

S&P Global Malaysia Manufacturing PMI[®]

Renewed easing in new orders contributes to firmer moderation of output

October 2025

Headline PMI dips to lowest in four months

Input cost inflation strengthens slightly

Business confidence reaches two-and-a-half year high

Business conditions in the Malaysian manufacturing sector softened at the start of the final quarter of 2025.

Firms recorded a renewed moderation in new order volumes during October, which contributed to a further scaling back of production levels. In response to muted conditions, employment and inventory levels moderated on the month while input buying increased only fractionally. On the price front, input cost inflation gathered pace from September but was only modest overall. Firms opted to lower charges as part of efforts to stimulate sales.

Looking ahead, business confidence strengthened from that seen a month prior, with the overall degree of optimism reaching the highest since April 2023.

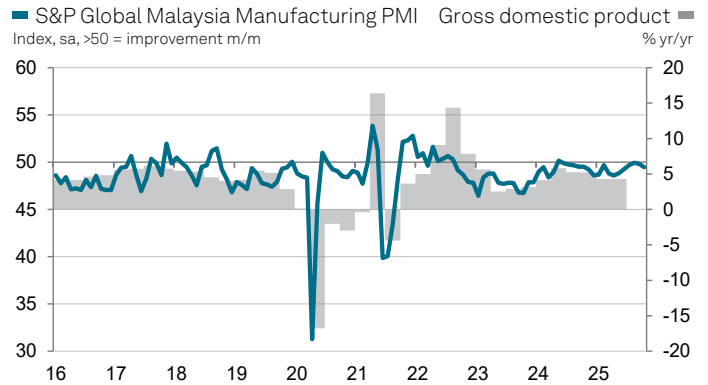
The seasonally adjusted S&P Global Malaysia Manufacturing Purchasing Managers' Index™ (PMI[®]) posted 49.5 in October, down from 49.8 in September. Despite only coming in marginally below the neutral 50.0 threshold, the index signalled that business conditions moved further into moderation territory over the course of the month. In fact, the PMI was at its lowest for four months.

Based on the historical relationship between the Malaysia PMI data and official output numbers, the latest PMI reading suggests that both GDP and official manufacturing production increased solidly on an annual basis at the start of the final quarter of the year.

New orders moderated for the first time in three months during October, though the rate of reduction was only fractional. Where sales fell, firms mentioned weak market activity and subdued client confidence.

Data suggested that the reduction in total sales in part reflected a steeper fall in new export orders. In fact, the latest reduction was the most pronounced since April amid reports of muted sales to the Asia-Pacific and Africa regions in particular.

Production levels at Malaysian manufacturers were scaled back at a more pronounced rate in October as firms responded to subdued new order inflows. The rate of moderation was mild, but the steepest for five months. A renewed reduction in post-production inventories suggested that firms favoured the use of existing stocks to fulfil incoming orders rather than expanding output.



Data were collected 9-27 October 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:

"October data indicated another moderation in the health of the Malaysian manufacturing sector, signalling challenging operating conditions at the start of the fourth quarter. Firms recorded a renewed reduction in new orders, which contributed to a sustained scaling back of production volumes. Muted conditions also fed into firms' decisions on employment and stock holdings, all of which moderated during October.

"Encouragingly, manufacturers cited stronger optimism regarding the outlook for the year ahead. Positive sentiment reached a two-and-a-half year high amid hopes that new orders will increase. Concurrently, firms chose to absorb a strengthening of cost pressures by reducing output charges for the first time in six months in an attempt to boost demand."

Staffing levels were lowered marginally at the start of the fourth quarter, marking the fourth instance of decreasing employment in as many months. Despite the scaling back of workforce numbers, a moderation in demand meant that goods producers were able to reduce volumes of outstanding business in October, following no change in the previous survey period. Moreover, backlogs of work were reduced at the sharpest pace since February.

Subdued operating conditions meant that Malaysian manufacturing firms showed little appetite to purchase additional inputs during October. Purchasing activity rose only fractionally, and at the softest pace in the current four-month sequence of growth. Stocks of inputs were also scaled back as some companies mentioned that muted demand had discouraged firms from holding excess stocks of inputs. At the same time, average lead times from suppliers lengthened for the second month running amid shipping delays and material shortages.

Higher raw material costs resulted in a further increase in input prices. The rate of inflation was only modest, but quickened from that seen a month prior. That said, firms opted to reduce selling prices rather than passing through higher costs to clients. In fact, charges were reduced for the first time in six months.

Optimism regarding the 12-month outlook for output improved sharply during October. The overall degree of optimism was strong and the most marked since April 2023. Firms were confident that new orders would expand, thus feeding through to higher output.

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.

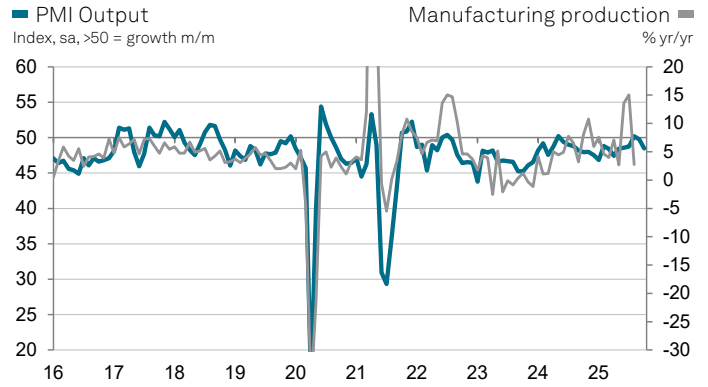
PMI by S&P Global

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

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.



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

Contact

Usamah Bhatti
Economist
S&P Global Market Intelligence
T: +44-1344-328-370
usamah.bhatti@spglobal.com

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

If you prefer not to receive news releases from S&P Global, please email press.mi@spglobal.com. To read our privacy policy, click [here](#).

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:

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

S&P Global

S&P Global (NYSE: SPGI) provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today. www.spglobal.com