



# Indonesia Investments

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## July 2021 Trade Balance

- Indonesia's Trade Surplus Widened to USD \$2.59 Billion in July 2021
- Heavily Plunging Imports Is Essentially What Allows the Wide Trade Surplus for Indonesia
- Sliding Imports (Particularly Raw Materials and Capital Goods) Could Be Related to the Tighter Social and Business Restrictions per 3 July 2021
- The Global Environment Remains Improving, Albeit Uncertainty Persists in the Period Ahead

24 AUGUST 2021

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Van Der Schaar Investments B.V.  
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Update – 24 August 2021

**‘July 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: Growing Trade Surplus in July 2021 ‘Thanks’ to Heavily Plunging Imports

As expected, the trade balance of Indonesia showed a widening surplus in July 2021. According to the latest data that were released by Indonesia’s Statistical Agency (in Indonesian: *Badan Pusat Statistik*, or BPS), the country’s trade surplus reached USD \$2.59 billion in July 2021, nearly doubling from the trade surplus one month earlier.

However, the reason why Indonesia could enjoy a widening trade surplus in July is not really positive as it was a huge drop in imports that allowed the growing surplus, with particularly imports of raw materials and capital goods sliding heavily (which could be a sign that manufacturing and investment experienced a setback after the Indonesian government imposed tighter restrictions – locally known as PPKM Level 3 or 4 – in the economic centers on Java and Bali at the start of July 2021).

And while Indonesia’s export performance also fell compared to the previous month (particularly due to falling demand from China, Indonesia’s biggest trading partner), this decline in exports was much milder compared to the drop in imports.

Hence, compared to the preceding month (June 2021), there was a significant drop in total trade of Indonesia (imports + exports). It is assumed that one of the reasons for this is that trade had ‘piled up’ in June 2021 as May 2021 was a ‘holiday month’ for Indonesia (Ramadan-Idul Fitri). Moreover, importers likely boosted orders in

June 2021 shortly ahead of the expected tighter social and business restrictions in early July 2021. And so, June 2021 had actually been a bit of an anomaly.

[...]

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