

## January Update: Large Deficit in the Beginning of the Year

### Forecast for 2020

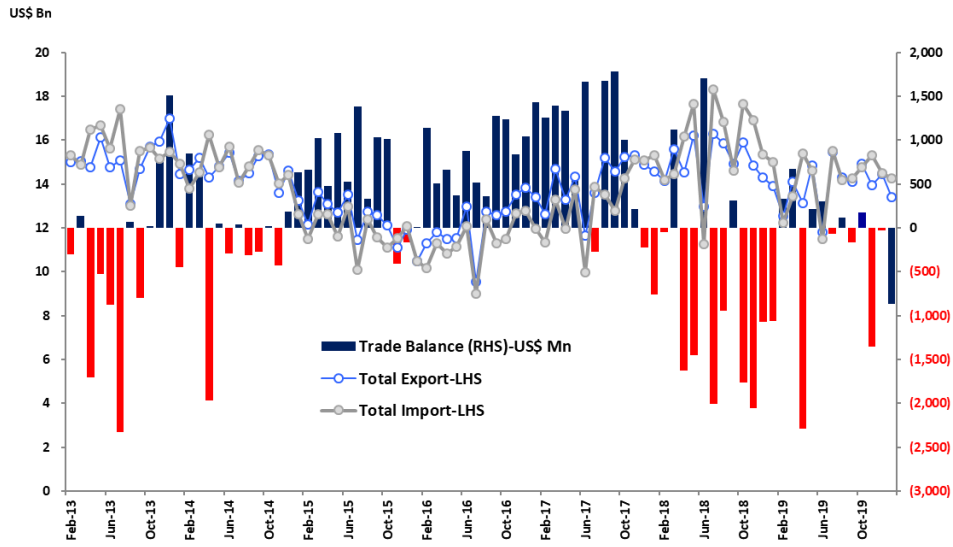
Exports	USD 173.5 bn
Imports	USD 176.1 bn
Trade Balance	USD (5.59) bn

- In January 2020, Indonesia recorded a deficit in the trade balance of USD 0.86 bn – a far larger deficit than the one recorded in the previous month of USD 28.2 mn. Indonesia's exports and imports were both lower on a monthly basis at USD 13.41 bn (-7.16% mom, -3.7% yoy) and USD 14.28 bn (-1.60% mom, -4.78% yoy), respectively. As a result, the trade balance posted a deficit of USD 0.86 bn in January 2020 – larger than both the median consensus of a USD 375 mn deficit and Danareksa's estimate of a USD 240 mn deficit. The large trade deficit in January 2020 reflects a deficit in the oil and gas sector of USD 1,181.2 mn as the non-oil and gas sector posted a surplus of USD 317.0 mn.
- Indonesia's exports fell in January 2020 due to a decrease in oil and gas exports to USD 805.9 mn (-30.6% mom, -34.7% yoy) and non oil and gas exports to USD 12,695.1 mn (-5.3% mom, -0.7% yoy). The decline in exports reflects lower exports volume (-9.04% mom) in oil and gas items (-21.44% mom) and non oil and gas items (-8.41% mom). Meanwhile, the aggregate average prices of exported goods increased in January 2020. By product type, the shipments of Indonesia's top non oil and gas exports rose including exports of electrical appliances (HS 85), iron and steel (HS 72), and vehicles and parts (HS 87) while there was a significant decrease in shipments of animal/ vegetable fats and oil (HS 15). By destination country, the value of Indonesia's non oil and gas exports to China, the U.S. and Japan all declined (-9.15% mom, -3.17% mom, -3.93% mom).
- The drop in imports in January 2020 was driven by lower oil and gas imports (-6.8% mom, +19.95% yoy) and lower non-oil and gas imports (-0.6% mom, -7.8% mom). Imports volumes decreased (-14.98% mom), while average prices increased (15.74% mom). By product type, lower non oil and gas imports were seen in the categories of iron and steel (HS 72), fruits (08), vegetables (HS 07), milk (HS 04) and candy (HS 17), while by contrast, imports were higher for plastic products (HS 39), vehicles and parts (HS 87) and organic chemicals (HS 38). By country of origin, the imports of non oil and gas products from China and Thailand declined (-3.08% mom and -14.14% mom), but shipment from Japan increased 0.75% mom.
- In January 2020, the imports of consumption goods (-11.19% mom) and capital goods (-8.99% mom) declined but the imports of raw materials increased (+1.67% mom).

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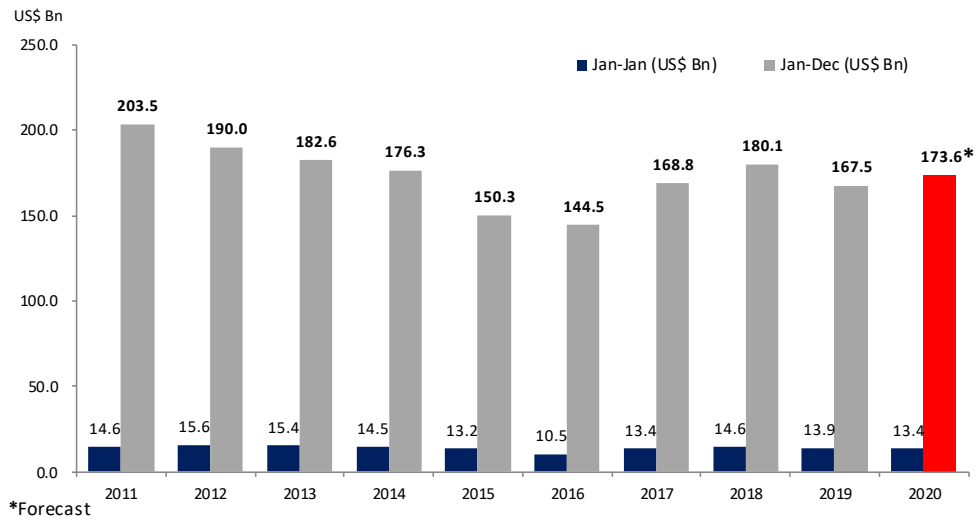
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Graph 1. Indonesia's Exports and Imports



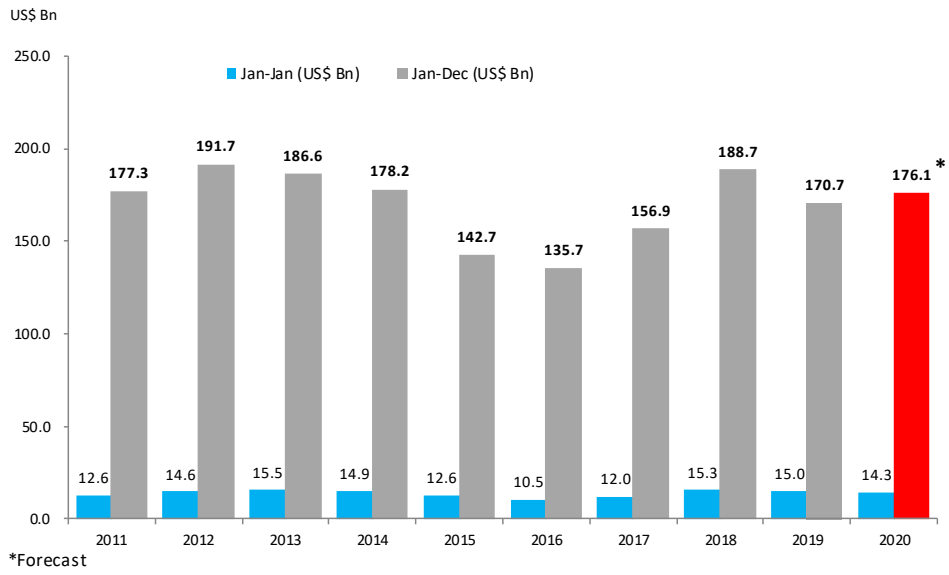
Source: BPS

Graph 2. Exports Performance



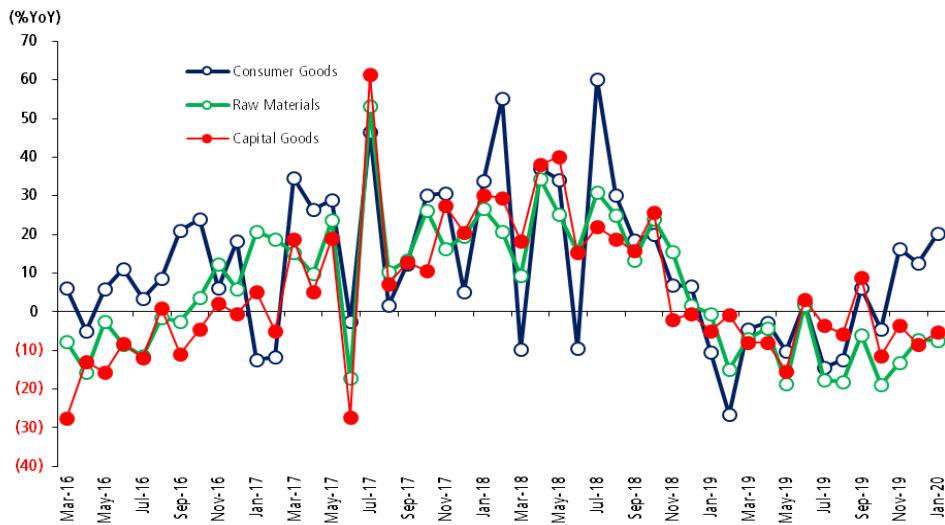
Source: BPS, Danareksa Research Institute

Graph 3. Imports Performance



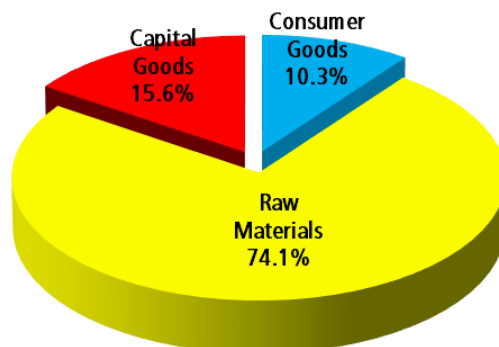
Source: BPS, Danareksa Research Institute

Graph 4. YoY Change in Imports



Source: BPS

Graph 5. Imports Share by Type of Use (January 2020)



Source: BPS

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