News Release

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Nikkei Myanmar Manufacturing PMI™

Solid output expansion maintained in January

Key points:

- Production and new orders remain in solid growth territory
- Output charges decrease amid slower rise in input costs
- Business confidence subdued

Data collected January 11-23

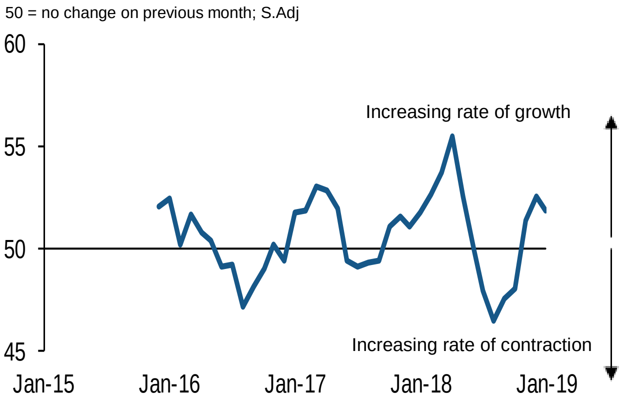
Operating conditions across the Myanmar manufacturing sector improved for the third month running in January. The latest data signalled a moderate rise in overall growth supported by sustained upturns in output and new orders. Despite a solid expansion in new work, business expectations among manufacturers remained historically muted. Pressure on capacity remained low as backlogs continued to decline sharply. As a result, the rate of job creation softened and was only fractional. On the price front, output charges fell for the first time since July 2016 amid the slowest rise in input costs in the series history.

At 51.9 in January, the headline Nikkei Myanmar Manufacturing Purchasing Managers' Index™ (PMI™) – a composite single figure indicator of manufacturing performance – was down from 52.5 in December. Nonetheless, the headline figure signalled a moderate improvement in the health of the manufacturing sector. This was the third successive rise in overall performance and the second-strongest since last May.

Production continued to expand among goods producing firms in January. The solid rise in output was generally attributed to higher new order volumes and extended the current sequence of growth to three months.

Similarly, new business increased at a solid but slower rate in January. A broad-based rise in client demand from the domestic market was reportedly behind the latest upturn in new orders. The rate of expansion was above the series trend, but the slowest in the current three-month sequence of growth.

Nikkei Myanmar Manufacturing PMI



Sources: Nikkei, IHS Markit

Manufacturing firms registered a marginal increase in input costs in January. The rise in cost burdens was the weakest in the series history, with a number of panellists suggesting that the greater availability of raw materials and lower transportation costs softened input price inflation.

Manufacturers responded to record low rises in input costs by dropping their factory gate charges. Output prices fell for the first time since July 2016 in January and at a moderate rate. This contrasts with the sharp increases seen through 2018.

Despite a solid rise in new business and easing cost pressures, goods producers in Myanmar noted a muted degree of confidence towards output over the coming year. Although up slightly on December, the level of positive sentiment was historically subdued.

In line with output growth outpacing that of new orders, backlogs of work declined further. Outstanding business fell for the thirty-second month running and at a marked pace. Consequently, manufacturers registered only a fractional rise in employment. The rate of job creation was in line with the series trend, however.

Finally, purchasing activity increased for the first time since last May, with panellists subsequently depleting pre-production inventories at only a fractional rate. Solid new order growth was commonly linked to the rise in input buying. Moreover, vendor performance deteriorated marginally amid transportation difficulties.

Comment:

Commenting on the Myanmar Manufacturing PMI survey data, **Siân Jones, Economist** at IHS Markit, which compiles the survey, said**:**

"January data signalled a further improvement in operating conditions across the Myanmar manufacturing sector. Although rates of expansion softened slightly, output and new orders increased for the third month running.

"Notably, price pressures eased significantly compared to those seen throughout 2018. The rate of input cost inflation dipped to a series low and resulted in the first fall in factory gate charges since July 2016.

"On a less positive note, business expectations among manufacturers remained historically subdued despite further upturns in production and new business."

-Ends-

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Notes to Editors:

The Nikkei Myanmar Manufacturing *PMI*™ is based on data compiled from monthly replies to questionnaires sent to purchasing executives in over 400 industrial companies. The panel is stratified by GDP and company workforce size. The manufacturing sector is divided into the following 8 broad categories: Basic Metals, Chemicals & Plastics, Electrical & Optical, Food & Drink, Mechanical Engineering, Textiles & Clothing, Timber & Paper, Transport.

Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'. Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

The Nikkei Myanmar Manufacturing *PMI*™ is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times Index inverted so that it moves in a comparable direction.

IHS Markit does not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from IHS Markit. Please contact economics@markit.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. To learn more go to ihsmarkit.com/products/pmi