

Mar '25 Inflation: Annual Inflation Rebounds from Deflation

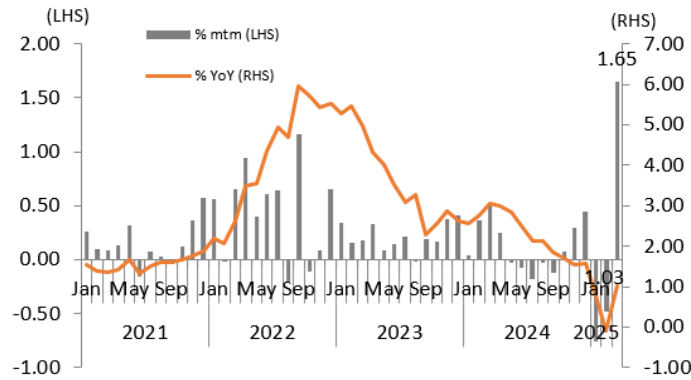
The 2.07% MoM increase in inflation for the food, beverage, and tobacco category was the primary driver behind the overall Consumer Price Index (CPI) inflation rising to 1.65% MoM. **On an annual basis, inflation accelerated to 1.03% YoY, accompanied by an uptick in core inflation to 2.48% YoY.** Key contributors to the inflation surge included shallots, bird's eye chilies, broiler chicken meat, rice, garlic, gold jewelry, intercity transportation fares, and electricity tariffs. Nonetheless, we view the current inflation levels as relatively low from a fundamental standpoint, reflecting subdued household purchasing power. This aligns with the government's budget reallocation strategy, which has promoted spending efficiency, particularly in sectors closely linked to consumer demand. The cautious spending behavior of the general public amid ongoing economic uncertainty further reinforces this trend.

The decline in public mobility during the 2025 Eid period compared to the previous year also underscores this sentiment. Data from ASDP indicate that the number of four-wheeled vehicles crossing from Merak Port to Bakauheni during the 10 days leading up to and including Eid fell slightly by 0.1%, from 225,637 vehicles in 2024 to 225,400 in 2025. Similarly, PT Jasa Marga (Persero) recorded a decrease in traffic during the 2025 homecoming period (H-5 to H-1), with 1,004,348 vehicles passing through key toll gates—Ciawi 1, Cikampek Utama 1, Kalihurip Utama 1 (West Java), and Cikupa—compared to 1,045,330 vehicles in 2024. These developments support our view that economic growth in the 1Q25 will likely come in below the 5% mark, at around 4.88% YoY.

From a technical perspective, the still-low inflation in March 2025 was shaped by consecutive monthly deflations earlier in the year—0.76% MoM in January and 0.46% MoM in February. As a result, the notable inflation spike in March has yet to push annual inflation beyond Bank Indonesia's mid-point target of 2.5% (+/-1%).

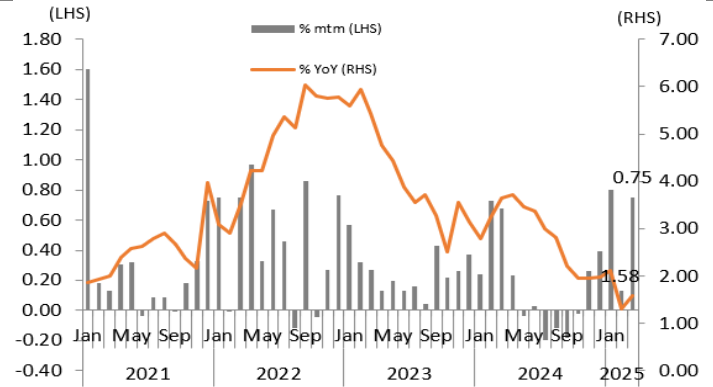
Looking ahead, we expect inflation to remain manageable, providing sufficient room for additional BI Rate cuts. However, the recent depreciation pressure in the offshore Rupiah market (NDF), which we assess as speculative activity capitalizing on the extended Eid holiday period in Indonesia, merits close monitoring to ensure Rupiah stability and mitigate the risk of imported inflation.

Fig 1. CPI (Consumer or Headline) Inflation



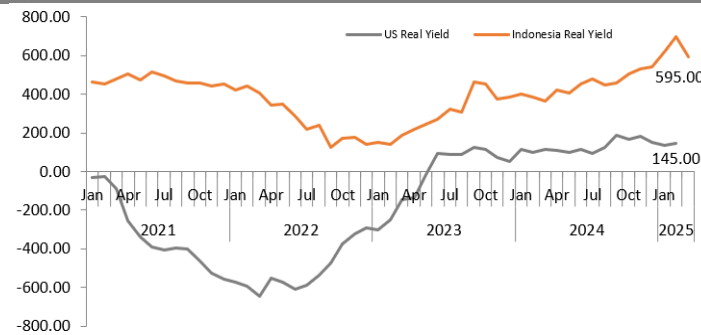
Sources: BPS, KBVS Research - treated (2025)

Fig 2. WPI (Wholesale) Inflation



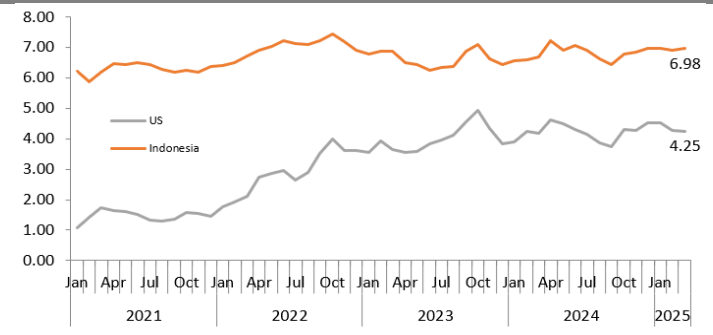
Sources: BPS, KBVS Research - treated (2025)

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



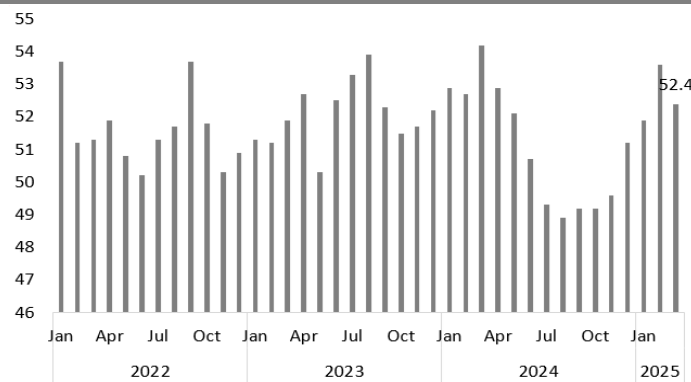
Sources: Bloomberg, KBVS Research - treated (2025)

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



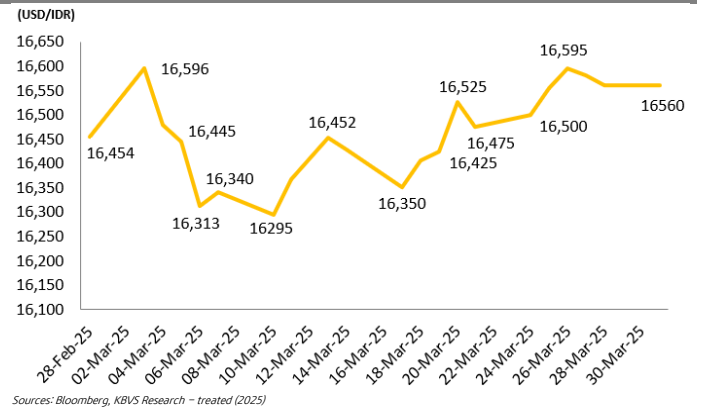
Sources: Bloomberg, KBVS Research - treated (2025)

Fig 5. PMI Manufacturing



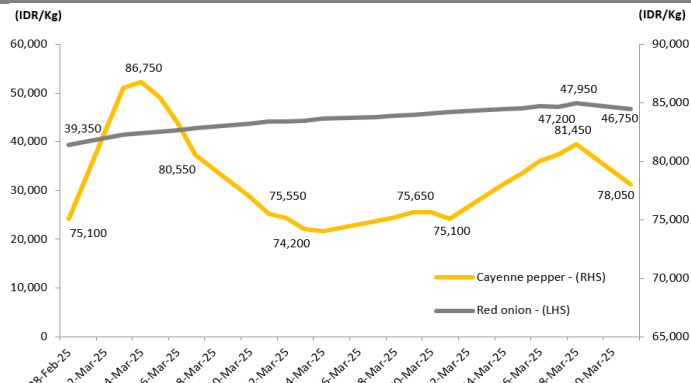
Sources: Market Economics, KBVS Research - treated (2025)

Fig 6. USD/IDR



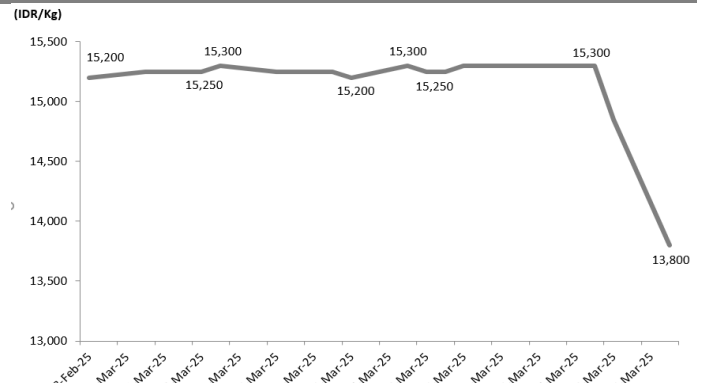
Sources: Bloomberg, KBVS Research - treated (2025)

Fig 7. Red Onion & Cayenne Pepper Price



Sources: BI, KBVS Research - treated (2025)

Fig 8. Rice Price



Sources: BI, KBVS Research - treated (2025)

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

Indicators	Index		Inflation	
	Latest	M-1	MoM	YoY
Consumer Price Index (CPI)	107.22	105.48	1.65%	1.03%
Food, Beverages, and Tobacco	113.49	112.10	1.24%	2.07%
Clothing and Footwear	103.96	103.49	0.45%	1.41%
Housing, Water, Electricity, and Household Fuels	97.44	89.85	8.45%	-4.68%
Equipment, Tools, and Routine Household Maintenance	104.02	104.01	0.01%	0.95%
Health	105.47	105.24	0.22%	1.80%
Transport	109.98	110.07	-0.08%	0.83%
Info, Comm. and Financial Services	99.41	99.41	0.00%	-0.24%
Recreation, Sport and Culture	104.63	104.59	0.04%	1.17%
Education Services	105.07	105.07	0.00%	1.89%
Food and Beverages Services/Restaurants	107.27	107.14	0.12%	2.26%
Personal Care and Other Services	116.47	115.37	0.95%	8.71%
Core inflation	106.18	105.93	0.24%	2.48%
Administered Price	104.51	98.10	6.53%	-3.16%
Volatile Food	114.80	112.59	1.96%	0.37%
Wholesale Price Index (WPI)	105.12	104.34	0.75%	1.58%
Agriculture	109.20	106.07	2.95%	1.94%
Mining and Quarrying	100.54	100.21	0.33%	-0.31%
Manufacturing	106.82	103.61	3.10%	0.88%
Farmer Exchange Rate	123.72	123.45	0.22%	3.63%
Farmers Price Received Index	152.24	149.98	1.51%	4.91%
Farmers Price Paid Index	123.05	121.49	1.28%	1.76%

Sources: BPS, KBVS Research – treated (2025)

Table 2. Commodity Price In Traditional Market

No.	Commodity	Price (Rp per Kg)					Monthly Price Change (%, ptp)
		28/ 02/ 2025	07/ 03/2025	14/ 03/2025	21/ 03/ 2025	31/ 03/ 2025	
I	Rice	15,200	15,300	15,200	15,300	14,850	-2.30%
1	Lower Quality Rice I	14,000	14,050	14,000	14,100	13,900	-0.71%
2	Lower Quality Rice II	13,650	13,800	13,850	13,850	14,050	2.93%
3	Medium Quality Rice I	15,250	15,350	15,300	15,350	14,500	-4.92%
4	Medium Quality Rice II	15,150	15,250	15,200	15,250	14,550	-3.96%
5	Super Quality Rice I	16,600	16,700	16,650	16,750	16,200	-2.41%
6	Super Quality Rice II	16,150	16,250	16,150	16,300	15,800	-2.17%
II	Chicken meat	37,350	37,250	36,200	36,200	38,400	2.81%
1	Fresh Race Chicken Meat	37,350	37,250	36,400	36,200	38,400	2.81%
III	Beef	137,600	136,400	135,450	137,200	139,350	1.27%
1	Quality 1 Beef	141,250	139,750	139,500	140,350	147,950	4.74%
2	Quality 2 Beef	132,100	131,150	130,850	132,300	130,750	-1.02%
IV	Chicken eggs	30,450	30,700	30,350	30,300	30,550	0.33%
1	Fresh Chicken Eggs	30,450	30,700	30,350	30,300	30,550	0.33%
V	Red onion	39,350	42,850	44,800	46,050	47,950	21.86%
1	Medium Shallot	39,350	42,850	44,550	46,050	47,950	21.86%
VI	Garlic	45,150	46,050	46,350	46,650	46,650	3.32%
1	Medium Size Garlic	45,150	46,050	46,200	46,650	46,650	3.32%
VII	Red chili pepper	60,300	61,300	53,300	54,150	61,550	2.07%
1	Large Red Chili	61,050	61,200	56,100	54,350	60,000	-1.72%
2	Curly Red Chili	60,100	61,850	54,250	54,850	62,800	4.49%
VIII	Cayenne pepper	75,450	80,550	74,000	75,100	81,450	7.95%
1	Green Cayenne Pepper	61,600	68,150	61,550	61,450	69,050	12.09%
2	Red Cayenne Pepper	88,250	93,000	87,650	88,450	98,150	11.22%
IX	Cooking oil	20,750	20,800	20,800	20,900	20,950	0.96%
1	Bulk Cooking Oil	18,600	18,750	18,750	18,800	18,900	1.61%
2	Branded Packaging Cooking Oil 1	22,100	22,150	22,150	22,250	22,000	-0.45%
3	Branded Packaging Cooking Oil 2	21,000	21,050	21,050	21,200	21,200	0.95%
X	Sugar	19,100	19,150	19,150	19,300	19,450	1.83%
1	Premium Quality Sugar	19,700	19,700	19,650	19,850	20,250	2.79%
2	Local Sugar	18,600	18,700	18,650	18,750	18,800	1.08%

Sources: BI, KBVS Research – treated (2025)

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