News Release
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S&P Global Philippines Manufacturing PMI®

Input prices spike at Filipino manufacturers amid rising energy costs in March

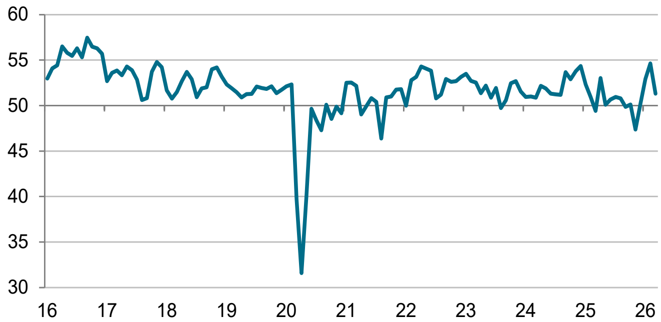
March 2026

Softer upticks in output and new orders

Purchasing activity stalls

Renewed cost pressures in wake of war

S&P Global Philippines Manufacturing PMI
Index, sa, >50 = improvement m/m



Source: S&P Global PMI. ©2026 S&P Global.
Data were collected 12-24 March 2026.

Following a strong improvement in February, the latest PMI data signalled a relatively muted performance of the Filipino manufacturing sector at the end of the first quarter.

Anecdotal evidence noted that the loss in growth momentum for both output and new orders stemmed largely from customer uncertainty amid the war in the Middle East, with companies also recording a renewed decline in new export orders, a pause in purchasing activity, and pressure on inventories.

Reports of higher prices for gas and fuel as well as material shortages, led to a further deterioration in vendor performance, and more importantly renewed increases in operating expenses and factory gate charges. Inflationary pressures were historically strong in March.

After posting 54.6 in February, which signalled a sharp improvement in operating conditions that was the most marked since November 2017, the Philippines Manufacturing Purchasing Managers' Index™ (PMI®) ticked down to a three-month low of 51.3 in March. This highlighted a fourth straight monthly improvement in the health of the sector and one which was modest overall, but also marked a notable slowdown in the pace of growth.

Contributing to this relatively subdued picture, was an evident loss of momentum in new order growth. Following a rapid increase in the month prior, March data revealed a more constrained expansion.

Dampening the pace of increase in total new orders was a fresh decline in new export sales. While the latest downturn was modest, it marked the first month of contraction since last December. Firms noted that the war in the Middle East had led to weaker demand from foreign clients.

In turn, firms adjusted their production levels. The upturn in output was moderate, however, the pace of growth was much softer than the sharp expansion seen in February, and was in fact the weakest in the current three-month sequence of increase. Firms highlighted higher fuel prices and material scarcity due to the war in the Middle East weighed on growth.

Comment

Commenting on the latest survey results, Maryam Baluch, Economist at S&P Global Market Intelligence, said:

"The war in Middle East weighed on the performance of the Philippines manufacturing sector, March PMI data showed. With vast majority of the country's oil supply coming from the Gulf countries now under threat, the President has declared a national energy emergency. Filipino manufacturers are exposed to shocks in oil and fuel prices rippling through global markets, as signalled via notable hikes in costs and charges, and softer demand conditions. Meanwhile, purchasing activity stalled and output growth and job creation slowed. The duration and intensity of the war will directly impact the sector's trajectory in the coming months, as inflationary pressures constrain sales and pricing power."

In response to easing expansions in output and new orders, firms broadly paused their purchasing activity in March. The respective seasonally adjusted index posted just below the neutral 50.0 mark, thereby concluding a three-month sequence of growth.

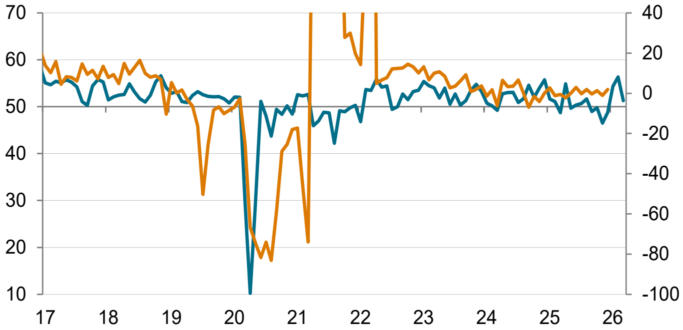
Indeed, the pause in buying activity helped alleviate some pressure on supply chains, with March marking a solid but a less pronounced deterioration in vendor performance. Nonetheless, average lead times for inputs lengthened for the fourth month running, with anecdotal evidence linking the latest round of delays to higher gas and fuel prices, and material shortages.

With production rising, but firms facing difficulties in receiving inputs on time, companies opted to utilise their input stocks in March. Holdings of pre-production items fell modestly but for the first time in four months.

Higher energy (including fuel and gas) costs and material scarcity, stemming from the war in Middle East resulted in both costs and charges rising in March. This followed slight reductions in the month prior. Moreover, the rates of inflation across both price gauges were historically sharp.

Turning to employment, job creation was reported for a third month running in March. The pace of growth was marginal and the weakest in this sequence, however. Meanwhile, backlogs of work rose at a modest pace, which was the fastest in four months. Delays in receiving inputs meant that firms struggled to complete new work.

Filipino manufacturers were confident that production will pick up in the coming 12 months in March. The level of optimism ticked up further to a four-month high. Firms were hopeful that demand conditions will improve, which will help drive growth.



Sources: S&P Global PMI, Philippines Federal Reserve via S&P Global Market Intelligence .
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Contact

Maryam Baluch
Economist
S&P Global Market Intelligence
T: +44 134 4327 213
maryam.baluch@spglobal.com

Eri Amano
APAC Sernior Communications Manager
S&P Global Market Intelligence
Tokyo
+81 (0) 80 3714 7658
eri.amano@spglobal.com
press.mi@spglobal.com

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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PMI by S&P Global

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