

## Nikkei ASEAN Manufacturing PMI™

### ASEAN manufacturing PMI edges higher in August

#### Key points:

- Faster rises in both output and new orders...
- ... but exports decline
- Optimism improves, but remains well below series average

ASEAN manufacturing growth regained some momentum in the middle of the third quarter, with business conditions improving at a slightly faster rate than in the previous month.

The headline **Nikkei ASEAN Manufacturing Purchasing Managers' Index (PMI™)**, compiled by IHS Markit, rose from 50.4 in July to 51.0 in August, to signal a marginal improvement in the health of the sector.

August data showed faster rises in both new orders and output, which was accompanied by further jobs growth and firmer business confidence. However, the overall improvement in manufacturing conditions across the region was not as broad-based as those seen in previous months. Four of the seven monitored countries indicated an improvement in manufacturing conditions in August, down from five in July.

Vietnam continued to lead the ASEAN manufacturing PMI rankings in August, despite a slower improvement in its goods-producing sector. The Philippines and Indonesia were tied in second place, with both registering a quicker pace of growth. Malaysia registered the first improvement for seven months, coming in at third position with a modest improvement in operating conditions.

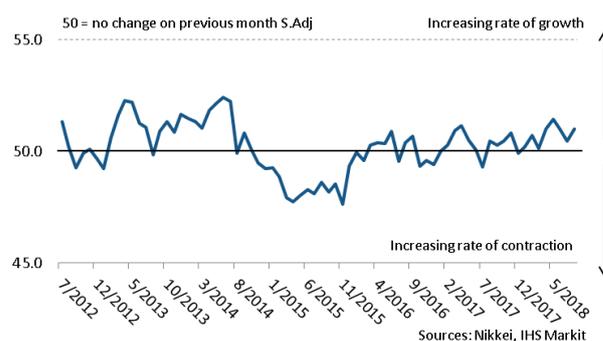
Thailand saw another broad stagnation in manufacturing conditions in August. Meanwhile, Singapore and Myanmar both signalled a decline in the health of their manufacturing sectors.

There were signs of firmer client demand midway through the third quarter. In August, total new orders rose at the second-strongest pace for four years, despite a decline in export sales. New business from abroad fell at the quickest pace since the end of 2016.

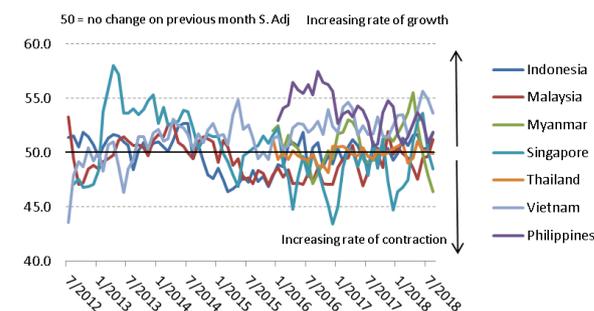
#### Countries ranked by Manufacturing PMI™

August	PMI	Change signalled
Vietnam	<b>53.7</b>	Solid increase (slower than July)
Philippines	<b>51.9</b>	Modest increase (faster than July)
Indonesia	<b>51.9</b>	Modest increase (faster than July)
Malaysia	<b>51.2</b>	Modest increase (change in direction)
Thailand	<b>49.9</b>	Marginal decrease (change in direction)
Singapore	<b>48.5</b>	Modest decrease (change in direction)
Myanmar	<b>46.4</b>	Solid decrease (faster than July)

#### Nikkei ASEAN Manufacturing PMI™



#### National Manufacturing PMI™



Continued...

Sources: Nikkei, IHS Markit

Firmer demand conditions led manufacturers to scale up their production. Output growth accelerated from July, however, the rate of expansion remained slightly weaker than the average seen over the first half of the year.

With higher sales, firms were more confident to take on more workers. The rate of job creation quickened to the strongest for over two years. Meanwhile, business confidence regarding output over the next year improved in August, with the Future Output Index picking up from the survey-record low in July.

Vendor performance deteriorated further, although anecdotal evidence suggested that a lack of raw materials and inclement weather across the region were primary reasons for delivery delays.

Despite the stronger rise in overall sales, purchasing activity expanded at a softer pace in August. Reports from panellists suggested that firms were content to draw down on current inventories to meet production and client requirements. Consequently, stocks of both inputs and finished goods fell further, albeit marginally.

Strong cost pressures persisted across the region. Notably, the rate of input price inflation accelerated to a three-month high and remained sharp overall.

All seven countries covered by the survey reported higher cost burdens in the middle of the third quarter. Myanmar again saw the steepest inflation, with the rate of increase surging to a series-high amid a sharp depreciation of the local currency. The Philippines and Indonesia also reported strong input cost inflation amid a weak exchange rate.

Increased cost burdens led firms to raise average selling prices. Output charge inflation accelerated to a six-month high, but continued to lag the rise in input costs.

### Comment:

Commenting on the ASEAN Manufacturing PMI survey data, **Bernard Aw, Principal Economist** at IHS Markit, which compiles the survey, said:

*“Manufacturing conditions across ASEAN improved at a faster pace in August, with growth in output and new orders both gaining momentum. Employment growth was also stronger.”*

*“However, the overall upturn was not as broad-based as in previous months. Only four of the seven monitored countries in the region indicated an improvement in business conditions during August, down from five in July. What’s more, the bulk of the improvement was driven by a faster expansion in Indonesia, and Malaysia’s return to growth.”*

*“Meanwhile, the faster gain in output and new business failed to translate into a steeper increase in input buying. On the contrary, purchasing activity expanded at a marginal pace, with firms tapping into current inventories to meet demand, reflecting relatively cautious sentiment. While optimism towards the year-ahead outlook improved, it remained well below the historical average. Notably, export sales also declined during August.”*

*“At the same time, ASEAN manufacturers continued to struggle with increased cost burdens, particularly countries with a weaker exchange rate against the dollar, such as Myanmar, Indonesia and the Philippines.”*

*“All these challenges raise questions over whether the growth pickup in August is sustainable in coming months.”*

-Ends-

## Nikkei ASEAN Manufacturing PMI™ is sponsored by **NIKKEI**

Nikkei is a media organization with newspaper publishing at its core. Our flagship daily newspaper, The Nikkei, has approximately two and a half million subscribers. Nikkei's multi-platform media distribution also includes online, broadcast and magazines.

Since our founding in 1876 as the Chugai Bukka Shimpō (Domestic and Foreign Prices News), we have consistently provided high-quality reporting while maintaining fairness and impartiality. The Nikkei brand has become synonymous with trustworthiness at home and abroad.

Nikkei Inc. offers a range of media platforms to satisfy the diverse needs of our readers. At the core of these services is The Nikkei which has a circulation of approximately two and a half million. Adding further depth to our offerings are our premium content and strong digital technology. The number of paying subscribers to the Nikkei Online Edition, which was launched in 2010, has surpassed 500,000. Our fee-based online services have one of the largest readerships in the world among newspaper publishers. Eight years after its creation, the online edition is set to evolve from a medium for providing news to readers into a tool that helps people advance their careers.

In 2013, we kicked off the Nikkei Asian Review, an English-language news service provided both online and as a weekly print magazine. The following year, we established an Editorial Headquarters for Asia in Bangkok to deepen our coverage of Asian economic news. In addition, we doubled the number of reporters stationed in Asia outside Japan. 2014 also saw the launch of Nikkei Group Asia Pte., a new company in Singapore tasked with spreading the Nikkei brand in the region. Our goal is to make Nikkei the leading media voice in Asia.

<http://www.nikkei.co.jp/nikkeiinfo/en/>

## NIKKEI ASIAN REVIEW <http://asia.nikkei.com/>

### INTRODUCING THE ONLY BUSINESS PUBLICATION THAT BRINGS YOU INSIGHTS ABOUT ASIA, FROM THE INSIDE OUT

With more reporters and contributors across the region than any other business publication, only Nikkei Asian Review can give you a view of business in Asia from the inside.

Stay abreast of the latest news, analysis and insights with a subscription to Nikkei Asian Review – available in print, online, and on your mobile and tablet device.



#### Asia300:

Providing extensive coverage of over 300 leading companies in 11 countries and regions in Asia. Nikkei Asian Review aims to build the largest hub for Asian corporate news through enhanced reporting backed by large database of business and financial information on companies in the region.



#### JAPAN UPDATE:

Keeping you up-to-date with business and news from Japan.



#### VIEWPOINTS:

Bringing views of leading minds on Asia from around the world, including our column "Tea Leaves" written by some of our best writers.



#### POLITICS & ECONOMY:

Looking at fiscal and monetary policy, international affairs and more



#### MARKETS:

Deep analysis of the markets, with detailed industry news to keep you abreast of some of the fastest growing sectors in the region.



#### Video:

Watch analysts explain our articles, catch interviews with top executives.



#### Print Edition:

Weekly delivery of the best content from Nikkei Asian Review to your home or office

**For further information, please contact:**

**IHS Markit (About PMI and its comment)**

Bernard Aw, Principal Economist  
Telephone +65-6922-4226  
Email [bernard.aw@ihsmarkit.com](mailto:bernard.aw@ihsmarkit.com)

Jerrine Chia, Marketing and Communications  
Telephone +65-6922-4239  
E-mail [jerrine.chia@ihsmarkit.com](mailto:jerrine.chia@ihsmarkit.com)

**Nikkei inc. (About Nikkei)**

Ken Chiba, Deputy General Manager, Public Relations Office  
Atsushi Kubota, Manager, Public Relations Office  
Telephone +81-3-6256-7115  
Email [koho@nex.nikkei.co.jp](mailto:koho@nex.nikkei.co.jp)

**Notes to Editors:**

The ASEAN Manufacturing *PMI*<sup>™</sup> (*Purchasing Managers' Index*<sup>™</sup>) is produced by IHS Markit and is based on original survey data collected from a representative panel of around 2100 manufacturing firms. National data are included for Indonesia, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. Taken together, these countries account for an estimated 98% of ASEAN manufacturing activity.

The *Purchasing Managers' Index* (*PMI*) survey methodology has developed an outstanding reputation for providing the most up-to-date possible indication of what is really happening in the private sector economy by tracking variables such as sales, employment, inventories and prices. The indices are widely used by businesses, governments and economic analysts in financial institutions to help better understand business conditions and guide corporate and investment strategy. In particular, central banks in many countries (including the European Central Bank) use the data to help make interest rate decisions. *PMI* surveys are the first indicators of economic conditions published each month and are therefore available well ahead of comparable data produced by government bodies.

IHS Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and revised data are available to subscribers from IHS Markit. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

**About IHS Markit ([www.ihsmarkit.com](http://www.ihsmarkit.com))**

IHS Markit (Nasdaq: 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 © 2018 IHS Markit Ltd. All rights reserved.

**About PMI**

*Purchasing Managers' Index*<sup>™</sup> (*PMI*<sup>™</sup>) 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. To learn more go to <https://ihsmarkit.com/products/pmi.html>.

The intellectual property rights to the ASEAN Manufacturing *PMI*<sup>™</sup> 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*<sup>™</sup> and *PMI*<sup>™</sup> 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 affiliates.

If you prefer not to receive news releases from IHS Markit, please email [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com). To read our privacy policy, [click here](#).