

CPI:

Taming inflation while fueling growth

02 October 2025

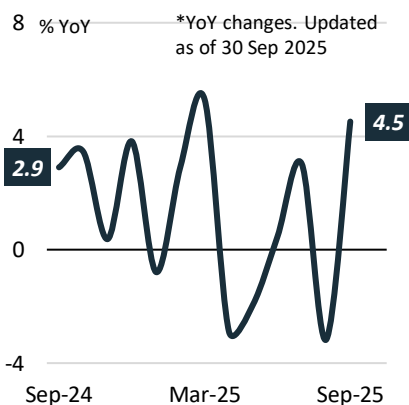
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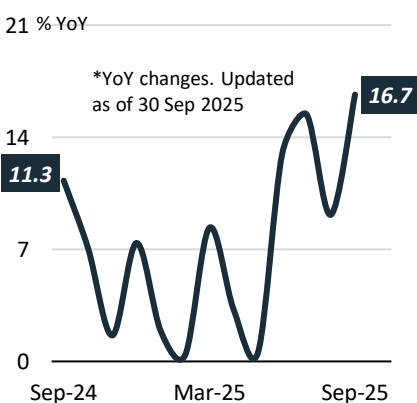
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BCA Consumer Spending Index*



BCA Business Transaction Index*



- **Inflation accelerated in September 2025, reaching 2.65% YoY (0.21% MoM).** On monthly basis, the price increase was primarily driven by foodstuffs (red chili, chicken meat, green chili) and personal care (gold jewelry). The rise in gold prices was in line with global rising safe-haven demand, fueled by concerns over persistent inflation and a global economic slowdown.

- **All main components—core, administered prices, and volatile foods—experienced monthly acceleration.** Monthly core inflation accelerated due to gold prices and education costs. On annually basis, core inflation also ticked up slightly to 2.19% YoY from 2.17% YoY in August. The YoY growth in gold prices remains the primary driver, but **we believe part of this acceleration is also contributed by a slight improvement in demand**, as evidenced by the slight acceleration in credit growth data in August and the BCA spending index in September.

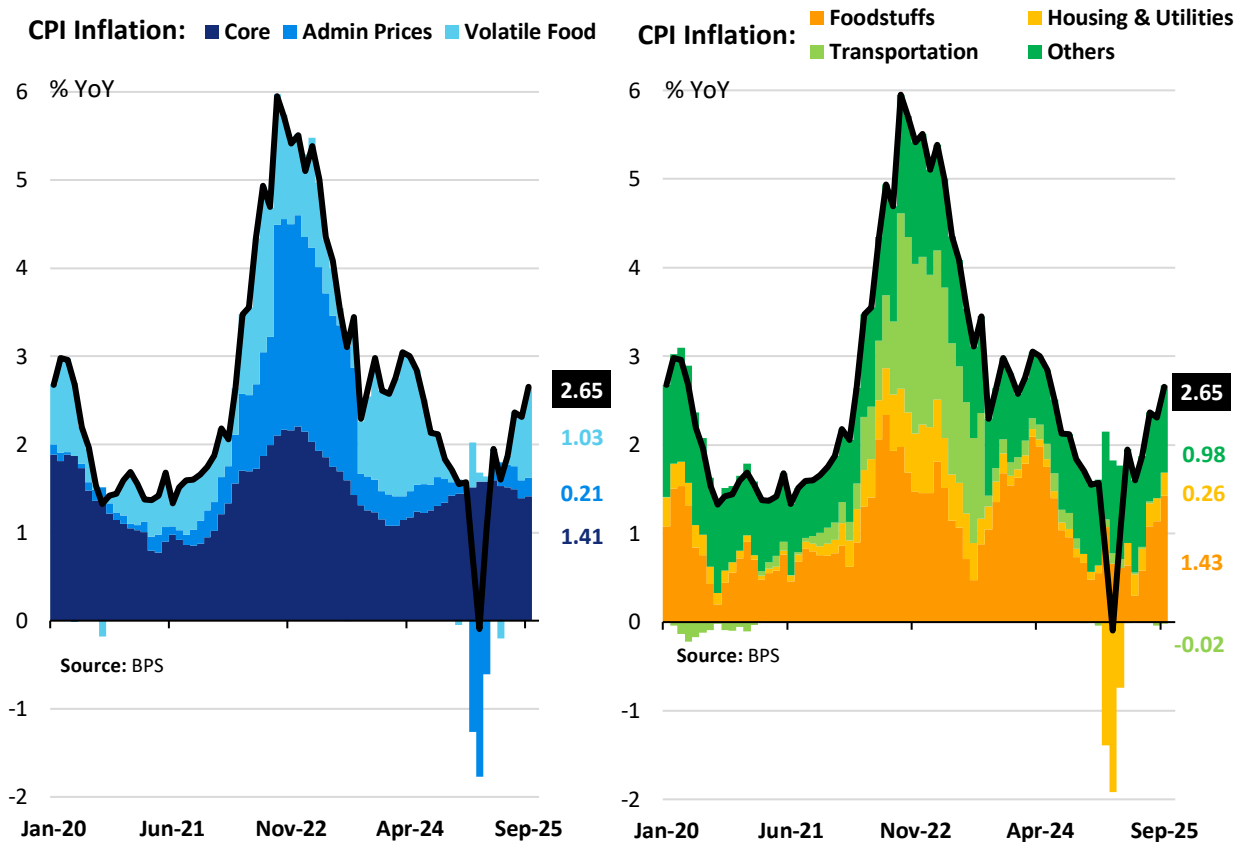
- **Looking forward, we anticipate inflation will remain above 2.5% mark through the end of 2025**, influenced by a low base effect from relatively low food prices in the second half of 2024. **The government's policy of transferring IDR 200 T to state-owned banks to be leveraged into credit also carries the potential to drive up inflation**, though the effects may be lagged. The same can be said for BI's sustained accommodative policy. In addition, persistently strong gold prices and a depreciating Rupiah, which has now moved above the 16,600 level, will continue to exert upward pressure.

- However, **several government initiatives should help keep inflation within a healthy and manageable range. Rice prices are beginning to stabilize** thanks to the government's market operation program (SPHP), and the continuation of official transportation fare discounts will also help curb price pressures.

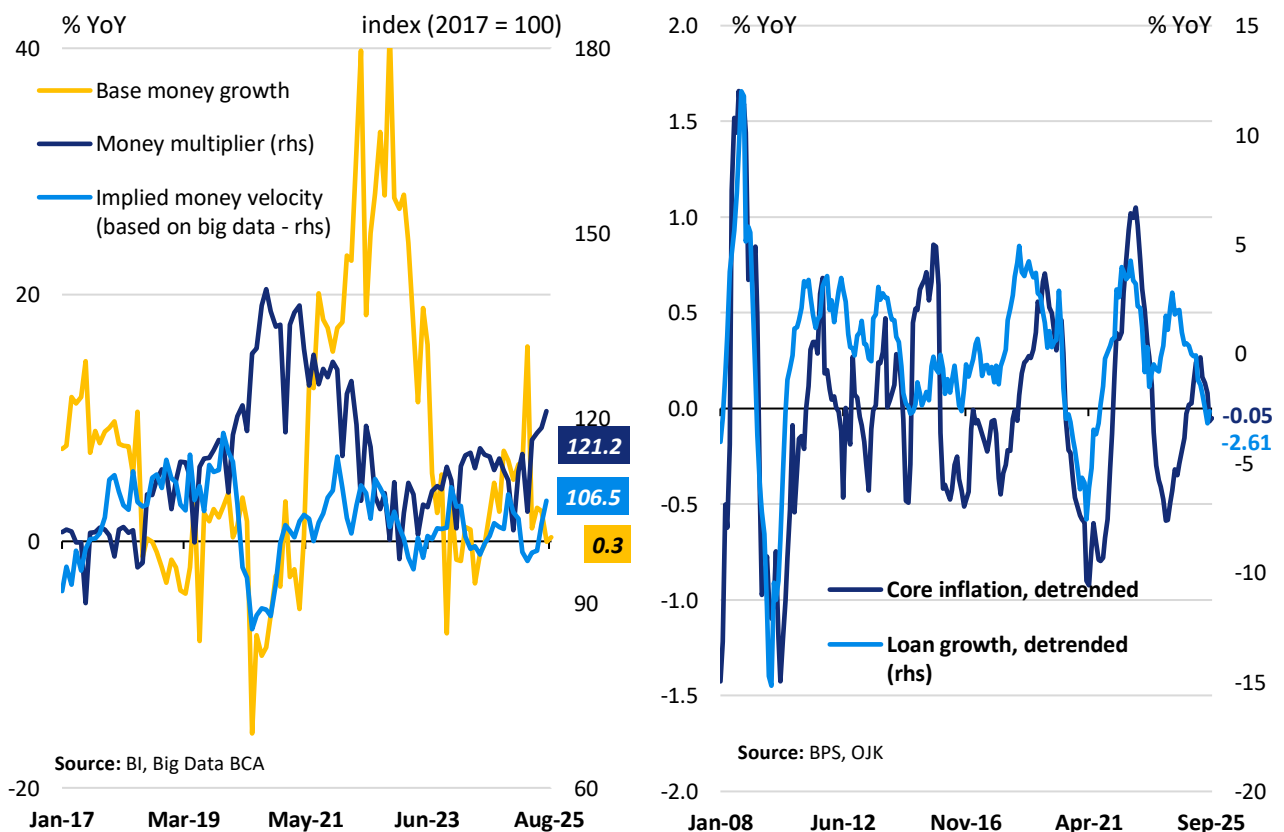
Furthermore, the decision to maintain cigarette taxes in 2026 will further limit inflationary spikes in discretionary spending.

- In general, the main risk to inflation at present lies in the event of continued or deeper Rupiah depreciation, which could manifest in higher prices for imported goods or, in a worse-case scenario, lead to adjustments in administered prices. Given this risk, **we believe BI's decision at the next meeting (October 21-22) will weigh the pro-stability and pro-growth stances with equal consideration.**

1 Inflation was driven by food prices, while core inflation slightly accelerated



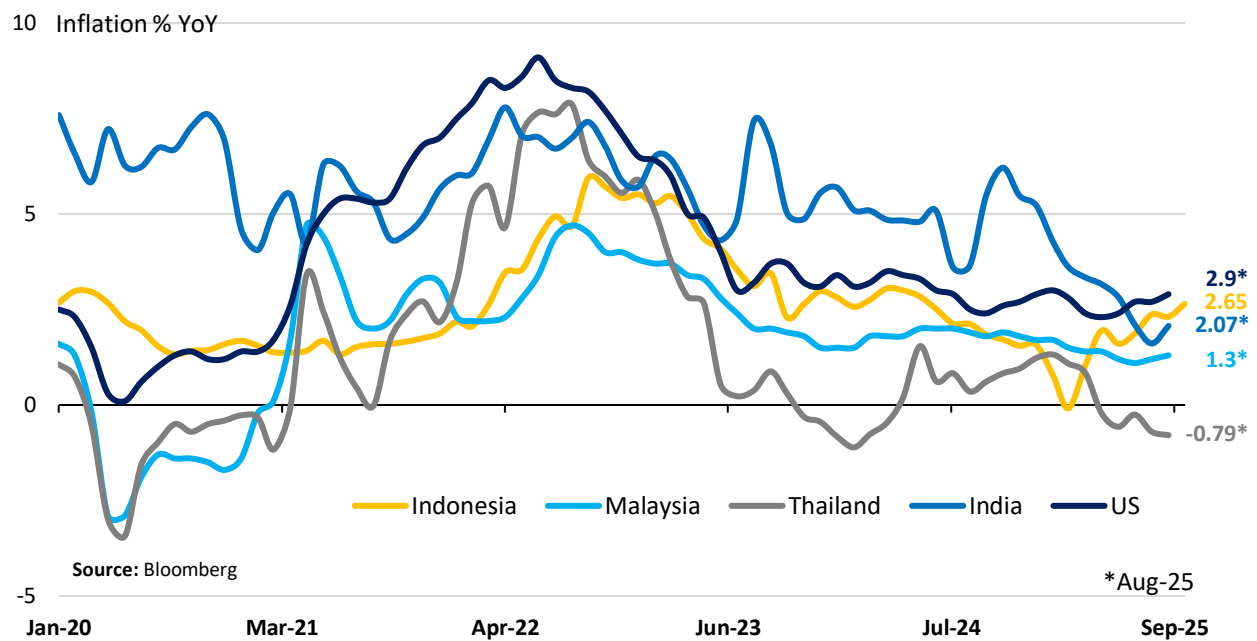
2 Core inflation is strongly correlated with credit growth



3 Declining real interest rate creates favorable conditions for credit growth



4 Is global inflation starting to turn upward?



Selected Macroeconomic Indicators

Key Policy Rates	Rate (%)	Last Change	Real Rate (%)	Trade & Commodities	1-Oct	-1 mth	Chg (%)
US	4.25	Sep-25	1.35	Baltic Dry Index	1,980.0	2,025.0	-2.2
UK	4.00	Aug-25	0.20	S&P GSCI Index	549.3	549.7	-0.1
EU	2.15	Jun-25	-0.05	Oil (Brent, \$/bbl)	65.4	68.1	-4.1
Japan	0.50	Jan-25	-2.20	Coal (\$/MT)	107.8	111.5	-3.3
China (lending)	2.00	Sep-24	4.75	Gas (\$/MMBtu)	3.24	2.88	12.5
Korea	2.50	May-25	0.40	Gold (\$/oz.)	3,865.7	3,448.0	12.1
India	5.50	Jun-25	3.43	Copper (\$/MT)	10,338.2	9,821.7	5.3
Indonesia	4.75	Sep-25	2.10	Nickel (\$/MT)	14,989.7	15,246.8	-1.7
Money Mkt Rates	1-Oct	-1 mth	Chg (bps)	CPO (\$/MT)	1,033.0	1,029.1	0.4
SPN (1Y)	5.00	5.09	-9.0	Rubber (\$/kg)	1.71	1.76	-2.8
SUN (10Y)	6.31	6.34	-3.3	External Sector	Aug	Jul	Chg (%)
INDONIA (O/N, Rp)	4.02	4.68	-65.9	Export (\$ bn)	24.96	24.75	0.87
JIBOR 1M (Rp)	5.16	5.56	-39.5	Import (\$ bn)	19.48	20.58	-5.35
Bank Rates (Rp)	Jun	May	Chg (bps)	Trade bal. (\$ bn)	5.49	4.17	31.50
Lending (WC)	8.62	8.64	-1.78	Central bank reserves (\$ bn)*	150.7	152.0	-0.84
Deposit 1M	4.89	4.86	2.28	Prompt Indicators	Aug	Jul	Jun
Savings	0.71	0.70	0.82	Consumer confidence index (CCI)	117.2	118.1	117.8
Currency/USD	1-Oct	-1 mth	Chg (%)	Car sales (%YoY)	-19.0	-18.4	-22.5
UK Pound	0.742	0.741	-0.19	Motorcycle sales (%YoY)	0.7	-0.5	-0.3
Euro	0.852	0.856	0.39	Manufacturing PMI	Sep	Aug	Chg (bps)
Japanese Yen	147.1	147.1	-0.01	USA	52.0	53.0	-100
Chinese RMB	7.122	7.131	0.12	Eurozone	49.8	50.7	-90
Indonesia Rupiah	16,610	16,490	-0.72	Japan	48.5	49.7	-120
Capital Mkt	1-Oct	-1 mth	Chg (%)	China	51.2	50.5	70
JCI	8,043.8	7,830.5	2.72	Korea	50.7	48.3	240
DJIA	46,441.1	45,544.9	1.97	Indonesia	50.4	51.5	-110
FTSE	9,446.4	9,187.3	2.82				
Nikkei 225	44,550.9	42,718.5	4.29				
Hang Seng	26,855.6	25,077.6	7.09				
Foreign portfolio ownership (Rp Tn)	Aug	Jul	Chg (Rp Tn)				
Stock	3,760.3	3,539.4	220.93				
Govt. Bond	953.9	1,213.4	-259.57				
Corp. Bond	4.5	4.7	-0.16				

Source: Bloomberg, BI, BPS

Notes:

*Data from earlier period

For changes in currency: **Black indicates appreciation against USD, **Red** otherwise

***For PMI, **>50** indicates economic expansion, **<50** otherwise



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Indonesia – Economic Indicators Projection

	2019	2020	2021	2022	2023	2024	2025E
Real GDP growth (% YoY)	5.0	-2.1	3.7	5.3	5.0	5.0	5.0
Nominal GDP growth (% YoY)	6.7	-2.5	9.9	15.4	6.7	6.0	7.2
GDP per capita (USD)	4175	3912	4350	4784	4920	4960	5100
CPI inflation (% YoY)	2.7	1.7	1.9	5.5	2.6	1.6	2.2
BI Rate (%)	5.00	3.75	3.50	5.50	6.00	6.00	4.50
SBN 10Y yield (%)	7.04	5.86	6.36	6.92	6.45	6.97	6.57
USD/IDR exchange rate (average)	14,141	14,529	14,297	14,874	15,248	15,841	16,461
USD/IDR exchange rate (end of year)	13,866	14,050	14,262	15,568	15,397	16,102	16,625
Trade balance (USD Bn)	-3.2	21.7	35.3	54.5	37.0	31.0	26.0
Current account balance (% of GDP)	-2.7	-0.4	0.3	1.0	-0.1	-0.6	-0.75

Notes:

- USD/IDR exchange rate projections are for fundamental values; market values may diverge significantly at any moment in time

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