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## IHS Markit Myanmar Manufacturing PMI™

### Manufacturing business conditions deteriorate in October amid ongoing factory closures

#### Key findings

PMI weakens to 30.6, second-lowest on record

Indices for output, new orders and purchases all hit record lows in October

Input prices rise for the first time in six months

Data were collected 12-22 October 2020.

Myanmar's manufacturing sector recorded another steep downturn in October as the economic fallout from the coronavirus disease 2019 (COVID-19) persisted into the final quarter of 2020. Output, new orders and purchases all contracted at record rates, as a rise in COVID-19 cases led to tightening restrictions in many regions where businesses remained closed. Job shedding continued after workers returned to their hometowns while delivery times lengthened for a second month. The only positive outcome from the latest survey was that the 12-month outlook for production remained optimistic and improved from September.

Meanwhile, cost burdens rose for the first time in six months while selling prices dropped after firms engaged in discounting strategies.

The headline IHS Markit Myanmar Manufacturing PMI – a composite single-figure indicator of manufacturing performance – fell from 35.9 in September to 30.6 in October, signalling a sharp and accelerated reduction in the manufacturing business climate. The latest figure was the second-lowest on record, ahead only of April's 29.0.

Indicators for output and new orders, accounting for 55% of the weight of the PMI, both sank in October to the lowest on record. Supplier delivery times lengthened further, which softened the overall fall in the headline PMI figure (longer delivery times usually suggest rising demand). At the same time job shedding continued for a second month. Stocks of purchases, the fifth component, contracted at the joint-second fastest rate on record.

Over 70% of firms reported lower intakes of new orders during

*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 survey data indicated another substantial decline in the health of Myanmar's manufacturing sector. The PMI plummeted to 30.6 following September's five month low. Rising COVID-19 cases prompted stricter restrictions in towns and tourist regions which led to ongoing business closures and subdued demand."*

*"Output, new work and purchasing activity all contracted at the fastest rates on record while job shedding persisted in the sector."*

*"The global economy continues to be rocked by the COVID-19 pandemic; this may be the start of a second, more severe dip should restrictions continue in Myanmar. For now, manufacturers remain hopeful, although signs of pessimism emerged as the country experiences the effects of a second wave."*

October as business operations remained suspended. The overall rate of decline was the fastest in the survey history.

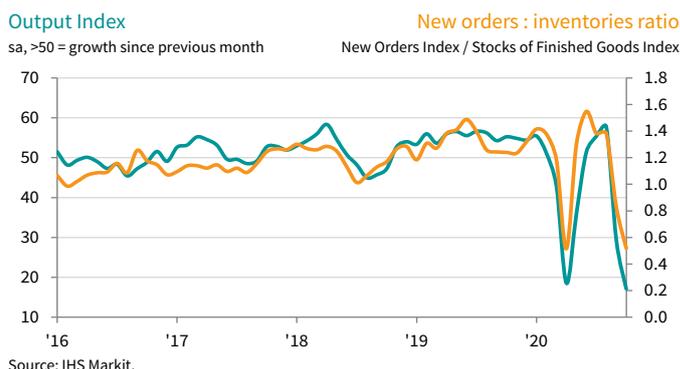
Ongoing COVID-19 lockdown measures led to temporary business closures in major regions. Almost three-quarters of respondents reported a drop in production volumes since September. With factories closed, workers returned to their hometowns and the overall level of employment fell. That said, the rate of job shedding eased from the previous survey period.

Although production fell at many manufacturers in Myanmar, the overall volume of incomplete work dropped in October, reflective of a collapse in new orders. Inventories of finished goods also registered a sharp decline, with the respective index reaching the third- lowest in the survey history.

In line with record falls in new work, purchasing operations were scaled back at manufacturers. The volume of inputs fell at the fastest rate on record, while stocks of purchases contracted at the joint-second fastest rate in the survey history. Vendor performance weakened for the second consecutive month as restrictions tightened in towns, adding to supply chain pressures.

On the price front, inflationary pressures arose with cost burdens increasing modestly. Factory gate prices continued to decline in order to stimulate sales.

Looking ahead, business sentiment remained positive among manufacturers in Myanmar, as firms continue to foresee a rise in output over the coming year. That said, the continuation of the pandemic weighed on positive sentiment which remained weak in the historical context.



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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 12-22 October 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.  
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