

## IHS Markit ASEAN Manufacturing PMI™

### Manufacturing rebound continues into May, but rate of growth cools slightly

#### Key findings

PMI at second-highest level since July 2014

Sustained upturns in output and new orders

Supplier delays most severe for a year

Data were collected 11-24 May 2021.

The ASEAN manufacturing sector continued on its recovery path during May, according to latest IHS Markit Purchasing Managers' Index (PMI™) data. Both output and new orders rose for the third straight month, with the rates of growth slowing only slightly on the month and remaining strong overall. Supply chains remained under pressure, however, with average lead times for inputs lengthening to the greatest extent for a year.

The headline PMI registered 51.8 in May, down only slightly from 51.9 in April, to signal a third straight monthly improvement in ASEAN manufacturing conditions and one that was the second-strongest since July 2014.

At the national level, growth was led by Indonesia in May. The headline PMI hit a series record high of 55.3 and pointed to a sharp improvement in conditions. Sustained growth was also recorded in Vietnam, although the headline figure slipped slightly from April's near two-and-a-half-year high. Nonetheless, at 53.1, the PMI was indicative of solid growth.

Singapore meanwhile saw a return to growth, following a slight decline during April. The headline index (51.7) was the highest for three months and signalled a mild improvement in manufacturing conditions overall. The only other constituent nation to see growth in May was Malaysia. Here, the headline index remained above 50.0 for the second month running, although the rate of growth eased noticeably on the month (PMI at 51.3).

Elsewhere, manufacturing conditions were broadly stable in the Philippines following a contraction in April, with the headline PMI registering only just below the 50.0 mark at 49.9.

Thailand meanwhile saw a renewed deterioration during May, with the headline figure falling to a three-month low of 47.8.

continued...

ASEAN Manufacturing PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

#### Comment

Commenting on the latest survey results, Lewis Cooper, Economist at IHS Markit, said:

"The ASEAN manufacturing sector continued to recover during May, with sustained upturns in both output and new work. The rates of growth cooled slightly on the month, but were still strong overall.

"Supply chains remained under severe pressure, however, with delays the most widespread for a year, while input prices again rose at the most marked rate since November 2013.

"At the national level, May data pointed to an uneven picture, with a record expansion in Indonesia contrasting with a severe downturn in Myanmar, although four out of the seven nations saw growth during May.

"Overall, May data pointed to another decent performance for the ASEAN manufacturing sector, with sustained growth helping to regain the ground lost due to the pandemic."

Finally, the downturn in Myanmar continued midway through the second quarter. The rate of contraction slowed for the second month in a row, but remained severe overall (PMI at 39.7).

The ASEAN manufacturing sector as a whole saw sustained growth in May. Central to the latest upturn were further expansions of both output and new orders. For the latter, the rate of increase slowed only slightly from April's eight-year high and remained strong overall. As a result, factory production rose for the third straight month. The rate of output growth slowed on the month, but was nonetheless the second-strongest since May 2018.

In line with greater production requirements, firms again upped their purchasing activity in May. The rate of increase slowed on the month, but was still moderate overall. Inventories continued to decline, however, with the falls quickening since April. This was partly driven by more severe supply disruption, with delays the most widespread for a year.

May data highlighted further evidence of capacity pressures at ASEAN firms in May, with backlogs of work rising for the third month in a row. That said, the rate of backlog accumulation remained marginal. At the same time, firms trimmed their staffing levels, thereby extending the current sequence of job shedding to two years. However, the rate of decline remained mild.

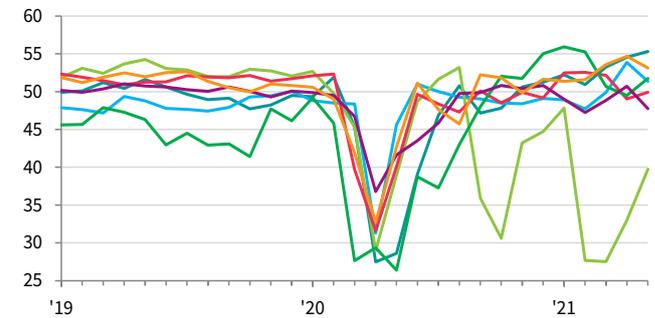
Turning to prices, the rate of input price inflation was unchanged from April and the joint-steepest since November 2013. As a result, firms upped their charges again in May, but the rate of increase slowed slightly from April's two-and-a-half-year high.

Finally, firms remained optimistic of higher output over the coming year in May. However, the level of positive sentiment moderated to a nine-month low and was historically subdued.

Manufacturing PMI

Indonesia / Malaysia / Myanmar / Philippines  
Singapore / Thailand / Vietnam

sa, >50 = improvement since previous month



Source: IHS Markit.

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Methodology

The IHS Markit ASEAN Manufacturing PMI™ is compiled by IHS Markit from responses to monthly questionnaires sent to purchasing managers in panels of manufacturers in Indonesia, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam, totalling around 2,100 manufacturers. These countries account for 98% of ASEAN manufacturing value added\*. The panels are stratified by detailed sector and company workforce size, based on contributions to GDP.

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 at the national level. 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. ASEAN indices are calculated by weighting together the national indices. Country weights are calculated from annual manufacturing value added\*.

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.

May 2021 data were collected 11-24 May 2021.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

\*Source: World Bank World Development Indicators.

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About PMI

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.

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