

Indonesia: Hefty trade surplus through surging exports

Indonesia's strong export performance continues into October



Source: Stenly Lam

\$5.7bn

October trade balance

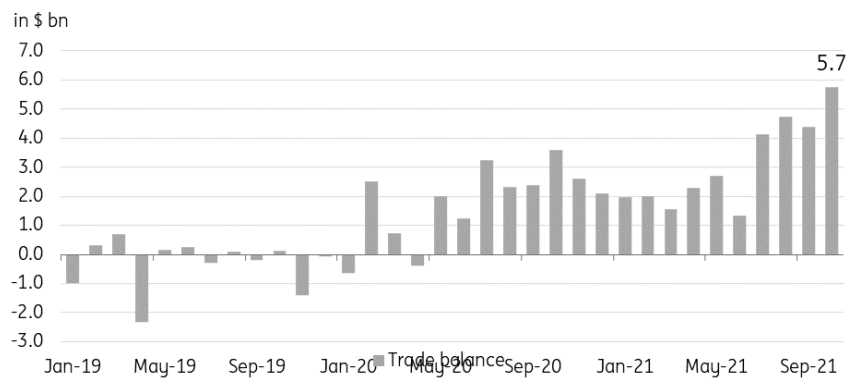
Record high

Higher than expected

Trade surplus crests \$5bn

The recent trend of double digit expansion has continued for Indonesia's trade sector. October outbound shipments surged by 53.4%, bolstered by higher commodity prices while also benefiting from the low base registered in 2020. Imports also enjoyed double digit gains, with inbound shipments rising 52.1% as economic activity accelerates after the authorities relaxed mobility curbs. Surging exports managed to bring the overall trade balance to a record high of \$5.7 bn, even as imports grew substantially. The rapidly expanding trade surplus will be a boon for IDR in the near term and could be enough to tip the current account back into surplus if this trend continues.

Surging exports lift trade surplus past \$5bn



Source: Badan Pusat Statistik

4Q GDP likely to showcase economy on the mend

The rapid pickup in exports was reflected in a meaningful rebound in the manufacturing sector of late, which should have a positive impact on 4Q GDP. PMI manufacturing bounced back nicely in October (57.2) after mobility restrictions were gradually relaxed from September. Meanwhile, robust imports reflects improving domestic demand which was also noted in rising consumer confidence as measured by Bank Indonesia. Should these trends continue, Indonesia will likely enjoy a strong finish to the year although gains will likely still be capped as overall vaccination efforts fall short of herd immunity levels.