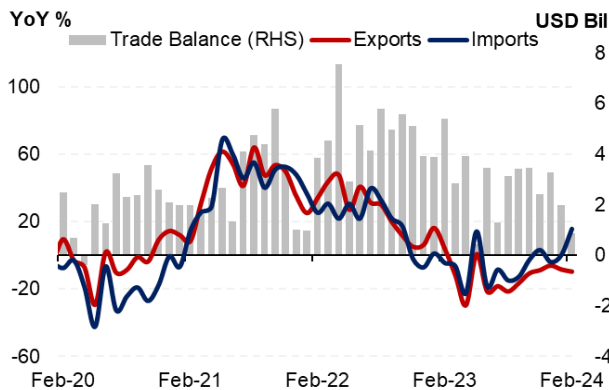


Indonesia External Trade

Exports hit a 4-month low in February due to weak non-oil & gas products

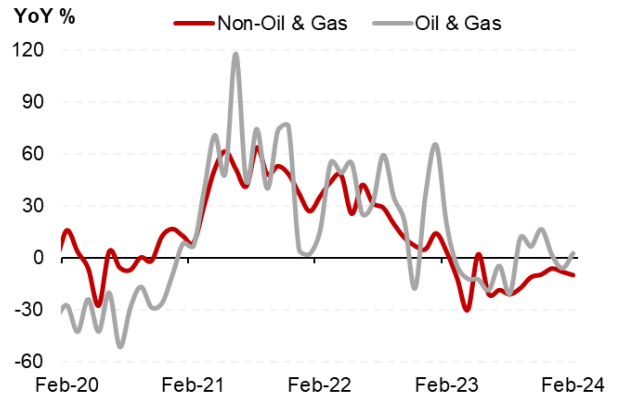
- Exports declined for the ninth straight month and hit a four-month low (-9.4% YoY; Jan: -8.2%), The YoY contraction was also sharply higher than the consensus (-6.5%)**
 - MoM: contracted for the second straight month (-5.8%; Jan: -8.5%), indicating sustained weakness in exports, partly influenced by seasonal factors.
- Subdued exports due to weak non-O&G, but partially mitigated by a rebound in O&G exports**
 - Non-O&G (-10.2%; Jan: -8.3%): contracted for the ninth straight month, due to a sharp drop in manufacturing (-11.3%; Jan: -4.0%) along with mining (-8.2%; Jan: -23.1%) products. Bucking the trend, agriculture spiked up 17.0% (Jan: -3.9%). By destination, shipment to major trading partners remained weak, particularly to China (-19.3%; Jan: -13.3%) and Japan (-13.5%; Jan: -22.8%). However, higher demand from the US (10.0%; Jan: 2.2%) partially cushioned the slowdown.
 - O&G (2.6%; Jan: -6.1%): rebounded, mainly due to a sharp turnaround in manufacturing (68.1%; Jan: -24.6%).
- Imports surged (15.8%; Jan: 0.3%), beating expectations (consensus: 9.3%), boosted by a rebound in O&G imports (23.8%; Jan: -7.2%) and expansion in non-O&G, as well as lower base effect**
 - By category, the surprise rebound was due to a broad-based expansion, led by a strong consumer goods (36.5%; Jan: 11.0%), followed by capital goods (18.5%; Jan: 10.2%) and a rebound in raw materials (12.8%; Jan: -3.1%).
 - MoM: growth contracted (-0.3%; Jan: -3.2%) for the third straight month.
- Trade surplus narrowed to a nine-month low (USD0.9b; Jan: USD2.0b), falling below the consensus (USD2.3b) on sharper MoM decline in exports (-5.8%) compared to imports (-0.3%)**
 - However, total trade rebounded (1.4% YoY; Jan: -4.4%), highest in nine months.
- 2024 export forecast maintained at 0.8% (2023: -11.3%) on the back of a slight recovery in the external demand**
 - We currently see a slower rebound in Indonesia's exports, primarily due to diminished non-O&G exports, especially from the agriculture and manufacturing sectors. This partly attributed to the effects of El-Nino and sluggish recovery in China, Indonesia's largest trading partner. However, we anticipate China's economic revival to potentially spur growth in the 2H24, although geopolitical tensions may limit the prospects for improvement.

Graph 1: External Trade Growth Trend



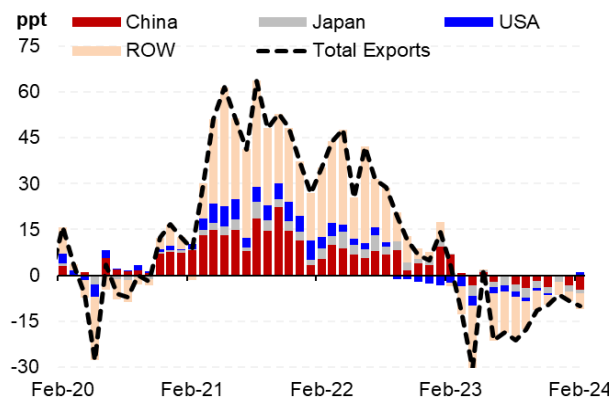
Source: BPS Indonesia, Macrobond, Kenanga Research

Graph 2: Exports Growth by Group



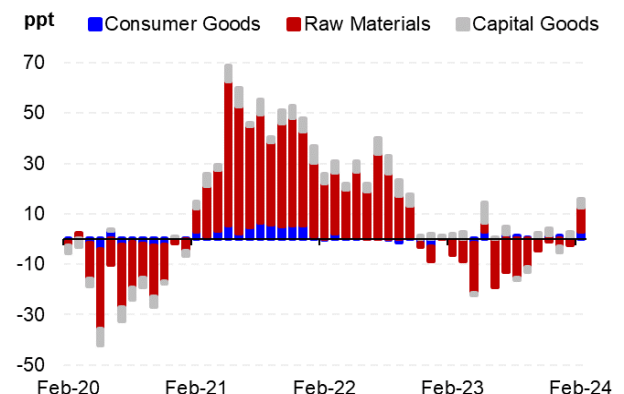
Source: BPS Indonesia, Macrobond, Kenanga Research

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

18 March 2024

Table 1: Indonesia External Trade Growth Trend

		2022	2023	Feb -23	Mar -23	Apr -23	May -23	Jun -23	Jul -23	Aug -23	Sep -23	Oct -23	Nov -23	Dec -23	Jan -24	Feb -24
Total Trade	YoY %	23.7	-9.2	0.3	-9.2	-26.4	7.1	-19.9	-13.6	-18.4	-14.5	-6.9	-3.3	-4.9	-4.4	1.4
Trade Balance	USD bn	54.4	36.9	5.4	2.8	3.9	0.4	3.5	1.3	3.1	3.4	3.5	2.4	3.3	2.0	0.9
Exports	YoY %	26.0	-11.3	4.1	-11.6	-29.4	0.9	-21.2	-18.1	-21.2	-16.2	-10.4	-8.6	-5.8	-8.2	-9.4
Non-Oil & Gas	YoY %	25.8	-12.0	3.4	-12.0	-30.4	1.9	-21.3	-18.8	-21.3	-17.7	-11.4	-9.8	-6.3	-8.3	-10.2
	Share	94.6	93.8	94.4	94.3	93.5	94.0	93.9	94.1	94.0	93.2	93.8	94.2	93.4	93.2	93.7
Oil & Gas	YoY %	29.3	0.5	19.3	-4.8	-12.2	-12.5	-18.8	-4.7	-20.7	11.6	6.4	16.4	1.4	-6.1	2.6
	Share	5.4	6.2	5.6	5.7	6.5	6.0	6.1	5.9	6.0	6.8	6.2	5.8	6.6	6.8	6.3
Imports	YoY %	21.0	-6.6	-4.3	-6.3	-22.3	14.3	-18.3	-8.3	-14.8	-12.5	-2.4	3.3	-3.8	0.3	15.8
Non-Oil & Gas	YoY %	15.5	-5.6	-1.6	-4.9	-22.3	18.9	-13.9	-2.7	-12.1	-14.5	-1.9	-0.4	-5.6	1.7	14.4
	Share	83.0	83.9	84.9	85.4	80.7	85.3	87.0	84.0	85.9	80.8	82.8	82.2	82.4	85.4	83.8
Oil & Gas	YoY %	58.3	-11.3	-17.1	-13.7	-22.5	-6.5	-39.5	-29.7	-28.1	-2.8	-4.7	24.4	5.4	-7.2	23.8
	Share	17.0	16.1	15.1	14.6	19.3	14.7	13.0	16.0	14.1	19.2	17.2	17.8	17.6	14.6	16.2

Source: BPS Indonesia, Macrobond, Kenanga Research

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