

Indonesia: Trade numbers ahead of expectations as economy shows signs of recovery

Indonesia's latest trade report exceeded expectations, aided by higher commodity prices and improving economic conditions



Source: Shutterstock

30.5% growth in March exports

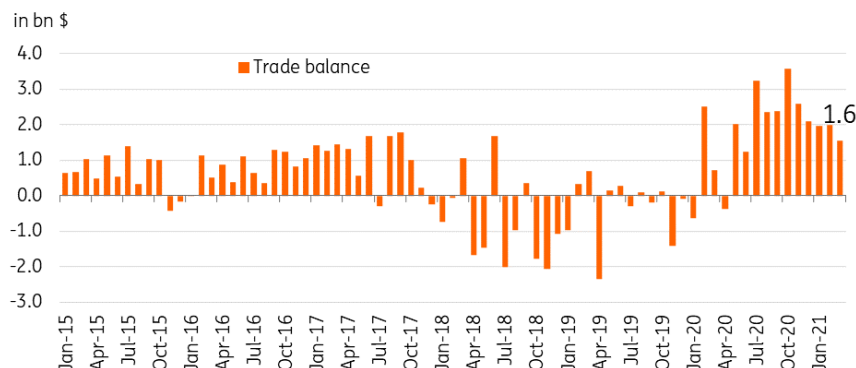
Higher than expected

Exports surge 30.5%, imports jump 25.7%

Trade figures for February moved well past market consensus, with exports surging 30.5% while imports increased sharply, by 25.7%. The substantial pickup in exports was helped along by higher commodity prices, while also benefiting from improving global trade conditions with some countries rolling out their vaccination efforts. Meanwhile, imports saw another month of expansion, boosted by base effects but also reflecting signs of improving domestic economic conditions as Indonesia pushes its own inoculation rollout. Higher imports were likely also driven

by a pickup in vehicle sales reported earlier, with March posting a 28.2% increase after Bank Indonesia (BI) relaxed borrowing conditions to help spur sales.

Indonesia trade balance



Source: Badan Pusat Statistik

Trade balance hits \$1.56 bn surplus, supportive of IDR

Despite the extreme movements for both imports and exports in terms of growth, the trade balance was right at market expectations, resulting in a \$1.56 bn surplus at the end of March. Indonesia's trade surplus should help support the IDR, which has come under significant pressure in recent weeks due to financial market-related outflows. We expect Indonesia to continue to post a trade surplus in the coming months as exports will likely increase as global trade improves, which will partially offset depreciation pressure in the near term.