News Release

Embargoed until 0700 MMT (0030 UTC) 3 July 2023

S&P Global Myanmar Manufacturing PMI™

Renewed decline in manufacturing output in June

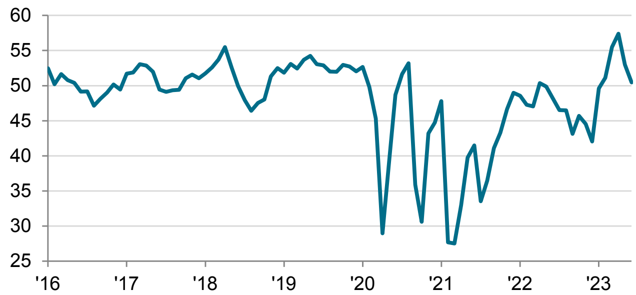
Key findings

Output contracts for first time in six months, albeit slightly

Employment falls sharply

Growth in new business supports overall conditions

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



Source: S&P Global PMI.
Data were collected 12-22 June 2023.

Manufacturing firms across Myanmar reported a marginal improvement in operating conditions during June. Crucial to the latest expansion was a sustained, albeit softer, rise in factory orders. However, the data highlighted emerging concerns, as output and employment both reported fresh contractions in June.

Moreover, supply-side weakness pertained to goods producers across Myanmar. Widely highlighted was the difficulty in sourcing and obtaining raw materials, the lack of which resulted in a further lengthening of average lead times. This increased supplier charges, feeding inflationary pressures.

The headline S&P Global Myanmar Manufacturing PMI™ – a composite single-figure indicator of manufacturing performance – fell from 53.0 in May to 50.4 in June, indicating the weakest improvement in operating conditions since the current sequence of growth began in February. That said, while the rate of growth was modest overall, it compared positively to that seen over the survey history.

The latest expansion across the sector was mainly supported by growth in new orders received at goods producers during June. Firms have now registered an increase in each month since the start of the year, with anecdotal evidence pointing to greater demand from pre-existing customers, new clients wins and the commencing of new projects. However, the upswing signalled a loss in momentum, with the respective seasonally adjusted index at a five-month low.

Nonetheless, the sustained growth in new orders meant that manufacturers further increased their buying activity. Acquisitions of raw materials and semi-finished goods rose for the sixth successive month, and at the third-strongest pace in the series history.

However, goods producers struggled to raise output during the latest survey period. Manufacturing output fell for the first time in six-months as evidence by a sub-50.0 index

Comment

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

"Amid a turbulent political and economic backdrop, Myanmar's manufacturing sector registered a further expansion in June, with growth in new orders supporting the sector. However, the latest headline PMI reading of 50.4 reflected weaknesses with firms struggling to raise output in the latest survey period, as supply-side limitations hindered production. Furthermore, June data also indicated a sharp decline in employment, with manufacturers often finding it difficult to retain staff. Many respondents reported resignations drove the fresh drop in workforce numbers. Inflationary pressures eased since May but remained strong.

"Looking ahead, the forecast looks challenging, with sentiment only modestly optimistic."

reading. As per anecdotal evidence, the latest downtick in output was a result of slower demand conditions as well as a scarcity of energy, labour, and material. That said, the pace of contraction was fractional.

Manufacturers also registered a strong contraction in payroll numbers. The drop was the first seen since February. According to respondents, the downturn widely resulted from resignations, with workers looking elsewhere for better opportunities and pay.

In addition, supplier's delivery times continued to lengthen in June. The degree to which lead times worsened remained marked overall despite easing since May. Firms noted that material shortages hampered timely deliveries of inputs.

Input price inflation across the sector remained historically elevated despite easing to a five-month low in June. Manufacturers attributed material shortages and the exchange rate for the latest intensification of price pressures.

Looking ahead, businesses were conservative in their view of output growth in 12 months' time. The degree of confidence was the weakest in four months and remained historically subdued. Optimism stemmed from hopes of increased demand and the availability of energy.

PMI Employment Index

sa, >50 = growth since previous month

Source: S&P Global PMI.

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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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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. ihsmarkit.com/products/pmi.html.