

# News Release

Embargoed until 0830 PHT (0030 UTC) 2 January 2025

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

### The Philippines manufacturing sector closes 2024 on a high note

#### Key findings

Output and new order growth strongest in 32 months

Slight drop in employment levels

Inflationary pressures soften

Filipino goods producers concluded the year on a strong note, as revealed by the latest PMI<sup>®</sup> data from S&P Global. Both output and new orders rose sharply and at broadly similar rates, marking the strongest growth in each since April 2022. Purchasing activity also increased as firms responded to higher demand and greater production requirements. However, December also marked a marginal drop in employment numbers, as production efficiency allowed some firms to trim their staffing levels.

Additionally, price pressures eased following a spike in November, with both input price and output charge inflation rates falling back below their long-run averages.

The headline S&P Global Philippines Manufacturing PMI – a composite single-figure indicator of manufacturing performance – posted in expansion territory (above the neutral 50.0 mark) for the sixteenth consecutive month in December. The latest reading of 54.3, up from 53.8 in the previous survey period, signalled a strong improvement in the health of the Filipino manufacturing sector, and was the joint-strongest since November 2017 (alongside that seen in April 2022).

The two largest components of the PMI calculation (the Output Index and New Orders Index) positively influenced the headline figure in December. Sharp expansions in both new orders and output were reported, supported by anecdotal evidence of robust underlying demand trends, product diversification, and new client acquisitions. Additionally, there was a renewed rise in demand from international markets, marking the first increase in new export orders in five months.

Growth in production requirements spurred manufacturers to raise their purchasing activity. Input buying rose sharply and at a rate which was the strongest in nearly two years. Moreover, a sustained increase led to a resumption of pre-production inventory building, following two consecutive

Philippines Manufacturing PMI

sa, >50 = growth since previous month



Source: S&P Global PMI.

Data were collected 5-16 December 2024.

#### Comment

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

*"The Filipino manufacturing sector ended 2024 on a positive note, with further improvements in demand resulting in sharp and significant increases in new orders and output. Firms also expanded their purchasing activity to meet production requirements. December highlighted a moderation in inflationary pressures, marking a shift from the spike observed in November. In fact, cost burdens and output charges rose at historically muted rates.*

*"While production efficiency allowed manufacturers to stay on top of tasks at hand, it also led to a slight drop in employment, thereby ending a three-month streak of job creation. However, this could be a temporary blip, especially if demand remains resilient as anticipated throughout 2025."*

PMI<sup>®</sup>

by S&P Global

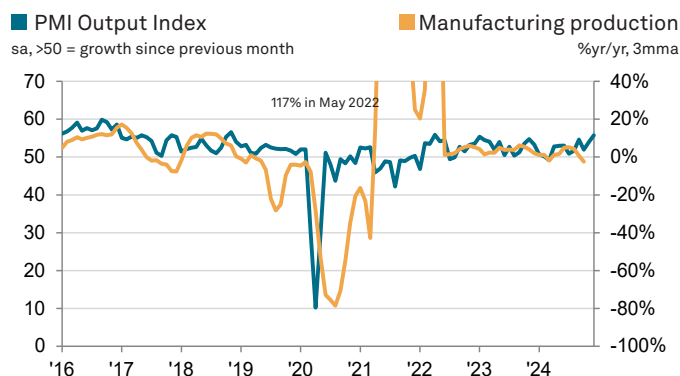
months of contraction. The rate of accumulation was the most pronounced since November 2022.

Meanwhile, vendor performance continued to deteriorate sharply in December, although to a smaller degree than in November. The surge in purchasing activity strained supply chains, causing traffic and port congestion, according to panellists.

December data also signalled a shift in hiring practices. After three months of continuous job creation, companies made a minor reduction to their staffing levels. According to anecdotal evidence, strong production growth, despite higher intake of new orders, meant that firms were able to keep on top of their workloads. Moreover, the rate of backlog depletion was sharp and the most pronounced in 13 months.

Turning to prices, higher costs for materials and suppliers were often passed onto clients. However, the latest data highlighted a renewed moderation in inflationary pressures following November's recent peaks, with cost burdens rising at a rate below its historical average. Consequently, charges were also raised at a slower and historically muted pace.

Lastly, firms remained confident that output would rise over the coming year, amid hopes that demand trends will strengthen further and plans to launch new products. That said, the degree of confidence slipped notably to a four-month low.



Sources: S&P Global, Philippines Federal Reserve.

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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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