

July Update: Back to Deficit

consumption goods (9.1%).

Forecast for 2019

Exports USD 166.7 bn Imports USD 171.8 bn Trade Balance USD (5.04) bn

- Indonesia recorded brisker foreign trade following the end of Lebaran and helped by the increasing number of working days. In July 2019, Indonesia's exports and imports both rose on a monthly basis to USD 15.4 bn (+31.0% mom) and USD 15.5 bn (+35.0% mom), respectively, monthly highs in 2019. On an annual comparison, however, exports and imports were still down by 5.2% yoy and 15.2% yoy. As a result, the trade balance posted a deficit of USD 63.5 mn in July 2019, albeit smaller than the median consensus of a USD 420 mn deficit and Danareksa's estimate of a USD 482.5 mn deficit. The smaller-than-expected deficit stemmed from a lower oil and gas deficit (USD 0.14 bn) and a USD 0.08 bn surplus from non oil and gas trade. In the Jan-Jul period, Indonesia's trade deficit reached USD 1.9 bn, or still lower than in the previous year (USD 3.21 bn deficit).
- Surging oil and gas exports (+115.2% mom) and non oil and gas exports (+25.3% mom) pushed up July's exports value. The higher exports reflect rising trade volume (+21.5% mom, +3.9% yoy) and higher average prices (+7.8% mom, -8.7% yoy). By product type, the shipments of Indonesia's top non oil and gas export products rose-including exports of mineral fuel (HS 27), electrical appliances (HS 85), and vehicle and parts (HS 87). These three commodities are 25.6% of Jan-Jul's non oil and gas exports. By destination country, the value of Indonesia's non oil and gas exports to China, the U.S. and Japan rose by 25.9%, 47.1%, and 18.9% mom, respectively. In the Jan-Jul period, exports to these three countries contributed 35.8% of Indonesia's non oil and gas exports.
- The higher imports reflect an increase in the value of oil and gas imports (+2.0% mom to USD 1.7 bn) and much higher non oil and gas imports (+40.7% mom to USD 13.8 bn). Both monthly imports volume (+32.9% mom, -12.2% yoy) and average prices (+1.5% mom, -3.4% yoy) were higher. By product type, Indonesia's main non oil and gas imports, such as mechanical appliances (HS 84), electrical appliances (HS 85), iron and steel (HS 72) and plastics products (HS 39) rebounded. By country of origin, the imports of non oil and gas products from China, Japan and Thailand rose by 57.7% mom, 21.1% mom and 25.6% mom, respectively.
- Imports of non-on-and gas products from China, Japan and Thanana rose by 37.7% mom, 21.1% mom and 25.6% mom, respectively.
 Imports of raw materials, capital goods, and consumption goods rose by 29.0% mom, 60.7% mom, and 42.1% mom, respectively. In Jan-July 2019, raw materials accounted for 74.6 percent of the total imports, followed by capital goods (16.3%) and

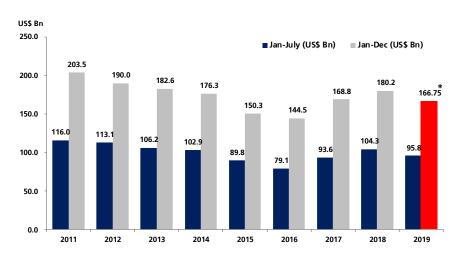
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US\$ Bn 20 2,000 18 1,500 1,000 16 14 500 12 10 (500) 8 (1,000) Trade Balance (RHS)-US\$ Mn 6 (1,500) Total Export-LHS (2,000)Total Import-LHS 2 (2,500) (3,000) Feb-13

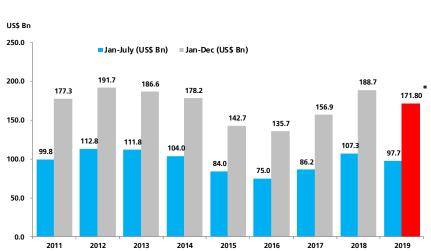
Graph 1. Indonesia's Exports and Imports

Source: BPS



Graph 2. Exports Performance

Source: BPS, Danareksa Research Institute



Graph 3. Imports Performance

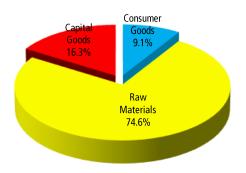
Source: BPS, Danareksa Research Institute

(%YoY) 70 **─**Consumer Goods 60 Raw Materials 50 -○— Capital Goods 40 30 20 10 0 (10) (20) (30) (40) Sep-16 Jan-17 Jul-17 Nov-17 Mar-18 May-18 Jul-18 Sep-18 Jan-16 Jul-16 Nov-16 Sep-17 Jan-18

Graph 4. YoY Change in Imports

Source: BPS

Graph 5. Imports Share by Type of Use (Jan-July'19)



Source: BPS

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