



	Mar-18 (Actual)	Mar-18 (Cons.)	Feb-18
Headline CPI (% chg y-o-y)	3.40	3.35	3.18
Headline CPI (% chg m-o-m)	0.20	0.12	0.17
Headline CPI (% chg y-t-d)	0.99	0.91	0.79
Core CPI (% chg y-o-y)	2.67	2.69	2.58

Source: Bloomberg, BPS, CEIC

Economic Highlights

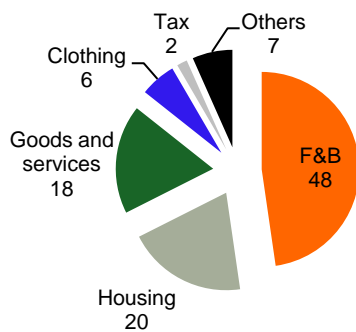
- The statistics office announced **an inflation of 0.20% mom** for the month of Mar-18. Drivers of inflation were from several staple foods and adjustments in retail gasoline prices, namely Pertalite (RON 90) and high speed diesel. We have mentioned in the past, that this year's inflation trend could be different than last year, given higher international prices of oil and food and we are seeing that impact now manifest itself.
- Aside from that, we have been monitoring the inflation trend from Indonesia's import partners, which started to gain traction. **Cross referencing this data with Wholesale Price Index (WPI) may provide a temporary comfort.** To date, prices of imported non oil and gas products had actually decelerated, implying that the rise in overall WPI is fueled by oil. However, other parts -i.e. manufactured goods and construction materials- are undergoing only a gradual elevation in price.
- On a separate report, the Central Bureau of Statistics also released the yearly average expenditure per capita data. It reflects the portion of consumer spending that is allocated to specified segments of products (*please see charts below*). We note that the behavior of consumers these past 5 years has, in a sense, gone back to basics. **The portion of spending for food and housing has gotten larger** while that of goods, both durable and non-durable, has moderated.
- **Policy implication?** Our call is for **policy rates to be on hold at the next MPC meeting (19 April)**. As long as inflation and currency volatility remained within their targeted range, the need for monetary response can be kept at bay. We think the emphasis is more on managing the volatility of Rupiah for the time being. Which is why the movement of FX reserve, due to be released this Friday, will be closely watched by market participants.

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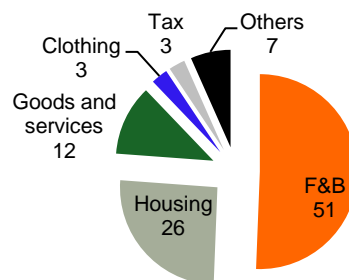
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Chart 1. Average per Capita Expenditure in 2012 (%)



Source: BPS

Chart 2. Average per Capita Expenditure in 2017 (%)



Source: BPS

Indonesia: Selected Economic Indicators

	2014	2015	2016	2017	2018E
National Accounts					
Real GDP (% y-o-y)	5.0	4.9	5.0	5.1	5.3
Domestic demand ex. inventory (% y-o-y)	5.3	4.0	5.0	4.8	5.4
Real Consumption: Private (% y-o-y)	5.1	5.0	5.0	4.9	5.0
Real Gross Fixed Capital Formation (% y-o-y)	4.4	5.0	4.5	6.2	6.0
GDP (USD bn) — nominal	891	861	933	1,016	1,115
GDP per capita (USD) — nominal	3,532	3,370	3,603	3,878	4,198
Open Unemployment Rate (%)	5.9	6.2	5.6	5.5	5.5
External Sector					
Exports (% y-o-y, BoP Basis)	-3.7	-14.9	-3.1	16.9	6.0
Imports (% y-o-y, BoP Basis)	-4.5	-19.7	-4.5	16.2	11.8
Trade balance (USD bn, BoP Basis)	6.9	14.1	15.4	18.9	17.6
Current account (% of GDP)	-3.2	-2.1	-1.8	-1.7	-2.0
Central government debt (% of GDP)	24.7	27.4	27.8	28.6 (E)	28.7
International Reserves –IRFCL (USD bn)	111.9	105.9	116.4	130.2	136.8
Reserve Cover (Months of imports & ext. debt)	6.5	7.4	8.4	8.3	8.5
Currency/US\$ (Year-end)	12,440	13,795	13,436	13,548	13,575
Currency/US\$ (Average)	11,878	13,392	13,308	13,383	13,520
Other					
BI policy rate (% year end)	7.75	7.50	6.50*	N/A	N/A
BI 7-Day Reverse Repo rate (% year end)	N/A	6.25	4.75	4.25	4.25
Consumer prices (% year end)	8.36	3.35	3.02	3.61	3.64
Fiscal balance (% of GDP; FY)	-2.26	-2.70	-2.46	-2.60 (E)	-2.52
S&P's Rating – FCY	BB+	BB+	BB+	BBB-	BBB-

Source: CEIC, E = Danamon Estimates, A = Actual, *) Up to August 2016

Economic and Market Research

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