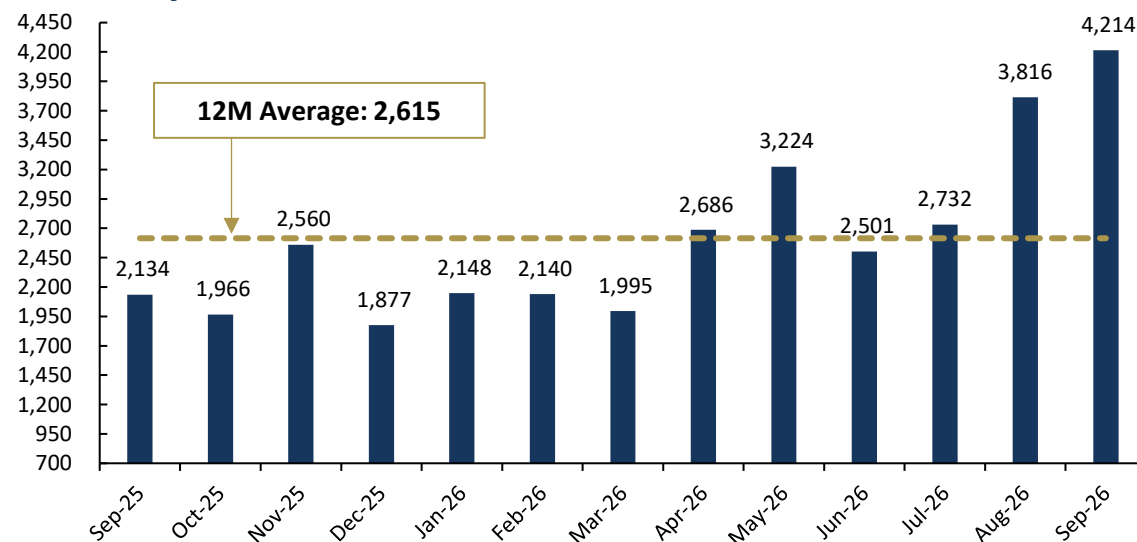


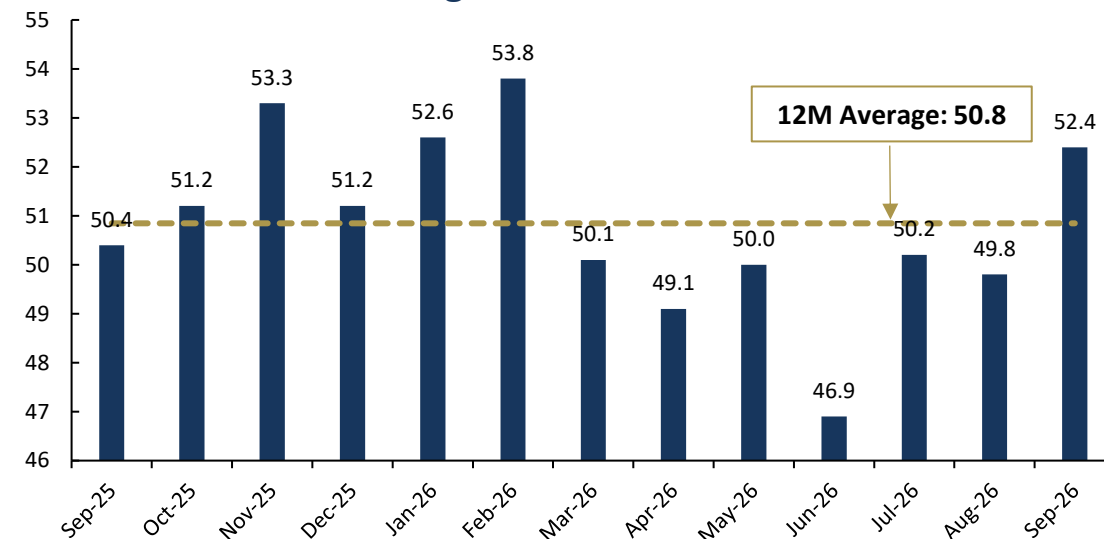
Indonesia Manufacturing PMI: 1 October 2026

- Insufficient to establish a sustained recovery following August's contraction (49.8), Indonesia's manufacturing PMI rose to 52.4 in September, returning to expansion and reaching its highest level since February. Nevertheless, the improvement was encouraging being broad-based rather than driven by a single component: output and new orders accelerated, firms stepped up purchasing activities, and employment expanded.
- In line with the expansion in the Baltic Dry Index to 4,214, new orders strengthened, while export orders recorded their fastest increase since May 2022. However, export momentum remains vulnerable to weaker overseas demand, elevated energy prices and tighter global financial conditions.
- Faster hiring and purchasing activities suggest manufacturers are responding to improved orders, but the steepest higher backlogs in five years could also mean production bottlenecks. Higher input inventories may reflect precautionary purchasing against supply disruptions rather than confidence in future demand with inventory accumulation weighing on WC and reducing purchasing activity.
- Input-cost inflation eased to a six-month low, but costs remained above historical norms. Selling prices also increased at their slowest pace in six months, potentially indicating limited pricing power and incomplete cost pass-through. Elevated raw-materials and energy costs, alongside currency volatility, could therefore continue to pressure manufacturers' margins despite softer inflation readings.
- We remain cautious on manufacturing momentum entering 4Q26. September's rebound provides some relief, but sustained expansion will require repeat orders, consistent production growth and stronger final demand while elevated energy prices, global monetary tightening and geopolitical uncertainty leave various sectors exposed to renewed weakness.

Baltic Dry Index



Indonesia Manufacturing PMI



China Caixin Manufacturing PMI

