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3Q25 Trade Surplus Hits Highest Since 2022, Yet Current Account Deficit Risks Persist

Slightly below expectations, Indonesia's trade surplus in Sep '25 stood at USD4.34 bn, extending its streak to 65 consecutive months (Cons: USD4.79 bn; KBVS: USD4.72 bn; Prev: USD5.49 bn). This outcome reflected exports of USD24.68 bn and imports of USD20.34 bn during the month. Overall, the 3Q25 trade surplus reached USD14.00 bn, marginally below our forecast of USD14.48 bn. Nonetheless, this figure represents the largest quarterly trade surplus since 4Q22.

Exports in Sep '25 expanded by a robust 11.41% YoY (Cons: 7.72% YoY; KBVS: 6.56% YoY; Prev: 5.78% YoY). Mainly driven by non-oil and gas exports which rose 12.79% YoY. Based on the HS 2-digit classification, the strongest export gains were recorded in Precious metals and jewelry (HS71), which surged 102.26% MoM, followed by Iron and steel (HS72), up 24.27% MoM. Conversely, declines were noted in Animal and vegetable fats and oils (HS15), down -35.18% MoM, and Footwear (HS64), which fell -7.98% MoM.

On the import side, total imports grew 7.17% YoY (Cons: 1.00% YoY; KBVS: 1.76% YoY; Prev: -6.56% YoY). The monthly increase was mainly driven by Mineral fuels (HS27), up 26.48% MoM, and Machinery and mechanical appliances (HS84), which rose 21.66% MoM. In contrast, declines were observed in Organic chemicals (HS29), down -5.81% MoM, and Vehicles and parts (HS87), which decreased -2.94% MoM.

Outlook and Implications

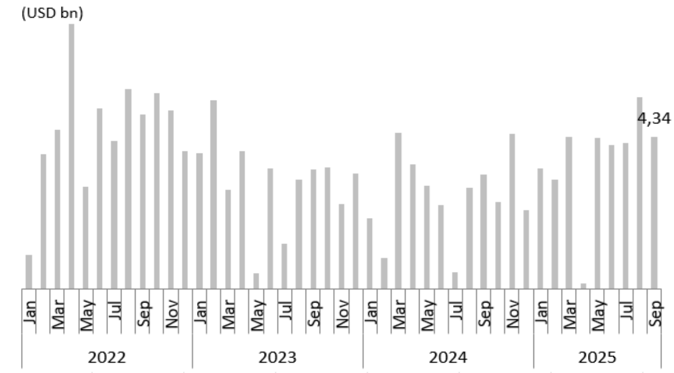
Despite the improvement in the trade surplus during 3Q25, foreign investors recorded net selling in Indonesian government bonds (SBN) and equities totaling IDR6.69 tn (approximately USD0.41 bn) during the same period. This suggests that the current account deficit (CAD) may persist for the sixth consecutive quarter. **We estimate the 3Q25 CAD to narrow slightly to USD 0.4-1.4 bn, equivalent to 0.11%-0.39% of GDP**, yet it remains a key risk to Rupiah stability going forward.

Nevertheless, the rise in capital goods imports, which increased 15.92% MoM or 28.02% YoY based on the goods-by-use classification, **indicates improving momentum in the domestic manufacturing sector.** This aligns with the continued expansion of Indonesia's Manufacturing PMI over the past three consecutive months. **However, the uptick in domestic inflation in Oct '25, reaching 2.85% YoY (Prev: 2.65% YoY), warrants caution**, as higher input costs could squeeze profit margins across related industries.

From a growth perspective, Indonesia's trade surplus surged 111.58% YoY in 3Q25; accompanied by a 13.9% YoY increase in realized investment; and 15.75% YoY growth in government spending as of end-Sep '25. However, household consumption remains weak, as reflected in the consumer confidence index, which fell to its lowest level since Apr '22 amid elevated inflation. Consequently, **we project 3Q25 GDP growth at 1.40% QoQ or 5.01% YoY, indicating that while external and investment performance remains strong, domestic demand continues to lag behind.**

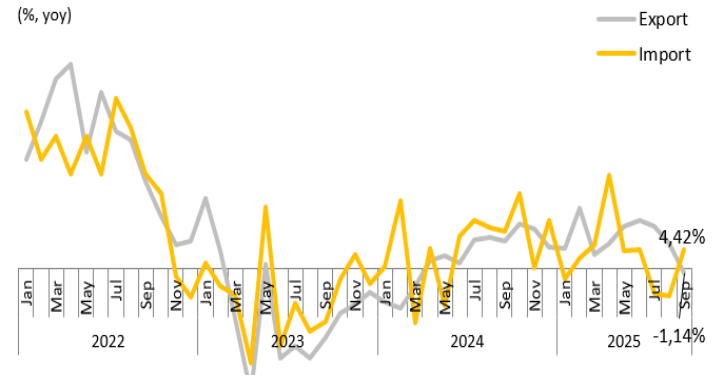
Looking ahead, these conditions—particularly the potential pressure on Rupiah stability, alongside improvements in the manufacturing sector and sustained economic growth—**are expected to have a modestly positive yet limited impact on domestic financial markets.** In the equity market, export-oriented sectors are likely to benefit, while consumer-related sectors may continue to face headwinds. In the fixed income market, a divergence is expected to persist: yields on short-to-medium tenors may continue to decline, whereas longer-tenor yields could remain relatively sticky, limiting further downside movement.

Fig 1. Trade Balance



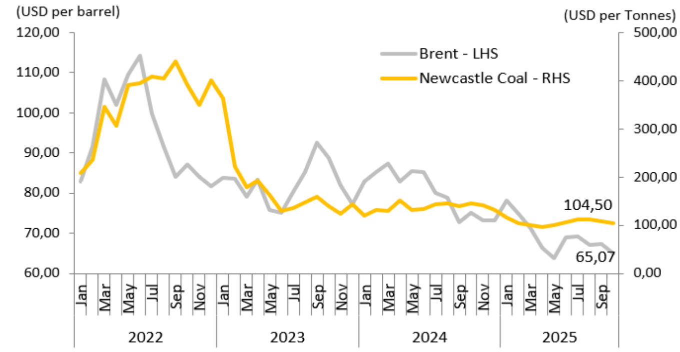
Sources: BPS, KBVS Research – treated (2025)

Fig 2. Export and Import Growth



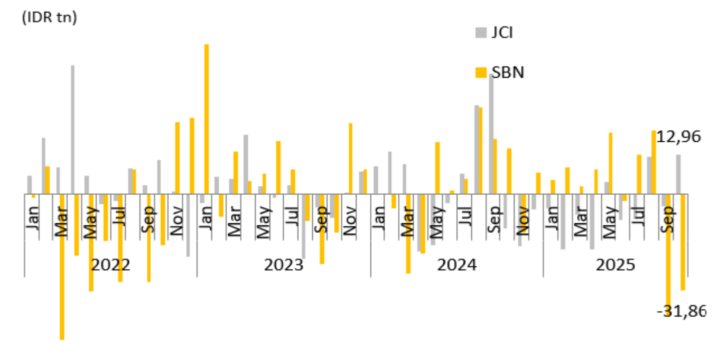
Sources: BPS, KBVS Research – treated (2025)

Fig 3. Oil and Coal Price



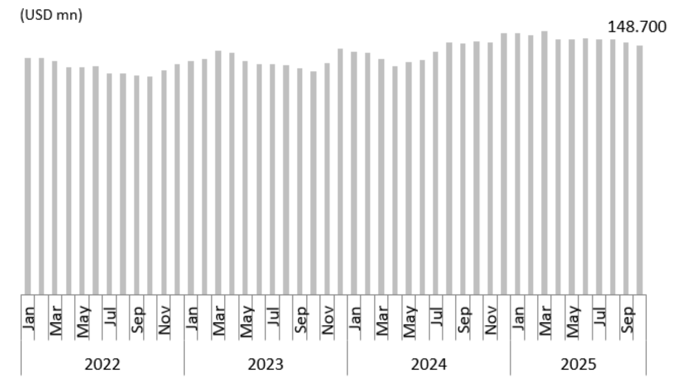
Sources: Bloomberg, KBVS Research – treated (2025)

Fig 4. Monthly Non-Resident Capital Flows



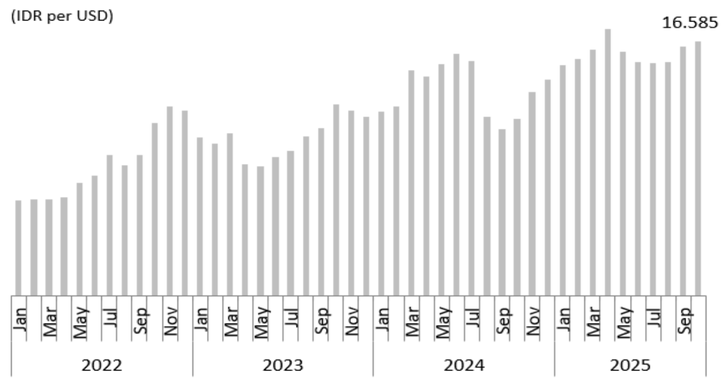
Sources: Bloomberg, KBVS Research – treated (2025)

Fig 5. Monthly Change of FX Reserves



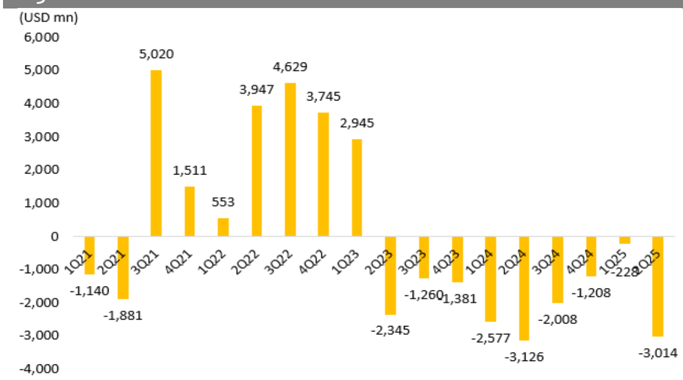
Sources: Bloomberg, KBVS Research – treated (2025)

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)	24,68	24,96	-1,14	11,41
Oil and Gas	**0,99**	**1,07**	**-7,32**	**-13,61**
- Crude Oil	0,15	0,15	2,11	-24,13
- Processed Oil	0,25	0,31	-20,71	-20,73
- Gas	0,60	0,61	-2,77	-6,90
Non-Oil and Gas	**23,68**	**23,89**	**-0,86**	**12,79**
- Agriculture, Forestry, and Fisheries	0,63	0,60	3,68	11,27
- Manufacturing	19,90	19,82	0,43	20,25
- Mining & Others	3,16	3,47	-9,03	-18,80
Total Import (CIF)	20,34	19,48	4,42	7,17
Oil and Gas	**2,64**	**2,73**	**-3,48**	**4,29**
- Crude Oil	0,78	1,01	-22,76	4,44
- Processing Oil	1,85	1,72	7,90	4,23
- Gas	0,00	0,00	0,00	0,00
Non-Oil and Gas	**17,70**	**16,74**	**5,71**	**7,62**
Import Based on the Goods Usage Classification				
Consumption Goods	1,93	1,88	2,69	4,06
Raw/Auxiliary Materials	13,83	13,65	1,33	2,1
Capital Goods	4,58	3,95	15,92	28,02
Trade Balance	**4,34**	**5,49**	**-20,85%**	**33,25%**
Oil and Gas Trade Balance	-1,64	-1,66	-1,00%	20,82%
Non-Oil and Gas Trade Balance	5,99	7,15	-16,24%	29,59%

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

Table 2. Indonesia's Non-Oil and Gas Main Trading Partner in Sep '25				
Countries	Share Export From Indonesia (%)	Share Import To Indonesia (%)	Trade Balance of Non-Oil & Gas with Indonesia	Latest PMI Manufacturing
China	23,26	40,68	-1.110,20	50,6
Japan	5,70	7,22	391,00	48,3
U.S	11,53	4,81	1.956,80	52,2
India	7,02	2,29	1.338,80	59,2
Thailand	1,40	4,05	-258,50	49,7
South Korea	3,27	3,83	225,50	49,4
Singapore	2,06	2,17	98,90	47,7
Malaysia	3,67	4,42	238,60	50,1
Australia	4,43	2,84	534,50	49,5
Taiwan	2,77	4,48	-142,50	56,6
Germany	1,01	1,73	-41,90	49,6
Netherlands	2,09	0,41	419,47	51,8
Italy	0,99	0,86	50,80	49,9
Total 13 Countries	69,20	79,79	3.701,27	
Others	30,80	20,21	2.285,73	
Total	100,00	100,00	**5.987,00**	

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

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