

# PIER Snapshot: 2023 Balance of Payment

## 22 February 2024

## 2023 Balance of Payment Recorded Higher Surplus amid Inflow from Portfolio Investment

Authors: Josua Pardede – Chief Economist – [josua.pardede@permatbank.co.id](mailto:josua.pardede@permatbank.co.id) – 021-5237788 (8029650)  
Faisal Rachman – Head of Macro. & Fin. Market Research – [faisal.rachman1@permatbank.co.id](mailto:faisal.rachman1@permatbank.co.id) – 021-5237788 (8044866)  
Qolbie Ardie – Economist – [qolbie.ardie@permatbank.co.id](mailto:qolbie.ardie@permatbank.co.id) – 021 5237788 (8038871)

### Balance of Payment Review

- **Balance of Payment (BoP) in 4Q23 recorded surplus, supported by financial account.**  
Financial Account (FA) in 4Q23 recorded surplus, and supported surplus in BoP during 4Q23. Surplus in financial account offset the impact of widening Current Account (CA). In 4Q23, BoP recorded USD8.62bn, highest since 2Q21. Due to high surplus of 4Q23, foreign reserves surged by USD11.53bn in 4Q23. All in all, BoP in FY23 recorded higher surplus compared to FY22, albeit CA started to recorded deficit. Main driver of surplus BoP stemmed from foreign inflow in portfolio market, especially in 1Q23 and 4Q23. BoP surplus in FY23 rose to USD6.31bn from USD4bn in a year earlier.
- **CA recorded deficit in 2023 as surplus in goods balance fell.**  
CA deficit in 4Q23 widened despite goods trade balance improved slightly. Widening CA was driven by higher deficit in services balance and primary income balance. Deficit in services balance was caused by rising outbound tourist, while at the same time, inbound tourist decreased. Goods transportation also contributed to higher deficit in services balance because trade volume in 4Q23 improved compare to 3Q23, leading to higher use of transportation facilities. CA deficit in 4Q23 widened to USD1.29bn or equivalent to deficit of 0.38% of GDP.  
  
CA in FY23 was turned into deficit of 0.11% of GDP compared to surplus of 1% of GDP in a year earlier. CA started to post deficit since 2Q23, due to normalization in commodity prices, coupled with lower demand of Indonesia's export commodities. Global economic slowdown became the main contributor of both factors. Weaker demand and price affected performance of goods exported, leading to lower goods balance surplus. On the other side, import performance also fell, albeit more limited than export's declining, prompting CA deficit.
- **FA boosted BoP surplus, driven by portfolio investment.**  
In 4Q23, FA posted surplus of USD9.76bn compared to deficit of USD0.07bn in a quarter earlier. FA surplus in 4Q23 was mainly driven by rising portfolio investment to surplus of USD4.92bn from deficit of USD3.01bn in previous quarter. Rebound in 4Q23 portfolio investment mainly comprised of net inflow in government bond and central bank securities assets. The inflow in 4Q23 was supported by improving sentiment in global financial market since the Fed rate already peaked. On the other hand, direct investment still posted surplus, albeit lower than previous quarter, in line with cautious stance from foreign investors ahead of election period. In 4Q23, direct investment recorded surplus of USD3.05bn, the lowest since 3Q20.

Overall, in FY23, financial account booked surplus of USD8.70bn from deficit of USD9.16bn in FY22. Portfolio investment surplus in the reporting period recorded surplus of USD2.31bn, while direct investment posted surplus of USD14.56bn. Compared to previous year, surplus on direct investment decreased, while flow in portfolio investment turned into surplus. Incoming portfolio flow reflected positive effect of improving risk-on sentiment in 1Q23 and 4Q23. In the last two quarters, Bank Indonesia's (BI) instrument, SRBI and SUVBI also supported widening surplus in portfolio investment. BI securities contributed to USD4bn of portfolio surplus. Weaker direct investment surplus was mainly because of 'wait and see' stance heading to the election. Based on historical data, there would be lower surplus in direct investment around 1-2 quarter before election.

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- Economic implication.**

Current Account Deficit (CAD) would lead to expectation of BI rate to be maintained unchanged in the short term since CAD would imply lower FX supply. In the second half of 2024, BI will have room for rate cut, on the back of expectation on Fed rate cut in the second half. The rate cut signal would attract foreign flows to Indonesia financial market, leading to manageable Rupiah stability amidst widening CAD. In the second half, appetite of investors for direct investment will improve, especially because the election and political process in Indonesia are already over. We still expect BI to cut interest rate in second half of 2024 by 50bps to 5.50%.

The CA deficit in FY24 is expected to record deficit of 0.70% of GDP, compared to a deficit of 0.11% of GDP in 2023. All in all, FX reserves is forecasted to range between USD150-155 billion, and the Rupiah is expected to be stable withing range of Rp15,000-15,300 per USD by the end of 2024.

## Balance of Payment Table (in USD mn)

ITEMS	2021	2022					2023				
	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total**
I. Current Account	3,511	724	4,283	4,709	3,499	13,215	3,009	-2,247	-1,039	-1,290	-1,567
A. Goods <sup>1)</sup>	43,806	11,301	16,797	17,623	16,951	62,672	14,718	10,133	10,162	11,333	46,347
B. Services	-14,599	-4,335	-4,972	-5,260	-5,391	-19,957	-4,526	-4,624	-3,981	-4,788	-17,919
C. Primary Income	-31,961	-7,734	-9,004	-8,931	-9,634	-35,303	-8,629	-9,183	-8,472	-9,075	-35,360
D. Secondary Income	6,264	1,492	1,461	1,277	1,573	5,803	1,447	1,427	1,252	1,239	5,365
II. Capital Account	80	7	14	26	429	476	3	5	8	27	43
III. Financial Account <sup>2)</sup>	12,492	-2,020	-1,706	-5,608	177	-9,157	4,037	-5,018	-74	9,757	8,703
1. Direct Investment	17,286	4,649	6,596	3,440	3,383	18,067	4,321	4,053	3,129	3,054	14,558
2. Portfolio Investment	5,086	-3,182	-3,614	-3,118	-1,716	-11,631	3,031	-2,629	-3,014	4,918	2,307
3. Financial Derivatives	333	137	-86	9	-11	48	205	-83	-53	99	167
4. Other Investment	-10,212	-3,623	-4,602	-5,938	-1,479	-15,642	-3,520	-6,359	-136	1,686	-8,330
IV. Total (I + II + III)	16,083	-1,288	2,591	-873	4,104	4,535	7,049	-7,260	-1,104	8,494	7,179
V. Net Error and Omissions	-2,622	-528	-202	-431	626	-535	-532	-112	-358	123	-878
VI. Overall Balance (IV + V)	13,461	-1,817	2,389	-1,304	4,730	3,999	6,517	-7,372	-1,462	8,617	6,301
VII. Reserves and Related Items <sup>3)</sup>	-13,461	1,817	-2,389	1,304	-4,730	-3,999	-6,517	7,372	1,462	-8,617	-6,301
A. Reserve Asset Transactions	-13,461	1,817	-2,389	1,304	-4,730	-3,999	-6,517	7,372	1,462	-8,617	-6,301
B. Credit and Loans with IMF	0	0	0	0	0	0	0	0	0	0	0
C. Exceptional Financing	0	0	0	0	0	0	0	0	0	0	0
<b>Memorandum:</b>											
- Reserve Assets Position	144,905	139,129	136,379	130,782	137,233	137,233	145,189	137,541	134,856	146,384	146,384
In Months of Imports & Official Debt Repayment	7.8	7.0	6.4	5.7	5.9	5.9	6.2	6.0	6.0	6.5	6.5
- Current Account (% GDP)	0.30	0.23	1.27	1.39	1.06	1.00	0.90	-0.64	-0.30	-0.38	-0.11

Notes:

<sup>1)</sup> In terms of free on board (fob)

<sup>2)</sup> Excludes reserves and related items

<sup>3)</sup> Negative represents surplus and positive represents deficit

\* Provisional figures

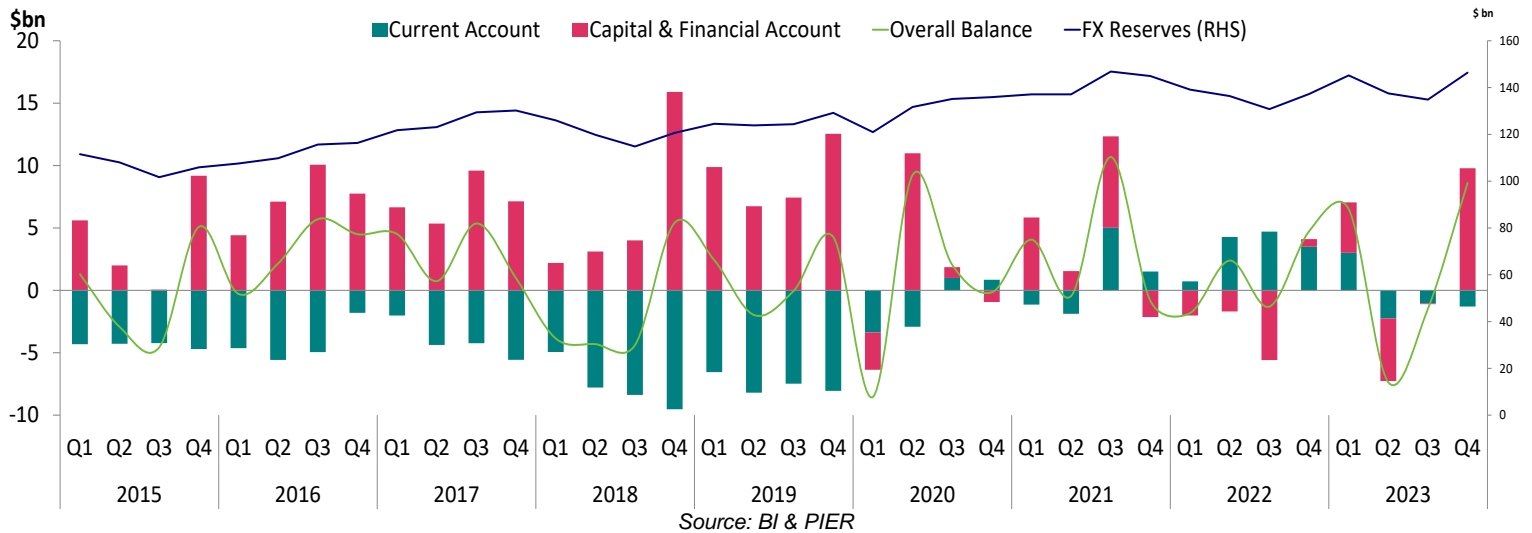
\*\* Very provisional figures

Source: BI & PIER

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## Trend of Current Account and Balance of Payment



## Historical Exports-Imports in 2018-2024

(in \$mn)	Exports			Imports			Trade Balance		
	TOTAL	Non Oil&Gas Export	Oil&Gas Export	TOTAL	Non Oil&Gas Import	Oil&Gas Import	TOTAL	Non Oil&Gas Balance	Oil&Gas Balance
FY2018	180,013	162,841	17,172	188,711	158,842	29,869	-8,699	3,999	-12,697
FY2019	167,683	155,894	11,789	171,276	149,390	21,885	-3,593	6,503	-10,096
FY2020	163,192	154,941	8,251	141,569	127,312	14,257	21,623	27,629	-6,006
FY2021	231,609	219,362	12,248	196,190	170,661	25,529	35,420	48,701	-13,282
FY2021	231,609	219,362	12,248	196,190	170,661	25,529	35,420	48,701	-13,282
FY2022	291,904	275,906	15,998	237,447	197,031	40,416	54,457	78,875	-24,418
Jan-23	22,324	20,836	1,488	18,443	15,537	2,906	3,881	5,299	-1,418
Feb-23	21,321	20,135	1,187	15,919	13,513	2,407	5,402	6,622	-1,220
Mar-23	23,416	22,078	1,338	20,588	17,573	3,015	2,828	4,505	-1,677
Apr-23	19,284	18,025	1,259	15,348	12,393	2,955	3,936	5,633	-1,696
May-23	21,707	20,398	1,309	21,280	18,145	3,135	427	2,254	-1,827
Jun-23	20,601	19,342	1,260	17,150	14,928	2,222	3,451	4,413	-963
Jul-23	20,862	19,635	1,227	19,570	16,438	3,132	1,292	3,197	-1,905
Aug-23	21,998	20,679	1,319	18,880	16,218	2,662	3,118	4,461	-1,343
Sep-23	20,747	19,341	1,405	17,342	14,013	3,329	3,405	5,328	-1,924
Oct-23	22,147	20,776	1,370	18,673	15,466	3,207	3,474	5,310	-1,836
Nov-23	21,998	20,715	1,283	19,587	16,098	3,489	2,412	4,618	-2,206
Dec-23	22,392	20,913	1,479	19,107	15,735	3,372	3,285	5,179	-1,894
<b>FY2023</b>	<b>258,797</b>	<b>242,875</b>	<b>15,923</b>	<b>221,886</b>	<b>186,056</b>	<b>35,830</b>	<b>36,911</b>	<b>56,819</b>	<b>-19,908</b>
Jan-24	20,524	19,127	1,398	18,509	15,811	2,698	2,015	3,316	-1,301
<b>Growth</b>	<b>-8.1</b>	<b>-8.2</b>	<b>-6.1</b>	<b>0.4</b>	<b>1.8</b>	<b>-7.2</b>			

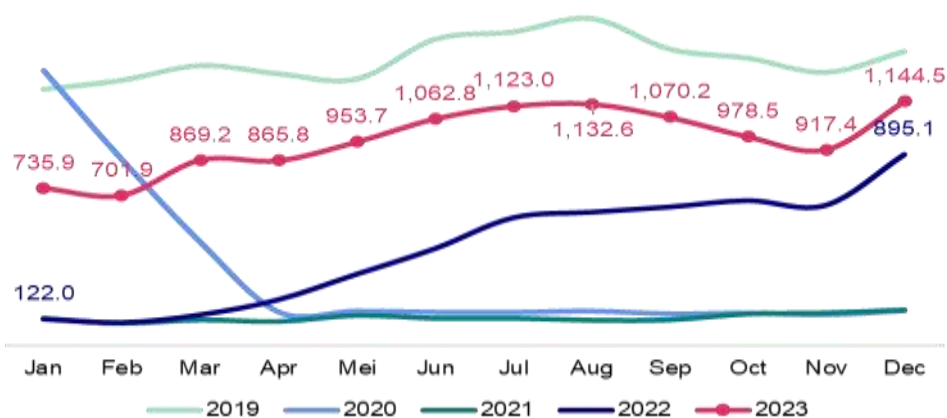
Source: Statistics Indonesia & PIER

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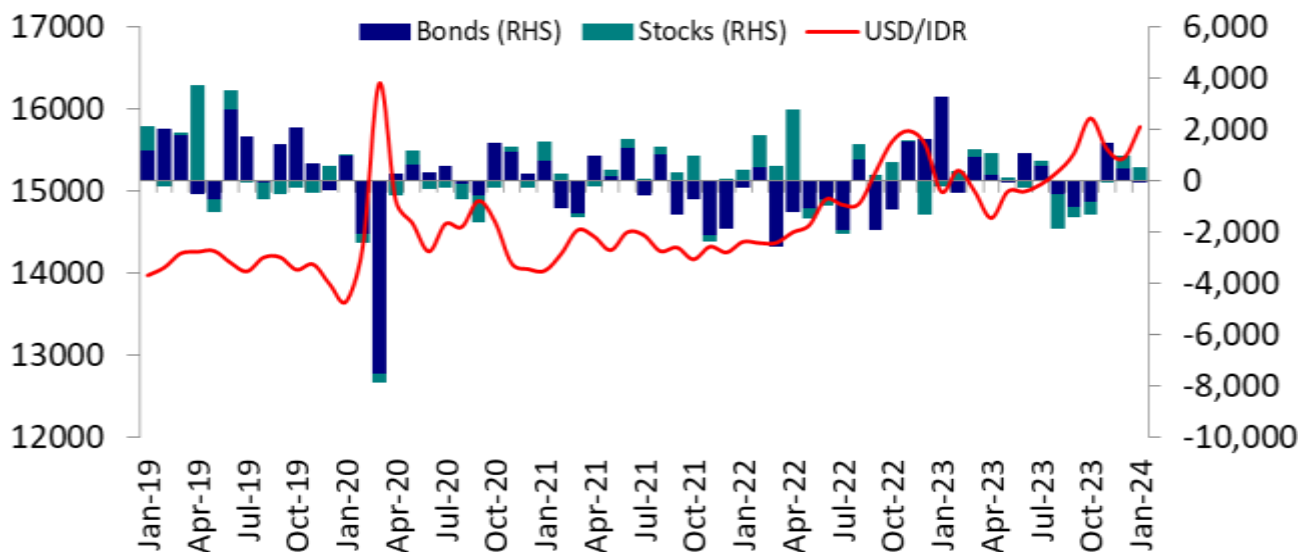
## Tourist Arrival Trend

### Foreign Tourist Arrival (Th)



Source: Statistics Indonesia & PermataBank Economic Research

## Flow in Financial Market



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### PIER's Economic & Market Forecast

	2019	2020	2021	2022	2023	1Q24F	2Q24F	3Q24F	4Q24F	2024F	2025F	2026F
<b>National Account</b>												
Real GDP (% yoy)	5.02	-2.07	3.70	5.31	5.05	5.10	5.11	5.05	5.00	5.07	5.15	5.26
Real Consumption: Private (% yoy)	5.04	-2.63	2.02	4.93	4.82	5.18	5.20	5.15	5.05	5.14	5.10	5.12
Real Consumption: Government (% yoy)	3.27	2.12	4.24	-4.51	2.95	5.05	4.79	4.81	5.05	4.93	5.52	6.09
Real Gross Fixed Capital Formation (% yoy)	4.45	-4.96	3.80	3.87	4.40	4.58	4.23	5.13	5.11	4.78	5.83	6.62
Real Export (% yoy)	-0.48	-8.42	17.95	16.28	1.32	-5.23	-2.39	1.27	4.95	-0.29	9.62	10.41
Real Import (% yoy)	-7.13	-17.60	24.87	14.75	-1.65	-4.63	-2.95	2.88	6.36	0.57	11.82	12.65
<b>Inflation &amp; Unemployment</b>												
Headline Inflation Rate (2022=100, % yoy, avg)	2.82	2.04	1.56	4.14	3.73	2.97	3.10	3.15	3.07	3.07	3.15	3.18
Headline Inflation Rate (2022=100, % yoy, eop)	2.59	1.68	1.87	5.41	2.81	3.05	3.18	3.12	3.08	3.08	3.25	3.15
Unemployment Rate (%)	5.18	7.07	6.49	5.86	5.32	5.14	5.14	5.28	5.28	5.28	5.14	4.91
<b>Fiscal Condition</b>												
Fiscal Balance (% of GDP)	-2.20	-6.14	-4.57	-2.35	-1.65	0.25	0.05	-0.75	-2.14	-2.14	-2.00	-2.04
IDR 10-year Bond Yield (%)	7.06	5.89	6.38	6.94	6.48	6.62	6.65	6.33	6.26	6.26	6.04	5.63
<b>External Sector</b>												
Trade Balance (USD bn)	-3.59	21.62	35.42	54.46	36.93	7.56	6.11	5.44	6.52	25.63	23.41	17.22
Goods Balance (USD bn)	3.51	28.30	43.81	62.67	46.35	9.57	8.13	7.44	8.54	33.68	31.44	25.24
Current Account (USD bn)	-30.28	-4.43	3.51	12.87	-1.57	-1.35	-3.37	-3.31	-2.36	-10.38	-18.67	-26.63
Current Account (% of GDP)	-2.71	-0.42	0.30	0.98	-0.11	-0.38	-0.92	-0.88	-0.60	-0.70	-1.13	-1.46
Foreign Reserves (USD bn)	129.18	135.90	144.91	137.23	146.38	151.84	143.24	143.87	152.18	152.18	156.04	157.88
USD/IDR (avg)	14,141	14,529	14,297	14,874	15,248	15,451	15,450	15,304	15,138	15,336	14,918	14,691
USD/IDR (eop)	13,866	14,050	14,253	15,568	15,397	15,468	15,444	15,241	15,093	15,093	14,783	14,565
<b>Commodity Price</b>												
Coal Price (USD/MT)	66.2	83.0	169.7	379.2	141.8	133.1	124.4	121.0	117.5	117.5	103.8	90.3
CPO Price (USD/MT)	763.7	1,016.4	1,270.3	940.4	797.8	805.8	813.7	821.7	829.6	829.6	818.0	808.3
Oil Price (USD/BBL)	65.85	49.87	74.31	80.90	77.9	77.8	77.7	79.0	80.3	80.3	84.1	85.4
<b>Interest Rate</b>												
Fed Funds Rate (%)	1.75	0.25	0.25	4.50	5.50	5.50	5.50	5.25	4.75	4.75	3.75	2.75
BI Rate (%)	5.00	3.75	3.50	5.50	6.00	6.00	6.00	6.00	5.50	5.50	4.50	4.00
Average Lending Rate (%)	10.52	9.67	9.16	9.16	9.27	9.28	9.23	9.21	9.15	9.15	8.55	8.00
<b>Banking Sector</b>												
Loan (% yoy)	6.08	-2.40	5.24	11.35	10.38	10.48	10.58	10.69	10.79	10.79	11.34	11.78
TPF (% yoy)	6.54	11.11	12.21	9.01	3.73	4.84	6.28	8.15	10.57	10.57	9.39	9.22
LDR (%)	94.8	83.2	77.8	79.7	83.8	84.8	86.1	85.9	84.0	84.0	85.5	87.5
<b>Real Sector</b>												
Car Sales (Unit)	1,030,126	532,027	887,202	1,048,040	1,005,802	313,529	202,128	252,240	279,733	1,047,630	1,071,763	1,144,675
Car Sales (% yoy)	-10.5	-48.4	66.8	18.1	-4.0	-1.0	-9.7	1.2	25.4	4.2	2.3	6.8
Motorcycles Sales (Unit)	6,487,460	3,660,616	5,057,516	5,221,470	6,236,992	2,144,597	1,026,925	1,604,918	1,502,065	6,278,505	6,300,894	6,436,790
Motorcycles Sales (% yoy)	1.6	-43.6	38.2	3.2	19.4	17.6	-25.5	5.6	-0.9	0.7	0.4	2.2

Source: Permata Institute for Economic Research (PIER)

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### Permata Institute for Economic Research (PIER)

<b>Josua Pardede</b> <a href="mailto:josua.pardede@permatabank.co.id">josua.pardede@permatabank.co.id</a>	Chief Economist
<b>Faisal Rachman</b> <a href="mailto:faisal.rachman1@permatabank.co.id">faisal.rachman1@permatabank.co.id</a>	Head of Macroeconomic & Financial Market Research
<b>Adjie Harisandi</b> <a href="mailto:adjie.harisandi@permatabank.co.id">adjie.harisandi@permatabank.co.id</a>	Head of Industry & Regional Research
<b>Qolbie Ardie</b> <a href="mailto:qolbie.ardie@permatabank.co.id">qolbie.ardie@permatabank.co.id</a>	Economist
<b>Ani Utami</b> <a href="mailto:ani.utami@permatabank.co.id">ani.utami@permatabank.co.id</a>	Industry Analyst

**PT. Bank Permata,Tbk.**

WTC II, 30th Floor  
 Jl. Jend Sudirman Kav.29-31  
 Jakarta 12920, Indonesia  
 Telephone: +62 21 523 7788  
 Fax: + 62 21 523 7253

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