

Retail Sales Survey

Indonesia's Retail Sales Index



Source: Bank Indonesia, NHKS research

Highlights of January's Retail Sales

January's retail sales surged 7.2% y-y, a slight drop from 7.7% y-y of December 2018, Bank Indonesia survey penciled in. January's growth revealed the growth of 27.9% y-y and 21.5% y-y in sales of clothing & cultural and recreation commodities, respectively. Both growths bolstered January's retail sales and showed raising consumers' appetite for spending.

January's retail sales, on a monthly basis, weakened by 7.7%, much deeper than December's growth 10.6% m-m. BI in its survey cautioned that the early-year seasonal cycle was a setback for January's growth and projected February's growth of 10.9% y-y due to the celebration of Lunar New Year of 2019.

Retail sales growths from February to March are significant readings to oversee the trend of domestic consumption for most of 2019. Based on the seasonal cycle, retail sales are likely to creep higher ahead of Eid Mubarak.

As 2019's buoyant retail sales signified consumers' higher appetite for spending; 2019's surging domestic sales is expected due to 2019's much benign inflation than that in 2018.

Recommendation

Identifying rising retail sales of 2019, we recommend that investors focus on retail and consumption sectors as follows:

Automotive : ASII (TP:9,100)
Cigarette : GGRM (TP:110,000)
Retailers : RALS (TP:2,050); MAPI (TP:1,300)

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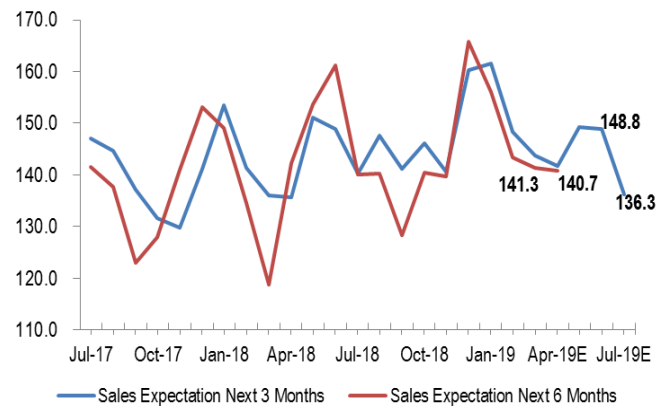
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Retail Sales Growth | Feb 2017 - Feb 2019



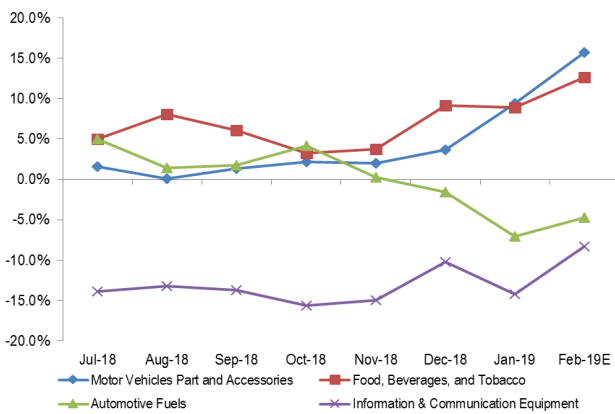
Source: Bank Indonesia, NHKS Research

Sales Expectation | Jul 2018 - Jul 2019



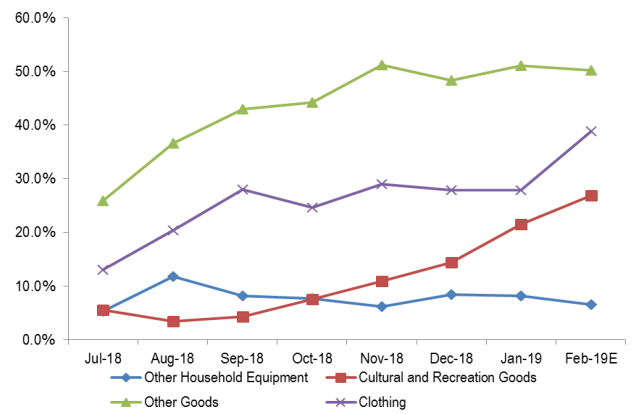
Source: Bank Indonesia, Bloomberg, NHKS Research

1st Commodity Retail Sales Growth | Juli 2018 - Feb 2019



Source: Bank Indonesia, NHKS Research

2nd Commodity Retail Sales Growth | Juli 2018 - Feb 2019



Source: Bank Indonesia, Bloomberg, NHKS Research

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