

# IHS Markit ASEAN Manufacturing PMI™

## Operating conditions continue to deteriorate in November

### Key findings

Output contracts for fifth successive month amid further reduction in new orders

Workforce numbers continue to decline

Business confidence improves to five-month high

Operating conditions at ASEAN manufacturing firms deteriorated for a sixth consecutive month in November, according to latest IHS Markit Purchasing Managers' Index (PMI™) data, with further declines in output, new business and employment weighing on the performance of the manufacturing sector.

The headline PMI rose from 48.5 in October to 49.2 in November, signalling a sixth consecutive deterioration in the health of the ASEAN manufacturing sector, albeit one that was only marginal. Notably, the deterioration in operating conditions was the softest since July, with both production and incoming new business falling at softer rates than those seen in October.

Country-level data highlighted Myanmar as the best performing of the seven monitored countries, as has been the case in each of the last ten months. The headline index (52.7) indicated a solid improvement in operating conditions and extended the current sequence of growth to 13 months. The Philippines also reported an improvement, although moderate, with the headline figure (51.4) the lowest since July amid softening growth of output and new orders. Vietnam was the only other country to report an uptick in the health of the manufacturing sector in November. Following no-change in operating conditions in October, the headline index (51.0) signalled a marginal improvement and was the strongest for three months.

Meanwhile, Malaysia reported a deterioration in operating conditions in November, as has been the case in each month since October 2018. The headline figure (49.5) highlighted only a slight decline, however, with the rate of decline the slowest in the aforementioned sequence. Thailand's manufacturing sector fell into contractionary territory for the first time since February in November. The headline index (49.3) was the lowest for just over a year, signalling a marginal deterioration in the health of the Thai manufacturing sector.

Concurrently, Indonesia's headline figure (48.2) improved

*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:

*"November PMI data highlighted further issues facing the ASEAN manufacturing sector, with operating conditions deteriorating for the sixth month in a row. The decline eased to a marginal rate, however, with the PMI signalling the weakest contraction in four-months. Nonetheless, both output and new orders continued to decline, with companies citing demand conditions."*

*"Country-level data highlighted further divergence, with four of the seven monitored countries reporting worsening manufacturing conditions. Myanmar continued to outperform the ASEAN trend with a solid improvement, while Singapore remained at the bottom of the rankings."*

*"Overall, weak client demand remains a primary concern, and despite signs of the downturn easing in November, order intakes will need to pick up soon to increase the likelihood of a recovery in the near future."*

slightly from October, but indicated a fifth consecutive deterioration in operating conditions nonetheless, and one that was moderate overall. As has been the case in every month since March this year, Singapore reported the sharpest deterioration of the seven monitored countries. That said, the headline index (47.7) was the highest for eight months and signalled only a moderate contraction overall.

Overall, the latest survey data highlighted continued weakness of the ASEAN manufacturing sector. Further reductions in both output and new orders underpinned the deterioration, although the rate of contraction eased in both cases. In contrast, new business from abroad fell at a faster pace, although the decline remained marginal overall.

Meanwhile, workforce numbers fell for the sixth month in a row, with the rate of job shedding the second-fastest since December 2015. Backlogs of work fell for a fifth consecutive month, highlighting further spare capacity.

November data highlighted a further reduction in buying activity, albeit at the slowest pace for four months. As has been the case in all but one of the last 33 months, pre-production inventories fell. That said, the pace of decline was marginal, having eased to a six-month low.

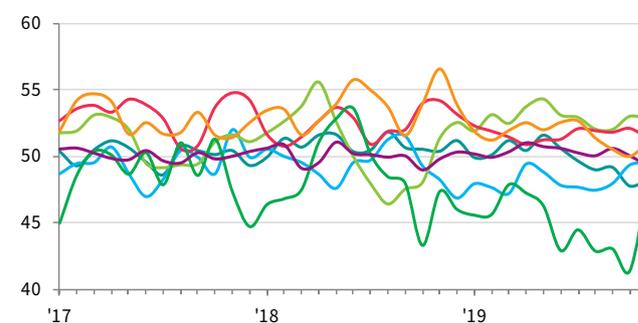
On the prices front, inflationary pressures remained historically subdued. The rate of Input price inflation was unchanged from October's survey record low. Meanwhile, average selling prices remained stable for a second consecutive month, reflecting competitive pressures.

Nonetheless, ASEAN manufacturers were optimistic that output would rise over the next 12 months in November. The level of positive sentiment strengthened to the highest since June.

### 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.

November 2019 data were collected 11-25 November 2019.

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