

CPI:

Cool on the Surface, Warm Underneath

02 February 2026

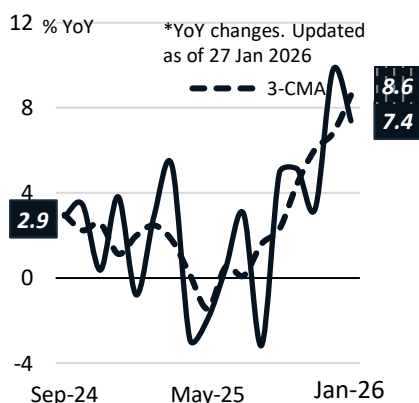
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BCA Consumer Spending Index*



BCA Business Transaction Index*



- **CPI experienced deflation of -0.15% MoM in Jan-26**, with the decline in some food and transportation prices being the main contributors. This was more or less already expected as part of seasonal factors, as monthly inflation growth typically slows down in January (compared to December) as a normalization from the holiday season.

- Meanwhile, **CPI accelerated to 3.55% YoY in Jan-26** (up from 2.92% YoY in Dec-25), crossing the 3% threshold for the first time since August 2023. This figure was in line with our expectations, driven by a low base effect from electricity tariff discounts in early 2025.

- Excluding gold, the annual core inflation growth unfortunately decelerated (1.28% YoY compared to 1.36% YoY in Dec-25), in line with some of the real sector indicators that were peaking in Dec-25. This also serves as a **nowcast that consumption loan growth might be slower in Jan-26**.

- Volatility in exchange rates and financial markets in the second half of Jan-26 has not significantly impacted demand, but a negative correlation to the following period could occur if this volatility continues, given the **strong correlation between exchange rates and consumption**.

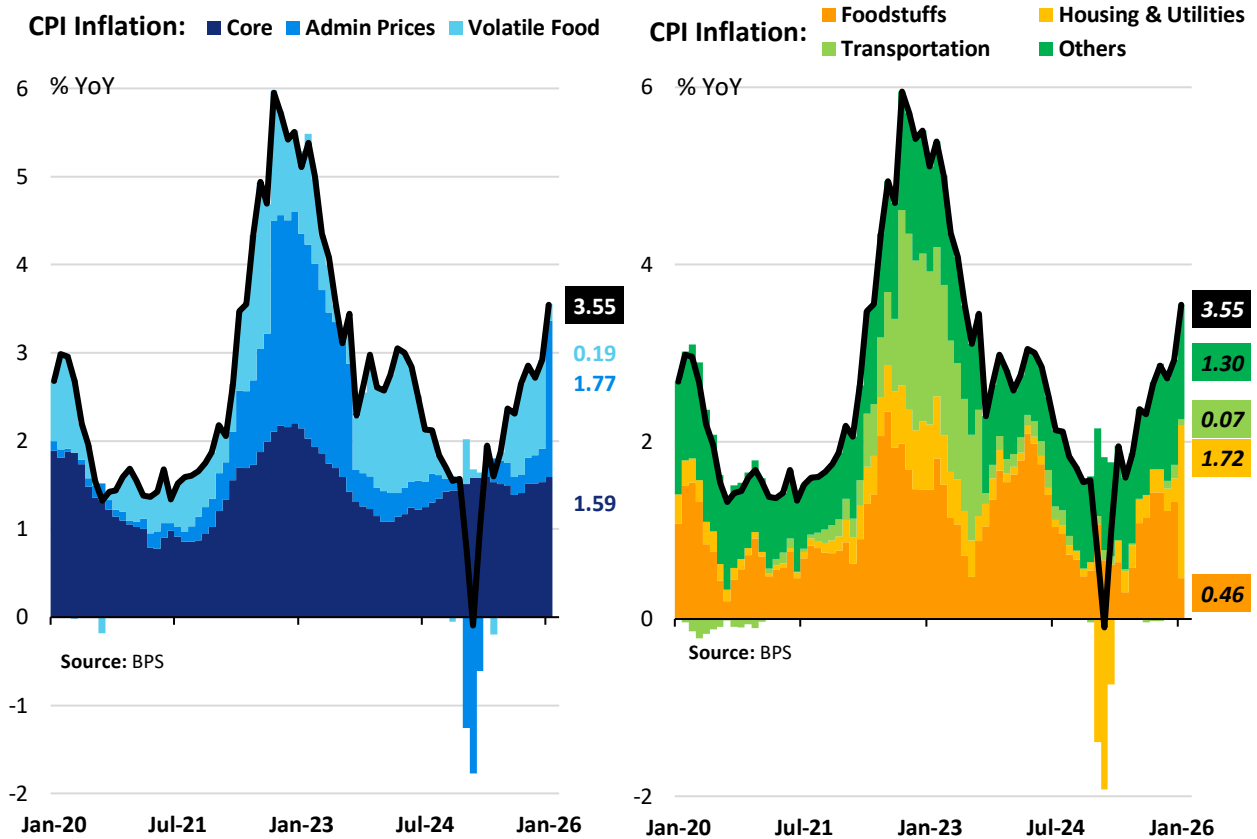
- However, **we continue to expect consumption and investment momentum** to be supported by low base effect in Q1-26. One of them is the shifting of the Eid al-Fitr holiday, which is usually followed by an increase in demand due to the Religious Holiday Allowance (THR).

- Looking forward, the unwind of debasement trades caused by concerns related to **the Fed could potentially affect inflation** figures through two channels: (1) weakening gold prices, but (2) driving up inflation from the exchange rate side (imported goods

inflation).

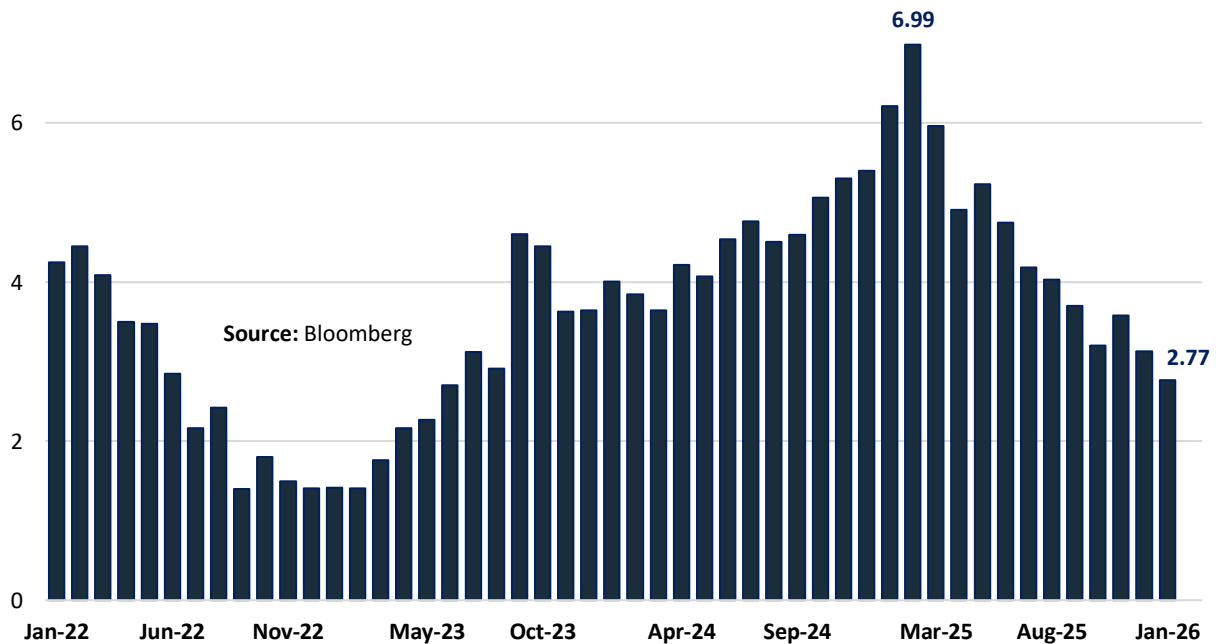
- In general, we expect continuing upward pressure on inflation in the short term. With the ongoing risks on the exchange rate side, we expect **Bank Indonesia to keep interest rates unchanged at the Feb-2026 policy meeting**.

1 Indonesia's inflation re-accelerated was driven by higher core and admin prices.



2 The decline in real interest rate was driven by the re-acceleration in headline inflation

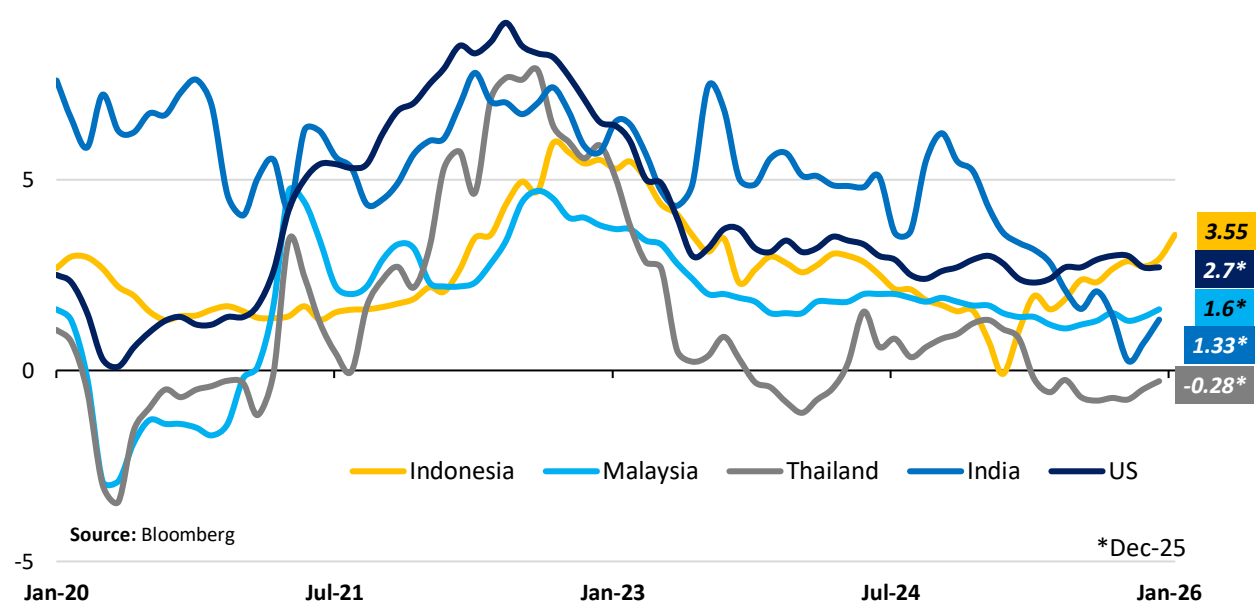
8 Real interest rate (%)



3

Indonesia's inflation has re-accelerated, outpacing pressures in other countries

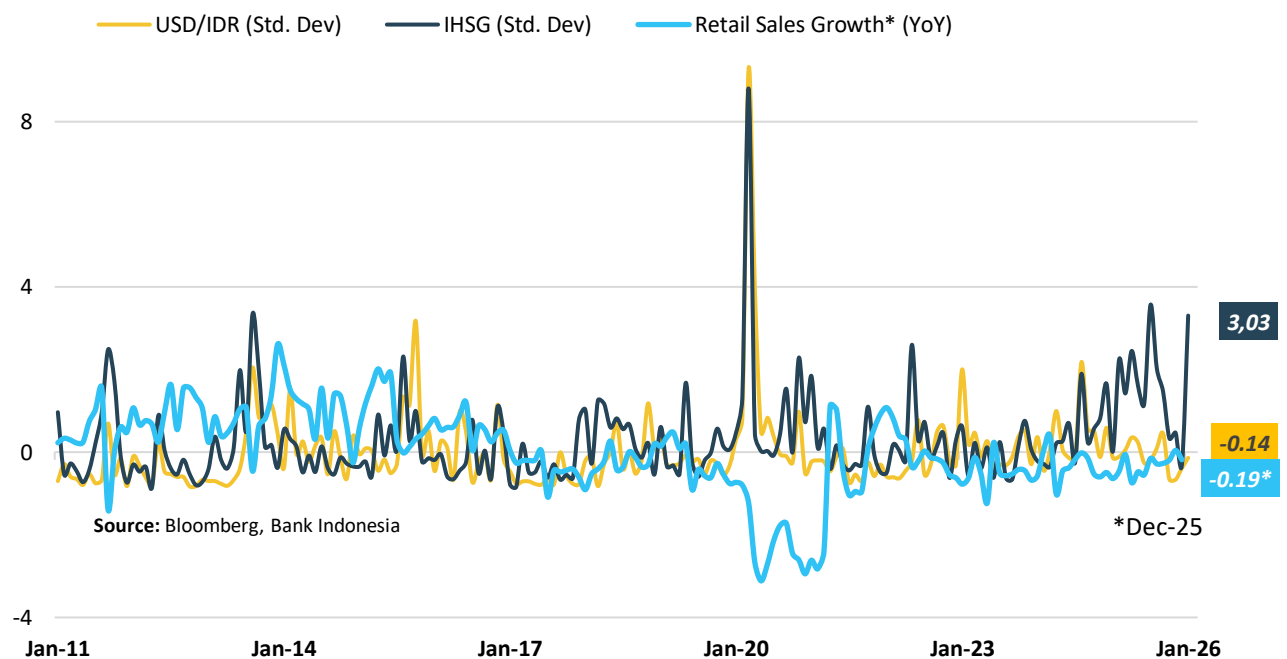
10 Inflation % YoY



4

Increased FX Volatility has contributed to weaker retail sales

12



Selected Macroeconomic Indicators

| Key Policy Rates | Rate (%) | Last Change | Real Rate (%) | Trade & Commodities | 30-Jan | -1 mth | Chg (%) |
|-------------------------------------|----------|-------------|---------------|---------------------------------|----------|----------|-----------|
| US | 3.75 | Dec-25 | 1.05 | Baltic Dry Index | 2,148.0 | 1,877.0 | 14.4 |
| UK | 3.75 | Aug-25 | 0.35 | S&P GSCI Index | 598.2 | 554.3 | 7.9 |
| EU | 2.15 | Jun-25 | 0.25 | Oil (Brent, \$/bbl) | 70.7 | 61.9 | 14.2 |
| Japan | 0.75 | Jan-25 | -1.35 | Coal (\$/MT) | 118.2 | 105.7 | 11.8 |
| China (lending) | 2.00 | Sep-24 | 3.55 | Gas (\$/MMBtu) | 7.24 | 4.40 | 64.5 |
| Korea | 2.50 | May-25 | 0.20 | Gold (\$/oz.) | 4,894.2 | 4,339.5 | 12.8 |
| India | 5.25 | Jun-25 | 3.92 | Copper (\$/MT) | 13,067.6 | 12,598.4 | 3.7 |
| Indonesia | 4.75 | Sep-25 | 1.20 | Nickel (\$/MT) | 17,732.9 | 16,675.5 | 6.3 |
| Money Mkt Rates | 30-Jan | -1 mth | Chg (bps) | CPO (\$/MT) | 1,074.3 | 974.4 | 10.3 |
| SPN (1Y) | 4.67 | 4.65 | 1.9 | Rubber (\$/kg) | 1.94 | 1.86 | 4.3 |
| SUN (10Y) | 6.32 | 6.07 | 25.0 | External Sector | Dec | Nov | Chg (%) |
| INDONIA (O/N, Rp) | 3.85 | 4.12 | -26.6 | Export (\$ bn) | 26.35 | 22.52 | 16.99 |
| JIBOR 1M (Rp) | 5.03 | 5.03 | 0.0 | Import (\$ bn) | 23.83 | 19.86 | 20.02 |
| Bank Rates (Rp) | Oct | Sep | Chg (bps) | Trade bal. (\$ bn) | 2.51 | 2.66 | -5.61 |
| Lending (WC) | 8.30 | 8.46 | -16.00 | Central bank reserves (\$ bn)* | 156.5 | 150.1 | 4.27 |
| Deposit 1M | 4.75 | 4.96 | -21.00 | Prompt Indicators | Dec | Nov | Oct |
| Savings | 0.68 | 0.70 | -2.00 | Consumer confidence index (CCI) | 123.5 | 124.0 | 121.2 |
| Currency/USD | 30-Jan | -1 mth | Chg (%) | Car sales (%YoY) | 17.9 | -1.0 | -4.3 |
| UK Pound | 0.731 | 0.743 | 1.62 | Motorcycle sales (%YoY) | 14.5 | 2.1 | 8.4 |
| Euro | 0.844 | 0.851 | 0.88 | Manufacturing PMI | Jan | Dec | Chg (bps) |
| Japanese Yen | 154.8 | 156.4 | 1.05 | USA | 51.9 | 51.8 | 10 |
| Chinese RMB | 6.957 | 6.996 | 0.56 | Eurozone | 49.4 | 48.8 | 60 |
| Indonesia Rupiah | 16,785 | 16,769 | -0.10 | Japan | 51.5 | 50.0 | 150 |
| Capital Mkt | 30-Jan | -1 mth | Chg (%) | China | 50.3 | 50.1 | 20 |
| JCI | 8,329.6 | 8,646.9 | -3.67 | Korea | 51.2 | 50.1 | 110 |
| DJIA | 48,892.5 | 48,367.1 | 1.09 | Indonesia | 52.6 | 51.2 | 140 |
| FTSE | 10,223.5 | 9,940.7 | 2.85 | | | | |
| Nikkei 225 | 53,322.9 | 50,339.5 | 5.93 | | | | |
| Hang Seng | 27,387.1 | 25,854.6 | 5.93 | | | | |
| | | | | | | | |
| Foreign portfolio ownership (Rp Tn) | Dec | Nov | Chg (Rp Tn) | | | | |
| Stock | 4,186.7 | 4,017.6 | 169.11 | | | | |
| Govt. Bond | 878.7 | 1,343.0 | -464.38 | | | | |
| Corp. Bond | 4.7 | 4.1 | 0.64 | | | | |

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

| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025E | 2026E |
|-------------------------------------|--------|--------|--------|--------|--------|---------|--------|
| Real GDP growth (% YoY) | -2.1 | 3.7 | 5.3 | 5.0 | 5.0 | 5.0 | 5.1 |
| Nominal GDP growth (% YoY) | -2.5 | 9.9 | 15.4 | 6.7 | 6.0 | 7.2 | 7.9 |
| GDP per capita (USD) | 3912 | 4350 | 4784 | 4920 | 4960 | 5014 | 5362 |
| CPI inflation (% YoY) | 1.7 | 1.9 | 5.5 | 2.6 | 1.6 | 2.9* | 2.5 |
| BI Rate (%) | 3.75 | 3.50 | 5.50 | 6.00 | 6.00 | 4.75* | 4.50 |
| SBN 10Y yield (%) | 5.86 | 6.36 | 6.92 | 6.45 | 6.97 | 6.05* | 6.50 |
| USD/IDR exchange rate (average) | 14,529 | 14,297 | 14,874 | 15,248 | 15,841 | 16,468* | 16,784 |
| USD/IDR exchange rate (end of year) | 14,050 | 14,262 | 15,568 | 15,397 | 16,102 | 16,690* | 16,842 |
| Trade balance (USD Bn) | 21.7 | 35.3 | 54.5 | 37.0 | 31.0 | 41.1* | 33.8 |
| Current account balance (% of GDP) | -0.4 | 0.3 | 1.0 | -0.1 | -0.6 | 0.0 | -0.4 |

Notes:

- USD/IDR exchange rate projections are for fundamental values; market values may diverge significantly at any moment in time
- Numbers marked with (*) for 2025 are final; other numbers for 2025 are our projections

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