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# IHS Markit Myanmar Manufacturing PMI™

## Manufacturing business conditions continue to improve solidly in December

### Key findings

Further solid gains in new orders and output

New record high annual trend for PMI in 2019

Input price inflation slides to new series low

The final batch of Myanmar PMI™ survey data for 2019 from IHS Markit marked a further solid performance from manufacturers to round off a strong year. Production, new orders and employment all expanded further, extending survey-record sequences of growth, and output expectations continued to rebound from October's recent low. Manufacturers also benefited from record low cost inflationary pressures, as average input prices registered almost no increase since November.

The headline IHS Markit Myanmar Manufacturing PMI is a composite single-figure indicator of manufacturing performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates overall improvement of the sector.

The PMI eased to 52.0 in December, from 52.7 in November, signalling a further solid improvement in business conditions. The latest figure was a three-month low, but comfortably above the four-year long-run trend of 51.1. Moreover, across 2019 as a whole the PMI has averaged 52.7, the highest for a calendar year since the survey began.

Underpinning the overall improvement of the sector in December was a further strong rise in new work, although the rate of expansion was slightly softer than in both October and November. New business growth in 2019 has consistently outpaced the trend set over 2016-18.

Rising demand for goods manufactured in Myanmar drove a survey-record fourteenth consecutive monthly expansion in output in December. The volume of inputs purchased by manufacturers also rose, but at a comparatively moderate pace as firms opted to deplete their stocks of raw materials. Inventories of finished goods also contracted sharply, partly

*continued...*

Myanmar Manufacturing PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

### Comment

Commenting on the latest survey results, Trevor Balchin, Economics Director at IHS Markit, said:

*"Manufacturers in Myanmar ended 2019 with another solid performance, with the PMI remaining well above its long-run trend level at 52.0. The sector has sustained solid growth throughout the year, with the headline figure trending at 52.7. This is easily the highest for a calendar year since the survey began, surpassing the 51.0 set in 2016.*

*"The PMI remained elevated through further strong increases in output and new orders. That said, both components eased to three-month lows, while a sharp decline in input stocks also weighed on the headline figure. This was partly offset by the third-fastest rate of employment growth in nearly three years.*

*"The outlook for 2020 is looking positive as firms are increasingly confident of sustained growth in production. The Future Output Index is at the third-highest level in over two years as firms expect to open new factories and upgrade machinery."*

reflecting the swift shipment of completed orders to clients.

Looking ahead to 2020, manufacturers in Myanmar remain optimistic of output growth over the 12-month horizon. Moreover, the strength of sentiment continued to recover from October's recent low to the highest in five months. Confidence was reflected in anecdotal evidence from firms regarding the planned opening of new factories and plant machinery upgrades.

Confidence around production growth also reflected a lack of pressure on current capacity despite rising new orders. The volume of outstanding business fell at the sharpest rate since June 2018.

Strong current and expected business conditions resulted in another rise in manufacturing employment in December. Moreover, the rate of job creation accelerated from November and was the third-fastest since January 2017.

The latest survey revealed a further weakening of cost inflationary pressures at the end of 2019. Average input prices rose at the slowest rate since the survey began in December 2015, with the rate of increase easing for the fifth successive month.

A lack of upward pressure on costs enabled firms to lower their prices charged in December. Manufacturing output prices fell for the first time since January, and for only the fifth time in the four-year survey history.

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### Methodology

The IHS Markit Myanmar Manufacturing PMI™ is compiled by IHS Markit from responses to monthly 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.

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.

December data were collected 5-13 December 2019.

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

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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. To learn more go to [ihsmarkit.com/products/pmi.html](https://ihsmarkit.com/products/pmi.html).