

Apr '24 Trade Surplus Remains Favorable For Rupiah Stability

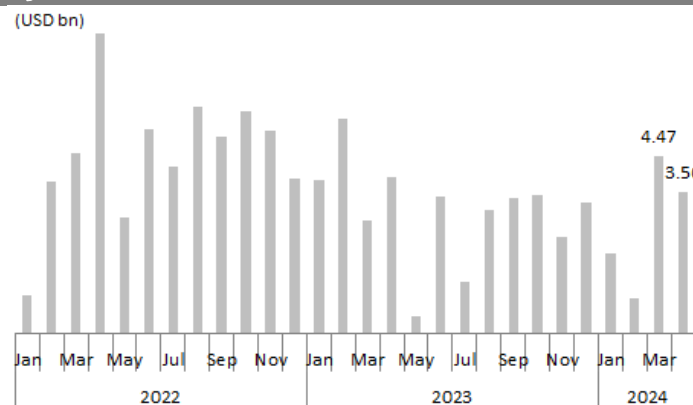
Indonesia recorded a trade balance surplus of USD3.56 bn in Apr '24 (Cons: USD3.10 bn, KBVS: USD1.62 bn, Prev: USD4.47 bn), marking the 48th consecutive month of surplus (see Fig 1. P.1). This was driven by export growth of -12.97% mom or 1.72% YoY (Cons: 4.36% YoY, KBVS: 1.61% YoY, Prev: -4.19% YoY), and import growth of -10.60% mom or 4.62% YoY (Cons: 8.69% YoY, KBVS: 17.12% YoY, Prev: 12.76% YoY). By country (see Table 2, P.4), the non-oil and gas sector trade deficit with China was USD50.4 million. Meanwhile, trade surpluses were recorded with the U.S. at USD1.09 bn (Prev: USD 1.50 bn) and India at USD1.46 bn (Prev: USD 1.43 bn).

The monthly decline in exports was driven by the normalization of Precious Metals & Jewelry/Gemstones (HS71) exports in Apr '24, which fell by -34.88% mom following a significant increase of USD0.93 bn in Mar '24. Other notable declines including Footwear (HS64) by -21.66% mom, Vehicles and Parts (HS87) by -19.20% mom, and Various Chemical Products (HS38) by -9.40% mom. Conversely, the export value of Indonesia's three key commodities showed resilience: Coal increased by 1.84% mom due to a 2.91% mom rise in export volume despite a price decline of -0.78% mom; Iron and Steel rose by 1.91% mom supported by an 8.67% mom increase in volume (prices fell by -7.07% mom); as well as CPO and its derivatives which saw a decline of -10.49% mom in value, driven by a -15.64% mom drop in volume amidst a price increase of 6.33% mom.

On the import side, the decline in Oil and Gas imports by -11.01% mom or 0.18% YoY (Prev: 11.65% mom or 10.34% YoY) was also accompanied by a decrease in Non-Oil and Gas imports of -10.51% mom or 5.68% YoY (Prev: -5.34% mom or -16.72% YoY). Key contributors to the decline included Optical, Photographic, Cinematographic, and Medical Instruments (HS90) by -28.99% mom, Cereals (HS10) by -27.23% mom, and Iron and Steel (HS72) by -23.02% mom, alongside a -14.93% mom drop in Refined Petroleum Products imports.

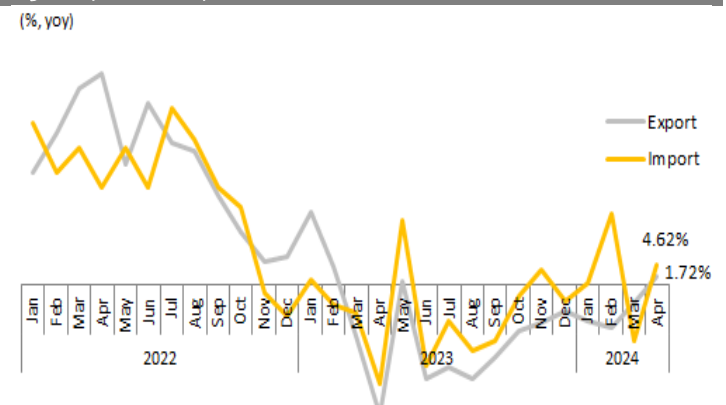
Unfortunately, the favorable trade surplus in Apr '24 was accompanied by a decrease in FX reserves by USD4.18 bn in the same period. Looking forward, we expect that the attractive outcomes of the foreign exchange term deposit auctions (TD Valas), Bank Indonesia Certificates (SVBI), and Sharia Bank Indonesia Certificates (SuKBI) will help channel the trade surplus into the domestic economy more effectively. Additionally, we anticipate a recovery in exports with the stabilization of coal and CPO prices, while imports are expected to remain sluggish due to limited imports of onions and sugar, alongside the implementation of Ministry of Trade Regulation No. 7/2024. Thus, it is hoped that the Rupiah will be more stable going forward.

Fig 1. Trade Balance



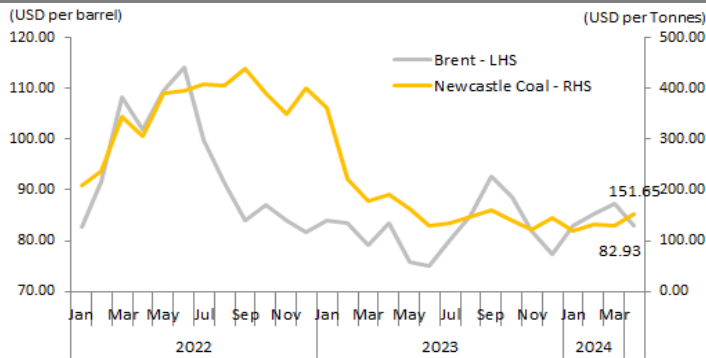
Sources: BPS, KBVS Research - treated (2024)

Fig 2. Export and Import Growth



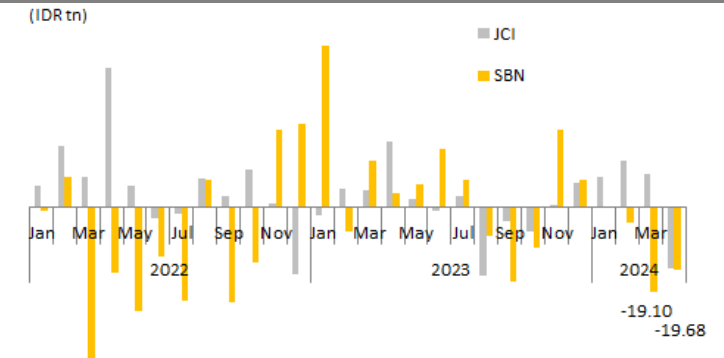
Sources: BPS, KBVS Research - treated (2024)

Fig 3. Oil and Coal Price



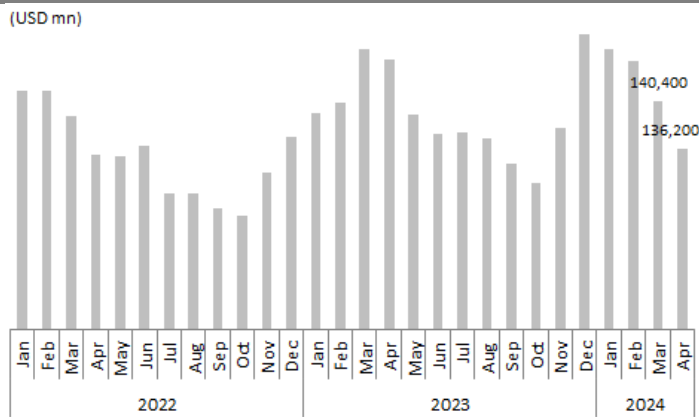
Sources: Bloomberg, KBVS Research - treated (2024)

Fig 4. Monthly Non Resident Capital Flows



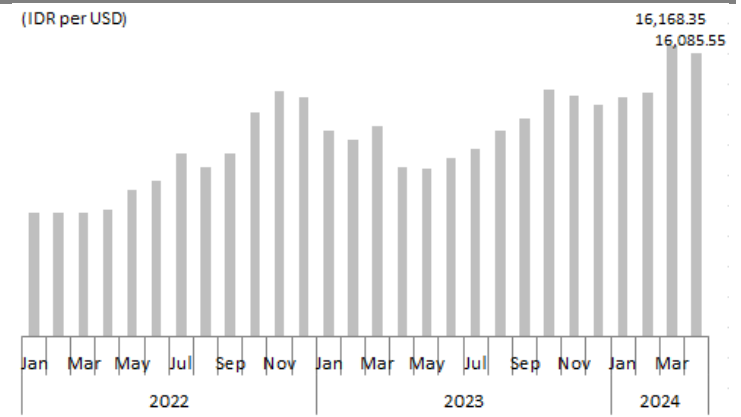
Sources: Bloomberg, KBVS Research - treated (2024)

Fig 5. Indonesia's Foreign Reserves



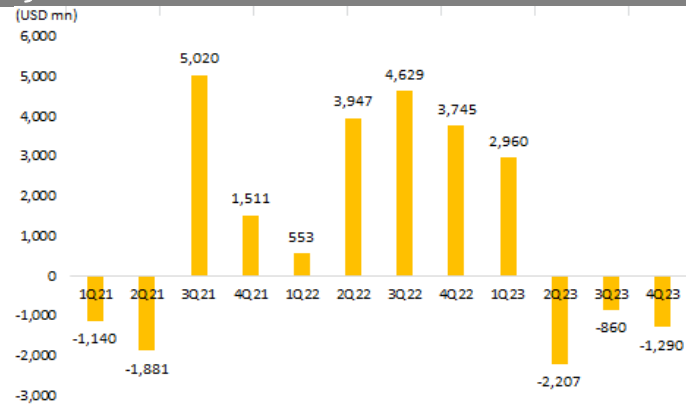
Sources: Bank Indonesia, KBVS Research - treated (2024)

Fig 6. Monthly Average Rupiah Exchange Rate



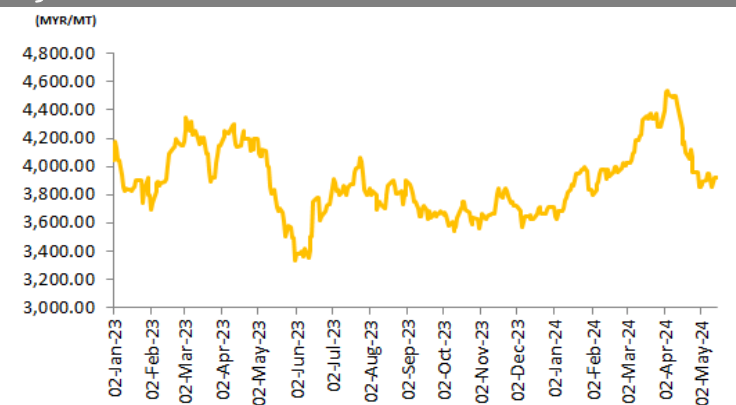
Sources: Bank Indonesia, KBVS Research - treated (2024)

Fig 7. Indonesia's Current Account



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

Fig 8. CPO Price



Sources: Bloomberg, KBVS Research - treated (2024)

Indicators	Value (USD bn)		Growth (%)	
	Latest	M-1	Mom	YoY
Total Export	19.62	22.54	-12.97	1.72
Oil and Gas	1.35	1.29	4.98	7.24
- Crude Oil	0.15	0.20	-26.87	64.46
- Processed Oil	0.44	0.50	-12.47	-13.30
- Gas	0.77	0.59	30.66	15.02
Non-Oil and Gas	18.27	21.25	-14.06	1.33
- Agriculture, Forestry, and Fisheries	0.30	0.43	-31.02	2.07
- Manufacturing	14.00	16.66	-15.95	8.05
- Mining & Others	3.97	4.16	-4.76	-16.96
Total Import	16.06	17.96	-10.61	4.62
Oil and Gas	2.96	3.33	-11.00	0.18
- Crude Oil	0.84	0.83	0.84	7.15
- Processing Oil	2.12	2.50	-14.90	-2.32
- Gas	0.00	0.00	0.00	0.00
Non-Oil and Gas	13.10	14.63	-10.51	5.68
Import Based on the Goods Usage Classification				
Consumption Goods	1.41	1.85	-23.96	0.56
Raw/Auxiliary Materials	11.98	13.21	-9.29	3.29
Capital Goods	2.67	2.91	-8.12	13.57
Trade Balance	3.56	4.58	-22.24%	-9.58%
Oil and Gas Trade Balance	-1.61	-2.04	26.69%	-32.31%
Non-Oil and Gas Trade Balance	5.17	6.62	28.05%	-48.05%

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

Table 2. Indonesia's Non-Oil and Gas Main Trading Partner in Apr '24

Countries	Share Export From Indonesia	Share Import To Indonesia	Trade Balance With Indonesia	Latest PMI Manufacturing
China	23.00	35.22	-50.40	51.4
Japan	7.87	7.23	309.60	49.6
US	10.48	4.73	1,090.80	50.0
India	9.01	2.52	1,461.20	58.8
Thailand	1.95	4.91	-438.50	49.6
South Korea	4.07	4.73	266.30	49.4
Singapore	2.51	1.93	239.20	50.2
Malaysia	2.91	4.53	-78.00	50.5
Australia	4.17	3.01	375.70	49.0
Taiwan	2.31	5.55	-149.50	48.6
Germany	0.91	1.81	-155.10	42.5
Netherlands	1.77	0.45	201.70	51.3
Italy	1.01	0.85	124.10	47.3
Total 13 Countries	71.97	77.43	3,197.10	
Others	28.03	22.57	1,971.90	
Total	100.00	100.00	5,169.00	

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

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