

Indonesia's trade surplus surges to record as exports rise

Indonesia's trade surplus jumps to \$4.7bn on strong export performance



Source: Stenly Lam

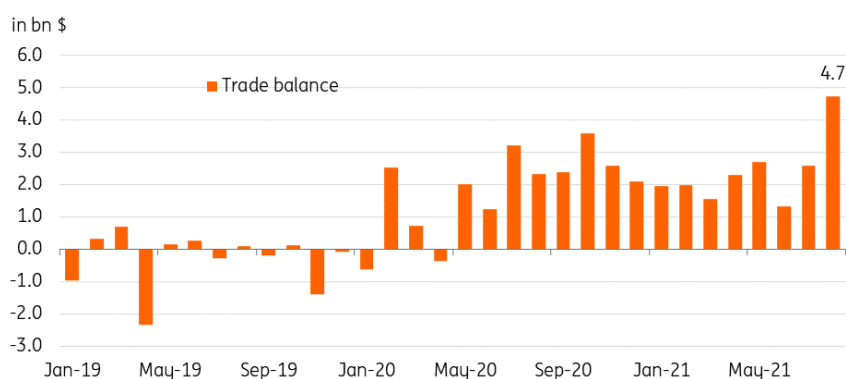
\$4.7bn August trade surplus
record high

Higher than expected

Trade surplus zooms to \$4.7bn

Indonesia's trade report showed exports and imports post double digit gains in August as activity recovered from the low level of trade in 2020. Surging exports however pushed the trade surplus to a record high of \$4.7bn, surging well past expectations for a surplus of \$2.31bn. Exports were up 64.1% (vs 36.1% forecast), boosted by outbound shipments from the oil and gas (+77.9%), mining (+162.9%) and manufacturing (+52.6%) sectors. Meanwhile, imports were also higher than expected posting a 55.26% gain (45% forecast) reflecting improving domestic activity relative to last year.

Trade surplus hits record as exports surge



Source: Badan Pusat Statistik

IDR to gain support from surging exports

The sizable trade surplus will likely provide support to the Indonesian rupiah and may just be enough to push the entire current account balance back into surplus for August. The strong showing for the exports sector was likely driven by rising commodity prices, helping exports to post the highest level on record. Should commodity prices remain elevated in the coming months, exports could sustain their solid expansion to help keep the trade surplus at these elevated levels. Bank Indonesia has recently signalled that policy rates would be on hold for at least the balance of the year and IDR may need to derive support from the export sector for the time being.