

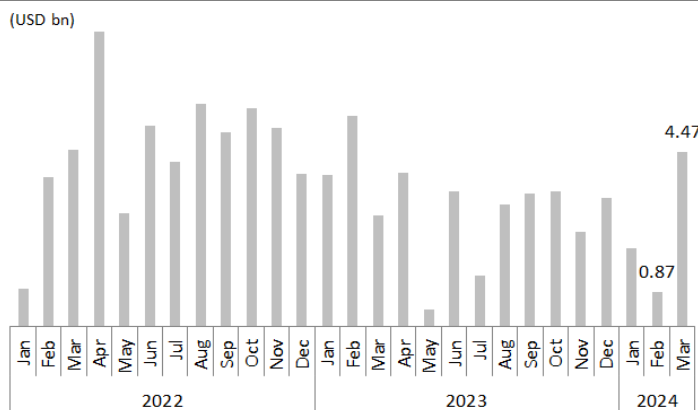
Mar '24 Trade Surplus is Expected to Drive The Rupiah Appreciation

The decline in Mar '24 FX reserves by USD3.65 bn (see Fig.5, p.2), accompanied by a capital outflow of USD1.05 bn (see Fig. 4, p.2) is being offsetted by an increase in the trade surplus to USD4.47 bn (Cons: USD1.23 bn, KBVS: USD-0.14 bn, Prev: USD0.87 bn) in the same period. This was driven by the 16.40% MoM increase in exports (or -4.19% YoY), especially in Non-Oil and Gas exports, which surged by 17.12% MoM (or -4.21% YoY) - see table 1, p3 - to key destinations, particularly China (16.87% MoM or -16.27% YoY), the US (4.23% MoM or 11.34% YoY), and India (16.63% MoM or 4.70% YoY), alongside ASEAN countries which reached 22.25% MoM (or -7.43% YoY). Meanwhile, based on commodity groups, the largest increase in exports came from Precious Metals and Jewelry/Gemstones (HS71) by 206.58% MoM (or 25.34% YoY), followed by Iron and Steel (HS72) by 27.06% MoM (or -7.23% YoY), and Animal/Vegetable Fats and Oils (HS15) by 19.28% MoM (or -7.45% YoY).

Conversely, there was a decrease in imports by -2.60% MoM (or -12.76% YoY), especially in Non-Oil and Gas imports which decreased by -5.34% MoM (or -16.72% YoY), contributing to the increase in the trade surplus in the same month. This decline in imports occurred across all categories of goods usage, including Consumer Goods -2.60% MoM (or -12.76% YoY), Raw Materials/Intermediates -0.73% MoM (or -12.63% YoY), and Capital Goods -11.26% MoM (or -21.72% YoY). However, the increase in Oil Products imports by 16.825 MoM (or 13.47% YoY), ahead of the holiday season amid rising global oil prices - see table 1, p.3 - needs attention.

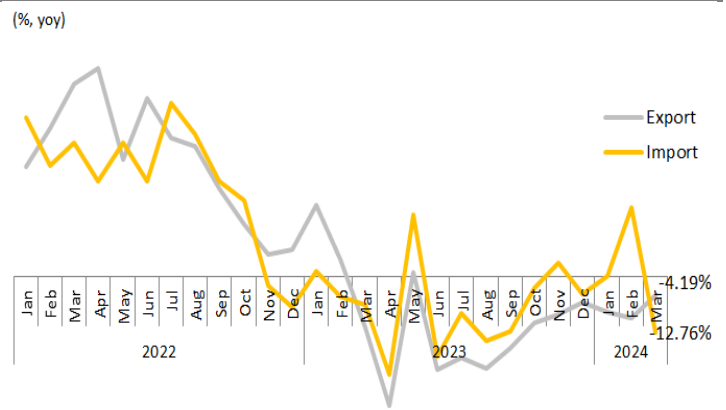
We anticipate that the surge in Mar '24 trade surplus will promptly uphold the stability of the Rupiah, supported by the resolution of the presidential election dispute, which has provided domestic political certainty. Consequently, we expect it to return below IDR15,600 per USD on average throughout 2Q24, although global geopolitical tensions also need to be monitored. We hope this can be realized alongside the improvement in the economy indicated by the Manufacturing PMI of Indonesia's main export partners, particularly China, the US, and India, which have consistently remained in an expansive level over the past three months - see table 2, p.3 - to maintain the trade surplus above USD3 bn per month throughout 2Q24. Furthermore, we also anticipate that this will encourage the return of a current account surplus in the same period, after it last occurred in 1Q23.

Fig 1. Trade Balance



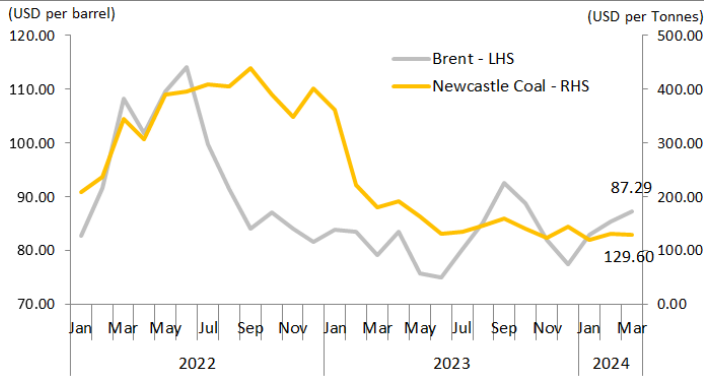
Sources: BPS, KBVS Research - treated (2024)

Fig 2. Export and Import Growth



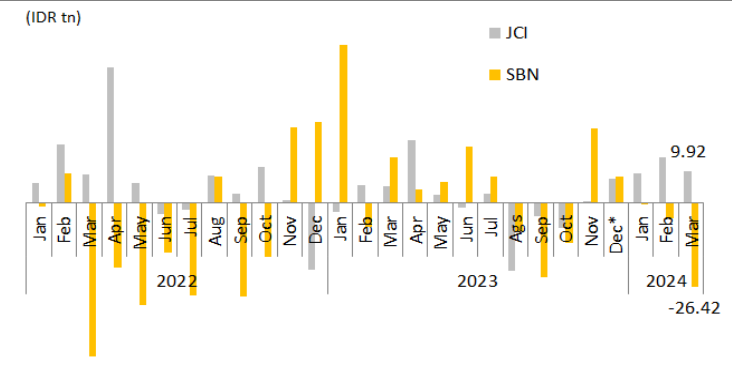
Sources: BPS, KBVS Research - treated (2024)

Fig 3. Oil and Coal Price



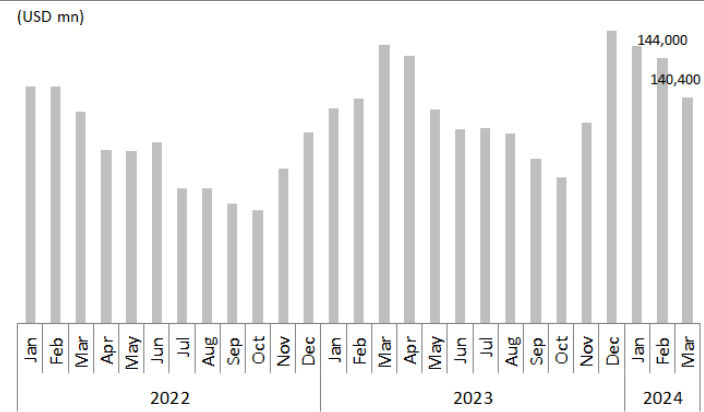
Sources: Bloomberg, KBVS Research - treated (2024)

Fig 4. Monthly Non Resident Capital Flows



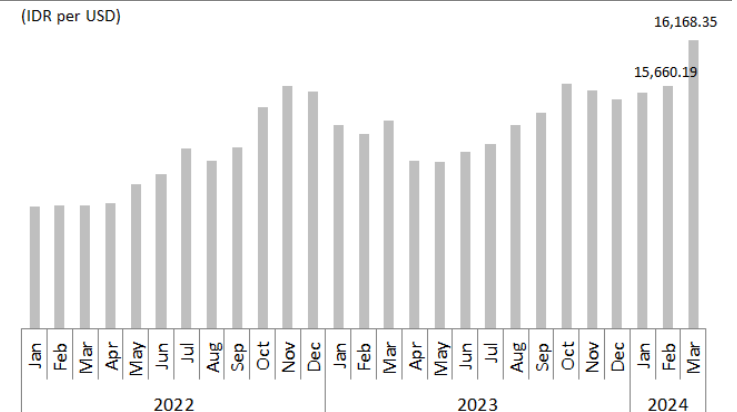
Sources: Bloomberg, KBVS Research - treated (2024)

Fig 5. Indonesia's Foreign Reserves



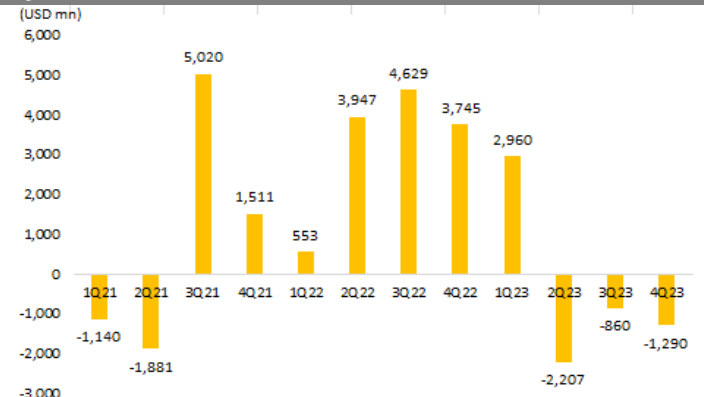
Sources: Bank Indonesia, KBVS Research - treated (2024)

Fig 6. Monthly Average Rupiah Exchange Rate



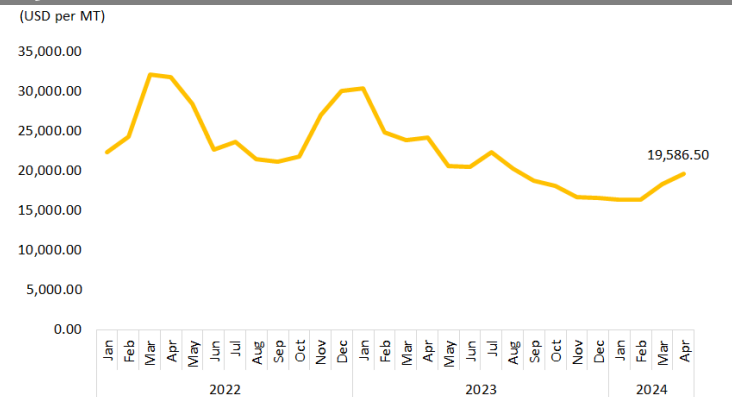
Sources: Bank Indonesia, KBVS Research - treated (2024)

Fig 7. Indonesia's Current Account



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

Fig 8. Nickel Price



Sources: Bloomberg, KBVS Research - treated (2024)

Indicators	Value (USD bn)		Growth (%)	
	Latest	M-1	MoM	YoY
Total Export	22.43	19.27	16.40	-4.19
Oil and Gas	1.29	1.22	5.67	-3.95
- Crude Oil	0.20	0.20	2.55	-8.70
- Processed Oil	0.50	0.52	-3.50	26.48
- Gas	0.59	0.50	16.47	-19.01
Non-Oil and Gas	21.15	18.06	17.12	-4.21
- Agriculture, Forestry, and Fisheries	0.43	0.37	15.90	14.07
- Manufacturing	16.55	13.63	21.45	0.25
- Mining & Others	4.16	4.06	2.66	-19.72
Total Import	17.96	18.44	-2.60	-12.76
Oil and Gas	3.33	2.98	11.65	10.34
- Crude Oil	0.83	0.84	-1.54	1.89
- Processing Oil	2.50	2.14	16.80	13.47
- Gas	0.00	0.00	0.00	0.00
Non Oil and Gas	14.63	15.46	-5.34	-16.72
Import Based on the Goods Usage Classification				
Consumption Goods	1.85	1.86	-0.64	4.97
Raw/Auxiliary Materials	13.21	13.30	-0.73	-12.63
Capital Goods	2.91	3.27	-11.24	-21.72
Trade Balance	4.47	0.83	436.97%	-99.84%
Oil and Gas Trade Balance	-2.04	-1.76	-13.62%	21.49%
Non-Oil and Gas Trade Balance	6.51	2.60	-60.15%	41.92%

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

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

Countries	Share Export From Indonesia	Share Import To Indonesia	Trade Balance With Indonesia	Latest PMI Manufacturing
China	22.91	35.83	173.20	50.8
Japan	8.00	7.19	642.00	48.2
US	10.78	4.63	1,503.50	51.9
India	8.73	2.47	1,433.30	59.1
Thailand	1.97	4.61	-265.60	47.3
South Korea	3.96	4.89	-197.70	49.8
Singapore	2.47	1.94	277.90	49.3
Malaysia	2.92	4.51	-9.80	50.7
Australia	4.19	3.06	457.60	48.4
Taiwan	2.31	5.88	-384.90	49.1
Germany	0.97	1.71	-59.90	41.9
Netherlands	1.86	0.39	323.40	49.7
Italy	0.96	0.86	43.10	50.4
Total 13 Countries	72.03	77.97	3,936.10	
Others	27.97	22.03	2,578.20	
Total	100.00	100.00	6,514.30	

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

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