

News Release

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S&P Global Philippines Manufacturing PMI[®]

Strong growth in new orders supports renewed rise in Filipino manufacturing production

Key findings

Fresh and solid expansion in output

Growth in new orders strengthens

Inflationary pressures remain historically subdued

According to the latest PMI[®] data by S&P Global, the health of the Filipino manufacturing sector improved further in April amid renewed growth in output and a stronger rise in new orders. An improvement in demand trends, and a solid expansion in production prompted firms to raise their purchasing activity and build inventories. Employment also ticked up during the latest survey period.

Additionally, prices data indicated that inflationary pressures were historically subdued. A weaker than average rate of increase in cost burdens meant that Filipino goods producers were able to largely keep their charges unchanged from those seen in March.

The headline S&P Global Philippines Manufacturing PMI – a composite single-figure indicator of manufacturing performance – posted at 52.2 in April, up from 50.9 in March. The latest reading indicated the strongest improvement in operating conditions across the Filipino manufacturing sector in five months.

New orders rose further in April and at a quicker pace. The upturn was the fastest recorded since November last year. Export market conditions also improved in April, with new export orders rising for the third month running and at the quickest pace in five months.

Rising inflows of new work supported renewed growth in goods production at Filipino manufacturers. Moreover, the rate of expansion was the most pronounced in four months and solid overall.

Favourable demand conditions and rising production requirements encouraged increased purchasing efforts at manufacturers. The latest upturn was the quickest in nine months. Stronger rates of stockpiling were also recorded at Filipino manufacturing firms, with pre- and post-production stocks accumulated at fastest paces in 12 and 17 months,

Philippines Manufacturing PMI

sa, >50 = growth since previous month



Source: S&P Global PMI.

Data were collected 11-23 April 2024.

Comment

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

"Building on growth seen in the first quarter of the year, the Filipino manufacturing sector showcased further gains in April. A quicker rate of expansion was observed for new orders, which in turn triggered a renewed and solid rise in production. Additionally, business from overseas markets also expanded at a stronger rate.

"With production requirements rising, hiring and purchasing activity remained in growth territory. Moreover, stockbuilding became more widespread in anticipation of greater future output. Meanwhile, prices data indicated a relatively subdued inflationary environment, which also is likely to help support growth in the coming months as firms were able to price more competitively."

PMI[®]

by S&P Global

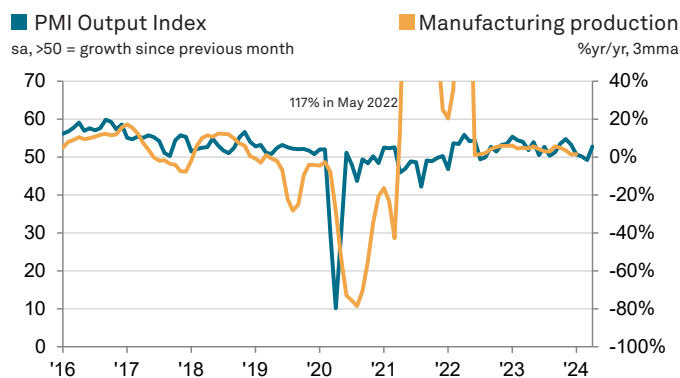
respectively.

The upturn in demand also supported increased efforts to raise hiring, with manufacturing employment growing for the third consecutive month - albeit with the rate of job creation easing slightly from that seen in March.

Greater workforce numbers allowed Filipino manufacturers to keep on top of their workloads. However, the accelerated growth in new orders meant that pressure on capacity had intensified, with some firms struggling to complete work in hand. As a result, the latest rate of backlog depletion was marginal overall and the weakest since August 2023.

Turning to prices, cost burdens continued to rise further in April amid reports of higher raw material costs. However, similar to that seen in the previous survey period, the rate of input price inflation was modest overall and much slower than the long-run survey average. A relatively soft rise in input prices allowed goods producers to price more competitively. April data revealed that charges were broadly left unchanged on the month.

Looking ahead, sentiment across the Philippines manufacturing sector was largely positive with nearly a quarter of surveyed businesses predicting growth in production. That said, the degree of confidence slipped to a four-year 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.

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