

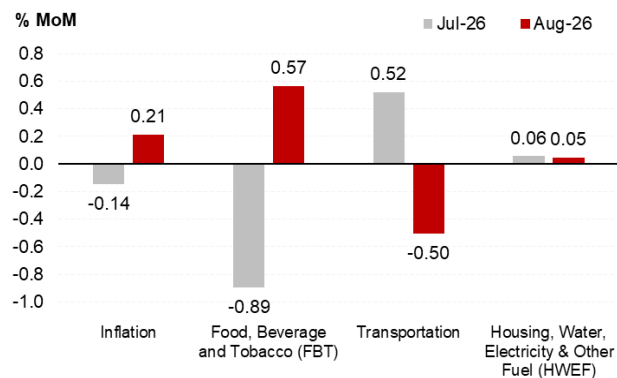
02 September 2026

Indonesia Consumer Price Index (Aug-26)

Food prices push inflation higher, BI set to hold

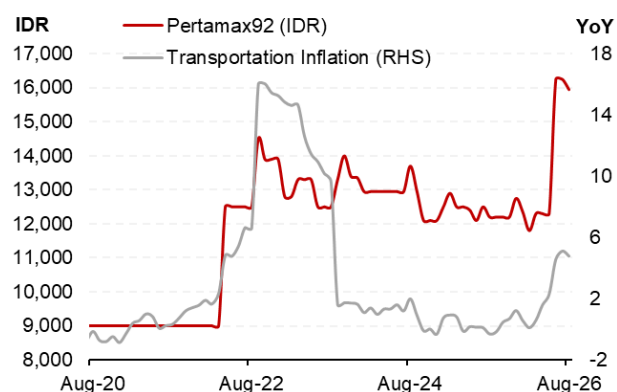
- Indonesia's headline inflation rose to 3.19% YoY in August (Jul: 2.88%), slightly above consensus (3.13%) but stayed within Bank Indonesia's (BI) 1.5% - 3.5% target range for a sixth straight month
 - MoM (0.21%; Jul: -0.14%): Rebounded sharply from July's deflation, as higher food prices pushed consumer prices up.
 - Core inflation (2.92% YoY; Jul: 2.76%): Rose to a 42-month high, reflecting a strong underlying demand.
- Food prices drove the pickup in August inflation
 - Food, beverage & tobacco (3.86%; Jul: 2.97%): Rose sharply on higher prices for broiler chicken meat, fresh fish, cooking oil and rice.
 - Transportation (4.79%; Jul: 5.12%): Eased on lower airfares and petrol prices.
 - Housing, water, electricity & other fuel (1.01%; Jul: 0.99%): Edged up on higher maintenance, repair and security costs.
 - Personal care & other services (9.25%; Jul: 9.04%): Rose on higher prices of other personal and gold jewellery.
- Mixed inflation trend among selected regional economies in July
 - Thailand (1.9%; Jun: 2.4%): Eased to a four-month low, mainly on lower retail fuel prices during the month.
 - Singapore (2.2%; Jun: 1.9%): Rose to a two-year high on higher electricity and gas charges, and increased transportation fares.
- 2026 inflation outlook held at 3.1% (2025: 1.9%), with upside risk that could lift inflation to 3.3%
 - Inflation dynamics:** The August reading suggest price pressures remain elevated, driven by volatile food prices and rising global oil costs. Looking ahead, inflation is likely to stay firm in the near term, as weather-related disruptions hit food supply and potentially higher fuel prices. At the same time, stronger domestic demand, reflected in rising core inflation, could add further upward pressure on prices.
 - Monetary policy outlook:** Despite rising price pressures, we expect BI to hold its policy rate at 5.75% in the near term. The Rupiah has strengthened and stabilised below the 18,000 level against the USD, while inflation stays within the central bank's 1.5% - 3.5% target range. Still, room to hike remains on the table if inflationary pressures intensify or the Rupiah comes under renewed pressure.

Graph 1: CPI by Main Categories



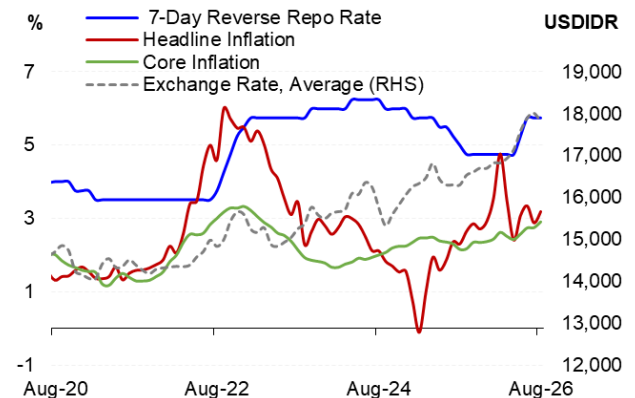
Source: BPS, Macrobond, Kenanga Research

Graph 3: Pertamina92 vs Transportation Inflation



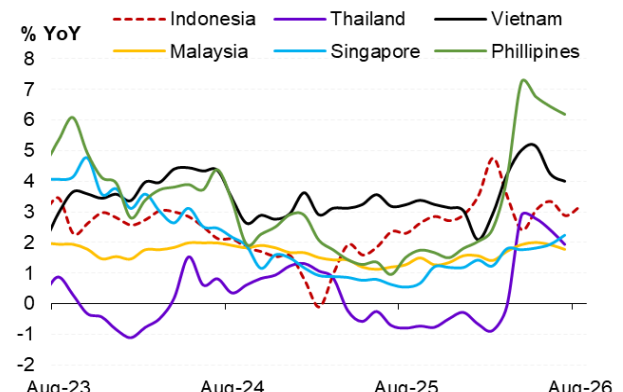
Source: BPS, Bloomberg, Macrobond, Kenanga Research

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	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26
CPI	100.00	3.73	2.30	1.91	3.48	2.42	3.08	3.34	2.88	3.19
Food, Beverage and Tobacco (FBT)	25.01	4.97	4.45	3.32	3.34	3.06	4.94	4.67	2.97	3.86
Housing, Water, Electricity & Other Fuel (HWEF)	20.45	1.83	0.54	-0.92	7.24	0.74	1.00	1.04	0.99	1.01
Transportation	12.38	8.81	0.96	0.40	0.61	1.61	2.30	4.57	5.12	4.79
Food and Beverage Provision/Restaurant	8.67	3.15	2.38	1.95	1.42	1.93	2.24	2.36	2.55	2.67
Household Equipment & Routine Maintenance (HHE)	5.97	2.38	1.04	0.61	0.24	0.60	0.98	1.44	1.72	2.00
Personal Care and Other Services (PCS)	5.89	4.32	5.29	9.82	15.32	11.43	10.35	10.10	9.04	9.25
Information, Comm & Financial Service (ICFS)	5.83	-0.24	-0.19	-0.31	-0.03	0.83	0.97	1.26	1.50	1.72
Education	5.62	2.10	1.73	1.65	1.14	1.14	1.15	1.27	1.00	1.20
Clothing and Footwear (CF)	5.41	1.80	1.11	0.96	0.65	0.79	0.84	1.00	1.04	1.20
Health	2.62	1.99	1.82	1.90	1.49	1.49	1.70	1.84	1.96	2.12
Recreation, Sports, and Culture (RSC)	2.15	2.21	1.55	1.15	1.08	1.19	1.30	1.40	1.58	1.75
Core		2.43	1.96	2.36	2.52	2.44	2.59	2.76	2.76	2.92
Administered		7.22	1.35	-0.52	6.08	1.53	2.07	3.42	3.58	3.32
Volatile		5.57	4.88	3.09	4.24	3.37	6.24	5.58	2.52	4.06
Energy		8.02	-0.28	-3.30	9.08	0.21	0.81	2.87	3.26	3.18

Source: BPS, Macrobond, Kenanga Research

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