

Malaysia Manufacturing PMI

Hit a record high expansion in April on an improved demand condition

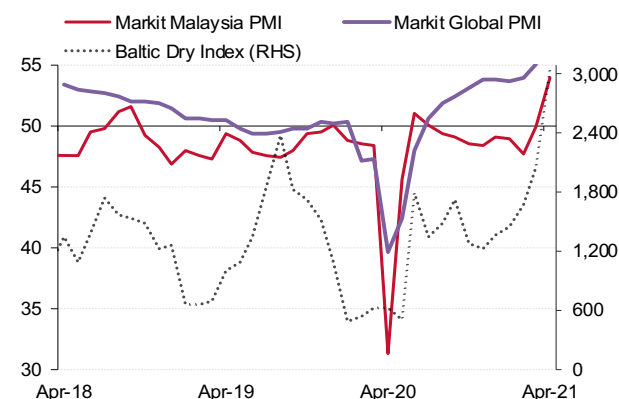
- Manufacturing PMI surged to 53.9 in April (Mar: 49.9), marking the largest expansion since the initiation of the survey in July 2012**
 - The growth was underpinned by a firmer recovery in economic conditions, particularly at the external front.
- Output rose for the first time in nine months**
 - Attributable to the fastest increase in new orders since April 2014, given stronger demand for new products.
 - New export orders recorded its first expansion since November 2019, driven by higher demand from the US and the Asian countries.
- Manufacturers showed greater optimism on production outlook**
 - Confidence level improved to the highest since August 2019, lifted by hopes that the ongoing vaccination drive would allow further acceleration in growth recovery.
 - Despite the improved sentiment and new orders, employment dropped marginally in April due to insufficient issuance of foreign working permits. Of note, amid this situation, manufacturers have reported rising pressure on production capacity.
- Cost pressure persisted due to raw materials shortages and higher logistical costs**
 - Input costs trended higher for 11 straight months. In tandem, output prices rose sharply as manufacturers partially transferred higher costs onto clients.
- Broadly positive manufacturing performance among major and regional economies**
 - China (51.9; Mar: 50.6): edged up to a four-month high, supported by an upturn in output and foreign orders.
 - US (60.6; Mar: 59.1): came in at a record-high on a sharp rise in output. However, firms noted that the production capacity was weighed by struggles in sourcing raw materials and inputs.
- Sanguine manufacturing sector outlook retained primarily on greater recovery in major export destinations**
 - Manufacturing activity is projected to remain on a recovery path on the back of the technology upcycle, further progress in COVID-19 vaccinations and stronger demand amid extended fiscal measures. Nonetheless, risks remain arising from the recent uptrend in daily global COVID-19 cases.
 - Value-added manufacturing growth forecast maintained at 7.5% in 2021 (2020: -2.6%) in line with the expected rebound in 2021 GDP (6.5%; 2020: -5.6%).

Table 1: ASEAN countries ranked by Manufacturing PMI

	Mar-21	Apr-21	Change signal
Indonesia	53.2	54.6	Solid increase
Malaysia	49.9	53.9	Solid increase
Philippines	52.2	49.0	Marginal decrease
Myanmar	27.5	33.0	Solid decrease
Vietnam	53.6	n/a	n/a
Singapore	53.5	n/a	n/a
Thailand	48.8	n/a	n/a

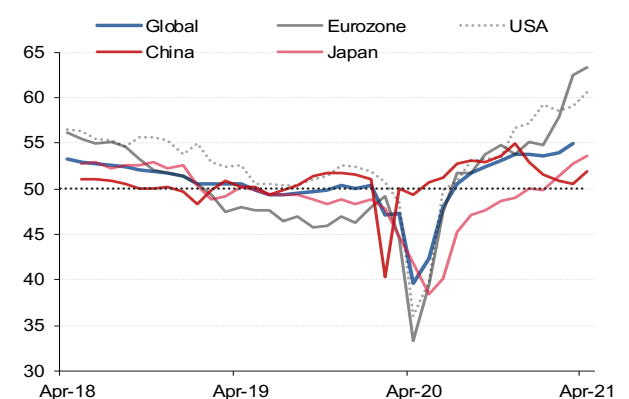
Source: IHS Markit, Kenanga Research

Graph 1: Global & Malaysia Manufacturing PMI



Source: Dept. of Statistics, Bloomberg, IHS Markit, Kenanga Research

Graph 2: Global PMI Trend



Source: Bloomberg, IHS Markit, Kenanga Research

04 May 2021

Table 2: Malaysia PMI Trend

	2019	2020	Apr-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21
Markit Malaysia PMI	48.4	49.1	31.3	48.4	49.1	48.9	47.7	49.9	53.9
New Orders*			Down	Down	Down	Down	Down	Up	Up
Output*			Down	Down	Down	Down	Down	Up	Up
Employment*			Down	Down	Up	Down	Down	Up	Down
Stocks of Purchases*			Down	Down	Down	Down	Down	Down	Up
Markit Global PMI	50.0		39.6	53.8	53.8	53.5	53.9	55.0	N/A
Baltic Dry Index	1,260	1,230	635	1,227	1,366	1,452	1,675	2,046	3,053
DoS Leading Index (% YoY)	0.0	3.5	-6.0	7.5	7.6	8.2	8.5	N/A	N/A

Source: IHS Markit, Bloomberg, CEIC, Dept. of Statistics, Kenanga Research

*The "Up/Down/Flat" movements for sub-indicators are based on IHS Markit's own reports. Detailed and historical data are available on a subscription basis only.

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