

PIER Snapshot: Apr-24 Trade Balance

15 May 2024

Trade Surplus Shrank During Festive Season

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Trade Review

- **The trade surplus declined due to a more significant monthly contraction in export value.**

In Apr-24, both Indonesia's monthly export and import values decreased from their Mar-24 levels due to reduced international trading activity during the Eid al-Fitr holidays. Annually, both exports and imports showed growth compared to the previous month, which had recorded a contraction. Overall, the trade surplus for Jan – Apr-24 was USD10.97 billion, lower than the USD16.05 billion surplus recorded in the same period in 2023.

- **Exports decreased due to reduced export activities during the long holiday.**

Monthly exports in Apr-24 weakened compared to Mar-24, declining by 12.97%mom after previously growing by 16.94%mom. The primary factor for this contraction was reduced export activities during the long Eid al-Fitr holiday. In addition to the lower export volume, a drop in commodity prices also contributed to weaker exports. The price of Crude Palm Oil (CPO) fell by 0.77%mom, which was reflected in a decrease of around USD171 million in animal/vegetable oil exports. Significant declines were observed in exports of precious metals (USD479 million), electrical machinery (USD324 million), and transport equipment (USD174 million). However, some of Indonesia's main exports, such as coal and nickel, still posted slight growth in Apr-24 due to rising prices. On a country-by-country basis, all of Indonesia's main export destinations saw significant declines in Apr-24, including China (USD467 million), the United States (USD436 million), and Japan (USD328 million). Nevertheless, exports to India experienced an increase of USD36 million.

- **Imports declined due to reduced manufacturing activities.**

Similar to export performance, imports also declined during the long holiday. Monthly imports contracted by 10.60%mom in Apr-24, a steeper decline than the 2.60%mom contraction seen in Mar-24. The deeper contraction was driven by reduced manufacturing activities and the harvest season. All import categories experienced declines in Apr-24. The most notable decreases were in electrical machinery (USD389 million), mechanical machinery (USD259 million), and cereals (USD241 million). The decrease in machinery-related products was due to lower manufacturing activities, while the reduction in cereal imports was caused by the peak of the harvest season in Indonesia, which typically leads to a lower need for rice imports due to an abundance of domestic supply. On an annual basis, imports rebounded by 4.62%yoy after contracting by 12.76%yoy in Mar-24.

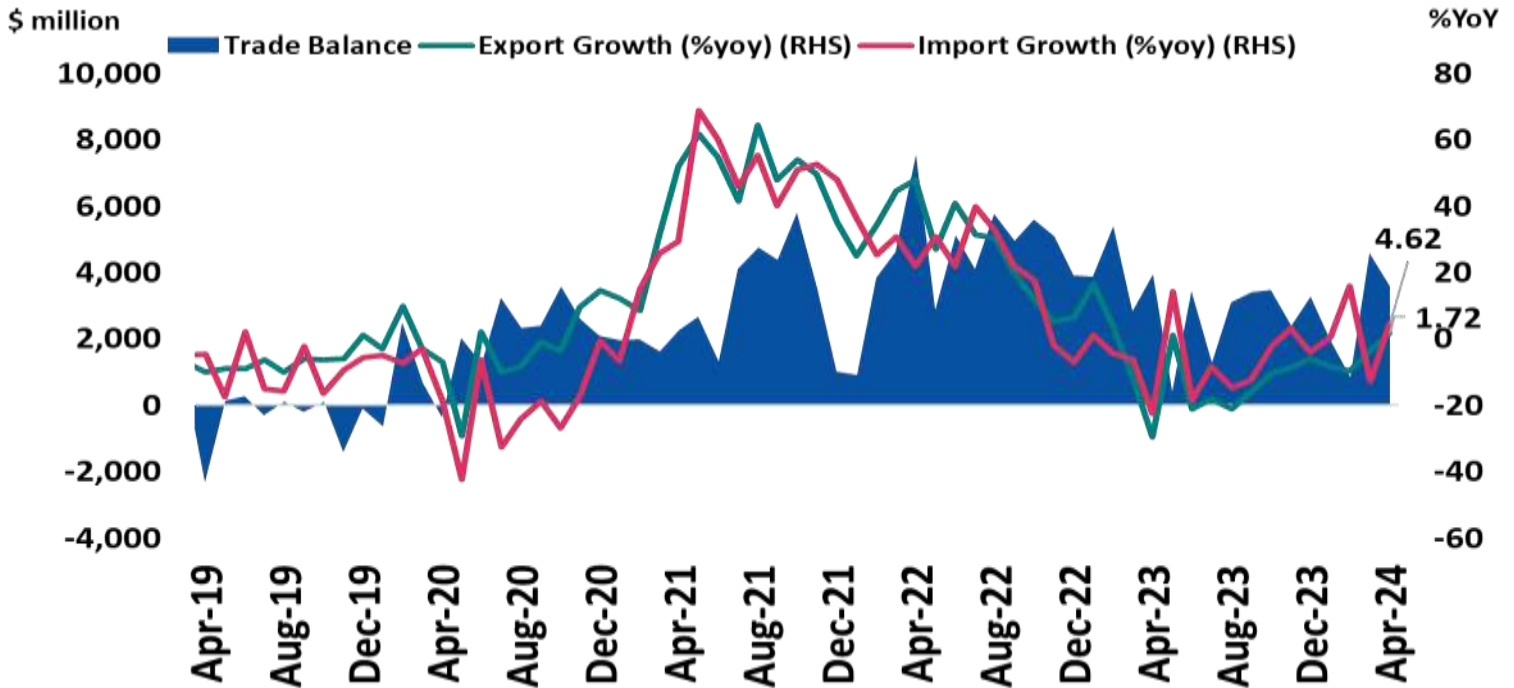
- **Economic implication.**

We anticipate a manageable current account deficit in 2024, projected to widen moderately from -0.11% of GDP in 2023 to -0.75% of GDP. This expectation is influenced by several factors, including the gradual normalization of commodity prices, resilient domestic demand aligned with a positive economic outlook for Indonesia, and the potential impact of rising global uncertainty on overall global demand. On Monday, 20-May-24, Bank Indonesia will release the 1Q24 Balance of Payment report, which includes the current account balance. With the trade surplus declining from USD12.11 billion in Jan – Mar-23 to USD7.31 billion in Jan – Mar-24, we predict the current account balance will record a deficit of -0.40% of GDP in 1Q24, compared to a surplus of 0.90% of GDP in 1Q23. This also represents a widening from the deficit of -0.38% of GDP in 4Q23. We expect the current account deficit to continue widening until the end of 2024, influencing Rupiah dynamics throughout the year. However, with anticipated foreign direct investment flowing into Indonesia after the election, we foresee Rupiah's stability being maintained. By the end of the year, we expect the Rupiah to range between 15,900 and 16,200 per US Dollar.

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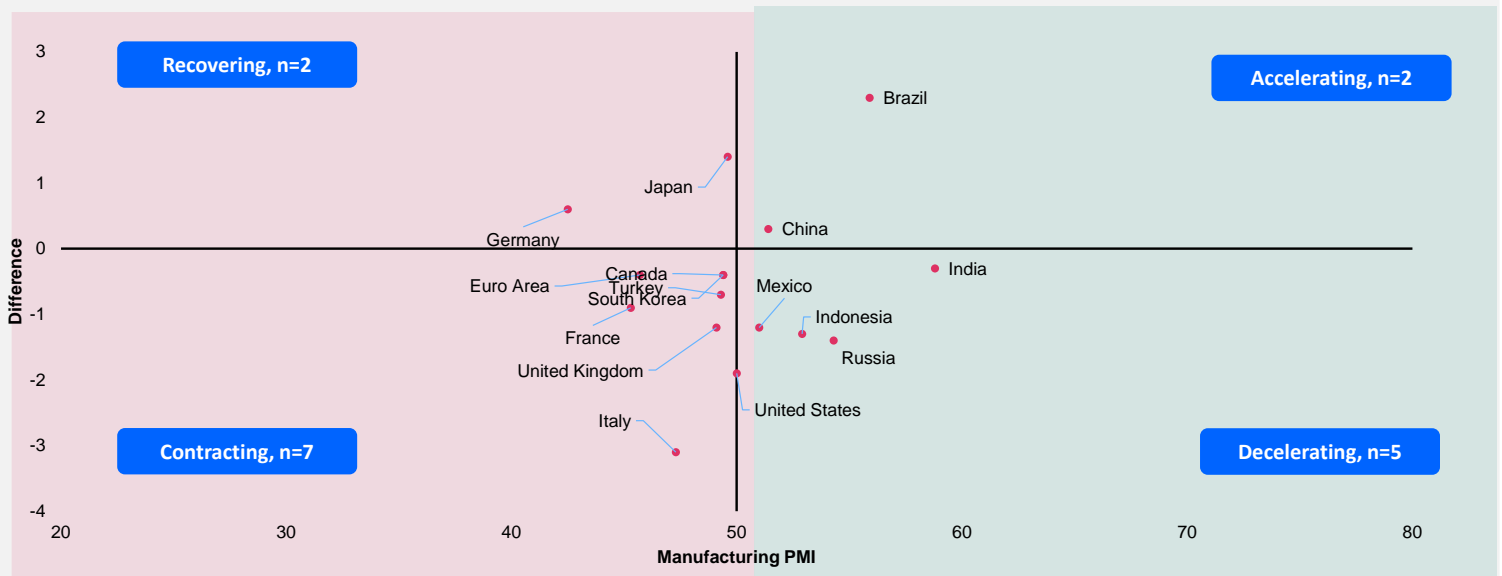
Indonesia's Trade Performance



Source: Statistics Indonesia & PermataBank Economic Research

Global Manufacturing Activities

Purchasing Manager Index (PMI) in G20 Countries (Apr-24)

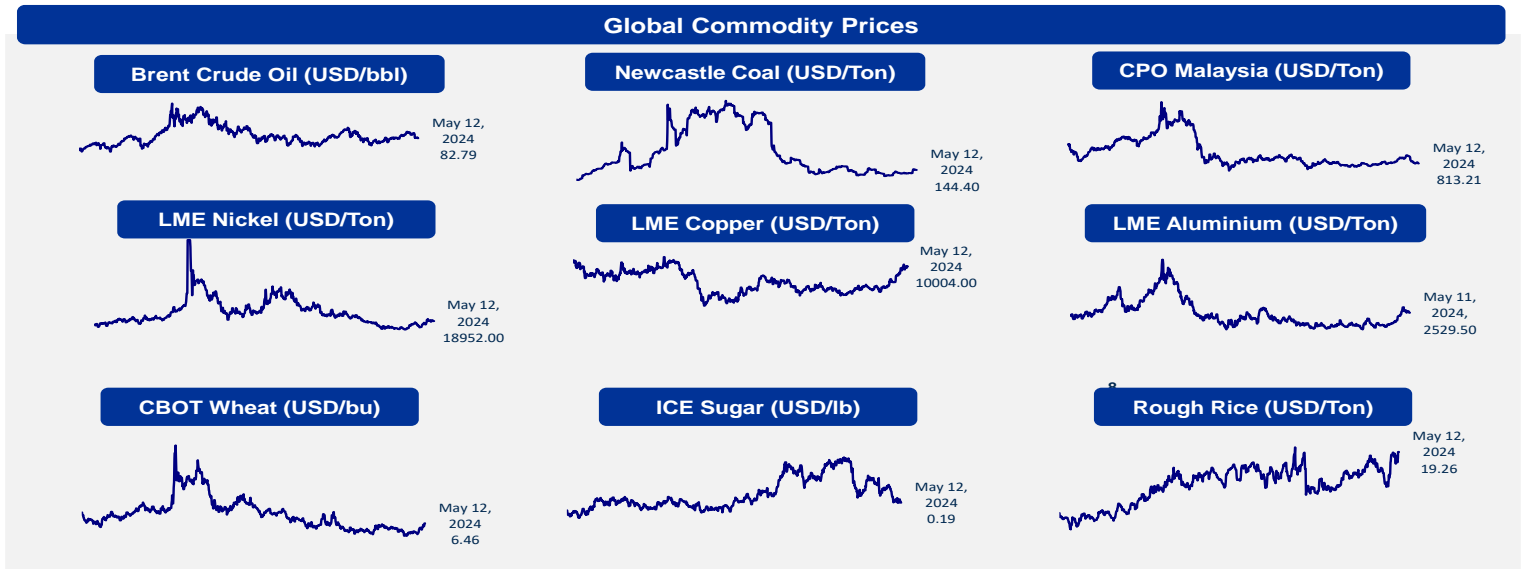


Source: Bloomberg & PermataBank Economic Research

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The Trend of Commodity Prices in 2024



Historical Exports and Imports in 2018 – 2024

| (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 |
| FY2018 | 180,013 | 162,841 | 17,172 | 188,711 | 158,842 | 29,869 | -8,699 | 3,999 | -12,697 |
| 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 |
| 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 | 258,797 | 242,875 | 15,923 | 221,886 | 186,056 | 35,830 | 36,911 | 56,819 | -19,908 |
| Jan-24 | 20,494 | 19,097 | 1,398 | 18,495 | 15,796 | 2,698 | 2,000 | 3,300 | -1,301 |
| Feb-24 | 19,274 | 18,057 | 1,217 | 18,440 | 15,461 | 2,980 | 833 | 2,596 | -1,763 |
| Mar-24 | 22,539 | 21,254 | 1,285 | 17,961 | 14,635 | 3,327 | 4,578 | 6,619 | -2,041 |
| Apr-24 | 19,615 | 18,265 | 1,350 | 16,057 | 13,096 | 2,960 | 3,559 | 5,169 | -1,610 |
| Jan-Apr-23 | 86,345 | 81,074 | 5,271 | 70,298 | 59,015 | 11,282 | 16,047 | 22,059 | -6,011 |
| Jan-Apr-24 | 81,922 | 76,672 | 5,250 | 70,952 | 58,988 | 11,965 | 10,969 | 17,684 | -6,715 |
| Growth | -5.1 | -5.4 | -0.4 | 0.9 | 0.0 | 6.0 | | | |

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PIER's Economic & Market Forecast

| | 2019 | 2020 | 2021 | 2022 | 2023 | 1Q24 | 2Q24F | 3Q24F | 4Q24F | 2024F | 2025F | 2026F |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| National Account | | | | | | | | | | | | |
| Real GDP (% yoy) | 5.02 | -2.07 | 3.70 | 5.31 | 5.05 | 5.11 | 5.10 | 5.05 | 5.00 | 5.07 | 5.15 | 5.26 |
| Real Consumption: Private (% yoy) | 5.04 | -2.63 | 2.02 | 4.93 | 4.82 | 4.91 | 4.88 | 4.95 | 5.00 | 4.93 | 5.10 | 5.12 |
| Real Consumption: Government (% yoy) | 3.27 | 2.12 | 4.24 | -4.51 | 2.95 | 19.90 | 6.89 | 4.81 | 5.05 | 8.07 | 5.49 | 6.08 |
| Real Gross Fixed Capital Formation (% yoy) | 4.45 | -4.96 | 3.80 | 3.87 | 4.40 | 3.79 | 3.63 | 3.79 | 4.89 | 4.04 | 5.83 | 6.62 |
| Real Export (% yoy) | -0.48 | -8.42 | 17.95 | 16.28 | 1.32 | 0.50 | -1.09 | 1.27 | 4.95 | 1.50 | 9.61 | 10.41 |
| Real Import (% yoy) | -7.13 | -17.60 | 24.87 | 14.75 | -1.65 | 1.77 | -0.95 | 2.88 | 6.36 | 2.60 | 11.80 | 12.63 |
| Nominal GDP (IDR tn) - nominal | 15,832.66 | 15,443.35 | 16,976.75 | 19,588.09 | 20,892.38 | 5,288.29 | 5,655.74 | 5,727.73 | 5,731.44 | 22,403.21 | 24,266.91 | 26,317.21 |
| Nominal GDP (USD bn) - nominal | 1,119.10 | 1,059.93 | 1,186.29 | 1,318.68 | 1,371.47 | 337.70 | 346.45 | 353.39 | 354.71 | 1,392.25 | 1,534.97 | 1,732.43 |
| Inflation & Unemployment | | | | | | | | | | | | |
| Headline Inflation Rate (2022=100, % yoy, avg) | 2.82 | 2.04 | 1.56 | 4.14 | 3.73 | 2.79 | 3.10 | 3.15 | 3.07 | 3.03 | 3.15 | 3.18 |
| Headline Inflation Rate (2022=100, % yoy, eop) | 2.59 | 1.68 | 1.87 | 5.41 | 2.81 | 3.05 | 3.18 | 3.12 | 3.08 | 3.08 | 3.25 | 3.15 |
| Unemployment Rate (%) | 5.18 | 7.07 | 6.49 | 5.86 | 5.32 | 4.82 | 4.82 | 4.94 | 4.94 | 4.94 | 5.03 | 4.93 |
| Fiscal Condition | | | | | | | | | | | | |
| Fiscal Balance (% of GDP) | -2.20 | -6.14 | -4.57 | -2.35 | -1.65 | 0.04 | -0.30 | -0.75 | -2.18 | -2.18 | -2.56 | -2.84 |
| IDR 10-year Bond Yield (%) | 7.06 | 5.89 | 6.38 | 6.94 | 6.48 | 6.73 | 7.25 | 7.16 | 7.10 | 7.10 | 6.39 | 5.87 |
| External Sector | | | | | | | | | | | | |
| Trade Balance (USD bn) | -3.59 | 21.62 | 35.42 | 54.46 | 36.91 | 7.31 | 6.11 | 5.44 | 6.52 | 25.38 | 23.41 | 17.22 |
| Goods Balance (USD bn) | 3.51 | 28.30 | 43.81 | 62.67 | 46.35 | 9.57* | 8.13 | 7.44 | 8.54 | 33.68 | 31.44 | 25.24 |
| Current Account (USD bn) | -30.28 | -4.43 | 3.51 | 13.22 | -1.57 | -1.35* | -3.37 | -3.31 | -2.36 | -10.38 | -18.67 | -26.63 |
| Current Account (% of GDP) | -2.71 | -0.42 | 0.30 | 1.00 | -0.11 | -0.40* | -0.97 | -0.94 | -0.66 | -0.75 | -1.22 | -1.54 |
| Foreign Reserves (USD bn) | 129.18 | 135.90 | 144.91 | 137.23 | 146.38 | 140.39 | 131.79 | 132.41 | 140.72 | 140.72 | 141.07 | 144.51 |
| USD/IDR (avg) | 14,141 | 14,529 | 14,297 | 14,874 | 15,248 | 15,783 | 16,325 | 16,208 | 16,158 | 16,119 | 15,817 | 15,201 |
| USD/IDR (eop) | 13,866 | 14,050 | 14,253 | 15,568 | 15,397 | 15,855 | 16,235 | 16,245 | 16,121 | 16,121 | 15,595 | 14,897 |
| Commodity Price | | | | | | | | | | | | |
| Coal Price (USD/MT) | 66.2 | 83.0 | 169.7 | 379.2 | 141.8 | 131.5 | 124.4 | 121.0 | 117.5 | 117.5 | 103.8 | 90.3 |
| CPO Price (USD/MT) | 763.7 | 1,016.4 | 1,270.3 | 940.4 | 797.8 | 942.9 | 813.7 | 821.7 | 829.6 | 829.6 | 818.0 | 808.3 |
| Oil Price (USD/BBL) | 65.85 | 49.87 | 74.31 | 80.90 | 77.9 | 85.5 | 81.0 | 80.7 | 80.3 | 80.3 | 78.9 | 82.0 |
| Interest Rate | | | | | | | | | | | | |
| Fed Funds Rate (%) | 1.75 | 0.25 | 0.25 | 4.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.25 | 5.25 | 4.50 | 3.75 |
| BI Rate (%) | 5.00 | 3.75 | 3.50 | 5.50 | 6.00 | 6.00 | 6.25 | 6.25 | 6.25 | 6.25 | 5.50 | 4.75 |
| Average Lending Rate (%) | 10.52 | 9.67 | 9.16 | 9.16 | 9.27 | 9.28 | 9.34 | 9.40 | 9.41 | 9.41 | 8.97 | 8.30 |
| Banking Sector | | | | | | | | | | | | |
| Loan (% yoy) | 6.08 | -2.40 | 5.24 | 11.35 | 10.38 | 12.40 | 10.58 | 10.69 | 10.79 | 10.79 | 11.34 | 11.78 |
| TPF (% yoy) | 6.54 | 11.11 | 12.21 | 9.01 | 3.73 | 7.44 | 6.28 | 8.15 | 10.57 | 10.57 | 9.39 | 9.22 |
| LDR (%) | 94.8 | 83.2 | 77.8 | 79.7 | 83.8 | 84.2 | 86.1 | 85.9 | 84.0 | 84.0 | 85.5 | 87.5 |
| Real Sector | | | | | | | | | | | | |
| Car Sales (Unit) | 1,030,126 | 532,027 | 887,202 | 1,048,040 | 1,005,802 | 313,529 | 202,128 | 252,240 | 279,733 | 1,047,630 | 1,071,763 | 1,144,675 |
| Car Sales (% yoy) | -10.5 | -48.4 | 66.8 | 18.1 | -4.0 | -1.0 | -9.7 | 1.2 | 25.4 | 4.2 | 2.3 | 6.8 |
| Motorcycles Sales (Unit) | 6,487,460 | 3,660,616 | 5,057,516 | 5,221,470 | 6,236,992 | 2,144,597 | 1,026,925 | 1,604,918 | 1,502,065 | 6,278,505 | 6,300,894 | 6,436,790 |
| Motorcycles Sales (% yoy) | 1.6 | -43.6 | 38.2 | 3.2 | 19.4 | 17.6 | -25.5 | 5.6 | -0.9 | 0.7 | 0.4 | 2.2 |

Note: *) Forecast figures

Source: Permata Institute for Economic Research (PIER)

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