

**Dots & Plots**

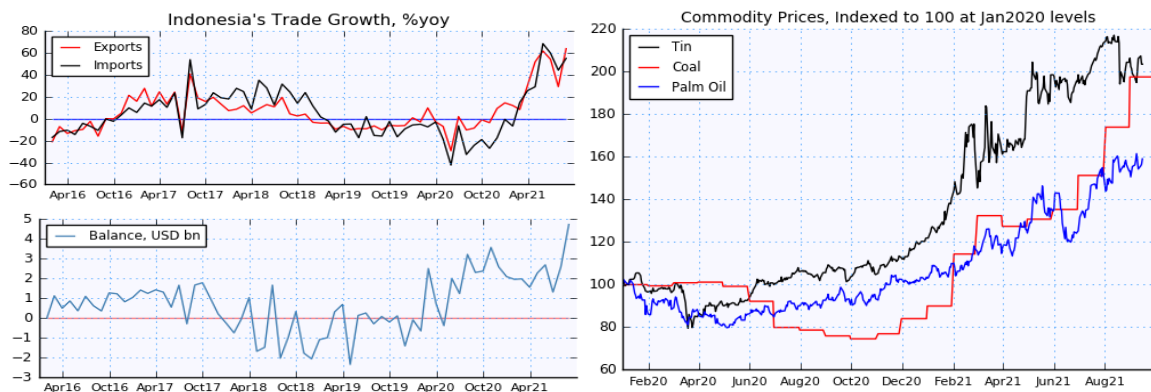
15 September 2021

Wellian Wiranto

+65 6530 6818

[WellianWiranto@ocbc.com](mailto:WellianWiranto@ocbc.com)**Booster Shots****Indonesia's strong exports to lift its economic recovery chances**

- Indonesia posted a blow-out set of trade numbers for August that should bode well for its chances to recover relatively well from the recent economic softness that had been brought on by the pandemic resurgence.
- At 64.1% yoy growth, exports handily beat expectations of 36.1% yoy. Indeed, it came higher than the 62% growth in May that was boosted largely by base effect. While imports grew by 55.3%, beating expectation of 45% too, the exports performance was so strong that Indonesia managed to post a trade surplus of \$4.7bn anyway. Indeed, it was the fattest surplus on record.
- Looking into the details, the outbound shipments were bolstered by upticks in both volumes and prices of goods. This is especially evident in the commodities segment, where the prices of key products from coal to palm oil and tin have soared of late to multiples of their pre-pandemic levels.
- While the August performance is unlikely to be replicated in full, the numbers nonetheless signal that the economy has good things going for it in the months ahead. The uptick in imports, for instance, has been driven by greater demand in raw materials and capital goods that are indicative of a good production pipeline for the manufacturers and investment cycle.
- The solid trade outturn comes at a time when the Indonesian economy is actively reopening given that the pandemic resurgence appears to have abated, with daily cases decreasing to levels last seen in late May period.
- To be sure, it is not all clear yet. The vaccination rate remains low with just about 15.5% of the overall population being fully inoculated, leaving Indonesia still susceptible to any new pandemic wave. On the external front, softer demand from China and the US might start to crimp exports too.
- However, relative to how things were just a month or two ago, the Indonesian economy is in a decidedly better place now. That should leave Bank Indonesia's MPC decision on Sep 21<sup>st</sup> an easy one to forecast. It will leave its policy rate static at 3.5% next week and for a long while thereafter.



Source: OCBC, Bloomberg.

## Treasury Research & Strategy

### Macro Research

**Selena Ling**

Head of Research & Strategy  
[LingSSSelena@ocbc.com](mailto:LingSSSelena@ocbc.com)

**Tommy Xie Dongming**

Head of Greater China Research  
[XieD@ocbc.com](mailto:XieD@ocbc.com)

**Wellian Wiranto**

Malaysia & Indonesia  
[WellianWiranto@ocbc.com](mailto:WellianWiranto@ocbc.com)

**Howie Lee**

Thailand & Commodities  
[HowieLee@ocbc.com](mailto:HowieLee@ocbc.com)

**Carie Li**

Hong Kong & Macau  
[carierli@ocbcwh.com](mailto:carierli@ocbcwh.com)

**Herbert Wong**

Hong Kong & Macau  
[herberhtwong@ocbcwh.com](mailto:herberhtwong@ocbcwh.com)

### FX/Rates Strategy

**Frances Cheung**

Rates Strategist  
[FrancesCheung@ocbc.com](mailto:FrancesCheung@ocbc.com)

**Terence Wu**

FX Strategist  
[TerenceWu@ocbc.com](mailto:TerenceWu@ocbc.com)

### Credit Research

**Andrew Wong**

Credit Research Analyst  
[WongVKAM@ocbc.com](mailto:WongVKAM@ocbc.com)

**Ezien Hoo**

Credit Research Analyst  
[EzienHoo@ocbc.com](mailto:EzienHoo@ocbc.com)

**Wong Hong Wei**

Credit Research Analyst  
[WongHongWei@ocbc.com](mailto:WongHongWei@ocbc.com)

**Seow Zhi Qi**

Credit Research Analyst  
[ZhiQiSeow@ocbc.com](mailto:ZhiQiSeow@ocbc.com)

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC Bank, its related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial services to such issuers. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products.

This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).

Co.Reg.no.:193200032W