

# Nikkei Myanmar Manufacturing PMI™

## April PMI rises to series high

### Key points:

- PMI signals strong manufacturing expansion
- Rates of output and new order growth accelerates to fastest in series history
- Inflationary pressures soften

Data collected April 9-27

April survey data indicated a strong improvement in operating conditions across Myanmar's manufacturing sector. The overall expansion was supported by faster growth rates for output and new orders, with both reaching series highs. That said, employment growth softened to a three-month low and backlogs continued to fall markedly. On a positive note, inflationary pressures eased with input price increases the slowest since July 2016. Business optimism however decreased to a muted level and a six-month low.

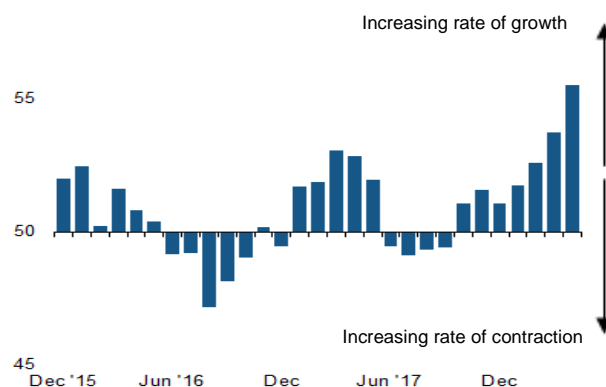
At 55.5 in April, the headline Nikkei Myanmar Manufacturing *Purchasing Managers Index*™ (PMI™) – a composite single figure indicator of manufacturing performance – was up from 53.7 in March, and indicated the fastest improvement in business conditions across the Myanmar goods-producing sector since the series began in December 2015. Furthermore, the expansion signalled a strong start to the second quarter of 2018.

Output growth at manufacturing firms expanded at a sharp and faster pace in April. The upturn accelerated for the fourth successive month and was the quickest since the series began in December 2015. Panellists linked the rise in production to greater client demand and larger new order volumes.

Similarly, the rate of increase in new business received was the fastest in the series history. The marked rise was largely attributed to greater client demand across a range of regions and sectors.

### Nikkei Myanmar Manufacturing PMI

50 = no change on previous month; S.Adj  
60



Sources: Nikkei, IHS Markit

In contrast, employment growth softened to a three-month low. Although it was above the long-run series average, the rate of job creation was only marginal overall. Where increases in workforce numbers were reported, panellists linked this to sustained new order growth.

Meanwhile, backlogs continued to decline, with the pace of decrease accelerating. That said, April data signalled the second-weakest fall in outstanding business since December 2016.

Average cost burdens faced by manufacturing firms rose further in April, but at the weakest rate since July 2016. The pace of cost inflation was still strong overall and stemmed from higher raw material prices and input shortages.

Output charge inflation also eased in April, with the rate of increase softening to a seven-month low. Factory gate price rises were marginal overall as some firms absorbed raw material cost rises from suppliers.

Purchasing activity rose at the quickest pace since the series began in December 2015. Greater efforts to obtain safety stocks were reflected in a softer overall fall in pre-production inventories, the

weakest decline in the current 23-month sequence of contraction.

Finally, expectations towards output over the coming 12 months dipped to a six-month low in April. Moreover, the degree of confidence was muted in the context of the series history. Where optimism was reported however, firms linked this to planned investment in business expansion.

**Comment:**

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

*“April survey data signalled a strong expansion across Myanmar’s manufacturing sector, with the PMI rising to the highest since the series began in December 2015. Output and new orders also increased at accelerated paces and reached series peaks.*

*“Meanwhile, firms registered weaker rates of inflation in April. Both input price and output charge increases were slower than the previous survey period, with input cost inflation softening to a 21-month low.*

*“Despite strong output growth and greater client demand, business confidence across the manufacturing sector was muted overall and dipped to a six-month low.”*

-Ends-

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## For further information, please contact:

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

Sian Jones, Economist

Telephone 44-1491-461-017

Email [sian.jones@ihsmarkit.com](mailto:sian.jones@ihsmarkit.com)

Jerrine Chia, Marketing and Communications

Telephone +65 6922-4239

E-mail [jerrine.chia@ihsmarkit.com](mailto:jerrine.chia@ihsmarkit.com)

Bernard Aw, Economist

Telephone +65 6922 4226

Email [bernard.aw@ihsmarkit.com](mailto:bernard.aw@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 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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