

International Trade:

A very challenging road ahead

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BCA Consumer Spending Index*



BCA Business Transaction Index*



- **Indonesia's trade surplus sharply declined to USD 0.95 bn** in Jan-26, significantly below the market consensus of around USD 2.7 Bn, marking the narrowest surplus since Apr-25. This contraction was primarily driven by a more substantial decrease in exports (-15.91% MoM, +3.39% YoY), which outpaced the more moderate monthly decline in imports (-11.05% MoM, +18.21% YoY).

- **The main explanation is seasonality, as trade activity in January always declines after the peak in December.** The largest contributors to the decrease in exports were palm oil (-17.31% MoM), coal (-23.79% MoM), iron and steel (-11.71% MoM), and nickel (-18.58% MoM). Meanwhile, the most significant declines in imports were observed in mechanical machinery (-23.71% MoM), electrical equipment (-10.74% MoM), and vehicles (-20.97% MoM). However, imports of precious metals surged by 188.8% MoM, highlighting persistent demand for safe-haven assets amid heightened global uncertainty.

- **Positive signals have emerged from the YoY growth in imports, which accelerated across all categories** (consumer goods, raw materials, and capital goods). This aligns with other real sector indicators such as our big data index, PMI, retail sales, and credit. **While part of this growth is indeed due to a low base from last year, the signals of expansion and spending in the first quarter are also quite solid.** For instance, the February PMI data (53.8) represents the highest figure in nearly two years, indicating that demand is strengthening not only domestically but also on the export side.

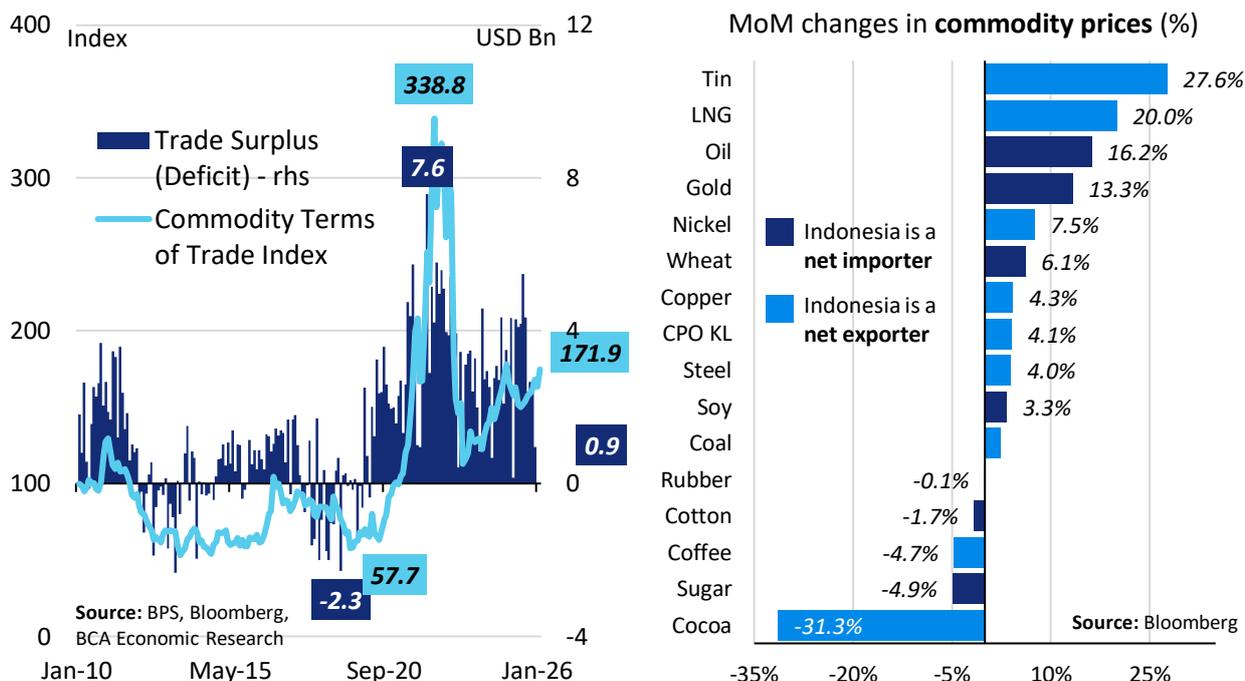
- Unfortunately, **the outlook ahead is quite mixed.** The cancellation of Trump's reciprocal tariffs could indeed boost global trade activity. However, several risk factors arise from

government policies to cut coal and nickel production, as well as specific tariff targets from the US, such as the recent 104% tariff on solar panels.

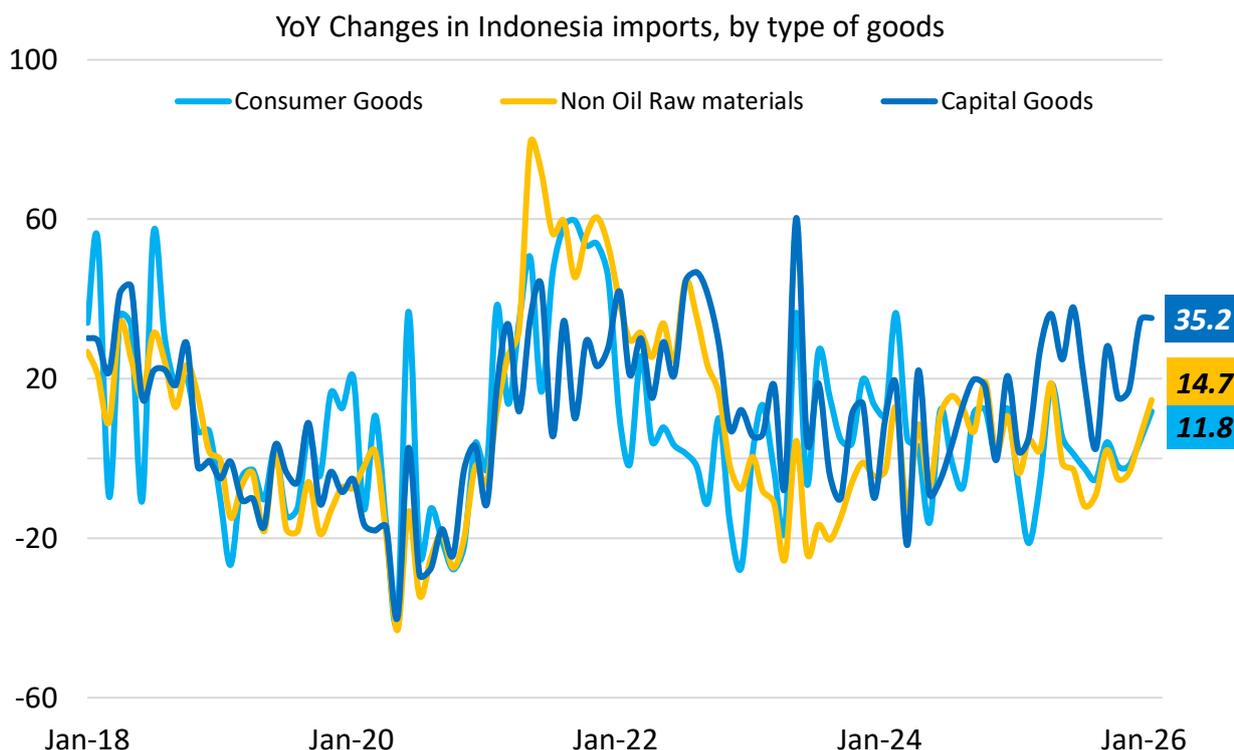
- The most significant factor at the moment is the conflict between the US-Israel and Iran. Disruptions to trade through the Strait of Hormuz could lead to inflation in energy commodity prices and may also hinder global growth due to a prolonged pause in monetary policy. **This means that for Indonesia, the worst-case scenario, in the event of a prolonged conflict,**

could result in pressure on the current account balance, government budget, and currency depreciation. Currently, the market is still pricing in at least one more Fed rate cut this year, although the probability has decreased slightly compared to before the conflict began. This means that Bank Indonesia may also follow suit. However, it is worth noting, as some analysts have previously researched, that **the market sometimes underestimates the impact of geopolitical events.**

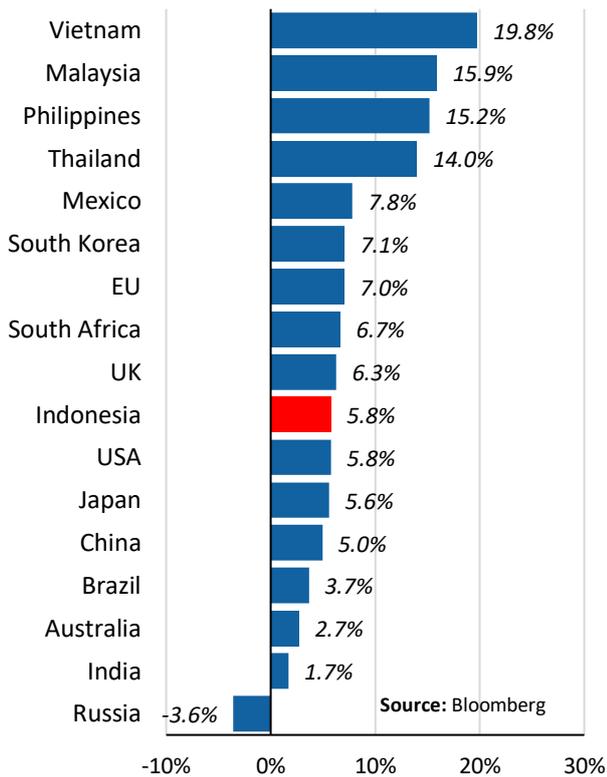
1 Although the terms of trade remain stable, the recovery in spending and investment is driving a decline in the surplus



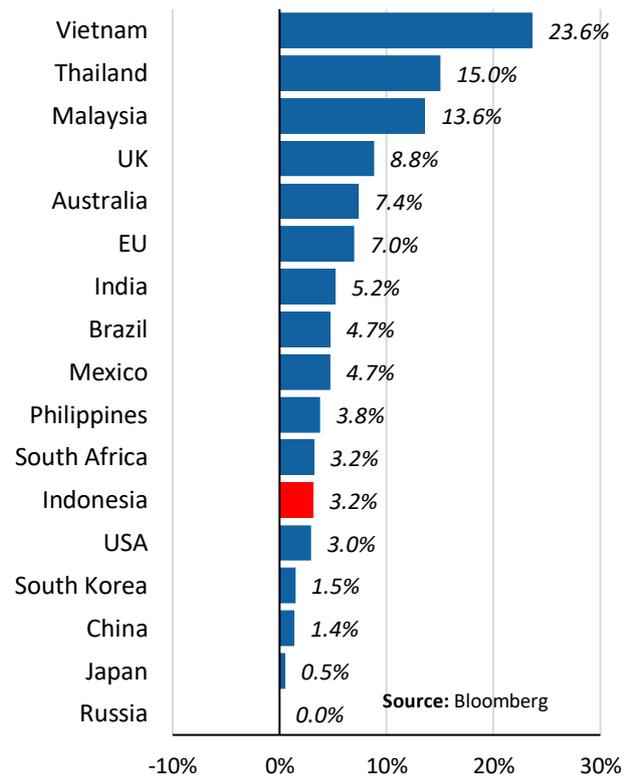
2 Import acceleration suggests domestic demand is picking up



Exports, C-to-C changes (%)



Imports, C-to-C changes (%)



Manufacturing PMI	2025												2026	
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	
Indonesia	53.6	52.4	46.7	47.4	46.9	49.2	51.5	50.4	51.2	53.3	51.2	52.6	53.8	
Malaysia	49.7	48.8	48.6	48.8	49.3	49.7	49.9	49.8	49.5	50.1	50.1	50.2	49.3	
Thailand	50.6	49.9	49.5	51.2	51.7	51.9	52.7	54.6	56.6	56.8	57.4	52.7	53.5	
Philippines	51.0	49.4	53.0	50.1	50.7	50.9	50.8	49.9	50.1	47.4	50.2	52.9	54.6	
Vietnam	49.2	50.5	45.6	49.8	48.9	52.4	50.4	50.4	54.5	53.8	53.0	52.5	54.3	
India	56.3	58.1	58.2	57.6	58.4	59.1	59.3	57.7	59.2	56.6	55.0	55.4	56.9	
Australia	50.4	52.1	51.7	51.0	50.6	51.3	53.0	51.4	49.7	51.6	51.6	52.3	51.0	
China	50.2	50.5	49.0	49.5	49.7	49.3	49.4	49.8	49.0	49.2	50.1	49.3	49.3	
South Korea	49.9	49.1	47.5	47.7	48.7	48.0	48.3	50.7	49.4	49.4	50.1	51.2	51.2	
Japan	49.0	48.4	48.7	49.4	50.1	49.0	49.7	48.5	48.2	48.7	50.0	51.5	53.0	
Euro Area	47.6	48.6	49.0	49.4	49.5	49.8	50.7	49.8	50.0	49.6	48.8	49.5	50.8	
US	50.0	48.9	48.8	48.6	49.0	48.4	48.9	48.9	48.8	48.0	47.9	52.6	52.6	
Mexico	47.6	46.5	44.8	46.7	46.3	49.1	50.2	49.6	49.5	47.3	46.1	46.3	46.3	

Source: S&P, BCA Economic Research

Selected Macroeconomic Indicators

Key Policy Rates	Rate (%)	Last Change	Real Rate (%)	Trade & Commodities	02-Mar	-1 mth	Chg (%)
US	3.75	Dec-25	1.35	Baltic Dry Index	2,187.0	2,148.0	1.8
UK	3.75	Dec-25	0.75	S&P GSCI Index	632.3	598.2	5.7
EU	2.15	Jun-25	0.45	Oil (Brent, \$/bbl)	77.7	70.7	10.0
Japan	0.75	Dec-25	-0.75	Coal (\$/MT)	128.7	117.5	9.5
China (lending)	2.00	Sep-24	4.15	Gas (\$/MMBtu)	2.99	7.24	-58.7
Korea	2.50	May-25	0.50	Gold (\$/oz.)	5,322.1	4,894.2	8.7
India	5.25	Dec-25	2.50	Copper (\$/MT)	13,034.0	13,067.6	-0.3
Indonesia	4.75	Sep-25	-0.01	Nickel (\$/MT)	16,938.4	17,732.9	-4.5
Money Mkt Rates	02-Mar	-1 mth	Chg (bps)	CPO (\$/MT)	1,026.9	1,074.3	-4.4
SPN (1Y)	4.78	4.61	17.1	Rubber (\$/kg)	2.03	1.94	4.6
SUN (10Y)	6.45	6.32	12.7	External Sector	Jan	Dec	Chg (%)
INDONIA (O/N, Rp)	4.21	3.85	35.5	Export (\$ bn)	22.16	26.35	-15.91
JIBOR 1M (Rp)	5.03	5.03	0.0	Import (\$ bn)	21.20	23.83	-11.05
Bank Rates (Rp)	Dec	Nov	Chg (bps)	Trade bal. (\$ bn)	0.95	2.51	-62.02
Lending (WC)	8.08	8.24	-16.00	Central bank reserves (\$ bn)*	154.6	156.5	-1.21
Deposit 1M	4.54	4.60	-6.00	Prompt Indicators	Jan	Dec	Nov
Savings	0.70	0.67	3.00	Consumer confidence index (CCI)	127.0	123.5	124.0
Currency/USD	02-Mar	-1 mth	Chg (%)	Car sales (%YoY)	7.0	17.9	-1.0
UK Pound	0.746	0.731	-2.04	Motorcycle sales (%YoY)	3.1	14.5	2.1
Euro	0.856	0.844	-1.38	Manufacturing PMI	Feb	Jan	Chg (bps)
Japanese Yen	157.4	154.8	-1.66	USA	51.6	52.4	-80
Chinese RMB	6.905	6.957	0.75	Eurozone	50.8	49.5	130
Indonesia Rupiah	16,861	16,785	-0.45	Japan	53.0	51.5	150
Capital Mkt	02-Mar	-1 mth	Chg (%)	China	50.3	50.3	0
JCI	8,016.8	8,329.6	-3.75	Korea	51.1	51.2	-10
DJIA	48,904.8	48,892.5	0.03	Indonesia	53.8	52.6	120
FTSE	10,780.1	10,223.5	5.44	Foreign portfolio ownership (Rp Tn)	Feb	Jan	Chg (Rp Tn)
Nikkei 225	58,057.2	53,322.9	8.88	Stock	3,864.0	4,021.0	-156.95
Hang Seng	26,059.9	27,387.1	-4.85	Govt. Bond	875.4	1,327.7	-452.32
				Corp. Bond	5.1	5.2	-0.13

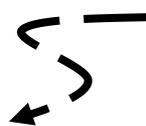
Source: Bloomberg, BI, BPS

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

	2020	2021	2022	2023	2024	2025	2026E
Real GDP growth (% YoY)	-2.1	3.7	5.3	5.0	5.0	5.1	5.1
Nominal GDP growth (% YoY)	-2.5	9.9	15.4	6.7	6.0	7.6	7.9
GDP per capita (USD)	3912	4350	4784	4920	4960	5083	5362
CPI inflation (% YoY)	1.7	1.9	5.5	2.6	1.6	2.9	2.5
BI Rate (%)	3.75	3.50	5.50	6.00	6.00	4.75	4.50
SBN 10Y yield (%)	5.86	6.36	6.92	6.45	6.97	6.05	6.50
USD/IDR exchange rate (average)	14,529	14,297	14,874	15,248	15,841	16,468	16,784
USD/IDR exchange rate (end of year)	14,050	14,262	15,568	15,397	16,102	16,690	16,842
Trade balance (USD Bn)	21.7	35.3	54.5	37.0	31.0	41.1	33.8
Current account balance (% of GDP)	-0.4	0.3	1.0	-0.1	-0.6	-0.1	-0.4

Notes:

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

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