

# News Release

Embargoed until 0730 WIB (0030 UTC) 2 January 2025

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

### Indonesian manufacturing sector returns to growth at end of 2024

#### Key findings

Concurrent gains in both output and new orders signalled

Staffing numbers and purchasing activity both rise

Price pressures picked up at year end

Underpinned by higher volumes of production and new orders, there was a return to growth of the Indonesian manufacturing economy in December. Amid reports of more positive demand conditions, optimism in the future was sustained and firms took on additional staff whilst also raising their buying activity. Inventory building was also in evidence as manufacturers looked to growth in the year ahead.

A stronger US dollar meanwhile was reported to have raised the price of imported goods, although firms tried to protect margins by increasing their own charges for a third month in a row.

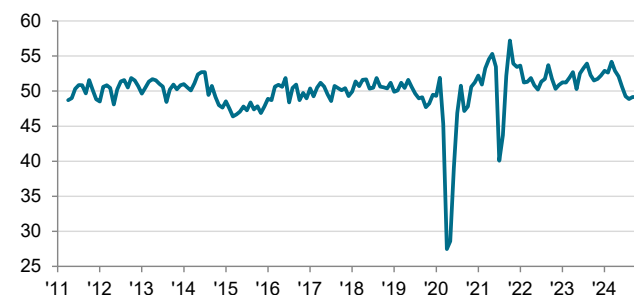
The headline S&P Global Indonesia Manufacturing Purchasing Manager's Index™ (PMI<sup>®</sup>) moved back above the crucial 50.0 no-change mark in December to signal growth of the sector for the first time since June 2024. After accounting for usual seasonal factors, the PMI improved to 51.2, from 49.6 in November. The latest PMI reading was also the highest since May 2024.

Underpinning the improvement in the PMI were concurrent rises in both output and new orders. Production rose modestly overall, but to a faster degree than in November. For new work, latest data marked the first time growth has been registered in six months. Market demand was generally reported to be firmer, both at home and abroad. Indeed, volumes of new export orders rose (albeit marginally) for the first time in just under a year.

Manufacturers helped to satisfy higher production and new order requirements by increasing their purchasing activity for a second successive month. Solid growth was the best since May and was used not only to support current requirements but also to build stock. Input inventories rose modestly for a second month running in December, with firms noting positive projections for output and new orders in the coming months.

S&P Global Indonesia Manufacturing PMI

sa, >50 = growth since previous month



Source: S&P Global PMI.

Data were collected 5-16 December 2024.

#### Comment

Paul Smith Economics Director at S&P Global Market Intelligence, said:

*"Indonesia's manufacturing economy ended 2024 on a positive note, expanding for the first time since the middle of the year amid evidence of a pickup in sales and output. Moreover, there is great hope that this positive trend can be sustained, with many firms expecting a rise in production in the year ahead as macroeconomic conditions stabilise and purchasing power amongst clients improves. Employment and purchasing activity increased as a result.*

*"However, less positive were trends in prices with cost pressures strengthening a little since November and output charges raised again. Whilst inflation remains broadly contained for now and below long-run averages, price trends will of course be watched closely in the new year."*

PMI<sup>®</sup>

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Similar factors helped explain a comparable sized rise in inventories of finished goods, with firms noting an optimistic outlook when thinking about the year ahead. Most firms anticipate production to rise in the year ahead, with a more stable macroeconomic environment, characterised by high income and greater purchasing power amongst clients, forecast.

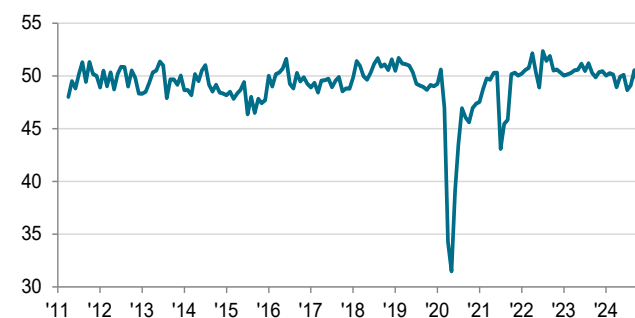
Staffing levels were also bolstered in December, marking the first net increase in staffing levels for three months. Growth was only marginal, however, and meant that levels of work outstanding increased modestly for the first time since May 2024.

On the price front, input price inflation remained noticeable in November, though below the survey's long-run average. A stronger US dollar was noted as having raised the price of imported goods, according to several panellists. Some supply pressures were also reported, with vendor performance deteriorating overall for the first time in three months.

Firms responded to higher input costs by raising their own charges for a third successive month. The rate of inflation was modest, but nonetheless the highest recorded by the survey since August 2024.

## Indonesia Manufacturing PMI Employment Index

sa, >50 = growth since previous month



Source: S&P Global PMI.

## Contact

Paul Smith  
Economics Director  
S&P Global Market Intelligence  
T: +44 1491 461 038  
[paul.smith2@spglobal.com](mailto:paul.smith2@spglobal.com)

SungHa Park  
Corporate Communications  
S&P Global Market Intelligence  
T: +81 3 6262 1757  
[sungha.park@spglobal.com](mailto:sungha.park@spglobal.com)

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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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