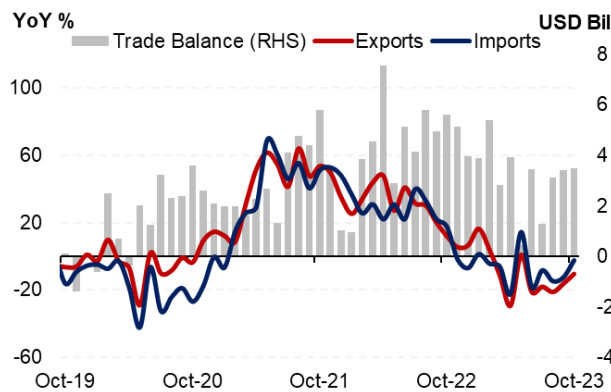


Indonesia External Trade

External trade remained weak in October due to lacklustre demand

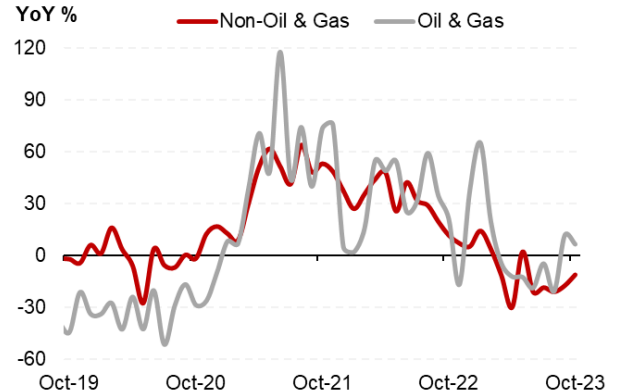
- **Exports fell for the fifth straight month in October (-10.4% YoY; Sep: -16.2%), beating consensus (-15.35%)**
 - MoM: rebounded (6.8%; Sep: -5.7%) to a five-month high.
- **Non-oil and gas (O&G) exports remained sluggish, while a buoyancy in oil and gas shipments lent support to overall export growth**
 - Non-O&G (-11.4%; Sep: -17.7%): growth contracted for the fifth straight month due to a broad-based slowdown, led by mining (-28.6%; Sep: -41.9%), followed by agriculture (-21.2%; Sep: -15.0%) and manufacturing (-5.1%; Sep: -9.0%) products. By destination, lower shipments were recorded across major trading partners, led by Japan (-24.9%; Sep: -35.6%), followed by the US (-11.8%; Sep: -13.2%) and China (-7.4%; Sep: -16.1%). Nevertheless, across the board, growth contraction eased compared to the preceding month.
 - O&G (6.5%; Sep: 11.6%): was up for the second month as manufacturing growth remained firm (49.9%; Sep: 67.4%).
- **Smaller contraction in imports (-2.4%; Sep: -12.5%), better than the consensus (-7.4%), thanks to a smaller contraction in non-O&G (-1.9%; Sep: -14.5%)**
 - By category, the slowdown was mainly due to a decline in raw materials (-6.1%; Sep: -14.8%) but was partially mitigated by a rebound in capital goods (11.1%; Sep: -10.0%) and growth in consumer goods (3.8%; Sep: 4.7%).
 - MoM: growth rebounded (7.7%; Sep: -8.1%) to a three-month high.
- **Trade surplus widened to a six-month high (USD3.5b; Sep: USD3.4b), beating the consensus (USD3.0b).** Nevertheless, total trade fell for the fifth straight month (-6.9% YoY; Sep: -14.5%)
- **2023 exports forecast revised to -11.5% from -9.3% (2022: 26.1%) and is expected to expand slightly to 0.8% in 2024**
 - Year-to-date, exports fell by 12.1% YoY (YTD 2022: 30.9%), largely due to the high base effect recorded last year and further weighed down by persistent weakness in external demand. This was largely due to the adverse impact of higher interest rate environment and further escalation in geopolitical tension in Europe and the Middle East. Nevertheless, we expect the growth contraction in exports to ease in the coming months largely on the expectation of a gradual recovery in China's economy. In addition, the higher base effect dissipates as the economy normalises.

Graph 1: External Trade Growth Trend



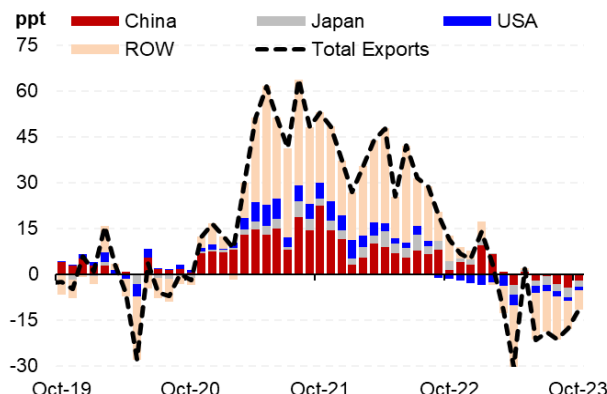
Source: BPS Indonesia, Macrobond, Kenanga Research

Graph 2: Exports Growth by Group



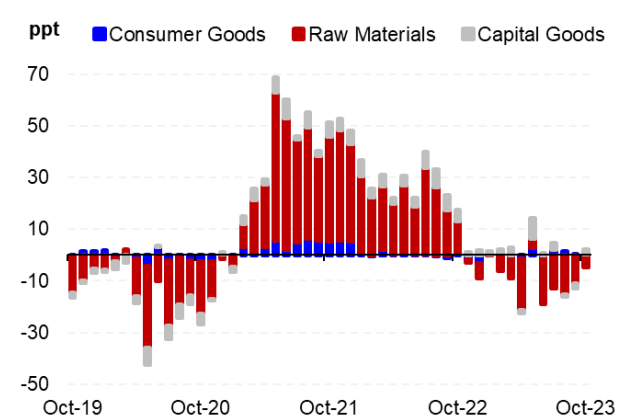
Source: BPS Indonesia, Macrobond, Kenanga Research

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

16 November 2023

Table 1: Indonesia External Trade Growth Trend

		2021	2022	Oct -22	Nov -22	Dec -22	Jan -23	Feb -23	Mar -23	Apr -23	May -23	Jun -23	Jul -23	Aug -23	Sep -23	Oct -23
Total Trade	YoY %	40.4	23.8	14.3	2.1	0.0	9.0	0.3	-9.2	-26.4	7.1	-19.9	-13.6	-18.4	-14.5	-6.9
Trade Balance	USD bn	35.4	54.5	5.6	5.1	4.0	3.9	5.4	2.8	3.9	0.4	3.5	1.3	3.1	3.4	3.5
Exports	YoY %	41.9	26.1	11.9	5.5	6.6	16.4	4.1	-11.6	-29.4	0.9	-21.2	-18.1	-21.2	-16.2	-10.4
Non-Oil & Gas	YoY %	41.6	25.8	11.5	6.9	5.0	14.0	3.4	-12.0	-30.4	1.9	-21.3	-18.8	-21.3	-17.7	-11.4
	Share	94.7	94.5	94.8	95.4	93.8	93.3	94.4	94.3	93.5	94.0	93.9	94.1	94.0	93.2	93.8
Oil & Gas	YoY %	48.5	30.7	21.0	-16.8	37.9	65.1	19.3	-4.8	-12.2	-12.5	-18.8	-4.7	-20.7	11.6	6.5
	Share	5.3	5.5	5.2	4.6	6.2	6.7	5.6	5.7	6.5	6.0	6.1	5.9	6.0	6.8	6.2
Imports	YoY %	38.6	21.0	17.4	-1.9	-7.0	1.3	-4.3	-6.3	-22.3	14.3	-18.3	-8.3	-14.8	-12.5	-2.4
Non-Oil & Gas	YoY %	34.0	15.5	9.6	-0.9	-7.3	-2.8	-1.6	-4.9	-22.3	18.9	-13.9	-2.7	-12.1	-14.5	-1.9
	Share	87.0	83.0	82.4	85.2	83.9	84.2	84.9	85.4	80.7	85.3	87.0	84.0	85.9	80.8	82.8
Oil & Gas	YoY %	79.1	58.3	77.2	-7.3	-5.2	30.4	-17.1	-13.7	-22.5	-6.5	-39.5	-29.7	-28.1	-2.8	-4.7
	Share	13.0	17.0	17.6	14.8	16.1	15.8	15.1	14.6	19.3	14.7	13.0	16.0	14.1	19.2	17.2

Source: BPS Indonesia, Macrobond, Kenanga Research

For further information, please contact:

Wan Suhaimie Wan Mohd Saidie
Head of Economic Research
wansuhaimi@kenanga.com.my

Muhammad Saifuddin Sapuan
Economist
saifuddin.sapuan@kenanga.com.my

Afiq Asyraf Syazwan Abd. Rahim
Economist
afiqasyraf@kenanga.com.my

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KENANGA INVESTMENT BANK BERHAD (15678-H)

Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
Telephone: (603) 2172 0880 Website: www.kenanga.com.my E-mail: research@kenanga.com.my