

MARKET SENSITIVE INFORMATION

Embargoed until 0730 ICT (0030 UTC) 1 August 2024

S&P Global ASEAN Manufacturing PMI®

New order growth at 15-month high in July

Key findings:

Solid rises in output and new orders

Employment up marginally again

Input cost inflation accelerates

Data were collected 11-25 July

ASEAN manufacturers continued to note an improvement in business conditions in July, according to latest PMI® data from S&P Global. The beginning of the third quarter saw business activity and new work intakes extend their respective expansionary sequences. In response, employment increased marginally for the second month running. However, survey respondents continued to be faced with increased input prices, with the pace of inflation the sharpest seen since February.

The headline S&P Global ASEAN Manufacturing Purchasing Managers' Index™ (PMI®) posted at 51.6 in July. The figure was little-changed from that seen in June (51.7). The modest improvement in manufacturing business conditions was the seventh in as many months.

Output grew moderately in July as the ASEAN manufacturing sector continued the expansionary sequence that started in October 2021. New business intakes rose solidly, and at the fastest pace since April 2023. However, new export orders continued to fall, extending the current sequence of contraction to 26 months.

ASEAN manufacturers signalled a rise in staffing levels for the second month running, with the pace of job creation unchanged from June. The fractional improvement was in tandem with rising levels of outstanding business. The start of the third quarter was the fifth month running to note pressure on capacity.

Input prices inflated at the fastest pace since February. Higher cost burdens flowed through to rising selling charges, the pace of inflation also the most pronounced since February. This was the fourth successive month in which charges have increased at a sharper pace.

S&P Global ASEAN Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Buying activity increased modestly at ASEAN manufacturers. With demand for inputs increasing, vendor performance deteriorated at the fastest pace since January 2023. Meanwhile, holdings of inputs depleted for the first time since February and at the fastest pace since November 2023.

Volumes of finished items similarly depleted. July extended the current sequence of contraction to 15 months, although the rate of decline softened from June.

Positive sentiment was recorded again at ASEAN manufacturers. The start of the third quarter saw expectations for the next 12 months reach a four-month high.

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

"Growth seen across the ASEAN manufacturing sector in the first half of the year was sustained as we entered the second half of 2024. Demand conditions continued to strengthen, with growth in new orders ticking up to a 15-month high, which in turn allowed firms to raise their production solidly in July. Moreover, sustained improvement of the sector spurred goods producers to take on additional staff for a second straight month, albeit the rate of job creation remained modest."

"However, inflationary pressures also again strengthened in the latest survey period. Growing price pressures could act as headwinds to growth in the coming months and suggests that central banks across the region might maintain a tight leash on policy rates."

PMI®

by S&P Global

News Release

Contact

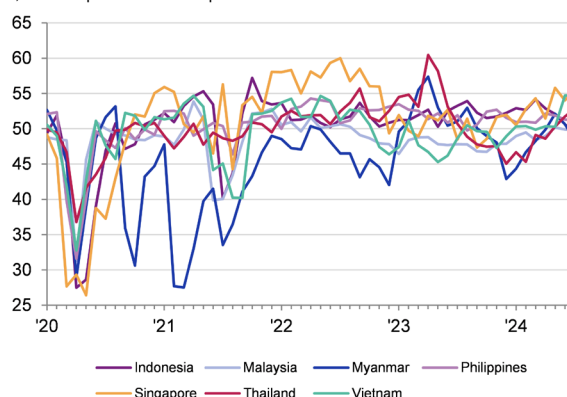
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Manufacturing PMI

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.

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 www.spglobal.com/marketintelligence/en/mi/products/pmi.

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