

MARKET SENSITIVE INFORMATION

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## S&P Global ASEAN Manufacturing PMI®

### ASEAN manufacturing sector signals challenging demand environment amidst strongest decline in new orders since 2021

#### Key findings:

Downturn in new orders most pronounced since August 2021

Cost pressures weakest in five years

Confidence improves slightly but remains close to April's 57-month low

Data were collected 12-23 May

After experiencing 15 consecutive months of improvements, ASEAN goods-producing companies reported a new downturn in manufacturing performance in April, with the latest figures indicating this decline has persisted into May. Key indicators — including output, new orders, employment, and inventories of raw materials — have all seen a fall. Vendor performance also deteriorated. Delivery times for inputs lengthened after remaining relatively stable the previous month.

On a slightly more positive note, cost pressures have eased, with companies also raising charges only marginally. However, this adjustment partly reflects a broader trend of declining demand within the market.

The S&P Global ASEAN Manufacturing Purchasing Managers' Index™ (PMI®) revealed a second consecutive month of deterioration in operating conditions across the ASEAN region in May. The latest downturn was less pronounced and slight overall, however, as the index rose to 49.2 from 48.7 in April.

The slight uptick in the headline index was supported by a softer and marginal rate of output contraction. As a result, firms aligned their employment figures, purchasing activity, and stocks of inputs accordingly, with downturns in all areas showing less severity than those recorded in April.

That said, new orders received at ASEAN manufacturing sector fell at a quicker rate. New orders from international markets also fell, signalling an overall challenging demand environment. The rates of contraction, though modest, were the most marked in August 2021 and five months respectively.

#### S&P Global ASEAN Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

A subdued demand environment meant that companies across the ASEAN regions saw cost burdens further abate. In fact, the rate of input price inflation receded to the slowest in five years. Output prices increased at a slower pace than input costs, with the rate of charge inflation fractional and the weakest since the current sequence of output charge inflation began in November 2020.

ASEAN manufacturers displayed a slightly more optimistic outlook regarding their output prospects for the year ahead, despite the subdued performance of the sector. However, the level of confidence remains historically weak, ranking second-lowest since July 2020.

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

*“The ASEAN manufacturing sector continues to encounter challenges as it reaches the midpoint of the second quarter, with operating conditions showing further worsening. While the latest downturn has been milder — partly due to softer contractions in output, employment, and purchasing activity — the decline in new orders has intensified, marking the steepest drop since August 2021. This notable decrease, along with a general sense of subdued optimism among industry panellists, suggests that the sector may face ongoing difficulties in achieving growth in the coming year.”*

PMI®

by S&P Global

# News Release

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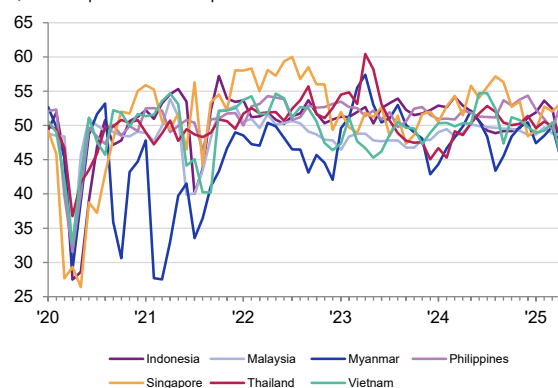
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## Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

## Methodology

The S&P Global ASEAN Manufacturing PMI<sup>®</sup> 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<sup>™</sup> (PMI<sup>®</sup>). 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](mailto:economics@spglobal.com).

\*Source: World Bank World Development Indicators.

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## About PMI

Purchasing Managers' Index<sup>™</sup> (PMI<sup>®</sup>) 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](http://www.spglobal.com/marketintelligence/en/mi/products/pmi).

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