

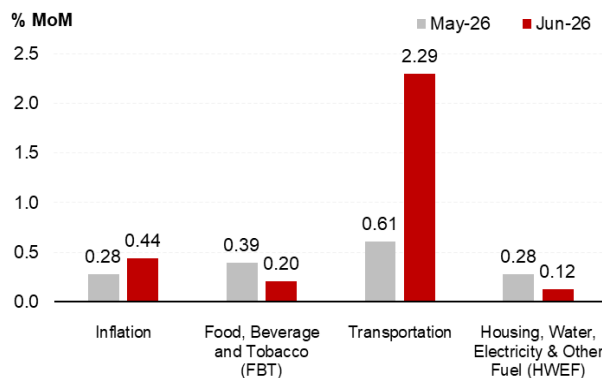
02 July 2026

Indonesia Consumer Price Index (Jun-26)

Inflation reaks higher, BI rate cut window narrows

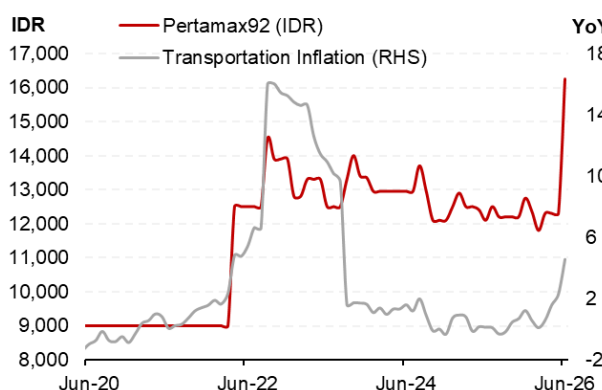
- **Indonesia's headline inflation accelerated to 3.34% YoY in June (May: 3.08%), above consensus (3.20%) and within Bank Indonesia's (BI) 1.5% - 3.5% target band for the fourth straight month**
 - MoM (0.44%; May: 0.28%): Accelerated to a four-month high, above the 2025 monthly average of 0.24%, pointing to persistent price pressures.
 - Core inflation (2.76% YoY; May: 2.59%): Rose to a 38-month high, a sign underlying inflation is firming.
- **Higher fuel prices remained the main driver of June inflation**
 - Food, beverage & tobacco (4.67%; May: 4.94%): Eased slightly, but remained elevated on higher prices of fresh fish, rice, cooking oil, red chili, broiler chicken and beef.
 - Transportation (4.57%; May: 2.30%): Jumped to a near three-year high, after prices of unsubsidized Pertamina RON-92 and RON-95 rose to RP16,250 and RP17,000 per litre, from RP12,300 and RP12,900 litre, respectively.
 - Housing, water, electricity & other fuel (1.04%; May: 1.00%): Edged up on higher household fuel prices and house rental.
 - Personal care & other services (10.10%; May: 10.35%): Fell to an eight-month low on lower gold jewellery prices.
- **Inflation stayed broadly stable across regional peers**
 - Thailand (2.8%; May: 2.9%): Slowed and came in below consensus as lower fuel, transportation, meat, vegetables, eggs and dairy prices offset other price increases.
 - Singapore (1.8%; May: 1.8%): Held steady and below consensus as lower telecommunication services charges offset higher private transport, accommodation, retail and food costs.
- **2026 inflation outlook retained at 3.1% (2025: 1.9%) amid persistent currency pressures**
 - **Inflation dynamics:** Inflation is set to trend higher in the near term, driven by firmer core and headline prints. Price pressures are building in food and transport, reflecting sustained commodity volatility and Rupiah weakness. While inflation remains within target, risks are now tilted to the upside if FX pressures persist.
 - **Monetary policy outlook:** We continue to expect BI to keep a defensive policy stance, prioritising Rupiah stability. The odds of another 25bps rate hike have risen as BI seeks to support the Rupiah, anchor inflation expectations and mitigate external risks.

Graph 1: CPI by Main Categories



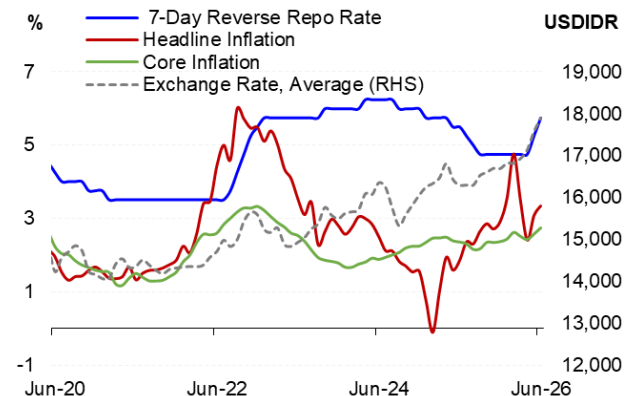
Source: BPS, Macrobond, Kenanga Research

Graph 3: Pertamina92 vs Transportation Inflation



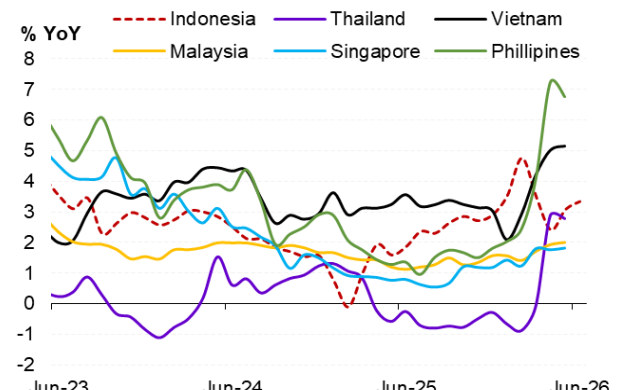
Source: BPS, Bloomberg, Macrobond, Kenanga Research

Graph 2: Inflation vs. Policy Rate and Rupiah



Source: BPS, Macrobond, Kenanga Research

Graph 4: Regional Inflation Growth Trend



Source: BPS, Macrobond, Kenanga Research

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Table 1: Indonesia Consumer Price Index Growth Trend (% YoY)

Base 2018=100	weight	2023	2024	2025	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
CPI	100.00	3.73	2.30	1.91	3.55	4.76	3.48	2.42	3.08	3.34
Food, Beverage and Tobacco (FBT)	25.01	4.97	4.45	3.32	1.54	3.51	3.34	3.06	4.94	4.67
Housing, Water, Electricity & Other Fuel (HWEF)	20.45	1.83	0.54	-0.92	11.93	16.19	7.24	0.74	1.00	1.04
Transportation	12.38	8.81	0.96	0.40	0.58	0.12	0.61	1.61	2.30	4.57
Food and Beverage Provision/Restaurant	8.67	3.15	2.38	1.95	1.36	1.37	1.42	1.93	2.24	2.36
Household Equipment & Routine Maintenance (HHE)	5.97	2.38	1.04	0.61	0.16	0.21	0.24	0.60	0.98	1.44
Personal Care and Other Services (PCS)	5.89	4.32	5.29	9.82	15.22	16.66	15.32	11.43	10.35	10.10
Information, Comm & Financial Service (ICFS)	5.83	-0.24	-0.19	-0.31	-0.19	-0.09	-0.03	0.83	0.97	1.26
Education	5.62	2.10	1.73	1.65	1.11	1.11	1.14	1.14	1.15	1.27
Clothing and Footwear (CF)	5.41	1.80	1.11	0.96	0.56	0.73	0.65	0.79	0.84	1.00
Health	2.62	1.99	1.82	1.90	1.62	1.61	1.49	1.49	1.70	1.84
Recreation, Sports, and Culture (RSC)	2.15	2.21	1.55	1.15	1.05	0.96	1.08	1.19	1.30	1.40
Core		2.43	1.96	2.36	2.45	2.63	2.52	2.44	2.59	2.76
Administered		7.22	1.35	-0.52	9.71	12.66	6.08	1.53	2.07	3.42
Volatile		5.57	4.88	3.09	1.14	4.64	4.24	3.37	6.24	5.58
Energy		8.02	-0.28	-3.30	14.94	22.18	9.08	0.21	0.81	2.87

Source: BPS, Macrobond, Kenanga Research

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