

Nikkei ASEAN Manufacturing PMI™

Manufacturing conditions deteriorate for first time in 2018

Key points:

- Sharpest fall in new orders in two years
- Input price inflation at 20-month high
- Output expands only slightly

The ASEAN manufacturing sector experienced a slight deterioration in operating conditions in October, according to the headline **Nikkei ASEAN Manufacturing Purchasing Managers' Index (PMI™)**, which is compiled by IHS Markit.

The headline PMI fell from 50.5 in September to 49.8 in October, indicating a marginal decline in the health of the manufacturing sector. The index reading was the lowest recorded in 15 months and marked the first time since December 2017 that the PMI has posted below the no-change 50.0 level.

Latest survey data showed the weakest growth of output at ASEAN manufacturing firms in 15 months. In addition, new business fell at the fastest pace in two years, albeit marginally. This followed a nine-month sequence of growing order book volumes.

Manufacturing performance remained uneven across the region, with three of the seven countries reporting an improvement in operating conditions. The Philippines topped the ASEAN manufacturing rankings again in October, with a substantial rate of expansion in output and new orders. Vietnam also saw signs of strong growth, placing it at a close second.

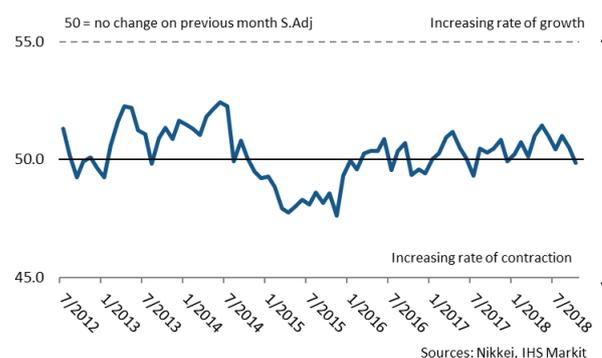
Indonesia climbed to third place in the league table, despite recording a marginally slower rate of growth. Malaysia and Thailand saw slight deteriorations in operating conditions in October. Myanmar saw a modest drop, albeit weaker than in September, while the health of Singapore's manufacturing sector declined sharply.

New export orders decreased at a faster rate in October, as demand from overseas markets was subdued. Though modest, the pace of contraction was the steepest in 22 months.

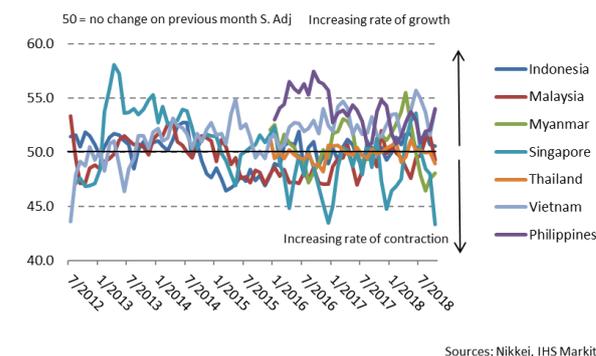
Countries ranked by Manufacturing PMI™

October	PMI	Change signalled
Philippines	54.0	Solid increase (faster than September)
Vietnam	53.9	Solid increase (faster than September)
Indonesia	50.5	Marginal increase (slower than September)
Malaysia	49.2	Marginal decrease (change in direction)
Thailand	48.9	Marginal decrease (no change in September)
Myanmar	48.0	Modest decrease (slower than September)
Singapore	43.3	Sharp decrease (faster than September)

Nikkei ASEAN Manufacturing PMI™



National Manufacturing PMI™



Continued...

With output growth falling to a 15-month low, purchasing activity at ASEAN manufacturing firms decreased in October. The level of input buying contracted at the fastest rate since July 2017. At the same time, stocks of both pre- and post-production goods fell at marginal rates. Stocks of purchases have now fallen in 20 consecutive months.

Alongside the decline in new orders, firms noted reduced capacity pressures in October, with survey data indicating a modest drop in outstanding business. This was helped by a seventh successive expansion of employment.

Vendor performance worsened for six out of the seven monitored countries in October. Anecdotal evidence pointed to transportation issues in some countries, as well as adverse weather conditions.

ASEAN manufacturing firms experienced sharp inflationary pressures in October, with the rate of input price inflation rising to the joint-highest in over four-and-a-half years. Notably, Myanmar, the Philippines and Indonesia experienced substantial price increases. Survey respondents pointed to higher raw material costs and exchange rate factors as influencing the rise in input prices. As a result, selling prices of manufactured goods grew at the fastest pace since September 2015.

Although operating conditions deteriorated in October, ASEAN manufacturing businesses retained a strongly positive outlook for the coming year. The level of optimism improved marginally from September, with the Philippines, Indonesia and Vietnam remaining the most confident about future output.

Comment:

Commenting on the ASEAN Manufacturing PMI survey data, **David Owen, Economist** at IHS Markit, which compiles the survey, said:

“Following a nine-month sequence of improving business conditions, the ASEAN manufacturing sector contracted marginally in October. Most countries saw falls in both output and new business, while export orders dropped at the quickest pace in nearly two years.

“Meanwhile, input costs rose at the joint-quickest rate in over four-and-a-half years, attributed to inflation of raw material prices and national exchange rate movements. Firms responded with the strongest increase in output charges since September 2015, indicating the persistence of price pressures across the region. Nevertheless, confidence about future output remained high.”

-Ends-

Nikkei ASEAN Manufacturing PMI™ is sponsored by **NIKKEI**

Nikkei is a media organization with newspaper publishing at its core. Our flagship daily newspaper, The Nikkei, has approximately two and a half million subscribers. Nikkei's multi-platform media distribution also includes online, broadcast and magazines.

Since our founding in 1876 as the Chugai Bukka Shimpō (Domestic and Foreign Prices News), we have consistently provided high-quality reporting while maintaining fairness and impartiality. The Nikkei brand has become synonymous with trustworthiness at home and abroad.

Nikkei Inc. offers a range of media platforms to satisfy the diverse needs of our readers. At the core of these services is The Nikkei which has a circulation of approximately two and a half million. Adding further depth to our offerings are our premium content and strong digital technology. The number of paying subscribers to the Nikkei Online Edition, which was launched in 2010, has surpassed 500,000. Our fee-based online services have one of the largest readerships in the world among newspaper publishers. Eight years after its creation, the online edition is set to evolve from a medium for providing news to readers into a tool that helps people advance their careers.

In 2013, we kicked off the Nikkei Asian Review, an English-language news service provided both online and as a weekly print magazine. The following year, we established an Editorial Headquarters for Asia in Bangkok to deepen our coverage of Asian economic news. In addition, we doubled the number of reporters stationed in Asia outside Japan. 2014 also saw the launch of Nikkei Group Asia Pte., a new company in Singapore tasked with spreading the Nikkei brand in the region. Our goal is to make Nikkei the leading media voice in Asia.

<http://www.nikkei.co.jp/nikkeiinfo/en/>

NIKKEI ASIAN REVIEW <http://asia.nikkei.com/>

INTRODUCING THE ONLY BUSINESS PUBLICATION THAT BRINGS YOU INSIGHTS ABOUT ASIA, FROM THE INSIDE OUT

With more reporters and contributors across the region than any other business publication, only Nikkei Asian Review can give you a view of business in Asia from the inside.

Stay abreast of the latest news, analysis and insights with a subscription to Nikkei Asian Review – available in print, online, and on your mobile and tablet device.



Asia300:

Providing extensive coverage of over 300 leading companies in 11 countries and regions in Asia. Nikkei Asian Review aims to build the largest hub for Asian corporate news through enhanced reporting backed by large database of business and financial information on companies in the region.



JAPAN UPDATE:

Keeping you up-to-date with business and news from Japan.



VIEWPOINTS:

Bringing views of leading minds on Asia from around the world, including our column "Tea Leaves" written by some of our best writers.



POLITICS & ECONOMY:

Looking at fiscal and monetary policy, international affairs and more



MARKETS:

Deep analysis of the markets, with detailed industry news to keep you abreast of some of the fastest growing sectors in the region.



Video:

Watch analysts explain our articles, catch interviews with top executives.



Print Edition:

Weekly delivery of the best content from Nikkei Asian Review to your home or office

For further information, please contact:

IHS Markit (About PMI and its comment)

Bernard Aw, Principal Economist
Telephone +65-6922-4226
Email bernard.aw@ihsmarkit.com

Jerrine Chia, Marketing and Communications
Telephone +65-6922-4239
E-mail jerrine.chia@ihsmarkit.com

David Owen, Economist
Telephone +44 207 064 6237
Email david.owen@ihsmarkit.com

Nikkei inc. (About Nikkei)

Ken Chiba, Deputy General Manager, Public Relations Office
Atsushi Kubota, Manager, Public Relations Office
Telephone +81-3-6256-7115
Email koho@nex.nikkei.co.jp

Notes to Editors:

The ASEAN Manufacturing *PMI*[™] (*Purchasing Managers' Index*[™]) is produced by IHS Markit and is based on original survey data collected from a representative panel of around 2100 manufacturing firms. National data are included for Indonesia, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. Taken together, these countries account for an estimated 98% of ASEAN manufacturing activity.

The *Purchasing Managers' Index (PMI)* survey methodology has developed an outstanding reputation for providing the most up-to-date possible indication of what is really happening in the private sector economy by tracking variables such as sales, employment, inventories and prices. The indices are widely used by businesses, governments and economic analysts in financial institutions to help better understand business conditions and guide corporate and investment strategy. In particular, central banks in many countries (including the European Central Bank) use the data to help make interest rate decisions. *PMI* surveys are the first indicators of economic conditions published each month and are therefore available well ahead of comparable data produced by government bodies.

IHS Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and revised data are available to subscribers from IHS Markit. Please contact economics@ihsmarkit.com.

About IHS Markit (www.ihsmarkit.com)

IHS Markit (Nasdaq: 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 © 2018 IHS Markit Ltd. All rights reserved.

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 <https://ihsmarkit.com/products/pmi.html>.

The intellectual property rights to the ASEAN Manufacturing *PMI*[™] 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 affiliates.

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