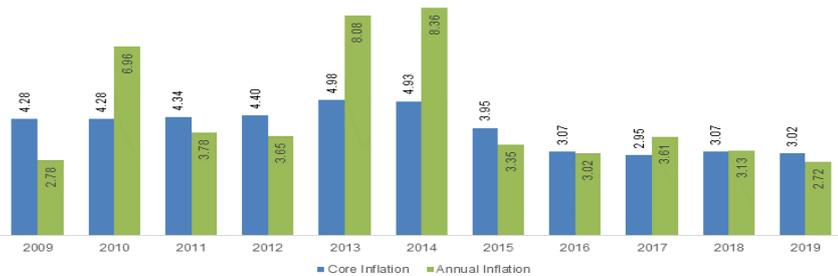


January's Inflation Moves Little Despite Severe Flood to Disarray Greater Jakarta

Indonesia's Inflation (%)



Source: Bloomberg, NHKS Research

January's Inflation Rate of 0.39%

Statistics Indonesia (BPS) recorded the rate of inflation in January 2020 to fall in 0.39% MoM and 2.68% YoY or slightly higher than that of 0.34% MoM in December 2019. The relatively stable price level of goods and services in January was the factor to determine January's inflation rate. Besides, the domestic consumption stood in ~5% as the inflation components (i.e., core inflation, administered prices, and volatile prices) were stable despite heavy rainfall in early 2020. The commodity price index (IHK) displaying commodity prices to impact most January's inflation rate were chilies by 0.13%; red bird's eye chilies by 0.05%; fresh fish and cigarettes & tobacco respectively by 0.02%, and vegetables by 0.01%. Of note, January's inflation rate applying a new formula for calculating its consumer price index (CPI) was irrelevant to direct comparison with prior inflation rates.

New Formula for Calculating Inflation Rate

January's 2020 marked inflation reading to apply a new formula of 2018 base-year CPI instead of 2012 base-year CPI used to calculate prior-years inflation. The 2018 base-year CPI includes new components to replace components irrelevant to the current circumstances. BPS applied 2012's base-year CPI to calculate December's 2019 inflation rate, the index of farmer term of trade (NTP), wholesale price index (WPI). In the early of 2020, BPS renews the formula for calculating inflation and expands expenditure group from 7 categories into 11 categories by means of adding 98 new commodities and removing 101 irrelevant commodities, and broadens cities for survey studies from 82 cities into 90 cities.

Deflation by Transportation

The transportation category conversely contributed 0.89% to deflation curbing January's inflation rate along with declining flight tickets in 58 cities during the end of academic term. Besides, the education category contributed 0.14% to January's deflation. BPS recorded 11 out of 90 cities including to its survey to make up January's deflation as the highest deflation of 1.39% prevailed in Baubau, while Kudus recoded the lowest deflation of 0.01%.

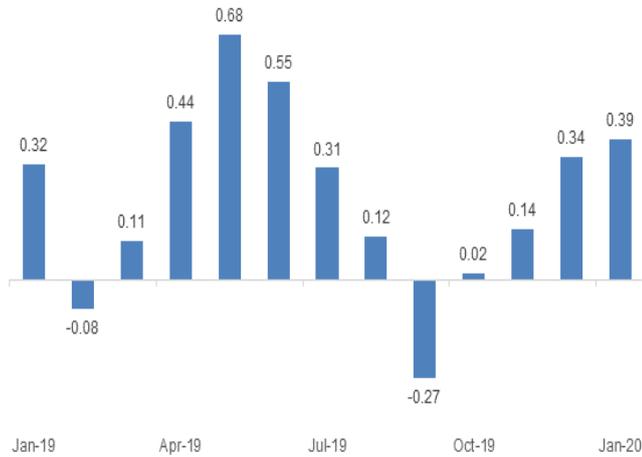
Arief Machrus

+62 21 50889127

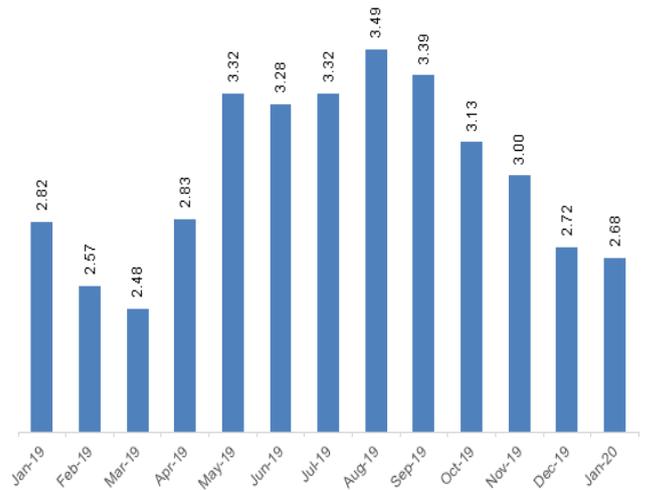
arief.machrus@nhsec.co.id

Please consider important disclaimer

Monthly Inflation (%) | Jan. 19 - Jan. 20



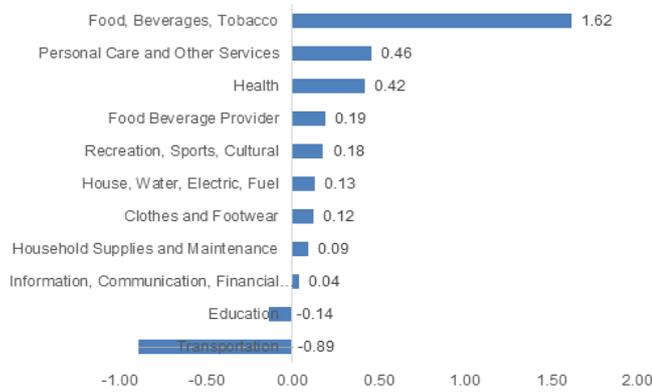
Annual Headline Inflation (%) | Jan. 19 - Jan. 20



Source: Bloomberg, NHKS Research

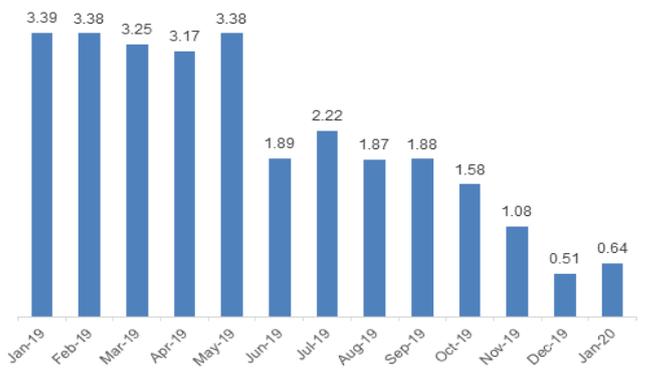
Source: Bloomberg, NHKS Research

Inflation Rate Based on Expenditure Group (%)



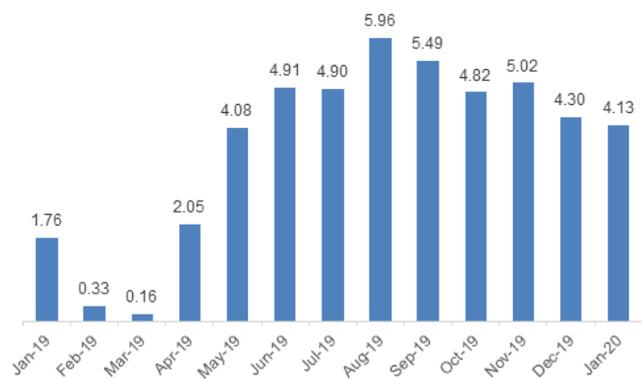
Source: Indonesia Statistics, NHKS Research

Administered Price (%) | Jan. 19 - Jan. 20



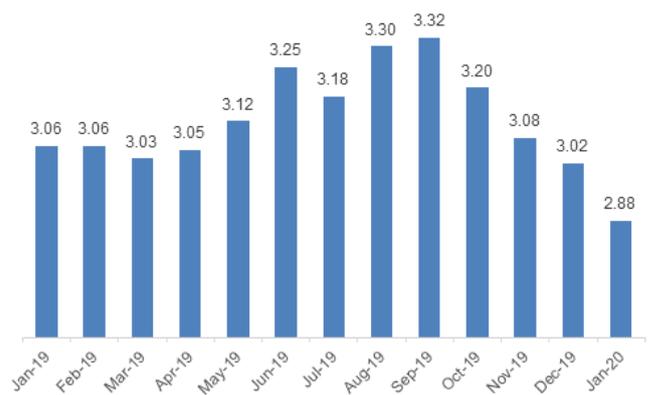
Source: Bloomberg, NHKS Research

Volatile Price (%) | Jan. 19 - Jan. 20



Source: Bloomberg, NHKS Research

Core CPI (%) | Jan. 19 - Jan. 20



Source: Bloomberg, NHKS Research

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