

February 2021 Consumer Confidence: Continuing the Decline

Key Findings:

- The Consumer Confidence Index fell by 1.2% mom to 74.8 in February 2021.
- Concerns centered on the threats posed by job scarcity and the Covid-19 outbreak.
- The Buying Intentions Index was less solid on a monthly basis.
- The Consumer Confidence in the Government Index weakened by 2.8% mom to 111.8 in January 2021 with all components posting declines.

Summary

Danareksa's Consumer Confidence Index (CCI) fell by 1.2% mom to 74.8 from 75.7 in the previous month. While consumers were worried by the increase in Covid-19 cases in various regions, they also expressed greater concerns on the threats of job termination and rising foodstuff prices. Meanwhile, the Consumer Confidence in the Government Index (CCGI) fell by 2.8% mom to 111.8.

Table 1 Summary of February 2021 Consumer Confidence

	index	mom
Consumer Confidence Index	74.8	(1.2%)
Present Situation Index	41.3	(4.2%)
Expectation Index	99.8	(0.3%)
CCGI	111.8	(2.8%)

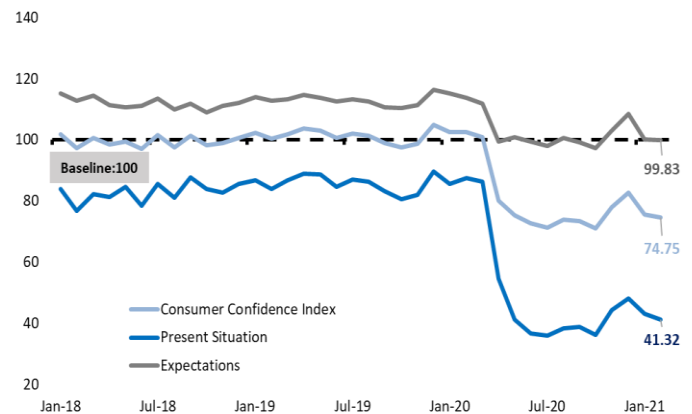
Source: DRI

Consumer Confidence Index (CCI)

Restrictive policies still suppressed consumer confidence in February 2021

In February 2021, Danareksa's Consumer Confidence Index (CCI) fell to 74.8 after dropping by 8.5% mom in the previous month to 75.7. The two main components of the CCI declined: the Present Situations Index (PSI) dropped by 4.2% mom to 41.3 and the Expectations Index (EI) dipped 0.3% mom to 99.8 in line with the re-implementation of policies to restrict the people's activities, especially in Java and Bali due to the increasing number of Covid-19 cases. Declines in the CCI were seen in DKI Jakarta, West Java and East Java.

Chart 1 Consumer Confidence Index February 2021



Source: DRI

Consumers less upbeat on current national and local economic conditions

Consumers feel that the current national and local economic conditions in Indonesia are getting worse in all regions surveyed except South Sulawesi, with the index measuring sentiment toward national economic conditions down by -5.2% mom and the index measuring sentiment toward local economic conditions down by -7.6% mom. The re-implementation of PPKM limits the people's economic and business activities, especially in Java and Bali, so that economic recovery may face hurdles despite the distribution of the Covid-19 vaccine and general vaccination in 2021. Nonetheless, consumers feel that the current state of the job market in Indonesia is getting better in several survey regions with the job market index up by 3.7% to 32.3. Furthermore, the proportion of consumers expecting better family incomes over the next six months increased by 2.6% to 78.5. Expectations of stronger family income were most pronounced among low income and middle-income consumers inline with the government's plans to distribute funds from the social assistance program in 2021.

Most Consumers expect higher inflation in the next few months

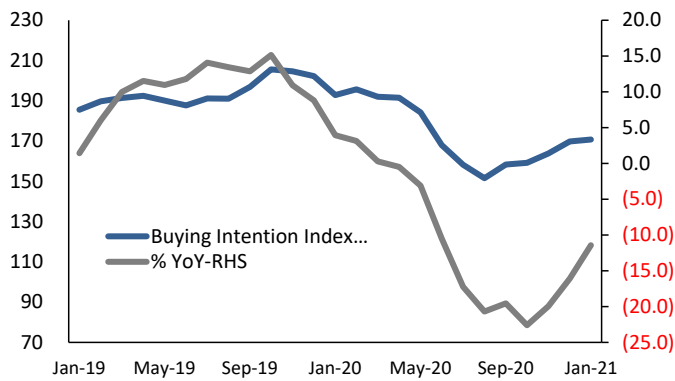
Most consumers expect higher inflation over the next 6 months (the index measuring sentiment toward general prices rose by 1.6 percent to 175.6) ahead of Ramadhan and Idul Fitri. In relation to the exchange rate, consumers in the main cities are more positive on the rupiah's outlook since

this index increased by 3.8 percent to 74.4. At the same time, more consumers think that interest rates will fall over the near term (this index dropped 0.9 percent to 112.5).

Consumers cited several factors that dampened local economic conditions.

Some consumers expressed greater concerns on job scarcity (54.06% vs. 52.84% in the previous month). This is in line with the reintroduction of restrictive policies in several regions which led to increased layoffs. Moreover, consumers were less worried by the issue of the Covid-19 outbreak in Indonesia (39.97% vs 40.20% in the previous survey). This is in line with the distribution of the Covid-19 vaccine in several regions of the country.

Chart 2 Buying Intentions Index February 2021



Source: DRI

Less solid consumer buying plans

On a monthly basis consumer buying plans fell by -1.6% mom (-14.1% yoy) in the February survey. Of the ten categories of goods tracked by our survey, consumer purchasing plans decreased in six of them (automobiles, motorcycles, bicycles, land, audio-visual equipment and home appliances). Economic recovery will be slow as shown by the weak buying intentions index for all income groups, while government policy to extend PPKM also reduces the people's purchasing power.

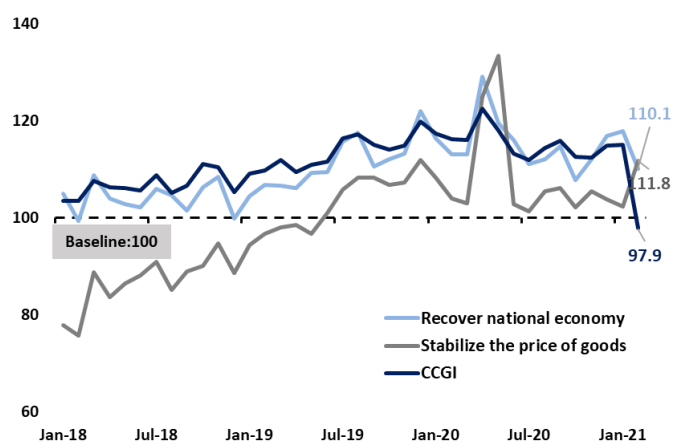
Consumer Confidence in the Government Index

The CCGI posted declines in all components

The Consumer Confidence in the Government Index (CCGI) fell by 2.8% mom to 111.8. All of the CCGI components

posted declined. Consumers are less confident in the government's ability to spur economic growth (-6.5% mom to 110.1), This is in line with the extension of the PPKM in Java and Bali which may potentially put the brakes on Indonesia's economic recovery and the increasing number of positive cases of Covid-19 in various regions. In addition, consumers expressed less confidence in the government's ability to stabilize general prices (-4.4% mom to 97.9) commensurate with the rising prices of several staple foodstuffs due to the rainy season which hindered production and distribution. Consumers also expressed less confidence in the government's ability to ensure a safe and orderly environment (-0.5% mom to 160.8), to enforce the rule of law (-2.5% mom to 120.9) and to provide and maintain public infrastructure (-0.4% mom to 161.0).

Chart 3 The CCGI Weakened



Source: DRI

Information about the CCI and CCGI

- Index >100 : consumers are more confident
- Index =100 : neutral
- Index <100 : consumers are less confident

- End-

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Table 1. CCI by Income Level and Survey Region

Another Index	Jan-21	Feb-21	(%mom)
CCI by Income Level			
below IDR 1.5 mn/month	67.7	67.1	-0.8
IDR 1.5 mn - IDR 3.0 mn/month	73.5	72.4	-1.4
Above IDR 3.0 mn/month	80.3	79.3	-1.3
CCI by Survey Region			
DKI Jakarta	74.6	70.9	-5.0
West Java	75.3	71.7	-4.8
Central Java	87.4	89.0	1.8
East Java	65.2	62.5	-4.2
North Sumatera	75.9	76.8	1.2
South Sulawesi	75.3	76.3	1.4
Main City	71.8	72.9	1.5
Sub Urban	80.7	76.5	-5.2
Urban	75.5	74.4	-1.6
Rural	76.0	75.7	-0.4

Source: DRI

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