Trade:
Loading up before the shift

Nicholas Husni
Economist/Analyst

Barra Kukuh Mamia
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%).

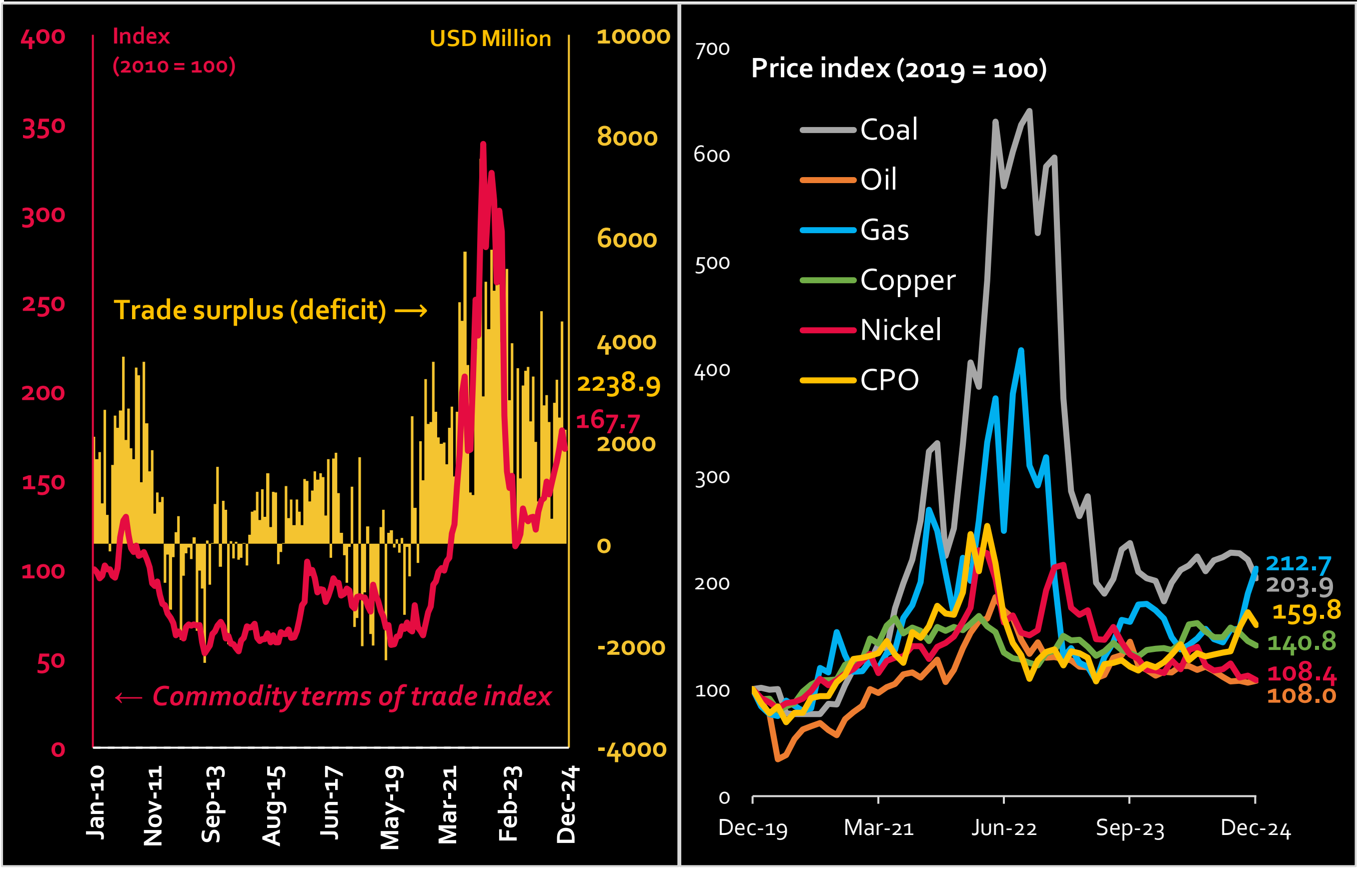
- Much of these increase in imports, however, seemed to be caused by frontloading. Consumer goods were fueled by cereal imports (+23.30% MoM), a last effort to bolster inventory levels ahead of government's commitment to cease rice imports in 2025.

- 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.

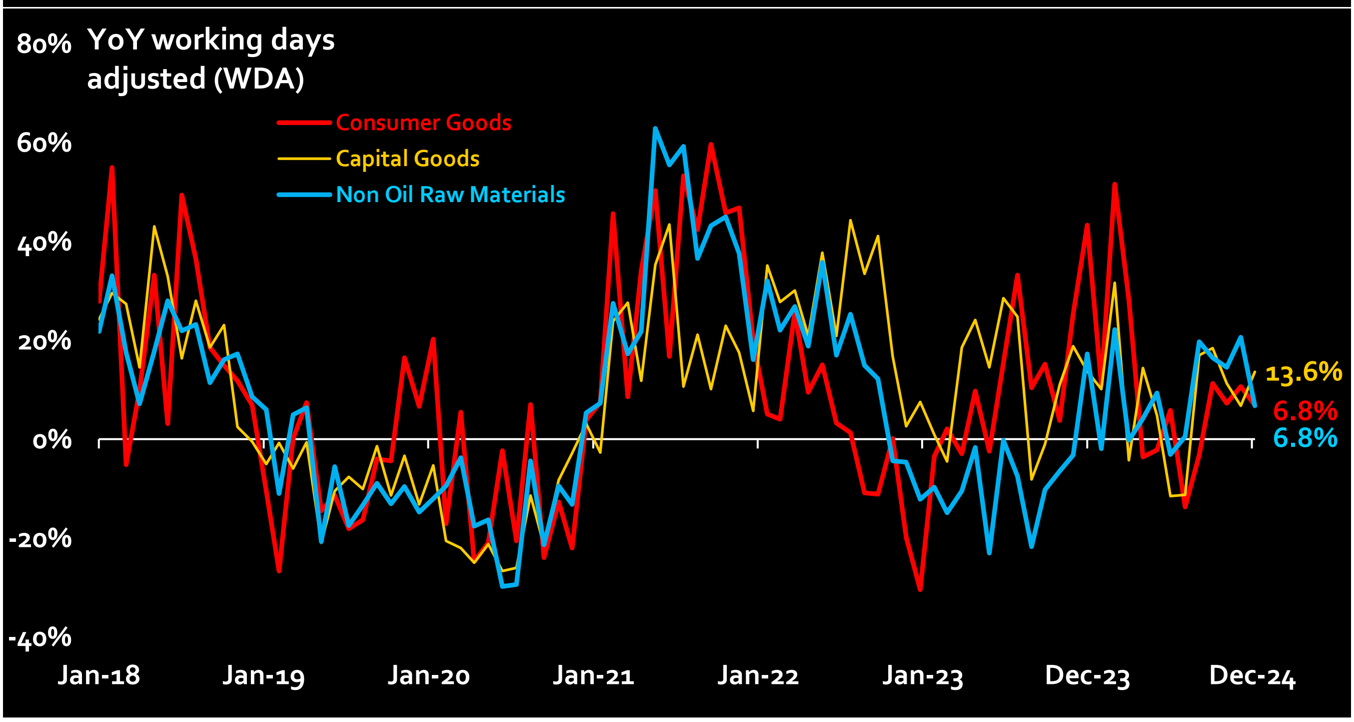
- With December data finalized, Indonesia's trade surplus for 2024 stood at USD 31.04 Bn—a decline of USD 5.85 Bn compared to the previous year. This contraction was primarily driven by China, with exports to the country falling by USD 2.11 Bn. Interestingly, exports to the U.S. saw a notable increase, 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



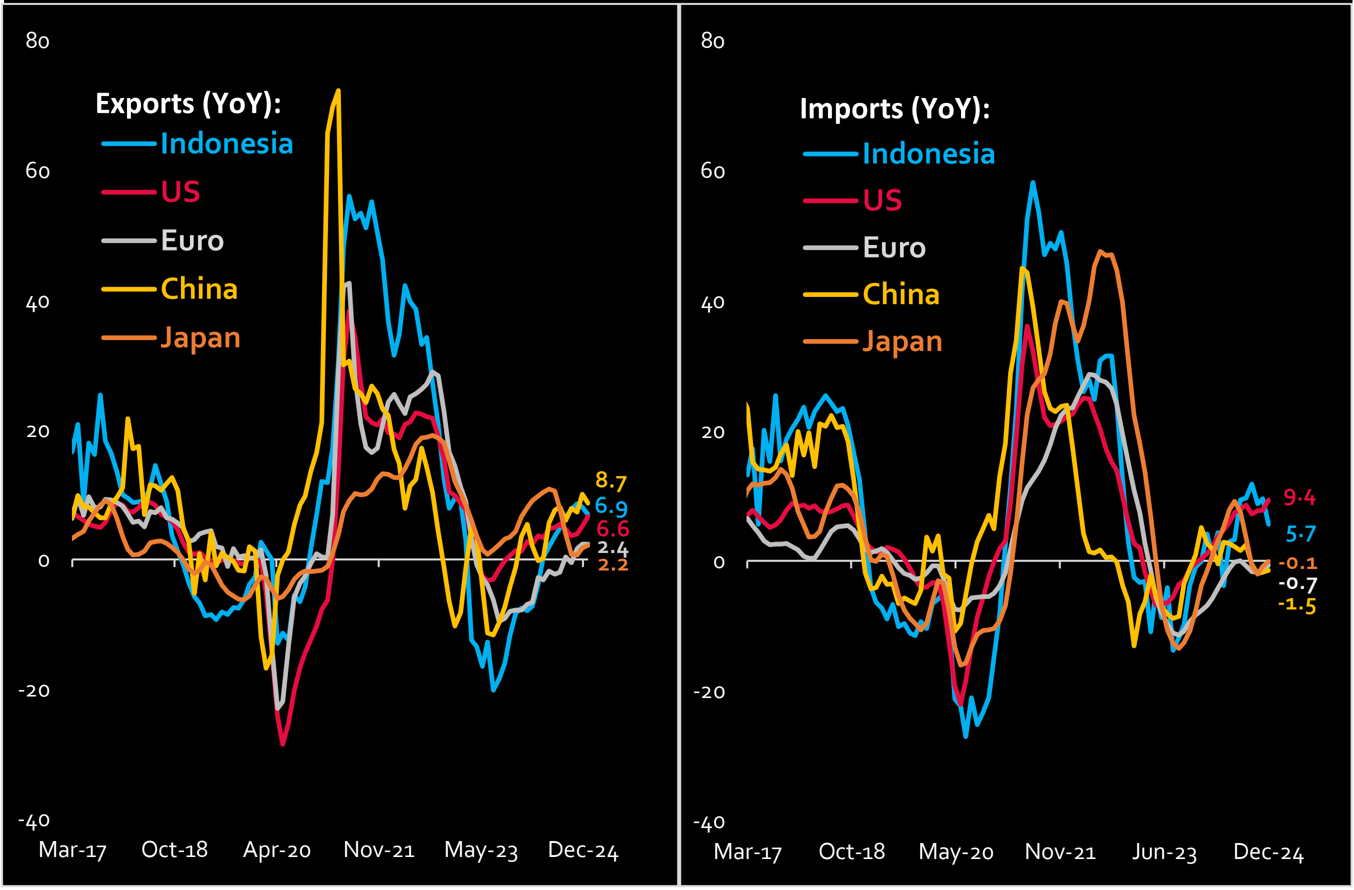
Source: BPS, Bloomberg, BCA Economist calculations

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

Key Policy Rates	Rate (%)	Last Change	Real Rate (%)
US	4.50	Dec-24	1.60
UK	4.75	Nov-24	2.25
EU	3.15	Dec-24	0.75
Japan	0.25	Jul-24	-3.00
China (lending)	2.00	Sep-24	4.25
Korea	3.00	Nov-24	1.10
India	6.50	Feb-23	1.28
Indonesia	5.75	Jan-25	4.18

Money Mkt Rates	15-Jan	-1 mth	Chg (bps)
SPN (1Y)	6.85	6.88	-2.3
SUN (10Y)	7.25	7.00	24.5
INDONIA (O/N, Rp)	5.99	5.92	6.8
JIBOR 1M (Rp)	6.62	6.63	-0.4

Bank Rates (Rp)	Oct	Sep	Chg (bps)
Lending (WC)	8.72	8.87	-15.48
Deposit 1M	4.78	4.81	-2.76
Savings	0.66	0.67	-0.14

Currency/USD	15-Jan	-1 mth	Chg (%)
UK Pound	0.817	0.792	-2.99
Euro	0.972	0.952	-2.02
Japanese Yen	156.5	153.7	-1.80
Chinese RMB	7.332	7.274	-0.80
Indonesia Rupiah	16,320	15,995	-1.99

Capital Mkt	15-Jan	-1 mth	Chg (%)
JCI	7,079.6	7,324.8	-3.35
DJIA	43,221.6	43,828.1	-1.38
FTSE	8,301.1	8,300.3	0.01
Nikkei 225	38,444.6	39,470.4	-2.60
Hang Seng	19,286.1	19,971.2	-3.43

Foreign portfolio ownership (Rp Tn)	Dec	Nov	Chg (Rp Tn)
Stock	3,521.3	3,402.4	118.98
Govt. Bond	876.6	872.5	4.15
Corp. Bond	5.9	7.1	-1.18

Trade & Commodities	15-Jan	-1 mth	Chg (%)
Baltic Dry Index	1,063.0	1,051.0	1.1
S&P GSCI Index	581.8	546.3	6.5
Oil (Brent, $/brl)	82.0	74.5	10.1
Coal ($/MT)	117.2	133.5	-12.2
Gas ($/MMBtu)	4.32	3.14	37.6
Gold ($/oz.)	2,696.3	2,648.2	1.8
Copper ($/MT)	9,053.4	8,940.5	1.3
Nickel ($/MT)	15,629.1	15,633.4	-0.0
CPO ($/MT)	1,029.4	1,157.5	-11.1
Rubber ($/kg)	1.98	2.02	-2.0

External Sector	Dec	Nov	Chg (%)
Export ($ bn)	23.46	24.00	-2.24
Import ($ bn)	21.22	19.63	8.10
Trade bal. ($ bn)	2.24	4.37	-48.73
Central bank reserves ($ bn)*	155.7	150.2	3.65

Prompt Indicators	Dec	Nov	Oct
Consumer confidence index (CCI)	127.7	125.9	121.1
Car sales (%YoY)	-6.4	-11.9	-3.9
Motorcycle sales (%YoY)	-5.5	-10.3	5.4

Manufacturing PMI	Dec	Nov	Chg (bps)
USA	49.4	49.7	-30
Eurozone	45.1	45.2	-10
Japan	49.6	49.0	60
China	50.5	51.5	-100
Korea	49.0	50.6	-160
Indonesia	51.2	49.6	160

Source: Bloomberg, BI, BPS
Notes:
*Data from earlier period
For changes in currency: **Black indicates appreciation against USD, **Red** otherwise
***For PMI, **>50** indicates economic expansion, **<50** otherwise

Scan for the link to Subscribe or **click here**

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*

Economic, Banking & Industry Research Team

David E.Sumual
Chief Economist
david_sumual@bca.co.id
+6221 2358 8000 Ext:1051352

Agus Salim Hardjodinoto
Head of Industry and Regional Research
agus_lim@bca.co.id
+6221 2358 8000 Ext: 1005314

Barra Kukuh Mamia
Head of Macroeconomic Research
barra_mamia@bca.co.id
+6221 2358 8000 Ext: 1053819

Victor George Petrus Matindas
Senior Economist
victor_matindas@bca.co.id
+6221 2358 8000 Ext: 1058408

Gabriella Yolivia
Industry Analyst
gabriella_yolivia@bca.co.id
+6221 2358 8000 Ext: 1063933

Lazuardin Thariq Hamzah
Economist / Analyst
lazuardin_hamzah@bca.co.id
+6221 2358 8000 Ext: 1071724

Keely Julia Hasim
Economist / Analyst
keely_hasim@bca.co.id
+6221 2358 8000 Ext: 1071535

Elbert Timothy Lasiman
Economist / Analyst
elbert_lasiman@bca.co.id
+6221 2358 8000 Ext: 1074310

Thierris Nora Kusuma
Economist / Analyst
thierris_kusuma@bca.co.id
+6221 2358 8000 Ext: 1071930

Nicholas Husni
Economist / Analyst
nicholas_husni@bca.co.id
+6221 2358 8000 Ext: 1079839

Samuel Theophilus Artha
Economist / Analyst
samuel_artha@bca.co.id
+6221 2358 8000 Ext: 1080373

PT Bank Central Asia Tbk

Economic, Banking & Industry Research of BCA Group
20th Grand Indonesia, Menara BCA
Jl. M.H Thamrin No. 1, Jakarta 10310, Indonesia
Ph : (62-21) 2358-8000 Fax : (62-21) 2358-8343