

Macroeconomics Indicator

	2023	2024	2025F
GDP growth (%yoy)	5.05	5.03	5.02
Inflation (%yoy)	2.61	1.57	2.20
BI rate (% Year-end)	6.00	6.00	4.50
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

Inflation remained gold-driven, with no additional price pressure in sight

- Headline inflation rose to +2.86% yoy in Oct25 (+2.65% yoy in Sep25), driven by Personal Care (gold jewelry) and Food, Beverage, & Tobacco.
- Core inflation reached +2.39% yoy with, with nearly half of the increase attributable to the strong growth of gold jewelry prices (+12% mom).
- Stable gold prices and seasonal holiday-related price increases pose upside risks to our FY25 baseline inflation estimate of 2.2%.

Headline inflation rose to BI's target mid-point

Headline inflation accelerated to 2.86% yoy in Oct25, primarily driven by higher prices in Food, Beverage & Tobacco (+4.99% yoy) and Personal Care & Other Services (+11.9% yoy). Gold jewelry, part of Personal Care, remained the dominant contributor, adding 0.68 percentage points (p.p.) — nearly matching to the combined impact of the next four largest contributors. This pattern has persisted since 2024, with gold consistently accounting for c.25% of yoy inflation each month. Other inflation components were muted: Administered Prices increased modestly by 0.1% mom (vs. a 0.03% mom average during Jun–Sep25), while volatile food prices rose 0.03% mom (vs. an average -0.11% mom decline in the previous four months).

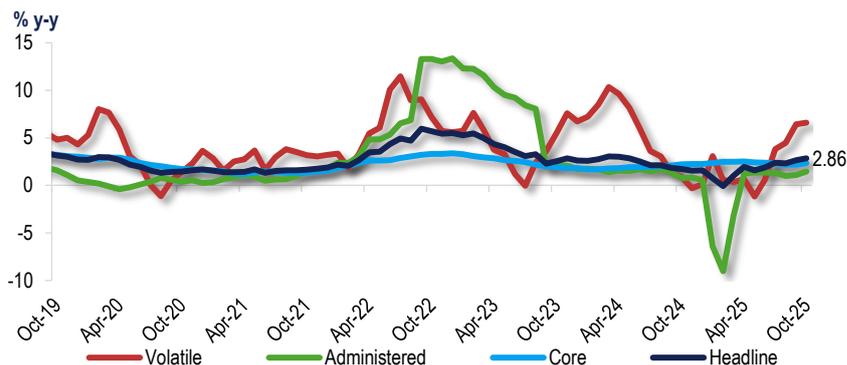
12% surge in gold price drove mom Core CPI to 4Y high

In Oct25, gold jewelry prices surged 12% mom — the sharpest monthly increase since the uptrend began in late 2023. Combined with the seasonal rise in college tuition fees, these drove Core CPI up by 0.39% mom, marking the steepest monthly gain in nearly four years. Consequently, annual core inflation accelerated to 2.36% yoy from 2.19% in Sep25. Based on gold's contribution to both headline and core inflation, we estimate that gold likely accounted for about half of core inflation in Oct25, implying that ex-gold core inflation stood at just 1.3% yoy, below Bank Indonesia's lower target bound of 1.5%.

Stable gold price poses an upward risk to our FY25 baseline estimate

Persistently elevated international gold prices in 4Q25 are aligning with our expectations, while other commodities remain largely stable with limited inflationary impact. Based on the current trajectory, gold alone poses an upside risk to our baseline inflation forecast of 2.2% by YE25. Should prices remain firm and seasonal holiday-related spending add pressure, we estimate headline inflation could reach around 2.5% yoy by YE25.

Fig. 1: Headline inflation accelerated in Oct25



Source: BPS, Indo Premier

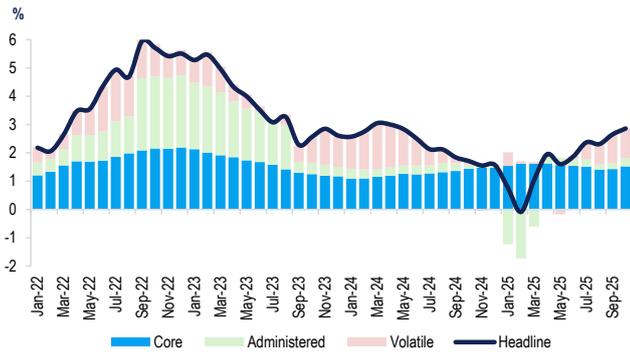
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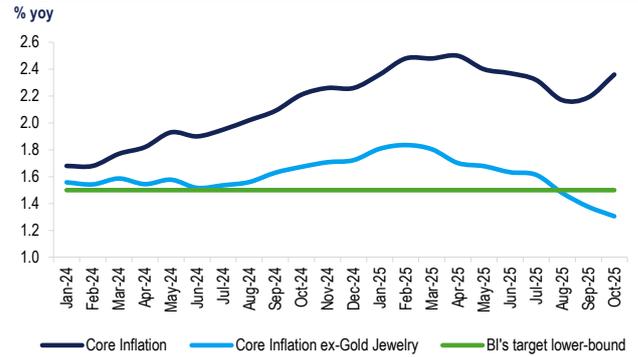
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Fig. 2: Core Inflation contribution is rising



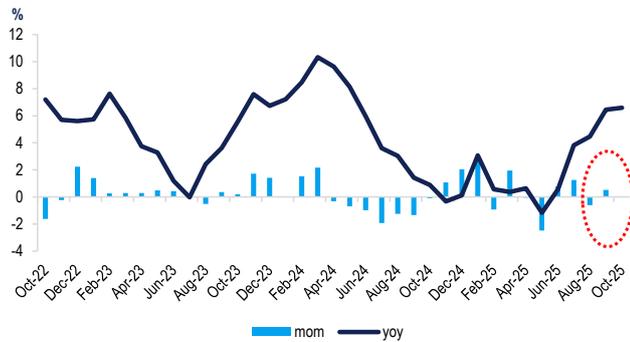
Source: BPS, Indo Premier

Fig. 3: Excluding gold, Core Inflation still fell below BI's lowest target



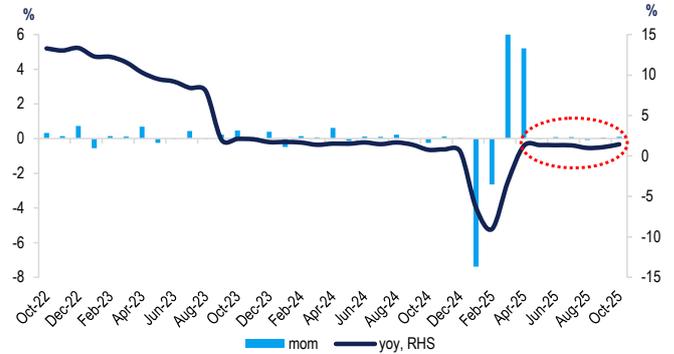
Source: BPS, Indo Premier

Fig. 4: No price pressure is seen emerging from volatile food in the past three months.



Source: BPS, Indo Premier

Fig. 5: While gov't policy has stabilized the administered price in the past 5 months



Source: BPS, Indo Premier

Fig. 6: Some key food commodities saw a sharp rise in Sep25

Commodity	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25
Rice Medium Quality	7.8	0.0	-0.4	7.2	9.1	11.3	1.3	-3.5	-3.4	-1.6	0.3	1.6	3.9	4.2	4.2	3.9
Broiler Meat	-11.6	2.4	2.6	1.8	-18.4	29.6	6.8	-3.1	-3.8	-8.8	-8.0	-6.5	4.6	2.2	10.4	0.5
Beef	1.2	0.4	4.7	8.3	-2.4	3.2	0.2	0.6	2.7	0.6	0.8	1.0	1.5	1.2	1.4	1.3
Broiler Egg	-1.9	7.6	4.8	5.2	-14.4	19.7	3.3	-1.3	-6.3	-3.7	-4.2	-2.3	1.7	2.4	4.7	7.1
Shallot	34.3	-7.0	-14.0	27.8	-7.9	24.5	1.7	3.1	28.0	-19.8	-17.4	12.5	78.0	80.2	33.1	25.7
Garlic	34.4	-12.3	4.9	-3.7	31.3	18.7	7.7	11.3	7.8	-2.3	-5.7	-4.8	-3.8	-5.0	-6.5	-7.3
Red Chili	24.9	62.2	-13.6	-22.2	33.6	9.4	7.9	-21.8	18.9	10.8	-7.0	-22.9	-5.2	-5.5	51.3	52.9
Cayenne Pepper	6.4	50.8	34.0	-29.2	23.8	-10.3	46.5	18.9	53.7	15.5	-6.1	6.3	-17.5	-12.6	-7.3	-10.4
Bulk Cooking Oil	22.2	11.2	35.3	-16.5	-1.3	24.3	19.1	15.4	14.2	13.3	12.4	11.1	11.3	9.7	8.1	5.7
Local Refined Sugar	23.8	1.5	-1.1	8.3	19.8	4.6	4.6	6.0	4.5	1.6	1.4	2.2	2.5	2.2	1.4	1.1

Source: National Strategic Food Price Information Center, Indo Premier

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