

# Nikkei Myanmar Manufacturing PMI™

## May PMI signals slowest manufacturing growth for three months

### Key points:

- PMI dips from April's series-record high
- Output and new order expansions remain strong
- Input price inflation accelerates to marked rate

Data collected May 11-22

The latest survey data indicated a loss of growth momentum across Myanmar's manufacturing sector in May. Although the overall expansion was solid, it was the weakest for three months. Similarly, upturns in output and new orders softened, despite rates of increase remaining strong overall. That said, backlogs continued to contract at a marked pace, and employment growth eased to the slowest since last November. Meanwhile, input price inflation picked up momentum, with costs rising at the fastest rate for four months.

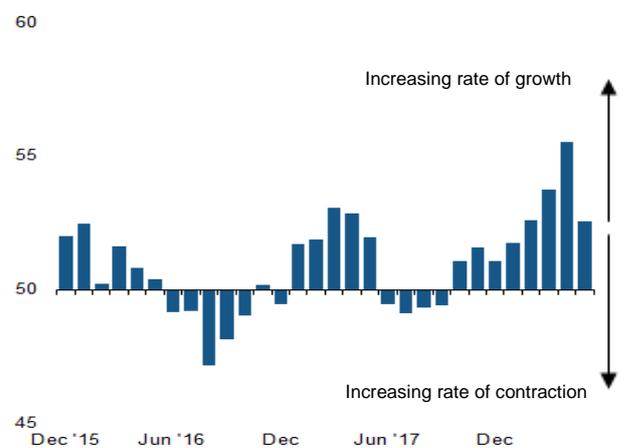
At 52.6 in May, the headline Nikkei Myanmar Manufacturing *Purchasing Managers Index*™ (PMI™) – a composite single figure indicator of manufacturing performance – was down from April's series-record high of 55.5. Despite the overall growth performance easing to a three-month low, it was still solid overall and well above the average for 2017 as a whole.

Output levels across the manufacturing sector continued to rise strongly, despite the rate of expansion easing to a three-month low. Panellists noted that greater client demand from across Myanmar's regions drove production growth.

Similarly, new orders received by goods producers increased at a strong, but slower pace in May. Although the rate of growth dipped to the weakest since the start of the year, survey respondents linked the rise to greater client demand.

On the price front, greater demand for inputs and a scarcity of raw materials were reportedly behind a marked rise in cost burdens. Some survey respondents also suggested that the recent end to a ban on bean and pulse exports to India had pushed costs up. Moreover, the rate of input price

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Sources: Nikkei, IHS Markit

inflation was the fastest since January.

Output charges also increased at a pace that was faster than the series trend in May. The rate of inflation quickened to a four-month high, and was largely attributed to the pass-through of higher raw material prices to clients.

Amid further reports of a scarcity of raw materials, vendor performance across the manufacturing sector continued to deteriorate. Supplier delivery times lengthened to the joint-greatest extent since August 2016, despite delays being only marginal overall.

A slight dip in new order growth impacted purchasing activity in May. Input buying continued to rise, but at the weakest rate since January 2017. Meanwhile, pre-production inventories continued to decline.

In line with a slightly slower output expansion, employment growth softened to a fractional pace. The rate of job creation was the slowest since November 2017. Weaker pressure on production capacity was also reflected in a marked contraction in backlogs.

Business confidence remained muted in May, despite the degree of optimism increasing slightly.

More favourable demand conditions and new product development reportedly buoyed expectations, but sentiment was weak in the context of the series history.

**Comment:**

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

*“Following April’s series-record high, the latest PMI figure signalled the weakest manufacturing expansion for three months. The overall growth performance was hampered by slower upturns in output and new orders. This filtered through to a further marked contraction in backlogs and only a marginal rise in employment.*

*“In line with greater demand for inputs and ongoing scarcity of resources, input prices rose markedly and at the fastest rate since the start of the year.*

*“Despite solid growth across the sector, business confidence remained muted. Although the degree of optimism ticked up slightly, it was only just above the 50.0 ‘no-change’ mark and weak overall.”*

-Ends-

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**Notes to Editors:**

The Nikkei Myanmar Manufacturing *PMI*<sup>™</sup> 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*<sup>™</sup> 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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