

# News Release

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

### Indonesian manufacturing sector falls back into contraction territory in April

#### Key findings

Renewed contractions in both output and new orders

Staffing numbers and purchasing activity fall in response

Business optimism remains robust

There was a renewed contraction in the Indonesian manufacturing sector in April, with the decline underpinned by sharp corrections in both production and new order volumes. In response to these moderations, firms entered retrenchment mode by scaling back purchasing activity and employment at the start of the second quarter. Additionally, firms opted to wind down inventory levels by utilising stock holdings of inputs and finished items to complete production and fulfil orders.

A stronger US dollar reportedly raised the prices of imported goods, while firms attempted to protect their margins by increasing their charges at a stronger rate.

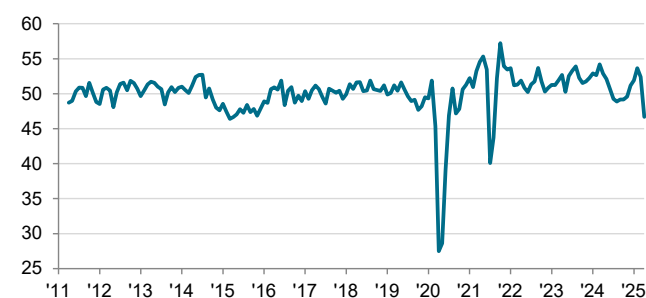
The headline S&P Global Indonesia Manufacturing Purchasing Managers' Index™ (PMI<sup>®</sup>) fell below the neutral 50.0 mark in April, signalling a decline in the health of the Indonesian manufacturing sector for the first time in five months. The seasonally adjusted PMI dropped from 52.4 in March to 46.7 in April, indicating a solid deterioration in business conditions, and one that was the most marked since August 2021.

Underpinning the drop in the headline reading were renewed declines in both output and new orders. Production fell steeply, and at the fastest pace since August 2021. For new work, the latest data marked the first reduction in five months, with the rate of decline being sharp overall. Market demand was reportedly weaker in both domestic and external markets. In fact, volumes of new export orders fell into decline for the second time in three months.

Manufacturers responded to weaker production requirements and demand by reducing employment levels during April. Although slight, the reduction in job numbers was the first in five months. Softer capacity pressures also encouraged firms to redirect staff to complete existing work, as indicated by a modest fall in backlogs of work, the first since November last year.

S&P Global Indonesia Manufacturing PMI

sa, >50 = growth since previous month



Source: S&P Global PMI.  
Data were collected 09-23 April 2025.

#### Comment

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

"Indonesia's manufacturing sector entered the second quarter of 2025 on a negative note, contracting for the first time in five months amid evidence of a steep drop in sales and output. Moreover, the headline PMI indicated the sharpest deterioration in the health of the sector since August 2021.

"In response, firms engaged in retrenchment practices by scaling back purchasing and employment levels while also winding down stocks of inputs and finished items. The near-term outlook remains clouded, as manufacturers redirected capacity to complete outstanding business in the absence of sales, suggesting that the current malaise will extend into the coming months.

"The year-ahead outlook, however, remains positive, as firms expect production to rise due to improved economic conditions and stronger purchasing power among clients and customers. Nonetheless, the timing of any such recovery has dampened some firms' expectations."

PMI<sup>®</sup>

by S&P Global

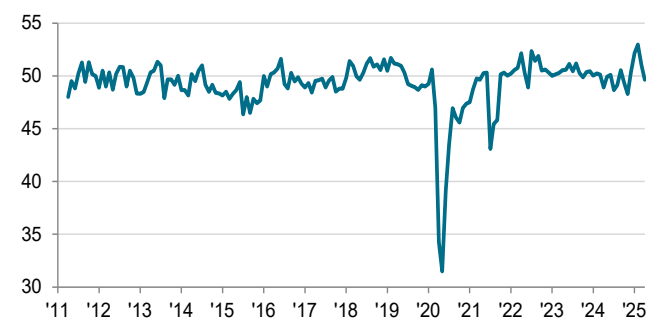
Further signs of retrenchment were indicated by a fresh decline in purchasing activity, the first in six months. Simultaneously, goods producers lowered their holdings of pre- and post-production inventories, as falls in new orders and output prompted firms to reduce stock levels. Positively, the lack of pressure on productive capacity eased strain on suppliers. An improvement in average lead times was recorded for the first time since last November, albeit one that was only fractional.

On the price front, input price inflation was sharp in April, but below the survey's long-run average. A stronger US dollar was noted to have raised the prices of raw materials imported from abroad, according to anecdotal evidence. That said, the rate of input cost inflation was the softest since October 2020. Firms responded by raising their own charges for the seventh consecutive month, and at the quickest pace in 2025 to date.

Looking ahead, businesses in the Indonesian manufacturing sector remained optimistic that production volumes would increase over the coming year. While robust, the degree of optimism eased to a three-month low, falling below the long-run series average. This confidence was underpinned by hopes that economic conditions would improve and drive a broad-based recovery across the sector, along with hopes that raw material prices would decline.

### 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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