

# Nikkei Myanmar Manufacturing PMI™

## Business conditions worsen for the first time since December 2016

### Key points:

- Fractional deterioration in manufacturing conditions indicated by latest PMI
- Output and new orders both decline marginally
- Business confidence remains low

Data collected June 12-22

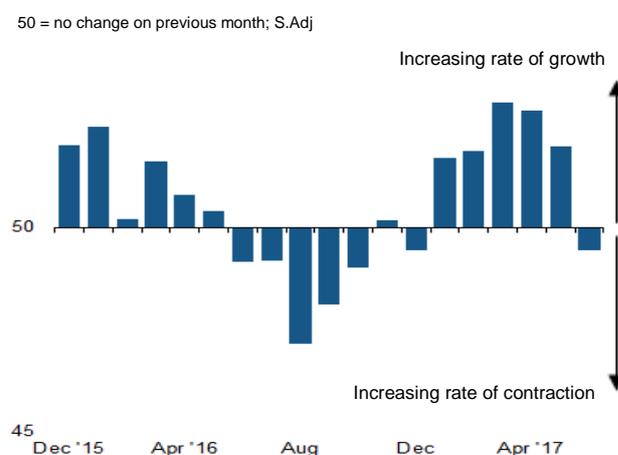
June survey data indicated a decline in operating conditions in the Myanmar manufacturing sector for the first time since last December. Downturns in both output and new orders drove the overall deterioration, with firms also lowering their buying activity in response. Meanwhile, the degree of optimism within Myanmar's manufacturing sector was the joint-weakest in the survey's history. On the price front, input cost inflation softened for the sixth month running, and output price inflation was the weakest since February.

At 49.4, the headline **Nikkei Myanmar Manufacturing Purchasing Managers Index™ (PMI™)** – a composite single-figure indicator of manufacturing performance – signalled a contraction in operating conditions among manufacturers in Myanmar following five months of moderate growth. That said, the index figure was only fractionally below the 50.0 'no-change' mark.

The level of output produced by manufacturers in Myanmar fell for the first time in 2017 so far. Panellists commented that lower client demand and a greater amount of competition led to falls in production, although the overall contraction was only fractional.

New orders received by Myanmar's goods producers also fell for the first time since last December. Although the pace of contraction was the strongest since last September, it was only marginal. Anecdotal evidence linked lower demand to higher input prices and a scarcity of raw materials.

### Nikkei Myanmar Manufacturing PMI



Sources: Nikkei, IHS Markit

The degree of optimism among Myanmar's manufacturers remained muted in June and was in line with that seen in May. As a result, business confidence was the joint-weakest in the series history, which stretches back to December 2015.

The level of employment at goods producers in Myanmar increased for the sixth consecutive month in June. That said, the rate of job creation was only fractionally above the series average and was the softest in the current sequence of workforce expansion.

Cost burdens for manufacturers in Myanmar continued to rise in June, extending the trend seen throughout the short series history. Anecdotal evidence largely linked input price inflation to exchange rate adjustments, scarcity of raw materials and transportation delays. The pace of input cost inflation remained steep, but was the weakest since last September.

Average prices charged by Myanmar's manufacturers increased for the eleventh consecutive month in June. Panellists noted that charge inflation was influenced by higher raw

material and input costs. The pace of output price inflation was the slowest since February, however.

The level of outstanding business decreased for the thirteenth straight month in June. The rate of contraction in backlogs was the fastest since February.

In line with trends seen for output and new orders, purchasing activity also decreased in June. Subsequently, pre-production inventories fell at the sharpest pace in 2017 so far.

### Comment:

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

*“June’s PMI signalled the first contraction in Myanmar’s manufacturing sector since last December. The overall deterioration in operating conditions was driven by downturns in both output and new orders. Meanwhile, business confidence remained muted, with the degree of optimism at a similar level to that seen in May. Job creation was sustained in June, despite rising at the slowest rate in the current six month sequence of employment growth.*

*“On the price front, inflationary pressures continued to ease. Although input price inflation remained steep, it weakened for the sixth consecutive month. Prices charged increased at the softest rate since February.”*

-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](mailto:economics@markit.com).

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