

## International Trade:

# The drawn-out tariff game

1 August 2025

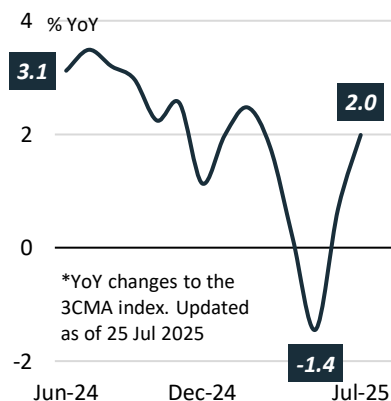
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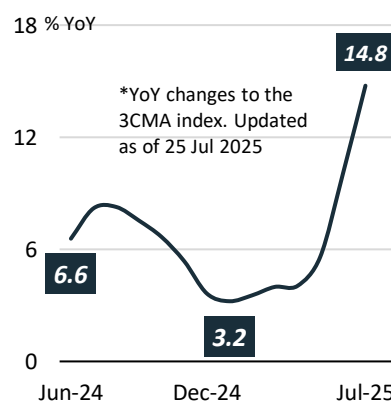
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### BCA Consumer Spending Index\*



### BCA Business Transaction Index\*



- **Indonesia recorded a USD 4.1 Bn trade surplus in Jun-25, higher than analysts' expectations** but a slight decline from the USD 4.3 Bn surplus last month. The outcome was driven by a contraction in both exports (-4.78% MoM, 11.29% YoY) and imports (-4.82% MoM, 4.28% YoY).

- The main **contributor to export growth was CPO, with its export value rising by 27.03% MoM**. The price of palm oil continues to trend upward since May 2025, fueled by rising demand and improving sentiment in the commodity market, which had previously slumped in April. However, this was **offset by a decline in both coal and metals exports**.

- Imports fell across all major categories, most notably in **raw materials (-4.94% MoM) and capital goods (-5.81% MoM)**. However, in yearly terms, we saw an **acceleration in capital goods imports (37.9% YoY in June vs. 26.5% YoY in May)**. Aside from the possibility that this was partly driven by transshipment or dumping, we view this as a positive sign of an investment recovery in several sectors.

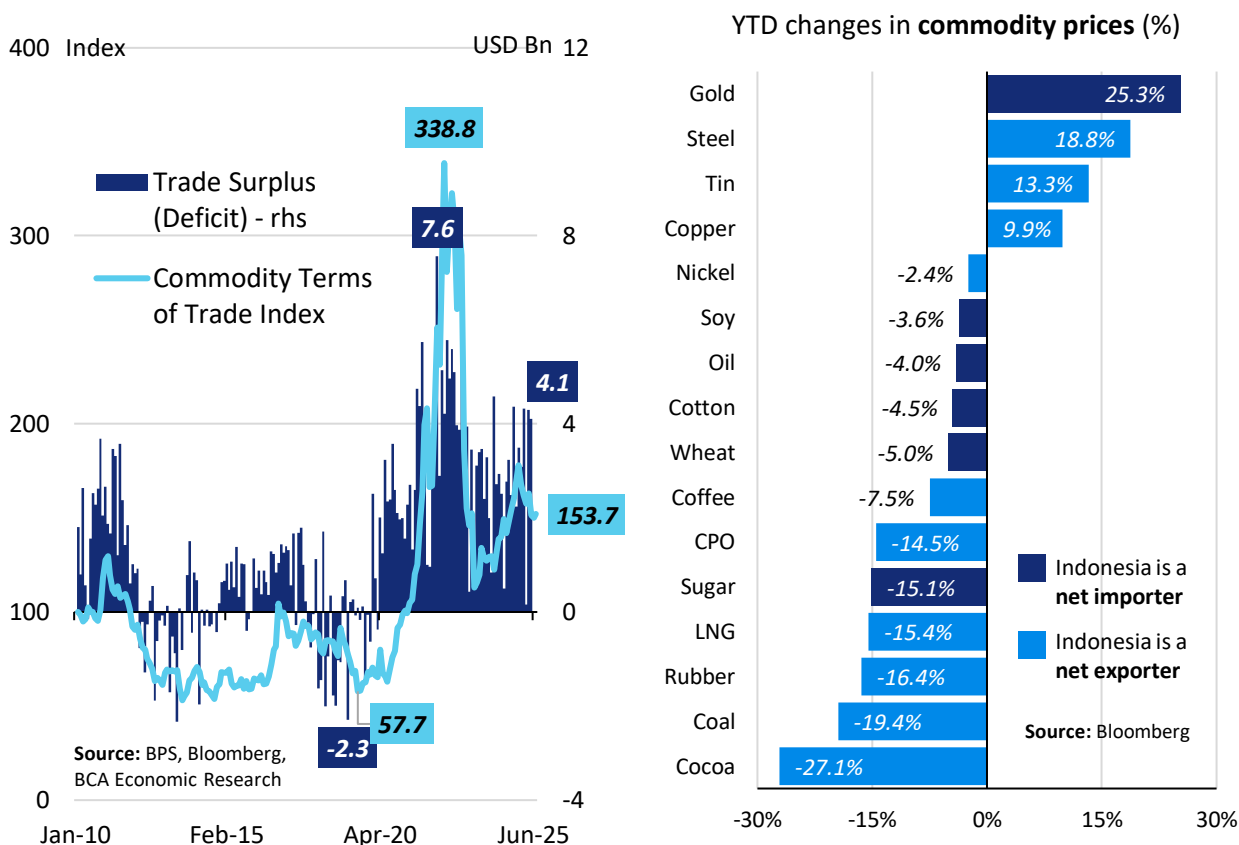
- For the next couple of months, **developments surrounding the tariff agreement will be the primary determinant of the trade balance**. The latest deal places Indonesia's tariffs on par with its regional peers (19-20%), thereby preserving the existing competitive landscape for US-bound exports. However, the existence of additional investment and import commitments imposed on Indonesia suggest the current terms may not be final, as the government will continue the negotiation.

- In general, the **trade surplus is likely to narrow in the latter half of the year**. Exports are expected to face pressure from the combined impact of tariffs and weaker commodity prices, while imports are likely to remain robust. This import strength will be supported by an anticipated recovery in consumer and government spending (with the free nutritious meal program expected to boost

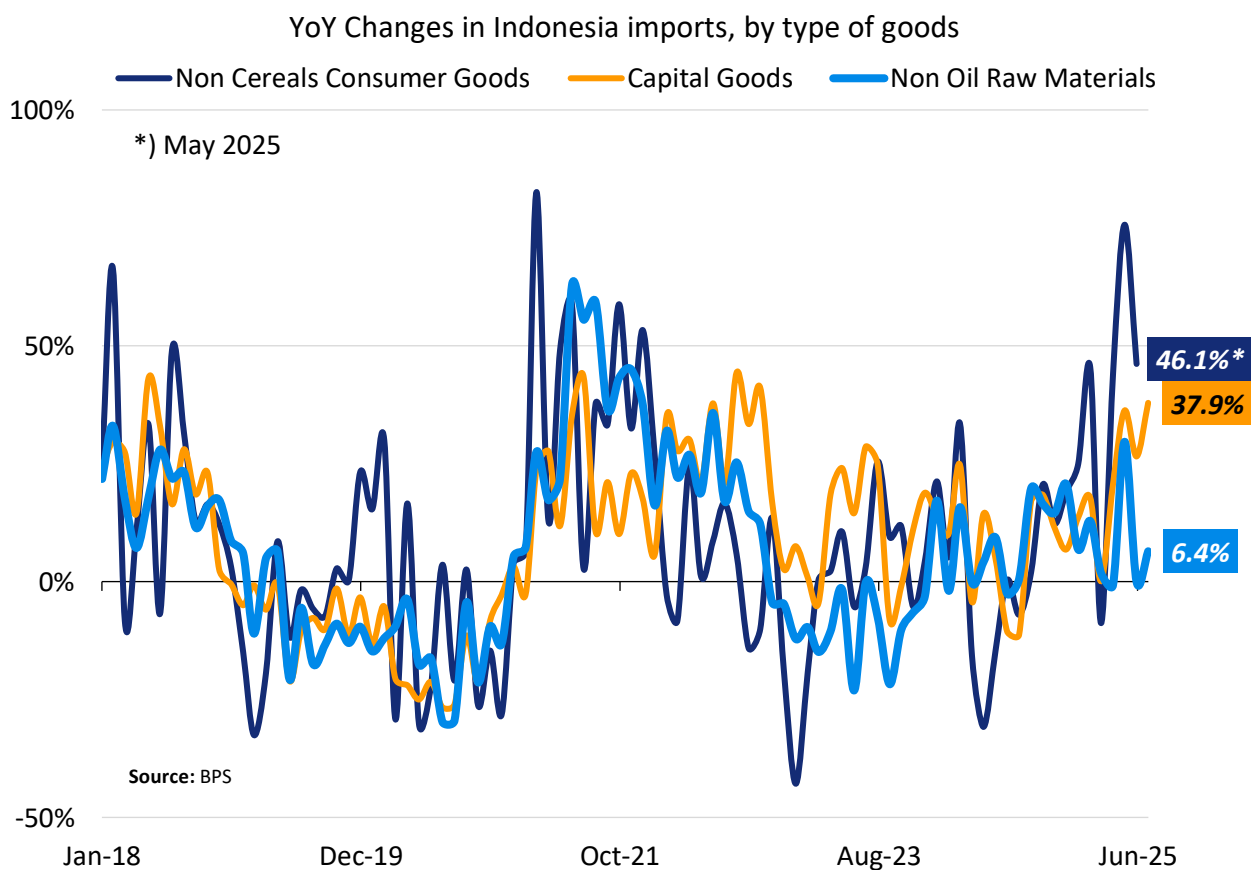
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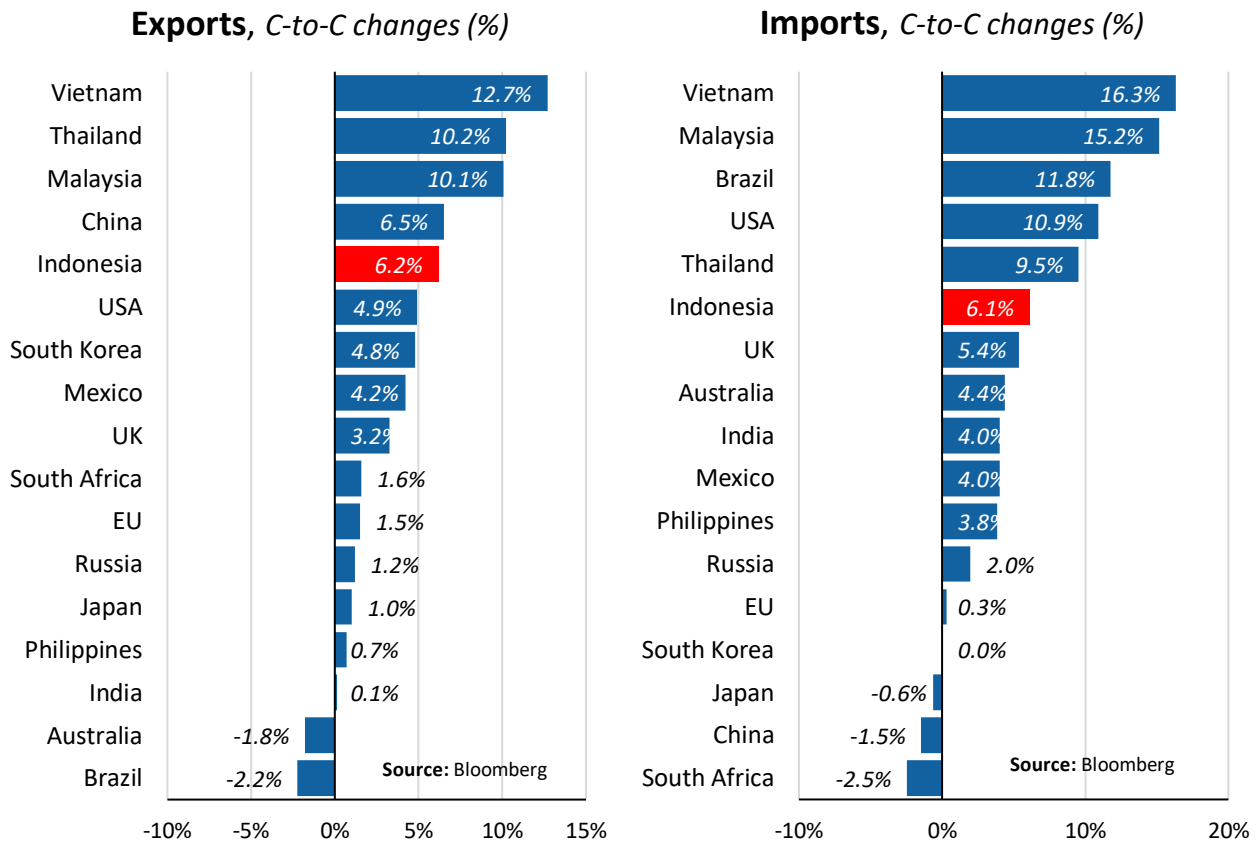
- Overall, **we maintain our forecast for the 2025 current account deficit at 1.0% of GDP**. We believe this level still provides Bank Indonesia with sufficient room to cut interest rates one or two more times, provided that the Fed initiates its easing cycle first.

## 1 Trade surplus declined slightly due to normalizing terms of trade



## 2 Capital goods imports continued to accelerate, suggesting expansion in some sectors





Manufacturing PMI	2024						2025						
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Indonesia	49.3	48.9	49.2	49.2	49.6	51.2	51.9	53.6	52.4	46.7	47.4	46.9	49.2
Malaysia	49.7	49.7	49.5	49.5	49.2	48.6	48.7	49.7	48.8	48.6	48.8	49.3	49.7
Thailand	52.8	52.0	50.4	50.0	50.2	51.4	49.6	50.6	49.9	49.5	51.2	51.7	51.9
Philippines	51.2	51.2	53.7	52.9	53.8	54.3	52.3	51.0	49.4	53.0	50.1	50.7	50.9
Vietnam	54.7	52.4	47.3	51.2	50.8	49.8	48.9	49.2	50.5	45.6	49.8	48.9	52.4
India	58.1	57.5	56.5	57.5	56.5	56.4	57.7	56.3	58.1	58.2	57.6	58.4	59.2
Australia	47.5	48.5	46.7	47.3	49.4	47.8	50.2	50.4	52.1	51.7	51.0	50.6	51.3
China	49.4	49.1	49.8	50.1	50.3	50.1	49.1	50.2	50.5	49.0	49.5	49.7	49.3
South Korea	51.4	51.9	48.3	48.3	50.6	49.0	50.3	49.9	49.1	47.5	47.7	48.7	48.0
Japan	49.1	49.8	49.7	49.2	49.0	49.6	48.7	49.0	48.4	48.7	49.4	50.1	48.9
Euro Area	45.8	45.8	45.0	46.0	45.2	45.1	46.6	47.6	48.6	49.0	49.4	49.5	49.8
US	47.0	47.5	47.5	46.9	48.4	49.2	50.9	50.3	49.0	48.7	48.5	49.0	49.0
Mexico	49.6	48.5	47.3	48.4	49.9	49.8	49.1	47.6	46.5	44.8	46.7	46.3	46.3

Source: S&amp;P, BCA Economic Research

## Selected Macroeconomic Indicators

Key Policy Rates	Rate (%)	Last Change	Real Rate (%)	Trade & Commodities	31-Jul	-1 mth	Chg (%)
US	4.50	Dec-24	1.80	Baltic Dry Index	2,003.0	1,489.0	34.5
UK	4.25	May-25	0.65	S&P GSCI Index	554.0	543.1	2.0
EU	2.15	Jun-25	0.15	Oil (Brent, \$/bbl)	72.5	67.6	7.3
Japan	0.50	Jan-25	-2.80	Coal (\$/MT)	117.4	112.8	4.1
China (lending)	2.00	Sep-24	4.25	Gas (\$/MMBtu)	2.99	3.26	-8.3
Korea	2.50	May-25	0.30	Gold (\$/oz.)	3,289.9	3,303.1	-0.4
India	5.50	Jun-25	3.40	Copper (\$/MT)	9,560.2	10,050.7	-4.9
Indonesia	5.25	Jul-25	2.88	Nickel (\$/MT)	14,735.8	15,019.6	-1.9
Money Mkt Rates	31-Jul	-1 mth	Chg (bps)	CPO (\$/MT)	991.8	929.3	6.7
SPN (1Y)	5.25	5.83	-57.6	Rubber (\$/kg)	1.69	1.68	0.6
SUN (10Y)	6.55	6.62	-6.4	External Sector	Jun	May	Chg (%)
INDONIA (O/N, Rp)	4.77	5.28	-51.1	Export (\$ bn)	23.44	24.61	-4.78
JIBOR 1M (Rp)	5.87	6.15	-28.7	Import (\$ bn)	19.33	20.31	-4.82
Bank Rates (Rp)	Apr	Mar	Chg (bps)	Trade bal. (\$ bn)	4.10	4.30	-4.60
Lending (WC)	8.66	8.66	-0.66	Central bank reserves (\$ bn)*	152.6	152.5	0.05
Deposit 1M	5.02	5.01	0.50	Prompt Indicators	Jun	May	Apr
Savings	0.69	0.68	0.32	Consumer confidence index (CCI)	117.8	117.5	121.7
Currency/USD	31-Jul	-1 mth	Chg (%)	Car sales (%YoY)	-22.6	-15.1	5.0
UK Pound	0.757	0.728	-3.82	Motorcycle sales (%YoY)	-0.3	-0.1	-3.0
Euro	0.876	0.848	-3.16	Manufacturing PMI	Jul	Jun	Chg (bps)
Japanese Yen	150.8	144.0	-4.46	USA	49.5	52.9	-340
Chinese RMB	7.200	7.164	-0.50	Eurozone	49.8	49.5	30
Indonesia Rupiah	16,455	16,238	-1.32	Japan	48.9	50.1	-120
Capital Mkt	31-Jul	-1 mth	Chg (%)	China	49.5	50.4	-90
JCI	7,484.3	6,927.7	8.04	Korea	48.0	48.7	-70
DJIA	44,131.0	44,094.8	0.08	Indonesia	49.2	46.9	230
FTSE	9,132.8	8,761.0	4.24				
Nikkei 225	41,069.8	40,487.4	1.44				
Hang Seng	24,773.3	24,072.3	2.91				
Foreign portfolio ownership (Rp Tn)	Jun	May	Chg (Rp Tn)				
Stock	3,336.8	3,435.7	-98.91				
Govt. Bond	918.7	995.6	-76.96				
Corp. Bond	4.3	5.2	-0.92				

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	6.6
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	2.0
BI Rate (%)	5.00	3.75	3.50	5.50	6.00	6.00	4.75
SBN 10Y yield (%)	7.04	5.86	6.36	6.92	6.45	6.97	7.02
USD/IDR exchange rate (average)	14,141	14,529	14,297	14,874	15,248	15,841	16,350
USD/IDR exchange rate (end of year)	13,866	14,050	14,262	15,568	15,397	16,102	16,625
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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