

Macroeconomics Indicator

	2023	2024	2025F
GDP growth (%YoY)	5.05	5.03	5.02
Inflation (%YoY)	2.61	1.57	1.97
BI rate (% Year-end)	6.00	6.00	5.50
Rp/US\$ (Average)	15,244	15,853	16,571
CA deficit (% of GDP)	-0.1	-0.6	-1.5
Fiscal deficit (% of GDP)	1.65	2.3	2.8

F: forecast, P: preliminary; all baseline scenario

Further inflation normalization post Eid season

- CPI recorded at +1.17% mom/+1.95% yoy in Apr25. FnB prices decelerated and deflation in clothing and footwear prices post-Eid month.
- Core CPI inched up to +2.50% yoy (+2.48% yoy in Mar25). Gold jewelry posted higher contribution of 0.5% amid persistent increase in gold price.
- We maintain our CPI expectation at c.+1.9% in FY25, as we believe economic activity will be flattish at +5.0% in FY25.

Food prices normalization post Eid season

CPI inflation came at +1.17% mom/+1.95% yoy in Apr25 (+1.65% mom/+1.03% yoy in Mar25), mainly due to final month of electricity price normalization. Post the Eid season, FnB price eased to +0.07% mom/+2.17% yoy (+1.24% mom/+2.07% yoy in Mar25). The top three commodities that declined the most are chili, chicken meat, and red onion at -7.7%/-6.1%/-4.6% mom. In addition, clothing & footwear recorded a monthly deflation of -0.04% mom /+0.91% yoy, suggesting a weak household demand.

Deflation in transportation from Eid discount and lower gasoline price

Transportation price declined to -0.01% mom/-0.11% yoy in Apr25 (-0.08% mom/+0.83% yoy in Mar25). This was due to government policy of transportation price discount during homecoming (*mudik*), such as the 13-14% economic airline ticket discount and the 20% toll road discount in Java-Sumatra. Furthermore, the price of all non-subsidized gasoline was cheaper during the month, led by Pertamina Dex, Pertamina Turbo, and Pertamina at -4.8%/-3.6%/-3.1% mom in Apr25. We think this downward trend of gasoline price may persist in the foreseeable future, since the price of WTI/Brent oil price were on declining trend at -25.4%/-25.3% yoy in Apr25 (-15.5%/-15.6% yoy in Mar25) - see our report on oil [here](#).

Rising core CPI from gold jewellery and recreation & sports

Core CPI inched up to +2.50% yoy in Apr25 (+2.48% yoy in Mar25). The rise was mainly due to higher gold jewellery contribution at 0.5% (0.4% in Mar25), the largest contribution since Sep20. This was due to the consistent increase in gold prices at +43.4% yoy (+40.1% yoy in Mar25). Recreation & sports also rose to +1.25% yoy (+1.17% yoy in Mar25), likely due to more vacation activity during the six days of Eid holiday. However, the increase was partially offset by deflation in infocomm at -0.64% yoy (-0.24% yoy in Mar25), following a 50% internet package discount during the Ramadan & Eid holiday season.

We expect FY inflation at c.+1.9% in FY25

For now, we keep our FY25 inflation to be at c.+1.9%, given our unchanged GDP growth expectation at c.+5.0% in FY25 (flat vs. FY24). Furthermore, we expect this momentum of normalizing CPI to continue in the coming months, given the expiration of transportation and internet package discount. That said, we expect BI to keep the policy rate unchanged at 5.75% in the May25 meeting. For the full year, however, there may be room for a rate cut to c.5.5%, depending on Rupiah movement and the Fed's FFR decision.

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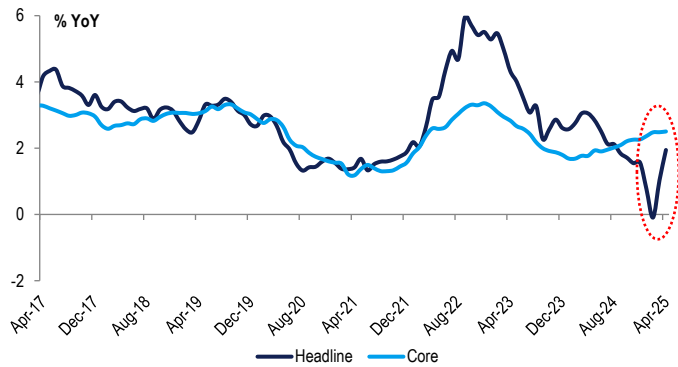
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Fig. 1: Apr25 CPI continue to rebound from post-paid electricity payment after discount normalization

	Feb-25	Mar-25	Apr-25	Feb-25	Mar-25	Apr-25	2024	2025
	%MoM			%YoY			% yoy avg	
Consumer Price Index	-0.48	1.65	1.17	-0.09	1.03	1.95	2.84	0.91
Food, Beverages, Tobacco	-0.40	1.24	0.07	2.25	2.07	2.17	6.67	2.55
Clothing & Footwear	0.01	0.45	-0.04	1.18	1.41	0.91	0.87	1.19
Housing, Electricity, Gas and Fuel	-3.59	8.45	6.60	-12.08	-4.68	1.60	0.55	-5.98
Household utilities	0.00	0.01	0.09	1.02	0.95	0.88	1.09	1.00
Health	0.17	0.22	0.10	1.79	1.80	1.83	2.02	1.81
Transportation	0.36	-0.08	-0.01	0.94	0.83	-0.11	1.21	0.61
Information, Communication & Financial Services	0.01	0.00	-0.42	-0.26	-0.24	-0.64	-0.13	-0.36
Recreation, sports & cultural	0.11	0.04	0.14	1.14	1.17	1.25	1.64	1.17
Education	0.01	0.00	0.01	2.04	1.89	1.88	1.63	1.97
Restaurant	0.17	0.12	0.19	2.47	2.26	2.14	2.43	2.33
Personal Care & Other services	1.29	0.95	2.46	8.43	8.71	9.93	3.49	8.58
By component								
Core	0.25	0.24	0.31	2.48	2.48	2.50	1.74	2.45
Administered	-2.65	6.53	5.21	-9.02	-3.16	1.25	1.59	0.56
Volatile (Fresh food)	-0.93	1.96	-0.04	0.56	0.37	0.64	8.91	2.37

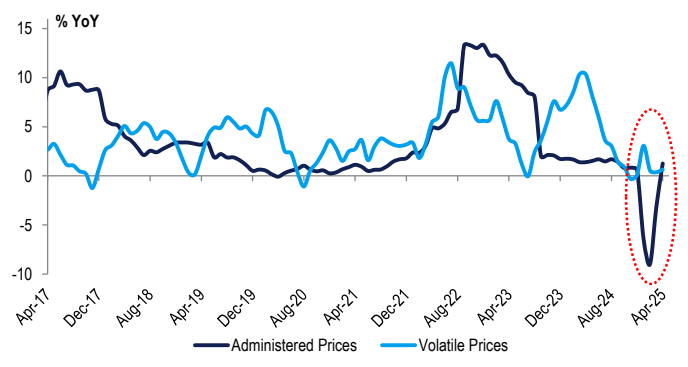
Source: BPS, Indo Premier

Fig. 2: Both headline and core CPI increased



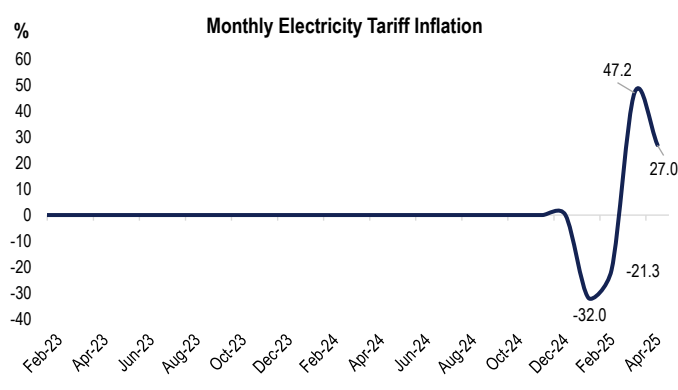
Source: BPS, Indo Premier

Fig. 3: Along with administered prices and volatile prices (fresh food)



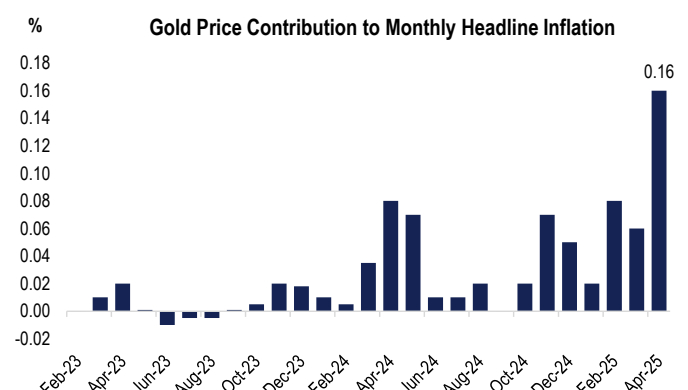
Source: BPS, Indo Premier

Fig. 4: Post-electricity tariff discount still take effect



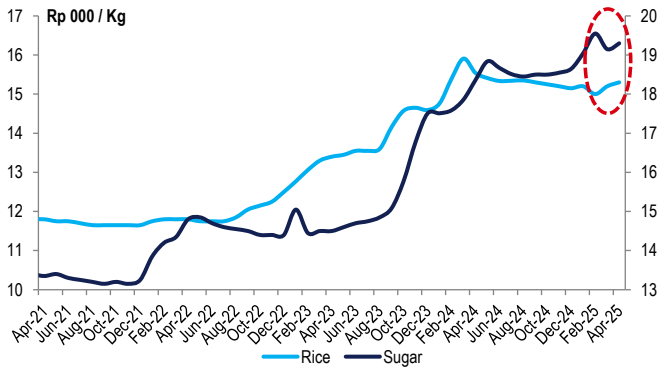
Source: BPS, Indo Premier

Fig. 5: Gold price contribution towards inflation has surged



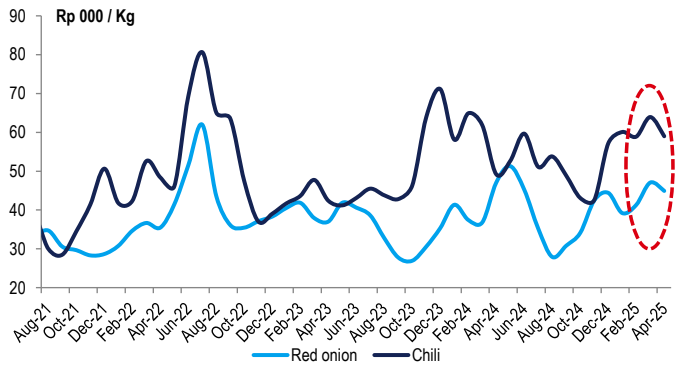
Source: BPS, Indo Premier

Fig. 6: Rice and sugar price increased slightly



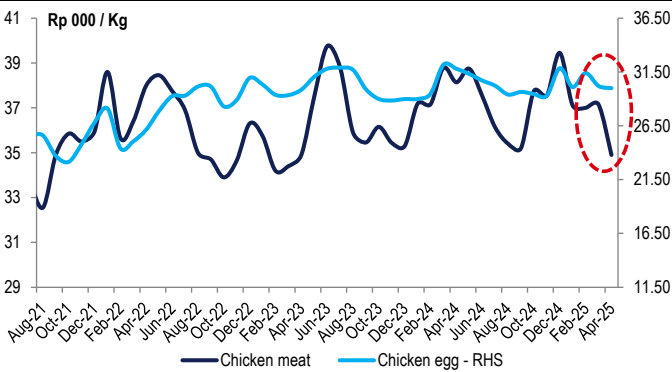
Source: National Strategic Food Price Information Center, Indo Premier

Fig. 7: Onion and chili price declined post-Eid



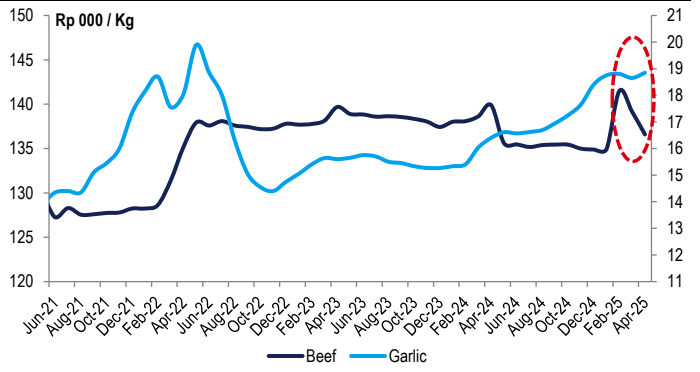
Source: National Strategic Food Price Information Center, Indo Premier

Fig. 8: Both chicken meat and chicken egg price fell



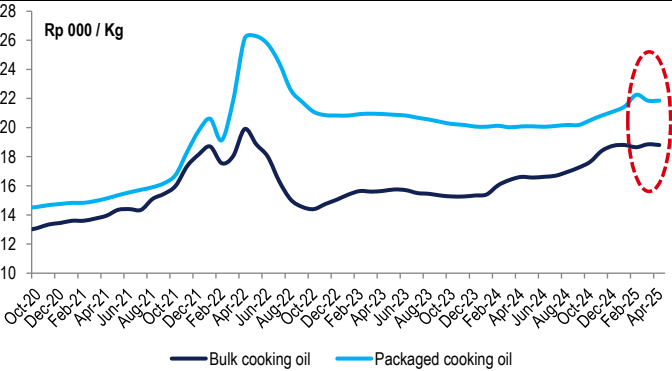
Source: National Strategic Food Price Information Center, Indo Premier

Fig. 9: Along with beef price decreasing



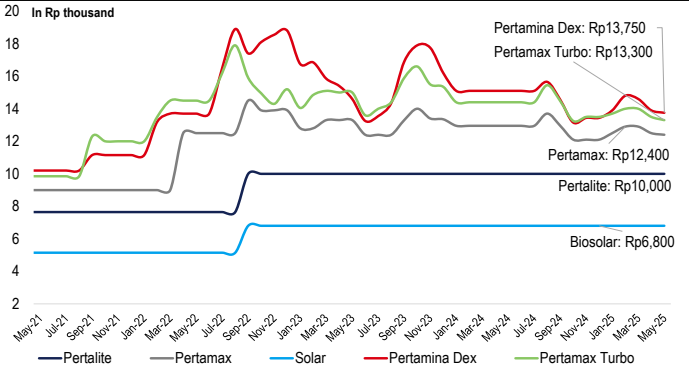
Source: National Strategic Food Price Information Center, Indo Premier

Fig. 10: Cooking oil relatively stable in average



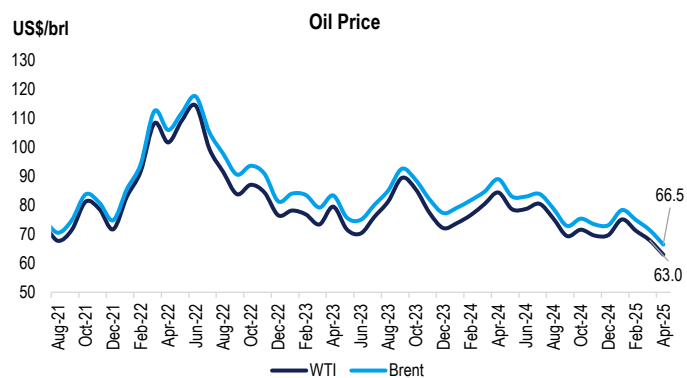
Source: National Strategic Food Price Information Center, Indo Premier

Fig. 11: Gasoline price on a declining trend



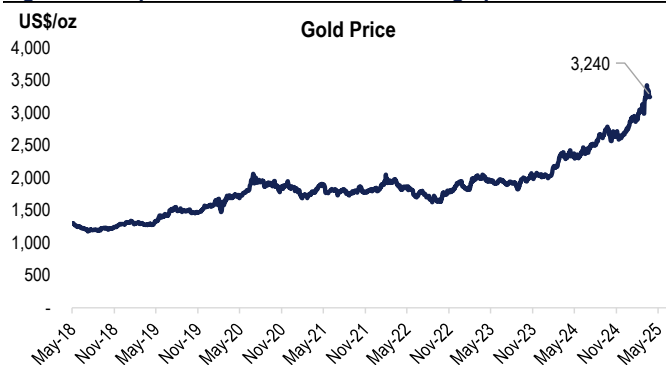
Source: various, Indo Premier

Fig. 12: Oil price declined further



Source: Bloomberg, Indo Premier

Fig. 13: Gold price maintained the all-time high position



Source: Bloomberg, Indo Premier

ANALYSTS CERTIFICATION

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