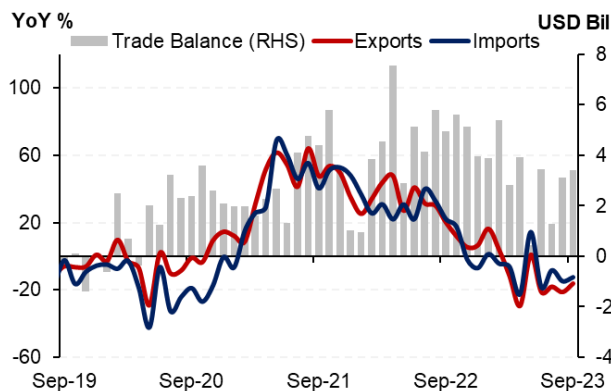


Indonesia External Trade

Overall trade continued to fall in September on weak commodity demand

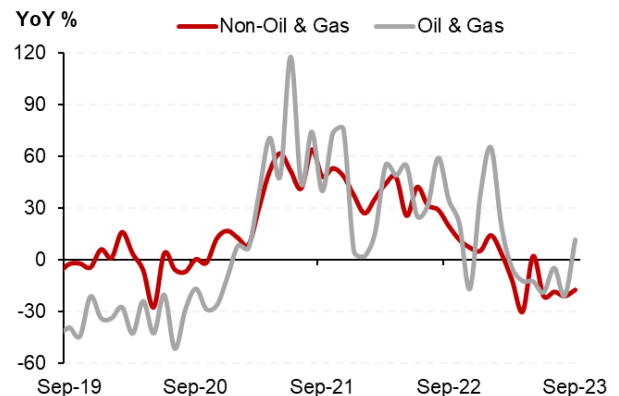
- Exports fell for the fourth straight month in September (-16.2% YoY; Aug: -21.2%), a bigger drop than consensus' -13.5%, due to weak commodity prices, and subdued external demand**
 - MoM: fell (-5.6%; Aug: 5.4%) to a five-month low.
- Export growth was mainly weighed by weak shipment of non-O&G products but supported by a rebound in O&G**
 - Non-O&G (-17.7%; Aug: -21.3%): growth contracted for the fourth straight month due to a broad-based slowdown, led by weak mining (-41.9%; Aug: -33.3%), followed by agriculture (-15.0%; Aug: -30.0%) and manufacturing (-9.0%; Aug: -17.5%) products. By destination, weak demand was recorded across major trading partners, led by Japan (-35.6%; Aug: -29.0%), followed by China (-15.9%; Aug: -12.9%) and the US (-13.1%; Aug: -17.7%).
 - O&G (11.6%; Aug: -20.7%) rebounded sharply for the first time in seven months due to a surge in manufacturing YoY growth (67.4%; Aug: 11.5%).
- Imports remained in a contraction (-12.5%; Aug: -14.8%) for the fourth straight month and sharply lower than consensus (-5.5%). Growth was mainly dragged by weak imports of non-O&G (-14.5%; Aug: -12.1%)**
 - By category, it was a broad-based slowdown led by a decline in raw materials (-14.8%; Aug: -20.4%), followed by capital goods (-10.0%; Aug: -4.0%). Meanwhile, the import of consumer goods slowed sharply (4.7%; Aug: 15.5%).
 - MoM: growth contracted sharply (-8.1%; Aug: -3.5%) to a three-month low.
- Trade surplus widened to a three-month high (USD3.4b; Aug: USD3.1b), beating consensus (USD2.1b) as a contraction in imports outpaced exports on a MoM basis. Nevertheless, total trade fell for the fourth month (-14.5% YoY; Aug: -18.4%).**
- 2023 export growth forecast retained at -9.3% (2022: 26.1%)**
 - Year-to-date, exports fell by 12.3% YoY (YTD 2022: 33.5%), indicating a persistent weakness in external demand brought by the impact of the global economic slowdown partly attributed by a higher interest rate environment in the advanced economies as well as geopolitical factors. Nevertheless, we expect growth contraction in exports to ease in the coming months amid a gradual recovery in China's economy while the higher base effect dissipates.

Graph 1: External Trade Growth Trend



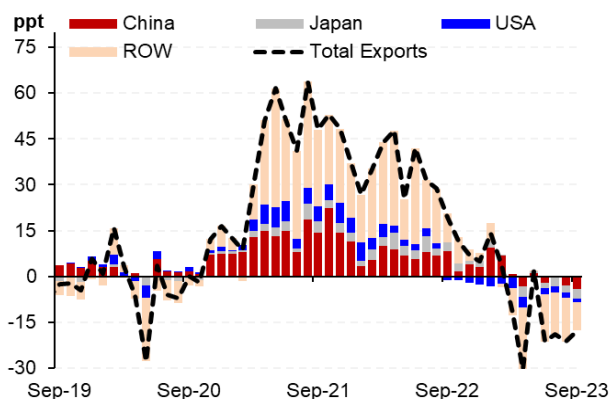
Source: BPS Indonesia, Macrobond, Kenanga Research

Graph 2: Exports Growth by Group



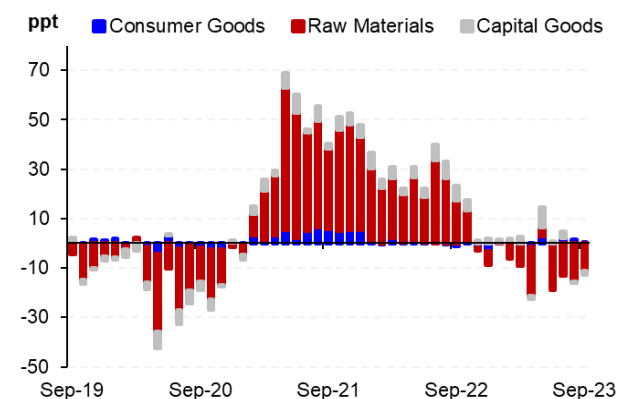
Source: BPS Indonesia, Macrobond, Kenanga Research

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

17 October 2023

Table 1: Indonesia External Trade Growth Trend

		2021	2022	Sep -22	Oct -22	Nov -22	Dec -22	Jan -23	Feb -23	Mar -23	Apr -23	May -23	Jun -23	Jul -23	Aug -23	Sep -23
Total Trade	YoY %	40.4	23.8	20.9	14.3	2.1	0.0	9.0	0.3	-9.2	-26.4	7.1	-19.9	-13.6	-18.4	-14.5
Trade Balance	USD bn	35.4	54.5	5.0	5.6	5.1	4.0	3.9	5.4	2.8	3.9	0.4	3.5	1.3	3.1	3.4
Exports	YoY %	41.9	26.1	20.1	11.9	5.5	6.6	16.4	4.1	-11.6	-29.4	0.9	-21.2	-18.1	-21.2	-16.2
Non-Oil & Gas	YoY %	41.6	25.8	19.4	11.5	6.9	5.0	14.0	3.4	-12.0	-30.4	1.9	-21.3	-18.8	-21.3	-17.7
	Share	94.7	94.5	94.9	94.8	95.4	93.8	93.3	94.4	94.3	93.5	94.0	93.9	94.1	94.0	93.2
Oil & Gas	YoY %	48.5	30.7	34.7	21.0	-16.8	37.9	65.1	19.3	-4.8	-12.2	-12.5	-18.8	-4.7	-20.7	11.6
	Share	5.3	5.5	5.1	5.2	4.6	6.2	6.7	5.6	5.7	6.5	6.0	6.1	5.9	6.0	6.8
Imports	YoY %	38.6	21.0	22.0	17.4	-1.9	-7.0	1.3	-4.3	-6.3	-22.3	14.3	-18.3	-8.3	-14.8	-12.5
Non-Oil & Gas	YoY %	34.0	15.5	14.0	9.6	-0.9	-7.3	-2.8	-1.6	-4.9	-22.3	18.9	-13.9	-2.7	-12.1	-14.5
	Share	87.0	83.0	82.7	82.4	85.2	83.9	84.2	84.9	85.4	80.7	85.3	87.0	84.0	85.9	80.8
Oil & Gas	YoY %	79.1	58.3	83.5	77.2	-7.3	-5.2	30.4	-17.1	-13.7	-22.5	-6.5	-39.5	-29.7	-28.1	-2.8
	Share	13.0	17.0	17.3	17.6	14.8	16.1	15.8	15.1	14.6	19.3	14.7	13.0	16.0	14.1	19.2

Source: BPS Indonesia, Macrobond, Kenanga Research

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