TRADE BALANCE

Trade Surplus Rebounds as Import Growth Moderates

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Executive Summary

Indonesia recorded a trade surplus of USD0.13 bn (Cons: USD0.00 bn, KBVS: -USD0.35 bn, Prev: -USD0.45 bn) **in Jul '26 as export growth recorded 6.05% YoY** (Cons: 3.10% YoY, KBVS: -3.05% YoY, Prev: 8.84% YoY), supported by strong non-oil and gas shipments of mineral fuels, iron and steel, nickel, and palm oil. **Meanwhile, total import growth moderated to 27.02% YoY** (Cons: 23.40% YoY, KBVS: 17.80% YoY, Prev: 34.27% YoY). While elevated oil and gas purchases kept overall import levels high, the broader growth pace was contained by contractions in key non-oil lines, including cereals, organic chemicals, iron and steel, and electrical machinery. **Looking ahead, while improving demand from key trading partners should support the trade balance, escalating geopolitical tensions around the Strait of Hormuz risk heightening shipping costs and supply chain disruptions.**

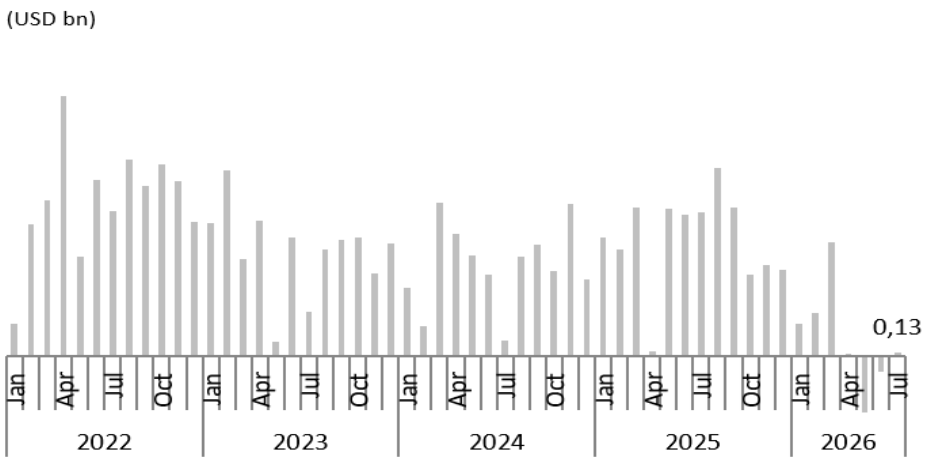
Indonesia's trade balance returned to a surplus of USD0.13 bn in Jul '26 (Cons: USD0.00 bn, KBVS: -USD0.35 bn, Prev: -USD0.45 bn), marking a swift reversal from Jun '26 deficit. The positive shift was primarily driven by a significant moderation in **total import growth to 27.02% YoY** (Cons: 23.40% YoY, KBVS: 17.80% YoY, Prev: 34.27% YoY), which helped pull the balance back into positive territory despite **total export growth easing to 6.05% YoY** (Cons: 3.10% YoY, KBVS: -3.05% YoY, Prev: 8.84% YoY).

Total exports reached USD26.22 bn in Jul '26, supported by non-oil and gas shipments. Growth was anchored by primary commodity exports, including mineral fuels (+10.2% YoY), iron and steel (+8.5% YoY), nickel and related products (+7.1% YoY), and animal and vegetable fats and oils (+5.4% YoY). By sector, manufacturing (+9.86% YoY) and mining (+10.92% YoY) served as the main pillars of export activity, benefiting from steady demand across Indonesia's core trading partners, while agriculture exports continued to contract (-11.36% YoY).

Total imports reached USD26.09 bn in Jul '26, supported by non-oil and gas as well as oil and gas purchases (+25.05% YoY and +105.15% YoY, respectively). Demand remained broad-based across raw and auxiliary materials (+38.94% YoY), capital goods (+26.53% YoY), and consumer goods (+17.46% YoY). However, the overall import pace moderated due to selective YoY contractions in major categories such as cereals and wheat (-12% YoY), organic chemicals (-8% YoY), iron and steel (-6% YoY), and machinery and electrical equipment (-5% YoY).

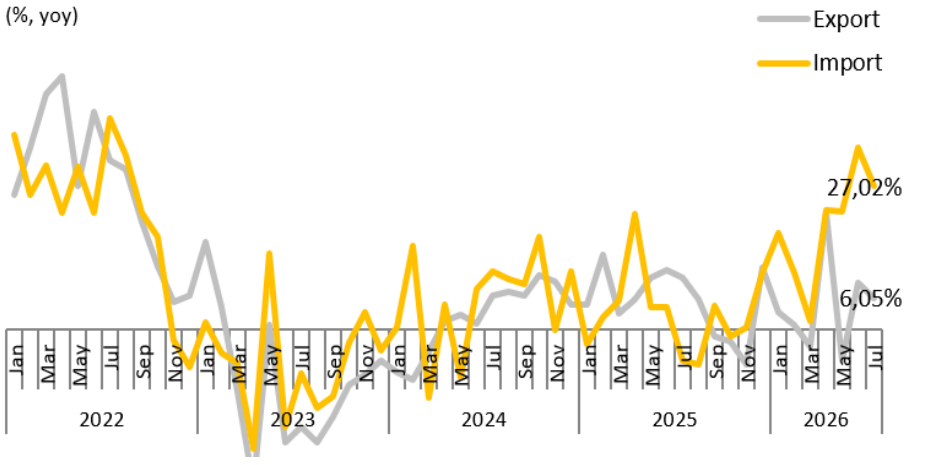
The structural dynamics of Indonesia's trade balance continue to reflect a solid non-oil and gas surplus that serves as a vital buffer against a persistent oil and gas deficit, which remains heavy due to high domestic energy demand and structural reliance on imported crude oil and refined petroleum products. **Looking ahead, while resilient commodity prices and steady demand from core Asian partners should continue to provide fundamental support to trade flows, escalating geopolitical tensions**—most notably along key global maritime chokepoints like the Strait of Hormuz—**threaten to push energy prices higher, inflate shipping freight rates, and elevate insurance premiums.** These external risks, combined with potential trade policy uncertainties in key Western markets, could exacerbate global supply chain friction and weigh on trade activity, keeping Indonesia's external sector performance volatile over the coming quarters.

Figure 1: Trade Balance



Sources: BPS, KBVS Research – treated (2026)

Figure 2: Export and Import Growth



Sources: BPS, KBVS Research – treated (2026)

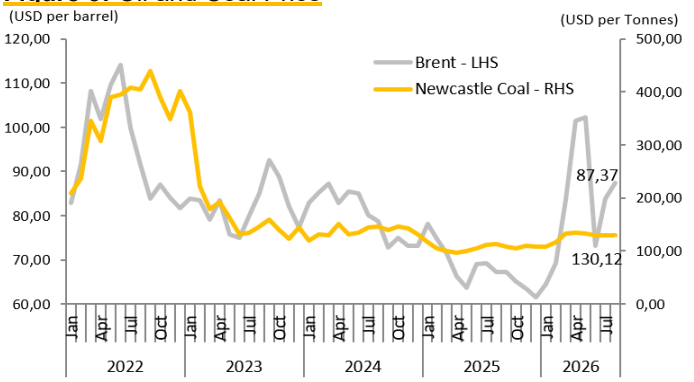
Market Implications and Strategic Outlook

We expect Indonesia's trade balance to sustain a positive trajectory over the coming months, supported by resilient export momentum and relatively favourable commodity prices. Export performance will continue to be anchored by robust structural demand for processed nickel derivatives, particularly battery-grade MHP and stainless-steel inputs, alongside higher value-added palm oil derivatives and steady regional energy consumption driving coal and mineral fuel exports to China and India. Meanwhile, manufacturing activity across Indonesia's major trading partners remains broadly expansionary.

Nevertheless, downside risks remain tilted toward the export sector, primarily driven by severe external freight vulnerabilities. Escalating geopolitical flashpoints — most notably around the Strait of Hormuz — threaten to drive up global shipping costs, elevate freight insurance premiums, and disrupt critical energy transit corridors, posing a direct threat to international maritime trade routes.

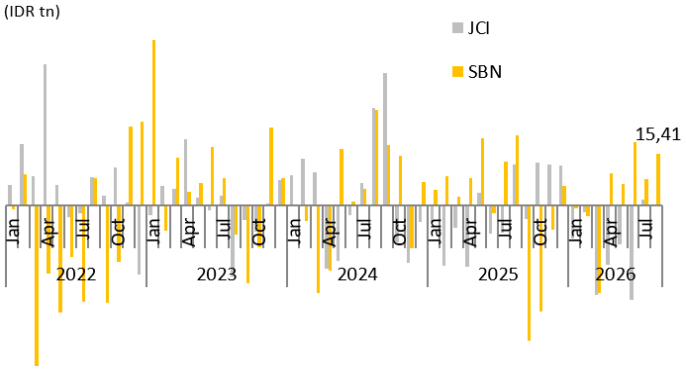
Domestically, ongoing implementation dynamics within Indonesia's trade regulatory architecture — particularly the transition toward digitized export documentation workflows alongside revised import oversight mechanisms and adjustments in export duty rates — **continue to impact commercial execution.** Specifically, major industrial importers in key destination markets require full operational alignment under these administrative requirements and export tax structures before trading activity across coal and major mineral lines can stabilize at peak capacity. Until these domestic regulatory and tariff hurdles are resolved and external maritime tensions

Figure 3: Oil and Coal Price



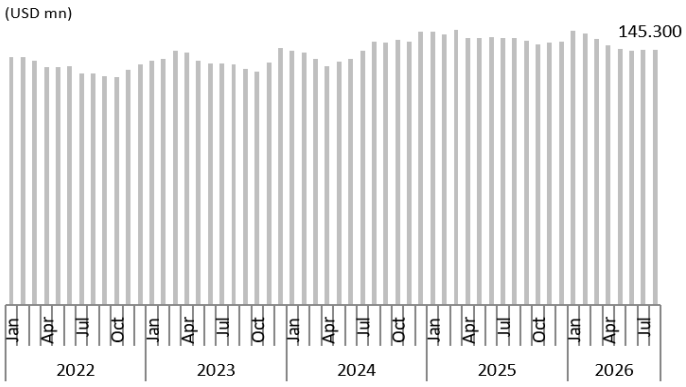
Sources: Bloomberg, KBVS Research – treated (2026)

Figure 4: Monthly Non-Resident Capital Flows



Sources: Bloomberg, KBVS Research – treated (2026)

Figure 5: Monthly Change of FX Reserves



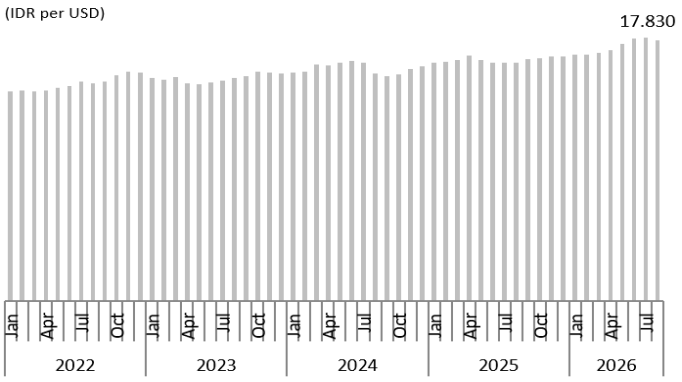
Sources: Bloomberg, KBVS Research – treated (2026)

subside, Jul '26 return to surplus should be viewed as encouraging but not yet confirmation of a broad-based, durable recovery.

On the import side, domestic demand is expected to remain relatively resilient, driven by accelerated growth in consumer goods imports to support domestic household consumption, alongside steady demand for intermediate raw materials to sustain core manufacturing activity. However, volatility in global energy prices will remain the primary factor dictating the overall trajectory of Indonesia's oil and gas import bill. **On the export side, shipment volumes are projected to expand modestly, anchored by structural demand for core metals, processed nickel, and agricultural derivatives.** However, top-line export revenues will remain highly sensitive to regional manufacturing health across major partners, global commodity price fluctuations, and the swift administrative adaptation of domestic export duty and documentation protocols.

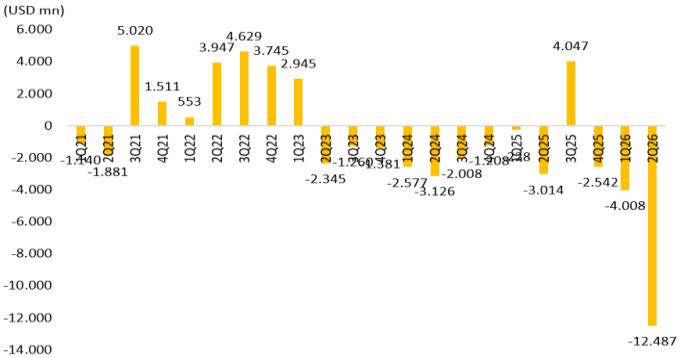
Overall, **we expect the trade balance to sustain a gradual improvement, but severe geopolitical tensions alongside evolving domestic trade regulations are likely to keep monthly trade performance volatile over the remainder of 2026.**

Figure 6: Monthly Average Rupiah Exchange Rate



Sources: Bloomberg, KBVS Research – treated (2026)

Figure 7: Indonesia Current Account



Source: Bank Indonesia, KBVS Research – treated (2026)

Figure 8: CPO Price

Sources: BI, KBVS Research – treated (2026)

Table 1: Indonesia's Trade Balance

Indicators	Value (USD bn)		Growth (%)	
	Latest	M-1	MoM	YoY
Total Export (FOB)	**26,22**	**25,46**	**2,98**	**6,05**
Oil and Gas	**0,79**	**1,07**	**-26,07**	**-14,58**
- Crude Oil	-	-	-	-100,00
- Processed Oil	0,28	0,51	-45,16	27,32
- Gas	0,51	0,55	-8,48	-14,09
Non-Oil and Gas	**25,43**	**24,39**	**4,25**	**6,84**
- Agriculture, Forestry, and Fisheries	0,57	0,49	16,41	-1,84
- Manufacturing	21,76	20,88	4,21	6,03
- Mining & Others	3,10	3,03	2,55	14,85
Total Import (CIF)	**26,09**	**25,91**	**0,72**	**27,02**
Oil and Gas	**3,77**	**4,56**	**-17,33**	**49,91**
- Crude Oil	1,19	1,72	-30,52	51,68
- Processing Oil	2,58	2,84	-9,37	49,11
- Gas	0,00	0,00	0,00	0,00
Non-Oil and Gas	**22,33**	**21,35**	**4,57**	**23,83**
Import Based on the Goods Usage Classification				
Consumption Goods	2,24	2,11	5,86	10,50
Raw/Auxiliary Materials	18,76	18,55	1,12	32,33
Capital Goods	5,10	5,25	-2,77	17,38
Trade Balance	**0,12**	**-0,45**	**-127,06%**	**-97,08%**
Oil and Gas Trade Balance	-2,98	-3,49	-14,66%	88,64%
Non-Oil and Gas Trade Balance	3,10	3,04	1,98%	-46,05%

Sources: BPS, KBVS Research – treated (2026).

Table 2: Indonesia's Non-Oil and Gas Main Trading Partner in Jul '26

Countries	Share Export From Indonesia (%)	Share Import To Indonesia (%)	Trade Balance of Non-Oil & Gas with Indonesia	Latest PMI Manufacturing
China	25,39	42,38	-3.414,70	51,5
Japan	5,70	5,61	249,80	54,9
U.S	11,99	4,64	2.368,70	53,2
India	6,87	2,21	1.225,70	52,9
Thailand	1,28	4,70	-440,90	52,0
South Korea	3,33	3,62	147,20	52,3
Singapore	1,97	2,79	-276,50	54,7
Malaysia	2,98	3,77	12,20	51,4
Australia	4,40	2,65	595,90	50,2
Taiwan	3,41	4,00	-50,10	53,8
Germany	0,81	1,49	-63,90	54,1
Netherlands	2,11	0,36	491,20	53,8
Italy	0,99	0,80	14,10	51,3
Total 13 Countries	71,23	79,02	858,70	
Others	28,77	20,98	2.243,70	
Total	100,00	100,00	**3.102,40**	

Sources: BPS, KBVS Research – treated (2026)

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