

Higher than Expected

Statistics Indonesia (BPS) announced Jun' 11 inflation figures at 0.55% MoM and 5.54% YoY vs. 0.37% MoM and 5.40% YoY of consensus estimates. However, YoY inflation figures down compared to 5.98% on May as last year figures affected by electricity tariffs raised translated into 0.97% - 1.57%. Core inflation ups 0.33% MoM and 4.63% YoY.

...But Still at Central Bank Target

Despite recent uptrend, 1.06% YTD inflation is lower compared to 2.42% YTD on 2010, still at central bank $5 \pm 1\%$ target. Core component has been increased by 1.91% YTD vs. 1.58% YTD on 2010. We expect seasonal factor to continue inflation uptrend on 2H11.

Foodstuff Dominated Inflation

Foodstuff inflation ends its four month retreat and ups by 1.27% MoM, contributes 0.3% to headline inflation. 10 out of 11 foodstuff subgroup prices went up, with meat as highest contributors with 2.77% MoM and oils subgroup as lowest contributors with 0.31% MoM.

MoM Inflation by Group

No.	Expenditure Group	Inflation rate June'11
1	General (Headline)	0.55
2	Foodstuff	1.27
3	Prepared food, Beverages, Cigarette and Tobacco	0.41
4	Housing, Water, Electricity, Gas and Fuel	0.30
5	Clothing	0.57
6	Health	0.41
7	Education, Recreation and Sport	0.18
8	Transportation, Communication and Financial Services	0.15

Source: BPS

On commodities details : rice +0.07%, purebred chicken meat +0.07%, red onions +0.06%, eggs +0.05%, fresh fish +0.04%, tomatoes +0.03%, preserved fish, spinach, citrus fruits and tomatoes +0.01% respectively. Meanwhile, the negative contributors are chili -0.03%, pepper -0.02%, spinach -0.01% and garlic -0.01%.

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