

MARKET SENSITIVE INFORMATION
Embargoed until 0730 ICT (0030 UTC) 5 May 2022

S&P Global ASEAN Manufacturing PMI™

ASEAN manufacturing sector growth accelerates amid stronger demand conditions

Key findings:

ASEAN PMI rises to the second-highest on record

Output and new order growth quicken

First expansion in workforce numbers for three months

Data were collected 11-25 April

Operating conditions across the ASEAN manufacturing sector improved solidly in April. The sector gained growth momentum as the rate of expansion quickened to the second-fastest since survey began in July 2012. The headline PMI was boosted by upticks in three of its sub-components – new orders, output and employment.

The headline figure rose from 51.7 in March to 52.8 in April, signalling a seventh successive month of improvement in the health of the sector. In addition, April marked the first month whereby all seven ASEAN countries registered growth in their manufacturing sectors.

Manufacturers in Singapore signalled a sharp upturn in operating conditions during April, with the headline PMI rising to 58.1. The pace of the overall expansion was the fastest of the seven monitored nations and quickened to a rate that was only slightly slower than February's record-high

With looser pandemic restrictions leading to higher client activity, the manufacturing sector in the Philippines noted a third successive rise in the headline PMI (54.3). Moreover, the rate of growth was the strongest in almost four-and-a-half years.

Meanwhile, Indonesia and Thailand both signalled modest upticks in the health of their respective manufacturing sectors, with both nations PMIs registering at 51.9. Manufacturing conditions in the countries improved for the eighth and fourth successive months, respectively.

Elsewhere, the headline PMI figure for Vietnam was unchanged at 51.7, indicating a moderate overall improvement in the health of the sector. Meanwhile, Malaysian manufacturers signalled a return to expansion territory, with the PMI rising above the 50.0 neutral mark to 51.6.

Of the seven ASEAN nations, Myanmar recorded the softest overall expansion. However, the PMI rose to 50.4 and signalled the first upturn in operating conditions for 20 months.

S&P Global ASEAN Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global.

While pandemic containment measures differed across each country, looser restrictions allowed demand to strengthen and led to sharper expansions in output and new orders. Moreover, the latest upticks in production and new sales were among the fastest on record, and solid overall.

At the same time, employment across the ASEAN manufacturing sector increased for only the second time in the last 35 months. Growing demand and greater new orders, alongside increasing work-in-hand resulted in the second quickest rate of job creation on record. Of the seven constituent nations of the ASEAN region, only Malaysia recorded a fall in workforce numbers during April. Although backlogs of work rose for the tenth month running, the rate of growth was the slowest since July 2021.

Higher production levels contributed to a seventh straight monthly increase in purchasing activity across ASEAN manufacturers. The respective seasonally adjusted index rose from the six month low recorded in March and signalled a solid rise in input buying. Despite an increase in input buying, pre-production inventories fell for the second successive month, albeit only fractionally.

Meanwhile, vendor performance deteriorated for the twenty-seventh consecutive month during April. The latest increase in average lead times was solid overall. However, the extent to which delivery times worsened eased from the previous survey period to the least marked since November 2020.

On the price front, ASEAN manufacturers continued to record substantial increases in input costs and output prices. Although rates of inflation softened from the record

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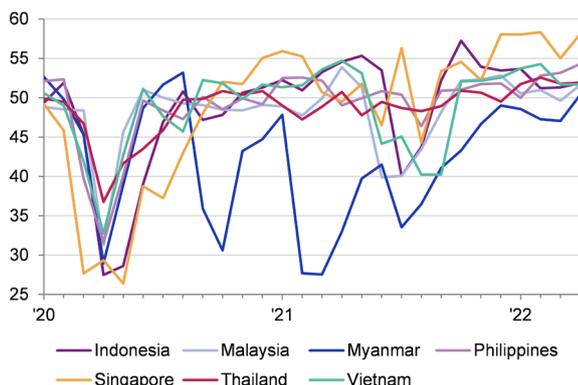
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highs seen in March, price pressures remained elevated as ongoing input shortages, higher fuel and raw material prices, global inflation and supply-side challenges persisted. Anecdotal evidence suggested that part of the cost burden was shared with clients in the form of higher selling prices.

Lastly, overall sentiment regarding the 12-month outlook for output remained strongly positive across ASEAN manufacturing firms in April, with the degree of confidence stronger than the historic series average.

Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global.

Commenting on the ASEAN Manufacturing PMI data, Maryam Baluch, Economist at S&P Global said:

"Growth momentum picked up across the ASEAN manufacturing sector in April, as the headline PMI rose to the second-highest on record. Stronger client demand supported increases in new orders and output. In turn, employment rose at a near-record rate, after contracting in the previous two survey periods.

"Whilst the region's manufacturing sector continues to recover from the recent waves of COVID-19 infections, persistent supply-chain challenges and inflationary pressures are expected to remain headwinds to expansion. Furthermore, rising global uncertainty, largely in the forms of rising COVID-19 cases in China as well as Russia's invasion of Ukraine, may exacerbate current obstacles to growth.

"Nevertheless, firms remain strongly confident regarding the 12-month outlook for output."

-Ends-

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Methodology

The S&P Global ASEAN Manufacturing PMI™ is compiled by S&P Global 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.

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. To learn more go to <https://ihsmarkit.com/products/pmi.html>.

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