

Macroeconomics Indicator

	2023	2024F	2025P
GDP growth (%YoY)	5.05	5.05	5.23
Inflation (%YoY)	2.61	2.73	3.49
BI rate (% Year-end)	6.00	6.50	6.00
Rp/US\$ (Average)	15,244	16,015	16,218
CA deficit (% of GDP)	-0.1	-0.6	-0.8
Fiscal deficit (% of GDP)	1.65	2.28	2.55

Higher trade surplus in 2Q24 shall be positive for GDP growth

- Trade surplus remained high at US\$2.4bn in Jun24 (+US\$2.9bn in May24), but lower than consensus/ours at c.US\$2.9/3.2bn.
- On quarterly basis, the surplus is higher at US\$8.0bn in 2Q24 (US\$7.4bn in 1Q24) and shall be positive for 2Q24 GDP/current account.
- We see GDP growth to grow slower at c.4.9% in 2Q24 (+5.0% in 1Q24), as weaker domestic demand may offset higher trade surplus.

Another month of trade surplus albeit lower than consensus

Exports grew slower while imports rebounded to +1.2%/+7.6% yoy in Jun24 (+2.9%/-8.8% yoy in May24). Trade surplus recorded at US\$2.4bn (consensus at +US\$2.9bn). The slower export growth came from both oil & gas and non-oil & gas at -2.4%/+1.4% yoy (+8.4%/+2.5% yoy in May24), while higher growth in imports comes from both Oil & gas and non-oil & gas at +47.1%/+1.7% yoy (-12.3%/-8.2% yoy in May24).

Higher trade surplus on qoq basis

On quarterly terms, trade surplus recorded higher at US\$8.0bn in 2Q24 (from US\$7.4bn in 1Q24). This should be positive for 2Q24 GDP and current account deficit (our estimates at +4.9% yoy and -0.6% of GDP). The rebound in both exports and imports in 2Q24 at +1.9%/+1.8% yoy (-7.1%/-0.1% yoy in 1Q24), shall have a positive impact to domestic economic activity in 3Q and 4Q24.

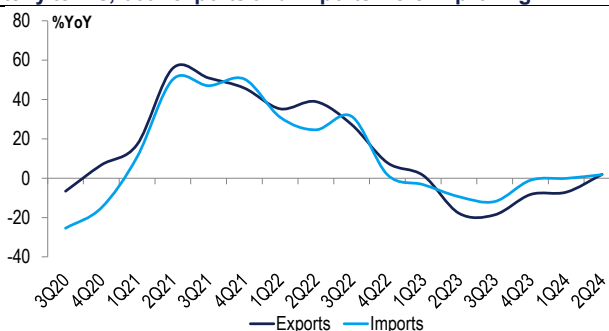
Iron and steel were the bright spot in 2Q24

Iron & steel export were the bright spot with a rebound of +1.5% yoy in 2Q24 (-6.9% yoy in 1Q24), as average base metal prices were increasing by +4.6% yoy (+3.5% yoy in average in 1Q24). Furthermore, all major commodities recorded lesser contraction, such as coal/CPO at -12.8%/-3.8% yoy in 2Q24 (-24.2%/-15.2% yoy in 1Q24). We see the improvement was coming mostly from better price at -10.3%/+1.3% yoy in 2Q24 (-58.4%/-10.2% yoy in 1Q24), respectively for coal and CPO.

Expect slower GDP growth in 2Q24 from domestic demand

We see the trade surplus to be positive for 2Q24 GDP growth especially from the external trade (we see domestic demand to be challenging). However, we are on the view that GDP growth will decelerate to c.+4.9% yoy in 2Q24 (+5.1% in 1Q24), since the weaker domestic demand (no festive events during the quarter) may offset the higher trade surplus. Lastly, we see elevated trade surplus will likely continue as the global commodity prices are consistently improving at +8.6%/+7.4%/-0.2% yoy in Jun/May/Apr24 (source: IMF global commodity price index).

Fig. 1: In quarterly terms, both exports and imports were improving



Sources: BPS, Indo Premier

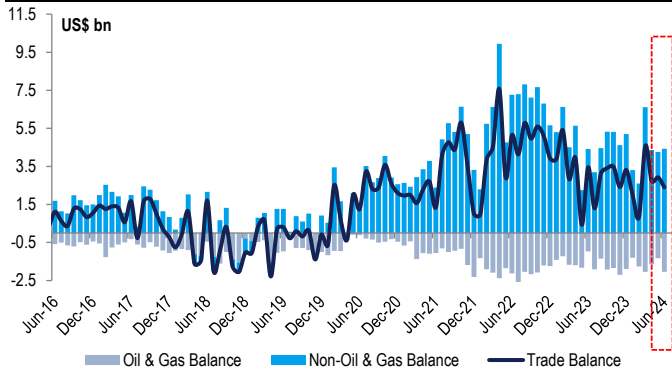
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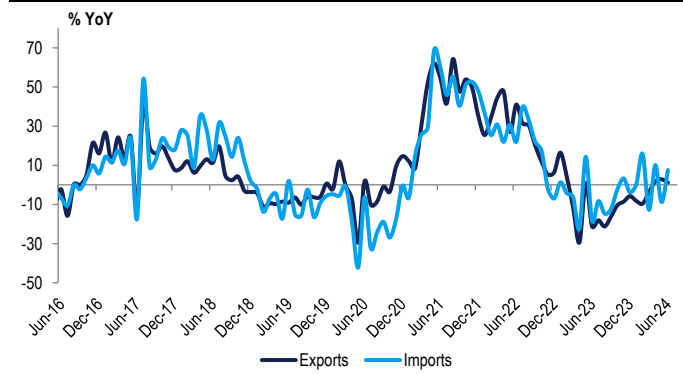
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Fig. 2: Trade surplus remained high, positive for 2Q24 GDP



Source: BPS, Indo Premier

Fig. 3: In monthly term, imports improved but exports declined



Source: BPS, Indo Premier

Fig. 4: Quarterly trade surplus improved

	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
	%YoY															
Exports	-6.6	6.7	17.1	55.9	50.9	45.8	35.3	38.9	27.2	7.8	1.4	-17.9	-18.6	-8.3	-7.1	1.9
Oil and Gas	-36.7	-20.9	16.6	87.3	53.5	44.9	24.5	41.4	42.3	10.8	21.6	-14.6	-6.1	7.4	-2.8	4.5
Non-Oil and Gas	-4.3	8.8	17.1	54.3	50.8	45.8	35.9	38.8	26.5	7.7	0.3	-18.1	-19.3	-9.2	-7.4	1.8
Imports	-25.4	-15.1	10.8	50.2	47.0	50.4	31.0	24.6	31.4	1.7	-3.3	-9.4	-11.9	-1.0	-0.1	1.8
Oil and Gas	-38.0	-39.5	-3.9	191.6	85.3	127.7	67.9	69.8	102.9	12.9	-3.4	-23.3	-21.2	7.5	8.1	8.3
Non-Oil and Gas	-23.8	-11.2	13.1	39.7	43.0	42.1	26.0	17.6	21.8	-0.2	-3.2	-6.3	-9.8	-2.7	-1.6	0.6
Import Usage																
Consumer Goods	-19.1	-14.8	13.2	31.5	54.9	50.1	12.2	5.0	-4.1	-13.9	2.7	2.9	15.8	12.3	21.7	11.2
Raw Materials	-26.4	-16.7	10.3	57.8	53.6	56.4	33.4	27.7	34.2	1.3	-6.6	-15.4	-17.4	-3.9	1.9	0.5
Capital Goods	-24.9	-7.9	11.5	29.1	16.0	26.6	30.7	21.3	44.1	15.0	10.5	17.7	0.9	4.2	13.1	3.6
	US\$ bn															
Trade Balance	7.9	8.3	5.5	6.3	13.3	10.3	9.3	15.6	14.9	14.6	12.1	7.8	7.8	9.2	7.4	8.0
Oil and Gas	-1.2	-1.3	-2.5	-3.2	-2.8	-4.8	-5.3	-6.4	-7.4	-5.5	-4.3	-4.5	-5.2	-5.9	-5.1	-5.0
Non-Oil and Gas	9.1	9.5	8.0	9.5	16.0	15.1	14.7	22.0	22.2	20.1	16.4	12.3	13.0	15.1	13.1	30.8

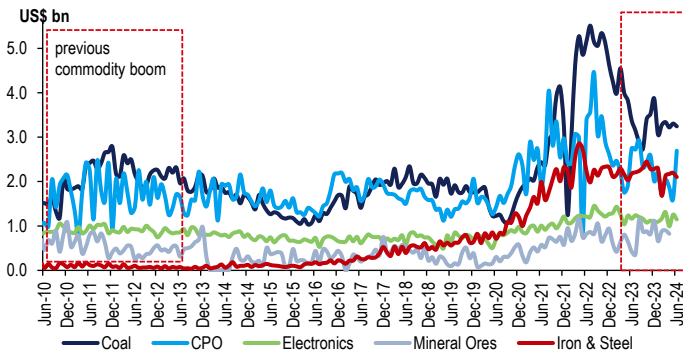
Source: BPS, CEIC, Indo Premier

Fig. 5: Iron and steel were the bright spot, since in quarterly terms it rebounded

	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	Apr-24	May-24	Jun-24	Apr-24	May-24	Jun-24
	% YoY						%YoY			%MoM		
Non-Oil and Gas Exports	0.4	-18.1	-19.2	-9.2	-7.5	1.8	1.3	2.5	1.4	-14.1	14.5	-6.2
Mineral Fuels (Coal)	44.2	-26.7	-44.2	-28.5	-24.4	-12.8	-19.6	-13.6	-4.1	-3.6	2.7	-1.9
Vegetable Oil (CPO)	-11.1	-11.2	-28.0	-21.8	-15.2	-3.8	6.7	-16.1	-1.9	-8.4	-14.3	68.1
Iron & Steel	-1.5	-18.6	6.1	0.9	-6.9	1.5	0.2	8.3	-3.5	1.9	1.2	-4.3
Electrical and Electronics	20.6	-6.5	-9.8	-12.4	-10.5	-1.1	-4.3	1.7	-1.2	-24.7	26.7	-8.5
Mineral Ores, Slag and Ashes	-32.3	-31.4	-13.5	18.2	47.5	na	2.4	na	na	-8.4	na	na
Other	3.3	-9.1	-8.0	-0.3	-1.4	13.0	11.2	16.7	10.3	-20.3	36.5	-16.9

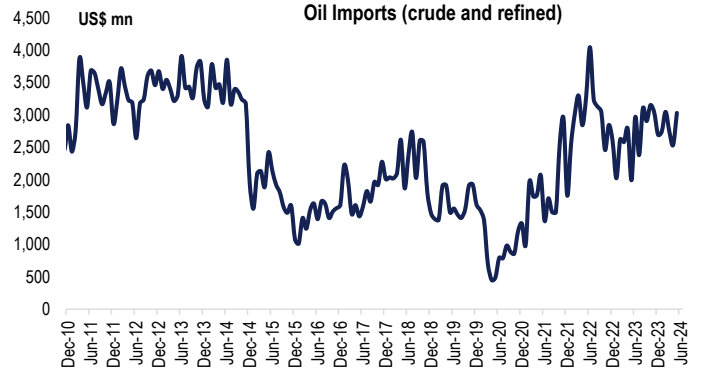
Source: BPS, CEIC, Indo Premier

Fig. 6: In monthly term, CPO was improving



Source: BPS, Indo Premier

Fig. 7: Oil imports were relatively stable, despite rise in price



Source: BPS, Indo Premier

Fig. 8: In monthly term, imports rebounded quite strong from both OG and NOG

	%YoY			%M o M			US\$ mn M o M		
	Apr-24	May-24	Jun-24	Apr-24	May-24	Jun-24	Apr-24	May-24	Jun-24
Exports	1.7	2.8	1.2	-13.0	13.8	-6.6	-2,923	2,709	-1,484
Oil and Gas	7.3	8.4	-2.3	5.0	5.1	-13.2	65	69	-188
Non-Oil and Gas	1.3	2.5	1.4	-14.1	14.5	-6.2	-2,988	2,640	-1,296
Imports	10.1	-8.8	7.6	-5.9	14.8	-4.9	-1,066	2,504	-949
Oil and Gas	1.0	-12.3	47.2	-10.3	-7.9	19.0	-342	-236	522
Non-Oil and Gas	12.3	-8.2	1.7	-4.9	19.7	-8.8	-723	2,740	-1,471
Import Usage									
Consumer Goods	2.8	-16.2	12.0	-22.2	20.6	2.5	-411	296	43
Raw Materials	8.5	-7.5	10.6	-4.7	12.5	-3.4	-618	1,569	-482
Capital Goods	22.0	-10.1	-6.3	-1.3	22.3	-14.5	-37	639	-509

Source: BPS, CEIC, Indo Premier

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