

Indicators	Unit	Value
GDP	%YoY	5.03
CPI	%YoY	3.62
BI Rate	%	5.75
10yr Yield	%	6.19
USD/IDR	Points	14,997
CCI	Points	127.1
FX Res	USD bn	137.5
PMI	Points	52.5

Sources *: Bloomberg MNCS Research
 GDP Data as of 1Q23
 CPI Data as of Jun-23
 BI Rate as of 22-Jun-23
 10yr yield as of Jul 17, 2023
 USD/IDR as of Jul 17, 2023
 CCI as of Jun-23
 FX Res as of Jun-23
 PMI as of Jun-23

June-2023 Trade Surplus Beats Estimate; Export-Import Fall

Indonesia enjoyed a USD3.45 bn trade surplus in Jun-2023

Indonesia's trade balance experiencing a surplus reached USD3.45 bn in Jun-2023, a sharp increase from the previous month in May-2023 of USD436.5 mn (+708.7% MoM), making January-June 2023 trade surplus stood at USD19.93 bn. The actual figure reported was higher than the consensus estimate of USD1.33 bn. This high surplus growth was mainly caused by a fall in imports by -19.4% MoM, due to the decrease in imports of raw and auxiliary materials. Indonesia's exports also faced a slight decline of -5.1% MoM, driven by the downward trend of commodity prices. Therefore, Indonesia maintains a current trade balance surplus trend for 38 consecutive months, starting from May-2020.

Weaker global demand suppress Indonesia export value

Exports slumped 21.18% YoY to USD20.61 bn in Jun-2023. A decrease in several leading commodity prices, such as coal (-13.1% MoM) and CPO (-12.5% MoM), lead to a slight decline in Indonesia's non-O&G export value to USD19.3 bn (-5.2% MoM). The downward trend of global commodity prices was caused by the weakening demand in China due to the nation's slow economic growth. The O&G sector also experienced a slight fall in export values by -3.6% MoM, triggered by the decrease in gas export volume by -10.4% MoM.

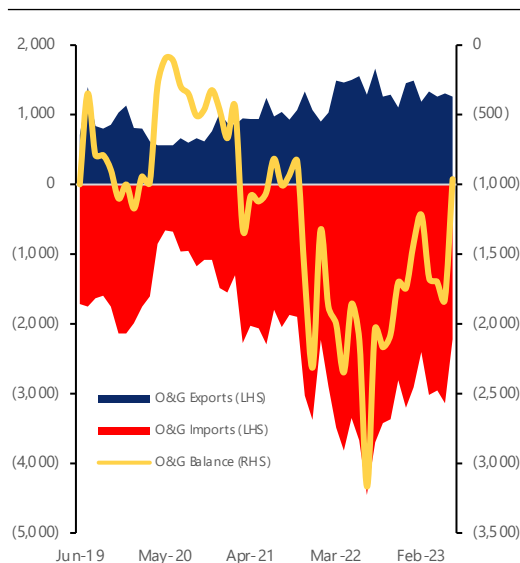
Imports were down -18.3% YoY to USD17.15 bn

After experiencing a sharp increase in the previous month, Indonesia import values experienced a significant fall both in O&G and non-O&G (respectively -29.1%/-17.7% MoM). A decrease in the O&G sector was caused by the rapid fall of crude oil import values by -43.2% MoM. Conversely, a down in mechanical machinery (-16.48% MoM), electrical machinery and equipment (-18.44% MoM), and vehicles (-26.89% MoM) affect the import values in the non-O&G sector. We are witnessing a significant downturn in import activity, which suggests a decline in domestic demand for consumption and production goods. Additionally, we have observed that during Jun- 2023, there were fewer working days due to the Eid al-Adha holiday. As a result, the duration of services for both exports and imports was limited.

FX supply booster: New Export Earnings Rules set to take effect on Aug-2023

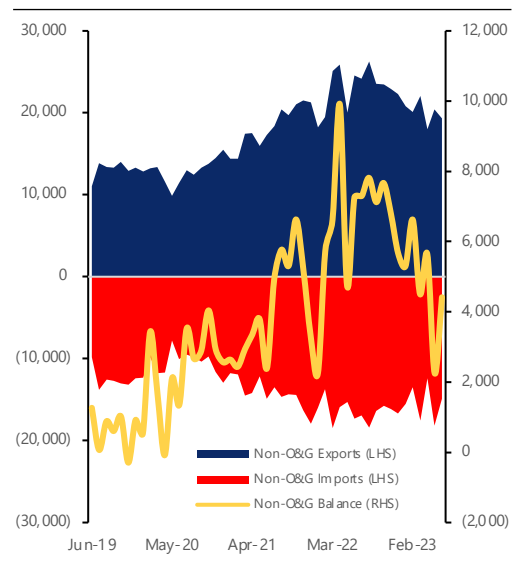
Despite encountering a trade balance surplus, IDR currency has weakened 39bps to IDR14,997/USD on 17 Jul-2023. The IDR currency weakening trend might continue due to the expected rising interest rate by The FED in late July. Hence, we expect high FX reserve position should maintain rupiah's stability although the domestic currency has depreciated against USD recently. Moreover, the DHE mandatory that set to take effect on Aug 1, 2023, will lead to an increase of dollar supply. The govt officially requires exporters of natural resources to keep min.30% of their FX proceeds onshore for at least 3 months or equivalent to USD250,000 earnings in the mining, plantation, forestry and fishery sectors. Should 30% of DHE is obliged to be brought back home, potential inflow would be around USD45.2bn under our optimistic scenario ([see report](#)).

Exhibit 1. Indonesia's O&G balance deficits (in USD mn)



Sources : Statistics Indonesia, MNCS Research

Exhibit 2. O&G deficit offset by non-O&G (in USD mn)

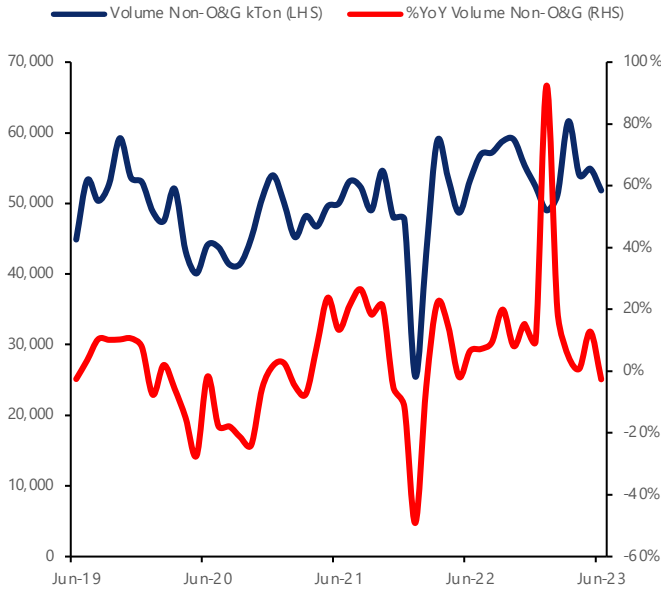


Sources : Statistics Indonesia, MNCS Research

Research Analyst

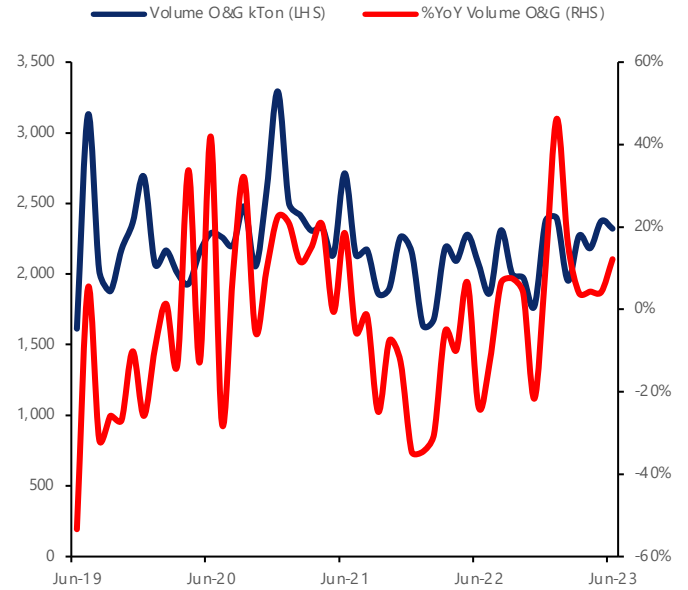
Victoria Venny
 victoria.nawang@mncgroup.com

Exhibit 3. Non O&G exports volume growth



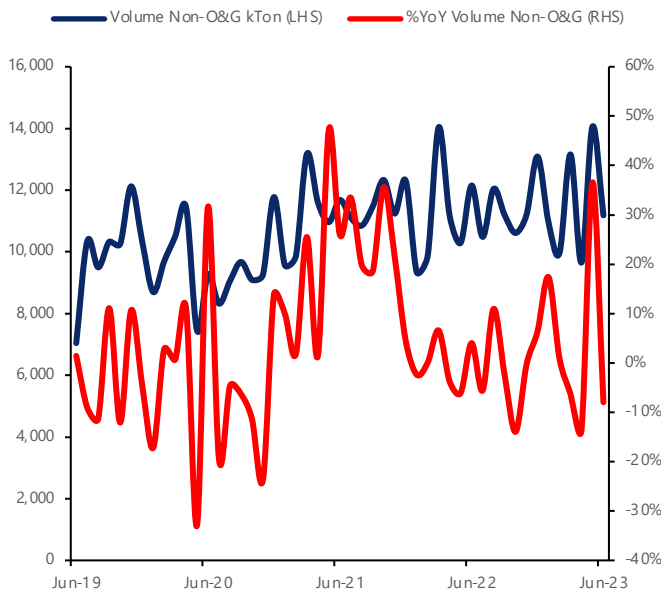
Sources : Statistics Indonesia, MNCS Research

Exhibit 4. O&G exports volume growth



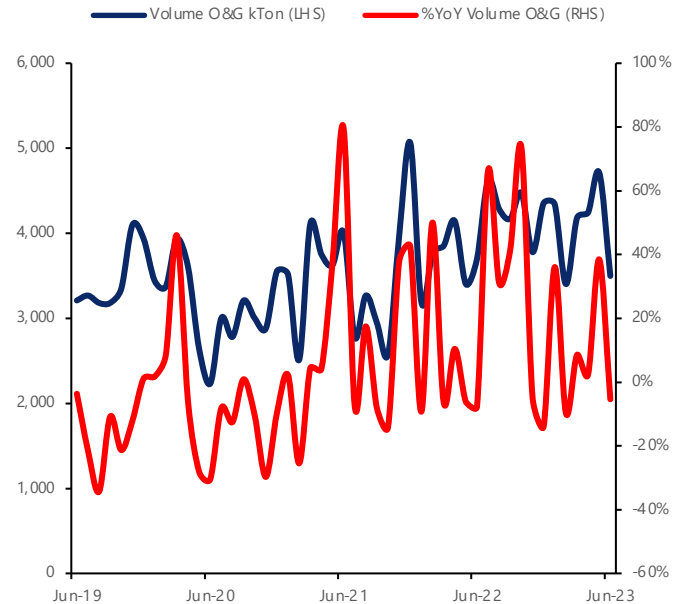
Sources : Statistics Indonesia, MNCS Research

Exhibit 5. Non O&G imports volume growth



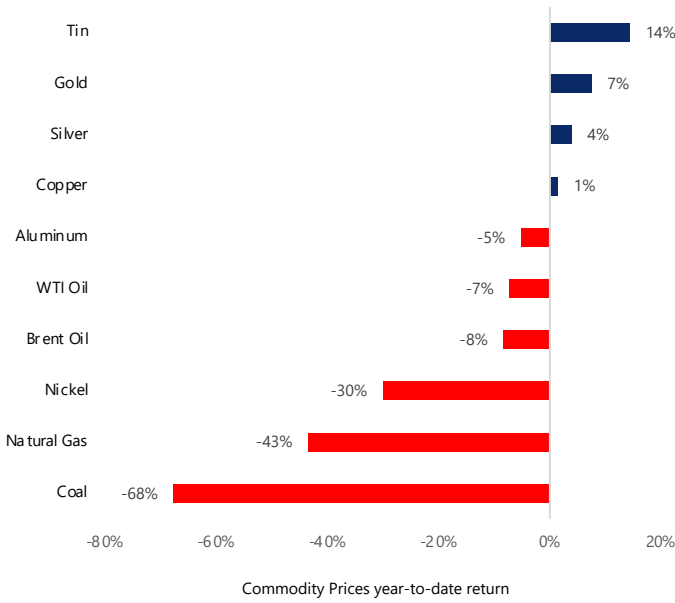
Sources : Statistics Indonesia, MNCS Research

Exhibit 6. O&G imports volume growth



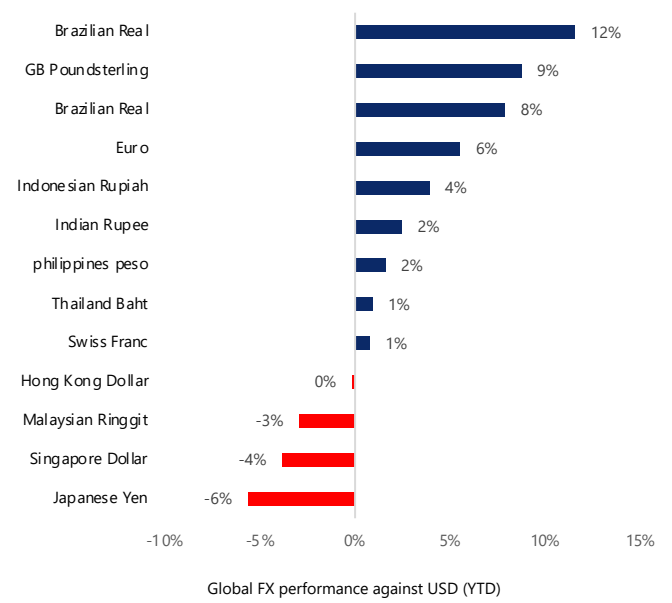
Sources : Statistics Indonesia, MNCS Research

Exhibit 7. Precious metals commodities benefit from weak USD



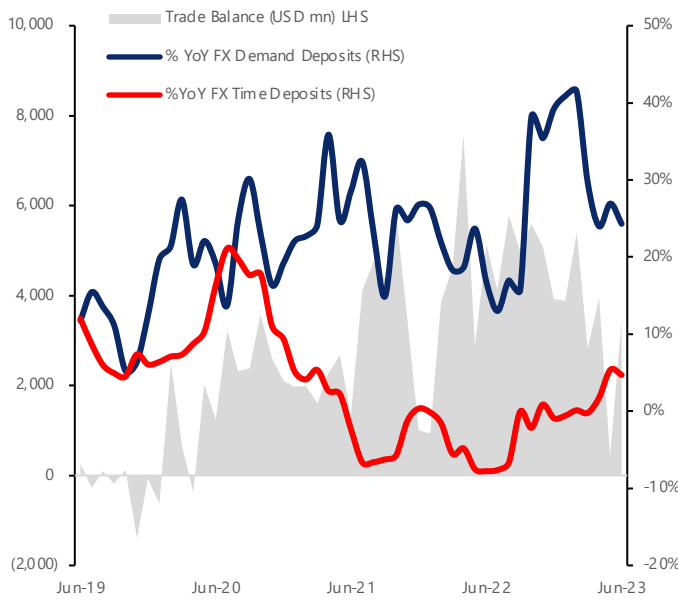
Sources : Bloomberg, MNCS Research

Exhibit 8. Weak USD also propelled IDR to the bullish side (YTD)



Sources : Bloomberg, MNCS Research

Exhibit 9. Indonesia's trade balance and liquidity



Sources : Bank Indonesia, MNCS Research

Exhibit 10. DHE transactions

Period	Value (USD thousand)	1M avg Rates	3M avg Rates	6M avg Rates
19-May-23	16,750	5.06%	5.21%	5.20%
23-May-23	6,000	5.08%	5.23%	5.25%
25-May-23	28,250	5.09%	5.28%	5.32%
30-May-23	9,500	5.15%	5.38%	5.45%
31-May-23		5.16%	5.38%	5.43%
6-Jun-23	97,500	5.14%	5.37%	5.47%
8-Jun-23	7,750	5.14%	5.36%	5.44%
13-Jun-23	6,500	5.15%	5.37%	5.45%
15-Jun-23	89,000	5.13%	5.35%	5.45%
20-Jun-23	73,000	5.11%	5.35%	5.47%
22-Jun-23	13,000	5.10%	5.37%	5.49%
26-Jun-23		5.11%	5.37%	5.50%
4-Jul-23	53,250	5.15%	5.39%	5.54%
6-Jul-23	21,250	5.16%	5.39%	5.54%
11-Jul-23	44,750	5.20%	5.42%	5.58%
13-Jul-23	35,000	5.20%	5.42%	5.59%

Sources : Bank Indonesia, MNCS Research

MNC Research Industry Ratings Guidance

- **OVERWEIGHT** : Stock's total return is estimated to be above the average total return of our industry coverage universe over next 6-12 months
- **NEUTRAL** : Stock's total return is estimated to be in line with the average total return of our industry coverage universe over next 6-12 months
- **UNDERWEIGHT** : Stock's total return is estimated to be below the average total return of our industry coverage universe over next 6-12 months

MNC Research Investment Ratings Guidance

- **BUY** : Share price may exceed 10% over the next 12 months
- **HOLD** : Share price may fall within the range of +/- 10% of the next 12 months
 - **SELL** : Share price may fall by more than 10% over the next 12 months
 - **Not Rated** : Stock is not within regular research coverage

PT MNC SEKURITAS

MNC Financial Center Lt. 14 – 16
Jl. Kebon Sirih No. 21 - 27, Jakarta Pusat 10340
Telp : (021) 2980 3111
Fax : (021) 3983 6899
Call Center : 1500 899

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