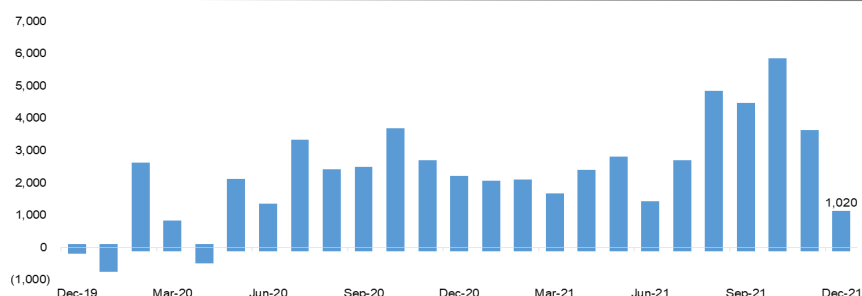


Macroeconomic Report

Increase in Imports Hinders Trade Balance Surplus

Trade Balance (USD Mn)



Source: Bloomberg, NHKS Research

Trade Balance Books USD 1 Billion Surplus

Statistics Indonesia (BPS) recorded December 2021 trade balance surplus of USD 1.02 billion, significantly lower than the previous month's surplus of USD 3.51 billion. The figure is also below the market's expectation of USD 3.13 billion in surplus. Besides the normalization of global commodity prices, NHKSI Research also sees that domestic economic recovery boosts import demand, which resulted in lower surplus. Meanwhile, the December 2021 trade balance was supported by exports of USD 22.38 billion and imports of USD 21.36 billion. Cumulatively, the trade balance surplus for 2021 was recorded at USD 35.43 billion, partly due to higher global commodity prices.

December Exports Grows 35.3% YoY

Throughout 2021, Indonesia's exports grew almost 42% driven by exports of both oil and gas and non oil and gas, which increased 48.7% and 41.5% respectively. Furthermore, the manufacturing sector is the highest component of the non oil and gas, increased by 35.1%, followed by the mining sector which went up 92.1%. NHKSI Research projects Indonesia's exports to continue to grow with economic recovery and higher demands from trade partner countries. Meanwhile, Indonesia's export destinations are still dominated by China and the United States (US), with main commodities such as fuel, animal, vegetable fats and oils, as well as iron and steel. December imports grew more than exports, up by 47.9% YoY.

High Yield Boosts Interest in FR0092

The 20-year benchmark FR0092 booked an incoming bid of up to IDR 15.2 trillion, or 18% of the total incoming bid valued at IDR 84.8 trillion in the SUN auction on Tuesday (18/01). NHKSI Research sees this was due to FR0092 which offered higher weighted average yield of 6 bps compared to FR0089 (29.6 -year) which offered 6.87%. Meanwhile, the government also awarded a large amount of the FR0092 series, by IDR 8.75 trillion (bid to cover ratio of 1.74x) of the incoming bid this year. We see the government won a large amount of FR0091 when the yield still low. However, we also see the yield may go up amid the sentiment of future Fed Fund Rate increase.

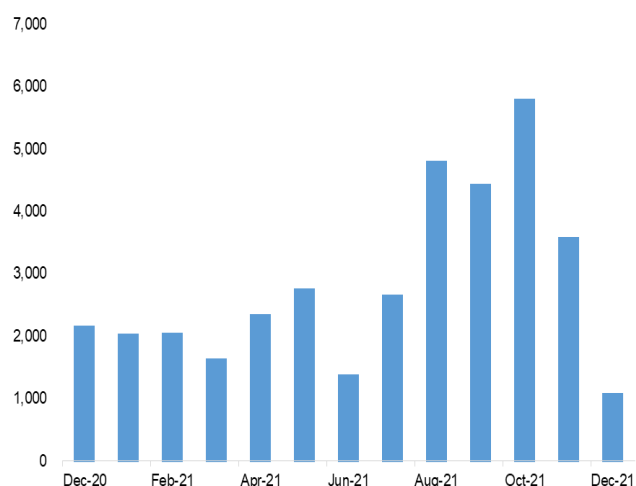
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Please consider important disclaimer

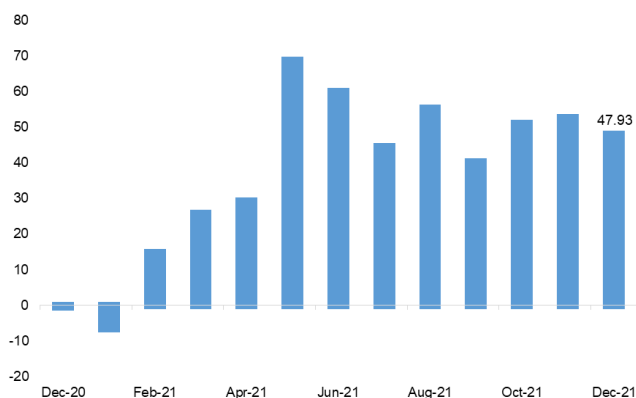
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Trade Balance (USD Mn) | Dec. 2020 - Dec. 2021



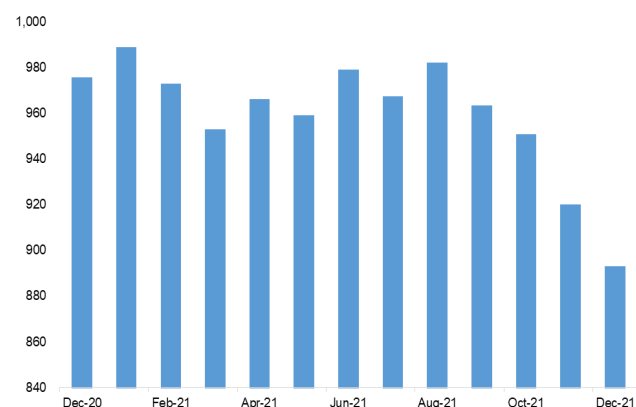
Source: Bloomberg, NHKS Research

Import Growth | Dec. 2020 - Dec. 2021



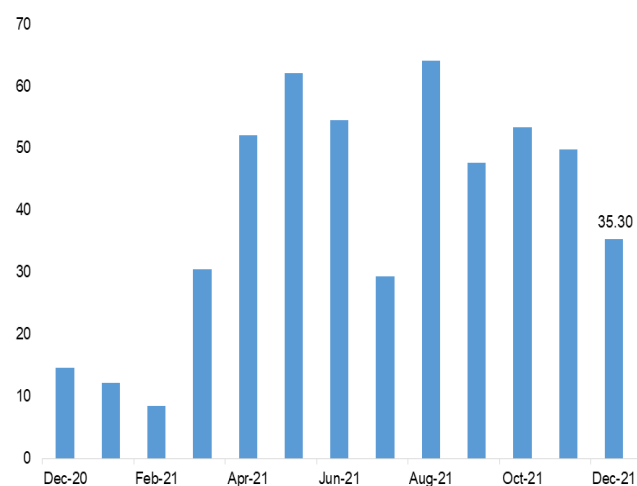
Source: Indonesia Statistics, NHKS Research

Non-Residence Ownership in Govt. Securities | Dec. 2020 - Dec. 2021



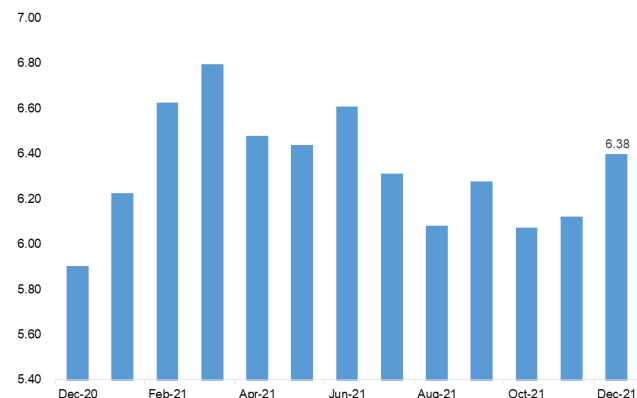
Source: Bloomberg, NHKS Research

Export Growth | Dec. 2020 - Dec. 2021



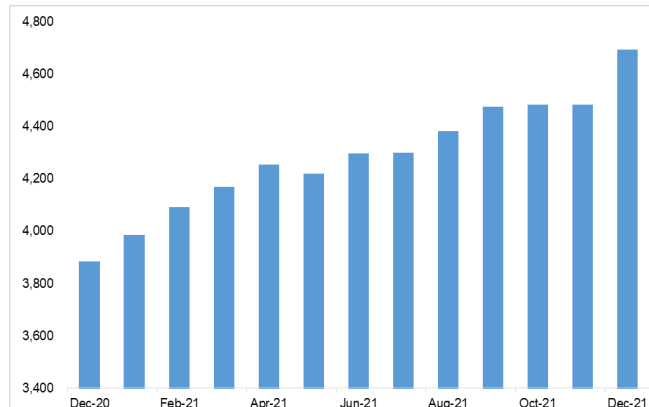
Source: Bloomberg, NHKS Research

GIDN10Y (%) | Dec. 2020 - Dec. 2021



Source: Bloomberg, NHKS Research

Non-Residence Ownership in Govt. Securities (%) | Dec. 2020 - Dec. 2021



Source: Bloomberg, NHKS Research

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