

Indonesia Trade Indicators

	March	April
Exports yoy	-11.6%	-29.4%
- Oil & gas yoy	-4.8%	-12.2%
- Non-oil & gas yoy	-12.0%	-30.3%
Imports yoy	-6.3%	-22.3%
- Oil & gas yoy	-13.7%	-22.5%
- Non-oil & gas yoy	-4.9%	-22.3%
Trade balance (USD bln)	2.8	3.9
- Oil & gas balance	-1.7	-1.7
- Non-oil & gas balance	4.5	5.6
Selected Export Partners yoy		
China	3.4%	-15.9%
Japan	-3.5%	-37.7%
USA	-30.5%	-35.9%
ASEAN	-18.0%	-42.0%
EU	-17.6%	-28.6%
Selected Import Partners yoy		
China	7.0%	-18.9%
Japan	-12.7%	-28.7%
USA	10.7%	-20.5%
ASEAN	-9.5%	-29.6%
EU	29.5%	10.3%
Types of Goods Imported yoy		
Consumption goods	-2.9%	-17.7%
Intermediary goods	-11.2%	-25.3%
Capital goods	18.5%	-6.9%

Source: BPS, SSI Research

Better trade balance surplus in April despite the plunge in exports, imports

Indonesia's trade balance surplus spiked in April to USD 3.94bn despite sharp contractions in exports (-29.4% yoy) and imports (-22.3% yoy); the freefall in exports and imports was mainly caused by the impact of the long Eid holiday. Thus, we estimate that the plunge was temporary, and we should see better export-import performance in May as economic activity returns to normal. The ongoing commodity slump did fuel some concerns; however, our TOT model shows that pressure caused by the slump might subside in May following the sharp drop in crude oil prices by -33% yoy to USD 75.3 per bbl. Taking these conditions into account, we expect the trade balance surplus to remain stable in May, staying within the range of USD 3.7-3.9bn. We maintain our projected FY23 current account ratio to GDP at -0.1%.

Indonesia's trade balance surplus spiked to USD 3.94bn in April, beating our estimate and consensus (Mar: 2.83 billion, Cons Apr: USD 3.33 billion, SSI: USD 3.5 billion). The spike was mainly caused by the sharp, unexpected import contraction of -22.3% yoy (Mar: -6.3% yoy, Cons Apr: -6% yoy, SSI: -3% yoy) which offset the plunge in exports of -29.4% yoy (Mar: -11.6% yoy, Cons Apr: 19.3% yoy, SSI: -17% yoy). The main factor leading to the freefall in imports was the decline in imports of raw materials (-25.3% yoy vs. Mar: -11.2% yoy) and consumer goods (-17.7% yoy vs. Mar: -2.9% yoy), indicating the slowdown in business activities due to the long Eid holiday (19-25 April). We expect better import performance in May as economic activity returns to normal.

Exports in April were hampered by commodity slump. Newcastle coal prices fell -35.4% yoy in April to an average of USD 193.3 per metric ton, and the price of Brent crude oil (one of the leading import commodities) dropped -21.8% yoy to an average of USD 83.1 per barrel. Meanwhile, Malaysian CPO prices plunged -47.7% yoy to MYR 4,022 per MT, and LME nickel prices fell -28.1% yoy to USD 23,813 per MT. The slowdown in business activities due to the long Eid holiday also contributed to the worse-than-expected contraction in exports.

We project Indonesia's trade balance surplus to stabilize in May, staying within the range of USD 3.7-3.9bn, under the condition that the term-of-trade (TOT) for Indonesia's leading commodities remain at their current levels. Our TOT model predicts that Indonesia's TOT will stay at 1.4 in May (see Chart 1), mainly due to the decline in Brent crude oil prices of -33% yoy to USD 75.3 per barrel in May, although Malaysian CPO and Newcastle coal prices saw even worse declines of -42.5% yoy and -60.1% yoy to MYR 3,799 and USD 170.4 per MT, respectively.

We reiterate our forecast for Indonesia's FY23 current account ratio to GDP of -0.1%. We estimate Indonesia's current account ratio will continue to decline from 1.3% in 4Q22 to 1% in 1Q23 (the data will be released next Tuesday (5/23)), then to 0.7% in 2Q23 and 0.3% in 3Q23 (see Chart 2 and Table 1).

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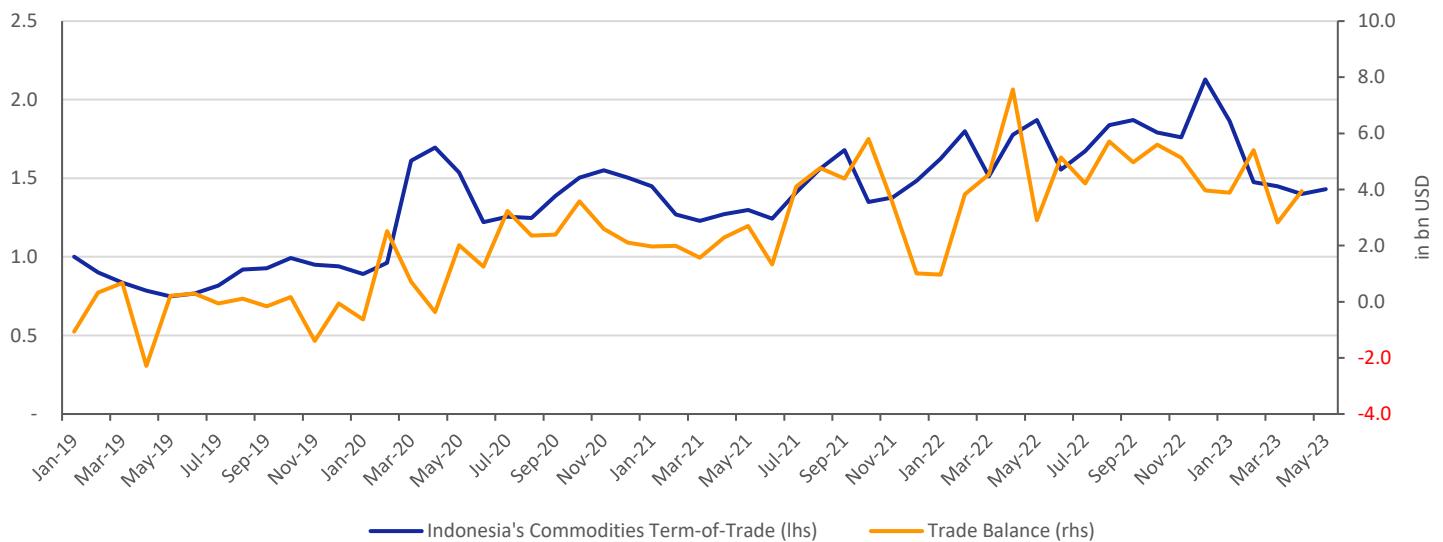
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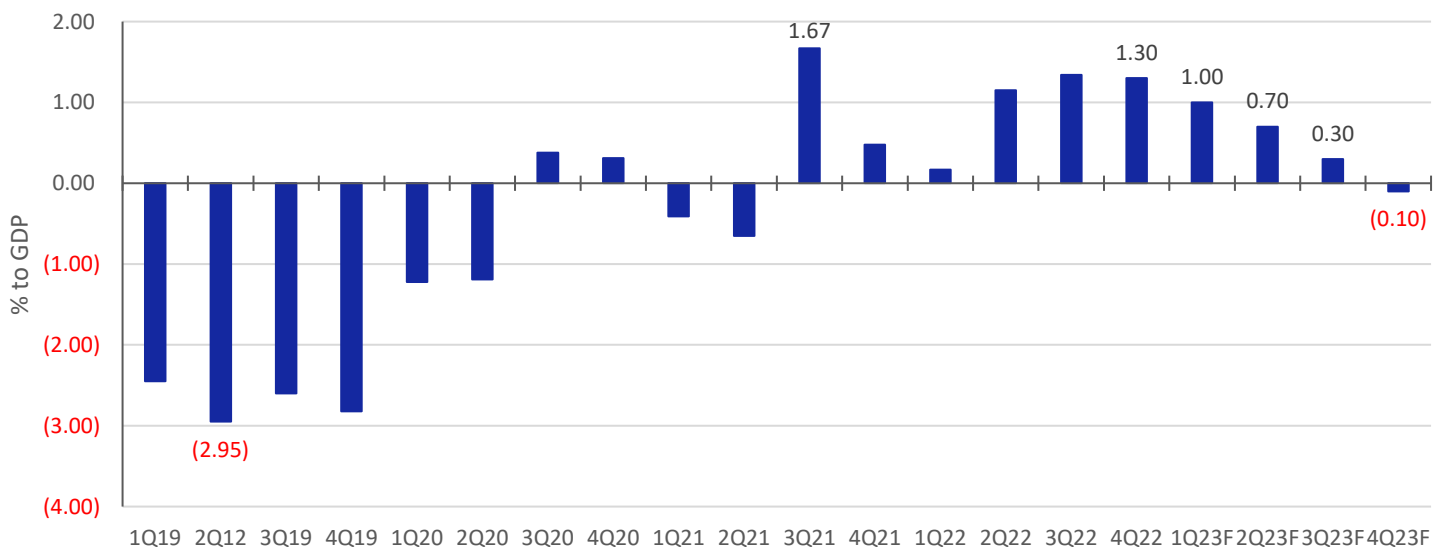
Table 1. SSI Macroeconomic Forecast Table

Indicators (% yoy)	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23F	3Q23F	4Q23F	FY21	FY22	FY23F
Real GDP (NSA % qoq)	(0.9)	3.3	1.5	1.1	(1.0)	3.7	1.8	4.0	(0.9)	3.4	1.7	0.6			
Real GDP	(0.7)	7.1	3.5	5.0	5.0	5.4	5.7	5.0	5.0	4.6	4.5	4.7	3.7	5.3	4.7
Unemployment rate (% nsa)	6.3	6.3	6.5	6.5	5.8	5.8	5.9	5.9	5.5	5.5	5.4	5.3	6.5	5.9	5.3
Consumer price	1.4	1.3	1.6	1.9	2.6	4.4	6.0	5.5	5.0	3.8	2.6	2.8	1.9	5.5	2.8
Current account balance (% to GDP)	(0.4)	(0.7)	1.7	0.5	0.2	1.2	1.3	1.3	1.0F	0.7	0.3	(0.1)	0.5	1.3	(0.1)
Fiscal balance (% to GDP)	(0.8)	(1.7)	(2.7)	(4.6)	0.1	0.4	0.3	(2.4)	0.6	(1.1)	(1.8)	(2.8)	(4.6)	(2.4)	(2.8)
Policy rate, 7 day reverse repo rate (%)	3.50	3.50	3.50	3.50	3.50	3.50	4.25	5.50	5.75	5.75	5.25	4.75	3.75	5.50	4.75
10-year government bond yield (%)	6.78	6.59	6.26	6.38	6.74	7.22	7.37	6.94	6.79	6.40	6.20	6.00	6.38	6.94	6.00
Exchange rate (USD/IDR)	14,525	14,500	14,313	14,253	14,369	14,898	15,228	15,568	14,995	14,600	14,700	14,900	14,253	15,568	14,900

Source: SSI Research.

Chart 1. SSI's Trade Balance Predictor


Source: Bloomberg, BPS, SSI Research

Chart 2. SSI Indicator on Indonesia's Commodity Term-of-Trade (CPO, Coal, and Nickel vs. Crude)


Source: Bank Indonesia, SSI Research

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