

Macro Note

Indonesia: Larger trade surplus on strong non-oil exports

Tuesday, 01 July 2025

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- Indonesia continued its streak of trade surplus for 61 consecutive months now, as of May 2025, reaching USD4.3bn, well above market estimate of USD2.7bn. The surplus was primarily driven by strong export growth, particularly in non-oil and gas commodities such as vegetable oils, iron & steel, and electrical equipment.
- Export growth was led by agriculture & fisheries and manufacturing sectors, while mining exports contracted. On the import side, capital and consumer goods increased, whereas imports of raw materials declined, reflecting shifting domestic demand dynamics and supply chain factors.
- The year-to-date surplus stood at USD 15.4bn, with consistent surpluses recorded with key partners such as the US, India, and the Philippines, while deficits continued to stay on with China, Singapore, and Australia. Going forward, the outlook for Indonesia's trade performance may likely face ongoing risks from the uncertainty surrounding the imposition of reciprocal tariffs, on top of unpredictable geopolitical developments.

Indonesia's trade surplus posts strong rebound in May

Indonesia's trade balance recorded a surplus for 61 consecutive months since May 2020, amounting to USD4.30bn. The surplus was above the consensus estimate of USD2.66bn and marked a rebound compared to the previous month's figure of only USD0.16bn. This improvement occurred as exports outperformed imports, especially in non-oil & gas commodities, which posted a USD5.83bn surplus compared to an oil & gas deficit of USD1.53bn.

In May, exports grew by 9.68% y/y (18.66% m/m), mainly due to non-oil & gas performance which grew by 11.80% y/y (20.07% m/m). Based on commodity categories, the key drivers of the non-oil & gas exports were: animal/vegetable fats & oils (HS15), iron & steel (HS72), electrical machinery & equipment (HS85), miscellaneous chemical products (HS38), and precious metals & jewelry (HS71). On the import side, non-oil & gas commodities rose by 5.44% y/y (-2.20% m/m), supported by electrical machinery & equipment (HS85), optical instruments (HS90), and vehicles & their parts (HS87). Looking from a different perspective, Indonesian exports were supported by two main sectors: agriculture & fisheries and manufacturing, which grew by 59.46% y/y and 20.40% y/y respectively. Meanwhile, mining and other sectors weakened, as exports declined by 26.20% y/y. On the import side, capital goods and consumer goods were the main drivers, which grew by 24.85% y/y and 5.28% y/y respectively, while imports of raw materials contracted by 1.18% y/y.

On a year-to-date basis, the trade balance posted a surplus of USD15.37bn, supported by a non-oil & gas surplus of USD23.10bn, offsetting the oil & gas deficit

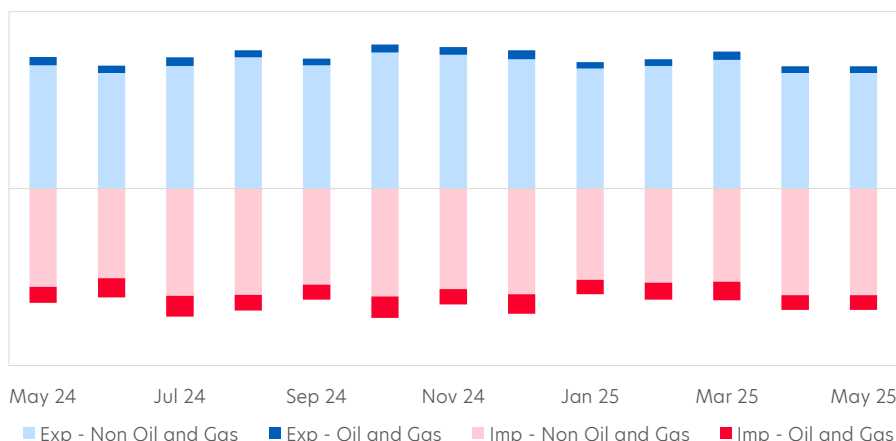
of USD7.72bn. The main commodities contributing to the surplus were animal/vegetable fats & oils (HS15), mineral fuels (HS27), and iron & steel (HS72). Meanwhile, the main contributors to the trade deficit in the same period were mechanical machinery and equipment (HS84), electrical machinery and equipment (HS85), and plastics & articles thereof (HS39).

Based on Indonesia's key trading partners, Indonesia recorded a surplus with the US amounting to USD7.08bn, despite facing the threat of reciprocal tariffs. Other countries recording a surplus were India and the Philippines, with values of USD5.30bn and USD3.69bn respectively. Meanwhile, Indonesia's largest trade deficits were with China, Singapore, and Australia, amounting to USD8.15bn, USD2.79bn, and USD2.11bn respectively.

We expect trade surplus to moderate this year to USD28bn, down from USD31bn last year, USD36.9bn in 2023, and off record high of USD54.5bn back in 2022. Uncertainty arising from the reciprocal tariffs will likely affect external demand which will lead to slower export growth. On the other side, import may increase due to possibly Indonesia-US negotiations and risks of exportation of excess inventories from China.

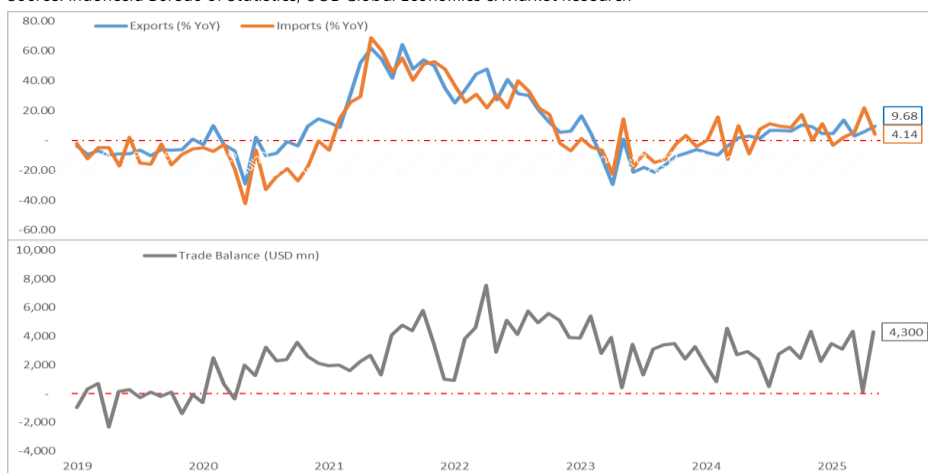
Indonesia's Export-Import Trend May'24 - May'25 (in USD mn)

Source: Indonesia Bureau of Statistics, UOB Global Economics & Market Research



Indonesia's Export & Import Growth

Source: Indonesia Bureau of Statistics, UOB Global Economics & Market Research



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