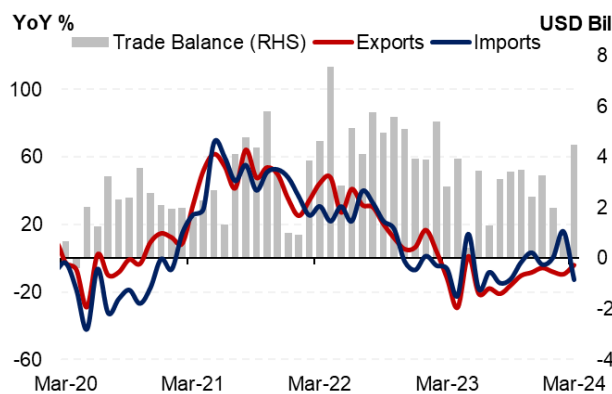


# Indonesia External Trade

Exports remains weak in March; trade surplus expanded

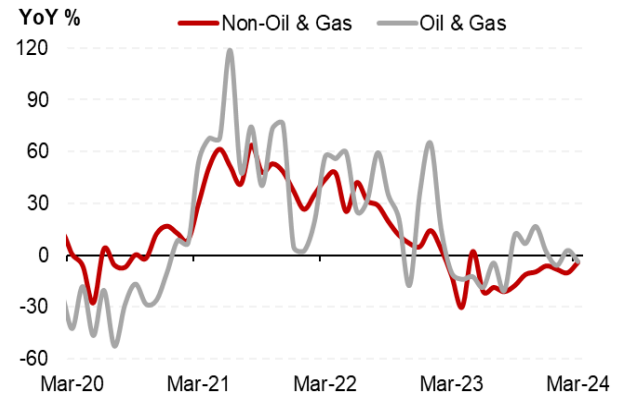
- Exports declined for the tenth straight month (-4.2% YoY; Feb: -9.6%), but the rate of contraction eased**
  - MoM: rebounded sharply (16.4%; Feb: -6.0%) to a 21-month high, tracking a seasonal trend.
  - 1Q24 (-7.2%; 4Q23: -8.3%): remained in a contraction for the fourth straight quarter.
- Weak exports due to lower shipment of non-O&G and O&G products**
  - Non-O&G (-4.2%; Feb: -10.3%): remained weak, it contracted for the tenth straight month amid a broad-based slowdown, led by a larger contraction in mining (-19.7%; Feb: -8.2%), followed by slower growth in agriculture (7.8%; Feb: 17.0%) and manufacturing (0.2%; Feb: -11.3%). By destination, shipment to major trading partners remained weak, particularly to China (-16.3%; Feb: -19.3%) and Japan (-4.6%; Feb: -13.6%). However, demand from the US (11.3%; Feb: 9.9%) remained solid, and had partly cushioned the slowdown.
  - O&G (-4.0%; Feb: 2.6%): contracted, mainly due to weak mining (-16.6%; Feb: -20.3%) and a sharp slowdown in manufacturing (26.5%; Feb: 68.1%).
- Imports fell sharply (-12.8%; Feb: 15.8%), weighed by lower shipment in non-O&G imports (-16.7%; Feb: 14.4%)**
  - By category, it was weighed down by weak capital goods (-21.7%; Feb: 18.5%), and raw materials (-12.6%; Feb: 12.8%) as well as a sharp moderation in consumer goods (5.0%; Feb: 36.5%).
  - MoM: growth contracted (-2.6%; Feb: -0.3%) for the fourth straight month.
  - 1Q24 (-0.1%; 4Q23: -1.0%): contracted marginally.
- Trade surplus widened (USD4.5b; Feb: USD0.8b), the highest since February 2023, as MoM exports outpaced imports. However, trade surplus narrowed in 1Q24 (USD7.3b; 4Q23: USD9.2b), lowest since 2Q21**
  - Meanwhile, total trade fell sharply in March (-8.2% YoY; Feb: 1.3%), the weakest in six months.
- 2024 export forecast maintained at 0.8% (2023: -11.3%) banking on a slight recovery in the external demand**
  - We continue to expect a slower rebound in Indonesia's exports, primarily due to slower demand in the agriculture and manufacturing sectors as well as the potential impact of supply disruption amid the El Nino weather pattern. This slower recovery is partly due to China's lagging economic rebound, though continued demand from advanced economies provides some support. We anticipate that China's economic revival may boost growth in the 2H24. However, escalating geopolitical tensions could limit these prospects.

Graph 1: External Trade Growth Trend



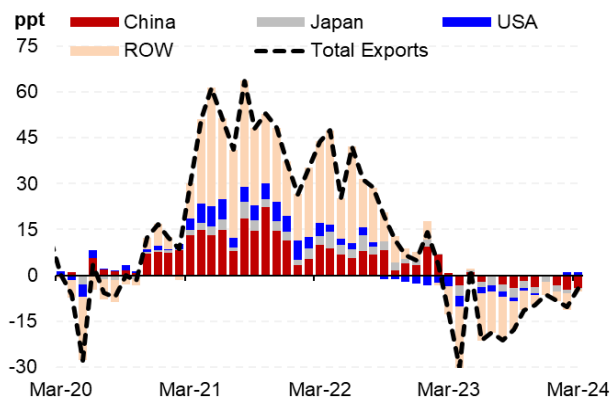
Source: BPS Indonesia, Macrobond, Kenanga Research

Graph 2: Exports Growth by Group



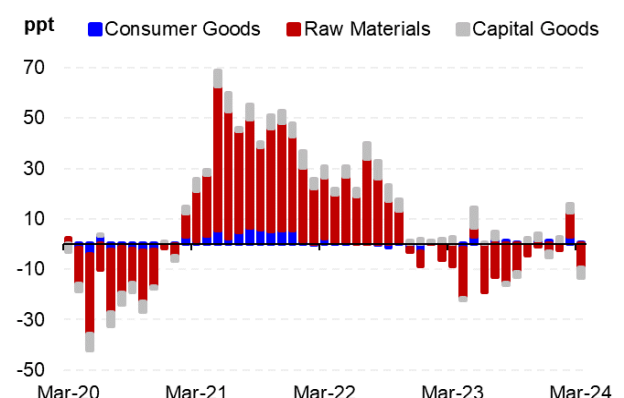
Source: BPS Indonesia, Macrobond, Kenanga Research

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

23 April 2024

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

		2022	2023	Mar -23	Apr -23	May -23	Jun -23	Jul -23	Aug -23	Sep -23	Oct -23	Nov -23	Dec -23	Jan -24	Feb -24	Mar -24
Total Trade	YoY %	23.7	-9.2	-9.4	-26.4	7.2	-19.9	-13.6	-18.4	-14.5	-6.9	-3.3	-4.9	-4.4	1.3	-8.2
Trade Balance	USD bn	54.4	36.9	2.8	3.9	0.4	3.5	1.3	3.1	3.4	3.5	2.4	3.3	2.0	0.8	4.5
<b>Exports</b>	<b>YoY %</b>	<b>26.0</b>	<b>-11.3</b>	<b>-11.9</b>	<b>-29.4</b>	<b>1.0</b>	<b>-21.2</b>	<b>-18.1</b>	<b>-21.2</b>	<b>-16.2</b>	<b>-10.4</b>	<b>-8.6</b>	<b>-5.8</b>	<b>-8.2</b>	<b>-9.6</b>	<b>-4.2</b>
Non-Oil & Gas	YoY %	25.8	-12.0	-12.0	-30.3	2.0	-21.3	-18.8	-21.3	-17.7	-11.4	-9.8	-6.3	-8.3	-10.3	-4.2
	Share	94.6	93.8	94.3	93.5	94.0	93.9	94.1	94.0	93.2	93.8	94.2	93.4	93.2	93.7	94.3
Oil & Gas	YoY %	29.3	0.5	-10.4	-14.2	-12.6	-18.8	-4.7	-20.7	11.6	6.5	16.4	1.4	-6.1	2.6	-4.0
	Share	5.4	6.2	5.7	6.5	6.0	6.1	5.9	6.0	6.8	6.2	5.8	6.6	6.8	6.3	5.7
<b>Imports</b>	<b>YoY %</b>	<b>21.0</b>	<b>-6.6</b>	<b>-6.3</b>	<b>-22.3</b>	<b>14.3</b>	<b>-18.3</b>	<b>-8.3</b>	<b>-14.8</b>	<b>-12.5</b>	<b>-2.4</b>	<b>3.3</b>	<b>-3.8</b>	<b>0.3</b>	<b>15.8</b>	<b>-12.8</b>
Non-Oil & Gas	YoY %	15.5	-5.6	-4.9	-22.3	18.9	-13.9	-2.7	-12.1	-14.5	-1.9	-0.4	-5.6	1.7	14.4	-16.7
	Share	83.0	83.9	85.4	80.7	85.3	87.0	84.0	85.9	80.8	82.8	82.2	82.3	85.4	83.8	81.5
Oil & Gas	YoY %	58.3	-11.3	-13.7	-22.5	-6.5	-39.5	-29.7	-28.1	-2.8	-4.7	24.4	5.4	-7.2	23.8	10.3
	Share	17.0	16.1	14.6	19.3	14.7	13.0	16.0	14.1	19.2	17.2	17.8	17.7	14.6	16.2	18.5

Source: BPS Indonesia, Macrobond, Kenanga Research

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