News Release

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S&P Global Myanmar Manufacturing PMI™

Contraction deepens across Myanmar's manufacturing sector

Key findings

Output falls at quicker rate in November

Job shedding enters fifth month

Price pressures reheat from October's recent low

Operating conditions across Myanmar's manufacturing firms deteriorated for the seventh successive month in November, according to the latest PMI™ data from S&P Global. The worsening across the sector was mainly the result of quicker contractions noted in three of the five PMI components, output, new orders and employment. Turning to prices, inflationary pressures reaccelerated having eased drastically in the previous survey period.

The headline S&P Global Myanmar Manufacturing PMI™ – a composite single-figure indicator of manufacturing performance – registered further below the 50.0 no-change mark that separates growth from contraction during November. At 44.6, down from 45.7 in October, the reading signalled the second-fastest decline in the health of the manufacturing sector in the current seven-month run of contraction.

A weak demand environment discouraged growth in factory orders and output. In addition, the sector continued to grapple with ongoing material scarcity and power shortages, which added further strain on production levels, and in turn resulted to the quickest accumulation of backlogs reported in the seven years of data collection.

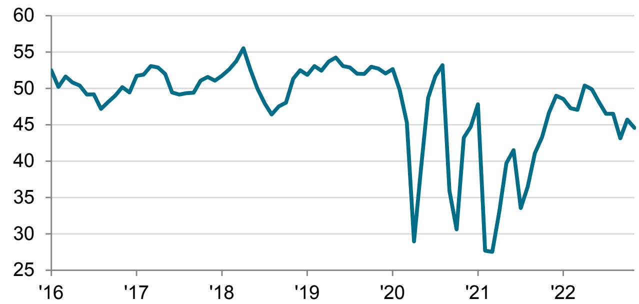
Falling business requirements meant that firms across Myanmar remained cautious, refraining to raise their inventory levels, with destocking across the sector more common. Both stocks of pre- and post-production holdings fell rapidly during the latest survey period.

Moreover, manufacturing businesses again lowered the quantity of inputs purchased, opting to fall back on inventories to complete any orders. In addition, the rate of contraction quickened slightly over the course of the month.

Also weighing on the headline index was employment. Manufacturing firms cut back workforce numbers during November as production requirements remained low. Moreover, some businesses also reported resignations

S&P Global Myanmar Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global.

Data were collected 11-22 November 2022.

Comment

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

"The latest PMI data signalled a worsening performance of Myanmar's manufacturing sector. While weak client demand restrained orders and production, the ongoing challenges of material scarcity and power outages further burdened industry, with firms struggling to meet production requirements.

"Furthermore, despite having inflationary pressures moderate drastically in October, upward price pressures stemming from high global commodity prices and currency weakness remain an ongoing squeeze on the sector.

"Amid a strained political backdrop, manufacturing firms face gloomy prospects. Struggling to economically recover since the military coup, and then later the COVID-19 outbreak, now coupled with inflation and sanctions, suggests a bleak outlook for Myanmar's manufacturing sector."

as workers moved to search for better job opportunities elsewhere. Employment across manufacturing firms has now entered its fifth month of contraction, with the latest round of job shedding the fastest since October 2021.

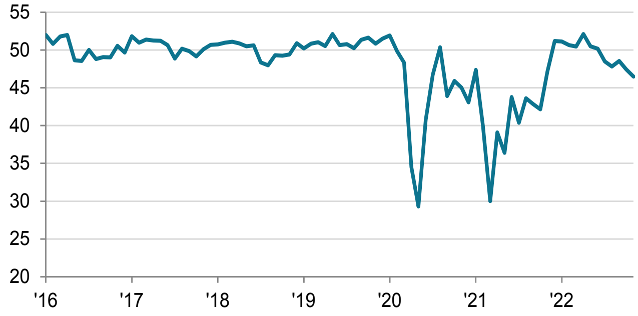
While a weak demand environment has helped bring prices pressures down considerably from the record-high noted back in September, the latest survey period indicating a quickening in the rates of both input cost and output price inflation. The costs incurred as a result of higher raw material prices translated into further increases in charges levied. Moreover, sensitivity to exchange rates continued to compound inflation as the dollar grew in strength against the kyat.

In terms of supplier performance, panellists reported a further lengthening of average lead times during November as disruption in transportation and material scarcity were blamed for the latest lengthening of lead times. That said, the incidence of delays was the lowest in 14 months.

The overall downbeat performance of the sector resulted in another month of subdued confidence across manufacturers. Material shortages, power outages and currency weakness weighed on expectations with only 3% of the panellists hopeful of expansions in output in the coming 12 months.

PMI Employment Index

sa, >50 = growth since previous month



Source: S&P Global.

Contact

Maryam Baluch
Economist
S&P Global Market Intelligence
T: +44-13-4432-7213
maryam.baluch@spglobal.com

SungHa Park
Corporate Communications
S&P Global Market Intelligence
T: +82 2 6001 3128
sungha.park@spglobal.com

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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We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

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.

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