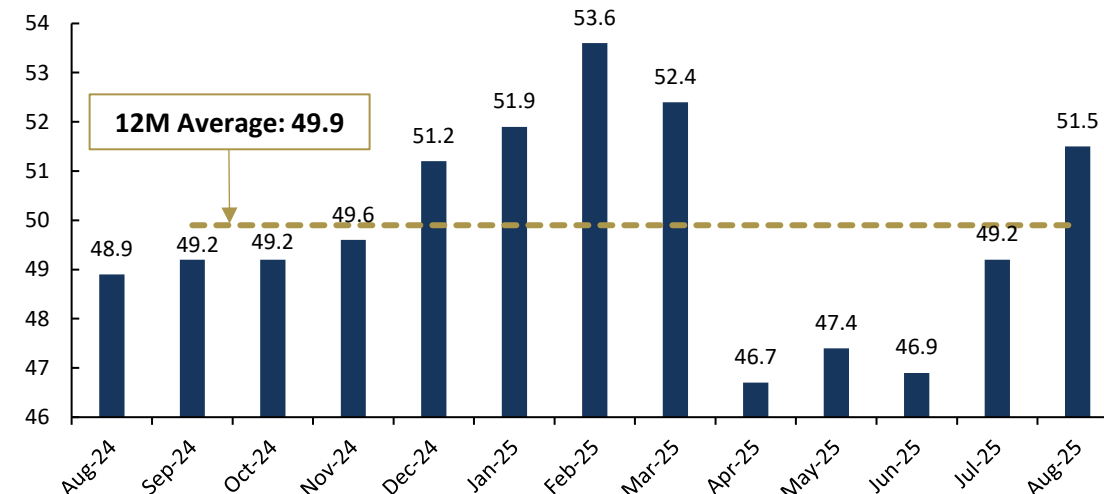


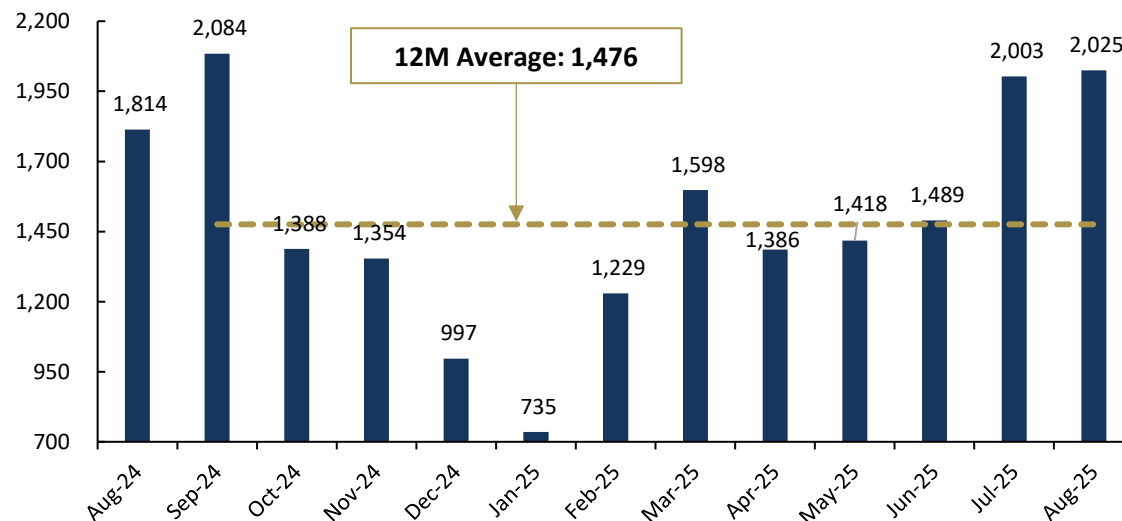
Indonesia Manufacturing PMI: 1 September 2025

- Inline with our expectation, S&P Global Indonesia Manufacturing PMI climbed to 51.5 in Aug-2025 from 49.2 in July, marking the first expansion in five months and the highest reading since Mar-2025. The rebound signals notable recovery in factory activity, with both output and new orders showing solid increases. Foreign demand also accelerated, recording its fastest growth since September 2023, suggesting that Indonesia's export competitiveness is improving despite challenging global environment. On the labor side, employment showed modest growth, breaking a three-month streak of job losses, while firms successfully managed workloads as backlogs declined for the fifth consecutive month. Rising purchasing activity led to higher input inventories, indicating improved business confidence and expectations of sustained demand in coming months.
- PMI's return to expansion territory offers encouraging signal of Indonesia's economic resilience and aligns with our expectation of stronger growth momentum in 2H25. Stronger external demand, particularly in key export-oriented sectors such as nickel, CPO, and EV-related products, should help stabilize Indonesia's trade balance despite global uncertainties. Meanwhile, domestic demand continues to strengthen, supported by solid purchasing power recovery and positive outlook for consumer spending heading into year-end holiday period.
- On the price front, input cost inflation remained relatively contained, hovering near five-year low and well below long-term averages, thanks to stable domestic energy prices and moderating logistics costs. However, the strengthening of USD has pushed up the prices of imported raw materials, leading to slightly higher selling prices. Despite this, overall inflationary pressures remain manageable with headline inflation expected to stay within Bank Indonesia's target range of 2.5% ± 1% for 2025. Improvement in manufacturing activity also carries positive implications for labor market and consumption outlook. The modest increase in factory employment after months of contraction suggests gradual recovery in income growth, which should help sustain household spending power. With Prabowo's MBG program continuing to provide significant fiscal support, coupled with rising urban wages, the outlook for domestic consumption remains robust. Business sentiment has also strengthened, driven by expectations of new product launches, resilient consumer demand, and rising purchasing power.
- Looking ahead, SSI expects Indonesia's manufacturing sector to continue its recovery through the remainder of 2025, supported by stronger external demand, improving domestic consumption, and policy support. However, we remain cautious on potential downside risks, including prolonged USD strength, global demand uncertainties, and supply chain disruptions.

Indonesia Manufacturing PMI



Baltic Dry Index



China Caixin Manufacturing PMI

