News Release
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S&P Global Indonesia Manufacturing PMI®

Indonesian manufacturing sector closes 2025 on positive footing

December 2025

Output and new orders rise again

Staffing numbers and purchasing activity increase further

Business optimism strengthens to three-month high

There was a sustained expansion in the Indonesian manufacturing sector in December, with growth underpinned by improving new orders.

Firms also saw a sustained expansion in production levels, though the rate of growth slowed to one that was only marginal. Nonetheless, solid demand conditions encouraged manufacturers to raise staffing and purchasing levels to match additional requirements. Firms also increased inventory holdings in order to keep pace with current and future order requirements, as business confidence strengthened to a three-month high.

Higher raw material prices, supply shortages and delivery delays contributed to a further marked rise in input costs, which firms attempted to offset by a moderate increase in output charges.

The headline S&P Global Indonesia Manufacturing Purchasing Managers' Index™ (PMI®) remained above the neutral 50.0 mark in December, signalling an improvement in the health of the manufacturing sector for the fifth month in a row. The seasonally adjusted PMI fell from 53.3 in November to 51.2 in December, indicating a softer improvement in business conditions at the end of the year.

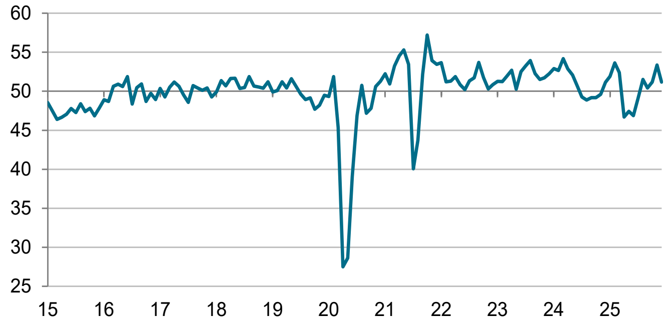
Underpinning the expansion in operating conditions was a sustained uptick in new orders. Growth extended into a fifth month, though the pace of increase slowed from November. Firms often mentioned new product launches and higher customer numbers as key factors behind the rise in sales. Data suggested that the improvement was led by the domestic market, as new export orders were reduced for the fourth month running.

The increase in total new orders led to a further rise in production, the second in successive months. That said, raw material scarcity limited the pace of growth and output expanded only marginally.

In line with higher demand and production requirements, manufacturers raised employment levels during December. The rate of job creation was slight, having eased from that seen in November, but in line with the average seen over the course of 2025. Despite increased headcounts, there was still evidence of pressure on capacity as a result of new order growth. As such, firms posted a second successive monthly rise in backlogs of work.

Firms also raised purchasing activity moderately in response to improved market conditions, and looked to expand inventories of pre-production goods to be able to respond to a further rise

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



Data were collected 4-16 December 2025.
Source: S&P Global PMI. ©2026 S&P Global.

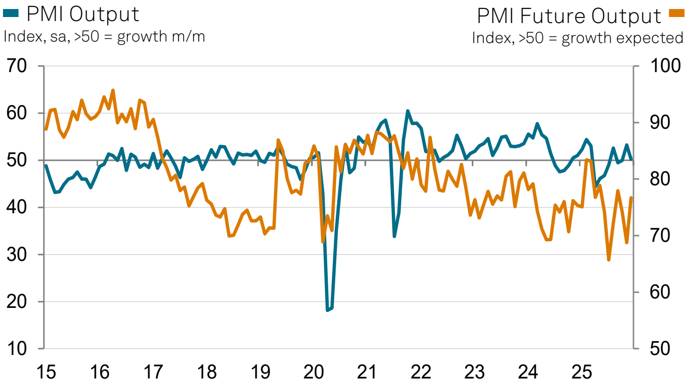
Comment

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

"Indonesia's manufacturing sector marked the end of 2025 with a sustained improvement in operating conditions, extending the current period of growth to five months. Firms recorded further modest expansions in new orders, employment and purchasing, though saw production increase only marginally as some companies noted the impact of raw material scarcity.

"The outlook for the coming year also improved, as manufacturers signalled the strongest degree of optimism for three months. As a result of positive expectations, firms looked to raise inventories of both pre- and post-production goods to remain efficient in the production and completion of orders.

"Despite easing on the month, cost inflation remained robust in the Indonesian manufacturing economy. Firms also opted to pass higher costs to clients, with the latest bout of charge inflation stronger than the average seen over the course of 2025."



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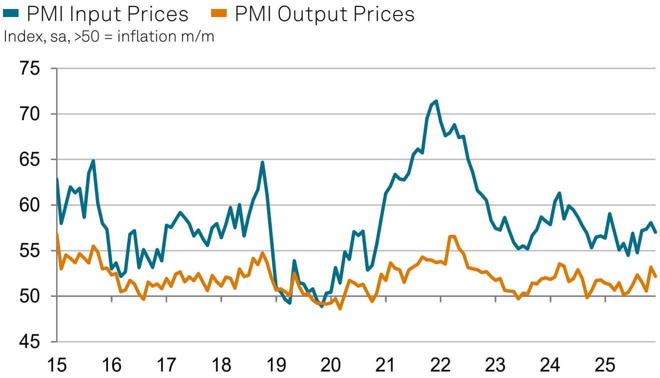

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in demand. At the same time, stocks of finished goods increased as manufacturers opted to build stocks to ensure efficient completion of orders. In fact, post-production inventories were accumulated to the joint-largest degree in six years, equal with that seen in July 2024.

Some companies noted that delivery delays, partly due to adverse weather, had weighed on vendor performance during December. As a result, suppliers' delivery times lengthened for the third time in as many months.

On the price front, input cost inflation was sharp in December, but below the survey's long-run average having eased to a four-month low. Higher raw material prices and supply shortages were reportedly behind the latest rise in cost burdens. Firms responded to higher input costs by raising charges again at the end of 2025, albeit to a lesser extent than a month prior.

Looking ahead to 2026, Indonesian manufacturers remained optimistic that production volumes would increase over the next 12 months. The degree of confidence picked up to the most pronounced since September, with optimism underpinned by hopes that new product offerings would stimulate increased customer numbers.

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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.

S&P Global

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PMI by S&P Global

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. www.spglobal.com/marketintelligence/en/mi/products/pmi