

IHS Markit ASEAN Manufacturing PMI™

Manufacturing conditions improve further in November

Key findings

PMI remains in expansion territory at 52.3

Rate of output growth remains close to survey record amid further uplift in new work

Slowest decline in employment since June

Data were collected 12-24 November 2021.

Following a return to growth in October, the ASEAN manufacturing sector remained in expansion territory during November, according to the latest IHS Markit Purchasing Managers' Index (PMI™) data. Both output and new orders rose further, with the rates of growth remaining close to recent peaks despite easing slightly, while firms cut jobs at the weakest rate for five months.

The headline PMI posted above the 50.0 mark for the second month running in November. The latest reading was down from October's survey high of 53.6, to 52.3 in November, but was nonetheless indicative of one of the quickest improvements in ASEAN manufacturing conditions on record.

Growth was again broad-based across the seven constituent ASEAN nations, with the exception of Myanmar. Indonesia recorded the fastest rate of expansion, with the PMI (53.9) signalling a sharp improvement in manufacturing conditions. A near record expansion was also recorded in Malaysia, with the headline index ticking up to the fifth highest on record at 52.3, and indicative of a solid upturn overall.

Elsewhere, stronger rates of growth were registered in both Vietnam and the Philippines during November. In the former, the PMI hit a six-month high of 52.2, while the headline index for the Philippines (51.7) was the highest since March and signalled a moderate improvement in operating conditions.

At the same time, Singapore recorded a sustained improvement in the health of its manufacturing sector midway through the fourth quarter. The PMI (52.2) dipped to a three-month low, but nonetheless pointed to a moderate rate of expansion overall.

Thailand too remained on a growth footing during November, although the headline index fell to 50.6 to signal only a marginal

ASEAN Manufacturing PMI
sa, >50 = improvement since previous month



Source: IHS Markit.

Comment

Commenting on the latest survey results, Lewis Cooper, Economist at IHS Markit, said:

"November data pointed to further improved trends across the ASEAN manufacturing sector. The PMI remained above the 50.0 mark to signal another improvement in manufacturing conditions, buoyed by further increase in factory production, with the rate of output growth easing only slightly from October's survey record."

"Demand conditions also strengthened in November, reflected in a back-to-back uplift in new orders. The rate of expansion in new work did ease noticeably on the month, however, in part due to a further decline in export order book volumes."

"Moreover, across the seven constituent nations, only Myanmar saw a decline in manufacturing conditions during November. Even here, the rate of contraction softened to the slowest since January. Elsewhere, growth remained broad-based, with Indonesia and Malaysia registering the fastest rates of improvement in manufacturing conditions."

"Overall, the latest data provide some promising signs, with the ASEAN manufacturing sector continuing to recover, and rates of growth in output and new work sticking close to their recent peaks."

continued...

upturn in the health of the sector.

Finally, Myanmar continued to buck the trend during November. The PMI remained below the neutral 50.0 level to signal a deterioration in conditions for the fifteenth month running, but rose to its highest level since January. At 46.7, the latest figure signalled only a moderate pace of decline.

Overall, the ASEAN manufacturing sector continued to recover during November. Output rose for the second month running, with the rate of expansion easing only slightly from October's survey record amid a sustained and solid uplift in new orders. That said, order book growth moderated noticeably from the record rate of increase seen in October, due in part to a sustained decline in export orders.

Goods producers continued to raise their buying activity in November. The rate of increase slowed only slightly from October's recent peak and was sharp overall. Pre-production inventories meanwhile ticked up for the third month in a row.

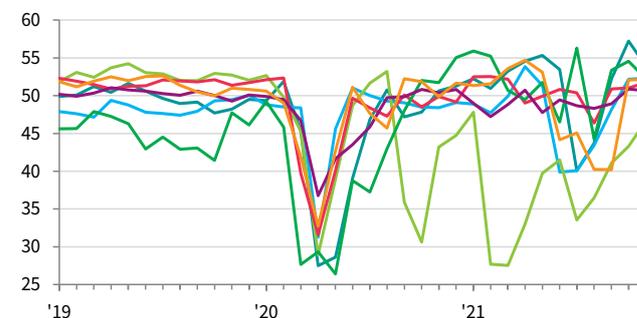
At the same time, capacity pressures remained historically strong, reflected in a further upturn in backlogs of work and one that was the third-fastest on record. Nonetheless, firms continued to trim jobs in November, although the rate of decline in employment was the slowest for five months and only marginal.

November data also pointed to ongoing supply issues. Lead times for inputs lengthened again, although delays were the least widespread since April. Nonetheless, supply constraints were again reflected in firms' costs during November, as the rate of input price inflation remained among the fastest on record, despite easing. Factory gate charges rose at the quickest pace since October 2013 as a result.

Manufacturing PMI

Indonesia / Malaysia / Myanmar / Philippines
Singapore / Thailand / Vietnam

sa, >50 = improvement since previous month



Source: IHS Markit.

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Methodology

The IHS Markit ASEAN Manufacturing PMI™ is compiled by IHS Markit from responses to monthly questionnaires sent to purchasing managers in panels of manufacturers in Indonesia, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam, totalling around 2,100 manufacturers. These countries account for 98% of ASEAN manufacturing value added*. The panels are 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 at the national level. 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. ASEAN indices are calculated by weighting together the national indices. Country weights are calculated from annual manufacturing value added*.

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.

November 2021 data were collected 12-24 November.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

*Source: World Bank World Development Indicators.

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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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