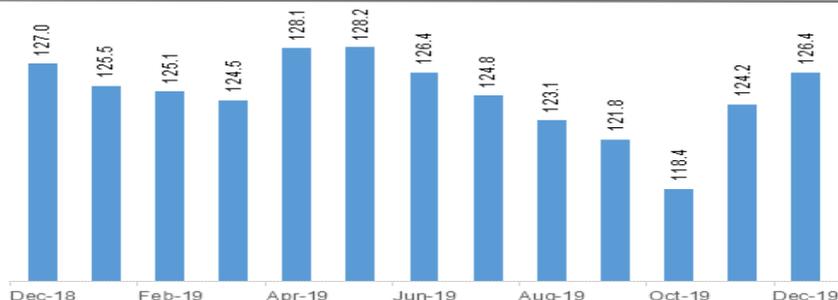


Dec's CCI Reveals Stronger Confidence in Income

Indonesia's Consumer Confidence Index



Source: Bloomberg, NHKS Research

The Second-Highest Level after June's

Bank Indonesia (BI) reported Dec's Consumer Confidence Index (CCI) to stand at 126.4 higher than that of Nov's 124.2 and to hit the second-highest level after June's 126.4. The index puts 100 as the starting-point benchmark; the figures to fall below 100 indicate consumers' pessimism and the figures to stand above 100 conversely indicate consumers' optimism about the current and month-ahead economic backdrop. Dec's upbeat CCI was attributable to the Spending on Durable Goods Index of 117.5, the second-highest position after Dec' 2018 of 117.7 and indicating consumers' inclining consumption. Of note, durable goods are secondary needs or tertiary needs, and higher spending on them showed consumers' optimism about increases in their current incomes.

March's Rising Prices

On the other side, BI also projects pressures of rising prices for the upcoming 3 months (March 2020). March's Price Expectation Index (PEI) is likely to be higher than Feb's PEI as consumers hope for adjustable administered prices. Besides, June's prices are likely to soar along with the high prices after the Eid Mubarak celebration.

Contracted Manufacture ahead of Expansion

Another to consumers to show more optimism, manufacturers also exhibited a higher expectation as the IHS Markit Indonesia Manufacturing PMI rose to 49.5 in December from 48.2 in November. The level to remain below 50 shows contraction; conversely, the level to stand above 50 shows expansion. Although Dec's PMI showed contraction, its level was much higher than that in Nov. Of note, the Indonesia Manufacturing PMI revealed a six-month contraction to fall short in the range of 47.7-49.6 from July to December 2019.

Recovery in Domestic Economy

Increases in inventories supported by new demand and outputs indicate Indonesia's domestic economy to recovery. Domestic demand spurs new businesses to show the first increase since July 2019 after declining exports. We view commercial activities to expand, maintain efficiency, and improve their quality which in turn leads to rising sales and production. On the other side, entrepreneurs are cautiously eyeing the US-China mutual trade and the US-Iran turmoil.

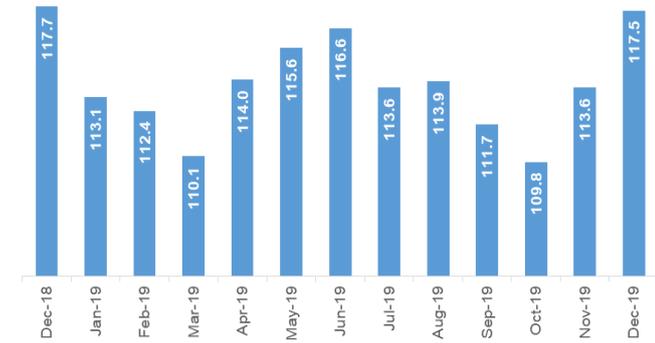
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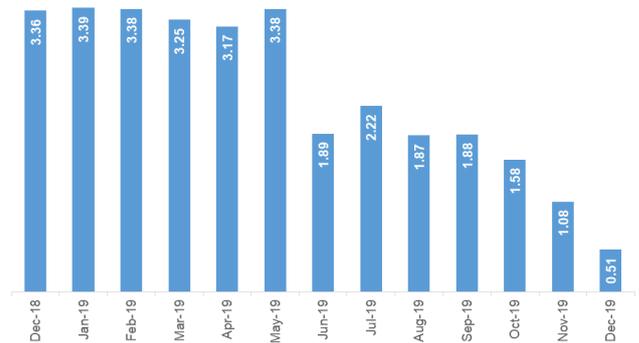
Please consider important disclaimer

Indonesia Durable Goods Index | Dec. 18 - Dec. 19



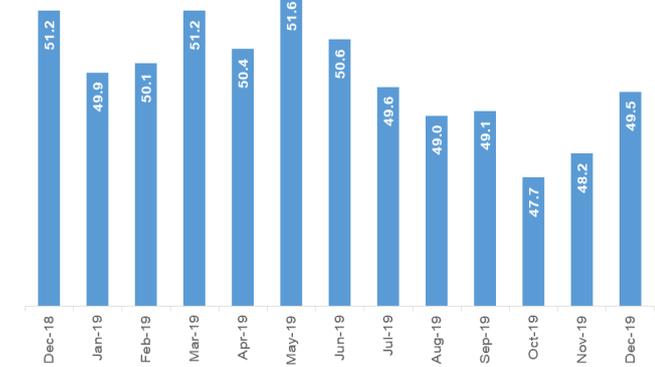
Source: Bloomberg, NHKS Research

Indonesia Administered Price | Dec. 18 - Dec. 19



Source: Bloomberg, NHKS Research

Indonesia PMI Manufacture | Dec. 18 - Dec. 19



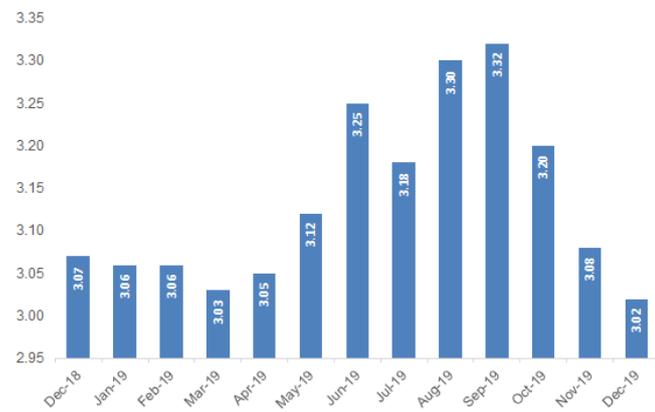
Source: Bloomberg, NHKS Research

Indonesia Export YoY (%) | Dec. 18 - Dec. 19



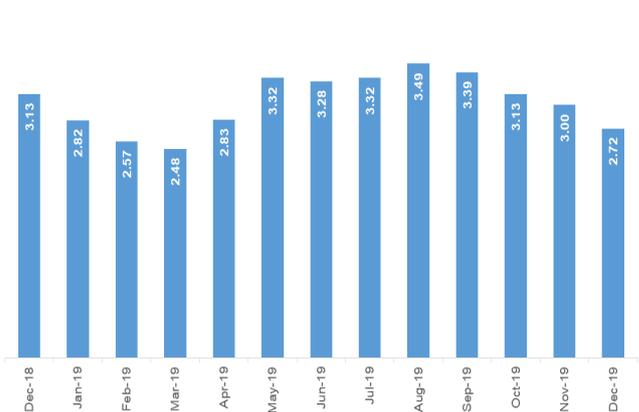
Source: Bloomberg, NHKS Research

Indonesia Rupiah Exchange Rate | Dec. 18 - Dec 19



Source: Bloomberg, NHKS research

Indonesia Consumer Price Index YoY (%) | Dec. 18 - Dec 19



Source: Bloomberg, NHKS research

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