

# News Release

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

### Stronger demand supports quicker growth in output in October

#### Key findings

Quicker expansions in new orders and output

Inflationary pressures ease

Business confidence continues to slide

The latest PMI<sup>®</sup> survey data signalled an improvement in the health of the Philippines manufacturing sector in October. The latest upturn was supported by quicker expansions in factory orders and output. Rising workloads encouraged firms to raise their payroll numbers and purchasing activity. Additionally, inflationary pressures cooled during the latest survey period, with both input costs and output charges increasing at rates slower than their respective historical averages.

Manufacturers remained optimistic about the outlook. Despite further gains in new orders and growth in production, the Filipino manufacturing sector registered a further moderation in business confidence.

The headline S&P Global Philippines Manufacturing PMI – a composite single-figure indicator of manufacturing performance – rose from 50.6 in September to 52.4 in October, signalling a second consecutive month of improvement in operating conditions. Moreover, the headline index indicated the fastest upturn in seven months.

Manufacturers in the Philippines reported that new orders rose at a solid and accelerated pace in October. Underlying data highlighted that new client wins and improved demand conditions supported the latest uptick in sales. Additionally, firms also recorded a renewed rise in new export orders, following on from a solid contraction in the previous survey period.

With demand conditions strengthening, growth in production volumes quickened. Output rose for the fourteenth successive month in October. Moreover, the rate of increase was the fastest for five months.

Improved business conditions also encouraged firms to raise employment, as workforce numbers increased for the second month running. That said, the rate of job creation was only marginal and broadly in line with that seen in September. October data signalled a fourth consecutive monthly fall in

Philippines Manufacturing PMI

sa, >50 = growth since previous month



Source: S&P Global PMI.

Data were collected 12-24 October 2023.

#### Comment

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

*"PMI data for the Philippines manufacturing sector signalled that improving underlying demand trends supported quicker expansions in the two largest constituents of the PMI – new orders and output – at the start of the fourth quarter. Operating conditions improved at the strongest pace in seven months. Moreover, increased workloads also supported growth in buying activity and employment. Additionally, price pressures continued to fade signalling the easing of strong inflationary pressures seen for the most part of the last two years.*

*"Filipino manufacturers remained optimistic, with growth in output anticipated in the year ahead. However, global headwinds and the lagged effects of the monetary policy tightening remain a downside risk to the sector."*

PMI<sup>®</sup>

by S&P Global

backlogs. Moreover, levels of unfinished work were depleted at the sharpest pace in nearly two years.

Additionally, after goods producers in the Philippines halted input buying activity in September, October data revealed renewed, albeit modest growth. Anecdotal evidence noted that a faster rise in factory orders and hopes of increased output over the coming year supported the latest upturn.

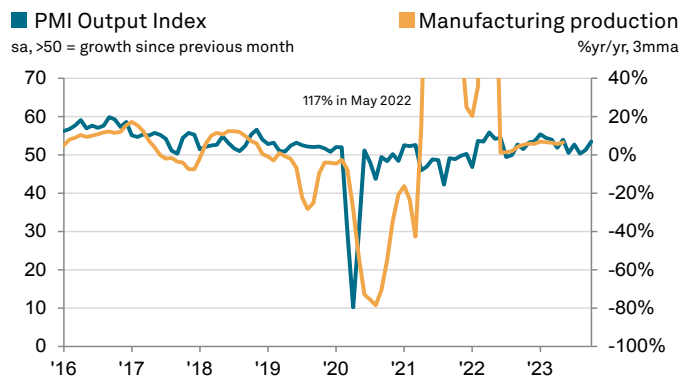
With buying activity rising, firms were able to build their stock levels as Filipino manufacturers recorded a fresh expansion in pre-production inventories. Meanwhile, stocks of finished goods rose for the fourth successive month, though at the weakest pace in the current sequence of increase.

Improved vendor performance made it easier for firms to receive inputs in a timely manner. Average lead times shortened for the second month running, though to a slightly lesser extent than was seen in September.

Operating expenses rose in October, amid reports of greater raw material and energy costs. That said, the pace of input price inflation was the slowest in four months and below the long-run average.

Similarly, factory gate charges rose only modestly and at a less pronounced rate than in September.

Looking ahead, goods producers in the Philippines were optimistic regarding the outlook over the coming year, with over a third of panellists expecting growth in output. However, the degree of confidence weakened on the month and was the lowest for 16 months.



Sources: S&P Global, Philippines Federal Reserve.

## Contact

Maryam Baluch  
Economist  
S&P Global Market Intelligence  
T: +44-13-4432-7213  
[maryam.baluch@spglobal.com](mailto:maryam.baluch@spglobal.com)

SungHa Park  
Corporate Communications  
S&P Global Market Intelligence  
T: +82 2 6001 3128  
[sungha.park@spglobal.com](mailto:sungha.park@spglobal.com)

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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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### 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. [ihsmarkit.com/products/pmi.html](https://ihsmarkit.com/products/pmi.html).