

S&P Global Indonesia Manufacturing PMI[®]

Operating conditions improve for second successive month in September

September 2025

Sustained rise in new orders but output falls

Rate of job creation at four-month high

Business confidence at highest since May

Indonesia's manufacturing sector experienced a sustained uplift at the end of the third quarter.

New orders rose for the second successive month in September, though there was a renewed reduction in production volumes following a solid expansion in August. More positively, manufacturers signalled a further uptick in employment levels amid confidence that growth will continue over the coming months. In fact, optimism regarding the year ahead strengthened from the previous survey period and was the highest in four months.

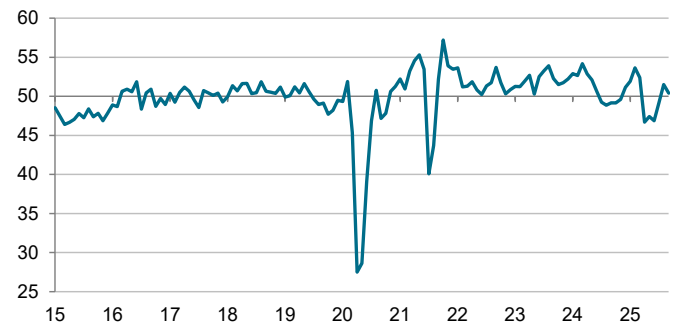
The headline S&P Global Indonesia Manufacturing Purchasing Managers' Index™ (PMI[®]) posted above the neutral 50.0 mark for the second successive month in September to signal a further expansion of the manufacturing economy at the end of the third quarter. The improvement was marginal however, and at 50.4 in September, the headline index was down from 51.5 in August to signal a softer rate of growth.

Latest survey data revealed a sustained expansion in new order intakes at the end of the third quarter. The rise was the second in as many months, but softened from that seen a month prior. Companies often attributed the increase to firmer market demand, which raised requests for goods. Demand conditions appeared to be driven by the domestic economy, as there was a renewed fall in international sales that was the second in the past three months amid subdued overseas demand.

Despite the continued growth in new orders, there was a renewed reduction in production levels during September. Output fell for the fifth time in the past six months, albeit only fractionally as firms noted weaker purchasing power at clients.

Despite the fall in output, improved demand conditions encouraged firms to raise purchases of inputs for the second month in a row. Companies also reported efforts to increase holdings of both pre- and post-production inventories, which they attributed to preparation for rises in production amid signs of demand improvements. That said, firms also noted that inputs and finished items were also bought and stored to protect against raw material price increases. From a supply

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Index, sa, >50 = improvement m/m



Data were collected 11-23 September 2025.
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Comment

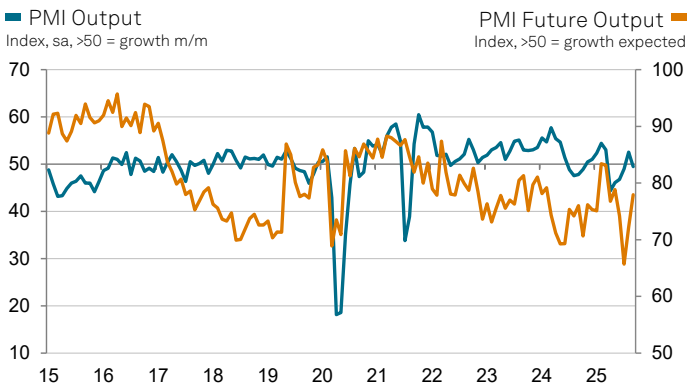
Usamah Bhatti, Economist at S&P Global Market Intelligence

"Indonesia's manufacturing economy improved at a marginal pace during September, driven by a sustained improvement in new order inflows. That said, there was a renewed fall in production volumes as firms noted weaker purchasing power at clients.

"Despite the fall in output, firms looked to build inventory and buying levels in response to improved demand conditions. There were also reports that manufacturers looked to protect against further raw material price hikes, as cost burdens rose to the greatest extent in seven months.

"Firms were confident that the stronger demand conditions seen at the end of the third quarter would continue over the coming year, as they raised employment levels to the greatest extent since May, while confidence regarding the 12-month output outlook also strengthened to a four-month high."

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perspective, average lead times for inputs shortened to the greatest extent in nearly two years amid direct deliveries to manufacturers.

Firms were confident that these early signs of growth would continue, as confidence regarding the 12-month outlook for output strengthened from that seen in August, and was the highest for four months. Moreover, employment increased for the second successive month in order to keep pace with higher demand. Additional capacity also allowed firms to continue to reduce the level of outstanding business, though the rate of depletion was unchanged from the previous survey period.

On the price front, input cost inflation was marked, and strengthened to the most prominent since February. Panellists noted that a broad-based increase in raw material prices had driven cost burdens higher. Firms looked to partially pass these costs to clients during September, as output prices rose at a modest pace.

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.

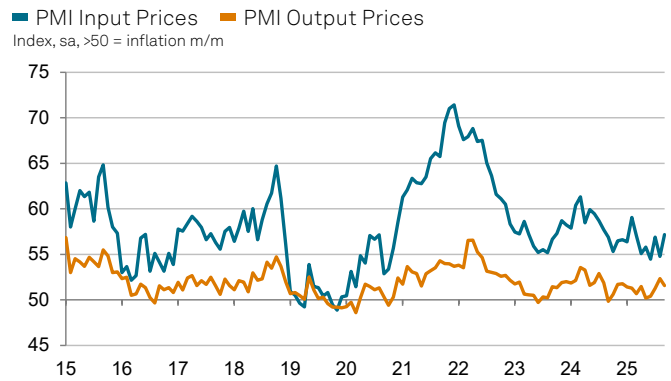
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

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PMI by S&P Global

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