

News Release

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S&P Global Indonesia Manufacturing PMI®

Business confidence wanes, while output and new orders fall again

Key findings

Softer decreases in output and new orders

Inflationary pressures strengthen

Business confidence weakest since series began

Operating conditions in Indonesia's manufacturing economy deteriorated further at the start of the second half of 2025. That said, the rate of contraction slowed on the month owing to softer decreases in both output and new orders compared to June. There was a renewed fall in new export orders however, while employment and purchasing remained in negative territory. Expectations of growth for the year ahead meanwhile weakened during July, with business confidence at the lowest level since the series began in April 2012.

On the price front, input prices continued to increase strongly, and at the steepest rate in four months. Consequently, output charges were raised at the fastest pace since April

The headline S&P Global Indonesia Manufacturing Purchasing Managers' Index™ (PMI®) posted below the neutral 50.0 mark for the fourth consecutive month. At 49.2 in July, the index rose from 46.9 in June, signalling a softer and only marginal deterioration in the health of the Indonesian manufacturing sector.

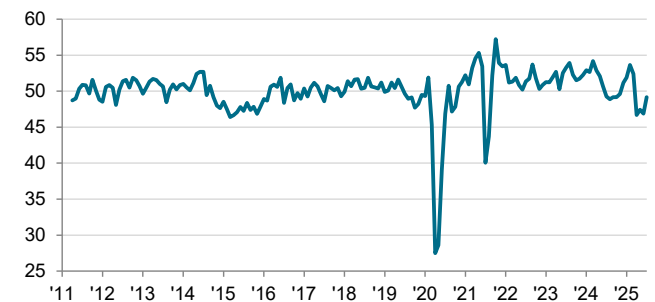
The latest survey was conducted between the 10th and 24th July, and so most responses would have been completed before the announcement of the trade agreement with the US on the 22nd of July.

Central to the sub-50.0 PMI reading in July was a sustained contraction in production levels. The rate of decline was modest, and the softest in the current four-month sequence, however. Panellists reported that the fall in output commonly reflected muted new orders. In fact, the rate of decrease in new business also softened during July, with manufacturers citing that market weakness was partially offset by some new project starts. That said, foreign demand for Indonesian manufactured goods fell back into contraction territory for the third time in four months, following a brief stabilisation in June.

In line with the trend for new orders, backlogs of work have now fallen in each of the last four months. The rate

S&P Global Indonesia Manufacturing PMI

sa, >50 = growth since previous month



Source: S&P Global PMI.

Data were collected 10-24 July 2025.

Comment

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

"July's survey data indicated another negative month for the health of the Indonesian manufacturing economy, Downturns in output and new orders were sustained at the start of the third quarter, but eased from June. At the same time however, there was a renewed fall in new export orders, while firms remained in retrenchment mode as indicated by falling employment and purchasing levels.

"Manufacturers also noted that price pressures intensified as the second half of 2025 began. Cost inflation was at the highest for four months amid rising raw material prices and unfavourable exchange rate fluctuations. Increased costs were partially passed through to clients, though charge inflation was only modest.

"Confidence regarding the coming year softened sharply in July, with the degree of optimism at the lowest in the series history. Firms raised concerns that US tariffs and reduced purchasing power at clients would limit production volumes in the year ahead."

PMI®

by S&P Global

of depletion in July was modest, but the most pronounced for three months. Consequently, employment levels were also reduced, although the rate of job shedding softened from June and was only marginal. As a result, firms often mentioned that existing inventories of finished goods were utilised to fulfil orders, contributing to a fourth consecutive fall in post-production goods holdings.

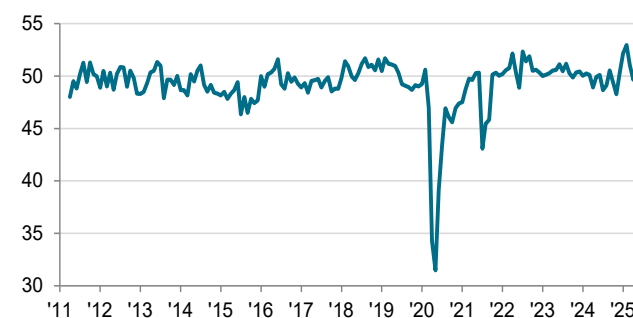
Purchasing activity, meanwhile, fell at a modest pace during July, with companies pointing to lower production requirements. Concurrently, anecdotal evidence suggested that firms looked to streamline inventories of purchased inputs, leading to a fall in stocks of purchases for the fourth consecutive month. That said, there were reports of additional strain on suppliers, as average lead times for input deliveries lengthened for the second time in three months, amid reports of shipping delays and disruption caused by the Iran-Israel conflict.

As has been the case since December 2019, Indonesian goods producers signalled higher input prices in the latest survey period. The rate of inflation was strong, and reached the most pronounced since March. Where prices rose, this was generally linked to higher raw material prices, while exchange rate fluctuations also contributed to increases in prices for imported goods. Firms sought to pass on higher input costs to clients by raising factory gate prices to the greatest extent in three months. However, the rate of inflation was only modest.

Looking ahead, Indonesian manufacturers signalled optimism regarding the outlook for the coming year. The degree of confidence eased sharply from that in June however, and was the weakest since this series began in April 2012. Optimism was underpinned by hopes of economic improvement and easing raw material prices. That said, firms raised concerns about tariffs set by the US and weaker purchasing power at clients.

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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