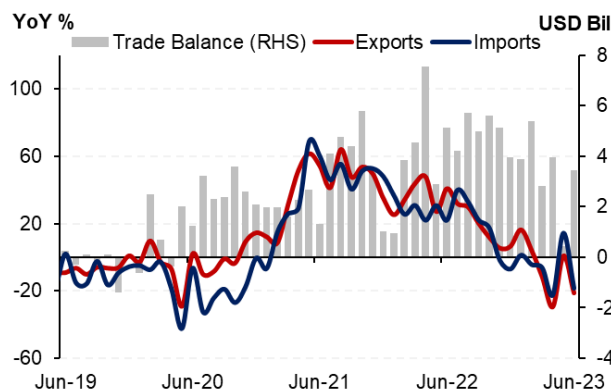


Indonesia External Trade

Exports and imports fell sharply in June, but trade surplus widened

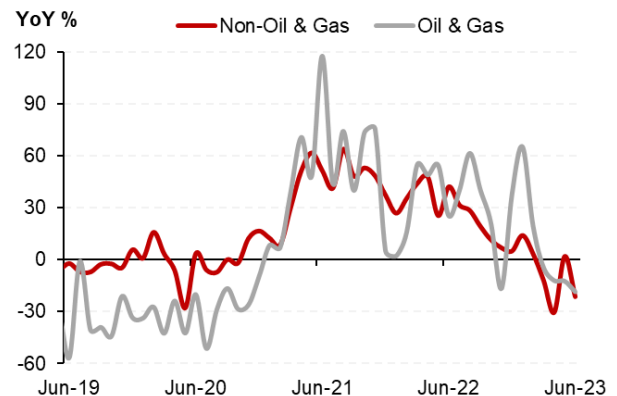
- Exports fell sharply in June (-21.2% YoY; May: 0.9%), lower than the consensus forecast (-18.7%), partly due to the high base effect recorded last year and weaker global trade activity**
 - MoM: contracted (-5.1%; May: 12.6%) after recording a sharp rebound in the previous month.
- Export growth was weighed down by weak shipment of O&G and non-O&G products and subdued demand among major trading partners**
 - Non-O&G (-21.3%; May: 1.9%): growth contracted after a positive turnaround in the previous month. This was primarily attributed to a broad-based slowdown, led by weak mining (-37.9%; May: -21.0%), followed by manufacturing (-15.8%; May: 10.3%) and agriculture (-0.7%; May: 32.4%) products. Similarly, subdued demand was recorded across major trading partners, as reflected by Japan (-23.2%; May: 8.2%), the US (-20.6%; May: -0.2%) and China (-10.0%; May: 4.0%).
 - O&G (-18.7%; May: -12.5%): remained contracted for the fourth straight month and weakest since November 2020 due to subdued mining (-24.5%; May: -11.1%) and manufacturing (-4.2%; May: -15.5%) products.
- Imports fell sharply (-18.3%; May: 14.3%), lower than consensus (-7.8%) due to weak imports of O&G (-39.5%; May: -6.5%) and non-O&G (-13.9%; May: 18.9%)**
 - By category, it was a broad-based slowdown led by a decline in growth for raw materials (-23.8%; May: 4.4%), followed by consumer goods (-6.6%; May: 36.5%) and a sharp moderation in capital goods (4.1%; May: 60.3%)
 - MoM: growth contracted (-19.4%; May: 38.7%), following a sharp rebound in the previous month.
- Trade surplus widened to a two-month high (USD3.5b; May: USD0.4b), beating consensus (USD1.4b) as imports fell sharply than exports on a MoM basis. Meanwhile, total trade fell sharply (-19.9% YoY; May: 7.1%).**
- 2023 export growth forecast retain at -3.4% (2022: 26.1%), banking on a recovery by year-end**
 - Year-to-date, exports fell by 8.8% YoY largely due to lower commodity prices and weakening external trade further compounded by a global economic slowdown amid global monetary policy tightening. This was also associated with a diminishing lower base effect and a slower-than-expected recovery in China's economy. Nevertheless, we expect China's economy continues to recover and exert a positive influence on the export landscape.

Graph 1: External Trade Growth Trend



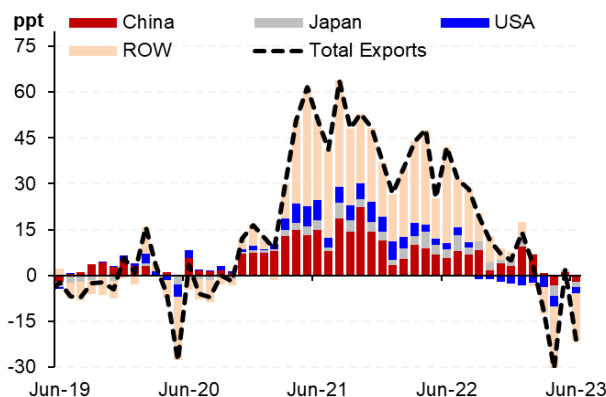
Source: BPS Indonesia, Macrobond, Kenanga Research

Graph 2: Exports Growth by Group



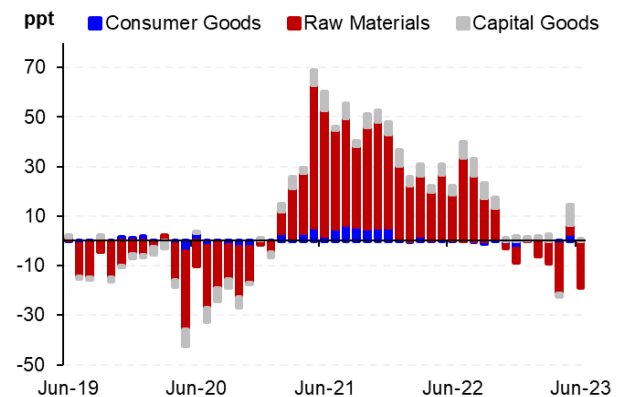
Source: BPS Indonesia, Macrobond, Kenanga Research

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 July 2023

Table 1: Indonesia External Trade Growth Trend

		2021	2022	Jun -22	Jul -22	Aug -22	Sep -22	Oct -22	Nov -22	Dec -22	Jan -23	Feb -23	Mar -23	Apr -23	May -23	Jun -23
Total Trade	YoY %	40.4	23.8	31.8	35.4	31.2	21.0	14.3	2.1	0.0	9.0	0.3	-9.2	-26.4	7.1	-19.9
Trade Balance	USD bn	35.4	54.5	5.1	4.2	5.7	5.0	5.6	5.1	4.0	3.9	5.4	2.8	3.9	0.4	3.5
Exports	YoY %	41.9	26.1	40.9	32.0	29.9	20.2	11.9	5.5	6.6	16.4	4.1	-11.6	-29.4	0.9	-21.2
Non-Oil & Gas	YoY %	41.6	25.8	42.1	31.6	28.3	19.2	11.5	6.9	5.0	14.0	3.4	-12.0	-30.4	1.9	-21.3
	Share	94.7	94.5	94.1	94.6	93.9	94.7	94.8	95.4	93.8	93.3	94.4	94.3	93.5	94.0	93.9
Oil & Gas	YoY %	48.5	30.7	25.2	39.8	61.4	40.2	21.0	-16.8	37.9	65.1	19.3	-4.8	-12.2	-12.5	-18.7
	Share	5.3	5.5	5.9	5.4	6.1	5.3	5.2	4.6	6.2	6.7	5.6	5.7	6.5	6.0	6.1
Imports	YoY %	38.6	21.0	22.0	39.8	32.8	22.0	17.4	-1.9	-7.0	1.3	-4.3	-6.3	-22.3	14.3	-18.3
Non-Oil & Gas	YoY %	34.0	15.5	16.2	25.4	26.1	14.0	9.6	-0.9	-7.3	-2.8	-1.6	-4.9	-22.3	18.9	-13.9
	Share	87.0	83.0	82.5	79.1	83.3	82.7	82.4	85.2	83.9	84.2	84.9	85.4	80.7	85.3	87.0
Oil & Gas	YoY %	79.1	58.3	59.8	148.4	80.6	83.5	77.2	-7.3	-5.2	30.4	-17.1	-13.7	-22.5	-6.5	-39.5
	Share	13.0	17.0	17.5	20.9	16.7	17.3	17.6	14.8	16.1	15.8	15.1	14.6	19.3	14.7	13.0

Source: BPS Indonesia, Macrobond, Kenanga Research

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