

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

## Malaysian manufacturers record fresh moderation in production in May

### May 2026

Subdued demand conditions lead to renewed easing in new orders and output

Broadly stable employment picture in May

Charge inflation eases notably from April's record-high

On a more positive note, confidence ticked up for the first time in four months. Meanwhile, input costs continued to increase sharply, but the pace of inflation of selling prices eased notably from April's series high as manufacturers sought to remain competitive.

The seasonally adjusted S&P Global Malaysia Manufacturing Purchasing Managers' Index<sup>™</sup> (PMI<sup>®</sup>) dropped to 49.9 in May from April's recent high of 51.6. Following two consecutive months of improvement in the health of the Malaysian manufacturing sector, the latest headline reading signalled a slight moderation of business conditions.

Based on historical relationships between the PMI and official data, the headline figure posting close to the 50.0 mark suggests further solid increases in both official manufacturing production and GDP data midway through the second quarter of the year.

The drop in the headline index in May reflected weakness in underlying demand conditions, with firms also noting that recent price hikes for goods had dampened sales growth. As a result, manufacturers registered a renewed moderation in total new orders.

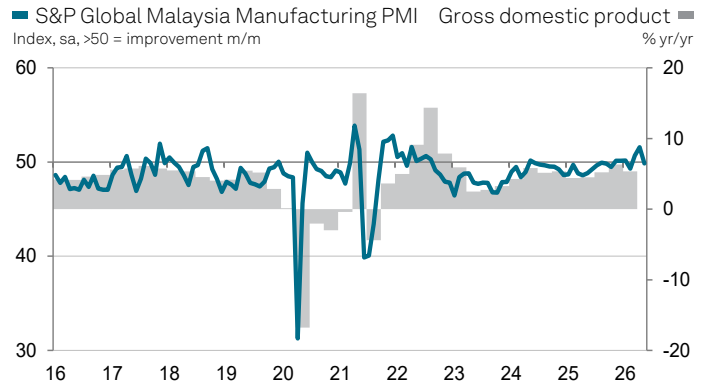
Additionally, companies faced challenges in securing new business from abroad, as new export orders softened for a third month running and at the strongest rate since last October.

Similarly, production levels across Malaysia moderated slightly in the latest survey period. The softening in output followed two consecutive months of increases.

In May, amid subdued production demands, manufacturers paused hiring. The respective seasonally adjusted index dipped fractionally below the crucial mark of 50.0, signalling broadly unchanged staffing levels. While some firms expanded their payrolls, resignations, layoffs, and labour sourcing challenges offset these gains.

Nonetheless, with new orders easing, manufacturers were able to utilise available spare capacity to work through outstanding business. The rate of depletion was modest, however.

Firms increased their purchasing activity for the second consecutive month in May. The pace of growth was slightly faster than in April, though still modest. This uptick was driven by firms seeking to hedge against expected raw material price hikes and to build buffer stocks amid the ongoing war in the Middle East.



Data were collected 12-22 May 2026.

Sources: S&P Global PMI, Department of Statistics Malaysia via S&P Global Market Intelligence. ©2026 S&P Global.

### Comment

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

"Sluggish demand conditions in Malaysia's manufacturing sector led to a moderation in operating conditions, as output and new orders eased following growth observed in April. The historical link between GDP data and the PMI suggests a softening of growth midway through the second quarter.

"Employment was held broadly steady after two months of job creation, and despite an improvement in May, business confidence remained subdued by historical standards. Meanwhile, the war in the Middle East continued to drive up material and fuel costs, but firms were more reluctant to pass these costs on to clients than had been the case in April amid softening demand."

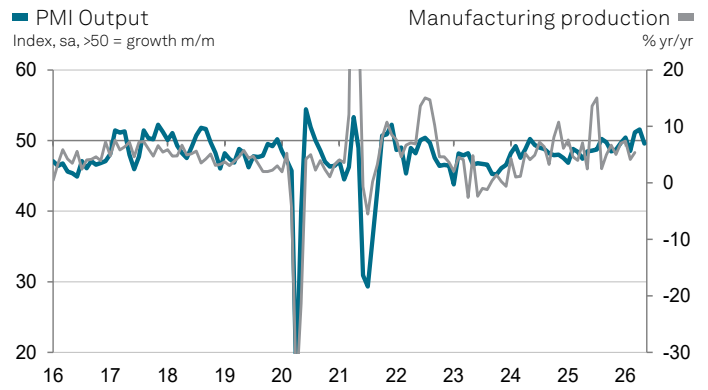
## S&P Global Malaysia Manufacturing PMI®

Continued buying activity helped to limit the decline in holdings of inputs, which fell only marginally and to the weakest extent in four months.

Input costs rose due to higher raw material and fuel prices. While the pace of inflation slowed slightly from April's recent peak, it remained marked overall.

Firms were cautious about passing costs to clients, with charges increasing at a much slower pace than April's series record amid efforts to remain competitive. Where charges did rise, this was primarily driven by increased cost pressures, according to respondents.

Finally, Malaysian goods producers were generally confident that output will expand over the next year. Though the degree of positive sentiment ticked up for the first time in four months to the highest since February, it was still historically subdued.



Sources: S&P Global PMI, Department of Statistics Malaysia via S&P Global Market Intelligence. ©2026 S&P Global.

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## 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](mailto: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](http://www.spglobal.com/marketintelligence/en/mi/products/pmi)

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