

# News Release

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## S&P Global Philippines Manufacturing PMI<sup>®</sup>

### Modest, albeit continued, improvement in the health of the Filipino manufacturing sector in February

#### Key findings

Softer increases in output and new orders

Fresh rise in employment

Inflationary pressures cool

Manufacturing conditions across the Philippines continued to improve midway through the first quarter, the latest PMI<sup>®</sup> data from S&P Global showed. However, underlying data showed a mixed picture, with the sector showing a slight cooldown as growth in new orders and output moderated on the month, leading to a softer increase in purchasing activity.

That said, a sustained expansion in new orders meant that manufacturers raised their employment levels for the first time in three months. Additionally, cost pressures cooled further, with the rate of charge inflation coming close to stalling in the latest survey period.

The headline S&P Global Philippines Manufacturing PMI – a composite single-figure indicator of manufacturing performance – ticked down for a second straight month to 51.0 in February from 52.3 in January. Manufacturing conditions have improved in each of the last 18 survey periods. However, the latest uptick signalled only a modest improvement in the health of the Filipino manufacturing sector, and one which was also the least marked in nearly a year.

Underpinning the improvement across the Filipino manufacturing sector was a further improvement in demand trends and another monthly rise in new orders. That said, after a period of strong increases in the final quarter of 2024, the growth rate moderated again in February and was modest overall. The expansion in new factory orders was the weakest in seven months. Growth in new export orders also cooled.

Subsequently, the expansion in production also moderated, with output growth at its softest since July 2024.

In response to cooling demand trends and moderating production requirements, manufacturers increased their purchasing activity at a slower rate, with February data marking the weakest pace of expansion in the current 15-month sequence of growth.

Philippines Manufacturing PMI

sa, >50 = growth since previous month



Source: S&P Global PMI.

Data were collected 10-21 January 2025.

#### Comment

*Maryam Baluch, Economist at S&P Global Market Intelligence, said:*

*"Robust growth observed from the end of the previous year into the beginning of this year waned in February, as the latest survey data indicated slower expansions in output and new orders.*

*"Nonetheless, for the first time in three months, employment levels rose, with companies challenged to meet sustained demand improvements, as indicated via a fresh rise in backlogs.*

*"Meanwhile, inflationary pressures eased, thus suggesting that the central bank will continue to proceed with a loosening of its monetary policy. This could in turn boost somewhat weakened business confidence and support further new order growth."*

PMI<sup>®</sup>

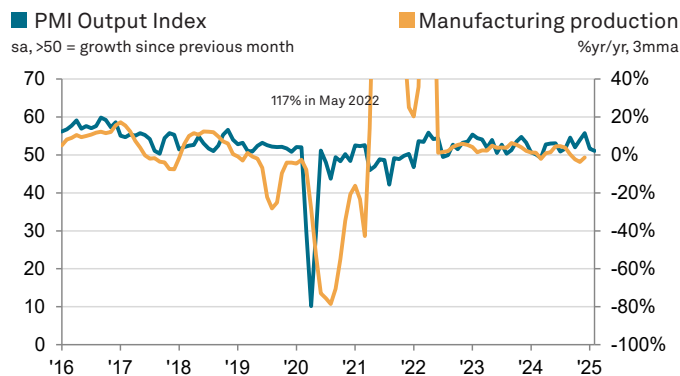
by S&P Global

Despite this, pressure on capacity was reported, as firms registered an increase in backlogs of work for the first time in five months. Although the rate of accumulation in work-in-hand was modest, it was the most pronounced seen in nearly two years. Consequently, companies utilised their inventories to meet order requirements and thereby reduced their input stock holdings, signifying the first decrease in three months.

Additionally, Filipino goods producers recorded a renewed rise in employment during February. While this upturn was marginal overall, it followed two survey periods in which staffing numbers remained largely unchanged.

Meanwhile, cooling demand trends were accompanied by a further easing of cost pressures. Although material shortages and transportation costs continued to drive up input prices, the rate of increase was the slowest in the current nine-month sequence of inflation. At the same time, the rate of charge inflation also moderated in February, with output prices for Filipino goods rising only fractionally, and at the weakest pace in ten months. Furthermore, both input price and output charge inflation were weaker than their respective series averages.

Looking ahead, manufacturers in the Philippines remained optimistic about the outlook for production over the coming 12 months in February. Firms expressed hope that demand trends would continue to improve, and that the upcoming election would provide an additional boost. However, the degree of confidence weakened to a ten-month low.



Sources: S&P Global, Philippines Federal Reserve.

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### Survey methodology

The S&P Global Philippines Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in January 2016.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact [economics@spglobal.com](mailto:economics@spglobal.com).

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