

# News Release

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

### Filipino manufacturing conditions deteriorate for the first time in 19 months, but confidence rises

#### Key findings

Fresh contractions recorded for output and new orders

Employment stagnates

Year-ahead outlook expectations strengthen to four-month high

Following 18 successive months of growth, the Filipino manufacturing sector slipped back into contraction at the end of the first quarter of 2025, according to the latest PMI<sup>®</sup> data. Companies scaled back output due to a fresh fall in new business. Foreign client demand also faltered, with the previous three-month period of growth ending in March. Hiring activity was paused, with firms citing sufficient manpower to meet business requirements. The level of outstanding work was reduced in March, after having risen for the first time in five months in February.

However, manufacturing forecasts for the year-ahead outlook for production remained upbeat. The level of sentiment ticked up a four-month high, with firms hopeful that demand trends will improve over the coming 12 months.

The headline S&P Global Philippines Manufacturing PMI – a composite single-figure indicator of manufacturing performance – posted below the neutral 50.0 level for the first time in 19 months in March, signalling a renewed decline in the health of the Filipino manufacturing sector and one that was the strongest since August 2021. The index declined for the third straight month, recording a value of 49.4, down from 51.0 in February. This marks only the second time in over three-and-a-half-years where the PMI has registered a reading below 50.0 (alongside August 2023).

Goods producers experienced a modest decline in manufacturing output in March, marking the end of an 11-month growth sequence. The downturn was linked to a fresh decline in new sales received. Factory orders fell following an 18-month run of expansion. Anecdotal evidence attributed this to increased competition and a fall in client numbers. A fresh drop in new orders from foreign customers was also recorded in March, despite the rate of contraction being only slight overall.

The decrease in production requirements led firms to assess their hiring needs. Staffing numbers were unchanged in

Philippines Manufacturing PMI

sa, >50 = growth since previous month



Source: S&P Global PMI.

Data were collected 12-24 March 2025.

#### Comment

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

*"The Filipino manufacturing sector indicated a renewed deterioration in operating conditions in March. Furthermore, the health of the sector worsened at the strongest pace since August 2021.*

*"Panellists noted that growing competition and fewer clients led to a reduction in new orders, with output scaled back as a result. The growth in new export orders seen previously also dissipated, with March data signalling a marginal drop in new business from overseas.*

*"Nonetheless, businesses remain optimistic in their year-ahead production forecasts, with confidence levels at a four-month high. Optimism was reflected in firms' decisions to maintain their purchasing activity and build stocks. At the same time, inflationary pressures remained relatively contained and subdued in the context of the series history."*

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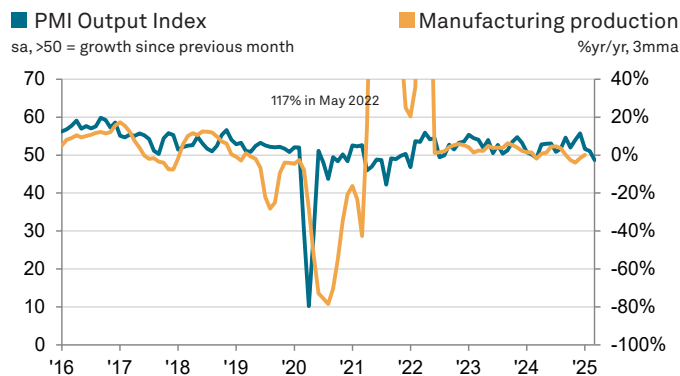
by S&P Global

March, following a slight rise in February. Levels of unfinished work also fell, after being accumulated at the strongest pace in nearly two years in the prior survey period. Panellists indicated that they had sufficient manpower to meet order requirements and finish any pending tasks.

Despite challenging demand conditions in March, firms were more upbeat with regards to their outlook for production over the coming 12 months. The level of sentiment was at a four-month high, albeit below the long-run average. Manufacturers were hopeful that demand trends will pick up in the coming months, and cited plans for new projects and clients wins as additional drivers of optimism.

Anticipations of greater output in the coming reportedly underpinned a sixteenth consecutive monthly rise in buying activity in March. Moreover, firms chose to expand their inventories, with stocks of purchases recording a fresh rise, and post-production inventories growing at a modest but historically solid rate.

Regarding prices, a modest increase in price pressures was observed in March. This rise in input costs was linked to higher material prices, which subsequently led companies to increase their charges. However, both cost burdens and output charges rose at rates that were weaker than their respective historical averages.



Sources: S&P Global, Philippines Federal Reserve.

## Contact

Maryam Baluch  
Economist  
S&P Global Market Intelligence  
T: +44-13-4432-7213  
[maryam.baluch@spglobal.com](mailto:maryam.baluch@spglobal.com)

SungHa Park  
Corporate Communications  
S&P Global Market Intelligence  
T: +82 2 6001 3128  
[sungha.park@spglobal.com](mailto:sungha.park@spglobal.com)  
[press.mi@spglobal.com](mailto:press.mi@spglobal.com)

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