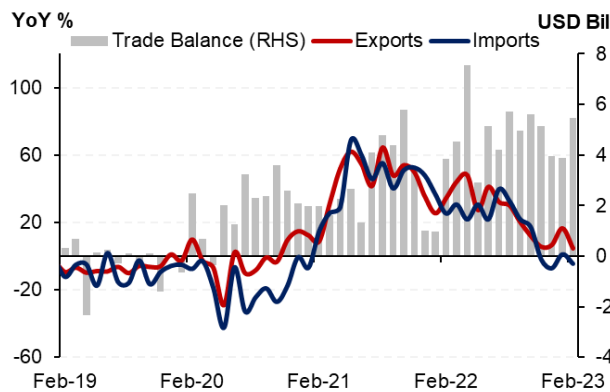


# Indonesia External Trade

Exports slowed in February on weak commodity prices

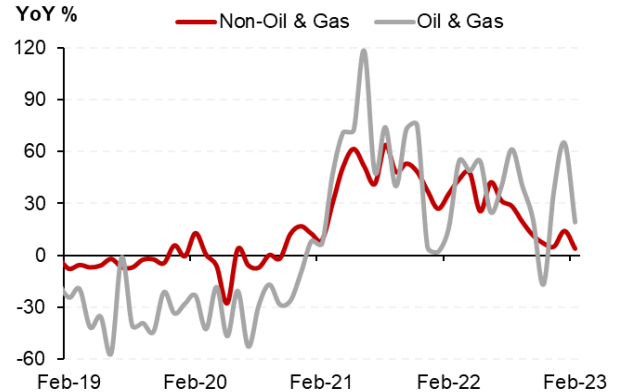
- Exports moderated sharply in February (4.5% YoY; Jan: 16.4%), lower than the consensus forecast (5.0%)**
  - MoM: fell (-4.2%; Jan: -6.3%) for the sixth straight month, reflecting a continued downtrend amid weak commodity prices and muted external demand.
- February's export growth was attributable to a slowdown in O&G and non-O&G products but partly supported by the lower base effect**
  - Non-O&G (3.8%; Jan: 14.0%): moderated due to growth contraction in manufacturing (-0.1%; Jan: -0.4%) and agriculture (-2.1%; Jan: -1.8%) products as well as a slowdown in mining (20.9%; Jan: 121.5%) product. By destination, moderate export growth was attributed to China (35.3%; Jan: 49.3%) and Japan (1.8%; Jan: 24.9%), while shipment to the US (-20.1%; Jan: -24.1%) remained weak.
  - O&G (19.3%; Jan: 65.1%): moderated sharply due to weak shipment of manufacturing (-6.2%; Jan: 114.6%) and mining (31.8%; Jan: 45.6%) products.
- Imports plunged in February (-4.3%; Jan: 1.3%), far lower than market expectation (consensus: 9.7%) due to a weak import of both O&G (-17.1%; Jan: -30.4%) and non-O&G (-1.6%; Jan: -2.8%) products**
  - By category, the weaker growth was due to weak demand for raw materials (-8.1%; Jan: 0.4%) but supported by growth in capital (6.1%; Jan: 5.7%) and consumer (13.4%; Jan: 1.1%) goods, which partly due to base effect.
  - MoM: growth fell sharply (-13.7%; Jan: -7.1%), its weakest growth since January 2022.
- Trade surplus widened (USD5.5b; Jan: USD3.9b) above market expectation (consensus: USD3.3b) as exports far exceed imports. Meanwhile, total trade grew marginally (0.6% YoY; Jan: 9.0%).**
- 2023 export growth forecast maintained at 2.5% (2022: 26.1%) in anticipation of a slower global trade outlook**
  - We continue to expect moderate export growth going forward due to the waning effect of a lower base as well as weaker commodity prices amid subdued external demand weighed by the prospect of a global economic slowdown. Nevertheless, we believe that China's economic reopening may continue to lend support to Indonesia's exports.

Graph 1: External Trade Growth Trend



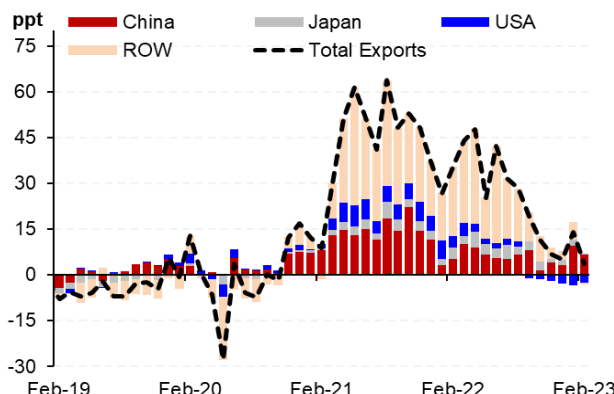
Source: BPS Indonesia, CEIC, Kenanga Research

Graph 2: Exports Growth by Group



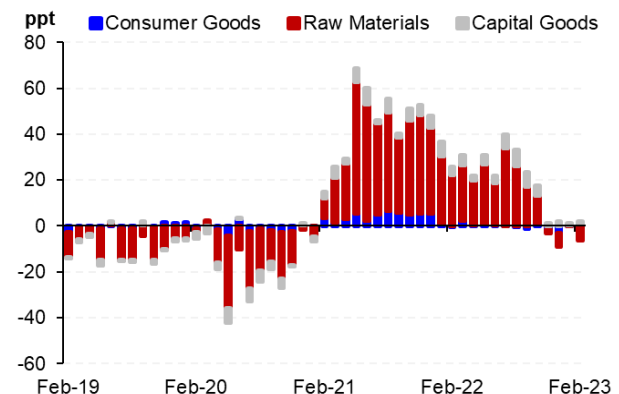
Source: BPS Indonesia, CEIC, Kenanga Research

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



Source: BPS Indonesia, CEIC, Kenanga Research

Graph 4: Imports by Categories



Source: BPS Indonesia, CEIC, Kenanga Research

16 March 2023

**Table 1: Indonesia External Trade Growth Trend**

		2021	2022	Feb -22	Mar -22	Apr -22	May -22	Jun -22	Jul -22	Aug -22	Sep -22	Oct -22	Nov -22	Dec -22	Jan -23	Feb -23
Total Trade	YoY %	40.4	23.8	30.1	37.7	35.8	28.8	31.8	35.4	31.2	21.0	14.3	2.1	0.0	9.0	0.6
Trade Balance	USD bn	35.4	54.5	3.8	4.5	7.6	2.9	5.1	4.2	5.7	5.0	5.6	5.1	4.0	3.9	5.5
<b>Exports</b>	<b>YoY %</b>	<b>41.9</b>	<b>26.1</b>	<b>34.2</b>	<b>44.0</b>	<b>47.9</b>	<b>27.2</b>	<b>41.0</b>	<b>32.0</b>	<b>29.9</b>	<b>20.2</b>	<b>11.9</b>	<b>5.5</b>	<b>6.6</b>	<b>16.4</b>	<b>4.5</b>
Non-Oil & Gas	YoY %	41.6	25.8	35.3	43.8	47.7	25.4	42.1	31.6	28.3	19.2	11.5	6.9	5.0	14.0	3.8
	Share	94.7	94.5	95.1	94.7	94.8	93.0	94.1	94.6	93.9	94.7	94.8	95.4	93.8	93.3	94.5
Oil & Gas	YoY %	48.5	30.7	15.6	54.8	48.9	54.5	25.0	39.8	61.4	40.2	21.0	-16.8	37.9	65.1	19.3
	Share	5.3	5.5	4.9	5.3	5.2	7.0	5.9	5.4	6.1	5.3	5.2	4.6	6.2	6.7	5.5
<b>Imports</b>	<b>YoY %</b>	<b>38.6</b>	<b>21.0</b>	<b>25.4</b>	<b>30.8</b>	<b>21.9</b>	<b>30.7</b>	<b>22.0</b>	<b>39.8</b>	<b>32.8</b>	<b>22.0</b>	<b>17.4</b>	<b>-1.9</b>	<b>-7.0</b>	<b>1.3</b>	<b>-4.3</b>
Non-Oil & Gas	YoY %	34.0	15.5	14.8	27.3	12.4	25.3	16.2	25.4	26.1	14.0	9.6	-0.9	-7.3	-2.8	-1.6
	Share	87.0	83.0	82.6	84.1	80.7	82.0	82.5	79.1	83.3	82.7	82.4	85.2	83.9	84.2	84.9
Oil & Gas	YoY %	79.1	58.3	122.5	53.2	88.5	62.7	59.8	148.4	80.6	83.5	77.2	-7.3	-5.2	30.4	-17.1
	Share	13.0	17.0	17.4	15.9	19.3	18.0	17.5	20.9	16.7	17.3	17.6	14.8	16.1	15.8	15.1

Source: BPS Indonesia, CEIC, Kenanga Research

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