News Release

EMBARGOED UNTIL 07:30 (Jakarta) / 00:30 (UTC) May 2nd 2018

Nikkei Indonesia Manufacturing PMI™

Strongest rise in output since July 2014

- Headline PMI rises to a 22-month high of 51.6
- Steeper increase in output supported by fastest rise in new orders since June 2016...
- ...but confidence towards the business outlook weakens

Key points:

Data collected April 12-23

Operating conditions across Indonesia's manufacturing sector improved at the strongest pace since June 2016 in April. This reflected the strongest growth of output and new orders since July 2014 and June 2016, respectively. Despite reports of improving domestic demand conditions, employment stagnated while exports fell at a solid pace. At the same time, business confidence regarding the year ahead outlook for production dipped to the lowest since December 2012.

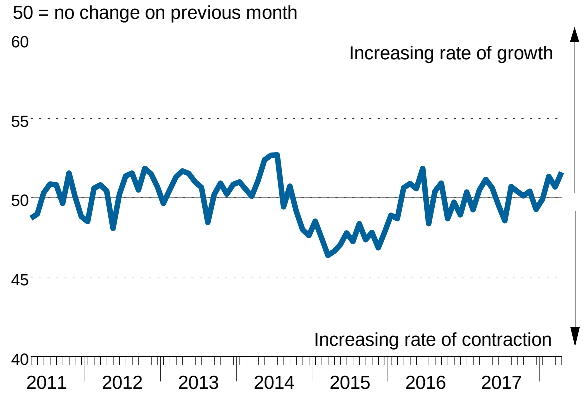
The headline seasonally adjusted Nikkei Indonesia Manufacturing *Purchasing Managers' Index™ (PMI™)* rose from 50.7 to 51.6 in April. Though modest, this indicated the strongest improvement in manufacturing conditions since June 2016.

Indonesia's manufacturing sector registered increased production for the third consecutive month during April. Moreover, growth accelerated to the sharpest since July 2014. According to panellists, stronger demand conditions supported the latest upturn.

The upward movement in the headline PMI was also supported by greater inflows of new work. Notably, the rate of expansion was the sharpest since mid-2016. There were reports of increased client demand, particularly from domestic markets. However, new orders from overseas fell for the fifth consecutive month during April. Furthermore, the rate of contraction quickened to the fastest in just over a year.

April also saw a further pick-up in manufacturers' purchasing activity, with the rate of growth accelerating to the fastest since July 2014. Firms reported that improvements in new order books prompted firms to engage in input buying.

Nikkei Indonesia Manufacturing PMI



Sources: Nikkei, IHS Markit

Subsequently, pre-production inventories rose slightly in April.

Backlogs of work declined for the fourty-seventh consecutive month in April. According to panellists, there were sufficient resources to enable the timely completion of work.

Meanwhile, staffing levels stagnated at the start of the second quarter. This contrasted with increases in the prior two months.

On the price front, input cost inflation softened from March's 29-month high but remained sharp overall. The strength of the US dollar against the Indonesian rupiah was the primary driver behind higher input costs, according to panellists.

The sustained increase in firms' costs led to a further rise in factory gate charges. That said, the rate of inflation was slight and the weakest for six months.

Despite the stronger improvement in operating conditions, manufacturers were less optimistic about the year ahead. Notably, the level of positive sentiment was the weakest recorded for 64 months and below the historical average.

Comment:

Commenting on the Indonesian Manufacturing PMI survey data, **Aashna Dodhia,** Economist at IHS Markit, which compiles the survey, said**:**

"Latest PMI data indicated that stronger demand conditions had helped to shift Indonesia's manufacturing sector onto a higher growth trajectory in April, with output and new orders rising at the fastest rates since July 2014 and June 2016, respectively. However, demand in international markets remained relatively subdued, with new orders from overseas falling at the fastest pace in just over a year.

"Prices data suggest that inflationary pressures, that stemmed from the strength of the US dollar against the Indonesian rupiah, subsided slightly as input cost inflation softened from March's 29-month high to register below the historical average.

"Looking ahead, there was a note of caution, as business confidence moderated to the lowest level seen since the end of 2012. The dip in optimism partly reflected concerns of a potential market slowdown in the year ahead. At the same time, IHS Markit anticipates that widening interest rate differentials will lead to a further depreciation of the rupiah this year."

Nikkei Indonesia Manufacturing PMI™ is sponsored by NIKKEI

Nikkei is a media organization with newspaper publishing at its core. Our flagship daily newspaper, The Nikkei, has approximately two and a half million subscribers. Nikkei's multi-platform media distribution also includes online, broadcast and magazines.

Since our founding in 1876 as the Chugai Bukka Shimpo (Domestic and Foreign Prices News), we have consistently provided high-quality reporting while maintaining fairness and impartiality. The Nikkei brand has become synonymous with trustworthiness at home and abroad.

Nikkei Inc. offers a range of media platforms to satisfy the diverse needs of our readers. At the core of these services is The Nikkei which has a circulation of approximately two and a half million. Adding further depth to our offerings are our premium content and strong digital technology. The number of paying subscribers to the Nikkei Online Edition, which was launched in 2010, has surpassed 500,000. Our fee-based online services have one of the largest readerships in the world among newspaper publishers. Eight years after its creation, the online edition has evolved from a medium for providing news to readers into a tool that helps people advance their careers.

In 2013, we kicked off the Nikkei Asian Review, an English-language news service provided both online and as a weekly print magazine. The following year, we established an Editorial Headquarters for Asia in Bangkok to deepen our coverage of Asian economic news. In addition, we doubled the number of reporters stationed in Asia outside Japan. 2014 also saw the launch of Nikkei Group Asia Pte., a new company in Singapore tasked with spreading the Nikkei brand in the region. Our goal is to make Nikkei the leading media voice in Asia.

http://www.nikkei.co.jp/nikkeiinfo/en/

NIKKEI ASIAN REVIEW **http://asia.nikkei.com/**

INTRODUCING THE ONLY BUSINESS PUBLICATION THAT BRINGS YOU INSIGHTS ABOUT ASIA, FROM THE INSIDE OUT

With more reporters and contributors across the region than any other business publication, only Nikkei Asian Review can give you a view of business in Asia from the inside.

Stay abreast of the latest news, analysis and insights with a subscription to Nikkei Asian Review – available in print, online, and on your mobile and tablet device.

Asia300:
Providing extensive coverage of over 300 leading companies in 11 countries and regions in Asia. Nikkei Asian Review aims to build the largest hub for Asian corporate news through enhanced reporting backed by large database of business and financial information on companies in the region.

JAPAN UPDATE:
Keeping you up-to-date with business and news from Japan.

VIEWPOINTS:
Bringing views of leading minds on Asia from around the world, including our column "Tea Leaves" written by some of our best writers.

POLITICS & ECONOMY:
Looking at fiscal and monetary policy, international affairs and more

MARKETS:
Deep analysis of the markets, with detailed industry news to keep you abreast of some of the fastest growing sectors in the region.

Video:

Watch analysts explain our articles, catch interviews with top executives.

Print Edition:

Weekly delivery of the best content from Nikkei Asian Review to your home or office

For further information, please contact:

IHS Markit (About PMI and its comment)
Aashna Dodhia, Economist
Telephone +44 1491 461 003
Email aashna.dodhia@ihsmarkit.com

Jerrine Chia, Marketing and Communications
Telephone +65 6922 4239
E-mail jerrine.chia@ihsmarkit.com

Bernard Aw, Principal Economist
Telephone +65 6922 4226
E-mail bernard.aw@ihsmarkit.com

Nikkei inc. (About Nikkei)
Ken Chiba, Deputy General Manager, Public Relations Office
Atsushi Kubota, Manager, Public Relations Office
Telephone 81-3-6256-7115
Email koho@nex.nikkei.co.jp

Notes to Editors:

The Nikkei Indonesia Manufacturing *PMI*™ is based on data compiled from monthly replies to questionnaires sent to purchasing executives in over 300 industrial companies. The panel is stratified by GDP and company workforce size. The manufacturing sector is divided into the following 8 broad categories: Basic Metals, Chemicals & Plastics, Electrical & Optical, Food & Drink, Mechanical Engineering, Textiles & Clothing, Timber & Paper and Transport.

Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'. Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

The Nikkei Indonesia Manufacturing *PMI*™ is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times Index inverted so that it moves in a comparable direction.

IHS Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from IHS Markit. Please contact economics@ihsmarkit.com.

About IHS Markit (www.ihsmarkit.com)

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and expertise to forge solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

About PMI

Purchasing Managers' Index™ (PMI™) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. To learn more go to https://ihsmarkit.com/products/pmi.html.