

MARKET SENSITIVE INFORMATION

Embargoed until 0730 ICT (0030 UTC) 3 October 2022

S&P Global ASEAN Manufacturing PMI™

ASEAN Manufacturing PMI hits 11-month high in September

Key findings:

Sharper increases in output and new orders

Record expansion in employment

Input cost inflation dips to seven-month low

Data were collected 12-26 September

Manufacturing conditions across the ASEAN region improved at the quickest pace for nearly a year in September, according to latest S&P Global PMI data. Companies signalled steeper increases in output, new orders, purchasing activity and employment, while business confidence remained historically strong.

The headline PMI rose from 52.3 in August to 53.5 in September, to signal an improvement in the health of the ASEAN manufacturing sector for the twelfth successive month. Furthermore, the rate of expansion was the quickest seen since October 2021 and solid overall.

Five of the seven constituent ASEAN nations recorded improvements in the health of their respective manufacturing sectors in September. As has been the case in each of the past ten months, Singapore registered the strongest improvement in operating conditions overall (PMI at 58.5), and one that was quicker than seen in August. Thailand's manufacturing PMI meanwhile hit its highest since data collection began in December 2015 (55.7), and Indonesia registered the strongest improvement in the health of its manufacturing sector for eight months (53.7).

In the Philippines, the headline PMI strengthened to a three-month high (52.9) and pointed to a solid rate of growth. In Vietnam, manufacturing conditions improved at a modest pace that was similar to that seen in August (52.5).

Myanmar and Malaysia bucked the overall trend, and recorded deteriorations in manufacturing conditions during September. In Myanmar, the headline PMI dropped to a 12-month low and was consistent with a sharp decline in the health of the goods producing sector (43.1). While the rate of contraction in Malaysia was only slight, it marked the first deterioration in conditions since March (49.1).

S&P Global ASEAN Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global.

Firms across the ASEAN manufacturing sector registered sharp and accelerated increases in production and new business at the end of the third quarter. Notably, the rates of expansion were the quickest seen since both output and sales returned to growth last October 2021.

Improved demand conditions and increased production schedules led firms to expand their payroll numbers for the third month in a row. Though modest, the rate of job creation was the quickest seen since the series began in July 2012.

Purchasing activity meanwhile expanded at an unprecedented rate in September. However, inventories of purchases increased at only a marginal pace that was similar to that seen in August. Inventories of finished goods, however, expanded at the steepest pace since the survey began over a decade ago.

Average suppliers' delivery times meanwhile continued to increase across the region. The rate at which lead times lengthened quickened on the month, but remained moderate overall and less severe than the delays seen at the start of the year.

Inflationary pressures continued to soften, according to latest survey data. Average input costs increased at the joint-slowest rate for a year (on a par with February), while prices charged inflation dipped to a seven-month low. Nevertheless, rates of growth remained sharp by historical standards.

PMI™

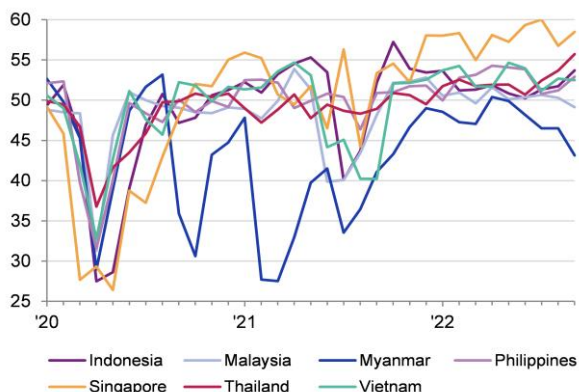
by **S&P Global**

News Release

When assessing the 12-month outlook for production, ASEAN manufacturers retained an optimistic stance in September. The overall level of positive sentiment was unchanged from that recorded in August, which marked the highest degree of confidence since November 2016.

Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global.

Commenting on the ASEAN Manufacturing PMI data, Annabel Fiddes, Economics Associate Director at S&P Global Market Intelligence said:

“Business conditions across the ASEAN manufacturing sector improved at the quickest rate for nearly a year in September, supported by sharper increases in new orders and output. This translated into unprecedented increases in employment and purchasing activity as firms’ felt bullish towards the outlook.”

“Encouragingly, inflationary pressures appeared to soften slightly at the end of September, with manufacturers’ expenses rising at the joint-slowest rate for a year and factory gate charges increasing at the softest pace since February.”

“However, signs of slower global economic growth, tightening financial conditions and strong inflation rates worldwide could weigh on prospects in the coming months. Notably, the new export orders sub-index for the ASEAN manufacturing sector remained in negative territory during September.”

-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.

S&P Global (NYSE: SPGI)

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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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