International Trade:

Head above water, breaths still shallow

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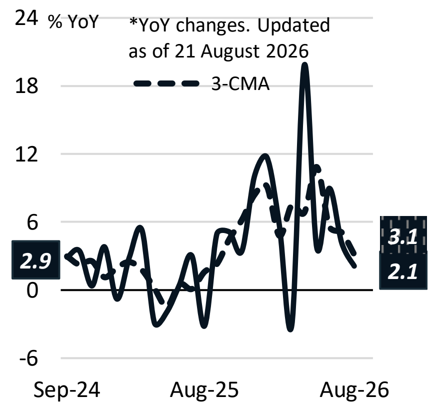
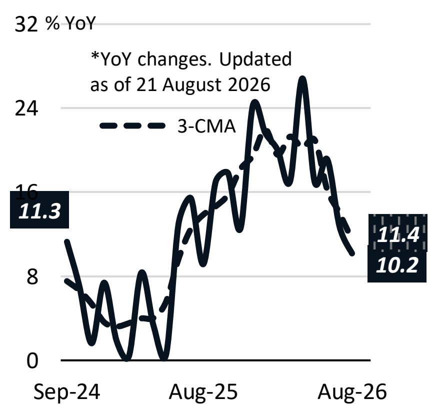
Jennifer Calysta Farrell
Jennifer_farrell@bca.co.id

Victor George Petrus Matindas
Victor_matindas@bca.co.id

BCA Consumer Spending Index*



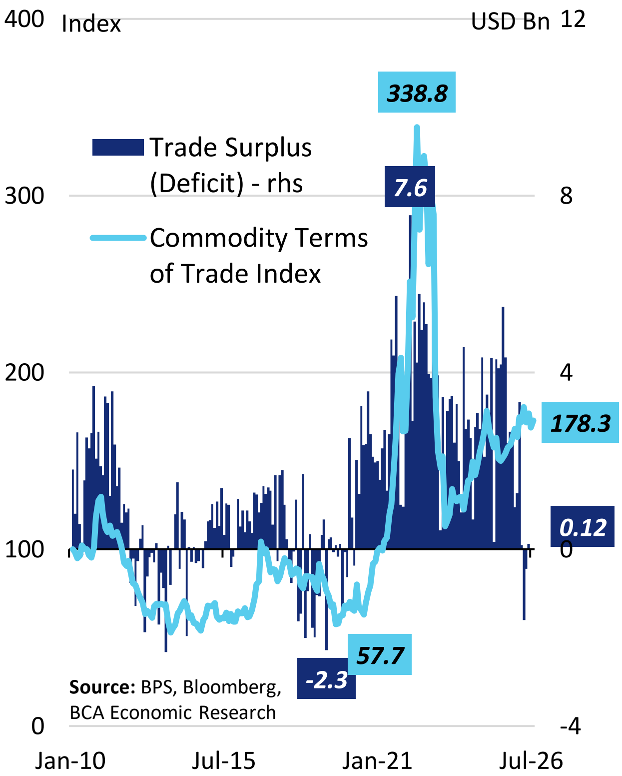
BCA Business Transaction Index*



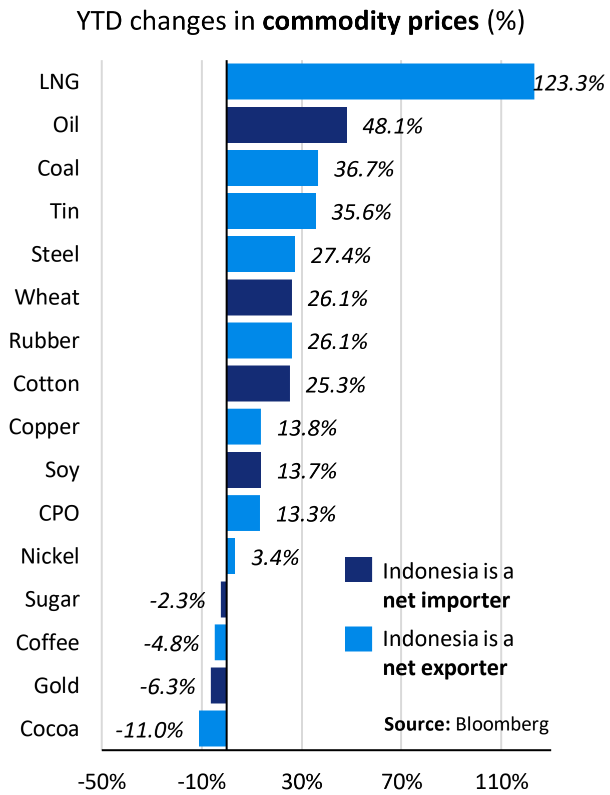
- **Indonesia's trade balance rebounded to a surplus of USD 0.12 Bn in Jul-26**, recovering from a USD 0.45 Bn deficit in the previous month. This reversal was driven by export growth (2.98% MoM) that outpaced a marginal increase in imports (0.72% MoM).
- The export recovery was primarily supported by non-O&G demand (4.25% MoM), particularly in iron and steel (18.27% MoM), electrical machinery (15.97% MoM), and chemical products (13.38% MoM). **Conversely, three main categories acted as drags on overall export performance.** Vegetable fats and oils declined (-6.21% MoM), likely reflecting the reallocation of CPO for the domestic B50 mandate or production disruptions caused by the El Niño season. Furthermore, nickel exports plummeted (-38.25% MoM) following a halt in shipments by significant exporters, while precious metals saw a sharp contraction (-45.07% MoM) due to seasonality effects.
- **Meanwhile, overall imports grew at a slower pace.** Oil & gas imports recorded a significant monthly decline (-17.33% MoM). This was potentially driven more by price normalization rather than lower import volumes, although the magnitude of the contraction outpaced the moderation in global energy prices.
- Within the non-O&G segment, import contractions were recorded in mechanical machinery (-5.40% MoM), plastic products (-11.86% MoM), and vehicles and parts (-1.16% MoM). However, these declines were effectively offset by robust expansions in electrical machinery (7.73% MoM) and iron and steel (27.21% MoM), possibly signaling recovering investments as PMI bounced back to 50.2 in Jul-26.
- On a year-on-year basis, all three broad import categories accelerated, with raw materials notably surging by 32.33% YoY. **This could possibly be driven by the accelerated construction of the Red White Cooperatives**, aligning with the government's report of 15,000 finished units by mid-July.
- **Looking ahead, the current trade momentum remains fragile.** Despite questions regarding its practicality, the official formation of PT DSI's board in late Aug-26 signals that its implementation may be imminent. The Kalimantan forest fires also pose a significant downside risk to near-term exports, threatening to disrupt both commodity production and trade logistics. **Current global conditions are also relatively unfavorable for exports, with sharply rising long-term yields in many countries, including the US, indicating tightening liquidity**.

- Import demand prospects appear stable, underpinned by the government's target of operationalizing 30,000 cooperatives by the end of 2026. **However, the robust spending momentum observed in the first half of the year typically precedes a deceleration in the second half**, which could ultimately temper overall import growth going forward. Overall, considering the trade balance outlook and market expectations for a Fed hike this year, we still see a possibility that BI will implement one more rate hike this year.

1 **Indonesia's trade balance finally reentered the surplus zone** after two months recording deficits

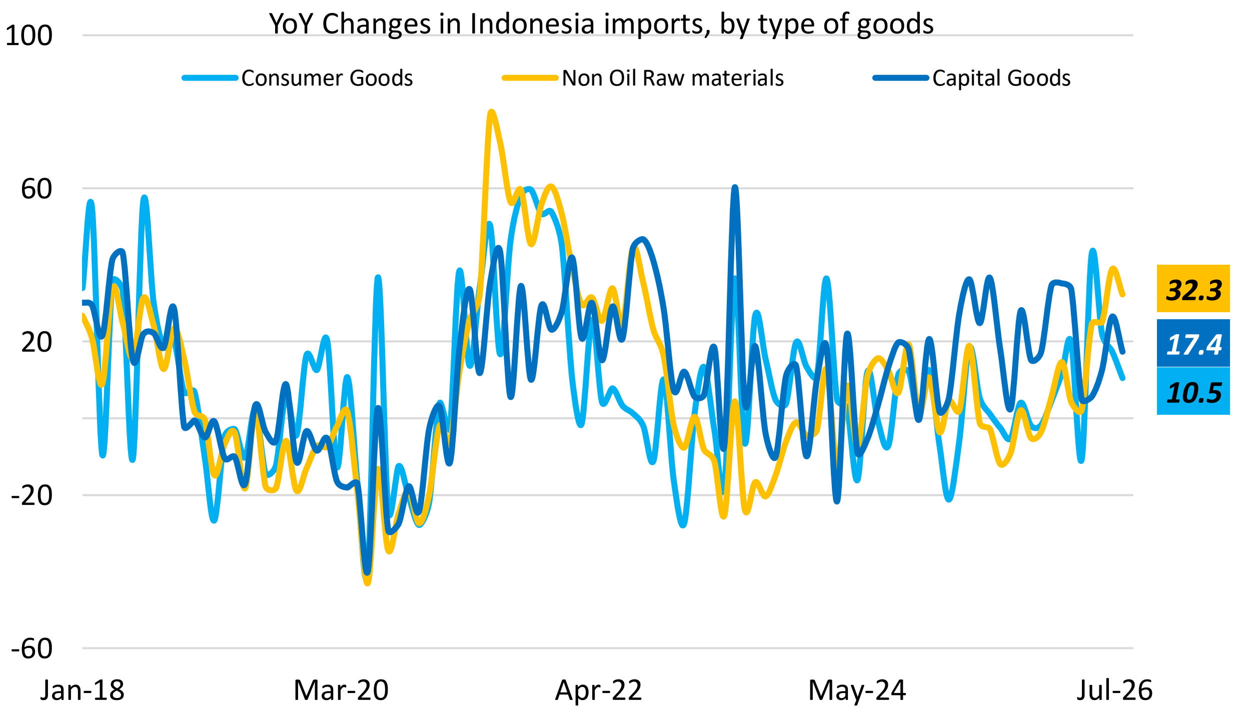


Source: BPS, Bloomberg, BCA Economic Research

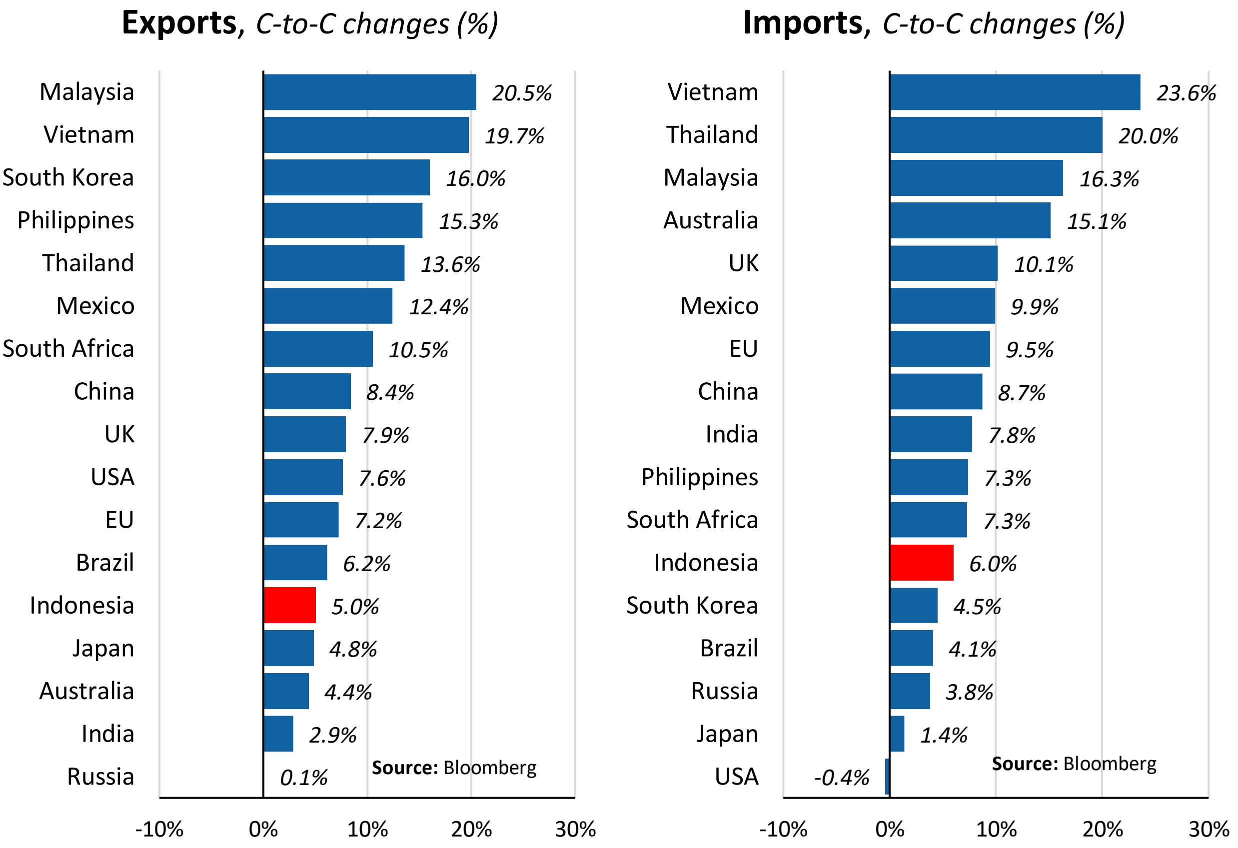


Source: Bloomberg

2 **Broadline imports still expansive on an annual basis,** though slowed from the month before



3 Indonesia's trade performance lags behind that of its peers



4 **August PMI reenters contraction zone**, bad news for future trade?

Manufacturing PMI	2025					2026							
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Indonesia	51.5	50.4	51.2	53.3	51.2	52.6	53.8	50.1	49.1	50.0	46.9	50.2	49.8
Malaysia	49.9	49.8	49.5	50.1	50.1	50.2	49.3	50.7	51.6	49.9	50.7	50.7	50.2
Thailand	52.7	54.6	56.6	56.8	57.4	52.7	53.5	54.1	52.7	52.6	53.6	54.2	53.8
Philippines	50.8	49.9	50.1	47.4	50.2	52.9	54.6	51.3	48.3	50.8	50.9	51.8	54.9
Vietnam	50.4	50.4	54.5	53.8	53.0	52.5	54.3	51.2	50.5	52.8	51.8	52.9	52.9
India	59.3	57.7	59.2	56.6	55.0	55.4	56.9	53.9	54.7	55.0	54.2	53.5	52.8
Australia	53.0	51.4	49.7	51.6	51.6	52.3	51.0	49.8	51.3	50.7	51.5	52.0	52.0
China	49.4	49.8	49.0	49.2	50.1	49.3	49.0	50.4	50.3	50.0	50.3	49.2	49.8
South Korea	48.3	50.7	49.4	49.4	50.1	51.2	51.1	52.6	53.6	54.8	52.1	53.1	52.3
Japan	49.7	48.5	48.2	48.7	50.0	51.5	53.0	51.6	55.1	54.5	54.8	54.5	54.9
Euro Area	50.7	49.8	50.0	49.6	48.8	49.5	50.8	51.6	52.2	51.6	51.4	51.9	52.8
US	53.0	52.0	52.5	52.2	51.8	52.4	51.6	52.3	54.5	55.1	53.9	53.9	53.2
Mexico	50.2	49.6	49.5	47.3	46.1	46.3	47.1	48.9	47.7	49.6	51.3	51.3	51.3

Source: S&P, NBS (China), BCA Economic Research

Selected Macroeconomic Indicators

Key Policy Rates	Rate (%)	Last Change	Real Rate (%)
US	3.75	Dec-25	0.35
UK	3.75	Dec-25	0.85
EU	2.40	Jun-26	-0.90
Japan	1.00	Jun-26	-0.90
China (lending)	2.00	Sep-24	3.85
Korea	3.00	Aug-26	-0.10
India	5.25	Dec-25	0.80
Indonesia	5.75	Jun-26	2.56

Money Mkt Rates	01-Sep	-1 mth	Chg (bps)
SPN (1Y)	6.77	7.45	-68.2
SUN (10Y)	7.04	7.31	-27.0
INDONIA (O/N, Rp)	6.13	6.23	-10.0
JIBOR 1M (Rp)	5.03	5.03	0.0

Bank Rates (Rp)	Jun	May	Chg (bps)
Lending (WC)	8.07	7.95	12.00
Deposit 1M	4.96	4.52	44.00
Savings	0.68	0.68	0.00

Currency/USD	01-Sep	-1 mth	Chg (%)
UK Pound	0.740	0.742	0.24
Euro	0.863	0.868	0.57
Japanese Yen	160.2	157.4	-1.74
Chinese RMB	6.721	6.753	0.48
Indonesia Rupiah	17,726	18,000	1.55

Capital Mkt	01-Sep	-1 mth	Chg (%)
JCI	6,599.9	6,236.1	5.83
DJIA	52,766.9	52,485.0	0.54
FTSE	10,789.3	10,868.1	-0.72
Nikkei 225	66,215.3	64,362.0	2.88
Hang Seng	25,329.7	25,884.4	-2.14

Foreign portfolio ownership (Rp Tn)	Aug	Jul	Chg (Rp Tn)
Stock	2,949.5	2,805.0	144.49
Govt. Bond	907.3	892.4	14.86
Corp. Bond	4.8	5.6	-0.74

Trade & Commodities	01-Sep	-1 mth	Chg (%)
Baltic Dry Index	3,157.0	2,732.0	15.6
S&P GSCI Index	734.4	686.1	7.0
Oil (Brent, $/brl)	94.7	90.1	5.0
Coal ($/MT)	147.8	137.2	7.7
Gas ($/MMBtu)	2.87	2.59	10.8
Gold ($/oz.)	4,328.8	4,046.2	7.0
Copper ($/MT)	14,405.6	13,835.7	4.1
Nickel ($/MT)	16,499.6	17,064.4	-3.3
CPO ($/MT)	1,144.8	1,099.8	4.1
Rubber ($/kg)	2.39	2.18	9.6

External Sector	Jul	Jun	Chg (%)
Export ($ bn)	26.22	25.46	2.98
Import ($ bn)	26.09	25.91	0.72
Trade bal. ($ bn)	0.12	-0.45	-127.06
Central bank reserves ($ bn)*	145.3	145.6	-0.17

Prompt Indicators	Jul	Jun	May
Consumer confidence index (CCI)	116.8	117.8	120.9
Car sales (%YoY)	33.3	33.0	14.0
Motorcycle sales (%YoY)	8.3	1.1	-5.1

Manufacturing PMI	Aug	Jul	Chg (bps)
USA	53.9	53.9	0
Eurozone	52.7	51.9	80
Japan	54.9	54.5	40
China	51.5	50.9	60
Korea	52.3	53.1	-80
Indonesia	49.8	50.2	-40

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	5.3
Nominal GDP growth (% YoY)	-2.5	9.9	15.4	6.7	6.0	7.6	9.1
GDP per capita (USD)	3912	4350	4784	4920	4960	5083	5126
CPI inflation (% YoY)	1.7	1.9	5.5	2.6	1.6	2.9	3.2
BI Rate (%)	3.75	3.50	5.50	6.00	6.00	4.75	6.00
SBN 10Y yield (%)	5.86	6.36	6.92	6.45	6.97	6.05	7.31
USD/IDR exchange rate (average)	14,529	14,297	14,874	15,248	15,841	16,468	17,621
USD/IDR exchange rate (end of year)	14,050	14,262	15,568	15,397	16,102	16,690	18,238
Trade balance (USD Bn)	21.7	35.3	54.5	37.0	31.0	41.1	19.2
Current account balance (% of GDP)	-0.4	0.3	1.0	-0.1	-0.6	-0.1	-1.3

Notes:

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

BCA Economic & Industry Research

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

Victor George Petrus Matindas
Head of Banking Research and Analytics
victor_matindas@bca.co.id
+6221 2358 8000 Ext: 1058408

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

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

Arif Agung Wibowo
Economist / Analyst
arif_agung@bca.co.id
+6221 2358 8000 Ext: -

Elbert Timothy Lasiman
Economist / Analyst
Elbert_lasiman@bca.co.id
+6221 2358 8000 Ext: 1007431

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

Jennifer Calysta Farrell
Economist / Analyst
jennifer_farrell@bca.co.id
+6221 2358 8000 Ext: 1082423

PT Bank Central Asia Tbk

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