

PIER Snapshot: Jan-25 Trade Balance

17 February 2025

Indonesia's Trade Surplus Expanded as Imports Declined.

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Trade Review

- **The trade surplus for Jan-25 expanded, driven by a contraction in imports.**

The domestic trade surplus for Jan-25 unexpectedly soared from USD2.24 billion in Dec-24 to USD3.45 billion. This marks the 57th consecutive month of surplus since May-20. The primary drivers of the Jan-25 surplus were a significant annual contraction in imports against sustained growth in exports.

- **Declining commodity prices and weakened global demand dampened export performance in Jan-25.**

Indonesia's key export commodities, namely coal, iron & steel, and palm oil, experienced a significant decline in Jan-25 due to contractions in both price and volume, falling by 19.33%mom, 10.41%mom, and 24.10%mom, respectively. The global commodity price downturn was primarily driven by weaker demand from China. As manufacturing activity in China slowed due to the Lunar New Year holiday, import demand weakened, leading to a USD1.22 billion decline (-21.06%mom) in Indonesia's exports to China. This subdued demand was reflected in China's manufacturing sector, as indicated by the Caixin China PMI Manufacturing, which fell from 50.5 to 50.1. Consequently, Indonesia's total exports contracted across both the oil & gas and non-oil & gas sectors, particularly in mining. On a monthly basis, exports shrank by 8.56%mom, while annual export growth decelerated to 4.68%yoy in Jan-25.

- **Imports contracted in Jan-25, driven by weak realization across all import categories.**

Imports weakened across all categories in Jan-25, resulting in contractions on both a monthly and annual basis. On a monthly scale, imports declined by 15.18%mom, while on an annual basis, they unexpectedly contracted by 2.67%yoy. Most import categories saw declines both month-over-month and year-over-year. Consumer goods imports dropped by 28.65%mom and 7.16%yoy, while raw material imports contracted by 13.11%mom and 3.15%yoy. Meanwhile, capital goods imports showed a modest annual growth of 1.74%yoy but still posted a sharp 15.19%mom decline. Compared to Dec-24, the most significant monthly declines were observed in mechanical machinery (down by USD457.9 million), cereals (down by USD340.9 million), and precious metals (down by USD240.3 million). On an annual basis, the primary driver of import contraction was cereals, as the impact of El Niño, which had driven higher rice imports in early 2024, dissipated, creating a high-base effect.

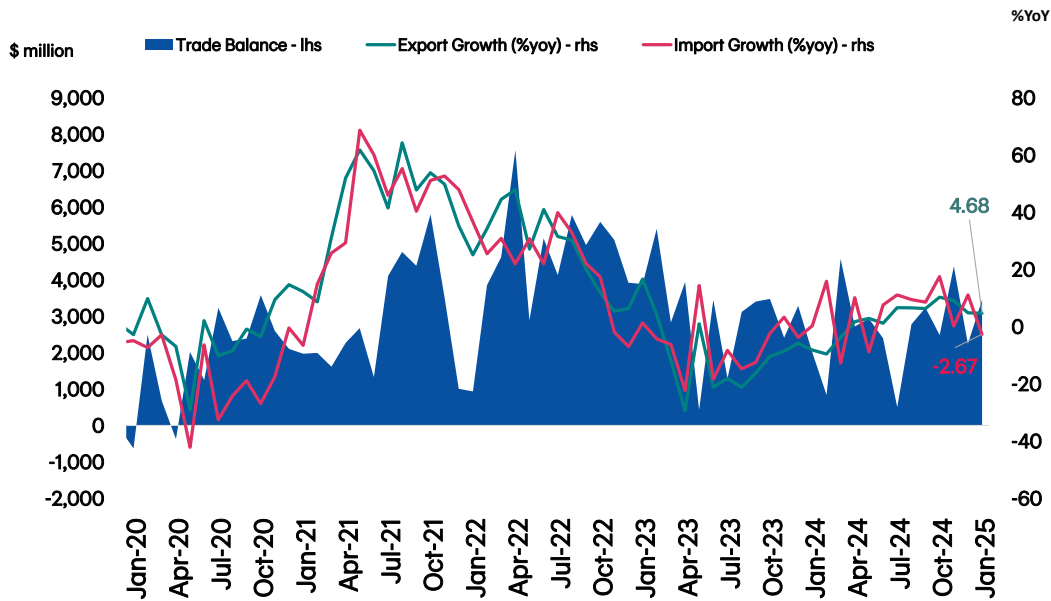
Our PIERspective: We reaffirm our projection of a manageable current account deficit (CAD) for both 2024 and 2025.

- We anticipate the CAD for 4Q24 to narrow from 0.60% to 0.49% of GDP, aligning with its typical seasonal trend. For the full year 2024, the CAD is projected to expand moderately from 0.16% of GDP in 2023 to 0.69% of GDP, with a further increase to 1.18% of GDP in 2025.
- This widening reflects sustained domestic demand, underpinned by President Prabowo's pro-growth agenda, which prioritizes intensified investment activities. As a result, import activity is expected to remain relatively strong, while exports will face significant headwinds amid escalating 'Trade War 2.0' tensions.
- Bank Indonesia is set to release the 4Q24 and full-year 2024 CAD figures on 20-Feb-25.
- The widening CAD is likely to constrain the scope for BI-rate cuts, particularly amid global uncertainties that could dampen capital inflows. This underscores the critical role of monetary policy in maintaining Rupiah stability and mitigating imported inflationary pressures.
- We believe that the new policy on Export Proceeds (DHE) for Natural Resources (SDA), which mandates the placement of foreign exchange within Indonesia's financial system up to 100% for a period of 12 months, starting from 1-Mar-25, could help stabilize the Rupiah exchange rate to some degree. The government claims that this policy could add USD80 billion to foreign reserves in 2025. The government has made this policy mandatory for all SDA exports, with the exception of the oil and gas, agriculture, plantations, forestry, and fisheries sectors. We foresee challenges in implementing this policy, particularly with the ongoing normalization of commodity prices and the rising risks of export weakening amid the global slowdown and Trade War 2.0. These factors could potentially dampen Indonesia's overall export performance.
- We currently maintain our forecasts, which are BI-rate at 5.75% and the Rupiah within the IDR16,200 – 16,600 per USD range by the end of 2025.

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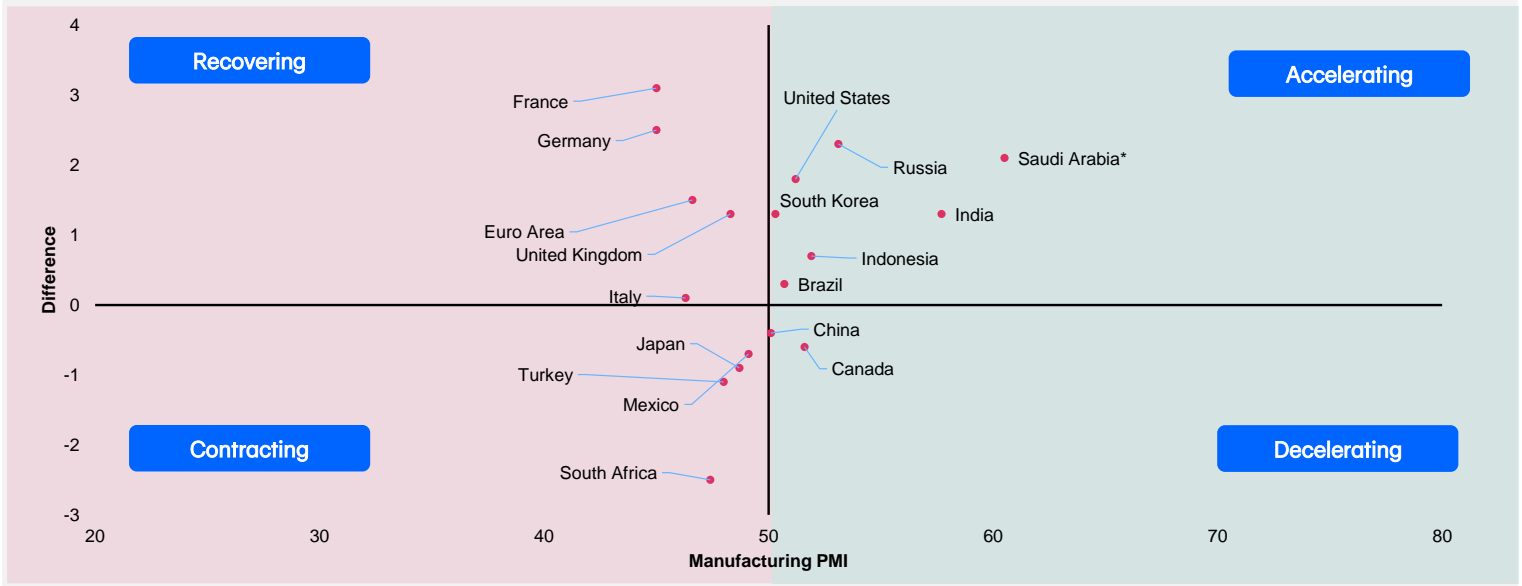
Indonesia's Trade Performance



Source: Statistics Indonesia & PermataBank Economic Research

Global Manufacturing Activities

Purchasing Manager Index (PMI) in G20 Countries (Jan-25)

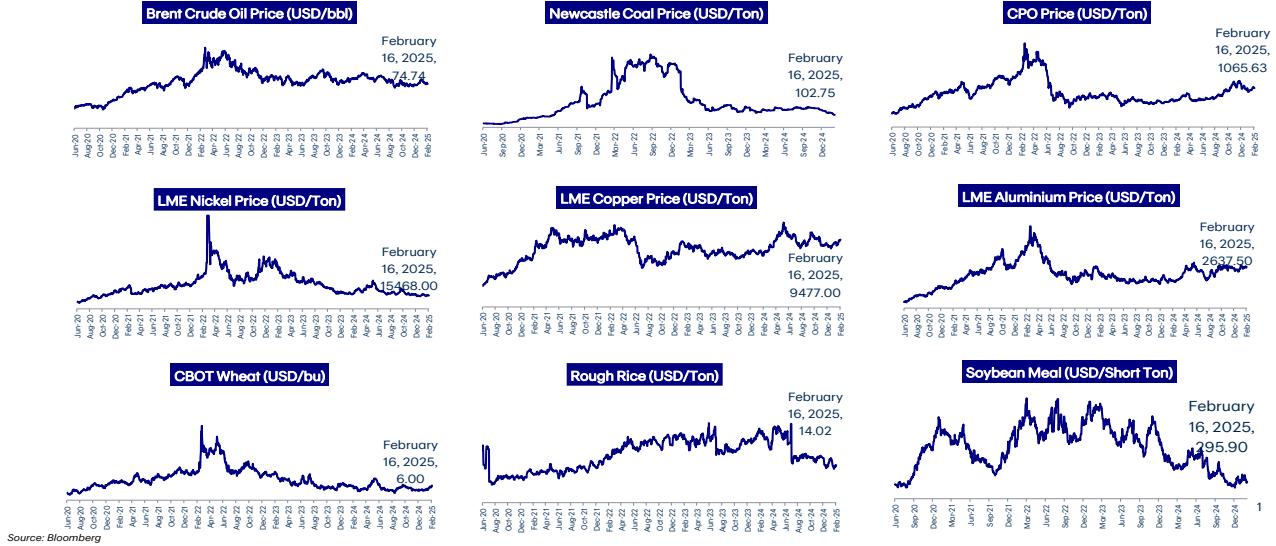


Source: Bloomberg & PermataBank Economic Research

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The Trend of Commodity Prices in 2024-2025



Source: Bloomberg

Source: Bloomberg & PermataBank Economic Research

Historical Exports and Imports in 2019 – 2025

(in \$mn)	Exports			Imports			Trade Balance		
	TOTAL	Non Oil&Gas Export	Oil&Gas Export	TOTAL	Non Oil&Gas Import	Oil&Gas Import	TOTAL	Non Oil&Gas Balance	Oil&Gas Balance
FY2019	167,683	155,894	11,789	171,276	149,390	21,885	-3,593	6,503	-10,096
FY2020	163,192	154,941	8,251	141,569	127,312	14,257	21,623	27,629	-6,006
FY2021	231,609	219,362	12,248	196,190	170,661	25,529	35,420	48,701	-13,282
FY2022	291,904	275,906	15,998	237,447	197,031	40,416	54,457	78,875	-24,418
FY2023	258,774	242,853	15,922	221,886	186,056	35,830	36,888	56,797	-19,909
Jan-24	20,493	19,096	1,398	18,495	15,796	2,698	1,999	3,299	-1,301
Feb-24	19,273	18,056	1,217	18,440	15,461	2,980	833	2,595	-1,763
Mar-24	22,538	21,253	1,285	17,961	14,635	3,327	4,577	6,618	-2,041
Apr-24	19,615	18,265	1,350	16,896	13,911	2,984	2,719	4,354	-1,634
May-24	22,326	20,906	1,419	19,400	16,651	2,748	2,926	4,255	-1,329
Jun-24	20,845	19,614	1,231	18,450	15,180	3,271	2,395	4,434	-2,039
Jul-24	22,237	20,814	1,423	21,736	18,179	3,558	501	2,636	-2,135
Aug-24	23,440	22,237	1,204	20,665	18,017	2,648	2,775	4,220	-1,445
Sep-24	22,056	20,905	1,151	18,825	16,296	2,529	3,231	4,609	-1,378
Oct-24	24,422	23,076	1,345	21,938	18,272	3,666	2,483	4,804	-2,321
Nov-24	23,998	22,684	1,314	19,632	17,061	2,570	4,367	5,623	-1,256
Dec-24	23,461	21,922	1,539	21,221	17,925	3,297	2,240	3,996	-1,757
FY2024	264,703	248,826	15,877	233,659	197,384	36,275	31,044	51,442	-20,398
Jan-25	21,452	20,395	1,057	18,000	15,520	2,480	3,452	4,875	-1,423
Jan-25 Growth	4.7	6.8	-24.4	-2.7	-1.7	-8.1			
FY2024	2.3	2.5	-0.3	5.3	6.1	1.2			

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PIER's Economic & Market Forecast (as of 17-Feb-25)

	2019	2020	2021	2022	2023	1Q24	2Q24	3Q24	4Q24F	2024F	1Q25F	2Q25F	3Q25F	4Q25F	2025F	2026F	2027F
National Account																	
Real GDP (% yoy)	5.02	-2.07	3.70	5.31	5.05	5.11	5.05	4.95	5.02	5.03	5.12	5.10	5.11	5.10	5.11	5.21	5.28
Real Consumption: Private (% yoy)	5.04	-2.63	2.02	4.93	4.82	4.91	4.93	4.91	4.98	4.94	5.02	5.00	5.02	5.00	5.01	5.12	5.17
Real Consumption: Government (% yoy)	3.27	2.12	4.24	-4.51	3.02	20.44	2.03	4.62	4.17	6.61	3.97	5.25	5.78	6.02	5.37	6.08	6.16
Real Gross Fixed Capital Formation (% yoy)	4.45	-4.96	3.80	3.87	3.76	3.78	4.42	5.16	5.03	4.61	4.85	5.03	5.18	5.34	5.11	5.73	6.27
Real Export (% yoy)	-0.48	-8.42	17.95	16.28	1.34	1.48	8.13	8.79	7.63	6.51	6.44	-4.99	-10.86	-6.86	-4.30	-1.67	7.93
Real Import (% yoy)	-7.13	-17.60	24.87	14.75	-1.60	1.50	7.79	11.92	10.36	7.95	8.47	-2.99	-8.97	-6.88	-2.93	0.03	10.05
Nominal GDP (IDR tn) - nominal	15,832.66	15,443.35	16,976.75	19,588.09	20,892.35	5,288.58	5,536.59	5,638.87	5,674.93	22,138.96	5,654.02	5,924.79	6,051.04	6,095.21	23,725.06	25,494.22	27,461.81
Nominal GDP (USD bn) - nominal	1,119.10	1,059.93	1,186.29	1,318.68	1,371.47	337.72	342.38	356.92	359.35	1,396.36	347.40	357.28	361.60	366.11	1,432.39	1,569.76	1,736.41
Inflation & Unemployment																	
Headline Inflation Rate (2022=100, % yoy, avg)	2.82	2.04	1.56	4.14	3.73	2.79	2.78	2.03	1.61	2.30	1.79	1.91	2.20	2.31	2.05	2.25	2.44
Headline Inflation Rate (2022=100, % yoy, eop)	2.59	1.68	1.87	5.41	2.81	3.05	2.51	1.84	1.57	1.57	2.13	1.99	2.26	2.33	2.33	2.44	2.71
Unemployment Rate (%)	5.18	7.07	6.49	5.86	5.32	4.82	4.82	4.91	4.91	4.91	5.03	5.03	5.03	5.03	5.03	4.98	4.93
Fiscal Condition																	
Fiscal Balance (% of GDP)	-2.20	-6.14	-4.57	-2.35	-1.65	0.04	-0.34	-1.08	-2.29	-2.29	-0.39	-0.74	-1.56	-2.64	-2.64	-2.70	-2.77
IDR 10-year Bond Yield (%)	7.06	5.89	6.38	6.94	6.48	6.69	7.07	6.45	7.00	7.00	7.22	7.35	7.37	7.26	7.26	7.07	6.67
External Sector																	
Trade Balance (USD bn)	-3.59	21.62	35.42	54.46	36.90	7.41	8.04	6.51	9.09	31.04	6.44	6.32	5.92	6.40	25.08	17.40	16.11
Goods Balance (USD bn)	3.51	28.30	43.81	62.67	46.27	9.29	10.03	9.29	9.35	37.97	8.47	8.35	7.95	8.43	33.21	25.53	18.24
Current Account (USD bn)	-30.28	-4.43	3.51	13.22	-2.15	-2.48	-3.25	-2.15	-1.76	-9.64	-3.15	-5.05	-4.56	-4.13	-16.90	-26.34	-36.56
Current Account (% of GDP)	-2.71	-0.42	0.30	1.00	-0.16	-0.73	-0.95	-0.60	-0.49	-0.69	-0.91	-1.41	-1.26	-1.13	-1.18	-1.68	-2.11
Foreign Reserves (USD bn)	129.18	135.90	144.91	137.23	146.38	140.39	140.18	149.92	155.72	155.72	154.10	151.69	152.79	154.11	154.11	153.41	152.21
USD/IDR (avg)	14,141	14,529	14,297	14,874	15,248	15,783	16,295	15,618	15,881	15,895	16,275	16,583	16,734	16,649	16,587	16,247	15,818
USD/IDR (eop)	13,866	14,050	14,253	15,568	15,397	15,855	16,375	15,140	16,102	16,102	16,435	16,727	16,822	16,540	16,540	16,011	15,691
Commodity Price																	
Coal Price (USD/MT)	66.2	83.0	169.7	379.2	141.8	131.5	135.1	145.8	129.8	129.8	112.1	107.2	105.3	101.0	101.0	99.4	96.6
CPO Price (USD/MT)	763.7	1,016.4	1,270.3	940.4	797.8	942.9	873.7	932.6	1,189.7	1,189.7	952.5	923.6	895.2	880.3	880.3	870.1	820.1
Oil Price (USD/BBL)	65.85	49.87	74.31	80.90	77.9	85.5	82.6	80.9	73.8	73.8	78.2	79.8	80.2	74.4	74.4	82.9	82.4
Interest Rate																	
Fed Funds Rate (%)	1.75	0.25	0.25	4.50	5.50	5.50	5.50	5.00	4.50	4.50	4.50	4.25	4.25	4.00	4.00	3.75	3.50
BI-Rate (%)	5.00	3.75	3.50	5.50	6.00	6.00	6.25	6.00	6.00	6.00	5.75	5.75	5.75	5.75	5.75	5.75	5.75
Average Lending Rate (%)	10.52	9.67	9.16	9.16	9.27	9.27	9.27	9.25	9.23	9.23	9.16	9.18	9.20	9.22	9.22	9.29	9.36
Banking Sector																	
Loan (% yoy)	6.08	-2.40	5.24	11.35	10.38	12.40	12.36	10.85	10.39	10.39	9.98	10.30	10.69	10.78	10.78	11.47	12.17
TPF (% yoy)	6.54	11.11	12.21	9.01	3.73	7.44	8.45	7.04	4.48	4.48	2.93	4.50	6.60	10.25	10.25	10.22	11.86
LDR (%)	94.75	83.23	77.82	79.69	83.80	84.23	85.75	86.90	88.57	88.57	90.00	90.50	90.25	89.00	89.00	89.50	89.75
Real Sector																	
Car Sales (Unit)	1,030,126	532,027	887,202	1,048,040	1,005,802	215,250	194,768	223,197	232,508	865,723	178,851	226,285	225,816	231,587	862,539	883,893	912,456
Car Sales (% yoy)	-10.5	-48.4	66.8	18.1	-4.0	-23.8	-13.0	-10.5	-7.0	-13.9	-16.9	16.2	1.2	-0.4	-0.4	2.5	3.2
Motorcycles Sales (Unit)	6,487,460	3,660,616	5,057,516	5,221,470	6,236,992	1,735,090	1,435,904	1,701,502	1,460,814	6,333,310	1,480,153	1,610,707	1,621,798	1,501,844	6,214,502	6,254,257	6,554,351
Motorcycles Sales (% yoy)	1.6	-43.6	38.2	3.2	19.4	-4.9	4.2	12.0	-3.6	1.5	-14.7	12.2	-4.7	2.8	-1.9	0.6	4.8

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