

# IHS Markit ASEAN Manufacturing PMI™

## Near record uplift in ASEAN manufacturing conditions during December

### Key findings

Output growth accelerates to near record pace

Further solid uplift in new work

Inflationary pressures intensify

Data were collected 06-17 December 2021.

ASEAN manufacturing conditions continued to improve sharply during December, according to the latest IHS Markit Purchasing Managers' Index (PMI™) data. Output and new orders expanded again, with the pace of growth in the former nearing October's peak. Ongoing supply constraints contributed to more intense inflationary pressures, however, as the rates of both cost and output price inflation accelerated on the month and remained among the strongest on record.

The headline PMI remained well above the neutral 50.0 level in December, signalling a third successive monthly improvement in the health of the ASEAN manufacturing sector. Moreover, rising from 52.3 in November to 52.7 in December, the latest reading was indicative of an accelerated pace of improvement that was the second-fastest on record.

Five of the seven constituent ASEAN nations reported an improvement in manufacturing conditions during the closing month of 2021. Growth was led by Singapore, where the headline PMI hit an all-time high of 58.0 (joint with April 2013) and signalled a rapid overall upturn. Meanwhile, Indonesia recorded a fourth straight monthly improvement in conditions. The PMI (53.5) dipped further from October's peak, but nonetheless pointed to a sharp rate of expansion.

Elsewhere, both Malaysia and Vietnam reported stronger upturns during December. In the former, the PMI ticked up to an eight-month high of 52.8 and signalled a strong improvement in the health of the sector. Vietnam's headline reading (52.5) was also the highest since last May.

The Philippines was the only other constituent nation to record an improvement in manufacturing conditions during December. At 51.8, the PMI pointed to a rate of growth little changed from November and moderate overall.

*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 rounded off 2021 with another solid performance. Business conditions continued to rebound, with the PMI ticking up on the month to produce an average reading for the fourth quarter that was the highest on record."*

*"Growth in December was again driven by sustained rises in output and new work, the rate of growth in the former accelerating notably to a near-record pace."*

*"At the same time, inflationary pressures intensified slightly, as cost burdens were again pushed up by ongoing supply problems, with the rates of cost and average charge inflation amongst the steepest on record."*

*"Nonetheless, firms' expectations for output over the coming year improved on the month, with sentiment the strongest since May 2019. Indeed, the ASEAN manufacturing sector remains in a strong position as we enter 2022, with the latest rebound showing little-signs of slowing."*

At the same time, Thailand saw a fresh deterioration in manufacturing conditions. The headline index dipped below the 50.0 mark for the first time since September, though at 49.5, was indicative of only a slight contraction overall. Finally, Myanmar remained in contraction territory for the sixteenth month running in December. That said, the PMI (49.0) ticked up to the highest in this sequence and signalled only a marginal rate of deterioration.

Overall, the ASEAN manufacturing sector recorded a solid performance in December. The latest upturn was driven by a near-record rate of output growth, in addition to a further solid expansion in order book volumes, albeit one that was slightly weaker than in November.

December data also pointed to accelerated purchasing activity at ASEAN goods producers. In fact, the rate of increase was the quickest on record. Subsequently, pre-production inventories ticked up further.

Supply constraints continued to hinder stock building efforts somewhat, as average lead times for inputs lengthened sharply and for the twenty-third month running.

Concurrently, firms recorded more severe inflationary pressures in December. Cost burdens rose again, with the rate of inflation accelerating to the joint-third-highest on record. In response, firms again raised their selling prices. The latest rise in charges was the fastest since October 2013 and rapid.

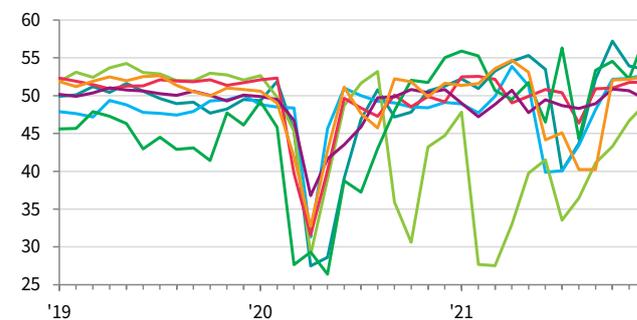
Meanwhile, backlogs of work rose further, with capacity pressures amongst the strongest on record. Nonetheless, employment decreased again, although the rate of reduction eased to a fractional pace.

Finally, business confidence improved since November, with sentiment the strongest since May 2019.

### 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)

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

December 2021 data were collected 06-17 December 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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