S&P Global Indonesia Manufacturing PMI®

Manufacturing new orders expand for sixth successive month

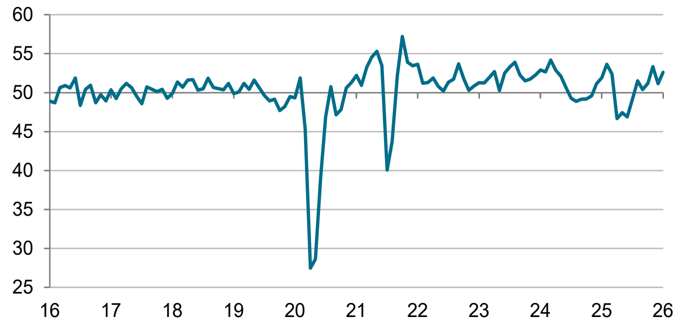
January 2026

Stronger rises in new orders and production

Business optimism improves to ten-month high

Employment levels fall for first time since July 2025

S&P Global Indonesia Manufacturing PMI
Index, sa, >50 = improvement m/m



Data were collected 12-23 January 2026.
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Indonesia's manufacturing sector experienced a sustained uplift at the start of 2026.

Both output and new orders rose at a faster pace during January, with the latter extending the current run of expansion to six months. Positive demand signals also encouraged firms to raise purchasing and stocks to keep pace with new order inflows. Companies also indicated that the level of outstanding business continued to rise in line with demand, with pressure on capacity exacerbated by a renewed reduction in employment. Meanwhile, optimism regarding the outlook for production in the coming 12 months strengthened in January and was the most pronounced since March 2025.

The headline S&P Global Indonesia Manufacturing Purchasing Managers' Index™ (PMI®) posted above the neutral 50.0 mark for the sixth successive month at the start of the year to signal a further strengthening in business conditions in the manufacturing sector. The improvement was moderate, and at 52.6 in January, the headline index was up from 51.2 in December to signal a stronger rate of growth.

Latest survey data revealed a sustained expansion in new order intakes during January. The rise was the sixth in as many months and strengthened 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 fall in international sales for the fifth month in a row amid reports that tariffs had weighed on overseas demand.

Alongside the rise in new orders, there was a sustained expansion in production levels during January. Output rose for the third month running and at the second-fastest pace for 11 months.

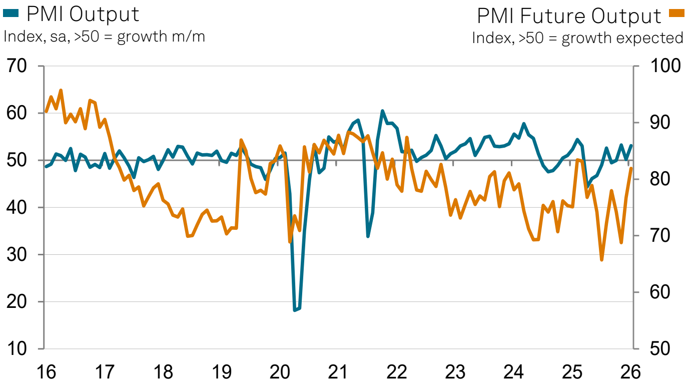
Increased production requirements and stronger demand conditions encouraged firms to raise purchases of inputs for the sixth month in a row. Companies also reported efforts to increase holdings of both pre- and post-production inventories, which they attributed to preparing for future production needs amid firmer demand. From a supply perspective however, average lead times for inputs lengthened to the greatest extent in over four years as

Comment

Usamah Bhatti, Economist at S&P Global Market Intelligence said:

"Indonesia's manufacturing economy improved at a moderate pace during January, driven by stronger improvements in output and new order inflows. Once again, the expansion looks to have been led by the domestic economy, given a sustained contraction in new export sales.

"Firms were confident that the firmer demand conditions seen at the start of 2026 would continue over the remaineder of the year, as backlogs of work - a bellwether for near-term activity - rose for the third consecutive month. At the same time, confidence regarding the 12-month outlook also strengthened to the highest since last March."



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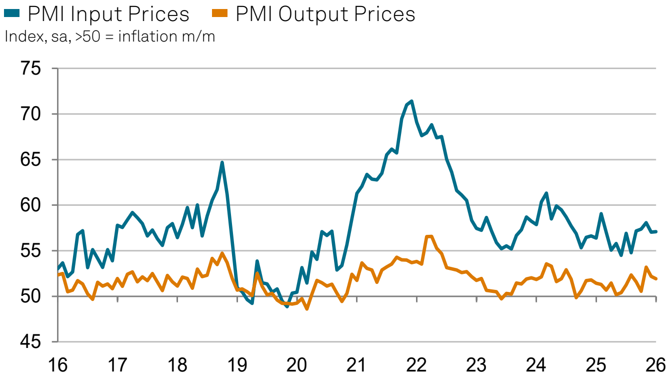

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increased input demand and poor weather conditions weighed on supplier performance.

Firms were confident that growth would continue, as confidence regarding the 12-month outlook for output strengthened from that seen in December and was the highest for ten months.

Meanwhile, the level of outstanding business increased for the third consecutive month as higher new order inflows placed strain on capacity. Pressure on capacity was exacerbated by a renewed fall in employment, the first for six months. The reduction was only marginal, however.

On the price front, input cost inflation was marked, but little-changed from that seen a month prior and below the series average. 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 January, as output prices rose, though at a modest pace that was the slowest for three months.

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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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