

S&P Global Malaysia Manufacturing PMI[®]

Production rises for the first time in 15 months

August 2025

Operating conditions broadly stable in August

New orders rise to greatest extent in three years

Employment levels moderate, while business confidence weakens

Latest data signalled improved trends across the Malaysian manufacturing sector at the midpoint of the third quarter of 2025.

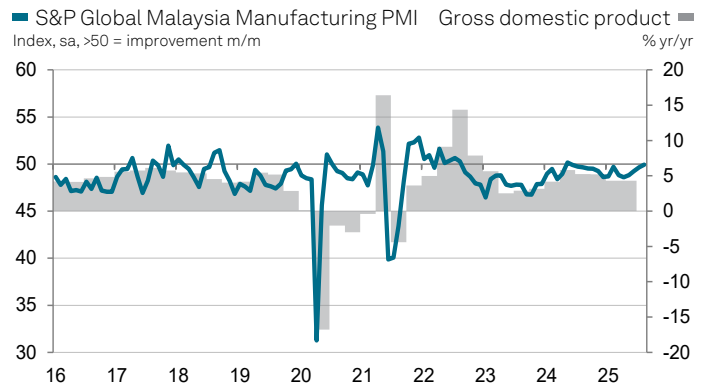
There was a rise in production levels for the first time since May 2024 amid the first increase in new order intakes in six months. While the respective rates of growth were only marginal, the expansion in demand was the strongest in exactly three years. August data also suggested that export demand remained positive for the second month running, while purchasing activity was raised at a stronger rate. That said, some firms raised concerns regarding how long this recovery would continue, as there was a further reduction in employment levels in the latest survey period. Moreover, the degree of confidence in the 12-month outlook for production waned from July and was the lowest in over four years.

The seasonally adjusted S&P Global Malaysia Manufacturing Purchasing Managers' Index™ (PMI[®]) rose slightly from 49.7 in July to 49.9 in August. The PMI signalled a broad stabilisation in the health of the Malaysian manufacturing sector, and marked the highest reading of the headline index since June 2024. Given the historical relationship between the PMI and official GDP data, the latest figures suggest that GDP growth seen throughout 2025 so far was maintained into the third quarter, while also pointing to sustained year-on-year improvements in official manufacturing production.

Manufacturers noted a renewed improvement in demand in the sector during August. Total new business increased for the first time since February, at a marginal rate that was nonetheless the most prominent for three years. At the same times, goods producers noted a second successive rise in new export sales, with improvements reported from customers in the Asia-Pacific region.

In turn, manufacturing firms raised production volumes for the first time in 15 months, albeit only fractionally. Concurrently, stocks of finished goods were further reduced as firms used existing inventories to help fulfil orders.

Despite the improvement in demand conditions, Malaysian manufacturers reported a sustained fall in employment levels that was the most marked since October 2023. Companies signalled that they had sufficient capacity, with the level of



Data were collected 12-22 August 2025.
Sources: S&P Global PMI, Department of Statistics Malaysia via S&P Global Market Intelligence. ©2025 S&P Global.

Comment

Usamah Bhatti, Economist at S&P Global Market Intelligence, said:

"PMI data for August suggest that demand conditions in the Malaysian manufacturing sector improved midway through the third quarter. There was renewed growth in both production and new order inflows, with the latter rising at the strongest rate in three years. Moreover, the data are consistent with the GDP growth seen in 2025 so far continuing into the third quarter.

"The picture for the coming months remains clouded, however. Firms looked to raise purchasing activity in response to the trends for demand, while there was also a softening in input price inflation. That said, firms further lowered employment levels amid signs that capacity pressures remained subdued. Moreover, manufacturers lifted charges at the joint-strongest pace in a year as part of efforts to protect margins.

"Finally, the overall degree of optimism slipped to the lowest level since June 2021, as firms expressed concerns about the strength of demand and the global economic outlook."

outstanding business falling again in August, but at the softest rate in three months.

In line with trends for new orders and production, purchasing activity was raised at a quicker pace in the latest survey period, as firms looked to adapt to higher production requirements. The rate of accumulation was modest and the most marked since April 2022. Stocks of purchases decreased however, but only slightly.

There was a stabilisation in vendor performance during August, following two consecutive months of lengthening lead times. Where delivery times shortened, firms mentioned softer pressure on suppliers, though this was offset by some reports of shipping delays.

Goods producers signalled a slowdown in the pace of input cost inflation in August. Anecdotal evidence suggested that rising raw material prices were a key factor in higher cost burdens, alongside some mentions of the impact of tariffs. In contrast to the picture for input costs, output charges were raised at the joint-strongest rate since August 2024.

Hopes that new orders will continue their upward trend supported confidence that production would rise over the coming year. That said, business sentiment dipped to the lowest level since June 2021 amid concerns regarding the global economic outlook.

Methodology

The S&P Global Malaysia 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 July 2012.

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.

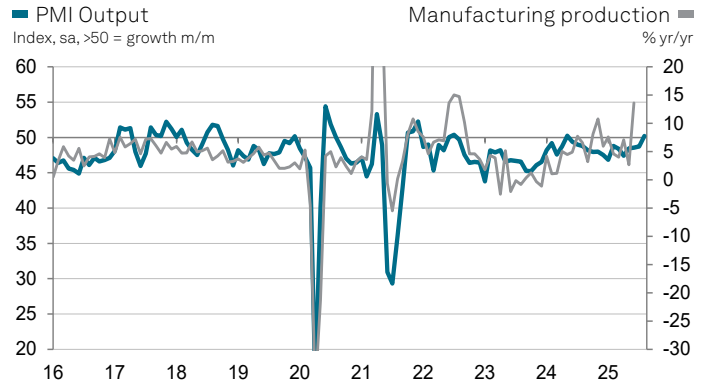
PMI by S&P Global

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. www.spglobal.com/marketintelligence/en/mi/products/pmi

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.



Sources: S&P Global PMI, Department of Statistics Malaysia via S&P Global Market Intelligence. ©2025 S&P Global.

Contact

Usamah Bhatti
Economist
S&P Global Market Intelligence
T: +44-1344-328-370
usamah.bhatti@spglobal.com

Corporate Communications
S&P Global Market Intelligence
press.mi@spglobal.com

If you prefer not to receive news releases from S&P Global, please email press.mi@spglobal.com. To read our privacy policy, click [here](#).

Using PMI to estimate growth

PMI data are available faster than official GDP figures and at a higher frequency, providing an accurate advance guide to economic growth. Comparing the headline Malaysia Manufacturing PMI with annual GDP growth rates shows a correlation of 60%, with the PMI acting as a coincident indicator of economic growth. Using the average of PMI Output Index for each calendar quarter lifts this correlation to 74%.

With this correlation as the basis of PMI-implied GDP growth rates, we can build a simple OLS regression model where the annual rate of change in GDP is explained by a single variable: the headline Malaysia manufacturing PMI. The model therefore allows us to estimate GDP using the following formula:

$$\text{Annual \% change in GDP} = (\text{PMI} \times 0.287) - 8.99$$

Using this formula, a headline PMI reading of 31.4 is comparable to a zero annual growth rate of GDP. Each index point above (below) is roughly the same as 0.3 percentage points of GDP growth (decline) such that:

$$\text{PMI} = 40, \text{GDP \%yr/yr} = 2.5; \text{PMI} = 50, \text{GDP \%yr/yr} = 5.3; \text{PMI} = 60, \text{GDP \%yr/yr} = 8.2$$

S&P Global

S&P Global (NYSE: SPGI) provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today. www.spglobal.com