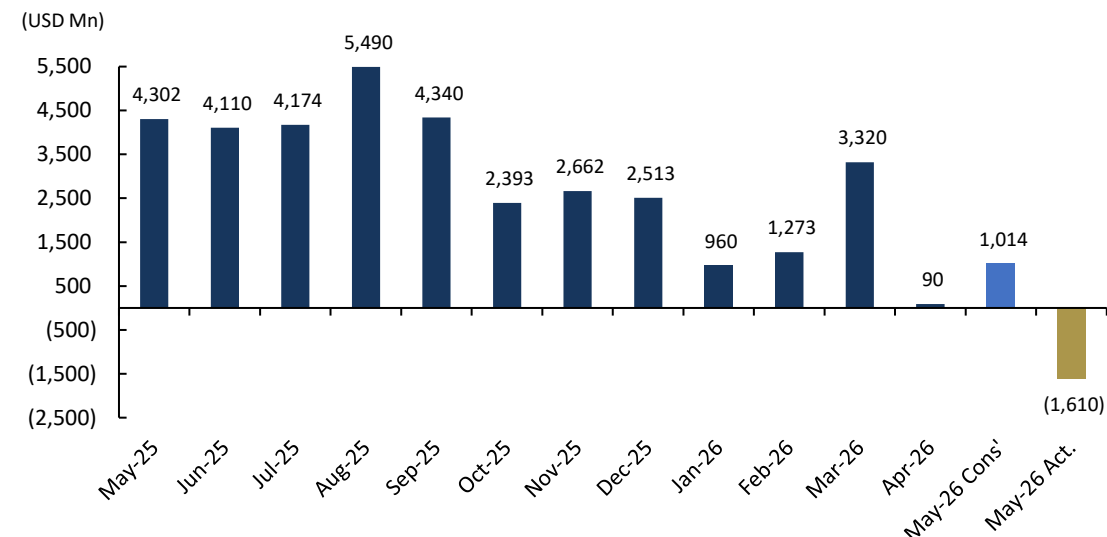


Balance of Trade: 1 July 2026

- Indonesia's trade balance unexpectedly swung into USD 1.61bn deficit in May 2026, the first monthly deficit since April 2020, reflecting much sharper deterioration in external sector than markets had anticipated. The outcome was substantially weaker than both consensus expectation of USD 1.2bn surplus and SSI's forecast of USD 1.1bn surplus, underscoring a combination of softer external demand and resilient domestic import activity. While imports continued to expand at a solid pace, exports unexpectedly contracted, resulting in significant narrowing of Indonesia's external buffer.
- The main drag came from the export side. Total exports fell 5.73% YoY, reversing April's exceptionally strong performance and marking the steepest contraction since late 2025. The decline was broad-based across both oil and gas and non-oil and gas exports. Shipments of energy products weakened sharply, with crude oil exports effectively disappearing and natural gas exports falling more than 44%. More importantly, non-oil exports—which account for the bulk of Indonesia's external trade—also declined 4.5%, reflecting softer demand from several major trading partners, including the United States, India, and ASEAN economies. This suggests that external demand has begun to soften amid slowing global manufacturing activities and lingering trade policy uncertainties.
- On the import side, however, domestic demand remained relatively resilient. Total imports expanded 22.16% YoY, significantly above market expectations, driven primarily by the Iran war sharply increasing oil and gas imports as well as higher prices in non-oil imports. Elevated energy imports continue to widen oil and gas trade deficit, making Indonesia's overall trade balance increasingly vulnerable to global energy price movements.
- From a macroeconomic perspective, the May trade deficit represents a downside surprise for Indonesia's external accounts. After several years of persistent trade surpluses supporting the IDR and FX reserves, the re-emergence of a deficit may temporarily reduce one of Indonesia's key external strengths. The weaker trade performance could also place additional pressure on both Current Account Balance and Balance of Payments in Q2, particularly if export weakness persists while import demand remains elevated.
- Looking ahead, the May trade deficit is likely to worsen on lower coal export volumes, adversely impacted by the coal DMO portion that has officially been increased to 30% of total national production, up from the long-standing baseline requirement of 25%. This will trigger an immediate negative chain reaction across currency markets, state budget planning, central bank interest rates, and foreign investment.

Indonesia Trade Balance



Export and Import Values (USD mn)

Description	Apr-26	May-26	May-25	% (MoM)	% (YoY)
Exports	25,302	23,203	24,613	-8.3	-5.7
Agriculture, Forestry, and Fisheries	453	504	634	11.3	-20.5
Oil and Gas	1,155	758	1,111	-34.4	-31.8
Mining and Others	3,108	2,891	3,109	-7.0	-7.0
Manufacturing	20,585	19,050	19,759	-7.5	-3.6
Imports	25,213	24,813	20,312	-1.6	22.2
Consumption Goods	2,433	2,229	1,827	-8.4	22.0
Capital Goods	4,131	5,003	4,440	21.1	12.7
Intermediate Goods	18,648	17,581	14,045	-5.7	25.2

Export & Import Values of Non-Oil & Gas, Apr-26

