

Nikkei ASEAN Manufacturing PMI™

Operating conditions deteriorate for first time in three months

Key points:

- Output growth eases as new orders fall
- Input cost inflation at record low
- Employment stagnates

ASEAN manufacturers reported a slight deterioration in business conditions in January, according to the headline **Nikkei ASEAN Manufacturing Purchasing Managers' Index (PMI™)**, which is compiled by IHS Markit.

The headline PMI slipped to 49.7 in January, from 50.3 in December, to signal that conditions across the manufacturing industry worsened at the start of 2019. This marked the second deterioration in four months, with six of the seven monitored countries reporting lower PMI readings.

Country rankings show that the Philippines posted the highest PMI reading in January, despite a softer expansion in output than in December. Vietnam and Myanmar also saw weaker improvements in overall operating conditions, placing them in joint-second. Notably, new orders rose at the slowest pace in nearly two-and-a-half years in Vietnam.

Thailand placed fourth in the rankings, with business conditions broadly unchanged at the beginning of the year. Output growth remained modest, but new orders did not increase. Indonesia also saw little change in the health of its manufacturing sector, with the headline PMI marginally below the 50.0 threshold.

Malaysia was sixth in the overall league table in January, as operating conditions declined for the fourth month running. Malaysian manufacturers also saw the first drop in input costs in exactly four years. Singapore placed last in the rankings with substantial falls in output and new orders.

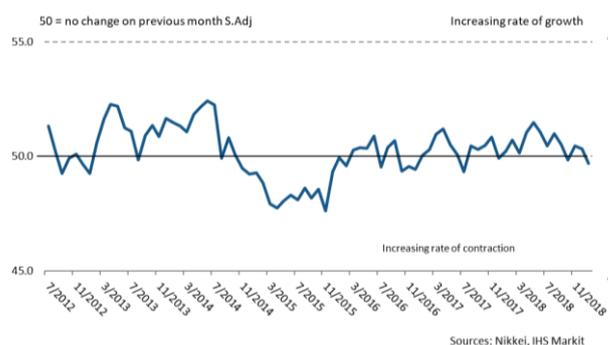
Output growth slowed further among ASEAN manufacturers, easing to the second-weakest in 12 months (after October 2018). Indonesia, Malaysia and Singapore all registered lower production, while Myanmar registered the quickest increase in output.

Continued...

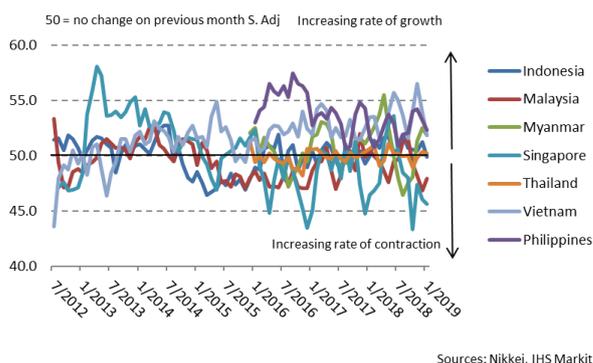
Countries ranked by Manufacturing PMI™

January	PMI	Change signalled
Philippines	52.3	Modest increase (slower than December)
Vietnam	51.9	Modest increase (slower than December)
Myanmar	51.9	Modest increase (slower than December)
Thailand	50.2	Marginal increase (slower than December)
Indonesia	49.9	Marginal decrease (change in direction)
Malaysia	47.9	Modest decrease (slower than December)
Singapore	45.6	Solid decrease (faster than December)

Nikkei ASEAN Manufacturing PMI™



National Manufacturing PMI™



The slowdown came amidst declining sales driven by a continued slump in foreign demand across the region. Export orders have now fallen for six consecutive months. Only Thailand and Vietnam continued to record higher new business from abroad.

Manufacturers responded by lowering their input buying and reducing inventory levels in January. Moreover, employment growth was halted after the longest period of expansion throughout the series. Businesses that noted lower staffing levels cited reduced production requirements as well as resignations. Vietnam recorded the strongest increase in workforce numbers, whereas Singapore recorded the sharpest decline.

Meanwhile, output prices saw the weakest uptick in over two years in January. While the deterioration in new orders was partly to blame, panellists also highlighted the softest rise in input costs in the survey history. Cost inflation was dragged down by cheaper raw material and global oil prices at the start of the year.

Despite weaker overall business conditions, the level of positive sentiment regarding the 12-month outlook rose to its highest since last May. In general, firms were hopeful that new orders will rebound and output growth accelerates in 2019. The Philippines recorded the greatest level of optimism, while Myanmar recorded the least.

Comment:

Commenting on the ASEAN Manufacturing PMI survey data, **David Owen, Economist** at IHS Markit, which compiles the survey, said:

“ASEAN countries struggled at the beginning of 2019, as manufacturers saw new orders fall and output growth moderate from December. Export demand was still a key factor weighing on the sector’s performance, as trade tensions around the world caused export orders to fall for the sixth month running.

“At the same time, the slowdown has led to an easing in inflationary pressures, with the rate of cost inflation at a fresh survey low in January. While this is likely to ease pressure on margins, particularly after steep increases in costs through 2018, it is likely that new orders will remain sparse without a boost to domestic spending or a recovery in foreign demand.”

-Ends-

Nikkei ASEAN Manufacturing PMI™ is sponsored by **NIKKEI**

Nikkei is a media organization with newspaper publishing at its core. Our flagship daily newspaper, The Nikkei, has approximately two and a half million subscribers. Nikkei's multi-platform media distribution also includes online, broadcast and magazines.

Since our founding in 1876 as the Chugai Bukka Shimpo (Domestic and Foreign Prices News), we have consistently provided high-quality reporting while maintaining fairness and impartiality. The Nikkei brand has become synonymous with trustworthiness at home and abroad.

Nikkei Inc. offers a range of media platforms to satisfy the diverse needs of our readers. At the core of these services is The Nikkei which has a circulation of approximately two and a half million. Adding further depth to our offerings are our premium content and strong digital technology. The number of paying subscribers to the Nikkei Online Edition, which was launched in 2010, has surpassed 500,000. Our fee-based online services have one of the largest readerships in the world among newspaper publishers. Eight years after its creation, the online edition is set to evolve from a medium for providing news to readers into a tool that helps people advance their careers.

In 2013, we kicked off the Nikkei Asian Review, an English-language news service provided both online and as a weekly print magazine. The following year, we established an Editorial Headquarters for Asia in Bangkok to deepen our coverage of Asian economic news. In addition, we doubled the number of reporters stationed in Asia outside Japan. 2014 also saw the launch of Nikkei Group Asia Pte., a new company in Singapore tasked with spreading the Nikkei brand in the region. Our goal is to make Nikkei the leading media voice in Asia.

<http://www.nikkei.co.jp/nikkeiinfo/en/>

NIKKEI ASIAN REVIEW <http://asia.nikkei.com/>

INTRODUCING THE ONLY BUSINESS PUBLICATION THAT BRINGS YOU INSIGHTS ABOUT ASIA, FROM THE INSIDE OUT

With more reporters and contributors across the region than any other business publication, only Nikkei Asian Review can give you a view of business in Asia from the inside.

Stay abreast of the latest news, analysis and insights with a subscription to Nikkei Asian Review – available in print, online, and on your mobile and tablet device.



Asia300:

Providing extensive coverage of over 300 leading companies in 11 countries and regions in Asia. Nikkei Asian Review aims to build the largest hub for Asian corporate news through enhanced reporting backed by large database of business and financial information on companies in the region.



JAPAN UPDATE:

Keeping you up-to-date with business and news from Japan.



VIEWPOINTS:

Bringing views of leading minds on Asia from around the world, including our column "Tea Leaves" written by some of our best writers.



POLITICS & ECONOMY:

Looking at fiscal and monetary policy, international affairs and more



MARKETS:

Deep analysis if the markets, with detailed industry news to keep you abreast of some of the fastest growing sectors in the region.



Video:

Watch analysts explain our articles, catch interviews with top executives.



Print Edition:

Weekly delivery of the best content from Nikkei Asian Review to your home or office

For further information, please contact:

IHS Markit (About PMI and its comment)

Bernard Aw, Principal Economist
Telephone +65-6922-4226
Email bernard.aw@ihsmarkit.com

Jerrine Chia, Marketing and Communications
Telephone +65-6922-4239
E-mail jerrine.chia@ihsmarkit.com

David Owen, Economist
Telephone +44-207-064-6237
Email david.owen@ihsmarkit.com

Nikkei inc. (About Nikkei)

Ken Chiba, Deputy General Manager, Public Relations Office
Atsushi Kubota, Manager, Public Relations Office
Telephone +81-3-6256-7115
Email koho@nex.nikkei.co.jp

Notes to Editors:

The ASEAN Manufacturing *PMI*[™] (*Purchasing Managers' Index*[™]) is produced by IHS Markit and is based on original survey data collected from a representative panel of around 2100 manufacturing firms. National data are included for Indonesia, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. Taken together, these countries account for an estimated 98% of ASEAN manufacturing activity.

The *Purchasing Managers' Index (PMI)* survey methodology has developed an outstanding reputation for providing the most up-to-date possible indication of what is really happening in the private sector economy by tracking variables such as sales, employment, inventories and prices. The indices are widely used by businesses, governments and economic analysts in financial institutions to help better understand business conditions and guide corporate and investment strategy. In particular, central banks in many countries (including the European Central Bank) use the data to help make interest rate decisions. *PMI* surveys are the first indicators of economic conditions published each month and are therefore available well ahead of comparable data produced by government bodies.

IHS Markit do 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 revised data are available to subscribers from IHS Markit. Please contact economics@ihsmarkit.com.

About IHS Markit (www.ihsmarkit.com)

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2019 IHS Markit Ltd. All rights reserved.

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 <https://ihsmarkit.com/products/pmi.html>.

The intellectual property rights to the ASEAN Manufacturing *PMI*[™] provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. *Purchasing Managers' Index*[™] and *PMI*[™] are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd and/or affiliates.

If you prefer not to receive news releases from IHS Markit, please email joanna.vickers@ihsmarkit.com. To read our privacy policy, [click here](#).