

# News Release

Embargoed until 0700 MMT (0030 UTC) 2 May 2022

## S&P Global Myanmar Manufacturing PMI™

### Myanmar's manufacturing sector expands for first time since August 2020

#### Key findings

Output rises amid growth in new orders after 20 months

Job creation accelerates to record-high in April

Price pressures remain elevated amid sustained material shortages

Amid renewed expansions in both output and new orders in April, Myanmar's manufacturing sector recorded its first improvement in operating conditions for 20 months at the start of the second quarter. April data also showed a solid rise in workforce numbers, with the rate of job creation accelerating to the joint-fastest on record.

Meanwhile, intense supply shortages remained a key feature of the latest survey data, with some firms even resorting to shutting down their factories. As a result, backlogs of work continued to rise at a considerable rate, input lead times lengthened, and price pressures remained elevated.

The headline S&P Global Myanmar Manufacturing PMI™ – a composite single-figure indicator of manufacturing performance – posted 50.4 in April, up from 47.1 in March. With a reading above the 50.0 no-change mark, the latest survey data pointed to the first improvement in the health of the goods-producing sector since August 2020. The three largest components of the PMI; New Orders, Output and Employment, and key gauges of sectoral health, all contributed positively to the latest boost.

The recovery in the manufacturing sector was reportedly driven by marginal improvements client demand, according to panellists. Although the increase in new orders was only fractional, it encouraged higher production volumes, with the latest survey data pointing to a modest rise in output. Gains in order books were often linked to improvements in the domestic market.

Growth across Myanmar's manufacturing sector was however hindered by ongoing supply-related challenges in April, such as shortages of raw materials and electricity. Some panellists saw their clients stop production during the month due to inadequate input supplies, leading to a shortfall in new business intakes. Average lead times lengthened markedly and for the twentieth consecutive month in April as poor stock availability at suppliers led to delivery delays.

S&P Global Myanmar Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global.

Data were collected 04-21 April 2022.

#### Comment

Commenting on the latest survey results, Maryam Baluch, Economist at S&P Global, said:

"The manufacturing sector had been in a protracted period of contraction until April, when the first expansion since August 2020 was registered. The latest survey period highlighted some modest improvements in a sector which has been struggling amid an intensely challenging global backdrop. Positively, we saw new orders, output and employment all expand in April.

"However, supply-side constraints and inflationary pressures continue to hinder growth momentum. Some companies chose to shut down their factories in response to electricity and raw material shortages. Port closures in China due to COVID pose further downside risks to the sector.

"The matters are further exacerbated due to the political uncertainty which continues to hold a firm grip on the country. Moreover, the slow rollout of vaccinations makes the country more vulnerable to infection waves and new variants. Nevertheless, the latest survey data provide some glimpse of resilience within parts of the manufacturing sector."

PMI™

by S&P Global

That said, the deterioration in vendor performance was slightly weaker than the survey-record in March.

Amid these supply-side constraints, latest survey data signalled another substantial increase in backlogs of work during April. In some cases, inadequate material availability led firms to close their factories. Nevertheless, latest data pointed to a strong increase in employment across Myanmar's manufacturing sector. In fact, the rate of job creation was the joint-fastest on record.

Material scarcity, in addition to higher transportation and fuel costs, resulted in another steep rise in input prices at the beginning of the second quarter. Consequently, factory gate charges increased sharply as firms passed on higher costs to clients. Rates of both input price and output charge inflation remained historically elevated in April and were among the steepest recorded since data were first collected in December 2015.

Finally, the degree of confidence strengthened slightly in April after weakening in the previous survey period. New product launches and planned company expansions supported optimism. That said, the level of confidence was below the average recorded over the series history.

### PMI Employment Index

sa, >50 = growth since previous month



Source: S&P Global.

### Contact

Maryam Baluch  
Economist  
S&P Global  
T: +44-13-4432-7213  
[maryam.baluch@spglobal.com](mailto:maryam.baluch@spglobal.com)

Joanna Vickers  
Corporate Communications  
S&P Global  
T: +44207-260-2234  
[joanna.vickers@spglobal.com](mailto:joanna.vickers@spglobal.com)

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### Survey methodology

The S&P Global Myanmar 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 December 2015.

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@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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