

Trade:

Sinking through the fog

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Executive Summary

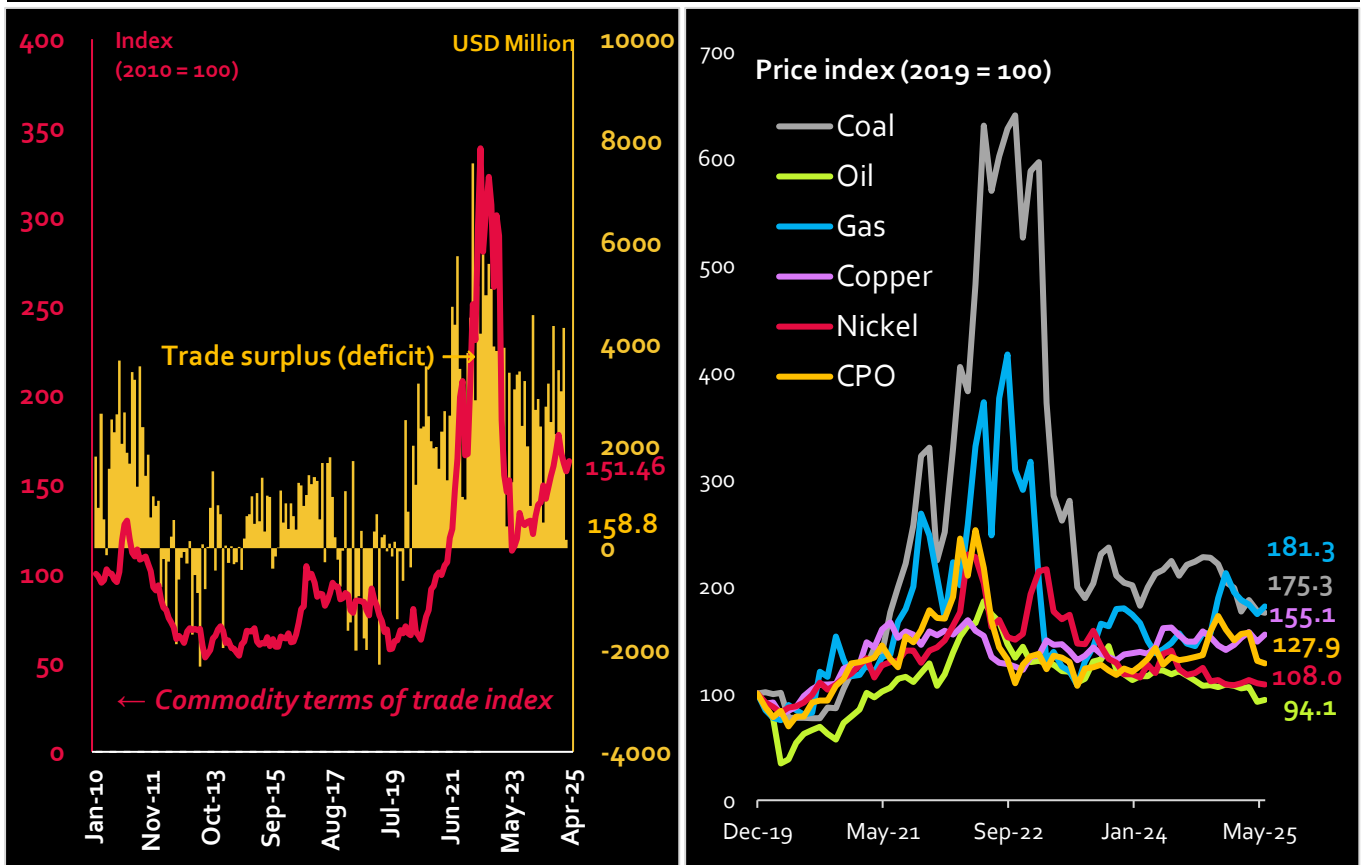
- Indonesia trade surplus plunged to USD 158.8 Mn in April 2025, driven by significant rise in imports (+21.84% YoY), outpacing exports growth (+5.76% YoY).
- Imports has increased in all categories: capital goods, consumer goods, and raw materials. With notable increase in machinery, electrical equipment, and steel.
- Imports surge originated from Singapore (+47.74% YoY) and China (+53.71% YoY), indicating either a potential transshipment activity or dumping of excess inventory.
- The longer-term outlook remains highly uncertain, with risk of global slowdown still looming as Trump's 10% base tariff appear set to stay.

- Indonesia's trade surplus plunged to just USD 158.8 million in April 2025, down sharply from USD 4.33 billion in the previous month. This marks the lowest monthly surplus since April 2020, driven by a significant rise in imports (+21.84% YoY) that far outpaced the more modest export growth (+5.76% YoY).
- The sharp moderation in exports reflects the impact of the Trump tariffs, announced earlier in the month. Non-oil and gas exports dropped -10.19% MoM, as shipments to key markets, particularly the United States, slowed notably. Some of the most affected sectors include footwear (-21.14% MoM), CPO (-39.23% MoM), and nickel (-21.28% MoM), all of which had previously spiked in March due to frontrunning behavior ahead of the trade war.
- On the other hand, imports surged across all major categories, with non-oil and gas imports jumping +29.86% in yearly terms. This was driven by strong increases in capital goods (+36.28%), consumer goods (+18.46%), and raw materials (+18.93%). Among specific products, imports of machinery (+35.73%), electrical equipment (+18.85%), and steel (+35.07%) rose sharply. An unusual spike in jewelry imports (+449.61%) also contributed to the headline figure.
- While higher capital goods imports—particularly in machinery—might typically signal future production capacity, this optimism is tempered by domestic indicators. Indonesia's manufacturing PMI has recorded two consecutive months of contraction, with May's reading at 47.4, with new orders continuing to decline in May, casting doubt on whether the import surge reflects true domestic demand.
- Instead, the scale and source of April's import surge raise some concerns. A significant portion of the increase originated from Singapore (+47.74% YoY) and China (+53.71% YoY). Notably,

Singapore's own external trade data recorded a sharp rise in the ambiguous "Miscellaneous Transactions Nes" category for exports to Indonesia—a classification that lacks detailed descriptions and raises questions about the true nature of the goods involved.

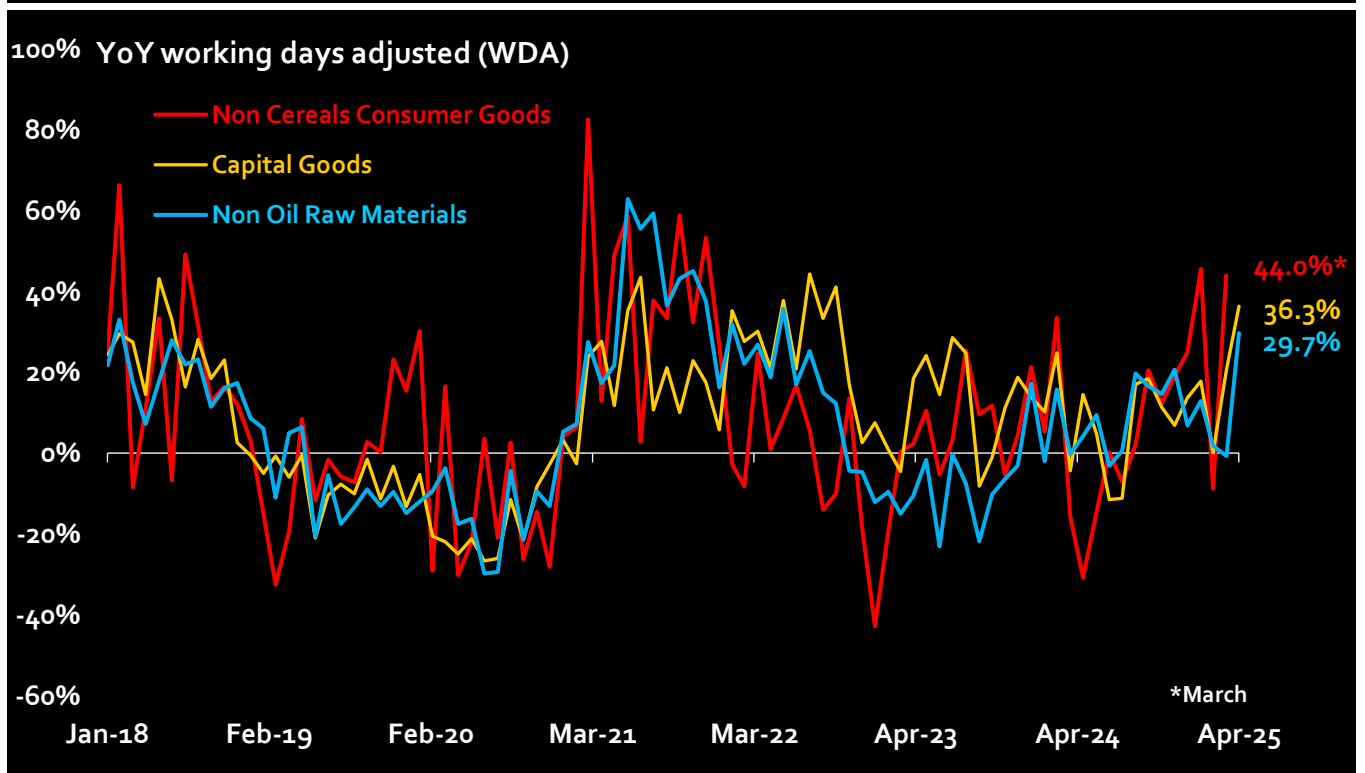
- These developments suggest the possibility of transshipment activity, where goods are rerouted through Indonesia to avoid tariffs, or alternatively, a dumping of excess inventory targeting Indonesian consumers as an alternative market. The key question is: which of these is actually occurring?
- If the latter scenario proves true, the implications are mixed. On one hand, strong import may further depress core inflation, which should help consumption despite still-lackluster income growth. On the other hand, it would further strain the already weakened manufacturing sector, which has faced a string of layoffs in recent months. The influx of cheap or excess goods could undermine local producers further, a problem already persists before trade war 2.0 started.
- Indonesia's exports to the United States fell by -20.87% MoM in April, which does not yet confirm transshipment activity. However, the data remains inconclusive, as some rerouted shipments may still be held at Indonesian ports during the April holiday period and could be recorded as exports in May. If the transshipment hypothesis proves correct, Indonesia's trade balance may see a temporary boost in the coming month, as rerouted goods begin to appear in the export figures.
- The longer-term outlook remains highly uncertain, with the risk of a global slowdown still looming following Trump's tariff. The base 10% tariffs, at least, appear set to stay, as an appeals court allowed the policy to remain in effect—after an earlier trade court decision that had temporarily blocked the Liberation Day tariffs. Negotiations have shown little progress, with talks moving back and forth and Trump repeatedly threatening to escalate tariffs, despite the 90-day pause and tariff truces. Meanwhile, commodity prices remain weak, with little indication of a sustained recovery in the near term—further dampening Indonesia's export prospects.

Panel 1. Indonesia terms of trade declined in March due to a decline in most commodities



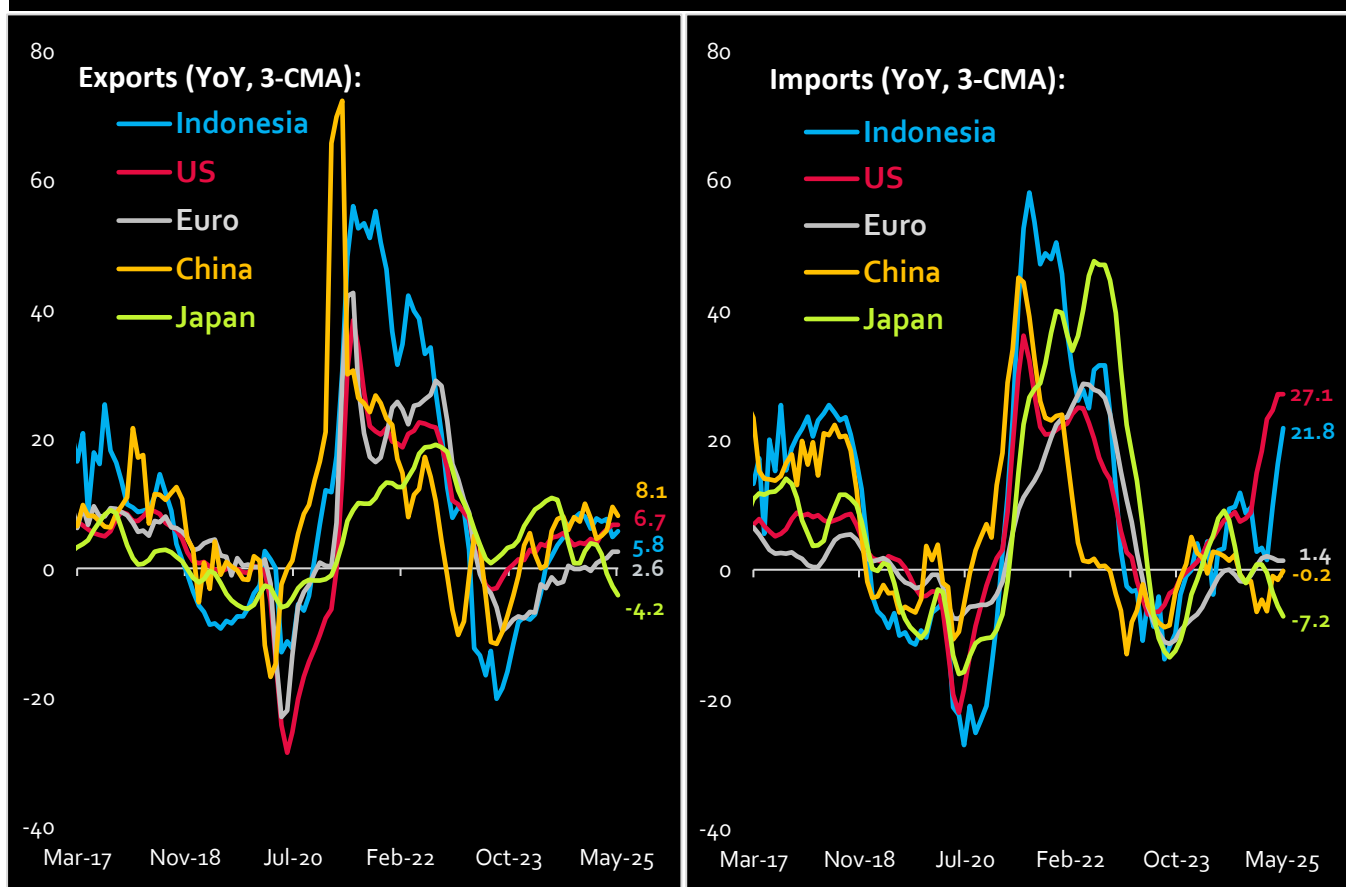
Source: BPS, Bloomberg, BCA Economist calculations

Panel 2. Imports spiked for consumer goods, capital goods, and raw materials.



Source: BPS, BCA Economist

Panel 3. Indonesian imports had spiked while exports grew modestly



Source: Bloomberg

Panel 4. Indonesian manufacturing has been contracting for 2 consecutive months

PMI Manufaktur	2024								2025				
	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25
Indonesia	52.1	50.7	49.3	48.9	49.2	49.2	49.6	51.2	51.9	53.6	52.4	46.7	47.4
Malaysia	50.2	49.9	49.7	49.7	49.5	49.5	49.2	48.6	48.7	49.7	48.8	48.6	48.6
Thailand	50.3	51.7	52.8	52.0	50.4	50.0	50.2	51.4	49.6	50.6	49.9	49.5	49.5
Philippines	51.9	51.3	51.2	51.2	53.7	52.9	53.8	54.3	52.3	51.0	49.4	53.0	50.1
Vietnam	50.3	54.7	54.7	52.4	47.3	51.2	50.8	49.8	48.9	49.2	50.5	45.6	49.8
India	57.5	58.3	58.1	57.5	56.5	57.5	56.5	56.4	57.7	56.3	58.1	58.2	58.3
Australia	49.7	47.2	47.5	48.5	46.7	47.3	49.4	47.8	50.2	50.4	52.1	51.7	51.0
China	49.5	49.5	49.4	49.1	49.8	50.1	50.3	50.1	49.1	50.2	50.5	49.0	49.5
South Korea	51.6	52.0	51.4	51.9	48.3	48.3	50.6	49.0	50.3	49.9	49.1	47.5	47.7
Japan	50.4	50.0	49.1	49.8	49.7	49.2	49.0	49.6	48.7	49.0	48.4	48.7	49.4
Euro Area	47.3	45.8	45.8	45.8	45.0	46.0	45.2	45.1	46.6	47.6	48.6	49.0	49.4
US	48.5	48.3	47.0	47.5	47.5	46.9	48.4	49.2	50.9	50.3	49.0	48.7	48.7
Mexico	51.2	51.1	49.6	48.5	47.3	48.4	49.9	49.8	49.1	47.6	46.5	44.8	44.8

Source: BI, Bloomberg

Selected Macroeconomic Indicators

Key Policy Rates	Rate (%)	Last Change	Real Rate (%)	Trade & Commodities	28-May	-1 mth	Chg (%)
US	4.50	Dec-24	2.20	Baltic Dry Index	1,303.0	1,373.0	-5.1
UK	4.25	May-25	0.75	S&P GSCI Index	531.3	537.2	-1.1
EU	2.40	Apr-25	0.20	Oil (Brent, \$/bbl)	64.9	66.9	-2.9
Japan	0.00	Jan-25	-3.10	Coal (\$/MT)	110.1	102.0	7.9
China (lending)	2.00	Sep-24	4.45	Gas (\$/MMBtu)	3.09	2.71	14.0
Korea	2.50	Feb-25	0.40	Gold (\$/oz.)	3,287.5	3,319.7	-1.0
India	6.00	Apr-25	2.84	Copper (\$/MT)	9,610.0	9,376.4	2.5
Indonesia	5.50	May-25	3.55	Nickel (\$/MT)	14,816.7	15,345.7	-3.4
Money Mkt Rates	28-May	-1 mth	Chg (bps)	CPO (\$/MT)	918.6	954.2	-3.7
				Rubber (\$/kg)	1.70	1.72	-1.2
SPN (5M)	5.88	6.66	-78.0	External Sector	Apr	Mar	Chg (%)
SUN (10Y)	6.83	6.91	-8.4	Export (\$ bn)	20.74	23.25	-10.77
INDONIA (O/N, Rp)	5.88	5.76	11.2	Import (\$ bn)	20.59	18.92	8.80
JIBOR 1M (Rp)	6.15	6.38	-22.7	Trade bal. (\$ bn)	0.16	4.33	-96.33
Bank Rates (Rp)	Feb	Jan	Chg (bps)	Central bank reserves (\$ bn)*	152.5	157.1	-2.94
Lending (WC)	8.67	8.62	5.00	Prompt Indicators	Apr	Mar	Feb
Deposit 1M	5.02	4.87	15.00	Consumer confidence index (CCI)	121.7	121.1	126.4
Savings	0.68	0.68	0.00	Car sales (%YoY)	5.0	-5.1	2.2
Currency/USD	28-May	-1 mth	Chg (%)	Motorcycle sales (%YoY)	-3.0	-7.2	4.0
UK Pound	0.742	0.751	1.16	Manufacturing PMI	May	Apr	Chg (bps)
Euro	0.886	0.880	-0.64	USA	52.3	50.2	210
Japanese Yen	144.8	143.7	-0.81	Eurozone	49.4	49.0	40
Chinese RMB	7.196	7.287	1.26	Japan	49.4	48.7	70
Indonesia Rupiah	16,290	16,830	3.31	China	50.4	50.4	0
Capital Mkt	28-May	-1 mth	Chg (%)	Korea	47.7	47.5	20
JCI	7,175.8	6,678.9	7.44	Indonesia	47.4	46.7	70
DJIA	42,098.7	40,113.5	4.95				
FTSE	8,726.0	8,415.3	3.69				
Nikkei 225	37,722.4	35,705.7	5.65				
Hang Seng	23,258.3	21,980.7	5.81				
Foreign portfolio ownership (Rp Tn)	Apr	Mar	Chg (Rp Tn)				
Stock	3,244.2	3,144.7	99.51				
Govt. Bond	899.7	995.6	-95.98				
Corp. Bond	5.1	5.2	-0.05				

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	4.8
Nominal GDP growth (% YoY)	6.7	-2.5	9.9	15.4	6.7	6.0	5.7
GDP per capita (USD)	4175	3912	4350	4784	4920	4960	4996
CPI inflation (% YoY)	2.7	1.7	1.9	5.5	2.6	1.6	2.1
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	7.68
USD/IDR exchange rate (end of year)	13,866	14,050	14,262	15,568	15,397	16,102	16,943
Trade balance (USD Bn)	-3.2	21.7	35.3	54.5	37.0	31.0	26.0
Current account balance (% of GDP)	-2.7	-0.4	0.3	1.0	-0.1	-0.6	-1.0

Notes:

- USD/IDR exchange rate projections are for fundamental values; market values may diverge significantly at any moment in time

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