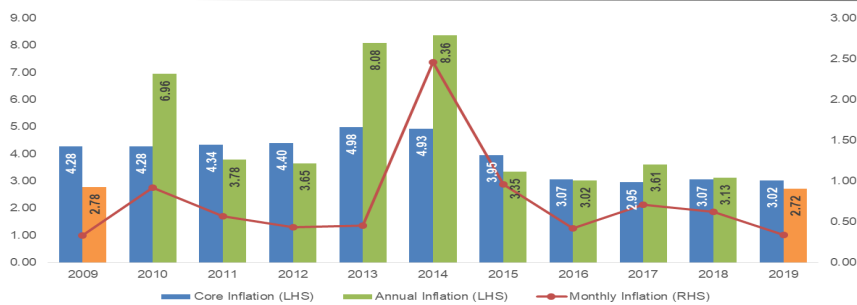


December's Inflation Stands at the 10-Year Low

December's Inflation (%)



Source: Bloomberg, NHKS Research

Core Inflation to stand at 3.02%YoY

Volatile prices of staple foodstuffs such as rice to spike inflation remain stable in 2019. Prices of rice in 2018 made up the greatest proportion to inflation, but 2019's adequate rice supply by Bulog ensured that rice was not the main culprit to cause volatile inflation. Another to 2018's rising rice prices, 2018's year-end hike in fuel prices and airplane ticket prices left 2018's inflation higher than that of 2019. Of note, 2019's core inflation standing at 3.02% equal with prior year reading. A subtle distinction between the 2018 and 2019 inflation was administered prices. The 2018's administered prices of 3.36% contributed 0.66% to the core inflation, whereas 2019's same percentage of administered price made up a smaller proportion to 2019's inflation of 0.51% underlined by subtle prevailing policies the two-consecutive years.

2019's Inflation to Stand Below 3%

The 2019's inflation of 2.72% to stand below the government targeted level of 3.5% was a 10-year low. The 10-year inflation levels are as follows 2009's figure of 2.78%; 2010's figure of 6.96%; 2011's figure of 3.78%; 2012's figure of 3.65%; 2013's figure of 8.08%; 2014's figure of 8.36%; 2015's figure of 3.35%; 2016's figure of 3.02%; 2017's figure of 3.61%; and 2018's figure of 3.13%. The 2019's figure revealed volatile prices inflated to 4.3% contributing 0.77% to the 2019's inflation. Meanwhile, the 2019's core inflation constituted 1.65% to the 2019's total inflation. In addition, administered prices inflated to 0.51% to contribute 0.51% to 0.10% inflation.

Dec's High Inflation to Not Prevail

Dec's high inflation is typical aside from high-level inflation at Ramadan month and Eid Mubarak. The seasonal pattern of high inflation during certain momentum is typical inflations from January to December. Of note, rises in prices are gradually well monitored during Ramadan and Eid Mubarak; conversely, Dec's rising prices was sudden.

Hiccups in Food Supplies to Spike Jan's Inflation

Jan's flood to sweep Jakarta is likely to send Jan's inflation soaring as foodstuffs are the main contributors to the annual inflation. In 2019, foodstuff inflation was the second largest contributor of 4.28% to the inflation after clothes to contribute to the first largest proportion of 4.93% to inflation. Then, processed food, cigarettes, and tobaccos made up 3.97% of inflation; housing, water, electricity, gas and fuel contributed 1.75% to inflation. Besides, health, recreation, sport, as well as ass transportation, communication, and financial services respectively contributed 3.46%; 3.25%; and 0.17% to inflation.

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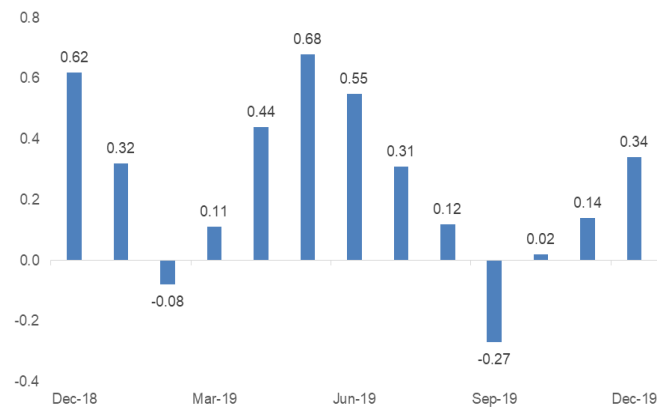
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December's Inflation Rates of 82 Cities across Indonesia(%)

Expenditure Group	CPI Dec. 2018	CPI Dec. 2019	Inflation Rate of Dec. 2019	Inflation Rate of Calendar 2019	Inflation Rate of YoY	Share of Inflation December 2019
General	135.39	139.07	0.34	2.72	2.72	0.34
Foodstuff	147.21	153.51	0.78	4.28	4.58	0.16
Prepared food, Beverages, Cigarette and Tobacco	144.17	149.90	0.29	3.97	3.97	0.05
Housing, Water, Electricity, Gas and Fuel	131.04	133.33	0.09	1.75	1.75	0.02
Clothing	122.18	128.20	0.05	4.93	4.93	0.00
Health	129.04	133.51	0.29	3.46	3.46	0.01
Education, Recreation and Sport	125.65	129.73	-0.05	3.25	3.25	0.00
Transportation, Communication and Financial Services	133.78	134.01	0.58	0.17	0.17	0.10

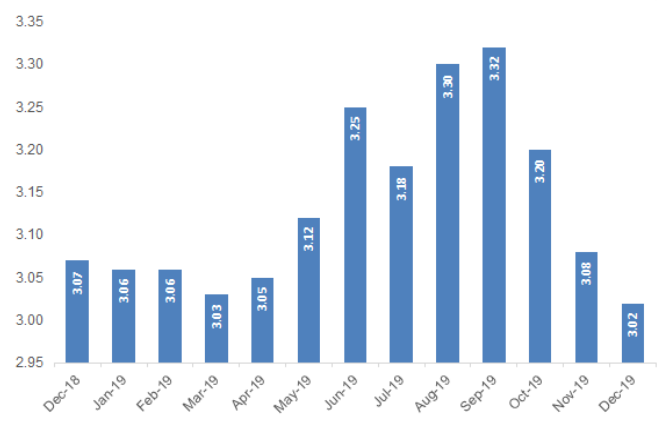
Source: Indonesia Statistics, NHKS Research

Monthly Inflation (%) | Dec. 18 - Dec. 19



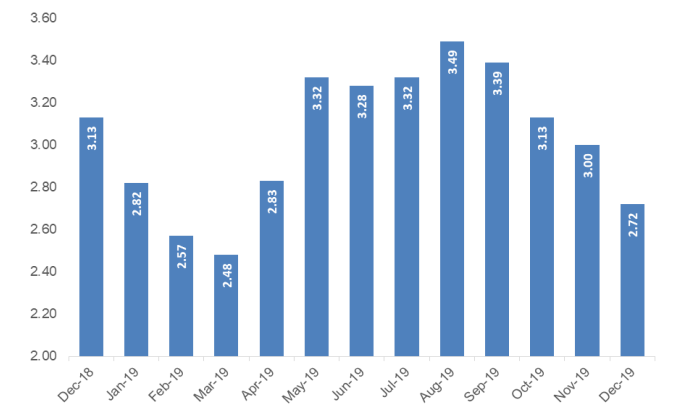
Source: Indonesia Statistics, NHKS Research

Core Inflation (%) | Dec. 18 - Dec 19



Source: Indonesia Statistics, NHKS research

Annual Headline Inflation (%) | Dec. 18 - Dec. 19



Source: Indonesia Statistics, NHKS Research

Inflation Rate Comparison | Dec. 2019

	CPI	Inflation (%)	CPI	Inflation (%)	
Jakarta	139.62	0.30	Tegal	134.71	0.37
Bogor	140.86	0.30	Yogyakarta	135.46	0.46
Sukabumi	137.19	0.33	Jember	133.28	0.54
Bandung	138.22	0.45	Banyuwangi	131.95	0.29
Cirebon	132.58	0.44	Sumenep	133.45	0.38
Bekasi	137.79	0.38	Kediri	131.63	0.47
Depok	137.31	0.18	Malang	137.60	0.50
Tasikmalaya	134.50	0.33	Probolinggo	132.35	0.28
Cilacap	140.75	0.50	Madiun	135.00	0.33
Purwokerto	134.88	0.51	Surabaya	138.23	0.60
Kudus	145.17	0.24	Tangerang	147.82	0.13
Surakarta	133.10	0.48	Cilegon	146.63	0.45
Semarang	136.59	0.46	Serang	149.63	0.41

National CPI: 139.07; Inflation Rate (%): 0.34

Source: Indonesia Statistics, NHKS research

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