

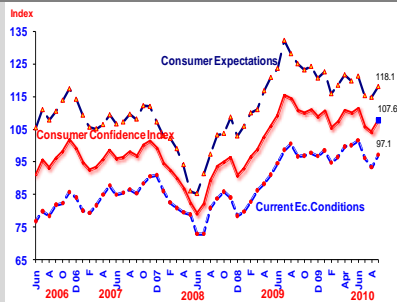


INDONESIA

CONSUMER SENTIMENT

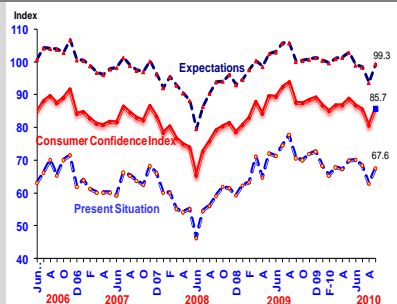
SEPTEMBER CONSUMER CONFIDENCE INDEX (CCI)

Bank Indonesia



Source: BI

Danareksa Research Institute



Source: DRI

Note: The **BI survey** covers more than 4,650 households in 18 cities (Jakarta, Bandung, Semarang, Surabaya, Medan, Makassar, Bandar Lampung, Palembang, Banjarmasin, Padang, Pontianak, Samarinda, Manado, Denpasar, Mataram, Pangkal Pinang, Ambon, and Banten). The **DRI survey** covers 1,700 households in 6 cities (Jakarta, Bandung, Surabaya, Semarang, Medan and Makassar)

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Bank Indonesia (BI)

- CCI increased by 3.5% to 107.6
- Confidence was bolstered by Hari Raya bonuses, improved outlook on jobs, income and optimism with overall economy
- Index gauging inflation expectations over next 6 months dropped 2.8% to 11-month low, indicating consumers less worried with prices over medium-term
- Harvest season that starts in September, post-Hari Raya consumption fatigue helping to ease inflation concerns
- Expectations on interest rates over next 6 months fell slightly, suggesting consumers don't see banks raising rates anytime soon
- BI: declining inflation expectations, better outlook on jobs, income should boost consumption, drive economy over medium term

Danareksa Research Institute (DRI)

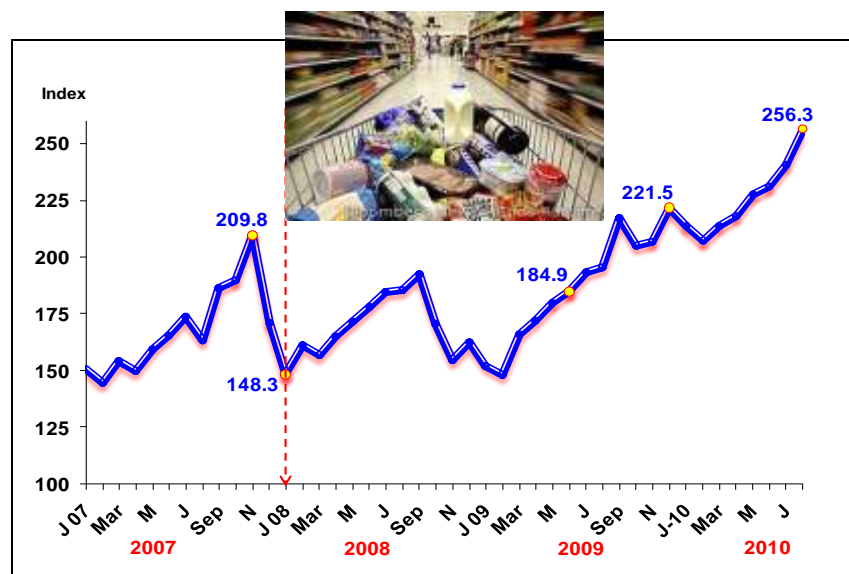
- CCI jumped 6.5% to 85.7, the first rise in three months on expectations of stronger economic growth over next 6 months
- Index measuring consumer sentiment towards inflation fell 2.1% after hitting two-year high a month earlier, highlighting easing price pressures
- Prospect of higher prices still the top concern for majority of consumers
- CCI for consumers with income below Rp500,000/month surged 26.7%, compared to 5.9% for those with income of more than Rp1,000,000/month
- On regional basis, CCI rise led by West Java (up 19.8%), Jakarta (11.9%), Central Java (9.2%) and North Sumatra (4.3%)
- CCI declined in two regions: East Java (3.9%) and South Sulawesi (0.4%)
- Buying intentions for durable goods rose to 27.4% from 24.7% a month earlier. Buying intentions for automobiles rose to 0.52%, its highest level since January 2010



INDONESIA CONSUMER SENTIMENT

RETAIL SALES

- BI's August retail sales index increased by 6.4% from a month earlier and 31.2% year-on-year to 256.3, continuing its record run
- Sales of clothing and household essential items driving this increase
- Majority of retailers optimistic sales will continue to grow over next 3-6 months
- Majority of retailers see inflation pressures subsiding over next 3-6 months
- Majority of retailers expect interest rates to decline over next 3-6 months



Note: The **BI Retail Index** is based on a monthly survey of 270 retailers in Jakarta, Bandung, Semarang, Surabaya and Medan. The retailers are divided into nine groups based on items sold: food & tobacco, clothing & accessories, household goods, chemicals, construction material, fuel, stationery & office supplies, auto spare parts, and arts & crafts

AUTOMOTIVE TRENDS

Autos

- September car sales were up 32.3% year-on-year but down 24% from a month earlier to 49,227 units, according to industry association Gaikindo (the group records wholesale sales)
- Astra Daihatsu Motor marketing director Amelia Tjandra said the sales drop was a result of the Idul Fitri holidays that shortened the number of working days and reduced the number of cars actually produced and distributed to dealers in September
- Astra Toyota Motor marketing director Joko Trisanyoto was confident sales would rise by more than 50% this year and surpass 700,000 units on solid consumer demand and the rush of new models manufacturers are releasing over the course of the year

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- September sales year-to-date totaled 556,287 units, up 64.8% from the year earlier period
- Joko said sales for 2011 could reach 760,000-830,000 units. However, he warned that plans by several regional governments next year to impose progressive tax rates on car owners with more than one vehicle, as well as a possible increase in luxury sales tax could adversely impact car sales

	Sales Volume (units)					% Change		1st Sem 10/09
	Sep-10	Aug-10	Sep-09	1st Sem 10	1st Sem 09	Sep 10/ Aug 10	Sep 10/ Sep 09	
TOYOTA	18,759	22,638	14,299	140,184	79,029	(17.1)	31.2	77.4
MITSUBISHI	6,808	9,310	4,728	52,148	27,213	(26.9)	44.0	91.6
DAIHATSU	7,168	9,741	5,667	54,573	34,511	(26.4)	26.5	58.1
SUZUKI	4,881	6,063	2,835	34,416	20,751	(19.5)	72.2	65.9
HONDA	3,715	6,025	4,155	28,923	15,254	(38.3)	(10.6)	89.6
NISSAN	2,100	3,250	1,480	18,218	9,156	(35.4)	41.9	99.0
ISUZU	1,634	2,133	1,161	11,790	7,420	(23.4)	40.7	58.9
OTHER	4,162	5,597	2,884	29,956	16,912	(25.6)	44.3	77.1
TOTAL	49,227	64,757	37,209	370,208	210,246	(24.0)	32.3	76.1

Source: Gaikindo

Motorcycles

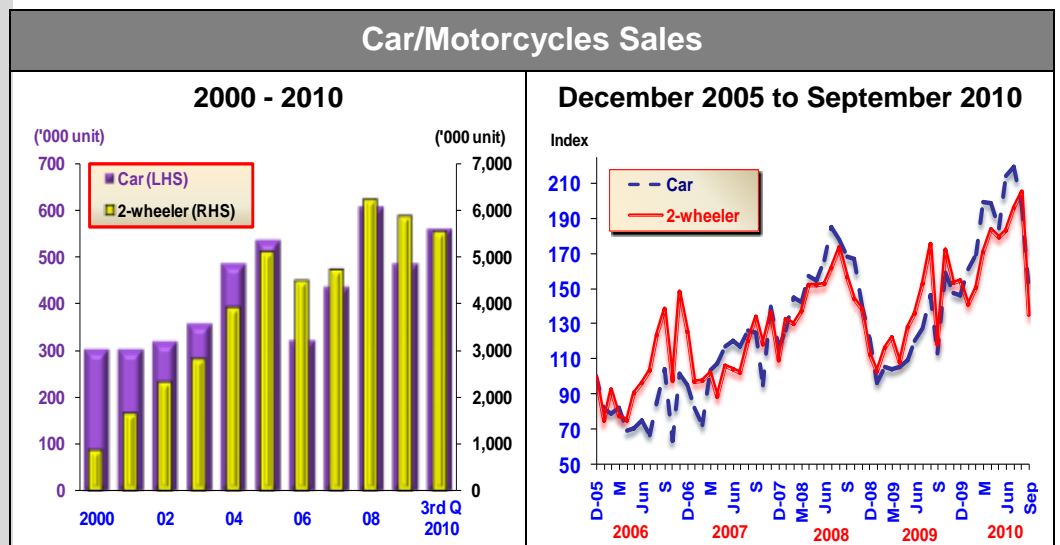
- September motorcycle sales grew by 14.2% year-on-year to 481,585 units. Sales were down 34.2% from the previous month
- Like the car industry, Yamaha Motor general manager Paulus Firmanto said production and distribution of motorcycles to dealers were reduced by the holiday-shortened month
- Total sales for the first nine months to September totaled 5,512,239 units, up 33.1% year on year
- Industry association (AISI) chairman Gunadi Sindhuwinata was confident motorcycle sales would surpass seven million units this year on robust consumer demand
- Gunadi said a major driver for sales later this year will be the Jakarta Motorcycle Show (JMCS) which will be held on 3-7 Nov. at the Jakarta Convention Center
- Scooter-class bikes (skutik) continue to make inroads with its market share rising to 45% in September from 37% a year earlier. In contrast, the market share for cub-class motorcycles (bebek) have fallen 49% from 54% previously



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	Sales Volume (units)					% Change		
	Sep-10	Aug-10	Sep-09	1st Sem 10	1st Sem 09	Sep 10/ Aug 10	Sep 10/ Sep 09	1st Sem 10/09
HONDA	220,481	350,669	199,285	1,665,509	1,166,603	(37.1)	10.6	42.8
YAMAHA	210,590	316,447	187,904	1,639,226	1,170,841	(33.5)	12.1	40.0
SUZUKI	43,079	54,325	30,270	244,578	198,123	(20.7)	42.3	23.4
KAWASAKI	6,177	8,480	4,057	38,513	28,394	(27.2)	52.3	35.6
TVS	1,158	1,761	n.a	10,320	-	(34.2)	n.a	n.a
OTHER	100	239	146	1,176	2,309	(58.2)	(31.5)	(49.1)
TOTAL	481,585	731,921	421,662	3,599,322	2,566,270	(34.2)	14.2	40.3

Source: AISI



CONSUMER HIGHLIGHTS

- ❖ BI deputy director Budi Mulya ❖ Director general for customs and excise Thomas Sugijata said inflation levels this year were still well contained. The central bank executive said if consumer prices flatten in October and November following seasonal patterns, inflation would likely fall near BI's target of around 5.3% for 2010. The comments reinforce the prospect BI won't raise its benchmark rate anytime in the near future.
 - (Kontan, Media Indonesia)
- Director general for customs and excise Thomas Sugijata confirmed the government would raise its excise tax on cigarettes by an average of around 5% next year. Current excise levels are Rp65-320 per cigarette. Analysts don't expect the tax increase to significantly impact the major producers like Gudang Garam or Sampoerna, but see it potentially hurting smaller-scale cigarette producers.
 - (Bisnis Indonesia, AFP)



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CONSUMER SENTIMENT

- ❖ Top Bayer AG executive Suchitra Kataria said the firm was interested in acquisitions and partnerships in Indonesia given the country's strong growth and "very attractive" healthcare market. The Indonesian pharmaceutical market is valued at an estimated Rp7 trillion (US\$784 million) per year.
 - (*Bloomberg, Kompas*)
- ❖ Regulations requiring imported goods to use labeling in Bahasa Indonesia took effect this month. Goods already in distribution would have until 1 March 2012 to use new labeling. The trade ministry said it would work with customs officials to ensure imported goods adhere to the new regulations.
 - (*Bisnis Indonesia*)
- ❖ The food and drug monitoring agency (BPOM) said testing of more than 150 samples of Indofood's instant noodles confirmed its preservative contents met international standards and that it was safe for consumption. The move comes following the Taiwan's Health Department's recent ban on Indofood instant noodles due to allegedly excessive levels of preservatives.
 - (*Jakarta Globe*)
- ❖ South Korean retail giant Lotte Mart said it would continue to expand its hypermarket chain in Indonesia. The group said it plans to open three new hypermarket outlets in 2011, adding to its existing two outlets. Lotte Mart also operates 19 wholesale outlets in the country.
 - (*Yonhap News, Jakarta Post*)