

December's Trade Balance

Curbed Oil & Gas Imports Narrow Deficit

Key Indicators

| % YoY | 2017 | 2018 | Aug-19 | Sep-19 | Oct-19 | Nov-19 | Dec-19 |
|------------------------|--------|--------|--------|--------|--------|--------|--------|
| Total Exports | 16.3 | 6.7 | -10.0 | -5.7 | -6.1 | -6.1 | 1.3 |
| Non Oil & Gas | 15.9 | 6.3 | -7.2 | -2.7 | -2.4 | -4.6 | 5.8 |
| Oil & Gas | 20.1 | 10.7 | -38.5 | -37.1 | -40.7 | -21.0 | -31.9 |
| Total Imports | 15.7 | 20.2 | -15.7 | -2.4 | -16.5 | -9.2 | -5.6 |
| Non Oil & Gas | 13.4 | 19.7 | -9.0 | 2.9 | -11.8 | -5.9 | -7.3 |
| Oil & Gas | 29.8 | 22.6 | -46.5 | -30.5 | -39.8 | -25.5 | 5.3 |
| Trade Balance (USD Mn) | 11,842 | -8,616 | 112 | -164 | 161 | -1,329 | -28 |

Source: BPS, NHKS Research

Statistics Indonesia (BPS) recorded the 2019's trade balance deficit of USD3.2 billion or lower USD8.7 billion in 2018. The slightly-narrowing deficit was attributable to one-recent year curbed oil & gas imports (USD9.3 billion in 2019 vs. USD12.70 billion in 2018) and one-recent year trend in downbeat crude oil prices.

Hike of 6.2% in Dec's ICP

Dec's trade balance edged down along with hikes in a number of commodities. Crude oil posted the highest hike among the rest; Indonesia's crude oil average selling prices evidenced the hike (i.e. Dec's price of USD67.2 per barrel vs. Nov's price of USD63.3 per barrel). Although the 2019 hiking oil prices were not as high as 2018's hike, it as what economist estimated was fueled by escalating geopolitical tensions between the US and Iran.

Surge of 11.1% in CPO Prices

Likewise oil & gas prices, prices of CPO surged by 11.1% in December higher than Nov. price. Prices of crude palm oil futures in Bursa Malaysia Derivatives Exchange rallied since October 2019 showing a 36.8% hike in 2019 and a 21.6% increase to date. Jitters of CPO's declining stockpiles send CPO's prices to surge. Monsoons in Southeast Asia to cause haze contributed to immature growth of palm oil fruits, resulting in declining productivity as well as smaller quantity usage of fertilizer.

Animal and Vegetable Fat Making Up 11.4% of Total Exports

Another to hiking prices of CPO, prices of latex edged up 5.6% following the respective surging prices of tin, copper, and gold. The hiking prices of non-oil & gas commodities are inevitable catalysts for Indonesia's exports consisting of oil & gas, non-oil & gas, and animal & vegetable fat commodities. Of note, animal and vegetable fat make up 11.4% proportion of the whole export values.

Non-Oil & Gas Exports to China Accounting for 16.7%

China was Indonesia's first largest export market to which Indonesia accounted for USD25.9 billion worth of non-oil & gas exports or 16.7% of 2019's total non-oil & gas exports amounting to USD155 billion, while the US was Indonesia's second-largest export market to which Indonesia exported non-oil & gas commodities worth of USD17.7 billion or 11.4% of 2019's total non-oil & gas exports. However, Indonesia's low value-added exported commodities are highly dependable on prices of global commodities. Thus, the Indonesian government urges the downstream processing industries to deliver value-added exported products to narrow trade deficit.

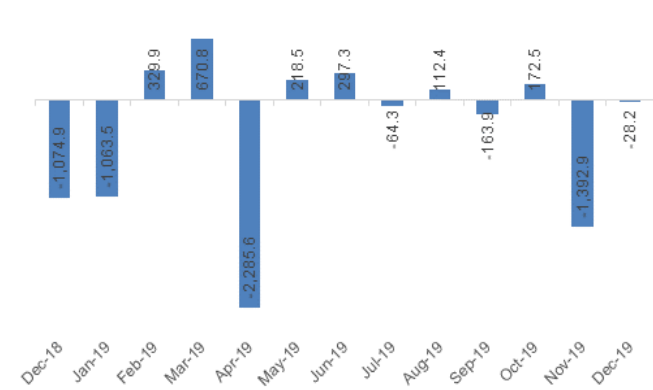
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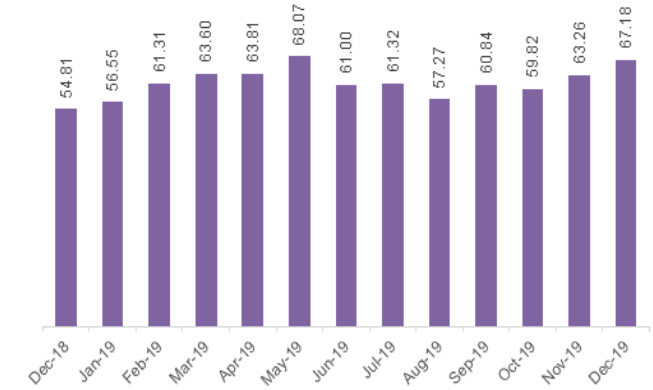
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Indonesia's Trade Balance | Dec. 18 - Dec. 19



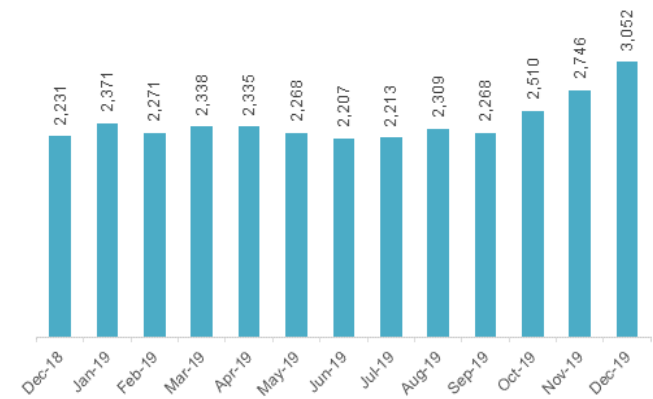
Source: Bloomberg, NHKS Research

Indonesian Crude Price | Dec. 18 - Dec. 19



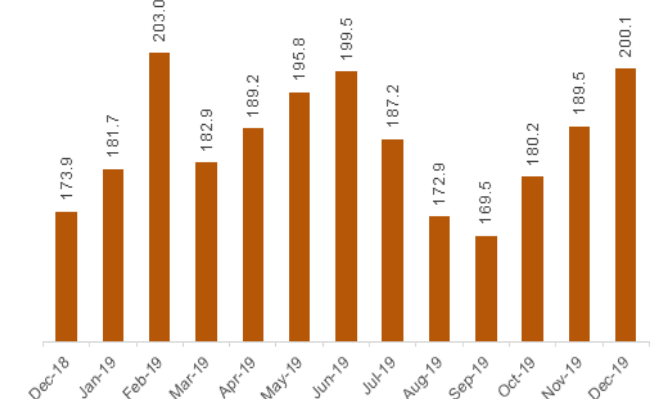
Source: Bloomberg, NHKS Research

Malaysia Derivatives Exchange CPO Contract | Dec. 18 - Dec. 19



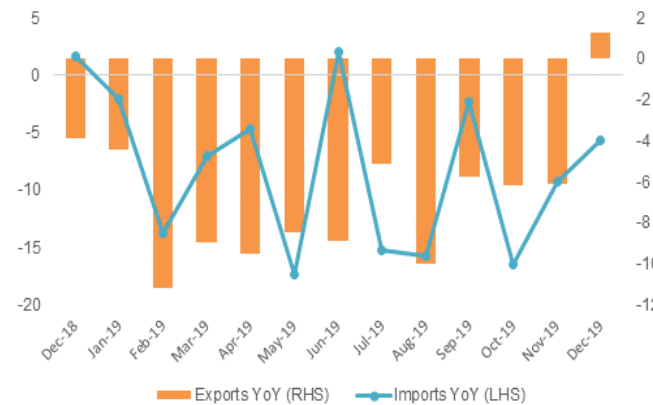
Source: Bloomberg, NHKS Research

Tokyo Derivatives Exchange Rubber Contract | Dec. 18 - Dec. 19



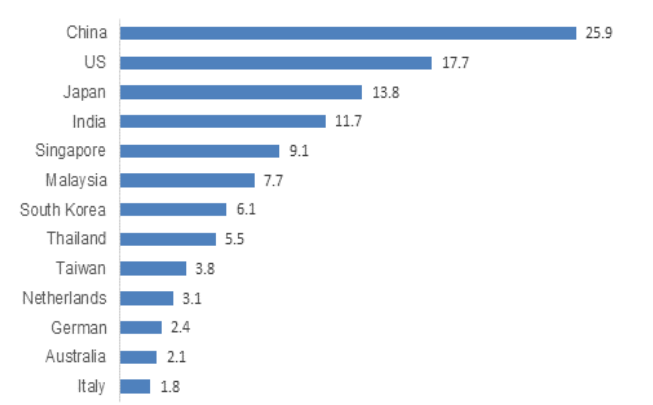
Source: Bloomberg, NHKS Research

Indonesia's Exports and Imports | Dec. 18 - Dec 19



Source: Bloomberg, NHKS research

Indonesia's Non-Oil & Gas Export Markets



Source: Bloomberg, NHKS research

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