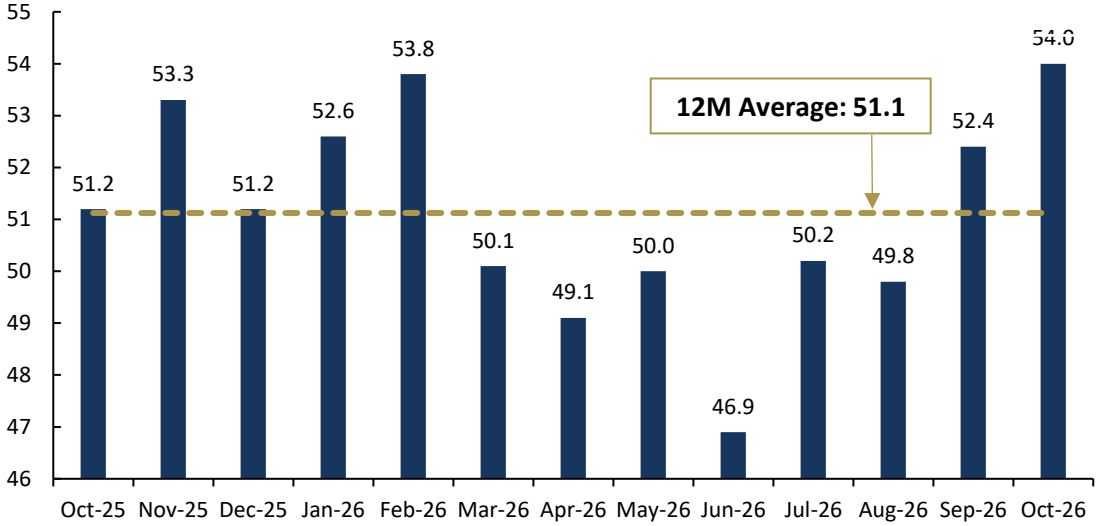
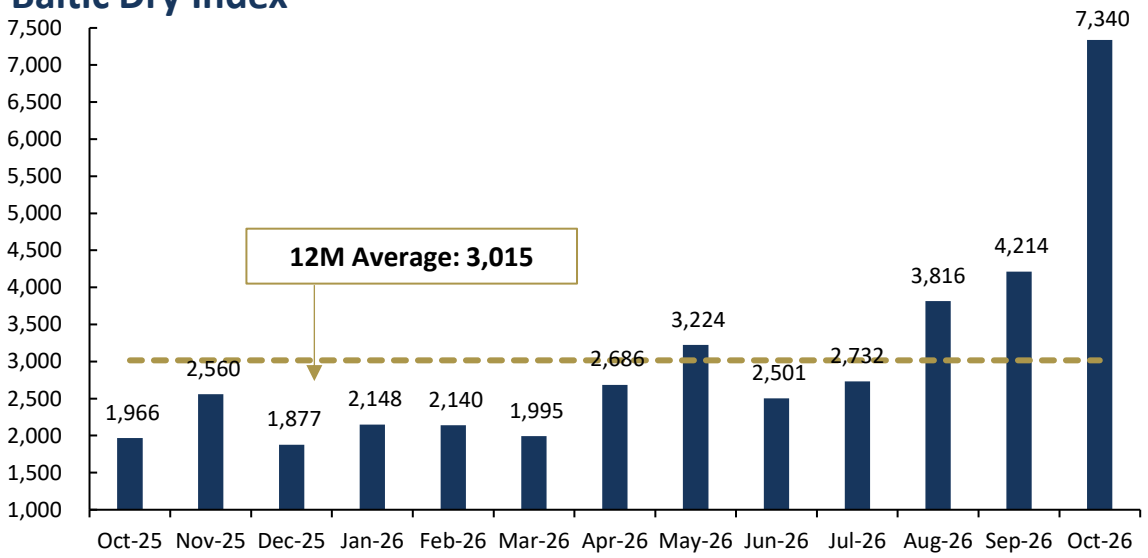
Indonesia Manufacturing PMI: 2 November 2026

- Although sustained recovery remains to be seen, Indonesia's Manufacturing PMI rose from 52.4 in September to 54.0 in October 2026, its highest level since March 2024, helped by government-related projects. While the reading indicates stronger activity, the durability of both domestic and external demand remains a key consideration looking ahead.
- New orders expanded at their fastest pace since October 2021, while export orders recorded their strongest growth since the survey began in 2011. Production, input purchases, and inventories also increased, although continued inventory accumulation could become burdensome if demand moderates. Further evidence of sustained orders will be needed to assess the strength of the expansion.
- The stronger PMI does not yet establish a structural shift toward investment-led growth. Employment growth remained marginal despite rising output, suggesting limited transmission to job creation and household purchasing power. This tempers expectations for broader economic uplift from the manufacturing improvement.
- Input cost inflation accelerated amid higher raw material and fuel prices as well as exchange rate pressures, prompting manufacturers to increase selling prices. These pressures could constrain margins and weaken demand if further cost increases are passed on to customers. Improving delivery times offer some relief, but may provide only a partial offset.
- We remain cautious on Indonesia's manufacturing outlook despite October's stronger reading. Exchange rate volatility, elevated energy prices, and rising input costs could limit expansions going forward, while modest hiring raises questions over its broader economic impact. For now, we retain our Q3 2026 GDP forecast of 5.32% YoY and Q4 level at 5.2%, bringing overall 2026 estimate to 5.3%.

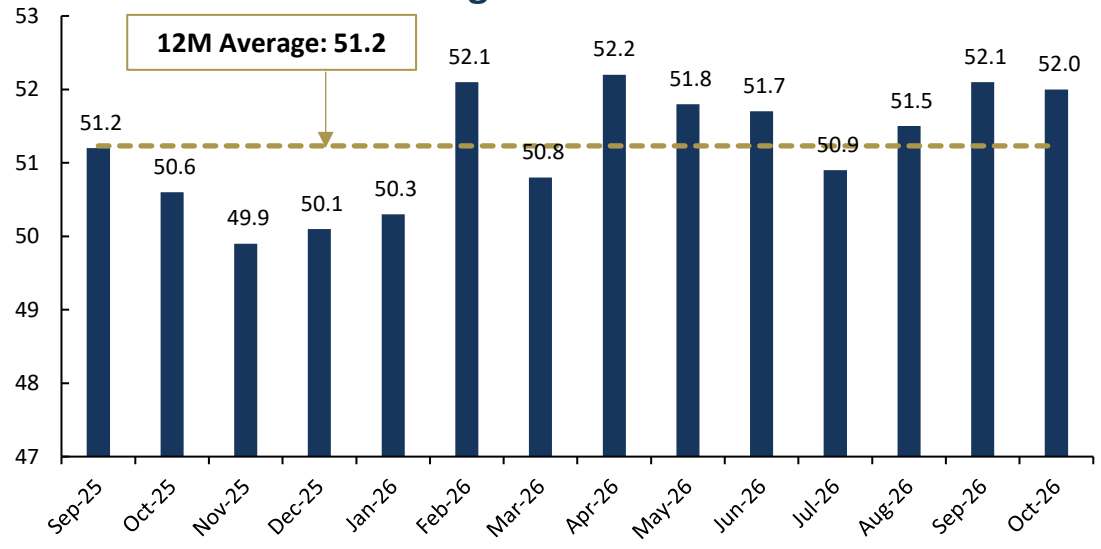
Indonesia Manufacturing PMI



Baltic Dry Index



China Caixin Manufacturing PMI



Sources: Bloomberg, SSI Research

Macro Strategy Team