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# IHS Markit Myanmar Manufacturing PMI™

## Manufacturers make strong start to 2020

### Key findings

PMI lifted by sharper growth of output, new orders and jobs

Output expectations strongest in six months

Weak cost pressures maintained at start of 2020

Business conditions in Myanmar's manufacturing sector improved at the start of 2020, according to PMI™ survey data from IHS Markit. Moreover, the overall rate of growth strengthened following a slight loss of momentum towards the end of last year. Output, new orders and purchasing activity all increased at faster rates, while employment at manufacturers rose at a near-record pace. The latest survey also signalled an ongoing lack of inflationary pressures in the sector. Looking ahead, firms were increasingly confident of higher output over the course of the year.

The headline IHS Markit Myanmar Manufacturing PMI is a composite single-figure indicator of manufacturing performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates overall improvement of the sector.

The PMI rose for the first time in three months to 52.7 in January, from 52.0 in December. The latest figure signalled a solid overall improvement in manufacturing business conditions in Myanmar. It equalled the trend figure set across 2019, which was the highest for a calendar year since the survey began four years' ago.

The upward movement in the PMI in January reflected the output, new orders and employment components, which together account for 75% of the weight of the headline figure. Suppliers' delivery times (15% weight) remained broadly neutral while stocks of purchases continued to weigh on the PMI although, at 10%, it has the lowest weight of any component.

Manufacturing production in Myanmar rose for a survey-record fifteenth successive month in January. Moreover, the rate of growth accelerated to the fastest in five months, remaining well

*continued...*

Myanmar Manufacturing PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

### Comment

Commenting on the latest survey results, Trevor Balchin, Economics Director at IHS Markit, said:

*"Myanmar's goods producers started 2020 on the front foot, with growth rates for output, new orders, jobs and purchasing all strengthening in January following a slight loss of momentum at the end of last year.*

*"In particular, employment rose at a pace that almost matched the survey record set last May. This reflected growing confidence about the outlook, with expectations for production over the next 12 months also picking up at the start of the year.*

*"Manufacturers also benefited from a lack of upward pressure on their input costs during the month, allowing them to cut their own prices further in a bid to raise competitiveness."*

above the four-year survey average.

Production was again driven higher by growth of new work. The volume of new business increased for the fifteenth month running, and the rate of growth accelerated from December's three-month low.

Manufacturers supported production by expanding their purchases of inputs in January. Like output, the rate of growth in purchasing was the fastest in five months. That said, it remained below the pace needed to maintain stocks of inputs, which declined for the eighth month in a row.

Firms continued to boost recruitment to keep on top of workloads. Manufacturing employment rose for the fourteenth month running, and at a rate that almost matched the survey record posted in May 2019. Subsequently, backlogs of work continued to fall rapidly. Firms also continued to clear out their inventories of finished goods which declined at the strongest rate in seven months.

January survey data signalled a lack of inflationary pressures in the manufacturing sector. Input prices rose at a marginal rate, while output prices were cut for the second month running.

The forward-looking Future Output Index rose to a six-month high in January, pointing to strengthening confidence in the manufacturing sector at the start of 2020. Companies commented on new products, upgraded machinery and the opening of new sites.

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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.

January data were collected 13-23 January 2020.

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).