

# Indonesia Investments

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## August '22 Trade Balance

- Indonesian Exports Touch Record High in August 2022 Thanks to Palm Oil
- Sharp Growth in Imports of Capital Goods Supports the Import Performance
- Despite Challenging Conditions in China, Indonesian Trade with China Improved
- Palm Oil Prices Show Declining Trend; Coal Prices Remain High
- Indonesian Exports & Imports Expected to Soften in September 2022

**20 SEPTEMBER 2022**

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**Van Der Schaar Investments B.V.**  
**CV Indonesia Investments**

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Update – 20 September 2022

## ‘Trade Balance of Indonesia – August 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 Soared While Imports Rose Modestly in August 2022

Indonesia's export performance was impressive in August 2022, touching a new all-time record level of USD \$27.91 billion. It was particularly the strong rebound in the value of refined palm oil shipments that pushed Indonesian exports higher. Imports into Indonesia also increased, albeit at a much slower pace, which especially came on the back of sharp growth in imports of capital goods.

Meanwhile, as a direct consequence, Indonesia enjoyed another comfortable (USD \$5.76 billion) trade surplus in August 2022. This pushed the country's year-to-date trade surplus to a whopping USD \$34.92 billion (January-August 2022), which is a very positive matter for the current account balance, foreign exchange reserves, and the rupiah rate (despite the fact that the rupiah remains under pressure amid global monetary tightening, while Indonesia's foreign exchange reserves have fallen over the past year as the central bank 'burns' foreign exchange to support the rupiah).

## International Trade

China, which is the biggest trading partner of Indonesia, did not experience a great trade performance in August 2022 as exports only grew by 7.0 percent year-on-year

(y/y) to USD \$314.9 billion (implying a deceleration from the preceding month's 18 percent growth pace). Meanwhile, China's imports contracted by 0.2 percent (y/y) to USD \$235.5 billion compared with the previous month's already weak 2.3 percent (y/y) rise. China's trade reportedly weakened in August 2022 due to the high energy prices, increases in global interest rates (that aim to combat surging inflation), and COVID-19 restrictions that drag down global and Chinese consumer demand.

This subsequently adds to concerns over the health of the Chinese economy. In the first half of 2022 the economy of China grew by 2.5 percent (y/y), which is much less than Beijing's 5.5 percent (y/y) target for full-year 2022.

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