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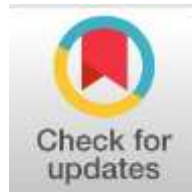
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Structural Price Inertia and Consumption Constraints in Denpasar: Inersia Harga Struktural dan Kendala Konsumsi di Denpasar

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Abstract

General Background The stability of prices is a fundamental prerequisite for sustainable economic development in developing economies, where consumption heavily dictates growth trajectories. **Specific Background** In dense metropolitan environments characterized by market-based consumption and external supply dependencies, protracted price increases heavily burden budgets and erode resident welfare. **Knowledge Gap** Most empirical analyses concentrate on national-level monetary transmission and short-term outcomes, neglecting sub-national heterogeneity and the ability of local institutions to mitigate long-term inflationary inertia. **Aims** This study analyzes monthly time-series data from January 2020 to December 2024 using an Autoregressive Distributed Lag model to evaluate price inertia and the role of local institutional coordination on economic sustainability in a specific municipality. **Results** The aggregate lagged coefficient reached 0.9714 with a half-life of 24.4 months, indicating highly protracted shocks. While local institutional coordination lowered short-term volatility, external structural rigidities severely constrained long-term stabilization efforts, particularly in highly rigid sectors such as food, housing, and transportation. **Novelty** This research integrates time-series persistence modeling with regional institutional evaluation to demonstrate that urban price rigidity is fundamentally a structural distribution issue rather than a purely monetary phenomenon. **Implications** Policymakers must move beyond short-term interventions and prioritize logistical resilience and distribution efficiency to protect economic welfare and ensure sustainable regional development.

Highlights

- The Autoregressive Distributed Lag methodology revealed a protracted adjustment period of twenty-four months following initial macroeconomic shocks.
- Essential expenditure groups involving food logistics and mobility exhibited severe long-term rigidity.
- Local institutional coordination successfully mitigated short-term volatility but struggled against external logistical dependencies.

Keywords

Autoregressive Distributed Lag; Economic Welfare; Price Stability; Regional Development; Supply Chain Resilience

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Introduction

The stability of prices is widely considered a prerequisite for sustainable economic development, especially in developing economies, where household consumption represents the lion's share of growth. Inflation directly affects household welfare, impacting purchasing power, cost of living and income adequacy. However, when inflation is persistently high, its adverse effects are not limited to short-term price volatility but become a structural constraint on development, eroding real wages, suppressing consumption and increasing economic uncertainty [1], [2]. From a development economics perspective, inflation is therefore not only a macroeconomic phenomenon, but also an important determinant of welfare distribution and inclusive growth. In urban economies the welfare effects of inflation tend to be larger. Cities are characterised by high population density, a strong reliance on market-based consumption, and strong connections to interregional supply chains. As a result, price shocks, especially in food and essential goods, are rapidly transmitted to households, exacerbating the burden of the cost-of-living [3], [4]. Urban households spend a larger share of their income on consumption than rural households, making them more vulnerable to lengthy price increases. In this sense, urban inflation must be analysed not only as a cyclical phenomenon but also as a structural problem, with direct implications for the purchasing power and the urban economic sustainability.

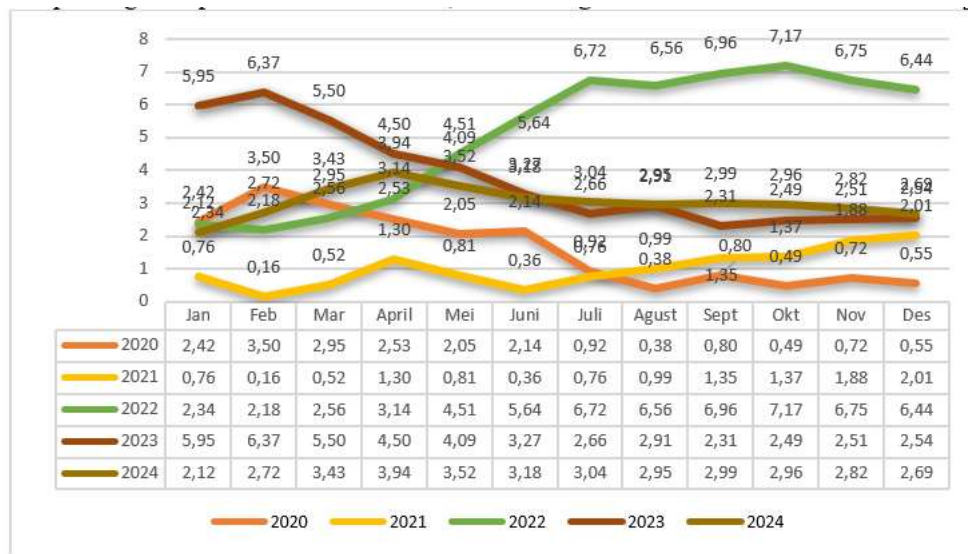
A key element of inflation dynamics is inflation persistence, i.e. the persistence of inflation following an initial shock. The causes of persistent inflation are structural rigidities, adaptive expectations and sluggish price and market adjustment mechanisms [5], [6]. "The persistence of high inflation highlights the difficulty of addressing inflationary pressures through simple short-term policy measures. This leads to higher transition costs and larger welfare losses. Persistent inflation is more harmful to economic growth than temporary inflation since it continuously reduces purchasing power and erodes economic resilience, especially in developing nations [7], [8]. Inflation dynamics in emerging economies show regional differences due to variation in market integration, quality of infrastructure and economic structure. The national inflation rate in Indonesia looks to be reasonably stable, but there are very big differences between provinces and towns. Non-monetary factors that often influence regional inflation are food price volatility, transportation costs, distribution inefficiencies, and supply constraints [9]. These considerations are especially important, as metropolitan communities are so heavily dependent on the food supply from the surrounding areas. Hence, high regional inflation is possible, even if national monetary conditions are relatively accommodative.

Understanding the importance of regional price stability, the Indonesian government has formed the Regional Inflation Control Team (Tim Pengendalian Inflasi Daerah/TPID) to enhance the cooperation between the central and regional government in controlling inflation. TPID emphasises a lot on non-financial approaches like improving market operations, improving interregional trade and improving supply chain efficiency [10]. Previous studies have acknowledged the institutional significance of TPID in price stabilisation, yet there remains limited empirical evidence regarding its efficacy in addressing inflation persistence, particularly at the municipal level [11]. Most of the work so far has concentrated on managing inflation in the short run rather than on the question of whether institutional cooperation could reduce the persistence of inflationary pressures over time. Ongoing inflation has a major effect on the dynamics of poverty and household purchasing power. As prices rise slowly there are often lags in adjusting nominal income which reduces real earnings and reduces the ability to spend. This situation could particularly hinder low- and middle-income households to reduce poverty and jeopardise welfare benefits from economic growth [8, 12]. In urban populations where the cost of living is relatively high, persistent inflation can exacerbate inequality and make people more vulnerable to economic shocks.

Despite the increasing literature on inflation dynamics, there are still few studies that explicitly incorporate inflation persistence, institutional effectiveness and regional economic development. This is because most of the empirical analysis focuses on national level dynamics, and ignore sub-national heterogeneity and the role of local policy institutions. This gap is more visible in Indonesian cities where local governments are increasingly taking welfare protection and development planning. To fill this gap, this study applies a time-series ADL approach to examine the inflation persistence in the City of Denpasar and to evaluate the contribution of the TPID to price stability and household purchasing power. Previous research has generally focused on the national level of monetary transmission, inflation targeting and expectation building [5]–[7], and has little relevance for regional settings suffering from distribution limitations and supply side rigidities. In metro areas, food prices are sticky and have a huge impact on purchasing power, particularly in areas that are heavily reliant on external supply chains [9], [13]. New data shows that inflation is differing by region due to differences in infrastructure, logistics and governance capability.

The literature on institutional approaches to inflation control emphasises the importance of coordination among government agencies in dealing with region-specific inflationary shocks. In Indonesia it is recognised as a key institutional innovation to strengthen non-monetary inflation control through coordination and policy synchronisation [11], [10]. However, most studies still focus on short-term outcomes and rarely discuss the role of TPID in reducing inflation persistence and protecting purchasing power. Persistent inflation has been shown to reduce real income growth and the effectiveness of poverty alleviation programmes, particularly in urban areas [12], [8]. However, there are few studies looking at the integration of inflation persistence, institutional effectiveness and purchasing power within a regional development framework. This study fills this gap by focusing on Denpasar City as an urban economy vulnerable to supply-side shocks and external dependencies. Denpasar is a city that has a consumption-based economy and is vulnerable to structural inflationary pressure due to its dependence on the supply chain. This is evidenced by the inflation rate peaking in September 2022 at 7.17%, which is higher than the national inflation rate [14], [15].

Figure 1. Year-on-Year (YoY) Inflation Trend in Denpasar City, 2020-2024



Source: BPS-Statistics Denpasar, 2024

As one of the cities with the highest economic growth in Indonesia, Denpasar faces complex inflation challenges influenced by structural factors such as dependence on tourism, seasonal fluctuations, and integration with global markets. Denpasar City experienced inflation volatility in the 2020-2024 period with an average of 2.89% where the food and transportation groups were the main contributors with standard deviations of 2.81% and 6.08% respectively. This points to a systemic vulnerability in regional inflation control that needs a more integrated approach.

Method

This study employs a quantitative time series approach using monthly data from January 2020 to December 2024. Data were collected from Bank Indonesia and Statistics Indonesia (BPS) Denpasar City. The variables are headline inflation, inflation of 11 expenditure groups, TPID activity, Money Supply (M2) growth and BI 7-Day Reverse Repo Rate. We used the Augmented Dickey Fuller (ADF) and the Kwiatkowski Phillips Schmidt Shin (KPSS) tests to test the stationarity of all variables. Some diagnostic tests were performed to confirm the robustness of the model. These are Multicollinearity (Variance Inflation Factor < 10), Autocorrelation (Durbin Watson $\approx$ 2), Heteroskedasticity (Breusch Pagan test, $p > 0.05$), Normality of residuals (Shapiro Wilk test, $p > 0.05$) and Model specification (Ramsey RESET, $p > 0.05$). This study applies a combined Autoregressive Distributed Lag (ADL) model to simultaneously analyze aggregate inflation persistence, sectoral persistence for 11 expenditure categories and the institutional effectiveness of TPID .

The empirical model is specified as follows

$$INF_t = \beta_0 + \beta_1 INF_{agreg_{t-1}} + \sum_{k=1}^{11} \gamma_k Group_{(k,t-1)} + \beta_2 TPID_{activity_{t-1}} + \beta_3 JUB_{t-1} + \beta_4 BI\ RATE_{t-1} + \varepsilon_t \dots \dots \dots (1)$$

INF_t : Headline inflation rate at time t

$INF_{agreg_{t-1}}$: One-period lag of aggregate inflation (captures aggregate persistence)

$Group_{(k,t-1)}$: One-period lag of inflation for the k-th expenditure group (captures sectoral persistence)

$TPID_{activity_{t-1}}$: One-period lag of TPID activity (measures institutional effectiveness)

JUB_{t-1} : One-period lag of money supply growth (control variable)

$BI\ RATE_{t-1}$: One-period lag of BI 7-Day Reverse Repo Rate (control variable)

β_0 : constanta

β_1 : Aggregate persistence coefficient

γ_k : Sectoral persistence coefficient for group k

β_2 : TPID effectiveness coefficient

β_3 : Money Supply coefficient

β_4 : BI Rate's inflation coefficien

ε_t : Error terms

This model allows for the simultaneous estimation of:

- (1) aggregate inflation persistence,
- (2) sectoral persistence across 11 expenditure groups, and
- (3) the impact of TPID institutional activities on inflation dynamics.

Inflation persistence is measured using the autoregressive coefficients β_1 and γ_k :

Result and Discussion

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Table 1: Descriptive statistical results The results in Table 1 show that aggregate inflation has a mean of 2.8985 percent and a standard deviation of 1.9039, indicating substantial variation over the 2020–2024 period. Transportation group (TRANS) has the highest variability (standard deviation 6.07) which is in line with the changes in fuel prices and transportation fares. On the other hand the Information and Communication group (INFOKOM) has the least variability which reflects the price rigidity in the telecommunication sector. TPID activities also vary considerably on an inter-annual basis (average 15.35; min 2; max 50), suggesting changing regional policy responses to inflationary pressures.

Table 1. *Summary of Descriptive Statistics*

Variable	Mean	Std. Dev.	Minimum	Maximum	N
INF	2.8985	1.9039	0.16	7.17	60
MAMIN (X1)	4.2995	2.8082	-0.50	12.52	60
PAKI (X2)	-0.7718	1.1293	-3.55	1.11	60
PERUM (X3)	1.3683	1.6671	-0.53	4.73	60
RT (X4)	3.9740	4.5655	-2.14	16.08	60
KES (X5)	1.1648	1.1261	-1.58	3.09	60
TRANS (X6)	3.2105	6.0755	-3.82	19.71	60
INFOKOM (X7)	0.2430	0.8139	-0.98	1.63	60
REKSOSBUD (X8)	1.6617	2.9186	-5.18	6.35	60
PEND (X9)	3.1185	2.9258	-1.12	9.31	60
MAMINRES (X10)	3.7495	2.4770	0.55	8.58	60
JASA (X11)	4.3687	2.2267	0.02	8.62	60
TPID Activity (X12)	15.35	9.52	2	50	60
MONEY SUPPLY (X13)	8.06	2.89	3.35	14.06	60
BI REPO RATE (X14)	4.96	0.66	3.75	6.00	60

Source: Processed Data, 2025

The Augmented Dickey-Fuller (ADF) and KPSS tests confirmed that all variables are stationary after first differencing (I(1)). This finding justifies the use of the ADL model with differenced data to avoid spurious regression and ensure valid statistical inference.

The diagnostic test results in Table 2 show that the ADL model fulfils all the classical regression assumptions. The average Variance Inflation Factor (VIF) of 2.56 indicates that there is no multicollinearity. The Durbin-Watson statistic of 1.4199 indicates no significant autocorrelation. The Breusch-Pagan/Cook-Weisberg test for homoskedasticity gave a chi-square statistic of 0.48 with a p-value of 0.4869. The Shapiro-Wilk test also supports the residual normality with a W of 0.9790 and p-value of 0.4007. These results indicate that the ADL model is reliable and appropriate for further estimation and hypothesis testing.

Table 2. *Diagnostik Model Summary*

Test	Method	Test Statistic	Prob.	Remarks
Multicollinearity	Mean VIF (15 variable)	2.56	—	absence of multicollinearity (Mean VIF < 10).
Autocorrelation	Durbin-Watson (DW)	1.4199	—	no serious autocorrelation, as the value is reasonably close to 2.
Heteroskedasticity	Breusch-Pagan / Cook-Weisberg	$\chi^2 = 0.48$	0.4869	confirming that the homoskedasticity assumption is satisfied.
Residual Normality	Shapiro-Wilk	W = 0.9790	0.4007	indicating that the residuals are normally distributed

Source: Processed Data, 2025

The persistence of aggregate inflation is captured by the lagged inflation coefficient of the Autoregressive Distributed Lag (ADL) model. Table 3 presents the coefficient of the lagged inflation (L1.INF) as 0.9714 and significant at 5 percent level (t-statistic = 18.96; p-value = 0.000), which is indicative of a strong inflation inertia. The coefficient of determination ($R^2 = 0.9276$) is high, which means the model explains most of the variation in aggregate inflation. This result is consistent with the inflation persistence literatures that high auto-regressive coefficients are price setting rigidities, adaptive expectations and structural constraints in the economy (Batini & Nelson, 2001; Fuhrer, 2010).

Table 3. *Estimation Results of Aggregate Inflation Persistence*

Variable	Coefficient (ρ)	Std. Error	t-stat	p-value	R^2	Half-life (month)	Category
L1.INF	0.9714	0.0512	18.96	0.000	0.9276	24.4	Tinggi

Source: Processed Data, 2025

The estimated half-life of approximately 24.4 months implies that it takes more than two years for half of an inflationary shock to fade. Such a prolonged adjustment period indicates that inflation in Denpasar is characterized by strong inertia. Previous studies show that long inflation half-lives are commonly observed in economies with limited supply-side flexibility and high dependence on external inputs, where price adjustments are slow and asymmetric [1], [2]. These conditions are often compounded in an urban setting by interregional supplier linkages, market concentration, and logistical constraints. The high significance of the model ($R^2 = 0.9276$) also implies that past inflation plays a major role in determining the

evolution of current inflation. This supports the view that inflation persistence is a reflection of the structural features of the urban economy rather than being essentially a transitory or cyclical phenomenon [3]. Therefore, efforts which are only focused on short-term stabilisation will not be enough to tackle the root causes of persistent inflation.

High inflation persistence has important implications for purchasing power of households from a welfare point of view. Persistent inflation erodes real incomes when nominal wages and transfers adjust less rapidly than prices, especially in urban labour markets characterised by informal and service sector employment [4]. Empirical evidence suggests that low and middle income households are hit harder by frequent inflation because they spend a larger fraction of their income on basic consumption goods [5]. Persistent inflation implies higher cost of living and less ability to consume in real terms. In urban areas consumption is market based. High inflation persistence in Denpasar indicates limited capacity of short-term policy intervention to protect the purchasing power. Short-term fixes can smooth volatility, but they will not be enough to tackle deeply embedded inflation inertia. The literature indicates that the key to addressing persistent inflation is through coordinated non-monetary policies to improve supply chain efficiency, reduce distribution costs and boost institutional capacity at the local level [6], [7]. Without such structural and institutional reforms, inflationary pressures are likely to reappear and continue to erode household welfare.

Overall, these findings confirm that inflation persistence constitutes a significant constraint on urban economic development in Denpasar. By demonstrating both the magnitude and duration of inflation inertia, this study contributes to the regional development literature by highlighting the importance of long-term, institutionally grounded policy responses to safeguard purchasing power and support sustainable urban growth.

Table 4. *Inflation Persistence by Expenditure Groups*

No	Expenditure Group	Coefficient ρ	Std. Error	Half-life (month)	Category
1	Food, Beverages, and Tobacco	0.8700	0.0799	4.5	High
2	Clothing and Footwear	0.5711	0.0958	1.3	Moderate
3	Housing, Water, Electricity, and Fuels	0.9425	0.0482	11.8	High
4	Household Equipment and Maintenance	0.6385	0.0933	1.8	Moderate
5	Health	0.8710	0.0534	4.6	High
6	Transportation	0.8240	0.0753	3.3	High
7	Information and Communication	0.9216	0.0525	8.5	High
8	Recreation, Sports, and Culture	0.8893	0.0633	5.2	High
9	Education	0.7976	0.0706	3.0	Moderate
10	Restaurants and Food Services	0.9125	0.0582	7.4	High
11	Personal Care and Other Services	0.7565	0.0772	2.6	Moderate

Source: Processed Data, 2025

The disaggregated results presented in Table 4 reveal substantial heterogeneity in inflation persistence across expenditure groups in Denpasar City. Most consumption categories exhibit high persistence, indicating that price shocks in these sectors tend to endure over several months, rather than to adapt quickly. These sectoral results support the aggregate results and suggest that inflation persistence in Denpasar is attributed to structural features of urban consumption and service-oriented economic activities. Food, Beverages and Tobacco class shows a high persistence coefficient ($\rho=0.87$) with a half life of about 4.5 months. Given the dominant share of food expenditure in urban household consumption baskets, persistent inflation in this category has direct and immediate implications for purchasing power. Previous studies consistently document that food price inflation is among the most persistent components of consumer inflation in developing urban economies due to supply chain rigidities, seasonal shocks, and dependence on interregional food distribution networks [16], [12]. The Housing, Water, Electricity and Fuels category has a very high degree of persistence ($\rho = 0.9425$) with a half-life of almost 12 months. This is a reflection of administered prices, contractual rigidities and regulated tariffs which tend to adjust infrequently, but once they adjust, have long lasting inflationary effects. Persistent inflation in housing-related expenditures represents a serious challenge to urban welfare, given the relative inelasticity of these costs and their large share in household budgets, which limits the ability of households to smooth consumption [3], [6]. The Transportation and Information and Communication sectors also exhibit high persistence, suggesting that cost shocks associated with fuel prices, infrastructure constraints and technology services tend to be transmitted slowly but persistently. In urban economies such as Denpasar, where mobility and connectivity are crucial for economic activity, sustained inflation in these sectors can indirectly raise production and distribution costs, further intensifying inflationary pressures in other consumption categories [5].

Similarly, high inflation persistence is observed in Restaurants and Food Services ($\rho = 0.9125$), which reflects the service-sector characteristic of Denpasar's urban economy. Price movements in this sector are also influenced not just by food input costs but by labour costs, tourism demand and expectations of future prices. Services inflation is persistent, as is consistent with the literature that services inflation tends to be more inertial than goods inflation due to wage rigidity and pricing norms [17], [8]. On the other hand, the inflation persistence is moderate for some categories such as Clothing and Footwear, Household Equipment, Education and Personal Care and Other Services with relatively shorter half-lives. These sectors are typically characterised by greater market competition, higher substitutability of products and more flexible pricing mechanisms. Thus, shocks to prices in these categories are more likely to be short-lived, and therefore have less of a long-run impact on household purchasing power.

The sectoral analysis in general shows that the inflation persistence in Denpasar is clustered on the essential and service-related expenditure groups, which are the core of urban household consumption. Persisting inflation in these sectors impacts household purchasing power disproportionately and leaves it more exposed to pressures from the cost of living. From a policy standpoint, these findings suggest that measures to control inflation need to be targeted at high persistence sectors particularly food, housing-related expenditures, transportation and services through targeted supply-side measures,

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better distribution efficiency and enhanced institutional coordination at the local level.

Table 5. *Estimation Results: Effects of TPID and Control Variables*

Variable	Coefficient	Std. Error	t-stat	p-value	Significance ($\alpha=5\%$)
L1.INF (Inflation _{t-1})	0.9714	0.05125	18.96	0.000	Significant
L1. TPID	0.004374	0.009458	0.46	0.646	Not Significant
L1.JUB	0.013504	0.040488	0.33	0.740	Not Significant
L1.BI Rate	-13.63416	11.42787	-1.19	0.238	Not Significant
Constanta	0.526132	0.801608	0.66	0.514	Not Significant

$$R^2 = 0.9276 \mid \text{Adjusted } R^2 = 0.9223 \mid F(4,54) = 173.06 \text{ (p} = 0.0000\text{)}$$

Note: Significant if p-value < 0.05.

Source: Processed Data, 2025

The estimation results reported in Table 5 indicate that lagged inflation (L1.INF) is the only variable that exerts a statistically significant influence on current inflation in Denpasar City. The large and highly significant coefficient confirms the presence of strong inflation persistence, implying that past inflation dominates current price dynamics. This finding is consistent with the inflation persistence literature that emphasizes inertia from price rigidities and adaptive expectations [5], [6]. The coefficient of TPID (L1.TPID) is positive but statistically insignificant on the other hand. The result indicates that the impact of local coordination of institutions on inflation persistence is weak and can be measured only to a small extent in the fitted specification. Importantly, a failure to reach statistical significance does not imply that TPID is not effective. Rather, it suggests that the effects of TPID interventions on volatility and coordination outcomes may be mostly short-lived, which would not be adequately captured by a lagged time-series framework that emphasizes persistence. Previous studies have found that institutional coordination mechanisms usually influence inflation through qualitative improvements in logistics, monitoring and expectations management rather than through immediate and quantifiable reductions in inflation persistence [11], [10].

The lack of significance of money supply (JUB) and the BI Rate strengthens the argument that regional inflation dynamics are not mainly driven by national monetary variables. Monetary policy is important for controlling national-level aggregate inflation but its transmission to city-level inflation is usually weak and indirect. Empirical evidence indicates that supply side constraints, distribution costs and market structure have a stronger influence on regional inflation, especially in urban areas, than monetary aggregates or interest rates [9], [8]. The coefficient of the BI Rate is negative but not statistically significant, in line with a delayed and uneven monetary transmission process across regions. The model has a good explanatory power ($R^2=0.9276$) which implies that inflation dynamics in Denpasar is dominantly influenced by past behavior than current policy or monetary variables. The finding emphasizes the structural nature of inflation persistence in the city and suggests that the use of short-run policy tools, whether institutional or monetary, is of limited utility in the face of persistent price pressures.

From the development and welfare perspectives, these findings have implications that long-term, supply-oriented and institutionally coordinated strategies are needed to protect the purchasing power of households in urban areas such as Denpasar. TPID has an important coordinating role, but to be effective in reducing inflation persistence, it depends on complementary structural policies which include improvements in supply chain efficiency, interregional trade integration and urban infrastructure. These root causes are not being tackled, inflationary pressures will remain and the purchasing power will keep falling (especially for the less flexible income groups). Overall, the results are in line with the view that inflation persistence in Denpasar is more structural and regional than short-term institutional or monetary. This underscores the need to incorporate inflation control into broader urban planning strategies to improve market efficiency and strengthen local economic resilience.

Conclusion

This study discusses the persistence of inflation and the role of purchasing power in the urban economy using Denpasar City as a case study. The empirical results show that the inflation in Denpasar has very high persistence. This means that the inflationary shocks tend to be persistent over time rather than adjusting quickly. The significant dependence of current inflation on the past values indicates that in Denpasar inflation is largely driven by inertia and the structural features of the urban economy. In addition, the sectoral analysis finds that the inflation persistence is concentrated in the essential expenditure groups, namely food, housing-related costs, transportation and restaurants, which account for a large share of the urban household consumption. As a result, persistent inflation erodes the purchasing power of households over time, especially for lower- and middle-income households. From a theoretical point of view, this paper contributes to the regional development literature by extending the analysis of inflation persistence to the city level within an urban development framework. The results show that inflation persistence is influenced by macroeconomic factors and structural and institutional characteristics, confirming the view that persistent inflation is a development problem that impacts household welfare, purchasing power and the sustainability of urban economic growth.

The findings indicate that from a policy perspective, short-term price stabilization measures are insufficient to address

persistent inflation in urban areas. Local institutional coordination can reduce short-term inflation volatility, but it is limited in the long term by Denpasar's reliance on inter-island food supply chains, high logistics and transportation costs, and inefficiencies in the distribution of essential commodities. Therefore, local governments should prioritize interventions to the expenditure groups that contribute the most to the persistence of inflation, especially food, housing-related costs, and transportation, through strengthening local food supply systems, improving logistics and distribution infrastructure, more efficient interregional coordination, and better collaboration among the Regional Inflation Control Team (TPID), producers, distributors, and market operators. Such measures should enhance price stability, safeguard household purchasing power and foster sustainable urban development. Future research may further explore the interaction between inflation persistence and labour market dynamics, use spatial or interregional analytical models, and apply qualitative or mixed-method approaches to gain better insights into institutional mechanisms and to evaluate the generalisability of these findings across other urban areas.

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