

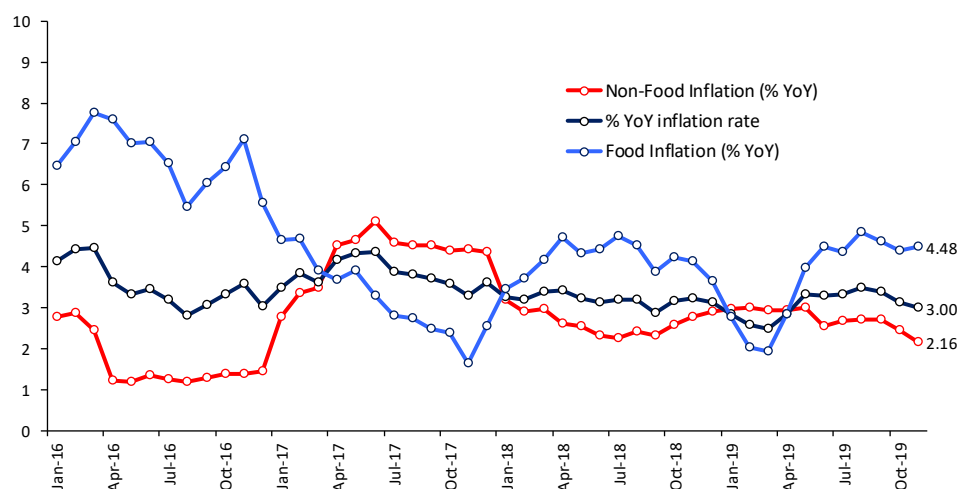
### November 2019 Inflation Update: Lower than Expected

#### Forecast for 2019

Inflation (%)	3.00 – 3.50
7D Reverse Repo (%)	4.75 – 5.00

- Inflation in November reached 0.14% (mom), or slightly higher than the pace of inflation in the previous month of 0.02% (mom). The monthly inflation in November is below our estimate and the median market expectations (+0.20% mom), and also lower than the pace of inflation in the same month in recent years: +0.27% (mom) in November 2018 and +0.20% (mom) in November 2017.
- On an annual basis, the consumer price index in November 2019 (+3.00% yoy) was lower than in the previous month (+3.13% yoy). Prices in the foodstuffs component rose by 0.31% (mom) although prices in the non-foodstuffs component were stable at 0.05% (mom).
- The inflation in November 2019 was driven by higher prices in the foodstuffs component (+0.37% mom), prepared foods component (+0.25% mom) and housing component (+0.12% mom). The foodstuffs component contributed the most to inflation (+0.07%), marked by increases in the prices of onions, chicken meat, tomatoes, and vegetables whereas, by comparison, the prices of red chilies and fish experienced deflation. The prices of cigarettes contributed more to inflation in November given the upward adjustments in cigarette excise tax rates which will be imposed next year. In addition, increases in house rental prices also contributed to the monthly inflation in November. By contrast, however, deflation in the transportation and communications component (-0.07% mom) helped to restrain the pace of inflation, marked by lower air fares and lower ticket prices for some other types of transportation in some areas.
- Prices in the other CPI components increased at a slower rate, including the medical care component (+0.23% mom), the clothing component (+0.03% mom), the education component (+0.02% mom).

**Graph 1. YoY Inflation Reached 3.00 Percent in November 2019**



Source: BPS

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Table 1. MoM Foodstuffs Inflation

	M-on-M changes			Y-on-Y changes			YTD		
	Sep-19	Oct-19	Nov-19	Sep-19	Oct-19	Nov-19	2017	2018	2019
FOODSTUFF	(1.97)	(0.41)	0.37	5.42	4.84	4.97	(0.98)	1.94	3.47
PREPARED FOOD	0.28	0.45	0.25	3.67	3.85	3.91	3.79	3.68	3.68
HOUSING	0.09	0.08	0.12	2.25	1.91	1.79	4.96	2.30	1.66
CLOTHING	0.72	0.08	0.03	5.65	5.16	4.96	3.79	3.50	4.87
MEDICAL CARE	0.32	0.30	0.23	3.25	3.50	3.37	2.81	2.93	3.16
EDUCATION	0.47	0.10	0.02	3.41	3.43	3.40	3.26	3.05	3.30
TRANSPORTATION	0.01	(0.08)	(0.07)	1.85	1.51	0.87	3.46	1.86	(0.40)
<b>GENERAL</b>	<b>(0.27)</b>	<b>0.02</b>	<b>0.14</b>	<b>3.39</b>	<b>3.13</b>	<b>3.00</b>	<b>2.87</b>	<b>2.50</b>	<b>2.37</b>
<b>Food and Non-Food</b>									
FOOD	(0.96)	(0.02)	0.31	4.62	4.38	4.48	1.16	2.73	3.56
NON-FOOD	0.20	0.05	0.05	2.71	2.44	2.16	4.01	2.43	1.68

Source: BPS

Table 2. Drivers of Price Changes in November 2019

Component	Change (%)	Drivers	Contribution (%)
Foodstuffs	0.37	Onions, chicken meat, tomatoes, eggs, chilis	0.07
Prepared foods, beverages and cigarettes	0.25	Clove cigarette, filtered clove cigarette	0.04
Housing	0.12	Leasing and rental house fee	0.03
Clothing	0.03	Man and woman apparel	0.00
Medical care	0.23	Health services, medicine	0.01
Education, recreation and sports	0.02	Training and education equipments	0.00
Transportation and communications	(0.07)	Airfares	(0.01)
		<b>General</b>	0.14

Source: BPS

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