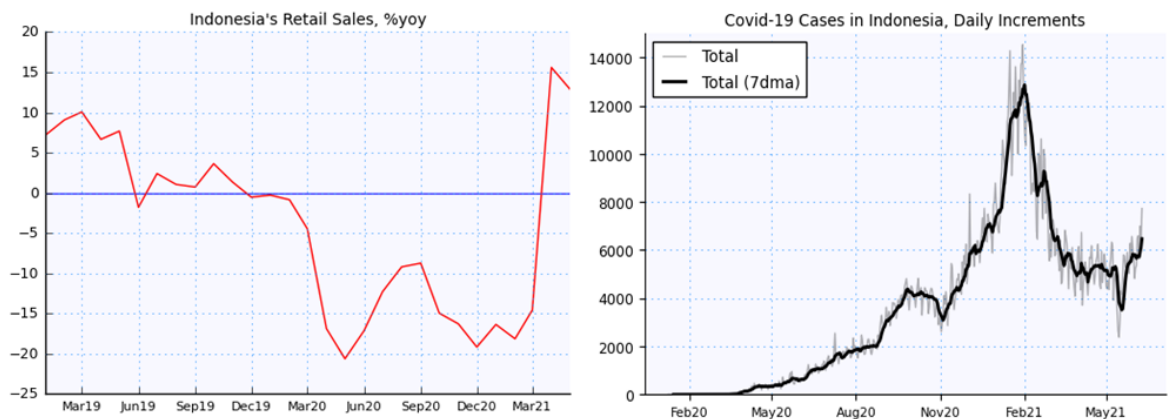


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Bye-Bye Buy?

Indonesia’s retail sales uptick faces a sneaky challenger

- Indonesians went shopping again. At least that’s what the latest retail sales survey by Bank Indonesia is showing. Indeed, the figure for April grew by 15.6% year-on-year (yoy), marking the first positive yoy print since late 2019. The preliminary May figure shows that the growth stays, though less loftily.
- The details show tell-tale signs of a seasonal uptick during the holy month of Ramadan ahead of the mid-May Eid festivities. Clothing sales grew by over 55% yoy in April, for instance, as multitudes of Indonesians aim to look their best. Sales of food and beverages grew by nearly 27% and 20% yoy in April and May, respectively, as they prepare to whip up festive delicacies too.
- Meanwhile, the sales of motor vehicle parts and automotive fuels saw upticks, as well, showing signs that Indonesians were busy preparing for their *mudik* journeys back to their hometowns, despite the government’s urgings for them not to do so for fear of adding to the Covid-19 spread.
- Therein lies the greatest hurdle to any continuous uptick in Indonesia’s retail sales – and hope for a forceful and sustained uplift in private consumption that can boost the overall GDP. Apart from the ebbing of the seasonal tailwind from Ramadan-related spending, Indonesian consumption will now be facing the headwind coming from a potential Covid-19 resurgence.
- While there had been [virus hotspots emerging in border provinces](#), the overall national tally had stayed broadly contained. That relatively encouraging development may come under increasing challenges, however. Just yesterday, Indonesia reported 7725 new cases – the highest since late February. One of the perennial epicentres, Jakarta, has seen its cases pick up in recent days, as well, potentially on the back of Eid returnees.
- Hence, as much as there remain hopes that Indonesia’s renewed push for vaccination – with Jakarta now opening it up for all adults – can eventually help to flatten the curve more concretely, until then it may remain too early to assume that Indonesians would have the full confidence to buy, buy, buy.



Source: OCBC, Bloomberg, Bank Indonesia. Note: Retail sales figure for May is based on preliminary numbers.

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