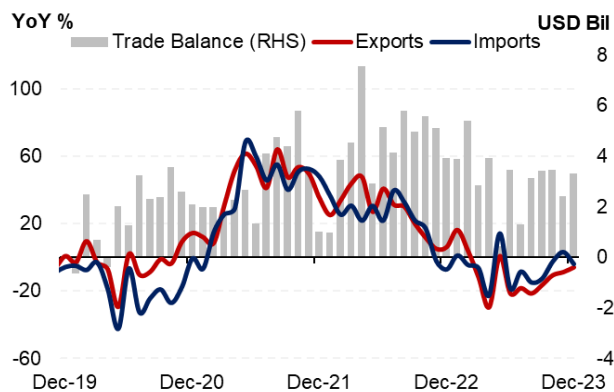


Indonesia External Trade

Exports and imports contracted in December on subdued demand

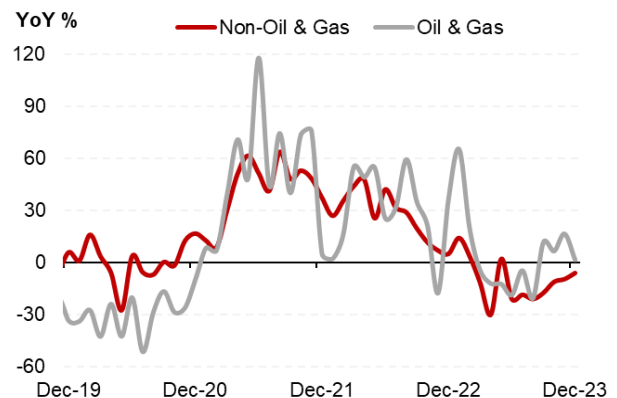
- **Exports fell for the seventh straight month (-5.8% YoY; Nov: -8.6%), but better than consensus (-8.1%). Overall, 2023 export growth fell by 11.3% (2022: 26.0%), slightly above our forecast of -11.5%**
 - MoM: rebounded (1.9%; Nov: -0.7%) to a two-month high.
- **Weak export growth due to subdued Non-O&G but partially mitigated by expansion in O&G products**
 - Non-O&G (-6.2%; Nov: -9.8%): growth contracted for the seventh straight month due to a persistent weakness led by mining (-12.2%; Nov: -27.5%), followed by manufacturing (-4.3%; Nov: -3.5%) and agriculture (-3.9%; Nov: -11.5%) products. Nevertheless, the rate of contraction eased due to the lapse of the high base effect recorded in 2022. By destination, shipment to major trading partners remained weak, led by Japan (-22.5%; Nov: -24.0%), followed by China (-0.3%; Nov: -13.9%) and the US (-0.4%; Nov: -7.5%).
 - O&G (1.5%; Nov: 16.4%): slowed sharply, due to a sharp contraction in mining (-23.7%; Nov: 9.7%) although manufacturing growth surged (91.1%; Nov: 39.9%), an 11-month high.
- **Imports fell (-3.8%; Nov: 3.3%) to a three-month low, below expectations (consensus: 0.4%). This was largely due to a big fall in non-O&G import (-5.6%; Nov: -0.4%)**
 - By category, it was dragged by lower capital goods (-9.9%; Nov: 13.7%) and raw materials (-4.4%; Nov: -1.0%). Nevertheless, growth was partially supported by a moderate expansion in consumer goods (13.5%; Nov: 19.8%).
 - MoM: growth contracted (-2.4%; Nov: 4.9%) to a three-month low after two straight months of expansion.
- **Trade surplus expanded (USD3.3b; Nov: USD2.4b), far beating consensus (USD1.9b) as exports rebounded on a MoM basis while imports fell**
 - Nevertheless, total trade remained weak, contracting for the seventh month (-4.9% YoY; Nov: -3.3%).
- **We project export growth to rebound marginally by 0.8% in 2024 (2023: -11.3%)**
 - Export growth is expected to rebound in 2024, albeit marginally following a sharp contraction in the previous year amid weak global trade and commodity prices and China's slower-than-expected post-pandemic recovery. The rebound is partly because we expect China's growth to gradually pick up in the upcoming months but it would be tempered by geopolitical uncertainty which could disrupt the global supply chain.

Graph 1: External Trade Growth Trend



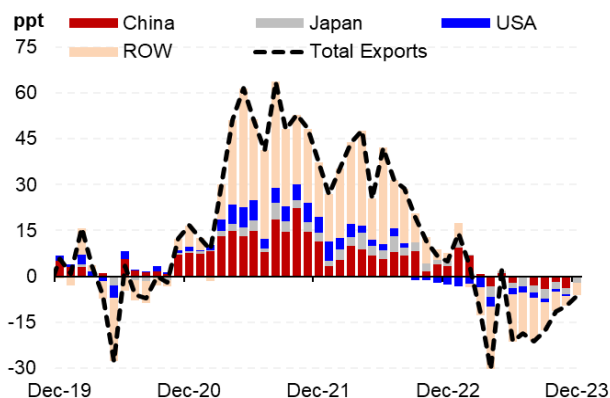
Source: BPS Indonesia, Macrobond, Kenanga Research

Graph 2: Exports Growth by Group



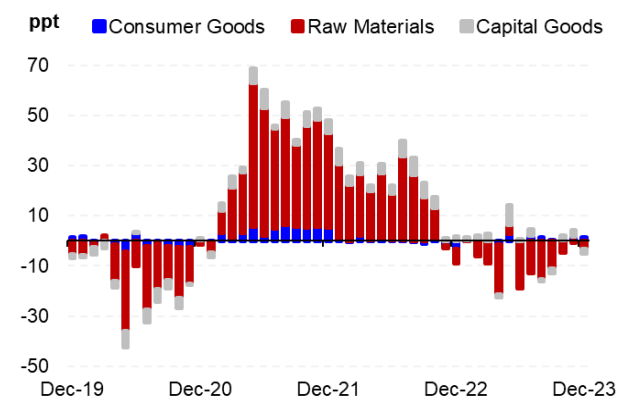
Source: BPS Indonesia, Macrobond, Kenanga Research

Graph 3: Non-Oil & Gas Exports by Destination (Top-3)



Source: BPS Indonesia, Macrobond, Kenanga Research

Graph 4: Imports by Categories



Source: BPS Indonesia, Macrobond, Kenanga Research

16 January 2024

Table 1: Indonesia External Trade Growth Trend

		2021	2022	Dec -22	Jan -23	Feb -23	Mar -23	Apr -23	May -23	Jun -23	Jul -23	Aug -23	Sep -23	Oct -23	Nov -23	Dec -23
Total Trade	YoY %	40.4	23.8	-0.1	9.0	0.3	-9.2	-26.4	7.1	-19.9	-13.6	-18.4	-14.5	-6.9	-3.3	-4.9
Trade Balance	USD bn	35.4	54.5	3.9	3.9	5.4	2.8	3.9	0.4	3.5	1.3	3.1	3.4	3.5	2.4	3.3
Exports	YoY %	41.9	26.1	6.4	16.4	4.1	-11.6	-29.4	0.9	-21.2	-18.1	-21.2	-16.2	-10.4	-8.6	-5.8
Non-Oil & Gas	YoY %	41.6	25.8	4.9	14.0	3.4	-12.0	-30.4	1.9	-21.3	-18.8	-21.3	-17.7	-11.4	-9.8	-6.2
	Share	94.7	94.5	93.9	93.3	94.4	94.3	93.5	94.0	93.9	94.1	94.0	93.2	93.8	94.2	93.4
Oil & Gas	YoY %	48.5	30.7	36.5	65.1	19.3	-4.8	-12.2	-12.5	-18.8	-4.7	-20.7	11.6	6.4	16.4	1.5
	Share	5.3	5.5	6.1	6.7	5.6	5.7	6.5	6.0	6.1	5.9	6.0	6.8	6.2	5.8	6.6
Imports	YoY %	38.6	21.0	-7.0	1.3	-4.3	-6.3	-22.3	14.3	-18.3	-8.3	-14.8	-12.5	-2.4	3.3	-3.8
Non-Oil & Gas	YoY %	34.0	15.5	-7.3	-2.8	-1.6	-4.9	-22.3	18.9	-13.9	-2.7	-12.1	-14.5	-1.9	-0.4	-5.6
	Share	87.0	83.0	83.9	84.2	84.9	85.4	80.7	85.3	87.0	84.0	85.9	80.8	82.8	82.2	82.3
Oil & Gas	YoY %	79.1	58.3	-5.2	30.4	-17.1	-13.7	-22.5	-6.5	-39.5	-29.7	-28.1	-2.8	-4.7	24.4	5.4
	Share	13.0	17.0	16.1	15.8	15.1	14.6	19.3	14.7	13.0	16.0	14.1	19.2	17.2	17.8	17.7

Source: BPS Indonesia, Macrobond, Kenanga Research

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