KSI Research

Sectoral Update

KIWOOM SEKURITAS INDONESIA

🛍️ Consumer Confidence Index (CCI) August Hits 3-Year Low: How Does the Consumer Sector Survive?

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📌 REFERENCE:

CCI September 2025 stands at 115, down from 117.2 in August. This is the lowest level since 2022, although still in the optimistic zone above 100.

The government is preparing additional stimulus in Q4 2025 targeting more than 30 million households, continuing the Rp16.23 trillion package (food assistance and labor-intensive programs for around 600 thousand workers), including 12–14 percent discount on transportation for Christmas and New Year holiday tickets.

1. Impact of low CCI on consumer stocks:

Consumer staples (essential food and beverages) tend to be more resilient due to inelastic demand. Pressure is more on trading-down trends such as shifting to smaller packages or private label products.

In contrast, **consumer discretionary or non-essential retail (fashion, electronics, leisure)** is more sensitive. Weakening CCI could trigger delays in big-ticket purchases and increased promotions that squeeze margins. Investor sentiment toward this sector remains cautious in the short term.

2. How strong is the stimulus effect?

The fast channel is food assistance, transportation discounts, and labor-intensive programs that increase liquidity for lower-middle households. The impact is generally seen first in value retail such as minimarkets within one to two months after disbursement.

Meanwhile, cheaper transportation costs during the holiday season can increase foot traffic to shopping centers and tourism. The effectiveness of the stimulus depends heavily on the timeliness of implementation and the distribution of recipients.

3. Catalysts needed for this sector:

The main catalyst is timely implementation of the stimulus and stabilization of staple food prices to prevent purchasing power from being absorbed by basic needs.

The Q4 holiday season could be the seasonal peak for discretionary segments if retail and tourism traffic truly recover.

On the macro side, low inflation and stable interest rates still provide room for consumption recovery.

4. Stock ideas based on suitable business model characteristics:

Defensive (staples with stable margins and trading-down characteristics):

ICBP – Strong instant noodles and dairy portfolio, small packaging maintains margins when consumers hold back on spending.

MYOR – Export exposure provides a buffer against currency fluctuations, coffee and snack categories are relatively defensive.

SIDO – Stable production costs, strong brand in herbal and supplements, benefits during holiday season.

Daily necessities retail (early recipients of stimulus effect):
AMRT and MIDI – Neighborhood minimarket formats, private labels, and small packaging quickly capture the effects of food assistance and cash transfers.
RALS – Benefits from mass-market consumption during salary season, THR, and major promotions.

Food supply chain — consumer goods suppliers (rice, poultry, animal feed), not front-end retail:
HOKI (packaged rice) could benefit as rice assistance and food purchases increase, especially if paddy prices are stable and distribution is smooth.
CPIN and JPFA (poultry integrators) can benefit if lower-income household purchasing power improves, as animal protein consumption rises — usually visible 1–2 months after stimulus disbursement.
However, their margins also depend on corn and DOC (Day Old Chick) prices, not just sales volume.
If household assistance and consumption increase, demand for sugar and cooking oil rises → TBLA, SIMP, SMAR.

Selective discretionary (needs traffic catalyst and efficient promotions):
MAPI and MAPA – Potential mall and tourism traffic increase depends on year-end discount efficiency and rent.
ERAA – Handset cycles are sensitive; boosts can come from operator promotions and increased mobility, but still cyclical.

📌 What to monitor (at least in the upcoming Q3 results):

1. Same-store sales growth (SSSG) in Q4, especially for minimarkets and F&B.
2. Developments in gross margin and promotion intensity.
3. Update on stimulus implementation, both timing and amoun.
4. 2026 performance guidance in annual report releases.

📌 Bottom line:

The decline in CCI reflects consumer caution. For now, an *UNDERWEIGHT* position on the consumer discretionary sector is still rational until evidence of traffic and margin recovery appears. Meanwhile, staples and daily necessities retail are more worth holding as they quickly feel the stimulus effect and are more resilient. The Q4 stimulus impact is likely to be felt but depends on the speed of implementation and distribution.

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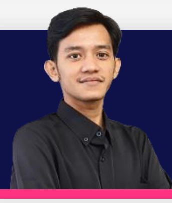

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