

# IHS Markit Myanmar Manufacturing PMI™

## Operating conditions continue to deteriorate sharply in April amid ongoing factory closures

### Key findings

Output and new orders decline rapidly

Workforce numbers contract at fourth-quickest rate on record

Sentiment weakest in over two years

Data were collected 5-22 April 2021.

April PMI™ data revealed another substantial decline in manufacturing conditions across Myanmar, with large parts of the economy remaining closed following the state of emergency declared on February 1st. Output, new orders and purchasing all contracted at the fifth-fastest rates since the survey began in December 2015. Nationwide protests led to employees returning to their hometowns, while transportation difficulties added to a lengthening in delivery times. Meanwhile, the 12-month outlook deteriorated further in April, and was among the weakest in the series history.

On the price front, sharp inflationary pressures continued to build with unfavourable kyat-dollar exchange rate movements and material shortages often blamed for growing expenses. Firms chose to only partially pass on higher prices to customers at the start of the quarter, however.

The headline IHS Markit Myanmar Manufacturing PMI™ – a composite single-figure indicator of manufacturing performance – rose from 27.5 in March to 33.0 in April, indicating an eighth consecutive monthly deterioration in operating conditions at Myanmar's manufacturing sector.

All five of the PMI components had positive directional influences on the headline figure in April, but four (the exception being suppliers' delivery times) remained well inside negative territory. Output and new orders both fell at the fifth-fastest rates in the survey history, while stocks of purchases and employment contracted at the third- and fourth-quickest rates on record, respectively.

Production continued to decline substantially, as many factories remain closed in key regions. The rates of contraction

*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:

*"April data confirmed a sombre start to Q2, with operating conditions in Myanmar remaining well within contraction territory. The headline PMI figure improved somewhat, but was still among the lowest on record in the five-and-a-half-year history of the survey."*

*"Factory closures were extended into April and, as a result, output and new orders declined markedly. Meanwhile, nationwide protests and business closures led to employees returning to their hometowns during the month."*

*"An area of growing concern is the sharp inflationary pressures which have built over the last two months. The depreciation of the kyat against the dollar has made it costly to purchase materials from abroad. At the same time, the difficult trading environment has forced firms to absorb a large proportion of the burden."*

*"It's difficult to anticipate when the sector will return to growth, with many key investors suspending operations until the political situation stabilises. This could have more permanent, damaging effects on jobs and trade in the manufacturing sector in Myanmar."*

eased from that in the previous survey period but fell at the fifth-quickest rate in the survey to date. Around 60% of firms recorded lower production in April than in March.

Client business closures contributed to a weak overall demand picture, with new orders falling for the eighth month in succession. Moreover, the decline was substantial, and among the most severe in the series history.

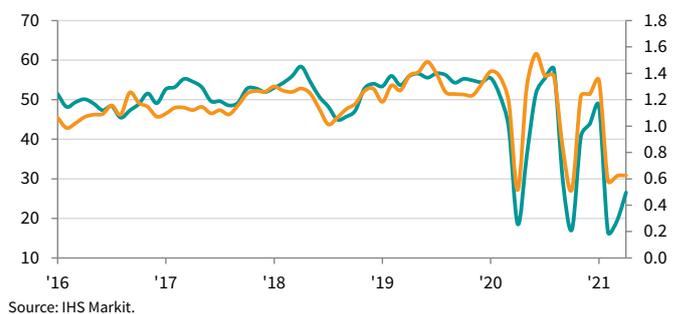
With many factories temporarily closed in April, workers returned to their hometowns and the overall level of employment in the sector fell sharply. This marked eight consecutive months of job shedding, with the latest decline the fourth-sharpest in the survey history.

Despite easing from March's nadir, purchasing activity declined markedly again in April. Firms continued to scale back on their inventory holdings, although the latest reduction the third-quickest in the series to date.

A combination of material shortages, unfavourable exchange rate movements and higher transportation costs led to the strongest rate of input price inflation since November 2018. The weak demand environment made it difficult for firms to pass on cost burdens, with selling prices increasing only modestly in April.

Looking ahead, although firms expect output to rise by April 2022 on balance, overall expectations were the weakest in over two years.

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.

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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 5-22 April 2021.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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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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