

Nikkei ASEAN Manufacturing PMI™

Small improvement to business conditions in November

Key points:

- Output growth improves to five-month high
- Input price inflation cools
- Export sales continue to decline

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

The headline PMI rose from 49.8 in October to 50.4 in November, signalling a slight improvement in the health of the manufacturing sector. The latest data followed the first decline in performance in ten months during October, suggesting a modest rebound of ASEAN manufacturing growth.

Output grew at the quickest pace since June during November, with five of the seven countries monitored by the survey recording an improvement in production levels. New orders expanded at a fractional pace, though this marked an improvement from a decline in October. Export sales meanwhile declined for the fourth successive month, albeit marginally.

Only some countries saw operating conditions improve at a quicker rate in November, with Vietnam performing the best of all. Notably, Vietnam's manufacturing sector recorded the sharpest increase in output in over seven years. The Philippines came second in the rankings with a solid rate of expansion that was similar to October.

Myanmar rose in the league table to third place, as softer inflationary pressures allowed the sector to rebound from October's decline. Indonesia slipped to fourth place as growth slowed to a five-month low.

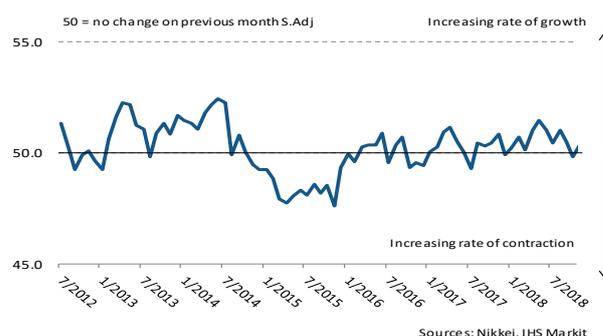
Thailand remained in fifth position, registering a softer decline in operation conditions during November. Malaysia's manufacturing sector deteriorated at the fastest pace since May. Singapore stayed at the bottom of the rankings, albeit with conditions worsening at a slower rate than in October.

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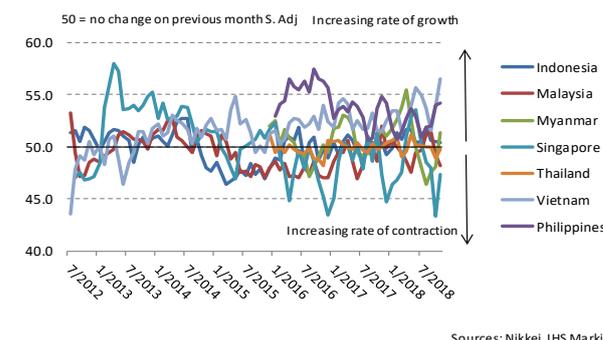
Countries ranked by Manufacturing PMI™

November	PMI	Change signalled
Vietnam	56.5	Sharp increase (faster than October)
Philippines	54.2	Solid increase (faster than October)
Myanmar	51.3	Modest increase (change in direction)
Indonesia	50.4	Marginal increase (slower than October)
Thailand	49.8	Marginal decrease (slower than October)
Malaysia	48.2	Modest decrease (faster than October)
Singapore	47.4	Solid decrease (slower than October)

Nikkei ASEAN Manufacturing PMI™



National Manufacturing PMI™



With output growth improving, ASEAN manufacturers increased purchasing activity for the first time in three months during November. Notably, Vietnam and the Philippines registered sharp growth in input buying, with firms highlighting preparations for future workloads. However, inventories of purchased items fell across ASEAN manufacturers for the twenty-first month in a row.

Employment growth remained weak in November, as only Vietnam recorded a strong expansion of workforces. Myanmar, Thailand and Singapore continued to reduce staff levels. Nevertheless, firms still managed to work through their outstanding business.

After rising for four consecutive months, the rate of input price inflation cooled in November. The uptick in prices remained sharp though, with all countries except Thailand reporting increased cost burdens. Higher raw material prices remained a key factor, with some companies reporting reduced availability of some materials.

Output charges rose at a slower pace in November. That said, none of the seven countries saw selling prices fall, as Thailand and Vietnam's two-month sequence of lower charges ended.

Looking ahead, confidence towards the business outlook across ASEAN manufacturing firms improved to a six-month high in November. Notably, Vietnam and Thailand registered the highest sentiment since February and March 2016, respectively.

Comment:

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

“ASEAN countries saw a small rebound in manufacturing performance in November, after October recorded a decline. However, the rate of growth was still weaker than those seen earlier in the year, as overall orders increased only fractionally. Meanwhile, export demand continued to deteriorate in line with the global trade slowdown.

“On a positive note, input cost inflation cooled following accelerations in the prior four months. Manufacturers responded with a smaller rise in output prices. However, concerns were voiced over the supply of raw materials, as some companies were unable to source all their inputs. A continuation of supply shortages may harm production lines, and hence output, if it continues.”

-Ends-

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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

Jerrine Chia, Marketing and Communications
Telephone +65-6922-4239
E-mail jerrine.chia@ihsmarkit.com

David Owen, Economist
Telephone +44 207 064 6237
Email david.owen@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

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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