

# IHS Markit Myanmar Manufacturing PMI™

## PMI at 16-month high amid near-stabilisation in output and new orders

### Key findings

PMI inches towards neutral threshold amid marginal declines in output

Backlogs rise at record rate despite renewed increase in employment

Output and input price inflation moderate, but remain historically elevated

Data were collected 5 - 15 December 2021.

Myanmar's manufacturing sector showed further signs of recovery in the closing month of 2021 with the PMI™ moving closer towards stability. Fractional declines in both output and new orders paired with a renewed uptick in employment led to the weakest overall deterioration in business conditions in the current 16-month downturn. There were still signs that global supply shortages were weighing on growth, however, as backlogs rose at a survey-record pace while lead times lengthened markedly. Nevertheless, firms remained optimistic that their production levels would improve over the next 12 months, often citing plans to expand operations and upgrade machinery.

On the price front, output and input price inflation remained historically elevated with rising material and transportation costs as well as unfavourable exchange rate movements driving up expenses. Encouragingly, the rates of increase moderated in both cases.

The headline IHS Markit Myanmar Manufacturing PMI™ – a composite single-figure indicator of manufacturing performance – registered at 49.0 in December, up from 46.7 in November, but still below the no-change mark of 50.0. Operating conditions have deteriorated in each month since September 2020, but the downturn eased for the fifth month running in December and was the softest over this period.

Production volumes at goods producers in Myanmar contracted further in December, but the rate of decline was only slight and favourable compared with the long-run series average. Panellists mentioned that while inputs were difficult to get hold of, an increase in headcounts had supported output in some cases.

*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:

*"The final month of 2021 revealed a further step in the right direction for Myanmar's manufacturing sector with the PMI at a 16-month high of 49.0. Although the headline figure still registered in contraction territory, there were clear signs of a movement towards stability with output and new orders falling only fractionally and at the softest rates in the current downturn. Another positive from December's data was the first monthly expansion in headcounts for over a year as firms were able to source skilled workforces and sought to boost their production in anticipation of greater demand."*

*"That said, Myanmar remains one of Asia's hardest-hit economies, facing a combination of material shortages, political instability and COVID-19. Moreover, with cases of the Omicron variant rising rapidly across the globe, vaccinating the country will be paramount to prevent tighter stringency measures."*

Similarly, new orders fell fractionally in December and with a rate of decline that was the softest in 16 months. Where growth was reported panellists mentioned the resumption of client activity and the reopening of some sectors. Those firms noting a decline highlighted political instability.

Near-stabilising levels of output and new orders encouraged firms to add to their headcounts. There were reports that companies were able to source skilled labour and added to their headcounts in order to boost output.

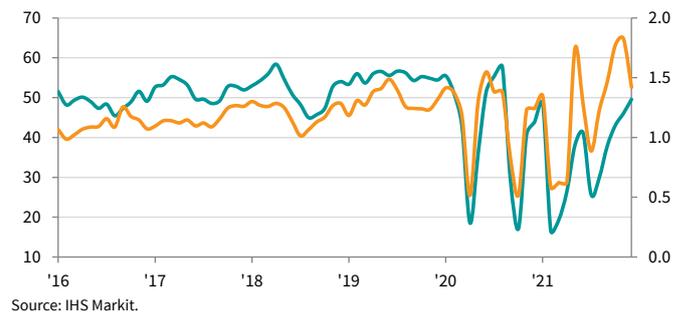
Supply chains continued to face disruption in the wake of global material shortages and transportation bottlenecks. Average lead times for inputs lengthened again in December.

With difficulties obtaining materials persisting into the final month of 2021, backlogs rose substantially. In fact, the rate of accumulation was the most marked in the six-year history of the survey, surpassing the previous peak in October. Meanwhile, purchasing activity fell for the twenty-second month in succession.

December survey data continued to reveal further increases in both output and input prices. There were reports that material scarcity and higher transportation costs drove up expenses. Subsequently, firms passed on part of the burden, but the rates of inflation softened in both cases.

Finally, firms remained optimistic that their output levels will expand over the course of 2022. Plans to increase production though machinery upgrades were commonly cited.

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.

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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.

Data were collected 5 - 15 December 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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