

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

## Production eases to largest extent since January

Output scaled back amid sustained moderation in new orders

Selling prices reduced for fourth month running

Business confidence slips to 21-month low

Latest data signalled further muted trends across the Malaysian manufacturing sector at the start of the second quarter of 2025.

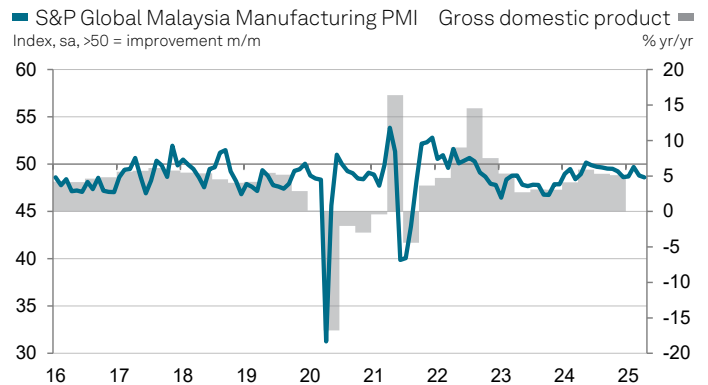
Demand remained subdued while firms scaled back production at a moderate rate which was the most pronounced in three months. Data from the survey also suggested that the coming months are likely to see challenging business conditions continue, as manufacturers further reduced purchasing activity and wound down stocks of raw materials and finished items amid a lack of new orders. Moreover, the degree of confidence in the 12-month outlook for production waned from March and was the lowest recorded since July 2023.

The seasonally adjusted S&P Global Malaysia Manufacturing Purchasing Managers' Index™ (PMI<sup>®</sup>) fell slightly from 48.8 in March to 48.6 in April. The PMI signalled a modest weakening in the health of the Malaysian manufacturing sector, which was nonetheless the most pronounced in 2025 so far. That said, given the historical relationship between the PMI and official data, the latest data suggest that GDP growth continued as the second quarter of the year got underway, while also pointing to sustained year-on-year improvements in official manufacturing production.

Manufacturers often noted that demand in the sector remained muted during April, with reports of weak customer confidence. Total new business decreased for the second consecutive month, albeit at a slightly softer rate. At the same time, demand conditions in international markets deteriorated again.

With customer demand remaining subdued, manufacturers scaled back production for the eleventh consecutive month. The pace of moderation strengthened from March and was the steepest in three months. Concurrently, stocks of finished goods were further reduced as firms used existing inventories to help fulfil orders.

Malaysian manufacturers reported only a fractional fall in employment levels. Companies signalled that they had sufficient capacity, with the level of outstanding business falling again during April, and to a larger extent than that seen a month prior.



Data were collected 9-24 April 2025.  
Sources: S&P Global PMI, Department of Statistics Malaysia via S&P Global Market Intelligence. ©2025 S&P Global.

### Comment

Usamah Bhatti, Economist at S&P Global Market Intelligence, said:

"PMI data for the start of the second quarter of 2025 suggest that demand conditions in the Malaysian manufacturing sector remained subdued during April, as production and new order inflows continued to moderate. That said, the data are still consistent with the GDP growth observed in the final quarter of last year continuing.

"Further evidence indicates that conditions are likely to remain muted in the short- and medium-term. Firms opted to work through existing orders in the absence of new order growth while also scaling back employment, purchases, and stock holdings.

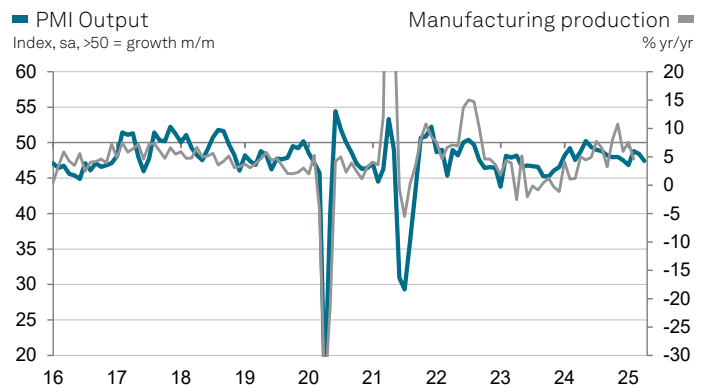
"Inflationary pressures trended downwards once again in April, with average cost burdens rising only mildly, which contributed to a further fractional reduction in charges. However, this was not enough to improve confidence regarding the outlook, as the overall degree of optimism slipped to its lowest level since July 2023. Firms expressed concerns about the potential adverse impacts of a muted global economy and US tariffs."

In line with trends for new orders and production, purchasing activity was modestly scaled back in the latest survey period, as the muted picture for new business weighed on input purchasing decisions. Moreover, the rate of moderation was the most marked in three months. Stocks of purchases also decreased, but at an unchanged rate compared to March.

There was a stabilisation in vendor performance during April, ending an 11-month sequence of deteriorating lead times. Where delivery times increased, firms mentioned shipping delays. On the other hand, this was offset by muted demand for inputs, which eased pressure on suppliers.

Goods producers signalled a slowdown in the pace of input cost inflation. Anecdotal evidence suggested that exchange rate weakness had pushed up prices of inputs sourced from abroad, though this was partially offset by lower prices for certain materials. As a result, the rate of inflation was the softest in 2025 so far. In response, output charges were lowered for the fourth month in a row.

Hopes that new orders will return to growth amid new product launches supported confidence that production would rise over the coming year. That said, the overall degree of optimism dipped to the lowest level since July 2023 amid concerns regarding the global economic and trade outlook.



Sources: S&P Global PMI, Department of Statistics Malaysia via S&P Global Market Intelligence. ©2025 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).

## Using PMI to estimate growth

PMI data are available faster than official GDP figures and at a higher frequency, providing an accurate advance guide to economic growth. Comparing the headline Malaysia Manufacturing PMI with annual GDP growth rates shows a correlation of 60%, with the PMI acting as a coincident indicator of economic growth. Using the average of PMI Output Index for each calendar quarter lifts this correlation to 74%.

With this correlation as the basis of PMI-implied GDP growth rates, we can build a simple OLS regression model where the annual rate of change in GDP is explained by a single variable: the headline Malaysia manufacturing PMI. The model therefore allows us to estimate GDP using the following formula:

$$\text{Annual \% change in GDP} = (\text{PMI} \times 0.287) - 8.99$$

Using this formula, a headline PMI reading of 31.4 is comparable to a zero annual growth rate of GDP. Each index point above (below) is roughly the same as 0.3 percentage points of GDP growth (decline) such that:

$$\text{PMI} = 40, \text{GDP \%yr/yr} = 2.5; \text{PMI} = 50, \text{GDP \%yr/yr} = 5.3; \text{PMI} = 60, \text{GDP \%yr/yr} = 8.2$$

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## 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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