

PIER Snapshot: Nov-24 Trade Balance

16 December 2024

Deeper Import Contraction Caused a Surge in Trade Surplus

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Trade Review

- **Imports contracted at a sharper pace than exports, resulting in a significant widening of the trade surplus.**

Indonesia's trade surplus in Nov-24 expanded significantly, rising from USD2.48 billion to USD4.42 billion, primarily driven by a sharper monthly decline in imports compared to exports. While both exports and imports weakened during the month, the contraction in imports was deeper than expected. This decline was attributed to reduced imports of both oil & gas as well as non-oil & gas products, amid the depreciation of the Rupiah. On a cumulative basis, the trade surplus from January to Nov-24 amounted to USD28.86 billion, marking a decrease from USD33.60 billion recorded during the same period in 2023.

- **Imports contracted at a sharper pace than exports, resulting in a significant widening of the trade surplus.**

Monthly Exports performance in Nov-24 contracted mildly by 1.70%mom, compared to previous month, which saw an increase by Indonesia's monthly export performance in Nov-24 contracted slightly, declining by 1.70%mom after a robust 10.73%mom increase in the previous month. The primary driver of this contraction was the normalization of CPO demand. In Oct-24, CPO exports surged due to heightened demand from India during festive celebrations. However, as these festivities concluded, CPO demand stabilized, leading to a USD317.9 million decline in CPO exports in Nov-24. Despite this decline, most of Indonesia's other major export commodities saw monthly growth, offsetting part of the overall contraction. Notably, nickel and articles thereof recorded the largest increase, rising by USD467.6 million. On an annual basis, export growth eased slightly to 9.14%yoy, compared to 10.38%yoy in the previous month. Cumulatively, exports from January to Nov-24 grew by 2.06%yoy, reaching USD241.25 billion, up from USD236.38 billion during the same period in 2023.

- **Imports contracted due to a decline in performance across all types of import goods.**

Indonesia's monthly import performance in Nov-24 reversed sharply compared to the previous month, contracting across all categories. This decline signaled weaker domestic demand for imported goods. On a monthly basis, oil & gas imports fell by 29.88%mom, while non-oil & gas imports declined by 6.87%mom. Similarly, capital goods, raw materials, and consumer goods imports dropped by 10.77%mom, 11.97%mom, and 0.84%mom, respectively. The contraction in imports may have been influenced by the weakening of the Rupiah, which likely deterred investors and reduced import demand. Within product categories, processed oil contributed USD374.7 million to the decline in oil & gas imports, while electrical machinery accounted for a USD404.4 million decrease in non-oil & gas imports. Overall, imports contracted by 10.71%mom in Nov-24. On an annual basis, import growth slowed dramatically to 0.01%yoy, compared to 17.49%yoy in the previous month. Cumulatively, imports from January to Nov-24 rose by 4.74%yoy, reaching USD 212.39 billion.

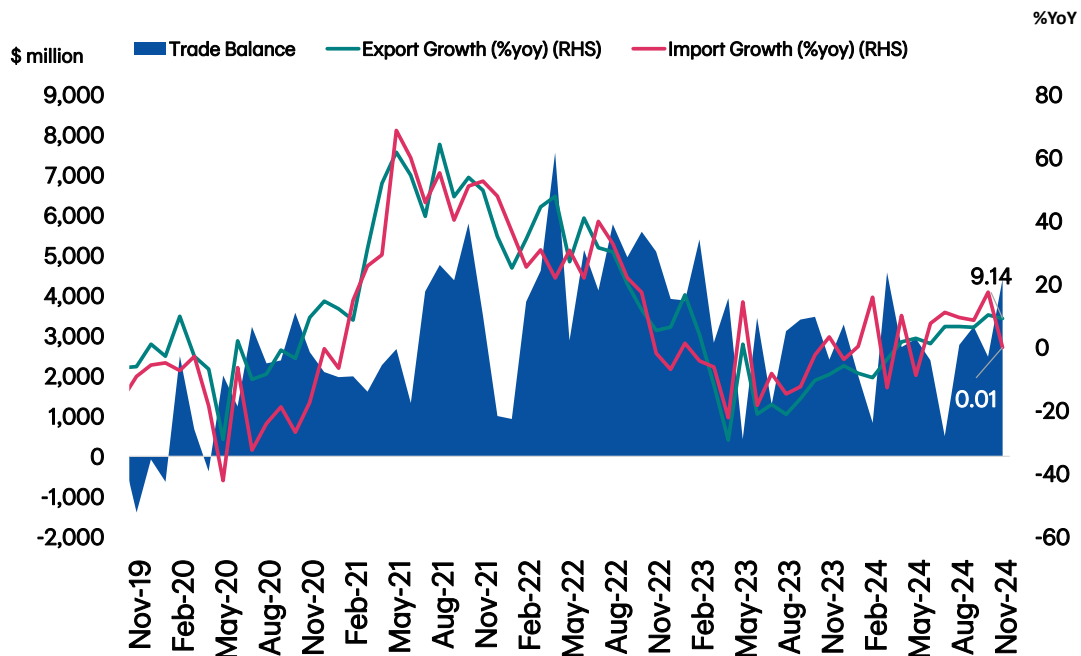
Our PIERspective

- For the entire year of 2024, we project a moderate increase in CAD, rising from 0.16% of GDP in 2023 to 0.76% of GDP. This trend is anticipated to continue into 2025, with the CAD expected to widen further to 1.22% of GDP. This reflects President Prabowo's economic agenda to accelerate growth through increased investment activity, likely driving higher imports of capital goods.
- This projection considers important factors such as the gradual normalization of commodity prices and the potential impacts of weakening global demand, especially given China's 'slower-for-longer' economic growth. However, Indonesia's ongoing downstreaming efforts are expected to reduce dependence on raw commodity exports, helping to limit the deficit to some extent. Furthermore, potential global policy rate cuts, though now more limited, could partially offset the impact of declining commodity prices.
- A key factor to monitor in 2025 is the victory of Donald Trump in the US Presidential Election, which would heighten the risk of a Trade War 2.0 due to his inward-looking economic policies. This may limit the potential for additional global policy rate cuts, exacerbate already difficult global trade and growth conditions, and place downward pressure on commodity prices.

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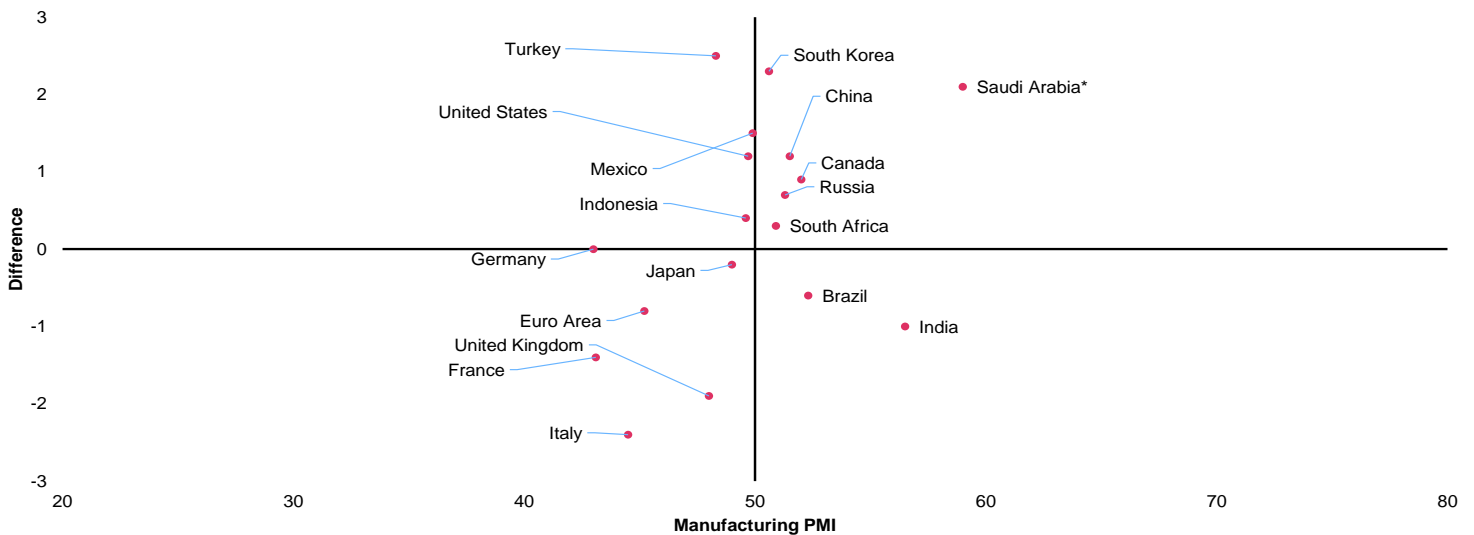
Indonesia's Trade Performance



Source: Statistics Indonesia & PermataBank Economic Research

Global Manufacturing Activities

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

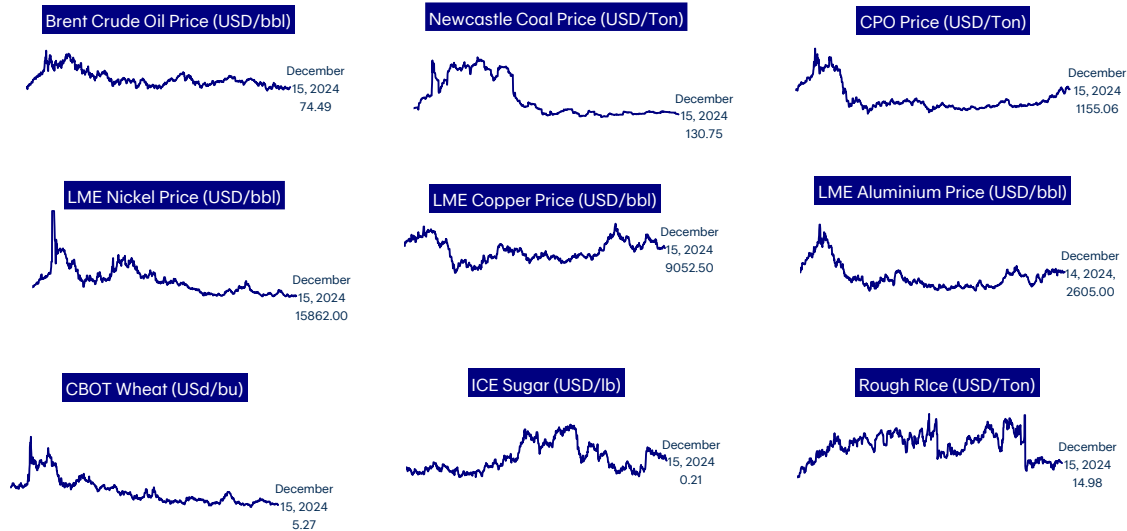


Source: Bloomberg & PermataBank Economic Research

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The Trend of Commodity Prices in 2024



Source: Bloomberg & PermataBank Economic Research

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
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	258,774	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	24,007	22,690	1,317	19,588	17,017	2,570	4,420	5,673	-1,253
Jan-Nov-23	236,383	221,940	14,443	202,779	170,321	32,458	33,604	51,619	-18,015
Jan-Nov-24	241,251	226,911	14,340	212,393	179,415	32,978	28,858	47,496	-18,638
Growth	2.1	2.2	-0.7	4.7	5.3	1.6			

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PIER's Economic & Market Forecast

	2023	1Q24	2Q24	3Q24	4Q24F	2024F	1Q25F	2Q25F	3Q25F	4Q25F	2025F	2026F	2027F
National Account													
Real GDP (% yoy)	5.05	5.11	5.05	4.95	5.00	5.03	5.14	5.13	5.17	5.14	5.15	5.26	5.34
Real Consumption: Private (% yoy)	4.82	4.91	4.93	4.91	5.00	4.94	5.08	5.05	5.02	5.00	5.04	5.12	5.17
Real Consumption: Government (% yoy)	2.95	19.91	1.42	4.62	5.05	6.66	3.97	5.25	5.78	6.02	5.37	6.08	6.16
Real Gross Fixed Capital Formation (% yoy)	4.40	3.79	4.43	5.15	4.89	4.58	5.13	5.79	6.07	6.26	5.83	6.62	6.70
Real Export (% yoy)	1.32	1.44	8.18	9.09	4.95	5.88	8.77	9.99	10.23	9.47	9.63	10.41	10.91
Real Import (% yoy)	-1.65	1.46	7.79	11.47	6.36	6.78	10.68	11.97	12.64	11.88	11.82	12.65	13.24
Nominal GDP (IDR tn) - nominal	20,892.38	5,288.49	5,536.50	5,638.89	5,691.22	22,155.09	5,692.27	5,972.23	6,103.13	6,161.37	23,928.99	25,871.71	27,924.71
Nominal GDP (USD bn) - nominal	1,371.47	337.72	342.37	356.92	361.01	1,398.02	363.26	380.47	390.62	397.06	1,531.42	1,685.56	1,828.18
Inflation & Unemployment													
Headline Inflation Rate (2022=100, % yoy, avg)	3.73	2.79	2.78	2.03	2.28	2.51	2.49	2.59	3.06	3.11	2.81	2.85	2.67
Headline Inflation Rate (2022=100, % yoy, eop)	2.81	3.05	2.51	1.84	2.33	2.33	2.50	2.74	3.06	3.12	3.12	2.91	2.38
Unemployment Rate (%)	5.32	4.82	4.82	4.91	4.94	4.94	4.94	4.94	5.03	5.03	5.03	4.93	4.88
Fiscal Condition													
Fiscal Balance (% of GDP)	-1.65	0.04	-0.34	-1.08	-2.63	-2.63	0.05	-0.93	-1.47	-2.67	-2.67	-2.85	-2.75
IDR 10-year Bond Yield (%)	6.48	6.73	7.07	6.45	6.66	6.66	6.79	6.58	6.56	6.45	6.45	6.29	6.25
External Sector													
Trade Balance (USD bn)	36.91	7.41	8.03	6.53	6.35	28.33	6.43	6.14	5.70	5.17	23.44	17.24	13.33
Goods Balance (USD bn)	46.27	9.29	10.03	9.29	8.35	36.97	8.43	8.14	7.70	7.17	31.44	25.24	15.33
Current Account (USD bn)	-2.15	-2.48	-3.25	-2.15	-2.76	-10.64	-3.20	-5.27	-4.81	-5.39	-18.67	-26.63	-39.47
Current Account (% of GDP)	-0.16	-0.73	-0.95	-0.60	-0.76	-0.76	-0.88	-1.38	-1.23	-1.36	-1.22	-1.58	-2.16
Foreign Reserves (USD bn)	146.38	140.39	140.18	149.92	152.07	152.07	153.36	152.94	154.00	153.95	153.95	152.33	143.06
USD/IDR (avg)	15,248	15,783	16,295	15,618	15,764	15,865	15,670	15,697	15,624	15,517	15,627	15,350	15,275
USD/IDR (eop)	15,397	15,855	16,375	15,140	15,729	15,729	15,717	15,625	15,626	15,475	15,475	15,309	15,232
Commodity Price													
Coal Price (USD/MT)	141.8	131.5	135.1	145.8	108.8	108.8	113.8	116.5	117.2	108.2	108.2	120.7	119.3
CPO Price (USD/MT)	797.8	942.9	873.7	932.6	846.3	846.3	860.5	868.3	871.6	850.1	850.1	892.2	897.1
Oil Price (USD/BBL)	77.9	85.5	82.6	80.9	74.9	74.9	78.2	79.8	80.2	74.4	74.4	82.9	82.4
Interest Rate													
Fed Funds Rate (%)	5.50	5.50	5.50	5.00	4.50	4.50	4.50	4.25	4.25	4.00	4.00	3.75	3.75
BI Rate (%)	6.00	6.00	6.25	6.00	5.75	5.75	5.75	5.50	5.50	5.50	5.50	5.50	5.50
Average Lending Rate (%)	9.27	9.27	9.27	9.24	9.28	9.28	9.02	8.98	8.94	8.96	8.96	8.98	9.00
Banking Sector													
Loan (% yoy)	10.38	12.40	12.36	10.85	10.79	10.79	10.92	11.06	11.20	11.34	11.34	11.78	12.09
TPF (% yoy)	3.73	7.44	8.45	7.04	8.00	8.00	9.89	11.17	11.41	10.70	10.70	9.22	12.12
LDR (%)	83.8	84.2	85.8	86.9	86.0	86.0	85.0	85.7	86.1	86.5	86.5	87.5	88.5
Real Sector													
Car Sales (Unit)	1,005,802	215,250	194,768	223,200	225,741	858,959	208,322	216,098	239,174	244,851	908,444	955,547	990,887
Car Sales (% yoy)	-4.0	-23.8	-13.0	-10.5	-9.7	-14.6	-3.2	11.0	7.2	8.5	5.8	5.2	3.7
Motorcycles Sales (Unit)	6,236,992	1,735,090	1,435,904	1,701,502	1,606,008	6,478,504	1,342,907	1,754,031	1,761,736	1,626,554	6,485,228	6,577,522	6,689,437
Motorcycles Sales (% yoy)	19.4	-4.9	4.2	12.0	6.0	3.9	-22.6	22.2	3.4	1.3	0.1	1.4	1.7

Note:

: quarterly realization

Source: Permata Institute for Economic Research (PIER)

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