

Indonesia's Trade Surplus Soars in May '25, Driven by Export Momentum

Indonesia's trade balance continued its surplus streak for the 61st consecutive month, with the surplus in May '25 significantly exceeding expectations and reaching USD4.30 bn (Cons: USD2.66 bn; KBVS: USD0.50 bn; Prev: USD0.15 bn). This sharp increase was largely supported by a strong rise in exports, which grew by 9.68% YoY (Cons: 1.30% YoY; KBVS: -8.54% YoY; Prev: 5.76% YoY). At the HS 2-digit level, the main contributors to the export surge were precious metals and jewellery (HS71), which jumped 86.30% MoM, followed by animal/vegetable fats and oils (HS15), which rose 42.08% MoM. However, the price dynamics of these two product groups moved in opposite directions, with Gold Futures (serving as a proxy for HS71) increasing 2.26% MoM in Jun '25, while Palm Oil Futures (proxy for HS15) declined by 6.56% MoM.

The surge in palm oil exports was also bolstered by India's palm oil imports rising 87% MoM—the highest monthly increase in the last six months—as the country responded to a sharp drop in vegetable oil stocks to 1.35 mn tons as of 1 May '25, the lowest level since Jul '20. At the same time, the Rupiah's limited elasticity against the USD appeared to encourage opportunistic behaviour among importers of Indonesian products.

Additional export momentum came from mechanical machinery and equipment (HS84), which grew by 39.35% MoM; footwear (HS64), which rose 29.00% MoM; and nickel and related products (HS75), which increased by 24.43% MoM. **Overall, non-oil and gas exports rose 11.8% YoY to USD23.5 bn**, effectively offsetting a -4.99% MoM decline in oil and gas exports, which fell to USD1.11 bn (Prev: USD1.17 bn) in the same month.

On the import side, growth remained relatively modest at 4.14% YoY (Cons: 1.10% YoY; KBVS: 2.68% YoY; Prev: 21.84% YoY). The most notable increase was recorded in optical, photographic, cinematographic, and medical instruments (HS90), which surged 101.28% MoM; electrical machinery and equipment (HS85), up 11.58% MoM; and crude oil, which rose 12.49% MoM. In contrast, significant import declines were seen in precious metals and jewellery (HS71), which dropped by 78.39% MoM; iron and steel (HS72), which fell 18.76% MoM; and articles of iron and steel (HS73), which declined 3.39% MoM.

Looking ahead, we expect the trade surplus to persist, supported by a) gradual easing of tensions in the Middle East, which should positively influence global trade conditions; b) China's improving manufacturing PMI, which rose to 49.7 in Jun '25 (Cons: 49.6; Prev: 49.5)—its highest level in the past three months—should enhance demand for Indonesian exports, particularly in iron and steel-related products, mechanical machinery, and mineral fuels; c) Strong demand for animal and vegetable oils in India is also expected to continue, reinforcing Indonesia's export performance; then moreover, d) the Rupiah's relatively stable movement amid the ongoing decline in the U.S. Dollar Index is expected to encourage opportunistic behaviour among importers of Indonesian export products, potentially boosting export volumes in the coming months. However, declining prices of key primary commodities such as coal, nickel, and steel may cap further export growth.

On the import side, we anticipate a moderate rise in imports of oil and gas components due to lower global energy prices, particularly crude oil. Nevertheless, Indonesia's domestic manufacturing activity remains subdued, with the manufacturing PMI in Jun '25 falling to 46.9 (Prev: 47.4). This ongoing contraction may weigh on import growth, especially for raw and intermediate goods, which already recorded a sharp monthly decline of -6.19% MoM or -1.18% YoY during the same period.

Fig 1. Trade Balance

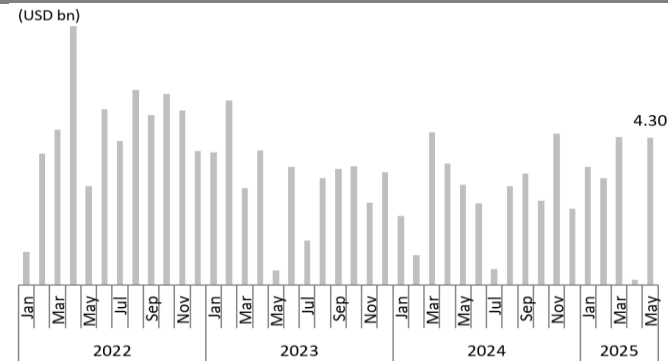


Fig 2. Export and Import Growth

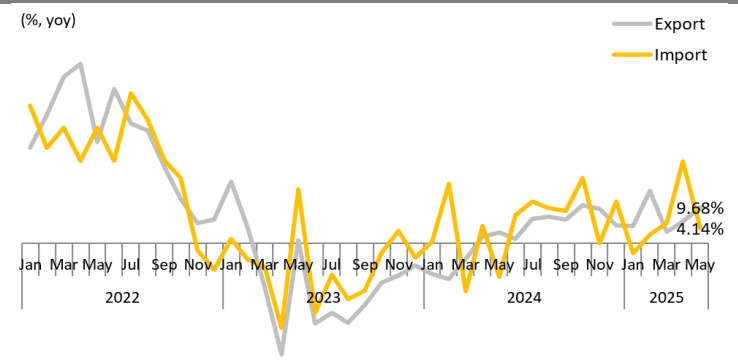


Fig 3. Oil and Coal Price

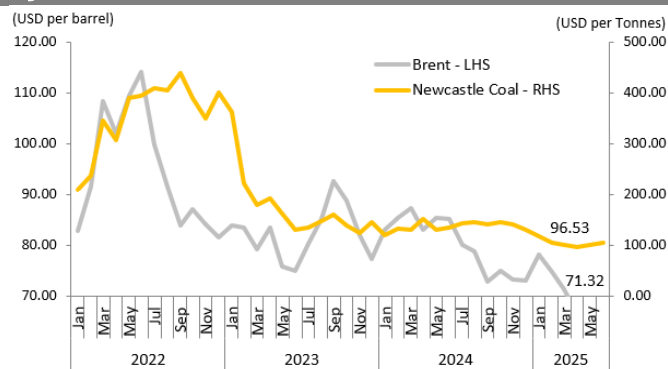


Fig 4. Monthly Non-Resident Capital Flows

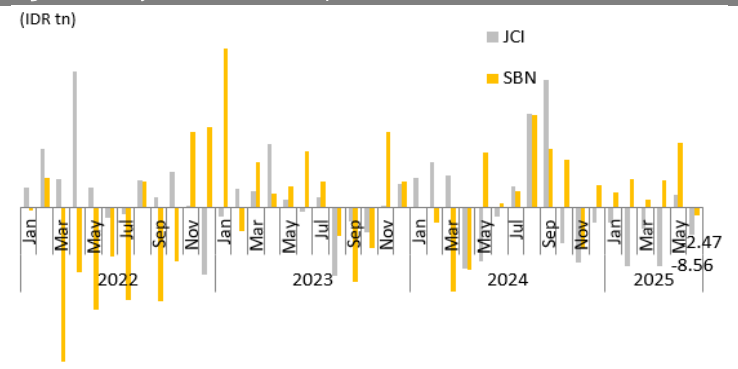


Fig 5. Monthly Change of FX Reserves

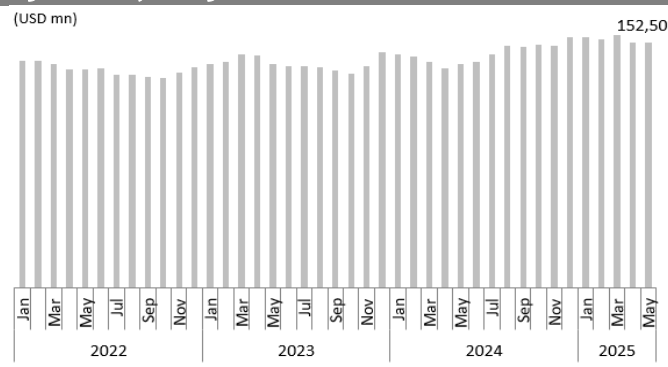


Fig 6. Monthly Average Rupiah Exchange Rate

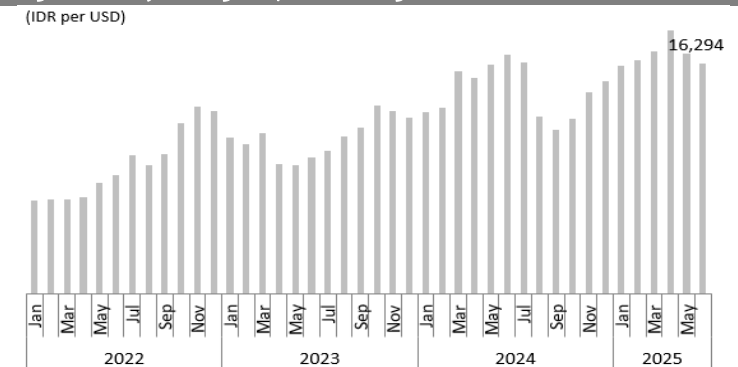


Fig 7. Indonesia Current Account

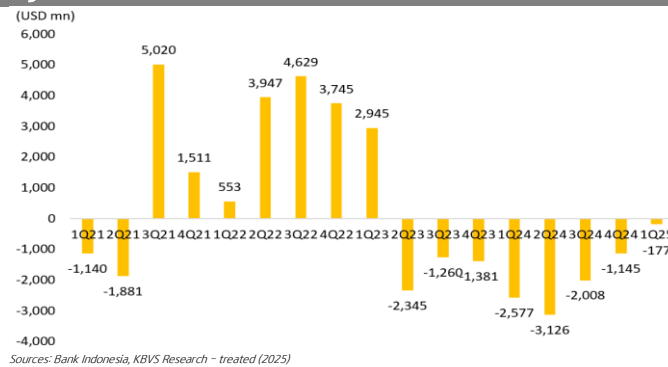


Fig 8. CPO Price



Table 1. Indonesia's Trade Balance				
Indicators	Value (USD bn)		Growth (%)	
	Latest	M-1	MoM	YoY
Total Export (FOB)	24.61	20.74	18.66	9.68
Oil and Gas	1.11	1.17	-4.99	-21.71
- Crude Oil	0.09	0.10	-11.75	-58.24
- Processed Oil	0.39	0.45	-12.89	4.70
- Gas	0.63	0.62	1.95	-24.29
Non-Oil and Gas	23.50	19.57	20.07	11.80
- Agriculture, Forestry, and Fisheries	0.63	0.48	32.17	59.46
- Manufacturing	19.76	15.95	23.89	20.40
- Mining & Others	3.11	3.15	-1.14	-26.20
Total Import (CIF)	20.31	20.59	-1.32	4.14
Oil and Gas	2.64	2.52	4.93	-3.80
- Crude Oil	0.73	0.65	12.49	-12.34
- Processing Oil	1.91	1.87	2.29	-0.07
- Gas	0.00	0.00	0.00	0.00
Non-Oil and Gas	17.67	18.07	-2.20	5.44
Import Based on the Goods Usage Classification				
Consumption Goods	1.83	1.70	7.27	5.28
Raw/Auxiliary Materials	14.05	14.97	-6.19	-1.18
Capital Goods	4.44	3.91	13.54	24.85
Trade Balance	4.30	0.16	2608.75%	46.81%
Oil and Gas Trade Balance	-1.53	-1.35	13.52%	15.24%
Non-Oil and Gas Trade Balance	5.83	1.51	286.63%	36.95%

Sources: BPS, KBVS Research - treated (2025).

Table 2. Indonesia's Non-Oil and Gas Main Trading Partner in May '25

Countries	Share Export From Indonesia (%)	Share Import To Indonesia (%)	Trade Balance of Non-Oil & Gas with Indonesia	Latest PMI Manufacturing
China	22.87	39.92	-1,962.70	50.4
Japan	5.52	7.61	-109.20	50.1
U.S	11.42	4.62	1,859.00	52.0
India	6.87	2.37	1,316.40	58.4
Thailand	1.41	4.13	-359.90	50.6
South Korea	3.37	4.11	47.40	48.7
Singapore	2.12	2.18	-38.60	47.2
Malaysia	3.49	4.69	35.30	49.7
Australia	4.66	2.88	569.10	49.3
Taiwan	3.18	4.61	-178.80	51.7
Germany	1.01	1.67	-84.00	49.0
Netherlands	2.00	0.44	421.60	51.2
Italy	1.11	0.83	170.60	49.2
Total 13 Countries	69.03	80.06	1,686.20	
Others	30.97	19.94	4,148.00	
Total	100.00	100.00	5,834.20	

Sources: BPS, KBVS Research - treated (2025).

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