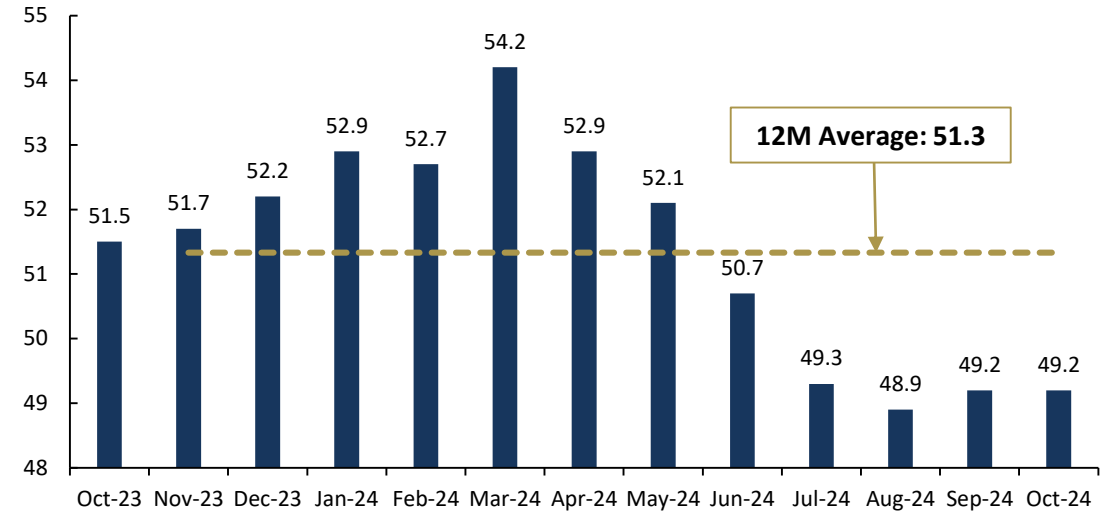


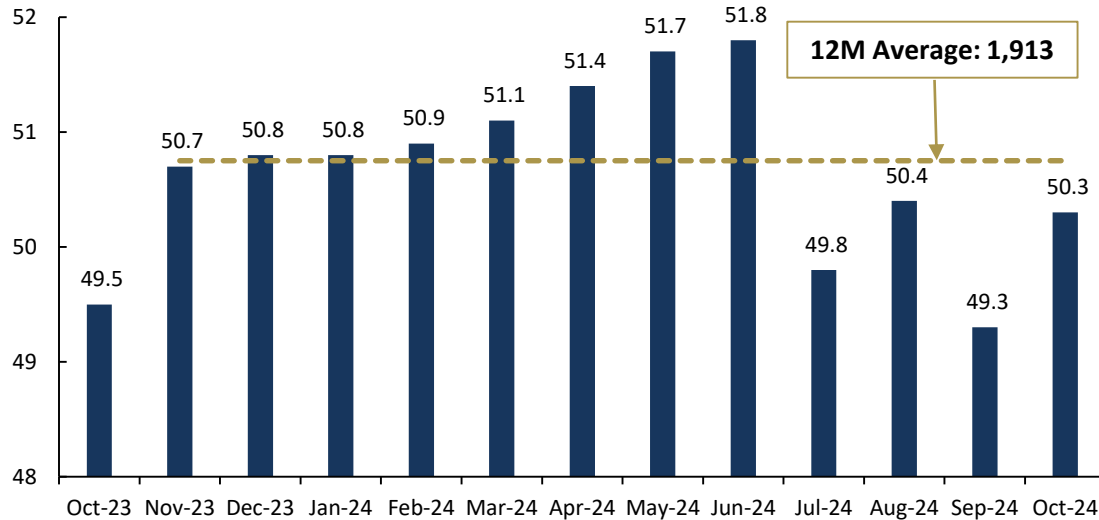
Indonesia Manufacturing PMI: 1 November 2024

- In line with our projection, the S&P Global Indonesia Manufacturing PMI for October 2024 held steady at 49.2 for the second month in a row, signaling prolonged contraction in Indonesia's manufacturing sector. This index level marks the fourth consecutive month of contraction, highlighting persistent challenges manufacturers face in increasingly subdued market environment. Both output and new orders fell, reflecting weakened demand and cautious approach within the market. These conditions align with generally sluggish economic landscape, as businesses grapple with both internal constraints and broader external pressures.
- Geopolitical tensions have significantly impacted Indonesia's export sector, leading to an eighth consecutive month of declining foreign sales. This trend highlights the challenges posed by volatile geopolitical dynamics, which have reduced foreign investment and dampened demand for Indonesian exports. Domestically, the employment landscape has also deteriorated, marking its third contraction in four months. This reduction in the workforce reflects industry responses to tempered demand, as businesses adjust operating capacity to align with current market realities.
- Backlogs of work continued to decrease, marking the fifth straight month of decline and the steepest drop since January 2021. This reflects reduced pressure on production, as incoming orders lag behind output levels. As a result, purchasing activities fell for the fourth month, with manufacturers scaling back on inputs due to lower production needs. On a positive note, vendor performance improved for the first time since May, likely due to better supply chain efficiency and increased input availability, driven by reduced overall demand.
- On the pricing front, input costs saw the most modest increase since August 2023, although the inflation rate remains notable. In response, some manufacturers raised their output prices. Still, these adjustments were marginal, highlighting an industry cautious about passing costs onto consumers amid soft demand. This cautious pricing approach is in line with the sector's subdued sentiment, as business confidence dropped to its lowest level in four months, signaling a decline in optimism about near-term recovery prospects and diverging further from historical norms.
- The October PMI report paints a challenging picture for Indonesia's manufacturing sector, where subdued demand, geopolitical pressures, and tempered business sentiment continue to exert downward pressure on growth. With limited growth prospects both domestically and internationally, we anticipate Indonesia's PMI to hover around 49-51 until the end of 4Q, aligning with our sub 5% economic growth projection of 4.95%.

Indonesia Manufacturing PMI



Baltic Dry Index



China Caixin Manufacturing PMI

