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Inflation Update

2 April 2026

## Manageable March CPI Anchored by Gold and Transport Deflation

**Indonesia's headline inflation came in at 0.41% MoM** (Cons: 0.57%, KBVS: 1.00%, Prev: 0.68%) **or 3.48% YoY** (Cons: 3.64%, KBVS: 4.20%, Prev: 4.76%) in Mar '26. The lower-than-expected monthly figure suggests that Ramadan-related price pressures were milder than anticipated. On an annual basis, the 3.48% YoY reading was partly driven by a high base effect from last year, when electricity subsidies had already been partially withdrawn in Mar '25. This normalization effect contributed to the lower YoY inflation in Feb–Mar '26. Overall, inflation remained relatively manageable, supported by stable supply conditions and policy measures despite seasonal demand.

**Core inflation recorded 0.13% MoM or 2.52% YoY** (Cons: 2.64%, Prev: 2.63%). While some items such as cooking oil and prepared food saw seasonal increases, core inflation was held back by a decline in gold jewelry prices. However, this largely reflected price movements within the month, where gold prices stayed high earlier before dropping toward the end of Mar '26, pulling down the monthly average. After rising for 30 consecutive months, gold jewelry prices declined by -1.17% MoM.

**Food prices rose by 1.07% MoM, with volatile food inflation at 1.58% MoM.** Increases in key staples such as rice, chicken, eggs, and beef were relatively contained compared to typical festive periods. Rice prices edged up by around 0.32%–0.35% MoM, while chicken meat (4.09%), eggs (3.66%), and beef (1.04%) posted moderate gains. Prices of chilies rose earlier in the month but eased toward the end, limiting their overall impact.

**Administered prices increased by 0.31% MoM, mainly driven by higher non-subsidized fuel prices and seasonal transport fares.** However, broader transportation costs were kept in check through government stabilization measures. These included discount programs across multiple modes of transport, such as reduced fares for trains, flights, ferries, and sea transport, especially during the Ramadan and Eid travel period. In addition, toll road tariff discounts were implemented on key routes to ease the cost burden for travelers. As a result, while demand-driven price increases typically occur during the festive season, these policy measures helped offset part of the upward pressure, leading to more moderate overall transportation inflation.

### Monetary Policy and Market Implications

**Against this relatively manageable inflation backdrop, attention shifts to external and policy risks.** Global conditions have become more challenging, with Brent crude rising to around USD120/bbl, while major central banks such as the ECB, Fed, and BoE maintain elevated policy rates, keeping global yields relatively high. Any adjustment in Indonesia's subsidized fuel prices in response to higher energy costs would add pressure to inflation through higher transportation and production costs.

On the fiscal side, recent efficiency measures generating IDR74.2 tn in savings provide some support. However, these remain relatively small compared to the **wider fiscal deficit and weak tax collection, implying limited fiscal space to cushion future inflation shocks.**

**Domestic risks also remain, particularly from a potential El Niño episode from Apr-Sep '26, which could disrupt food supply and push up prices.** A similar episode in 2024 led to a sharp increase in food inflation, especially for rice, highlighting the sensitivity of staple prices to weather shocks.

**At the same time, Rupiah depreciation poses a risk of imported inflation,** although this is partly offset by Indonesia's strong external position, including a USD1.28 bn trade surplus in Feb '26 and expectations of improving coal exports.

With inflation risks tilted to the upside, real rates remain positive, supporting bond real yields and their relative attractiveness. This helps anchor portfolio inflows into Indonesian government bonds, providing support to the Rupiah. In this environment, **Bank Indonesia is likely to maintain its benchmark rate to preserve stability amid persistent global yield pressures.**

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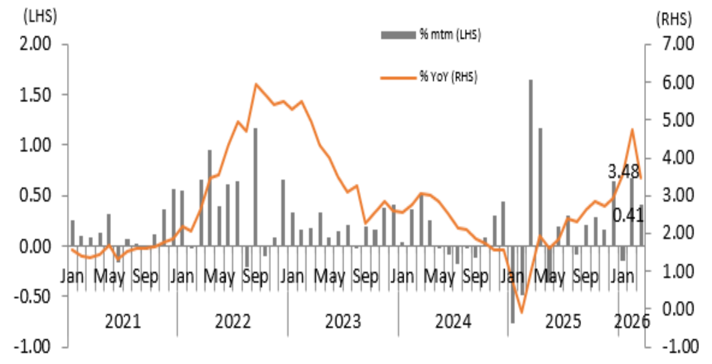
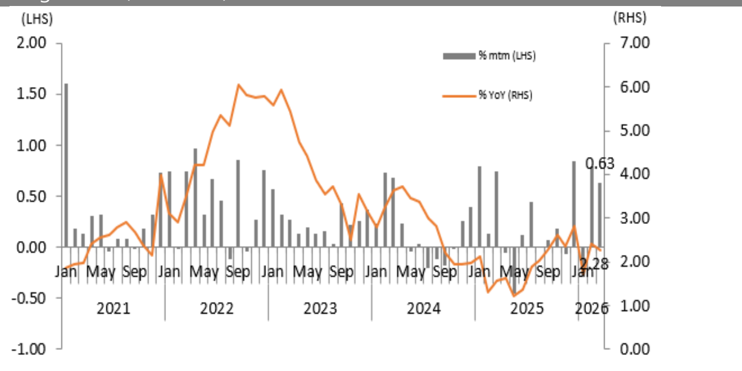
2 April 2026

## Fig 1. CPI (Consumer or Headline) Inflation



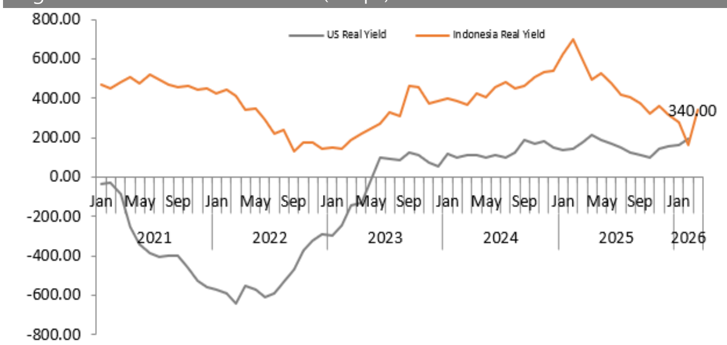

*Sources: BPS, KBVS Research – treated (2026)*

## Fig 2. WPI (Wholesale) Inflation



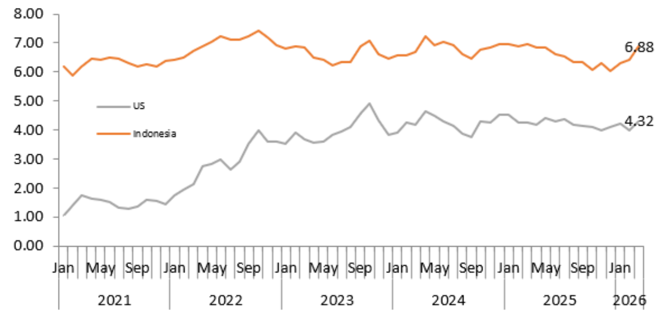

*Sources: BPS, KBVS Research – treated (2026)*

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



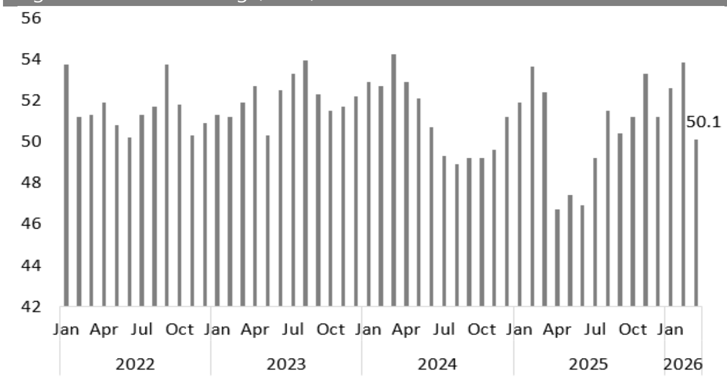

*Sources: Bloomberg, KBVS Research – treated (2026)*

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



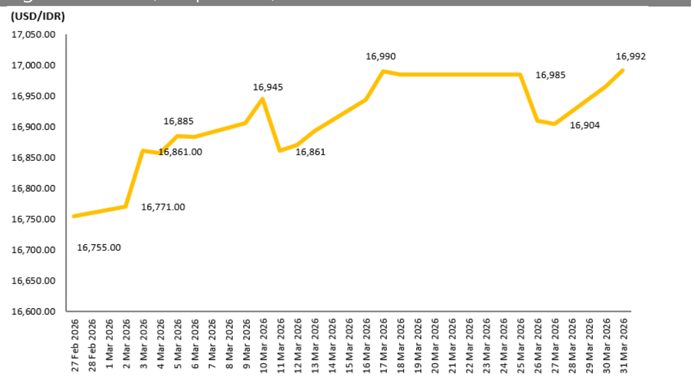

*Sources: BI, KBVS Research – treated (2026)*

## Fig 5. PMI Manufacturing (index)



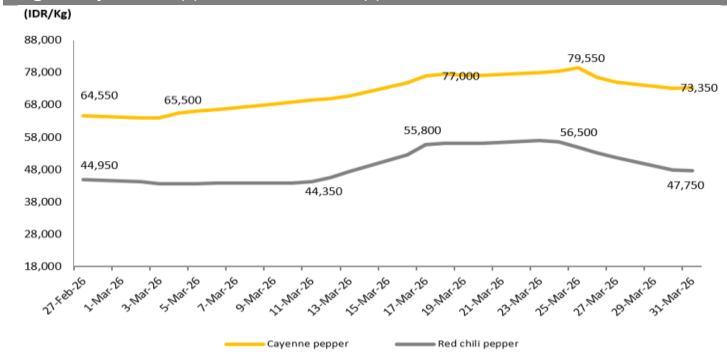

*Sources: Market Economics, KBVS Research – treated (2026)*

## Fig 6. USD/IDR (IDR per USD)



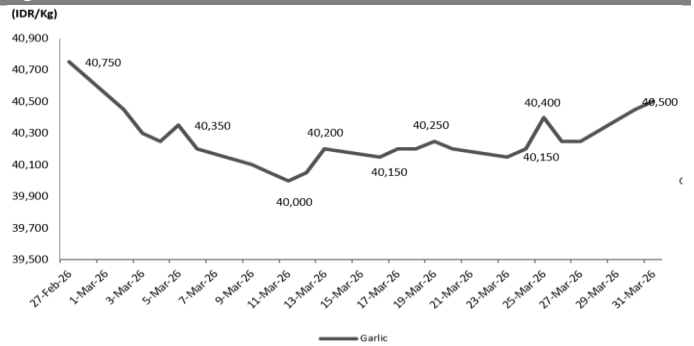

*Sources: Bloomberg, KBVS Research – treated (2026)*

## Fig 7. Cayenne Pepper & Red Chili Pepper Price




*Sources: BI, KBVS Research – treated (2026)*

## Fig 8. Garlic Price




*Sources: BI, KBVS Research – treated (2026)*

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

| Indicators | Index | | Inflation | |
|---|---|---|---|---|
| | Latest | M-1 | MoM | YoY |
| **Consumer Price Index (CPI)** | **110.95** | **110.50** | **0.41%** | **3.48%** |
| Food, Beverages, and Tobacco | 117.28 | 116.04 | 1.07% | 3.34% |
| Clothing and Footwear | 104.64 | 104.25 | 0.37% | 0.65% |
| Housing, Water, Electricity, and Household Fuels | 104.49 | 204.40 | -48.88% | 7.24% |
| Equipment, Tools, and Routine Household Maintenance | 104.27 | 104.23 | 0.04% | 0.24% |
| Health | 107.04 | 106.93 | 0.10% | 1.49% |
| Transport | 110.65 | 110.20 | 0.41% | 0.61% |
| Info, Comm. and Financial Services | 99.38 | 99.32 | 0.06% | -0.03% |
| Recreation, Sport and Culture | 105.76 | 105.59 | 0.16% | 1.08% |
| Education Services | 106.27 | 106.24 | 0.03% | 1.14% |
| Food and Beverages Services/Restaurants | 108.79 | 108.61 | 0.17% | 1.42% |
| Personal Care and Other Services | 134.31 | 134.59 | -0.21% | 15.32% |
| Core inflation | 108.86 | 108.72 | 0.13% | 2.52% |
| Administered Price | 110.86 | 110.52 | 0.31% | 6.08% |
| Volatile Food | 119.67 | 117.81 | 1.58% | 4.24% |
| | | | | |
| **Wholesale Price Index (WPI)** | **106.00** | **106.85** | **-0.80%** | **1.59%** |
| Agriculture | 109.05 | 111.91 | -2.56% | 2.81% |
| Mining and Quarrying | 102.15 | 102.40 | -0.24% | 1.94% |
| Manufacturing | 108.40 | 108.93 | -0.49% | 2.00% |
| | | | | |
| **Farmer Exchange Rate** | **102.14** | **125.45** | **-18.58%** | **-17.44%** |
| Farmers Price Received Index | 158.89 | 158.38 | 0.32% | 5.94% |
| Farmers Price Paid Index | 126.76 | 126.24 | 0.41% | 4.34% |

*Sources: BPS, KBVS Research - treated (2026)*

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

| No. | Commodity | Price (Rp per Kg) | | | | | Monthly Price Change |
|---|---|---|---|---|---|---|---|
| | | 28/2/2026 | 09/ 03/ 2026 | 16/ 03/ 2026 | 23/ 03/ 2026 | 30/ 03/ 2026 | (%, ptp) |
| **I** | **Rice** | **15800** | **15800** | **15850** | **15850** | **15900** | **0.63%** |
| 1 | Lower Quality Rice I | 14450 | 14450 | 14450 | 14500 | 14500 | 0.35% |
| 2 | Lower Quality Rice II | 14450 | 14500 | 14500 | 14450 | 14500 | 0.35% |
| 3 | Medium Quality Rice I | 15950 | 15950 | 16000 | 16000 | 16000 | 0.31% |
| 4 | Medium Quality Rice II | 15800 | 15800 | 15850 | 15850 | 15850 | 0.32% |
| 5 | Super Quality Rice I | 17150 | 17150 | 17200 | 17200 | 17250 | 0.58% |
| 6 | Super Quality Rice II | 16700 | 16700 | 16750 | 16750 | 16800 | 0.60% |
| **II** | **Chicken meat** | **41950** | **41300** | **42650** | **42950** | **42850** | **2.15%** |
| 1 | Fresh Race Chicken Meat | 41950 | 41300 | 42650 | 42950 | 42850 | 2.15% |
| **III** | **Beef** | **141250** | **141650** | **145050** | **147600** | **145150** | **2.76%** |
| 1 | Quality 1 Beef | 144400 | 144750 | 148250 | 150600 | 148450 | 2.80% |
| 2 | Quality 2 Beef | 136400 | 136700 | 139500 | 142150 | 140200 | 2.79% |
| **IV** | **Chicken eggs** | **32600** | **32700** | **33300** | **33650** | **33400** | **2.45%** |
| 1 | Fresh Chicken Eggs | 32600 | 32700 | 33300 | 33650 | 33400 | 2.45% |
| **V** | **Red onion** | **44750** | **43400** | **44250** | **44850** | **47200** | **5.47%** |
| 1 | Medium Shallot | 44750 | 43400 | 44250 | 44850 | 47200 | 5.47% |
| **VI** | **Garlic** | **40750** | **40100** | **40150** | **40150** | **40450** | **-0.74%** |
| 1 | Medium Size Garlic | 40750 | 40100 | 40150 | 40150 | 40450 | -0.74% |
| **VII** | **Red chili pepper** | **44950** | **43800** | **52600** | **56950** | **47900** | **6.56%** |
| 1 | Large Red Chili | 44150 | 44250 | 52700 | 56250 | 48800 | 10.53% |
| 2 | Curly Red Chili | 45650 | 43800 | 52550 | 57450 | 47500 | 4.05% |
| **VIII** | **Cayenne pepper** | **64550** | **68250** | **74800** | **78000** | **73050** | **13.17%** |
| 1 | Green Cayenne Pepper | 53850 | 53900 | 57950 | 58850 | 56650 | 5.20% |
| 2 | Red Cayenne Pepper | 74650 | 81550 | 89650 | 94000 | 85750 | 14.87% |
| **IX** | **Cooking oil** | **21350** | **21350** | **21600** | **21650** | **21800** | **2.11%** |
| 1 | Bulk Cooking Oil | 19000 | 19050 | 19450 | 19650 | 19850 | 4.47% |
| 2 | Branded Packaging Cooking Oil 1 | 22700 | 22650 | 22900 | 22900 | 23000 | 1.32% |
| 3 | Branded Packaging Cooking Oil 2 | 21650 | 21700 | 21850 | 21850 | 22000 | 1.62% |
| **X** | **Sugar** | **19050** | **19150** | **19300** | **19300** | **19400** | **1.84%** |
| 1 | Premium Quality Sugar | 19850 | 19900 | 20000 | 20000 | 20100 | 1.26% |
| 2 | Local Sugar | 18450 | 18600 | 18750 | 18750 | 18900 | 2.44% |

*Sources: BI, KBVS Research - treated (2026)*

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