News Release

MARKET SENSITIVE INFORMATION
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S&P Global ASEAN Manufacturing PMI™

Manufacturing conditions improve mildly in June

Key findings:

Weaker growth in output

Manufacturing employment falls

Inflationary pressures ease

Data were collected 12-26 June

The latest ASEAN PMI data revealed a modest improvement in manufacturing conditions across the region in June. Both production and new orders expanded in June. However, trends diverged as growth in manufacturing production softened to a six-month low, while factory orders expanded at a slightly quicker rate. At the same time, average lead times for inputs shortened again at the end of the second quarter, while inflationary pressures eased further.

However, despite the sustained upturns in output and sales across the sector, manufacturing firms failed to raise employment for the fourth straight month.

The headline S&P Global ASEAN Manufacturing *Purchasing Managers' Index (PMI™)* posted 51.0 in June, down from 51.1 in May. The headline figure has now fallen for two consecutive months, with the latest reading signalling the least marked improvement in operating conditions since March.

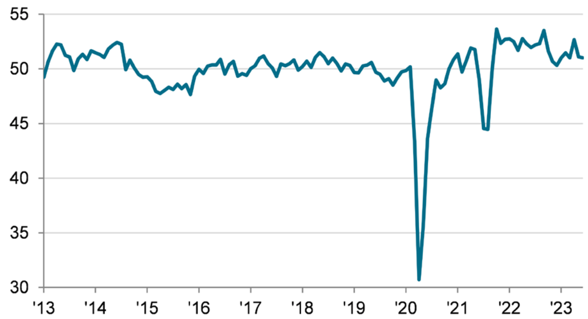
Data broken down by country indicated that five of the seven ASEAN constituents monitored by the survey reported stronger business conditions in June. Leading the upturn was Thailand. Though solid (PMI at 53.2), the rate of growth slipped further from April's record-high, signalling a much softer expansion during June.

Clustered together, growth across Singapore (52.7) and Indonesia (52.5) was modest overall. That said, the rates of expansion accelerated across both nations, pointing to the strongest upticks in seven and two months respectively. Moreover, they were the only two countries to record stronger growth in June.

As has been the case since February 2022, Filipino manufacturers registered an improvement in the health of its manufacturing sector. That said, the

S&P Global ASEAN Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

seasonally adjusted headline figure (50.9) was the second-lowest observed in the aforementioned sequence, signalling only a modest improvement overall.

Manufacturing firms across Myanmar also reported a slight improvement in operating conditions. Though much weaker than the survey-high recorded in April, a reading of above 50.0 was still a positive development for this sector which has been in decline for most of the last three years.

The headline numbers from Malaysia and Vietnam continued to signal deteriorating business conditions, with contractions recorded for the tenth and fourth month running respectively. While Malaysian manufactures signalled the quickest deterioration since January (47.7), manufacturing firms across Vietnam indicated a shallower downturn (46.2) than compared to the sharp reduction reported in the preceding survey period.

Central to the improvement in overall ASEAN manufacturing conditions were further expansions in both new orders and output. While the former registered a quicker rate of increase, production volumes grew at the weakest pace since December 2022.

In line with the softer uptick in output, manufacturing firms raised their buying activity at the slowest rate in five months. In terms of inventories, firms continued to build their stocks of raw materials and semi-finished goods for the third straight month. However, post-production inventories were depleted for the second consecutive month, albeit only fractionally.

Elsewhere, supply chains continued to show signs of improvement, as average lead times for inputs shortened for the fourth straight month in June. Though modest overall, the rate at which delivery times improved was the most pronounced in three-and-a-half years.

Additionally, the improved supply situation helped to ease price pressures during June. Cost burdens expanded at the slowest rate since October 2020. Consequently, manufacturing companies raised their charges to the weakest extent since the current run of output price inflation began in November 2020.

The sustained, albeit softer growth across the sector helped to revive confidence across ASEAN manufacturing firms in June. The level of optimism strengthened from May's 34-month low. That said, the latest index reading remained below the average recorded over the series history.

Lastly, despite the sector's overall positive performance, ASEAN manufacturing firms failed to raise employment for the fourth consecutive month. The rate of job shedding remained marginal, however, and was similar to those recorded in the three prior months.

Manufacturing PMI

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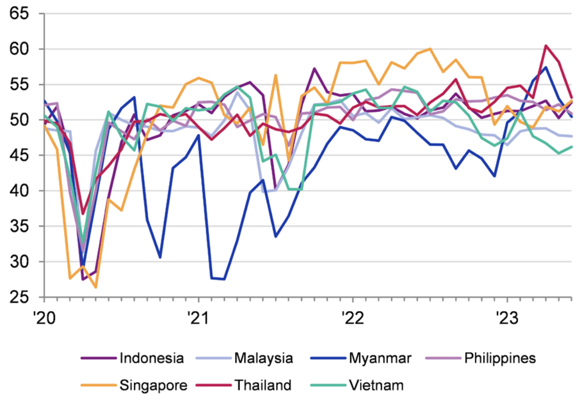

Source: S&P Global PMI.

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

"The ASEAN manufacturing sector saw a further improvement in business conditions in June, though the rate of growth was notably softer than that seen at the start of the quarter.

"Sustained increases in new orders and output encouraged firms to raise their buying activity. Moreover, with supply chains improving, there were further signs of easing inflationary pressure.

"That said, latest data signalled a further fall in manufacturing employment, marking the fourth straight month of contraction. However, a further expansion in backlogs hints that growing capacity pressures may encourage firms to increase payroll numbers in the coming months.

"Looking ahead, the region continues to fair well despite the post-COVID boom subsiding. That said, lingering global economic uncertainty and policy rate hikes worldwide map a challenging road ahead."

-Ends-

PMI™ by S&P Global

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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@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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