

June Update: Smaller Surplus Than Predicted

Forecast for 2019

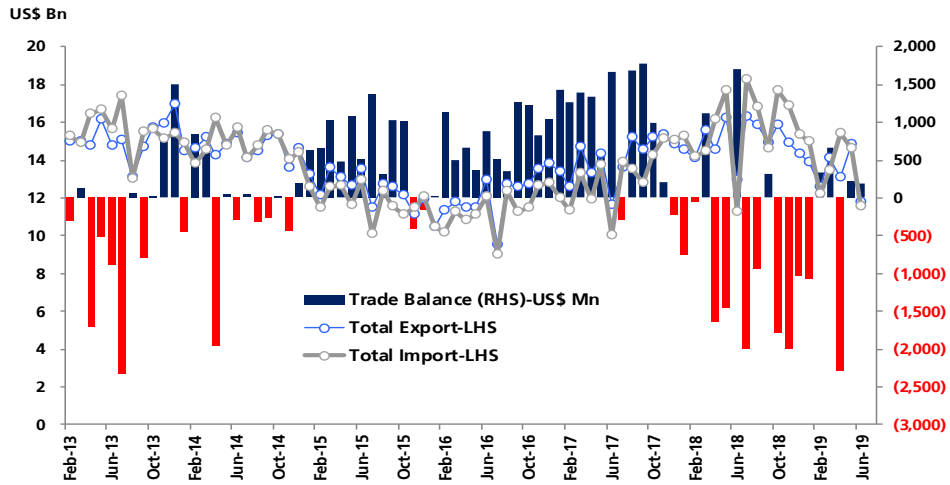
Exports	USD 205.7 bn
Imports	USD 216.3 bn
Trade Balance	USD (10.6) bn

- Indonesia posted a monthly foreign trade surplus of USD 196 mn in June 2019, narrowing from a USD 218.5 mn surplus in the previous month. The trade surplus is smaller than the median consensus of a USD 658 mn surplus and Danareksa's estimate of a USD 400 mn surplus. Both exports and imports were lower, affected by Idul Fitri. Exports (-20.5% mom, -9.2% yoy) and imports (-20.7% mom, +2.8% yoy) reached USD 11.8 bn and USD 11.6 bn, respectively. The oil and gas deficit (USD 0.96 bn) partly offset the USD 1.16 bn surplus gained from non-oil and gas trade. In 1H19, Indonesia's trade deficit reached USD 1.9 bn, or still higher than in the previous year (USD 1.1 bn deficit).
- Contracting trade in oil and gas exports (-34.4% mom) and non-oil and gas exports (-19.4% mom) dragged down June's exports value. The lower exports reflect a fall in trade volume (-19.6% mom, -6.1% yoy) and lower average prices (-1.2% mom, -3.0% yoy). By product type, the shipments of Indonesia's top non-oil and gas export products declined - including exports of mineral fuel (HS 27), animal or vegetables fats, oils & waxes (HS 15), and electrical appliances (HS 85). These three commodities are 31.5% of Jan-June'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 slid by 19.9%, 34.2%, and 14.6% mom, respectively. In 1H19, exports to these three countries contributed 35.6% of Indonesia's non-oil and gas exports.
- The lower imports reflect a fall in the value of oil and gas imports (-21.5% mom to USD 1.7 bn) and non-oil and gas imports (-20.6% mom to USD 9.9 bn). The monthly imports volume declined (-30.6% mom, -0.2% yoy), while the average prices were higher (+14.2% mom, +3.0% yoy). 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) declined. By country of origin, the imports of non-oil and gas products from China and Thailand fell by 28.6% mom and 9.6% mom, respectively. In contrast, non-oil and gas imports from Japan picked up by 7.4% mom.
- Imports of raw materials, capital goods, and consumption goods contracted by 17.8% mom, 25.5% mom, and 33.6% mom, respectively. In Jan-June 2019, raw materials accounted for 75.0 percent of the total non-oil and gas imports, followed by capital goods (16.0%) and consumption goods (9.0%).

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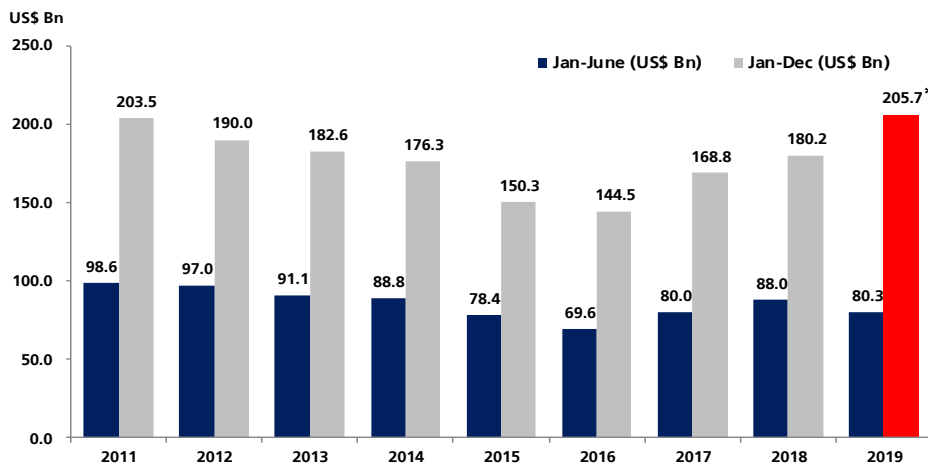
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Graph 1. Indonesia's Exports and Imports



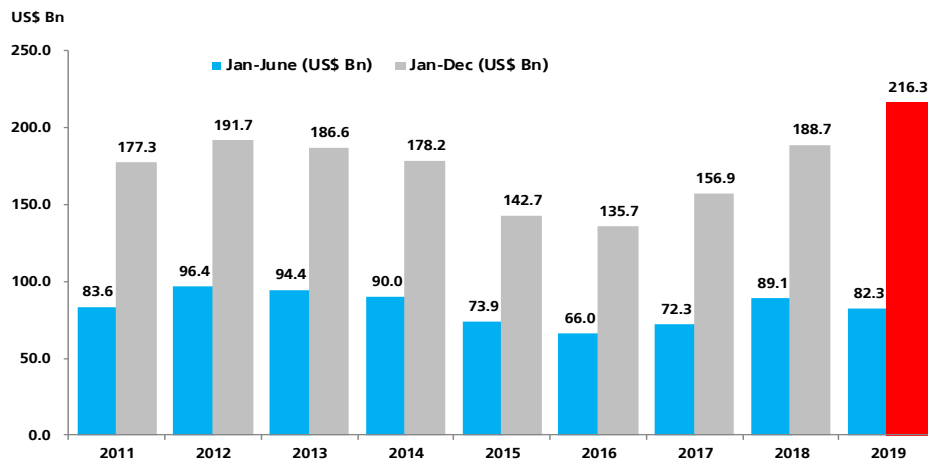
Source: BPS

Graph 2. Exports Performance



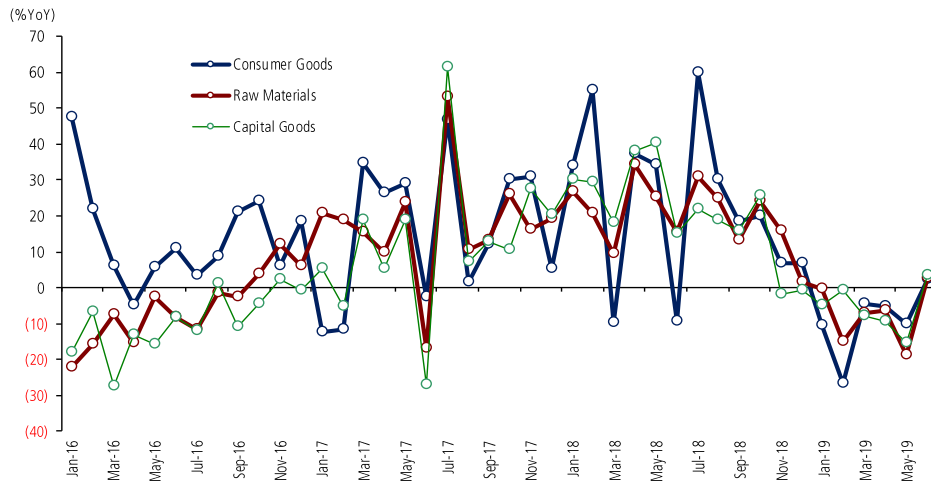
Source: BPS, Danareksa Research Institute

Graph 3. Imports Performance



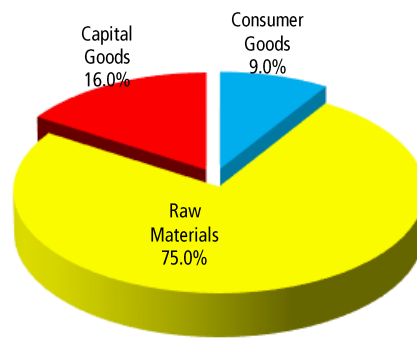
Source: BPS, Danareksa Research Institute

Graph 4. YoY Change in Imports



Source: BPS

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



Source: BPS

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