Myanmar’s manufacturing sector registered another marked contraction in May as large parts of the economy remained locked down to contain the coronavirus disease 2019 (COVID-19) outbreak, according to PMI™ survey data from IHS Markit. Output, new orders and purchasing all declined at the second-fastest rates on record since the survey began in December 2015, while jobs and finished goods inventories fell at fresh record paces. That said, many survey indicators recovered some territory from April lows and the 12-month outlook improved slightly, in a sign that the most extreme phase of disruption to the goods-producing sector had passed.

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 remained well below 50.0 in May, signalling another rapid overall deterioration in manufacturing business conditions in Myanmar. The headline figure rose from April’s nadir of 29.0 to 38.9 in May, but the latest figure was still much lower than in any prior survey period in four-and-a-half years of data collection.

The output, new orders and employment components, accounting for three-quarters of the weight of the PMI, continued to weigh heavily on the headline figure in May as factory operations remained suspended, demand weakened further due to local and international lockdowns and workers continued to return to their hometowns. Suppliers’ delivery times lengthened further, but by less so than in April and March. The final PMI component, stocks of purchases, fell at the third-

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The indices for output and new orders rose from their April lows, as less firms reported declines during May. That said, the latest data still represented the second-fastest reductions on record.

The manufacturing workforce was reduced at a record pace in May, as firms gauged the long-term impact on demand from the global coronavirus pandemic. Around 45% of firms cut workforces in May, compared with 37% in April.

Although production remained suspended at many manufacturing units across Myanmar in May, backlogs still fell rapidly, reflecting the unprecedented falls in new orders during the past three months. Though marked, the rate of depletion was the slowest since January. Finished goods inventories declined at a fresh record pace.

Purchasing of new inputs continued to fall rapidly in May due to both demand and supply side factors. The rate of decline eased from April but was still the second-fastest on record. Suppliers’ delivery times lengthened, albeit by less than in March and April.

Manufacturing input prices fell for the second time in three months as demand weakened. Meanwhile, prices charged for manufactured goods fell for the fifth time in six months. In both cases the rate of reduction was only marginal, however.

In a sign that the most extreme phase of disruption from the pandemic had passed, output expectations picked up slightly in May. Some firms expect production to resume in the coming months. That said, sentiment remained weak in the context of the four-and-a-half-year survey history.