News Release

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S&P Global Indonesia Manufacturing PMI®

New orders decrease at sharpest pace in almost four years

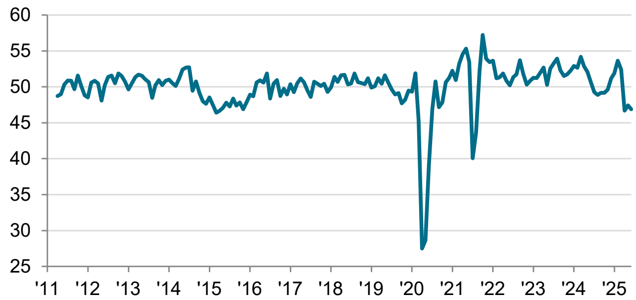
Key findings

Solid fall in output amid steeper new order decline

Strongest reduction in employment since September 2021

Business confidence eases to eight-month low

S&P Global Indonesia Manufacturing PMI
sa, >50 = growth since previous month



Source: S&P Global PMI.
Data were collected 12-23 June 2025.

Indonesia's manufacturing sector registered a solid deterioration in operating conditions midway through 2025. A strong fall in new orders - the fastest since August 2021 - underpinned contractions in output, purchasing activity and employment. In fact, June's decrease in workforce numbers was the steepest recorded since September 2021. Looking ahead, Indonesian manufacturers reported a strong level of optimism, though growth expectations were at their least pronounced since last October, and well below the series average.

The headline S&P Global Indonesia Manufacturing Purchasing Managers' Index™ (PMI®) fell from 47.4 in May to 46.9 in June, indicating a further deterioration in the health of the goods-producing sector. Additionally, the survey's headline measure was at the second-lowest level since August 2021 (behind April of this year) and indicated a solid contraction in factory operating conditions.

Central to June's downturn was an accelerated decline in demand for Indonesian goods. New orders decreased for a third successive month, with the rate of contraction its strongest since August 2021. Panel member reports suggested that market activity was muted, as clients were deterred from placing new orders. Data indicated that the reduction in sales was domestic-driven, as Indonesian manufacturers pointed to no change in new export business following two consecutive months of contraction.

In response, Indonesian factory output declined again in June. The fall was solid, but eased slightly from that seen in May. Muted sales and production prompted firms to lower capacity, with employment levels falling for the second time in three months, and at the steepest rate in nearly four years.

Subdued domestic demand and falling output eased pressure on capacity, as June saw a reduction in backlogged work. The pace of depletion was only fractional however.

Latest data also pointed to lower purchasing activity among

Comment

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

"The contraction in the health of the Indonesian manufacturing sector accelerated at the midpoint of 2025, boding poorly for the coming months.

"Demand conditions were detrimental to growth, with sales falling to the greatest extent since August 2021, thus contributing to a further solid reduction in production levels. The reduction in sales was largely domestic-driven, as export sales stabilised on the month. The malaise in total new orders prompted firms to enter retrenchment mode as they sought to reduce employment levels and purchasing activity.

"Looking forward, firms were less bullish towards the outlook for output, as confidence fell to an eight-month low. The softer degree of confidence came amid concerns regarding the health of the global economy and potential spillovers into the Indonesian manufacturing sector."

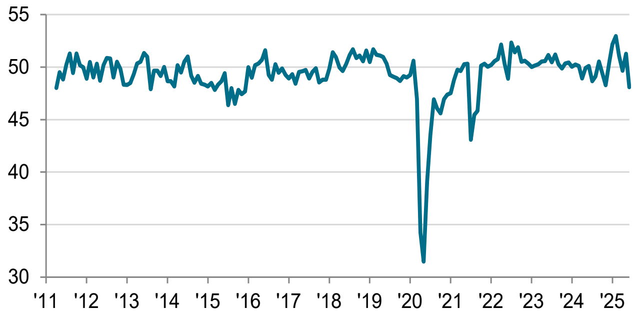
Indonesian manufacturing firms. Input buying fell for the third consecutive month, albeit only modestly. At the same time, stocks of both pre- and post-production inventories fell for the third month in a row, with the latter seeing the steeper depletion. A lack of pressure on suppliers amid reduced production requirements also supported a shortening in average lead times for the second time in the past three months.

Meanwhile, factory cost pressures remained solid at the end of the second quarter. Panellists widely attributed the latest rise in cost burdens to higher raw material prices, though the rate of input price inflation was the softest recorded since October 2020. In turn, firms raised their selling prices only fractionally as part of attempts to keep goods priced competitively.

Looking ahead, the degree of optimism regarding the 12-month outlook for output dipped from that in May and was below the series average. In fact, the level of business confidence was at the lowest since last October as some firms raised concerns regarding the health of the global economy.

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

Corporate Communications
S&P Global Market Intelligence
press.mi@spglobal.com

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@

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We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

About PMI

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