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CONSUMER CONFIDENCE

Consumer Confidence Slightly Weaker in April

- **Consumer Confidence weakened slightly in April. After strengthening 1.1 percent in the previous survey, the Consumer Confidence Index (CCI) fell by 1.0 percent to 92.4. The decline in consumer confidence in April owed largely to more negative assessments on the state of the economy and also to heightened concerns over high foodstuff prices. Indeed, some 74.1 percent of consumers cited high foodstuff prices as a major concern in April vis-à-vis 71.8 percent in March. In addition, the recent talk of hikes in subsidized fuel prices also dampened sentiment.**

- **The two main components of the CCI both declined in April 2013. The first one – the component measuring consumer sentiment toward current conditions, the Present Situations Index (PSI), slipped 0.8 percent to 76.8, as sentiment toward the current state of the national economy and the job market deteriorated. The other component of the CCI - the one measuring consumer sentiment toward the future (the Expectations Index or EI) – dipped 1.1 percent to 104.2, reflecting heightened concerns on how the national economy will perform over the next six months.**

- **With consumers less upbeat on the country's national economic prospects, buying intentions for durable goods did not show an increase in April. According to the latest survey, the percentage of consumers who have plans to purchase a durable good over the next six months remained unchanged from the previous month - when some 34.5 percent of consumers expressed plans to purchase a durable good. This is the lowest level since September 2012.**

- **Consumer confidence in the government's ability to carry out its duties strengthened in the latest survey. After decreasing 3.7 percent in the previous survey, the Consumer Confidence in the Government Index (CCGI) climbed 1.7 percent to 82.2 in April. In the latest survey, three components that make up the CCGI posted increases, while the other two components posted declines. The component to increase the most was the one measuring sentiment toward the government's ability to enforce the rule of law (this index jumped 14.6 percent to 66.6 in April).**

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THE APRIL 2013 RESULTS

Consumer Confidence weakened slightly in April. After strengthening 1.1 percent in the previous survey, the Consumer Confidence Index (CCI) fell by 1.0 percent to 92.4. The decline in consumer confidence in April owed largely to more negative assessments on the state of the economy and also to heightened concerns over high foodstuff prices. Indeed, some 74.1 percent of consumers cited high foodstuff prices as a major concern in April vis-à-vis 71.8 percent in March. In addition, the recent talk of hikes in subsidized fuel prices also dampened sentiment.

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By region, consumer confidence weakened in three of the six regions covered by the survey. Sentiment deteriorated the most in Central Java (where the index retreated 6.5 percent to 89.3), followed by West Java (where the index edged down 3.5 percent to 88.3), and South Sulawesi (where the index dipped 2.8 percent to 100.6). In contrast, sentiment improved in Jakarta (where the index climbed 4.3 percent to 110.5), North Sumatera (where the index added 2.9 percent to 79.8), and East Java (where the index edged up 1.9 percent to 92.2).

Overall, rural consumers were more downbeat than urban consumers. This reflects concerns among rural consumers over a number of major issues. For example, around 79.8 percent of rural consumers said they were troubled by high foodstuff prices vis-à-vis 71.6 percent of urban consumers. As such, the CCI for rural consumers retreated 1.1 percent to 87.7, while the CCI for urban consumers edged down 0.9 percent to 94.4 in April.

Chart 1. Consumer Confidence Weakened Slightly in April

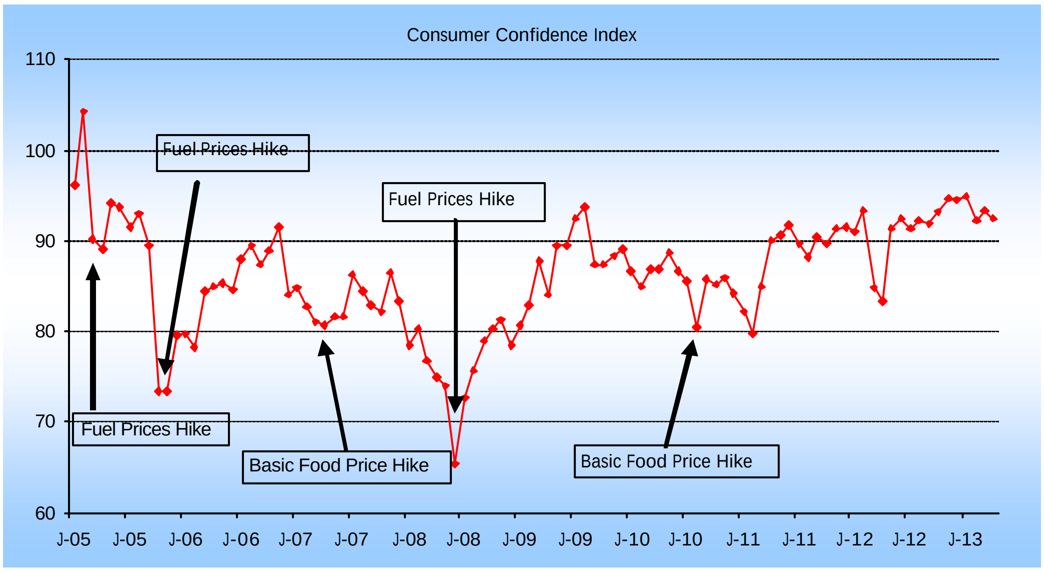


Chart 2. Rural Consumers were More Downbeat

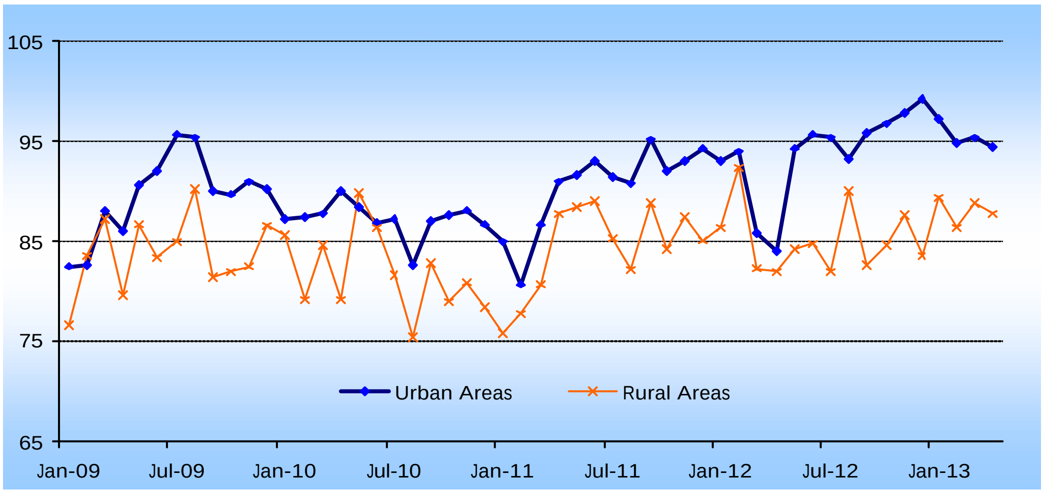


Table 1. The Consumer Confidence Index

	Dec-12	Jan-12	Feb-13	Mar-13	Apr-13	MoM % Change
Consumer Confidence	94.6	94.9	92.3	93.4	92.4	-1.0
Present Situation	77.7	79.7	75.4	77.4	76.8	-0.8
Expectations	107.2	106.3	105.0	105.4	104.2	-1.1

Appraisal of Current Situations: *More Negative on the National Economy*

Consumers gave more negative assessments on the current state of the national economy (the index measuring sentiment toward national economic conditions retreated 2.9 percent to 67.6). It appears that talk over hikes in subsidized fuel prices dampened sentiment. In the latest survey, around 11.9 percent of consumers claimed that national economic conditions were "good" (down from 13.1 percent in March) while 44.4 percent of consumers claimed that national economic conditions were "bad" (up from 43.5 percent in March). Nevertheless, 43.7% of consumers said that national economic conditions were "normal".

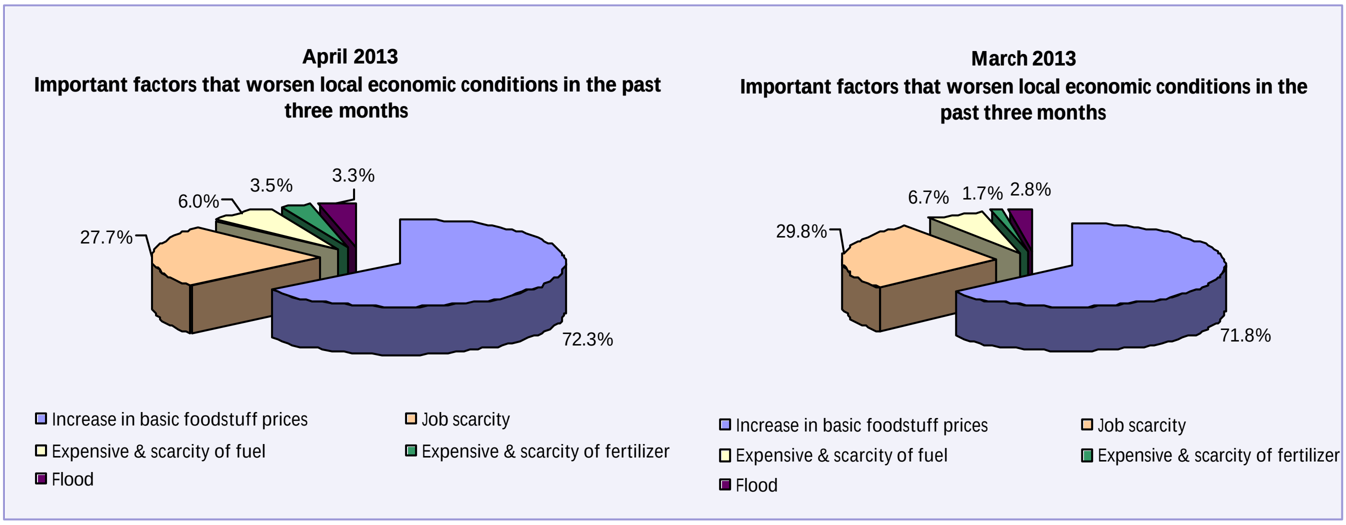
At the same time, consumers also gave more negative assessments on the current state of the job market (the index dropped 2.8 percent to 61.5 in April). Furthermore, this figure is still relatively low, signifying that the job market remains tough. Indeed, in our latest survey, most consumers (57.5 percent) claimed that jobs remained hard to get, whilst only 19.1 percent of them claimed that jobs were easy to get. This suggests that greater efforts are still needed to tackle the perennial problem of unemployment.

In regard to the current state of the local economy, however, consumers gave more positive assessments (the index measuring sentiment toward local economic conditions added 2.0 percent to 101.2). In the latest survey, 21.3 percent of consumers claimed that local economic conditions were "good" while 20.1 percent of consumers claimed that local economic conditions were "bad" (down from 21.1 percent in March). Nevertheless, 58.6% of consumers said that local economic conditions were "normal".

Table 2. Appraisal of Current Situations

	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	MoM %Change
National Economic Conditions	72.2	76.5	71.8	69.6	67.6	-2.9
Local Area Economic Conditions	96.2	101.1	95.4	99.2	101.2	2.0
Employment Conditions	64.8	61.5	59.1	63.3	61.5	-2.8

Chart 3. Key Concerns



Assessments on Near-Term Conditions: *Less Upbeat on the Economy*

Looking ahead over the next six months, consumers are less optimistic on the country's overall economic outlook. The Expectations Index (EI) edged down 1.1 percent from 105.4 to 104.2 in April 2013. Furthermore, all components of the EI posted decreases in April. Nevertheless, all components of the EI were still above 100, meaning that consumers were actually still relatively upbeat.

The component to decline the most was the one measuring sentiment toward family income prospects (it dropped 2.6 percent to 102.1 in April). This was partly attributable to expectations of a slightly weaker job market in the future. Indeed, in our latest survey, more consumers expect new jobs to become harder to find (the index measuring sentiment toward job prospects fell 0.2 percent to 102.0 in April). Yet despite this, the majority of consumers (85.2 percent) still expect no change in the job market over the next six months.

In regard to the prospects for the national economy, consumers were slightly less upbeat (the index measuring sentiment toward the prospects for the national economy retreated 0.6 percent to 105.3 in April). In addition, consumers were also less optimistic toward local economic conditions over the next six months (the index measuring sentiment toward the prospects for the local economy edged down 1.1 percent to 107.3 in April).

Table 3. Expectations for the Six Months Ahead

	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	MoM % Change
Economic Prospects	110.6	108.4	107.1	106.0	105.3	-0.6
Local Area Economic Prospects	109.9	112.0	108.6	108.5	107.3	-1.1
Employment Prospects	102.6	98.5	100.9	102.1	102.0	-0.2
Family Income Prospects	105.7	106.3	103.2	104.9	102.1	-2.6

Purchasing Intentions for Durable Goods: *Unchanged*

With consumers less upbeat on the country's national economic prospects, buying intentions for durable goods did not show an increase in April. According to the latest survey, the percentage of consumers who have plans to purchase a durable good over the next six months are unchanged from the previous month - when some 34.5 percent of consumers expressed plans to purchase a durable good. This is the lowest level since September 2012.

Of the ten categories tracked by the survey, buying intentions fell in only four of them. Most notably, buying intentions for land fell significantly from 0.58 percent to 0.23 percent and buying intentions for gold and jewelry fell from 1.10 percent to 0.99 percent in April. At the same time, buying intentions for home appliances fell from 5.63 percent to 5.51 percent. Meanwhile, the percentage of consumers who want to renovate their homes also declined in April.

In contrast, buying intentions for some goods still posted increases. Most notably, buying intentions for houses rose from 0.41 percent to 0.64 percent and buying intentions for livestock rose from 0.70 percent to 0.93 percent. In addition, buying intentions for bicycles, audio-visual equipment and motorcycles posted moderate increases in April. Meanwhile, buying intentions for automobiles remained unchanged.

Table 4. Buying intensions

	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13
Automobile	0.17	0.58	0.70	0.35	0.35
Motorcycle	2.32	1.68	2.49	1.91	2.26
Bicycle	0.41	0.35	0.17	0.41	0.52
House	0.99	0.46	1.04	0.41	0.64
House Renovation	2.32	2.61	2.32	2.55	2.32
Land	0.17	0.52	0.64	0.58	0.23
Audio-Visual	5.34	3.71	4.99	3.71	4.47
Home appliance	6.50	5.39	4.70	5.63	5.51
Gold & Jewelry	1.28	1.22	1.04	1.10	0.99
Livestock	0.17	0.46	0.35	0.70	0.93

Expectations on Key Economic Variables: *Concerns on Inflation Eased Slightly*

Over the next six months, consumers believe that inflationary pressures will ease slightly. The index measuring consumer sentiment toward general prices retreated 0.9 percent in April 2013 to 188.2 - a four-month low. Expectations of slightly lower prices is unsurprising, however, since foodstuff prices are expected to fall due to increased supply over the next six months as the harvesting season typically begins in March.

In regard to interest rates, more consumers foresee lower interest rates over the next six months (11.3 percent in April vs. 13.3 percent in March) while fewer consumers foresee higher interest rates (20.6 percent in April vs. 24.1 percent in March). Some 19.7 percent of consumers surveyed in April expect no change in interest rates. As such, overall, the index measuring sentiment toward interest rates dropped 1.3 percent to 109.3 in April - its lowest level since June 2010.

As for the rupiah, consumers in the main cities are more pessimistic on the outlook for the local currency. In our survey, the index measuring sentiment toward the rupiah retreated 7.6 percent to 77.6 in April. Furthermore, in regard to the prospects for stock prices, consumers are also less confident that Indonesian stocks will make further gains over the next six months (the index edged down 2.1 percent to 110.7).

Table 5. Expectations on Prices

	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	MoM % Change
General Prices Expectations	186.0	189.0	190.3	189.8	188.2	-0.9
Interest Rates Expectations	121.8	123.4	122.9	110.8	109.3	-1.3
Exchange Rates Expectations	74.7	76.3	72.4	84.0	77.6	-7.6
Stock Prices Expectations	118.4	119.3	118.2	113.0	110.7	-2.1

Confidence in the Government: Strengthened

Consumer confidence in the government's ability to carry out its duties strengthened in the latest survey. After decreasing 3.7 percent in the previous survey, the Consumer Confidence in the Government Index (CCGI) climbed 1.7 percent to 82.2 in April. In the latest survey, three components that make up the CCGI posted increases, while the other two components posted declines.

The component to increase the most was the one measuring sentiment toward the government's ability to enforce the rule of law (the relevant index jumped 14.6 percent to 66.6 in April). The significant increase in this component is very encouraging since perceptions of weak law enforcement have been the main drag on consumer sentiment in the government since the end of 2009. The other component to show a significant increase was the one measuring sentiment toward the government's ability to stabilize prices (the relevant index added 8.0 percent to 66.4 in April).

Meanwhile, the component to show a significant decline was the component of the CCGI measuring sentiment toward the government's ability to spur economic growth (it dropped 3.0 percent to 85.9). The other component to show a significant decline was the component of the CCGI measuring sentiment toward the government's ability to provide and maintain public infrastructure (this index slipped 2.1 percent to 99.8). This decline brings the index below a level of 100 again, meaning that pessimistic consumers outnumber the optimists.

Table 6. Confidence Toward The Current Government

	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	MoM %Change
Recovery National Economy	88.9	86.1	85.2	88.5	85.9	-2.9
Stabilize The Price Of Goods	71.5	71.5	67.6	61.4	66.4	8.0
Maintain Public Infrastructure	101.9	104.5	103.7	101.9	99.8	-2.1
Provide Safety and Maintain Public Order	91.9	97.8	98.3	92.4	92.7	0.3
Provide A Sense of Certainty in Legal System	65.8	64.6	63.4	58.2	66.6	14.6
CCGI	83.9	84.9	83.6	80.5	82.3	2.2

** Note: Starting in April 2007, the Consumer Confidence in the Government Index (CCGI) has been adjusted to the year of 2003 = 100*

Table 7. CCI - Composite Series

CCI by Regions	Mar-13	Apr-13	MoM %Change
National			
Consumer Confidence Index	93.4	92.4	-1.0
Present Situation	77.4	76.8	-0.8
Expectations	105.4	104.2	-1.1
Jakarta			
Consumer Confidence Index	106.0	110.5	4.3
Present Situation	87.2	95.1	9.1
Expectations	120.1	122.1	1.7
West Java			
Consumer Confidence Index	91.5	88.3	-3.5
Present Situation	67.8	65.0	-4.1
Expectations	109.3	105.7	-3.3
Central Java			
Consumer Confidence Index	95.5	89.3	-6.5
Present Situation	84.7	75.9	-10.3
Expectations	103.6	99.6	-4.2
East Java			
Consumer Confidence Index	90.5	92.2	1.9
Present Situation	74.6	77.9	4.4
Expectations	102.4	103.0	0.6
North Sumatera			
Consumer Confidence Index	77.6	79.8	2.9
Present Situation	53.3	55.5	4.1
Expectations	95.8	98.1	2.4
South Sulawesi			
Consumer Confidence Index	103.5	100.6	-2.8
Present Situation	99.9	97.4	-2.5
Expectations	106.1	103.0	-3.0

** An index reading above 100 indicates that positives responses outnumber negative responses*

Table 8: National Figures

CCI by Classification	Respondent Profile (%)	Mar-13	Apr-13	MoM %Change
Age of Respondents				
20-29	17.5	97.7	99.0	1.4
30-39	30.5	95.6	93.9	-1.8
40-49	26.9	89.4	89.4	0.0
50-59	18.6	92.8	90.4	-2.6
60 and over	6.6	89.8	86.8	-3.3
Educational Level				
Primary School or less	38.3	88.7	87.6	-1.3
High School	55.6	94.8	94.8	-0.1
Academy/University	6.1	105.7	101.8	-3.8
Household Income				
under Rp 1.000,000	0.2	88.0	85.7	-2.6
Rp. 1.000,000 - 1.500,000	2.1	89.4	83.7	-6.3
Rp 1.500,000 - 2.000,000	31.3	92.8	84.0	-9.5
Rp 2,000,000,- and over	66.4	98.0	96.7	-1.4
Gender				
Male	50.1	92.9	92.9	-0.1
Female	49.9	93.8	92.0	-1.9
Occupation				
Worker	25.7	95.0	96.1	1.1
Self employed	37.2	90.9	90.7	-0.2
Unemployed	37.1	94.3	91.6	-2.9
Type Area				
Urban	70.4	95.3	94.4	-0.9
Rural	29.6	88.7	87.7	-1.1

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