

# Prompt Manufacturing Index (PMI) Bank Indonesia



QUARTER I - 2024

MANUFACTURING INDUSTRY PERFORMANCE INCREASING

## Manufacturing Performance

The latest Prompt Manufacturing Index-Bank Indonesia (PMI-BI) reading in the first quarter of 2024 increased to move deeper into an expansionary phase (index >50%) at 52.80% from 51.20% in the previous period. Most PMI-BI components increased and maintained an expansionary phase, led by inventory, followed by order volume and production volume. Furthermore, most manufacturing subsectors remained in expansionary territory, with the highest index recorded for the tobacco processing industry, followed by the textiles and wearing apparel industry, as well as the basic metals industry. The PMI-BI trend is also consistent with the latest expansionary manufacturing industry findings presented in the Business Survey published by Bank Indonesia, where the corresponding Weighted Net Balance (WNB) was recorded at 1.71%.

## Business Optimism

In the second quarter of 2024, survey respondents forecast the upward manufacturing industry performance trend to persist, as reflected by a PMI-BI of 54.31%. Respondents expect all PMI-BI components in an expansionary phase, led by inventory, production volume, and order volume. Meanwhile, respondents also predict all manufacturing subsectors to occupy expansionary territory, led by the leather, leather products and footwear industry, followed by the tobacco processing industry and the machinery and equipment industry.

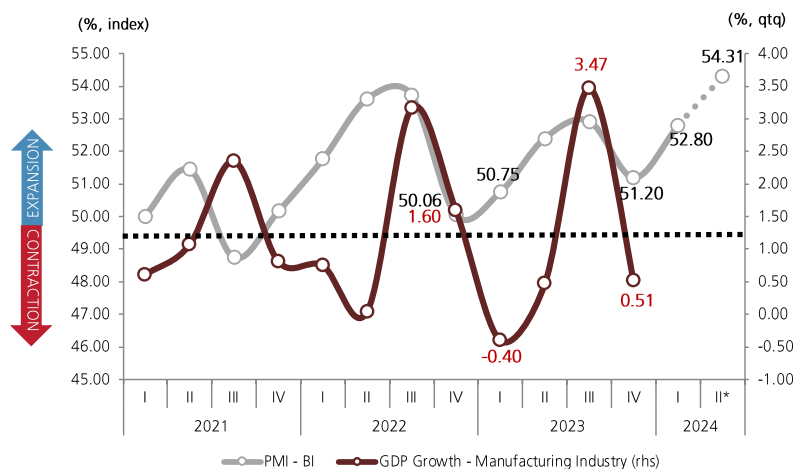
## Prompt Manufacturing Index – Bank Indonesia

The PMI-BI reading in the first quarter of 2024 indicates increasing manufacturing industry performance within an expansionary phase.

The PMI-BI reading in the first quarter of 2024 indicates increasing manufacturing industry performance, maintaining an expansionary phase (index >50) since the fourth quarter of 2021. This was reflected by PMI-BI reading of 52.80% in the first quarter of 2024, up from 51.20% in the previous period (Graph 1).

Graph 1

Prompt Manufacturing Index (PMI) – BI and Quarterly Growth of Manufacturing Industry GDP

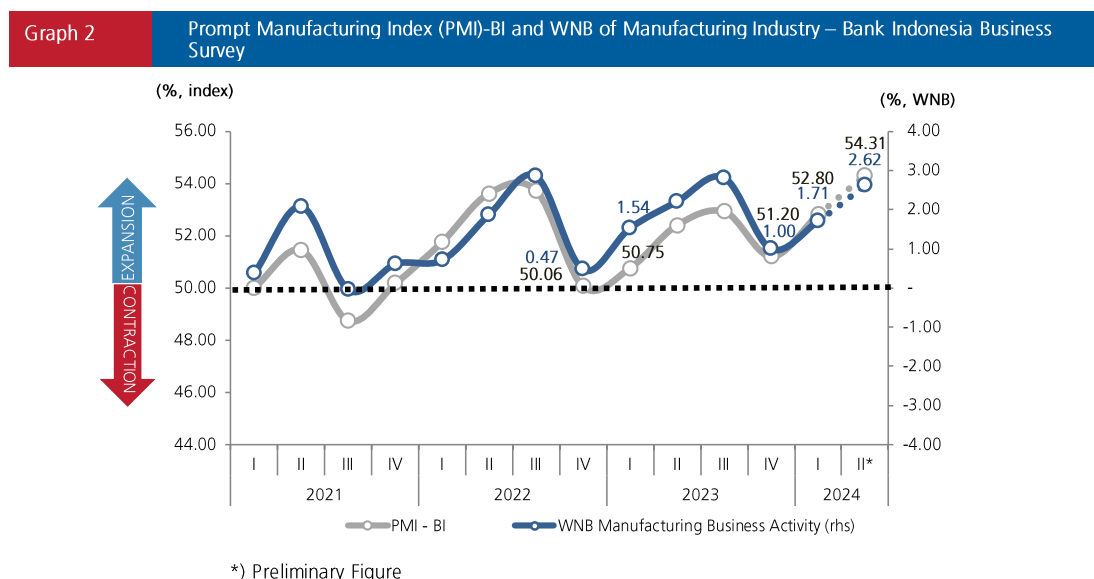


\*) Preliminary Figure

The PMI-BI is consistent with the current manufacturing industry trend as reported in the latest Business Survey.

The PMI-BI is consistent with the findings published in the latest Business Survey<sup>1</sup> conducted by Bank Indonesia in the first quarter of 2024, which indicates expansionary manufacturing activity with the corresponding Weighted Net Balance (WNB) increasing to 1.71% from 1.0% in the fourth quarter of 2023 (Graph 2).

In the second quarter of 2024, respondents predict manufacturing industry performance to accelerate further, with the PMI-BI increasing to 54.31% from 52.80% in the previous period. The trend is also in line with the latest Business Survey, where respondents anticipate an uptick in the WNB to 2.62% from 1.71% in the first quarter of 2024 (Graph 2).



## PMI-BI Components

Most PMI-BI components were observed in an expansionary phase in the first quarter of 2024.

Most PMI-BI components were observed in an expansionary phase in the first quarter of 2024, led by Inventory Volume, followed by Order Volume and Production Volume, which tracked an upward trend. In contrast, Supplier Delivery Time was the only PMI-BI component recorded in a contractionary phase with an index reading below 50%.

### A. Production Volume

In the first quarter of 2024, the Production Volume Index increased to 54.03% from 52.19% in the previous period (Graph 3). Respondents in most manufacturing subsectors reported an expansionary Production Volume Index, led by the Basic Metals Industry followed by the Textiles and Wearing Apparel Industry as well as the Paper and Paper Products, Printing and Reproduction of Recorded Media Industry, which recorded gains. Meanwhile, other manufacturing subsectors recorded increasing index after experiencing a contractionary phase in the previous period, namely the Tobacco Processing Industry and the Rubber, Rubber Products and Plastics Industry.

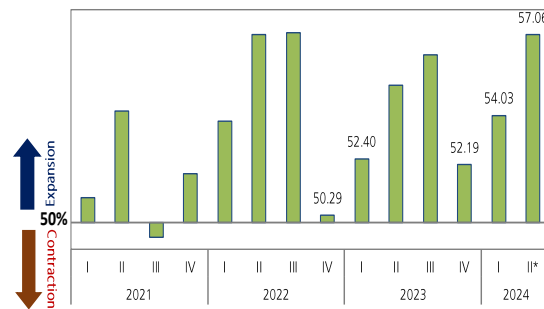
In the second quarter of 2024, respondents predict the Production Volume Index to track an upward trend, reaching 57.06% (Graph 3), driven by a seasonal spike in demand during the Eid-ul-Fitr national religious holidays and supported by the availability of adequate storage capacity. Respondents in all manufacturing subsectors forecast an expansionary phase, with increases primarily expected in the Machinery and Equipment Industry, Leather, Leather Products and Footwear Industry, as well as the Wood, Products of Wood and Cork and Woven Products from Bamboo, Rattan and Similar Materials Industry.

<sup>1</sup> Business Survey Report can be seen in : <https://www.bi.go.id/en/publikasi/laporan>

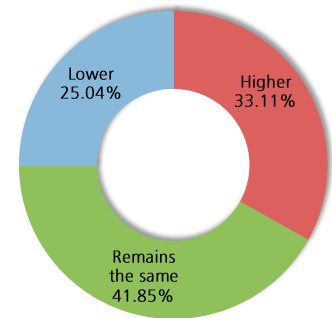
Graph 3

Production Volume Index

Distribution of Response Q1 - 2024



\*) Preliminary Figure



## B. Order Volume of Input Goods

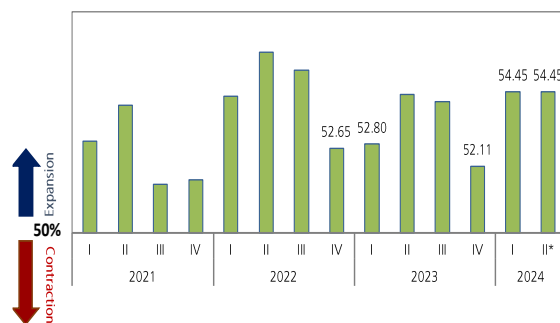
In the first quarter of 2024, the Order Volume Index accelerated to 54.45% from 52.11% in the fourth quarter of 2023, with all manufacturing subsectors indicated in expansionary territory. Increases primarily recorded in the Tobacco Processing Industry, Furniture Industry as well as the Fabricated Metal Products, Computers, Electronics, Optical Products and Electrical Equipment Industry.

In the second quarter of 2024, respondents predict a stable Order Volume Index at 54.45% (Graph 4). Most manufacturing subsectors are in an expansionary phase, led by the Tobacco Processing Industry, Leather, Leather Products and Footwear Industry as well as the Machinery and Equipment Industry. Conversely, respondents in several manufacturing subsectors anticipate declines into contractionary territory, namely the Fabricated Metal Products, Computers, Electronics, Optical Products and Electrical Equipment Industry, transportation equipment industry as well as the Basic Metals Industry.

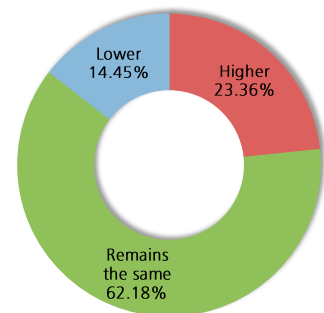
Graph 4

Order Volume Index

Distribution of Response in Q1 - 2024



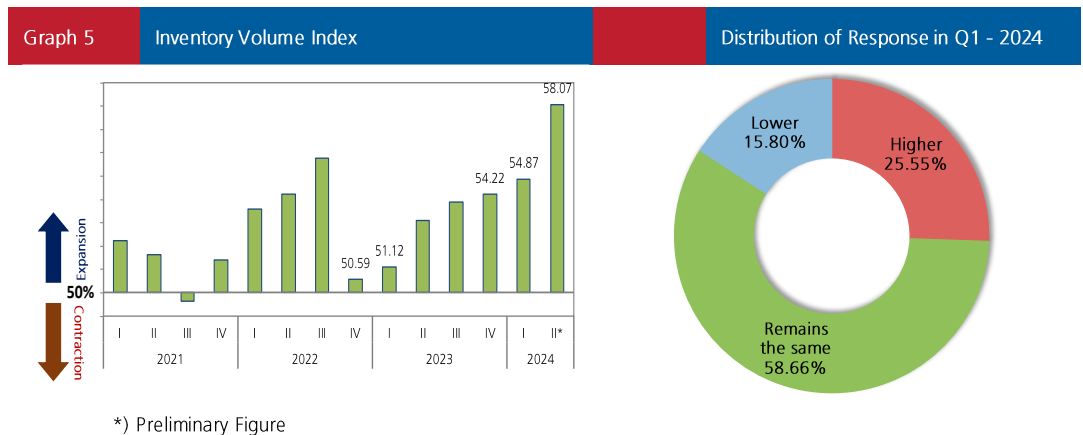
\*) Preliminary Figure



## C. Inventory Volume

The Inventory Volume Index maintained an upward trend from 54.22% in the fourth quarter of 2023 to 54.87% in the first quarter of 2024 (Graph 5). This was driven by higher index readings reported by respondents in the Tobacco Processing Industry, followed by the Textiles and Wearing Apparel Industry as well as the Paper and Paper Products, Printing and Reproduction of Recorded Media Industry.

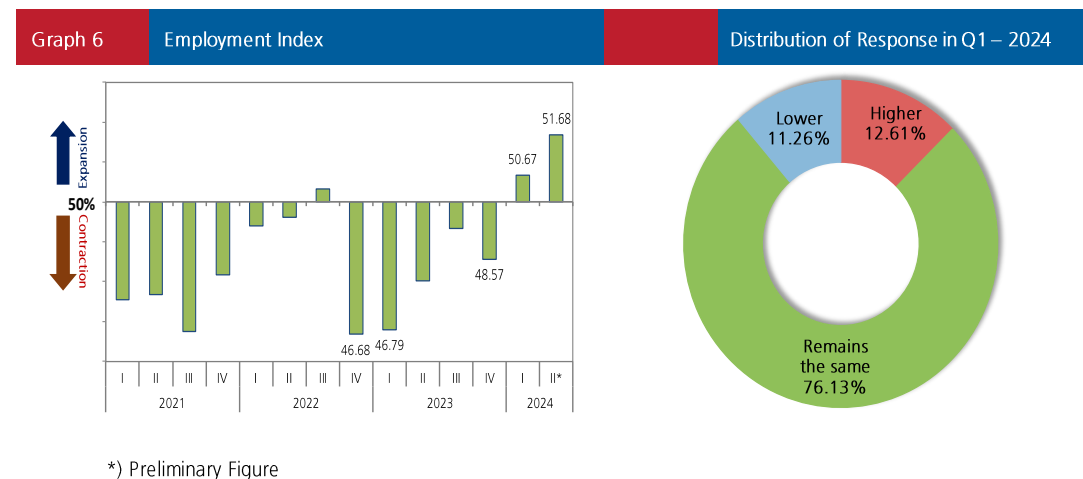
Respondents predict the upward Inventory Volume Index trend to persist in the second quarter of 2024, with an index reading of 58.07%. All manufacturing subsectors are expected in an expansionary phase, led by the Leather, Leather Products and Footwear Industry, followed by the Paper and Paper Products, Printing and Reproduction of Recorded Media Industry as well as the Machinery and Equipment Industry. Meanwhile, the Chemicals, Pharmaceuticals and Traditional Medicaments Industry as well as the Non-Metallic Mineral Products Industry are expected to increase after experiencing a contractionary phase in the first quarter of 2024.



#### D. Employment Level

After contracting in the previous period, the Employment Index accelerated to move into an expansionary phase, as reflected by an index reading of 50.67% (Graph 6). Respondents reported higher employment levels primarily in the Paper and Paper Products, Printing and Reproduction of Recorded Media Industry, Fabricated Metal Products, Computers, Electronics, Optical Products and Electrical Equipment Industry as well as the Leather, Leather Products and Footwear Industry, which moved out of contractionary territory.

In the second quarter of 2024, respondents predict employment levels in the manufacturing industry to rebound, as indicated by a higher Employment Index of 51.68% (Graph 6). Respondents expect all manufacturing subsectors in expansionary territory, with the highest index predicted in the Tobacco Processing Industry, followed by the Furniture Industry, the Chemicals, Pharmaceuticals and Traditional Medicaments Industry as well as Transportation Equipment Industry. Respondents also anticipate higher employment levels in the Rubber, Rubber Products and Plastics Industry, Non-Metallic Mineral Products Industry, as well as the Basic Metals Industry.



#### E. Supplier Delivery Time Index

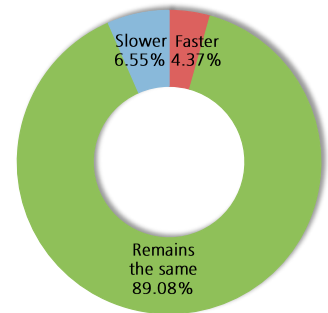
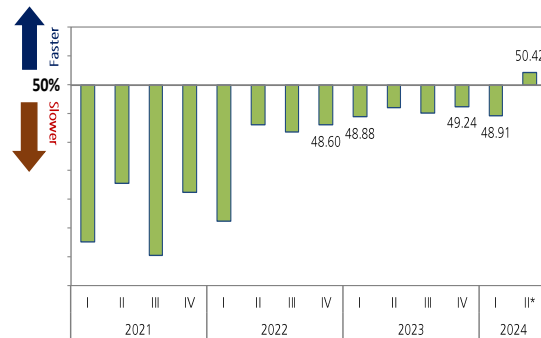
The Supplier Delivery Time Index was the only component recorded in a contractionary phase (index <50%) in the first quarter of 2024 at 48.91%, sliding from 49.24% in the fourth quarter of 2023 (Graph 7). The deepest decline in the Supplier Delivery Time Index was reported by respondents in the Wood, Products of Wood and Cork and Woven Products from Bamboo, Rattan and Similar Materials Industry, followed by the Machinery and Equipment Industry, Basic Metals Industry, as well as the Fabricated Metal Products, Computers, Electronics, Optical Products and Electrical Equipment, which entered a contractionary phase.

In the second quarter of 2024, respondents predict the Supplier Delivery Time Index to return above the 50% threshold indicating expansion with a reading of 50.42% (Graph 7). Respondents expect most manufacturing subsectors to occupy expansionary territory in the second quarter of 2024, with increases mainly forecast to occur in the Basic Metals Industry, Non-Metallic Mineral Products Industry, as well as the Paper and Paper Products, Printing and Reproduction of Recorded Media Industry.

Graph 7

## Supplier Delivery Time Index

## Distribution of Response in Q1 - 2024



\*) Preliminary Figure

## PMI – BI by Subsector

The PMI-BI increased in several manufacturing subsectors within an expansionary phase in the first quarter of 2024.

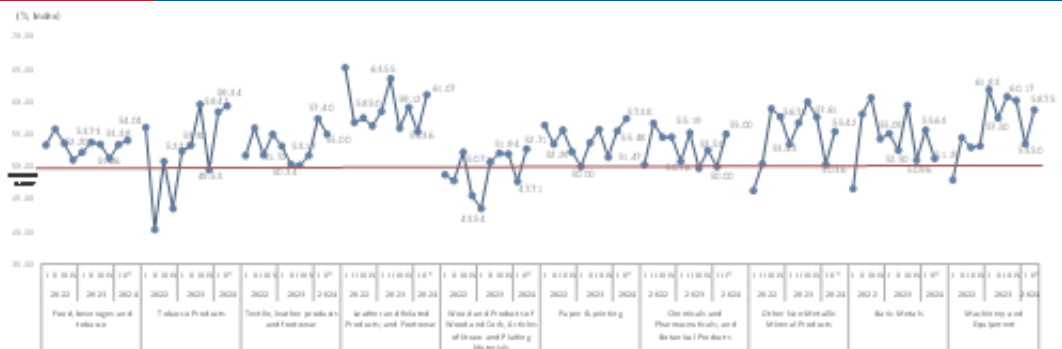
Respondents predict a higher and expansionary PMI-BI across all manufacturing subsectors in the second quarter of 2024.

PMI-BI performance in the first quarter of 2024 was supported by several manufacturing subsectors that increased in an expansionary phase, led by the Tobacco Processing Industry (58.42%), followed by the Textiles and Wearing Apparel Industry (57.40%) as well as the Basic Metals Industry (55.63%). Notwithstanding, the Wood, Products of Wood and Cork and Woven Products from Bamboo, Rattan and Similar Materials Industry was the only subsector recorded in a contractionary phase with an index reading of 47.71%.

Respondents predict an expansionary PMI-BI across all manufacturing subsectors in the second quarter of 2024, led by the Leather, Leather Products and Footwear Industry (61.07%), followed by the Tobacco Processing Industry (59.34%), as well as the Machinery and Equipment Industry (58.75%). Respondents also expect the PMI-BI to increase in other manufacturing subsectors within an expansionary phase, including the Non-Metallic Mineral Products Industry (55.42%), Chemicals, Pharmaceuticals and Traditional Medicaments Industry (55.0%), as well as the Wood, Products of Wood and Cork and Woven Products from Bamboo, Rattan and Similar Materials Industry (52.71%).

Graph 8

## PMI-BI By Subsector



\*) Preliminary Figure



Table 1

Prompt Manufacturing Index – Bank Indonesia  
(% Index)

Period		Component					PMI - BI
		Production Volume	Order Volume	Speed of Supplier Delivery Time	Inventory	Labour	
2017	I	47.70	48.17	48.31	49.16	48.62	47.93
	II	57.53	48.23	49.41	50.74	51.70	51.68
	III	54.78	49.79	49.07	48.64	48.29	50.51
	IV	49.36	48.94	48.73	48.30	47.95	48.75
2018	I	52.71	50.50	48.57	50.00	47.64	50.14
	II	54.39	54.57	46.57	53.15	50.67	52.40
	III	55.18	53.37	45.37	54.10	50.00	52.02
	IV	55.42	56.17	44.58	54.03	48.92	52.58
2019	I	53.49	54.04	49.94	53.29	51.22	52.65
	II	54.19	54.88	49.89	51.13	50.28	52.66
	III	53.64	53.48	49.50	54.27	48.68	52.04
	IV	53.42	53.27	49.71	52.56	47.23	51.50
2020	I	43.10	47.28	43.22	46.69	47.63	45.64
	II	25.36	28.95	26.16	32.28	31.84	28.55
	III	45.35	50.55	38.75	43.87	41.03	44.91
	IV	49.94	49.33	42.27	46.78	44.95	47.29
2021	I	50.94	52.89	44.51	52.24	47.54	50.01
	II	54.20	54.03	46.57	51.63	47.68	51.45
	III	49.46	51.53	44.05	49.64	46.76	48.75
	IV	51.84	51.67	46.24	51.42	48.16	50.17
2022	I	53.81	54.33	45.22	53.59	49.40	51.77
	II	57.05	55.72	48.59	54.23	49.61	53.61
	III	57.12	55.14	48.34	55.78	50.32	53.71
	IV	50.29	52.65	48.60	50.59	46.68	50.06
2023	I	52.40	52.80	48.88	51.12	46.79	50.75
	II	55.16	54.37	49.21	53.10	48.02	52.39
	III	56.30	54.15	49.00	53.88	49.34	52.93
	IV	52.19	52.11	49.24	54.22	48.57	51.20
2024	I	54.03	54.45	48.91	54.87	50.67	52.80
	II*	57.06	54.45	50.42	58.07	51.68	54.31

\*) Preliminary Figure

Table 2

# Prompt Manufacturing Index – BI by Subsector (% Index)

Subsector	2022	2023					2024	
	IV	I	II	III	IV	I	II*	
Manufacture of Food Products and Beverages	51.0	52.20	53.73	53.44	51.26	53.38	54.04	
Manufacture of Tobacco Products	43.6	52.35	53.30	59.58	49.53	58.42	59.34	
Manufacture of Textiles; and Wearing Apparel	55.0	53.17	50.34	50.20	51.72	57.40	55.00	
Manufacture of Leather and Related Products; and Footwear	56.3	58.50	63.55	55.92	59.12	55.36	61.07	
Manufacture of Wood and Products of Wood and Cork, Articles of Straw and Plaiting Materials	45.5	43.54	50.71	52.06	51.94	47.71	52.71	
Manufacture of Paper and Paper products; Printing and Reproduction of Recorded Media	52.3	50.00	53.65	55.71	51.47	55.48	57.38	
Manufacture of Chemicals and Pharmaceuticals; and Botanical Products	54.6	50.78	55.19	49.73	52.50	50.00	55.00	
Manufacture of Rubber, Rubber Products and Plastic Products	41.4	46.71	47.36	49.10	46.42	50.73	54.79	
Manufacture of Other Non-Metallic Mineral Products	57.7	53.43	56.71	59.96	57.61	50.36	55.42	
Manufacture of Basic Metals	54.3	55.09	52.50	59.42	50.96	55.63	51.25	
Manufacture of Fabricated Metal Products, Computer, Optical Products and Electronic Devices	45.4	47.35	50.37	46.42	44.20	50.66	51.17	
Manufacture of Machinery and Equipment	53.2	61.83	57.50	60.78	60.17	53.50	58.75	
Manufacture of Transport Equipment	52.1	58.93	55.00	62.78	61.25	55.33	52.50	
Manufacture of Furniture	41.9	45.71	51.15	46.95	51.73	54.83	55.26	

\*) Preliminary Figure

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## METHODOLOGY

PMI – BI is a composite indicator providing an overview of the manufacturing sector performance in Indonesia based on the Bank Indonesia Business Survey. PMI-BI composites comprises of five indices, namely new order volume (input), production volume (output), employment, supplier delivery times, and inventories. PMI is calculated based on a pre-assessment of benchmarked Purchasing Manufacturing Indices from a number of other countries. An index reading of above 50 signals business expansion, while a reading below 50 indicates a contraction. Starting Quarter I-2023, the Survey has been adjusted to accommodate Subsector weight of 2010 base year from previously using 2000 base year. PMI-BI is calculated from  $\pm$  610 respondents in the manufacturing sector.