

# DANAREKSA CONSUMER CONFIDENCE

April 2019

## Edging Higher

### Key Findings:

- **The Consumer Confidence Index rose by 1.4% to 101.9 in March 2019.**
- **Consumers are more concerned by job scarcity and potential natural disasters, but less worried by high foodstuff prices and rising prices and scarcity of LPG.**
- **The Buying Intentions Index remained in an uptrend.**
- **The Consumer Confidence in the Government Index remains at a high level.**

- In March 2019, the Consumer Confidence Index (CCI) edged up by 1.4% mom to 101.9, an indication of buoyant consumer confidence. The Present Situations Index (PSI) and the Expectations Index (EI) both increased: the former by 3.3% mom to 86.9 and the latter by 0.3% mom to 113.2. In particular, consumers gave more positive assessments on the current state of the economy and job market. Looking forward, consumers were also more upbeat on the outlook for local business conditions and their incomes over the next six months.
- The CCI increased in both urban and rural areas (+1.7% mom and 0.7% mom to 103.4 and 98.5, respectively). The CCI was up in West Java (+0.4% mom to 100.2), Central Java (+1.2% mom to 115.2), East Java (+2.2% mom to 109.6), South Sulawesi (+7.0% mom to 86.5) and North Sumatera (+4.1% mom to 91.9). By contrast, the CCI weakened in Jakarta (-6.4% mom to 111.2).
- By level of income, the CCI for low-income consumers (below IDR 1.5 mn/month) and mid-income consumers (between IDR 1.5 mn-3.0 mn/month) rose to 95.3 (+4.6% mom) and to 98.3 (+2.8% mom), respectively. By contrast, the CCI for high-income consumers (above IDR 3.0 mn/month), dropped 0.6 percent to 108.7.
- Several key issues are seen as weighing on the local economy. Some 42.0 percent of consumers mentioned job scarcity (up from 37.6%), while 7.4 percent of consumers are worried by potential natural disasters (up from 6.9%). Furthermore, 60.9 percent of consumers are worried by high foodstuff prices (down from 61.9%) and 3.3 percent by rising prices and scarcity of LPG (down from 7.4%).
- Our survey indicates that consumers mostly expect inflationary pressures to rise over the next 6 months: the index measuring consumer sentiment toward general prices rose by 2.3% to 177.5. The end of the harvesting season and Ramadan/Idul Fitri are expected to contribute toward heightened pressure on prices. In regard to interest rates, consumers believe that interest rates are less likely to increase over the next six months (the index measuring sentiment toward interest rates fell 0.4% to 117.6). At the same time, consumers in the main cities are still pessimistic on the outlook for the rupiah (the index measuring sentiment toward the rupiah fell further by 6.9% to 69.9).
- The Buying Intentions Index - which tracks consumer plans to purchase a durable good over the next six months - edged up on a monthly basis to 191.4 (+0.9% mom, +10.0% yoy) in March, following a 2.3% increase in the previous month. Of the ten categories of goods tracked by our survey, buying intentions increased in three of them (bicycles, audio-visual equipment, and home appliances). The uptrend in this index bodes well for purchasing intentions going forward.

- The Consumer Confidence in the Government Index (CCGI) rose 1.9% mom to 111.9 following a 0.7% increase in February. Consumer appraisals toward the government's ability to carry out its duties improved further. Most of the CCGI components stand above the neutral level of 100, indicating that respondents are still generally convinced in the government's ability to carry out its duties. Four components of the CCGI were up in the latest survey: the index measuring sentiment toward the government's ability to stabilize general prices (+1.4% mom to 98.0), provide and maintain public infrastructure (+1.2% mom to 121.6), ensure a safe and orderly environment (+3.0% mom to 117.0) and enforce the rule of law (+3.7% mom to 116.1). However, the index measuring sentiment toward the government's ability to spur economic growth fell slightly (-0.2% mom to 106.6).

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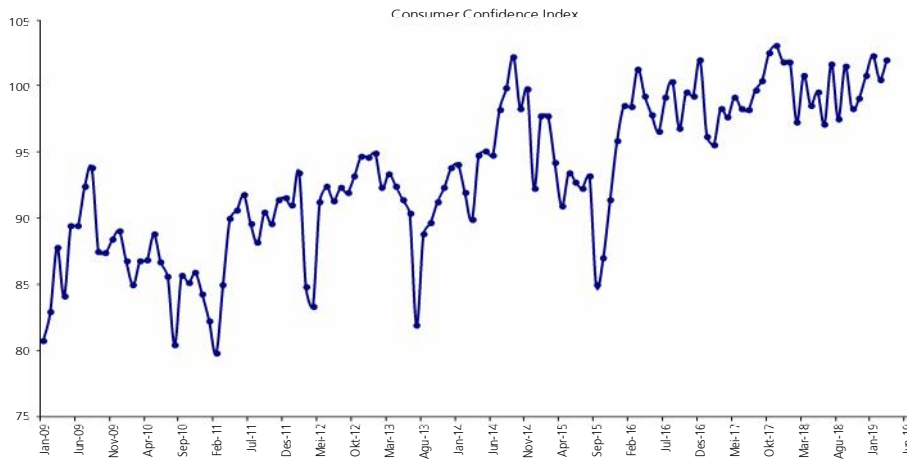
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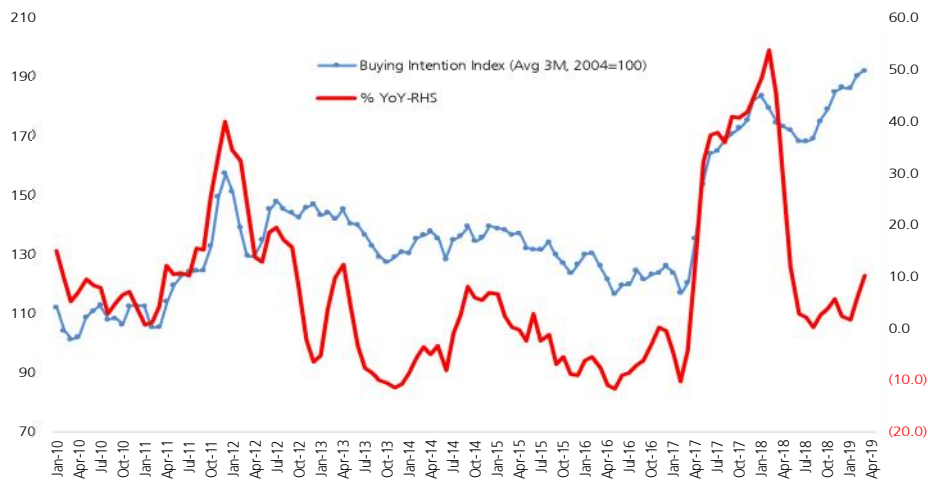
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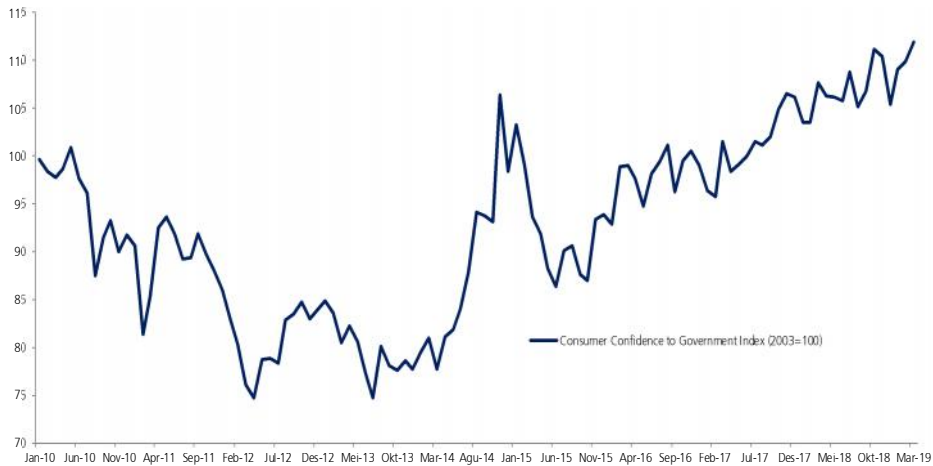
**GRAPH 1. CONSUMER CONFIDENCE REBOUNDED IN MARCH 2019**



**GRAPH 2. THE BUYING INTENTIONS INDEX IS IN AN UPWARD TREND**



**GRAPH 3. THE CCGI STRENGTHENED FURTHER IN MARCH 2019**



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