

S&P Global Philippines Manufacturing PMI[®]

Manufacturing PMI slips into negative territory

September 2025

Goods producers register fresh drops in output and new orders

Purchases rise as confidence in the outlook sustained

Input cost inflation softens from August's eight-month high

The S&P Global Philippines Manufacturing PMI[®] dropped into sub-50.0 territory for only the third time in over four years in September, as goods producers saw fresh contractions in output and new orders.

Sales decreased for the first time since March amid reports of lower customer numbers. Despite this, manufacturers continued to increase their purchasing activity and add to input stocks, although finished goods inventories fell as companies worked on backlogs. Cost burdens eased since August, but the pace of increase was among the highest recorded in 2025 so far, and compared with a muted rise in factory gate prices.

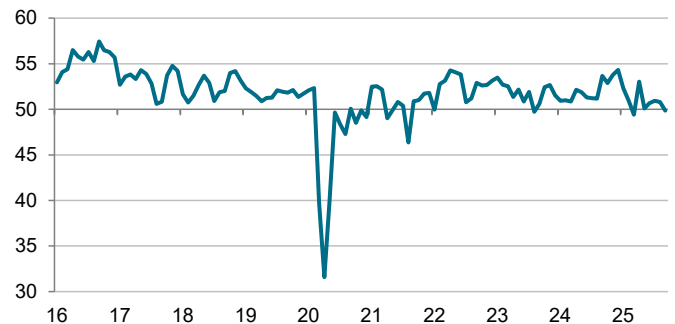
The headline S&P Global Philippines Manufacturing PMI – a composite single-figure indicator of manufacturing performance – fell from 50.8 in August to 49.9 in September. While signalling just a fractional deterioration in the health of the manufacturing sector, this was only the third time in just over four years where the headline index has been in contraction territory (i.e. under the 50.0 no-change threshold).

Weaker operating conditions were mainly attributed to a renewed (albeit marginal) drop in new order intakes in September. The decline in sales was the first in six months, as surveyed businesses remarked on lower customer numbers. However, order books with foreign clients continued to improve, signalling that the downturn was mainly centred on the domestic market.

Reduced sales volumes led Filipino manufacturers to scale back production at the end of the third quarter, which ended a three-month sequence of expansion. As well as demand weakness, panellists indicated that poor weather conditions and import restrictions on rice had negatively impacted output.

Nevertheless, manufacturers continued to increase their purchases of raw materials and other key components in September, though the rate of growth softened from August and was only slight. Greater buying activity helped to bolster stocks of purchased goods. In contrast, post-production inventories declined due to lower output as well as some efforts to reduce backlogs of work, which dropped for the first

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



Source: S&P Global PMI. ©2025 S&P Global.
Data were collected 11-23 September 2025.

Comment

Commenting on the latest survey results, David Owen, Senior Economist at S&P Global Market Intelligence, said:

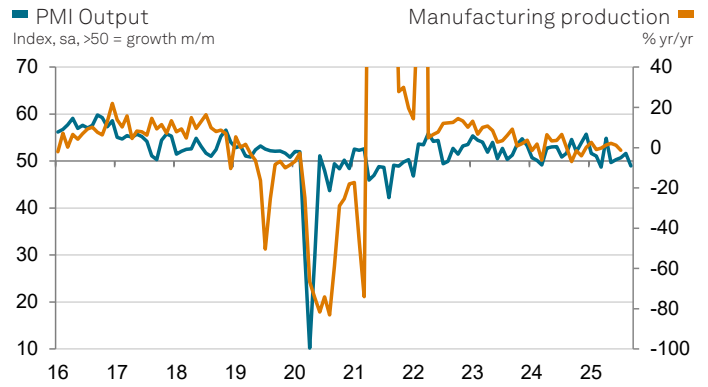
"The Philippines PMI survey data showed the manufacturing sector moving into negative territory at the end of the third quarter which, despite indicating only a fractional decline, has been highly unusual in the sector's post-pandemic history. New orders and output decreased slightly, as firms mentioned a fall in client numbers and a modest drop in production from the suspension of rice imports.

"However, with overall sentiment in the year-ahead remaining upbeat in September, and purchasing quantities increasing, manufacturers appear hopeful that the dip in sector performance is temporary."

time since April. As was the case in August, the survey data also pointed to a subdued jobs market in September.

Sustained efforts to raise input buying came amid further optimism towards the production outlook. Although easing slightly from August, the level of business confidence was the second-highest since last November. Survey comments showed that firms were generally confident of an improvement in sales over the coming 12 months supporting higher output.

September data indicated a solid increase in input costs across the Philippines manufacturing sector. The rise was less marked than in August, but the second-strongest since the beginning of the year. Firms responded with a marginal increase in selling prices. Anecdotal evidence signalled that rising material prices were the primary factor behind heightened costs and increased charges.



Sources: S&P Global PMI, Philippines Federal Reserve via S&P Global Market Intelligence. ©2025 S&P Global.

Contact

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

Corporate Communications
S&P Global Market Intelligence
press.mi@spglobal.com

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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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