

January 2021 Consumer Confidence: Restriction Policies Suppress Consumer Optimism

Key Findings:

- The Consumer Confidence Index fell by 8.5% mom to 75.7 in January 2021.
- Concerns centered on the threats posed by the Covid-19 outbreak and job scarcity.
- The Buying Intentions Index less solid on a monthly basis.
- The Consumer Confidence in the Government Index edged up by 0.1% mom to 115.0 in January 2021.

Summary

Danareksa's Consumer Confidence Index (CCI) fell by 8.5% mom to 75.7 from 82.7 in the previous month. In addition to the increase in Covid-19 cases in various regions, consumers expressed greater concerns on job termination and rising foodstuff prices. Meanwhile, the Consumer Confidence in the Government Index (CCGI) edged up by 0.1% mom to 115.0.

Table 1 Summary of January 2021 Consumer Confidence

	index	mom
Consumer Confidence Index	75.7	(8.5%)
Present Situation Index	43.1	(10.3%)
Expectation Index	100.1	(7.8%)
CCGI	115.0	0.1

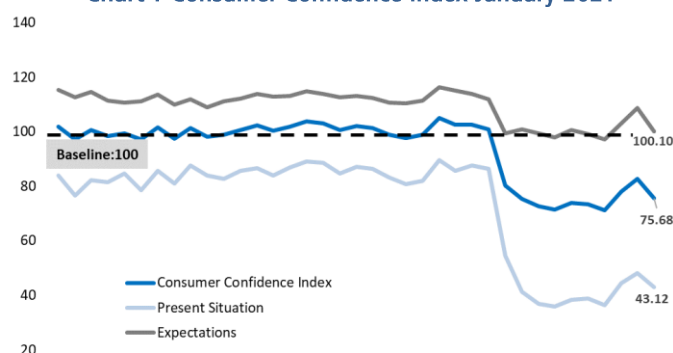
Source: DRI

Consumer Confidence Index (CCI)

Weakened consumer confidence in January 2021

In January 2021, Danareksa's Consumer Confidence Index (CCI) fell to 75.7 after rising to 82.7 in the previous month. The two main components of the CCI declined: the Present Situations Index (PSI) dropped by 10.3% mom to 43.1 and the Expectations Index (EI) fell 7.8% mom to 100.1. Declines in the CCI were seen in DKI Jakarta, West Java, Central Java and East Java, in line with the re-implementation of policies to restrict activities, especially in the Java and Bali areas due to the increasing number of Covid-19 cases.

Chart 1 Consumer Confidence Index January 2021



Source: DRI

Consumers less upbeat on the job market current conditions and family income outlook

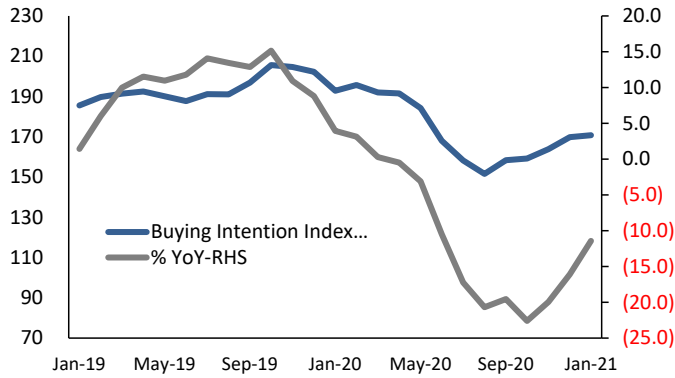
Consumers feel that the current condition of the job market in Indonesia is getting worse in all survey region except DKI Jakarta, with the job market index dropped by 26.1% to 31.1. Job termination due to the spread of Covid-19 is still a major worry for many consumers. The condition of the job market in Indonesia, especially the tourism sector and UMKM, has become increasingly depressed due to the reintroduction of policies to restrict activities in several regions which has reduced the mobility of the people. Furthermore, the proportion of consumers expecting better family incomes over the next six months decreased by 15.1% to 76.5. The weaker family income expectations were most pronounced among low income and middle-income consumers amid the government's decision to continue the social assistance program in 2021.

Consumers cited several factors that dampened local economic conditions.

Some consumers expressed greater concerns on job scarcity (up to 52.84% from 49.88% in the previous month) and rising foodstuff prices (up to 52.84% from 44.37% in the previous month). This is in line with the reintroduction of restrictive policies in several regions which led to increased layoffs and inflation in December 2020 (+0.45% mom) as a result of distribution disruption during the rainy season. At the same time, 40.20% of consumers also expressed worries over the impact of the Covid-19 outbreak in Indonesia

especially in Java where Covid-19 cases were continuing to increase.

Chart 2 Buying Intentions Index January 2021



Source: DRI

Consumer buying plans less solid

On a monthly basis consumer buying plans edge up +0.6% mom (-11.4% yoy) in the January survey. Of the ten categories of goods tracked by our survey, consumer purchasing plans increased in six of them (motorcycles, land, audio-visual equipment, house renovation, livestock and gold jewelry). Economic recovery will be slow as shown by the weak buying intentions index for all income groups.

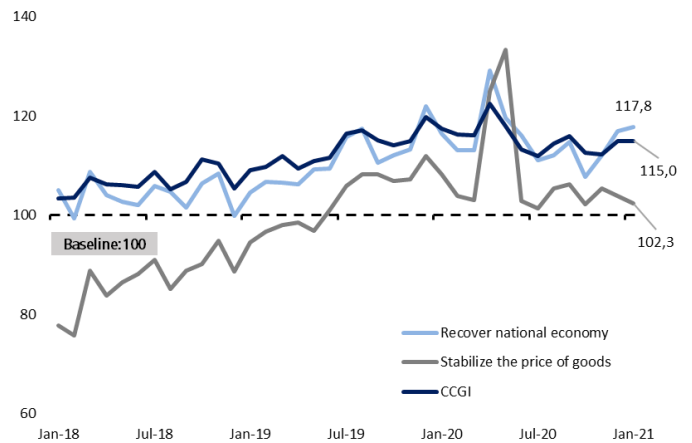
Consumer Confidence in The Government Index

Remained above 100

The Consumer Confidence in the Government Index (CCGI) edged up by 0.1% mom to 115.0. Three of the CCGI components posted increases. Consumers had greater confidence in the government's ability to spur economic growth (+0.8% mom to 117.8), in line with the continuation of social assistance programs in 2021. In addition, consumers expressed greater confidence in the government's ability to ensure a safe and orderly environment (+1.3% mom to 161.7) and to enforce the rule of law (+0.1% mom to 124.0).

By contrast, consumers expressed less confidence in the government's ability to stabilize general prices (-1.5% mom to 102.3) commensurate with the increased inflation seen in Indonesia in November 2020 (+0.28% mom) and December 2020 (+0.45% mom). Consumers also expressed less confidence in the government's ability to provide and maintain public infrastructure (-0.2% mom to 161.6).

Chart 3 The CCGI Edged Up



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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