News Release

MARKET SENSITIVE INFORMATION
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S&P Global ASEAN Manufacturing PMI®

ASEAN manufacturing sector sees renewed improvement in operating conditions at start of 2024

Key findings:

ASEAN manufacturing PMI rises to 50.3, above the neutral 50.0 mark for the first time in five months

Output growth accelerates

Price pressures intensify to ten-month high

Data were collected 11-25 January

Latest PMI data revealed a renewed improvement in operating conditions across the ASEAN manufacturing sector at the start of the year. Output rose again and at the most pronounced rate since last August. A further reduction in backlogs of work supported higher production, as overall new orders fell. That said, the latest drop in sales was the weakest recorded in the current five-month sequence of decline.

In terms of prices, inflationary pressures intensified, with both input prices and output charges rising at the strongest rates in ten months.

Printing above the neutral 50.0 threshold for the first time in five months, the headline S&P Global ASEAN Manufacturing *Purchasing Managers' Index™ (PMI®)* rose from 49.7 in December to 50.3 in January. The latest reading signalled only a slight improvement in the health of the ASEAN manufacturing sector, however.

Output rose for the twenty-eighth month running in January, and at the quickest pace since last August. The upturn was supported by firms working through backlogs, which fell for the seventh successive month, as new orders declined again.

Demand weakness was particularly notable across export markets, and this led overall new orders to decline for the fifth straight month. That said, the rate of contraction was the softest seen over this period and only marginal. Turning to employment, for the second time in three months payroll numbers were left unchanged, thereby reflecting a hesitancy across firms to commit to new hires.

S&P Global ASEAN Manufacturing PMI

sa, >50 = improvement since previous month

Source: S&P Global PMI.

Looking ahead, ASEAN manufacturers continued to express strong optimism when assessing the 12-month outlook for output. The overall level of positive sentiment remained below the historical average, however, despite rising from December.

At the national level, growth was recorded across four of the seven ASEAN constituents, with Indonesia leading the upturn by a notable margin. Meanwhile, the most marked deterioration in conditions was seen in Myanmar.

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

"The start of the year brought a renewed improvement in ASEAN manufacturing sector conditions, albeit one that was only slight. However, the upturn was largely driven by stronger growth in output, as customer demand remained subdued and new orders fell again in January. The muted performance of the sector meant that staffing levels were left unchanged. Meanwhile, price pressures intensified, with rates of both input cost and selling price inflation the highest recorded in ten months.

"Going forward, manufacturers will be unable to sustain growth in output amid demand shortfalls. As a result, we could see the PMI revert below the 50.0 mark if new orders continue to fall. Furthermore, numerous global headwinds and generally sluggish demand from overseas markets could continue to weigh on the sector in future."

PMI® by S&P Global

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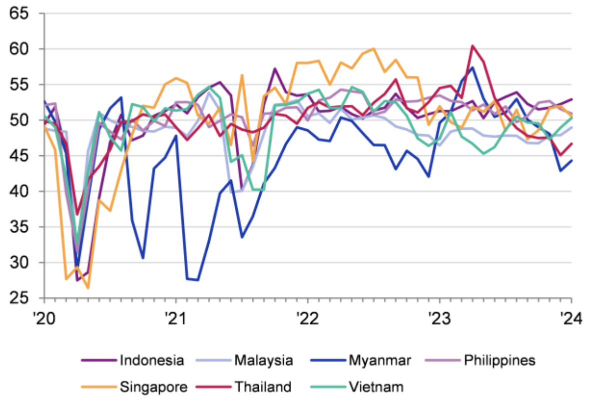
Manufacturing PMI
sa, >50 = improvement since previous month



Source: S&P Global PMI.

Methodology
The S&P Global ASEAN Manufacturing PMI® 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@spglobal.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 www.spglobal.com/marketintelligence/en/mi/products/pmi .

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