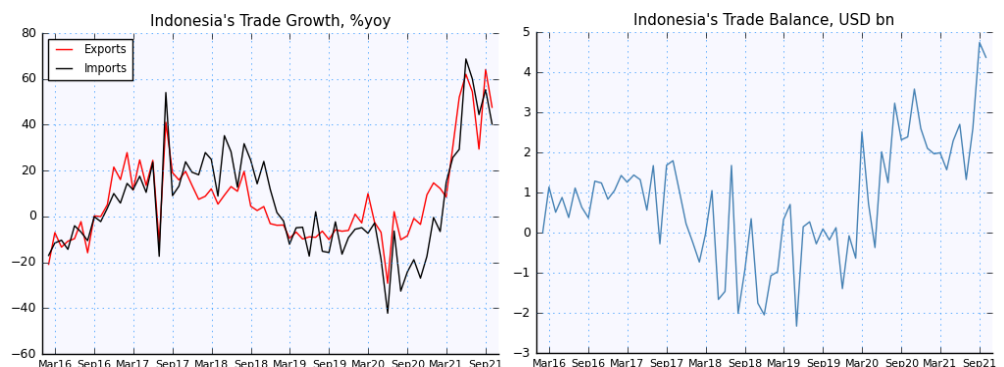


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Comforted by Commodities

Indonesia’s trade balance remains ample on mining exports

- Technically speaking, Indonesia’s exports print for September that was just released was a disappointment, rising by 47.6% yoy versus median expectation of 51.3%. However, the degree of miss is not big, and it came after [last month’s handy exports beat](#) of 64.1% yoy growth.
- Meanwhile, imports rose by 40.31% yoy, lower than the market expectation of ~50% growth. To us, the import growth still speaks of a nascent recovery in consumer demand that has started to take root recently as Indonesia gets a better handle of the pandemic resurgence that had afflicted it not long ago. Import of consumer goods grew 59.7%yoy in September, for one.
- Altogether, the trade balance came in at USD4.37bn, better than the 3.87bn that market had in mind. While the balance came in slimmer than the record-high 4.74bn of the previous month, it still marks a healthy trade outturn that should continue to offer support to market sentiment.
- Looking deeper into the details, the broadly strong exports print is helped by still-strong performance from mining and oil-related exports. Mining sector exports grew by a whopping 183.6% yoy during the period, for instance, likely reflecting the help presented by upticks in both volumes and prices.
- As the world grapples with renewed worries about soaring commodity prices, Indonesia can enjoy a bit of a contrast in fortune at least on the trade front. Going by UNCTAD numbers, commodities comprise nearly 56% of Indonesia’s total exports. While the fact that it has turned into a net oil importer for a while now presents the opposite effect, commodities still make up a hefty 22.6% of its exports, in net terms – the highest in ASEAN.
- While any big headache presented by global inflation concerns due to commodity surge would be felt by Indonesia too – not least because of budding market fear of tightening by the likes of the Fed – Indonesia can at least take comfort that it has some trade buffer courtesy of its out-shipments of its commodities for now.



Source: OCBC, Bloomberg.

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