

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 | 5.00 |
| 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 |

Rising food inflation from Eid Al-Adha festivity

- CPI recorded at +0.2% mom/+1.9% yoy in Jun25. FnB prices rose at 2% yoy primarily from rice and onion following the Eid Al-Adha season.
- Core CPI came at 2.37% yoy (+2.4% yoy in May25).
- We kept our CPI expectation at c.+1.9% in FY25. School holiday seasonality may sustain inflation pressure in the near term.

FnB prices increased from Eid Al-Adha festivity

CPI posted an inflation of +0.2% mom/+1.9% yoy in Jun25 (-0.4% mom/+1.6% yoy in May25), exceeding ours/consensus of +0.07% mom/+1.8% yoy. The increase was mainly due to higher FnB prices during Eid Al-Adha at +0.5% mom/+2.0% yoy (-1.4% mom/+1% yoy in May25). Notably, red onion, rice, and sugar experienced the largest increase at +4.1%/+2.4%/+2.3% yoy. Moreover, the housing, water, and electricity component also recorded higher inflation at +0.09% mom/+1.6% yoy (+0.02% mom/+1.5% yoy in May25). This reflects the upward adjustment in PAM water tariffs, which contributed 0.14% to yearly CPI.

Inflation in transportation despite recent discount stimulus

The transportation category recorded a monthly inflation of +0.07% mom/+0.15% yoy in Jun25 (-0.07% mom/+0.18% yoy in May25). The increase was attributed to private vehicle and package delivery subcategories at +2.1%/+2.2% yoy. This suggests that higher mobility during school and Eid-Al Adha national holiday have offset the deflationary pressure from transportation fare discounts. We expect transportation inflation to persist in Jul25, following the recent upward adjustment in non-subsidized gasoline prices at +2.4% mom (Pertamax Turbo, Pertamina Dex, and Pertamina at +3.4%/+3.4%/+3.3% mom).

Stable core CPI

Core CPI came at +2.37% yoy in Jun25 (+2.4% yoy in May25). This was sourced from household utilities and restaurant at +0.6%/+1.9% yoy (+0.8%/+2.0% yoy in May25) suggesting still relatively weak household purchasing power. In the meantime, gold jewellery still contributed at +0.48% to core CPI (+0.47% in May25) as gold prices remained high at +40.3% yoy (+41.3% yoy in May25). We expect core CPI to rebound next month from the education category, in line with the new school semester transition (education average inflation at +2.2% yoy in July over the last 5Y).

We maintain our FY inflation expectation at c.+1.9% in FY25

For now, we keep our FY25 inflation at c.+1.9%. We expect the school holiday festivities to persist throughout July, which will put upward pressure on the CPI figure. However, this may be partially offset by the continuation of the transportation discounts. Hence, we view a 25bp rate cut as plausible in the BI's upcoming July meeting, contingent on Rupiah volatility and the Fed's FFR decision.

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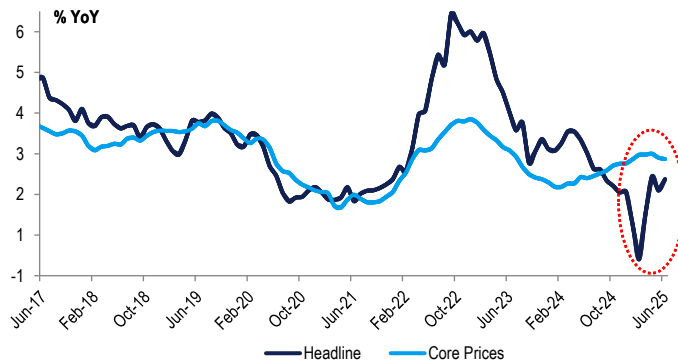
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Fig. 1: Jun25 monthly CPI increased from rising food & beverages prices

| | Apr-25 | May-25 | Jun-25 | Apr-25 | May-25 | Jun-25 | 2024 | 2025 |
|---|-------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | %MoM | | | %YoY | | | % yoy avg | |
| Consumer Price Index | 1.17 | -0.37 | 0.19 | 1.95 | 1.60 | 1.87 | 2.84 | 1.18 |
| Food, Beverages, Tobacco | 0.07 | -1.40 | 0.46 | 2.17 | 1.03 | 1.99 | 6.57 | 2.20 |
| Clothing & Footwear | -0.04 | 0.03 | 0.05 | 0.91 | 0.98 | 1.01 | 0.92 | 1.12 |
| Housing, Electricity, Gas and Fuel | 6.60 | 0.02 | 0.09 | 1.60 | 1.54 | 1.59 | 0.55 | -3.46 |
| Household utilities | 0.09 | -0.04 | -0.01 | 0.88 | 0.79 | 0.57 | 1.04 | 0.89 |
| Health | 0.10 | 0.00 | 0.09 | 1.83 | 1.79 | 1.84 | 2.03 | 1.82 |
| Transportation | -0.01 | -0.07 | 0.07 | -0.11 | 0.18 | 0.15 | 1.23 | 0.46 |
| Information, Communication & Financial Services | -0.42 | 0.31 | -0.01 | -0.64 | -0.28 | -0.27 | -0.13 | -0.33 |
| Recreation, sports & cultural | 0.14 | 0.09 | 0.09 | 1.25 | 1.24 | 1.23 | 1.63 | 1.19 |
| Education | 0.01 | 0.00 | -0.05 | 1.88 | 1.88 | 1.82 | 1.65 | 1.93 |
| Restaurant | 0.19 | 0.09 | 0.07 | 2.14 | 1.97 | 1.95 | 2.45 | 2.21 |
| Personal Care & Other services | 2.46 | 0.23 | 0.33 | 9.93 | 9.24 | 9.30 | 3.79 | 8.81 |
| By component | | | | | | | | |
| Core | 0.31 | 0.08 | 0.07 | 2.50 | 2.40 | 2.37 | 1.78 | 2.43 |
| Administered | 5.21 | -0.02 | 0.09 | 1.25 | 1.36 | 1.34 | 1.57 | -2.44 |
| Volatile (Fresh food) | -0.04 | -2.48 | 0.77 | 0.64 | -1.17 | 0.57 | 8.76 | 0.67 |

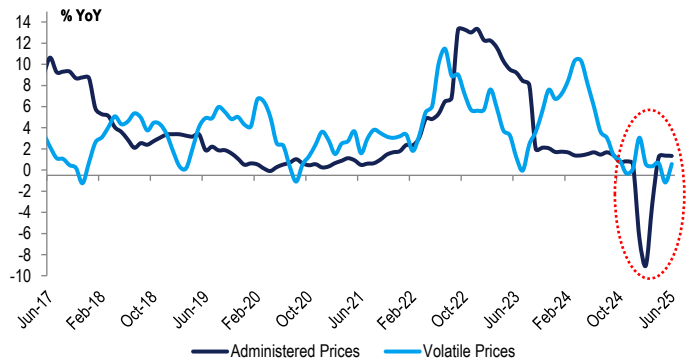
Source: BPS, Indo Premier

Fig. 2: Headline CPI increased, but core CPI slightly decelerated



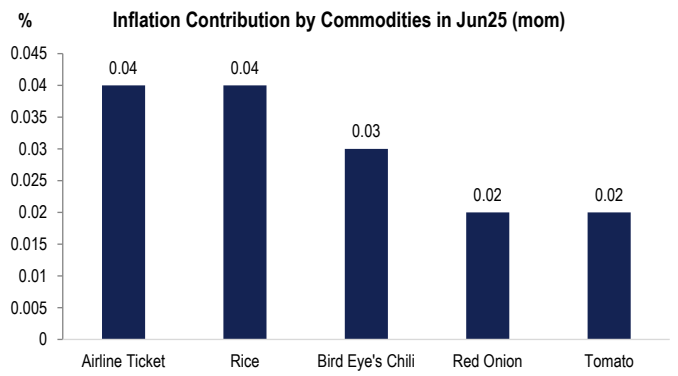
Source: BPS, Indo Premier

Fig. 3: Volatile prices rebounded from Eid Al-Adha festivity



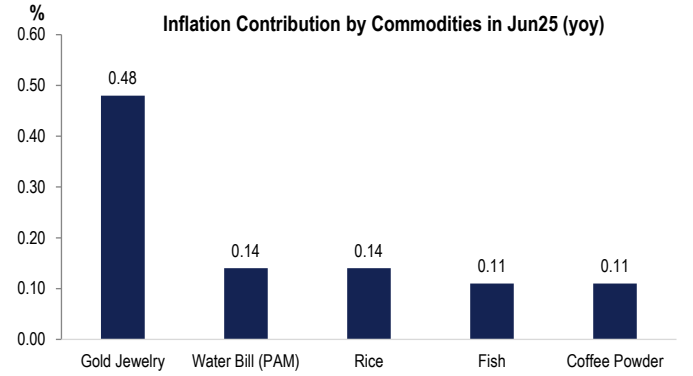
Source: BPS, Indo Premier

Fig. 4: Monthly deflation contribution by commodities



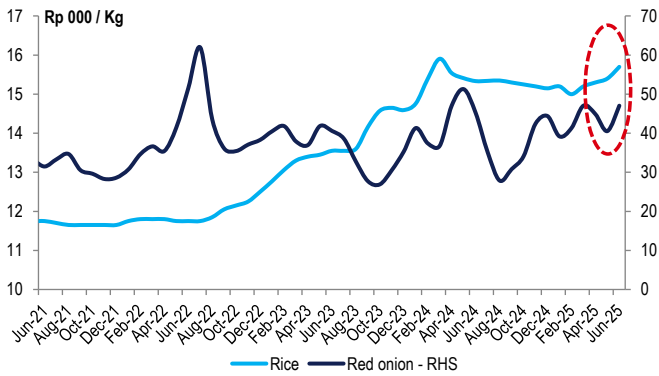
Source: BPS, Indo Premier

Fig. 5: Yearly inflation contribution by commodities



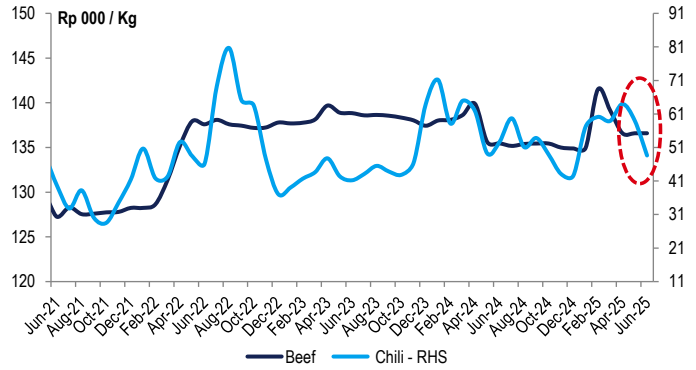
Source: BPS, Indo Premier

Fig. 6: Rice and red onion led the FnB price increase



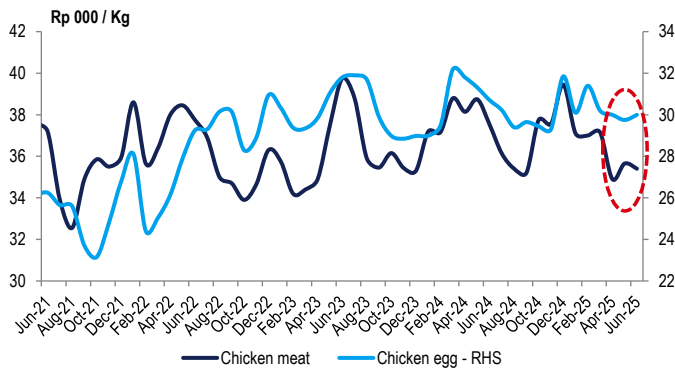
Source: National Strategic Food Price Information Center, Indo Premier

Fig. 7: Beef price remained stagnant, while chili price fell



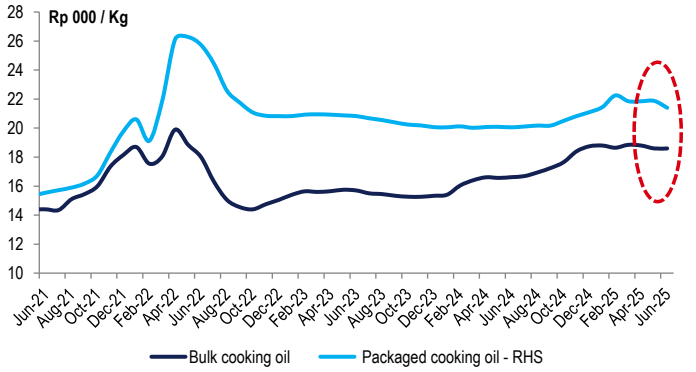
Source: National Strategic Food Price Information Center, Indo Premier

Fig. 8: Chicken egg price slightly increased



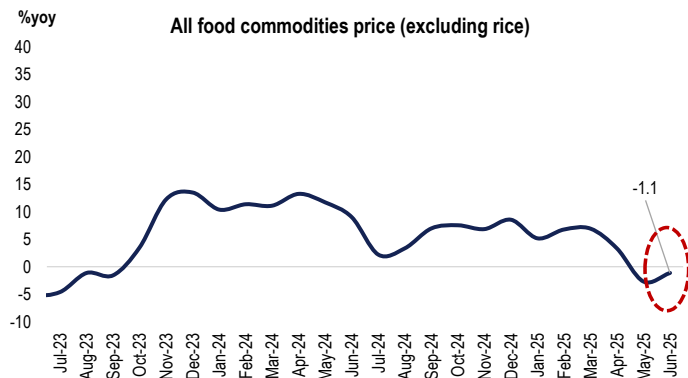
Source: National Strategic Food Price Information Center, Indo Premier

Fig. 9: While cooking oil stayed relatively flattish



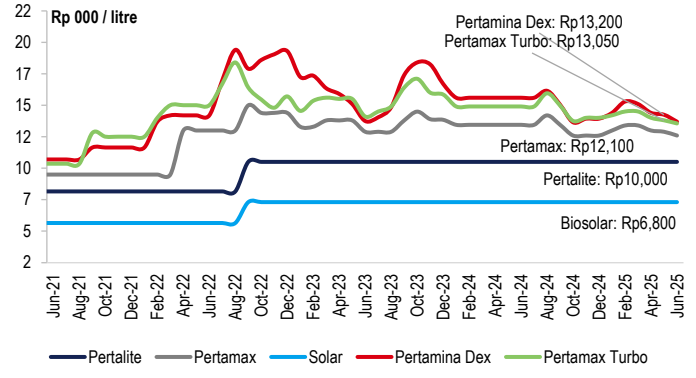
Source: National Strategic Food Price Information Center, Indo Premier

Fig. 10: Overall food prices rebounded but still negative



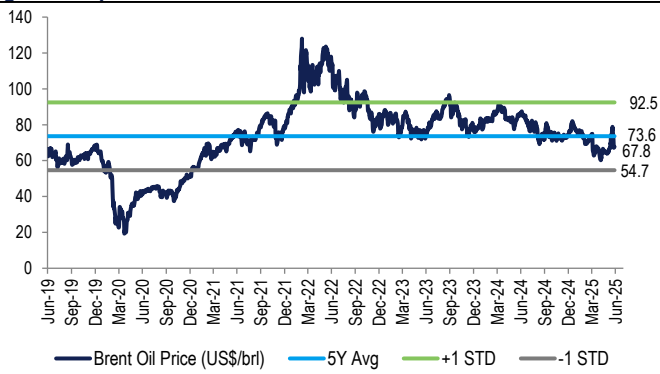
Source: National Strategic Food Price Information Center, Indo Premier

Fig. 11: Gasoline price still on a declining trend in Jun25



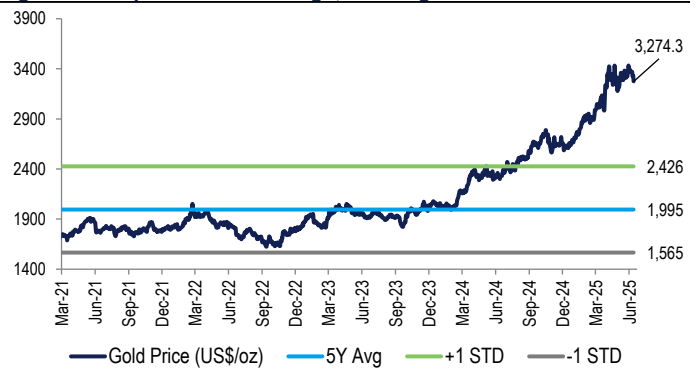
Source: various, Indo Premier

Fig. 12: Oil price to stabilize after last week's hike



Source: Bloomberg, Indo Premier

Fig. 13: Gold price remained high, but stagnant in the short term



Source: Bloomberg, Indo Premier

ANALYSTS CERTIFICATION

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