

Jul '23 Trade Surplus Deteriorates : Surging Oil And Gas Imports

Fikri C Permana

Email :fikri.permana@kbvalbury.com

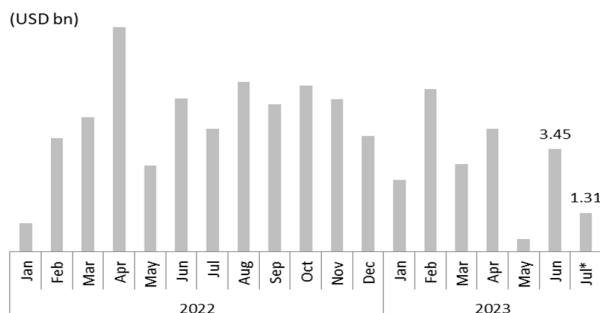
The trade balance continued to maintain a surplus for the 39th consecutive month in Jul '23, albeit decreasing to USD1.31 bn (Prev : USD3.46 bn), and fell short of both consensus (USD2.53 bn) and KBVS expectations (USD2.67 bn). This value is comprised of a Non-Oil and Gas Surplus of USD3.22 bn, but being offset by an Oil and Gas Sector Deficit of USD1.91 bn. This decline was primarily driven by the 83.36% (*month-to-month*, mtm) increase in Crude Oil imports and a 31.66% (mtm) increase in Processed Oil imports, while the value of exported Oil&Gas commodities decreased by 2.61% (mtm).

Meanwhile, in terms of usage categories, imports of Consumer Goods increased by 31.89% (mtm), reflecting developments in population mobility and driving imports in category of Ships, Boats & Floating Structures (HS89), which saw a surge of 338.15% (mtm). Furthermore, an improvement in consumption patterns is evident from the increased import of Vegetables and Animal Meat. In the Intermediate Goods category, there was a 12.57% (mtm) increase. This was driven not only by imports of Mineral Fuels&Related Materials but also by imports of Electrical Machinery&Equipment and Its Parts (HS85), which increased by 17.33% (mtm), as well as Machinery and Mechanical Appliances and Their Parts (HS84), which increased by 12.99% (mtm). Regarding Capital Goods, there was an increase of 11.18% (mtm). This increase mainly stemmed from the higher import of Vehicles and Their Parts (HS87), which rose by 13.25% (mtm), as well as Photographic, Cinematographic and Medical Instruments.

On the contrary, the majority of Indonesia's leading export commodities experienced declines. The group comprising Mining and Others decreased by 8.17% (mtm), in line with the 4.53% (mtm) drop in Coal exports. Moreover, Palm Oil -1.51% (mtm), while Iron and Steel +1.60% (mtm). Among product categories, the most significant export decreases were observed in Mineral Fuels (HS27) -6.93% (mtm); followed by Ores, Slag, and Ash (HS26) -16.46% (mtm); and Fertilizers (HS31) -76.85% (mtm). Nonetheless, export growth was evident in Nickel and Articles Thereof (HS75), which surged by 43.29% (mtm), as well as Articles of Iron and Steel (HS73)+47.33% (mtm) given the continued manufacturing PMI expansion in India, with factory activity growth for the 25th straight month until Jul '23. Similarly, US manufacturing PMI improved in the same month, approaching the 50 mark.

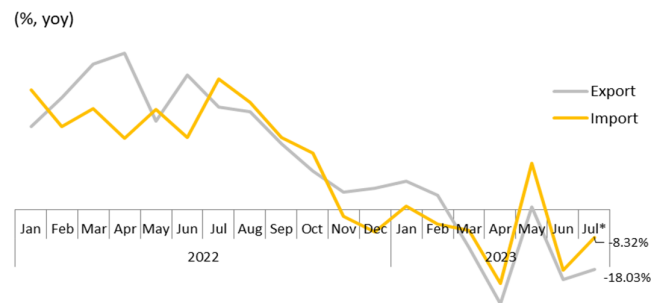
The global energy price developments, particularly the gradual increase of Brent Oil above USD80 per barrel since 21 Jul '23, are causing concerns regarding the potential for increased oil and gas imports ahead. Conversely, the return of Palm Oil Futures to nearly MYR4000 per ton in mid-July is expected to bolster domestic export prospects. Simultaneously, we are observing the developments in the Manufacturing PMI and the demand boost from key trading partners, particularly China. These developments have been influenced by the PBoC 15bps reduction in the 1Y MLF rate and a 10bps cut in the 7DRRR on 15 Aug'23, which is anticipated to positively impact the domestic export aspect. Likewise, the trend of the depreciation of the Rupiah is expected to enhance the comparative advantage of Indonesian export products in the global market.

Fig 1. Trade Balance



Sources : BPS, KBVS Research – treated (2023)

Fig 2. Export and Import Growth



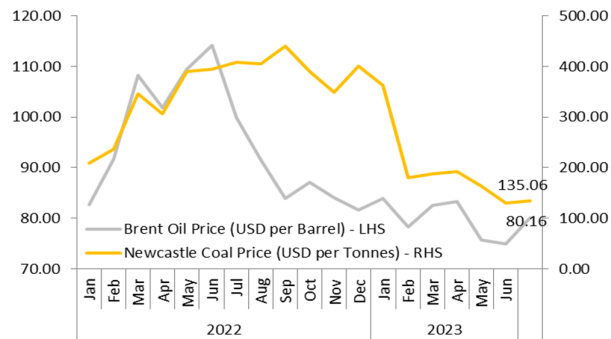
Sources : BPS, KBVS Research – treated (2023)

Indonesia Macro Update

15 August 2023

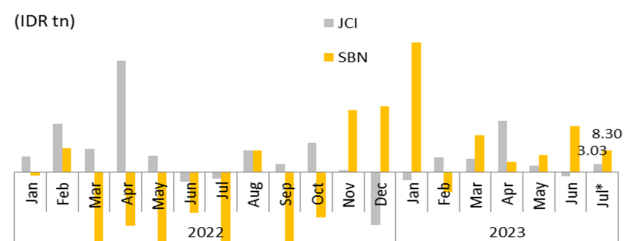
Research Department - email : valburvriset@bloomberg.net

Fig 3. Oil and Coal Price



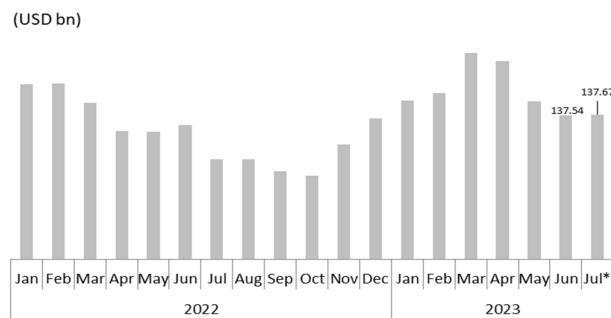
Sources : Bloomberg, KBVS Research – treated (2023)

Fig 4. Monthly Non Resident Capital Flows



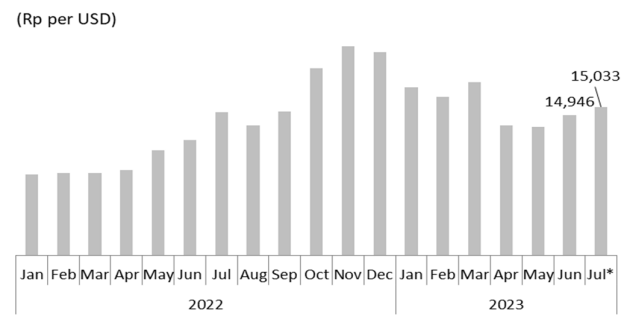
Sources : Bloomberg, KBVS Research – treated (2023)

Fig 5. Indonesia's Foreign Reserves



Sources : Bank Indonesia, KBVS Research – treated (2023)

Fig 6. Monthly Average Rupiah Exchange Rate



Sources : Bank Indonesia, KBVS Research – treated (2023)

Table 1. Indonesia's Trade Balance

Indicators	Value (USD bn)		Growth (%)	
	Latest	M-1	MoM	YoY
Total Export	20.88	20.60	1.36	-18.03
Oil & Gas	1.23	1.26	-2.61	-4.72
- Crude Oil	0.11	0.18	-38.85	7.82
- Processed Oil	0.36	0.42	-14.39	-6.80
- Gas	0.75	0.65	15.06	-5.33
Non Oil & Gas	19.65	19.34	1.62	-18.74
- Agriculture, Forestry, and Fisheries	0.37	0.36	4.52	-3.05
- Manufacturing	15.85	15.25	3.94	-9.07
- Mining & Others	3.43	3.73	-8.17	-46.15
Total Import	19.57	17.15	14.10	-8.32
Oil & Gas	3.13	2.22	40.94	-29.70
- Crude Oil	1.23	0.67	83.36	-26.91
- Processing Oil	1.74	1.32	31.66	-26.47
- Gas	0.16	0.23	-29.73	-60.13
Non Oil & Gas	16.44	14.93	10.10	-2.69
- Consumption Goods	2.09	1.58	31.89	26.87
- Raw/Auxiliary Materials	13.92	12.36	12.57	-16.67
- Capital Goods	3.56	3.20	11.18	18.79
Trade Balance	1.31	2.45	-46.45%	-68.22%

Sources: BPS, KBVS Research – treated (2023).

Disclaimer

This report is prepared by PT KB Valbury Sekuritas, a member of the Indonesia Stock Exchange, or its subsidiaries or its affiliates ("KBVS"). All the material presented in this report is under copyright to KBVS. None of the parts of this material, nor its contents, may be copied, photocopied, or duplicated in any form or by any means or altered in any way, or transmitted to, or distributed to any other party without the prior written consent of KBVS.

The research presented in this report is based on the information obtained by KBVS from sources believed to be reliable, however KBVS do not make representations as to their accuracy, completeness or correctness. KBVS accepts no liability for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from the use of the material presented in this report and further communication given or relied in relation to this document. The material in this report is not to be construed as an offer or a solicitation of an offer to buy or sell any securities or financial products. This report is not to be relied upon in substitution for the exercise of independent judgement. Past performance and no representation or warranty, express or implied, is made regarding future performance. Information, valuations, opinions, forecasts and estimates contained in this report reflects a judgement at its original date of publication by KBVS and are subject to change without notice, its accuracy is not guaranteed or it may be incomplete.

The Research Analyst(s) primarily responsible for the content of this research report, in part or as a whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The Analyst also certifies that no part of his/her compensation was, is or will be related to specific recommendation views expressed in this report. It also certifies that the views and recommendations expressed in this report do not and will not take into account client circumstances, objectives, needs and no intentions involved as a use for recommendations for sale or buy any securities or financial instruments.

KB Valbury Sekuritas

Headquarters

Sahid Sudirman Center Lantai 41 Unit AC
Jl. Jenderal Sudirman No. 86
Kelurahan Karet Tengsin, Kecamatan Tanah Abang
Jakarta Pusat 10220, Indonesia
T +62 21 250 98 300
F +62 21 255 33 778

Branch Office

Jakarta - Kelapa Gading

Rukan Plaza Pasifik
Jl. Raya Boulevard Barat Blok A1 No. 10
Jakarta 11620
T +62 21 - 29451577

Jakarta - Puri Indah

Rukan Grand Aries Niaga
Blok E.1 No. 1 V Jl. Taman Aries, Kembangan,
Jakarta 14450
T +62 21 - 22542390
F +62 21 - 29264310

Jakarta - Pluit

Jl. Pluit Putra Raya No. 2
Jakarta 14240
T +62 21 - 29264300
F +62 21 - 22542391

Bandung

Jl. HOS Cokroaminoto No. 82
Bandung 40171
T +62 22 - 87255888
T +62 22 - 87255800
F +62 22 - 87255811

Semarang

Candi Plaza Building Lt. Dasar
Jl. Sultan Agung No. 90-90A
Semarang 50252
T +62 24 - 3521888
T +62 24 - 8501122
F +62 24 - 8507450

Yogyakarta

Jl. Magelang KM 5.5 no. 75
Yogyakarta 55284
T +62 274 - 4469500
T +62 274 - 623111
F +62 274 - 623222

Galeri Investasi

Jakarta

Citra Garden 6 Ruko Sixth Avenue
Blok J.1 A/18 Cengkareng,
Jakarta Barat 11820
T +62 21 52392181

Semarang

Jl. MT Haryono 637 Semarang
T +62 24 8415195

Solo

Jl. Ronggowarsito No. 34
Surakarta 57118

Surabaya

Pakuwon Center Tunjungan Plaza Lantai 21
Jl. Embong Malang No.1
Surabaya 60261
T +62 31 - 2955777
T +62 31 - 2955788
F +62 31 - 2955716

Solo

Jl. Ronggo Warsito no. 34
Solo 57118
T +62 271 632888
F +62 271 656988

Malang

Jl. Pahlawan Trip no. 7
Malang 65112
T +62 341 - 585888
F +62 341 - 560056

Denpasar

Komplek Ibis Styles Hotel
Jl. Teuku Umar No. 177
Denpasar Bali 80114
T +62 361 - 255888
T +62 361 - 225229
F +62 361 - 225339

Banjarmasin

Jl. Gatot Subroto No.33 Kel. Kebun Bunga
Kec. Banjarmasin Timur
Kalimantan Selatan 70235
T +62 511 - 3265918
F +62 511 - 3253432

Manado

Kawasan Megamas, Ruko Megaprofit
Blok IF2 No. 38 Manado. 95254
T +62 431 7917 836
F +62 431 880 2129

Padang

Jl. Kampung Nias II no. 10,
Kel. Belakang Pondok,
Kec. Padang Selatan
T +62 751 8955747

Salatiga

Jl. Diponegoro No. 68, Rt. 007 Rw. 011,
Kel. Salatiga, Kec. Sidorejo 50711
T +62 298 313007

Medan

Komplek Jati Junction No. P5-5A
Jl. Perintis Kemerdekaan
Medan 20218
T +62 61 - 88816222
F 62 61 - 88816333

Pekanbaru

Jl. Tuanku Tambusai
Komplek CNN Blok A No.3 Pekanbaru 28291
T +62 761 - 839393
Galeri Investasi

Padang

Jl. Kampung Nias II no. 10,
Kel. Belakang Pondok,
Kec. Padang Selatan
T +62 751 8955747

Palembang

Komp. PTC Mall Blok I No. 7 Jl. R. Sukanto
Kel. 8 Ilir Kec. Ilir Timur II
Palembang 30114
T 07115700281

Makassar

Kompleks RUKO Citraland City Losari Makassar,
Business Park, Blok B2 No. 09
Jl. Citraland Boulevard
Kel. Maccini Sombala, Kec. Tamalate
Makassar, Sulawesi Selatan 90111
T +62 411 6000818

Galeri Investasi BEI - KBVS

Yogyakarta
Universitas Kristen Duta Wacana
T +62 274 - 544032

Manado
Universitas Prisma Manado
T 0431 8800850

Jakarta
Universitas Gunadarma
T +62 21 - 8727541