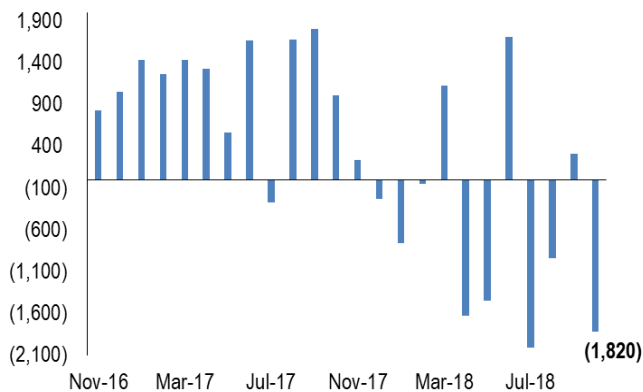


# October's Trade Balance

## Reposts Deficit

### Indonesia Trade Balance



Source: Indonesia Statistics, NHKS research

### Highlights of October's Trade Balance

October's trade balance was the deficit at USD1.80 billion after September's surplus of USD230 million. On a cumulative basis, from January to October 2018, the deficits were at USD5.51 billion.

October's deficit was beset by worsening non-oil and gas trade balance and the higher deficit of oil and gas trade. The non-oil and gas trade deficit was at USD400 million, lower than September's surplus of USD1.0 billion. The underperformance of non-oil and gas trade balance is mainly beset by the skyrocketing non-oil and gas imports of USD2.40 billion (m-m), particularly machines and mechanic airplanes imports, declining in September.

Meanwhile, the hike in oil and gas trade deficit was attributable to the ballooning oil and gas imports of USD620 (m-m), particularly refined oil.

### Buoyant Exports

October's trade showed the increment in oil and gas as well as non-oil and gas exports. **The total exports in October grew by 5.87% m-m.** The higher exports on a monthly basis occurred after consecutive exports since August 2018.

October's export volume surged to 56.2 million tons compared to September's exports volume of 50.4 million tons. Meanwhile, the aggregate price average of October's exported goods decline to USD281.3 per ton from USD 296.4 per ton in September. The decline continued the downtrend in the aggregate price average of exported goods, particularly the decline in prices of non-oil and gas commodities occurred since August 2018.

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### November's Exports to Kick at Modest Gear

Since 2016, November's exports are likely to kick at a higher gear than that of October exports. It aligned with the higher global demand due to the upbeat economic consumption ahead of year-end. We estimate that November's export is likely to pace modestly. The modest pace is attributable to the slowdown in the global economy as investors' fears of trade negotiation between the U.S. and China as well as jitters of the Fed's monetary normalization stance.

### Jump in September's Imports

**October's imports soared by 20.60% m-m to USD17.6 billion** after 2-month-loss streak. It was bolstered by the increment in imports volume from 12.9 million tons in September 2018 to 15.9 million tons in October 2018. The oil and gas sector posted the highest increment of 26.71% m-m in imports volume, mainly fueled by the increment of 24.66% m-m in refined oil imports. We oversee that the increment in refined oil imports was driven by the higher manufacturing consumption due to the flood of year-end demand. Of note, raw or substitute materials soared by 23% m-m. On the other side, the average prices of imported goods in October declined to USD1,110 per ton from USD1,136 per tons in August.

### Imports to Slightly Decrease

We estimate that the hike in October's imports was likely attributable to seasonal factors as refined oil consumption by manufactures decline ahead of year-end. We estimate that November's imports will decline. The policies curbing imports such as the B20 mandatory and the hike in import tariffs of PPh 22 imposed on consumption goods—potent drivers for imports until year end. However, the decline in November's imports will last for short period due to the high domestic demand ahead of year-end.

### Trade Balance Statistics (USD mn)

	Apr '18	May '18	Jun '18	Jul '18	Aug '18	Sep '18
Trade Balance	-1,453.6	1,706.5	-2,006.9	-944.2	314.0	-1,819.9
Export	16,209.3	12,974.4	16,290.2	15,873.9	14,924.0	15,800.0
Oil and Gas	1,643.6	1,681.5	1,431.3	1,434.6	1,286.3	1,481.6
Non Oil and Gas	14,565.7	11,292.9	14,858.9	14,439.3	13,620.8	14,318.4
Import	-17,662.9	-11,267.9	-18,297.1	-16,818.1	-14,610.0	-17,619.9
Oil and Gas	-2,861.4	-2,141	-2,660.	-3,045.7	-2,290.5	2,908.3
Non Oil and Gas	-14,801.5	-9,126.9	-15,637.1	-13,772.4	-12,323.4	-14,711.6

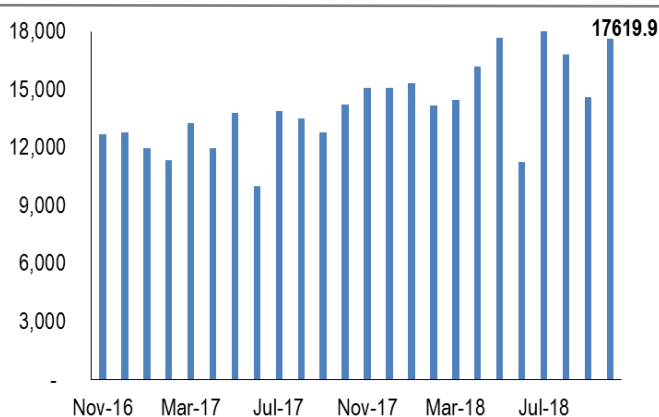
Source: Indonesia Statistics

### Export (USD mn)



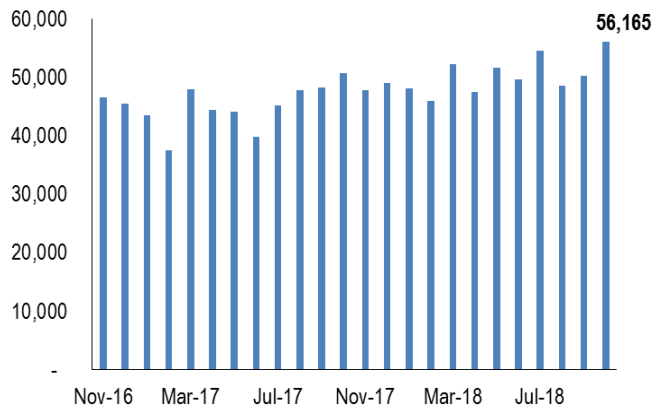
Source: Indonesia Statistics, NHKS Research

### Import (USD mn)



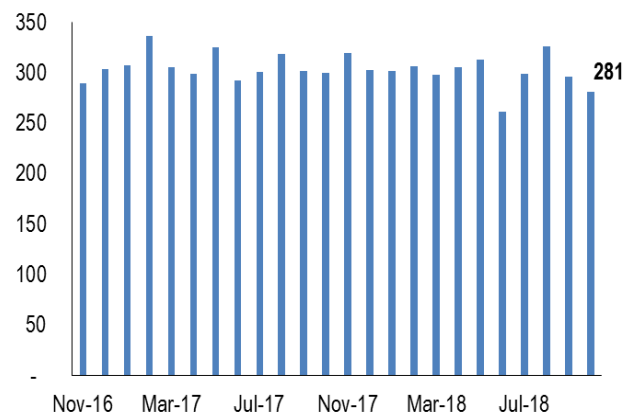
Source: Indonesia Statistics, NHKS research

Export Volume ('000 ton)



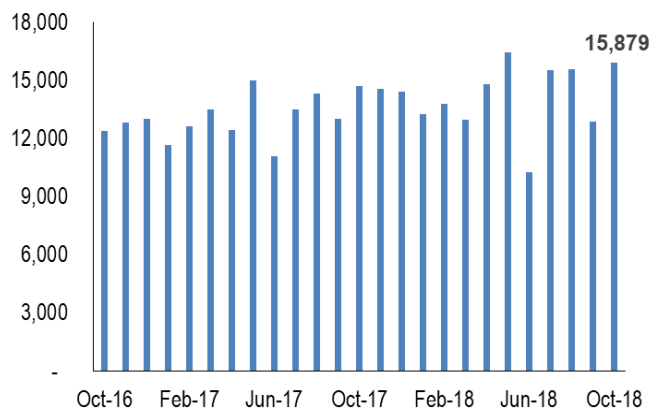
Source: Indonesia Statistics, NHKS research

Avg. Aggregate Exported Product (USD/ton)



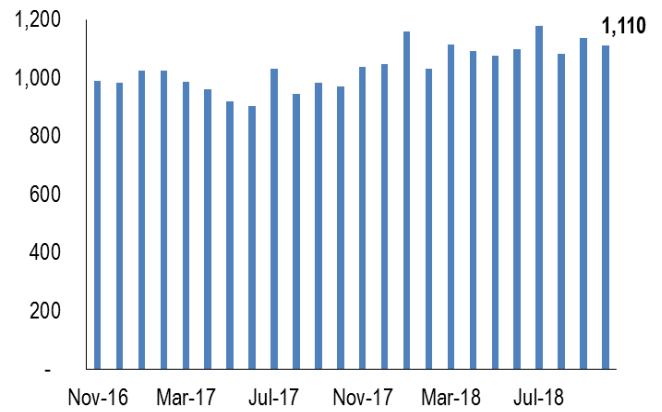
Source: Indonesia Statistics, NHKS research

Import Volume ('000 ton)



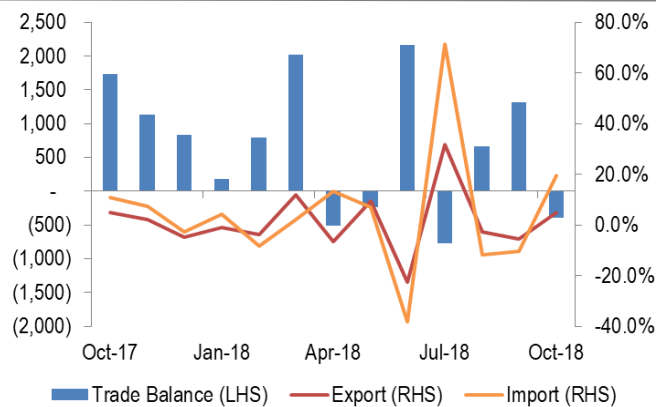
Source: Indonesia Statistics, NHKS research

Avg. Aggregate Imported Product (USD/ton)



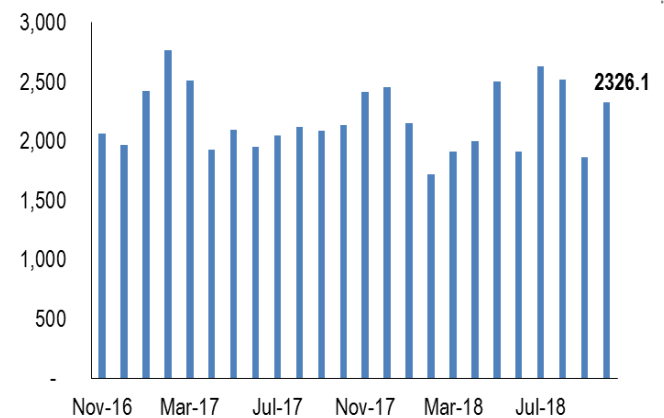
Source: Indonesia Statistics, NHKS research

Non Oil & Gas Trade Balance (USD mn)



Source: Indonesia Statistics, NHKS research

Refined Oil Import Volume ('000 ton)



Source: Indonesia Statistics, Bloomberg, NHKS research

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