

# IHS Markit ASEAN Manufacturing PMI™

## ASEAN manufacturing conditions stabilise in November

### Key findings

Headline PMI increases to 50.0 no-change mark

Output rises for first time since January amid slight uptick in new orders

Employment declines at slowest rate since February

Data were collected 12-24 November 2020.

ASEAN manufacturing conditions stabilised during November, ending an eight-month long downturn, according to latest IHS Markit Purchasing Managers' Index (PMI™) data. Output rose for the first time since January, and at the quickest rate for nearly two-and-a-half years, amid a renewed expansion of order book volumes. Subsequently, the rate of job shedding was the softest for nine months, although still solid overall.

The headline PMI rose from 48.6 in October to the neutral level of 50.0 in November, to signal a stabilisation in the health of the ASEAN manufacturing sector, thereby ending an eight-month period of decline that began in March.

At the national level, three of the seven constituent countries registered an improvement in conditions during November. The strongest upturn was in Singapore, where the headline PMI (51.7) posted above the 50.0 threshold for the second month running. A back-to-back monthly improvement was also registered in Thailand, although the headline figure (50.4) was indicative of only a fractional expansion. Indonesia was the only other country to record growth in November. At 50.6, the headline index signalled the first improvement in manufacturing conditions for three months, but one that was only mild overall.

Elsewhere, conditions continued to deteriorate in Myanmar, although the headline figure recovered a noticeable amount of ground, rising from 30.6 in October to 43.2. Even so, the latest index reading was consistent with a sharp deterioration in manufacturing conditions, brought on by tighter coronavirus disease 2019 (COVID-19) related measures. Meanwhile, Malaysia recorded a fourth successive monthly contraction, with the latest decline the quickest over this period, albeit modest overall (PMI at 48.4).

Finally, conditions in the Philippines were broadly stable in

*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 data provided a small glimmer of positivity with regards to the ASEAN manufacturing sector. Output rose for the first time since January, and at the quickest pace for nearly two-and-a-half years, amid a renewed increase in new orders. Firms did continue to reduce their staff numbers, although job cuts were the least widespread since February."*

*"At 50.0 in November, the headline figure signalled stable conditions on the month, merely highlighting that things were no worse than in October. Although this is welcome news in some sense, and brings the eight-month long downturn to an end, there remains a substantial amount of ground to make up following the sizable economic hit caused by the pandemic."*

*"Moreover, with cases rising across the globe, and some ASEAN constituent countries enforcing tougher lockdowns, we may well see conditions deteriorate again if client demand is stifled by measures and factories ease back on production."*

*"Nonetheless, things are beginning to move in the right direction, with the latest data providing a tentative sign that the manufacturing sector may be turning towards a recovery. Heightened uncertainty continues to cloud the outlook, however, and nothing is certain."*

November, with the headline index only just below the neutral 50.0 mark at 49.9. The reading was mirrored in Vietnam, although here it represented broadly stagnant conditions following growth in both September and October.

Central to the upwards movement in the headline PMI was the first expansion in factory production since the start of the year, with the rate of growth the quickest since June 2018, as well as a renewed increase in new orders. That said, the rate of growth in order book volumes was only fractional, weighed on by a further, albeit slower, drop in export orders.

At the same time, firms continued to pare back on staff numbers, extending the current sequence of falling employment to a year-and-a-half. However, job cuts were the least widespread since February. Capacity pressures meanwhile remained weak, as the level of outstanding business fell again. The rate of backlog depletion was little-changed on the month and moderate.

With client demand yet to improve at any substantial rate, firms continued to cut back on purchasing activity in November. COVID-19 related measures led to further supply chain disruption, however, as lead times for inputs increased to the greatest extent since August. That said, delays were still much less severe than at the height of lockdown measures in the spring.

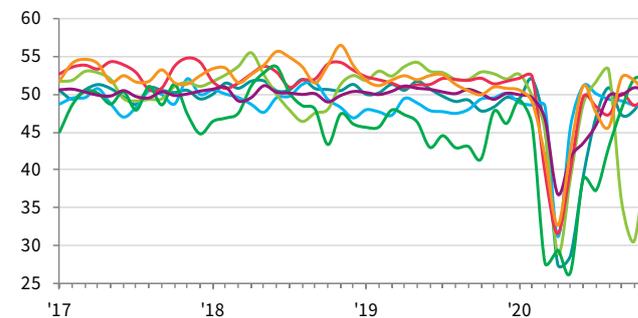
On the price front, the rate of cost inflation was the quickest since August and solid, while firms increased their average charges for the first time in three months.

Looking ahead, ASEAN goods producers remained optimistic with regards to output over the next year. That said, the level of positive sentiment dipped slightly from October and was subdued in the context of historical data.

### 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.

November 2020 data were collected 12-24 November 2020.

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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