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Trade Surplus Continues to Support Rupiah Stability

As expected, Indonesia's trade surplus in Jul '25 extended its streak to 63 consecutive months, with the surplus edging higher to USD4.18 bn (Cons.: USD3.0 bn; KBVS: USD3.20 bn; Prev.: USD4.11 bn). This was driven by exports, which rose 5.60% MoM or 9.86% YoY (Prev: 11.29% YoY) , bringing total exports to USD24.75 bn (Prev.: USD23.44 bn). Imports also increased, climbing 6.43% MoM but contracting -5.86% YoY (Prev: 4.28% YoY) to USD20.58 bn (Prev.: USD19.33 bn).

On the export side, growth was mainly supported by non-oil and gas exports, which increased 6.65% MoM or 12.83% YoY. By commodity group (HS 2-digit), the largest contribution came from Machinery and Mechanical Appliances and Parts (HS84), which surged 53.80% MoM or 69.02% YoY, followed by Nickel and Articles Thereof (HS75), which rose 20.07% MoM or 7.60% YoY. Meanwhile, Mineral Fuels (HS27)—traditionally a key driver of Indonesia's exports—posted only a 10.77% MoM increase but still recorded a sharp annual decline of -23.76% YoY. Oil and gas exports also remained under pressure, falling -15.56% MoM or -34.13% YoY, amid persistently low related commodity prices. Natural gas prices fell -10.15% MoM in July 2025, although Brent crude prices edged up 0.04% MoM and coal prices rebounded by 5.20% MoM. In contrast, Animal and Vegetable Fats and Oils (HS15) recorded more limited monthly growth of 6.16% MoM, yet still posted a substantial annual increase of 82.72% YoY, supported by a 6.02% MoM rise in CPO prices, averaging MYR4,206 per tonne during the month.

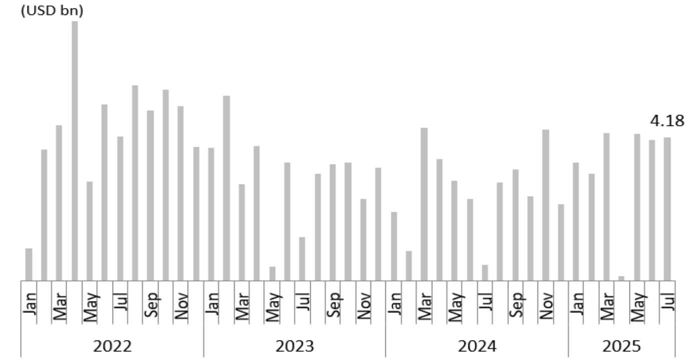
On the import side, the steepest declines were recorded in Articles of Iron and Steel (HS73), down -22.28% MoM or -23.90% YoY, and Iron and Steel itself, down -4.85% MoM or -23.94% YoY. By usage category, imports of Capital Goods rose 4.64% MoM or 18.84% YoY, Raw Materials/Intermediate Goods increased 6.16% MoM though contracted -11.94% YoY, while Consumption Goods jumped 12.52% MoM but slipped -2.47% YoY.

The slowdown in both imports and exports reflects anticipatory adjustments ahead of the implementation of Trump tariffs in Aug '25. Nevertheless, with Indonesia's Manufacturing PMI in Aug '25 rebounding into expansionary territory at 51.5 (Prev.: 49.2), after four consecutive months of contraction, prospects for trade—particularly exports—look more favorable in the coming months. The PMI improvement was driven by stronger buying levels, leading to higher input inventories, alongside selling prices rising at the fastest pace since Jul '24.

With the trade surplus remaining resilient, we expect continued support for Rupiah stability within the IDR16,220–IDR16,420 per USD range through end-September 2025, especially if aided by a potential Fed rate cut in mid-September. Additionally, we hope domestic political conditions will stabilize soon, so that non-economic risks can be mitigated and avoid exerting further negative impact on domestic financial markets.

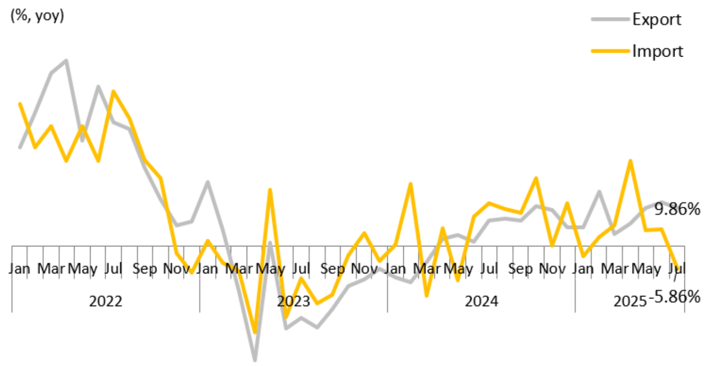
From an investment perspective, Indonesia's persistent trade surplus and improving manufacturing indicators offer a constructive backdrop for portfolio flows. A stable Rupiah within a relatively narrow range provides greater predictability for foreign investors, particularly those seeking exposure to government bonds. Equity markets may also benefit from stronger export performance in downstream industries such as nickel, machinery, and palm oil, where earnings momentum could attract renewed interest.

Fig 1. Trade Balance



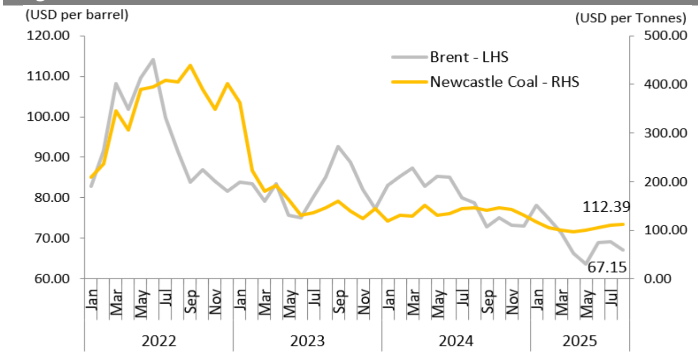
Sources: BPS, KBVS Research – treated (2025)

Fig 2. Export and Import Growth



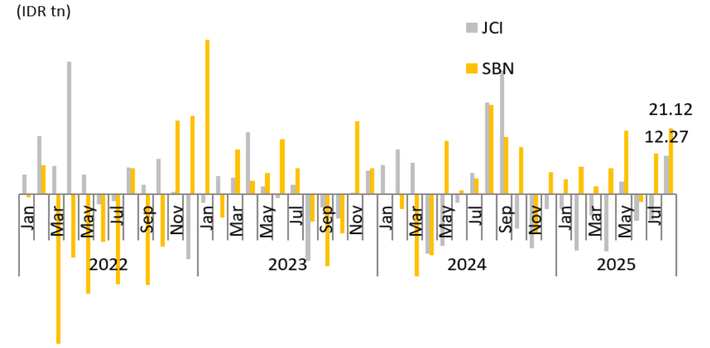
Sources: BPS, KBVS Research – treated (2025)

Fig 3. Oil and Coal Price



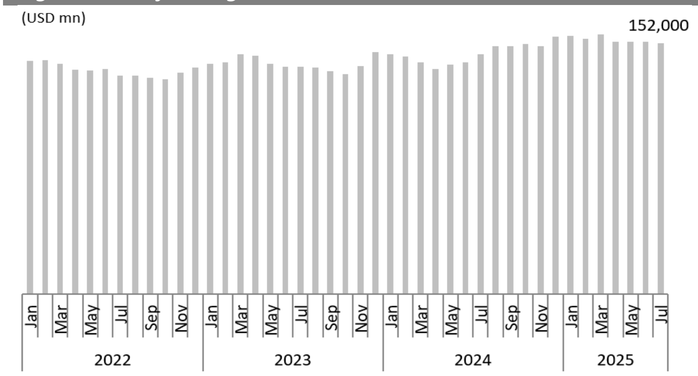
Sources: Bloomberg, KBVS Research – treated (2025)

Fig 4. Monthly Non-Resident Capital Flows



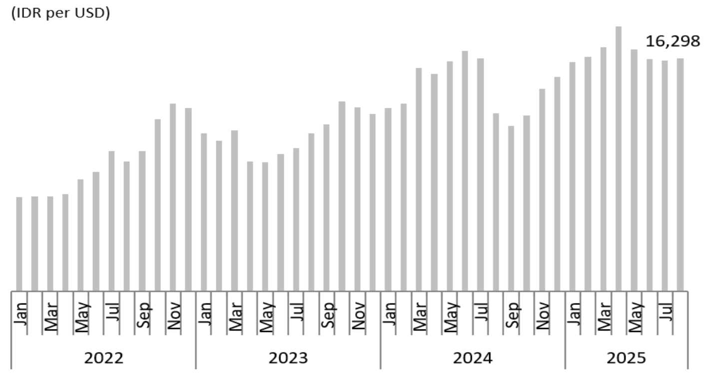
Sources: Bloomberg, KBVS Research – treated (2025)

Fig 5. Monthly Change of FX Reserves



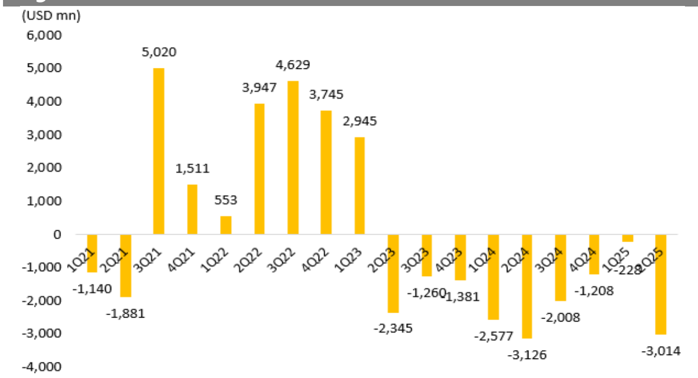
Sources: Bloomberg, KBVS Research – treated (2025)

Fig 6. Monthly Average Rupiah Exchange Rate



Sources: Bloomberg, KBVS Research – treated (2025)

Fig 7. Indonesia Current Account



Sources: Bank Indonesia, KBVS Research – treated (2025)

Fig 8. CPO Price

Sources: Bloomberg, KBVS Research – treated (2025)

Table 1. Indonesia's Trade Balance

Indicators	Value (USD bn)		Growth (%)	
	Latest	M-1	MoM	YoY
Total Export (FOB)	**24.75**	**23.44**	**5.60**	**9.86**
Oil and Gas	**0.94**	**1.11**	**-15.56**	**-34.13**
- Crude Oil	0.13	0.12	4.76	-39.79
- Processed Oil	0.22	0.36	-37.95	-33.71
- Gas	0.59	0.63	-6.53	-32.94
Non-Oil and Gas	**23.81**	**22.33**	**6.65**	**12.83**
- Agriculture, Forestry, and Fisheries	0.58	0.59	-1.82	15.68
- Manufacturing	20.53	19.00	8.04	21.98
- Mining & Others	2.70	2.74	-1.17	-28.35
Total Import (CIF)	**20.58**	**19.33**	**6.43**	**-5.86**
Oil and Gas	**2.51**	**2.22**	**13.13**	**-29.36**
- Crude Oil	0.79	0.58	34.91	-27.8
- Processing Oil	1.73	1.64	5.39	-30.04
- Gas	0.00	0.00	0.00	0.00
Non-Oil and Gas	**18.06**	**17.11**	**5.56**	**-1.29**
Import Based on the Goods Usage Classification				
Consumption Goods	2.03	1.80	12.52	-2.47
Raw/Auxiliary Materials	14.17	13.35	6.16	-11.94
Capital Goods	4.38	4.18	4.64	18.84
Trade Balance	**4.17**	**4.10**	**1.71%**	**787.98%**
Oil and Gas Trade Balance	-1.58	-1.11	41.77%	-26.00%
Non-Oil and Gas Trade Balance	5.75	5.22	10.25%	120.30%

Sources: BPS, KBVS Research – treated (2025).

Table 2. Indonesia's Non-Oil and Gas Main Trading Partner in Jul '25

Countries	Share Export From Indonesia (%)	Share Import To Indonesia (%)	Trade Balance of Non-Oil & Gas with Indonesia	Latest PMI Manufacturing
China	22.64	40.35	-2,516.40	50.5
Japan	5.62	7.43	141.70	49.7
U.S	11.75	4.87	-884.80	53.3
India	7.14	2.32	1,493.30	59.8
Thailand	1.40	4.16	-398.20	53.0
South Korea	3.29	3.95	96.40	48.3
Singapore	2.11	2.16	146.00	47.4
Malaysia	3.54	4.62	15.40	49.9
Australia	4.53	2.84	475.90	49.7
Taiwan	2.94	4.55	-269.90	52.7
Germany	1.04	1.76	-71.30	49.9
Netherlands	2.05	0.42	441.10	51.9
Italy	1.40	0.83	48.70	49.8
Total 13 Countries	69.45	80.26	-1,282.10	
Others	30.55	19.74	7,031.80	
Total	100.00	100.00	**5,749.70**	

Sources: BPS, KBVS Research – treated (2025).

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