

Nikkei Myanmar Manufacturing PMI™

PMI rises to one-year high

Key points:

- Stronger improvement in operating conditions
- New order growth accelerates to a 12-month high
- Inflationary pressures intensify

Data collected April 10-23

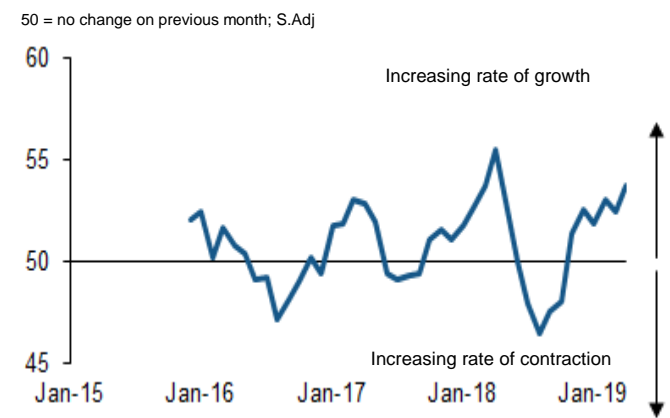
April data signalled a solid improvement in the health of Myanmar’s manufacturing sector. Overall growth was the fastest for 12 months and was supported by stronger upturns in output and new orders. Pre-production inventories also increased at a quicker pace as a pick up in client demand contributed to greater input buying and efforts to stockpile. Meanwhile, inflationary pressures intensified. Rates of both input price and output charge inflation accelerated amid a shortage of raw materials and more robust demand conditions. At the same time, business confidence remained among the strongest seen over the last two years.

At 53.7 in April, the headline Nikkei Myanmar Manufacturing *Purchasing Managers’ Index™* (PMI™) – a composite single figure indicator of manufacturing performance – was up from 52.4 in March and reached its highest level for a year. The headline figure signalled a solid improvement in operating conditions and extended the current sequence of growth to six months.

Production across Myanmar’s manufacturing sector continued to increase in April, with manufacturers registering a stronger upturn in output. The sharp rise was the joint-fastest since April 2018 and linked to greater client demand and subsequent expansion in new orders.

New business rose for the sixth consecutive month in April, with the rate of growth accelerating to a one-year high. The steep expansion was linked to greater client demand and the acquisition of new customers.

Nikkei Myanmar Manufacturing PMI



Sources: Nikkei, IHS Markit

On the price front, the rate of input price inflation accelerated following a scarcity of raw materials and higher supplier costs. The increase in input costs was subdued in the context of the series history, but quickened to a five-month high. Subsequently, output charges rose for the third month running. The increase in factory gate prices was only marginal, but was the fastest since December 2018 as firms partly passed higher costs onto clients.

Despite a stronger upturn in new business, the rate of job creation softened and was only fractional overall. The increase in workforce numbers was the softest since January. Employment growth was commonly linked to the hire of temporary staff to ensure the timely delivery of goods. That said, backlogs continued to decline at a marked pace.

Meanwhile, manufacturers registered a solid rise in input buying in April. The rise in purchasing activity was the fastest for 12 months as firms sought to replenish pre-production inventories following a sharp upturn in new business. Firms also noted that a scarcity of raw materials had contributed to greater efforts to stockpile. Supplier shortages were also reportedly behind a further deterioration in vendor performance.

Output expectations across Myanmar's manufacturing sector remained solid in April. New product development and the adoption of new technology buoyed confidence. Although slightly down from March, the degree of optimism was one of the strongest seen over the last two years.

Comment:

Commenting on the Myanmar Manufacturing PMI survey data, **Siân Jones, Economist** at IHS Markit, which compiles the survey, said:

“Operating conditions across Myanmar’s manufacturing sector improved again in April, spurred by faster expansions in output and new orders. Greater client demand supported input buying and a fifth successive monthly increase in employment.”

“Although inflationary pressures remained relatively muted, firms stated that a scarcity of raw materials and strain on supply chain capacity had pushed cost burdens higher. That said, more robust demand conditions allowed factory gate prices to rise at the quickest rate in 2019 so far.”

“Meanwhile, manufacturers’ output expectations were among the strongest for two years.”

-Ends-

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Notes to Editors:

The Nikkei Myanmar Manufacturing *PMI*[™] is based on data compiled from monthly replies to questionnaires sent to purchasing executives in over 400 industrial companies. The panel is stratified by GDP and company workforce size. The manufacturing sector is divided into the following 8 broad categories: Basic Metals, Chemicals & Plastics, Electrical & Optical, Food & Drink, Mechanical Engineering, Textiles & Clothing, Timber & Paper, Transport.

Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'. Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

The Nikkei Myanmar Manufacturing *PMI*[™] is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times Index inverted so that it moves in a comparable direction.

IHS Markit does not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from IHS Markit. Please contact economics@ihsmarkit.com.

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