

MARKET SENSITIVE INFORMATION

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S&P Global ASEAN Manufacturing PMI™

Growth across the ASEAN manufacturing sector slows again

Key findings:

Upturn in output softest in eight months, amid first contraction in factory orders since September 2021

Employment declines for first time since June

Price pressures continue to ease

Data were collected 11-24 November

Growth across the ASEAN manufacturing sector slowed again during November, with the latest PMI data signalling only a mild improvement in operating conditions. The slowdown reflected softer growth in output, while factory orders declined for the first time in 14 months. At the same time, firms registered a weaker rise in purchasing activity, and staffing levels fell for the first time since June.

Turning to prices, the weaker demand environment helped lessen price pressures. While still elevated in the context of historical data, rates of input cost and output charge inflation eased to 22- and ten-month lows, respectively.

The headline PMI registered 50.7 in November, down from 51.6 in October. While the latest reading remained above the crucial 50.0 no-change mark, to indicate a tenth monthly improvement in the health of the ASEAN manufacturing sector, the rate of growth was the slowest seen over this period and only marginal.

Four of the ASEAN nations covered by the survey reported an improvement in operating conditions in November, compared to three that registered a deterioration. Singapore remained the top performer, with a headline PMI reading of 56.0 (unchanged from October). Though marked, the rate of expansion remained softer than those seen earlier in the year. Conditions also improved across the Filipino manufacturing sector, with the latest PMI figure (52.7) pointing to a strong upturn that was fractionally quicker than that seen in October.

Thailand (51.1) and Indonesia (50.3) were the only two other nations to report growth across their manufacturing sector. That said, both nations reported a loss of momentum for the second month running, and registered the lowest headline index readings since June.

S&P Global ASEAN Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global.

For the third month running, manufacturing conditions across Malaysia deteriorated in November. Moreover, the headline index hit a 15-month low (47.9). Vietnam also recorded a decline in the health of its manufacturing sector. At 47.4, the respective PMI index slipped below the neutral 50.0 level for the first time since September 2021, and pointed to a solid rate of deterioration.

Myanmar's manufacturing sector posted the weakest performance overall. Notably, operating conditions deteriorated at the second-sharpest rate since the current run of contraction began in May (PMI at 44.6).

The lower ASEAN manufacturing PMI reading was partly driven by weaker demand conditions in November, which resulted in renewed falls in factory orders and employment. A further reduction in inventories of inputs also weighed on the PMI figure.

At the same time, while output remained in expansion territory, the pace of growth eased for the second consecutive month. Furthermore, the latest upturn was the weakest seen since March.

In line with the trend seen for production, buying activity rose at a slower pace. The latest upturn in purchasing was the weakest in the current 14-month sequence of expansion and only mild overall.

Levels of unfinished work across ASEAN manufacturing firms fell for the fourth time in five months, with the latest reduction the quickest seen since September 2020 and solid overall.

PMI™

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News Release

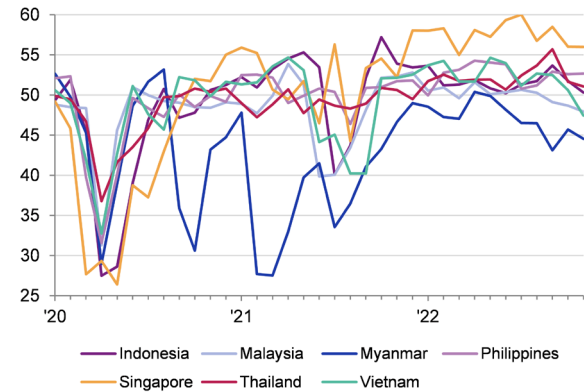
Vendor performance worsened again during the latest survey period, with average lead times for inputs now lengthening continuously since February 2020. That said, the rate at which delivery times worsened eased since October, with the incidence of delays the smallest since September 2020.

Turning to prices, cost pressures across the ASEAN manufacturing sector remained elevated in November as a result of high material and energy prices. However, the rate of input cost inflation eased midway through the final quarter. Notably, average cost burdens rose at the weakest rate in 22 months, while charges levied by ASEAN manufacturing firms rose at the softest pace since January.

Business expectations regarding the 12-month outlook for output weakened from October's multi-year high to the lowest since February, with the index posting below its long-run average.

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 ASEAN manufacturing sector reported a slowdown in growth for the second consecutive month during November. The latest upturn was only marginal amid falling factory orders as a result of reduced client activity. The muted demand environment also resulted in a second month of falling input stocks, while firms signalled a decline in workforce numbers for the first time since June.”

“While softer demand conditions across the region helped curb inflation, currency weakness and rising raw material and energy prices continued to exert upwards pressure on prices. As a result, more central banks across the region may look to tighten monetary policy, as already seen in the recent interest rate hikes across Indonesia and the Philippines.”

“The slowdown across the region raises the risk of the sector falling into decline in the coming months, as high inflation and tighter financial conditions could weigh further on demand.”

-Ends-

News Release

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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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