

Indonesia Investments

June 2022 Trade Balance

- Indonesia Enjoyed a USD \$5.09 Billion Trade Surplus in June 2022
- Palm Oil Exports Return Strongly after Temporary Export Ban Is Removed
- Rising Imports of Raw Materials and Capital Goods Boost Indonesia's Overall Import Performance
- Trade with China Rebounds after Beijing Eases COVID-19 restrictions
- Strong Global Trade Growth in Q1-2022; Uncertain Outlook for 2nd Half of 2022

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Update – 19 July 2022

‘Trade Balance of Indonesia – June 2022’



Preface

In addition to our reports, Indonesia Investments sends updates on key economic, political or social developments to our subscribers to make sure that our subscribers do not miss out on vital information. Topics in these updates will often be discussed in more detail (and in an updated form) in forthcoming monthly reports.

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- Macroeconomic Indicators -

Trade Balance of Indonesia: Strong Rebound in Both Exports and Imports in June 2022

As expected, Indonesia's trade performance rebounded strongly in June 2022. This was certainly not a surprise considering the country's exports had been held back significantly in May 2022 because of the government's palm oil export ban that was imposed between 28 April 2022 and 23 May 2022 (in an effort to stabilize domestic cooking oil prices).

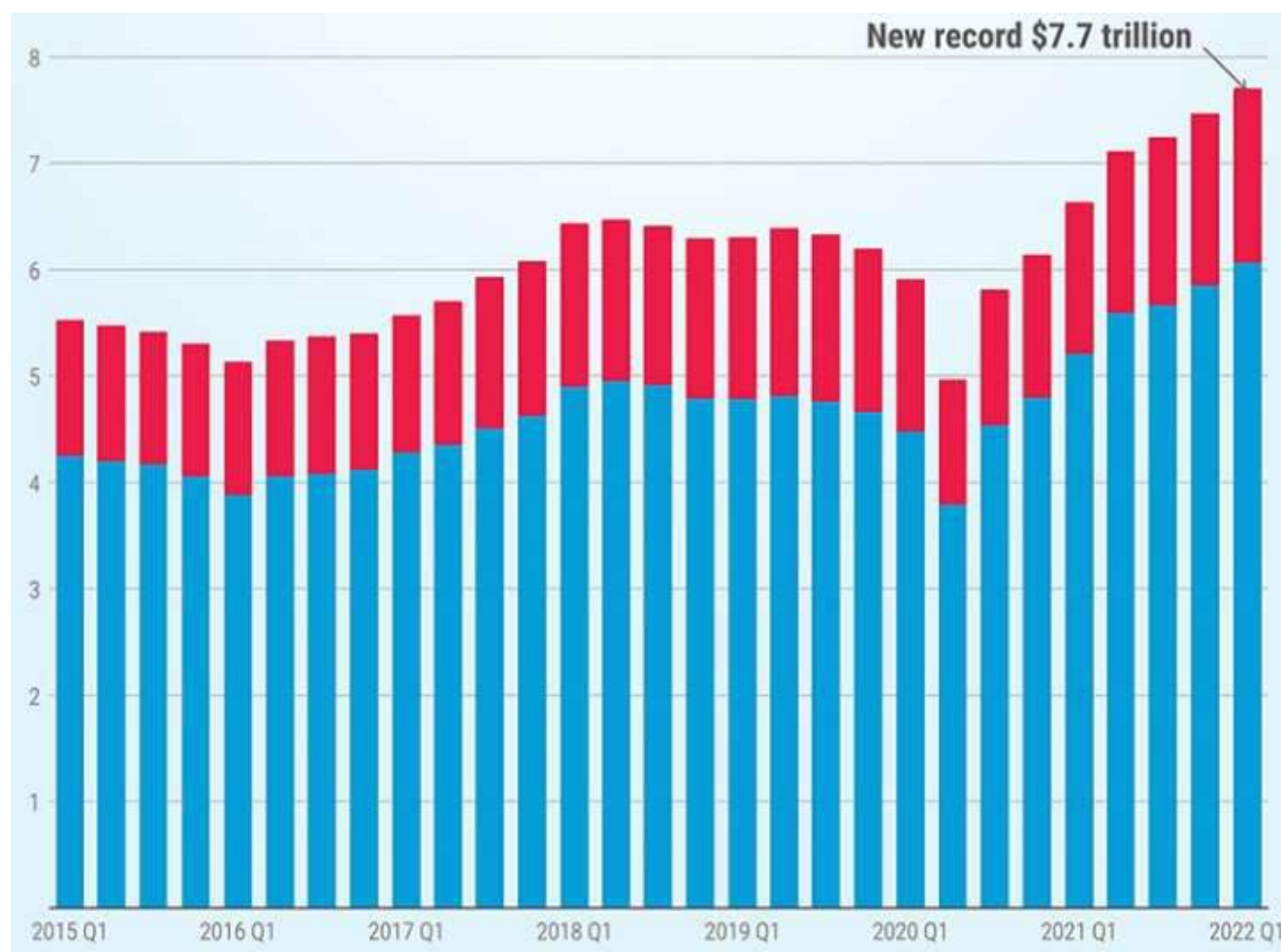
Meanwhile, in terms of the import performance, we detected a sound increase in raw material imports into Indonesia, indicating that manufacturers ramp up production (which is always a positive sign in the context of economic activity and growth). But before we delve into Indonesia's latest trade statistics, we first take a quick look at the international environment.

International Trade

Based on the latest publication released by the United Nations Conference on Trade and Development (UNCTAD), the value of global trade (goods and services) grew to a record USD \$7.7 trillion in Q1-2022, which is an increase of around USD \$1 trillion relative to the same quarter one year earlier.

Compared to Q4-2021, growth was a bit more modest at USD \$250 million. What is important to note is that volume-wise growth in global trade was much lower, and so the increase in the value of global trade is particularly triggered by higher global commodity prices. Hence, the UNCTAD report mentions that export growth has been generally stronger in commodity-exporting regions (such as Indonesia).

Global Trade in Goods and Services (in USD Trillion):



Source: United Nations Conference on Trade and Development (UNCTAD)

Regarding global trade in the first quarter of 2022, most economic sectors recorded substantial year-on-year (y/y) increases in value, with high fuel prices being behind the very strong increase in the value of trade in the energy sector. However, trade in the transportation sector and communication equipment remained below the levels seen in 2021 and 2019.

Table 1; Selection of International Commodity Price Movements in June 2022:

Commodity	Year-on-Year Price Change (compared to June 2021)	Month-on-Month Price Change (compared to May 2022)
Crude Palm Oil (USD/metric ton)	+49.4%	-12.6%
Coal (USD/metric ton)	+152.3%	+1.7%
Crude Oil (USD/barrel)	+62.7%	+6.1%
Iron Ore (USD/dmtu)	-39.0%	-2.5%

Source: Badan Pusat Statistik (BPS)

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This is the introduction of the article. To read the full analysis, you can purchase the July 2022 edition of our monthly report. For further information you can contact us through info@indonesia-investments.com or +62.882.9875.1125 (incl. WA)