

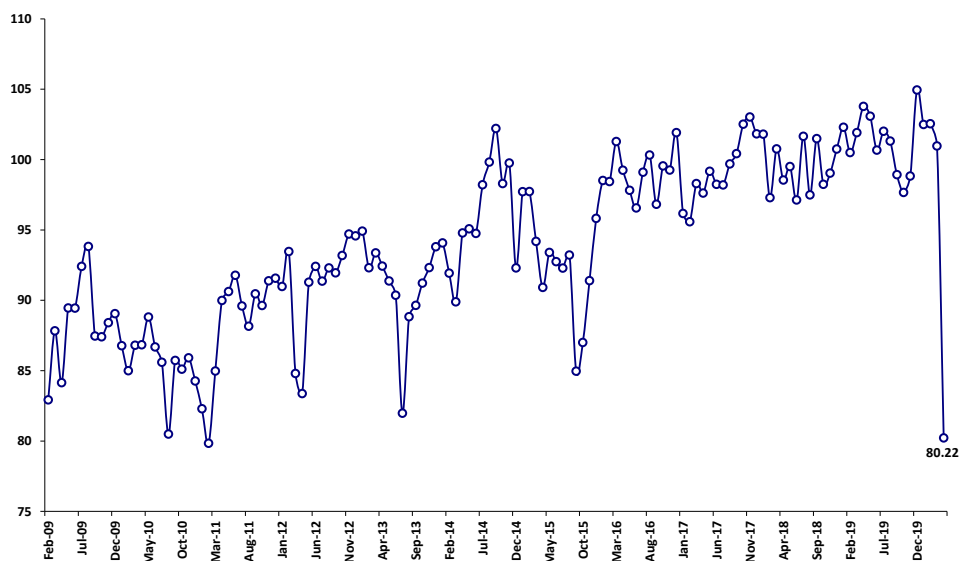
## April 2020 Consumer Confidence: Down to a 10-Year Low

### Key Findings:

- ✓ **The Consumer Confidence Index slumped by 20.5 percent to 80.2 in April 2020.**
  - ✓ **Concerns centered on the declined in industrial production and job termination.**
  - ✓ **The Buying Intentions Index was less solid on a monthly basis.**
  - ✓ **The Consumer Confidence in the Government Index rose further.**
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- Danareksa's Consumer Confidence Index (CCI) fell further from March's level of 101.0 to 80.2 in April 2020, its lowest level since February 2011. The two main components of the CCI both declined: the Present Situations Index (PSI) slumped 36.9 percent mom to 54.5 and the Expectations Index (EI) fell 11.1 percent mom to 99.5. Consumer assessments of current national and local economic conditions and employment conditions all deteriorated. Consumers were also less upbeat on the outlook. In our survey, the proportion of consumers who stated that the current economic conditions were "good" fell from 20.0 percent to 11.3 percent, while 27.1 percent of consumers said that economic conditions were "normal". The impact of the Covid-19 outbreak on the Indonesian economy has begun to be felt by consumers, especially after the government implemented a policy of social distancing and large-scale social restrictions in several regions.
  - 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 19.2 percent (or down from 21.8 percent in the previous survey). The proportion of consumers who believe that the job market will remain stable fell further to 59.6 percent.
  - Consumer confidence weakened in urban and rural areas. For urban consumers, the CCI declined by 21.1 percent mom to 79.7 and for rural areas the CCI declined by 18.8 percent mom to 81.7. By province, the CCI fell in all of them: Jakarta (-26.0 percent mom to 78.9), Central Java (-24.4 percent mom to 86.4), West Java (-21.0 percent mom to 73.5), East Java (-19.8 percent mom to 91.7), South Sulawesi (-16.8 percent mom to 76.6) and North Sumatra (-15.6 percent mom to 73.8).
  - Consumer confidence also weakened for all income levels. The CCI for high-income consumers (above IDR 3.0 mn/month) dropped to 84.9 (-21.4 percent mom), while the CCI for mid-income consumers (between IDR 1.5 mn – 3.0 mn/month) fell to 76.0 (-20.9 percent mom). Similarly, for low income consumers (below IDR 1.5 mn/month), the CCI dropped to 75.9 (-17.7 percent mom).
  - In April, consumers were less worried by the issue of rising foodstuff prices (49.28 percent vs 69.08 percent in the previous month's survey) and job scarcity (35.64 percent vs 39.97 percent previously). These findings are inline with the lower inflationary pressures in March (prices only edged up 0.10 percent mom). Understandably, however, consumers were more worried by the threat posed by the Covid-19 outbreak in Indonesia (up to 24.48 percent). At the same time, consumers were also more worried by the decline in industrial production (up to 12.40 percent) and job termination (up to 9.50 percent) due to social distancing policies and large-scale social restrictions in several areas due to the increasing numbers of Covid-19 cases in the country.
  - Most consumers expect lower inflationary pressures over the next 6 months (the index measuring consumer sentiment toward general prices declined by -7.8 percent mom to 169.5). In relation to the exchange rate, consumers in the main cities are less positive on the rupiah's outlook (this index fell by 6.4 percent mom to 63.1). At the same time, more consumers think that interest rates will decline over the near term (this index slipped 12.2 percent mom to 107.2).

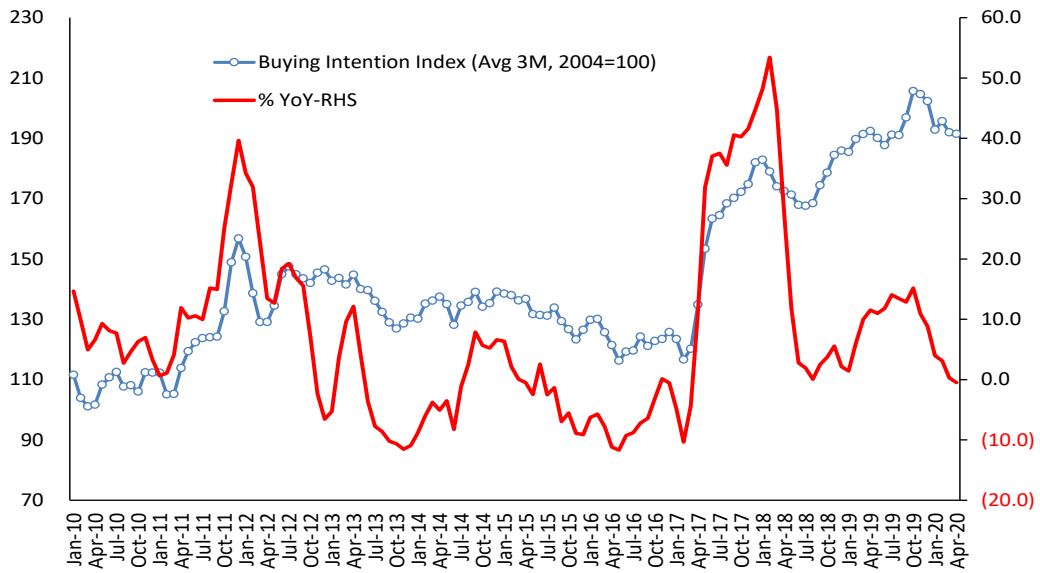
- Consumer buying plans were less solid. In our April survey, the buying intentions index declined to 191.5 (-0.5 percent yoy). Yet despite the fall in the overall buying intentions index, declines were only seen in two of the ten categories of goods tracked by our survey, while increases were seen in the other eight (automobiles, motorcycles, houses, land, audio-visual equipment, home appliances, livestock and gold jewelry). Buying intentions also performed less well than in the previous month when the buying intentions index rose by 0.3 percent yoy.
- The Consumer Confidence in the Government Index (CCGI) rose further on a monthly basis in April 2020 to 122.5 from 116.0. Three of the CCGI components recorded increases. Consumer confidence toward the government's ability to spur economic growth rose (+14.1 percent mom to 129.1), while consumers were also more upbeat in the government's ability to stabilize general prices (+21.3 percent mom to 124.9) and enforce the rule of law (+1.3 percent mom to 122.0). By contrast, however, consumers expressed less confidence in the government's ability to provide and maintain public infrastructure (-3.4 percent mom to 119.5) and to ensure a safe and orderly environment (-2.6 percent mom to 116.8).

**Graph 1. Consumer Confidence Slumped by 20.5 percent MoM in April 2020**



Source: Danareksa Research Institute

**Graph 2. The Buying Intentions Index Declined on a Monthly Basis**



Source: Danareksa Research Institute

**Graph 3. The CCGI rose further**



Source: Danareksa Research Institute

**Table 1. Consumer Confidence, Present Situations, and Expectations Index**

	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	% MoM
<b>Consumer Confidence Index</b>	98.8	104.9	102.5	102.5	100.96	80.20	(20.6)
<b>Present Situation Index</b>	81.9	89.6	85.6	87.5	86.4	54.5	(36.9)
<b>Expectations Index</b>	111.5	116.5	115.2	113.8	111.9	99.5	(11.1)
<b>Buying Intentions Index</b>	204.6	202.3	192.8	195.7	192.0	191.5	(0.2)
<b>Cons. Confidence to Government Index (2003=100)</b>	114.9	119.8	117.4	116.2	116.0	122.5	5.5

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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