News Release

MARKET SENSITIVE INFORMATION
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S&P Global ASEAN Manufacturing PMI®

ASEAN manufacturing sector slips back into contraction territory during December

Key findings:

ASEAN manufacturing PMI slips to 49.7

New orders decline at quickest rate in 28 months

Output growth loses momentum

Data were collected 06-18 December

The ASEAN manufacturing sector ended the year on a weak note, according to PMI data. Notably, the headline index slipped into contraction territory for the third time in four months in December. Central to the deterioration in operating conditions was a quicker fall in new orders. Inflows of new work fell for the fourth month running in December, which in turn weighed on production growth.

However, a bright spot for the sector was the revival of hiring activity. Workforce numbers rose for the first time in four months, albeit only slightly.

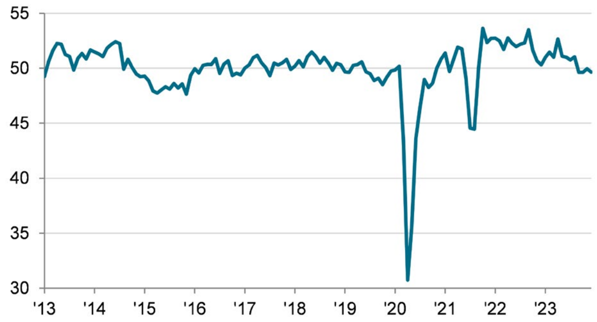
The headline S&P Global ASEAN Manufacturing *Purchasing Managers' Index (PMI®)* fell from 50.0 in November to 49.7 in December, indicating a deterioration in the health of the ASEAN manufacturing sector for the third time in the past four months. That said, the rate of decline was only marginal.

Underlying data indicated that four of the seven monitored ASEAN nations noted weaker manufacturing conditions. Myanmar placed at the bottom of the rankings table in December, and registered the most pronounced downturn by a notable margin. The respective headline index slipped to a one-year low of 42.9 in December.

Conditions also worsened across Thailand's manufacturing sector, with declines noted in each of the past five months. At 45.1, the headline index signalled a sharp rate of deterioration that was the quickest in three-and-a-half years.

Malaysia also reported a decline in the health of its goods producing sector in December. The respective PMI reading of 47.9, unchanged from November, stretched the current downturn to 16 months. Meanwhile, in Vietnam, the downturn moderated, with the PMI ticking up to 48.9 in December.

S&P Global ASEAN Manufacturing PMI
sa, >50 = improvement since previous month



Source: S&P Global PMI.

Of the countries that recorded an improvement in operating conditions, the Philippines saw the slowest rate of growth. The respective PMI slipped to a three-month low of 51.5 and pointed to a modest rate of improvement overall.

The remaining two countries, Singapore (52.0), and Indonesia (52.2), saw similar rates of expansion across their manufacturing sectors. Moreover, the rates of growth were the strongest in six and three months, respectively.

Weighing on the headline ASEAN Manufacturing PMI was a further deterioration in overall client demand in December. New business across the region has now declined in each of the past four months. Though modest, the pace of contraction was the fastest since August 2021. Demand conditions were weak across overseas markets as well, with new export business also falling again in December. Consequently, growth of factory output weakened, with the latest upturn the slowest in the current 27-month period of expansion.

Despite the fallback in demand, firms increased their buying activity for the second month running, albeit only slightly. The rise in purchasing meant stocks of pre-production inputs were broadly unchanged during December, thereby ending a three-month period of depletion.

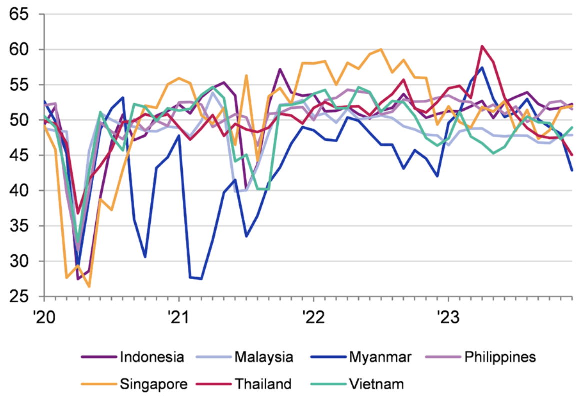
At the same time, manufacturing employment returned to growth, with firms raising their staff numbers for the first time in four months. While the rate of job creation was slight overall, it was the most pronounced in 14 months.

There were also signs of spare capacity across the sector, as backlogs of work were depleted for the sixth successive month. The rate of contraction was marginal overall, however, and the weakest in the aforementioned sequence.

In terms of prices, both input costs and output charges rose in December. However, while the rate of input price inflation quickened to an eight-month high, charges increased at a modest rate that was unchanged from November. In both cases, rates of inflation remained historically subdued, however.

Looking ahead, business confidence regarding the 12-month outlook for output weakened amongst ASEAN manufacturers in December. Furthermore, the respective index posted below the series average for the fourteenth consecutive month.

Manufacturing PMI
sa, >50 = improvement since previous month



Source: S&P Global PMI.

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

"The ASEAN manufacturing sector has weakened in recent months, with the headline PMI slipping back into contraction territory in December. The main driver of the deterioration was the deepening downturn in new orders, indicating softer overall demand conditions. The rate of contraction in new work was modest but nevertheless the most pronounced in nearly two-and-a-half years. The sustained fall in new business led to slower growth in output, with production rising only fractionally and at the weakest pace in 27 months. However, in some positive news, firms looked to increase their staff numbers and buying activity, though only slightly in each case.

"While the recent downturn across ASEAN's manufacturing sector is only mild overall, growing signs of demand weakness could result in fresh cuts to production as we move into 2024. Manufacturers across the region will be hoping for expansions in new orders to help support growth over the coming year."

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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@spglobal.com.

*Source: World Bank World Development Indicators.

S&P Global (NYSE: SPGI)

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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 www.spglobal.com/marketintelligence/en/mi/products/pmi .

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