

August Update: Still in Surplus

Forecast for 2020

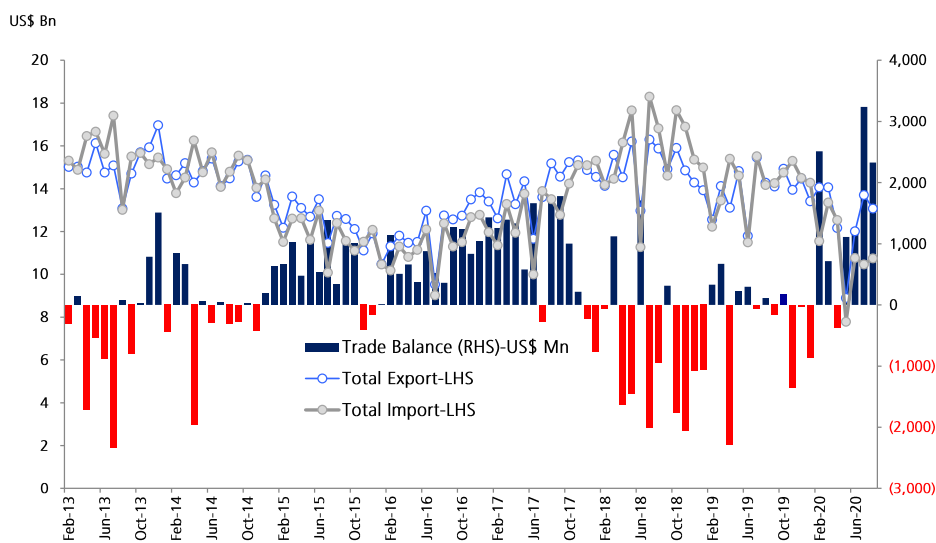
Exports	USD 156.14 bn
Imports	USD 154.91 bn
Trade Balance	USD 1.24 bn

- The Trade Balance remained in surplus.** Indonesia recorded a USD 2.33 bn trade surplus in August 2020, lower than in the previous month (a USD 3.24 bn surplus) but higher than August 2019's USD 0.092 bn surplus. This figure is higher than the median consensus of a USD 2.13 bn surplus and our estimate of a USD 1.62 bn surplus. The trade surplus in August was driven by a higher exports performance than imports performance, although on a monthly basis the value of non-oil and gas exports fell. Exports in August 2020 declined to USD 13.07 bn (-4.62% mom, -8.36% yoy). By contrast, imports increased to USD 10.74 bn (+2.65% mom, -24.19% yoy). During January - August 2020, the trade surplus reached USD 11.05 bn.
- The fall in exports reflects lower trade volumes.** On a monthly basis the value of Indonesian exports decreased. This indicates a decline in global demand amid improving manufacturing indicators in partner countries. The drop in exports reflects lower trade volume (-5.52% mom, -16.33% yoy), while the export average prices increased by +0.95% mom (+9.52% yoy). The decrease in Indonesia's exports in August 2020 was driven by lower non-oil and gas exports of USD 12,457.7 mn (-4.35% mom, -7.16% yoy) and lower oil and gas exports of USD 611.5 mn (-9.94% mom, -27.45% yoy). By product type, the shipments of Indonesia's top non-oil and gas exports decreased including exports of animal/ vegetable fats and oil (HS 15), mineral fuel (HS 27), precious metals (HS 71), and iron and steel (HS 72). By destination country, the value of Indonesia's non-oil and gas exports to China and Japan fell by -2.44% mom and -6.77% mom, respectively. By contrast, exports to the US rose by 0.81% mom.
- Imports grew as domestic industry began to recover.** Indonesia's PMI - which rose to 50.8 - shows that domestic manufacturing activity has increased. In turn, this led to higher non-oil and gas imports, albeit still limited. The increase in monthly imports was driven by higher non-oil and gas imports of USD 9,792 mn (+3.01% mom, -21.91% yoy). By contrast, oil and gas imports decreased to USD 949.8 mn (-0.88% mom, -41.75% yoy). The increase in imports reflects higher trade volume (+4.53% mom, -6.65% yoy), while import average prices decreased by -1.80% mom. By product type, higher non-oil and gas imports were seen in the categories of iron and steel (HS 72), precious metals (HS 71) and plastic and plastic goods (HS 39). By country of origin, imports of non-oil and gas products from China increased by 4.31% mom. By contrast, imports from Japan and Singapore decreased (-15.10% mom and -14.18% mom).
- In August 2020, the imports of consumption goods and raw materials increased (+7.31% mom and +5.00% mom, respectively). The higher imports of consumer goods reflects an increase in domestic demand. By contrast, imports of capital goods decreased by -8.81% mom. However, during January - August there was still a decline in imports of raw materials and capital goods when compared to the same period in the previous year, indicating that the industrial sector in Indonesia has not yet fully recovered.

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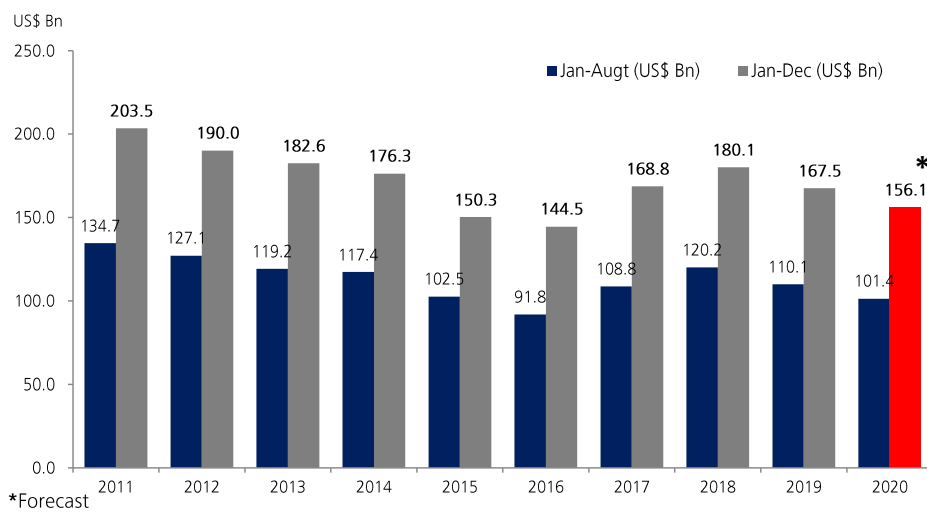
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Graph 1. Indonesia's Exports and Imports



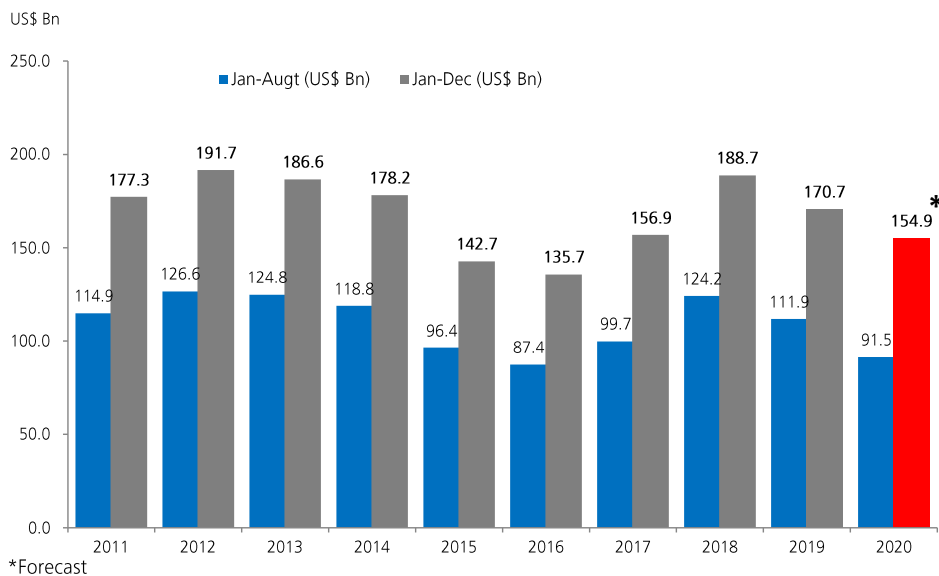
Source: BPS

Graph 2. Exports Performance



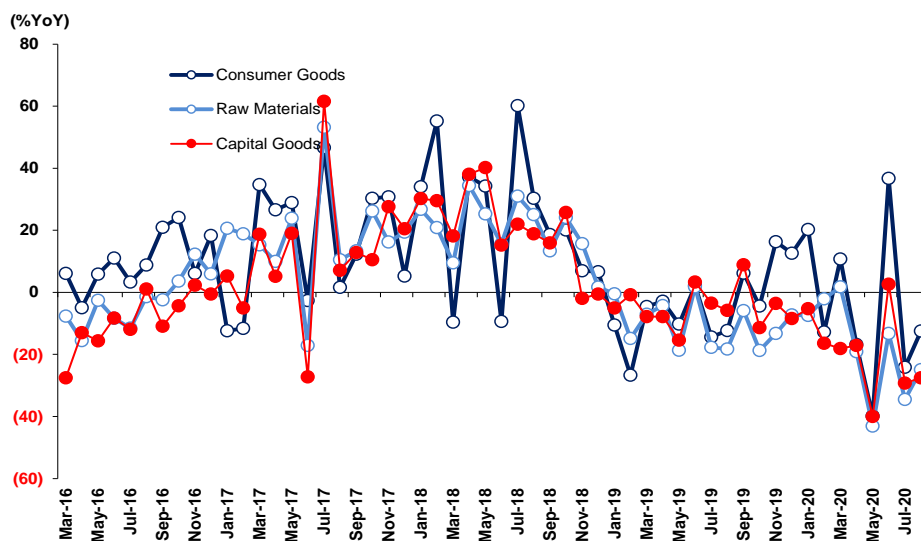
Source: BPS, Danareksa Research Institute

Graph 3. Imports Performance



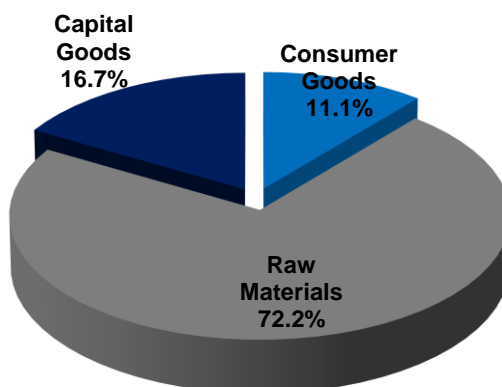
Source: BPS, Danareksa Research Institute

Graph 4. YoY Change in Imports



Source: BPS

Graph 5. Imports Share by Type of Use (August 2020)



Source: BPS

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