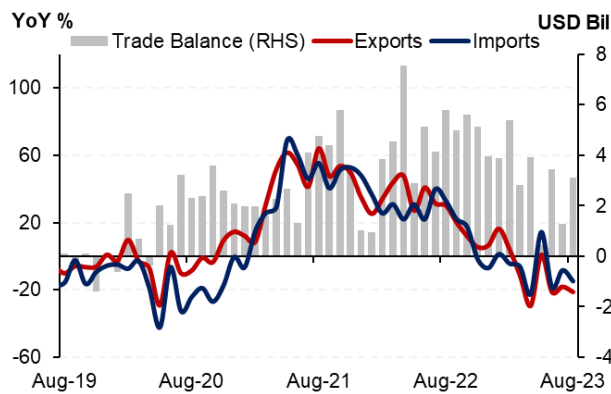


Indonesia External Trade

Exports and imports fell for the third straight month in August

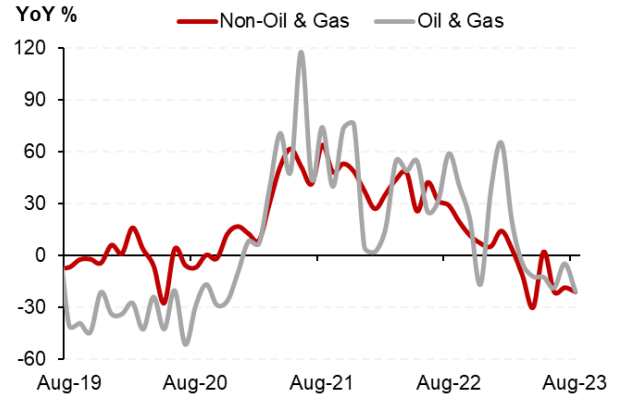
- **Exports fell sharply in August (-21.2% YoY; Jul: -18.1%), slightly less contractionary than consensus' -22.6%, due to weak commodity prices on weaker global demand as well as the high base effect recorded last year**
 - MoM: expanded (5.5%; Jul: 1.3%) for the second straight month and the fastest pace in three months.
- **Export growth was weighed down by weak shipment of O&G and non-O&G products and partly due to high base**
 - Non-O&G (-21.2%; Jul: -18.8%): growth contracted for the third straight month, attributable to a broad-based slowdown, led by weak mining (-33.3%; Jul: -46.2%), followed by agriculture (-30.0%; Jul: -3.3%) and manufacturing (-17.5%; Jul: -9.1%) products. Similarly, subdued demand was recorded across major trading partners, led by Japan (-29.0%; Jul: -33.0%), followed by the US (-17.7%; Jul: -18.9%) and China (-12.8%; Jul: -2.2%).
 - O&G (-18.7%; Jul: -12.5%): remained contracted for the six months and weakest since November 2020 due to subdued mining (-32.9%; Jul: -3.8%) amid weak commodity prices. Nonetheless, growth was partially supported by a rebound in manufacturing (11.5%; Jul: -6.8%) products.
- **Imports fell sharply (-14.8%; Jul: -8.3%), below consensus (-9.0%) and its third straight month of contraction. Growth was dragged by weak imports of O&G (-28.1%; Jul: -29.7%) and non-O&G (-12.1%; Jul: -2.7%)**
 - By category, it was a broad-based slowdown led by a decline in growth for raw materials (-20.4%; Jul: -16.7%) and capital goods (-4.0%; Jul: 18.8%) as well as growth moderation in consumer goods (15.6%; Jul: 26.9%)
 - MoM: growth contracted (-3.5%; Jul: 14.1%), indicating a weak demand momentum during the month.
- **Trade surplus widened to a two-month high (USD3.1b; Jul: USD1.3b), beating consensus (USD1.5b) as imports fell on MoM basis while exports expanded. Meanwhile, total trade fell for the third month (-18.4% YoY; Jul: -13.6%).**
- **2023 export growth forecast revised further to -9.3% from -3.4% (2022: 26.1%) amid weaker global trade outlook**
 - Year-to-date, exports fell by 11.8% YoY largely due to lower commodity prices and subdued external demand, while further compounded by a global economic slowdown led by the slower than expected China's economic recovery. This was further weighed by the impact of a higher interest rate environment, the high base effect recorded last year following global economic reopening, and the release of pent-up demand. Nevertheless, we expect China's economy to continue to recover and positively influence the export landscape in the next three to six months.

Graph 1: External Trade Growth Trend



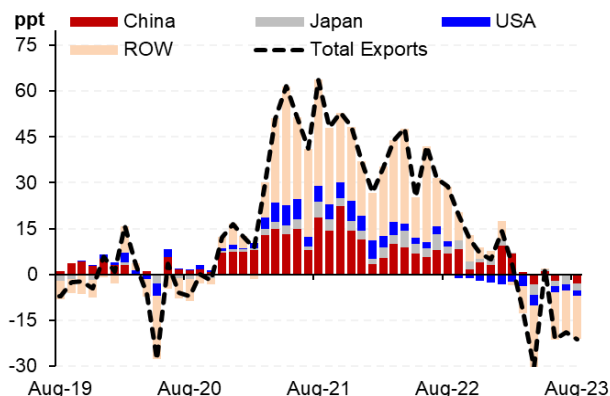
Source: BPS Indonesia, Macrobond, Kenanga Research

Graph 2: Exports Growth by Group



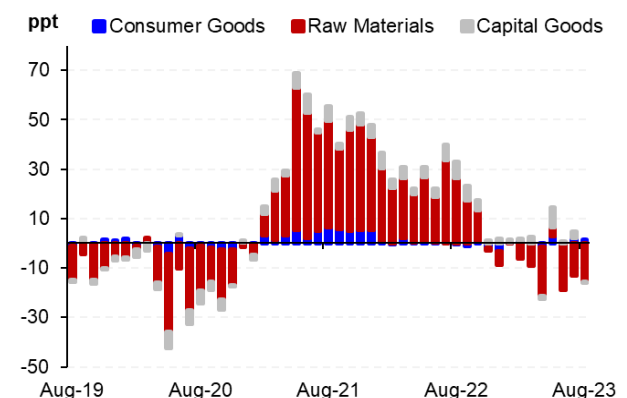
Source: BPS Indonesia, Macrobond, Kenanga Research

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



Source: BPS Indonesia, Macrobond, Kenanga Research

Graph 4: Imports by Categories



Source: BPS Indonesia, Macrobond, Kenanga Research

18 September 2023

Table 1: Indonesia External Trade Growth Trend

		2021	2022	Aug -22	Sep -22	Oct -22	Nov -22	Dec -22	Jan -23	Feb -23	Mar -23	Apr -23	May -23	Jun -23	Jul -23	Aug -23
Total Trade	YoY %	40.4	23.8	31.4	21.0	14.3	2.1	0.0	9.0	0.3	-9.2	-26.4	7.1	-19.9	-13.6	-18.4
Trade Balance	USD bn	35.4	54.5	5.8	5.0	5.6	5.1	4.0	3.9	5.4	2.8	3.9	0.4	3.5	1.3	3.1
Exports	YoY %	41.9	26.1	30.3	20.2	11.9	5.5	6.6	16.4	4.1	-11.6	-29.4	0.9	-21.2	-18.1	-21.2
Non-Oil & Gas	YoY %	41.6	25.8	28.8	19.2	11.5	6.9	5.0	14.0	3.4	-12.0	-30.4	1.9	-21.3	-18.8	-21.2
	Share	94.7	94.5	94.1	94.7	94.8	95.4	93.8	93.3	94.4	94.3	93.5	94.0	93.9	94.1	94.0
Oil & Gas	YoY %	48.5	30.7	58.9	40.2	21.0	-16.8	37.9	65.1	19.3	-4.8	-12.2	-12.5	-18.8	-4.7	-20.5
	Share	5.3	5.5	5.9	5.3	5.2	4.6	6.2	6.7	5.6	5.7	6.5	6.0	6.1	5.9	6.0
Imports	YoY %	38.6	21.0	32.8	22.0	17.4	-1.9	-7.0	1.3	-4.3	-6.3	-22.3	14.3	-18.3	-8.3	-14.8
Non-Oil & Gas	YoY %	34.0	15.5	26.1	14.0	9.6	-0.9	-7.3	-2.8	-1.6	-4.9	-22.3	18.9	-13.9	-2.7	-12.1
	Share	87.0	83.0	83.3	82.7	82.4	85.2	83.9	84.2	84.9	85.4	80.7	85.3	87.0	84.0	85.9
Oil & Gas	YoY %	79.1	58.3	80.6	83.5	77.2	-7.3	-5.2	30.4	-17.1	-13.7	-22.5	-6.5	-39.5	-29.7	-28.1
	Share	13.0	17.0	16.7	17.3	17.6	14.8	16.1	15.8	15.1	14.6	19.3	14.7	13.0	16.0	14.1

Source: BPS Indonesia, Macrobond, Kenanga Research

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