

May Update: Small Trade Surplus

Forecast for 2019

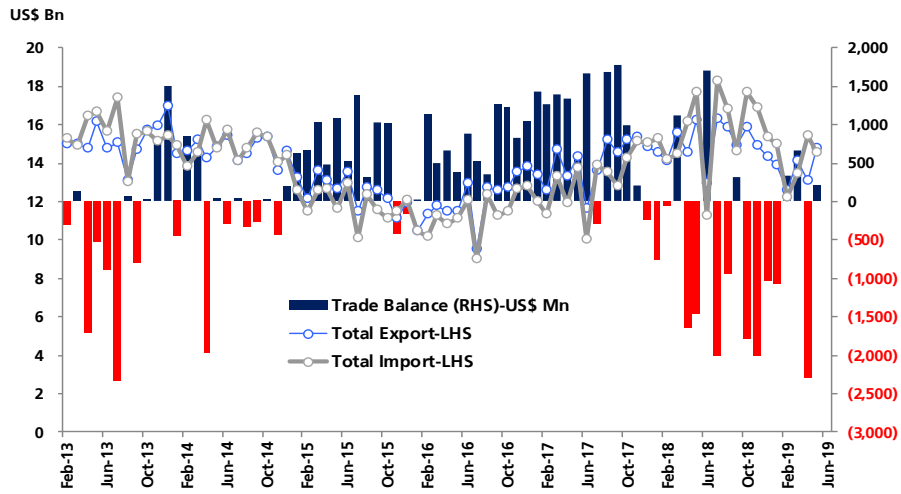
Exports	USD 205.7 bn
Imports	USD 216.3 bn
Trade Balance	USD (10.6) bn

- In May 2019, Indonesia posted a small trade surplus of USD 0.21 bn, a huge improvement over the USD 2.3 bn deficit in the previous month as well as the median consensus for a USD 1.38 bn deficit. The small surplus came on the back of higher monthly exports of USD 14.7 bn (+12.4% mom) and lower imports of USD 14.5 bn (-5.6% mom). However, compared to May 2018, exports were still lower (by -9.1% yoy vs the consensus of -14.5% yoy). On a yoy comparison, imports were also lower (-17.7% yoy vs the consensus of -13.9% yoy). Non oil and gas trade posted a surplus of USD 1.2 bn, while oil and gas trade remained in deficit (USD 0.9 bn). YTD, Indonesia's trade deficit is USD 2.1 bn, or better than in the previous year (USD 2.7 bn deficit).
- The higher exports were driven by both higher oil and gas exports (+50.2% mom) and higher non oil and gas exports (+10.2% mom) to USD 1.1 bn and USD 13.6 bn, respectively. The higher exports value reflects both higher trade volume (+9.0% mom, +10.9% yoy) and higher average prices (+3.1% mom, -17.9% yoy). Exporters had front-loaded some shipments ahead of the Idul Fitri festivities. By product type, the performance of Indonesia's top non oil and gas export products were higher - including exports of mineral fuel (HS 27), animal or vegetables fats, oils & waxes (HS 15), and electrical appliances (HS 85). These three commodities are 31.3% of Jan-May'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 picked up by 7.3%, 12.3%, and 12.6% mom, respectively. YTD, these three countries accounted for 35.6% of Indonesia's non oil and gas exports.
- The lower imports reflect both lower oil and gas imports (-6.4% mom to USD 2.1 bn) and lower non oil and gas imports (-5.5% mom to USD 12.4 bn). Although the monthly average prices were lower (-9.0% mom, -7.7% yoy), imports volume actually posted an increase (+3.7% mom, -10.8% 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, Japan, and Thailand decreased by 8.2% mom, 17.6% mom, and 6.4% mom, respectively.
- The imports of raw materials contracted by 7.8% mom (vs +14.5% mom in April) and by 1.8% mom for capital goods (vs +7.7% mom in April). Imports of consumption goods still rose (+5.6% mom), but at a slower pace than in the previous month (+27.4%). In Jan-May 2019, raw materials accounted for 74.8 percent of the total non oil and gas imports, followed by capital goods (16.2%) and consumption goods (9.0%).

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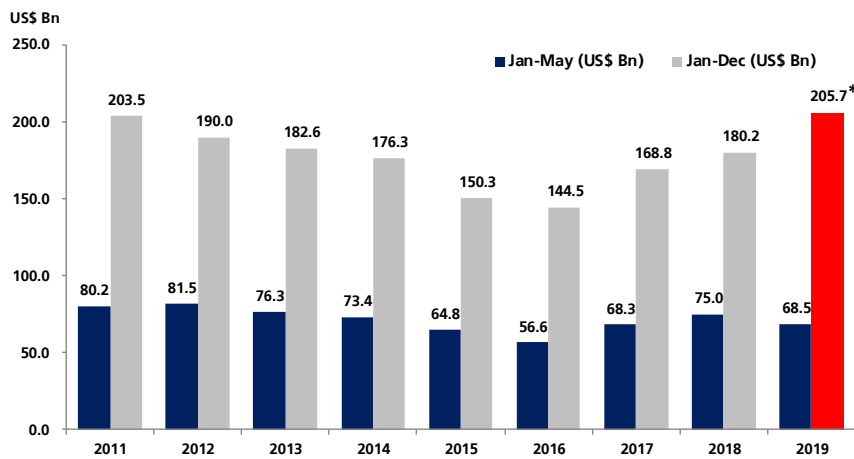
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Graph 1. Indonesia's Exports and Imports



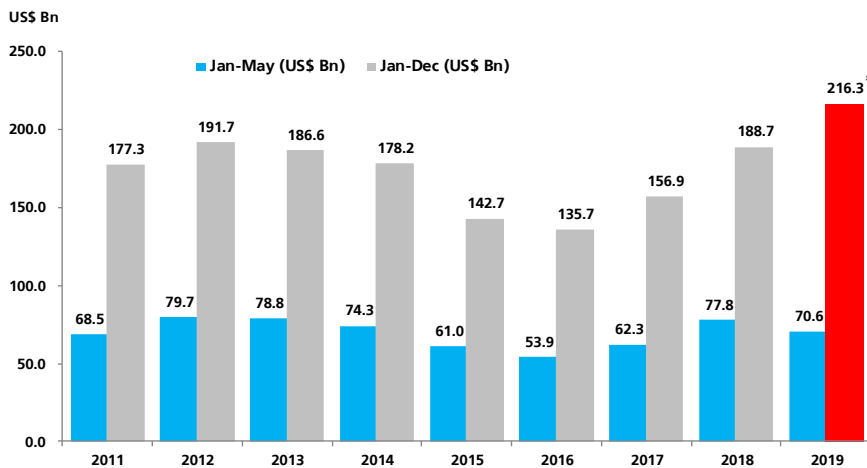
Source: BPS

Graph 2. Exports Performance



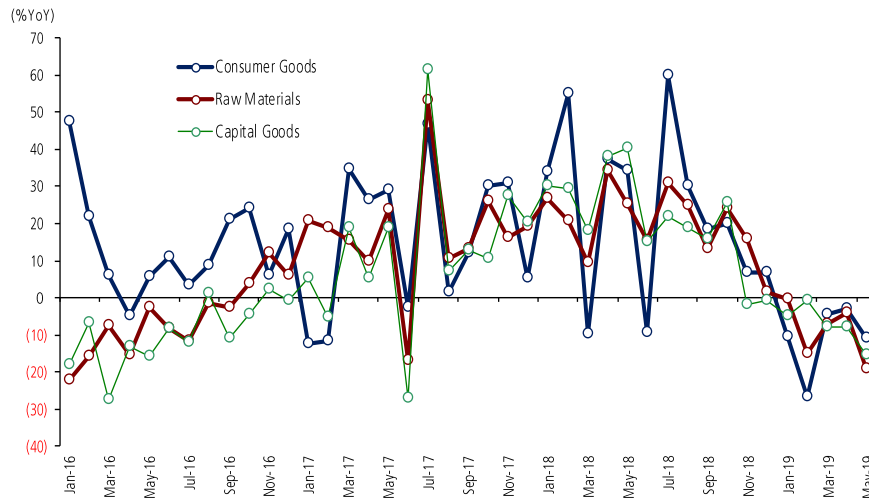
Source: BPS, Danareksa Research Institute

Graph 3. Imports Performance



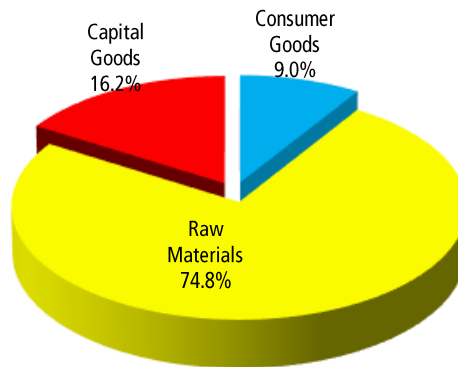
Source: BPS, Danareksa Research Institute

Graph 4. YoY Change in Imports



Source: BPS

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



Source: BPS

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