

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

## Stockpiling efforts boost production growth in April

April 2026

Output growth fastest since December 2021

Renewed rise in new orders

Charge inflation hits record high

The latest PMI data covering the Malaysian manufacturing sector highlighted how the war in the Middle East contributed to a record rise in selling prices, while also driving safety-stock building which supported production and new orders.

Job creation was reported for the second consecutive month, and manufacturers noted a renewed increase in purchasing activity in April. Firms were successful in building stocks of finished goods, which expanded for the first time in five months, but holdings of pre-production items fell amid the most pronounced lengthening of suppliers' delivery times in nearly four years.

The seasonally adjusted S&P Global Malaysia Manufacturing Purchasing Managers' Index™ (PMI<sup>®</sup>) posted a four-year high of 51.6 in April, up from 50.7 in March and signalling a moderate improvement in the health of the Malaysian manufacturing sector. The index posted above the neutral 50.0 mark for a second straight month.

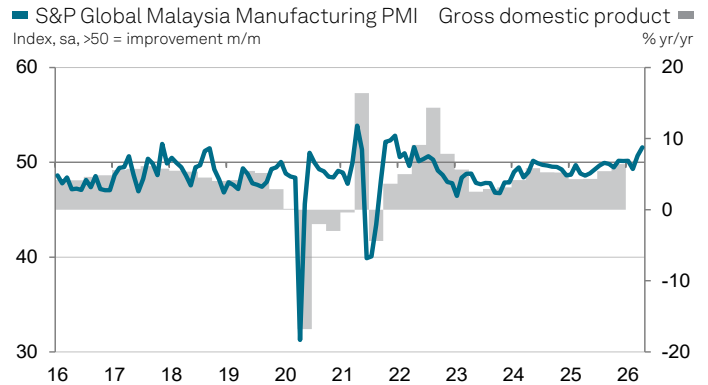
Though the positive PMI readings bode well for official figures on GDP and manufacturing production, anecdotal evidence suggested that at least part of the upturn in April was due to safety-stock building due to the effects of the war in the Middle East.

New orders returned to growth in April following two months of moderation. Panellists often noted that clients were buying in bulk to build safety stocks amid ongoing uncertainty and the prospect of further price increases in the months ahead.

In contrast, new orders from abroad eased for a second month running in April. The degree of moderation was greater than seen in March. The Middle East war was said to have weakened demand from international customers.

Manufacturing production rose for a second consecutive month in April. The upturn gained momentum and was the strongest since December 2021. Panellists frequently attributed growth to strategic stockpiling by both them and their clients, as the war in the Middle East contributed to material shortages and rising prices.

Manufacturers responded to higher production requirements by boosting employment. The second straight month of job creation was modest but the most marked so far this year. Nonetheless, the increase in staffing levels was insufficient to prevent a marginal rise in backlogs of work. Firms also linked the fresh build-up of outstanding work to material shortages.



Data were collected 9-24 April 2026.

Sources: S&P Global PMI, Department of Statistics Malaysia via S&P Global Market Intelligence. ©2026 S&P Global.

### Comment

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

"Latest PMI data reveals how the war in the Middle East impacted Malaysian manufacturers during April. Stockpiling efforts drove a stronger rise in production, which was in part directed towards building holdings of finished goods. Firms also reported that their clients had a similar rationale, and as a result, April saw renewed growth in new orders. Efforts by customers to build safety stocks were registered even as output price inflation hit a record high in April.

"As firms looked to protect themselves against intensifying price pressures, purchasing activity increased as firms hoped to raise their stocks of pre-production items. However, with supply-chain disruption widespread, firms continued to see stocks of inputs fall.

"The sector's performance in the coming months will be partly shaped by how the situation in the Middle East unfolds, but the latest data already highlights steps manufacturers are taking to mitigate some of the impacts."

## S&P Global Malaysia Manufacturing PMI®

Following a slight decline in the previous month, purchasing activity was raised in April. Stockpiling efforts was again a key reason driving up buying activity, according to respondents.

April data revealed a marked lengthening of delivery times for inputs. The incidence of delays was the most pronounced in nearly four years, with the war in the Middle East frequently mentioned as having caused delays.

Delays in receiving inputs meant that holdings of pre-production items fell for a tenth month running in April. That said, the downturn was slight and the softest in three months, tempered by the rise in purchasing activity.

Stocks of finished goods were raised for the first time in five months in April. Some of the output produced in the latest month was directed towards inventory building as uncertainty prompted firms to raise their stocks.

Higher energy and material costs, arising as a result of the ongoing war, were reported to have contributed to a marked increase in prices in April. As a result, the pace of input cost inflation hit a 45-month high. In turn, charges were raised substantially and to the greatest extent in the series history.

Malaysian manufacturers recorded another month of moderating business confidence in April. The degree of optimism was the weakest in eight months and historically subdued, with the war in the Middle East dampening forecasts.

### 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).

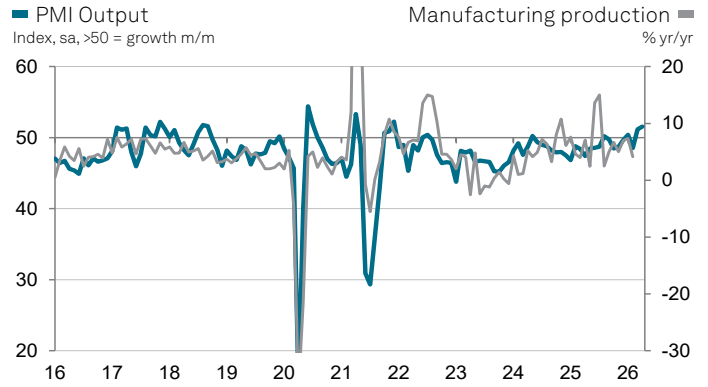
### PMI by S&P Global

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### 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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