

A large cargo ship is docked at a port, with several cranes visible in the background. The ship is dark-colored with a red hull. The cranes are blue and white. The water is calm, and the sky is clear.

Indonesia Investments

August 2021 Trade Balance

- Indonesia Posts Record USD \$4.74 billion Trade Surplus in August 2021
- Impressive Export Performance on the Back of Skyrocketing Palm Oil and Coal Prices
- Solid Rebound in Imports of Raw Materials and Capital Goods Eases Our Concerns Albeit Various Economic Indicators Show Lacklustre Economic Activity
- After a Weak Month in July 2021, China Also Seems to Be Back in Business, Trade-Wise

17 SEPTEMBER 2021

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

Indonesia Investments

Update – 17 September 2021

‘August 2021 Trade Balance of Indonesia’



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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Trade Balance of Indonesia: High Palm Oil and Coal Prices Pushed Exports to Spectacular Level in August

Indonesia's August 2021 trade balance was quite spectacular with the value of the country's exports totaling USD \$21.42 billion, the highest export figure in ten years. The two key factors responsible for this impressive export performance are, again, palm oil and coal. Prices of both commodities have been skyrocketing. Considering Indonesia is the world's biggest producer and exporter of palm oil as well as one of the world's biggest thermal coal exporters, it can enjoy abundant foreign exchange earnings in times of high commodity prices.

Meanwhile, imports into Indonesia were not bad at all too, with significant jumps seen in imports of raw materials and capital goods in August 2021 (which provides optimism on economic activity in the form of manufacturing and investment). But because export growth, by far, surpassed import growth, Indonesia's overall trade balance managed to grow to USD \$4.74 billion in August 2021. That is a new record! Never before had Indonesia seen such a wide surplus in one month.

Indonesia's Total Trade, Year-on-Year (Y/Y) Comparison:

	August 2020	August 2021	Y/Y Change
Total Trade (Exp. + Imp.) (in million USD)	23,797.7	38,102.2	+60.1%

Indonesia's Total Trade, Month-on-Month (M/M) Comparison:

	July 2021	August 2021	Y/Y Change
Total Trade (Exp. + Imp.) (in million USD)	32,827.6	38,102.2	+16.1%

Source: Badan Pusat Statistik (BPS)

The two tables above show that Indonesia's total trade (imports plus exports) has risen significantly, both on a year-on-year (y/y) and month-on-month (m/m) basis. The 60.1 percent (y/y) rise from August 2020 is unmistakably related to subdued trade in the direct aftermath of the worst part of the COVID-19 crisis.

The 16.1 percent (m/m) increase from July 2021 is actually more interesting (and more impressive) because the country had seemingly already recovered from the COVID-19 crisis, trade-wise, in July 2021. We zoom in on this below. But first we are going to take a look at international trade developments.



Trade Balance of Indonesia:

	August 2020	August 2021	Y/Y Change
Oil & Gas Balance (in million USD)	-350.2	-982.4	-180.5%
Non-Oil & Gas Balance (in million USD)	2,663.1	5,727.2	+115.1%
Overall Balance (in million USD)	2,312.9	4,744.8	+105.1%

- Red color indicates deficit

- Green color indicates surplus

Source: Badan Pusat Statistik (BPS)

[...]

The full article is available in our September 2021 report. This report can be purchased by sending an email to info@indonesia-investments.com or a message to +62.882.9875.1125 (including WhatsApp).