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Economic Update

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Full-Year 2024 Trade Balance Update

Primary income deficit: Key for rupiah appreciation amid lower trade surplus in 2025

Economic Indicator	2022	2023	2024F	2025F
GDP Growth (%)	5.31	5.05	5.1	5.3
Inflation (%)	5.51	2.61	1.57	1.3
US\$/Rp (Average)	14,850	15,235	16,000	15,100
BI 7-D RRR (%)	5.5	6.0	6.0	5.00
Current Account (% GDP)	0.96	1.0	-0.44	-0.5
Trade Balance (US\$ bn)	35.34	36	31	29
Indonesia 10 Year Yield (%)	6.55	6.99	6.9	5.5
Gov't Deficit % GDP	-4.65	-2.27	-2.2	-2.5
Debt to GDP (%)	41.2	40.9	40	40.7
Sovereign Rating (S&P)	BBB	BBB	BBB	BBB+
Primary Balance (Rp tn)	434	38.5	25.5	63

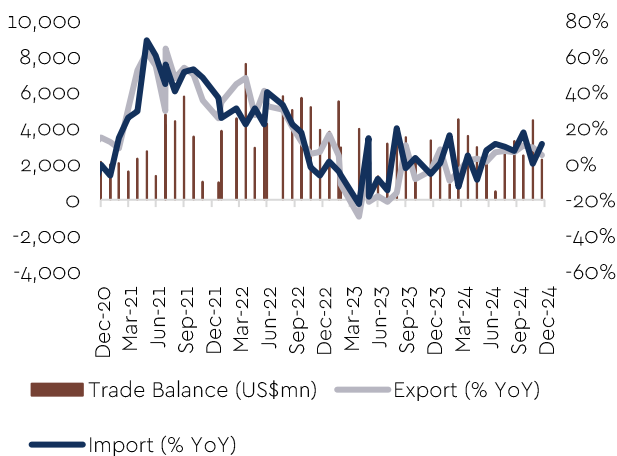
Historical 5-Yr Average Key Performance (2019-2024):

GDP Growth (%)	4.50	Trade Balance (US\$)	29
Inflation (%)	2.85	Current Account (US\$)	-2.18
US\$/Rp	15,764	Current Acct (% of GDP)	-1.41
Indonesia 10-year yield (%)	6.80	Gov't Deficit (% of GDP)	-3.50
BI 7-D RRR (%)	4.75	Debt to GDP (%)	40.13

Economic Data

Bloomberg Ticker:	IDBALTOL
Frequency:	Monthly
Source:	Badan Pusat Statistik

Indonesia Trade Balance



12-Month Projection of Trade Balance

Baseline	: \$2,16bn/month
Best	: \$3,20bn/month
Worst	: \$1,60bn/month

Indonesia's trade surplus continued in 2024

Indonesia reported a trade surplus of \$2.24bn in Dec-24, lower than the \$4.42bn surplus recorded in November. This result fell short of our forecast of \$4.0bn and the consensus estimate of \$3.79bn. Nevertheless, this marked the 56th consecutive month of a trade surplus. For 2024, Indonesia achieved a total trade surplus of \$31bn, down from \$36bn in 2023. The decline was primarily attributed to a 6.4% (yoy) increase in non-oil and gas imports, which outpaced the modest 2.4% growth in non-oil and gas exports, narrowing the overall surplus.

Weaker commodities prices weigh on export growth

Exports contracted slightly in 2024, declining by -2.2% (yoy), primarily due to falling commodity prices (Fig. 5) and slower economic growth in China. Non-oil and gas exports grew by 2.4% (yoy), supported by a 17% increase in nickel products (HS 75) and an 18.3% rise in gold exports (HS 71). However, crude palm oil (CPO) exports, coal, and iron and steel faced significant declines, contracting by -5.7%, -9.0%, and -3.3% (yoy), respectively. Oil and gas exports declined slightly by 0.28% (yoy) due to stable energy prices throughout the year.

Export outlook for 2025

We project Indonesia's export values to decline modestly in 2025, driven by subdued growth in China's economy and continued pressure from lower commodity prices. These factors are likely to dampen demand for key export commodities such as coal, palm oil, and iron and steel, particularly to China, Indonesia's largest trading partner. Exports to China dropped by 3.3% (yoy) to U60.2bn in 2024. Additionally, the potential reimposition of tariffs by the U.S. under Trump's policies could pose challenges for machinery, electronic equipment (HS 85), and motor vehicle parts (HS 87) exports. While exports to the U.S. grew by 13% (yoy) to \$26.3bn in 2024, a potential decline is anticipated in 2025. However, rising exports to India, Indonesia's third-largest trading partner, may help offset some of these losses.

Sustained economic growth to drive import demand

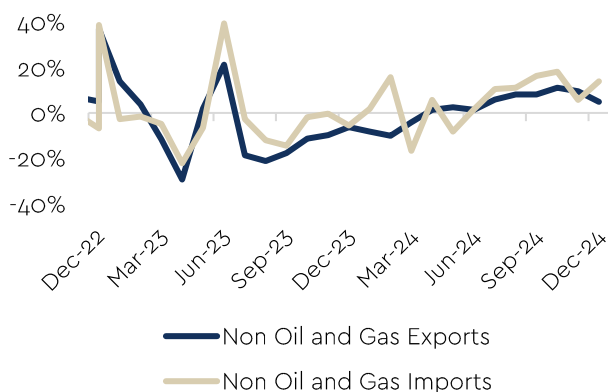
Indonesia's total imports grew by 5.3% (yoy) in 2024, supported by a 6.0% increase in non-oil and gas imports and a 1.2% rise in oil and gas imports. Stable Brent oil prices, averaging \$80/bbl in 2024, helped moderate the growth in oil imports. As we look ahead to 2025, oil prices could decline to \$60/bbl if U.S. policies under Trump succeed in increasing oil production and resolving the Ukraine conflict. Lower oil prices would reduce import costs, helping to sustain Indonesia's trade surplus despite anticipated growth in non-oil and gas imports. Robust domestic spending should drive machinery, equipment, plastics, and cereals imports in 2025.

Reducing the primary income deficit to support the rupiah

With the narrowing trade surplus in 2024, Indonesia's current account deficit is projected to widen slightly to -0.44% of GDP in 2024, compared to -0.1% in 2023. The primary income deficit (Fig. 6), which includes factors like interest and dividend payments to non-residents, will be a critical area to address in 2025 to maintain a manageable current account deficit amid a likely smaller trade surplus, projected at \$29bn. A combination of lower U.S. Treasury yields, the possibility of a sovereign rating upgrade, and a potential tax amnesty program could significantly reduce the primary income deficit in 2025. These factors could encourage exporters to retain their earnings in Indonesia's financial system, decreasing the outflow of primary income. Consequently, the current account deficit could narrow to -0.1% of GDP, strengthening the rupiah to Rp15,100/\$ and reducing the 10-year government bond yield to 5.5% by year-end.

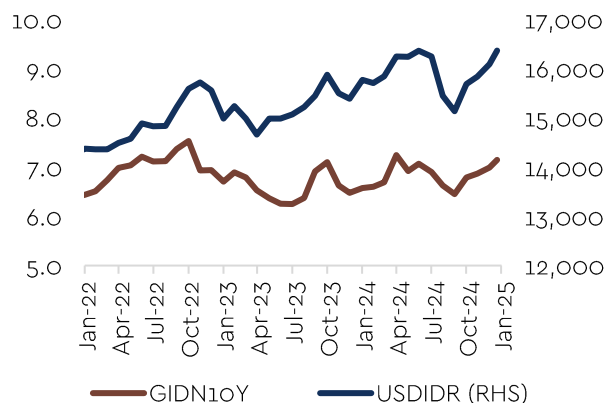
Economic Summary

Fig. 1: Oil and gas exports vs imports (% yoy)



Source: BPS, Sucor Sekuritas

Fig. 2: Rupiah exchange rate vs SBN 10-year yield



Source: Bloomberg, Sucor Sekuritas

Fig. 3: Top five exports of non oil & gas (US\$ bn)

Top 5 Non-oil & Gas Reports	FOB Value in 2024 US\$ bn	MoM %	YoY %
Coal HS 27	39.6	1	-9
CPO HS 15	26.8	-2.8	-5.7
Iron & steel HS 72	25.8	-1.1	-3.38
Electrical equipment HS 85	15	-1.1	4.9
Motor vehicle & 4-wheel HS 87	11	0.2	-1.2

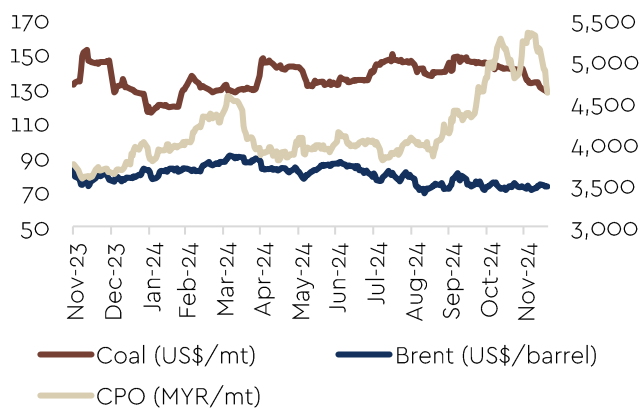
Source: BPS, Sucor Sekuritas

Fig. 4: Top five imports of non-oil and gas (US\$ bn)

Top 5 Non-oil & Gas Imports	FOB Value 2024 US\$ bn	MoM %	YoY %
Machinery & equipment HS 84	33.5	6.9	4.2
Electrical equipment HS 85	27	3.1	4.9
Iron & steel HS72	10.6	-1.9	-6.3
Plastic HS 39	10.5	2.29	12.6
Motor vehicle & 4-wheel HS 87	6.8	-8.2	-5.3

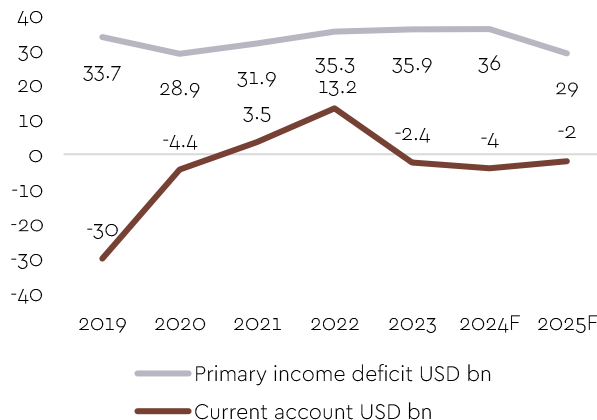
Source: BPS, Sucor Sekuritas

Fig. 5: Brent oil, crude palm oil and coal prices



Source: Bloomberg, Sucor Sekuritas

Fig. 6: Primary income deficit vs current account deficit



Source: CEIC, Sucor Sekuritas

**Sucor Sekuritas
rating definition,
analyst certification,
and important disclosure**

Overweight	: We expect the industry to perform better than the primary market index (JCI) over the next 12 months.
Neutral	: We expect the industry to perform in line with the primary market index (JCI) over the next 12 months.
Underweight	: We expect the industry to underperform the primary market index (JCI) over the next 12 months.

Ratings for Stocks

Buy	: We expect this stock to give return (excluding dividend) of above 10% over the next 12 months.
Hold	: We expect this stock to give return of between -10% and 10% over the next 12 months.
Sell	: We expect this stock to give return of -10% or lower over the next 12 months.

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