

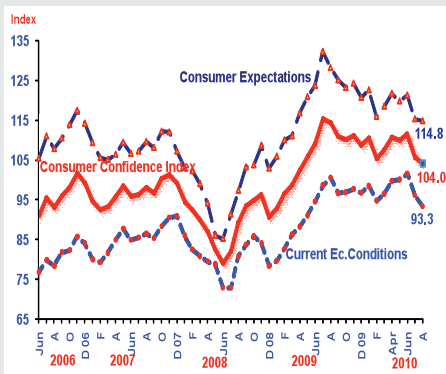
INDONESIA

CONSUMER SENTIMENT



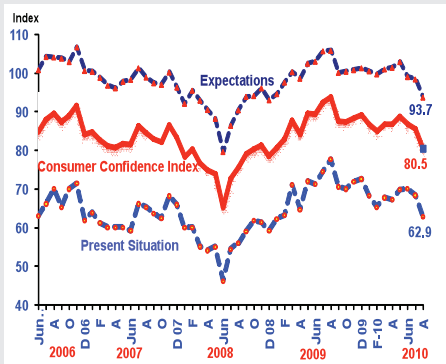
AUGUST CONSUMER CONFIDENCE INDEX (CCI)

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)

- ◆ BI's CCI fell 1.6% to 104.0 in August from a month earlier, its lowest level in 16 months
- ◆ Fasting month spending burdens, higher food prices and less optimism with overall economy weighing on consumer confidence
- ◆ Inflation expectations over next six months fell to their lowest level since April, after hitting a near two-year high a month earlier
- ◆ BI's job availability index compared to six months ago rose 1% to 81.7 from a month earlier
- ◆ Buying intentions for durable goods dropped 7.4% to 80.5 in August; consumers focused on retail items during fasting month
- ◆ Expectations of a rise in interest rates at near two year high

Danareksa Research Institute (DRI)

- ◆ CCI sank 6% to 80.5, its lowest level since January 09
- ◆ Danareksa: surge in food prices having "profound impact" on consumer perceptions towards state of economy
- ◆ "Heightened" concerns over how the economy will perform over next six months
- ◆ Inflation expectations over next six months up 0.3% to 192.5 from a month earlier, its highest level since Sept 08
- ◆ Job outlook plummeted 15.7% to 47.2 from a month earlier, its lowest level since May 09
- ◆ Index gauging prospects for family income over next six months dropped 7.5% to 88.7
- ◆ Buying intentions for durable goods fell to a six month low of 24.7%, though planned purchases for housing, land and bicycles bucked this weakening trend
- ◆ Consumer confidence with the government plummeted 9% to 87.4 from a month earlier, a two year low

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RETAIL SALES

- ◆ BI's Retail Sales Index for July increased by 2% from a month earlier to 240.7, its sixth consecutive monthly increase; the index is up 24.5% year-on-year
- ◆ Six out of the nine groups in the index saw a monthly increase, led by clothing & accessories which was up 11.8% on the back of the new school season and the Islamic fasting period. Clothing & accessories was also up a whopping 85.7% from a year earlier, the highest among the nine groups covered in the survey
- ◆ Index measuring retailers' outlook for sales over next six months fell for third consecutive month, indicating less optimism with consumer market over medium-term
- ◆ A majority of retailers see inflation pressures weakening over the next 3-6 months
- ◆ A majority of retailers expect bank lending rates to decline over next 3-6 months

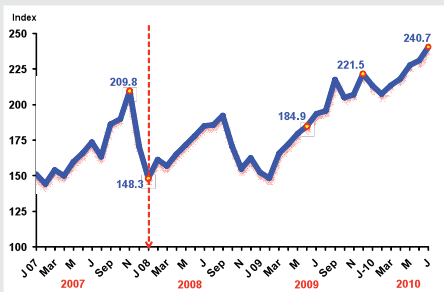
AUTOMOTIVE TRENDS

Autos

- ◆ August car sales dropped 10.2% to 64,757 units after hitting a record in July, industry association Gaikindo reported. August sales were up 34.3% year-on-year
- ◆ Gaikindo, which records wholesale sales, said the decline in August was due to curbs in factory production because of the Islamic fasting month
- ◆ Gaikindo chairman and Toyota Astra Motor president director Johnny Darmawan said a combination of reduced factory production in August and relatively robust consumer demand has "drastically" reduced retail inventories of the most popular brands. He expects a "surge" in wholesale sales in the coming months as a result
- ◆ Astra Daihatsu Motor marketing director Amelia Tjandra said its readily available stock of cars was down to 6,000 units nationwide, a very low level that will compel it to boost production
- ◆ Many analysts expect record sales in excess of 700,000 units this year given current trends. The previous high was set in 2008 when the industry sold 607,800 units

| | Sales Volume (units) | | | | | % Change | | |
|--------------|----------------------|---------------|---------------|----------------|----------------|----------------|----------------|---------------|
| | Aug-10 | Jul-10 | Aug-09 | 1st Sem 2010 | 1st Sem 2009 | Aug 10/ Jul 10 | Aug 10/ Aug 09 | 1st Sem 10/09 |
| TOYOTA | 22,638 | 27,737 | 18,145 | 40,184 | 79,029 | (18.4) | 24.8 | 77.4 |
| MITSUBISHI | 9,310 | 9,586 | 5,395 | 52,148 | 27,213 | (2.9) | 72.6 | 91.6 |
| DAIHATSU | 9,741 | 11,524 | 7,279 | 54,573 | 34,511 | (15.5) | 33.8 | 58.1 |
| SUZUKI | 6,063 | 5,623 | 4,050 | 34,416 | 20,751 | 7.8 | 49.7 | 65.9 |
| HONDA | 6,025 | 6,006 | 4,625 | 28,923 | 15,254 | 0.3 | 30.3 | 89.6 |
| NISSAN | 3,250 | 3,550 | 2,096 | 18,218 | 9,156 | (8.5) | 55.1 | 99.0 |
| ISUZU | 2,133 | 1,971 | 1,356 | 11,790 | 7,420 | 8.2 | 57.3 | 58.9 |
| OTHER | 5,597 | 6,093 | 5,232 | 29,956 | 16,912 | (8.1) | 7.0 | 77.1 |
| TOTAL | 64,757 | 72,090 | 48,178 | 370,208 | 210,246 | (10.2) | 34.4 | 76.1 |

Source: Gaikindo



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



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Motorcycles

- ◆ August motorcycle sales increased by 4.4% to 731,921 units from a month earlier, according to industry association AISI. August sales were up 16.9% from a year earlier
- ◆ Like Gaikindo, AISI records wholesale sales. Unlike automobiles, motorcycle production at assembly plants was not impacted materially by the Islamic fasting month
- ◆ Astra Honda Motor marketing director Julius Aslan said demand for new motorcycles as a mode of transport for the annual village homecoming (*mudik*) at the end of the fasting period helped boost sales in August
- ◆ Sales for the first eight months of the year totaled 5,030,654 units, up 35% year-on-year
- ◆ AISI chairman Gunadi Sindhuwinata said an improving economy, low interest rates and moderate inflation would help drive sales to a record year. He expects sales to surpass seven million units in 2010, compared to the previous record of 6.8 million units in 2008

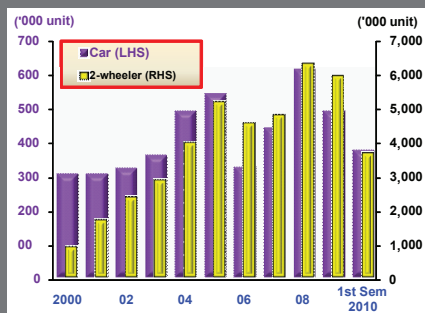


| | Sales Volume (units) | | | | | % Change | | |
|--------------|----------------------|----------------|----------------|--------------------------|--------------------------|----------------|----------------|-----------------------------|
| | Aug-10 | Jul-10 | Aug-09 | 1 st Sem 2010 | 1 st Sem 2009 | Aug 10/ Jul 10 | Aug 10/ Aug 09 | 1 st Sem 2010/09 |
| HONDA | 350,669 | 334,877 | 292,076 | 1,665,509 | 1,166,603 | 4.7 | 20.1 | 42.8 |
| YAMAHA | 316,447 | 304,818 | 279,054 | 1,639,226 | 1,170,841 | 3.8 | 13.4 | 40.0 |
| SUZUKI | 54,325 | 51,316 | 48,437 | 244,578 | 198,123 | 5.9 | 12.2 | 23.4 |
| KAWASAKI | 8,480 | 7,986 | 6,611 | 38,513 | 28,394 | 6.2 | 28.3 | 35.6 |
| TVS | 1,850 | 2,096 | n.a | 10,320 | - | (11.7) | n.a | n.a |
| OTHER | 150 | 165 | 175 | 1,176 | 2,309 | (9.1) | (14.3) | (49.1) |
| TOTAL | 731,921 | 701,258 | 626,353 | 3,599,322 | 2,566,270 | 4.4 | 16.9 | 40.3 |

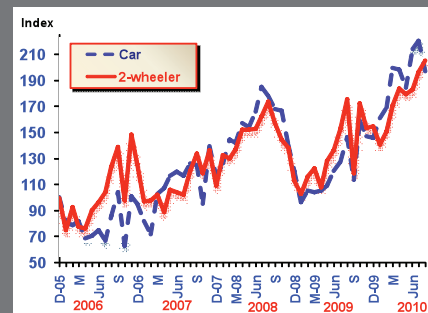
Source: AISI

Car/Motorcycle Sales

2000 – 2010



December 2005 to August 2010



INDONESIA

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CONSUMER HIGHLIGHTS

- ◆ BI governor Darmin Nasution acknowledged the central bank was buying dollars to stem the rupiah's rise and would continue to do so to keep exchange rate volatility in check. The rupiah was stable at around Rp8,970/US\$ as of 17 Sept, despite renewed capital inflows that pushed overseas holdings of Indonesian treasuries up 2% to Rp176.9 trillion from the start of the month.
 - *Kompas, Businessweek*
- ◆ The price of chicken, eggs and other staple items have fallen around 13-20% in the Greater Jakarta and other cities over the past week ending 17 Sept, reflecting the usual post-Idul Fitri slump due to low demand. Market traders say supplies of staple goods are adequate despite distribution issues as a result of the annual village homecoming.
 - *Tempointeraktif, Kompas*
- ◆ Downstream oil and gas watchdog BPH Migas said it plans to implement curbs on purchases of subsidized fuel beginning next month. BPH Migas chief Tubagus Haryono said cars produced in 2005 or later would be required to use non-subsidized fuels. He said the agency would start implementing the new rule in the major metropolitan centers in Jakarta and Surabaya, and subsequently expand to other cities.
 - *Bisnis Indonesia*
- ◆ BI said it plans to issue new rules effective 1 November requiring all commercial banks to publish their prime lending rates in major newspapers. Central bank governor Darmin Nasution said the new rules aimed to increase competition and improve efficiency at banks. He said the policy was part of an effort by monetary authorities to boost credit growth.
 - *Koran Tempo*
- ◆ Industry minister MS Hidayat said it was in talks with South Korean automotive giant Hyundai to set up a US\$600 million production base in Indonesia. He said the government was also finalizing an agreement with South Korean tire manufacturer Hankook to build a US\$1.2 billion production facility here.
 - *Media Indonesia, Tempointeraktif*
- ◆ The industry ministry started implementing new labeling rules this month requiring imported goods to use labels in Bahasa Indonesia. Products already distributed in the market are exempt from the rules until 2012.
 - *Bisnis Indonesia*