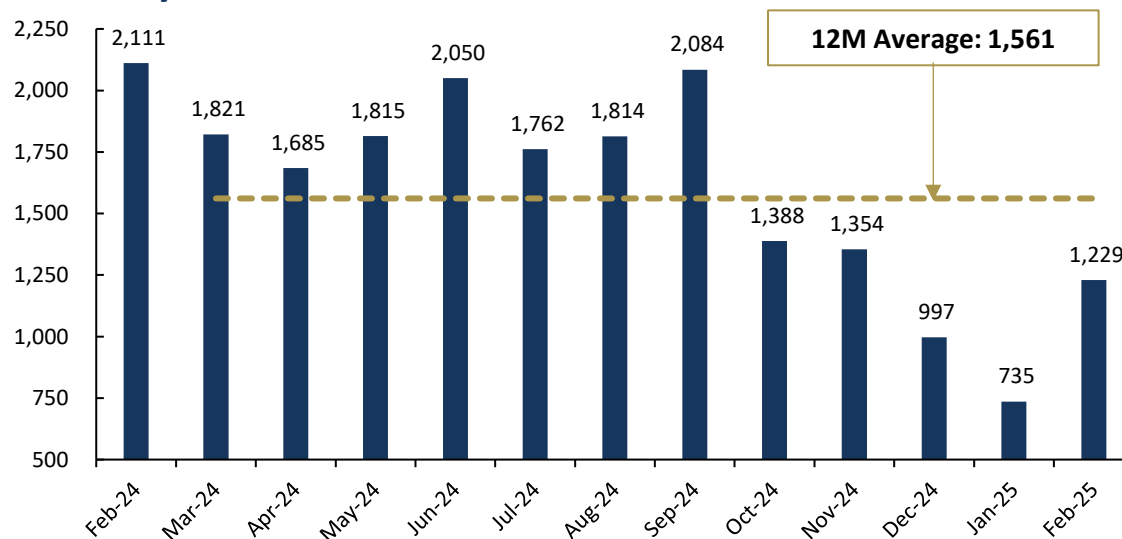


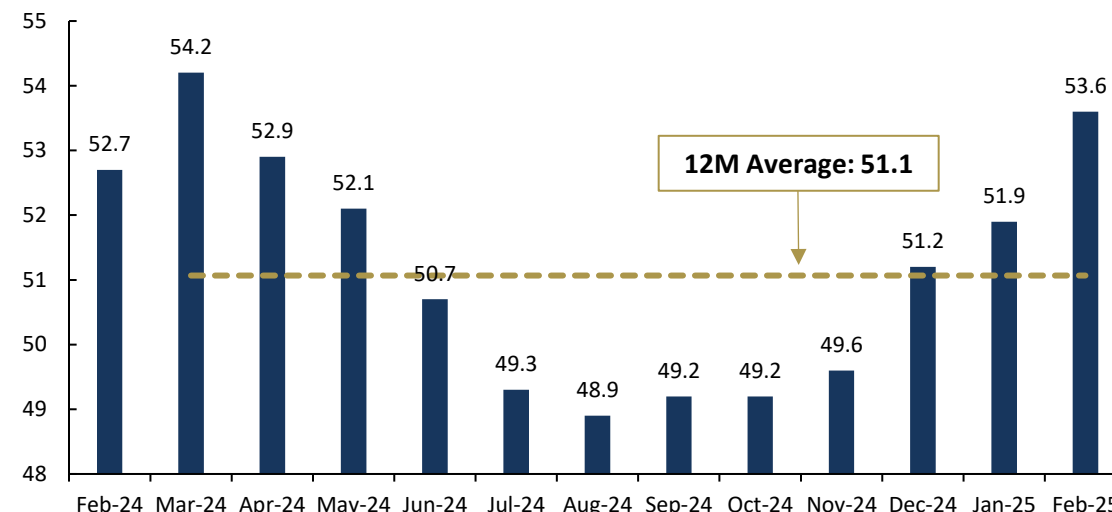
Indonesia Manufacturing PMI: 3 March 2025

- As expected, Indonesia's Feb-25 manufacturing sector continued to expand with the S&P Global PMI rising to 53.6, up from 51.9 in Jan-25. This marks the 3rd consecutive month of growth reinforcing positive trend in factory activity, the fastest expansionary pace since Mar-24, driven by higher new orders, indicating robust demand conditions and underscoring improving consumer and business confidence despite global economic uncertainties.
- Manufacturers ramped up output for the 4th consecutive month, registering the strongest growth in nine months, reflecting increased demand both domestically and externally. Alongside higher output, purchasing activity surged, as firms stocked up on inputs ahead of the fasting month in Mar-25. This inventory buildup signals expectations of sustained demand, particularly in the manufacture of foods, consumer goods, and retail-related.
- Encouragingly, employment levels continued to improve, with hiring rising at the fastest rate in nearly three years. This suggests that firms are not only responding to short-term demand but also anticipating steady growth in the months ahead. Stronger labor market in manufacturing could have spillover effects on household consumption, further supporting Indonesia's economic momentum in 1Q25.
- On the cost front, however, inflationary pressures remain a concern. Input cost inflation accelerated in Feb-25, driven by higher raw materials prices and unfavorable exchange rates. The IDR depreciation against major currencies has raised import costs, particularly for commodity-dependent industries. Manufacturers may face challenges in managing margins if these cost pressures persist, potentially leading to further price adjustments.
- On the price front, input cost inflation remained noticeable, though easing to a three-month low, suggesting less pressure. Looking ahead, Indonesia's manufacturing sector may see pressure once the Lebaran effect is out of the way, give global uncertainties and currency volatility posing downside risks. Persistent IDR weakness could exert further cost pressures on manufacturers, especially those reliant on imported inputs. Additionally, geopolitical tensions, global trade dynamics and new DHE implementation may adversely impact export-oriented industries.

Baltic Dry Index



Indonesia Manufacturing PMI



China Caixin Manufacturing PMI

