

ABSTRACT

This study applied AIDS to study how Indonesian households adjust their consumption in response to changes in income and prices. It specifically investigates how the response differs according to expenditure group. Employed the 2020 Susenas data, the findings show that only the 5th quintile considers the vegetable and fruit commodity group as a necessity. The own-price elasticity of the dairy and egg commodity group is the lowest. The own-price elasticity of the alcohol and tobacco commodity group in the 1st and 2nd quintiles is highly elastic. In the 1st quintile, the staple food commodity group is a substitute for all commodity groups, while the alcohol and tobacco commodity group are complementary to staple foods.

Keywords: Household Food Expenditure, Consumer Behavior, Almost Ideal Demand System

JEL classification: C31, D11, D12