

## IHS Markit ASEAN Manufacturing PMI™

### Output rises for second month running as new orders rebound

#### Key findings

Headline PMI posts above 50.0 mark for first time since February

Further rise in output amid quickest growth of new orders since mid-2018

Business confidence strengthens to 11-month high

Data were collected 04-17 December 2020

ASEAN manufacturing conditions improved for the first time since February during December, according to latest IHS Markit Purchasing Managers' Index (PMI™) data, hinting at the start of a recovery from the economic blow of the coronavirus disease 2019 (COVID-19) pandemic.

Factory production rose for the second straight month, with the rate of growth edging up to the quickest seen for two-and-a-half years. The increase was supported by the strongest upturn in new orders since August 2018. Improved conditions also boosted business confidence at the end of the fourth quarter. The level of positive sentiment was the highest since before the onset of the pandemic in January.

The headline PMI registered above the 50.0 no-change mark at 50.8 in December, up from 50.0 in November, to signal the first improvement in the health of the ASEAN manufacturing sector since February. That said, the index was indicative of only mild growth.

At the country level, Singapore saw the fastest improvement in manufacturing conditions, with the headline figure (55.0) the highest for seven years. Growth was also sustained in Indonesia and Thailand, although the rate of expansion was sharper in the former, with the headline index posting 51.3, compared to Thailand's 50.8. Vietnam was the only other monitored nation to record an improvement in the health of the manufacturing sector in December. The headline index (51.7) signalled a modest upturn following a broad stagnation in the previous survey period.

At the same time, the Philippines registered a third successive monthly deterioration in conditions. The headline figure (49.2) was indicative of a mild downturn, as was that recorded for Malaysia (49.1). Finally, Myanmar again saw a softer rate

*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:

*"Latest PMI data pointed to some positive news with regards to the ASEAN manufacturing sector in the closing month of 2020. Conditions improved for the first time since February, amid sustained growth of output and the fastest expansion in new orders for over two years.*

*"Subsequently, companies recorded the highest level of optimism for 11 months, while the rate of job shedding eased to the slowest since February.*

*"There remains noticeable disparity at the national level, however, with Malaysia, Myanmar and the Philippines yet to see any real signs of a rebound. Nonetheless, the data as a whole point towards the sector taking further tentative steps towards a recovery from the the pandemic. If improved demand conditions can be sustained, the ASEAN manufacturing sector will be well placed to make up further lost ground in the new year."*

of contraction in December, following the unprecedented downturn in October. At 44.7, however, the PMI still signalled a sharp deterioration in the health of the manufacturing sector overall.

Central to the overall improvement in conditions during December was a second consecutive monthly increase in output. Though modest, the rate of growth was the quickest seen for two-and-a-half years. Demand conditions strengthened noticeably, with order book volumes expanding at the fastest pace since August 2018. Inflows of new orders from abroad continued to fall, however. The rate of reduction in export orders quickened to the fastest since July.

Despite higher sales, goods producers continued to pare back on purchasing in December, albeit at the softest rate since February. Subsequently, stocks of purchases fell again. Disruption to supply chains meanwhile persisted, with lead times for inputs lengthening to the greatest extent since May.

Concurrently, firms again trimmed their workforce numbers in December, although the rate of job shedding was the slowest for ten months. Still, there was further evidence of spare capacity at ASEAN manufactures, as backlogs of work fell moderately again.

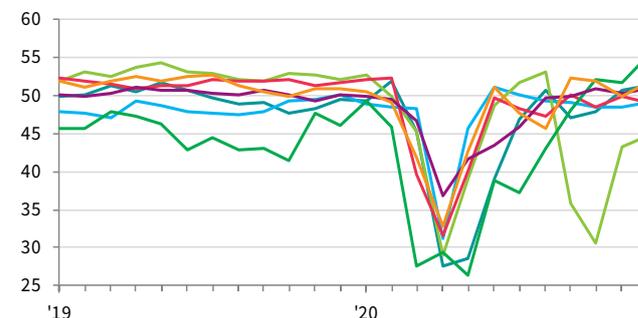
Turning to prices, cost burdens rose further, with the rate of inflation the most marked since October 2018. Pressure on margins was partly alleviated, however, as ASEAN goods produces increased their average charges at the quickest pace for 19 months.

Amid improved client demand and a further increase in factory production, firms remained optimistic with regards to output over the next 12 months. The level of positive sentiment climbed to the highest since January, although it remained subdued in the context of the series history.

### Manufacturing PMI

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

sa, >50 = improvement since previous month



Source: IHS Markit.

### Contact

Lewis Cooper  
Economist  
IHS Markit  
T: +44 1491-461-019  
[lewis.cooper@ihsmarkit.com](mailto:lewis.cooper@ihsmarkit.com)

Katherine Smith  
Public Relations  
IHS Markit  
T: +1-781-301-9311  
[katherine.smith@ihsmarkit.com](mailto:katherine.smith@ihsmarkit.com)

### 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.

December 2020 data were collected 04-17 December 2020.

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

\*Source: World Bank World Development Indicators.

### Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index™ and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.

### About IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2021 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please email [katherine.smith@ihsmarkit.com](mailto:katherine.smith@ihsmarkit.com). To read our privacy policy, click here.

### 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.

[ihsmarkit.com/products/pmi.html](https://ihsmarkit.com/products/pmi.html)