

# IHS Markit Myanmar Manufacturing PMI™

## Operating conditions deteriorate sharply, but move closer towards stabilisation

### Key findings

Output and new orders fall sharply in September, but at softer rates

Record increase in backlogged work

Input and output price inflation intensify

Data were collected 13-22 September 2021.

The resurgence of COVID-19 cases continued to impact factory and business closures across Myanmar's manufacturing sector during September, leading to another contraction. Operating conditions have now deteriorated in each month since September 2020, with the latest fall among the sharpest in the series history. Although sentiment improved, expectations were muted in the context of historical data amid long-term concerns. Nevertheless, the rates of decline in output and new orders eased notably from those seen in August.

On the price front, global shortages of raw materials and unfavourable exchange rate movements placed further pressures on inflation rates with both input costs and output charges increasing substantially.

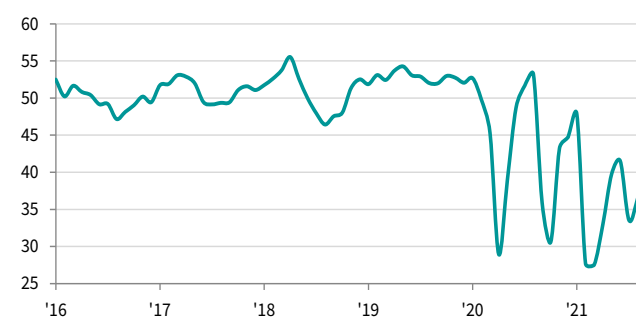
The headline IHS Markit Myanmar Manufacturing PMI™ – a composite single-figure indicator of manufacturing performance – registered at 41.1 in September, up from 36.5 in August, but below the critical 50.0 no change mark for the thirteenth month in a row. The latest reading pointed to a sharp contraction in the health of the sector, although one that was the softest since June.

Goods producers noted a thirteenth consecutive monthly decline in production volumes, which firms largely linked to factory closures, political disruption and the third wave of COVID-19 cases. The overall fall was the softest in three months, but still much sharper than that seen across the long-term average.

Firms reported a further decline in new orders during September marking a 13-month sequence of contraction. Cash shortages and a generally weak domestic demand environment was often

*continued...*

Myanmar Manufacturing PMI  
sa, >50 = improvement since previous month



Source: IHS Markit.

### Comment

Commenting on the latest survey results, Shreeya Patel, Economist at IHS Markit, said:

*"Latest PMI data revealed another tough operating period across Myanmar as the manufacturing sector continued to face factory and business closures following another surge in virus case numbers. Workers continued to return to their hometowns, and firms often found it difficult to source skilled replacements. Subsequently, capacity pressures mounted leading to the quickest rise in backlogs in nearly six years of the survey's operation. At the same time, global material shortages and unfavourable exchange rate movements resulted in steep increases in costs.*

*"On a brighter note, the sector is moving towards stabilisation with the declines in output and new orders easing notably from those in the previous two months. The vaccination effort must gain momentum however to prevent a fourth wave of cases. Until then, firms will eagerly await the ending of restrictions so that they can resume their operations and work through their backlogs."*

blamed for the fall. That said, as was the case for output, the pace of reduction softened from that in August.

Goods producers indicated that a combination of fewer sales, elevated prices and factory closures led them to scale back input buying in September. The rate of contraction in the quantity of purchases was sharp, but the softest seen since the start of the year.

Meanwhile, manufacturing employment fell for the thirteenth month in a row amid factory closures. Firms also mentioned that employees continued to return to their hometowns in the wake of surging virus case numbers. Lower staffing levels and factory closures left firms unable to complete new orders and, as a result, backlogs rose at the quickest rate in the series history.

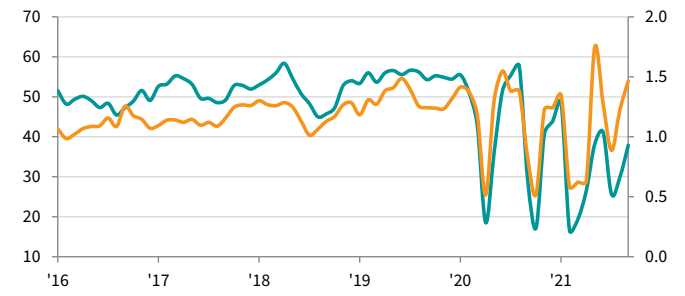
After moderating to a five-month low in August, input price inflation ticked higher in September. According to survey participants, unfavourable exchange rate movements and material shortages exerted upward pressure on inflation.

In response to higher costs, companies lifted their charges, and at the fourth-quickest rate in the series history. Selling prices have now risen for ten consecutive months.

On the stock front, September data highlighted ongoing declines in both pre- and post-production inventories. Moreover, the rates of depletion remained historical marked.

The 12-month outlook for output improved from August's record low in September, turning positive. Sentiment was weak overall, however, with the 12-month outlook for production among the lowest in the series history.

Myanmar Manufacturing PMI Output Index New orders : inventories ratio  
sa, >50 = growth since previous month New Orders Index / Stocks of Finished Goods Index



Source: IHS Markit.

## Contact

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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.

Data were collected 13-22 September 2021.

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

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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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