News Release

Embargoed until 0700 MMT (0030 UTC) 2 May 2024

S&P Global Myanmar Manufacturing PMI®

Manufacturing output and new orders rise in April

Key findings

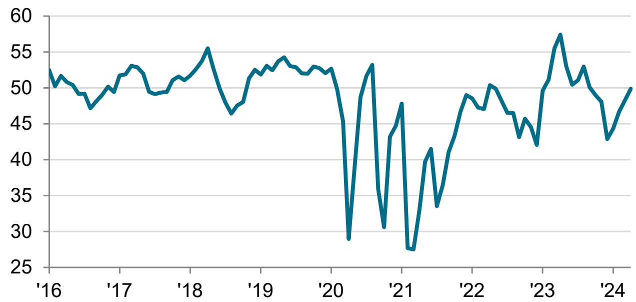
First expansions since August 2023

Inflationary pressures tick up to seven-month high

Job shedding remains sharp

S&P Global Myanmar Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.
Data were collected 04-22 April 2024.

The start of the second quarter of the year signalled a stabilisation in manufacturing conditions across Myanmar, according to the latest PMI® survey data from S&P Global. Renewed growth in factory orders and output, following seven consecutive months of contractions, indicated an improvement in underlying demand. However, manufacturers again struggled to retain staff and keep on top of their workloads.

In terms of prices, higher material and transportation prices, alongside the depreciation of the kyat against the US dollar, fed through to higher cost burdens. This in turn was reflected ina sharper rise in charges. Inflationary pressures, as a result, were the strongest recorded in seven months.

The headline S&P Global Myanmar Manufacturing PMI – a composite single-figure indicator of manufacturing performance – ticked up for a fourth month running to 49.9 in April, against 48.3 in March. The latest headline reading was the highest recorded in seven months and signalled a broad stabilisation in operating conditions.

Central to the rise in the headline figure was a revival in underlying demand as evidenced by a fresh rise in new orders. Factory orders increased for the first time in eight months and at a solid pace, which in turn triggered a renewed expansion in output, also the first since August last year.

However, manufacturers continued to trim back their purchasing activity amid panellists reporting material shortages and continued dependency on holdings from previous months. As a result, holdings of both pre- and post-production items were depleted at marked rates in April.

The downturn in employment entered its eleventh successive month in April. Moreover, the rate of job shedding was one of the strongest recorded in two-and-half years. The conscription law continued to create labour shortages, with workers resigning and many then migrating back to their hometowns.

Comment

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

"The broad stabilisation in the health of Myanmar's manufacturing sector brings encouraging news. Both output and new orders returned to growth for the first time in seven months. However, given the delicate political and economic state of the country, the revival in demand could prove short-lived. Firms were hesitant to expand their capacity and instead reduced their buying activity, and markedly depleted their holdings.

"Moreover, the ongoing fighting between the military government and insurgent militias has heavily weighed on the economy. Trades routes have been impacted, which in turn is resulting in longer delivery times for inputs. Additionally, the conscription law which was triggered because of the recent escalation in armed conflict, has led to internal mass migration and severe labour shortages. Overall, pressures on manufacturers are likely to remain intense as the country continues to grapple with the ongoing civil war."

PMI® by S&P Global

With labour shortages becoming a growing concern for Myanmar's manufacturing sector, and material shortages and power outages continuing to be reported, pressures on capacity remained intense. Backlogs rose further and at a substantial pace in April.

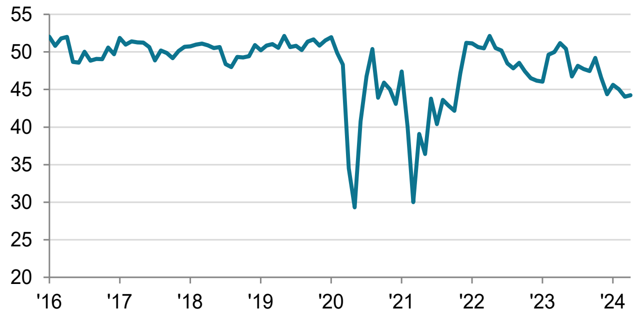
Material shortages were also said to have contributed towards longer delivery times. Moreover, the recent rise in armed conflict disrupted trading routes and resulted in additional pressures on supply chains. That said, the incidence of delays was the least pronounced since October last year, when the recent escalation in fighting started.

The impact on prices as a result of higher material and transportation costs and an unfavourable exchange rate added to inflationary pressures. Cost burdens rose at a historically elevated rate and at the strongest pace in seven months. Similarly, output prices were again raised at the start of the second quarter, as firms passed costs on to their clients. Moreover, the rate of output charge inflation was also the strongest in seven months.

Finally, optimism was recorded at manufacturers based in Myanmar during April, after the sector registered the strongest level of pessimism in the survey history only a month prior. Firms were again expectant of expansions in production in the coming 12 months. Goods producers across Myanmar were hopeful that new product launches would stir sales and were expectant of improved demand conditions. That said, optimism remained historically muted.

PMI Employment Index

sa, >50 = growth since previous month



Source: S&P Global PMI.

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@spglobal.com.