News Release

MARKET SENSITIVE INFORMATION
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S&P Global ASEAN Manufacturing PMI™

Further loss in growth momentum across the ASEAN manufacturing sector

Key findings:

ASEAN PMI slips from May…

… although, output and new orders rise at a quicker rate

Renewed decline in staffing levels

Data were collected 13-24 June

The ASEAN manufacturing sector recorded an improvement in operating conditions during June, according to the latest PMI data. Growth in output and new orders quickened compared to the previous survey period. However, manufacturing firms also reported renewed contractions in buying activity and employment.

The headline PMI registered 52.0 in June, down slightly from 52.3 in May, to signal a solid overall improvement in the health of the ASEAN manufacturing sector. That said, growth eased for the second month running, to the second-softest in the current nine-month sequence of expansion.

Six of the seven ASEAN nations signalled growth during June, with Singapore leading the rankings table for the seventh month running. Moreover, the rate of improvement (59.3) was marked and accelerated to a new series high.

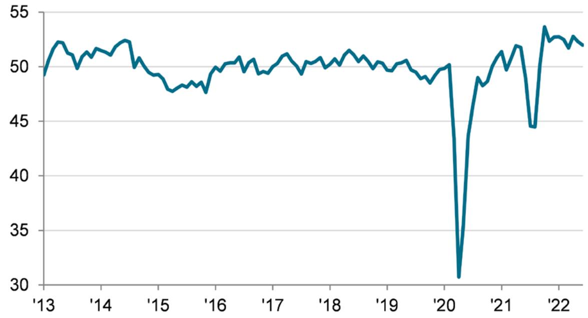
Operating conditions also improved in Vietnam's manufacturing sector, albeit at a softer pace. At 54.0 in June, the headline PMI for Vietnam was quicker than its long-run series average. Similar was the case for the Philippines. Despite a fractional loss in growth momentum, the latest uptick (53.8) measured the third-fastest since November 2018 and indicated five successive months of growth.

Elsewhere, mild expansions were seen at manufacturing firms in Thailand (50.7), Malaysia (50.4) and Indonesia (50.2). While the pace of increase accelerated at the Malaysian manufacturing sector, Thai and Indonesian manufactures reported the slowest rates of growth for six and ten months, respectively.

Finally, Myanmar noted its second successive deterioration in operating conditions during June.

S&P Global ASEAN Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global.

The headline PMI figure slipped to 48.2 to signal a quicker decline compared to that in May.

The ASEAN manufacturing registered a modest expansion in output during the latest survey period. Anecdotal evidence suggested that stronger demand conditions underpinned production growth. Factory orders also expanded at a quicker rate. However, after a modest increase in the previous survey period, ASEAN manufacturing firms noted a drop in new business from abroad.

Rising business requirements also led to an increase in input inventories. As a result, buying activity has now risen in each month since October 2021. However, the rate of increase eased to the weakest in the current nine-month sequence of growth.

On the other hand, renewed declines in pre-production inventories and employment levels weighed on the headline figure. Some respondents reasoned that rising costs resulted in a depletion of stocks of purchases and also led to staff lay-offs. Nevertheless, the downturn was only marginal.

At the same time, vendor performance continued to deteriorate during June, with lead times now lengthening for 29 months in a row. That said, while supply chains remained stretched, the extent at which lead times lengthened eased from May.

Turning to prices, average cost burdens rose at the end of the quarter, with inflation now seen in each

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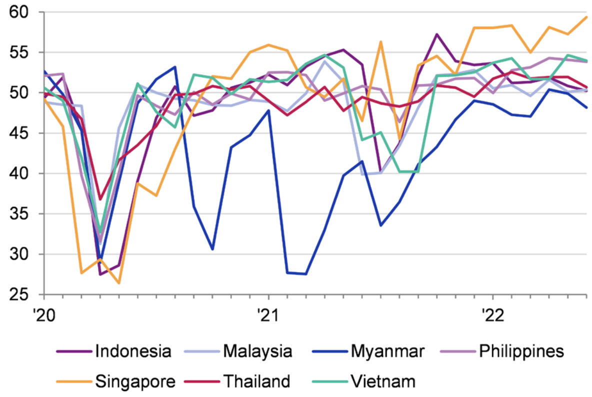
month since April 2020. Additionally, the rate of input price inflation quickened on the month to the third-highest on record with firms blaming surging raw material and energy prices.

In line with rising input costs, factory gate charges also rose, thereby extending the current bout of inflation to 20 months. While the rate of increase eased from May, it remained sharp and amongst the quickest on record.

Lastly, confidence at manufacturing firms across the ASEAN region remained strongly positive. Firms were hopeful that production levels would rise in the coming 12 months. Moreover, the degree of optimism improved from May.

Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global.

Commenting on the ASEAN Manufacturing PMI data, Maryam Baluch, Economist at S&P Global Market Intelligence said:

"The latest PMI data signalled a further loss in growth momentum across the ASEAN manufacturing sector. Firms, despite increasing production levels and receiving higher volumes of new orders, cut back on headcounts, holdings of raw materials and semi-finished items in June.

"Growth slowed in four of the seven monitored nations in June while Myanmar recorded a decline. Surging inflation, raw material shortages and energy price hikes, impacted each region in one way or another.

"Nevertheless, sentiment was positive across the ASEAN manufacturing sector with panellists hopeful that output would expand in the coming 12 months."

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Contact

S&P Global Market Intelligence
Maryam Baluch
Economist
Telephone +44-13-4432-7213
Email: maryam.baluch@spglobal.com

S&P Global
Joanna Vickers
Corporate Communications
Telephone +44-207-260-2234
Email joanna.vickers@spglobal.com

Methodology

The S&P Global ASEAN Manufacturing PMI™ is compiled by S&P Global from responses to monthly questionnaires sent to purchasing managers in panels of manufacturers in Indonesia, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam, totalling around 2,100 manufacturers. These countries account for 98% of ASEAN manufacturing value added*. The panels are stratified by detailed sector and company workforce size, based on contributions to GDP.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable at the national level. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted. ASEAN indices are calculated by weighting together the national indices. Country weights are calculated from annual manufacturing value added*.

The headline figure is the Purchasing Managers' Index™ (PMI®). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

*Source: World Bank World Development Indicators.

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About PMI

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 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 https://ihsmarkit.com/products/pmi.html .

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