

The Decline in Trade Surplus Persists, Lingering Concern Over Current Account Deficit

The decline in exports by **-5.79% MoM** or **-9.45% YoY** (Cons: **-6.42% YoY**, KBVS: **-2.07% YoY**, Prev: **-8.06% YoY**), primarily driven by a decrease in Gas exports (-39.08% MoM) which also reflects the decline in Natural Gas prices (-34.69% MoM); followed by a decrease in Steel exports (-27.08% MoM); and a decline in exports of Animal/Vegetable Fats and Oils (-22.44% MoM), has led to the **trade surplus shrinking to USD0.87 billion in Feb '24**, marking its lowest level since May '23. Furthermore, based on destination countries, the largest decline in exports originated from several major trading partners such as China (-10.75% MoM) and India (-14.48% MoM), while the strong US economy positively impacted the demand for Indonesian exports to the country in Feb '24 by +5.68% MoM. This was followed by an increase in exports of Machinery and Electrical Equipment and Parts (+6.22% MoM) and Footwear (+0.59% MoM), which are some of the main export products to the US.

Concurrently, there was also a decrease in imports by **-0.29% MoM** or **+15.84% YoY** (Cons: **+10.14% YoY**, KBVS: **+11.49% YoY**, Prev: **+0.36% YoY**). The largest decrease in imports came from the categories of Iron and Steel Products (-10.86% MoM); Machinery/Mechanical Equipment and Parts (-2.91% MoM); and Machinery/Electrical Equipment and Parts (-2.51% MoM). Based on the Country of Origin, this decline particularly originated from Germany (-15.72% MoM) and the United States (-14.96% MoM), in line with the continued depreciation of the Rupiah by 0.35% MoM in February or 0.93% Ytd (as of the end of Feb '24). Meanwhile, the increase in imports came from Consumer Goods (+5.11% MoM), driven by increased imports of Vehicles and Parts (+13.36% MoM); Oil Products (+8.56% MoM); and Cereals (+4.31% MoM), reflected in the increased imports from Singapore (+16.60% MoM), Thailand (+13.85% MoM), and Japan (+8.12% MoM).

Furthermore, this decline in the trade surplus is concerning as it is feared to contribute to expectations of continued current account deficits, along with the fundamental factors of further weakening of the Rupiah, especially amidst the strengthening of the DXY and the diminishing likelihood of a Fed Rate cut. Therefore, we are also concerned about the possibility of the Rupiah approaching the level of IDR15,700 again in the remainder of Mar '24. In addition to adding downside risk to the economic growth decline in 1Q24 to just 4.9% YoY.

Fig 1. Trade Balance

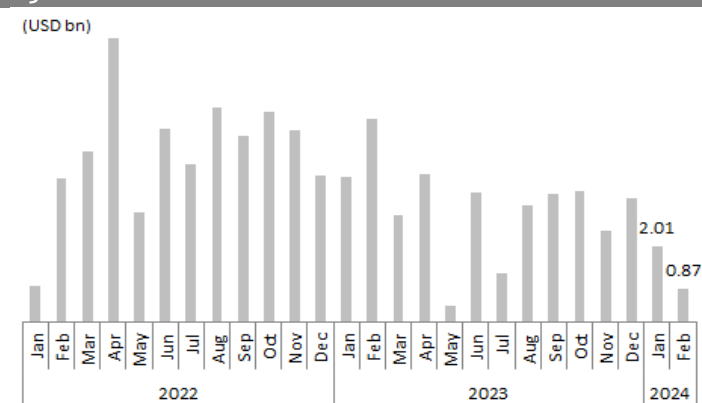
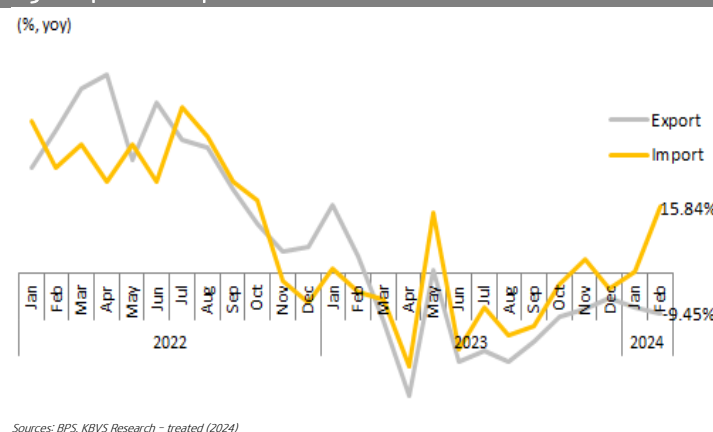


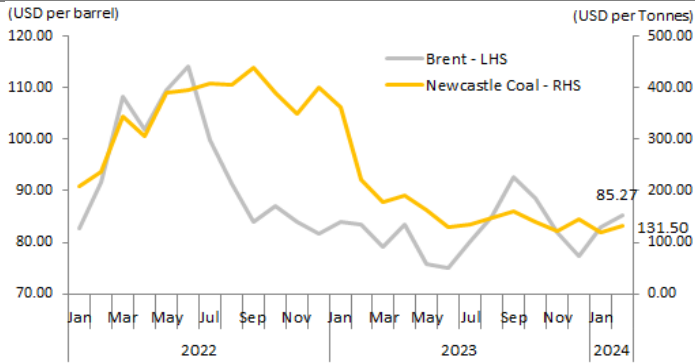
Fig 2. Export and Import Growth



Sources: BPS, KBVS Research - treated (2024)

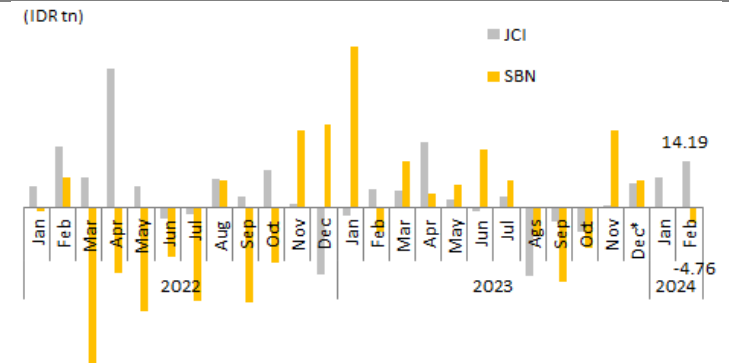
Sources: BPS, KBVS Research - treated (2024)

Fig 3. Oil and Coal Price



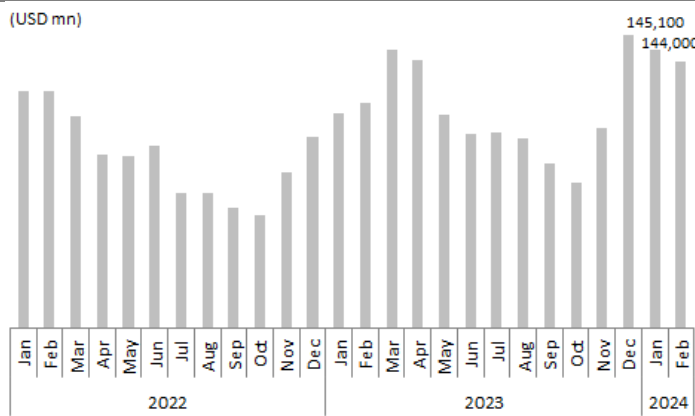
Sources: Bloomberg, KBVS Research - treated (2024)

Fig 4. Monthly Non Resident Capital Flows



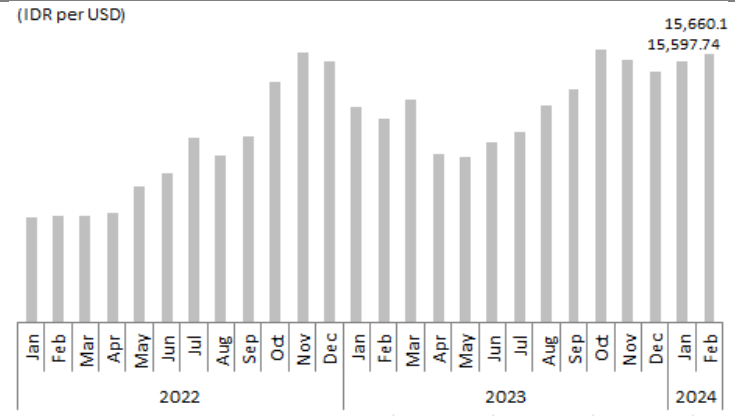
Sources: Bloomberg, KBVS Research - treated (2024)

Fig 5. Indonesia's Foreign Reserves



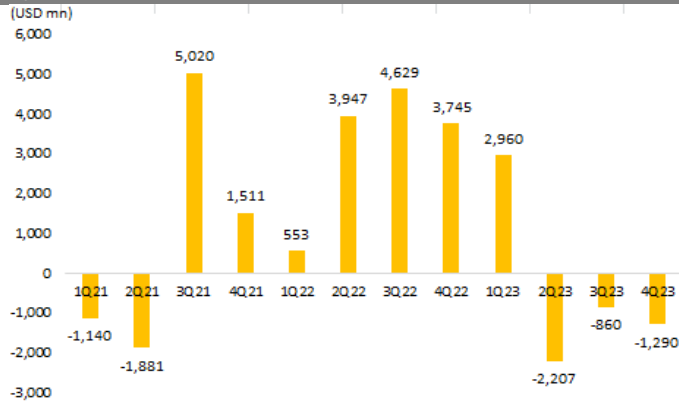
Sources: Bank Indonesia, KBVS Research - treated (2024)

Fig 6. Monthly Average Rupiah Exchange Rate



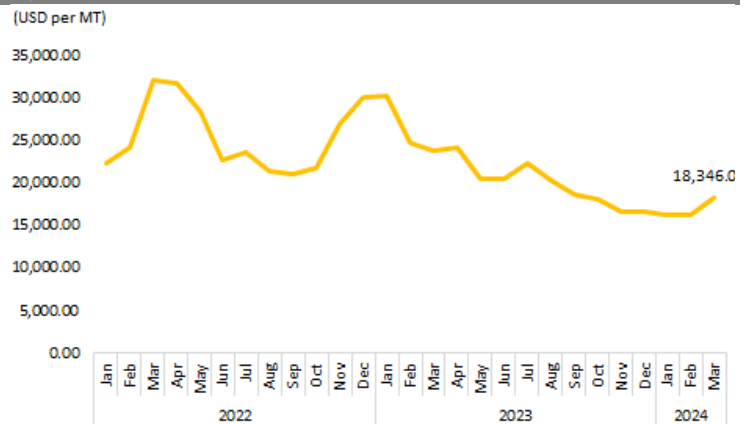
Sources: Bank Indonesia, KBVS Research - treated (2024)

Fig 7. Indonesia's Current Account



Sources: Bank Indonesia, KBVS Research - treated (2024)

Fig 8. Nickel Price



Sources: Bloomberg, KBVS Research - treated (2024)

Table 1. Indonesia's Trade Balance

Indicators	Value (USD bn)		Growth (%)	
	Latest	M-1	MoM	YoY
Total Export	19.31	20.52	-5.93	-9.45
Oil and Gas	1.22	1.40	-12.96	2.56
- Crude Oil	0.20	0.16	24.68	37.59
- Processed Oil	0.52	0.41	25.00	68.11
- Gas	0.50	0.83	-39.13	-31.51
Non-Oil and Gas	18.09	19.13	-5.42	-10.15
- Agriculture, Forestry, and Fisheries	0.39	0.37	5.35	16.91
- Manufacturing	13.64	15.08	-9.53	-11.49
- Mining & Others	4.06	3.68	10.34	-7.54
Total Import	18.44	18.51	-0.37	15.84
Oil and Gas	2.98	2.70	10.42	23.82
- Crude Oil	0.84	0.73	15.50	59.48
- Processing Oil	2.14	1.97	8.59	13.79
- Gas	0.00	0.00	-96.23	-90.30
Non Oil and Gas	15.46	15.80	-2.13	14.42
Import Based on the Goods Usage Classification				
Consumption Goods	1.86	1.77	5.02	36.49
Raw/Auxiliary Materials	13.30	13.46	-1.18	12.82
Capital Goods	3.27	3.26	0.43	18.52
Trade Balance	0.87	2.02	-56.97%	-99.98%
Oil and Gas Trade Balance	-1.76	-1.30	-26.21%	44.51%
Non-Oil and Gas Trade Balance	2.63	3.33	26.62%	-60.28%

Sources: BPS, KBVS Research - treated (2024).

Table 2. Indonesia's Non-Oil and Gas Main Trading Partner in Feb '24

Countries	Share Export From Indonesia	Share Import To Indonesia	Trade Balance With Indonesia	Latest PMI Manufacturing
China	23.16	37.98	-1,858.00	50.9
Japan	7.97	7.17	340.00	47.2
US	11.01	0.07	1,442.70	52.2
India	8.90	2.51	1,146.10	56.9
Thailand	1.82	4.41	-265.90	47.8
South Korea	4.17	4.12	115.40	50.7
Singapore	2.40	1.98	145.00	48.6
Malaysia	2.68	4.32	-317.10	50.6
Australia	4.25	3.20	351.20	49.5
Taiwan	2.43	5.98	-549.60	45.3
Germany	1.07	1.78	-23.00	42.5
Netherlands	1.88	0.38	249.90	49.3
Italy	1.04	0.85	47.60	48.7
Total 13 Countries	72.78	74.75	824.30	
Others	27.22	25.25	1,805.40	
Total	100.00	100.00	2,629.70	

Sources: BPS, KBVS Research - treated (2024).

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