

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

## Filipino manufacturing sector registered renewed improvement in December

December 2025

The health of the sector strengthened slightly

New orders rose for the first time in four months

Downturns in output and employment moderate

The Philippines manufacturing sector ended the fourth quarter indicating signs of recovery, the latest PMI data showed.

Improved demand conditions were reflected in an increase in new orders. The uptick in new work was the first seen since August. Consequently, firms resumed their purchasing activity. Meanwhile, the downturns in both output and employment moderated on the month.

The Philippines Manufacturing Purchasing Managers' Index<sup>™</sup> (PMI<sup>®</sup>) moved back above the neutral mark of 50.0 in December, rising to 50.2 from 47.4 in November. In contrast to the solid deterioration observed in the previous month, the latest data signalled a slight improvement in the overall health of the manufacturing sector.

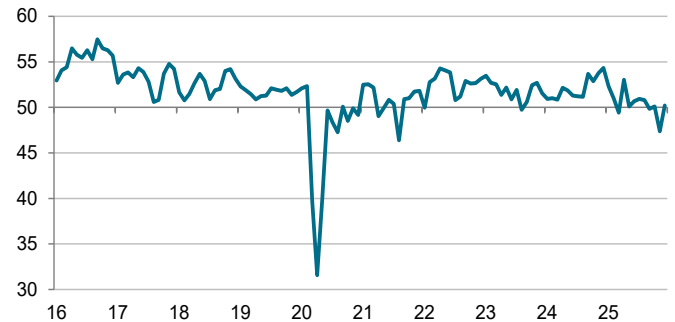
The year ended with a renewed rise in intakes of new work, thereby ending a three-month period of contraction. The pace of increase was modest but the most pronounced since April.

However, foreign demand for Filipino manufactured goods worsened in December, as a fall in new export orders weighed on the upturn in total sales. The respective seasonally adjusted index moved further below the neutral 50.0 mark, indicating a sharp decline and one which was strongest in 15 months.

While the modest rise in new orders led to a softer fall in production levels, it was unable to reverse the downturn. Output fell moderately in December. Moreover, the latest four-month sequence of contraction was the longest since 2021.

However, firms made efforts to raise their capacity in line with higher intakes of new orders. Purchasing activity rose for the first time in three months and at the fastest pace since August. The expansion in input buying enabled firms to better manage their inventory levels. After a sharp depletion in November, holdings of pre-production items were unchanged in December. Additionally, stocks of finished goods rose following a strong decline in November. Firms reportedly built up post-production inventories in anticipation of future demand.

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



Source: S&P Global PMI. ©2026 S&P Global.  
Data were collected 4-16 December 2025.

### Comment

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

"December PMI data signalled a slight improvement in operating conditions in the Filipino manufacturing sector, an encouraging move from the solid deterioration seen in the month prior. New order volumes rose for the first time in four months, which helped partly ease the ongoing downturn in production. Fuelled by this positive direction, companies increased their purchasing activity for the first time since September, while the labour market showed signs of stabilising.

"That said, the improvement was tepid across the sector, and its sustainability will largely depend on whether demand can be maintained and further bolstered, bringing growth back to production. Additionally, the sector faces notable headwinds from sharply declining export market conditions, which are limiting the potential for broader expansion. Consequently, at present, the manufacturing sector's growth is primarily being driven by domestic demand, with external markets offering little support."

At the same time, the labour market showed signs of stabilising in December. Although job shedding was recorded for a second month running, the latest fall in employment was weaker than seen in November and fractional overall. Some firms reduced workforce numbers in response to declining production requirements, but others increased staffing levels amid greater new order inflows and anticipations of improving demand conditions in the coming months.

In December, manufacturers in the Philippines reported an increase in average lead times for inputs, reversing the improvement seen in the previous month. Port congestion and adverse weather conditions were cited as contributing factors. However, vendor performance deteriorated only slightly.

With new orders rising while both production and employment remained in contraction, companies experienced a higher volume of requests for goods than they could fulfil. Consequently, backlogs of work increased further in December. The rate of accumulation was marginal and slower than in November, however.

Turning to prices, operating expenses rose only slightly in December. The latest data signalled the weakest rate of inflation in the current 19-month period of rising costs. Where an increase was noted, firms cited that higher material prices drove up input costs.

Meanwhile, the pace of output price inflation accelerated from November, as many firms indicated they passed higher raw material costs on to customers. However, the increase in selling prices remained modest and weaker than the long-run average.

Finally, companies expect output to rise over the course of 2026. Anecdotal evidence reported upcoming projects, the launch of new product lines, and business expansion plans. That said, the degree of optimism edged down from November's recent 12-month high.

## 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.

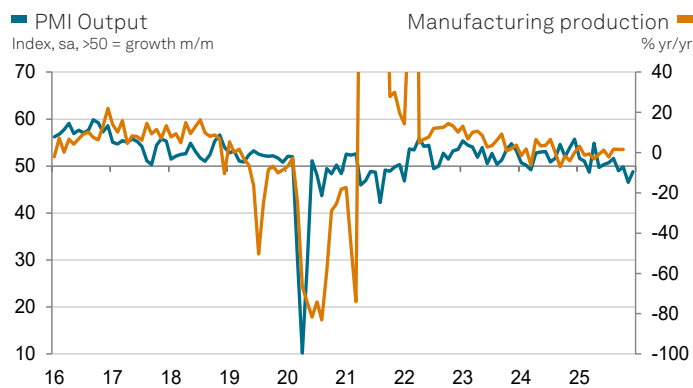
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact [economics@spglobal.com](mailto:economics@spglobal.com).

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