

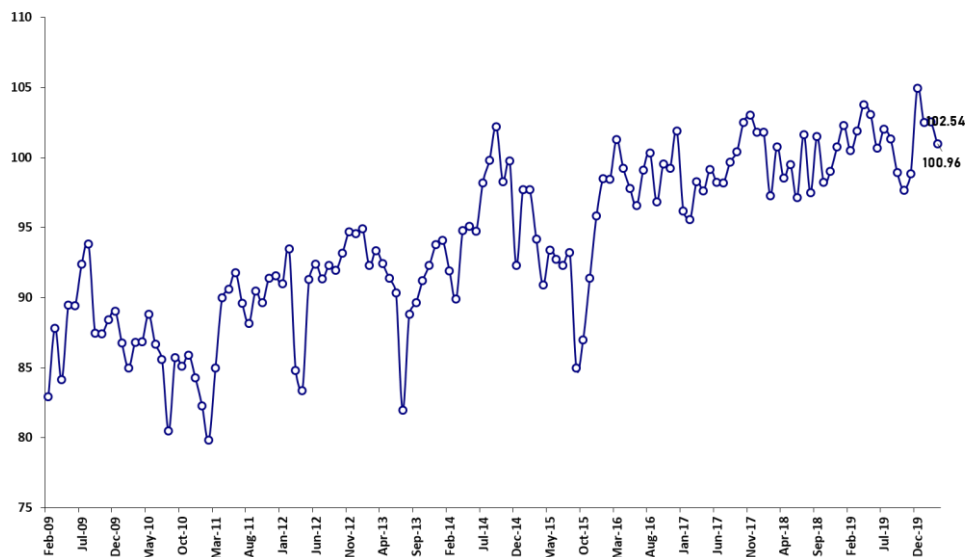
March 2020 Consumer Confidence: Down Further

Key Findings:

- ✓ **The Consumer Confidence Index fell by 1.5% to 101.0 in March 2020.**
 - ✓ **Concerns on crop failure and natural disasters.**
 - ✓ **The Buying Intentions Index remains firm on a monthly basis.**
 - ✓ **The Consumer Confidence in the Government Index was stable.**
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- Danareksa's Consumer Confidence Index (CCI) fell further to 101.0 in March 2020 from February level of 102.5. The two main components of the CCI both declined: the Present Situations Index (PSI) fell by 1.3% mom to 86.4 and the Expectations Index (EI) declined by 1.7% mom to 111.9. Consumer assessments of current economic, local economic conditions and employment conditions all deteriorated. Consumers were also less up beat on the outlook. In survey, the proportion of consumers who stated that the current economic conditions were "good" dipped from 21.8% to 20.0%, while 50.6% of consumers said that economic conditions were "normal". In this survey consumers indicate began concern about economic condition due to the Covid-19 outbreak in Indonesia.
 - Looking ahead, consumers are less optimistic on the outlook for the economy and local business conditions over the next six months. The proportion of consumers expecting better family incomes over the next six months decreased to 21.8% compared to the previous month. On a positive note, the percentage of consumers who believe that the job market will remain stable rose to 80.1%.
 - Consumer confidence rebounded in rural areas but weakened in urban areas. For rural consumers, the CCI rose by 1.5% mom to 100.7 but declined by 2.7% mom to 101.1% in urban areas. By province, the CCI fell in fourth of them: Jakarta (-6.6% mom to 106.6), West Java (-5.8% mom to 93.1), North Sumatra (-2.1% mom to 87.4) and South Sulawesi (-5.1% mom to 92.1). By contrast, the CCI increased in Central Java (+1.9% mom to 114.2) and East Java (+6.1% mom to 114.4).
 - By income level, the CCI for mid-income consumers (between IDR 1.5 mn – 3.0 mn/month) fell to 96.1 (-1.2% mom). And similarly, for high-income consumers (above IDR 3.0 mn/month) the CCI dropped to 108.0 (-1.2% mom). By contrast, for low income consumers (below IDR 1.5 mn/month), the CCI rebounded to 92.2 (5.8% mom).
 - Consumers mentioned several factors that dampened local economic conditions. Some consumers are concerned by higher foodstuff prices (the proportion increased to 69.08 percent from 68.10 percent in the previous month) and job scarcity (up to 39.97 percent from 38.28 percent in the previous month). These findings are inline with the heightened inflationary pressures in February (prices were up 0.28% mom). In addition, consumers were worried by the prospect of natural disaster (up to 7.02%). At the same time, consumers – especially those in rural areas - were concerned by the problem of crop failure (the proportion increased to 6.84% from 4.52%). There was a slight concern (0.41%) of disease outbreaks that could affect local economic condition.

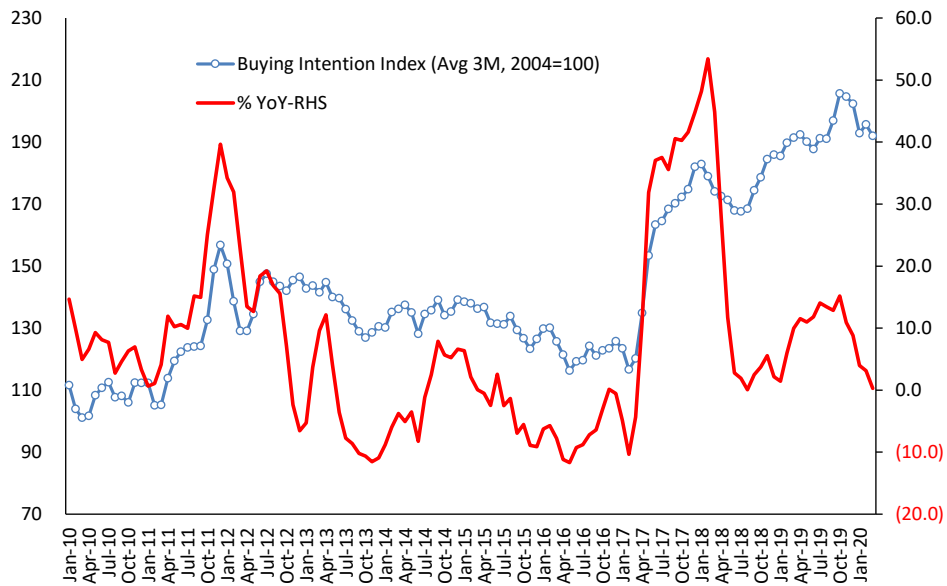
- Most consumers expect higher inflationary pressures over the next 6 months (the index measuring consumer sentiment toward general prices rose by 3.4% mom to 183.9). At the same time, consumers also believe that interest rates will declined over the near term (this index climbed 0.7% mom to 122.1). However, consumers in the main cities are less optimistic on the rupiah's outlook (this index weakened 4.7% mom to 67.4).
- Consumer buying plans less solid with the buying intentions index grown at a slower pace to 192.0 (+0.3% yoy) in the March survey. Of the ten categories of goods tracked by our survey, buying attentions declined in seven of them but rose in only three (home renovation, auto mobile and bicycle). On an annual basis, buying intentions down sharply compared with the previous month (from 3.1% yoy to 0.3% yoy). This inline with the consumers concern about rising prices for goods in the next 6 month.
- The Consumer Confidence in the Government Index (CCGI) was stable on monthly basis in March 2020 at 106.0. Although the CCGI was stable, most of the CCGI components recorded declines except the components of provide and maintain public infrastructure measuring (+0.5% mom to 123.7). By contrast, consumers expressed less confidence in the government's ability to stabilize general prices (-0.09% mom to 103.0), ensure a safe and orderly environment (-0.1% mom to 119.9) and enforce the rule of law (-0.3% mom to 120.4). Meanwhile, the CCGI component to spur economic growth was stable in level 113.1%.

Graph 1. Consumer Confidence Fell by 1.5% MoM in March 2020



Source: Danareksa Research Institute

Graph 2. The Buying Intentions Index Decline on Monthly Basis



Source: Danareksa Research Institute

Graph 3. The CCGI was Stable



Source: Danareksa Research Institute

Table 1. Consumer Confidence, Present Situation, and Expectations Index

	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	% MoM
Consumer Confidence Index	102.0	101.3	98.9	97.7	98.8	104.9	102.5	102.5	100.96	(1.5)
Present Situation Index	87.0	86.3	83.3	80.7	81.9	89.6	85.6	87.5	86.4	(1.3)
Expectations Index	113.2	112.5	110.7	110.4	111.5	116.5	115.2	113.8	111.9	(1.7)
Buying Intentions Index	191.2	191.1	196.9	205.6	204.6	202.3	192.8	195.7	192.0	(1.9)
Cons. Confidence to Government Index (2003=100)	116.4	117.1	115.1	114.0	114.9	119.8	117.4	116.2	116.0	(0.1)

Source: Danareksa Research Institute

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About DRI Consumer Confidence Survey

DRI's Consumer Confidence Survey, which is based on a representative sample of at least 1,700 Indonesian households across six different main areas, is conducted by Danareksa Research Institute and reported every month. This survey is based on face-to-face interviewing. The sample for this national survey is scientifically selected to accurately represent Indonesian consumer characteristics, demographically and economically.

Consumer confidence is designed to measure the mood of consumers towards buying, and thus help to predict buying patterns. Although other economic indicators are also predictors of buying patterns, consumer confidence tends to be available sooner than these indicators. Consumer confidence is also designed to capture the effect of events that may affect buying patterns, but are not immediately reflected in other economic indicators. The CCI is also one of the components in the leading indicator index DRI is establishing as a guide to predicting where the Indonesia economy is heading.

In the consumer confidence survey, respondents answer seven questions. For each question, respondents can answer pessimistically or optimistically. For example, a respondent can say that she/he is pessimistic or optimistic towards the present economic condition. The minimum value of these indexes is "0", and that is when all respondents give pessimistic response on all seven questions. The maximum value of these indexes is "200", and that is when all respondents give optimistic response on all seven questions. "100" is the middle value. If the index is below "100", it can be inferred that negative (pessimistic) response outnumbers the positive (optimistic) response. The usefulness of the index is in comparing changes over time rather than looking at an isolated month.

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