

Embargoed until 0700 MMT (0030 UTC) 4 May 2020

IHS Markit Myanmar Manufacturing PMI™

Manufacturing output collapses in April as global coronavirus pandemic worsens

Key findings

PMI dives to new record low of 29.0

Key sub-indices hit record lows, including output, new orders and jobs

Output expectations worsen since March amid virus uncertainty

Data were collected 7-22 April 2020.

Myanmar's manufacturing sector recorded an accelerated downturn in April as the economic fallout from the coronavirus disease 2019 (COVID-19) outbreak deepened, according to PMI™ survey data from IHS Markit.

Output, new orders, purchasing and employment all contracted at fresh record rates as demand evaporated amid the crisis and workers returned to their hometowns. The only positive outcome from the latest survey was that the 12-month outlook for production did not turn negative, but still worsened since March.

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 plummeted to 29.0 in April, from March's 45.3, signalling a severe decline in manufacturing business conditions in Myanmar. The 16.3-point month-on-month fall in the headline figure was by far the largest observed by the survey since it began in December 2015, eclipsing the 4.5-point fall registered in March.

Indicators for output, new orders and employment, accounting for 75% of the weight of the PMI, all sank to new record lows in April. Suppliers' delivery times lengthened further, continuing to cushion the overall fall in the headline PMI (as supply chain delays are usually associated with rising demand), but by less so than in March. The final PMI component, stocks of purchases, fell at the third-fastest rate on record.

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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 manufacturing sector nosedived in April as the global economy was rocked by the coronavirus pandemic. The PMI dropped like a stone to 29.0, and even this figure was still cushioned somewhat by lengthening supplier delivery times."

"Six survey indicators besides the headline figure plummeted to new record lows - output, new orders, employment, backlogs of work, quantity of purchases and stocks of finished goods."

"Regarding new work, around 80% of the survey panel reported declines in April. Of the 10% reporting growth, manufacturers mainly linked this to panic buying of food."

"In terms of employment, 37% of firms reported lower headcounts than in March, often linked to workers returning home following production stoppages. It is unclear how many will be recalled when factories restart."

Around 80% of the survey respondents reported lower intakes of new orders in April, as business was suspended as a result of the coronavirus pandemic. The resulting overall rate of decline was by far the fastest registered since the survey began in December 2015.

A similar proportion of firms reported lower output during the month, as business operations were suspended and workers returned to their home towns. The indices for output and employment were both by far the lowest on record.

Although production was stopped at many manufacturing units across Myanmar in April, the overall volume of outstanding business still dropped at the fastest rate on record, reflecting the collapse in incoming new work. Inventories of finished goods also registered an unprecedented decline, with the respective index hitting a new low for the third month running.

Purchasing operations were drastically scaled back in April in light of the record downturn in new work. The volume of inputs fell at a record pace, and stocks of purchases contracted at the third-fastest rate in the survey history. Suppliers' delivery times continued to lengthen, but delays were less frequent than in March.

Latest data on prices showed higher average input costs at manufacturers, reversing March's decline. The rate of inflation was only modest, however. Meanwhile, prices charged for manufactured goods fell for the fourth time in five months, albeit at a slightly weaker rate than in March.

Looking ahead 12 months, manufacturers are broadly neutral regarding expected output, with this index moderating since March and only fractionally above the 50.0 no-change mark.

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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 7-22 April 2020.

For further information on the PMI survey methodology, please contact 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.
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