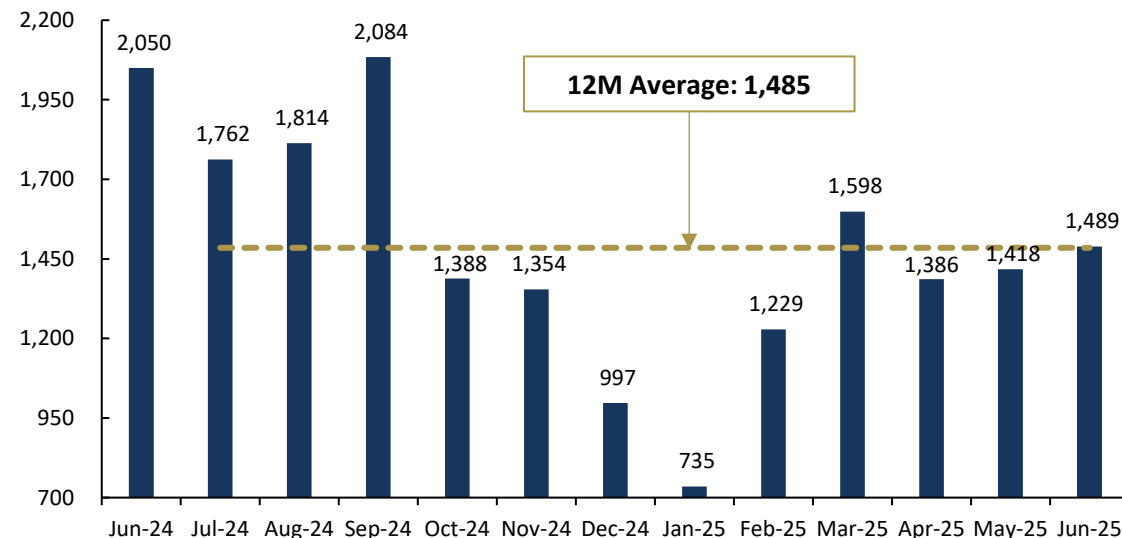


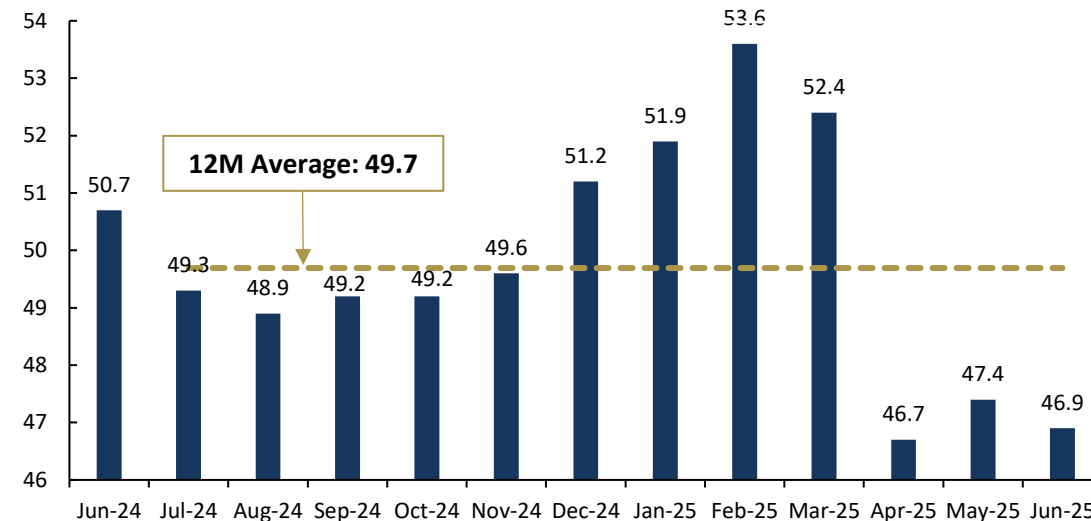
# Indonesia Manufacturing PMI: 1 July 2025

- Indonesia's S&P Global Manufacturing PMI fell to 46.9 in Jun-25, down from 47.4 in May, marking the third consecutive month of contraction. The sustained decline reflects broad-based weakness in demand conditions, with new orders shrinking at the fastest pace since Aug-21. Output also declined, though the rate of contraction moderated slightly compared to the previous month.
- The downtrend extended to the labor market, with employment falling at its steepest pace in nearly four years, highlighting firms' efforts to adjust to lower output requirements. Purchasing activity also eased modestly, while backlogs of work continued to decline, suggesting limited pipeline demand.
- However, there are some tentative signs of stabilization. Export sales held steady in June after two straight months of decline—potentially indicating a floor in external demand amid improving regional trade conditions. Moreover, supplier delivery times improved, suggesting better supply chain functioning underpinned by lower pressure on inputs.
- On the cost front, input inflation eased to its lowest level since October 2020, offering a degree of relief to manufacturers. Although firms slightly raised their output prices, this was done carefully in a fragile market to preserve margins amid IDR weakness, having created higher costs.
- Business sentiment, while still positive, dipped to an eight-month low as concerns around the global economic outlook, commodity volatility, Trump's tariffs and geopolitical risks weighed on confidence.
- Looking ahead, the Indonesian manufacturing sector may remain under pressure in the near term, especially if global demand recovery remains uneven and domestic consumption does not pick up meaningfully. However, the stabilization in exports, improving delivery times, and easing input cost pressures suggest that the worst of the downturn may be nearing an end.
- At this stage of the market cycle, the government must accelerate infrastructure spending and fiscal stimulus in 2H25—especially through flagship programs like Free Nutritious Meals (MBG) and increased industrial downstreaming via Danantara.
- Overall, short-term challenges persist, but we see domestic demand could provide much-needed buffer for our manufacturing activity and lay the groundwork for a possible rebound heading into late 2025, backed by improved government spending.

## Baltic Dry Index



## Indonesia Manufacturing PMI



## China Caixin Manufacturing PMI

