

Indonesia: Trade surplus widens as exports surge

Indonesia's export sector gets a lift from elevated commodity prices



Source: Stenly Lam

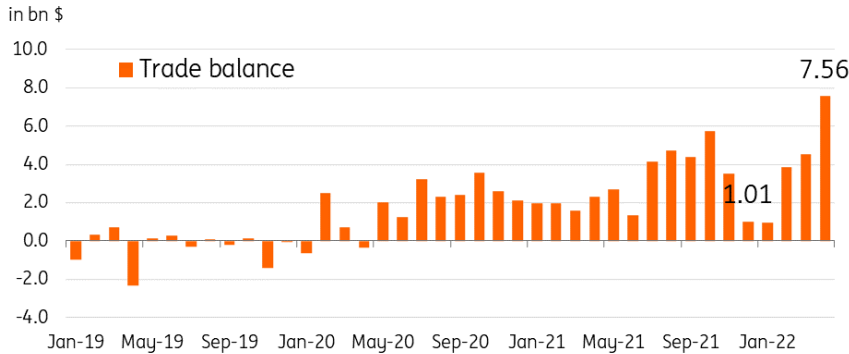
\$7.56 bn April trade surplus

Higher than expected

Trade balance hits \$7.56bn surplus

Indonesia's April trade balance showed similar trends but there were a couple of surprises. Both exports and imports posted double digit gains for the month. Exports however rose faster than expected, up 47.7% (40% expectation) as surging global prices helped boost Indonesia's exports. Imports also posted strong growth although actual expansion was lower than forecast. Surging exports and lower-than-expected imports resulted in a trade surplus of \$7.56 bn. The sizable trade surplus should help keep the current account in positive territory.

Trade surplus jumps to multi-year high



Source: Badan Pusat Statistik

Palm oil export ban and the IDR

Sizable trade surpluses have been a key support for the IDR of late. Indonesia has maintained the trade balance in surplus since the start of the pandemic, with the recent global commodity price surge boosting this number further. The latest trade surplus is the highest since at least 2007 and may have lent some stability to IDR for the month of April. Going forward, the recent ban in palm oil exports may cap trade surpluses in the near term. Less sizable trade surpluses may mean less support for the IDR in the near term and we can expect some pressure on the IDR in the coming months.