

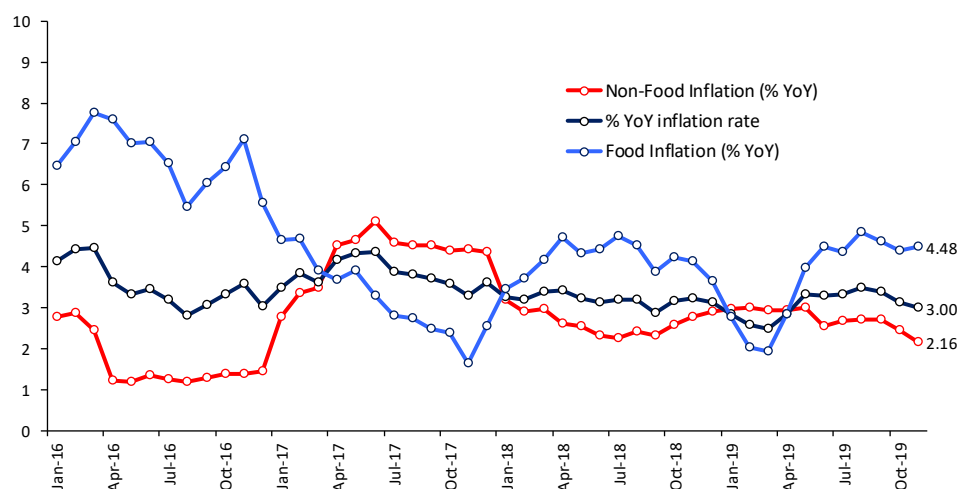
December 2019 Inflation Update: Lower than Expected

Forecast for 2019

Inflation (%)	3.00 – 3.50
7D Reverse Repo (%)	4.75 – 5.00

- Inflation in November reached 0.14% (mom), or slightly higher than the pace of inflation in the previous month of 0.02% (mom). The monthly inflation in November is below our estimate and the median market expectations (+0.20% mom), and also lower than the pace of inflation in the same month in recent years: +0.27% (mom) in November 2018 and +0.20% (mom) in November 2017.
- On an annual basis, the consumer price index in November 2019 (+3.00% yoy) was lower than in the previous month (+3.13% yoy). Prices in the foodstuffs component rose by 0.31% (mom) although prices in the non-foodstuffs component were stable at 0.05% (mom).
- The inflation in November 2019 was driven by higher prices in the foodstuffs component (+0.37% mom), prepared foods component (+0.25% mom) and housing component (+0.12% mom). The foodstuffs component contributed the most to inflation (+0.07%), marked by increases in the prices of onions, chicken meat, tomatoes, and vegetables whereas, by comparison, the prices of red chilies and fish experienced deflation. The prices of cigarettes contributed more to inflation in November given the upward adjustments in cigarette excise tax rates which will be imposed next year. In addition, increases in house rental prices also contributed to the monthly inflation in November. By contrast, however, deflation in the transportation and communications component (-0.07% mom) helped to restrain the pace of inflation, marked by lower air fares and lower ticket prices for some other types of transportation in some areas.
- Prices in the other CPI components increased at a slower rate, including the medical care component (+0.23% mom), the clothing component (+0.03% mom), the education component (+0.02% mom).

Graph 1. YoY Inflation Reached 3.00 Percent in November 2019



Source: BPS

Moekti P. Soejachmoen, PhD
Head of Economic Research
(62-21) 29555777/888 ext 3600
moekti.prasetiani@danareksa.co.id

Sella Fitri A
Research Specialist
(62-21) 29555777/888 ext 3604
sella.anindita@danareksa.co.id

Table 1. MoM Foodstuffs Inflation

	M-on-M changes			Y-on-Y changes			YTD		
	Sep-19	Oct-19	Nov-19	Sep-19	Oct-19	Nov-19	2017	2018	2019
FOODSTUFF	(1.97)	(0.41)	0.37	5.42	4.84	4.97	(0.98)	1.94	3.47
PREPARED FOOD	0.28	0.45	0.25	3.67	3.85	3.91	3.79	3.68	3.68
HOUSING	0.09	0.08	0.12	2.25	1.91	1.79	4.96	2.30	1.66
CLOTHING	0.72	0.08	0.03	5.65	5.16	4.96	3.79	3.50	4.87
MEDICAL CARE	0.32	0.30	0.23	3.25	3.50	3.37	2.81	2.93	3.16
EDUCATION	0.47	0.10	0.02	3.41	3.43	3.40	3.26	3.05	3.30
TRANSPORTATION	0.01	(0.08)	(0.07)	1.85	1.51	0.87	3.46	1.86	(0.40)
GENERAL	(0.27)	0.02	0.14	3.39	3.13	3.00	2.87	2.50	2.37
Food and Non-Food									
FOOD	(0.96)	(0.02)	0.31	4.62	4.38	4.48	1.16	2.73	3.56
NON-FOOD	0.20	0.05	0.05	2.71	2.44	2.16	4.01	2.43	1.68

Source: BPS

Table 2. Drivers of Price Changes in November 2019

Component	Change (%)	Drivers	Contribution (%)
Foodstuffs	0.37	Onions, chicken meat, tomatoes, eggs, chilis	0.07
Prepared foods, beverages and cigarettes	0.25	Clove cigarette, filtered clove cigarette	0.04
Housing	0.12	Leasing and rental house fee	0.03
Clothing	0.03	Man and woman apparel	0.00
Medical care	0.23	Health services, medicine	0.01
Education, recreation and sports	0.02	Training and education equipments	0.00
Transportation and communications	(0.07)	Airfares	(0.01)
		General	0.14

Source: BPS

RESEARCH TEAM

Moekti P. Soejachmoen, PhD
Head of Economic Research
moekti.prasetiani@danareksa.co.id

Handri Thiono
Research Specialist
handrit@danareksa.co.id

Sella F. Anindita
Research Specialist
sella.anindita@danareksa.co.id

Martin Jenkins
Editor
martin@danareksa.co.id

Danareksa Research Institute

Plaza BP Jamsostek Lt.10
Jl. HR Rasuna Said Kav. 112 Blok B
Jakarta, 12910
INDONESIA
Tel : (62-21) 29555 777 / 888 (hunting)
Fax : (62 21) 3501709

All rights reserved. No part of this publication may be reproduced, stored in retrieval systems, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of Danareksa Research Institute.

DISCLAIMER

The information contained in this report has been taken from sources which we deem reliable. However, none of Danareksa Research Institute and/or its affiliated companies and/or their respective employees and/or agents makes any representation or warranty (express or implied) or accepts any responsibility or liability as to, or in relation to, the accuracy or completeness of the information and opinions contained in this report or as to any information contained in this report or any other such information or opinions remaining unchanged after the issue hereof. We have no responsibility to update this report in respect of events and circumstances occurring after the date of this report. We expressly disclaim any responsibility or liability (express or implied) of Danareksa Research Institute and/or its affiliated companies and/or their respective employees and/or agents whatsoever and howsoever arising (including, without limitation for any claims, proceedings, actions, suits, losses, expenses, damages or costs) which may be brought against or suffered by any person as a result of acting in reliance upon the whole or any part of the contents of this report and neither Danareksa Research Institute and/or its affiliated companies and/or their respective employees and/or agents accepts liability for any errors, omissions or mis-statements, negligent or otherwise, in this report and any liability in respect of this report or any inaccuracy herein or omission herefrom which might otherwise arise is hereby expressly disclaimed. Accordingly, none of Danareksa Research Institute and/or its affiliated companies and/or their respective employees and/or agents shall be liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement or omission in any information contained in this report. This report is prepared for general circulation. It does not have regard to the specific person who may receive this