

S&P Global Indonesia Manufacturing PMI[®]

Price pressures strengthen again, but new orders continue to expand

May 2026

Second-steepest rise in cost burdens since series began in April 2011

Production volumes fall for third month running

New orders increase at quicker pace

Indonesian manufacturers registered the second-fastest increase in operating expenses on record midway through the second quarter, with firms often linking this to a sustained fall in production.

While rising raw material prices and supply shortages weighed on output volumes, demand conditions remained upbeat during May. New order intakes rose for the second month running, largely due to domestic demand improvements as there was a steeper decline in export sales. Difficulty sourcing raw materials led to reductions in both purchases and inventories of inputs, while workforce numbers were also lowered amid softer production requirements. Looking ahead, manufacturers maintained a positive outlook, but overall confidence remained below the series average.

The headline S&P Global Indonesia Manufacturing Purchasing Managers' Index™ (PMI[®]) rose from 49.1 in April to 50.0 in May, signalling stable operating conditions midway through the second quarter.

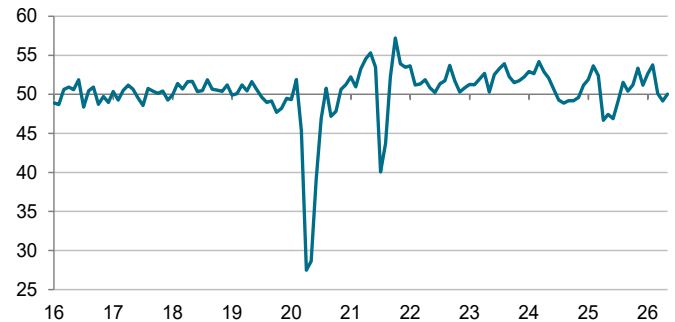
Latest survey data revealed a sustained expansion in new order intakes during May. The rise was the second in as many months, with growth the highest since February. In some cases, companies attributed the increase to efforts by clients to build stock amid continued price pressures. Demand improvements appeared to be driven by the domestic economy, as there was a fall in international sales for the third month running, with the rate of contraction the sharpest since August 2021. Anecdotal evidence suggested that the war in the Middle East and higher prices had weighed on foreign demand.

Despite the rise in new orders, higher raw material prices and limited availability weighed on production volumes during May. Output fell for the third month in a row, but at a slower pace than seen in April.

On the price front, input cost inflation was substantial, and accelerated again to reach the second-highest in the series history, behind only that seen in September 2013. Panellists widely noted that higher raw material prices had driven cost burdens higher. Firms looked to pass higher costs through to clients in May and output prices rose at the quickest pace since October 2013.

Higher prices and supply shortages stifled Indonesian manufacturers' purchasing activity during May. Companies

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



Data were collected 12-21 May 2026.

Source: S&P Global PMI. ©2026 S&P Global.

Comment

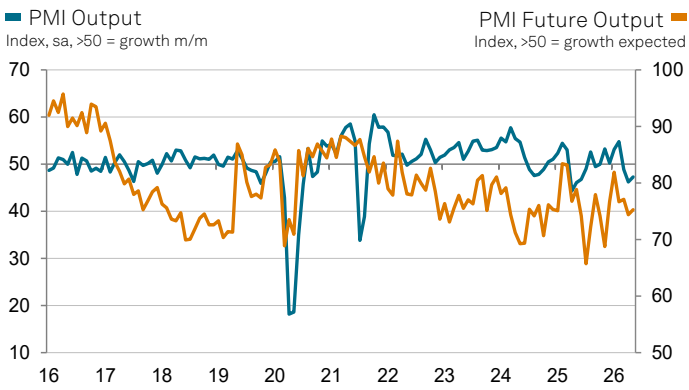
Usamah Bhatti, Economist at S&P Global Market Intelligence said:

"Indonesia's manufacturing economy remained under pressure during May, as production was held back by rising raw material prices and limited input availability. While firms noted a stronger rise in sales, this often reflected efforts by clients to build stock amid price and supply disruption. Moreover, demand improvements appear to be mainly limited to the domestic market as export sales fell at the steepest rate in nearly five years.

"Cost inflation accelerated sharply midway through the second quarter and was the sharpest since the series record set in September 2013. This pushed firms to raise selling prices at the fastest pace for just over 12-and-a-half years.

"Confidence regarding the 12-month outlook was also muted, remaining below the long-run series average. Optimism hinged on easing raw material price and supply pressures, though there was uncertainty regarding the timing of any recovery given the current climate."

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also reported that they had to dip into existing pre-production inventories amid difficulties sourcing materials, while limited production also pushed them to utilise holdings of finished items to fulfil orders. From a supply perspective, average lead times lengthened for the eighth consecutive month as delivery delays and shortages linked to the war weighed on supplier performance.

Meanwhile, the level of outstanding business increased for the first time since February, as raw material shortages weighed on firms' ability to complete work outstanding. Pressure on capacity was exacerbated by a third successive reduction in employment, albeit one that was only marginal.

Firms were confident that output growth would resume over the coming year, and optimism strengthened from April. That said, the degree of confidence was still relatively muted.

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.

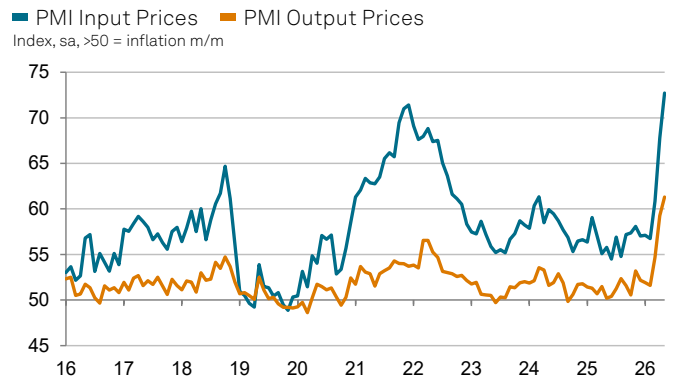
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

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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