

## Nikkei ASEAN Manufacturing PMI™

### ASEAN manufacturing conditions improve slightly at end of 2018

#### Key points:

- Output expands marginally
- Selling charges rise at weakest pace in two years
- Exports fall for fifth month in a row

ASEAN manufacturing firms saw only a marginal improvement in operating conditions in December, according to the headline **Nikkei ASEAN Manufacturing Purchasing Managers' Index (PMI™)**, which is compiled by IHS Markit.

The headline PMI edged down from 50.4 in November to 50.3 in December, indicating a further slight improvement in the health of the ASEAN manufacturing sector. Excluding the fall in October, the latest figure marked the slowest expansion since March.

Overall, manufacturing output increased at a slower rate in December. Activity was dampened by another weak uplift in new orders, which rose only slightly. Export orders continued to decline, with firms widely reporting a downturn in overseas demand.

The rate of input cost inflation meanwhile weakened substantially in December, amid reports of falls in market prices for items such as crude oil. The pace of increase dropped to a 26-month low, with Thailand and Vietnam reporting an outright decline in prices. Subsequently, selling charges increased at the softest pace since December 2016.

Five of the seven monitored ASEAN countries recorded an improvement in operating conditions during December. Once again, Vietnam saw the strongest upturn, despite growth easing from the particularly strong rate seen in November. The Philippines also recorded a solid improvement, ranking second in the league table.

Myanmar saw conditions improve at the strongest rate in seven months, as new orders continued to rise solidly. Likewise, Indonesia recorded the first increase in new work since September, which in turn boosted output and employment growth. Myanmar and Indonesia placed third and fourth in the rankings respectively.

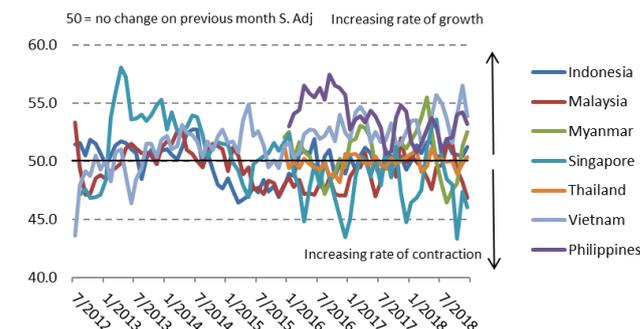
#### Countries ranked by Manufacturing PMI™

December	PMI	Change signalled
Vietnam	<b>53.8</b>	Solid increase (slower than November)
Philippines	<b>53.2</b>	Solid increase (slower than November)
Myanmar	<b>52.5</b>	Modest increase (faster than November)
Indonesia	<b>51.2</b>	Modest increase (faster than November)
Thailand	<b>50.3</b>	Marginal increase (change in direction)
Malaysia	<b>46.8</b>	Solid decrease (faster than November)
Singapore	<b>46.0</b>	Solid decrease (faster than November)

#### Nikkei ASEAN Manufacturing PMI™



#### National Manufacturing PMI™



Continued...

Sources: Nikkei, IHS Markit

Thailand manufacturers saw a marginal improvement in overall operating conditions in December, which nonetheless marked the first expansion in three months. Firms highlighted scaling up output to clear backlogs, with production rising at the strongest rate since May.

At the bottom of the table, Malaysia and Singapore saw solid declines in the health of their manufacturing sectors. Both countries recorded lower output for the third successive month, indicating a weak final quarter for businesses.

Overall, ASEAN employment growth edged up in December. Whilst marginal, it was the strongest increase in staff numbers since September. Meanwhile, backlogs of work fell at the joint-weakest rate in 16 months.

Vendor performance improved for the first time in ten months during December, signalling a waning of pressures on supply chains in recent months. That said, the rate at which delivery times shortened was fractional.

### Comment:

Commenting on the ASEAN Manufacturing PMI survey data, **David Owen, Economist** at IHS Markit, which compiles the survey, said:

*“December’s survey of ASEAN manufacturers indicated that the recent fall in raw materials prices such as crude oil and metals translated into the weakest rise in input costs for over two years. The softer rate of inflation was undoubtedly welcomed by companies to help ease pressure on margins. Output growth remained marginal but relatively in line with the average for 2018, while new orders rose at a slightly faster rate.”*

-Ends-

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**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.

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