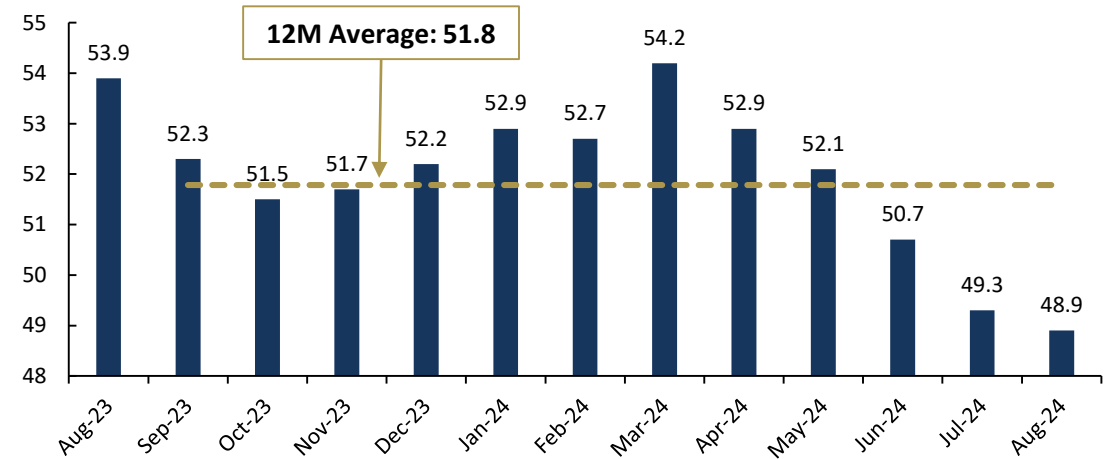


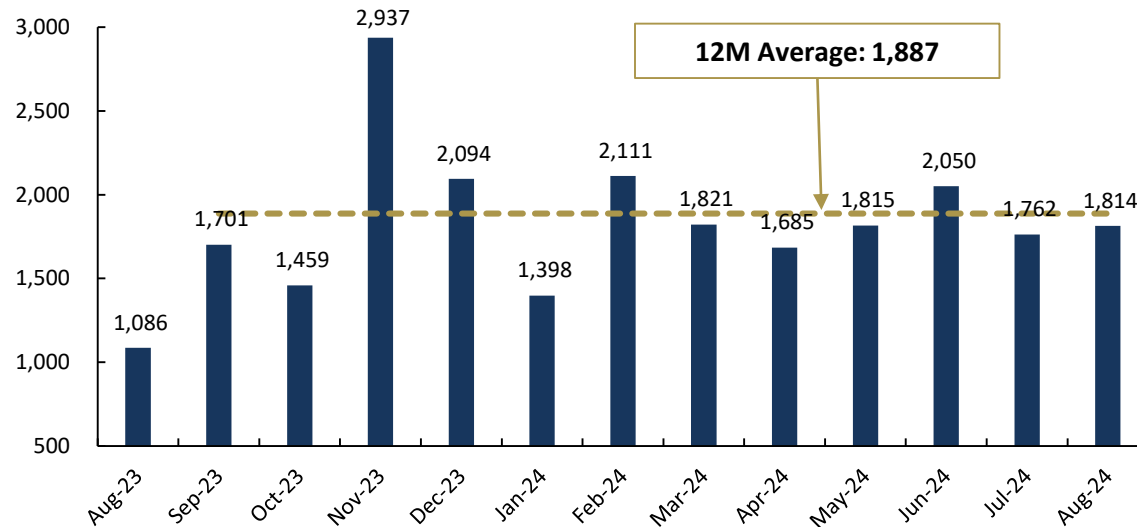
# Indonesia Manufacturing PMI: 2 September 2024

- The S&P Global Indonesia Manufacturing PMI fell to 48.9 in August 2024 from 49.3 in July, marking the second consecutive month of contraction in the country's manufacturing sector. This decline represents the steepest drop since August 2021, signaling heightened concerns over the health of Indonesia's manufacturing industry and limiting employment creation for the middle class, which could further depress an already struggling class.
- Manufacturing output and new orders both experienced significant downturn, with the rate of decline being the most severe in three years. This broad-based weakness in demand, both domestically and internationally, indicates that companies are struggling to maintain production levels amid weakening market conditions. Foreign demand also softened, with export orders dipping at the fastest pace since January 2023. Shipping disruptions and logistical challenges, as reported by some panelists, further exacerbated the slowdown in manufacturing activities.
- Employment in the sector fell for the second month in a row, though the decline was only marginal. Meanwhile, backlogs of work continued to decrease for the third consecutive month, suggesting that companies are successfully clearing pending orders but are not receiving ample new businesses to replenish their order books. Additionally, firms have begun to cut their purchasing activity slightly, relying more on existing inventories. This approach has led to reductions in input stocks for the first time in 18 months and at the strongest rate seen in three years, reflecting caution among manufacturers regarding future demand prospects.
- Input costs remained elevated, although easing to their lowest levels since October 2023. Despite this, firms continued to raise selling prices for the 14th consecutive month, in an effort to preserve margins and pass on higher costs to consumers. The sustained increase in selling prices, even amid declining demand, suggests that inflationary pressures within the supply chain persist.
- The outlook for the coming months remains cautious, with manufacturers likely to face ongoing headwinds, making potential policy support crucial to stabilizing the sector. We expect industrial demand to weaken over the coming year due to poor market conditions, including low purchasing power and constrained global demand. With limited growth prospects both domestically and internationally, we anticipate Indonesia's PMI to hover around 49-50 until the end of the third quarter, aligning with our economic growth projection of 4.9% for this year.

## Indonesia Manufacturing PMI



## Baltic Dry Index



## China Caixin Manufacturing PMI

