

The Economy Is Fine, the Consumer Is Still Cautious

Seven listed retailers, IDR 109tn combined market capitalisation | GDP +5.29% in 2Q26 against household consumption of just +2.67% | Retail Sales Index +0.9% YoY in July and -0.3% MoM | Consumer confidence 116.8, the lowest since April 2025 | Sector median trailing P/E 9.6x | Market data as at the 1 September 2026 close.

2Q26 GDP Growth	Retail Sales Index, Jul-26	Consumer Confidence, Jul-26	Sector Median P/E
+5.29%	+0.9% YoY	116.8	9.6x
Household consumption +2.67%	-0.3% MoM	Lowest since Apr-25	Range 4.3x – 15.9x

KEY TAKEAWAYS

- **Consumer spending remains the main weakness.** Indonesia's economy grew 5.29% in 2Q26, but **household consumption remained weak, rising only 2.67%** and contributing around 1.4ppt to overall growth. Monthly indicators point to the same trend: retail sales grew just 0.9% yoy in July and fell 0.3% mom, while consumer confidence declined to 116.8, the lowest level since April 2025. This suggests that economic growth is currently being driven more by government spending and investment than by consumers.
- **Consumers have income, but remain cautious.** The weakness appears to be driven by cautious spending rather than lower purchasing power. The 2026 minimum wage increased 5.9%, ahead of August inflation of 3.19%, **implying around 2.7% real wage growth, broadly in line with 2.67% household consumption growth.** In other words, consumers have seen real income growth but remain reluctant to spend ahead of income. We therefore do not expect a broad-based retail recovery based on wage growth alone, with consumer confidence remaining the key constraint.
- **We stay selective rather than negative.** We remain selective rather than negative on the retail sector. The sector trades at a **median trailing P/E of 9.6x, with a wide range of 4.34x–15.93x**, so valuation alone is not the key question. Instead, we prefer companies that can continue growing through company-specific drivers rather than relying on a broad recovery in consumer spending.
- **We prefer retailers with company-specific growth.** Retail performance has also weakened since June, supporting a more selective view on the sector. **ERAA's SSSG slowed from +7.2% in 5M26 and +4.1% in 1H26 to +2.2% through 7M26**, with June and July declining 11.6% and 8.6% yoy, respectively. ACES was more resilient, with 1H26 SSSG of +2.2%, although growth was strongest in Jakarta and weaker outside Java. We therefore prefer companies with stronger company-specific growth drivers: **ACES and ERAA**, supported by store expansion and stronger non-handset businesses, respectively. However, June–July sales trends remain the key near-term risk, and monthly data should be monitored closely.

RETAIL SECTOR MAIN INDICATORS

Indicator	Latest
GDP growth, 2Q26	+5.29%
Household consumption, 2Q26	+2.67%
Retail Sales Index, Jul-26	+0.9% yoy
Consumer Confidence, Jul-26	116.8
Minimum wage 2026 vs Aug-26 inflation	+5.9% / +3.19%

COVERAGE AND VALUATION

Ticker	Company	P/E (x)	Mkt Cap (IDRbn)	P/B (x)	EV/EBITDA	ROE (%)
AMRT	Sumber Alfaria Trijaya	15.93	55,474	2.79	5.84	19.1
MAPI	Mitra Adiperkasa	10.57	25,232	1.40	3.97	17.5
MIDI	Midi Utama Indonesia	11.02	9,562	1.99	4.65	18.7
ERAA	Erajaya Swasembada	4.68	6,570	0.60	3.70	15.5
ACES	Aspirasi Hidup Indonesia	7.93	6,061	0.94	3.45	12.1
LPPF	MDS Retailing (Matahari)	4.34	3,352	3.32	1.72	76.9
RALS	Ramayana Lestari Sentosa	9.58	2,356	0.68	1.29	6.9
Median	(all seven names)	9.58	6,570	1.40	3.70	17.5

Sources: BPS (2Q26 GDP and expenditure components, August 2026 inflation); Bank Indonesia Retail Sales Survey and Consumer Survey (July 2026); Government Regulation 49/2025 (2026 minimum wage); Bloomberg and company disclosures; Aldiracita Research



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