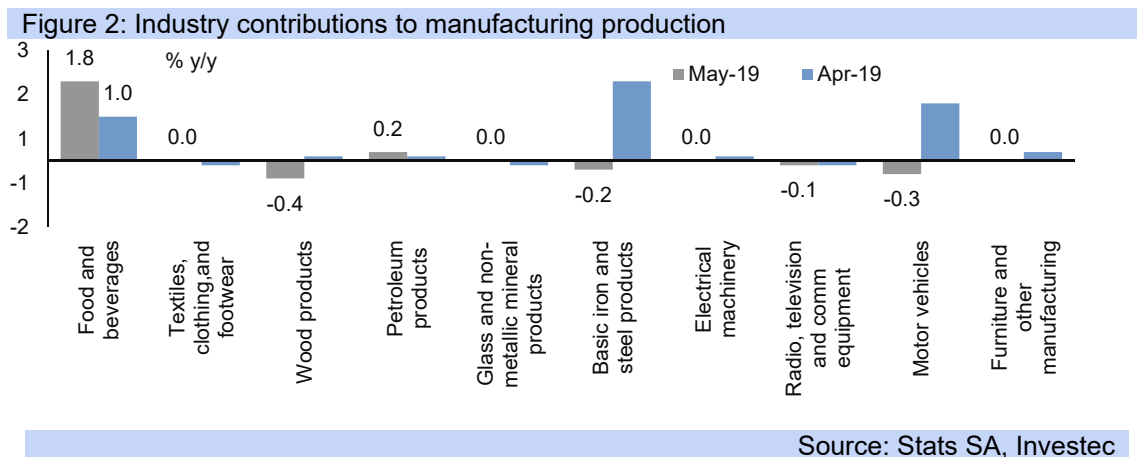


- Manufacturing production edged up modestly in May by 1.0% y/y, this following April's notable 4.3% y/y (revised) lift. May's outcome was slightly below consensus expectations of a 1.3% y/y increase.
- The food and beverages sector, which comprises a marked 26.6% of the manufacturing index, was predominantly responsible for May's lift. It grew by 6.7% y/y, in turn adding 1.8% to the topline number, with growth from the other foods, dairy products and beverages categories primarily supporting the uptick.
- April and May's readings signal a possible improved performance from the manufacturing sector in Q2.19, following Q1.19's dismal outcome, which was underpinned by a domestic environment still evincing weak business confidence, and exacerbated by heightened rotational load shedding during the quarter.
- However, advance indications from the BER's latest manufacturing PMI suggest that "(u)nderlying demand conditions remain weak, which limits the possibility of a sustained recovery in output going forward".
- This was further supported by a marked decline in "(t)he index tracking expected business conditions in six months' time".
- That is, persistently weak domestic demand, underpinned by a highly constrained consumer, coupled with a slowdown in international trade growth, amid softening global growth data, continue to constrain domestic manufacturing production.



## Manufacturing update: Production lifts by a modest 1.0% y/y in May, supported chiefly by a pick-up in the food and beverage division

11<sup>th</sup> July 2019



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