

Trade Surplus Boosts Rupiah Stability

The sharper decline in monthly imports, down -10.71% MoM or 0.01% YoY (Cons: 7.08% YoY, KBVS: 4.89% YoY, Prev: 17.49% YoY), compared to exports, which fell -1.70% MoM or 9.14% YoY (Cons: 6.30% YoY, KBVS: 6.07% YoY, Prev: 10.25% YoY), has led to Indonesia’s trade surplus rising to USD4.42 bn (Cons: USD2.34 bn, KBVS: USD2.78 bn, Prev: USD2.47 bn). This marks the continuation of Indonesia’s trade surplus for the 55th consecutive month.

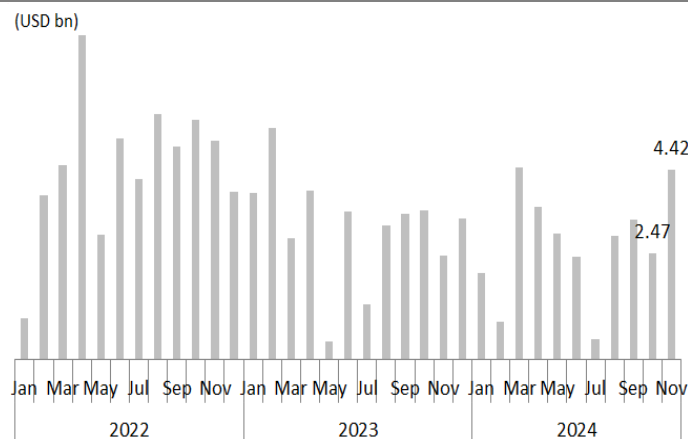
The decline in exports and imports can be seen as an anticipatory adjustment to global supply chain shifts expected in 1Q25, following the implementation of the Trump Tariffs after the presidential inauguration on Jan 20, ‘25. Additionally, the simultaneous monthly decline in both exports and imports in November aligns with a recurring trend observed since 2022, where export and import activity typically rebounds in December each year during this period.

In terms of goods usage categories, imports have declined across all groups: Consumer Goods (-0.84% MoM), Raw Materials/Supporting Goods (-11.97% MoM), and Capital Goods (-10.77% MoM). By product category, the decline in imports was primarily driven by a reduction in Oil and Gas imports, with Crude Oil falling by -59.38% MoM and Refined Oil products by -15.28% MoM. Meanwhile, the drop in Non-Oil And Gas imports was largely due to a -15.49% MoM decline in imports of Machinery/Electrical Equipment and Parts (HS85) – see Table 1, page 3.

On the export side, monthly exports also declined across all sectors. The decline in Oil and Gas exports was recorded at -2.10% MoM, while Non-Oil and Gas exports saw drops in Agriculture, Forestry, and Fisheries (-13.37% MoM), Manufacturing (-0.92% MoM), and Mining and Other sectors (-3.19% MoM) – see Table 1, page 3. On the other hand, the increase in exports of Machinery And Mechanical Equipment-as Well as-Parts (HS84), by 15.97% MoM, is worth noting. In terms of destination countries, the largest monthly export increases came from China (+10.23% MoM) and Thailand (up 3.21% MoM).

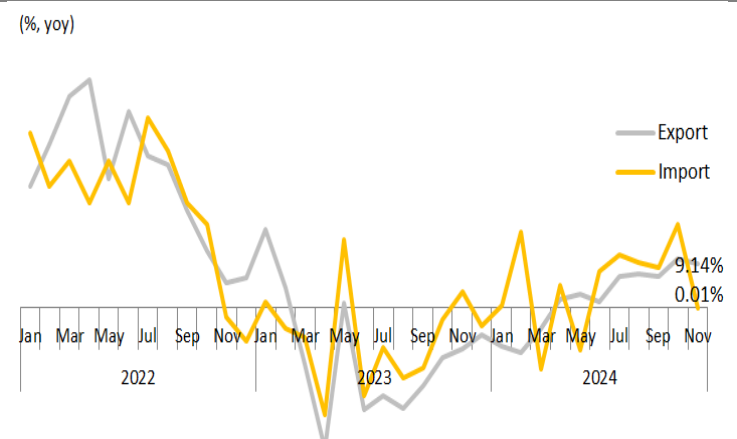
The significant increase in the trade surplus, reaching its highest level since Mar ‘24, serves as a strong buffer to mitigate risks of a current account deficit in 4Q24. This surplus also eases the depreciation pressures on the Rupiah, which have persisted over the past two months. Furthermore, this development strengthens the case for Bank Indonesia (BI) to provide additional monetary stimulus. The surplus could bolster BI’s ability to reduce the benchmark interest rate (BI Rate) by 25 bps in its upcoming policy meeting on Wednesday, Dec 18, ‘24. This potential policy adjustment would support economic growth while maintaining Rupiah stability amid global uncertainties.

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

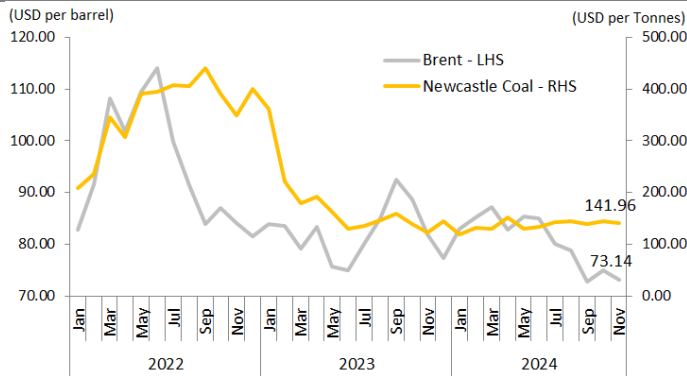


Fig 4. Monthly Non Resident Capital Flows

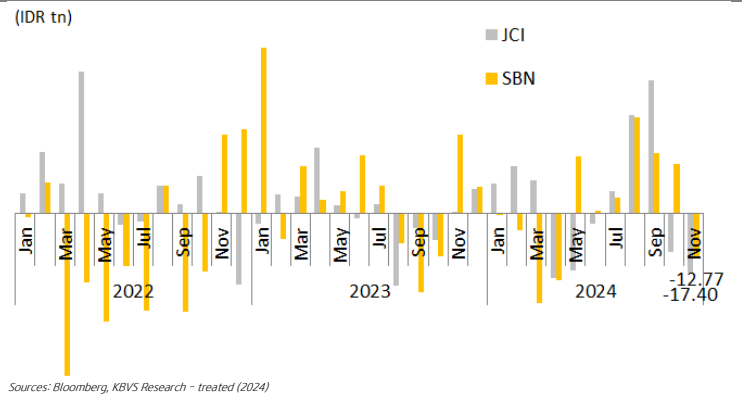


Fig 5. Monthly Change of FX Reserves

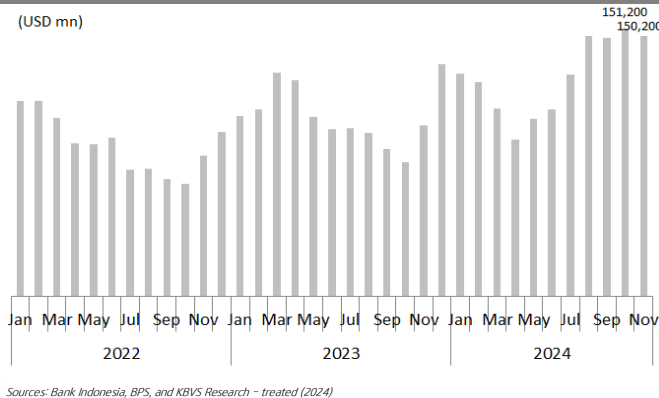


Fig 6. Monthly Average Rupiah Exchange Rate

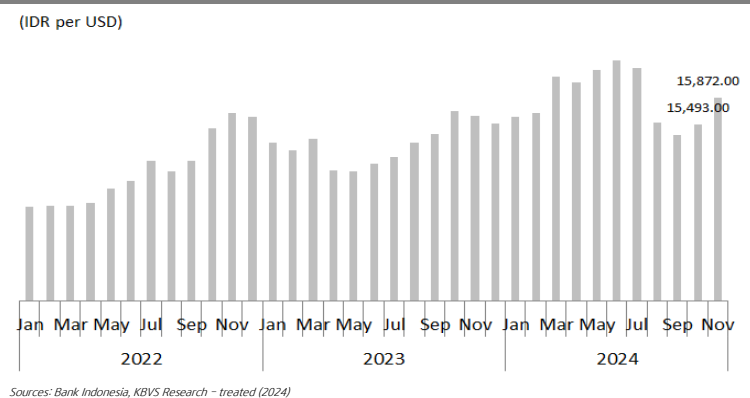


Fig 7. Indonesia's Current Account

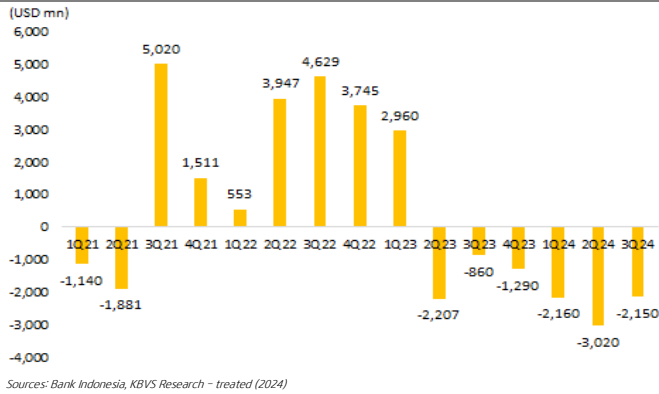


Fig 8. CPO Price

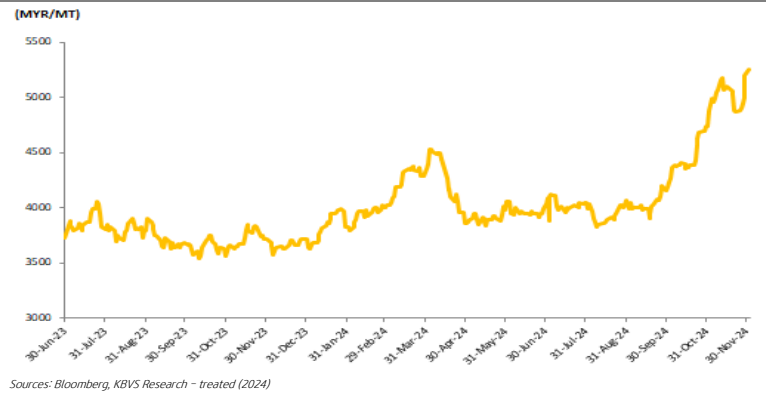


Fig 9. Nickel Price

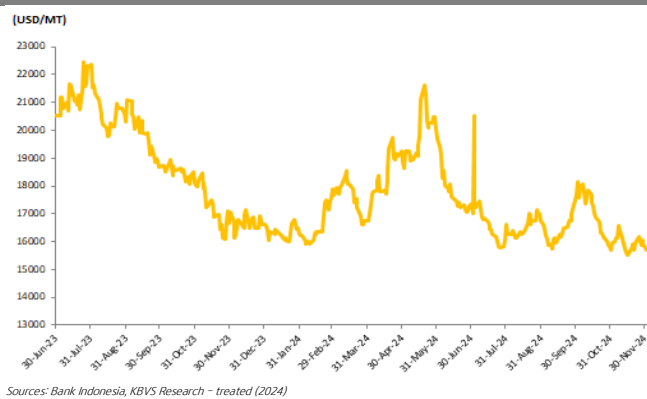


Fig 10. Baltic Exchange Dry Index & Baltic Exchange Panamax Index

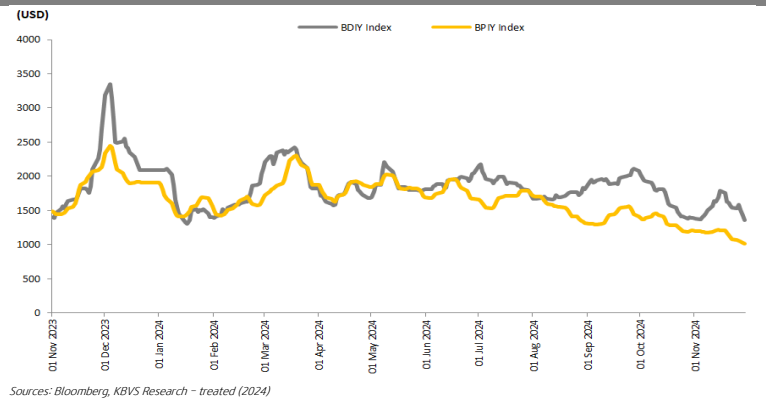


Table 1. Indonesia's Trade Balance

Indicators	Value (USD bn)		Growth (%)	
	Latest	M-1	Mom	YoY
Total Export	24.01	24.42	-1.70	9.14
Oil and Gas	1.32	1.35	-2.10	2.73
- Crude Oil	0.18	0.15	19.33	-5.10
- Processed Oil	0.46	0.40	13.85	33.71
- Gas	0.68	0.79	-14.33	-9.41
Non-Oil and Gas	22.69	23.08	-1.67	9.54
- Agriculture, Forestry, and Fisheries	0.58	0.67	-13.36	55.58
- Manufacturing	18.27	18.44	-0.92	13.88
- Mining & Others	3.84	3.97	-3.19	-10.63
Total Import	19.59	21.94	-10.72	0.01
Oil and Gas	2.57	3.67	-29.89	-26.32
- Crude Oil	0.49	1.21	-59.38	-54.18
- Processing Oil	2.08	2.45	-15.28	-13.89
- Gas	0.00	0.00	0.00	0.00
Non-Oil and Gas	17.02	18.27	-6.87	5.71
Import Based on the Goods Usage Classification				
Consumption Goods	2.02	2.04	-0.84	0.62
Raw/Auxiliary Materials	14.02	15.92	-11.97	0.68
Capital Goods	3.55	3.98	-10.77	-2.9
Trade Balance	4.42	2.48	77.97%	83.39%
Oil and Gas Trade Balance	-1.25	-2.32	-46.00%	-43.30%
Non-Oil and Gas Trade Balance	5.67	4.80	18.09%	22.79%

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

Table 2. Indonesia's Non-Oil and Gas Main Trading Partner in Nov24

Countries	Share Export From Indonesia	Share Import To Indonesia	Trade Balance With Indonesia	Latest PMI Manufacturing
China	23.99	35.86	-283.20	51.5
Japan	7.55	7.54	-6.80	49.5
US	10.51	4.86	1,583.70	49.7
India	8.33	2.53	1,124.50	57.4
Thailand	1.98	4.88	-323.10	48.2
South Korea	3.67	4.38	-76.00	50.6
Singapore	2.50	1.89	207.80	51.5
Malaysia	2.99	5.06	-82.60	51.0
Australia	4.11	3.15	423.50	49.2
Taiwan	2.26	4.91	-210.00	50.2
Germany	0.96	1.86	-107.40	43.0
Netherlands	1.85	0.48	199.50	46.6
Italy	0.93	0.84	12.70	44.5
Total 13 Countries	71.63	78.24	2,462.60	
Others	28.37	21.76	3,210.10	
Total	100.00	100.00	5,672.70	

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

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