BANK INDONESIA

BUSINESS SURVEY

QUARTER II - 2023 BUSINESS ACTIVITY INCREASING

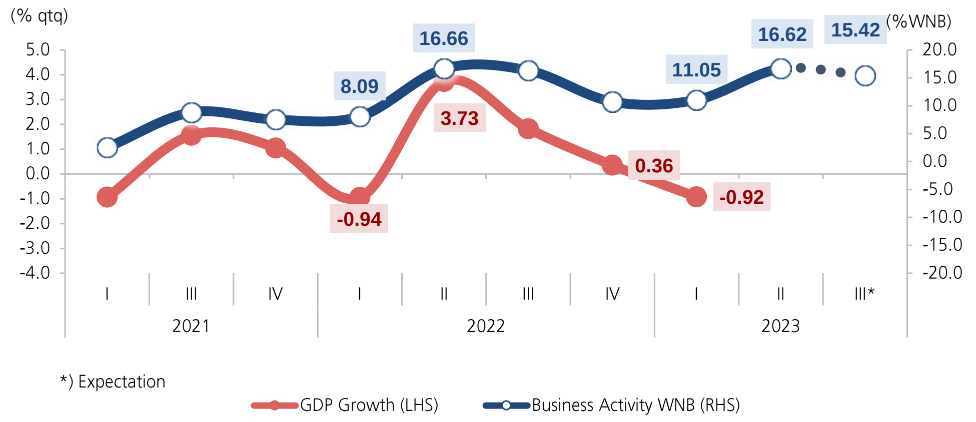
Business Activity	The latest Business Survey conducted by Bank Indonesia indicates increasing business activity in the second quarter of 2023, as reflected by an upward movement in the Weighted Net Balance (WNB) to 16.62% from 11.05% in the first quarter of 2023. The respondents confirmed increasing business activity across most economic sectors, particularly the Agricultural, Forestry, and Fishing sector in line with seasonal food crop and horticultural harvesting trends as well as the Manufacturing Industry in response to increasing industrial activity and supporting storage capacity. In addition, Construction sector performance improved given the commencement of domestic development projects. Meanwhile, Wholesale and Retail Trade, Transportation and Storage as well as Accommodation and Food Service Activities also increased in line with stronger demand during the Ramadan and Eid-ul-Fitr 1444 H national religious holidays.
Production Capacity, Labour and Financial Condition	Consistent with business activity developments, production capacity utilisation in the second quarter of 2023 increased to 74.88% from 72.33% in the first quarter of 2023, and labour utilisation also increased in expansionary territory. Meanwhile, corporate financial conditions improved in the reporting period in terms of liquidity and profitability, with broad access to finance.
Business Activity Outlook	Respondents predict persistently solid business activity in the third quarter of 2023, as indicated by WNB of 15.42%, driven by several secondary sectors, including the Manufacturing Industry on the back of growing demand and supporting production facilities, as well as the Construction sector in line with increasing demand and ongoing domestic projects. In addition, respondents also expect Mining and Quarrying sector performance to increase in response to seasonal factors, the availability of production facilities, and increasing storage capacity.

A. Business Activity

The latest Business Survey indicates increasing business activity in the second quarter of 2023 and predicts a remain solid activity in the subsequent period.

The latest Business Survey indicates increasing business activity in the second quarter of 2023 compared to conditions in the previous period. This was reflected by an uptick in the Weighted Net Balance (WNB) of business activity to 16.62% from 11.05% in the first quarter of 2023 (Graph 1). Respondents confirmed increasing business activity across most economic sectors, particularly Agriculture, Forestry, and Fishing (WNB 2.34%), specifically the Food Crop and Horticultural Crop subsectors given the harvesting season at several national food production hubs, including West Java, East Java, Central Java, and South Sulawesi, as well as the Estate Crop subsector, namely coffee and palm oil; the Manufacturing Industry (WNB 2.21%) in line with increasing industrial activity and supporting storage capacity; Wholesale and Retail Trade, and Repair of Motor Vehicles and Motorcycles (WNB 1.68%) because of high domestic demand during the Ramadan and Eid-ul-Fitr 1444 H national religious holidays (HBKN); and the Construction sector (WNB 1.31%) as domestic development projects begin to accelerate (Table 1 - Appendix).

Graph 1 Business Activity Development



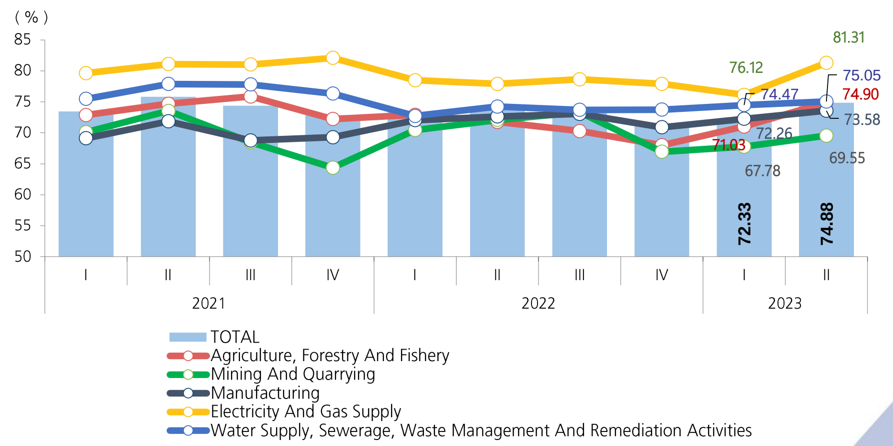
Respondents predict a remain solid business activity in the third quarter of 2023, with a corresponding WNB of 15.42%, despite retreating from 16.62% in the second quarter of 2023. Lingering solid business activity will be supported by several economic sectors, such as the Manufacturing Industry (WNB 2.72%) on increasing demand and the availability of production facilities; the Construction sector (WNB 1.75%) as domestic development projects continue to accelerate in line with conducive weather; and the Mining sector (WNB 0.71%) supported by seasonal factors, the availability of production facilities and increasing storage capacity. On the other hand, respondents predict moderation in the Agricultural, Forestry, and Fishing sector (WNB 0.45%), specifically the Food Crop and Horticultural Crop subsectors due to the start of the planting season (Table 1 – Appendix).

B. Utilised Production Capacity

Production capacity utilisation was observed to increase across all economic sectors in the second quarter of 2023.

Respondents reported higher production capacity utilisation in the second quarter of 2023 in line with business activity, increasing to 74.88% from 72.33% in the first quarter of 2023 (Graph 2). Production capacity utilisation was observed to increase across all economic sectors, particularly the Electricity and Gas Supply sector (WNB 81.31%), the Agricultural, Forestry, and Fishing sector (WNB 74.90%), as well as the Mining and Quarrying sector (WNB 69.55%) (Table 2 - Appendix).

Graph 2 Capacity Utilisation Development

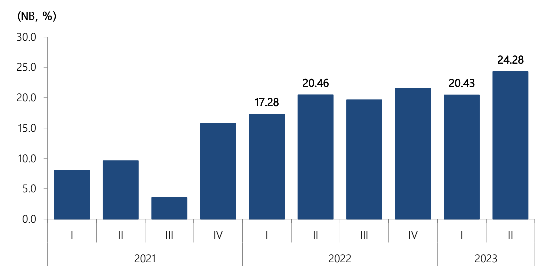


C. Financial Conditions and Access to Credit

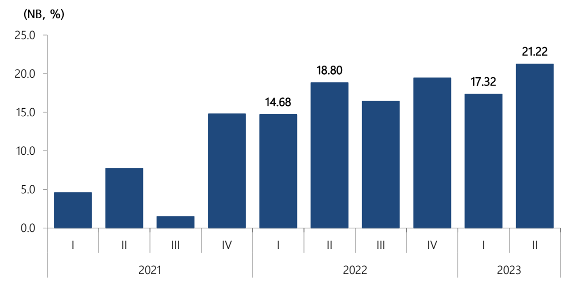
In general, corporate financial conditions remained sound in the second quarter of 2023.

Most respondents reported sound corporate financial conditions in the second quarter of 2023, as reflected by an increase in the Net Balance (NB) of liquidity to 24.28% from 20.43% in the first quarter of 2023. This was driven by an increase in the percentage of respondents reporting looser liquidity conditions to 29.44% from 27.02% in the previous period (Table 3 - Appendix).

Graph 3 Liquidity Conditions



Graph 4 Profitability Conditions



Increasing liquidity was also accompanied by higher corporate profitability in the second quarter of 2023, as reflected by a bump in the NB of profitability to 21.22% from 17.32% in the previous period. The percentage of respondents reporting stronger profitability conditions increased to 28.38% from 26.62% in the first quarter of 2023 (Table 3 - Appendix).

Furthermore, respondents confirmed normal access to bank loans in the second quarter of 2023, as reflected by a positive NB of 4.21%, down slightly from 4.30% in the first quarter of 2023 due to a slight decrease in the percentage of respondents reporting looser access to bank loans to 8.82% from 8.87%, while the percentage of respondents reporting normal access to bank financing was relatively stable at 86.58% compared to 86.55% in the previous period (Table 3 - Appendix).

D. Labour

Labour utilisation increased in the second quarter of 2023 and is predicted to be relatively stable in the third quarter of 2023.

Labour utilisation increased in the second quarter of 2023, with the WNB rising to 3.95% from 3.06% in the first quarter of 2023. Increases were confirmed by respondents in the Mining and Quarrying sector (WNB 1.04%); Wholesale and Retail Trade, and Repair of Motor Vehicles and Motorcycles (WNB 0.92 %); the Agricultural, Forestry, and Fishing sector (WNB 0.35%); and Accommodation and Food Service Activities (WNB 0.26%). Meanwhile, the Manufacturing Industry recorded improvements despite remaining in a contractionary phase (WNB -0.16%) (Table 4 - Appendix).

Respondents predict a relatively stable labour utilisation in the third quarter of 2023, as indicated by WNB of 3.92%. Most sectors recorded a positive Weighted Net Balance, including Mining and Quarrying (WNB 1.44%) as well as Accommodation and Food Service Activities (WNB 0.32%). Meanwhile, respondents expect labour utilisation to moderate in the Wholesale and Retail Trade, and Repair of Motor Vehicles and Motorcycles sector (WNB 0.43%) as well as the Agricultural, Forestry, and Fishing sector (WNB 0.23%) in line with moderating business activity (Table 4 - Appendix).

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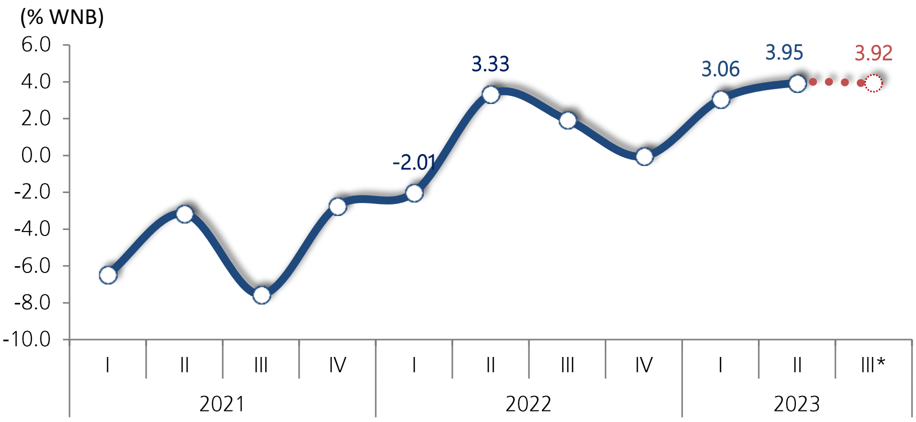
Graph 5 Labour Utilisation Development



*) Expectation

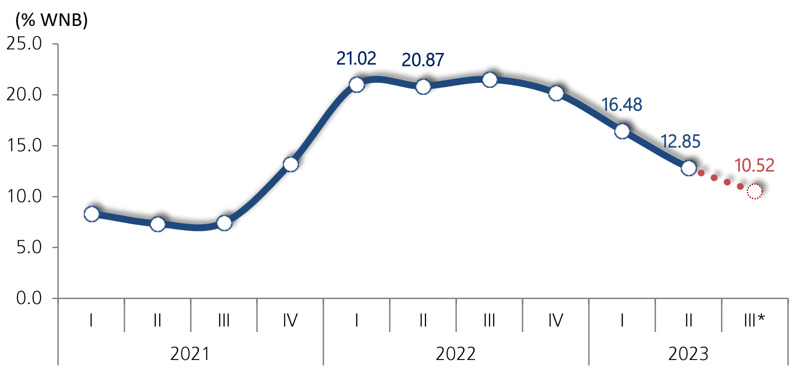
E. Selling Price

Producers reported high inflationary pressures in the second quarter of 2023 and expect slower rising prices in the third quarter of 2023.

Producers reported high inflationary pressures in the second quarter of 2023, with the WNB nevertheless decreasing to 12.85% from 16.48% in the first quarter of 2023 (Graph 6). Persistent high pressures on selling prices in the reporting period were driven by rising prices in the Information and Communication sector (WNB 0.80%) and Education sector (WNB 0.34%) in response to higher operational costs, labour utilization, and promotional activities (Table 5 - Appendix).

Respondents predict milder inflationary pressures on selling prices in the third quarter of 2023, as indicated by a decrease in the WNB to 10.52% from 12.85% in the second quarter of 2023. Milder inflationary pressures are expected in the Agricultural, Forestry, and Fishing sector (WNB 1.52%) and the Construction sector (WNB 1.55%) given lower raw material costs. Inflationary pressures are also expected to ease in terms of Wholesale and Retail Trade, and Repair of Motor Vehicles and Motorcycles (WNB 2.82%); Accommodation and Food Service Activities (WNB 0.36%); as well as the Information and Communication sector (WNB 0.32%) as prices normalise after the Eid-ul-Fitr 1444 H festive period (Table 5 - Appendix).

Graph 6 Selling Price Development



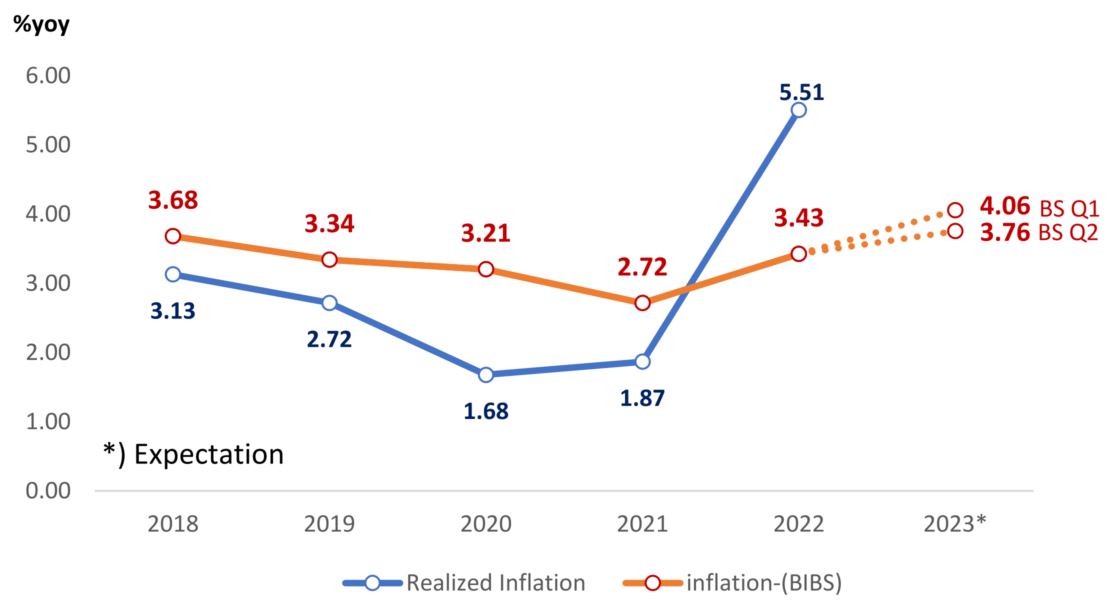
*) Expectation

F. Inflation

Respondents predict 3.76% inflation in 2023.

In the second quarter of 2023, respondents predicted 3.76% (yoy) average inflation in 2023, lower than the previous projection of 4.06% (Graph 7). The national inflation target range in 2023 is 3.0%±1%. By sector, the highest inflation rate was predicted by respondents in the Real Estate sector (4.45%), followed by Other Services Activities (4.20%), as well as Wholesale and Retail Trade, and Repair of Motor Vehicles and Motorcycles (3.97%). In contrast, the lowest average rate of 3.20% was predicted by respondents in the Mining and Quarrying sector (Table 6 - Appendix).

Graph 7 Inflation



Source of Realized Inflation: BPS, processed

G. Investment

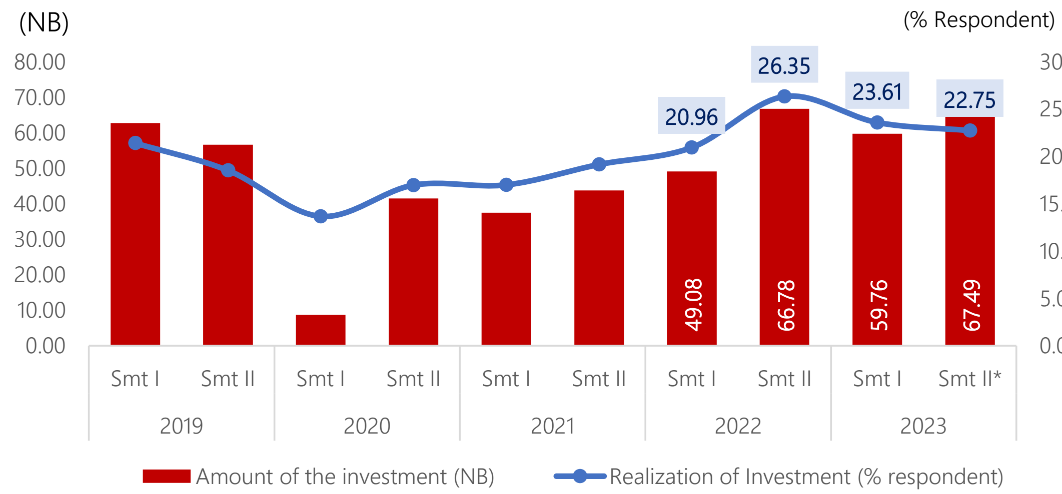
The corporate sector was more inclined to invest in the second quarter of 2023, with respondents expecting the trend to persist moving forward.

The corporate sector was more inclined to invest in the second quarter of 2023, as confirmed by an increase in the WNB of investment realisation to 7.60% from 2.96% in the previous period (Table 7 – Appendix). By sector, respondents reported higher second-quarter investment realisation in several economic sectors, primarily Mining and Quarrying (WNB 0.75%), Education (WNB 0.53%) and the Agricultural, Forestry, and Fishing sector (WNB 0.76%), driven by the purchase of new machinery, vehicles (trucks, motor vehicles, tractors), seeds, and new growth (in the Agricultural, Forestry, and Fishing sector), as well as building development and/or maintenance.

Respondents expect the upward investment trend to continue in the third quarter of 2023, as indicated by a WNB of 8.55%, with higher investment predicted in the Mining and Quarrying sector (WNB 1.55%) as well as the Manufacturing Industry (WNB 1.00%) to purchase machinery and heavy equipment and expand business activity (in the Mining and Quarrying sector).

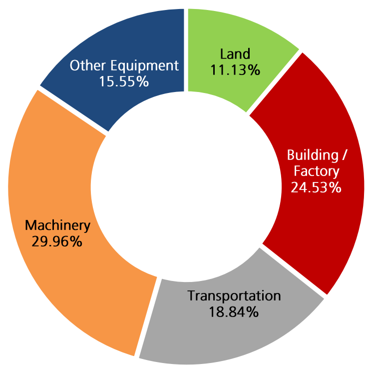
The latest Business Survey indicates that fewer business players engaged in investment activity during the first semester of 2023 compared to conditions in the latter half of 2022. The percentage of respondents undertaking investment activity in the first semester of 2023 decreased to 23.61% from 26.35% in the previous semester (Graph 8). In terms of investment value, the survey points to moderation, as reflected by a net balance (NB) of 59.76% compared to 66.78% in the second semester of 2022.

Graph 8 Realisation of Invesment (Semiannually)

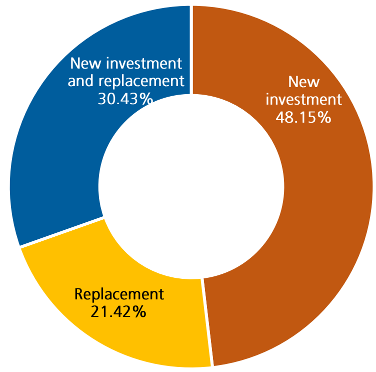


Investment realisation in the first half of 2023 was dominated by machinery (29.96%), buildings/factories (24.53%), and transportation equipment (18.84%) (Graph 9). Most respondents confirmed that corporate investment in the reporting period was new investment (48.15%) or a combination of new and replacement investment (30.43%) (Graph 10).

Grafik 9 Investment By Characteristic Semester I-2023

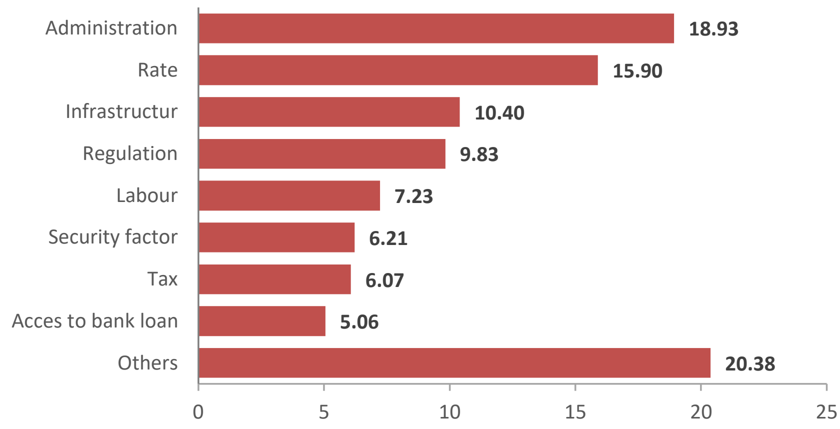


Grafik 10 Invesment by Type Semester I-2023



In the second semester of 2023, the percentage of respondents planning to invest decreased to 22.75%. Respondents cited several factors that could impede investment plans in the second semester of 2023, including licensing issues (18.93%), interest rates (15.90%), and infrastructure (10.40%) (Graph 11).

Graph 11 Impediment to Investment Plan in Second Half 2023 (% respondent)



H. Prompt Manufacturing Index – Bank Indonesia[1]

The PMI-BI indicates increasing manufacturing industry performance in an expansionary phase in the second quarter of 2023, with the trend expected to persist in the third quarter of 2023.

The latest PMI-BI indicates increasing Manufacturing Industry performance in the second quarter of 2023, with the index reading moving higher into expansionary territory at 52.39% from 50.75% in the previous period. Respondents confirmed a higher PMI-BI across most manufacturing subsectors, led by the Leather, Leather Products, and Footwear subsector (63.55%), followed by the Non-Metallic Mineral Products subsector (56.71%) as well as the Chemicals, Pharmaceuticals, and Traditional Medicaments subsector (55.19%).

Respondents expect the upward PMI-BI trend to persist in the third quarter of 2023, reaching 53.53% compared to 52.39% in the second quarter of 2023. Respondents predict all manufacturing subsectors to occupy expansionary territory, led by the Machinery and Equipment subsector (64.26%), followed by the Tobacco Processing subsector (58.52%), and the Basic Metals subsector (57.34%).

I. Sectoral Review

Agricultural, Forestry, and Fishing Sector

Business activity in the Agricultural, Livestock, Forestry and Fishing sector increased in the second quarter of 2023, with moderation predicted in the subsequent period.

In general, business activity in the Agricultural, Livestock, Forestry, and Fishing sector increased in the second quarter of 2023, as indicated by a bump in the WNB to 2.34% from 0.93% in the previous period (Graph 12). Respondents confirmed increasing business activity in several key subsectors, namely the Food Crop subsector (WNB 0.69%) and the Horticultural Crop subsector (WNB 0.35%) in line with the ongoing harvesting season at several national food hubs, namely West Java, Central Java, East Java, and South Sulawesi, the Estate Crop subsector (WNB 0.42%) due to coffee and palm oil harvests, as well as the Fishing subsector (WNB 0.43%) given weather conducive to an increase of sea capture fishing.

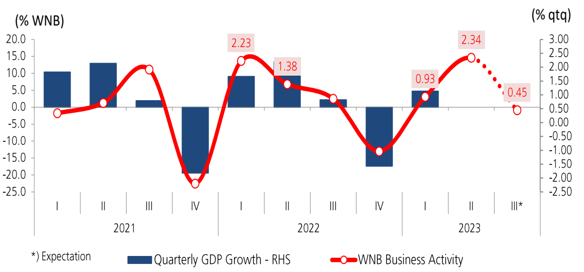
Consistent with business activity, labour utilisation in the Agriculture, Forestry, and Fishing sector moved deeper into an expansionary phase in the second quarter of 2023, as indicated by a WNB of 0.35%, up from 0.27% in the first quarter of 2023 (Graph 13).

[1] Full PMI-BI Report is available: https://www.bi.go.id/en/publikasi/laporan/default.aspx

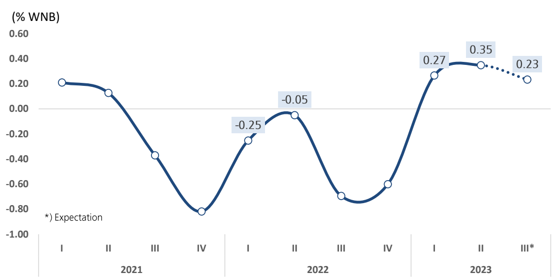
Respondents predict moderating business activity in the Agricultural, Livestock, Forestry, and Fishing sector in the third quarter of 2023, with the WNB retreating to 0.45% from 2.34% in the previous period (Graph 12). Moderation is anticipated across all major agricultural subsectors, particularly Food Crops (WNB 0.24%), Estate Crops (WNB 0.04%), and Horticultural Crops (WNB 0.00%), due to the start of the planting season. In addition, respondents expect moderating business activity in the Fishing subsector (WNB 0.00%) and Livestock subsector (WNB 0.05%) because of high rainfall that disrupts fishing activity (Table 1 – Appendix).

Respondents also expect labour utilisation in the Agricultural, Livestock, Forestry, and Fishing sector to moderate in the third quarter of 2023 (Graph 13), as reflected by a lower WNB of 0.23% compared to 0.35% in the previous period. Moderation is forecast in the Food Crop subsector (WNB 0.04%), with a contraction predicted in the Livestock subsector (WNB -0.03%) (Table 4 – Appendix).

Graph 12 Business Activity of Agricultural, Forestry and Fishing Sector



Graph 13 Labour Utilisation of Agricultural, Forestry and Fishing Sector



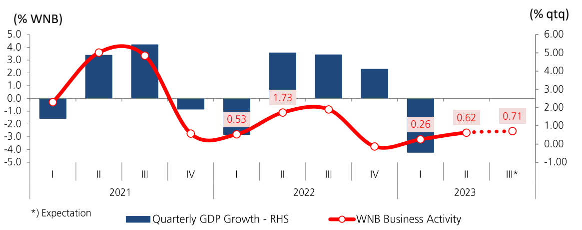
Mining and Quarrying Sector

Mining and Quarrying sector activity increased in the second quarter of 2023, with further gains predicted in the third quarter of 2023.

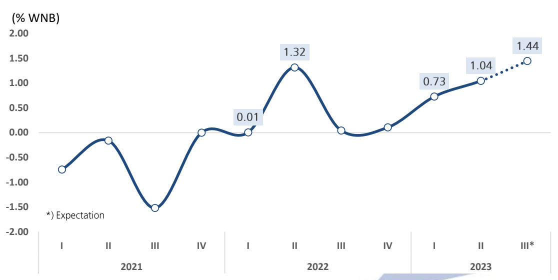
Mining and Quarrying sector activity tracked an upward trend in the second quarter of 2023, with the WNB increasing to 0.62% from 0.26% in the first quarter of 2023 (Graph 14). The gains were primarily driven by the Coal and Lignite Mining subsector as well as the Other Mining and Quarrying subsector on the back of persistently strong domestic demand and availability of production facilities. An increase in the WNB to 1.04% from 0.73% pointed to higher labour utilisation in the Mining and Quarrying sector in the reporting period (Graph 15), predominantly affecting the Coal and Lignite Mining subsector due to increasing production activity.

Respondents expect further Mining and Quarrying sector activity gains in the third quarter of 2023, as confirmed by a WNB of 0.71% (Graph 14), boosted by the Other Mining and Quarrying subsector. Similarly, respondents predict higher labour utilisation in the third quarter of 2023, with a WNB of 1.44% compared to 1.04% in the previous period (Graph 15).

Graph 14 Business Activity of Mining and Quarrying Sector



Graph 15 Labour Utilisation of Mining and Quarrying Sector



Manufacturing Industry

Manufacturing industry activity increased in the second quarter of 2023, with the trend expected to persist in the third quarter of 2023.

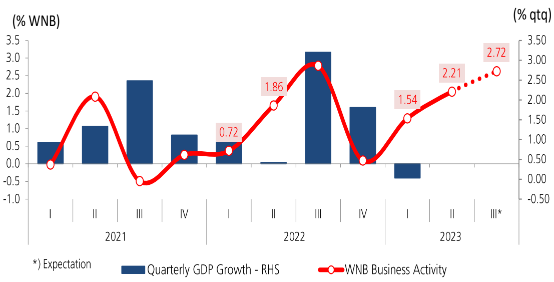
Indications of increasing Manufacturing Industry activity were observed in the second quarter of 2023. The WNB of business activity increased to 2.21% from 1.54% in the first quarter of 2023 (Graph 16), driven by positive and increasing performance in most manufacturing subsectors, led by the Food and Beverages industry (WNB 0.64%) as well as the Chemicals, Pharmaceuticals, and Traditional Medicaments subsector (WNB 0.26%), which was supported by the availability of production facilities and storage capacity. Increasing Manufacturing Industry activity in the second quarter of 2023 was also consistent with the latest Prompt Manufacturing Index-Bank Indonesia (PMI-BI) reading, which increased to 52.39% from 50.75% in the first quarter of 2023 (Graph 17).

In line with business activity, labour utilisation in the Manufacturing Industry improved in the reporting period despite remaining in a contractionary phase with the corresponding WNB increasing to -0.16% from -0.79% in the first quarter of 2023 (Table 4 - Appendix). Improving/increasing labour utilisation in the Manufacturing Industry mainly occurred in the Chemicals, Pharmaceuticals, and Traditional Medicaments subsector (WNB 0.00%), Transportation Equipment subsector (WNB 0.50%), as well as the Food and Beverages subsector (WNB 0.10%).

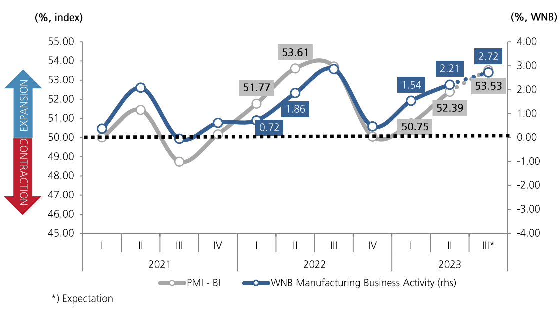
Respondents expect the upward trend of Manufacturing Industry activity to persist in the third quarter of 2023, as indicated by a higher WNB of 2.72% compared to 2.21% in the second quarter of 2023. All manufacturing subsectors recorded a positive Weighted Net Balance. In line with the predicted increase of business activity, the Prompt Manufacturing Index-Bank Indonesia (PMI-BI) is also expected to track an upward trend, moving deeper into expansionary territory at 53.53% in the third quarter of 2023 from 52.39% in the second quarter of 2023. All PMI-BI components posted gains, led by Production Volume (57.70%), followed by Order Volume (54.68%) and Inventory (54.05%) (Table 9 – Appendix).

In terms of labour utilisation, respondents predict moderation in the third quarter of 2023, as indicated by a contractionary WNB of -0.21% (Table 4 - Appendix). By subsector, respondents expect lower labour utilisation in the Food and Beverage subsector (WNB -0.23%), with moderation in the Transportation Equipment subsector (WNB 0.25%).

Graph 16 Business Activity of Manufacturing Industry Sector



Graph 17 Business Activity WNB of Manufacturing Industry vs PMI - BI



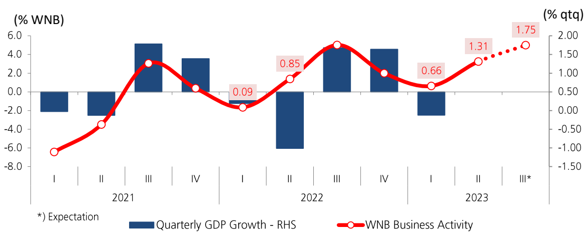
Construction Sector

Construction activity increased in the second quarter of 2023, with the trend expected to persist in the third quarter of 2023.

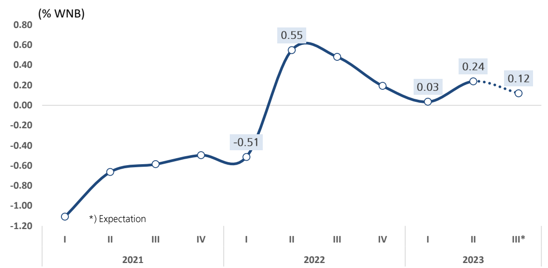
Construction activity increased in the second quarter of 2023, as indicated by a higher WNB of 1.31% compared to 0.66% in the previous period (Graph 18). Most respondents acknowledged the commencement of several new domestic projects for increasing construction activity in the reporting period. Similarly, labour utilisation in the Construction sector in the second quarter of 2023 also increased, as reflected by a higher WNB of 0.24% compared to 0.03% in the first quarter of 2023 (Graph 19).

Respondents predict faster growth of construction activity in the third quarter of 2023 in line with historical trends on the back of increasing domestic demand, ongoing projects, and more business days compared to the previous period, with the WNB increasing to 1.75% from 1.31% (Graph 18). Meanwhile, respondents also forecast labour utilisation in an expansionary phase in the third quarter of 2023, as indicated by a WNB of 0.12% (Graph 19).

Graph 18 Business Activity of Construction Sector



Graph 19 Labour Utilisation of Construction Sector



Wholesale and Retail Trade, and Repair of Motor Vehicles and Motorcycles Sector

Business activity in the Wholesale and Retail Trade, and Repair of Motor Vehicles and Motorcycles sector increased in the second quarter of 2023, with moderation predicted in the third quarter of 2023.

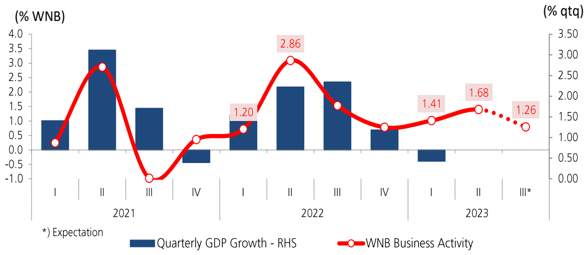
Business activity in the Wholesale and Retail Trade, and Repair of Motor Vehicles and Motorcycles sector accelerated in the second quarter of 2023, with the WNB of business activity climbing to 1.68% from 1.41% in the first quarter of 2023 (Graph 20). By subsector, business activity increased in terms of the Sale of Motor Vehicles and Motorcycles and Repair, as well as Wholesale and Retail Trade, as indicated by respective increases in the WNB to 0.39% and 1.29% from 0.25% and 1.15% in the previous period (Table 1 - Appendix), in line with growing domestic demand and the Eid-ul-Fitr national religious holidays (HBKN).

In line with business activity, respondents confirmed higher labour utilisation in the Wholesale and Retail Trade, and Repair of Motor Vehicles and Motorcycles sector in the reporting period, with the WNB increasing to 0.92% from 0.82% (Graph 21). Labour utilisation was observed to increase in the Wholesale and Retail Trade, Except of Motor Vehicles and Motorcycles subsector (WNB 0.72%), and the Sale of Motor Vehicles and Motorcycles and Repair subsector (WNB 0.20%) (Table 4 - Appendix).

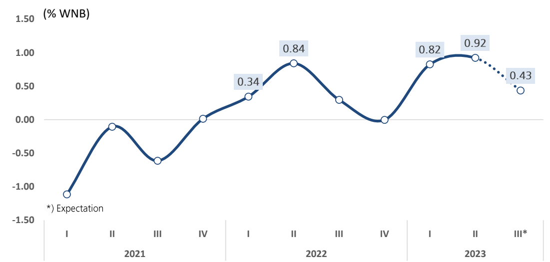
Respondents predict moderating business activity in the Wholesale and Retail Trade, and Repair of Motor Vehicles and Motorcycles sector in the third quarter of 2023, as reflected by a lower WNB of 1.26% compared to 1.68% in the previous period (Graph 20). Respondents expect the Wholesale and Retail Trade, Except of Motor Vehicles and Motorcycles subsector to experience significant moderation from a WNB of 1.29% in the second quarter of 2023 to 0.67% in the third quarter of 2023 as domestic demand normalises after the Eid-ul-Fitr national religious holidays (HBKN). On the other hand, the Sale of Motor Vehicles and Motorcycles and Repair subsector is expected to post limited gains in the third quarter of 2023, as indicated by a WNB of 0.58% (Table 1 - Appendix).

In line with the business activity, respondents predict labour utilisation in the Wholesale and Retail Trade, and Repair of Motor Vehicles and Motorcycles sector to moderate in the third quarter of 2023, as indicated by a lower WNB of 0.43% (Graph 21). Respondents expect the Wholesale and Retail Trade, Except of Motor Vehicles and Motorcycles subsector to experience significant moderation from a WNB of 0.72% in the second quarter of 2023 to 0.25% in the third quarter of 2023, with relatively stable labour utilisation anticipated in the Sale of Motor Vehicles and Motorcycles and Repair subsector (WNB 0.19%) in response to lower production activity and greater business process efficiency (Table 4 - Appendix).

Graph 20 Business Activity of Wholesale and Retail Trade, and Repair of Motor Vehicles and Motorcycles sector



Graph 21 Labour Utilisation of Wholesale and Retail Trade, and Repair of Motor Vehicles and Motorcycles sector



APPENDIX

Table 1 Business Activity Development and Outlook
(% Weighted Net Balance - WNB)

INDUSTRIAL ORIGIN	2022	2023		
	IV	I	II	III*
AGRICULTURE, FORESTRY AND FISHING	-1.04	0.93	2.34	0.45
Food Crops	-0.90	0.49	0.69	0.24
Horticultural Crops	0.11	0.00	0.35	0.00
Plantation Crops	-0.29	0.13	0.42	0.04
Livestock	-0.15	0.19	0.46	0.05
Agricultural Services and Hunting	0.07	-0.07	0.04	0.05
Forestry and Logging	-0.10	0.12	-0.06	0.06
Fishing	0.23	0.07	0.43	0.00
MINING AND QUARRYING	-0.13	0.26	0.62	0.71
MANUFACTURING	0.47	1.54	2.21	2.72
Manufacture of Food Products and Beverages	0.29	0.31	0.64	0.13
Manufacture of Tobacco Products	-0.11	0.06	0.14	0.27
Manufacture of Textiles; and Wearing Apparel	0.19	0.17	0.14	0.18
Manufacture of Leather and Related Products; and Footwear	0.00	0.09	0.16	0.05
Manufacture of Wood and Products of Wood and Cork, Articles of Straw and Plaiting Materials	-0.02	-0.14	0.07	0.11
Manufacture of Paper and Paper products; Printing and Reproduction of Recorded Media	0.08	0.05	0.08	0.31
Manufacture of Chemicals and Pharmaceuticals; and Botanical Products	0.27	0.23	0.26	0.20
Manufacture of Rubber, Rubber Products and Plastic Products	-0.28	-0.03	-0.01	0.20
Manufacture of Other Non-Metallic Mineral Products	0.12	0.11	0.16	0.12
Manufacture of Basic Metals	0.08	0.12	0.05	0.23
Manufacture of Fabricated Metal Products, Computer, Optical Products and Electronic Devices	-0.35	-0.04	0.21	0.33
Manufacture of Machinery and Equipment	0.06	0.12	0.04	0.21
Manufacture of Transport Equipment	0.14	0.57	0.25	0.25
Manufacture of Furniture	-0.06	-0.03	0.02	0.05
ELECTRICITY AND GAS SUPPLY	0.63	0.57	0.73	0.62
WATER SUPPLY, SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES	0.04	0.04	0.04	0.05
CONSTRUCTION	1.00	0.66	1.31	1.75
WHOLESALE AND RETAIL TRADES, REPAIR OF MOTOR VEHICLE AND MOTORCYCLES	1.25	1.41	1.68	1.26
Wholesale and Retail Trade and Repair of Motor Vehicles and Motorcycles	0.50	0.25	0.39	0.58
Wholesale and Retail Trades, except of Motor Vehicles and Motorcycles	0.74	1.15	1.29	0.67
TRANSPORT AND STORAGE	1.24	0.89	1.26	1.07
ACCOMMODATION AND FOOD SERVICE ACTIVITIES	1.22	0.49	0.96	0.89
Accommodation	0.36	0.04	0.29	0.28
Food and Beverages Service Activities	0.86	0.45	0.67	0.61
INFORMATION AND COMMUNICATION	0.96	0.66	0.74	0.80
FINANCIAL AND INSURANCE SERVICES	1.82	1.97	1.94	1.99
Financial Intermediary Services	1.05	1.24	1.12	1.12
Insurance and Pension Fund	0.40	0.40	0.43	0.52
Other Financial Services	0.32	0.29	0.34	0.30
Financial Supporting Services	0.05	0.05	0.04	0.04
REAL ESTATE ACTIVITIES	0.55	0.38	0.55	0.61
BUSINESS SERVICES	0.33	0.40	0.38	0.47
PUBLIC ADMINISTRATION AND DEFENSE, COMPULSORY SOCIAL SECURITY	1.25	0.33	0.88	0.95
EDUCATION	0.73	0.34	0.47	0.53
HUMAN HEALTH AND SOCIAL WORK ACTIVITIES	0.16	0.28	0.33	0.36
OTHER SERVICES ACTIVITIES	0.25	-0.09	0.20	0.20
TOTAL	10.71	11.05	16.62	15.42

*) Expectation

Table 2 Production Capacity Utilisation
(Percentage)

INDUSTRIAL ORIGIN	2022	2023	
	IV	I	II
AGRICULTURE, FORESTRY AND FISHING	67.99	71.03	74.90
Food Crops	66.27	74.85	81.65
Horticultural Crops	62.00	73.16	80.00
Plantation Crops	74.79	76.66	78.06
Livestock	72.98	75.32	79.43
Agricultural Services and Hunting	76.97	69.59	73.44
Forestry and Logging	59.10	65.56	65.36
Fishing	63.79	62.06	66.36
MINING AND QUARRYING	66.94	67.78	69.55
MANUFACTURING	70.90	72.26	73.58
Manufacture of Food Products and Beverages	72.23	74.64	75.00
Manufacture of Tobacco Products	61.29	69.51	79.50
Manufacture of Textiles; and Wearing Apparel	74.81	75.84	73.99
Manufacture of Leather and Related Products; and Footwear	82.80	84.30	85.26
Manufacture of Wood and Products of Wood and Cork, Articles of Straw and Plaiting Materials	62.32	64.63	69.78
Manufacture of Paper and Paper products; Printing and Reproduction of Recorded Media	70.46	70.30	74.08
Manufacture of Chemicals and Pharmaceuticals; and Botanical Products	75.22	72.13	74.14
Manufacture of Rubber, Rubber Products and Plastic Products	64.04	66.37	66.60
Manufacture of Other Non-Metallic Mineral Products	70.19	69.81	71.32
Manufacture of Basic Metals	63.13	67.26	66.41
Manufacture of Fabricated Metal Products, Computer, Optical Products and Electronic Devices	68.36	69.57	73.60
Manufacture of Machinery and Equipment	81.73	75.00	74.59
Manufacture of Transport Equipment	68.14	75.00	72.50
Manufacture of Furniture	72.20	73.02	73.03
ELECTRICITY AND GAS SUPPLY	77.91	76.12	81.31
WATER SUPPLY, SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES	73.74	74.47	75.05
TOTAL	71.49	72.33	74.88

*) Expectation

Table 3 Indicator of Financial Condition and Access to Financing
(Net Balance - NB)

INDICATORS	2022	2023	
	IV	I	II
Financial condition over past three months:			
- Liquidity			
Better	27.45	27.02	29.44
Same	66.62	66.39	65.39
Worse	5.93	6.59	5.16
Net Balance (% Good - % Bad)	**21.52**	**20.43**	**24.28**
- Rentability			
Better	26.91	26.62	28.38
Same	65.61	64.07	64.47
Worse	7.48	9.30	7.15
Net Balance (% Good - % Bad)	**19.43**	**17.32**	**21.22**
Access to credit over past three months:			
Easy	9.06	8.87	8.82
Normal	86.44	86.55	86.58
Tight	4.50	4.57	4.60
Net Balance (% Easy - % Tight)	**4.56**	**4.30**	**4.21**

Table 4 Labour Utilisation
(Weighted Net Balance – WNB)

INDUSTRIAL ORIGIN	2022	2023		
	IV	I	II	III*
AGRICULTURE, FORESTRY AND FISHING	-0.60	0.27	0.35	0.23
Food Crops	-0.20	0.20	0.20	0.04
Horticultural Crops	0.00	0.09	0.12	0.12
Plantation Crops	-0.17	0.04	0.04	0.04
Livestock	-0.04	0.10	0.00	-0.03
Agricultural Services and Hunting	0.01	-0.01	-0.01	0.00
Forestry and Logging	-0.15	-0.08	0.00	0.06
Fishing	-0.06	-0.07	0.00	0.00
MINING AND QUARRYING	0.11	0.73	1.04	1.44
MANUFACTURING	-1.42	-0.79	-0.16	-0.21
Manufacture of Food Products and Beverages	-0.20	-0.07	0.10	-0.23
Manufacture of Tobacco Products	-0.26	0.00	0.00	0.05
Manufacture of Textiles; and Wearing Apparel	-0.10	-0.08	-0.20	-0.12
Manufacture of Leather and Related Products; and Footwear	0.00	-0.06	0.02	-0.02
Manufacture of Wood and Products of Wood and Cork, Articles of Straw and Plaiting Materials	-0.13	-0.07	-0.06	-0.06
Manufacture of Paper and Paper products; Printing and Reproduction of Recorded Media	0.04	-0.05	0.00	0.00
Manufacture of Chemicals and Pharmaceuticals; and Botanical Products	0.03	-0.30	0.00	0.00
Manufacture of Rubber, Rubber Products and Plastic Products	-0.12	-0.19	-0.09	0.01
Manufacture of Other Non-Metallic Mineral Products	0.05	0.03	0.04	0.00
Manufacture of Basic Metals	0.03	0.00	-0.03	0.00
Manufacture of Fabricated Metal Products, Computer, Optical Products and Electronic Devices	-0.21	-0.27	-0.46	-0.12
Manufacture of Machinery and Equipment	-0.06	-0.02	0.00	0.02
Manufacture of Transport Equipment	-0.43	0.29	0.50	0.25
Manufacture of Furniture	-0.06	-0.03	-0.01	-0.02
ELECTRICITY AND GAS SUPPLY	-0.20	-0.05	0.10	0.10
WATER SUPPLY, SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES	-0.01	-0.01	-0.01	-0.01
CONSTRUCTION	0.19	0.03	0.24	0.12
WHOLESALE AND RETAIL TRADES, REPAIR OF MOTOR VEHICLE AND MOTORCYCLES	0.00	0.82	0.92	0.43
Wholesale and Retail Trade and Repair of Motor Vehicles and Motorcycles	0.13	0.18	0.20	0.19
Wholesale and Retail Trades, except of Motor Vehicles and Motorcycles	-0.13	0.65	0.72	0.25
TRANSPORT AND STORAGE	0.15	0.14	0.03	0.16
ACCOMMODATION AND FOOD SERVICE ACTIVITIES	0.38	0.13	0.26	0.32
Accommodation	0.09	0.05	0.06	0.08
Food and Beverages Service Activities	0.30	0.07	0.20	0.23
INFORMATION AND COMMUNICATION	0.16	0.20	0.16	0.05
FINANCIAL AND INSURANCE SERVICES	0.51	0.79	0.37	0.65
Financial Intermediary Services	0.35	0.59	0.18	0.50
Insurance and Pension Fund	0.09	0.07	0.09	0.09
Other Financial Services	0.07	0.12	0.08	0.04
Financial Supporting Services	0.00	0.01	0.02	0.01
REAL ESTATE ACTIVITIES	0.08	0.32	0.19	0.13
BUSINESS SERVICES	0.11	-0.02	0.00	0.00
PUBLIC ADMINISTRATION AND DEFENSE, COMPULSORY SOCIAL SECURITY	0.22	0.11	0.07	0.07
EDUCATION	0.13	0.10	0.09	0.19
HUMAN HEALTH AND SOCIAL WORK ACTIVITIES	0.14	0.10	0.16	0.11
OTHER SERVICES ACTIVITIES	0.00	0.18	0.13	0.13
TOTAL	-0.04	3.06	3.95	3.92

*) Expectation

Table 5 Selling Price (Weighted Net Balance – WNB)

INDUSTRIAL ORIGIN	2022	2023		
	IV	I	II	III*
AGRICULTURE, FORESTRY AND FISHING	**4.00**	**3.08**	**2.82**	**1.52**
Food Crops	1.43	1.88	1.22	0.37
Horticultural Crops	0.77	0.17	0.35	0.12
Plantation Crops	1.12	0.59	0.27	0.35
Livestock	0.23	0.16	0.72	0.10
Agricultural Services and Hunting	0.09	0.02	0.06	0.04
Forestry and Logging	-0.20	-0.08	0.19	-0.06
Fishing	0.57	0.35	0.00	0.60
MINING AND QUARRYING	**2.46**	**-1.13**	**-0.97**	**-0.19**
MANUFACTURING	**2.44**	**3.96**	**1.65**	**1.67**
Manufacture of Food Products and Beverages	1.63	1.58	0.54	0.50
Manufacture of Tobacco Products	0.32	0.59	0.27	0.18
Manufacture of Textiles; and Wearing Apparel	0.21	0.23	0.07	0.09
Manufacture of Leather and Related Products; and Footwear	0.03	0.15	0.02	0.02
Manufacture of Wood and Products of Wood and Cork, Articles of Straw and Plaiting Materials	0.07	-0.11	-0.02	0.06
Manufacture of Paper and Paper products; Printing and Reproduction of Recorded Media	0.34	0.36	0.23	0.16
Manufacture of Chemicals and Pharmaceuticals; and Botanical Products	0.13	0.46	-0.07	0.07
Manufacture of Rubber, Rubber Products and Plastic Products	-0.10	0.13	0.11	0.22
Manufacture of Other Non-Metallic Mineral Products	0.15	0.17	0.12	-0.04
Manufacture of Basic Metals	-0.03	0.03	0.08	0.08
Manufacture of Fabricated Metal Products, Computer, Optical Products and Electronic Devices	0.03	0.19	0.08	0.00
Manufacture of Machinery and Equipment	0.06	0.17	0.17	0.08
Manufacture of Transport Equipment	-0.43	0.00	0.00	0.25
Manufacture of Furniture	0.02	0.03	0.00	0.00
ELECTRICITY AND GAS SUPPLY	**0.29**	**0.30**	**0.28**	**0.28**
WATER SUPPLY, SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES	**0.03**	**0.03**	**0.02**	**0.03**
CONSTRUCTION	**2.08**	**2.22**	**2.07**	**1.55**
WHOLESALE AND RETAIL TRADES, REPAIR OF MOTOR VEHICLE AND MOTORCYCLES	**3.83**	**3.94**	**2.98**	**2.82**
Wholesale and Retail Trade and Repair of Motor Vehicles and Motorcycles	0.83	0.78	0.71	0.66
Wholesale and Retail Trades, except of Motor Vehicles and Motorcycles	3.00	3.15	2.26	2.16
TRANSPORT AND STORAGE	**1.00**	**0.53**	**0.48**	**0.28**
ACCOMMODATION AND FOOD SERVICE ACTIVITIES	**0.59**	**0.46**	**0.51**	**0.36**
Accommodation	0.14	0.13	0.11	0.10
Food and Beverages Service Activities	0.45	0.34	0.41	0.26
INFORMATION AND COMMUNICATION	**0.37**	**0.41**	**0.80**	**0.32**
FINANCIAL AND INSURANCE SERVICES	**1.02**	**1.07**	**0.78**	**0.68**
Financial Intermediary Services	0.85	0.79	0.58	0.45
Insurance and Pension Fund	0.09	0.15	0.09	0.09
Other Financial Services	0.08	0.10	0.09	0.12
Financial Supporting Services	0.01	0.02	0.01	0.02
REAL ESTATE ACTIVITIES	**0.60**	**0.50**	**0.45**	**0.45**
BUSINESS SERVICES	**0.37**	**0.34**	**0.30**	**0.15**
PUBLIC ADMINISTRATION AND DEFENSE, COMPULSORY SOCIAL SECURITY	**0.37**	**0.33**	**0.15**	**0.15**
EDUCATION	**0.30**	**0.24**	**0.34**	**0.22**
HUMAN HEALTH AND SOCIAL WORK ACTIVITIES	**0.13**	**0.21**	**0.15**	**0.11**
OTHER SERVICES ACTIVITIES	**0.32**	**0.00**	**0.07**	**0.13**
TOTAL	20.19	16.48	12.85	10.52

*) Expectation

Table 6	Annual Inflation Expectations (% of respondents)

INDUSTRIAL ORIGIN	EXPECTATION FOR 2022	EXPECTATION FOR 2023	
	Q4-2022 Survey	Q1-2023 Survey	Q2-2023 Survey
AGRICULTURE, FORESTRY AND FISHING	3.54	4.41	3.76
MINING AND QUARRYING	3.73	3.90	3.20
MANUFACTURING	3.84	3.96	3.91
ELECTRICITY AND GAS SUPPLY	3.24	3.56	3.69
WATER SUPPLY, SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES	3.37	3.50	3.78
CONSTRUCTION	3.78	3.98	3.73
WHOLESALE AND RETAIL TRADES, REPAIR OF MOTOR VEHICLE AND MOTORCYCLES	3.99	3.75	3.97
TRANSPORT AND STORAGE	3.37	4.17	3.67
ACCOMMODATION AND FOOD SERVICE ACTIVITIES	3.47	4.66	3.75
INFORMATION AND COMMUNICATION	3.11	3.83	3.57
FINANCIAL AND INSURANCE SERVICES	3.66	4.51	3.79
REAL ESTATE ACTIVITIES	3.37	6.00	4.45
BUSINESS SERVICES	3.47	4.03	3.48
PUBLIC ADMINISTRATION AND DEFENSE, COMPULSORY SOCIAL SECURITY	3.22	3.72	3.39
EDUCATION	2.71	3.38	3.68
HUMAN HEALTH AND SOCIAL WORK ACTIVITIES	3.26	3.57	3.86
OTHER SERVICES ACTIVITIES	3.11	4.02	4.20
TOTAL	**3.43**	**4.06**	**3.76**
National Inflation Target	**3 ± 1**	**3 ± 1**	

Table 7	Realisation of Investment (Weighted Net Balance – WNB)

INDUSTRIAL ORIGIN	2022	2023		
	IV	I	II	III*
AGRICULTURE, FORESTRY AND FISHING	1.06	0.49	0.76	0.91
MINING AND QUARRYING	0.39	-3.25	0.75	1.55
MANUFACTURING	0.85	0.93	0.73	1.00
ELECTRICITY AND GAS SUPPLY	0.50	0.35	0.50	0.51
WATER SUPPLY, SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES	0.02	0.02	0.04	0.02
CONSTRUCTION	0.04	0.21	0.24	0.24
WHOLESALE AND RETAIL TRADES, REPAIR OF MOTOR VEHICLE AND MOTORCYCLES	0.76	0.72	0.72	0.71
TRANSPORT AND STORAGE	0.28	0.46	0.50	0.33
ACCOMMODATION AND FOOD SERVICE ACTIVITIES	0.25	0.12	0.36	0.30
INFORMATION AND COMMUNICATION	0.32	0.61	0.64	0.37
FINANCIAL AND INSURANCE SERVICES	0.57	0.77	0.64	0.66
REAL ESTATE ACTIVITIES	0.20	0.19	0.29	0.45
BUSINESS SERVICES	0.26	0.30	0.25	0.17
PUBLIC ADMINISTRATION AND DEFENSE, COMPULSORY SOCIAL SECURITY	1.03	0.44	0.29	0.51
EDUCATION	0.62	0.20	0.53	0.44
HUMAN HEALTH AND SOCIAL WORK ACTIVITIES	0.22	0.16	0.08	0.18
OTHER SERVICES ACTIVITIES	0.38	0.27	0.26	0.20
TOTAL	7.75	2.96	7.60	8.55

*) Expectation

Table 8 Realisation of Investment (Semianually) (% Net Balance – NB)

INVESTMENT	2022		2023	
	Smt I	Smt II	Smt I	Smt II*
Realization of Investment (% respondent)	20.96	26.35	23.61	22.75
Amount of the investment (NB)	49.08	66.78	59.76	67.49
Purpose of Investment (%)				
New investment	46.03	43.83	48.15	
Replacement	23.02	23.92	21.42	
New investment and replacement	30.95	32.24	30.43	
Types of Investment (% respondent's answer)				
Land	11.92	9.50	11.13	
Building / Factory	25.08	27.29	24.53	
Transportation	18.42	19.12	18.84	
Machinery	26.93	29.17	29.96	
Other Equipment	17.65	14.92	15.55	
Limiting factors of investment (%)				
Rate	14.58	16.48	15.90	
Security factor	5.12	5.80	6.21	
Tax	7.14	5.73	6.07	
Regulation	9.85	9.26	9.83	
Labour	6.08	6.22	7.23	
Administration	17.95	19.66	18.93	
Infrastructur	14.67	10.68	10.40	
Acces to bank loan	2.99	3.54	5.06	
Others	21.62	22.63	20.38	

Table 11 Prompt Manufacturing Index - Bank Indonesia (% Index)

Periode		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*	57.70	54.68	50.32	54.05	48.73	53.53

*) Expectation

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METHODOLOGY

The Business Survey has been conducted quarterly since the first quarter of 1993. In Quarter II-2023, the Survey was extended to 3,369 enterprises spread throughout all regions of the Indonesian archipelago, selected using purposive sampling. Statistically, the respondents have a sampling error of 2% at a 5% level of significance. Data is collated through respondent questionnaires either by hardcopy or by online on BI website. The data is calculated using the net balance method, namely by calculating the difference between the percentage of respondents whose answers increased, those whose answers decreased and those whose answers remained the same. In the case of calculating the net balance of business activity, selling price and labour utilization are calculated using the net weighted balance method. The weight reflected the contribution of each sector to GDP. In Quarter I-2014, the Survey has been conducted in the last month of the current quarter (one month earlier than usual). In addition, the questionnaire improvement and integrated web-based application both were developed. Starting Quarter I-2023, there was update of the methodology from the base year 2000 to 2010.