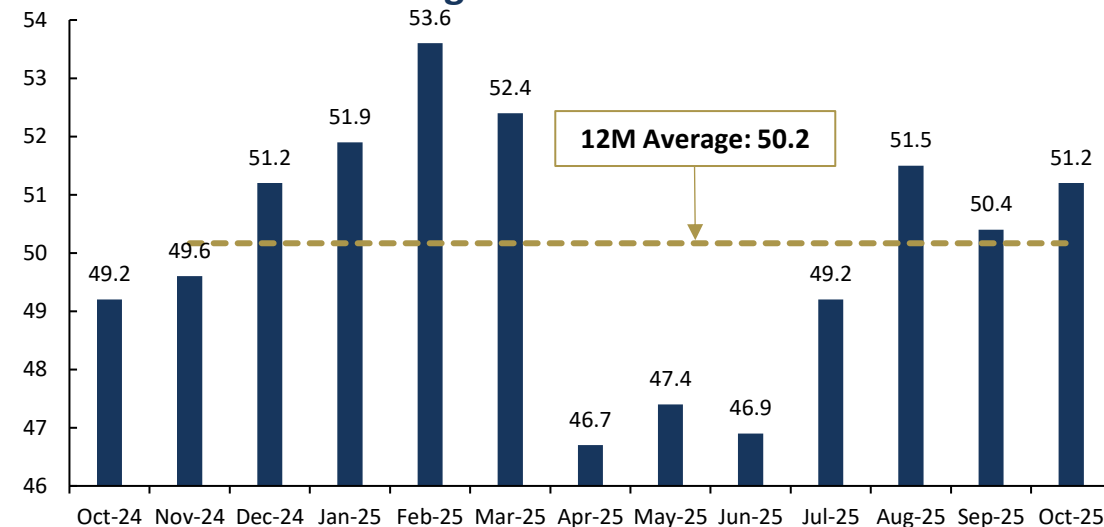


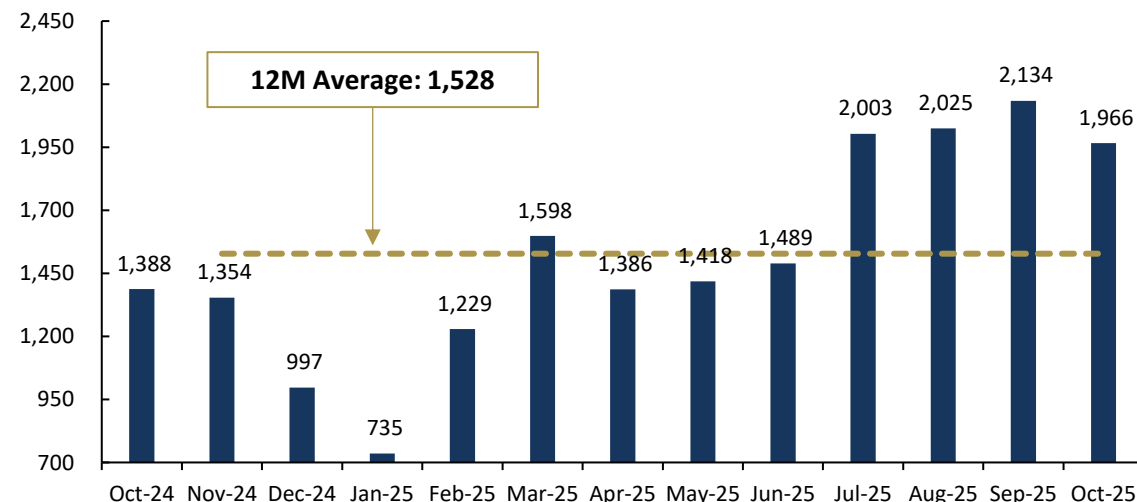
# Indonesia Manufacturing PMI: 3 November 2025

- Indonesia's PMI continued its modest recovery in Oct-25 rising to 51.2 from 50.4 in Sep-25 — the third consecutive month of expansion, signalling factory activity gaining traction, supported primarily by higher new orders and employment growth. New business inflows rose for third straight month, helping production stabilize as manufacturers increased both purchasing activity and workforce levels, with job creation reaching its fastest pace since May. Backlogs of work continued to fall, marking the seventh straight month of decline, though at slower rate, indicating mild capacity pressures. However, supply chain performance weakened slightly—lead times lengthened for the first time in 3M, largely due to shipping delays and ongoing road repairs.
- On the cost front, firms faced the sharpest rise in input prices in 8M on higher raw materials costs, but competitive pressures restrained full cost pass-through. Output prices rose marginally, as manufacturers sought to preserve margins amid softer business sentiment, falling below the series average, reflecting uncertainties about input cost volatility and logistics constraints.
- PMI improvement aligns with BI's decision to retain policy rate at 4.75% during its Oct-25 meeting. With CPI stable at 2.65% YoY, within target range of  $2.5\% \pm 1\%$ , BI continues to prioritize FX stability and local liquidity support. IDR remained broadly stable c. IDR 16.6K/USD, reducing imported cost pressures and helping anchor expectations. Global dynamics also played a role: gradual rise in manufacturing demand and lower oil prices in mid-USD 60s/bbl offered relief to Indonesia's energy-intensive sectors.
- Financial markets are likely to interpret PMI data as a sign of gradual normalization rather than rapid acceleration. In bond market, stable inflation outlook and BI's cautious stance should keep front-end yields steady, while credit spreads for high-quality industrial issuers could tighten as manufacturing momentum extends. Equity outlook is mildly constructive; sectors such as automotive components, packaging, and building materials are poised to benefit from demand normalization and easing energy costs. Meanwhile, firms with thin margins and limited pricing power may see profit pressure if input costs remain high.
- Looking ahead, near-term outlook for Indonesia's PMI remains moderately positive with base case scenario likely to stay slightly above 50 over the next quarter, supported by resilient domestic demand and stable macro backdrop. If logistics bottlenecks ease and input costs normalize, manufacturers could regain pricing power, improving profitability. The upside risk lies in stronger global demand, which could lift export-oriented sectors, while the downside risk stems from prolonged supply disruptions or renewed cost spikes. Overall, October PMI reflects cautiously optimistic narrative: Indonesia's manufacturing recovery is steady but fragile; anchored in domestic demand and stable macro conditions, yet vulnerable to cost and logistics challenges.

## Indonesia Manufacturing PMI



## Baltic Dry Index



## China Caixin Manufacturing PMI

