

CPI:

## Cool on the Surface, Warm Underneath

02 February 2026

Arif Agung Wibowo

[arif\\_agung@bca.co.id](mailto:arif_agung@bca.co.id)

Victor George Petrus Matindas

[victor\\_matindas@bca.co.id](mailto:victor_matindas@bca.co.id)

### BCA Consumer Spending Index\*



### BCA Business Transaction Index\*



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**.

- **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 Des-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.

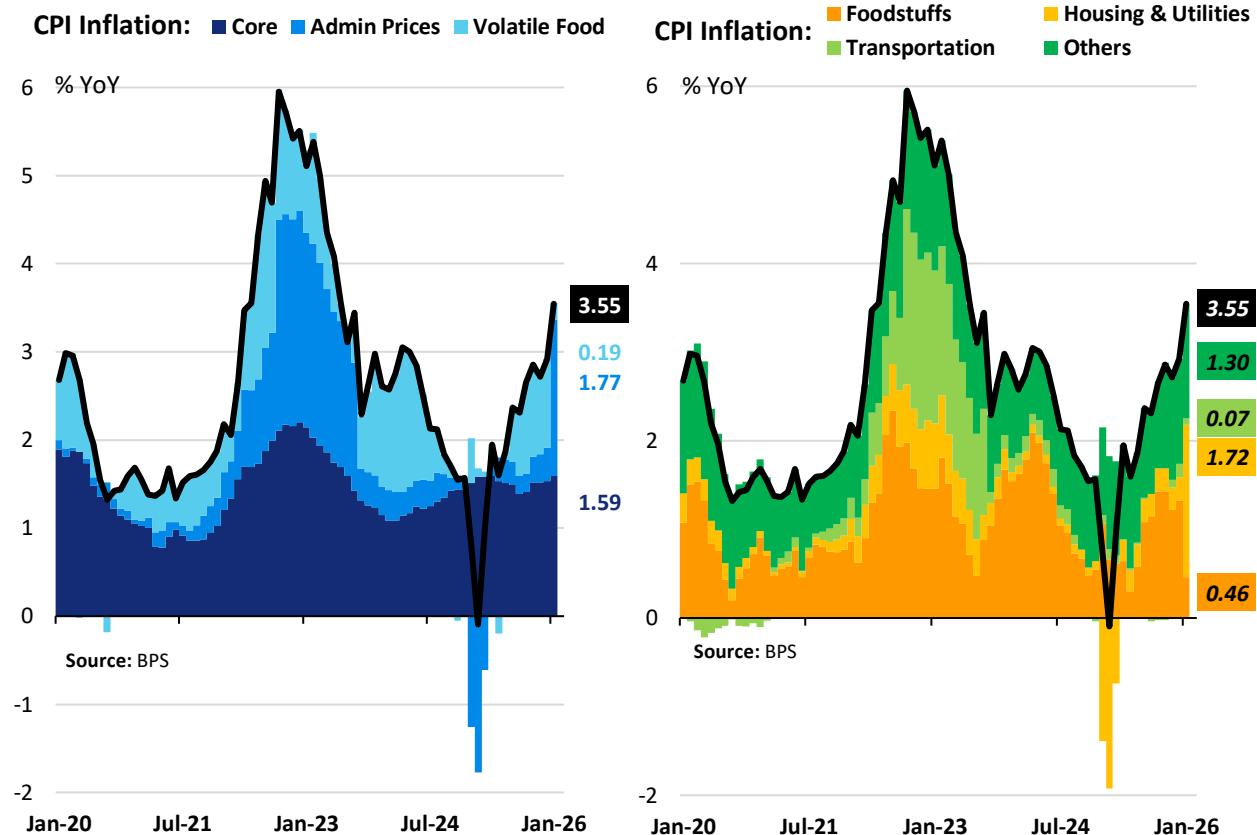
- Excluding gold, the annual core inflation growth unfortunately decelerated (1.28% YoY compared to 1.36% YoY in Dec-25), in line with some of the real sector indicators that were peaking in Dec-25. This also serves as a **nowcast that consumption loan growth might be slower in Jan-26**.

- 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).

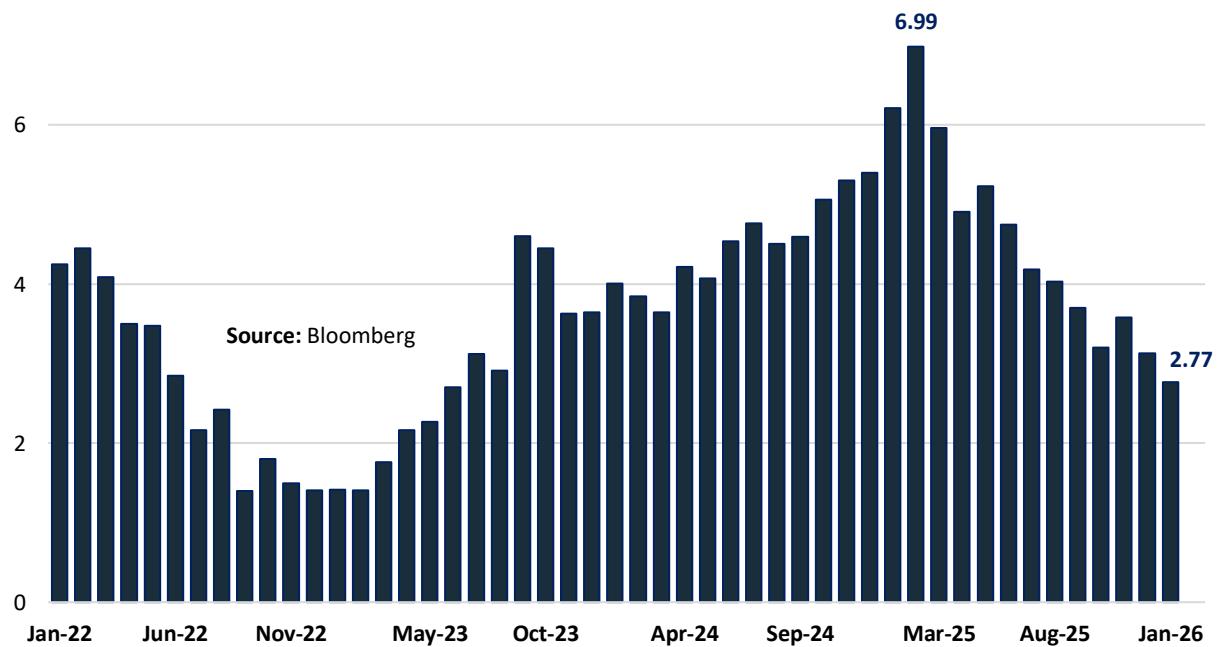
- Looking forward, the unwind of debasement trades caused by concerns related to **the Fed could potentially affect inflation** figures through two channels: (1) weakening gold prices, but (2) driving up inflation from the exchange rate side (imported goods

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



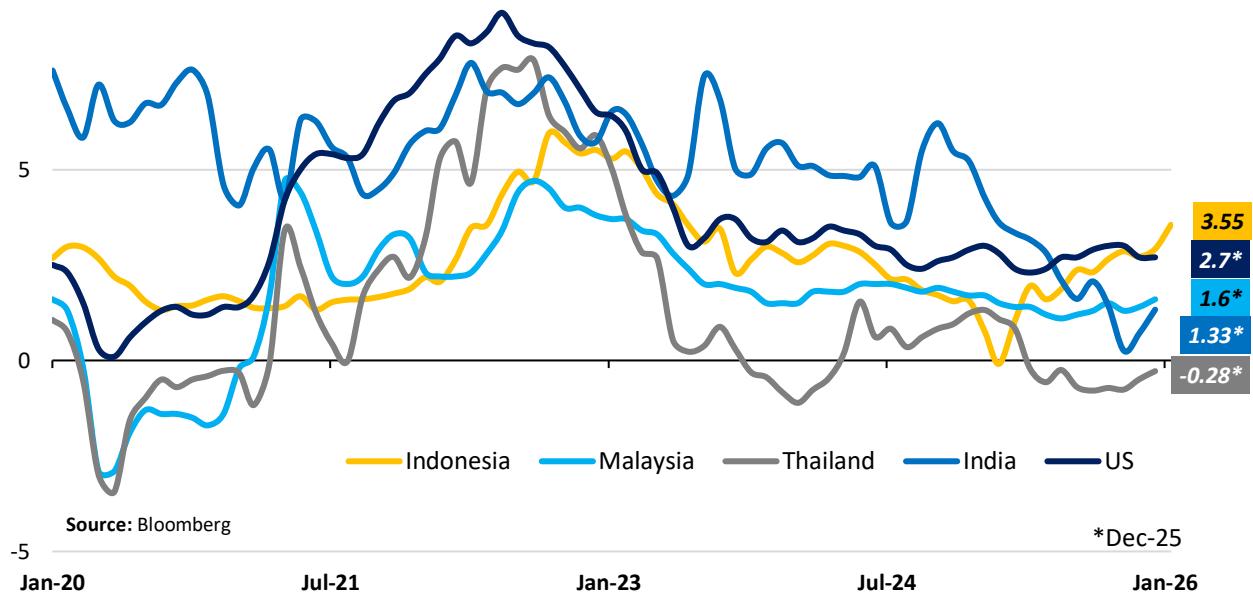
## 2 The decline in real interest rate was driven by the re-acceleration in headline inflation

8 Real interest rate (%)



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

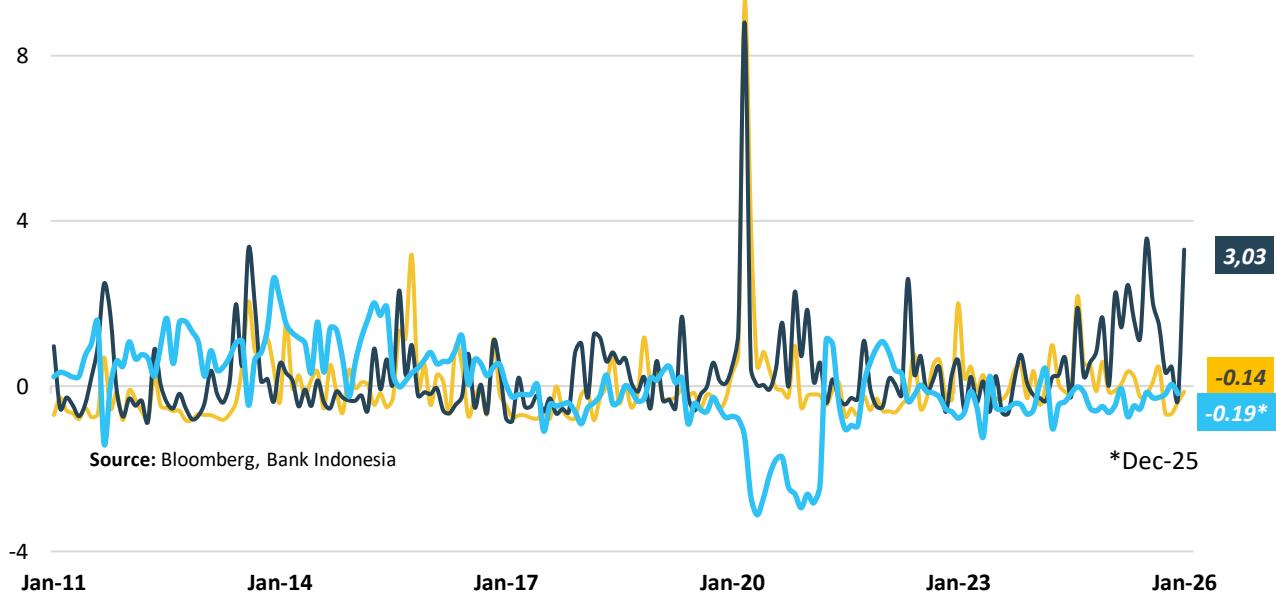
10 Inflation % YoY



### 4 Increased FX Volatility has contributed to weaker retail sales

12

USD/IDR (Std. Dev) IHSG (Std. Dev) Retail Sales Growth\* (YoY)



## 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	
<b>Money Mkt Rates</b>	<b>30-Jan</b>	<b>-1 mth</b>	<b>Chg (bps)</b>	CPO (\$/MT)	1,074.3	974.4	10.3	
				Rubber (\$/kg)	1.94	1.86	4.3	
SPN (1Y)	4.67	4.65	1.9	<b>External Sector</b>	<b>Dec</b>	<b>Nov</b>	<b>Chg (%)</b>	
SUN (10Y)	6.32	6.07	25.0		26.35	22.52	16.99	
INDONIA (O/N, Rp)	3.85	4.12	-26.6	Export (\$ bn)	23.83	19.86	20.02	
JIBOR 1M (Rp)	5.03	5.03	0.0	Import (\$ bn)	2.51	2.66	-5.61	
<b>Bank Rates (Rp)</b>	<b>Oct</b>	<b>Sep</b>	<b>Chg (bps)</b>	Trade bal. (\$ bn)	156.5	150.1	4.27	
Lending (WC)	8.30	8.46	-16.00	Central bank reserves (\$ bn)*	<b>Prompt Indicators</b>	<b>Dec</b>	<b>Nov</b>	<b>Oct</b>
Deposit 1M	4.75	4.96	-21.00	Consumer confidence index (CCI)				
Savings	0.68	0.70	-2.00	Car sales (%YoY)	17.9	-1.0	-4.3	
<b>Currency/USD</b>	<b>30-Jan</b>	<b>-1 mth</b>	<b>Chg (%)</b>	Motorcycle sales (%YoY)	14.5	2.1	8.4	
UK Pound	0.731	0.743	1.62	<b>Manufacturing PMI</b>	<b>Jan</b>	<b>Dec</b>	<b>Chg (bps)</b>	
Euro	0.844	0.851	0.88		51.9	51.8	10	
Japanese Yen	154.8	156.4	1.05	USA	49.4	48.8	60	
Chinese RMB	6.957	6.996	0.56	Eurozone	51.5	50.0	150	
Indonesia Rupiah	16,785	16,769	-0.10	Japan	50.3	50.1	20	
<b>Capital Mkt</b>	<b>30-Jan</b>	<b>-1 mth</b>	<b>Chg (%)</b>	China	51.2	50.1	110	
JCI	8,329.6	8,646.9	-3.67	Korea	52.6	51.2	140	
DJIA	48,892.5	48,367.1	1.09	Indonesia				
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					
<b>Foreign portfolio ownership (Rp Tn)</b>	<b>Dec</b>	<b>Nov</b>	<b>Chg (Rp Tn)</b>					
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					

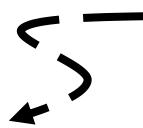
Source: Bloomberg, BI, BPS

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

### Economic and Industry Research Team

**David E.Sumual**

Chief Economist

david\_sumual@bca.co.id  
+6221 2358 8000 Ext:1051352

**Gabriella Yolivia**

Industry Analyst

gabriella\_yolivia@bca.co.id  
+6221 2358 8000 Ext: 1063933

**Thierris Nora Kusuma**

Economist / Analyst

thierris\_kusuma@bca.co.id  
+6221 2358 8000 Ext: 1071930

**Jennifer Calysta Farrell**

Economist / Analyst

jennifer\_farrell@bca.co.id  
+6221 2358 8000 Ext: 1082423

**Agus Salim Hardjodinoto**

Head of Industry and Regional

Research

agus\_lim@bca.co.id  
+6221 2358 8000 Ext: 1005314

**Lazuardin Thariq Hamzah**

Economist / Analyst

lazuardin\_hamzah@bca.co.id  
+6221 2358 8000 Ext: 1071724

**Nicholas Husni**

Economist / Analyst

nicholas\_husni@bca.co.id  
+6221 2358 8000 Ext: 1079839

**Arif Agung Wibowo**

Economist / Analyst

arif\_agung@bca.co.id  
+6221 2358 8000 Ext: -

**Victor George Petrus Matindas**

Head of Banking Research and

Analytics

victor\_matindas@bca.co.id  
+6221 2358 8000 Ext: 1058408

**Elbert Timothy Lasiman**

Economist / Analyst

Elbert\_lasiman@bca.co.id  
+6221 2358 8000 Ext: 1007431

**Samuel Theophilus Artha**

Economist / Analyst

samuel\_artha@bca.co.id  
+6221 2358 8000 Ext: 1080373

## PT Bank Central Asia Tbk

### Economic and Industry Research

20<sup>th</sup> Grand Indonesia, Menara BCA

Jl. M.H Thamrin No. 1, Jakarta 10310, Indonesia

Ph : (62-21) 2358-8000 Fax : (62-21) 2358-8343

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