

Nikkei ASEAN Manufacturing PMI™

PMI picks up to five-month high in April

Key points:

- Production rises at quickest rate in 2019 to date
- Export sales increase for first time since July 2018
- Output price inflation at 32-month low

ASEAN manufacturers saw another marginal improvement in operating conditions in April, according to the headline **Nikkei ASEAN Manufacturing Purchasing Managers' Index (PMI™)**, which is compiled by IHS Markit.

The headline PMI rose from 50.3 in March to 50.4 in April which, despite signalling only a slight uplift in operating conditions, was the highest reading for five months and broadly in line with the series average.

Goods producers across the ASEAN region recorded faster output growth at the start of the second quarter. This was precipitated by a quicker, albeit still marginal, rise in new orders that was supported by the first increase in export sales since last July.

As such, companies continued to raise employment in April, recording the quickest rate of job creation seen so far this year. However, input buying failed to increase, leading to another fall in stock levels.

Five of the seven monitored countries saw business conditions strengthen in April, with three of these recording quicker growth than in March. Myanmar continued to head the rankings, registering the joint-sharpest rise in production for a year. Vietnam also saw a quicker improvement to business conditions, placing it in second.

Thailand climbed to third in the regional rankings as growth accelerated, while Indonesia and the Philippines both saw weaker rates of improvement. Overall, all three countries recorded only marginal uplifts to business conditions.

Malaysia and Singapore remained at the bottom of the table, with their headline PMIs signalling further deteriorations in the health of their manufacturing sectors. However, the rate of decline in Malaysia was notably softer than that seen in March.

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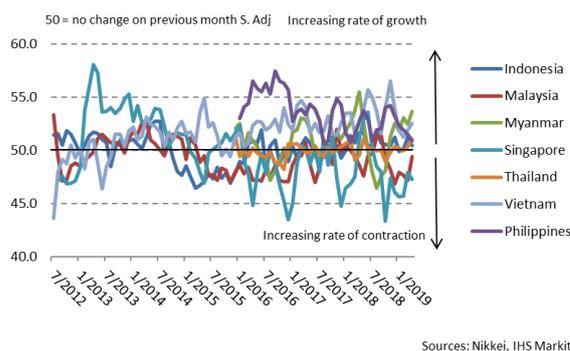
Countries ranked by Manufacturing PMI™

April	PMI	Change signalled
Myanmar	53.7	Solid increase (faster than March)
Vietnam	52.5	Modest increase (faster than March)
Thailand	51.0	Marginal increase (faster than March)
Philippines	50.9	Marginal increase (slower than March)
Indonesia	50.4	Marginal increase (slower than March)
Malaysia	49.4	Marginal decrease (slower than March)
Singapore	47.3	Solid decrease (faster than March)

Nikkei ASEAN Manufacturing PMI™



National Manufacturing PMI™



Output growth at ASEAN manufacturers ticked up to a four-month high in April. This was mostly linked to a quicker rise in new orders, which increased only fractionally during March. Notably, companies saw the first improvement in new export sales for nine months, albeit only slight.

Despite this, buying activity was subdued, as manufacturers reported little change to input purchases. While five of the monitored countries raised purchasing in line with higher output, three of these reported a slower increase than in March.

Meanwhile, stocks of both pre- and post-production goods continued to decline as firms made greater use of current inventories. This did help to shorten suppliers' delivery times, with vendor performance improving at the quickest rate in two-and-a-half years.

On another positive note, employment expanded for the third successive month during April. Vietnam recorded the sharpest increase in payrolls, following back-to-back decreases. Concurrently, ASEAN manufacturers were able to work through backlogs of work at a modest pace.

Input prices saw a moderate rise, although the rate of inflation was still cooler than seen on average. Panellists that reported higher costs related this to increased steel and oil prices, while some noted that raw materials shortages had placed upward pressure on costs. Nonetheless, output prices rose at the slowest rate in nearly three years.

Looking ahead, business confidence regarding future output remained positive and lifted slightly from March. The Philippines continued to record the highest level of positive sentiment, while the weakest degree of optimism was seen in Myanmar.

Comment:

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

“The ASEAN PMI notched up fractionally at the start of the second quarter, indicating another subdued expansion in the manufacturing sector. While output grew at a quicker rate, the rise was still weaker than those seen at the end of last year. Moreover, the increase was centred on Myanmar and Thailand, with all other countries seeing either softer growth or an overall decline.

“That said, demand-side factors seemed to improve in April, most notably in foreign markets. New export orders rose for the first time since last July, albeit at only a fractional pace. This supported the quickest increase in total new orders for seven months, lending some optimism to manufacturers that have been noticeably affected by the ongoing trade war.

“With discussions continuing between the US and China, firms will be hopeful that these will lead to reduced pressure from tariffs. Either way, markets in the region appear to be opening up at the start of the second quarter, which could hopefully fuel stronger growth in the months to come.”

-Ends-

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Notes to Editors:

The ASEAN Manufacturing *PMI*[™] (*Purchasing Managers' Index*[™]) 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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