

The background image shows a port scene at sunset. A large cargo ship with a red hull and dark upper section is docked. Several large blue cranes are visible, some with their booms extended. The sky is a mix of orange, yellow, and blue, and the water reflects the colors of the sky and the ship. The overall mood is industrial and serene.

Indonesia Investments

Trade Balance Indonesia

- Indonesia Posts a Comfortable US \$5.67 Billion Trade Surplus in October 2022
- Still, Both Exports and Imports Were Somewhat Lacklustre in October 2022
- Has the Challenging Global Situation Started to Impact on Indonesian Trade?
- Shipments of Coal and Palm Oil Continue to Dominate Indonesian Exports
- Decline in Imports of Raw Materials and Capital Goods Is a Cause for Concern

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Update – 18 November 2022

‘Trade Balance of Indonesia – October 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: Exports Largely Unchanged; Small Drop in Imports in October 2022

Last month, when we discussed the trade performance of Indonesia, we questioned whether the steep decline in the country's exports and imports in September 2022 (compared to August 2022) could actually be a tipping point for national trade.

Amid a high degree of global uncertainty (looming economic recessions in the West, global stagflation, the Russo-Ukrainian war, and rising interest rates) and domestic troubles (rising inflation as a consequence of the increase in prices of key subsidized fuels per 3 September 2022, Bank Indonesia's higher benchmark interest rate, and the weak rupiah rate that makes imports more expensive), there are serious chances of seeing a decline in international demand for Indonesian export items (especially commodities) as well as a decline in domestic demand for imports from abroad.

This would exhibit a sharp contrast because over the past year (or so) Indonesia's export and import performance has been very strong thanks to high international commodity prices, and the (economic) rebound from the COVID-19 crisis.

So, with the October 2022 data in hand, can we now confirm whether we are seeing a tipping point, or, were the weak September data part of a seasonal phenomenon?

Well, it is still too soon to draw a definite conclusion. However, there is at least one noticeable difference this year that could point at a tipping point.

In September 2021 we also saw a drop in exports from Indonesia compared to the previous month. Table 1 (below) shows that Indonesia exported a total of USD \$20.6 billion in September 2021, which is less than USD \$21.4 billion in August 2021. The following month, however, Indonesian exports rebounded to USD \$22.0 billion (in October 2021). This seems to be a seasonal pattern because if we look back at the 2018 and 2019 data (the 2020 data were too distorted by the COVID-19 crisis, and therefore unusable), then we see the same pattern (namely: a decline in September exports from August, but followed by a strong rebound in October).

Table 1; Exports from Indonesia:

<u>Month/Year</u>	<u>Oil & Gas Exports</u>	<u>Non-Oil & Gas Exports</u>	<u>Total Exports</u>
2021			
August	USD \$1,066.8 million	USD \$20,360.3 million	USD \$21,427.1 million
September	USD \$932.8 million	USD \$19,672.8 million	USD \$20,605.6 million
October	USD \$1,025.3 million	USD \$21,004.4 million	USD \$22,029.7 million
2022			
August	USD \$1,686.5 million	USD \$26,175.6 million	USD \$27,862.1 million
September	USD \$1,310.5 million	USD \$23,466.7 million	USD \$24,777.2 million
October	USD \$1,375.1 million	USD \$23,434.1 million	USD \$24,809.2 million

Source: Badan Pusat Statistik (BPS)

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