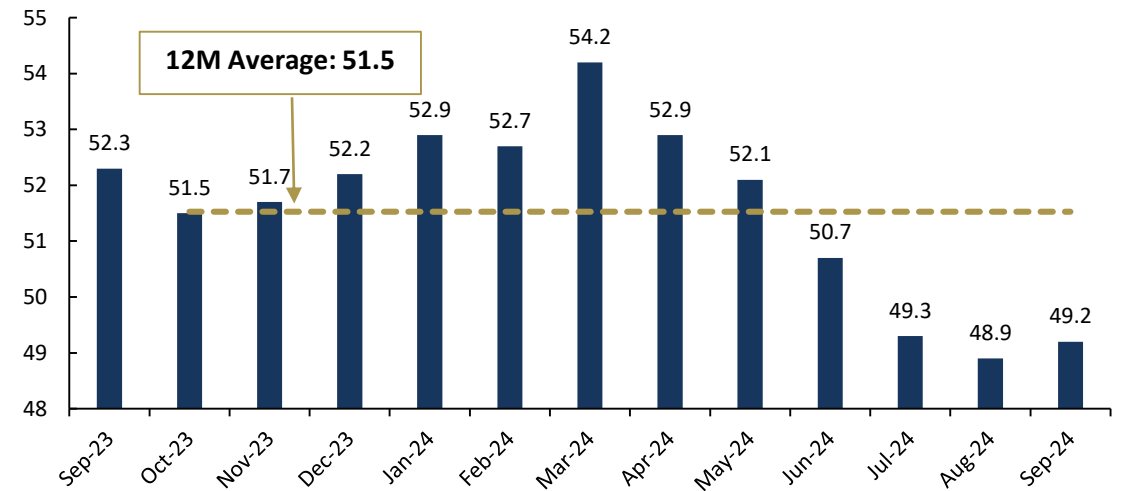


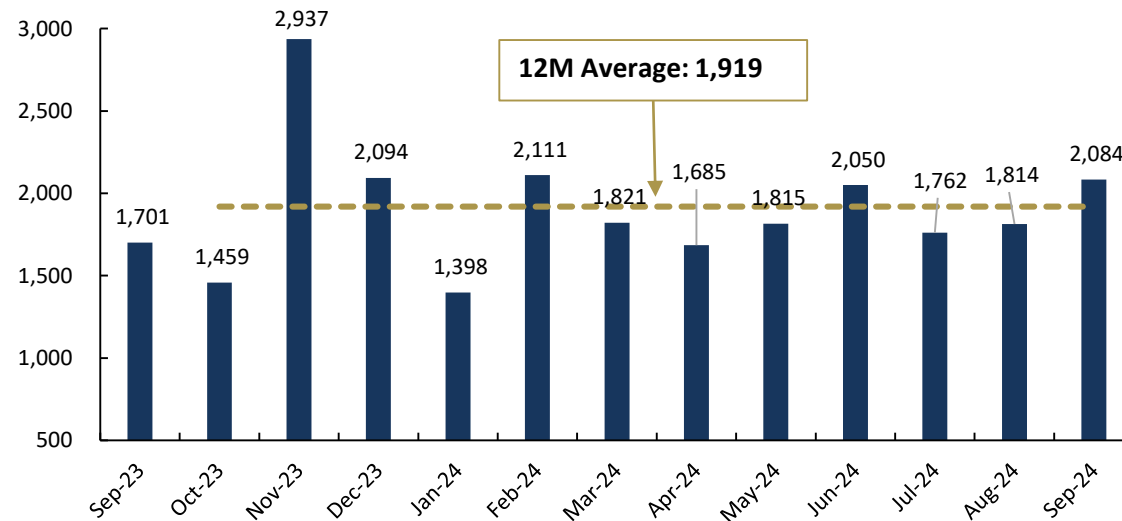
Indonesia Manufacturing PMI: 1 October 2024

- Inline with our expectation, the S&P Global Indonesia Manufacturing Purchasing Managers' Index (PMI) for September 2024 saw a slight improvement, rising to 49.2 from August's near three-year low of 48.9. However, the PMI remained below the 50-point threshold for the third consecutive month, indicating persistent contraction in the manufacturing sector. Both output and new orders continued to fall, signalling ongoing challenges in local demand. Manufacturers responded cautiously by scaling back purchasing activities and drawing down existing inventories, reflecting strategic moves to manage costs amid uncertain market conditions.
- Foreign demand remained a key concern, with export orders contracting for the seventh straight month. The pace of decline in foreign orders was the sharpest since November 2022, suggesting significant external headwinds. Slower global economic growth, weakening demand in key trading partners, and lingering geopolitical tensions have likely contributed to the downturn in exports. This prolonged slump in foreign demand casts a shadow over the prospects of a swift recovery for Indonesia's manufacturing sector, given its reliance on external markets for growth.
- Despite these headwinds, there were some positive adjustments in business operations. For the first time in three months, employment grew, possibly indicating cautious optimism or strategic decisions to retain skilled workers in anticipation of eventual market rebound. However, supply chain challenges persisted, with delivery times lengthening for the third month in a row due to ongoing shipping delays.
- On the cost front, input prices continued to rise, but the rate of inflation eased to its lowest level in a year due to IDR's appreciation. This offered manufacturers some breathing room to marginally reduce output prices for the first time since June 2023, possibly in a bid to boost demand and maintain market competitiveness.
- With limited growth prospects both domestically and internationally, we anticipate Indonesia's PMI to hover around 50-51 until the end of the fourth quarter, aligning with our economic growth projection of 4.95% for this year.

Indonesia Manufacturing PMI



Baltic Dry Index



China Caixin Manufacturing PMI

