

# PROMPT MANUFACTURING INDEX (PMI) - BANK INDONESIA



QUARTER II - 2021

MANUFACTURING INDUSTRY PERFORMANCE GAINED MOMENTUM IN QUARTER II-2021



Manufacturing Performance

The latest Prompt Manufacturing Index-Bank Indonesia (PMI-BI) indicated stronger manufacturing industry expansion in the second quarter of 2021, increasing to 51.45% from 50.01% in the first quarter of 2021 and 28.55% in the second quarter of 2020. The higher PMI-BI confirms recent findings published in the Business Survey (SKDU) that also point to expanding manufacturing industry activity. Broad gains were recorded across nearly all PMI-BI components, particularly production volume and order volume that remained in expansionary territory. By subsector, most respondents reported improving performance in the second quarter of 2021, led by Food, Beverages and Tobacco; Paper and Printing; as well as Fertilizers, Chemicals and Rubber Products, which maintained an expansionary posture on the back of seasonal demand during the Ramadan and Eid-ul-Fitr festive period.



Business Optimism

Respondents predicted manufacturing industry moderation in the third quarter of 2021, with the PMI-BI slipping to a contractionary 49.89%, held back by all components, particularly production volume, inventory and labor utilization, which moved into contractionary phases. In addition, respondents expected most subsectors to moderate, especially Paper and Printing; Food, Beverages and Tobacco; as well as Transportation Equipment, Machinery and Apparatus.

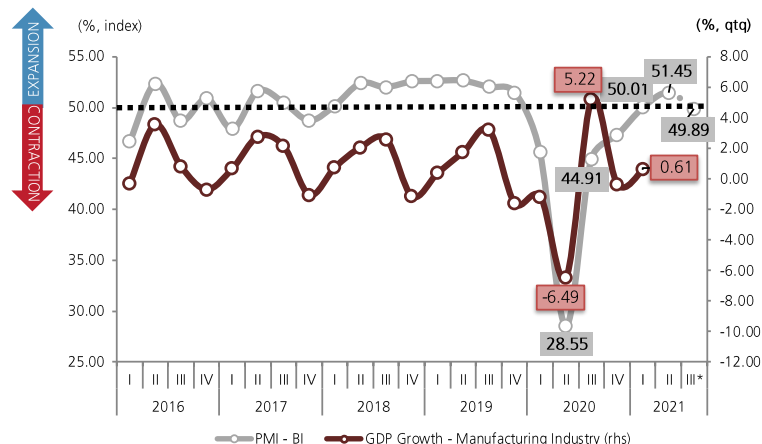
## Prompt Manufacturing Index – Bank Indonesia

The latest PMI-BI reading pointed to expansionary manufacturing industry performance in the second quarter of 2021.

The latest Prompt Manufacturing Index-Bank Indonesia (PMI-BI) reading pointed to expansionary manufacturing industry performance in the second quarter of 2021, improving to 51.45% from 50.01% in the previous period. Nevertheless, respondents expected the manufacturing industry to slip into contractionary territory in the third quarter of 2021 with a decrease recorded in the PMI-BI to 49.89% from 51.45% (Graph 1).

Graph 1

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

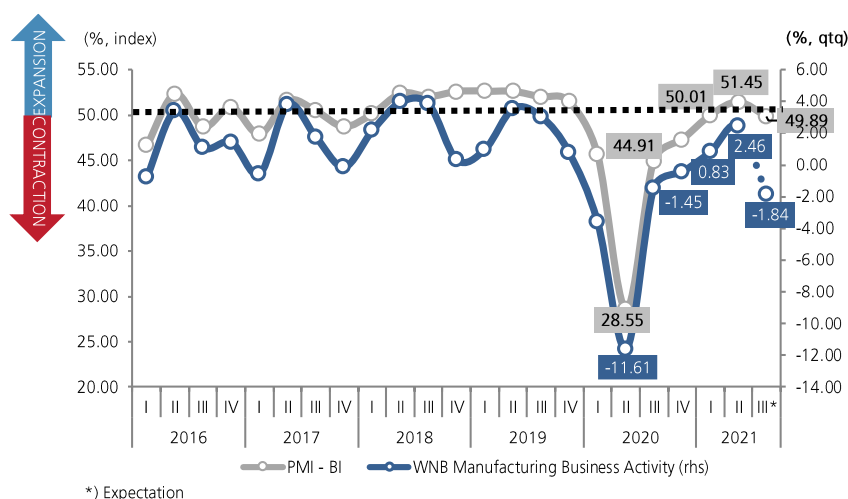


\*) Expectation

The higher PMI-BI is consistent with the latest manufacturing industry developments reported in the Bank Indonesia Business Survey.

The higher PMI-BI is consistent with the latest manufacturing industry developments recorded in the second quarter and predicted for the third quarter of 2021, as reported in the Bank Indonesia Business Survey and confirmed by a weighted net balance (WNB) of manufacturing industry activity of 2.46% and -1.84% in the second and third quarter of 2021, respectively (Graph 2).

Graph 2 Prompt Manufacturing Index (PMI)-BI and WNB of Manufacturing Business Activity - BIBS



## Components PMI – BI

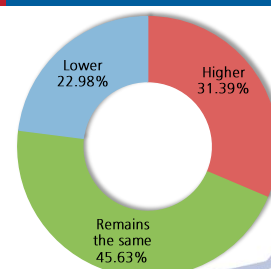
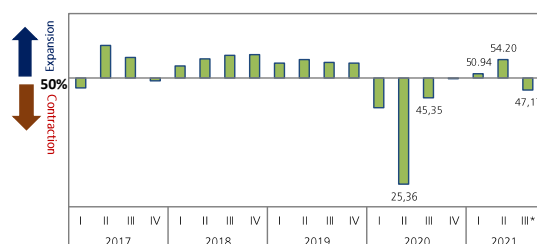
Most components contributed to the expansionary PMI-BI in the second quarter of 2021.

Most components contributed to the expansionary PMI-BI recorded in the second quarter of 2021, dominated by expansionary readings of production volume and order volume. Increasing public activity and seasonal public demand during the Ramadan and Eid-ul-Fitr festive period, supported by orderly distribution and the availability of production facilities, contributed to the higher PMI-BI in the reporting period.

### A. Production Volume

In the second quarter of 2021, the Production Volume Index moved higher into expansionary territory at 54.20% from 50.94% in the previous period, boosted by faster delivery times and persistently strong inventory. Respondents confirmed that production volume was increased to meet higher seasonal demand during the holy fasting month and Eid-ul-Fitr holiday period. In the third quarter of 2021, however, survey respondents expected the Production Volume Index to fall back into a contractionary phase with a reading of 47.17% in response to public mobility restrictions introduced to contain the recent surge of Covid-19 infections (Graph 3).

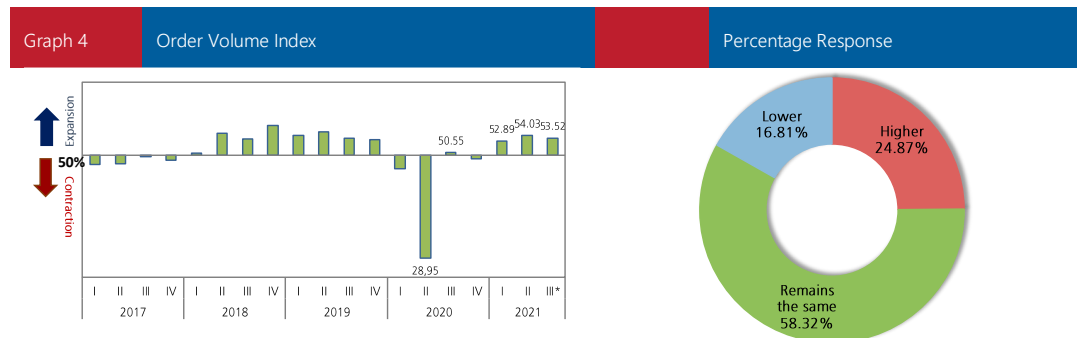
Graph 3 Production Volume Index Percentage Response



## B. Order Volume

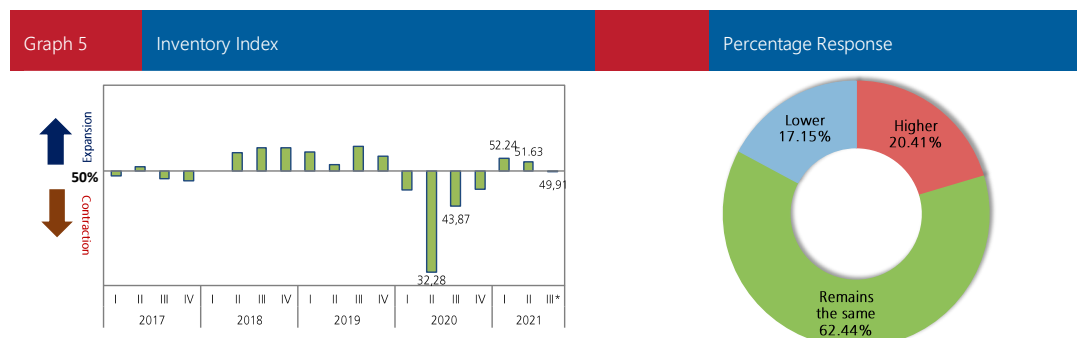
In the second quarter of 2021, the expansionary Order Volume Index increased to 54.03% from 52.89% in the previous quarter, with broad gains reported in most subsectors, particularly Food, Beverages and Tobacco, Paper and Printing as well as Fertilisers, Chemicals and Rubber Products. The upward Order Volume Index was consistent with the higher Production Volume Index.

Respondents predicted Order Volume Index moderation in the third quarter of 2021 to 53.52%, despite remaining in an expansionary phase (Graph 4), held back by various subsectors, including Textiles, Leather Products and Footwear, Paper and Printing, Fertilisers, Chemicals and Rubber Products as well as Basic Iron and Steel.



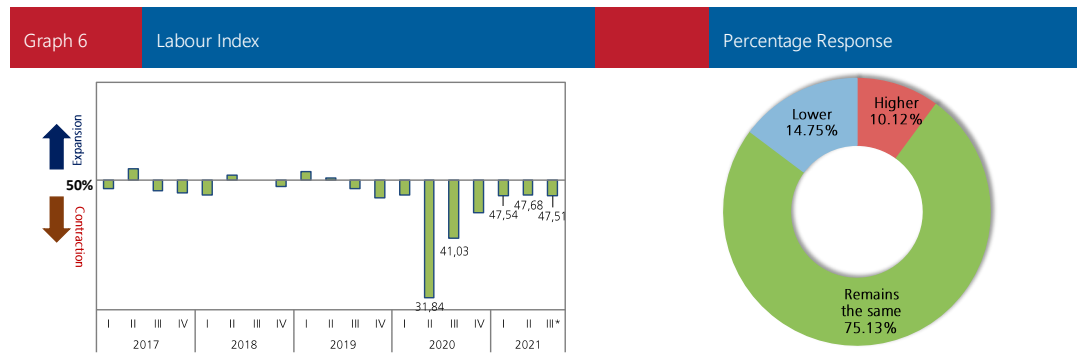
## C. Inventory

The Inventory Index remained in expansionary territory notwithstanding a modest decline to 51.63% in the second quarter of 2021 from 52.24% in the first quarter of 2021, triggered by slightly lower demand. In the third quarter of 2021, however, respondents predicted the Inventory Index to retreat into a contractionary posture at 49.91% (Graph 5).



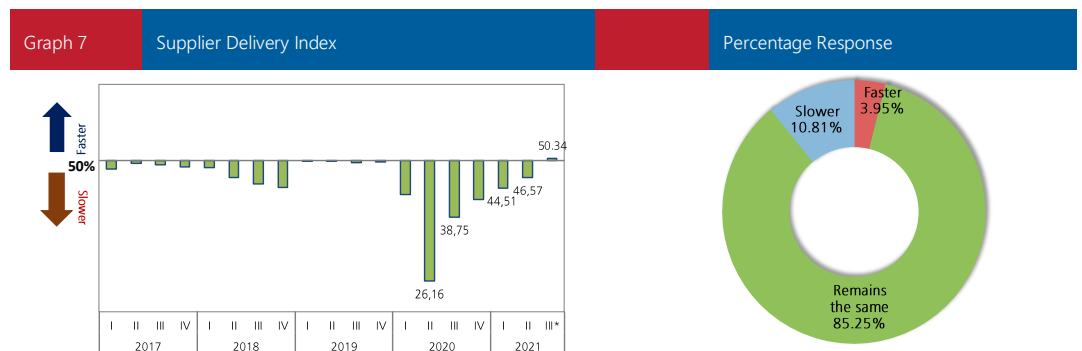
## D. Labour

In the second quarter of 2021, the Labour Index remained in a contractionary phase yet improved to 47.68% from 47.54% in the previous period in line with increasing production volume. Respondents predicted a lower Labour Index of 47.51% in the third quarter of 2021 given declining production volume, particularly in Java and Bali due to emergency public activity restrictions (PPKM) introduced by the Government in July 2021, coupled with the wait-and-see attitude of business players in the third quarter of 2021 (Graph 6).



#### E. Supplier Delivery Index

Respondents confirmed an improving but contractionary Supplier Delivery Time Index in the second quarter of 2021, with a reading of 46.57% (Graph 7), boosted by orderly distribution and adequate supply. In addition, respondents expected the Supplier Delivery Time Index to charge into an expansionary phase at 50.34% in the third quarter of 2021.



### PMI – BI By Subsector

Most manufacturing subsectors recorded second-quarter gains in 2021.

Respondents predicted nearly all manufacturing subsectors to slide into a contractionary phase in the third quarter of 2021.

Most manufacturing subsectors recorded second-quarter gains in 2021 (Graph 8), with several industries situated in an expansionary phase, led by Food, Beverages and Tobacco (55.74%), followed by Paper and Printing (53.88%) as well as Fertilisers, Chemicals and Rubber Products (50.24%).

Respondents predicted nearly all manufacturing subsectors to slide into a contractionary phase in the third quarter of 2021, with the deepest contractions experienced by Transportation Equipment, Machinery and Apparatus (47.08%) in line with tighter mobility restrictions caused by the emergency PPKM in Java and Bali, as well as Textiles, Leather Products and Footwear (47.45%) (Graph 8).

Graph 8

PMI-BI By Subsector

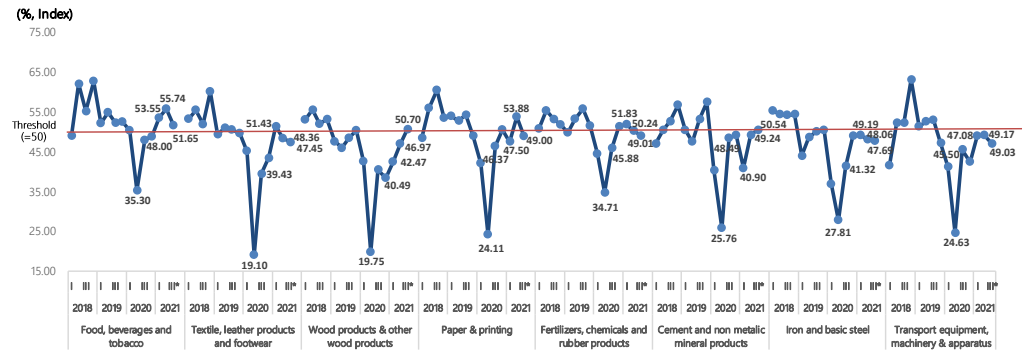


Table 1

Prompt Manufacturing Index – BI  
(% Index)

Periode		Component					PMI - BI
		Production Volume	Order Volume	Speed of Supplier Delivery Time	Inventory	Labour	
2010	I	51.50	46.54	47.85	49.81	49.72	48.94
	II	57.51	48.26	46.79	49.36	52.84	51.38
	III	53.04	50.00	47.48	49.83	49.04	50.17
	IV	55.12	49.75	46.28	48.84	48.76	50.29
2011	I	49.11	46.18	46.67	48.70	46.42	47.28
	II	56.35	49.91	48.43	49.48	50.61	51.40
	III	54.21	50.51	47.98	49.58	48.91	50.64
	IV	53.89	51.07	47.18	48.44	49.22	50.56
2012	I	51.15	47.51	47.07	47.96	49.73	48.85
	II	59.64	51.39	47.57	50.26	51.65	52.82
	III	50.00	48.86	47.36	50.26	49.47	49.18
	IV	54.51	49.08	46.78	49.54	46.69	49.66
2013	I	50.18	45.41	45.76	48.23	46.64	47.18
	II	59.86	50.10	48.51	50.80	50.10	52.37
	III	51.12	49.23	47.41	48.97	47.07	48.97
	IV	57.99	55.17	47.37	50.66	48.87	52.99
2014	I	49.83	46.66	48.63	49.74	49.40	48.60
	II	59.80	50.00	48.47	51.38	50.38	52.43
	III	52.78	47.29	48.24	50.37	48.98	49.45
	IV	53.25	45.93	47.20	49.73	48.73	48.89
2015	I	41.89	45.08	45.12	49.87	46.04	44.96
	II	60.03	44.96	47.75	50.39	47.91	50.28
	III	46.32	45.94	46.32	49.34	46.10	46.46
	IV	52.64	45.11	47.67	49.02	47.44	48.23
2016	I	47.20	45.21	47.35	49.04	46.61	46.69
	II	59.08	50.22	48.39	52.42	50.22	52.38
	III	52.39	47.01	48.28	48.95	47.01	48.74
	IV	55.12	51.04	48.64	48.08	48.56	50.91
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*	47.17	53.52	50.34	49.91	47.51	49.89

\*) Expectation

Table 2

Prompt Manufacturing Index – BI by Subsector  
(% Index)

Subsector	2018				2019				2020				2021		
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III*
Food, beverages and tobacco	48.95	62.13	55.22	62.74	52.19	54.95	52.35	52.47	50.44	35.30	48.00	48.83	53.55	55.74	51.65
Textile, leather products and footwear	53.24	55.46	51.94	60.22	49.42	50.95	50.53	49.71	45.19	19.10	39.43	43.45	51.43	48.36	47.45
Wood products & other wood products	53.03	55.53	52.08	53.18	47.61	45.97	48.51	50.36	42.59	19.75	40.49	38.39	42.47	46.97	50.70
Paper & printing	48.55	55.89	60.54	53.50	54.06	52.75	54.34	49.01	42.03	24.11	46.37	50.50	47.50	53.88	49.00
Fertilizers, chemicals and rubber products	50.89	55.40	53.18	51.75	49.88	53.34	55.84	51.48	44.48	34.71	45.88	51.44	51.83	50.24	49.01
Cement and non metallic mineral products	47.03	50.44	52.68	56.77	50.53	47.49	53.19	57.43	40.26	25.76	48.49	49.17	40.90	49.24	50.54
Iron and basic steel	55.38	54.41	54.25	54.43	43.94	48.70	50.05	50.53	36.89	27.81	41.32	48.99	49.19	48.06	47.69
Transport equipment, machinery & apparatus	41.61	52.32	52.31	63.20	51.40	52.57	53.01	47.14	41.28	24.63	45.50	42.41	49.03	49.17	47.08

\*) Expectation





## METHODOLOGY

PMI – BI is a composite indicator providing an overview of manufacturing sector performance in Indonesia. PMI-BI is comprised of five other 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 of below 50 indicates a contraction. PMI-BI second quarter 2021 is calculated from 583 respondents in the manufacturing sector.