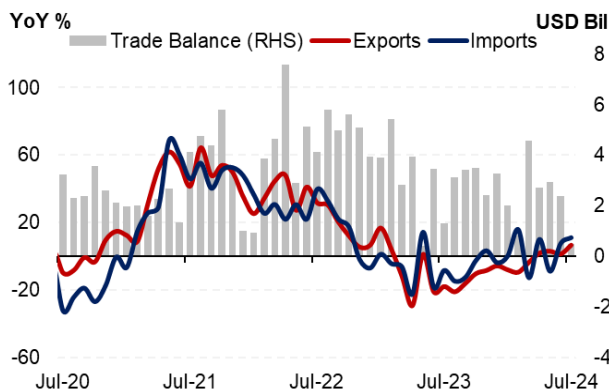


Indonesia External Trade

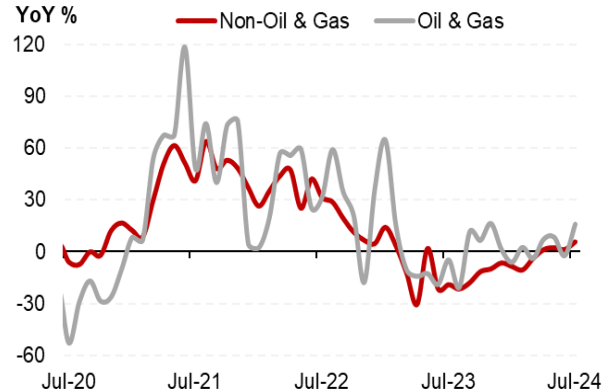
July exports and imports expanded sharply; trade surplus narrowed

- **Exports expanded to an 18-month high in July (6.5% YoY; Jun: 1.2%), above market expectations (3.9%), but remained positive for the fourth straight month**
 - MoM: rebounded (6.5%; Jun: -6.6%) to a two-month high.
- **Positive exports driven by strong shipment of non-O&G and O&G**
 - Non-O&G (5.9%; Jun: 1.4%): growth expansion was led by agriculture (32.1%; Jun: 10.9%), followed by mining (9.0%; Jun: -16.0%) and manufacturing (4.6%; Jun: 5.5%). By destination, growth was contributed by higher shipment to major trading partners led by Japan with a significant rebound 24.3% (Jun: -14.3%) and higher exports to the US (5.7%; Jun: 0.7%). Notably, shipment to China remained weak, it fell to a three-month low (-1.9%; Jun: 1.7%).
 - O&G (16.0%; Jun: -2.3%): rebounded sharply to an eight-month high, thanks to sustained mining (25.7%; Jun: 27.3%), and a slower contraction recorded in manufacturing (-6.9%; Jun: -60.5%).
- **Imports expanded (11.1%; Jun: 7.6%) to a five-month high, beating expectations (0.04%) amid higher shipment of non-O&G (10.6%; Jun: 1.7%)**
 - By category, growth was contributed by higher import of raw materials (15.2%; Jun: 10.6%) and a rebound in capital goods (2.0%; Jun: -6.3%). However, the momentum was partially capped by weak consumer goods (-0.8%; Jun: 12.0%) partly due to the high base effect recorded last year.
 - MoM: rebounded sharply (17.8%; Jun: -4.9%) to a 14-month high.
- **Trade surplus narrowed sharply (USD0.5b; Jun: USD2.4b), lower than consensus (USD2.5b), as MoM rebound in imports outpaced exports**
 - Meanwhile, total trade expanded sharply (8.7% YoY; Jun: 4.1%), its strongest in 18 months.
- **2024 export forecast maintained at 0.8% (2023: -11.3%), on the expectation of steady growth in the 2H24**
 - Year-to-date, exports fell by 1.5% amid weak exports of manufacturing products in both O&G and non-O&G. However, growth has been supported by the resilient agriculture sector and partly due to higher shipments of O&G mining products. With expectations of a gradual economic recovery in China its largest trading partner, we expect exports to pick up pace towards the end of the year. Nevertheless, our forecast remains subject to downside risks, such as a slower-than-expected recovery in China and a potential economic slowdown in the US.

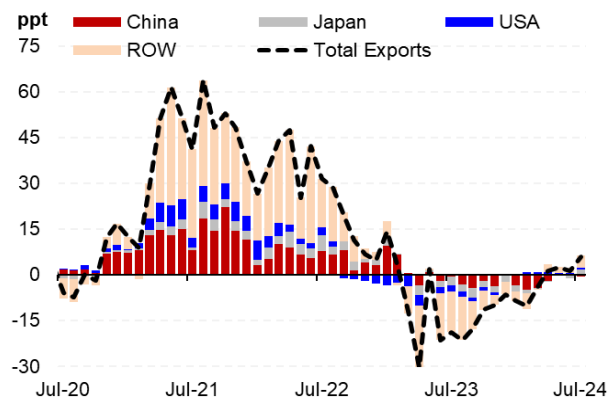
Graph 1: External Trade Growth Trend



Graph 2: Exports Growth by Group

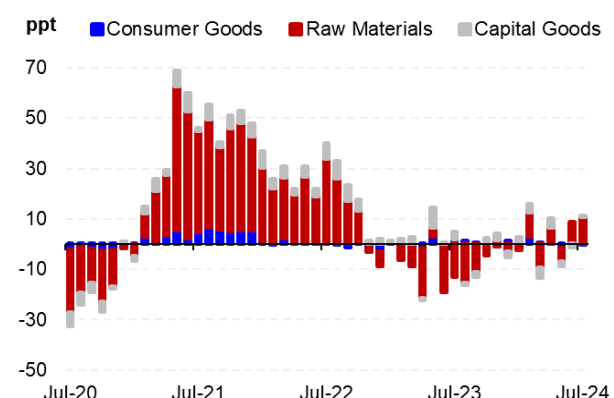


Graph 3: Non-Oil & Gas Exports by Destination (Top-3)



Source: BPS Indonesia, Macrobond, Kenanga Research

Graph 4: Imports by Categories



Source: BPS Indonesia, Macrobond, Kenanga Research

16 August 2024

Table 1: Indonesia External Trade Growth Trend

		2022	2023	Jul -23	Aug -23	Sep -23	Oct -23	Nov -23	Dec -23	Jan -24	Feb -24	Mar -24	Apr -24	May -24	Jun -24	Jul -24
Total Trade	YoY %	23.7	-9.2	-13.6	-18.4	-14.5	-6.9	-3.3	-4.9	-4.4	1.3	-8.0	5.4	-2.9	4.1	8.7
Trade Balance	USD bn	54.4	36.9	1.3	3.1	3.4	3.5	2.4	3.3	2.0	0.8	4.6	2.7	2.9	2.4	0.5
Exports	YoY %	26.0	-11.3	-18.1	-21.2	-16.2	-10.4	-8.6	-5.8	-8.2	-9.6	-3.8	1.7	2.9	1.2	6.5
Non-Oil & Gas	YoY %	25.8	-12.0	-18.8	-21.3	-17.7	-11.4	-9.8	-6.3	-8.4	-10.3	-3.7	1.3	2.5	1.4	5.9
	Share	94.6	93.8	94.1	94.0	93.2	93.8	94.2	93.4	93.2	93.7	94.3	93.1	93.6	94.1	93.6
Oil & Gas	YoY %	29.3	0.5	-4.7	-20.7	11.6	6.5	16.4	1.4	-6.1	2.6	-4.0	7.3	8.4	-2.3	16.0
	Share	5.4	6.2	5.9	6.0	6.8	6.2	5.8	6.6	6.8	6.3	5.7	6.9	6.4	5.9	6.4
Imports	YoY %	21.0	-6.6	-8.3	-14.8	-12.5	-2.4	3.3	-3.8	0.3	15.8	-12.8	10.1	-8.8	7.6	11.1
Non-Oil & Gas	YoY %	15.5	-5.6	-2.7	-12.1	-14.5	-1.9	-0.4	-5.6	1.7	14.4	-16.7	12.3	-8.2	1.7	10.6
	Share	83.0	83.9	84.0	85.9	80.8	82.8	82.2	82.3	85.4	83.8	81.5	82.3	85.8	82.3	83.6
Oil & Gas	YoY %	58.3	-11.3	-29.7	-28.1	-2.8	-4.7	24.4	5.4	-7.2	23.8	10.3	1.0	-12.3	47.2	13.6
	Share	17.0	16.1	16.0	14.1	19.2	17.2	17.8	17.7	14.6	16.2	18.5	17.7	14.2	17.7	16.4

Source: BPS Indonesia, Macrobond, Kenanga Research

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