

September Update: Exports – Imports start to improve

Forecast for 2020

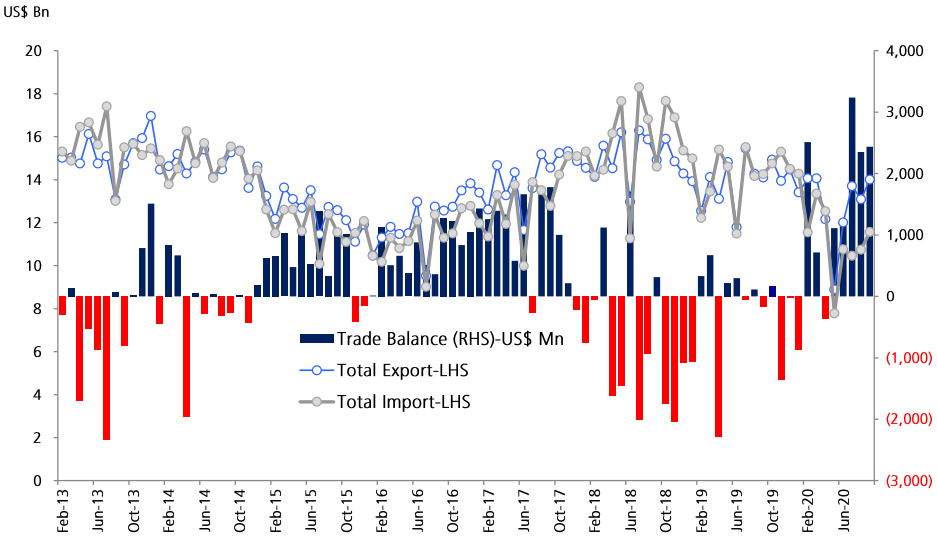
Exports	USD 152.21 bn
Imports	USD 138.60 bn
Trade Balance	USD 13.61 bn

- The Trade Balance is still in surplus with imports and exports showing improvements.** Indonesia recorded a USD 2.44 bn trade surplus in September 2020, higher than in the previous month (a USD 2.35 bn surplus) and in September 2019 (a USD 0.16 bn deficit). The trade surplus in September 2020 is higher than the median consensus of a USD 2.04 bn surplus but lower than our estimate of a USD 2.53 bn surplus. The trade surplus in September was driven by higher exports performance than imports performance; however, when compared to September 2019, Indonesia's exports-imports are still slowing down. Exports in September 2020 increased to USD 14.00 bn (+6.97% mom, -0.51% yoy). By contrast, imports increased to USD 11.57 bn (+7.71% mom, -18.88% yoy). The trade balance has shown a surplus for five consecutive months since May 2020, and in the period January - September 2020 the trade surplus reached USD 13.51 bn.
- The increase in exports in September was mainly caused by the increase in non-oil and gas exports.** On a monthly basis the value of Indonesian exports has increased mainly from higher non-oil and gas exports - indicating an increase in global demand amid improving manufacturing indicators in partner countries. The higher exports reflect higher trade volume (+1.38% mom, -19.06% yoy) and higher average prices (+5.51% mom, +22.93% yoy). In September 2020, non-oil and gas exports rose to USD 13.30 bn (+6.47% mom, +0.21% yoy) while oil and gas exports climbed to USD 0.7 bn (+17.43% mom, -12.44% yoy). By product type, the shipments of Indonesia's top non-oil and gas exports increased including exports of iron and steel (HS 72), animal/ vegetable fats and vehicles and parts (HS 87). By destination country, the value of Indonesia's non-oil and gas exports to China, the US and Japan all increased (+6.62% mom, +4.13%, and +8.12% mom).
- The increase in imports reflects higher trade volumes especially imports of capital goods and raw materials.** This shows that the economy is gradually improving, albeit in a limited way, especially in the manufacturing sector. Large-scale social distancing restrictions that were re-imposed in several regions brought Indonesia's PMI in September 2020 down again to a level of 47.2. The increase in monthly imports was driven by higher non-oil and gas imports of USD 10.39 bn (+6.18% mom, -17.94% yoy) and higher oil and gas imports of USD 1.17 bn (+23.50% mom, -26.31% yoy). The higher imports reflects higher trade volumes (+8.85% mom, -4.58% yoy), while import average prices decreased by -1.05% mom. By product type, higher non-oil and gas imports were seen in the categories of iron and steel (HS 72), electrical machinery and equipment (HS 85) and machinery and mechanical equipment. By country of origin, imports of non-oil and gas products from China, Japan and Singapore all increased (+4.42% mom, +37.26% mom and +11.25% mom).
- In September 2020, the imports of capital goods and raw materials increased (+19.01% mom and +7.23% mom, respectively). Imports of raw materials and capital goods rose in line with the gradual improvement in economic activity, although the mobility of the people is still low amid the re-imposition of large-scale social distancing restrictions in several regions. By contrast, imports of consumer goods fell by -6.12% mom, indicating that the people's purchasing power remains weak amid the distribution of the government's social assistance.

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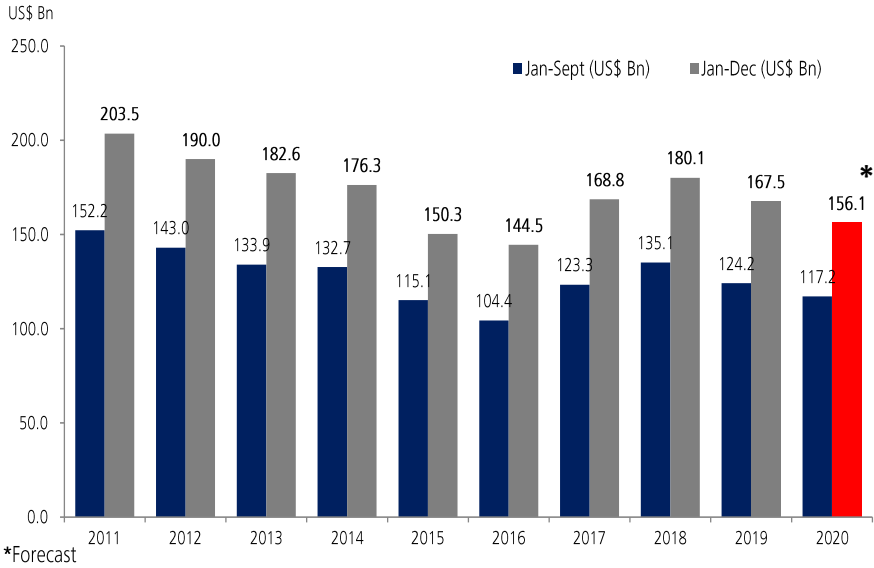
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Graph 1. Indonesia's Exports and Imports



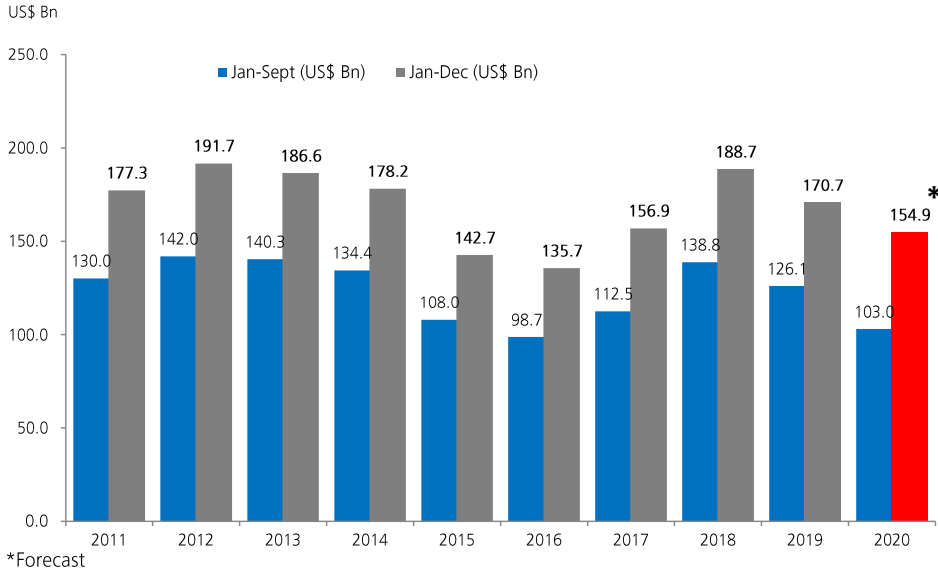
Source: BPS

Graph 2. Exports Performance



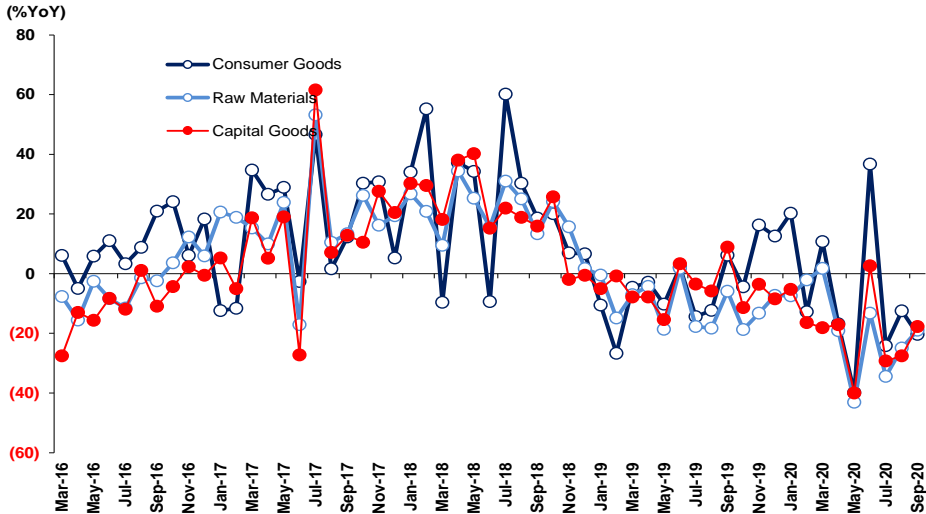
Source: BPS, Danareksa Research Institute

Graph 3. Imports Performance



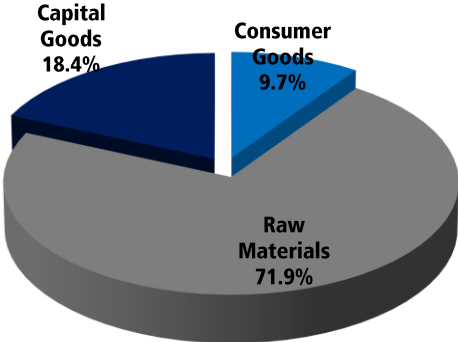
Source: BPS, Danareksa Research Institute

Graph 4. YoY Change in Imports



Source: BPS

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



Source: BPS

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