

## July Update: Back to Deficit

### Forecast for 2019

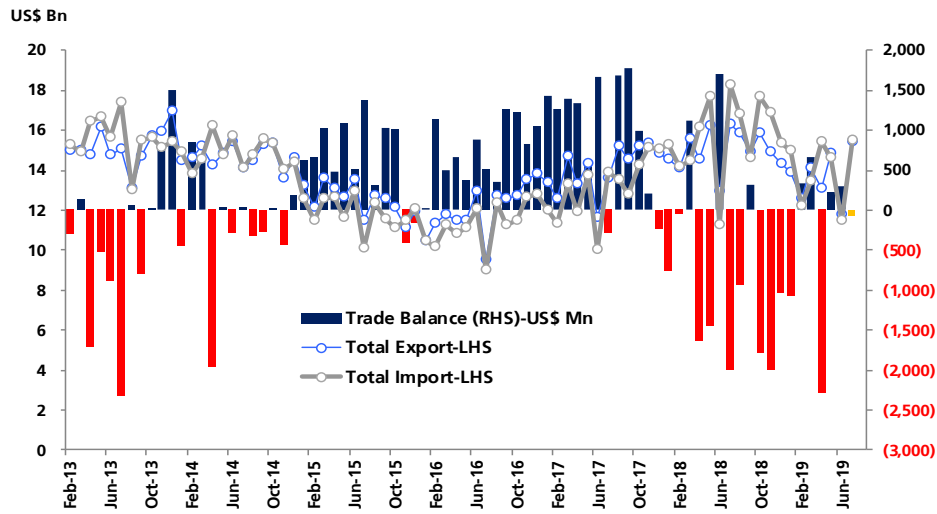
Exports	USD 166.7 bn
Imports	USD 171.8 bn
Trade Balance	USD (5.04) bn

- 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 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 consumption goods (9.1%).

**Moekti P. Soejachmoen, PhD**  
 Head of Economic Research  
 (62-21) 29555777/888 ext 3600  
 moekti.prasetiani@danareksa.co.id

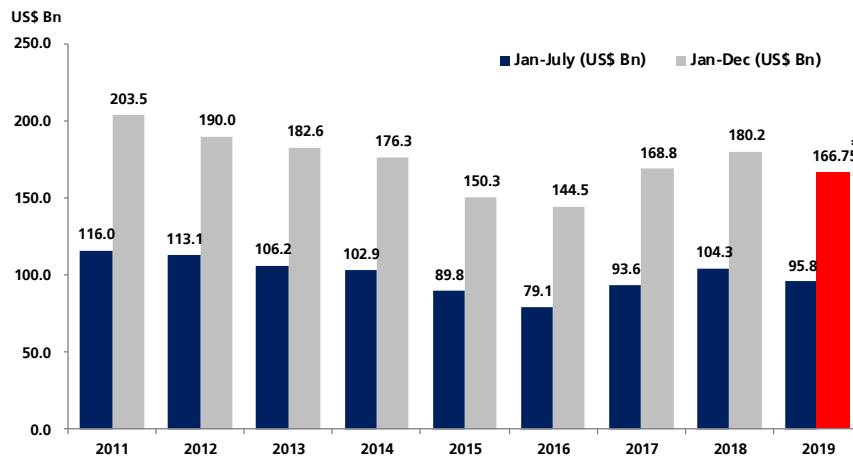
**Handri Thiono**  
 Research Specialist  
 (62-21) 29555777/888 ext 3606  
 handrit@danareksa.co.id

Graph 1. Indonesia's Exports and Imports



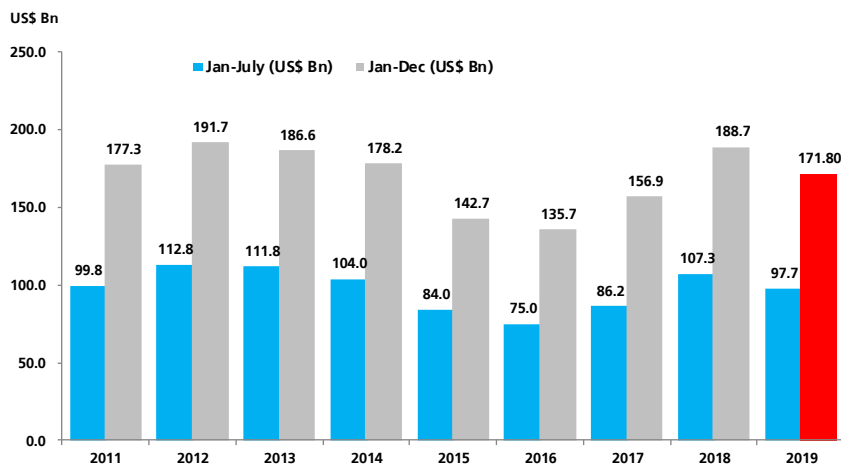
Source: BPS

Graph 2. Exports Performance



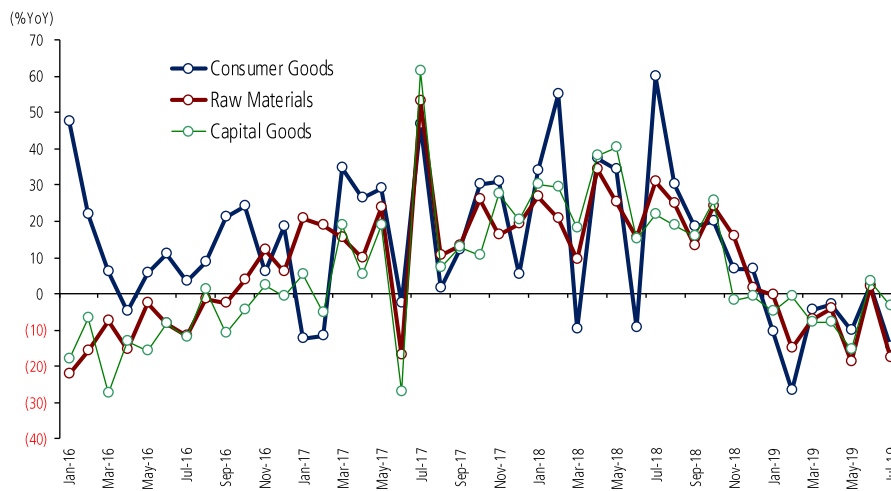
Source: BPS, Danareksa Research Institute

Graph 3. Imports Performance



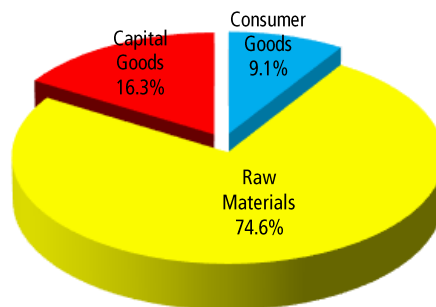
Source: BPS, Danareksa Research Institute

Graph 4. YoY Change in Imports



Source: BPS

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



Source: BPS

**RESEARCH TEAM**

Moekti P. Soejachmoen, PhD  
Head of Economic Research  
moekti.prasetiani@danareksa.co.id

Handri Thiono  
Research Specialist  
handrit@danareksa.co.id

Darwin Sitorus  
Research Specialist  
darwin@danareksa.co.id

Martin Jenkins  
Editor  
martin@danareksa.co.id

Sella F. Anindita  
Research Specialist  
sella.anindita@danareksa.co.id

**Danareksa Research Institute**

Danareksa Building  
Jl. Medan Merdeka Selatan 14  
Jakarta, 10110  
INDONESIA  
Tel : (62-21) 29555 777 / 888 (hunting)  
Fax : (62 21) 3501709

---

All rights reserved. No part of this publication may be reproduced, stored in retrieval systems, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of Danareksa Research Institute.

---

**DISCLAIMER**

The information contained in this report has been taken from sources which we deem reliable. However, none of Danareksa Research Institute and/or its affiliated companies and/or their respective employees and/or agents makes any representation or warranty (express or implied) or accepts any responsibility or liability as to, or in relation to, the accuracy or completeness of the information and opinions contained in this report or as to any information contained in this report or any other such information or opinions remaining unchanged after the issue hereof. We have no responsibility to update this report in respect of events and circumstances occurring after the date of this report. We expressly disclaim any responsibility or liability (express or implied) of Danareksa Research Institute and/or its affiliated companies and/or their respective employees and/or agents whatsoever and howsoever arising (including, without limitation for any claims, proceedings, actions, suits, losses, expenses, damages or costs) which may be brought against or suffered by any person as a result of acting in reliance upon the whole or any part of the contents of this report and neither Danareksa Research Institute and/or its affiliated companies and/or their respective employees and/or agents accepts liability for any errors, omissions or mis-statements, negligent or otherwise, in this report and any liability in respect of this report or any inaccuracy herein or omission herefrom which might otherwise arise is hereby expressly disclaimed. Accordingly, none of Danareksa Research Institute and/or its affiliated companies and/or their respective employees and/or agents shall be liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement or omission in any information contained in this report. This report is prepared for general circulation. It does not have regard to the specific person who may receive this