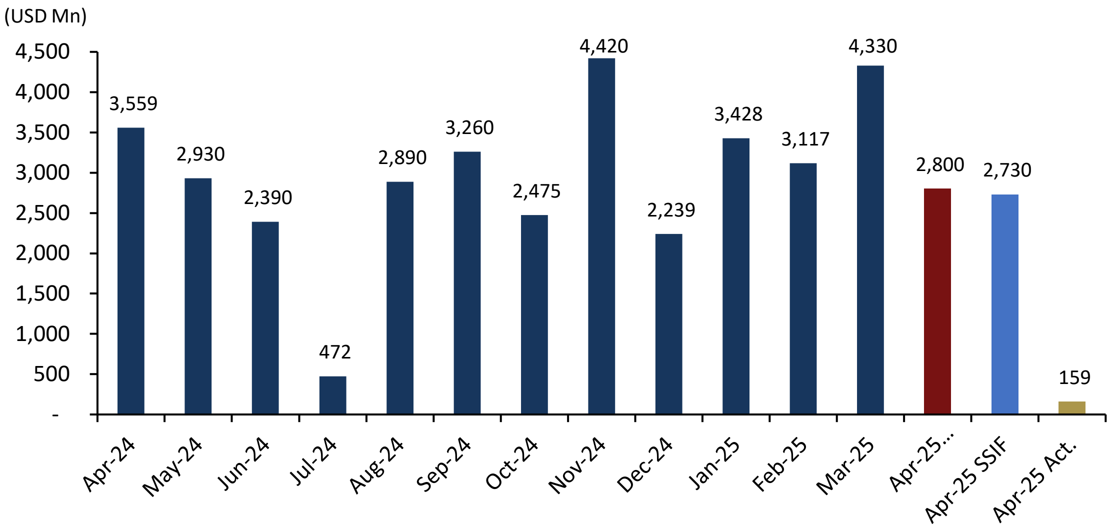
Balance of Trade: 2 June 2025

- Indonesia's April trade surplus narrowed sharply to just USD 0.15 bn, falling well below market consensus of USD 3.04 bn and SSI's forecast of USD 2.7 bn. This was the smallest surplus since Apr-20—when the country last posted a deficit—and underscores mounting pressure from a sharp surge in imports that outpaced moderate export gains.
- On the export side, outbound shipments rose 5.76% YoY, marking the 13th consecutive month of expansion, slightly improving from 3.16% in March and broadly in line with expectations. Export momentum was supported by sustained demand for Indonesia's key commodities—particularly minerals and agricultural products—amid relatively stable global prices.
- However, the main driver behind the narrowing surplus was the 21.84% YoY jump in imports, far exceeding expectations of 7.75% rise. This sharp increase was likely fueled by some potential rebound in domestic demand and industrial activities, coupled with front-loading of intermediate and capital goods in anticipation of shipping dislocation in the lead up to Trump's tariff implementation in July 2025. Expectations of weaker IDR may have also amplified the purchases of certain imported goods, especially machinery components.
- Despite the underwhelming headline figure, April marked Indonesia's 60th consecutive monthly trade surplus, underscoring the structural resilience of the country's external sector. More importantly, the import surge—while widening the trade gap—signals some potential upside for the domestic economy. Soaring imports of capital and consumer goods often precede increased industrial activity and household consumption, suggesting that domestic demand could be rebounding ahead of 2Q25, particularly with fiscal stimulus and subsidy measures kicking in.
- Going forward, the trade balance may continue to moderate as import growth gains traction, especially with the government implementing consumer-oriented stimulus and infrastructure initiatives. While exports are likely to remain positive, global demand uncertainty—stemming from geopolitical risks, tariff tensions, and uneven recovery in key economies—could cap further upside. The IDR's depreciation adds complexity: it may support export competitiveness in the short term, but also heightens import costs and inflationary risks. If import-heavy trends continue, they could weigh on the current account balance, potentially challenging Bank Indonesia's accommodative stance. Nonetheless, the jump in imports can be partially read as an early sign of economic improvement, as businesses raise production and low-to-mid end consumers moderately regain purchasing confidence. If sustained, this trend could support stronger GDP growth in 2Q, reinforcing the narrative that Indonesia's domestic engine is heating up again—albeit with the trade surplus acting as a casualty of that momentum.

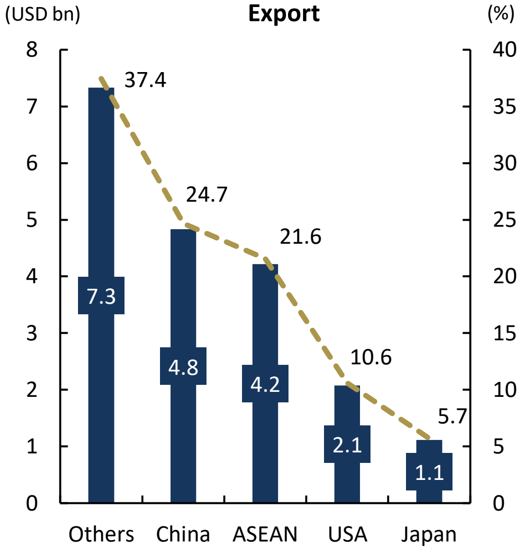
Indonesia Trade Balance

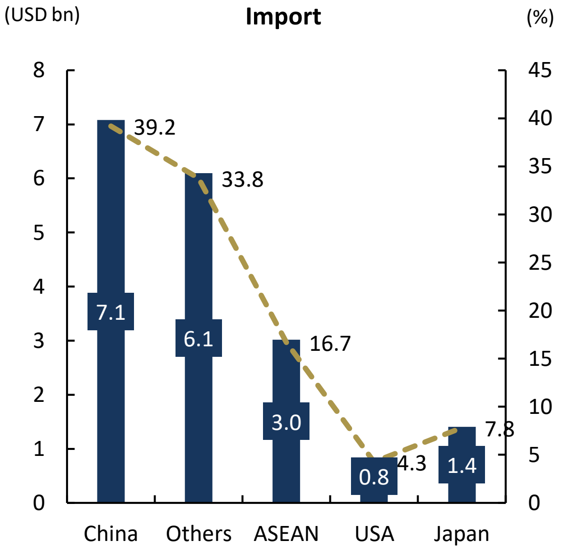


Export, Import Value (USD mn)

Description	Mar-25	Apr-25	Apr-24	% (MoM)	% (YoY)
Exports	**23,247**	**20,744**	**19,615**	**-10.8**	**5.8**
Agriculture, Forestry, and Fisheries	575	480	300	-16.6	59.8
Oil and Gas	1,453	1,169	1,350	-19.5	-13.4
Mining and Others	3,066	3,145	3,965	2.6	-20.7
Manufacturing	18,153	15,949	13,999	-12.1	13.9
Imports	**18,920**	**20,585**	**16,896**	**8.8**	**21.8**
Consumption Goods	1,742	1,703	1,438	-2.2	18.5
Capital Goods	3,701	3,911	2,870	5.7	36.3
Intermediate Goods	13,477	14,971	12,588	11.1	18.9

Export & Import Values of Non-Oil & Gas Goods, Apr-25





Sources: Bloomberg, BPS, SSI Research ***Macro Strategy Team***