

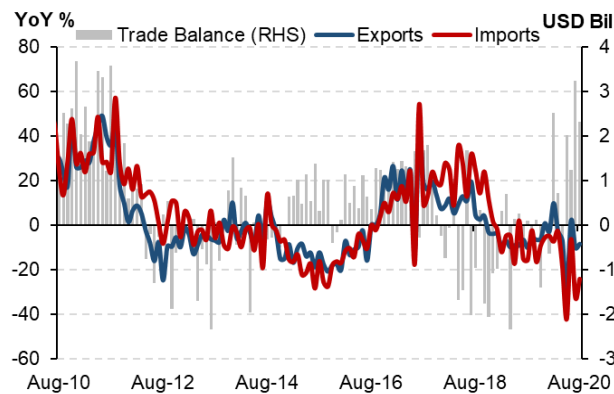
17 September 2020

Indonesia External Trade

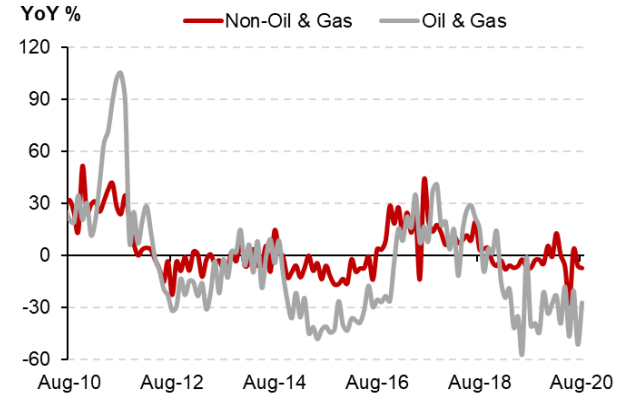
Exports fall moderated in August, trade balance narrows

- **August exports YoY growth fell lesser than the preceding month but worse than expected (-8.4%; consensus: -5.8%; Jul: -10.1%)**
 - MoM: growth turned negative, lowest in three months (-4.6%; Jul: 14.1%) to USD13.1b.
- **Broad-based slowdown led by non-oil & gas products**
 - Non-oil & gas (-7.2%; Jul: -5.9%): contracted to a two-month low, attributable to a steep decline in exports of mining (-24.9%; Jul: -31.0%), followed by manufacturing (-4.5%; Jul: -2.0%). Meanwhile, agriculture exports moderated sharply for the third straight month (1.2%; Jul: 11.5%). By destination, shipment to China slowed (8.6%; Jul: 10.8%) while exports to Japan fell for the sixth straight month (-16.7%; Jul: -13.6%). Bucking the trend, exports to the US expanded marginally (1.6%; Jul: 1.4%).
 - Oil & gas (-27.5%; Jul: -51.5%): growth contraction eased due to a lower decline in O&G mining (-26.1%; Jul: -54.5%) and O&G manufacturing based products (-33.2%; Jul: -37.5%).
- **Imports remained weak. It stayed in a contraction for the fourteenth straight month (-24.2%; consensus: -20.6%; Jul: -32.6%) on broad-based decline in non-O&G (-21.9%; Jul: -31.0%) and O&G product (-41.7%; Jul: -45.2%)**
 - By segments, the negative growth was attributable to the weak import of raw materials (-24.9%; Jul: -34.5%) followed by capital goods (-27.5%; Jul: -29.3%) and consumer goods (-12.5%; Jul: -24.1%).
 - MoM: increased (2.7%; Jul: -2.8%) to USD10.7b.
- **Trade balance remained in a surplus for the fourth straight month.** However, it narrowed to USD2.3b (consensus: USD2.2b; Jul: USD3.3b). Overall, total trade remained in a contraction (-16.3%; Jul: -21.4%), for a six straight month.
- **2020 exports forecast retained (-5.0% to -2.0%; 2019: -6.8%) with high probability to be revised down on expectation of weak external demand and fears of a new wave of COVID-19 infections**
 - Year-to-date, exports fell by 6.5% YoY (Jan-Jul 2020: -6.2%) reflecting the severe impact of COVID-19 pandemic on Indonesia external demand.
 - Given the expected persistent weakness in global trade environment and COVID-19 resurgence fears, we remain cautious on the pace of growth recovery despite the gradual reopening of the economy and the implementation of New Habit Adaptation (AKB).

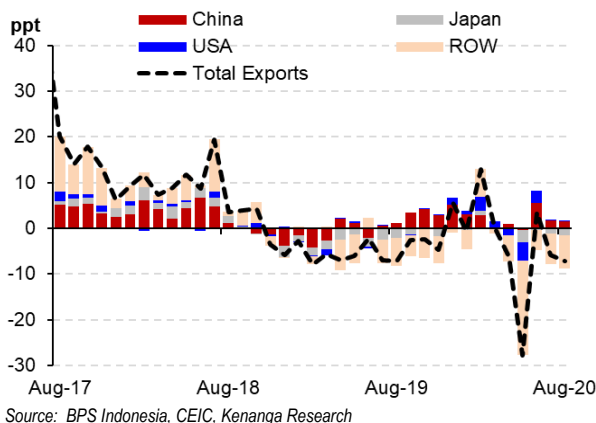
Graph 1: External Trade Growth Trend



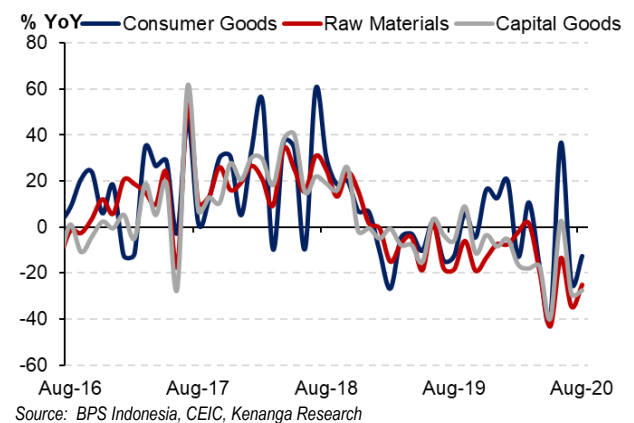
Graph 2: Exports Growth by Group



Graph 3: Non-Oil & Gas Exports by Destination (Top-3)



Graph 4: Imports by Categories



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Table 1: Indonesia External Trade Growth Trend

		2018	2019	Jul -19	Aug -19	Sep -19	Oct -19	Nov -19	Dec -19	Jan -20	Feb -20	Mar -20	Apr -20	May -20	Jun -20	Jul -20
Total Trade	YoY %	13.2	-8.1	-13.0	-4.1	-11.7	-7.8	-2.4	-3.9	1.4	-2.7	-13.2	-35.6	-2.1	-21.4	-16.3
Trade Balance	USD bn	-8.7	-3.6	0.1	-0.2	0.1	-1.4	-0.1	-0.6	2.5	0.7	-0.4	2.0	1.2	3.2	2.3
Exports	YoY %	6.6	-6.8	-10.1	-5.9	-6.5	-6.1	1.0	-2.8	9.9	-2.6	-6.9	-29.1	2.1	-10.1	-8.4
Non-Oil & Gas	YoY %	6.3	-4.2	-7.1	-2.6	-2.4	-4.6	5.7	-0.6	12.9	0.3	-6.3	-27.8	3.5	-5.9	-7.2
	Share	90.4	93.0	94.1	94.3	94.2	92.6	92.1	94.0	94.3	95.4	95.4	94.6	95.3	95.0	95.3
Oil & Gas	YoY %	9.5	-31.6	-40.8	-39.2	-44.3	-21.3	-33.6	-27.9	-23.4	-39.4	-18.0	-46.8	-20.3	-51.5	-27.5
	Share	9.6	7.0	5.9	5.7	5.8	7.4	7.9	6.0	5.7	4.6	4.6	5.4	4.7	5.0	4.7
Imports	YoY %	20.2	-9.2	-15.7	-2.4	-16.5	-9.2	-5.6	-4.9	-7.4	-2.9	-18.6	-42.2	-6.4	-32.6	-24.2
Non-Oil & Gas	YoY %	19.7	-6.0	-9.0	2.9	-11.8	-5.9	-7.2	-8.0	-9.9	-3.9	-11.3	-37.4	3.1	-31.0	-21.9
	Share	84.2	87.2	88.5	88.8	88.1	86.1	85.3	86.1	84.9	88.0	93.2	92.2	93.7	90.8	91.2
Oil & Gas	YoY %	22.8	-26.7	-46.5	-30.5	-39.8	-25.5	5.3	20.0	10.3	5.6	-61.8	-69.9	-60.5	-45.2	-41.7
	Share	15.8	12.8	11.5	11.2	11.9	13.9	14.7	13.9	15.1	12.0	6.8	7.8	6.3	9.2	8.8

Source: BPS Indonesia, CEIC, Kenanga Research

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