

Potential Rupiah Depreciation as the Trade Surplus Narrows

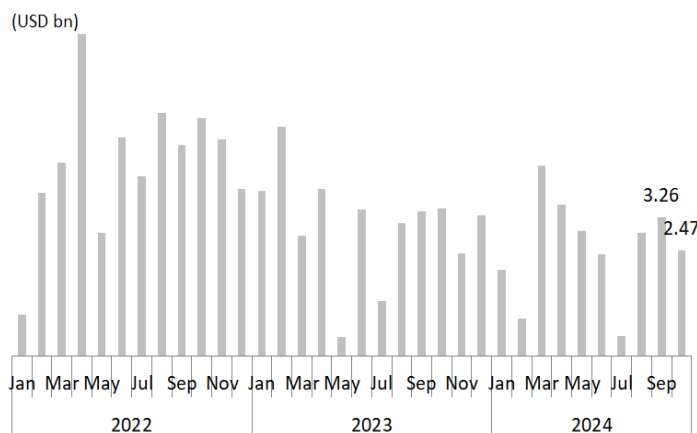
The rise in commodity prices has spurred increases in both exports and imports across nearly all goods categories in Oct '24. However, contrary to the previous month, import growth of 16.54% MoM (Prev: -8.91% MoM) outpaced export growth of 10.69% MoM (Prev: -6.17% MoM) in the period. Consequently, the trade surplus narrowed to USD 2.47 bn (Cons: USD3.08 bn, KBVS: USD3.19 bn, Prev: USD3.26 bn).

Indonesia's exports in Oct '24 amounted to USD22.05 bn, growing by 10.25% YoY (Cons: 3.47% YoY, KBVS: 3.10% YoY, Prev: 6.44% YoY). By commodity, the highest increase in exports came from Animal and Vegetable Fats&Oils, which surged 52.67% MoM to USD3.03 bn (Prev: USD1.99 bn). This was followed by Mineral Fuels (HS27), up 5.50% MoM to USD3.47 bn (Prev: USD3.29 bn), and Footwear (HS64), which rose 25.87% MoM to USD 0.75 bn (Prev: USD0.59 bn). Despite this, declines were recorded in exports of Precious Metals&Jewelry (HS71), down -14.46% MoM to USD0.60 bn (Prev: USD0.71 bn), and Ores, Slag&Ash (HS26), which fell 12.50% MoM to USD0.62 bn (Prev: USD0.71 bn).

Meanwhile, Indonesia's imports in Oct '24 reached USD21.94 bn, growing by 17.49% YoY (Cons: 7.18% YoY, KBVS: 5.20% YoY, Prev: 8.55% YoY). The import increase was primarily driven by a 44.98% MoM rise in oil and gas imports to USD3.67 bn (Prev: USD2.53 bn), particularly Crude Oil imports, which surged by 61.87% MoM to USD1.21 bn, and Refined Oil imports, up 37.86% MoM to USD2.45 bn (Prev: USD1.78 bn). Among non-oil and gas commodities, the largest increases came from Electrical Machinery&Equipment (HS85), which rose 29.20% MoM to USD2.61 bn (Prev: USD2.02 bn), followed by Plastics&Articles Thereof (HS39), up 18.73% MoM to USD 1.04 bn (Prev: USD 0.88 bn). By usage category, import growth was driven by Raw Materials/Intermediates, which rose by 18.49% MoM to USD15.92 bn (Prev: USD13.44 bn), reflecting a potential uptick in domestic re-export industry production.

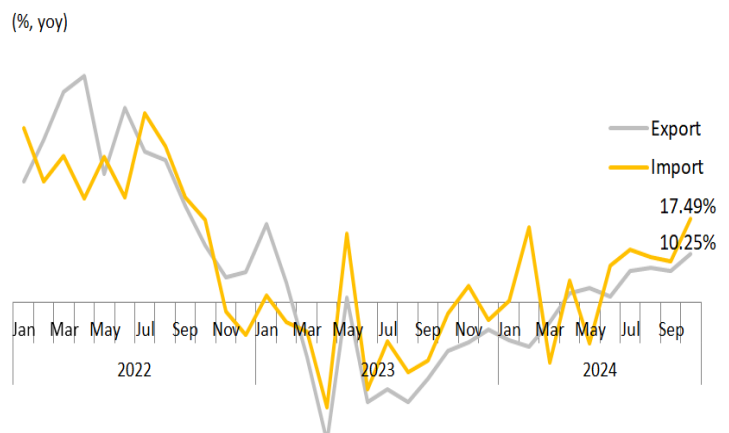
Despite these changes, the narrowing trade surplus may exert further pressure for Rupiah depreciation in the short term. However, the widening interest rate differential between the Fed and Bank Indonesia over the last two months is expected to encourage capital inflows and support Rupiah stability in the longer term. Looking ahead, although depreciation risks persist, Indonesia's recent entry into the OECD and BRICS groups is anticipated to enhance the country's export comparative advantage. Additionally, year-end seasonality may lead to increased imports, particularly of consumer goods, during Nov and Dec '24.

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

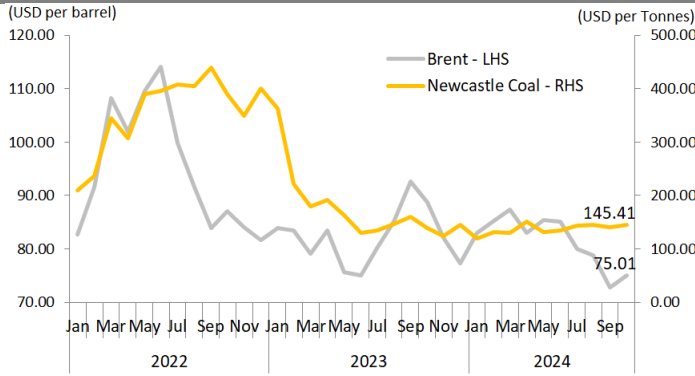


Fig 4. Monthly Non Resident Capital Flows

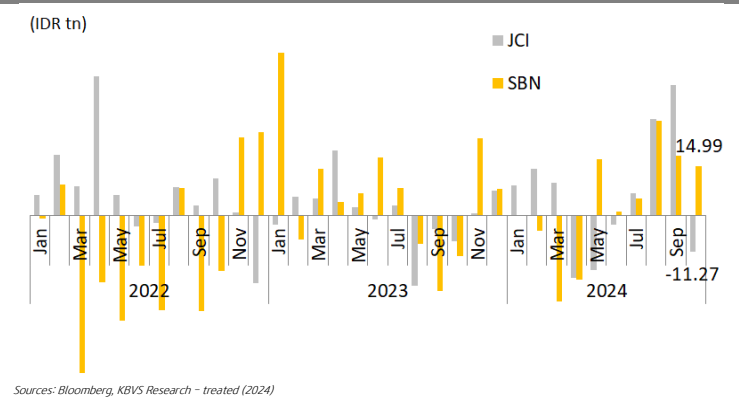


Fig 5. Monthly Change of FX Reserves

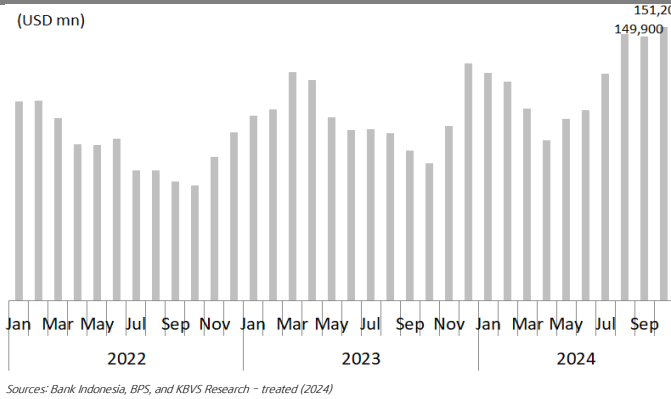


Fig 6. Monthly Average Rupiah Exchange Rate

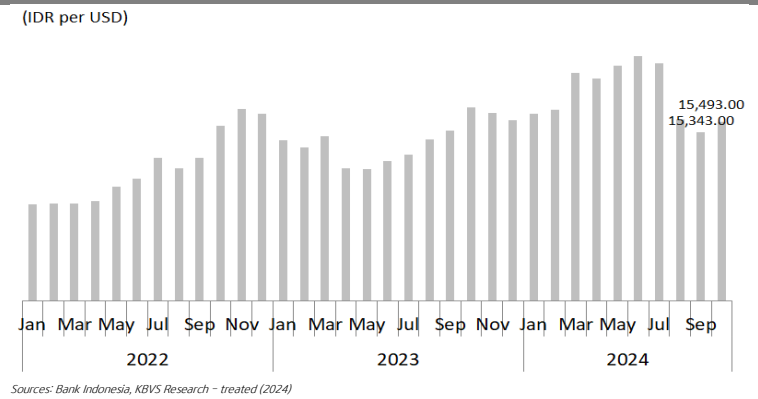


Fig 7. Indonesia's Current Account

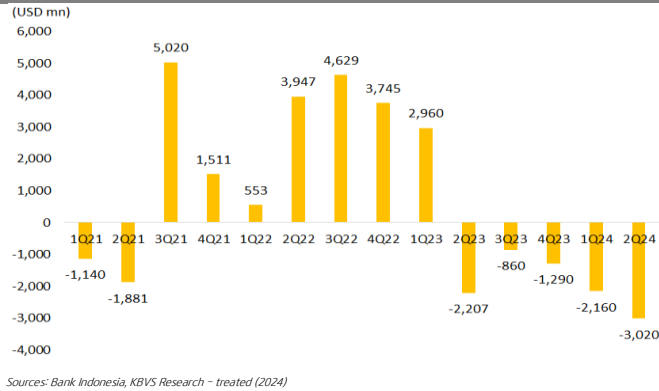


Fig 8. CPO Price

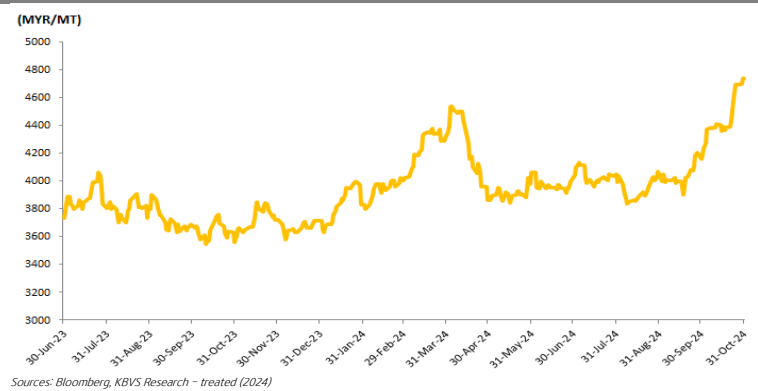


Fig 9. Nickel Price

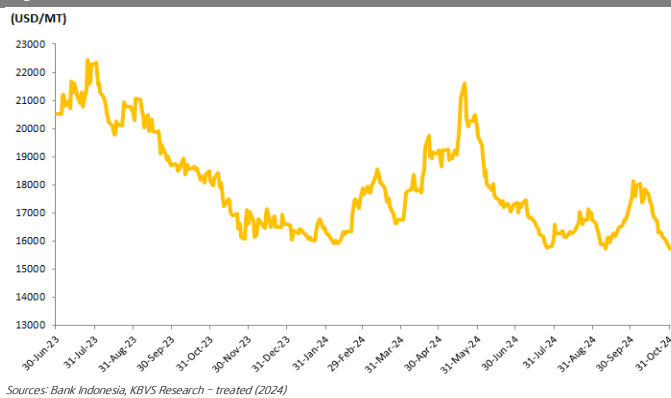


Fig 10. Baltic Exchange Dry Index & Baltic Exchange Panamax Index

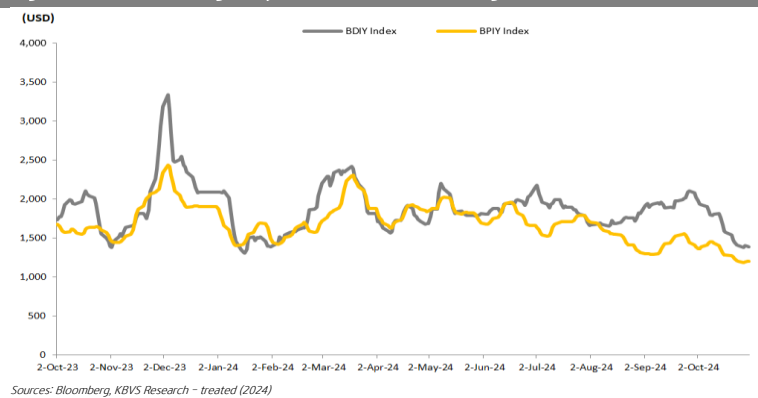


Table 1. Indonesia's Trade Balance				
Indicators	Value (USD bn)		Growth (%)	
	Latest	M-1	Mom	YoY
<b>Total Export</b>	<b>24.41</b>	<b>22.06</b>	<b>10.69</b>	<b>10.25</b>
<b>Oil and Gas</b>	<b>1.35</b>	<b>1.15</b>	<b>16.88</b>	<b>-1.84</b>
- Crude Oil	0.15	0.20	-22.85	-15.06
- Processed Oil	0.40	0.31	28.56	-17.99
- Gas	0.79	0.64	23.46	12.81
<b>Non-Oil and Gas</b>	<b>23.07</b>	<b>20.90</b>	<b>10.35</b>	<b>11.04</b>
- Agriculture, Forestry, and Fisheries	0.66	0.56	17.58	78.11
- Manufacturing	18.43	16.45	12.04	14.41
- Mining & Others	3.97	3.89	2.15	-7.42
<b>Total Import</b>	<b>21.94</b>	<b>18.82</b>	<b>16.54</b>	<b>17.49</b>
<b>Oil and Gas</b>	<b>3.67</b>	<b>2.53</b>	<b>44.98</b>	<b>14.32</b>
- Crude Oil	1.21	0.75	61.87	17.74
- Processing Oil	2.45	1.78	37.86	12.70
- Gas	0.00	0.00	0.00	0.00
<b>Non-Oil and Gas</b>	<b>18.27</b>	<b>16.30</b>	<b>12.13</b>	<b>18.14</b>
<b>Import Based on the Goods Usage Classification</b>				
Consumption Goods	2.04	1.85	10.02	12.16
Raw/Auxiliary Materials	15.92	13.44	18.49	18.48
Capital Goods	3.98	3.53	12.56	16.41
<b>Trade Balance</b>	<b>2.48</b>	<b>3.23</b>	<b>-23.39%</b>	<b>-36.37%</b>
<b>Oil and Gas Trade Balance</b>	<b>-2.32</b>	<b>-1.38</b>	<b>-40.64%</b>	<b>34.92%</b>
<b>Non-Oil and Gas Trade Balance</b>	<b>4.80</b>	<b>4.61</b>	<b>-3.91%</b>	<b>-14.51%</b>

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

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

Countries	Share Export From Indonesia	Share Import To Indonesia	Trade Balance With Indonesia	Latest PMI Manufacturing
China	23.60	35.60	-765.60	50.3
Japan	7.66	7.41	-37.20	49.2
US	0.19	4.90	1,524.80	48.5
India	8.49	2.52	1,557.20	57.5
Thailand	2.01	4.96	-141.20	47.3
South Korea	3.75	4.39	77.00	48.3
Singapore	2.53	1.90	172.80	50.2
Malaysia	3.01	5.14	-302.70	50.8
Australia	4.13	3.19	319.50	49.5
Taiwan	2.27	4.99	-336.80	50.0
Germany	0.98	1.87	-95.20	43.0
Netherlands	1.91	0.47	412.30	47.0
Italy	0.96	0.84	42.90	46.9
<b>Total 13 Countries</b>	<b>61.49</b>	<b>78.18</b>	<b>2,427.80</b>	
<b>Others</b>	<b>38.51</b>	<b>21.82</b>	<b>2,368.10</b>	
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>4,795.90</b>	

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

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