

## May '25 Inflation Eases amid concurrent harvests and moderation in transport prices

**Inflation in May 2025 showed further moderation driven by concurrent harvest in some regions on some volatile foods commodities.** This was reflected in headline monthly deflation of  $-0.37\%$  MoM (Prev:  $1.17\%$  MoM, Cons:  $-0.01\%$  MoM), while annual inflation eased to  $1.60\%$  YoY (Prev:  $1.95\%$  YoY, Cons:  $1.94\%$  YoY). The deflation was primarily driven by declines in volatile foods and administered prices, while core inflation remained positive, albeit at a slower pace. Monthly core inflation eased to  $0.08\%$  MoM (Prev:  $0.31\%$  MoM), and on an annual basis declined to  $2.40\%$  YoY (Prev:  $2.50\%$  YoY). Administered prices recorded monthly deflation of  $-0.02\%$  MoM (Prev:  $5.21\%$  MoM), though rose modestly on an annual basis to  $1.36\%$  YoY (Prev:  $1.25\%$  YoY). Meanwhile, volatile foods dropped sharply by  $2.48\%$  MoM (Prev:  $-0.04\%$  MoM) and  $-1.17\%$  YoY (Prev:  $0.64\%$  YoY).

**From the expenditure group perspective, the largest deflation occurred in the food, beverages, and tobacco category, which declined by  $1.4\%$  MoM and contributed  $0.41\%$  to overall monthly deflation.** The main deflation contributors were red chili and cayenne pepper that down  $0.12\%$  MoM and shallots  $0.09\%$  MoM. This was driven by oversupply due to the simultaneous harvest of these commodities in several regions, such as East Java, South Kalimantan, and South Sulawesi. This is also reflected in the Strategic Food Price Information Centre (PIHPS) under Bank Indonesia (*see table 2, p.3*). The transportation group also experienced deflation of  $-0.07\%$  MoM, mainly due to lower intercity transportation fares and fuel prices that down  $0.01\%$  MoM.

**Meanwhile, the highest inflation was recorded in the information, communication, and financial services category,** particularly in the sub-category of information and communication services, which rose by  $0.31\%$  MoM. This aligns with the increase in internet data package prices purchased during the Eid holiday. However, its contribution to monthly inflation was minimal at just  $0.02\%$ , providing only slight upward pressure on core inflation in May 2025. Inflation also occurred in the personal care and other services category, which rose by  $0.23\%$  MoM and contributed around  $0.02\%$  to core inflation in May 2025. This category once again became one of the main contributors to inflation for the first time since it was last recorded in August 2020.

**Looking ahead, we expect decline in the BI rates will increase consumer spending and thus increase the deflation upward again.** As is well known, the BI rate was lowered to stimulate the economy and keep inflation within BI's inflation target of  $2.5\pm 1\%$ . In addition, the new civil servant salary bonus that was distributed in early June is also expected to boost household spending.

Fig 1. CPI (Consumer or Headline) Inflation

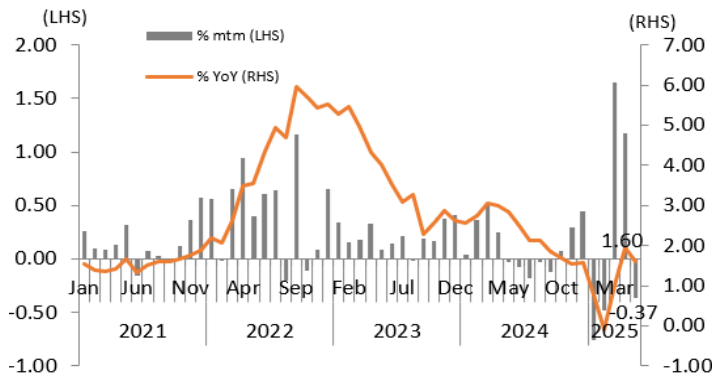


Fig 2. WPI (Wholesale) Inflation

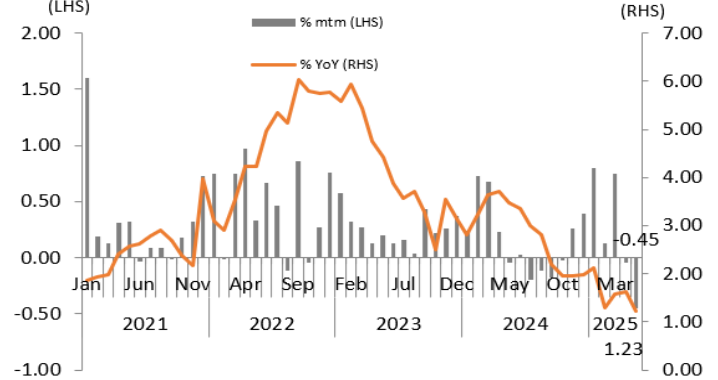


Fig 3. Real Yield US vs Indonesia (in bps)

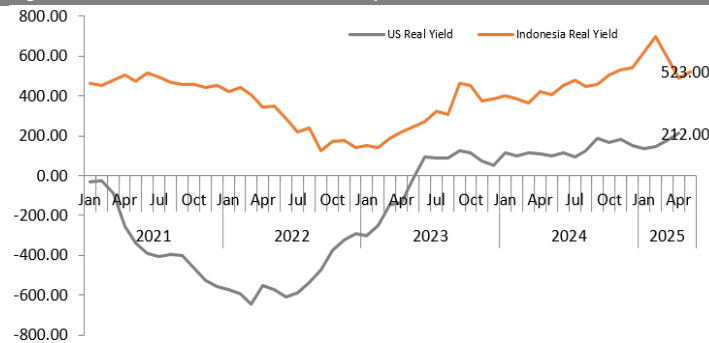


Fig 4. Yield of 10Yr Government Bond (in %)

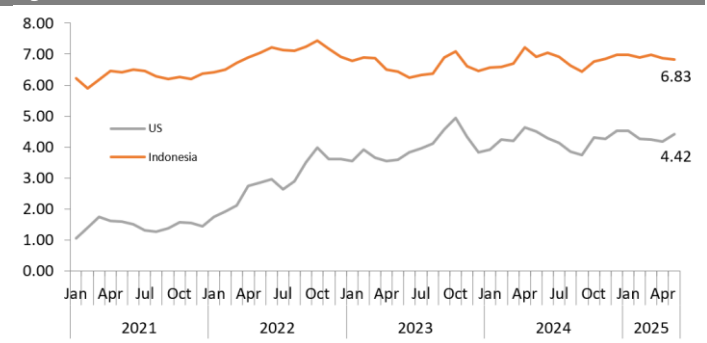


Fig 5. PMI Manufacturing

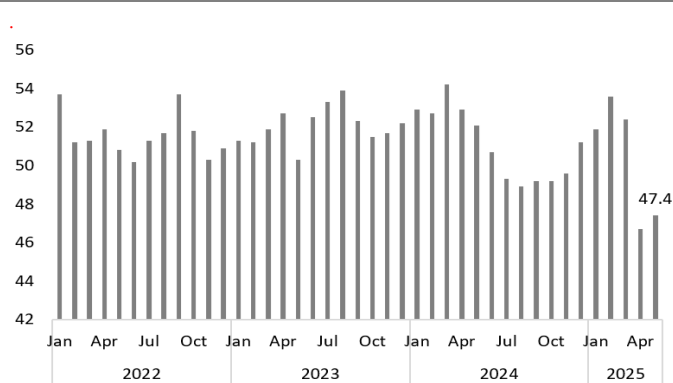


Fig 6. USD/IDR

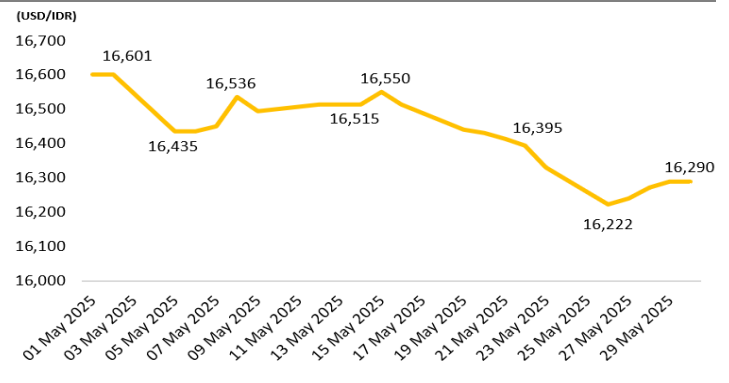


Fig 7. Red Onion & Garlic Price

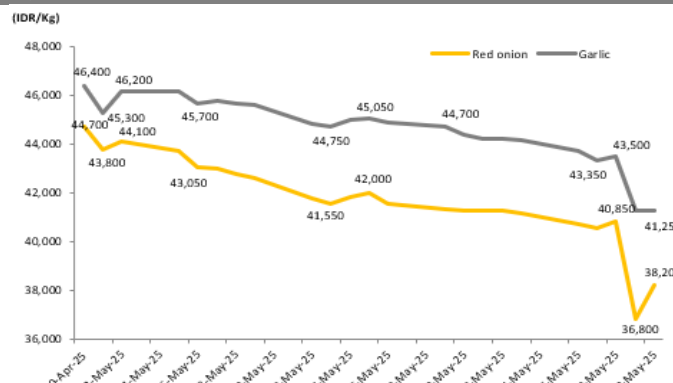
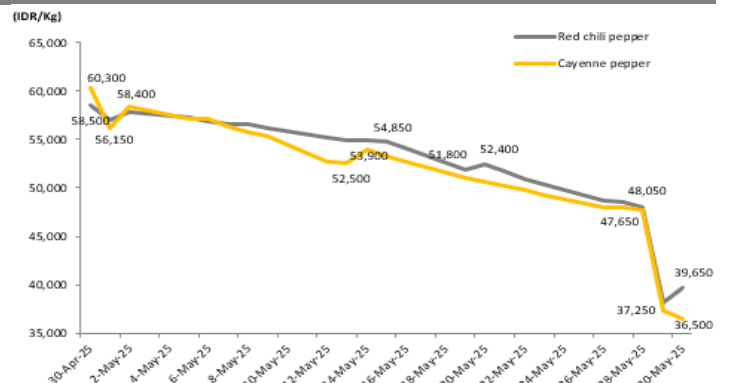


Fig 8. Rice Price



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

Indicators	Index		Inflation	
	Latest	M-1	MoM	YoY
<b>Consumer Price Index (CPI)</b>	<b>108.07</b>	<b>108.47</b>	<b>-0.37%</b>	<b>1.60%</b>
Food, Beverages, and Tobacco	111.98	113.57	-1.40%	1.03%
Clothing and Footwear	103.95	103.92	0.03%	0.98%
Housing, Water, Electricity, and Household Fuels	103.89	103.87	0.02%	1.54%
Equipment, Tools, and Routine Household Maintenance	104.07	104.11	-0.04%	0.79%
Health	105.58	105.58	0.00%	1.79%
Transport	109.89	109.97	-0.07%	0.18%
Info, Comm. and Financial Services	99.30	98.99	0.31%	-0.28%
Recreation, Sport and Culture	104.87	104.78	0.09%	1.24%
Education Services	105.08	105.08	0.00%	1.88%
Food and Beverages Services/Restaurants	107.57	107.47	0.09%	1.97%
Personal Care and Other Services	119.62	119.34	0.23%	9.24%
Core inflation	106.59	106.51	0.08%	2.40%
Administered Price	109.93	109.95	-0.02%	1.36%
Volatile Food	111.90	114.75	-2.48%	-1.17%
<b>Wholesale Price Index (WPI)</b>	<b>104.60</b>	<b>105.07</b>	<b>-0.45%</b>	<b>1.23%</b>
Agriculture	106.08	108.41	-2.15%	0.27%
Mining and Quarrying	101.26	100.89	0.37%	-0.20%
Manufacturing	106.81	106.86	-0.05%	1.07%
<b>Farmer Exchange Rate</b>	<b>121.15</b>	<b>121.06</b>	<b>0.07%</b>	<b>3.80%</b>
Farmers Price Received Index	149.84	150.19	-0.23%	5.86%
Farmers Price Paid Index	123.68	124.07	-0.31%	1.98%

Sources: BPS, KBVS Research - treated (2025)

**Table 2. Commodity Price In Traditional Market**

No.	Commodity	Price (Rp per Kg)					Monthly Price Change (%, ptp)
		30/ 04/ 2025	07/ 05/2025	14/ 05/2025	21/ 05/ 2025	30/ 05/ 2025	
<b>I</b>	<b>Rice</b>	<b>15,300</b>	<b>15,300</b>	<b>15,350</b>	<b>15,400</b>	<b>15,400</b>	<b>0.65%</b>
1	Lower Quality Rice I	14,100	14,150	14,150	14,150	14,200	0.71%
2	Lower Quality Rice II	13,900	13,900	13,950	13,950	14,000	0.72%
3	Medium Quality Rice I	15,350	15,400	15,400	15,450	15,450	0.65%
4	Medium Quality Rice II	15,250	15,300	15,300	15,350	15,350	0.66%
5	Super Quality Rice I	16,700	16,700	16,700	16,750	16,750	0.30%
6	Super Quality Rice II	16,250	16,250	16,250	16,300	16,300	0.31%
<b>II</b>	<b>Chicken meat</b>	<b>34,500</b>	<b>35,200</b>	<b>36,000</b>	<b>36,050</b>	<b>35,600</b>	<b>3.19%</b>
1	Fresh Race Chicken Meat	34,500	35,200	36,000	36,050	35,600	3.19%
<b>III</b>	<b>Beef</b>	<b>136,800</b>	<b>136,700</b>	<b>136,650</b>	<b>136,650</b>	<b>136,200</b>	<b>-0.44%</b>
1	Quality 1 Beef	140,100	140,000	139,900	139,900	139,250	-0.61%
2	Quality 2 Beef	131,950	131,800	131,800	131,750	131,400	-0.42%
<b>IV</b>	<b>Chicken eggs</b>	<b>30,100</b>	<b>30,050</b>	<b>29,950</b>	<b>29,850</b>	<b>29,650</b>	<b>-1.50%</b>
1	Fresh Chicken Eggs	30,100	30,050	29,950	29,850	29,650	-1.50%
<b>V</b>	<b>Red onion</b>	<b>44,700</b>	<b>43,000</b>	<b>41,850</b>	<b>41,250</b>	<b>40,850</b>	<b>-8.61%</b>
1	Medium Shallot	44,700	43,000	41,850	41,250	40,850	-8.61%
<b>VI</b>	<b>Garlic</b>	<b>46,400</b>	<b>45,800</b>	<b>45,000</b>	<b>44,250</b>	<b>43,500</b>	<b>-6.25%</b>
1	Medium Size Garlic	46,400	45,800	45,000	44,250	43,500	-6.25%
<b>VII</b>	<b>Red chili pepper</b>	<b>58,500</b>	<b>56,650</b>	<b>54,950</b>	<b>51,750</b>	<b>48,050</b>	<b>-17.86%</b>
1	Large Red Chili	53,850	53,450	52,450	49,850	46,800	-13.09%
2	Curly Red Chili	60,350	57,900	56,550	52,750	48,750	-19.22%
<b>VIII</b>	<b>Cayenne pepper</b>	<b>60,300</b>	<b>56,350</b>	<b>53,900</b>	<b>50,150</b>	<b>47,650</b>	<b>-20.98%</b>
1	Green Cayenne Pepper	49,750	48,100	46,500	44,550	41,750	-16.08%
2	Red Cayenne Pepper	69,100	63,000	59,450	54,150	51,600	-25.33%
<b>IX</b>	<b>Cooking oil</b>	<b>21,050</b>	<b>21,050</b>	<b>21,000</b>	<b>21,000</b>	<b>21,000</b>	<b>-0.24%</b>
1	Bulk Cooking Oil	18,800	18,800	18,700	18,650	18,650	-0.80%
2	Branded Packaging Cooking Oil 1	22,350	22,350	22,350	22,300	22,350	0.00%
3	Branded Packaging Cooking Oil 2	21,400	21,400	21,400	21,400	21,400	0.00%
<b>X</b>	<b>Sugar</b>	<b>19,300</b>	<b>19,300</b>	<b>19,250</b>	<b>19,250</b>	<b>19,250</b>	<b>-0.26%</b>
1	Premium Quality Sugar	19,850	19,850	19,900	19,850	19,900	0.25%
2	Local Sugar	18,750	18,750	18,750	18,700	18,700	-0.27%

Sources: BI, KBVS Research - treated (2025)

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## 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