

CPI:

An upcoming test

02 September 2026

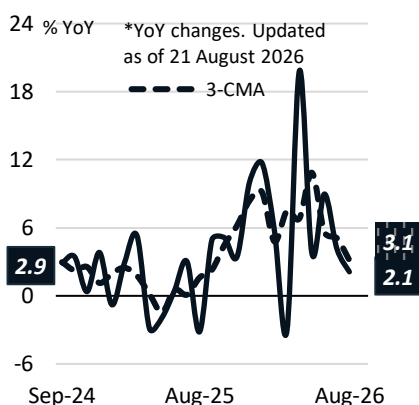
Nicholas Husni

nicholas_husni@bca.co.id

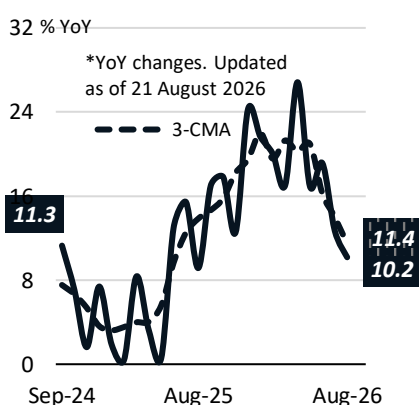
Victor George Petrus Matindas

victor_matindas@bca.co.id

BCA Consumer Spending Index*



BCA Business Transaction Index*



- **Indonesia's CPI inflation rose to 3.19% YoY (+0.21% MoM) in Aug-26**, compared to 2.88% in Jul-26. The rebound was broadly expected, driven by an increase in food prices, gold prices and lingering transportation costs.

- **Volatile food remained the primary driver, accelerating to 4.06% YoY (0.88% MoM) in Aug-26.** While El Niño conditions have begun to set in, it would be premature to attribute the full effect to the weather as the event has only just started and has yet to reach its peak.

- The more immediate cause is the resumption of the school season, which brought with it the return of the Free Meal Program rollout. This is most visibly seen in chicken meat prices, which began rising precisely as the school season resumed in mid-July and have continued to climb since.

- Core inflation also picked up, reaching 2.92% YoY (0.21% MoM) in Aug-26. However, **this uptick was not a reflection of strengthening consumer demand**, and more a product of gold prices rising once again (+31.0% YoY) during the month. Stripping out gold, underlying demand-side pressures remained, consistent with the slowdown in several real sector indicators (including our Big Data).

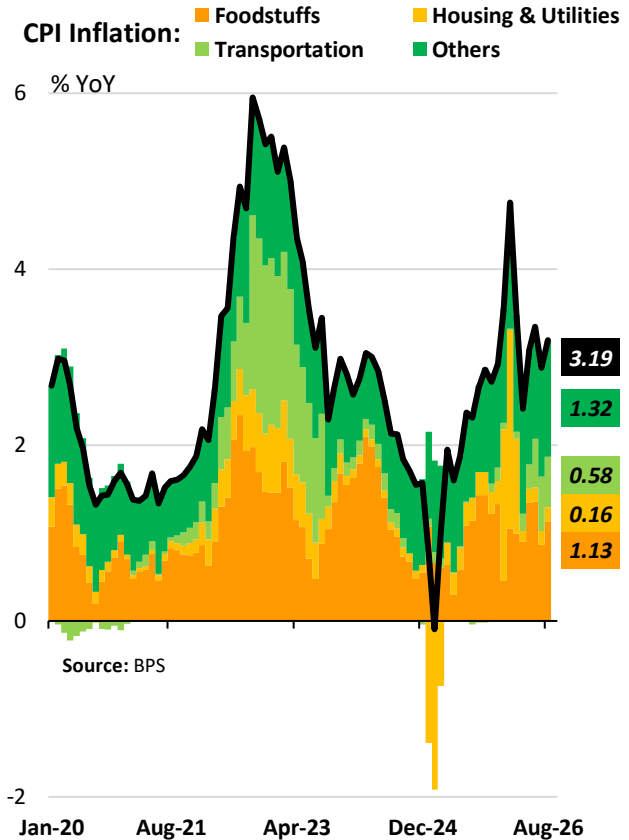
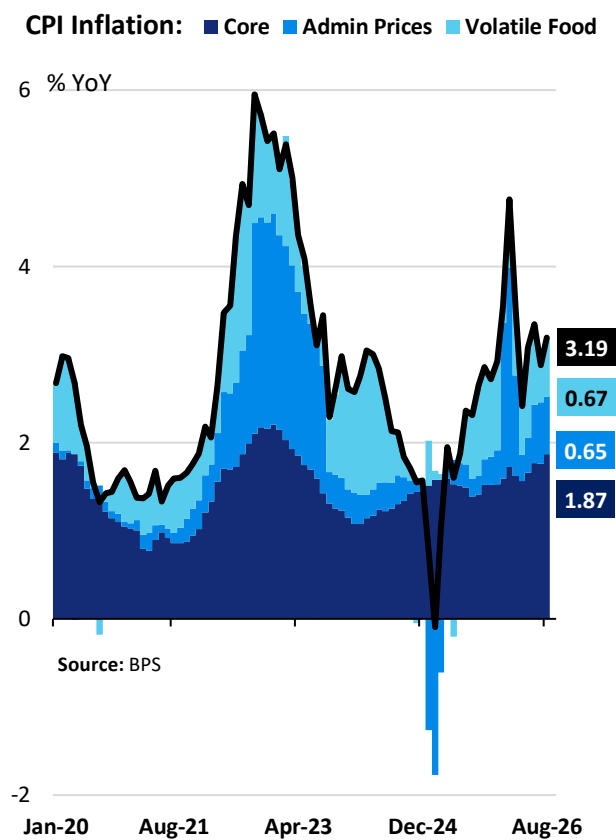
- **Elevated inflation is likely to persist through year-end**, driven by several structural forces. The ongoing Middle East conflict continues to exert upward pressure on global oil prices. El Niño is still in its early stages, its full impact on the next planting season and food supply has yet to materialize. Meanwhile, the Rupiah remains under pressure, keeping imported inflation a live concern.

- The newly instated BI Governor, Destry Damayanti, has reaffirmed the commitment to keep inflation within the 1.5-3.5% target, pointing out food inflation as a primary concern. **Yet beyond food, Indonesia faces a more structural challenge: imported inflation**, driven by Rupiah depreciation and imported commodity prices, with the latter remains largely outside the direct reach of domestic policy tools,

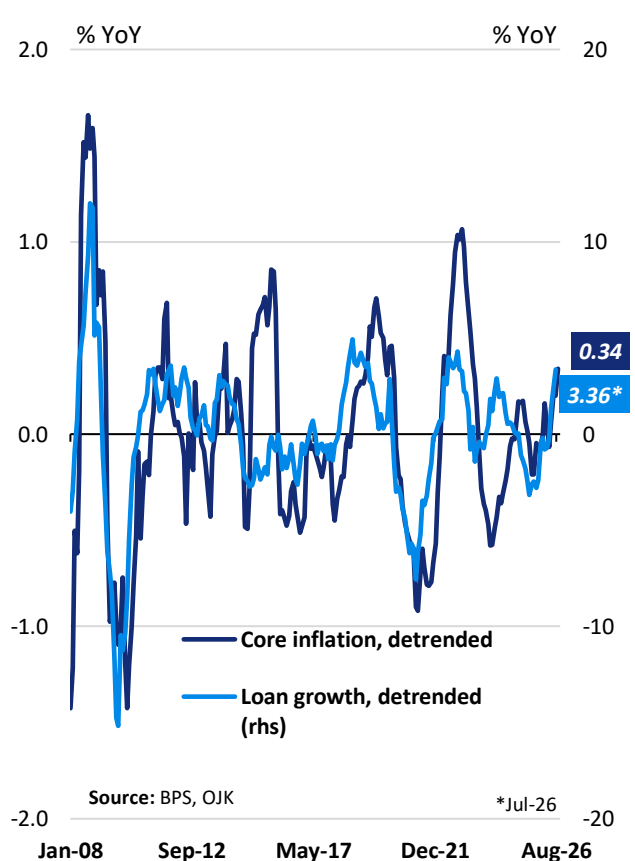
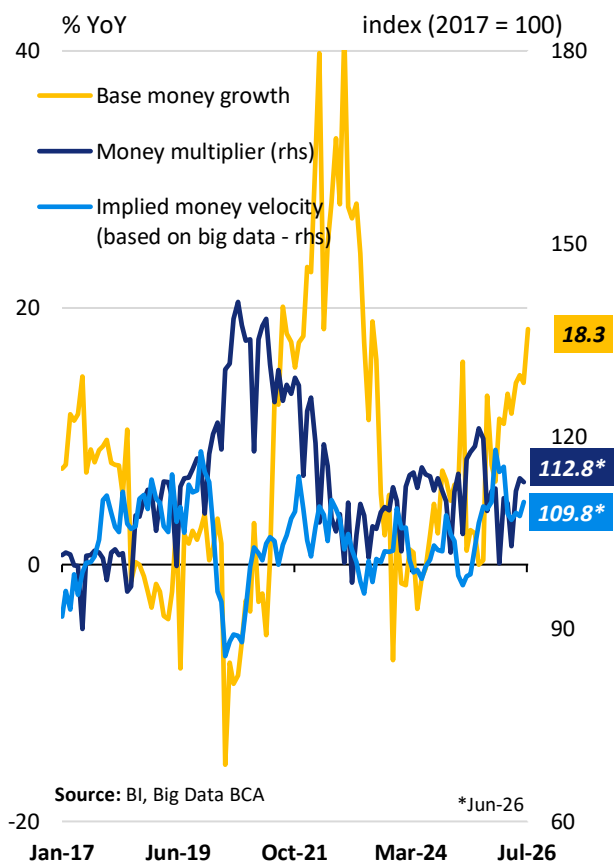
leaving exchange rate stability as the stabilization lever.

- On that front, Governor Damayanti has explicitly pledged to defend the Rupiah, while also signaling that the BI rate is not the sole instrument at BI's disposal – indicating she might try to hold interest rates this year. With the Dollar now regaining strength as markets price in a more hawkish Fed and nearly all global long-term yields are rising sharply – **both the Rupiah and the new BI Governor's vision may soon be put to the test.**

1 Accelerating inflation driven by higher food prices

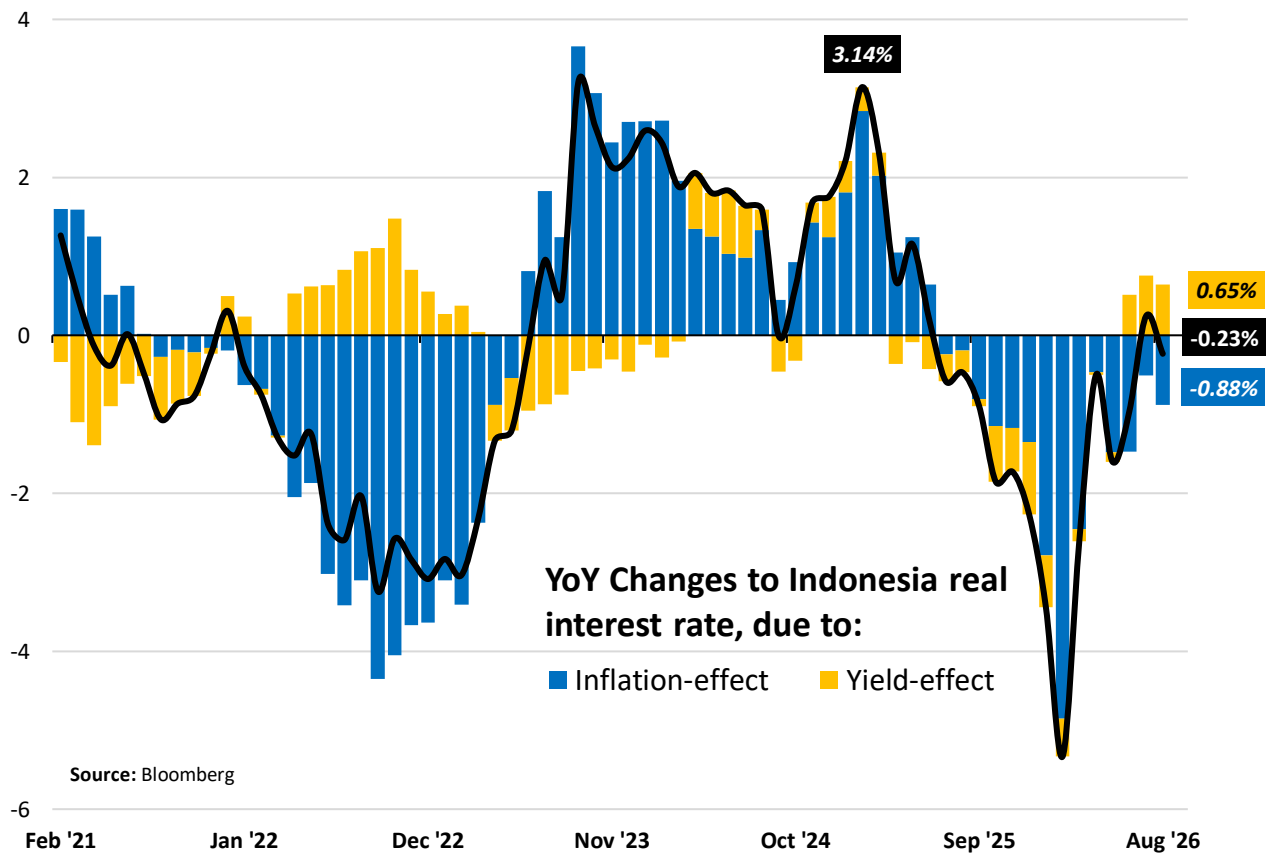


2 Loan growth is rising however consumer loans remain weak



3

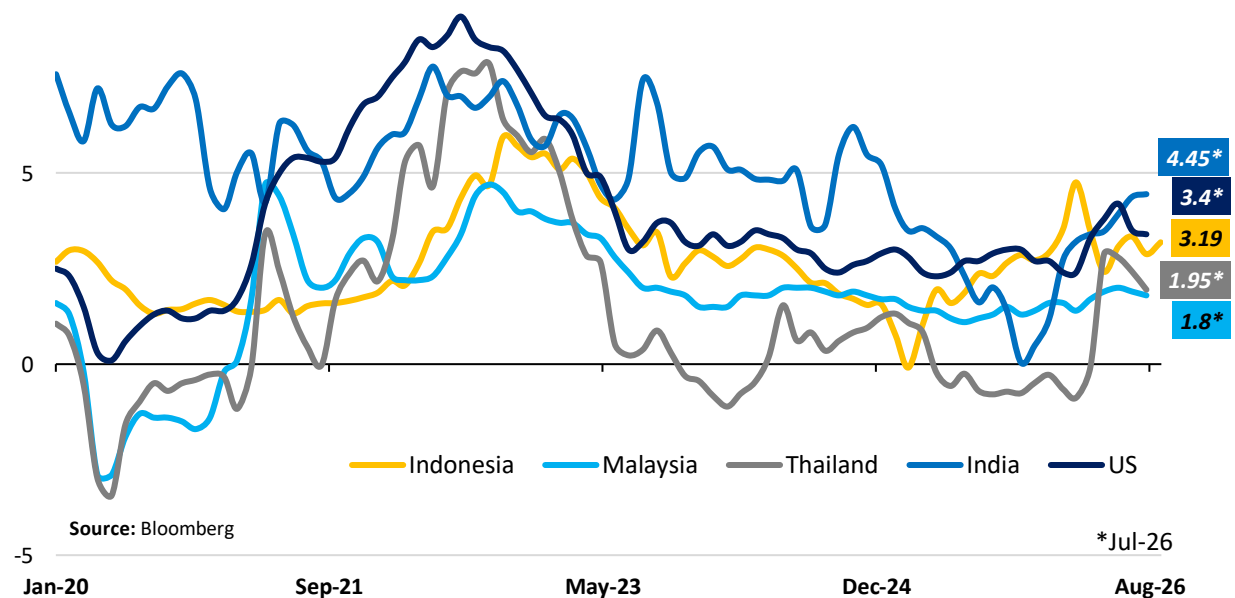
Indonesia's real interest rates lowered as inflation picks up



4

Indonesia's inflation is rising though remained controlled

10 Inflation % YoY



Selected Macroeconomic Indicators

Key Policy Rates	Rate (%)	Last Change	Real Rate (%)	Trade & Commodities	01-Sep	-1 mth	Chg (%)
US	3.75	Dec-25	0.35	Baltic Dry Index	3,157.0	2,732.0	15.6
UK	3.75	Dec-25	0.85	S&P GSCI Index	734.4	686.1	7.0
EU	2.40	Jun-26	-0.90	Oil (Brent, \$/bbl)	94.7	90.1	5.0
Japan	1.00	Jun-26	-0.90	Coal (\$/MT)	147.8	137.2	7.7
China (lending)	2.00	Sep-24	3.85	Gas (\$/MMBtu)	2.87	2.59	10.8
Korea	3.00	Aug-26	-0.10	Gold (\$/oz.)	4,328.8	4,046.2	7.0
India	5.25	Dec-25	0.80	Copper (\$/MT)	14,405.6	13,835.7	4.1
Indonesia	5.75	Jun-26	2.56	Nickel (\$/MT)	16,499.6	17,064.4	-3.3
Money Mkt Rates	01-Sep	-1 mth	Chg (bps)	CPO (\$/MT)	1,144.8	1,099.8	4.1
SPN (1Y)	6.77	7.45	-68.2	Rubber (\$/kg)	2.39	2.18	9.6
SUN (10Y)	7.04	7.31	-27.0	External Sector	Jul	Jun	Chg (%)
INDONIA (O/N, Rp)	6.13	6.23	-10.0	Export (\$ bn)	26.22	25.46	2.98
JIBOR 1M (Rp)	5.03	5.03	0.0	Import (\$ bn)	26.09	25.91	0.72
Bank Rates (Rp)	Jun	May	Chg (bps)	Trade bal. (\$ bn)	0.12	-0.45	-127.06
Lending (WC)	8.07	7.95	12.00	Central bank reserves (\$ bn)*	145.3	145.6	-0.17
Deposit 1M	4.96	4.52	44.00	Prompt Indicators	Jul	Jun	May
Savings	0.68	0.68	0.00	Consumer confidence index (CCI)	116.8	117.8	120.9
Currency/USD	01-Sep	-1 mth	Chg (%)	Car sales (%YoY)	33.3	33.0	14.0
UK Pound	0.740	0.742	0.24	Motorcycle sales (%YoY)	8.3	1.1	-5.1
Euro	0.863	0.868	0.57	Manufacturing PMI	Aug	Jul	Chg (bps)
Japanese Yen	160.2	157.4	-1.74	USA	53.9	53.9	0
Chinese RMB	6.721	6.753	0.48	Eurozone	52.7	51.9	80
Indonesia Rupiah	17,726	18,000	1.55	Japan	54.9	54.5	40
Capital Mkt	01-Sep	-1 mth	Chg (%)	China	51.5	50.9	60
JCI	6,599.9	6,236.1	5.83	Korea	52.3	53.1	-80
DJIA	52,766.9	52,485.0	0.54	Indonesia	49.8	50.2	-40
FTSE	10,789.3	10,868.1	-0.72				
Nikkei 225	66,215.3	64,362.0	2.88				
Hang Seng	25,329.7	25,884.4	-2.14				
Foreign portfolio ownership (Rp Tn)	Aug	Jul	Chg (Rp Tn)				
Stock	2,949.5	2,805.0	144.49				
Govt. Bond	907.3	892.4	14.86				
Corp. Bond	4.8	5.6	-0.74				

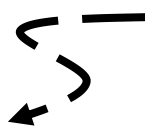
Source: Bloomberg, BI, BPS

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	2025	2026E
Real GDP growth (% YoY)	-2.1	3.7	5.3	5.0	5.0	5.1	5.3
Nominal GDP growth (% YoY)	-2.5	9.9	15.4	6.7	6.0	7.6	9.1
GDP per capita (USD)	3912	4350	4784	4920	4960	5083	5126
CPI inflation (% YoY)	1.7	1.9	5.5	2.6	1.6	2.9	3.2
BI Rate (%)	3.75	3.50	5.50	6.00	6.00	4.75	6.00
SBN 10Y yield (%)	5.86	6.36	6.92	6.45	6.97	6.05	7.31
USD/IDR exchange rate (average)	14,529	14,297	14,874	15,248	15,841	16,468	17,621
USD/IDR exchange rate (end of year)	14,050	14,262	15,568	15,397	16,102	16,690	18,238
Trade balance (USD Bn)	21.7	35.3	54.5	37.0	31.0	41.1	19.2
Current account balance (% of GDP)	-0.4	0.3	1.0	-0.1	-0.6	-0.1	-1.3

Notes:

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

Economic and Industry Research Team

David E.Sumual

Chief Economist

david_sumual@bca.co.id

+6221 2358 8000 Ext:1051352

Thierris Nora Kusuma

Economist / Analyst

thierris_kusuma@bca.co.id

+6221 2358 8000 Ext: 1071930

Arif Agung Wibowo

Economist / Analyst

arif_agung@bca.co.id

+6221 2358 8000 Ext: -

Samuel Theophilus Artha

Economist / Analyst

samuel_artha@bca.co.id

+6221 2358 8000 Ext: 1080373

Agus Salim Hardjodinoto

Head of Industry and Regional Research

agus_lim@bca.co.id

+6221 2358 8000 Ext: 1005314

Gabriella Yolivia

Industry Analyst

gabriella_yolivia@bca.co.id

+6221 2358 8000 Ext: 1063933

Elbert Timothy Lasiman

Economist / Analyst

Elbert_lasiman@bca.co.id

+6221 2358 8000 Ext: 1007431

Jennifer Calysta Farrell

Economist / Analyst

jennifer_farrell@bca.co.id

+6221 2358 8000 Ext: 1082423

Victor George Petrus Matindas

Head of Banking Research and Analytics

victor_matindas@bca.co.id

+6221 2358 8000 Ext: 1058408

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

PT Bank Central Asia Tbk

Economic and Industry Research

20th 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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