

Snap | 15 February 2021

INDONESIA

Indonesia: Trade balance remains in surplus in January

Indonesia's trade balance remained in surplus to open the year with a strong showing for exports which grew by 12.2%



Source: Stenly Lam

12.2%

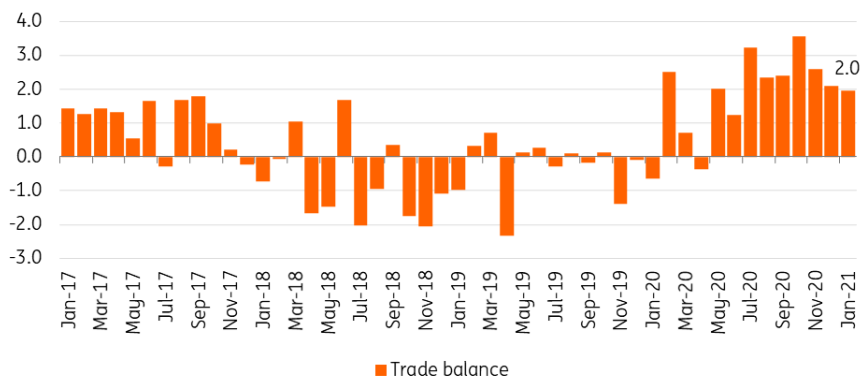
Export growth

Better than expected

Exports post second month of double digit gains

Trade figures for January showed exports gained more than expected, posting a 12.2% expansion while imports were down yet again, contracting by 6.5%. Imports were down for the 19th straight month with subdued demand for capital imports weighing on the overall import total, a trend that suggests a loss of potential GDP output down the line. With exports posting strong gains while imports remain downbeat, the trade balance was in surplus once more, hitting +\$1.96 bn to open the year.

Strong showing for exports helps keep the trade balance in surplus



Source: Badan Pusat Statistik

Trade surplus supportive of the IDR, focus shifts to Bank Indonesia meeting

Months of trade surpluses have helped support the IDR, which has steadied of late after coming under pressure early in the year. With the trade numbers out of the way, focus shifts now to the policy meeting of Bank Indonesia (BI) later in the week. BI Governor Warjiyo has reiterated his desire to provide stimulus to the ailing economy, which is expected to face growth challenges in 1Q given ongoing partial lockdowns and with the country also reeling from a string of natural disasters. Governor Warjiyo has tied further rate cuts to IDR stability and we believe a rate cut could be on the table should IDR manage to remain stable in the coming days.

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