

Embargoed until 0700 MMT (0030 UTC) 2 December 2019

IHS Markit Myanmar Manufacturing PMI™

Manufacturing new order growth strengthens in November

Key findings

Marked increase in new business supports strong rise in output

Weaker rate of job creation weighs on headline PMI

Slowest rise in input prices in four-year survey history

The latest PMI™ survey data from IHS Markit's survey of private sector manufacturers in Myanmar revealed a further solid improvement in operating conditions in November, fuelled by a strong rise in new orders. Output rose at a robust pace and expectations for production improved, albeit remaining weaker than at the mid-point of 2019. Meanwhile, cost pressures eased as average purchase prices rose at the slowest rate since the start of the survey four years' ago.

The headline IHS Markit Myanmar Manufacturing PMI is a composite single-figure indicator of manufacturing performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates overall improvement of the sector.

The PMI remained in positive territory in November, at 52.7, signalling a solid overall improvement in business conditions. This was down slightly from October's 53.0 but still comfortably above its long-run average of 51.1.

Four of the five components of the headline PMI had positive contributions in November, the exception being stocks of purchases (which has the smallest weight at 10%). The downward tick in the PMI mainly reflected a slower rate of employment growth, alongside a softer rise in output.

Driving the overall growth of the sector was a marked rise in new business in November. New orders rose for a series-record thirteenth successive month, and at the fastest rate since June.

In line with the trend for new orders, production rose for a survey-record thirteenth consecutive month in November. The rate of growth was little-changed from October's strong pace as firms not only accommodated new orders but continued to deplete their backlogs. The volume of outstanding business

continued...

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



Source: IHS Markit.

Comment

Commenting on the latest survey results, Trevor Balchin, Economics Director at IHS Markit, said:

"Manufacturing in Myanmar looks set to end the year with solid underlying growth, with the overall rate of expansion in November keeping pace with the strong 2019 trend. The PMI posted 52.7 in the latest period and is averaging 52.8 in 2019, easily the highest achieved during the four-year history of the survey."

"New order data signalled a broad base of rising demand, with work linked to the construction industry noted as a key source of domestic orders."

"Firms also benefited from easing cost pressures, with the rate of input price inflation slowing to a survey-record low in November. Moreover, factory gate prices increased more sharply than purchasing costs for the first time, implying strengthening profits."

in the manufacturing sector fell for the forty-second month running, and at the fastest rate since July 2018.

Manufacturers supported workloads by expanding their workforces for the twelfth month in a row in November, also a survey-record sequence. The rate of job creation eased since October, however.

Purchasing operations also continued to expand in November, and at the fastest pace in three months. Despite this, stocks of inputs fell further, reflecting the current strong pace of output growth. Supply chains were broadly able to cope with demand, with suppliers' delivery times lengthening only fractionally since October.

The rate of input price inflation slowed for the fourth month running in November from July's marked pace. Moreover, the increase registered in the latest period was the weakest since the survey began in December 2015.

Weak cost pressures fed through to output prices, which rose at the slowest rate since April. That said, for the first time in the survey history changes rose more sharply than input prices, suggesting improving profit margins in the manufacturing sector.

The 12-month outlook for manufacturing output in Myanmar remained positive in November. Sentiment strengthened to a three-month high, but remained softer than the long-run survey average.

Contact

Trevor Balchin
Economics Director
IHS Markit
T: +44-1491-461-065
trevor.balchin@ihsmarkit.com

Bernard Aw
Principal Economist
IHS Markit
T: +65 6922 4226
bernard.aw@ihsmarkit.com

Katherine Smith
Corporate Communications
IHS Markit
T: +44-207-260-2234
katherine.smith@ihsmarkit.com

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.

November data were collected 12-21 November 2019.

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

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index™ and PMI™ are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.

About IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2019 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please email joanna.vickers@ihsmarkit.com. To read our privacy policy, click [here](#).

About PMI

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. To learn more go to ihsmarkit.com/products/pmi.html.