

# DANAREKSA CONSUMER CONFIDENCE

February 2019

## More Optimistic at the Beginning of the Year

### Key Findings:

- **The CCI (Consumer Confidence Index), PSI (Present Situations Index) and EI (Expectations Index) all rose in January 2019.**
- **Consumers are less worried by high foodstuff prices and the risk of crop failure.**
- **The Buying Intentions Index fell slightly but remains in an upward trend.**
- **The CCGI (Consumer Confidence in the Government Index) rebounded after recording declines in November and December 2018.**

- January's survey data shows an improvement in consumer sentiment. The Danareksa Consumer Confidence Index (CCI) climbed 1.5% mom to 102.3 from 100.7 in December 2018. The index has now increased in 3 consecutive months. The Present Situations Index (PSI) and the Expectations Index (EI) both posted gains: up by 1.3% mom and 1.7% mom, respectively, to 86.7 and 114.0. In our survey, consumers gave more positive assessments on the current state of the national economy and the job market. In addition, they were also more upbeat on the prospects for the national & local economies over the next 6 months.
- Regionally, the CCI in urban areas (+1.1% mom) and rural areas (+2.6% mom) increased to 103.3 and 99.9, respectively. The CCI increased in Jakarta (+2.9% mom to 117.8), West Java (+4.4% mom to 102.1), East Java (+4.4% mom to 107.4), and South Sulawesi (+3.7% mom to 89.3). By contrast, the CCI fell in Central Java and North Sumatera to 116.7 (-0.4% mom) and 85.6 (-5.5% mom), respectively.
- 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 89.9 (+8.2% mom) and to 100.0 (+3.2% mom), respectively. By contrast, the CCI for high-income consumers (above IDR 3.0 mn/month) fell 1.2 percent to 109.1.
- Our survey reveals that consumers are less concerned by several key issues than in the previous month. Overall, 63.3 percent of consumers said that high foodstuff prices were a major factor weighing on the local economy in the last 3 months (down from 66.8% in December), while 37.7% were worried by job scarcity (vs 39.1% in December), 9.8% by high LPG prices/scarcity (vs 9.9% in December), and 3.7% by crop failure (vs 5.2% in December).
- Survey respondents mostly expect inflationary pressures to decline over the next 6 months, since the index measuring consumer sentiment toward general prices edged down by 0.2% to 176.7. This decline reflects lower prices of basic foodstuffs (due to the harvesting season), the normalisation of transportation costs after the holiday season, and reductions in the prices of non subsidized fuels. In regard to interest rates, consumers expect lower interest rates over the next six months (the index measuring sentiment toward interest rates fell 5.9% to 112.4). At the same time, consumers in the main cities are more pessimistic on the rupiah's outlook (the index measuring sentiment toward the rupiah fell 0.8% to 75.3).

- ❑ The Buying Intentions Index - which tracks consumer plans to purchase a durable good over the next six months – edged lower to 185.5 (-0.2% mom, +1.4% yoy) in January, following a 0.8% increase in the previous month. Of the ten categories of goods tracked by our survey, buying intentions increased in four of them (motorcycles, bicycles, houses, and home appliances). Despite the decline, the index stands at a high level, suggesting that buying intentions should be fairly robust going forward.
- ❑ Consumer sentiment toward the government’s ability to carry out its duties strengthened. The Consumer Confidence in the Government Index (CCGI) rebounded 3.5% mom to 109.0 after falling 4.5% in December. All components of the CCGI rose in the latest survey. Four CCGI components currently stand above the neutral level of 100, indicating that consumers are still generally convinced in the government’s ability to carry out its duties. These four components are the index measuring sentiment toward the government’s ability to spur economic growth, the index measuring sentiment toward providing and maintaining public infrastructure, the index measuring sentiment toward ensuring a safe and orderly environment, and the index measuring sentiment toward enforcing the rule of law.

**DAMHURI NASUTION****Head of Economic Research**

(62-21) 29555777/ 888 ext 3600

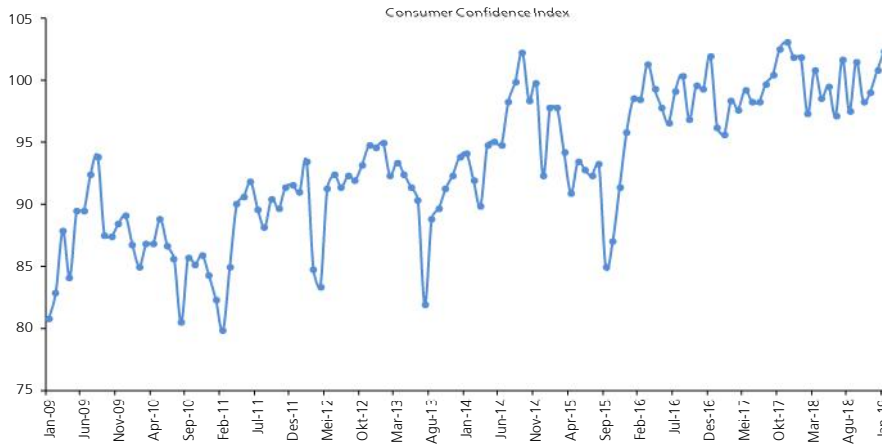
damhuri@danareksa.com

**HANDRI THIONO****Research Specialist**

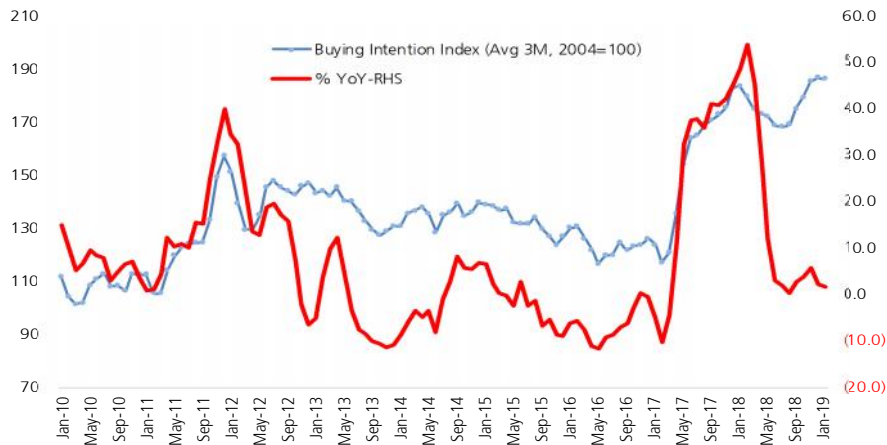
(62-21) 29555777/ 888 ext 3606

handrit@danareksa.com

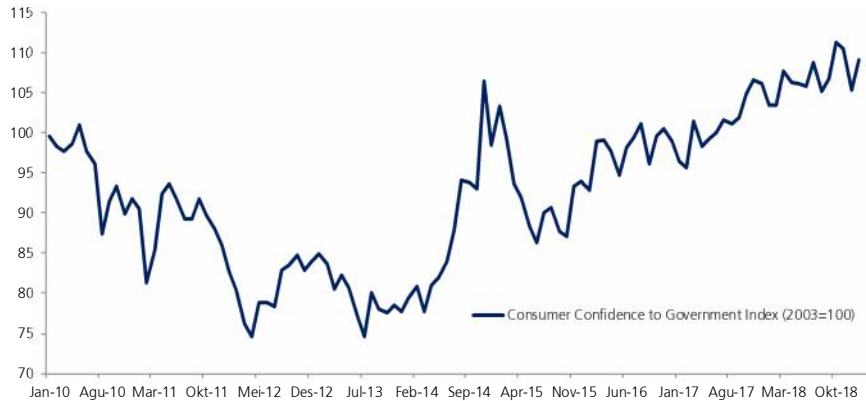
GRAPH 1. CONSUMER CONFIDENCE IMPROVED FURTHER IN JANUARY 2019



GRAPH 2. BUYING INTENTION INDEX AT AN INCREASING TREND



GRAPH 3. CCGI REBOUNDED IN JANUARY 2019



## RESEARCH TEAM

**Damhuri Nasution**

Head of Economic Research  
damhuri@danareksa.com

**Handri Thiono**

Research Specialist  
handrit@danareksa.com

**Darwin Sitorus**

Research Specialist  
darwin@danareksa.com

**Martin Jenkins**

Editor  
martin@danareksa.com

**Danareksa Research Institute**

Danareksa Building  
Jl. Medan Merdeka Selatan 14  
Jakarta, 10110  
INDONESIA  
Tel : (62-21) 29555777 / 888 (hunting)  
Fax : (62 21) 3501709

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