

## IHS Markit ASEAN Manufacturing PMI™

# ASEAN manufacturing growth quickens to strongest since July 2014

### Key findings

Headline PMI hits near seven-year high amid accelerated upturn in output

Fastest increase in new work since May 2013

Business confidence strongest since January 2020

Data were collected 12-26 April 2021.

ASEAN manufacturing conditions improved at a noticeably quicker rate during April, and one that was the fastest since July 2014, according to latest IHS Markit Purchasing Managers' Index (PMI™) data. Central to the stronger performance of the sector was the fastest upturn in output since July 2014 and the steepest rise in new orders since May 2013. At the same time, business confidence improved further, with firms the most optimistic towards the year ahead outlook for output for over a year.

The headline PMI posted above the neutral 50.0 mark for the second month running, rising from 50.8 in March to 51.9 in April, signalling the fastest improvement in the health of the ASEAN manufacturing sector since July 2014 and one that was moderate overall.

Across the seven constituent nations, Vietnam saw the strongest growth. Here the headline PMI hit a near two-and-a-half year high of 54.7 and signalled a sharp rate of expansion. Following closely behind was Indonesia, where the PMI hit a record high (since early-2011) of 54.6, and likewise pointed to a marked improvement in overall manufacturing conditions.

Growth was also recorded in Malaysia, where the headline index climbed above the neutral 50.0 mark for the first time in ten months and for only the second time since September 2018. At 53.9, the rate of growth was also the fastest in the series history (since mid-2012). Thailand likewise saw a return to expansion during April. The headline PMI (50.7) was indicative of only a mild rate of growth, however.

Elsewhere, both Singapore and the Philippines registered renewed contractions during April. For the former, the headline index (49.5) signalled the first deterioration in conditions since last September, but one that was only fractional. In the Philippines, the contraction was the first in four months and,

*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 appears to have turned a corner in April. Business conditions improved at the fastest rate since July 2014 amid a stronger upturn in output, while the latest growth of new orders was the fastest since May 2013.*

*"Subsequently, firms registered the most upbeat outlook towards the year-ahead since January 2020, with confidence largely in line with the series average.*

*"Supply delays were again evident, albeit less intense, as average lead times for inputs lengthened to the smallest extent since last November, hinting at subsiding supply chain pressures as we enter the second quarter of the year. Nonetheless, costs continued to soar in April, with the rate of inflation among the quickest on record.*

*"Overall, the April PMI data point to a much improved performance for the ASEAN manufacturing sector, with clear signs that the recovery has begun and the sector is beginning to make headway towards recouping any lost ground."*

though marginal, was the fastest since October 2020 (index at 49.0).

Finally, Myanmar again registered the steepest downturn of the seven monitored nations, as ongoing factory closures amid political instability continued to heavily impact the manufacturing sector. The PMI did rise to a three-month high of 33.0, but was nonetheless indicative of a substantial contraction.

The ASEAN manufacturing sector as a whole registered a far better performance in April. The fastest improvement in conditions since July 2014 was driven by a noticeably quicker rate of output growth and the strongest uplift in new work since May 2013. Foreign demand also rose in April, with new export orders increasing for the first time in nearly two years and modestly.

In line with greater output requirements, firms upped their purchasing activity again, with the latest rise the quickest since May 2018. Pre-production inventories were broadly stable on the month, while stocks of finished goods fell at a slower pace. Supply chain delays persisted in April, although lead times lengthened to the smallest extent since last November.

April data also highlighted sustained capacity pressures at ASEAN goods producers, with backlogs of work rising slightly for the second month running. Nonetheless, firms continued to trim their staffing levels marginally in April.

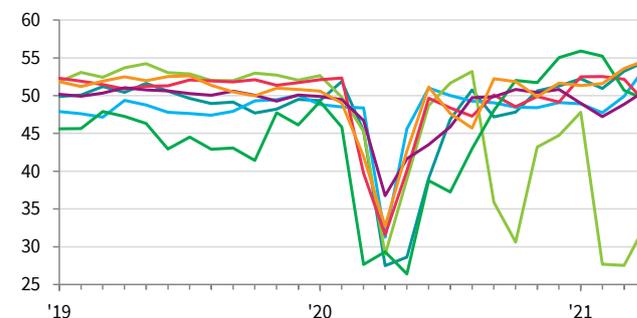
Turning to prices, cost burdens rose markedly again, with the rate of inflation the fastest since November 2013. As a result, firms increased their average charges at the quickest pace since October 2018.

Looking ahead, goods producers remained optimistic with regards to output over the coming year. In fact, the level of positive sentiment was the strongest since January 2020.

### 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.

April 2021 data were collected 12-26 April 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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