

MARKET SENSITIVE INFORMATION

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S&P Global ASEAN Manufacturing PMI®

ASEAN manufacturing signals further improvement in operating conditions, albeit again only marginally

Key findings:

Headline index ticks up to 50.8

Output growth quickens, but demand further cools

Inflationary pressures intensify

Data were collected 12-25 November

The ASEAN manufacturing sector showed a modest improvement in operating conditions in November. Demand improved, albeit at the slowest rate for ninth months, while output was raised for two months running and at a stronger pace.

However, while firms recorded a fresh rise in purchasing activity to support production requirements, employment fell back into contraction territory for the first time in three months. The turn of the month also revealed intensifying inflationary pressures, with cost burdens and charges rising at strongest rates since August.

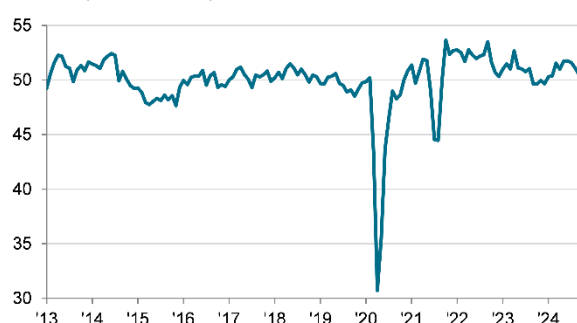
The headline S&P Global ASEAN Manufacturing Purchasing Managers' Index™ (PMI®) increased for the first time in six months, with the latest reading of 50.8 in November (October: 50.5) marking an eleventh successive improvement in operating conditions. The rate of improvement was slight overall, despite measuring the strongest in three months.

The uptick in the headline index was partly supported by a solid and stronger rise in production at ASEAN manufacturers in November. The rate of growth quickened on the month. However, demand trends cooled, with growth in new orders further waning from July's recent high and signalling only a marginal expansion, which was the weakest in the current nine-month sequence of growth.

Cooling demand trends meant that firms were more cautious to commit to new workers, thereby resulting in a fresh decline in manufacturing employment. However, higher output meant that companies renewed their purchasing activity, following a fractional fall in the month prior. That said, in both instances, the changes were slight overall.

S&P Global ASEAN Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

November data noted a slight reversal of the cooling cost pressures seen in the months prior, with the rate of input charge inflation accelerating to a three-month high. In turn, charges for ASEAN manufactured goods were also raised at a slightly sharper pace which was the strongest since August. However, inflation rates in both cases remained below their respective historical averages.

Lastly, confidence for the year ahead outlook for output improved in November after hitting a five-month low in October. While more manufacturers put stock in future expansions, as has been the case for just more than two years, the degree of confidence was historically muted.

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

"In November, the ASEAN PMI index saw a little boost, hitting a three-month high of 50.8, thanks to stronger output and increased purchasing activity. However, while demand is still growing, the rate of that growth has slowed to a nine-month low. New factory orders, which have been partially weighed down due to falling export sales over the past two and a half years, are crucial for future growth, and this recent trend raises some preliminary concerns. Additionally, price pressures intensified, which could add to challenges. Still, producers in ASEAN are feeling optimistic, with confidence levels ticking up this month."

PMI®

by S&P Global

News Release

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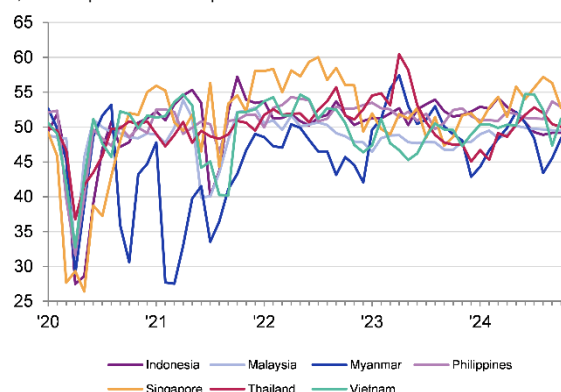
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Manufacturing PMI

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.

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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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PMI[®]

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