

# News Release

Embargoed until 0730 WIB (0030 UTC) 2 June 2025

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

### Steepest fall in new orders since August 2021

#### Key findings

Softer, yet still solid fall in production levels in May

Renewed rise in employment

Slowest increase in prices charged in eight months

Indonesia's manufacturing sector experienced a sustained downturn midway through the second quarter. Output and new orders continued to fall, with the latter seeing an accelerated reduction from April. Exports also fell further during May, while muted demand conditions encouraged firms to withhold purchasing and adjust inventories. Positively, manufacturers signalled a renewed uplift in employment levels amid confidence that growth will resume over the coming months. Anecdotal evidence also suggested that some companies offered discounts as part of attempts to drive sales, as indicated by only a fractional rise in charged prices. This was despite a steeper rise in input costs.

The headline S&P Global Indonesia Manufacturing Purchasing Managers' Index™ (PMI<sup>®</sup>) posted below the neutral 50.0 mark for a second successive month in May to signal a further contraction of the manufacturing economy midway through the second quarter. The deterioration was moderate, and at 47.4 in May the headline index was up from 46.7 in April to indicate a slower rate of decline.

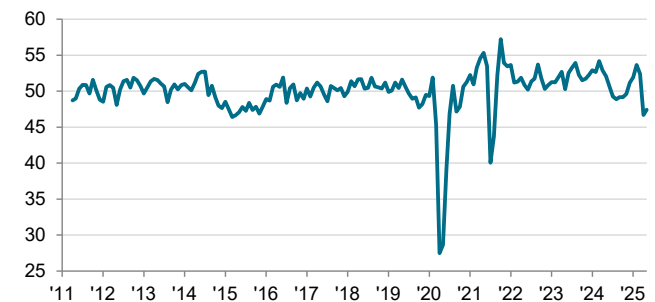
Latest survey data revealed a stronger contraction in new order intakes in May. The fall was the second in as many months and the most pronounced since August 2021. Firms often attributed the reduction to muted market demand and fewer requests for goods. International demand also reduced further, albeit at a softer pace, as manufacturers signalled particular falls in exports to the US.

The weakness in new order inflows contributed to a sustained decline in production levels during May. Output fell for the second successive month and at a solid, albeit softer pace than that seen a month prior.

In response to subdued operating conditions, manufacturers cut purchases of inputs, as buying activity fell for the second month running. Companies also reported efforts to reduce holdings of both pre- and post-production inventories, which they used in the production process and to complete

S&P Global Indonesia Manufacturing PMI

sa, >50 = growth since previous month



Source: S&P Global PMI.

Data were collected 12-22 May 2025.

#### Comment

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

*"Indonesia's manufacturing economy contracted at a moderate pace during May, as the strongest fall in new orders in almost four years contributed to a solid reduction in production volumes. Exports also continued to fall, while firms looked to adjust their inventory and buying levels in response to weaker demand conditions.*

*"That said, firms were confident that this subdued period would pass, as they raised employment levels to the greatest extent in three months, while confidence regarding the 12-month output outlook also strengthened. Meanwhile, some manufacturers looked to offer discounts to stimulate sales, leading to only a fractional increase in charges despite a sharper rise in cost burdens."*

PMI<sup>®</sup>

by S&P Global

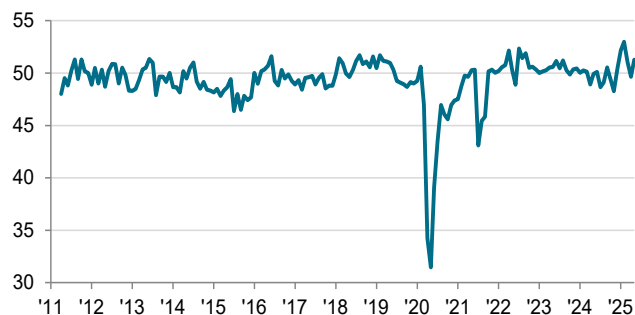
incoming orders while demand remained muted. Despite weaker demand for inputs, average lead times lengthened to the greatest extent in nine months amid poor weather conditions and delivery delays.

That said, firms were confident that the current malaise would pass and growth would resume, as confidence regarding the 12-month outlook for output strengthened from that seen in April. Moreover, manufacturers raised employment for the fifth time in the past six months in preparation for an eventual recovery in demand. Additional capacity also allowed firms to continue to reduce the level of outstanding business, though the rate of depletion eased from that in April.

On the price front, input cost inflation was sharp in May, and strengthened for the first time in three months. Panellists noted that a broad-based increase in raw material prices had driven cost burdens higher. However, firms looked to increasingly absorb these costs and even offer discounts as part of efforts to stimulate demand. As a result, output prices rose at a fractional rate that was the softest in the current eight-month sequence of charge inflation.

### Indonesia Manufacturing PMI Employment Index

sa, >50 = growth since previous month



Source: S&P Global PMI.

## Contact

Usamah Bhatti  
Economist  
S&P Global Market Intelligence  
T: +44 1344 328 370  
[usamah.bhatti@spglobal.com](mailto:usamah.bhatti@spglobal.com)

Corporate Communications  
S&P Global Market Intelligence  
[press.mi@spglobal.com](mailto:press.mi@spglobal.com)

If you prefer not to receive news releases from S&P Global, please email [press.mi@spglobal.com](mailto:press.mi@spglobal.com). To read our privacy policy, click [here](#).

### 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)

### Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.