

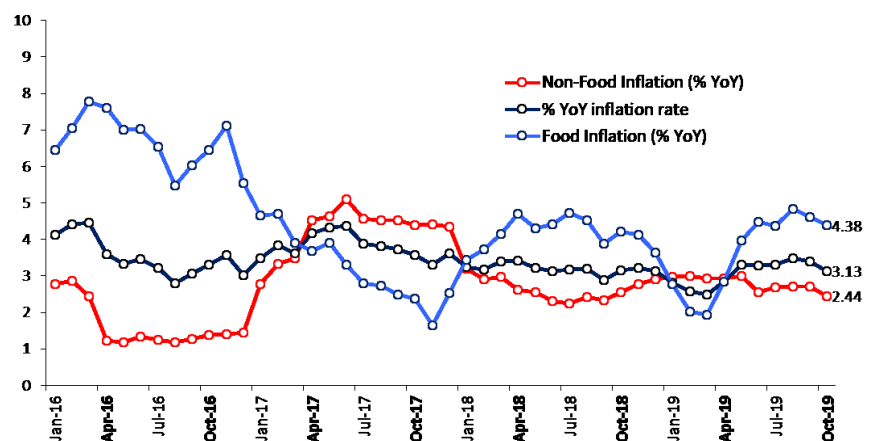
## November 2019 Inflation Update: Edging Up

### Forecast for 2019

Inflation (%)	3.00 – 3.50
7D Reverse Repo (%)	5.00 – 5.25

- The consumer price index edged up in October 2019. On a monthly basis, consumer prices rose by 0.02% (mom) when compared to the previous month when there was deflation of 0.27% (mom). The monthly inflation is below our estimate of 0.16% (mom) and the median market expectations of 0.17%. It is also lower compared to the inflation in October 2018 (+0.28% mom), but 0.01 points higher than the monthly inflation back in October 2017 (+0.01% mom).
- Annually, consumer prices in October 2019 (+3.13% yoy) increased at a slower pace compared to the previous month (+3.39% yoy). Prices in the non-food component rose by 0.05% (mom) but fell in the food component (-0.02% mom).
- Compared to September 2019, inflation in October 2019 was driven by increases in the prices in the prepared foods, beverages and cigarettes component (+0.45% mom), although mitigated by deflation in the foodstuffs group (-0.41% mom) and the transportation and communications component (-0.08% mom). The commodities that contributed to inflation in the prepared foods, beverages and cigarettes component were rice and side dishes, as well as cigarettes. The adjustment in excise tax rates on tobacco products triggered an increase in excise tariffs and higher retail prices of some types of tobacco product. Meanwhile, the price increases in other components were relatively small. Foodstuffs such as red chilis, cayenne peppers, and chicken eggs experienced deflation while the prices of purebred chickens and shallots experienced inflation.
- Meanwhile, prices in the healthcare component rose by 0.30% and contributed 0.01% to inflation, while prices in the housing component rose by 0.08% mom, 0.08% mom in the clothing component and by 0.10% mom in the education component.

**Graph 1. YoY Inflation Reached 3.13 Percent in October 2019**



Source: BPS

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Table 1. MoM Foodstuffs Inflation

	M-on-M changes			Y-on-Y changes			YTD		
	Aug-19	Sep-19	Oct-19	Aug-19	Sep-19	Oct-19	2017	2018	2019
FOODSTUFF	(0.19)	(1.97)	(0.41)	5.81	5.42	4.84	(1.34)	1.69	3.09
PREPARED FOOD	0.26	0.28	0.45	3.67	3.67	3.85	3.56	3.48	3.42
HOUSING	0.23	0.09	0.08	2.37	2.25	1.91	4.82	2.05	1.53
CLOTHING	0.88	0.72	0.08	5.18	5.65	5.16	3.67	3.26	4.84
MEDICAL CARE	0.59	0.32	0.30	3.34	3.25	3.50	2.53	2.57	2.92
EDUCATION	1.21	0.47	0.10	3.48	3.41	3.43	3.16	3.00	3.28
TRANSPORTATION	(0.55)	0.01	(0.08)	1.80	1.85	1.51	3.37	1.30	(0.33)
<b>GENERAL</b>	<b>0.12</b>	<b>(0.27)</b>	<b>0.02</b>	<b>3.49</b>	<b>3.39</b>	<b>3.13</b>	<b>2.67</b>	<b>2.22</b>	<b>2.22</b>
<b>Food and Non-Food</b>									
FOOD	0.01	(0.96)	(0.02)	4.83	4.62	4.38	0.86	2.51	3.24
NON-FOOD	0.21	0.20	0.05	2.71	2.71	2.44	3.88	2.10	1.64

Source: BPS

Table 2. Drivers of Price Changes in October 2019

Component	Change (%)	Drivers	Contribution (%)
Foodstuffs	(0.41)	Red chili, eggs, fish, garlic, onions, chicken meat	(0.08)
Prepared foods, beverages and cigarettes	0.45	Noodle, rice with side dishes, filtered clove cigarette	0.08
Housing	0.08	Housing and households fuel	0.02
Clothing	0.08	Man and woman apparel	0.00
Medical care	0.30	Health services, medicine	0.01
Education, recreation and sports	0.10	Training and education equipments	0.01
Transportation and communications	(0.08)	Airfares	(0.02)
		<b>General</b>	0.02

Source: BPS

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