

# News Release

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## S&P Global Myanmar Manufacturing PMI™

### Myanmar's manufacturing sector stalls in May

#### Key findings

Renewed contraction in output amid weaker demand

Suppliers' delivery times lengthen at record pace

Price pressures continue to mount

With the headline PMI™ dipping fractionally below the neutral 50.0 threshold, manufacturing companies in Myanmar pointed to broadly stagnant operating conditions during May. Output and new orders both declined after mild expansions in April, leading to a sharper reduction in purchasing activity. Moreover, supply chains remained under immense pressure, with average lead times for inputs increasing at the quickest pace on record.

In terms of prices, both input costs and output charges continued to increase at historically sharp rates. Anecdotal evidence suggested that higher material and transportation costs, ongoing material shortages, and the unfavourable movement of the kyat against the dollar had all pushed up cost burdens.

The headline S&P Global Myanmar Manufacturing PMI™ – a composite single-figure indicator of manufacturing performance – posted 49.9 in May, down from 50.4 during April. Posting only fractionally below the 50.0 no-change threshold that separates growth from contraction, the seasonally adjusted headline figure indicated that Myanmar's manufacturing sector broadly stagnated in the middle of the second quarter, following a marginal improvement in conditions during April.

After a brief return to expansion in April, production across the manufacturing sector fell back into decline during May. That said, the rate of reduction was only modest. The fall coincided with a marginal decrease in overall new orders. Anecdotal evidence indicated that financial constraints at clients resulted in the drop in sales.

Amid weaker demand conditions, manufacturing firms reduced their purchasing activity at the sharpest rate for six months during the latest survey period. Moreover, pre-production inventories held at manufacturing companies across Myanmar also contracted at a steeper rate.

S&P Global Myanmar Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global.  
Data were collected 12-23 May 2022.

#### Comment

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

"Manufacturing firms in Myanmar experienced broadly stagnant business conditions in May. Notably, production fell back into decline amid a slight deterioration in overall sales and a record increase in suppliers' delivery times. While the employment index remained in expansionary territory, it lost momentum in the latest survey period and pointed to only a marginal rate of job creation.

"Supplier shortfalls, price hikes, and an unfavourable exchange rate all continued to push up costs and weighed on the already-subdued demand picture. Moreover, geopolitical uncertainties and the country's slow response to COVID-19 add further risks to the outlook.

"The latest survey also indicated a slight improvement in business confidence. However, whether the optimism will materialise into greater output will be dependent on the country's ability to tackle the ongoing challenges it faces."

PMI™

by S&P Global

Ongoing material scarcity and power cuts resulted in a further rise in outstanding business. The rate of backlog accumulation was softer than February's all-time high but remained substantial overall. In an attempt to expand capacity and speed up the production process, firms opted to recruit additional staff. However, the rate of job creation weakened from April as firms also noted difficulties in retaining employees.

Turning to prices, inflationary pressures remained elevated in May, with the rate of input price inflation quickening slightly from April. Supply shortages, unfavourable exchange rates and higher material prices were all attributed to the latest upturn in expenses. Though firms continued to raise their factory gate charges to compensate for higher input costs, the rate of output price inflation did ease to a four-month low during May.

Lastly, the degree of optimism regarding the 12-month outlook for production strengthened slightly in May but remained subdued in the context of historical data. Business confidence was relatively muted as only 4% of survey respondents anticipate greater output over the next year, compared to the remaining 96% that expect no-change.

### 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](mailto: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](https://ihsmarkit.com/products/pmi.html).