31% mom), particularly Red Chili, Rice, Chicken Eggs, and Bird's Eye Chili. Meanwhile, as demand increased and prices rose for chicken meat, beef, shallots, garlic, tomatoes, fresh fish, sweet corn, oranges, spring onions, sugar, cooking oil, machine-rolled clove cigarettes (SKM), air transport fares, intercity transport fares, train fares, and jewelry gold, the core inflation component reached 0.18% mom or 1.82% yoy (Cons: 1.78% yoy, KBVS: 1.84% yoy, Prev: 1.77% yoy), while the Administered Price component experienced inflation of 0.12% mom or 1.54% yoy.

Meanwhile, The S&P Global Indonesia Manufacturing PMI in April '24 decreased to 52.9 (Prev: 54.2) but still continued in the expansionary zone since Sep '21. However, higher prices of raw materials and an unfavorable rupiah contributed to higher input prices and lengthening lead times, although any delays in deliveries seemed temporary and linked to recent poor weather. At the same time, output price inflation was slightly lower than in Mar '24, which was a 21-month high. Factory activity and new orders grew more slowly than the previous month, and employment dropped for the first time in six months.

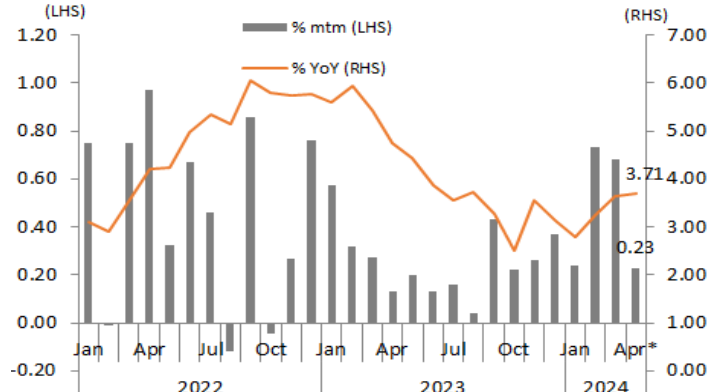
Looking ahead, we expect inflation to remain subdued as the pressure on volatile foods is anticipated to be better contained, especially with better weather. At the same time, we expect the Rupiah to be more stable and tend to appreciate in May '24 hence mitigate the risk of imported inflation and reduce input price components in the Indonesia Manufacturing PMI. However, the release of economic growth scheduled for May 6, Trade Balance on May 15, and BI RDG on May 22, along with global geopolitical developments, are expected to be indicators in assessing Rupiah developments this month.

Fig 1. CPI (Consumer or Headline) Inflation



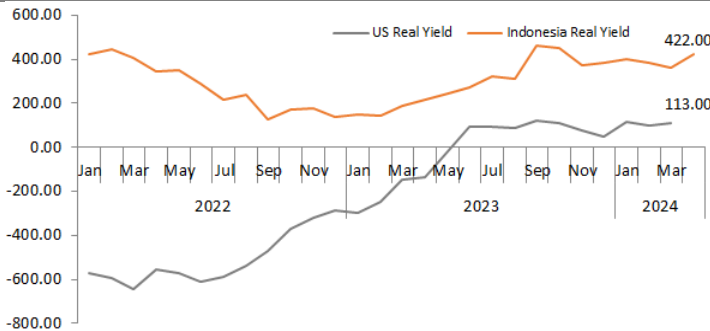
Sources: Bloomberg, KBVS Research - treated (2024)

Fig 2. WPI (Wholesale) Inflation



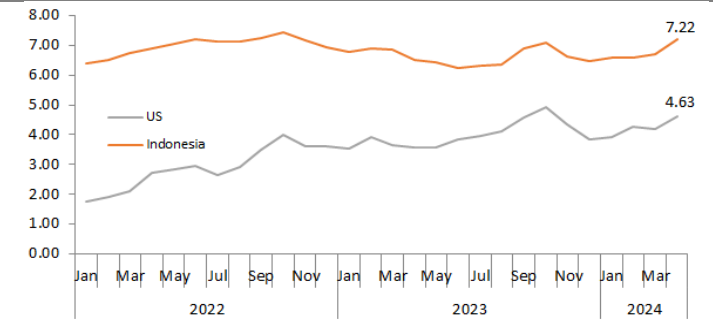
Sources: Bloomberg, KBVS Research - treated (2024)

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



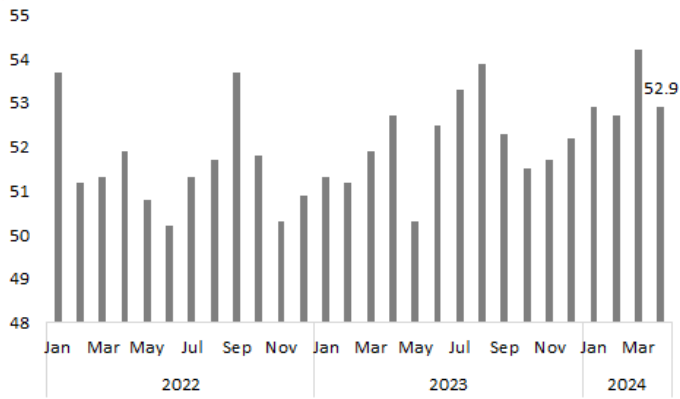
Sources: Bloomberg, KBVS Research - treated (2024)

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



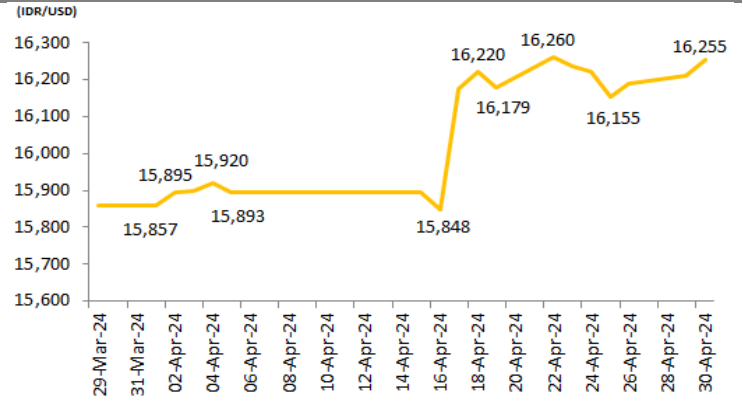
Sources: Bloomberg, KBVS Research - treated (2024)

Fig 5. PMI Manufacturing



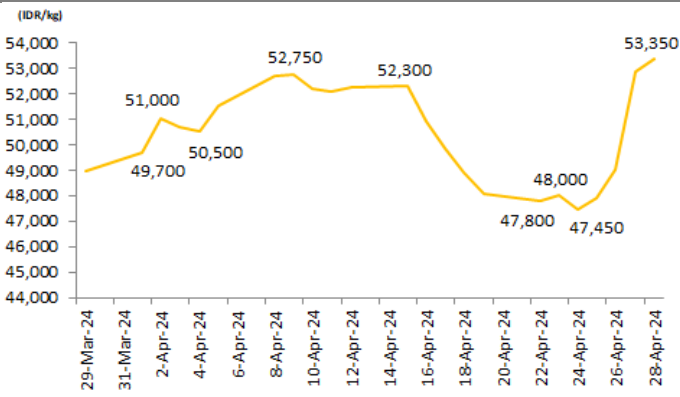
Sources: Market Economics, KBVS Research – treated (2024)

Fig 6. USD/IDR



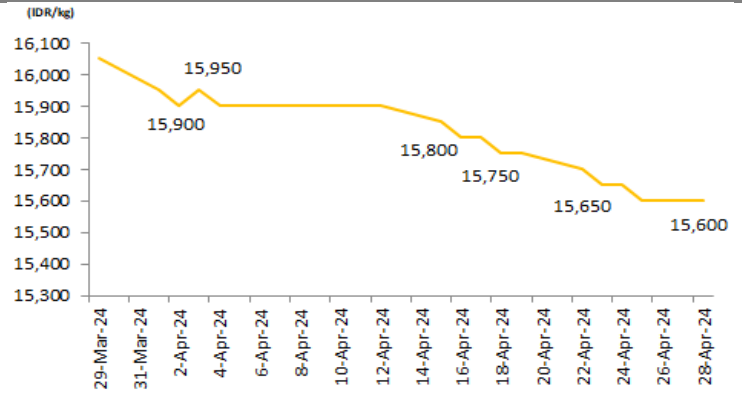
Sources: Investing, KBVS Research – treated (2024)

Fig 7. Chili Price



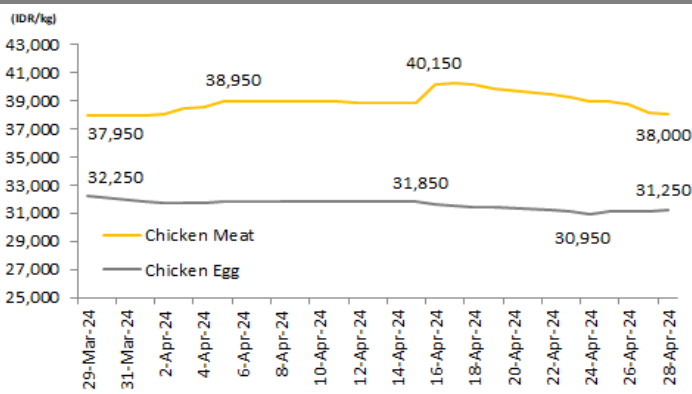
Sources: BI, KBVS Research – treated (2024)

Fig 8. Medium Quality Rice I Price



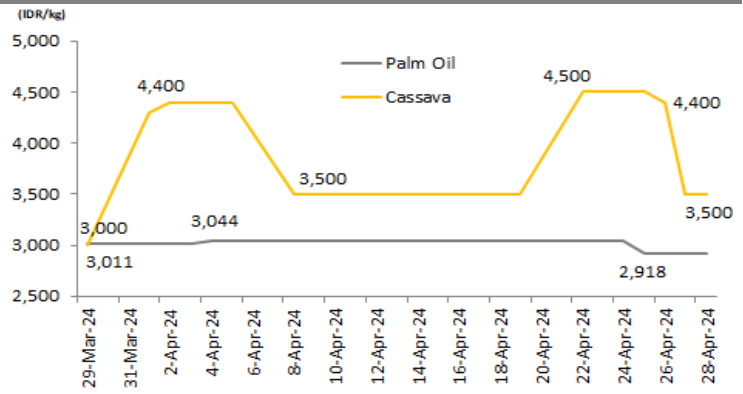
Sources: BI – treated (2024)

Fig 7. Chicken Meat and Chicken Egg Price



Sources: BI, KBVS Research – treated (2024)

Fig 8. Palm Oil and Cassava Price



Sources: BI – treated (2024)

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

Indicators	Index		Inflation	
	Latest	M-1	Mom	Yoy
Consumer Price Index (CPI)	106.40	106.13	0.25%	3.00%
Food, Beverages, and Tobacco	111.16	111.19	-0.03%	7.04%
Clothing and Footwear	102.98	102.51	0.46%	0.67%
Housing, Water, Electricity, and Household Fuels	102.23	102.22	0.01%	0.50%
Equipment, Tools, and Routine Household Maintenance	103.20	103.04	0.16%	0.99%
Health	103.68	103.61	0.07%	2.08%
Transport	110.09	109.08	0.93%	1.33%
Info, Comm. and Financial Services	99.63	99.65	-0.02%	-0.13%
Recreation, Sport and Culture	103.49	103.42	0.07%	1.58%
Education Services	103.14	103.12	0.02%	1.72%
Food and Beverages Services/Restaurants	105.22	104.90	0.31%	2.47%
Personal Care and Other Services	108.56	107.14	1.33%	4.31%
Core inflation	103.91	103.61	0.29%	1.82%
Administered Price	108.59	107.92	0.62%	1.54%
Volatile Food	114.02	114.38	-0.31%	9.63%
Wholesale Price Index (WPI)	119.64	119.41	0.19%	3.71%
Agriculture	117.05	116.72	0.28%	9.10%
Mining and Quarrying	126.38	126.06	0.25%	0.47%
Manufacturing	120.21	120.00	0.17%	2.55%
Farmer Exchange Rate	116.79	119.39	-2.18%	5.62%
Farmers Price Received Index	141.78	145.11	-2.29%	10.21%
Farmers Price Paid Index	121.40	120.92	0.40%	4.36%

Sources: BPS, KBVS Research - treated (2024)

Table 2. Commodity Price In Traditional Market

No.	Commodity	Price (Rp per Kg)					Monthly Price Change (% ptp)
		30/ 03/ 2024	06/ 04/2024	13/ 04/ 2024	20/ 03/ 2024	30/ 03/ 2024	
I	Rice	15,950	15,900	15,850	15,700	15,600	-2.19%
1	Lower Quality Rice I	15,700	15,600	15,600	15,450	15,300	-2.55%
2	Lower Quality Rice II	17,200	17,150	17,150	17,000	16,900	-1.74%
3	Medium Quality Rice I	16,700	16,650	16,600	16,500	16,450	-1.50%
4	Medium Quality Rice II	37,950	38,900	38,850	39,450	38,150	0.53%
5	Super Quality Rice I	37,950	38,900	38,850	39,400	38,150	0.53%
6	Super Quality Rice II	135,450	137,200	137,400	136,350	135,750	0.22%
II	Chicken meat	139,000	141,000	141,100	139,450	139,300	0.22%
1	Fresh Race Chicken Meat	130,150	131,300	131,650	131,050	130,400	0.19%
III	Beef	31,800	31,850	31,850	31,200	31,150	-2.04%
1	Quality 1 Beef	31,800	31,850	31,850	31,200	31,150	-2.04%
2	Quality 2 Beef	38,350	42,300	42,900	57,150	56,500	47.33%
IV	Chicken eggs	38,350	42,300	42,900	56,950	56,500	47.33%
1	Fresh Chicken Eggs	43,700	44,300	44,350	47,000	47,550	8.81%
V	Red onion	43,700	44,300	44,350	46,950	47,550	8.81%
1	Medium Shallot	49,700	52,700	52,300	47,800	52,850	6.34%
VI	Garlic	52,100	55,400	54,850	49,500	54,400	4.41%
1	Medium Size Garlic	48,450	51,450	51,000	46,950	52,150	7.64%
VII	Red chili pepper	50,650	52,700	52,600	53,100	52,750	4.15%
1	Large Red Chili	46,850	48,200	48,000	46,850	47,550	1.49%
2	Curly Red Chili	52,700	55,050	55,200	56,900	55,650	5.60%
VIII	Cayenne pepper	19,100	19,150	19,100	19,100	19,150	0.26%
1	Green Cayenne Pepper	16,450	16,550	16,600	16,600	16,600	0.91%
2	Red Cayenne Pepper	20,800	20,750	20,750	20,750	20,750	-0.24%
IX	Cooking oil	19,350	19,400	19,400	19,500	19,450	0.52%
1	Bulk Cooking Oil	18,300	18,300	18,300	18,550	18,750	2.46%
2	Branded Packaging Cooking Oil 1	18,700	18,700	18,700	18,900	19,100	2.14%
3	Branded Packaging Cooking Oil 2	17,950	17,950	17,950	18,250	18,450	2.79%
X	Sugar	15,950	15,900	15,850	15,700	15,600	-2.19%
1	Premium Quality Sugar	15,700	15,600	15,600	15,450	15,300	-2.55%
2	Local Sugar	17,200	17,150	17,150	17,000	16,900	-1.74%

Sources: BPS, KBVS Research - treated (2024)

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