

Trade Surplus Resumes For 50 Consecutive Months, Despite Lower MoM

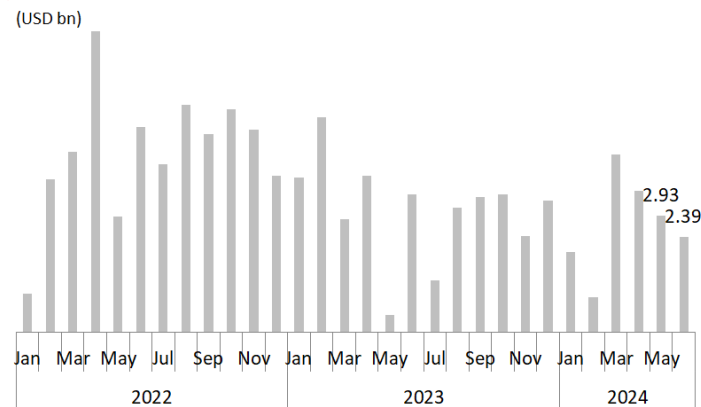
As anticipated, the trend of increasing distribution prices over the past month (see Fig. 10, P.2) and the decline in major global commodity prices have driven a decrease in international trade value and impacted Indonesia's export-import realization. Consequently, **despite Indonesia continuing to mark the 50th consecutive month of surplus, the larger decline in exports compared to imports has led to a narrowing of the trade surplus to USD2.39 bn (Cons: USD2.91 bn, KBVS: USD2.55 bn, Prev: USD2.93 bn) in Jun '24.**

Exports in Jun '24 contracted by **-6.65% MoM** or **1.17% YoY** (Cons: 4.81% YoY, KBVS: -1.17% YoY, Prev: 2.86% YoY), primarily driven by a decrease in the exports of Precious Metals and Jewelry/Gemstones (HS71) by **-45.8% MoM** and Nickel and Articles Thereof (HS75) by **-25.4% MoM** in the same month. This decline appears to be influenced by the 10.4% MoM drop in nickel prices (see Fig. 9, P.2). However, the sharp increase in the exports of Animal or Vegetable Fats and Oils (HS15) by **+68.1% MoM** is a positive aspect for exports observed in Jun '24.

On the import side, the decline of **-4.89% MoM** or **7.58% YoY** (Cons: 7.20% YoY, KBVS: -9.00% YoY, Prev: -8.83% YoY) mainly originated from Non-Oil and Gas Imports, particularly Organic Chemicals (HS29) by **-13.1% MoM** and Iron and Steel (HS72) by **-12.6% MoM**. Meanwhile, the highest increase in imports was recorded by Optical, Photographic, Cinematographic, and Medical Instruments (HS90) at **64.7% MoM**.

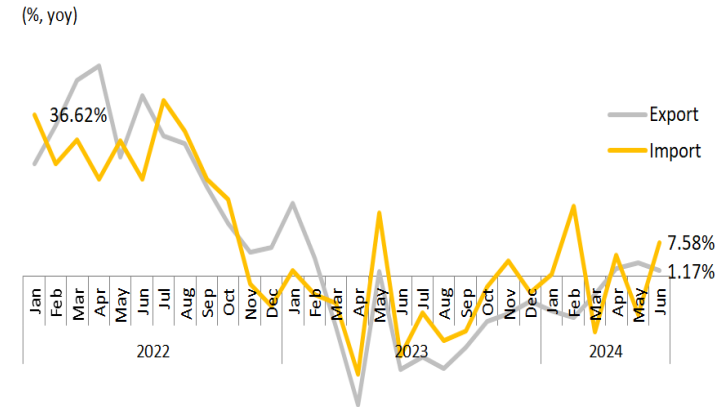
Simultaneously, the continuing trade surplus trend will provide cushion to the stability of the Rupiah amidst improving Manufacturing PMI from key trading partners – especially India and China – and an increase in risk-on behavior following the rising odds ratio of a Fed Rate pivot. We anticipate the most significant positive impact from India's Manufacturing PMI, which stands at 58.3—the second-highest in the world in Jun '24. India has consistently shown economic growth above 7.5% YoY since 1Q23 and is Indonesia's largest trade surplus partner, with a surplus of USD1.47 bn throughout Jun '24. Meanwhile, with China's Manufacturing PMI increasing to 51.8 (Prev: 51.7)—the highest since May '21, expectations for an export increase are plausible. This is especially relevant as China is Indonesia's largest non-oil and gas export destination, with a share of 23.1% in Jun '24, despite China's economic growth declining to 4.7% YoY in 2Q24, the lowest level since 1Q23.

Fig 1. Trade Balance



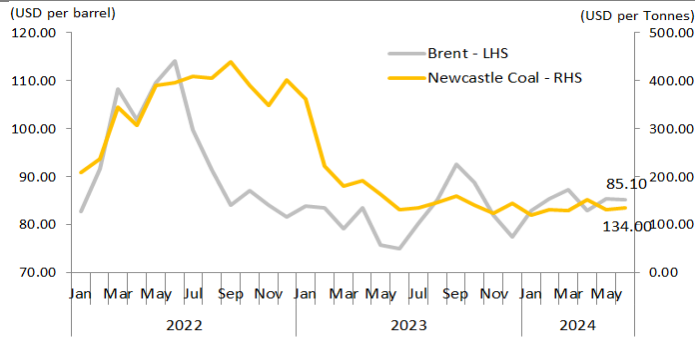
Sources: BPS, KBVS Research - treated (2024)

Fig 2. Export and Import Growth



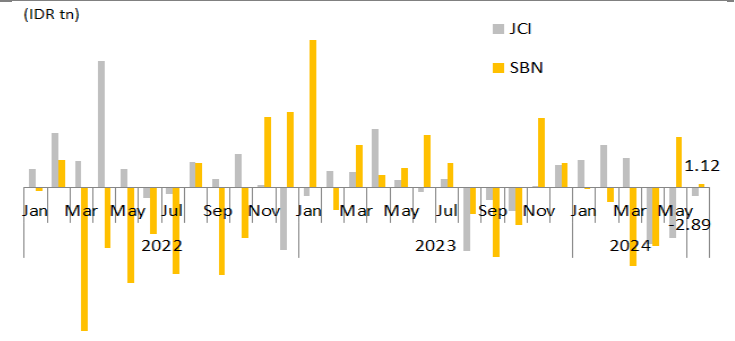
Sources: BPS, KBVS Research - treated (2024)

Fig 3. Oil and Coal Price



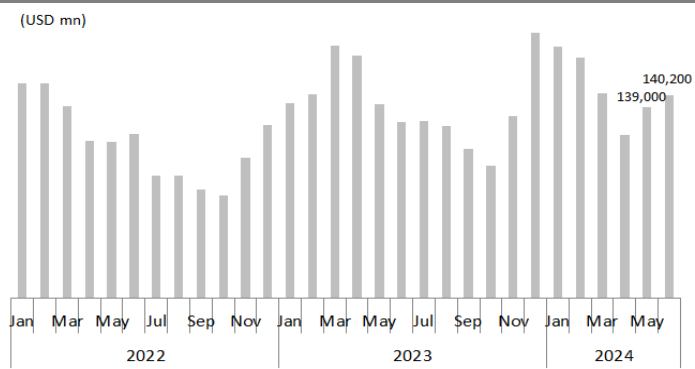
Sources: Bloomberg, KBVS Research - treated (2024)

Fig 4. Monthly Non Resident Capital Flows



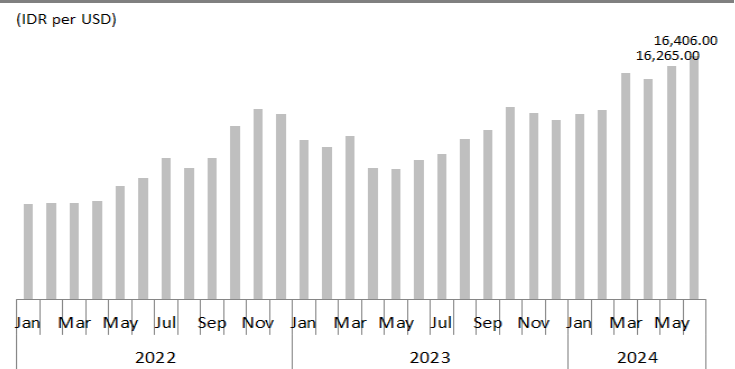
Sources: Bloomberg, KBVS Research - treated (2024)

Fig 5. Indonesia's Foreign Reserves



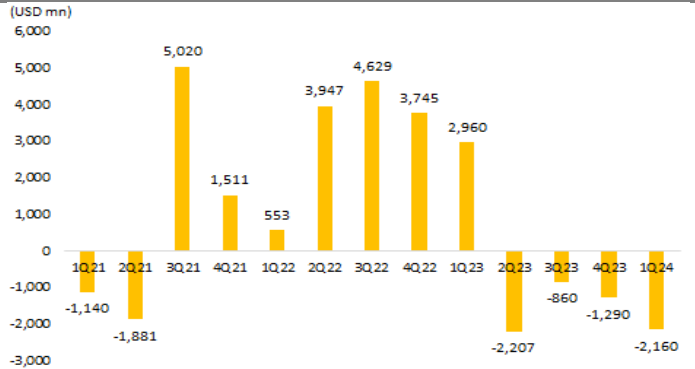
Sources: Bank Indonesia, KBVS Research - treated (2024)

Fig 6. Monthly Average Rupiah Exchange Rate



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

Fig 7. Indonesia's Current Account



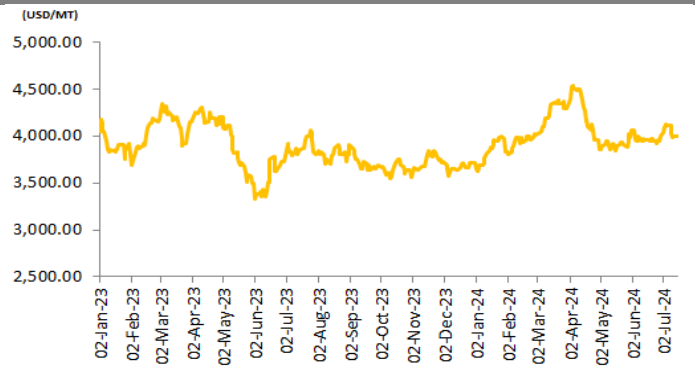
Sources: Bank Indonesia, KBVS Research - treated (2024)

Fig 8. CPO Price



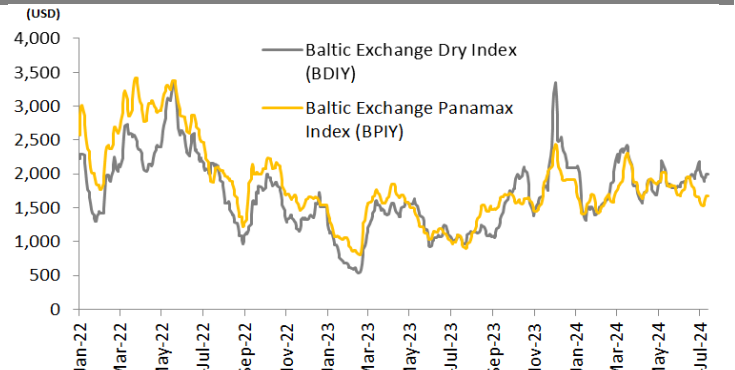
Sources: Bloomberg, KBVS Research - treated (2024)

Fig 9. Nickel Price



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

Fig 10. Baltic Exchange Dry Index & Baltic Exchange Panamax Index



Sources: Bloomberg, KBVS Research - treated (2024)

**Table 1. Indonesia's Trade Balance**

Indicators	Value (USD bn)		Growth (%)	
	Latest	M-1	Mom	YoY
<b>Total Export</b>	<b>20.84</b>	<b>22.32</b>	<b>-6.65</b>	<b>1.17</b>
<b>Oil and Gas</b>	<b>1.23</b>	<b>1.42</b>	<b>-13.23</b>	<b>-2.26</b>
- Crude Oil	0.22	0.21	2.99	21.58
- Processed Oil	0.17	0.38	-55.48	-60.53
- Gas	0.84	0.83	1.86	28.90
<b>Non-Oil and Gas</b>	<b>19.61</b>	<b>20.91</b>	<b>-6.21</b>	<b>1.40</b>
- Agriculture, Forestry, and Fisheries	0.39	0.40	-1.50	9.94
- Manufacturing	16.06	16.29	-1.44	5.50
- Mining & Others	3.16	4.21	-25.04	-16.02
<b>Total Import</b>	<b>18.45</b>	<b>19.40</b>	<b>-4.89</b>	<b>7.58</b>
<b>Oil and Gas</b>	<b>3.27</b>	<b>2.75</b>	<b>19.01</b>	<b>-12.34</b>
- Crude Oil	1.13	0.84	34.64	67.48
- Processing Oil	2.14	1.91	12.17	38.35
- Gas	0.00	0.00	0.00	0.00
<b>Non-Oil and Gas</b>	<b>15.18</b>	<b>16.65</b>	<b>-8.83</b>	<b>1.69</b>
<b>Import Based on the Goods Usage Classification</b>				
Consumption Goods	1.78	1.73	2.48	12.01
Raw/Auxiliary Materials	13.67	14.16	-3.41	10.62
Capital Goods	3.00	3.51	-14.51	-6.34
<b>Trade Balance</b>	<b>2.39</b>	<b>2.93</b>	<b>-18.36%</b>	<b>-2.46%</b>
<b>Oil and Gas Trade Balance</b>	<b>-2.04</b>	<b>-1.33</b>	<b>-34.83%</b>	<b>112.43%</b>
<b>Non-Oil and Gas Trade Balance</b>	<b>4.43</b>	<b>4.26</b>	<b>-3.91%</b>	<b>0.20%</b>

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

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

Countries	Share Export From Indonesia	Share Import To Indonesia	Trade Balance With Indonesia	Latest PMI Manufacturing
China	23.06	35.41	-693.40	51.8
Japan	7.73	7.06	116.30	50.0
US	10.40	4.94	1,216.70	51.6
India	9.12	2.47	1,466.30	58.3
Thailand	1.91	4.93	-331.10	47.2
South Korea	3.79	4.55	-23.70	52.0
Singapore	2.63	1.92	403.30	53.2
Malaysia	2.96	4.92	-294.80	50.4
Australia	4.10	3.05	256.90	49.9
Taiwan	2.31	5.31	1,022.70	51.7
Germany	0.94	1.84	-110.10	43.5
Netherlands	1.85	0.45	299.90	50.7
Italy	0.98	0.86	68.70	45.7
<b>Total 13 Countries</b>	<b>71.78</b>	<b>77.71</b>	<b>3,397.70</b>	
Others	28.22	22.29	1,031.30	
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>4,429.00</b>	

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

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