

# IHS Markit Myanmar Manufacturing PMI™

## Operating conditions continue to deteriorate as sentiment slides to series low

### Key findings

Severe contractions in output and new orders amid factory closures

Output charge and input price inflation moderate for third month running

Sentiment plunges to new series low amid long-term uncertainty

Data were collected 12-20 August 2021.

August data revealed another marked decline in conditions across Myanmar's good-producing sector. Declines were seen across output, new orders, employment and purchases as firms continued to be hit by factory and business closures amid a surge of COVID-19 cases. That said, in each case, the rates of reduction softened from those in July. Nonetheless, sentiment dipped into negative territory for the first time in the series history which began in December 2015.

On a more positive note, input and output price inflation showed further signs of moderation. That said, the rates of increase were still sharp in the context of historical data with material shortages persisting.

The headline IHS Markit Myanmar Manufacturing PMI™ – a composite single-figure indicator of manufacturing performance – rose from 33.5 in July to 36.5 in August, indicating a twelfth consecutive monthly decline in operating conditions. The rate of contraction was marked, and among the steepest in the series history with firms hit by COVID-19.

Production volumes were again hampered by a combination of factory closures, weak client demand and a lack of skilled workers. The pandemic was overwhelmingly linked to the latest fall. The rate of decline was substantial with around 61% of respondents reporting lower output volumes in August compared to July.

Similarly, new orders fell sharply with firms attributing client business closures and a generally weak domestic demand environment to lower sales. Overall, the rate of decline was among the steepest in the series history but softer than the average for 2021 so far.

*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:

*"Myanmar's manufacturing sector remained mired in contraction territory in August with the third wave of COVID-19 cases continuing to hit production hard. Severe declines have been seen throughout the year so far with the military-coup, material shortages and the pandemic all weighing heavily on the sector. Latest data also revealed firms held a relatively bleak outlook for production levels over the next 12 months which slipped into contraction territory for the first time in the series history."*

*"On a brighter note, inflationary pressures showed further signs of moderation, but were still historically elevated. Delivery times also lengthened only marginally suggesting shortages may be less prevalent in the coming months."*

*"Nonetheless, the pandemic has had severe implications to Myanmar's economy. Vaccinations remain crucial to curbing future restrictions and demand shocks."*

Employment levels fell for the twelfth month in a row during August, with factory closures and the pandemic forcing workers to return to their hometowns. Despite a sustained lack of new business, outstanding business rose at the quickest rate in the series history with firms linking material and skilled staff shortages to rising backlogs.

Supply chains continued to be impacted by raw material shortages, but the degree to which lead times lengthened was only marginal in August.

Lower output requirements and factory closures resulted in another fall in purchasing activity. At the same time, post- and pre-production inventory holdings fell at a sharp and accelerated pace. In fact, the rates of decline were the second- and third-steepest in the series history, respectively.

Turning to prices, unfavourable exchange rate movements and raw material shortages led to higher costs incurred by manufacturers in Myanmar. The rate of inflation was much sharper than the long-run trend level, but softened for the third month in a row.

In line with the trend for cost burdens, selling prices charged by manufacturers in Myanmar rose at a softer pace in August. Moreover, the rate of inflation eased to a four-month low.

Lastly, sentiment across the manufacturing sector dipped into negative territory for the first time in the series history. The relatively weak demand environment, factory closures and the long-term implications of COVID-19 weighed heavily on outlook midway through Q3.

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 12-20 August 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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