

# News Release

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## S&P Global Indonesia Manufacturing PMI<sup>®</sup>

### Indonesia manufacturing growth accelerates further

#### Key findings

Production rises at strongest pace since last May

Employment growth sets new survey record

Business confidence highest in nearly three years

Indonesia's manufacturing sector registered a marked improvement in operating conditions midway through the opening quarter. A strong rise in new orders – the fastest in almost a year – drove accelerated expansions in output, purchasing activity and employment. In fact, February's increase in workforce numbers was the steepest ever recorded by the survey. Looking ahead, Indonesian manufacturers reported a strong level of optimism, with growth expectations at their most bullish in almost three years.

The headline S&P Global Indonesia Manufacturing Purchasing Manager's Index™ (PMI<sup>®</sup>) rose to 53.6 in February, from 51.9 in January, indicating a further pick-up in the health of the goods-producing sector. Additionally, the survey's headline measure rose to an 11-month high and indicated a solid improvement in factory operating conditions.

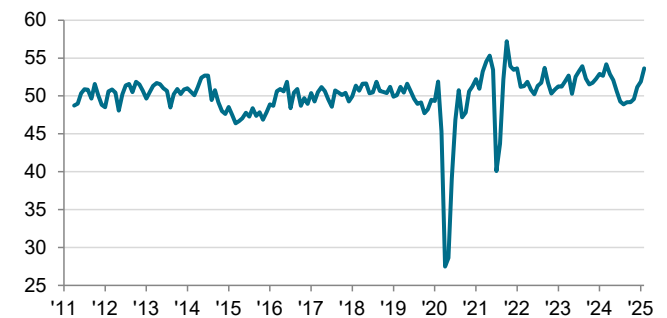
Central to February's upswing was an accelerated rise in demand for Indonesian goods. New orders increased for a third successive month, with the rate of growth its strongest since March 2024. Panel member reports suggested that market activity had picked up, supporting strong influxes of new work. Sales growth was domestic-driven, sub-index data implied, as an accelerated increase in total new orders was accompanied by a marginal drop in new export business.

To fulfil greater client demand, Indonesian factory output expanded further in February. The expansion was strong and the quickest in nine months. Increased new orders also prompted companies to bolster capacity, with employment levels rising at the fastest rate since survey data were first collected nearly 14 years ago.

Nonetheless, with the New Orders Index registering above the Output Index, therefore implying that production growth was outstripped by that of sales, February saw an uptick in backlogged work. The pace of accumulation was only mild, however.

S&P Global Indonesia Manufacturing PMI

sa, >50 = growth since previous month



Source: S&P Global PMI.

Data were collected 10-21 February 2025.

#### Comment

Joe Hayes, Principal Economist at S&P Global Market Intelligence, said:

*"The pick-up in growth momentum seen across Indonesia's manufacturing sector carried through to February, boding well for a strong opening quarter for 2025.*

*"Demand conditions were highly supportive of growth, prompting a survey-record expansion in employment and greater purchasing volumes. We also saw companies turn more bullish towards the outlook as confidence rose to its highest level in almost three years.*

*"Faltering exports may come as a disappointment, but with heightened global trade uncertainty surrounding protectionism likely to impact the international flow of goods more broadly, it's a promising sign that Indonesian factories remain positive on the outlook for demand. This suggests the domestic market could be a key source of growth, at least in the near-term."*

PMI<sup>®</sup>

by S&P Global

To accommodate greater production requirements, manufacturers purchased additional inputs. Buying growth also picked up on the month and was its quickest since last May. An accelerated expansion in purchasing allowed businesses to replenish their pre-production inventory levels. The extent to which stocks of inputs were raised was among the sharpest on record. The filling of warehouses was achieved despite longer supplier delivery times. However, delays from vendors were marginal.

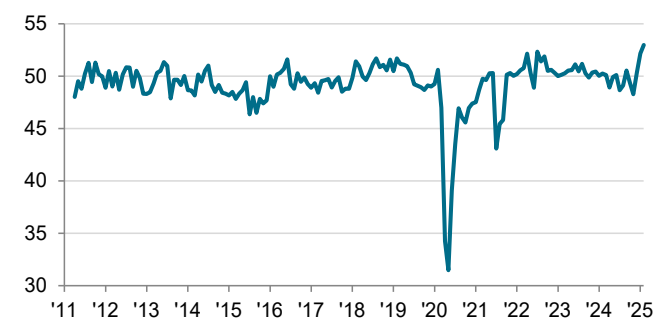
Companies' efforts to grow stocks and raise staffing capacity were aligned with Indonesian manufacturers' optimistic production outlook for the year ahead. Expectations for output were their strongest since March 2022.

Meanwhile, factory cost pressures intensified midway through the first quarter. Unfavourable exchange rate movements were exacerbated by higher prices for raw materials and mark-ups from vendors, anecdotal evidence suggested.

To protect their profit margins, Indonesian goods producers raised their charges in February. Some panellists also mentioned the VAT rise as a reason to increase selling prices. That said, the rate of output price inflation was modest and the slowest in four months.

### Indonesia Manufacturing PMI Employment Index

sa, >50 = growth since previous month



Source: S&P Global PMI.

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### Survey methodology

The S&P Global Indonesia Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in April 2011.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact [economics@spglobal.com](mailto:economics@spglobal.com).

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