Monthly Economic Briefing

Economic, Banking, and Industry Research - BCA Group



Trade:

Loading up before the shift

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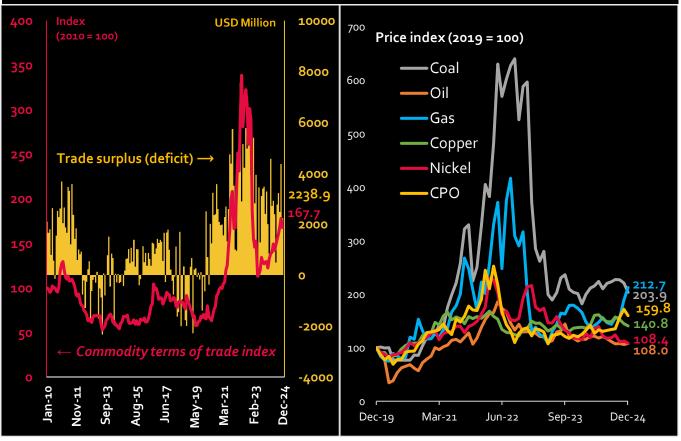
Economist/Analyst Head of Macroeconomic Research 16 January 2025

Executive Summary

- Trade surplus narrowed to USD 2.24 Bn—down from USD 4.37 Bn in November, as imports outpaced exports (11.07% vs 4.78% YoY).
- Imports increased on all categories, likely driven by a front-loading attempt by the year-end and a temporary recovery in global manufacturing ahead of Trump's tariffs.
- Exports slowed for most goods, driven by declining exports to China and easing exports of nickel.
- Narrowing trade surplus trend (USD 31.04 Bn in 2024) is likely to continue in 2025, leading to wider current account deficits.
- Indonesia's trade surplus narrowed to USD 2.24 Bn in December, down from USD 4.37 Bn in November, as imports outpaced exports. While both imports and exports continued to grow in annual terms, imports rebounded sharply at +11.07% YoY, recovering from last month's near stagnation (+0.01% YoY), while exports grew more modestly at +4.78% YoY.
- Exports slowed for most goods, seemingly driven by declining exports to China (-7.27% MoM).
 This was coupled with easing shipments of nickel, which returned to typical levels after the previous month's spike.
- Imports, on the other hand, showed growth across all sectors. Oil and gas imports jumped significantly by +28.26% MoM, likely reflecting Pertamina's restocking ahead of the year-end holidays. Non-oil and gas imports also saw notable increases across all categories, including consumption goods (+14.00%), raw materials (+7.05%), to capital goods (+8.87%).
- Much of these increase in imports, however, seemed to be caused by frontloading. Consumer
 goods were fueled by cereal imports (+23.30% MoM), a last effort to bolster inventory levels
 ahead of government's commitment to cease rice imports in 2025.
- Similarly, iron and steel products (HS73) rose significantly to USD 462.3 Mn—the highest monthly value this year—likely related to an increase in construction. However, the Prabowo government is likely to reduce priorities on infrastructure to focus on food estate and welfare programs, making these rising imports likely a "last hurrah" of sorts.
- The mother of all frontloading, however, is the one ahead of Pres. Trump's tariffs against China and other countries. China's accelerated manufacturing and export activities in recent months appeared to impact Indonesia indirectly by boosting the manufacturing sector, which expanded (at 51.2) for the first time in six months.

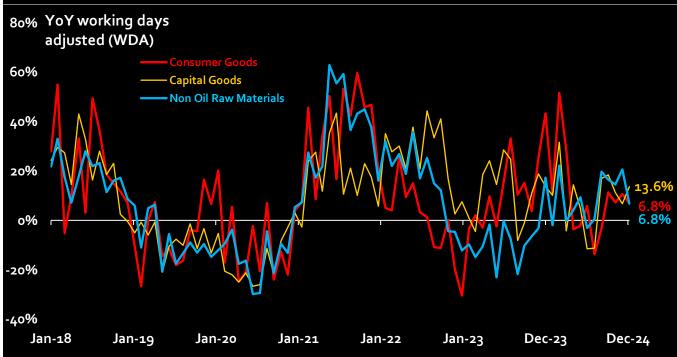
- With December data finalized, Indonesia's trade surplus for 2024 stood at USD 31.04 Bn—a decline of USD 5.85 Bn compared to the previous year. This contraction was primarily driven by China, with exports to the country falling by USD 2.11 Bn. Interestingly, exports to the U.S. saw a notable increase, rising by USD 3.08 Bn.
- Despite the decline, China remains Indonesia's largest export destination, accounting for 22.75% of total exports, while the U.S. ranks second at 9.94%. However, this heavy reliance on China is set to strain Indonesia's trade balance in 2025. A potential slowdown in China's demand, coupled with Trump's tariffs, threatens to weaken commodity exports further, while exports to the US could also suffer hiccups depending on Trump's policies. For 2025, then, Indonesia has limited room to boost exports, which will likely translate to a slimmer trade surplus and a wider current account deficit (around 0.9 1.2% of GDP).

Panel 1. Indonesia terms of trade show a slight decline as commodity prices stabilized



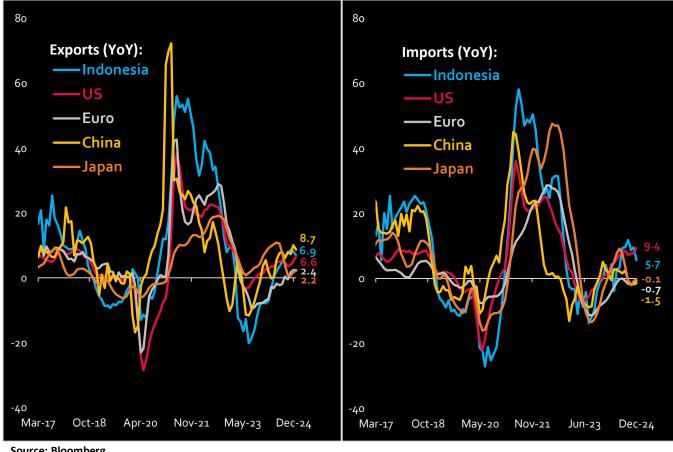
Source: BPS, Bloomberg, BCA Economist calculations

Panel 2. Capital goods imports rebounded as manufacturing activity starting to expand



Source: BPS, BCA Economist

Panel 3. Indonesian exports and imports grow relatively stronger compared to other nations



Source: Bloomberg

Panel 4. Indonesian manufacturing started to expand, likely driven by recent rebound in Chinese activities

PMI Manufaktur	2023					2024							
PMI	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
Indonesia	52.2	52.9	52.7	54.2	52.9	52.1	50.7	49-3	48.9	49.2	49.2	49.6	51.2
Malaysia	47.9	49.0	49.5	48.4	49.0	50.2	49.9	49.7	49.7	49.5	49.5	49.2	48.6
Thailand	45.1	46.7	45.3	49.1	48.6	50.3	51.7	52.8	52.0	50.4	50.0	50.2	51.4
Philippines	51.5	50.9	51.0	50.9	52.2	51.9	51.3	51.2	51.2	53-7	52.9	53.8	54-3
Vietnam	48.9	50.3	50.4	49.9	50.3	50.3	54.7	54.7	52.4	47-3	51.2	50.8	49.8
India	54.9	56.5	56.9	59.1	58.8	57.5	58.3	58.1	57-5	56.5	57-5	56.5	56.4
Australia	47.6	50.1	47.8	47-3	49.6	49.7	47.2	47.5	48.5	46.7	47-3	49.4	47.8
China	49.0	49.2	49.1	50.8	50.4	49.5	49.5	49.4	49.1	49.8	50.1	50.3	50.1
South Korea	49.9	51.2	50.7	49.8	49.4	51.6	52.0	51.4	51.9	48.3	48.3	50.6	49.0
Japan	47.9	48. 0	47.2	48.2	49.6	50.4	50.0	49.1	49.8	49.7	49.2	49.0	49.6
Euro Area	44.4	46.6	46.5	46.1	45.7	47-3	45.8	45.8	45.8	45.0	46.0	45.2	45.1
US	47.1	49.1	47.8	50.3	49.2	48.7	48.5	46.8	47.2	47.2	46.5	48.4	49.3
Mexico	52.0	50.2	52.3	52.2	51.0	51.2	51.1	49.6	48.5	47.3	48.4	49.9	49.8

Source: BI, Bloomberg

Selected Macroeconomic Indicators Last Real Trade & Chg **Key Policy Rates** Rate (%) 15-Jan -1 mth **Commodities** Change Rate (%) (%) Dec-24 US 4.50 1.60 Baltic Dry Index 1,063.0 1,051.0 1.1 UK 4.75 Nov-24 2.25 S&P GSCI Index 581.8 546.3 6.5 74.5 EU 3.15 Dec-24 0.75 Oil (Brent, \$/brl) 82.0 10.1 Japan 0.25 Jul-24 -3.00 Coal (\$/MT) 117.2 133.5 -12.2 4.25 37.6 China (lending) 2.00 Sep-24 Gas (\$/MMBtu) 4.32 3.14 Korea 3.00 Nov-24 1.10 Gold (\$/oz.) 2,696.3 2,648.2 1.8 India 6.50 Feb-23 1.28 9,053.4 8,940.5 1.3 Copper (\$/MT) Indonesia 5.75 Jan-25 4.18 15,629.1 15,633.4 -0.0 Nickel (\$/MT) Chg CPO (\$/MT) 1,029.4 1,157.5 -11.1 **Money Mkt Rates** 15-Jan -1 mth (bps) Rubber (\$/kg) 1.98 2.02 -2.0 SPN (1Y) 6.85 6.88 -2.3 Chg **External Sector** Nov Dec 7.25 7.00 24.5 (%) SUN (10Y) INDONIA (O/N, Rp) 5.99 5.92 6.8 Export (\$ bn) 23.46 24.00 -2.24 JIBOR 1M (Rp) -0.4 19.63 8.10 6.62 6.63 Import (\$ bn) 21.22 Chq Trade bal. (\$ bn) 2.24 4.37 -48.73 Bank Rates (Rp) Oct Sep (bps) Central bank reserves 155.7 150.2 3.65 (\$ bn)* Lending (WC) 8.72 8.87 -15.48 Deposit 1M 4.78 4.81 -2.76 **Prompt Indicators** Dec Nov Oct 0.66 0.67 -0.14 Savings Consumer confidence Chg (%) 127.7 Currency/USD 15-Jan -1 mth 125.9 121.1 index (CCI) **UK Pound** 0.817 0.792 -2.99 Car sales (%YoY) -6.4-11.9-3.9

-2.02

-1.80

-0.80

-1.99

Chg (%)

-3.35

-1.38

0.01

-2.60

-3.43

(Rp Tn)

118.98

4.15

-1.18

Chg

Motorcycle sales

Manufacturing PMI

(%YoY)

USA

Japan

China

Korea

Indonesia

Eurozone

-5 5

Dec

49.4

45.1

49.6

50.5

49.0

51.2

-10.3

Nov

49.7

45.2

49.0

51.5

50.6

49.6

5.4

Chg

(bps)

-30

-10

60

-100

-160

160

Source: Bloomberg,	BI, BPS
Notes:	

Euro

JCI

DJIA

FTSE

Stock

Nikkei 225

Hang Seng

Govt. Bond

Corp. Bond

Japanese Yen

Chinese RMB

Indonesia Rupiah

Capital Mkt

Foreign portfolio

ownership (Rp Tn)

0.972

156.5

7.332

16,320

15-Jan

7,079.6

43,221.6

8,301.1

38,444.6

19,286.1

Dec

3,521.3

876.6

5.9

0.952

153.7

7.274

15,995

-1 mth

7,324.8

43,828.1

8,300.3

39,470.4

19,971.2

Nov

3,402.4

872.5

7.1

^{***}For PMI, >50 indicates economic expansion, <50 otherwise



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^{*}Data from earlier period

^{**}For changes in currency: Black indicates appreciation against USD, Red otherwise

Indonesia - Economic Indicators Projection

	2019	2020	2021	2022	2023	2024E	2025E
Real GDP growth (% YoY)	5.0	-2.1	3.7	5.3	5.0	5.0	4.9
Nominal GDP growth (% YoY)	6.7	-2.5	9.9	15.4	6.7	7.0	7.9
GDP per capita (USD)	4175	3912	4350	4784	4920	4975	5005
CPI inflation (% YoY)	2.7	1.7	1.9	5.5	2.6	1.6#	2.3
BI Rate (%)	5.00	3.75	3.50	5.50	6.00	6.00#	5.50
SBN 10Y yield (%)	7.04	5.86	6.36	6.92	6.45	6.97#	7.47
USD/IDR exchange rate (end of year)	13,866	14,050	14,262	15,568	15,397	16,102#	16,887
Trade balance (USD Bn)	-3.2	21.7	35.3	54.5	37.0	31.0#	26.2
Current account balance (% of GDP)	-2.7	-0.4	0.3	1.0	-0.1	-0.6	-0.9

Notes:

- USD/IDR exchange rate projections are for fundamental values; market values may diverge significantly at any moment in time
- Numbers marked with (#) for 2024 are final; other numbers for 2024 are our projections

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