

Indonesia: Exports and imports slip below expectations but trade surplus remains healthy

Indonesia's trade surplus is still healthy despite a slight disappointment in export and import growth



Source: Stenly Lam

\$5bn September trade balance

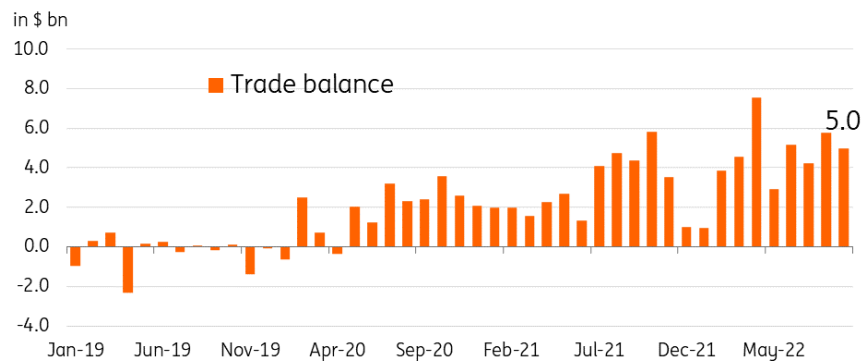
Higher than expected

Trade balance at \$5bn

Indonesia's exports and imports slipped below market expectations but still managed to post strong growth, up by 20.3% year-on-year and 22%, respectively.

Exports slipped below median expectations for a 28.6% increase which may have prompted the suspension of export tax for palm oil exports until the end of the month. Import growth was also below the market consensus which could reflect softer domestic demand given elevated prices. The overall trade balance however was still healthy, settling at \$5bn compared to expectations for \$4.8bn.

Trade surplus remains but may be less able to support the IDR



Source: Badan Pusat Statistik

Surplus helps but pressure on the IDR persists

Indonesia's string of trade surpluses has provided some support to the rupiah for the most part of 2022. Surging commodity prices have helped deliver outsized gains for exports, translating to a record-high trade surplus of \$7.6bn in April. Indonesia will likely continue to post trade surpluses for the rest of the year but the support provided to the currency appears to be slipping.

The \$5bn trade surplus should help limit some pressure on the IDR but sustained foreign selling in the bond market may still translate to depreciation pressure on the currency in the coming months.