

economic

FLASH REPORT SERIES

September 2021 International Trade Preview : Trade Surplus to Continue



Exhibit 1. Indonesia Macro Data Forecast

Macro Indicators	2020	2021F
Real GDP (%YoY)	-2.07	3.76
Average Inflation (%YoY)	2.04	1.87
BI-7 DRR (%)	3.75	3.5
Budget Deficit (%GDP)	6.09	5.73
USD/IDR	14,500	14,425
Current Account (%GDP)	-0.40	-1.03
10 Year Indo GB (%)	5.89	6.40
JCI	5,979	6,530

Source : BI, MoF, BPS, MNCS Estimate

Exhibit 2. Global & Domestic Key Rates

Rates (%)	Dec-20	Oct-21*
BI-7 DRR	3.75	3.50
Lending Facility	4.50	4.25
Deposit Facility	3.00	2.75
10 Year Indo GB	5.89	6.22
FFR	0.25	0.25
ECB Rate	0.00	0.00
BoE Rate	0.10	0.10
BoJ Rate	-0.10	-0.10

Source : Bloomberg, BI as of Oct 13, 2021

Exhibit 3. Indonesia International Trade

Rates (%)	Aug-21	Sep-21F
Exports Value (USD bn)	21.42	20.58
Imports Value (USD bn)	16.68	16.89
Exports Growth (%YoY)	+64.10	+57.67
Imports Growth (%YoY)	+55.26	+45.95

Source : Bloomberg, MNCS

Trade Surplus to Continue in September-21

September-21 international trade data would be announced on Friday (10/15/21). We foresee, trade balance surplus to continue. Exports value is expected to hit USD20.58bn (+57.67% YoY). Meanwhile imports is likely to jump to USD16.89bn (+45.95% YoY). As a consequence of higher exports growth offsetting imports jump, Indonesia will experience another trade surplus of around USD3.70bn.

Indonesia's major exports destination countries such as China, U.S., India and Japan economic remained solid and help boosting exports. Rising commodity price particularly energy including coal also benefitting Indonesia as global major producer and exporter.

Improving domestic condition also foster imports growth. A bounce back in manufacturing activities, strengthening consumer sentiment and gradual recovery in public mobilities were among the catalyst of imports growth in September-21.

We expect with additional surplus of USD3.70 will bring Jan-Sep 2021 trade balance to record a surplus of USD22.87bn. With this development, overall trade surplus in 2021 will be higher than FY20 which only reported a surplus of USD21.62bn.

2021 International Trade Review

Indonesia exports value during Jan-Aug 2021 totaled USD142.01bn (+37.77% YoY). Non O&G exports value contributed to more than 94% of total exports. The share of animal & vegetable fats to total Non O&G exports was at 15.39% in the first eight months of 2021. Meanwhile at the same time, mineral fuel exports value shared 13.41% from the pie. Both coal and CPO price soared mainly due to increasing global demand amid supply chain disruption. Exports value from O&G industry and mining sectors as well as manufacturing products drove exports higher.

From Jan-Aug 2021, imports value rose to USD122.83bn (+33.36% YoY). Rising imports value was driven largely by imports of raw materials which saw the highest growth (+36.84% YoY) and the largest contributor of all import value compared to imports of consumer products and capital goods which accounted only 24.39%. Surging imports was a good sign that Indonesia economy has strengthened.

However the trend was exports values and growth outpacing imports causing a 16 straight months of trade surplus since May-20. With this in mind, we expect that Indonesia current account balance would likely to narrow in 2021. We forecasted 2021F CAD for Indonesia is at -1.03%GDP. In addition, FX reserves position stood at an all time high of USD146.9bn as of September-21 and was attributable to solid exports performance and improving tax receipts as well as government withdrawal of foreign debts.

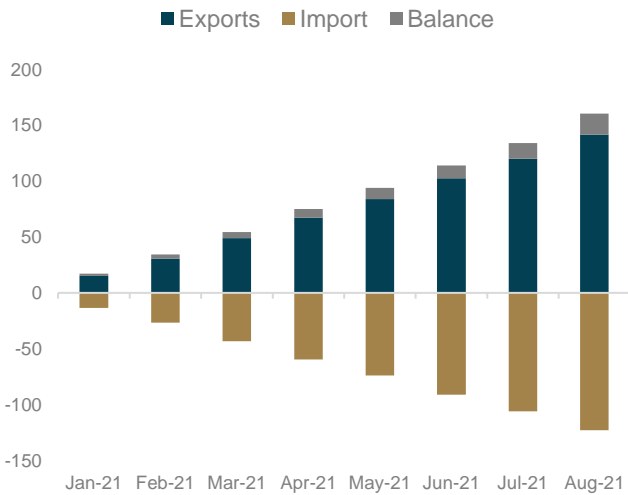


Tirta Widi Gilang Citradi

Economist & Fixed Income Analyst

Exhibit 3. Indonesia International Trade (USD bn)

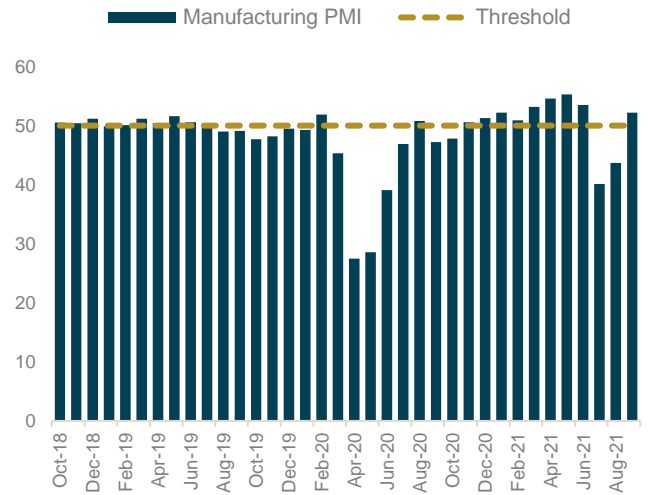
Cumulative Values are expressed in USD billion



Source : Statistics Indonesia, MNCS

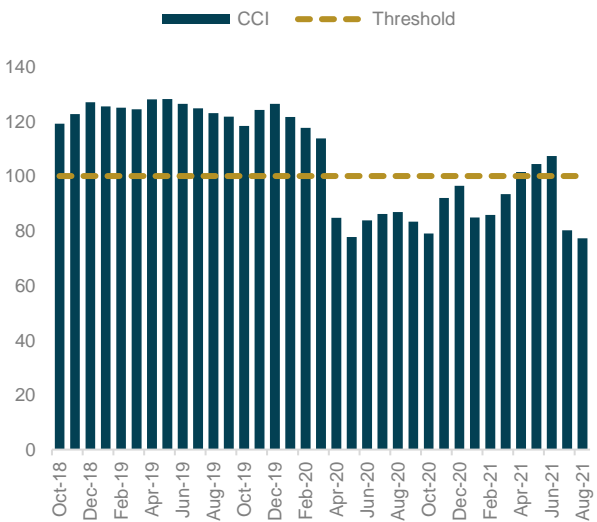
Exhibit 4. Indonesia Manufacturing Activity

Market Manufacturing Activity of Indonesia



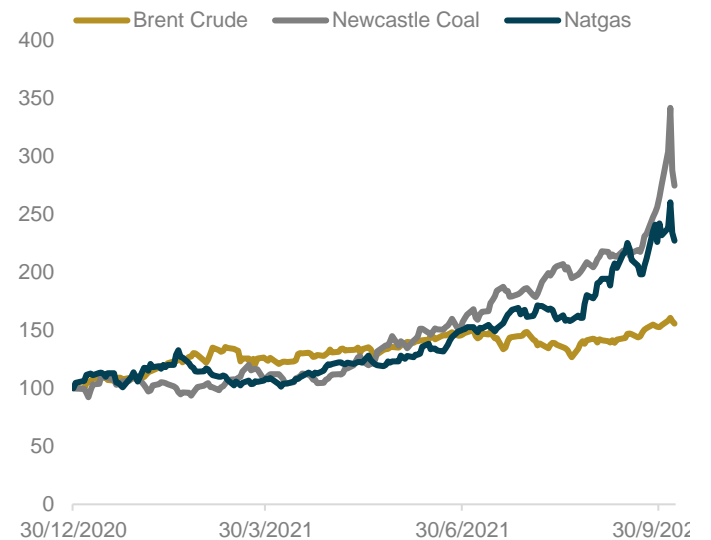
Source : IHS Markit, MNCS

Exhibit 5. Indonesia Consumer Confidence Index



Source : Bank Indonesia, MNCS

Exhibit 6. Global Energy Price



Source : Bloomberg, MNCS

MNC Research Industry Ratings Guidance

OVERWEIGHT: Stock's total return is estimated to be above the average total return of our industry coverage universe over next 6-12 months

NEUTRAL: Stock's total return is estimated to be in line with the average total return of our industry coverage universe over next 6-12 months

UNDERWEIGHT: Stock's total return is estimated to be below the average total return of our industry coverage universe over next 6-12 months

MNC Research Investment Ratings Guidance

BUY : Share price may exceed 10% over the next 12 months

HOLD : Share price may fall within the range of +/- 10% of the next 12 months

SELL : Share price may fall by more than 10% over the next 12 months

Not Rated : Stock is not within regular research coverage

PT MNC SEKURITAS

MNC Financial Center Lt. 14 – 16

Jl. Kebon Sirih No. 21 - 27, Jakarta Pusat 10340

Telp : (021) 2980 3111

Fax : (021) 3983 6899

Call Center : 1500 899

Disclaimer

This research report has been issued by PT MNC Sekuritas, It may not be reproduced or further distributed or published, in whole or in part, for any purpose. PT MNC Sekuritas has based this document on information obtained from sources it believes to be reliable but which it has not independently verified; PT MNC Sekuritas makes no guarantee, representation or warranty and accepts no responsibility to liability as to its accuracy or completeness. Expression of opinion herein are those of the research department only and are subject to change without notice. This document is not and should not be construed as an offer or the solicitation of an offer to purchase or subscribe or sell any investment. PT MNC Sekuritas and its affiliates and/or their offices, director and employees may own or have positions in any investment mentioned herein or any investment related thereto and may from time to time add to or dispose of any such investment. PT MNC Sekuritas and its affiliates may act as market maker or have assumed an underwriting position in the securities of companies discusses herein (or investment related thereto) and may sell them to or buy them from customers on a principal basis and may also perform or seek to perform investment banking or underwriting services for or relating to those companies.