

March 2021 Consumer Confidence: Slightly stronger despite PPKM extensions

Key Findings:

- The Consumer Confidence Index edged up by 0.1% mom to 74.9 in March 2021.
- Consumer concerns still centered on the threats posed by the Covid-19 outbreak.
- The Buying Intentions Index was not so strong on a monthly basis.
- The Consumer Confidence in the Government Index rose further as the government's vaccination program continued to be rolled out.

Summary

Danareksa's Consumer Confidence Index (CCI) edged up by 0.1% mom to 74.9 from 74.8 in the previous month. Consumers expressed greater concerns on the increase in Covid-19 cases in various regions, job termination and rising foodstuff prices. Meanwhile, the Consumer Confidence in the Government Index (CCGI) rose further by 2.3% mom to 114.4, lifted by stronger sentiment toward the government's ability to spur economic growth and to stabilize general prices.

Table 1 Summary of March 2021 Consumer Confidence

	index	%mom
Consumer Confidence Index	74.9	0.1
Present Situation Index	40.4	(2.1)
Expectation Index	100.7	0.8
CCGI	114.4	2.3

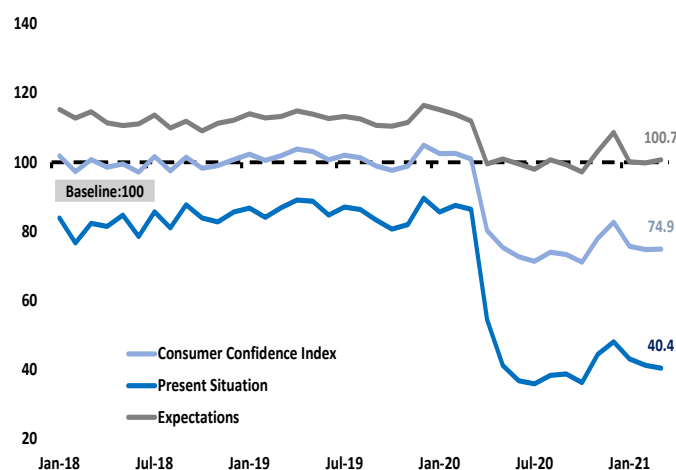
Source: DRI

Consumer Confidence Index (CCI)

Slight improvement despite the extension of PPKM to 15 regions

In March 2021, Danareksa's Consumer Confidence Index (CCI) edged up to 74.9 after falling to 74.8 in the previous month. The two main components of the CCI moved in different directions. The Present Situations Index (PSI) dropped by 2.1% mom to 40.4 whereas the Expectations Index (EI) climbed 0.8% mom to 100.7. Although the index rose slightly, the extension of PPKM to 15 regions reined in improvements, especially in DKI Jakarta, South Sulawesi and

Chart 1 Consumer Confidence Index March 2021



Source: DRI

North Sumatra. This suggests that future economic recovery will be slow. Meanwhile, other areas such as East Java, West Java and Central Java began to see improvements in consumer confidence.

Consumers more positive on employment conditions but less positive on economic conditions and family income expectations

Consumers are more positive on the current state of the job market (the index rose by 6.3% mom to 34.3) as the government's vaccination program continued to be rolled out while Indonesia's manufacturing sector remained in the expansionary zone as of March 2021. The continuation of various kinds of government projects, especially in the infrastructure sector, also boosted consumer optimism toward labor conditions in Indonesia, especially in the regions. Nonetheless, the proportion of consumers expecting better family incomes over the next six months decreased by 5.1% mom to 74.5. The weaker family income expectations were most pronounced in the lower income category despite the government's decision to continue the social assistance program in 2021. In addition, consumers are also less optimistic on the national and local economic outlook after the government decided to extend PPKM and expand its coverage to 15 regions in Indonesia. This will hamper economic recovery as the people's activities are restricted.

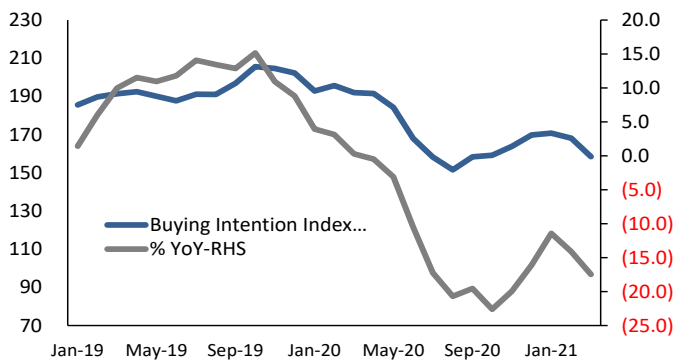
Consumers cited several factors that dampened local economic conditions.

In our survey consumers expressed greater concerns on the impact of the Covid-19 outbreak in Indonesia especially in

Java where Covid-19 cases were continuing to increase (up to 44.66% from 39.97% in the previous month). At the same time, consumers were less worried by job scarcity (down to 46.17% from 54.06% in the previous month) and rising foodstuff prices (down to 50.46% from 50.93% in the previous month). With the continued rollout of the government's vaccination program, recovery is expected in various sectors of the economy, especially manufacturing, which was still expanding as of February 2021. In addition, lower inflation in February 2021 (+0.10% mom) eased consumer concerns on rising prices of goods.

Buying Intentions Index

Chart 2 Buying Intentions Index March 2021



Source: DRI

Consumer buying plans weakened again

On a monthly basis, consumer buying plans weakened again: the index fell by -5.7% mom (-17.5% yoy) in the March survey. This indicates that the people's purchasing power in the future will continue to weaken in line with expectations of deteriorating family income in the next 6 months. Of the ten categories of goods tracked by our survey, consumer purchasing plans decreased in five of them (houses, house renovation, home appliances, livestock and gold jewelry). Meanwhile, car purchase plans increased in line with the taxation incentives given for purchases of cars with an engine capacity of 1,500 – 2,500 cc starting on 1 April, 2021.

Consumer Expectations on the Economy

With Ramadhan approaching, most consumers expect higher inflation in the next few months

Most consumers expect higher inflation over the next 6 months (the index measuring sentiment toward general prices rose by 2.3 % to 179.6) with the arrival of the month of Ramadhan and Eid al-Fitr and the increases in the prices of several foodstuffs in March 2021, such as cayenne peppers and shallots. In relation to the exchange rate, consumers in

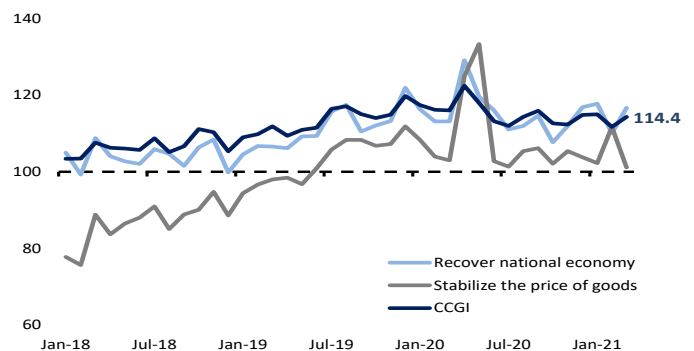
the main cities are more positive on the rupiah's outlook although the index only edged up by 0.8% to 74.7. At the same time, more consumers think that interest rates will increase over the near term (this index rose by 3.6% to 116.5).

Consumer Confidence in the Government Index

Consumer confidence in the government was maintained

The Consumer Confidence in the Government Index (CCGI) rose further by 2.3% mom to 114.4. All of the CCGI components posted increases except the index measuring sentiment toward the government's ability to ensure a safe and orderly environment (-0.5% mom to 160.0). Consumers had greater confidence in the government's ability to spur economic growth (+6.0% mom to 116.7), in line with the continuation of social assistance programs in 2021 and the continued rollout of the government's vaccination program. Consumers also expressed greater confidence in the government's ability to stabilize general prices (+3.4% mom to 101.2) commensurate with the lower inflation seen in February 2020 (+0.10% mom). In addition, consumers expressed greater confidence in the government's ability to provide and maintain public infrastructure (+0.5% mom to 161.8) and enforce the rule of law (+2.7% mom to 124.2).

Chart 3 The CCGI Rose Further



Source: DRI

Information about CCI and CCGI

Index >100 : consumers are more confidence
 Index =100 : neutral
 Index <100 : consumers are less confidence

-End-

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Table 1. Other CCI Index of March 2021

Another Index	Jan-21	Feb-21	Mar-21	(%mom)
CCI by Income Level				
below IDR 1.5 mn/month	67.7	67.1	68.1	1.4
IDR 1.5 mn - IDR 3.0 mn/month	73.5	72.4	72.8	0.5
Above IDR 3.0 mn/month	80.3	79.3	78.8	-0.7
CCI by Survey Region				
DKI Jakarta	74.6	70.9	63.1	-11.0
West Java	75.3	71.7	72.6	1.4
Central Java	87.4	89.0	90.4	1.5
East Java	65.2	62.5	66.9	7.1
North Sumatera	75.9	76.8	76.3	-0.6
South Sulawesi	75.3	76.3	75.9	-0.5
Main City	71.8	72.9	69.6	-4.5
Sub Urban	80.7	76.5	76.9	0.5
Urban	75.5	74.4	72.5	-2.4
Rural	76.0	75.7	80.1	5.9

Source: Danareksa Research Institute

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