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# IHS Markit Myanmar Manufacturing PMI™

## PMI rises to four-month high in October

### Key findings

Solid growth in output amid faster rise in new orders

Rate of job creation quickens to sharpest since May

Input price inflation eases to nine-month low

Manufacturers across Myanmar signalled a solid improvement in operating conditions in October, extending the current sequence of expansion to 12 months. Central to the growth of the sector were strong rises in both output and new orders, alongside a further and steeper increase in workforce numbers. Inflationary pressures eased, with input prices rising only marginally and at one of the softest rates in survey history. Meanwhile, the rate of charge inflation eased to the slowest since April.

At 53.0 in October, up from 52.0 in September, the seasonally adjusted Myanmar Manufacturing Purchasing Managers' Index™ (PMI™) pointed to a solid improvement in the health of the goods producing sector. Moreover, the latest headline figure was the highest since June, and was above the series' historical average.

Key to the latest uptick in overall growth was a solid increase in output, which was commonly linked to rising new business. Moreover, the increase quickened to the fastest in two months, and was notably above the long-run series average.

Order book volumes also increased in October, as has been the case in each month for a year. The latest rise was robust and the fastest since June, with panellists attributing the upturn to stronger client demand.

Greater production requirements led manufacturers to further increase workforce numbers in October. The rise was marginal overall, with the rate of job creation accelerating to the fastest since May. In line with higher employment, backlogs of work declined sharply, extending the current sequence of deterioration which began in June 2016.

On the prices front, inflationary pressures weakened further, with the rate of input price inflation easing to the second-lowest in the series history. That said, anecdotal evidence linked the marginal rise in input prices to continued shortages of raw materials and higher utility costs.

*continued...*

Myanmar 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:

*"Myanmar's manufacturing sector gained further momentum in October, with the latest headline PMI figure rising to a four-month high.*

*"Central to the solid improvement in operating conditions was strong growth in output, which rose for the twelfth month in a row. New orders also increased, with the pace of expansion quickening to the fastest since June. Greater production requirements led firms to increase workforce numbers, whilst buying activity also rose modestly.*

*"Meanwhile, inflationary pressures eased, with average prices charged by firms increasing only marginally and at the softest rate since April. Similarly, input price inflation weakened, although raw material shortages and rising utility prices continued to push up cost burdens.*

*"Despite positive signs and greater momentum, firms' sentiment weakened to the lowest since February, and was historically subdued."*

Higher costs were reportedly partly passed onto clients, as average charges rose for the ninth consecutive month. That said, the rate of output price inflation softened, with factory gate charges increasing at the slowest pace since April.

Purchasing activity rose for the tenth successive month in October, albeit at one of the slowest rates in the aforementioned sequence of growth. The increase was modest overall. Meanwhile, pressure on supply chains led vendor performance to deteriorate further during the latest survey period. Delivery times lengthened to the greatest extent since May.

Pre-production inventories fell solidly and for the fifth consecutive month in October. Respondents linked the decline to the use of stocks to fulfil new orders amid raw material shortages. Moreover, the reduction was quicker than the long-run series average.

Stocks of manufactured goods also fell in October, linked by respondents to the timely processing of orders. The latest rate of reduction was strong overall, albeit slightly slower than in September.

Finally, manufacturers across Myanmar reported positive expectations regarding output over the next 12 months in October, as has been the case in every month since the survey began in December 2015. Optimism was linked to hopes of expansion and greater investment. The level of positive sentiment, however, weakened to the lowest since February.

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### 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.

October 2019 data were collected 11-23 October 2019.

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

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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).