

MARKET SENSITIVE INFORMATION

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## S&P Global ASEAN Manufacturing PMI®

### ASEAN manufacturing output dips into contraction for the first time in three years

#### Key findings:

Headline index drops to seven-month low

Output declines amid weaker rise in sales

Price pressures continue to ease

Data were collected 12-24 September

Only a fractional improvement in the health of the ASEAN manufacturing sector was recorded in September, according to the PMI survey data by S&P Global. Notably, output levels contracted for the first time in three years, albeit only with a shallow decline. Meanwhile, growth in new orders slowed on the month, with the latest uptick the least pronounced in the current seven-month sequence of expansion.

Weakening demand trends coincided with a further cooling of inflationary pressures. Cost burdens and output charges rose at the weakest paces in 13 and 15 months, respectively.

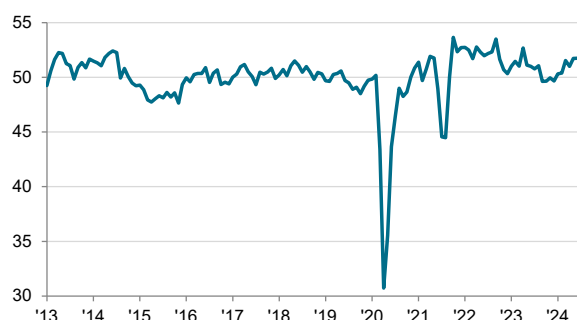
The headline S&P Global ASEAN Manufacturing Purchasing Managers' Index™ (PMI®) slipped to 50.5 in September, from 51.1 in August. While posting above the neutral 50.0 threshold for a ninth straight month, the latest reading signalled only a fractional improvement in ASEAN manufacturing operating conditions, and one that was the weakest since February.

The slowdown was largely owed to cooling underlying demand trends. Growth in new orders eased, with the latest uptick the softest recorded in seven months. The upturn was hindered by consistently underperforming trade volumes, which have been declining since June 2022. Moreover, the latest drop in new export sales was sharp and the most marked in over three years.

Weaker demand trends led to a fresh decline in output, with ASEAN goods producers experiencing their first drop in three years. However, the overall rate of contraction was minimal. Whilst manufacturers continued to increase their purchasing, the rate of growth also softened from August and was only mild.

#### S&P Global ASEAN Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

More positively, a fresh rise in payroll numbers was noted in September. Months of improving sales volumes supported the modest rise in employment, which was also the joint-strongest (along with February's reading) in two years.

The rate of input price inflation cooled since August, with cost burdens rising at the weakest pace in 13 months. The rate of charge inflation also softened and was marginal overall.

Lastly, confidence in the outlook for output registered an improvement, with optimism reaching its highest level since the start of the year. ASEAN manufacturers are hopeful that output will grow over the next 12 months.

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

*"PMI data for ASEAN signalled growth easing to a near crawl in September. Output fell back into contraction territory, while a sharp downturn in trade volumes heavily weighed on overall demand, which rose only slightly. Nonetheless, employment figures increased, and confidence levels improved, indicating that companies still anticipate higher output over the next 12 months."*

*"On a positive note, inflationary pressures continued to ease in September. The subdued price environment may prompt other ASEAN economies to consider loosening their monetary policy, similar to the Philippines, particularly in light of slowing output growth."*

PMI®

by S&P Global

# News Release

## Contact

### S&P Global Market Intelligence

Maryam Baluch

Economist

T: +44-12-4432-7213

[maryam.baluch@spglobal.com](mailto:maryam.baluch@spglobal.com)

SungHa Park

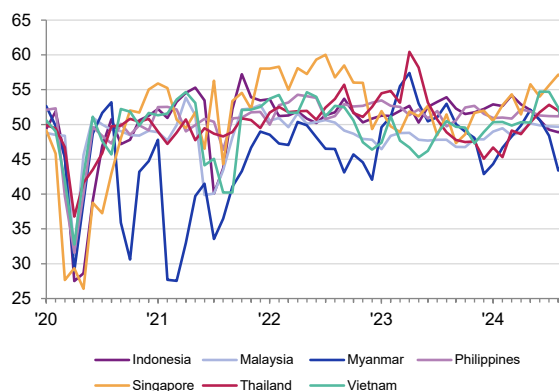
Corporate Communications

T: +81 3 6262 1757

[sungha.park@spglobal.com](mailto:sungha.park@spglobal.com)

## 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](mailto:economics@spglobal.com).

\*Source: World Bank World Development Indicators.

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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](http://www.spglobal.com/marketintelligence/en/mi/products/pmi).

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