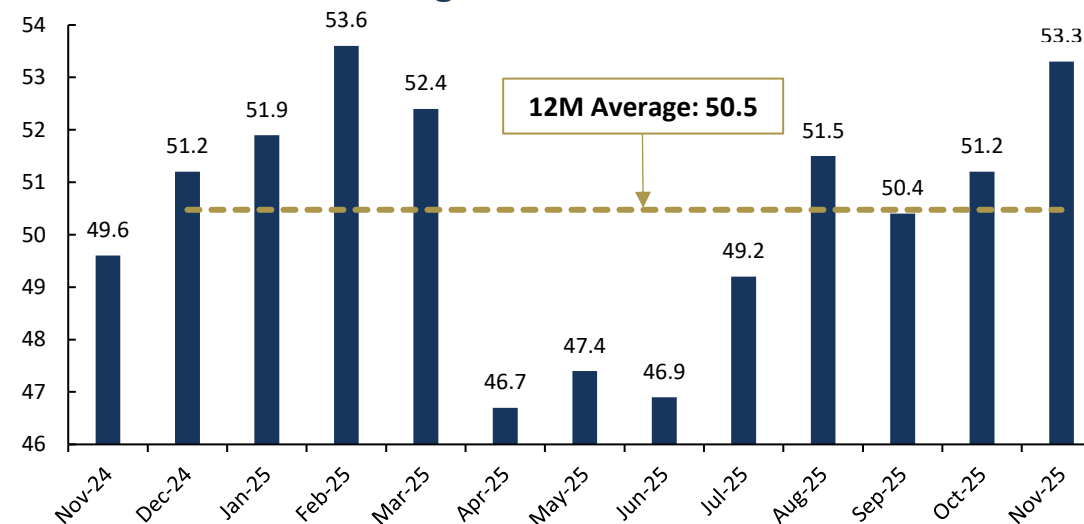


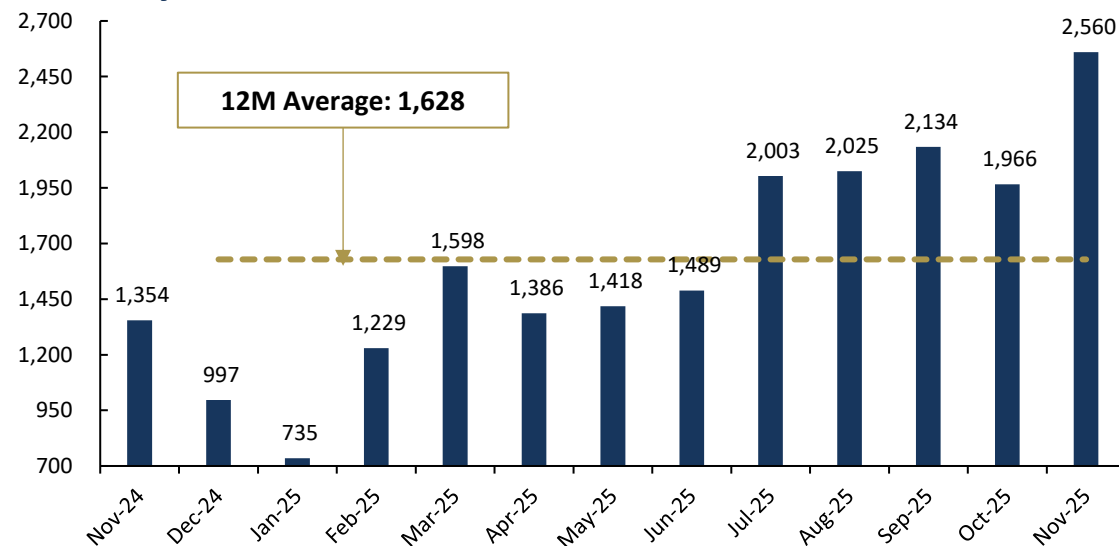
Indonesia Manufacturing PMI: 1 December 2025

- Indonesia's manufacturing sector entered November with stronger momentum, as the S&P Global Manufacturing PMI climbed to 53.3 from 51.2 in October—its highest reading since February and marking the fourth straight month of expansion. Domestic demand continued to anchor activity, reflected by new orders rising at the fastest pace since August 2023 and spurring firms to revive output post a three-month lull. The return of production growth was notably solid, the strongest in 9M, suggesting earlier weaknesses were more cyclical, although some structural issues remain as discussed below.
- Job creation extended into a fourth month, signalling confidence from manufacturers, despite a slight easing in hiring pace which indicates firms are adding capacity more cautiously. Equally important was the turn in production pipelines. Backlogs increased for the first time this year and at the most rapid pace in over four years, a rare signal of tightening factory capacity and possibly stretched utilisation rates. Input purchases accelerated in parallel, rising at the fastest pace in eight months as firms built safety buffers and prepared for continued output expansion. This inventory-accumulation behaviour reflects both readiness to meet incoming demand and a response to supply-side risks. Export-linked producers, however, faced the opposite direction of momentum: foreign orders fell at their steepest pace in 14 months, suggesting external recovery remains uneven and less supportive than domestic momentum.
- The supply chain environment also turned more complex. Delivery times extended to their worst levels since October 2021, driven by road congestion and adverse weather that disrupted logistics flows. This bottleneck created friction just as firms were scaling purchasing and production, amplifying cost pressures and elongating operational lead times. Input inflation climbed to its highest level since February, fuelled by raw materials price increases and currency fluctuations. Manufacturers responded by adjusting pricing strategies, pushing factory-gate prices higher at the fastest pace in 19 months. This marks a shift from margin absorption to partial cost pass-through, signalling that inflation risks may slowly migrate from upstream to downstream segments.
- While the sector is clearly expanding, the tone beneath the headline is nuanced. Growth is domestically driven but externally uneven, capacity is tightening but logistics are strained, and firms are optimistic yet more guarded in sentiment. The moderation in business confidence suggests that companies recognise both the strength of underlying demand and the fragility of operating conditions.
- Looking ahead, the sector retains a constructive tone, supported primarily by domestic orders, rising purchasing volumes, and recovering production levels. If supply chain conditions stabilise and weather disruptions ease, output growth could remain firm into year-end. However, several risks warrant attention: weak foreign demand may cap upside for export-oriented industries, ongoing cost pressures could compress margins and feed into producer-level inflation, and persistent logistics constraints may hinder expansion.

Indonesia Manufacturing PMI



Baltic Dry Index



China Caixin Manufacturing PMI

