

IHS Markit Myanmar Manufacturing PMI™

Output continues to fall while inflationary pressures intensify

Key findings

Output and new orders fall sharply, but at the softest rates since January

Record pace of backlog accumulation

Raw material shortages lead to intense price pressures

Data were collected 12-21 October 2021.

October data revealed another sharp contraction in manufacturing conditions across Myanmar. Output and new orders fell sharply while staffing levels and pre-production inventory holdings fell solidly. Firms continued to mention raw material scarcity which resulted in marked increases in costs and selling prices. That said, the rates of decline in output and new orders eased to the softest since January.

Sentiment remained positive during the month but was still far below the long-run trend level suggesting political uncertainty, material scarcity and cash shortages weighed heavily on confidence.

The headline IHS Markit Myanmar Manufacturing PMI™ – a composite single-figure indicator of manufacturing performance – registered at 43.3 in October, up from 41.1 in September, but still far below the critical 50.0 no-change mark. Manufacturing conditions have now deteriorated in each month since September 2020, although the latest decline was the softest seen since the start of the year.

Production volumes were again hampered by weak demand, material scarcity and a lack of skilled workers in October. The military-staged coup and the COVID-19 pandemic were also mentioned by panellists. The overall rate of decline was sharp, but the softest since January.

Similarly, new orders fell sharply and for the fourteenth month running. Firms mentioned that cash shortages, raw material scarcity and the associated increase in selling prices weighed on demand. The contraction was marked by historical standards but eased for the third month in succession.

Voluntary resignations and the continuation of COVID-19
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:

"October data revealed further challenges for Myanmar's manufacturing sector with global supply shortages weighing heavily on demand and supply. Historically elevated price inflation for raw materials forced firms to raise their selling prices at a near-survey record rate. Though, with cash shortages still a problem, clients cut back on their demand for goods produced in Myanmar."

"Along with material scarcity, firms found it difficult to source skilled workers, often losing their employees to positions offering higher pay. Backlogs consequently rose at the sharpest rate in the survey's history, revealing severe capacity constraints."

"Myanmar remains one of Asia's hardest-hit economies in 2021. Although the start of the final quarter revealed sharp contractions, there are signs of promise with the rates of decline easing to the softest since the start of the year. Firms will hope that global shortages subside, which should reduce prices and stimulate demand growth, though supply pressures are likely to persist into 2022."

restrictions led workforces to return to their hometowns during the month. Though demand remained subdued, firms were unable to boost output, leading to a record rate of backlog accumulation. Incomplete work has now risen for 12 consecutive months; by far the lengthiest run of growth in the survey's history.

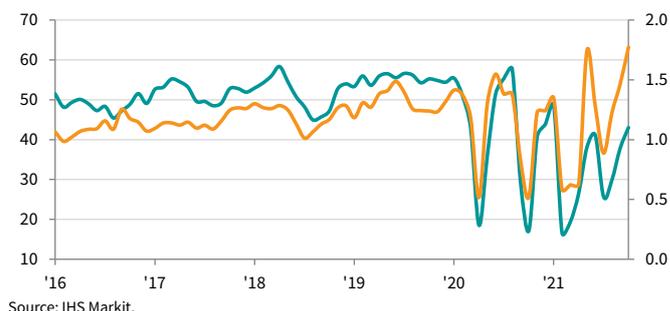
Global material shortages also contributed to the record rise in backlogs. Supply chains were disrupted by the pandemic and showed signs of deterioration, with lead times for inputs lengthening in October to the third-greatest extent in the series history.

Goods producers meanwhile noted a further considerable – albeit slower – decrease in purchasing activity, as they looked to reduce pre-production inventories. Stocks of finished goods were also down on the month, with the rate of depletion the second-fastest in the series history.

The manufacturing supply chain remained a sellers' market in October, with input cost inflation accelerating to a five-month high and the second-fastest on record. Rising raw material and transportation costs paired with unfavourable exchange rate movements exerted upward pressure on input prices. Factory gate charges likewise rose at a quicker pace, and was the third-strongest upsurge in the survey to date.

Looking ahead, manufacturers reported increased optimism towards output in the year ahead. Growth expectations were only slightly positive overall, however, as political uncertainty, global supply, the pandemic and cash shortages all weighed on the degree of confidence.

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.

Contact

Shreeya Patel
Economist
IHS Markit
T: +44 134 432 8196
shreeya.patel1@ihsmarkit.com

Joanna Vickers
Corporate Communications
IHS Markit
T: +44 207 260 2234
joanna.vickers@ihsmarkit.com

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 12-21 October 2021.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

Disclaimer

The intellectual property rights to the data 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 its affiliates.

About IHS Markit

IHS Markit (NYSE: 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 © 2021 IHS Markit Ltd. All rights reserved.

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

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.
ihsmarkit.com/products/pmi.html