

February Update: Large Surplus Amid the Covid-19 Outbreak

Forecast for 2020

| | |
|---------------|---------------|
| Exports | USD 173.5 bn |
| Imports | USD 176.1 bn |
| Trade Balance | USD (2.59) bn |

- In contrast to January 2020's USD 0.86 bn deficit, Indonesia posted a large trade surplus of USD 2.34 bn in February 2020. February's surplus is higher than our estimate of a USD 0.64 bn surplus and the median consensus of a USD 0.125 bn deficit. The improvement owed to an increase in exports and a decline in imports. Indonesia's exports rose to USD 13.94 bn (2.24% mom, 11.00% yoy), while imports fell to USD 11.60 bn (-18.7 mom, -5.1% yoy). As a result of the rapid spread of Covid-19 in China, Indonesia's non oil and gas exports to China declined by -11.63% mom to USD 1,866 mn while imports from China slumped to USD 1,954.9 mn (-49.63% mom). The large trade surplus in February 2020 reflects a huge surplus in the non-oil and gas sector of USD 3,267.5 mn as the oil and gas sector still posted a deficit of USD 931.6 mn.
- The monthly increase in February 2020's exports reflects an increase in non oil and gas exports to USD 13,121 mn (2.4% mom, +14.6% yoy) as oil and gas exports is relatively stable fell to USD 816.0 mn (-0.02% mom, -26.51% yoy). In volume terms, Indonesia's exports in February 2020 were down by 2.68% mom compared to the previous month due to lower volumes of non-oil and gas exports (-3.00%) while oil and gas exports increased (+4.78% mom). Meanwhile, the aggregate average prices of exported goods increased (+5.05% mom, +9.32% yoy) in February 2020 contributing to an increase of price of chocolate and gold. By product type, shipments of Indonesia's top non oil and gas exports rose including exports of mineral fuel (HS 27), animal/ vegetable fats and oil (HS 15), precious metal (HS 71), iron and steel (HS 72), and vehicles and parts (HS 87). Nonetheless, by destination country, the value of Indonesia's non oil and gas exports to China, Japan and the U.S. all declined (-11.63% mom, -0.05% mom, -2.4% mom).
- The fall in imports in February 2020 was driven by lower oil and gas imports (-12.05% mom, +10.33% yoy) and sharply lower non-oil and gas imports (-19.77% mom, -7.40% yoy). Import volumes increased (7.98% mom), while average prices declined (-24.70% mom). By product type, lower non oil and gas imports were seen in the categories of machinery and mechanical equipment (HS 84), electrical machinery and equipment (HS 85), plastic products (HS 39), vehicles and parts (HS 87) and organic chemicals (HS 29), while by contrast, imports were higher for candy products (HS 17). By country of origin, imports of non oil and gas products from China slumped (-49.63% mom), although shipments from Thailand and Japan increased (+31.01% mom and +17.85% mom). The decline in imports of the largest non-oil and gas commodities (HS 84, HS 85, and HS 39) originating from China was still a result of the Covid-19

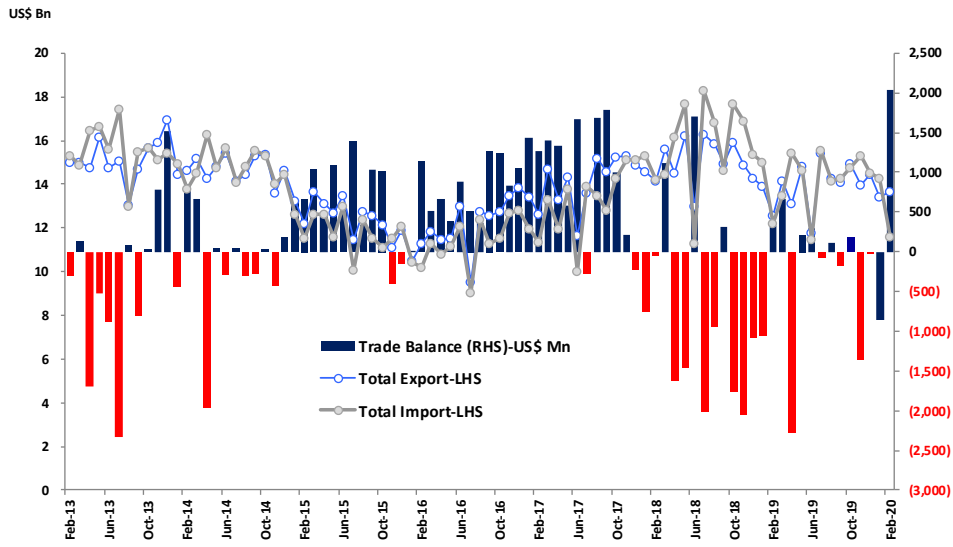
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outbreak which led to restrictions regarding access and temporary suspension of production activities.

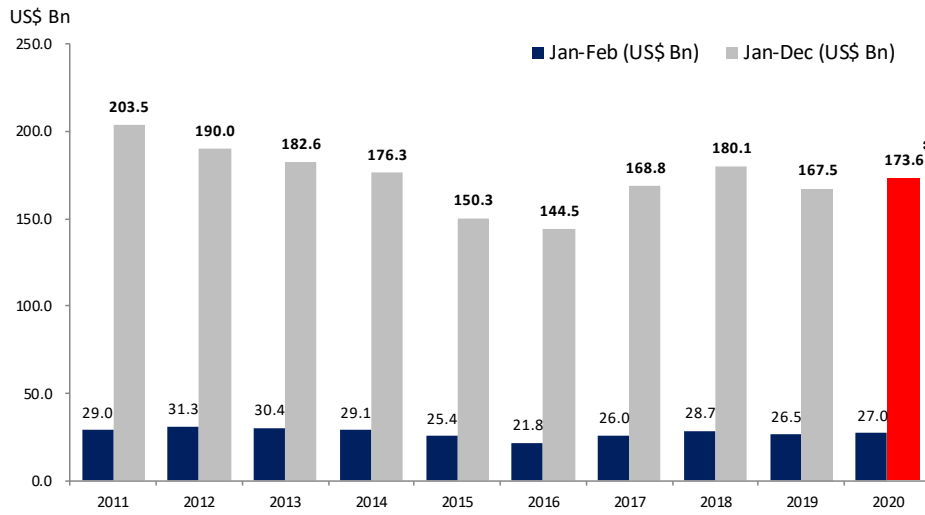
- In February 2020, the imports of all categories of goods decreased on a monthly comparison: imports of consumption goods (-39.91% mom), capital goods (-18.03% mom) and raw materials (-15.89% mom).

Graph 1. Indonesia's Exports and Imports



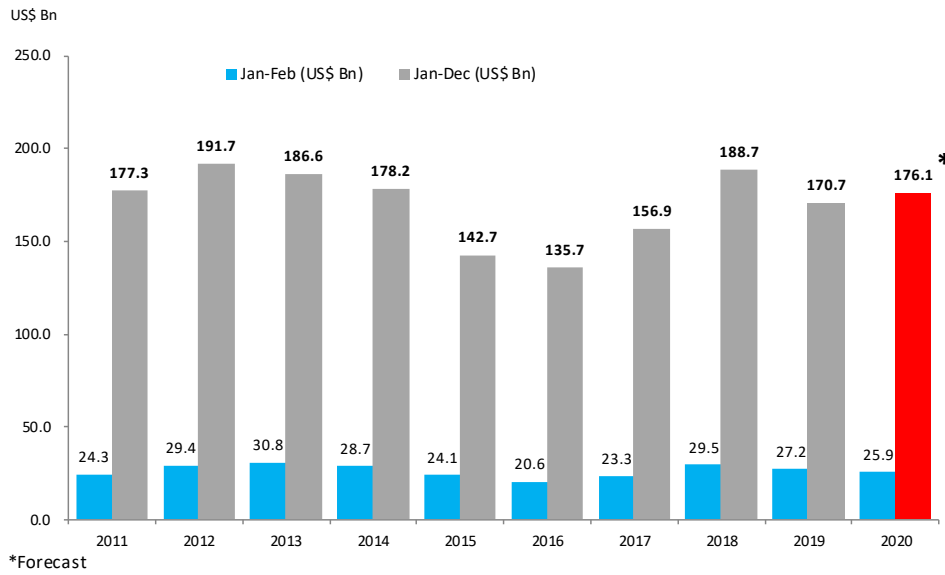
Source: BPS

Graph 2. Exports Performance



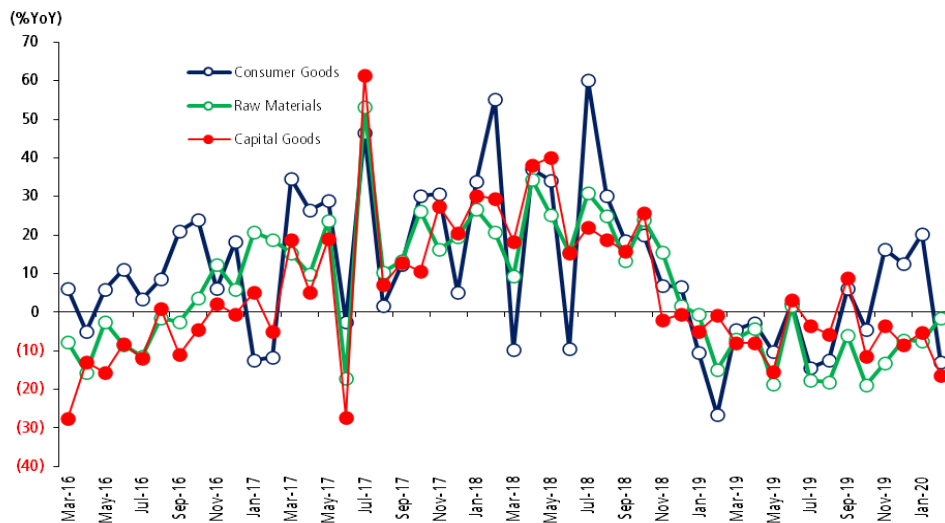
Source: BPS, Danareksa Research Institute

Graph 3. Imports Performance



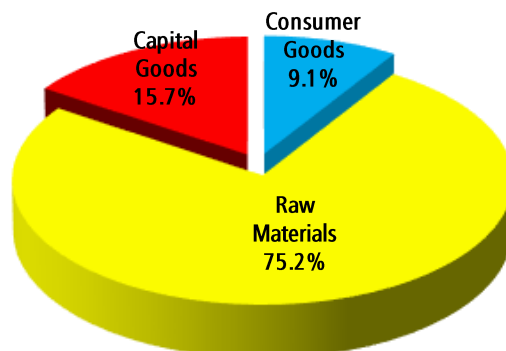
Source: BPS, Danareksa Research Institute

Graph 4. YoY Change in Import



Source: BPS

Graph 5. Imports Share by Type of Use (Jan-Feb'20)



Source: BPS

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