

News Release

Embargoed until 0730 WIB (0030 UTC) 1 September 2025

S&P Global Indonesia Manufacturing PMI[®]

Renewed improvement in Indonesian manufacturing conditions

Key findings

Output and new orders rise for the first time in five months

Staffing numbers and purchasing activity increase in response

Output price inflation highest in just over a year

There was a renewed expansion in the Indonesian manufacturing sector in August, with growth underpinned by improvements in both production and new order volumes. In response, firms raised purchasing activity and employment levels midway through the third quarter to match additional production requirements. Firms also increased stocks of purchases, but inventories of finished products decreased as items were used to help fulfil orders.

A stronger US dollar reportedly raised the price of imported goods, contributing to a marked increase in input costs which firms attempted to offset by the strongest rise in output charges since July 2024.

The headline S&P Global Indonesia Manufacturing Purchasing Managers' Index™ (PMI[®]) rose above the neutral 50.0 mark in August, signalling an improvement in the health of the manufacturing sector for the first time in five months. The seasonally adjusted PMI rose from 49.2 in July to 51.5 in August, indicating a modest improvement in business conditions.

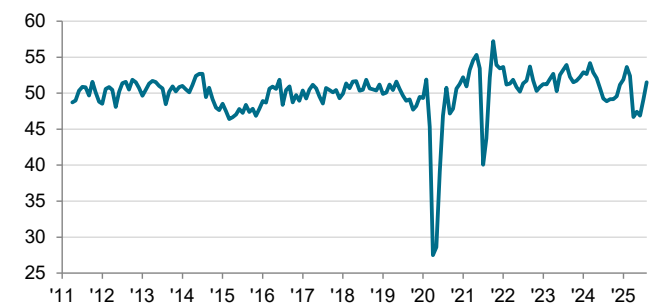
Underpinning the strengthening in the health of the sector were renewed expansions in both output and new orders. In both cases, growth was recorded for the first time in five months and at solid rates, as firms mentioned new product launches and client wins. Market demand was reportedly stronger in both domestic and external markets. In fact, volumes of new export orders rose at the steepest rate since September 2023.

Manufacturers responded to higher production requirements and demand by raising employment levels during August. Although slight, the increase in job numbers was the first in three months. Despite growth of new orders, firms were still able to keep on top of workloads, as indicated by a sustained and modest fall in backlogs of work that was the fifth in as many months.

Firms also raised purchasing activity in response to

S&P Global Indonesia Manufacturing PMI

sa, >50 = growth since previous month



Source: S&P Global PMI.

Data were collected 12-21 August 2025.

Comment

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

"Indonesia's manufacturing sector marked the midpoint of the third quarter of 2025 with a renewed improvement in operating conditions that was the first in five months. Firms recorded fresh growth in both output and new orders, with the latter boosted by the strongest rise in exports in just under two years.

"In response, firms looked to raise employment levels and purchasing to keep pace with demand and production requirements, while also utilising existing stocks of finished products to help complete projects. Firms were also hopeful that output growth would continue in the near-term, as the degree of optimism regarding the year ahead outlook strengthened.

"Cost inflation remained solid during August, despite easing to one of the softest rates in the past five years. That said, firms opted to increasingly pass higher operating expenses to clients to protect margins, as charges rose at the most marked rate since July 2024."

PMI[®]

by S&P Global

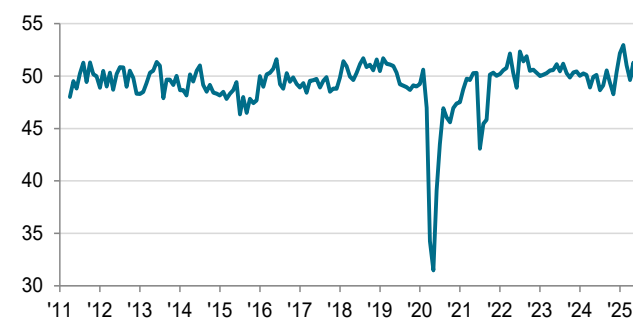
improved market conditions, with the modest expansion in input buying feeding through to a renewed increase in stocks of inputs. On the other hand, stocks of finished goods decreased as manufacturers used inventories to help fulfil new orders. A plentiful supply of materials meanwhile meant that some firms were able to secure inputs more quickly than in July. Other respondents noted shipping delays, however, and overall suppliers' delivery times were unchanged over the month.

On the price front, input cost inflation was solid in August, but below the survey's long-run average and the second-slowest in almost five years (behind that seen in June). A stronger US dollar was noted to have raised the prices of raw materials imported from abroad, according to anecdotal evidence. Firms responded to higher input costs by raising charges at a stronger rate, and one that was the fastest since July 2024.

Looking ahead, businesses in the Indonesian manufacturing sector remained optimistic that production volumes would increase over the coming year. The degree of confidence was robust, and picked up from July despite remaining below the long-run series average. Positive sentiment was underpinned by hopes that economic conditions would improve, stimulating new product launches. There were also hopes that higher customer spending power would help drive output growth.

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

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