

News Release

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S&P Global Myanmar Manufacturing PMI™

Manufacturing contraction eases amid softer declines in output and new orders

Key findings

Pace of contraction eases for both output and factory orders

Price pressures ease considerably after peaking in September

Backlogs rise at unprecedented rate

Manufacturing conditions across Myanmar continued to deteriorate during the latest survey period, according to the latest PMI™ data from S&P Global. Both output and factory orders contracted strongly, albeit at weaker rates than in September. Moreover, the rates for both input cost and input price inflation eased markedly from September's records, indicating only mild inflationary pressures with the manufacturing sector at the start of the final quarter.

Nonetheless, material shortages and power outages continued to hamper production, as well as financial constraints of the customer resulted in a weak sales environment.

The headline S&P Global Myanmar Manufacturing PMI™ – a composite single-figure indicator of manufacturing performance – increased from 43.1 in September to 45.7 during October, signalling a sixth consecutive month of worsening conditions across the manufacturing sector. That said, while the sector remained well within contraction territory, it registered a softer rate of decline during October.

Output levels across goods producers fell at the slowest pace in three months. Similarly, the downturn in order book volumes also softened during October. Elsewhere, the rate of job shedding quickened on the month to the fastest in the current four-month series of decreases amid falling business requirements.

In other areas of the sector, goods producers registered a rapid, albeit slightly softer, decline in purchasing activity. Companies remained reluctant to increase buying levels, mostly as there was weak demand for manufactured items, and with firms opting for immediate deliveries.

Moreover, companies continued to cut inventories of both inputs and finished goods.

Latest data did reveal some lifting of pressure on supply chains. During October, average lead times increased to the

S&P Global Myanmar Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global.

Data were collected 12-21 October 2022.

Comment

Commenting on the latest survey results, Maryam Baluch, Economist at S&P Global Market Intelligence, said:

"According to the latest PMI data, Myanmar's manufacturing sector reported a sixth consecutive decline during October amid a weak demand environment and ongoing supply-side constraints.

"That said, the rate of contraction eased on the month. October registered softer rates of contraction across both output and new orders. Moreover, input cost and output price inflation rates also registered a substantial slowing. Supply-chain pressures also eased, with lead times lengthening the least in eight months.

"Nonetheless, the sector continued to report a strong overall decline. Additionally, future growth remains uncertain. Pressures from the movement of the kyat against the dollar, high energy prices, supply-chain pressures and political uncertainty will continue to weigh on the sector."

PMI™

by S&P Global

smallest degree for eighth months. While still sharp, this was a noticeable improvement from September, when delivery times lengthened by the most on record.

Nevertheless, ongoing shortages and delays meant that backlogs continued to rise at unprecedented rates during the latest survey period. The respective seasonally adjusted index increased for a third straight month, hitting a fresh survey high in October.

A bright spot for the sector was a considerable easing of inflationary pressures. Following the record highs noted in the last survey period, both input price and output charge inflation softened to much more modest rates. The seasonally adjusted Input Price Index plummeted to the lowest since November 2020. At the same time, charges levied by manufacturing firms also increased at the softest pace in 20 months.

Lastly, companies reported a slight improvement in business confidence during October. The respective seasonally adjusted index strengthened on the month, registering the most positive sentiment since May. That said, the degree of confidence was still only mild and posted below the long-run historical average.

PMI Employment Index

sa, >50 = growth since previous month



Source: S&P Global.

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Survey methodology

The S&P Global Myanmar Manufacturing PMI™ is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in December 2015.

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. 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.

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.

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