

# IHS Markit Myanmar Manufacturing PMI™

## Operating conditions continue to deteriorate in June

### Key findings

Marked declines in output and new orders

Output charges and input prices rise substantially

Sentiment improves but remains historically weak

Data were collected 11-22 June 2021.

June data revealed another deterioration in operating conditions across Myanmar's manufacturing sector. The overall decline was driven by further contractions in output and new orders as the country continued to face disruption from the military-staged coup. Many factories and client businesses remained closed, leading to declines in employment and purchasing activity. Meanwhile, prices continued to rise substantially with unfavourable kyat-dollar exchange rate movements, material shortages and higher transportation prices often mentioned by panellists. Sentiment improved slightly from May's previous nadir, but remained weak in the context of the historical average.

The headline IHS Markit Myanmar Manufacturing PMI™ – a composite single-figure indicator of manufacturing performance – rose from 39.7 in May, to 41.5 in June indicating a tenth consecutive decline in operating conditions. That said, the latest deterioration was the softest since January, with the PMI having risen every month since March.

Production volumes at goods producers in Myanmar contracted further in June, albeit at a slightly weaker rate. The decline was marked overall, but the softest in five months. Factory closures and subdued demand continued to impact output levels, according to panel members.

Weak client demand in domestic markets persisted at the end of the second quarter, with new orders falling at a sharp and accelerated pace. A combination of cash shortages and higher prices were linked to the decline. Overall, the rate of contraction was amongst the quickest in the five-and-a-half-year history of the survey.

Workforce numbers continued to fall sharply with panel

*continued...*

Myanmar Manufacturing PMI  
sa, >50 = improvement since previous month



Source: IHS Markit.

### Comment

Commenting on the latest survey results, Shreeya Patel, Economist at IHS Markit, said:

*"Latest PMI data reveal the pressure Myanmar's manufacturing sector is continuing to experience four months on from the military-staged coup. Factories and client businesses remain closed, but issues surrounding currency are now feeding through to demand."*

*"June data revealed further rapid increases in output and input prices. Higher costs were centred around rising transportation and materials prices as well as unfavourable kyat-dollar exchange rate movements. Meanwhile, caps placed on withdrawals meant customers were often faced with cash shortages, resulting in weaker demand."*

*"At the same time, material scarcities and delivery delays were again blamed for sharp accumulations in backlogs."*

*"That said, some positives can be drawn from latest data. The rates of decline in output, employment and purchases eased during the month, while inflationary pressures eased since May. Sentiment also recovered some territory with firms hoping demand conditions improve by next June. Though for now, firms will hope domestic demand recovers and issues surrounding currency are soon resolved."*

comments suggesting employees continued to return to their hometowns. Muted demand and voluntary resignations were also mentioned. The rate of decline eased from that seen in May and was the softest since January, however.

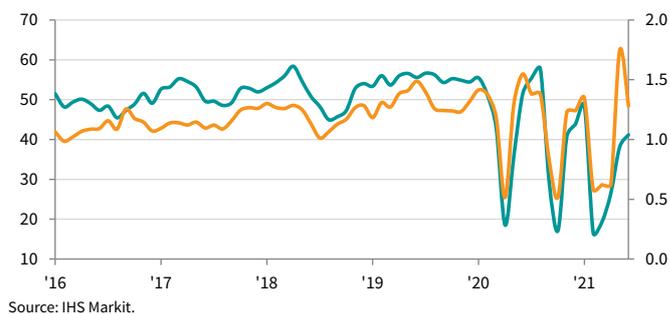
In line with lower output requirements, manufacturing firms in Myanmar continued to hold back on their purchasing activity. Purchases have now fallen in each month since March 2020, with the latest decline sharp overall. Pre- and post-production inventories were also reduced, with the former contracting at the second-quickest rate in the series history.

Despite weak demand, material shortages and factory closures led to a substantial rise in backlogs during June. The rate of accumulation eased noticeably from May's recent peak but was the third-fastest in the series history. Vendor performance meanwhile deteriorated for the tenth consecutive month.

Turing to prices, input price inflation remained elevated, but eased from May's series high. Respondents continued to cite unfavourable exchange rate movements, material shortages and higher transportations prices. Firms often reported to pass on part of the burden with output price inflation the second-quickest in the survey to date.

Looking ahead, sentiment regarding output in the year ahead improved somewhat from May's series low. That said, the degree of optimism was far below the long-run series average with panel members mentioning the military-staged coup and intense price pressures weighed on optimism.

Myanmar Manufacturing PMI Output Index New orders : inventories ratio  
sa, >50 = growth since previous month New Orders Index / Stocks of Finished Goods Index



Source: IHS Markit.

## Contact

Shreeya Patel  
Economist  
IHS Markit  
T: +44 134 432 8196  
[shreeya.patel1@ihsmarkit.com](mailto:shreeya.patel1@ihsmarkit.com)

Joanna Vickers  
Corporate Communications  
IHS Markit  
T: +44 207 260 2234  
[joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com)

### Methodology

The IHS Markit Myanmar Manufacturing PMI™ is compiled by IHS Markit from responses to monthly questionnaires sent to purchasing managers in a panel of around 400 manufacturers. The panel is 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. 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.

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.

Data were collected 11-22 June 2021.

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

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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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