

# Nikkei Myanmar Manufacturing PMI™

## August PMI signals continued contraction in manufacturing

### Key points:

- Output contracts at a moderate pace
- Input prices rise at fastest pace in five months
- Business confidence reaches a series low

Data collected August 11-22

August survey data signalled a third consecutive month of deterioration in operating conditions in Myanmar’s manufacturing sector. That said, the pace of decline remained slight. Overall performance reflected decreased output levels and a fractional fall in new orders. In response to this, firms reported the lowest level of optimism in the short series history. Meanwhile, input prices rose at the fastest pace since March as supplier shortages and transportation issues became apparent.

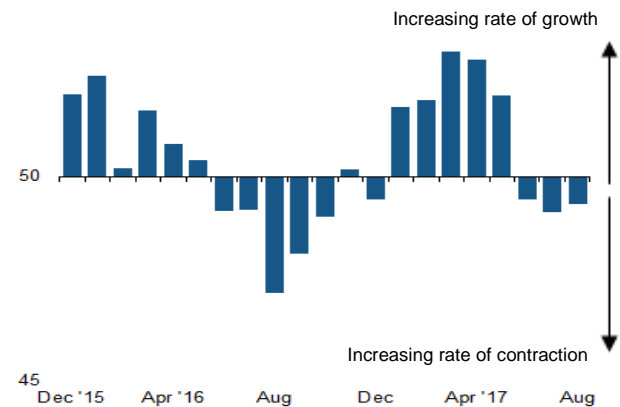
At 49.3, the headline **Nikkei Myanmar Manufacturing Purchasing Managers Index™ (PMI™)** - a composite single figure indicator of manufacturing performance - was little-changed from July’s reading of 49.1. August data was broadly in line with the previous survey period and indicated a continued modest deterioration in operating conditions among manufacturers in Myanmar.

The latest survey data signalled a third straight month of decline in production. The pace of the downturn in output accelerated slightly since July but was only moderate. Panellists suggested that lower demand stemmed from increased competition and reported cases of the H1N1 virus.

Similarly, new orders received by firms in Myanmar’s manufacturing sector decreased for the third month running in August. Anecdotal evidence stated that new business fell due to lower demand from both domestic and foreign clients. That said, the pace of the contraction was only fractional.

### Nikkei Myanmar Manufacturing PMI

50 = no change on previous month; S.Adj



Sources: Nikkei, IHS Markit

Conversely, employment levels expanded at a fractional rate in August. This followed a moderate contraction in staffing numbers in July. Job creation was reported despite backlogs contracting for the fifteenth month running in August. Although the rate of decline was weaker than that seen in July, it was steep and faster than the series average.

Input prices paid by goods producers in Myanmar increased steeply in August. The pace of input cost inflation accelerated and reached a five-month high. Panellists attributed the rise in cost burdens to higher raw material prices which stemmed from exchange rate fluctuations and a scarcity of resources. In line with this, supplier delivery times deteriorated for the first time since May. A number of respondents noted that lead times lengthened due to transportation issues and supplier shortages.

Similarly, buying activity among manufacturing firms in Myanmar fell sharply. Panellists stated that purchasing decreased due to expensive and scarce raw materials. Therefore, stocks were used to fulfill orders.

Average prices charged by firms in Myanmar’s manufacturing sector rose at a modest pace in August. Anecdotal evidence linked the increase in

charges to higher raw material prices and larger cost burdens.

Business confidence among goods producers in Myanmar was the weakest in the short series history. The degree of optimism fell sharply from July's three-month high and signalled muted output expectations.

**Comment:**

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

*“August survey data signalled a third straight month of worsening operating conditions in Myanmar’s manufacturing sector. Driven by decreased production levels and a fall in new business, the latest PMI figure remained below the 50.0 neutral mark.*

*“Higher raw material prices were commonly cited as the reason for reduced buying activity and a sharp rise in input prices. Vendor performance also deteriorated as transportation problems and scarcity of resources began to impact the manufacturing sector.*

*“Firms were not widely optimistic regarding future output activity as business confidence dipped to the lowest in the short series history. That said, despite backlogs contracting further, employment levels increased fractionally.”*

-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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