Samuel’s Economic Data Tracker

GDP- Balance of Payment-Foreign Trade-Foreign Reserves-Interest Rate-Inflation-Government Budget

SAMUEL SEKURITAS INDONESIA

Your Lifelong Investment Partner

Macro Analysis

18 December 2023

Indonesia Trade Indicators

	October	November
Exports yoy	-10.4%	-8.6%
- Oil & gas yoy	6.5%	16.4%
- Non-oil & gas yoy	-11.4%	-9.8%
Imports yoy	-2.4%	3.3%
- Oil & gas yoy	-4.7%	24.4%
- Non-oil & gas yoy	-1.9%	-0.4%
Trade balance (USD bln)	3.5	2.4
- Oil & gas balance	5.3	4.6
- Non-oil & gas balance	-1.8	-2.2
Selected Export Partners yoy		
China	-7.4%	-13.9%
Japan	-24.9%	-23.9%
US	-11.8%	-7.5%
ASEAN	-13.4%	-11.0%
EU	-30.4%	-16.8%
Selected Import Partners yoy		
China	2.9%	-3.3%
Japan	5.2%	-11.1%
US	-9.5%	-11.4%
ASEAN	13.1%	3.8%
EU	8.9%	21.0%
Types of Goods Imported yoy		
Consumption goods	3.8%	19.8%
Intermediary goods	-6.1%	-1.0%
Capital goods	11.1%	13.7%

Source: BPS, SSI Research

Year-end import surge erodes November trade balance surplus

- **Indonesia’s trade balance surplus came in at USD 2.41bn in November (Oct: USD 3.47bn; Cons: USD 2.97bn; SSI: USD 3.7bn); the drop was mainly caused by the unexpected import surge, particularly consumer goods and fuel.**
- **Even though commodity prices, including coal, palm oil (CPO), and steel, continue to decline, commodity export value has remained relatively stable at USD 7-9bn (Nov: USD 8.4bn) since 2Q23, which is believed to be due to the effect of better export volumes.**
- **In light of the situation, we maintain our current account deficit projections for FY23 (-0.2% of GDP) and FY24 (-0.9%).**

Indonesia's trade balance surplus came in at USD 2.41bn in November (Oct: USD 3.47bn; Cons: USD 2.97bn; SSI: USD 3.7bn). The drop was mainly caused by the unexpected spike in imports of 3.3% yoy (Oct: -2.4% yoy; Cons: -0.2% yoy; SSI: -9.4% yoy), which was triggered by a surge in the growth of imports of consumer goods to 19.8% yoy (Oct: 3.8% yoy) and the reversal of oil and gas imports, from a -4.7% yoy drop in October to a 24.4% yoy growth in November ahead of the Christmas and New Year holidays. The reversal caused the contraction in imports of raw materials to decline to -1% yoy (Oct: -6.1% yoy).

Export contraction eased further in November, coming in at -8.6% yoy (Oct: -10.4% yoy; Cons: -9.5% yoy; SSI: -13.3% yoy), thanks to the increase in the export value of non-oil and gas commodities, including coal, oil palm oil (CPO), and steel to USD 8.4bn (Oct: USD 8.3bn). We noticed that the value of non-oil and gas commodity exports has remained relatively stable at USD 7-9bn since 2Q23, indicating positive growth in the volume of non-oil and gas commodity exports, which is quite interesting considering the fact that commodity prices have been stuck in a slump since 2Q23 (see Chart 1). The increase in the volume of non-oil and gas commodity exports might be the main factor leading to the slowdown in export contraction rate (see Chart 2).

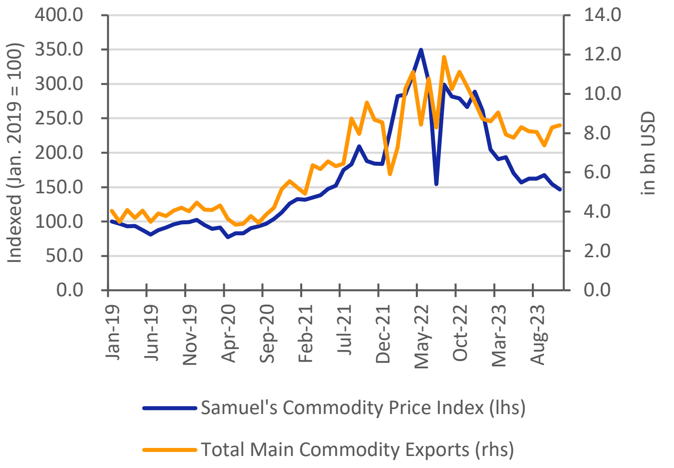
In light of November's results, we maintain our FY23 current account deficit projection of -0.2% of GDP. We expect the export value of non-oil and gas commodities to remain at USD 8-9bn in December. Assuming the rate of imports continues to grow in December (max. 10% mom) or even stagnates (0%), we project the 4Q23 cumulative trade balance surplus to reach USD 6.3-8.3bn with a current account deficit of USD -2bn to -3bn (or - 0.6% to -0.9% of GDP in 4Q23 alone).

We also maintain our FY24 current account deficit projection at -0.9% of GDP scenario (see Chart 3). The figure matches Bank Indonesia's highest current account deficit projection (-0.1% to -0.9% of GDP).

Considering the possibility of the current account deficit widening in 2024 to close to -1% of GDP, we expect the size of BI’s rate cuts in 2024 to be smaller than the Fed’s. According to the FOMC's December projection, the size of the Fed's rate cuts is estimated at 75 bps. However, market players consider the projection too low, and they predict a dovish pivot of 150 bps to 4%. In light of the situation, we project the optimal size of BI’s rate cut at 75 bps to 5.25% (see Chart 4).

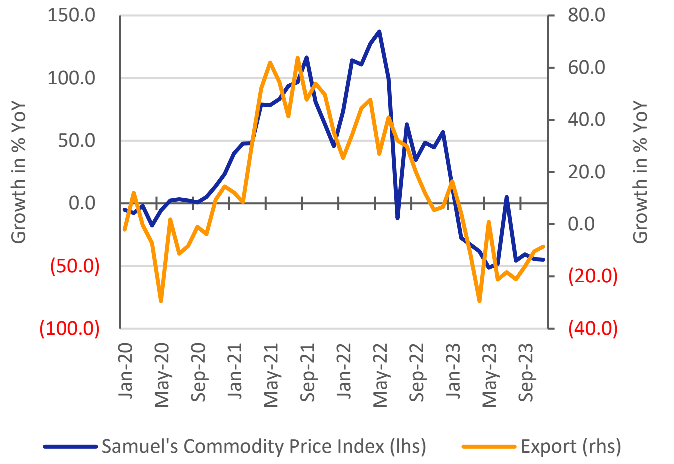
Lionel Priyadi
Macro Strategist
lionel.priyadi@samuel.co.id
+6221 2854 8854

Chart 1. SSI's Non-Oil and Gas Commodity Export Tracker



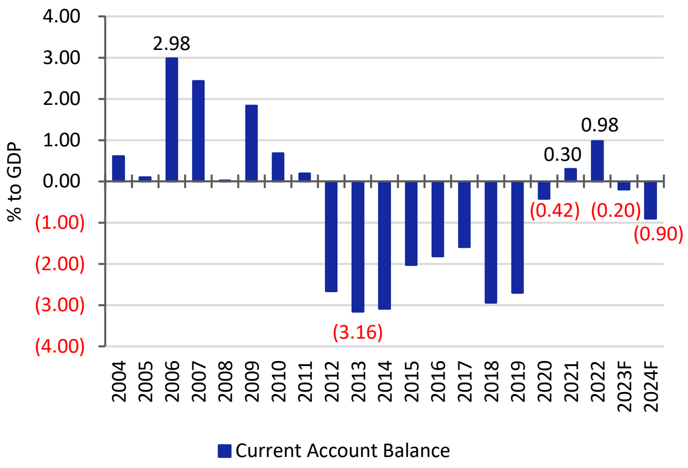
Source: BPS, SSI Research

Chart 2. SSI's Export Performance Watcher



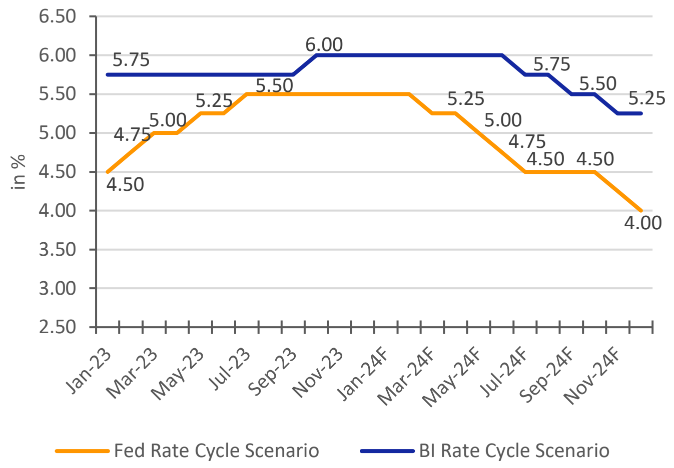
Source: BPS, SSI Research

Chart 3. SSI's Current Account Balance Projection



Source: BI, SSI Research

Chart 4. SSI's Rate Cuts Projection for BI & The Fed



Source: BI, CME Group, The Fed, Bloomberg, SSI Research

Table 1. SSI's Forecast Table

Indicators (% yoy)	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23F	1Q24F	2Q24F	3Q24F	4Q24F	FY22	FY23F	FY24F
Real GDP (NSA % qoq)	1.8	0.4	(0.9)	3.9	1.6	0.3	(0.9)	3.6	1.7	0.6			
Real GDP	5.7	5.0	5.0	5.2	4.9	4.9	4.9	4.7	4.7	5.0	5.3	5.0	4.8
Unemployment rate (% nsa)	5.9	5.9	5.5	5.5	5.3	5.3	5.2	5.1	5.1	5.0	5.9	5.3	5.0
Consumer price	6.0	5.5	5.0	3.5	2.3	2.8	2.9	3.3	3.6	3.4	5.5	2.8	3.4
Current account balance (% to GDP)	1.3	1.3	0.9	(0.6)	(0.3)	(0.6)	(0.8)	(0.9)	(0.8)	(1.0)	1.0	(0.2)	(0.9)
12M rolling sum	0.8	1.0	1.1	0.7	0.3	(0.2)	(0.6)	(0.7)	(0.8)	(0.9)			
Fiscal balance (% to GDP)	0.3	(2.4)	0.6	0.7	0.3	(2.0)	(0.4)	(1.0)	(1.5)	(2.3)	(2.4)	(2.0)	(2.3)
Policy rate, 7DRRR (%)	4.25	5.50	5.75	5.75	5.75	6.00	6.00	6.00	6.00	5.75	5.50	6.00	5.75
10-year gov't bond yield (%)	7.37	6.94	6.79	6.26	6.91	6.90	6.90	6.80	6.70	6.50	6.94	7.00	6.50
Exchange rate (USD/IDR)	15,228	15,568	14,995	14,993	15,455	15,600	15,500	15,400	15,400	15,500	15,568	15,600	15,500

Source: SSI Research

Research Team			
Prasetya Gunadi	Head of Equity Research, Strategy, Banking, Digital Banks	prasetya.gunadi@samuel.co.id	+6221 2854 8320
Lionel Priyadi	Macro Equity Strategist	lionel.priyadi@samuel.co.id	+6221 2854 8854
Muhamad Alfatih, CSA, CTA, CFTe	Senior Technical Analyst	m.alfatih@samuel.co.id	+6221 2854 8129
Yosua Zisokhi	Cement , Cigarette, Paper, Plantation,Telco Infra, Chemicals	yosua.zisokhi@samuel.co.id	+6221 2854 8387
M. Farras Farhan	Media, Poultry, Oil & Gas, Technology	farras.farhan@samuel.co.id	+6221 2854 8346
Pebe Peresia	Automotive, Consumer Staples, Retail	pebe.peresia@samuel.co.id	+6221 2854 8339
Juan Oktavianus Harahap	Coal, Metal Mining	juan.oktavianus@samuel.co.id	+6221 2854 8846
Jonathan Guyadi	Banking, Healthcare, Telco	jonathan.guyadi@samuel.co.id	+6221 2854 8321
Adolf Richardo	Editor	adolf.richardo@samuel.co.id	+6221 2864 8397
Ashalia Fitri Yuliana	Research Associate	ashalia.fitri@samuel.co.id	+6221 2854 8389
Daniel Aditya Widjaja	Research Associate	daniel.aditya@samuel.co.id	+6221 2854 8322
Laurencia Hiemas	Research Associate	laurencia.hiemas@samuel.co.id	+6221 2854 8392
Brandon Boedhiman	Research Associate	brandon.boedhiman@samuel.co.id	+6221 2854 8392
Haikal Putra Samsul	Research Associate	haikal.putra@samuel.co.id	+6221 2854 8353

Equity Institutional Team			
Widya Meidrianto	Head of Institutional Equity Sales	widya.meidrianto@samuel.co.id	+6221 2854 8317
Ronny Ardianto	Institutional Equity Sales	ronny.ardianto@samuel.co.id	+6221 2854 8399
Fachruly Fiater	Institutional Sales Trader	fachruly.fiater@samuel.co.id	+6221 2854 8325
Lucia Irawati	Institutional Sales Trader	lucia.irawati@samuel.co.id	+6221 2854 8173
Alexander Tayus	Institutional Equity Dealer	alexander.tayus@samuel.co.id	+6221 2854 8319
Leonardo Christian	Institutional Equity Dealer	leonardo.christian@samuel.co.id	+6221 2854 8147

Equity Retail Team			
Joseph Soegandhi	Director of Equity	joseph.soegandhi@samuel.co.id	+6221 2854 8872
Damargumilang	Head of Equity Retail	damargumilang@samuel.co.id	+6221 2854 8309
Anthony Yunus	Head of Equity Sales	anthony.yunus@samuel.co.id	+6221 2854 8314
Clarice Wijana	Head of Equity Sales Support	clarice.wijana@samuel.co.id	+6221 2854 8395
Gitta Wahyu Retnani	Equity Sales & Trainer	gitta.wahyu@samuel.co.id	+6221 2854 8365
Vincentius Darren	Equity Sales	darren@samuel.co.id	+6221 2854 8348
Sylviawati	Equity Sales Support	sylviawati@samuel.co.id	+6221 2854 8112
Handa Sandiawan	Equity Sales Support	handa.sandiawan@samuel.co.id	+6221 2854 8302
Denzel Obaja	Equity Sales Support	denzel.obaja@samuel.co.id	+6221 2854 8342
Yonathan	Dealer	yonathan@samuel.co.id	+6221 2854 8347
Michael Alexander	Dealer	michael.alexander@samuel.co.id	+6221 2854 8369
Reza Fahlevi	Dealer	reza.fahlevi@samuel.co.id	+6221 2854 8359

Fixed Income Sales Team			
R. Virine Tresna Sundari	Head of Fixed Income	virine.sundari@samuel.co.id	+6221 2854 8170
Sany Rizal Keliobas	Fixed Income Sales	sany.rizal@samuel.co.id	+6221 2854 8337
Safitri	Fixed Income Sales	safitri@samuel.co.id	+6221 2854 8376
Khairanni	Fixed Income Sales	khairanni@samuel.co.id	+6221 28548104
Saldy Achmad Yanuar	Fixed Income Sales	saldy.achmad@samuel.co.id	+6221 28548384
Nadya Attahira	Fixed Income Sales	nadya.attahira@samuel.co.id	+6221 2854 8305