

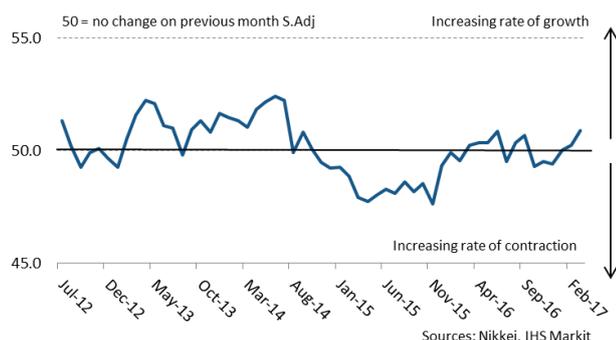
## Nikkei ASEAN Manufacturing PMI™

### ASEAN manufacturing conditions improve at faster pace in March

#### Key points:

- Output and new orders both expand at quickest rate in 32 months
- Inflationary pressures remain marked
- Business optimism weakens for second month running

#### Nikkei ASEAN Manufacturing PMI



The ASEAN manufacturing sector saw growth momentum pick up in March, with business conditions improving at a faster pace at the end of the first quarter.

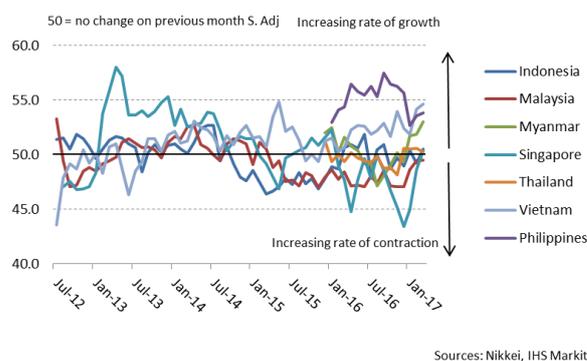
At 50.9 in March, up from 50.3 in February, the Nikkei ASEAN Manufacturing *Purchasing Managers' Index (PMI™)* signalled the second successive monthly improvement in the health of the sector. Though marginal, the rate of improvement was the joint-fastest in 32 months (on par with June 2016). Stronger expansions in both output and new orders lifted the headline index, which both increased at the quickest rate since July 2014.

Encouragingly, the vast majority of nations recorded an improvement in operating conditions during March. In fact, all ASEAN economies except Malaysia recorded growth across their manufacturing sectors. Vietnam remained the strongest performer, with its PMI figure reaching a 22-month high. The Philippines was in second place in the PMI league table, with firms reporting another robust rate of expansion. However the average PMI reading in Q1 remained lower than the Q4 2016 average.

#### Countries ranked by Manufacturing PMI™: March

	PMI	Change signalled
Vietnam	<b>54.6</b>	Solid increase (faster than February)
Philippines	<b>53.8</b>	Solid increase (faster than February)
Myanmar	<b>53.1</b>	Solid increase (faster than February)
Indonesia	<b>50.5</b>	Marginal increase (faster than February)
Singapore	<b>50.4</b>	Marginal increase (faster than February)
Thailand	<b>50.2</b>	Marginal increase (slower than February)
Malaysia	<b>49.5</b>	Marginal decrease (faster than February)

#### National Manufacturing PMI



Myanmar registered a solid improvement in conditions while Indonesian and Singaporean factories reported marginal upturns. At the bottom of the rankings, Malaysia signalled a further decline in the health of its manufacturing sector, albeit only slight.

Latest PMI data showed that six of the seven countries covered by the survey saw an improvement in manufacturing sector conditions. This was up from four in February, as Indonesia and Singapore indicated a return to growth, with both nations reported higher manufacturing output and new orders.

Data suggest that growth in the ASEAN manufacturing industry was supported by stronger domestic demand as foreign demand remained weak. Furthermore, total new business rose at the quickest pace in over two-and-a-half years, despite new export sales falling for the sixth consecutive month.

Greater demand for ASEAN goods lifted production volumes. Notably, production across the region increased at the quickest pace since July 2014.

Despite higher activity, there was a lack of pressure on operating capacity in the ASEAN manufacturing sector. This was highlighted by a further fall in outstanding business. That occurred despite another drop in employment, albeit only marginal.

Greater usage of inputs for production and use of finished goods to meet demand led to a fall in both pre- and post-production inventory levels. The fall in stocks of purchases items occurred despite higher purchasing activity for the second straight month.

A further increase in buying activity added pressure to supply chains, with delivery times deteriorating for the second month running. However, three of the seven nations covered recorded shorter delivery times.

On the price front, ASEAN economies experienced further input cost increases in March. Though the rate of inflation eased from February, it was the second-strongest in just over three years. Malaysia reported the quickest rate of increase for the second straight month, in part because of a weak ringgit. In comparison, relatively modest rises in input costs were observed in Singapore and Thailand.

Stronger factory gate price inflation was seen on the back of a sharp rise in overall costs. Output prices across the ASEAN manufacturing sector were raised to the greatest extent since October 2015. All but Singapore reported higher selling prices in March.

Survey data indicated that manufacturers were less optimistic about future output, with the respective index edging down to its lowest since December 2012. Substantial variations in future expectations for manufacturing output across the region remained.

**Comment:**

Commenting on the ASEAN Manufacturing PMI survey data, **Bernard Aw, economist** at IHS Markit, which compiles the survey, said:

*“March survey data showed that the ASEAN manufacturing economy ended the first quarter in expansionary territory, which was a marked improvement since the previous quarter. Furthermore, the latest upturn was relatively broad-based, suggesting a more stable growth footing.”*

*“However, the region continued to face challenges. Firstly, a lack of capacity pressure among ASEAN manufacturers remained evident, as lower backlogs have now been reported for nearly three years. Second, sharp cost increases were still observed, although there was significant variation in the rates of increase, with Malaysia seeing the steepest rate of input price inflation. Finally, national PMI data showed that the degree of business confidence across the region remained varied.”*

-Ends-

## Nikkei ASEAN Manufacturing PMI™ is sponsored by

Nikkei is a media organization with newspaper publishing at its core. Our flagship daily newspaper, The Nikkei, has approximately three million subscribers. Nikkei's multi-platform media distribution also includes online, broadcast and magazines.

The Nikkei marks its 140th anniversary this year. Since our founding in 1876 as the Chugai Bukka Shimpo (Domestic and Foreign Prices News), we have consistently provided high-quality reporting while maintaining fairness and impartiality. The Nikkei brand has become synonymous with trustworthiness at home and abroad.

Nikkei Inc. offers a range of media platforms to satisfy the diverse needs of our readers. At the core of these services is The Nikkei which has a circulation of approximately three million. Adding further depth to our offerings are our premium content and strong digital technology. The number of paying subscribers to the Nikkei Online Edition, which was launched in 2010, has surpassed 400,000. Our fee-based online services have one of the largest readerships in the world among newspaper publishers. Five years after its creation, the online edition is set to evolve from a medium for providing news to readers into a tool that helps people advance their careers.

In 2013, we kicked off the Nikkei Asian Review, an English-language news service provided both online and as a weekly print magazine. The following year, we established an Editorial Headquarters for Asia in Bangkok to deepen our coverage of Asian economic news. In addition, we doubled the number of reporters stationed in Asia outside Japan. 2014 also saw the launch of Nikkei Group Asia Pte., a new company in Singapore tasked with spreading the Nikkei brand in the region. Our goal is to make Nikkei the leading media voice in Asia.

<http://www.nikkei.co.jp/nikkeiinfo/en/>

## ASIAN REVIEW <http://asia.nikkei.com/>

**INTRODUCING THE ONLY BUSINESS PUBLICATION THAT BRINGS YOU INSIGHTS ABOUT ASIA, FROM THE INSIDE OUT**

With more reporters and contributors across the region than any other business publication, only Nikkei Asian Review can give you a view of business in Asia from the inside.

Stay abreast of the latest news, analysis and insights with a subscription to Nikkei Asian Review – available in print, online, and on your mobile and tablet device.



**Asia300:**

Providing extensive coverage of over 300 leading companies in 11 countries and regions in Asia. Nikkei Asian Review aims to build the largest hub for Asian corporate news through enhanced reporting backed by large database of business and financial information on companies in the region.



**JAPAN UPDATE:**

Keeping you up-to-date with business and news from Japan.



**VIEWPOINTS:**

Bringing views of leading minds on Asia from around the world, including our column "Tea Leaves" written by some of our best writers.



**POLITICS & ECONOMY:**

Looking at fiscal and monetary policy, international affairs and more



**MARKETS:**

Deep analysis if the markets, with detailed industry news to keep you abreast of some of the fastest growing sectors in the region.



**Video:**

Watch analysts explain our articles, catch interviews with top executives.



**Print Edition:**

Weekly delivery of the best content from Nikkei Asian Review to your home or office

**For further information, please contact:**

**IHS Markit (About PMI and its comment)**

Bernard Aw, Economist  
Telephone +65-6922-4226  
Email [bernard.aw@ihsmarkit.com](mailto:bernard.aw@ihsmarkit.com)

Jerrine Chia, Marketing and Communications  
Telephone +65-6922-4239  
E-mail [jerrine.chia@ihsmarkit.com](mailto:jerrine.chia@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](mailto:koho@nex.nikkei.co.jp)

**Notes to Editors:**

The ASEAN Manufacturing PMI<sup>®</sup> (*Purchasing Managers' Index*<sup>®</sup>) is produced by 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.

The *Purchasing Managers' Index (PMI)* survey methodology has developed an outstanding reputation for providing the most up-to-date possible indication of what is really happening in the private sector economy by tracking variables such as sales, employment, inventories and prices. The indices are widely used by businesses, governments and economic analysts in financial institutions to help better understand business conditions and guide corporate and investment strategy. In particular, central banks in many countries (including the European Central Bank) use the data to help make interest rate decisions. *PMI* surveys are the first indicators of economic conditions published each month and are therefore available well ahead of comparable data produced by government bodies.

Markit do 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 revised data are available to subscribers from Markit. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

**About IHS Markit ([www.ihsmarkit.com](http://www.ihsmarkit.com))**

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and expertise to forge 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 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

IHS Markit is a registered trademark of IHS Markit Ltd. All other company and product names may be trademarks of their respective owners © 2017 IHS Markit Ltd. All rights reserved.

**About PMI**

*Purchasing Managers' Index*<sup>™</sup> (*PMI*<sup>™</sup>) surveys are now available for over 30 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 [www.markit.com/product/pmi](http://www.markit.com/product/pmi).

The intellectual property rights to the ASEAN Manufacturing PMI<sup>®</sup> 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*<sup>®</sup> and *PMI*<sup>®</sup> 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.

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