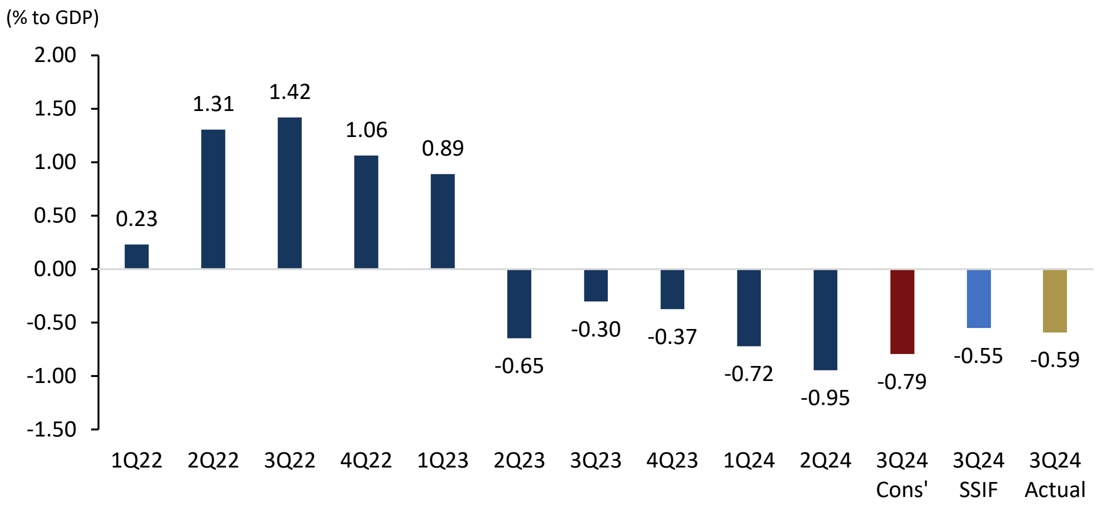
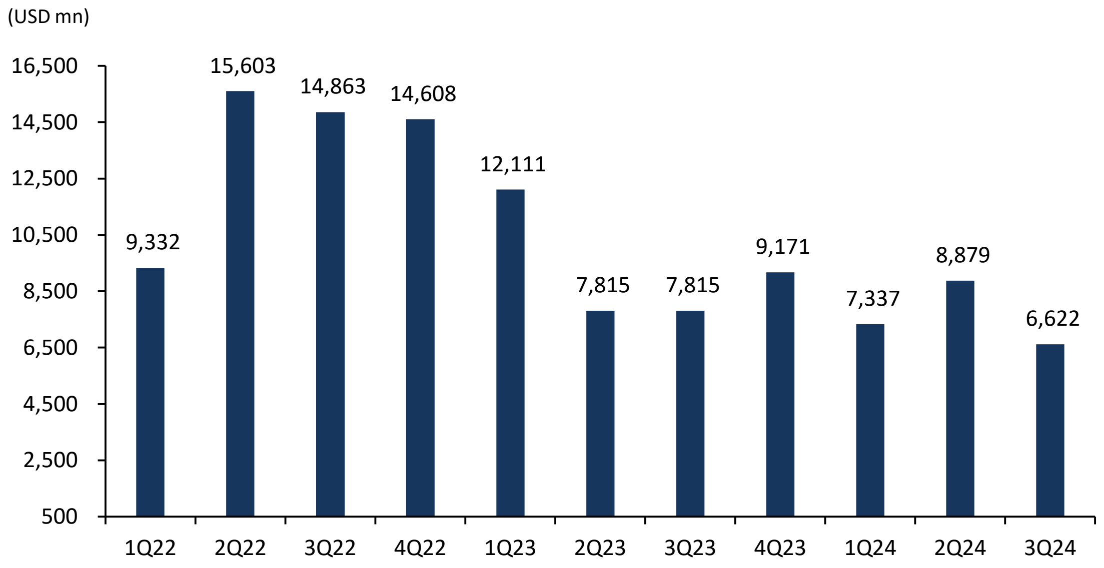
# Current Account Balance 3Q24: 21 November 2024

- Indonesia’s current account deficit (CAD) widened to USD 2.15bn in 3Q24 (0.59% of GDP) vs USD 1.16bn (0.30% of GDP) in 3Q23, marking the 6th consecutive quarter of deficit. This figure is in line with our projection of USD 2.05bn (0.55% of GDP) but misses the market consensus of USD 2.95bn. The worsening shortfall highlights Indonesia’s ongoing economic adjustments amid softer domestic demand (3Q24 exports: USD 67.16bn; 3Q24 imports: USD 57.87bn), global trade headwinds, and higher income outflows. One of the primary drivers of the widening CAD is the narrowing trade surplus, which declined to USD 9.29bn from USD 10.16bn in 3Q23 on the back of YoY 3Q24 export growth of 5.8% and imports growth of 8.6% over the same period.
- The services account deficit also widened, rising to USD 4.15bn from USD 3.90bn in 3Q23. Higher spending on transportation, logistics, and outbound travel services contributed to this increase, as international mobility and business activities continued to recover post-pandemic. This trend is a double-edged sword indicating consumer preference for travels, but at the expense of having less to spend for other needs, and at the macro level exerting pressure on Indonesia’s external balances.
- Additionally, the primary income deficit rose to USD 8.86bn from USD 8.67bn a year ago, driven by increased outflows in foreign investment income and debt servicing. While foreign direct investment remains vital to Indonesia’s development, the associated outflows underscore the country’s reliance on external funding, creating vulnerability on exchange rate fluctuations and global financial conditions.
- On a more positive note, the secondary income surplus increased to USD 1.58bn from USD 1.25bn in 3Q23, supported by robust remittance inflows. These inflows continue to play a crucial role in bolstering household consumption and offsetting some of the pressures from the services and trade deficits.
- Going forward, the widening CAD presents challenges to Indonesia's economic stability, particularly concerning the risk of currency depreciation. While the trade surplus offers some support, persistent deficits in services and primary income highlight the need for structural reforms to boost competitiveness in these areas. We expect CAD at 0.8% of GDP for this year before further worsening to 1.2% of GDP in 2025.

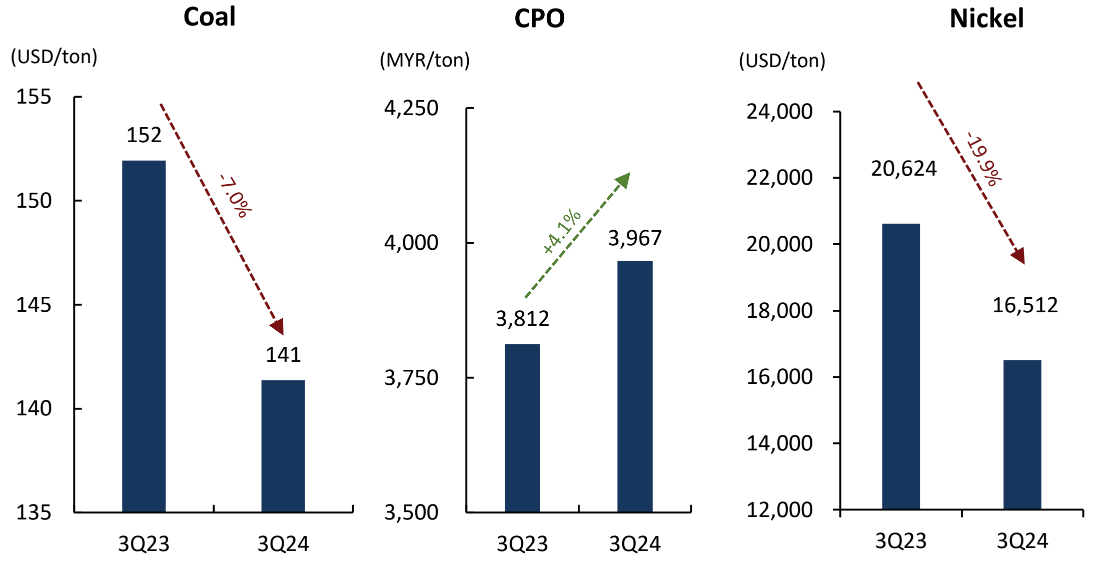
## Current Account Balance, 1Q22 – 3Q24




## Quarterly Trade Balance, 1Q22 – 3Q24




## Various Average Commodity Prices, 3Q23 vs 3Q24




*Sources: Bank Indonesia, Bloomberg, SSI Research*

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