

Trade:

No boost from Ramadhan

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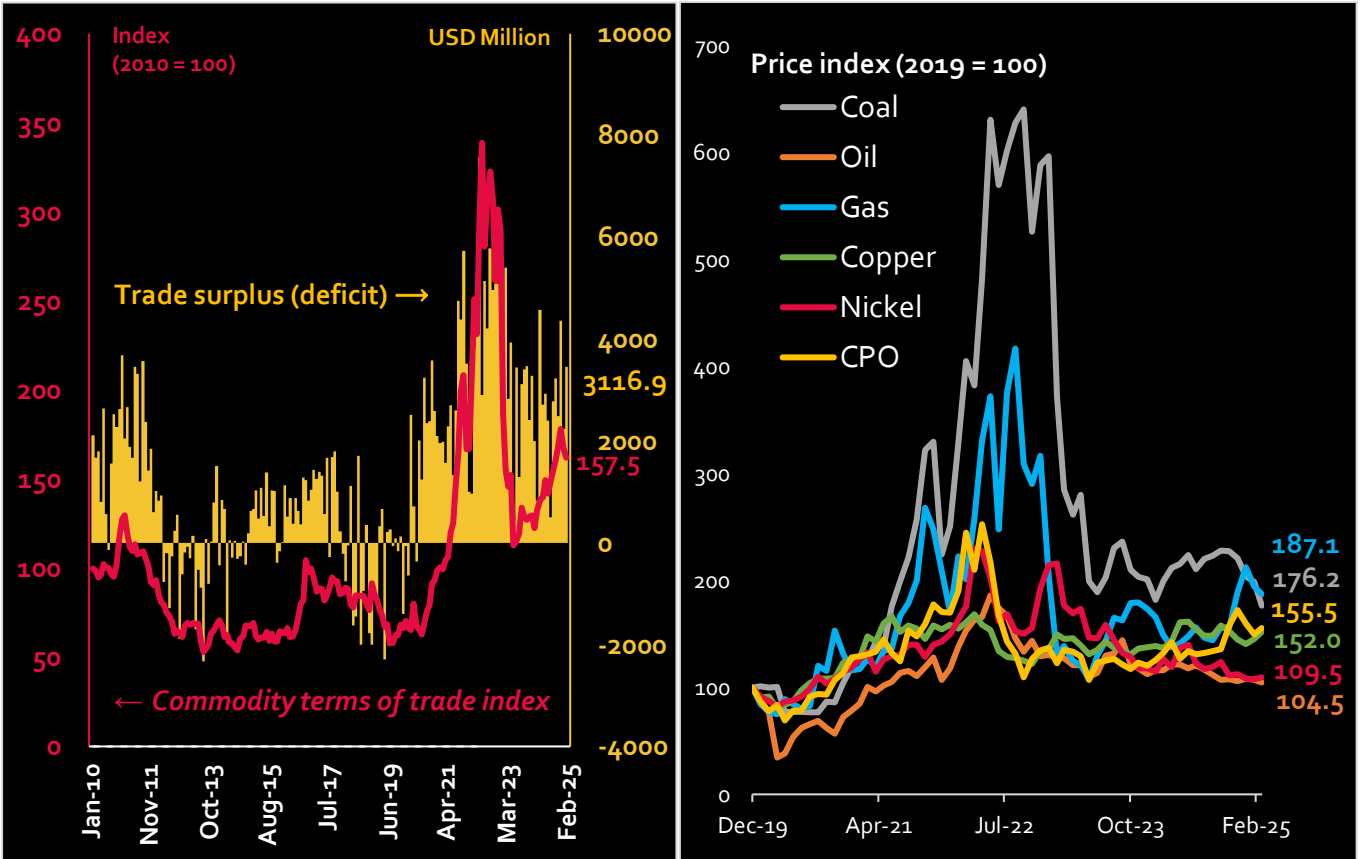
Executive Summary

- Indonesia trade surplus declined slightly to USD 3.12 Bn. Exports increased by 14.05% YoY (2.58% MoM) while imports had rebounded to 2.3% YoY (5.18% MoM).
- Increase in cooking oils exports offset the continued decline in coal and metal exports.
- Continued decline in consumer goods imports despite upcoming Ramadhan reveals a pattern of weak consumer demand.
- BI will likely cut rates again this year to support growth but may opt to wait for additional data in the short-term.

- Indonesia's trade surplus declined slightly to USD 3.12 Bn in Feb-25 compared to USD 3.45 Bn in Jan-25. The decline was caused by a sharper increase in imports (5.18% MoM) compared to exports (2.58% MoM). However, on an annual basis, export growth (14.05% YoY) outpaced import growth (2.30% YoY).
- The monthly increase in exports was driven by cooking oils (37.04% MoM), precious metals (16.45% MoM), and machinery (37.85% MoM). For palm oil in particular, the increase was caused by a surge in volume (62.2% MoM) while price continued to normalize (-2.89% MoM).
- This volume surge was likely caused importers stocking up ahead of Ramadhan, as indicated by exports to Pakistan surpassing India. While this rise was likely to be temporary, palm oil exports can be expected to continue growing, as China's recent agricultural tariff on the US may reduce their soybean oil supply, necessitating substitutes (albeit only partially by palm oil).
- On the other hand, coal (-4.01% MoM) and metals (-6.2% MoM) exports continues to decline, caused by price decline due to sluggish Chinese demand and high domestic capacity. While the government's recent HBA rules is aimed at improving export prices, there is a risk that overseas buyers may be unwilling to comply with the new rules, causing a decline in volumes instead.
- Still, there are potential tailwinds for Indonesia exports in the medium-term. DXY had weakened by (-3.6% MTD), which tends to lead to higher commodity price after some lag. Moreover, the recent China stimulus had put a renewed focus on domestic demand, potentially putting a price floor on Indonesian commodities.

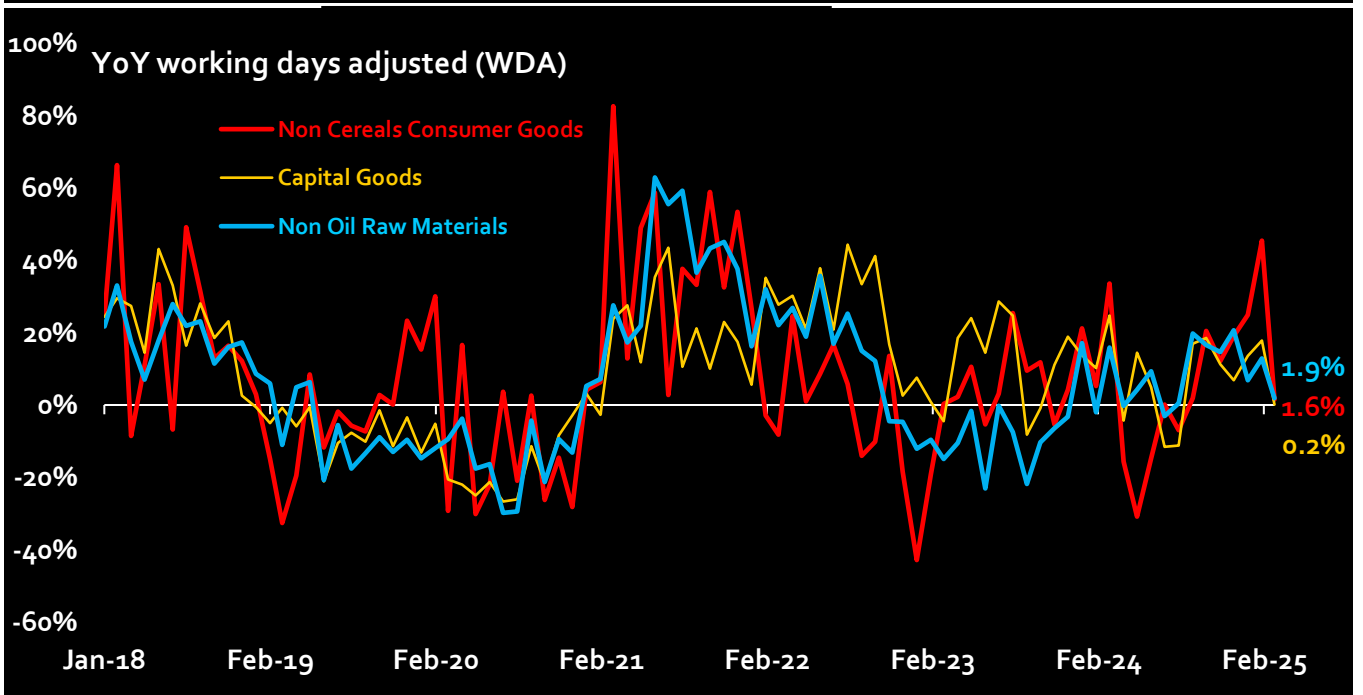
- Precious metals exports (122.41% YoY) and imports (262.12% YoY) both surged amid increasing global demand for the yellow metal. Interestingly, Indonesia lacks sufficient capacity to process gold, so the main exports (ores) and main imports (jewelry, gold bars) likely represent different stages of the product.
- On the imports side, there was a notable uptick in motor vehicles (24.09% YoY & 20.27% MoM) and mineral fuels (16.67% YoY & 78.65% MoM). It was likely motor vehicle growth was caused by frontloaded demand prior to the upcoming Eid Al-Fitr, where most Indonesians are expected to travel long distance to meet up with families.
- Consumption goods imports continued to decline, with headline figures showing a 10.61% MoM drop, driven by lower imports of fruits, meat, and cereals. However, the increase in working days in February have inflated overall import numbers. Adjusting for working days, the decline would have been even steeper at (-15.08% MoM).
- This decline was surprising, as consumption goods imports typically rise ahead of Ramadhan. However, the slowdown aligns with our Intrabiz data, which also showed further decline in February. The trend extended to capital goods as well. While headline capital goods imports grew modestly by 4.13% MoM, adjusting for working days reveals an actual contraction of 1.08% MoM, potentially signaling further slowdown in CAPEX.
- With these slowdowns in mind, we reiterate our position that BI maintains a dovish bias and would probably go for at least one additional cut this year. However, due to the increased geopolitical uncertainty, upcoming FOMC meeting, and implementation of KLM incentives only coming in April, BI is probably in no rush to cut rates this month and can thus wait for future developments before making its move.

Panel 1. Indonesia terms of trade declined as major export commodities (coal, nickel, CPO) experience price declines



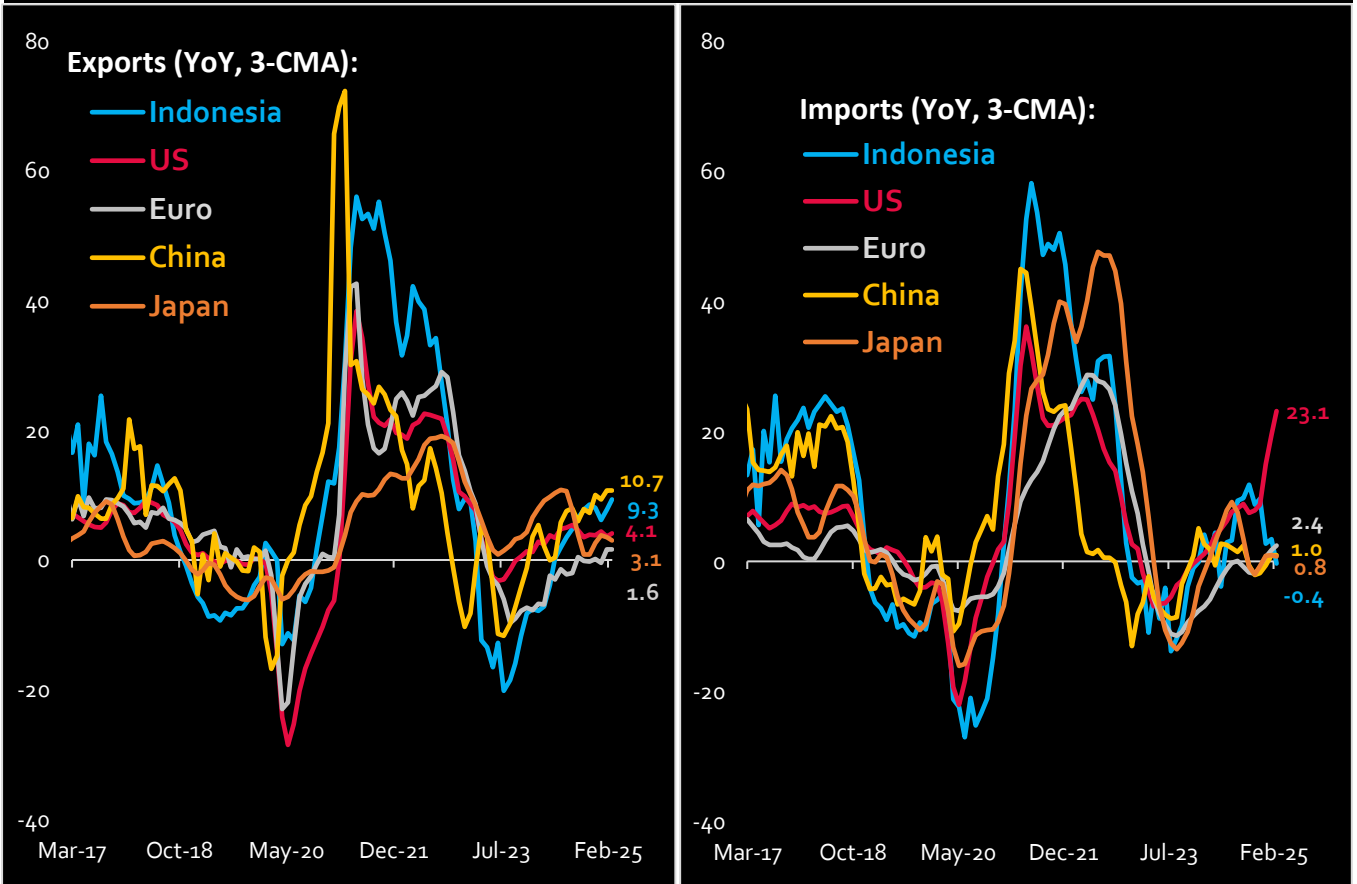
Source: BPS, Bloomberg, BCA Economist calculations

Panel 2. Excluding cereals, consumer goods still shows slight growth



Source: BPS, BCA Economist

Panel 3. Indonesian imports trend downward at the start of 2025



Source: Bloomberg

Panel 4. Indonesian manufacturing continued to expand, seemingly irrespective of Trump Tariffs

PMI Manufaktur PMI	2024											2025	
	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25
Indonesia	52.7	54.2	52.9	52.1	50.7	49.3	48.9	49.2	49.2	49.6	51.2	51.9	53.6
Malaysia	49.5	48.4	49.0	50.2	49.9	49.7	49.7	49.5	49.5	49.2	48.6	48.7	49.7
Thailand	45.3	49.1	48.6	50.3	51.7	52.8	52.0	50.4	50.0	50.2	51.4	49.6	50.6
Philippines	51.0	50.9	52.2	51.9	51.3	51.2	51.2	53.7	52.9	53.8	54.3	52.3	51.0
Vietnam	50.4	49.9	50.3	50.3	54.7	54.7	52.4	47.3	51.2	50.8	49.8	48.9	49.2
India	56.9	59.1	58.8	57.5	58.3	58.1	57.5	56.5	57.5	56.5	56.4	57.7	56.3
Australia	47.8	47.3	49.6	49.7	47.2	47.5	48.5	46.7	47.3	49.4	47.8	50.2	50.4
China	49.1	50.8	50.4	49.5	49.5	49.4	49.1	49.8	50.1	50.3	50.1	49.1	50.2
South Korea	50.7	49.8	49.4	51.6	52.0	51.4	51.9	48.3	48.3	50.6	49.0	50.3	49.9
Japan	47.2	48.2	49.6	50.4	50.0	49.1	49.8	49.7	49.2	49.0	49.6	48.7	49.0
Euro Area	46.5	46.1	45.7	47.3	45.8	45.8	45.8	45.0	46.0	45.2	45.1	46.6	47.6
US	47.8	50.3	49.2	48.7	48.5	46.8	47.2	47.5	46.9	48.4	49.2	50.9	50.3
Mexico	52.3	52.2	51.0	51.2	51.1	49.6	48.5	47.3	48.4	49.9	49.8	49.1	47.6

Source: BI, Bloomberg

Selected Macroeconomic Indicators

Key Policy Rates	Rate (%)	Last Change	Real Rate (%)	Trade & Commodities	14-Mar	-1 mth	Chg (%)
US	4.50	Dec-24	1.70	Baltic Dry Index	1,669.0	801.0	108.4
UK	4.50	Feb-25	1.50	S&P GSCI Index	551.7	574.4	-4.0
EU	2.65	Mar-25	0.25	Oil (Brent, \$/brl)	70.6	77.0	-8.3
Japan	0.50	Jan-25	-3.50	Coal (\$/MT)	106.1	110.1	-3.6
China (lending)	2.00	Sep-24	5.05	Gas (\$/MMBtu)	3.89	3.66	6.3
Korea	2.75	Feb-25	0.75	Gold (\$/oz.)	2,984.2	2,897.9	3.0
India	6.25	Feb-25	2.64	Copper (\$/MT)	9,731.9	9,239.2	5.3
Indonesia	5.75	Jan-25	5.84	Nickel (\$/MT)	16,250.4	15,312.9	6.1
Money Mkt Rates	14-Mar	-1 mth	Chg (bps)	CPO (\$/MT)	1,081.4	1,071.8	0.9
SPN (1Y)	6.02	6.12	-10.5	Rubber (\$/kg)	1.99	1.98	0.5
SUN (10Y)	6.95	6.81	14.5	External Sector	Feb	Jan	Chg (%)
INDONIA (O/N, Rp)	5.68	5.63	4.7	Export (\$ bn)	21.98	21.43	2.58
JIBOR 1M (Rp)	6.38	6.39	-1.0	Import (\$ bn)	18.86	17.94	5.18
Bank Rates (Rp)	Dec	Nov	Chg (bps)	Trade bal. (\$ bn)	3.12	3.49	-10.75
Lending (WC)	8.62	8.68	-5.92	Central bank reserves (\$ bn)*	154.5	156.1	-1.01
Deposit 1M	4.92	4.78	14.17	Prompt Indicators	Feb	Jan	Oct
Savings	0.68	0.67	1.19	Consumer confidence index (CCI)	126.4	127.2	121.1
Currency/USD	14-Mar	-1 mth	Chg (%)	Car sales (%YoY)	0.0	-11.3	-3.7
UK Pound	0.773	0.803	3.93	Motorcycle sales (%YoY)	0.0	-6.0	5.4
Euro	0.919	0.965	5.00	Manufacturing PMI	Feb	Jan	Chg (bps)
Japanese Yen	148.6	152.5	2.59	USA	52.7	51.2	150
Chinese RMB	7.237	7.307	0.96	Eurozone	47.6	46.6	100
Indonesia Rupiah	16,350	16,375	0.15	Japan	49.0	48.7	30
Capital Mkt	14-Mar	-1 mth	Chg (%)	China	50.8	50.1	70
JCI	6,515.6	6,532.0	-0.25	Korea	49.9	50.3	-40
DJIA	41,488.2	44,593.7	-6.96	Indonesia	53.6	51.9	170
FTSE	8,632.3	8,777.4	-1.65				
Nikkei 225	37,053.1	38,801.2	-4.51				
Hang Seng	23,960.0	21,294.9	12.52				
Foreign portfolio ownership (Rp Tn)	Feb	Jan	Chg (Rp Tn)				
Stock	3,083.7	3,531.1	-447.42				
Govt. Bond	890.2	881.3	8.86				
Corp. Bond	5.1	6.0	-0.89				

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



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Indonesia – Economic Indicators Projection

	2019	2020	2021	2022	2023	2024	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	6.0	7.6
GDP per capita (USD)	4175	3912	4350	4784	4920	4960	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

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