

Global Trade Volume Weakens, Indonesia's Jan '24 Trade Surplus Declines

The decline in the growth of global trade volume in 4Q23 to 0.58% QoQ (prev: 0.65% QoQ) also contributed to Indonesia's Trade Surplus in Jan '24 decreasing to USD2.02 bn (Cons: USD2.82 bn, KBVS: USD2.24 bn, Prev: USD3.30 bn), although this continues the trade surplus streak for 45 consecutive months. This was due to Exports declining again by -8.06% YoY, while Imports turned positive at 0.36% YoY in the same month. This downward trend was preceded by a decrease in Foreign Exchange Reserves by USD1.33 bn compared to 29 Dec '23, while concurrently experiencing a capital inflow of IDR9.04 tn (equivalent to USD0.57 bn) in the Indonesian financial markets and followed by a global bond issuance of USD2.05 bn on 3 Jan '24.

On the export side, the decline in export value occurred in the Oil and Gas sector (-5.49% MoM) and Non-Oil and Gas sector (-8.54% MoM). Furthermore, the decrease in the value of oil and gas exports was driven by a decrease in Oil Export (-32.53% MoM). Meanwhile, the decline in the value of non-oil and gas exports was driven by Mineral Fuels (HS27) -20.81% MoM, Precious Metals and Jewelry/Gemstones (HS71) -35.61% MoM, and Ores, slag, and ash (HS26) -41.26% MoM. Based on volume, the decrease in Coal export volume (HS2701) by -18.01% MoM also contributed to a -19.68% MoM decrease in the value of this product to only about USD2.41 bn in Jan '24. Although there was recovery from two other leading commodities, namely Iron and Steel (HS72) which experienced a volume increase of +8.67% MoM and a value increase of +1.21% MoM, while Palm Oil (HS1511) experienced a volume increase of +0.23% MoM and a value increase of +18.89% MoM.

On the import side, although there was an increase in value by +0.36% YoY, it is essential to note that during Jan '24, there was a -3.13% MoM decrease. This was driven by a -19.99% MoM decrease in the value of Oil and Gas imports, especially the decrease in the value of crude oil imports (-20.03% MoM) and the value of Oil Products imports (-20.24% MoM). Conversely, the value of Non-Oil and Gas Imports increased by +0.48% MoM, primarily driven by an increase in the value of Mechanical Machinery and its parts (HS84) followed by an increase in import volume of +8.82% MoM, as well as the value of Electrical Machinery and its parts (HS85) which increased by +17.89% MoM with a volume increase of +16.67% MoM.

In our view, the decrease in the trade surplus value in Jan '24, lower than the previous month and the same month last year, is something to be noted. Especially with the approach of the fasting month, which will begin in the next month, it will be followed by an increase in the import of consumer goods. At the same time, this may raise concerns about the continued current account deficit in 1Q24 and the increasing concerns about the weakening fundamentals of the Rupiah. On the other hand, the hope for the expansion of the Manufacturing PMI of Indonesia's main trading partners, especially India (56.5), is also expected to contribute to an increase in exports to those countries and drive a better trade surplus in Feb '24 after reaching a surplus of USD1.38 bn in Jan '24. However, we are concerned that global geopolitical conflicts will continue to pose challenges in further driving industry and global trade volume.

Fig 1. Trade Balance

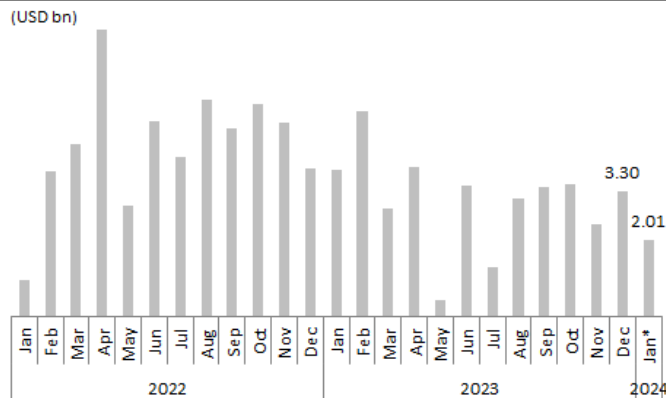
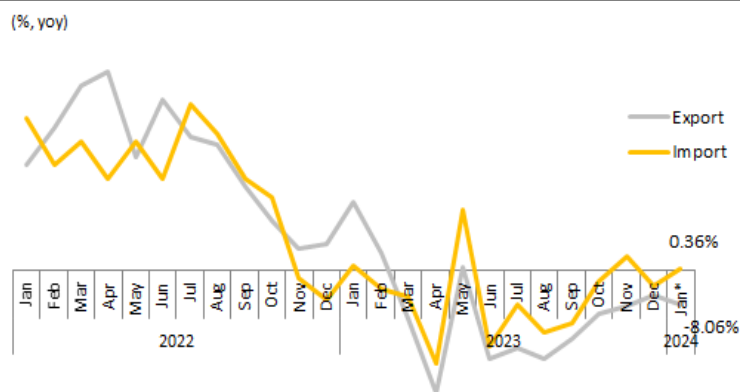


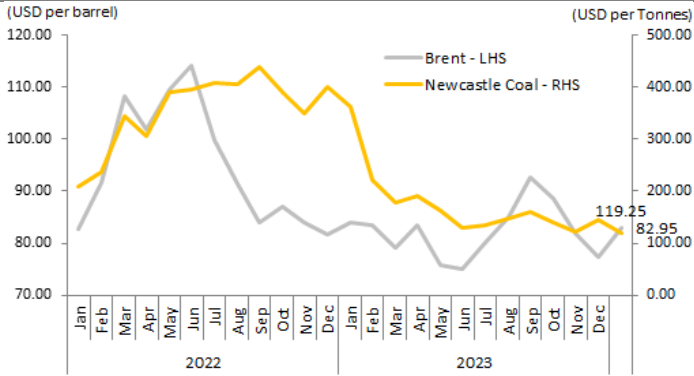
Fig 2. Export and Import Growth



Sources: BPS, KBVS Research – treated (2024)

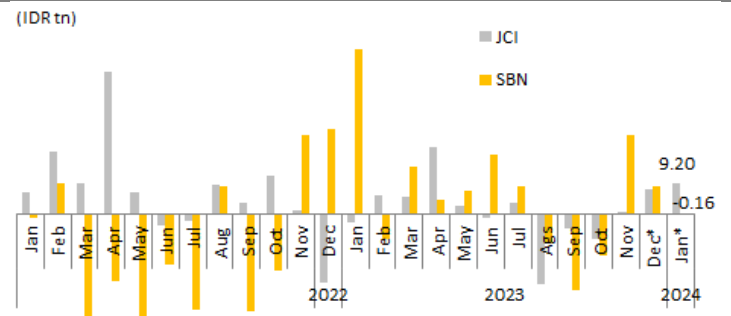
Sources: BPS, KBVS Research – treated (2024)

Fig 3. Oil and Coal Price



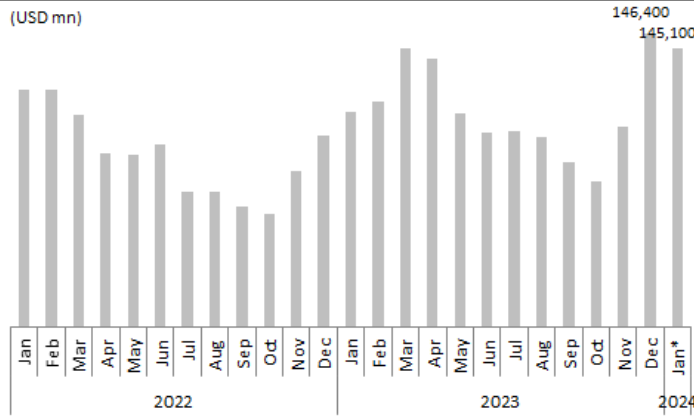
Sources: Bloomberg, KBVS Research – treated (2024)

Fig 4. Monthly Non Resident Capital Flows



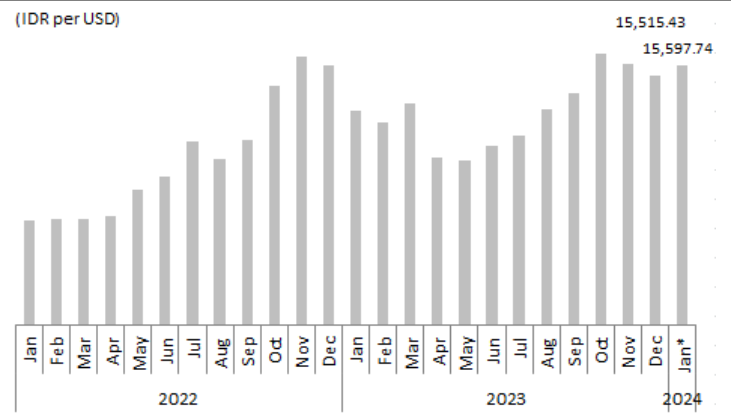
Sources: Bloomberg, KBVS Research – treated (2024)

Fig 5. Indonesia's Foreign Reserves



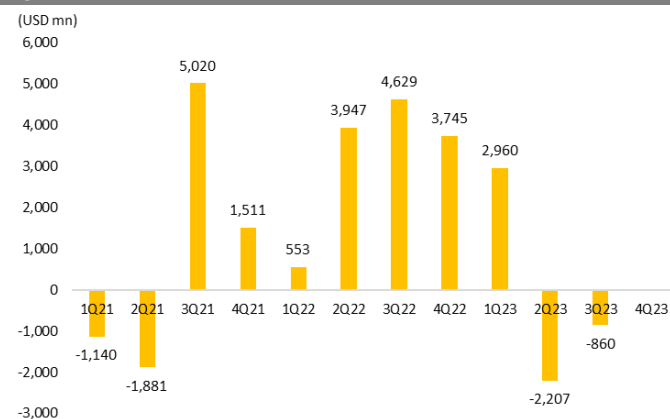
Sources: Bank Indonesia, KBVS Research – treated (2024)

Fig 6. Monthly Average Rupiah Exchange Rate



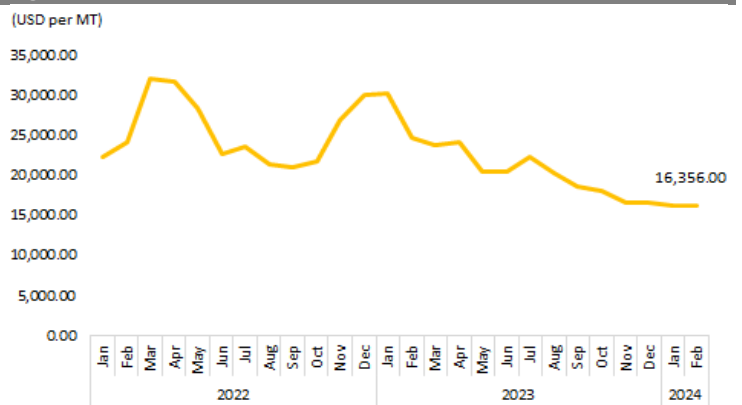
Sources: Bank Indonesia, KBVS Research – treated (2024)

Fig 7. Indonesia's Current Account



Sources: Bank Indonesia, KBVS Research – treated (2024)

Fig 8. Nickel Price



Sources: Bloomberg, KBVS Research – treated (2024)

Table 1. Indonesia's Trade Balance				
Indicators	Value (USD bn)		Growth (%)	
	Latest	M-1	MoM	YoY
Total Export	20.52	22.39	-8.34	-8.06
Oil and Gas	1.40	1.48	-5.48	-6.07
- Crude Oil	0.16	0.11	39.24	104.21
- Processed Oil	0.41	0.61	-32.46	-24.59
- Gas	0.83	0.76	9.67	-4.19
Non-Oil and Gas	19.13	20.91	-8.54	-8.20
- Agriculture, Forestry, and Fisheries	0.37	0.36	5.35	0.11
- Manufacturing	15.08	15.73	-4.13	-3.69
- Mining & Others	3.68	4.83	-23.93	-23.54
Total Import	18.51	19.11	-3.13	0.36
Oil and Gas	2.70	3.37	-19.99	-7.15
- Crude Oil	0.73	0.91	-20.07	-24.56
- Processing Oil	1.70	2.13	-20.25	4.30
- Gas	0.27	0.33	-18.37	-12.91
Non Oil and Gas	15.81	15.73	0.48	1.76
Import Based on the Goods Usage Classification				
Consumption Goods	1.77	2.05	-13.56	11.03
Raw/Auxiliary Materials	13.48	13.79	-2.25	-2.96
Capital Goods	3.26	3.27	-0.31	10.16
Trade Balance	2.02	3.29	-38.66%	-48.08%
Oil and Gas Trade Balance	-1.30	-1.89	45.58%	-8.38%
Non-Oil and Gas Trade Balance	3.32	5.18	56.18%	-37.43%

Sources: BPS, KBVS Research – treated (2024).

Table 2. Indonesia's Non-Oil and Gas Main Trading Partner in Dec '23				
Countries	Share Export From Indonesia	Share Import To Indonesia	Trade Balance With Indonesia	Latest PMI Manufacturing
China	23.90	37.64	-1,380.60	50.8
Japan	7.63	6.81	382.70	48.0
US	10.41	4.92	1,220.30	50.7
India	9.33	2.56	1,380.50	56.5
Thailand	1.65	4.72	-432.60	50.1
South Korea	4.14	4.06	150.00	51.2
Singapore	2.41	2.10	128.40	48.8
Malaysia	3.07	3.95	-36.60	50.7
Australia	3.86	3.23	228.70	49.0
Taiwan	2.40	5.53	-416.70	46.7
Germany	0.87	1.91	-184.60	45.5
Netherlands	2.04	0.36	332.70	48.9
Italy	0.05	0.94	79.80	48.5
Total 13 Countries	71.76	78.73	1,452.00	
Others	28.24	21.27	1,863.80	
Total	100.00	100.00	3,315.80	

Sources: BPS, KBVS Research – treated (2024).

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