

News Release

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S&P Global Philippines Manufacturing PMI[®]

Improvement in Filipino manufacturing operating conditions historically muted

Key findings

Headline PMI below long-run average

Output and new orders rise only modestly

Business confidence strengthens to nine-month high

The latest PMI survey data indicated a further increase in production within the Filipino manufacturing sector in August, with the rate of growth in new orders little-changed on the month. In line with rising production requirements, purchasing activity was expanded further. However, the sector's overall performance continued to be subdued when compared to historical standards.

Firms were more upbeat regarding the outlook for production over the coming year, with the level of confidence hitting a nine-month high. That said, the index continued to fall short of its survey average.

The headline S&P Global Philippines Manufacturing PMI[®] – a composite single-figure indicator of manufacturing performance – remained broadly consistent with figures seen since June, with the latest reading of 50.8 in August, only slightly down from 50.9 in July. The headline figure indicated a further improvement in health of the Filipino manufacturing sector, but one that was historically subdued and only marginal overall.

Filipino manufacturing output rose for the third consecutive month in August, with the pace of increase reaching its fastest rate in four months and only slightly softer than the series average. Supporting the upturn in output was a sustained rise in new business. The growth rate was broadly in line with that observed in July, with anecdotal evidence pointing to new customer acquisitions and improved underlying demand trends as driving the latest expansion. Manufacturers in the Philippines also indicated a strengthening of foreign demand for goods, with the growth rate quickening to a seven-month high.

The rise in production requirements encouraged firms to purchase inputs at a faster pace, with August data signalling the sharpest upturn in four months.

However, manufacturing employment in the Philippines was stable in August, thereby ending a two-month sequence of job

Philippines Manufacturing PMI
sa, >50 = growth since previous month



Source: S&P Global PMI.
Data were collected 12-21 August 2025.

Comment

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

"The latest PMI data for the Philippines manufacturing sector once again indicated a subdued performance, with growth rates for output and new orders remaining below their historical averages. Furthermore, while overall sentiment in the year-ahead outlook remained optimistic and even strengthened compared to the previous month, confidence fell short of the long-run average.

"Additionally, job creation came to a halt in August, ending a period of two consecutive months of marginal increases in employment.

"However, subdued cost pressures, coupled with manufacturers' efforts to control their pricing in a bid to remain competitive, could provide the boost firms need to regain sales momentum."

PMI[®]

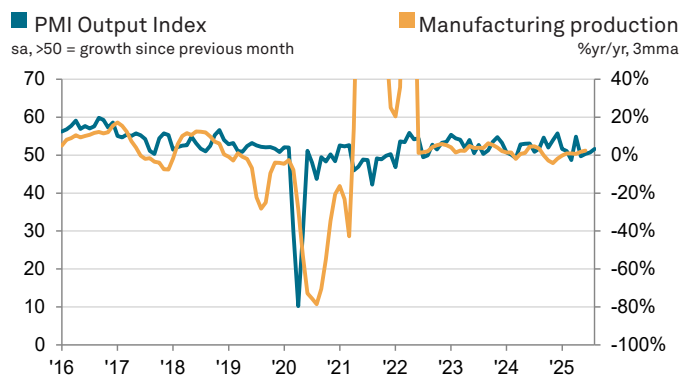
by S&P Global

growth. The combination of rising production requirements and stagnant employment resulted in a further build-up of backlogs of work, with the rate of accumulation the fastest in six months.

In an effort to fulfil new orders, manufacturers tapped into their post-production inventories, leading to a renewed and modest decline in stocks of finished goods in August. Reductions have now been noted in three of the last four survey periods, with some firms reporting that they released stock onto the market to mitigate potential damage at warehouses from heavy rainfall.

Turning to prices, inflationary pressures remained relatively subdued. Cost burdens increased at an accelerated pace during August, however, which manufacturers in part attributed to higher material prices. Firms sought to pass through greater costs to customers via increased charges. Nevertheless, many manufacturers chose to remain competitive, resulting in a moderation in the pace of selling price inflation, which was the slowest in four months.

Lastly, companies across the Philippines noted greater confidence towards the year ahead outlook for output during August. The respective index ticked up for the fourth month running to the highest since November 2024. Firms were hopeful that demand conditions will improve and support production. However, positive sentiment remained subdued compared to the long-term series average.



Sources: S&P Global, Philippines Federal Reserve.

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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.

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