

# PIER Snapshot: 2Q24 Balance of Payment

22 August 2024

## The BoP Deficit Narrowed, Thanks to Surplus in the Portfolio Investment Balance

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### Balance of Payment Review

- The Balance of Payments (BoP) deficit shrank, primarily due to the financial account surplus.**  
 The BoP recorded a modest deficit of USD0.56 billion in 2Q24, a significant improvement from the USD5.97 billion deficit in 1Q24. This narrower deficit was largely attributable to the financial account surplus, which swung from a USD1.64 billion deficit to a USD2.67 billion surplus. The surplus was driven primarily by a resurgence in the portfolio investment, fueled by a renewed risk-on sentiment and the attractiveness of Bank Indonesia Rupiah Securities (SRBI). However, the current account deficit (CAD) widened moderately, from USD2.41 billion to USD3.02 billion, despite a slight increase in the goods surplus, due to the seasonal widening of the primary income deficit, a typical occurrence in the second quarter. As the BoP posted a slight deficit, foreign reserves slipped by USD0.21 billion from USD140.39 billion in 1Q24 to USD140.18 billion.
- The CAD widened, primarily due to a greater shortfall in the services balance and primary income balance.**  
 In 2Q24, the CAD widened to 0.88% of GDP, up from 0.71% in the previous quarter. The increase was driven by a broader deficit in both the services and primary income balances, despite a rise in the goods surplus. The goods surplus slightly grew from USD9.12 billion to USD9.96 billion, bolstered by strong demand for Indonesian manufactured goods and improved global commodity prices. Conversely, the services deficit expanded due to increased outbound tourism during the Hajj season, which offset the rise in inbound tourists. The services deficit increased from USD4.18 billion to USD5.15 billion, with the main contributor still being the freight services deficit, as Indonesia continues to rely on foreign transportation for its export-import activities. Additionally, the primary income deficit rose from USD8.83 billion to USD9.29 billion, partly due to higher investment return payments to non-residents, a seasonal trend observed every second quarter.
- The financial account surplus was bolstered by inflows in the portfolio investments.**  
 The portfolio investment rebounded to a surplus of USD2.99 billion in 2Q24, reversing the USD1.64 billion deficit recorded in 1Q24. This turnaround was primarily driven by inflows into SRBI assets, which saw a net inflow of USD6.8 billion, up from USD1.29 billion in the previous quarter. Government bonds also experienced a slight surplus of USD0.37 billion, recovering from the USD2.3 billion deficit observed previously. However, equity assets recorded an outflow of USD2.49 billion in 2Q24, which curbed the overall portfolio investment surplus. Additionally, the surplus in direct investment fell significantly from USD4.66 billion to USD1.38 billion due to rising global uncertainties, leading to concerns about flagging global growth. As a result, the financial account balance improved from a 0.48% of GDP deficit to a 0.78% of GDP surplus.

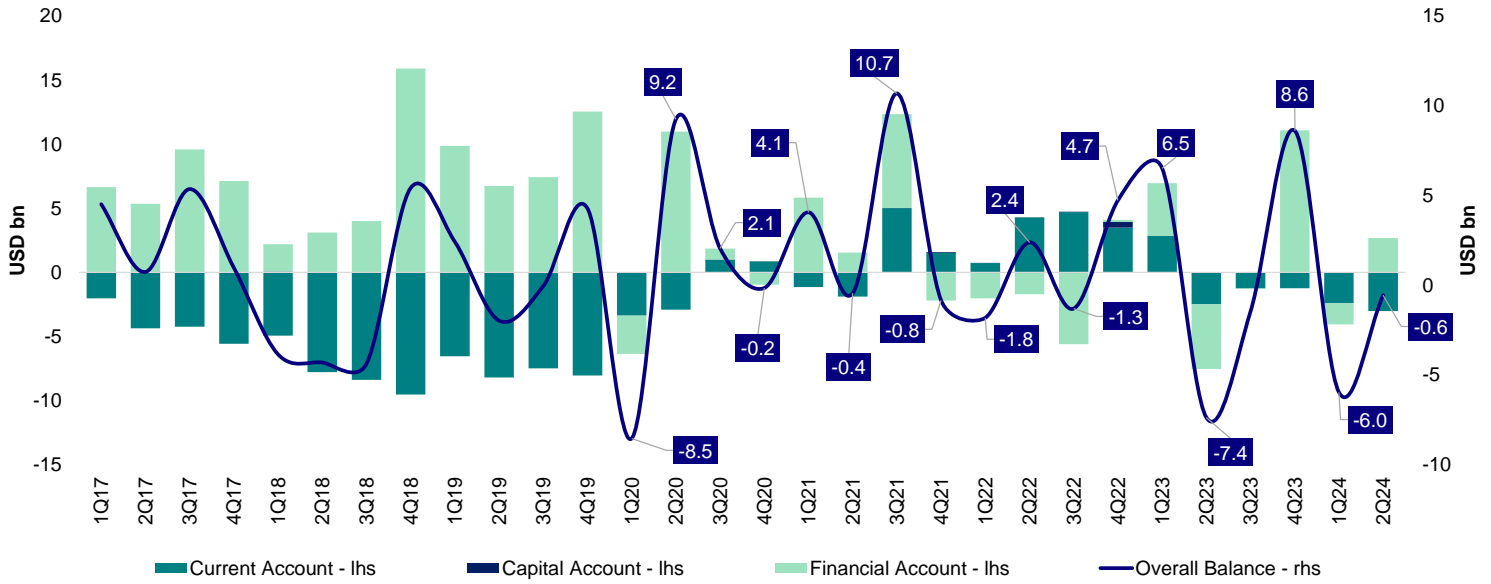
### Our PIERspective

- Looking ahead, with growing sentiment around potential Federal Funds Rate (FFR) cuts, we anticipate increased inflows into portfolio investments, which will support foreign exchange reserves and the Rupiah exchange rate in the latter half of 2024. Additionally, a positive economic outlook for Indonesia is expected to sustain foreign direct investment (FDI) inflows, contributing to further improvements in the financial account balance. However, we project that the CAD will rise over time due to ongoing normalization of commodity prices and slowing global growth, which may somewhat constrain the BoP performance.
- We anticipate that the CAD will widen to 0.79% of GDP in 2024, up from 0.16% of GDP in 2023. Nonetheless, this deficit remains relatively low compared to the pre-pandemic average of 2.5% of GDP. Foreign reserves are expected to reach approximately USD150 billion, while the Rupiah is forecasted to range between 15,500 – 15,900 per USD by year-end, largely driven by improved inflows into the financial account, encompassing both portfolio and direct investments. Given the resilience of Indonesia's external sector, as reflected in the BoP, stable domestic inflation trends, and Rupiah stability, we project that Bank Indonesia will lower the BI-rate by 50bps towards the end of 2024, particularly following greater clarity on potential FFR cuts.

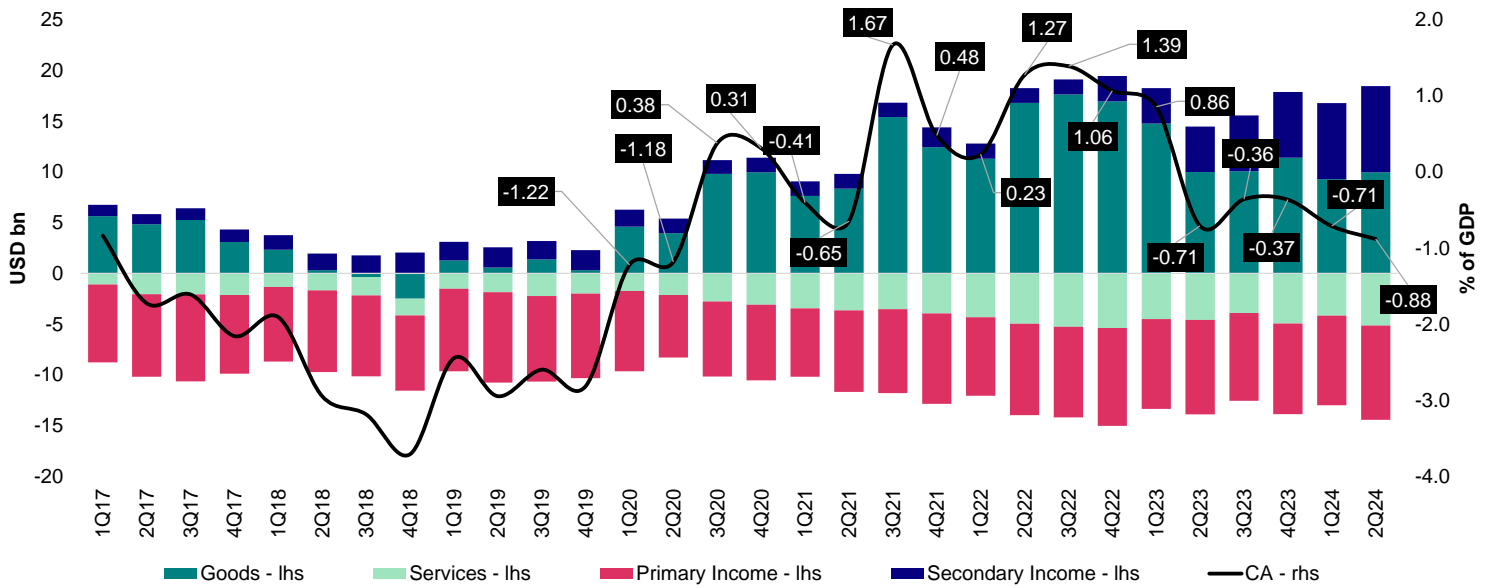
# PIER Snapshot: 2Q24 Balance of Payment

22 August 2024

## Trend of Current Account and Balance of Payment



Source: BI & PIER



Source: BI & PIER

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22 August 2024

**The Trade Surplus has Dropped to its Lowest Level since May 2023 due to a Surprising Import Rebound**

(in \$mn)	Exports			Imports			Trade Balance		
	TOTAL	Non Oil&Gas Export	Oil&Gas Export	TOTAL	Non Oil&Gas Import	Oil&Gas Import	TOTAL	Non Oil&Gas Balance	Oil&Gas Balance
FY2018	180,013	162,841	17,172	188,711	158,842	29,869	-8,699	3,999	-12,697
FY2019	167,683	155,894	11,789	171,276	149,390	21,885	-3,593	6,503	-10,096
FY2020	163,192	154,941	8,251	141,569	127,312	14,257	21,623	27,629	-6,006
FY2021	231,609	219,362	12,248	196,190	170,661	25,529	35,420	48,701	-13,282
FY2021	231,609	219,362	12,248	196,190	170,661	25,529	35,420	48,701	-13,282
FY2022	291,904	275,906	15,998	237,447	197,031	40,416	54,457	78,875	-24,418
FY2023	258,794	242,871	15,923	221,886	186,056	35,830	36,908	56,816	-19,908
Jan-24	20,493	19,096	1,398	18,495	15,796	2,698	1,999	3,299	-1,301
Feb-24	19,273	18,056	1,217	18,440	15,461	2,980	833	2,595	-1,763
Mar-24	22,538	21,253	1,285	17,961	14,635	3,327	4,577	6,618	-2,041
Apr-24	19,615	18,265	1,350	16,896	13,911	2,984	2,719	4,354	-1,634
May-24	22,326	20,906	1,419	19,400	16,651	2,748	2,926	4,255	-1,329
Jun-24	20,845	19,614	1,231	18,450	15,180	3,271	2,395	4,434	-2,039
Jul-24	22,210	20,787	1,423	21,738	18,180	3,558	472	2,607	-2,135
Jan-Jul-23	149,501	140,435	9,066	128,298	108,526	19,772	21,214	31,920	-10,706
Jan-Jul-24	147,299	137,976	9,323	131,379	109,814	21,565	15,920	28,162	-12,242
Growth	-1.5	-1.8	2.8	2.4	1.2	9.1			

Source: Statistics of Indonesia & PIER

**Services Balance: Deficit in Travel Components was Driven by Higher Outbound of Consumer to Foreign Countries**

ITEMS	2019	2020	2021	2022	2023				2024			
					Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	TOTAL
<b>Services</b>	-7,641	-9,755	-14,599	-19,957	-4,502	-4,599	-3,923	-4,948	-17,972	-4,177	-5,152	-9,329
A. Manufacturing services	392	423	527	743	192	172	192	177	733	187	165	352
B. Maintenance and repair services	-181	56	44	-215	-48	-42	-124	-127	-342	-124	-109	-233
C. Transport	-7,686	-4,875	-6,289	-8,209	-2,330	-1,990	-1,991	-2,396	-8,707	-2,400	-2,167	-4,567
a. Passenger	-1,647	-107	-18	-617	-522	-245	-213	-375	-1,354	-489	-301	-790
b. Freight	-5,958	-4,683	-6,239	-7,324	-1,748	-1,769	-1,778	-2,072	-7,367	-1,926	-1,795	-3,721
c. Other	-82	-86	-32	-268	-59	24	-1	50	14	16	-72	-56
D. Travel	5,603	1,634	49	363	491	-93	1,078	841	2,318	1,140	-511	629
E. Construction	-16	-44	-49	-102	11	-26	-35	7	-43	-30	6	-24
F. Insurance and pension services	-664	-857	-1,028	-1,831	-430	-438	-531	-487	-1,886	-518	-477	-995
G. Financial services	-466	-557	-433	-1,330	-206	-383	-259	-396	-1,244	-191	-375	-566
H. Charges for the use of intellectual property	-1,746	-1,446	-1,653	-1,851	-433	-630	-603	-624	-2,290	-868	-513	-1,381
I. Telecommunications, computer, and information services	-1,812	-2,124	-3,064	-3,330	-731	-619	-736	-618	-2,705	-330	-421	-751
J. Other business services	-1,832	-2,602	-3,115	-4,570	-1,058	-622	-1,035	-1,420	-4,135	-1,110	-798	-1,908
K. Personal, cultural, and recreational services	117	45	13	59	-17	13	27	27	49	9	7	16
L. Government goods and services	651	592	401	316	57	59	95	69	279	57	41	98
<b>Memorandum:</b>												
Number of traveler (thousands of people)												
- Inbound	16,155	4,065	1,558	5,889	2,417	2,882	3,324	3,054	11,678	3,032	3,381	6,413
- Outbound	12,412	2,969	1,711	3,641	1,888	1,792	1,835	2,004	7,519	2,186	2,450	4,637

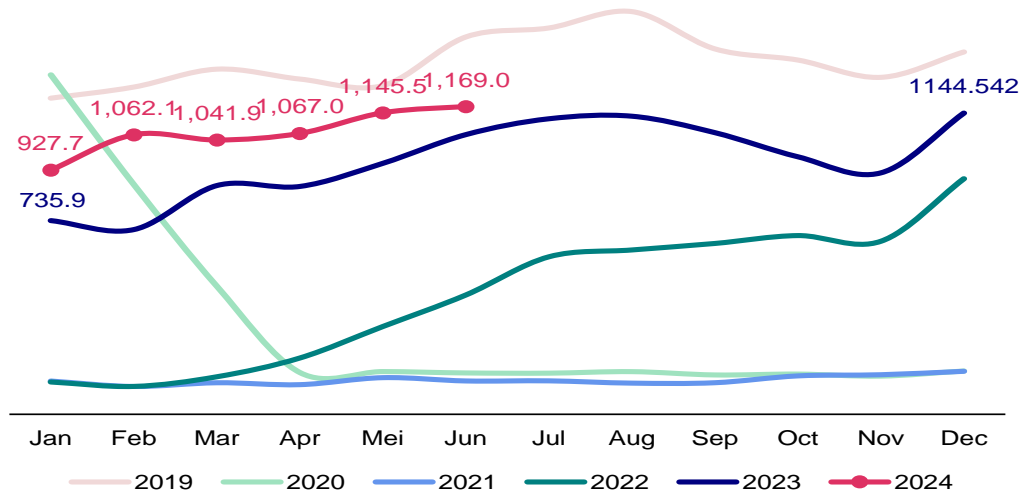
Source: BI & PIER

# PIER Snapshot: 2Q24 Balance of Payment

## 22 August 2024

### Tourist Arrival Trend

#### Foreign Tourist Arrival (Th)



Source: Statistics Indonesia & PIER

### Portfolio Investment: Surplus in Portfolio Investment was Mainly Driven by SRBI Inflow

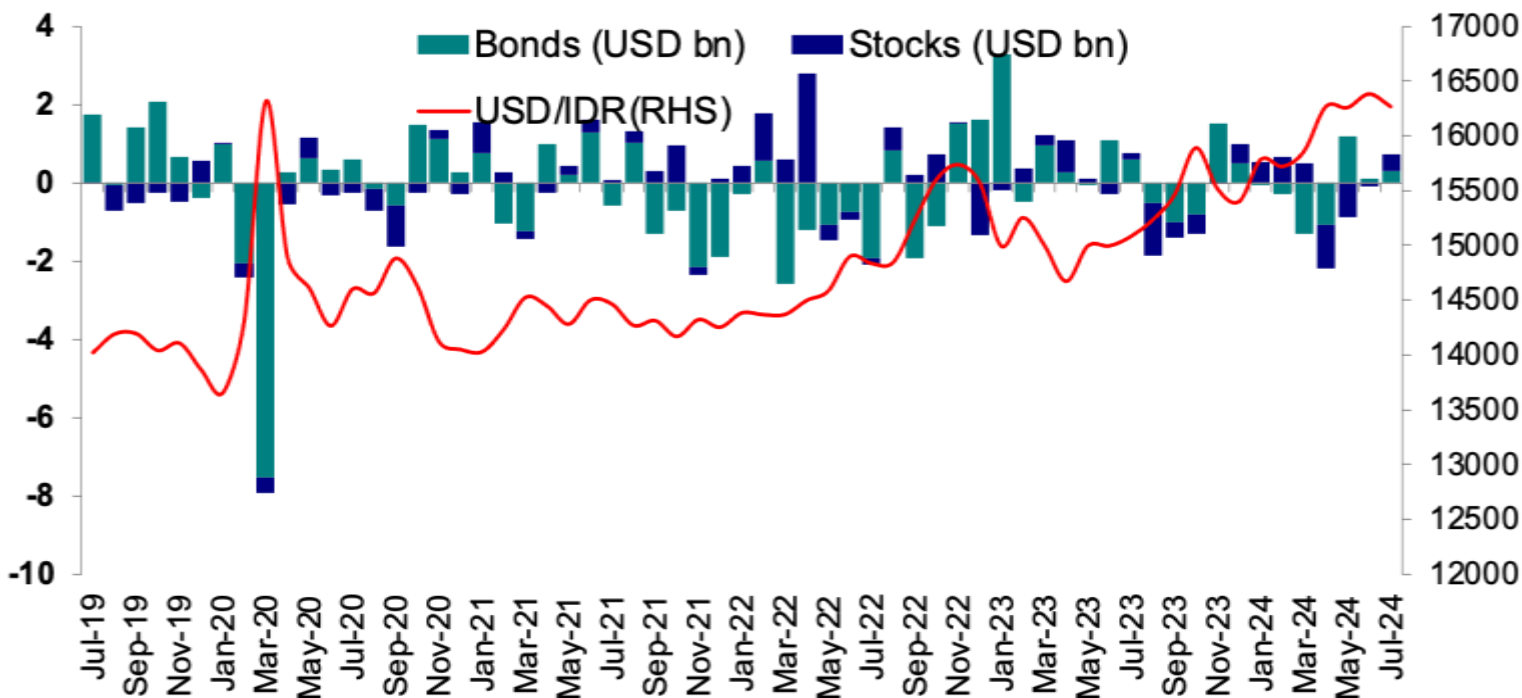
ITEMS	2019	2020	2021	2022	2023				TOTAL	2024		
					Q1	Q2	Q3	Q4		Q1	Q2	TOTAL
<b>Portfolio Investment</b>	<b>21,990</b>	<b>3,369</b>	<b>5,086</b>	<b>-8,469</b>	<b>3,001</b>	<b>-2,637</b>	<b>-3,020</b>	<b>4,880</b>	<b>2,224</b>	<b>-1,789</b>	<b>2,994</b>	<b>1,205</b>
A. Assets	410	-1,199	-1,778	-5,047	-1,286	-815	-544	-235	-2,880	-1,300	-1,055	-2,355
B. Liabilities	21,581	4,567	6,863	-3,422	4,288	-1,822	-2,476	5,115	5,104	-489	4,049	3,560
1. Public Sector	14,973	1,424	-616	-6,889	4,539	-146	-1,574	6,097	8,916	-1,007	7,192	6,185
a. Equity capital	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
b. Debt securities	14,973	1,424	-616	-6,889	4,539	-146	-1,574	6,097	8,916	-1,007	7,192	6,185
1) Central bank	190	-258	-	-	0	0	316	3,684	4,000	1,291	6,827	8,118
2) Government	14,783	1,681	-616	-6,889	4,539	-146	-1,890	2,414	4,917	-2,298	365	-1,933
2. Private Sector	6,608	3,144	7,479	3,467	-251	-1,676	-902	-982	-3,812	517	-3,143	-2,626
a. Equity capital	-397	-4,362	3,131	3,835	243	591	-157	-412	265	1,109	-2,492	-1,382
b. Debt securities	7,005	7,505	4,348	-368	-494	-2,266	-745	-571	-4,076	-592	-652	-1,243
<b>Memorandum:</b>												
Government's debt securities, liabilities	14,783	1,681	-616	-6,889	4,539	-146	-1,890	2,414	4,917	-2,298	365	-1,933
1. Denominated in Rupiah	11,977	-5,615	-5,754	-8,930	3,704	1,903	-1,533	1,231	5,305	-1,993	-151	-1,993
2. Denominated in foreign currency	2,806	7,296	5,138	2,041	835	-2,049	-357	1,183	-388	-304	516	-304

Source: BI & PIER

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22 August 2024

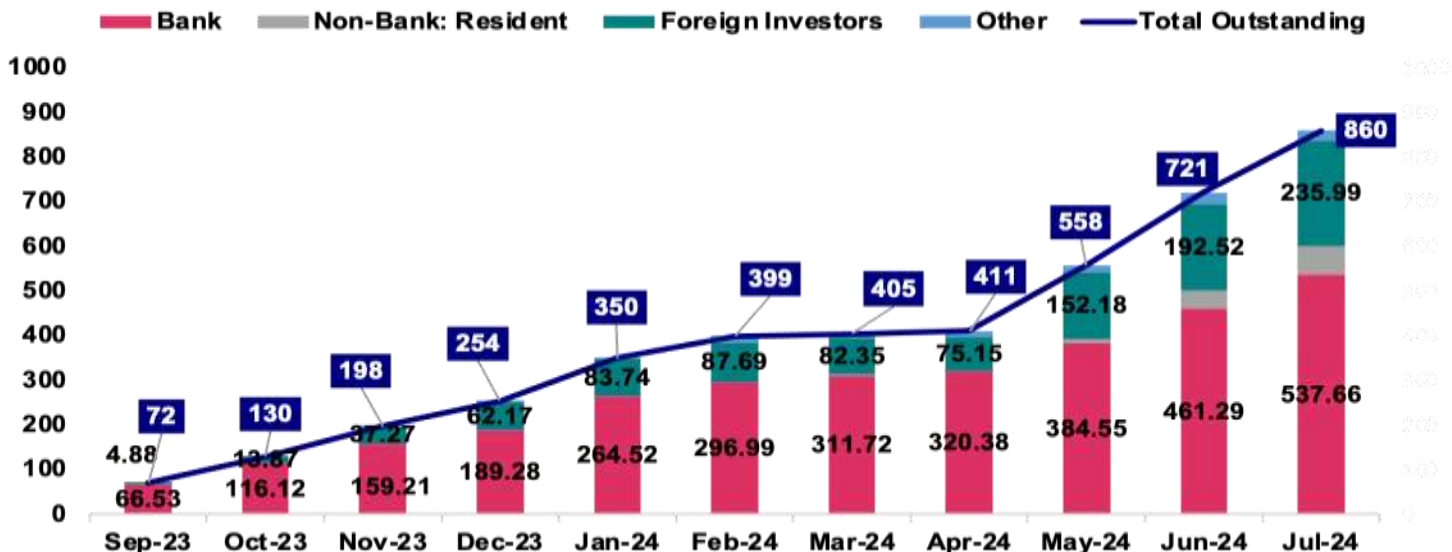
## Foreign Flows in Indonesia's Capital Market



Source: Bloomberg & PIER

## SRBI, SVBI, and SUVBI

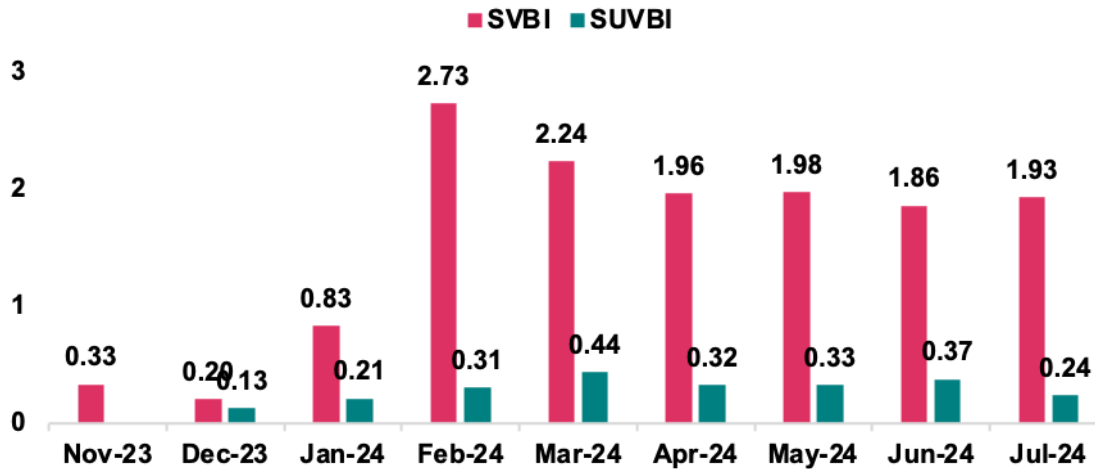
### Ownership of SRBI (IDR tn)



# PIER Snapshot: 2Q24 Balance of Payment

## 22 August 2024

### Outstanding of SVBI and SUVBI (USD bn)



Source: Bank Indonesia & PIER

### Balance of Payment Outlook

(in USD bn)	2022	1Q23	2Q23	3Q23	4Q23	2023	1Q24	2Q24	3Q24F	4Q24F	2024F	2025F	2026F
<b>Current Account</b>	13.22	2.85	(2.50)	(1.25)	(1.24)	(2.14)	(2.41)	(3.02)	(2.78)	(2.76)	(10.96)	(18.67)	(26.63)
Goods	62.67	14.76	9.98	10.06	11.39	46.19	9.28	9.96	8.67	8.35	36.26	31.44	25.24
Export	292.54	66.87	61.54	63.40	65.85	257.67	61.70	62.06	61.26	60.58	245.59	272.28	299.70
Import	(229.87)	(52.11)	(51.56)	(53.34)	(54.46)	(211.47)	(52.42)	(52.10)	(52.58)	(52.23)	(209.33)	(240.85)	(274.46)
Non-Oil and Gas	89.77	19.01	15.16	15.87	17.69	67.74	15.08	15.17	13.85	13.51	57.62	55.73	53.67
Export	274.47	63.01	57.65	59.47	61.85	241.98	58.01	57.86	56.97	56.34	229.18	253.22	278.72
Import	(184.70)	(44.00)	(42.49)	(43.60)	(44.15)	(174.24)	(42.93)	(42.68)	(43.12)	(42.83)	(171.56)	(197.49)	(225.06)
Services	(19.96)	(4.50)	(4.60)	(3.92)	(4.95)	(17.97)	(4.18)	(5.15)	(4.14)	(4.27)	(17.74)	(17.35)	(17.99)
Primary Income	(35.30)	(8.86)	(9.30)	(8.64)	(8.92)	(35.73)	(8.83)	(9.29)	(8.81)	(8.35)	(35.28)	(39.29)	(40.72)
Secondary Income	5.80	1.45	1.43	1.25	1.24	5.36	1.32	1.47	1.49	1.50	5.79	6.54	6.84
<b>Capital Account</b>	0.48	0.00	0.01	0.02	0.02	0.05	0.00	0.00	0.00	0.00	0.01	0.00	0.00
<b>Financial Account</b>	(9.16)	4.12	(5.04)	(0.05)	11.07	10.09	(1.64)	2.67	7.72	8.09	16.85	23.32	30.48
Direct Investment	18.07	4.43	3.95	3.26	3.34	14.98	4.66	1.38	6.02	6.21	18.26	23.35	24.26
Portfolio Investment	(11.63)	3.00	(2.64)	(3.02)	4.88	2.22	(1.79)	2.99	5.75	6.31	13.27	15.24	14.58
Financial Derivatives	0.05	0.20	(0.08)	(0.05)	0.10	0.17	-0.42	0.39	0.00	0.00	(0.03)	0.00	0.00
Other Investment	(15.64)	(3.52)	(6.28)	(0.23)	2.75	(7.28)	(4.09)	(2.09)	(4.05)	(4.43)	(14.66)	(15.28)	(8.35)
<b>Overall Balance</b>	4.00	6.52	(7.37)	(1.46)	8.62	6.30	(5.97)	(0.56)	4.94	5.33	3.75	4.65	3.85
Reserve Assets Position	137.23	145.19	137.54	134.86	146.38	146.38	140.39	140.18	145.12	150.45	150.45	155.10	158.95
Current Account (% of GDP)	1.00	0.86	(0.71)	(0.36)	(0.37)	(0.16)	(0.71)	(0.88)	(0.79)	(0.77)	(0.79)	(1.21)	(1.54)

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## 22 August 2024

### PIER's Economic & Market Forecast

	2019	2020	2021	2022	2023	1Q24	2Q24	3Q24F	4Q24F	2024F	2025F	2026F
<b>National Account</b>												
Real GDP (% yoy)	5.02	-2.07	3.70	5.31	5.05	5.11	5.05	5.02	5.00	5.04	5.15	5.26
Real Consumption: Private (% yoy)	5.04	-2.63	2.02	4.93	4.82	4.91	4.93	4.88	5.00	4.93	5.12	5.12
Real Consumption: Government (% yoy)	3.27	2.12	4.24	-4.51	2.95	19.90	1.42	4.81	5.05	6.71	5.37	6.08
Real Gross Fixed Capital Formation (% yoy)	4.45	-4.96	3.80	3.87	4.40	3.79	4.43	3.79	4.89	4.23	5.83	6.62
Real Export (% yoy)	-0.48	-8.42	17.95	16.28	1.32	1.37	8.28	1.27	4.95	3.92	9.61	10.40
Real Import (% yoy)	-7.13	-17.60	24.87	14.75	-1.65	1.94	8.57	2.88	6.36	4.92	11.80	12.62
Nominal GDP (IDR tn) - nominal	15,832.66	15,443.35	16,976.75	19,588.09	20,892.38	5,288.49	5,536.50	5,680.74	5,691.22	22,196.94	23,974.55	25,920.27
Nominal GDP (USD bn) - nominal	1,119.10	1,059.93	1,186.29	1,318.68	1,371.47	337.72	342.37	350.45	356.58	1,387.11	1,547.89	1,733.00
<b>Inflation &amp; Unemployment</b>												
Headline Inflation Rate (2022=100, % yoy, avg)	2.82	2.04	1.56	4.14	3.73	2.79	2.78	2.21	2.28	2.52	2.81	2.85
Headline Inflation Rate (2022=100, % yoy, eop)	2.59	1.68	1.87	5.41	2.81	3.05	2.51	2.27	2.33	2.33	3.12	2.91
Unemployment Rate (%)	5.18	7.07	6.49	5.86	5.32	4.82	4.82	4.94	4.94	4.94	5.03	4.93
<b>Fiscal Condition</b>												
Fiscal Balance (% of GDP)	-2.20	-6.14	-4.57	-2.35	-1.65	0.04	-0.34	-1.26	-2.63	-2.63	-2.67	-2.86
IDR 10-year Bond Yield (%)	7.06	5.89	6.38	6.94	6.48	6.73	7.07	6.87	6.59	6.59	6.29	6.25
<b>External Sector</b>												
Trade Balance (USD bn)	-3.59	21.62	35.42	54.46	36.91	7.41	8.03	6.64	6.32	28.41	23.31	17.11
Goods Balance (USD bn)	3.51	28.30	43.81	62.67	46.19	9.28	9.96	8.67	8.35	36.26	31.44	25.24
Current Account (USD bn)	-30.28	-4.43	3.51	13.22	-2.14	-2.41	-3.02	-2.78	-2.76	-10.96	-18.67	-26.63
Current Account (% of GDP)	-2.71	-0.42	0.30	1.00	-0.16	-0.71	-0.88	-0.79	-0.77	-0.79	-1.21	-1.54
Foreign Reserves (USD bn)	129.18	135.90	144.91	137.23	146.38	140.39	140.18	145.12	150.45	150.45	155.10	158.95
USD/IDR (avg)	14,141	14,529	14,297	14,874	15,248	15,783	16,295	16,210	15,961	16,062	15,497	14,963
USD/IDR (eop)	13,866	14,050	14,253	15,568	15,397	15,855	16,375	16,152	15,863	15,863	15,231	14,773
<b>Commodity Price</b>												
Coal Price (USD/MT)	66.2	83.0	169.7	379.2	141.8	131.5	135.1	121.0	117.5	117.5	103.8	90.3
CPO Price (USD/MT)	763.7	1,016.4	1,270.3	940.4	797.8	942.9	873.7	821.7	829.6	829.6	818.0	808.3
Oil Price (USD/BBL)	65.85	49.87	74.31	80.90	77.9	85.5	82.6	79.0	80.3	80.3	84.1	85.4
<b>Interest Rate</b>												
Fed Funds Rate (%)	1.75	0.25	0.25	4.50	5.50	5.50	5.50	5.25	4.75	4.75	3.75	3.00
BI Rate (%)	5.00	3.75	3.50	5.50	6.00	6.00	6.25	6.25	5.75	5.75	5.00	4.50
Average Lending Rate (%)	10.52	9.67	9.16	9.16	9.27	9.27	9.27	9.30	9.28	9.28	8.76	8.21
<b>Banking Sector</b>												
Loan (% yoy)	6.08	-2.40	5.24	11.35	10.38	12.40	12.36	10.69	10.79	10.79	11.34	11.78
TPF (% yoy)	6.54	11.11	12.21	9.01	3.73	7.44	8.45	8.15	10.57	10.57	9.39	9.22
LDR (%)	94.8	83.2	77.8	79.7	83.8	84.2	85.8	85.9	84.0	84.0	85.5	87.5
<b>Real Sector</b>												
Car Sales (Unit)	1,030,126	532,027	887,202	1,048,040	1,005,802	215,068	192,836	239,628	250,823	898,463	964,587	1,030,208
Car Sales (% yoy)	-10.5	-48.4	66.8	18.1	-4.0	-23.9	-13.9	-3.9	0.3	-10.7	7.4	6.8
Motorcycles Sales (Unit)	6,487,460	3,660,616	5,057,516	5,221,470	6,236,992	1,735,090	1,435,904	1,604,918	1,502,065	6,277,976	6,238,984	6,153,840
Motorcycles Sales (% yoy)	1.6	-43.6	38.2	3.2	19.4	-4.9	4.2	5.6	-0.9	0.7	-0.6	-1.4

**Note:**

□ : quarterly realization

Source: Permata Institute for Economic Research (PIER)

# PIER Snapshot: 2Q24 Balance of Payment

## 22 August 2024

Scan di Sini untuk Membaca Report Selengkapnya:



### Permata Institute for Economic Research (PIER)

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