

PIER Snapshot: Oct-24 Trade Balance

15 November 2024

Trade Surplus Narrowed as Imports Outpaced Exports

Authors: Josua Pardede – Chief Economist – josua.pardede@permatbank.co.id
Faisal Rachman – Head of Macro. & Fin. Market Research – faisal.rachman1@permatbank.co.id
Qolbie Ardie – Economist – qolbie.ardie@permatbank.co.id

Trade Review

- **Rising imports contributed to a reduction in the trade surplus.**

In Oct-24, Indonesia's trade balance saw a narrowing surplus, decreasing from USD3.23 billion in Sep-24 to USD2.48 billion. Accelerating imports, indicating relatively strong domestic demand despite growing risks of flagging the global economy, largely drove this shrinking surplus. Both exports and imports increased on both monthly and annual terms. However, the pace of import growth outstripped that of exports. Cumulatively, the trade surplus from January to October 2024 reached USD24.43 billion, down from USD31.19 billion during the same period in 2023.

- **Crude palm oil (CPO) exports experienced a notable rebound in Oct-24, significantly contributing to robust export growth.**

Exports in Oct-24 expanded notably, rising by 10.69%mom or 10.25%yoy, driven by a remarkable surge in CPO exports. CPO exports soared by 70.90%mom, contributing an additional USD1.05 billion to the month's export performance. Increased demand from India, where festive occasions like Dusshera and Diwali heightened CPO consumption, primarily fueled this surge, offsetting the impact of higher import tariffs. Additionally, the robust demand pushed global CPO prices higher amid a decline in production, further supporting export performance. In Oct-24, CPO prices climbed by 9.61%mom. Cumulatively, exports from January to October 2024 grew by 1.33%yoy to USD217.24 billion, up from USD214.39 billion during the same period in 2023.

- **Imports showed accelerated growth across all goods categories.**

Imports across all categories saw notable increases in Oct-24, reflecting strong domestic demand. Capital goods, raw materials, and consumer goods imports rose significantly by 12.55%mom, 18.49%mom, and 10.02%mom, respectively, driving overall import growth to 16.54%mom. In terms of HS categories, mineral fuels, particularly oil and gas, were one of the major contributors to the import surge. Processed oil imports rose by USD673.4 million in Oct-24, driven by rising global oil prices and anticipation for seasonally higher demands ahead of year-end holidays. Meanwhile, among non-oil and gas imports, electrical machinery and equipment recorded the highest increase, up by USD590.1 million, signaling a recovery in investment activity within the manufacturing sector, supported by the clarity of President Prabowo's future economic policies. On an annual basis, import growth accelerated sharply to 17.49%yoy, compared to 8.55%yoy in the previous month. Cumulatively, imports from January to October 2024 expanded by 5.25%yoy.

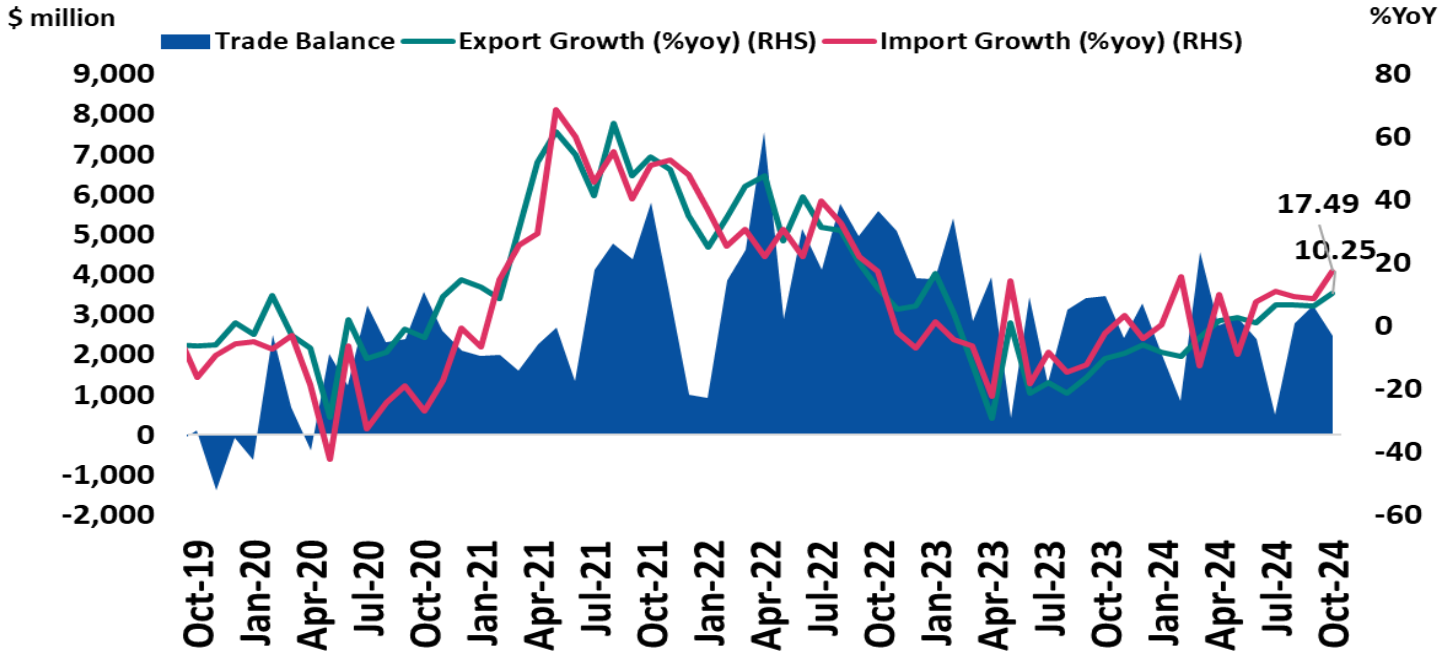
Our PIERpective

- For 3Q24, we expect CAD to narrow to 0.78% of GDP, following the typical seasonal pattern, down from 0.88% of GDP in 2Q24. Although the goods surplus is expected to decrease, with the trade surplus falling from USD8.03 billion to USD6.53 billion in 3Q24, we foresee the primary income deficit declining after peaking in 2Q24, influenced by seasonally higher interest or coupon payments on local financial assets to non-residents.
- For the entire year of 2024, we predict a moderate increase in the CAD, rising from 0.16% of GDP in 2023 to 0.78% of GDP. This trend is anticipated to persist into 2025, with the CAD expanding further to 1.22% of GDP as President Prabowo's economic agenda seeks to accelerate Indonesia's economic growth.
- This projection takes into account key factors such as the gradual normalization of commodity prices and the potential effects of weakening global demand, amid China's 'slower-for-longer' economy. However, Indonesia's ongoing downstreaming efforts are expected to reduce reliance on raw commodity exports, which should help limit the deficit to some extent. Additionally, potential global policy rate cuts could partially mitigate the impact of declining commodity prices. From import side, President Prabowo's target to accelerate Indonesia's economic growth could increase the demand for imported raw materials and capital goods going forward.
- A key factor to consider for 2025 is that Trump's victory in the US Presidential Election increases the risk of a Trade War 2.0, due to his inward-looking economic policies. This could restrict further global policy rate cuts ('high-for-longer'), and worsen the already fragile global trade conditions.

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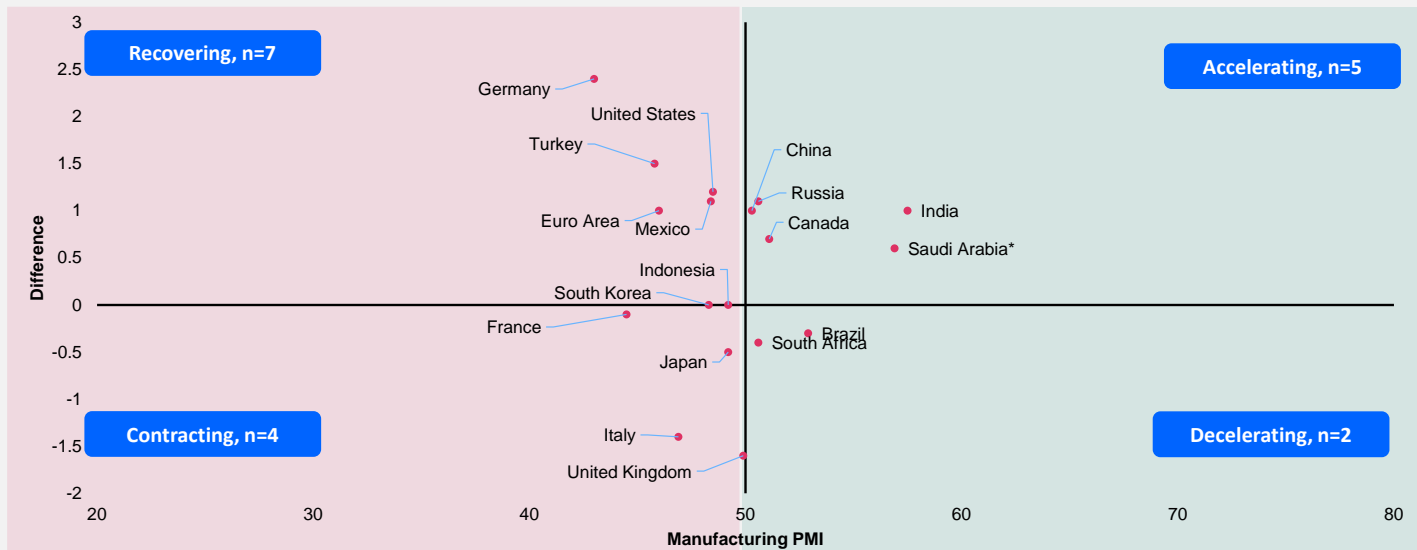
Indonesia's Trade Performance



Source: Statistics Indonesia & PermataBank Economic Research

Global Manufacturing Activities

Purchasing Manager Index (PMI) in G20 Countries (Oct-24)

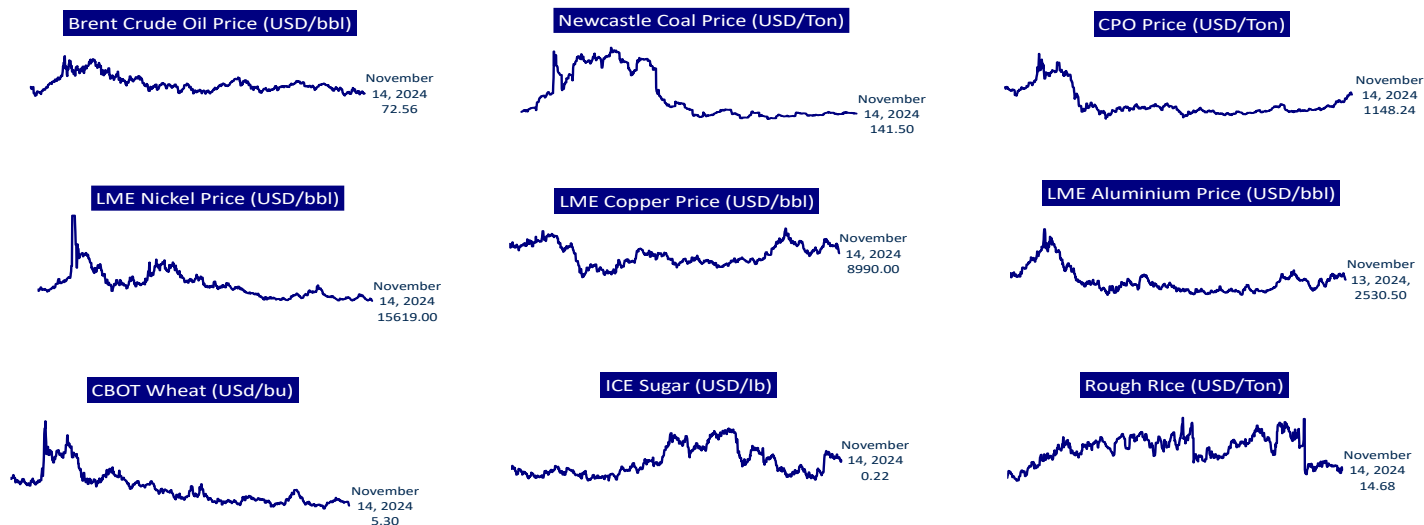


Source: Bloomberg & PermataBank Economic Research

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The Trend of Commodity Prices in 2024



Source: Bloomberg & PermataBank Economic Research

Historical Exports and 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
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
FY2023	258,774	242,853	15,922	221,886	186,056	35,830	36,888	56,797	-19,909
Jan-24	20,493	19,096	1,398	18,495	15,796	2,698	1,999	3,299	-1,301
Feb-24	19,273	18,056	1,217	18,440	15,461	2,980	833	2,595	-1,763
Mar-24	22,538	21,253	1,285	17,961	14,635	3,327	4,577	6,618	-2,041
Apr-24	19,615	18,265	1,350	16,896	13,911	2,984	2,719	4,354	-1,634
May-24	22,326	20,906	1,419	19,400	16,651	2,748	2,926	4,255	-1,329
Jun-24	20,845	19,614	1,231	18,450	15,180	3,271	2,395	4,434	-2,039
Jul-24	22,237	20,814	1,423	21,736	18,179	3,558	501	2,636	-2,135
Aug-24	23,440	22,237	1,204	20,665	18,017	2,648	2,775	4,220	-1,445
Sep-24	22,056	20,905	1,151	18,825	16,296	2,529	3,231	4,609	-1,378
Oct-24	24,414	23,068	1,345	21,938	18,272	3,666	2,475	4,796	-2,321
Jan-Oct-23	214,387	201,226	13,161	183,193	154,223	28,969	31,195	47,003	-15,809
Jan-Oct-24	217,236	204,213	13,023	192,806	162,398	30,408	24,430	41,815	-17,385
Growth	1.3	1.5	-1.0	5.2	5.3	5.0			

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PIER's Economic & Market Forecast

	2019	2020	2021	2022	2023	1Q24	2Q24	3Q24	4Q24F	2024F	1Q25F	2Q25F	3Q25F	4Q25F	2025F	2026F	2027F	
National Account																		
Real GDP (% yoy)	5.02	-2.07	3.70	5.31	5.05	5.11	5.05	4.95	5.00	5.03	5.14	5.13	5.17	5.14	5.15	5.26	5.34	
Real Consumption: Private (% yoy)	5.04	-2.63	2.02	4.93	4.82	4.91	4.93	4.91	5.00	4.94	5.08	5.05	5.02	5.00	5.04	5.12	5.17	
Real Consumption: Government (% yoy)	3.27	2.12	4.24	-4.51	2.95	19.91	1.42	4.62	5.05	6.66	3.97	5.25	5.78	6.02	5.37	6.08	6.16	
Real Gross Fixed Capital Formation (% yoy)	4.45	-4.96	3.80	3.87	4.40	3.79	4.43	5.15	4.89	4.58	5.13	5.79	6.07	6.26	5.83	6.62	6.70	
Real Export (% yoy)	-0.48	-8.42	17.95	16.28	1.32	1.44	8.18	9.09	4.95	5.88	8.77	9.99	10.23	9.47	9.63	10.41	10.91	
Real Import (% yoy)	-7.13	-17.60	24.87	14.75	-1.65	1.46	7.79	11.47	6.36	6.78	10.68	11.97	12.64	11.88	11.82	12.65	13.24	
Nominal GDP (IDR tn) - nominal	15,832.66	15,443.35	16,976.75	19,588.09	20,892.38	5,288.49	5,536.50	5,638.89	5,691.22	22,155.09	5,692.27	5,972.23	6,103.13	6,161.37	23,928.99	25,871.71	27,924.71	
Nominal GDP (USD bn) - nominal	1,119.10	1,059.93	1,186.29	1,318.68	1,371.47	337.72	342.37	356.92	361.01	1,398.02	363.26	390.47	390.62	397.06	1,531.42	1,685.56	1,828.18	
Inflation & Unemployment																		
Headline Inflation Rate (2022=100, % yoy, avg)	2.82	2.04	1.56	4.14	3.73	2.79	2.78	2.03	2.28	2.51	2.49	2.59	3.06	3.11	2.81	2.85	2.67	
Headline Inflation Rate (2022=100, % yoy, eop)	2.59	1.68	1.87	5.41	2.81	3.05	2.51	1.84	2.33	2.33	2.50	2.74	3.06	3.12	3.12	2.91	2.38	
Unemployment Rate (%)	5.18	7.07	6.49	5.86	5.32	4.82	4.82	4.91	4.94	4.94	4.94	4.94	5.03	5.03	5.03	4.93	4.88	
Fiscal Condition																		
Fiscal Balance (% of GDP)	-2.20	-6.14	-4.57	-2.35	-1.65	0.04	-0.34	-1.08	-2.63	-2.63	0.05	-0.93	-1.47	-2.67	-2.67	-2.85	-2.75	
IDR 10-year Bond Yield (%)	7.06	5.89	6.38	6.94	6.48	6.73	7.07	6.45	6.66	6.66	6.79	6.58	6.56	6.45	6.45	6.29	6.25	
External Sector																		
Trade Balance (USD bn)	-3.59	21.62	35.42	54.46	36.91	7.41	8.03	6.53	6.35	28.33	6.43	6.14	5.70	5.17	23.44	17.24	13.33	
Goods Balance (USD bn)	3.51	28.30	43.61	62.67	46.19	9.28	9.96	8.67	8.35	36.26	8.43	8.14	7.70	7.17	31.44	25.24	15.33	
Current Account (USD bn)	-30.28	-4.43	3.51	13.22	-2.14	-2.41	-3.02	-2.78	-2.76	-10.96	-3.20	-5.27	-4.81	-5.39	-18.67	-26.63	-39.47	
Current Account (% of GDP)	-2.71	-0.42	0.30	1.00	-0.16	-0.71	-0.88	-0.78	-0.76	-0.78	-0.88	-1.38	-1.23	-1.36	-1.22	-1.58	-2.18	
Foreign Reserves (USD bn)	129.18	135.90	144.91	137.23	146.38	140.39	140.18	149.92	152.07	152.07	153.36	152.94	154.00	153.95	153.95	152.33	143.06	
USD/IDR (avg)	14,141	14,529	14,297	14,874	15,248	15,783	16,295	15,618	15,764	15,865	15,670	15,697	15,624	15,517	15,627	15,350	15,275	
USD/IDR (eop)	13,866	14,050	14,253	15,568	15,397	15,855	16,375	15,140	15,729	15,729	15,717	15,625	15,626	15,475	15,475	15,309	15,232	
Commodity Price																		
Coal Price (USD/MT)	66.2	83.0	169.7	379.2	141.8	131.5	135.1	145.8	108.8	108.8	113.8	116.5	117.2	108.2	108.2	120.7	119.3	
CPO Price (USD/MT)	763.7	1,016.4	1,270.3	940.4	797.8	942.9	873.7	932.6	846.3	846.3	860.5	868.3	871.6	850.1	850.1	892.2	897.1	
Oil Price (USD/BBL)	65.85	49.87	74.31	80.90	77.9	85.5	82.6	80.9	74.9	74.9	78.2	79.8	80.2	74.4	74.4	82.9	82.4	
Interest Rate																		
Fed Funds Rate (%)	1.75	0.25	0.25	4.50	5.50	5.50	5.50	5.00	4.50	4.50	4.50	4.25	4.25	4.00	4.00	3.75	3.75	
BI Rate (%)	5.00	3.75	3.50	5.50	6.00	6.00	6.25	6.00	5.75	5.75	5.75	5.50	5.50	5.50	5.50	5.50	5.50	
Average Lending Rate (%)	10.52	9.67	9.16	9.16	9.27	9.27	9.27	9.24	9.28	9.28	9.02	8.98	8.94	8.96	8.96	8.98	9.00	
Banking Sector																		
Loan (% yoy)	6.08	-2.40	5.24	11.35	10.38	12.40	12.36	10.85	10.79	10.79	10.92	11.06	11.20	11.34	11.34	11.78	12.09	
TPF (% yoy)	6.54	11.11	12.21	9.01	3.73	7.44	8.45	7.04	8.00	8.00	9.89	11.17	11.41	10.70	10.70	9.22	12.12	
LDR (%)	94.8	83.2	77.8	79.7	83.8	84.2	85.8	86.9	84.0	86.0	85.0	85.7	86.1	86.5	86.5	87.5	88.5	
Real Sector																		
Car Sales (Unit)	1,030,126	532,027	887,202	1,048,040	1,005,802	215,250	194,768	223,200	225,741	858,959	208,322	216,098	239,174	244,851	908,444	955,547	990,887	
Car Sales (% yoy)	-10.5	-48.4	66.8	18.1	-4.0	-23.8	-13.0	-10.5	-9.7	-14.6	-3.2	11.0	7.2	8.5	5.8	5.2	3.7	
Motorcycles Sales (Unit)	6,487,460	3,660,616	5,057,516	5,221,470	6,236,992	1,735,090	1,435,904	1,701,502	1,606,008	6,478,504	1,342,907	1,754,031	1,761,736	1,626,554	6,485,228	6,577,522	6,689,437	
Motorcycles Sales (% yoy)	1.6	-43.6	38.2	3.2	19.4	-4.9	4.2	12.0	6.0	3.9	-22.6	22.2	3.4	1.3	0.1	1.4	1.7	

Note:
 : quarterly realization

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Permata Institute for Economic Research (PIER)

Josua Pardede
josua.pardede@permatabank.co.id

Chief Economist

Faisal Rachman
faisal.rachman1@permatabank.co.id

Head of Macroeconomic & Financial Market Research

Adjie Harisandi, CFA
adjie.harisandi@permatabank.co.id

Head of Industry & Regional Research

Qolbie Ardie
qolbie.ardie@permatabank.co.id

Economist

Ani Utami
ani.utami@permatabank.co.id

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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