PMI®

by S&P Global

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ASEAN

AI-related boom drives record rise in ASEAN new orders

October PMI data signalled a strengthening production pipeline for ASEAN manufacturers, with new orders expanding at the fastest pace since the series began in July 2012. Latest data also indicated rising backlogs and falling finished goods inventories, which suggest that stronger demand is increasingly stretching production capacity.

The surge in demand has been driven by recent strong AI-related investment spending, which on a country basis is being spearheaded in the ASEAN region by Singapore. Strong gains in Thailand and Indonesia were also reported.

New order growth hit record high

The ASEAN manufacturing sector saw growth in new orders hit a record high at the start of the final quarter of 2026, according to PMI survey data compiled by S&P Global. The rate of increase was rapid and surpassed the previous high seen just prior to the outbreak of the war in the Middle East in February. New orders have now risen continually for 15 months.

ASEAN manufacturing | New orders



As of October, 2026.
PMI value of 50 = no change on prior month.
Source: S&P Global PMI.
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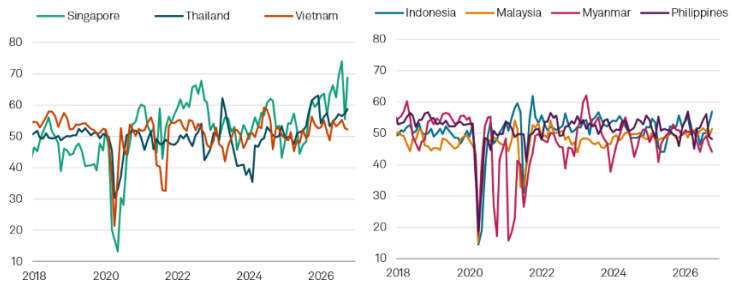
Fuller order books in turn led production to rise solidly and at a stronger pace in October, with overall ASEAN operating conditions, depicted by the headline PMI, improving to the greatest degree in eight months.

Singapore leads the upturn

Singapore is at the forefront of ASEAN growth, with an AI-led electronics demand boom driving its performance. Growth in new orders across Singapore outpaced all other ASEAN countries tracked by a considerable margin, as has been the case throughout much of 2026. Growth peaked at a series high in August, and expansion rates throughout much of the year ranked among the strongest on record, underscoring the exceptional strength of demand enjoyed by producers in Singapore.

Thailand also recorded sustained strong gains in new business during the latest survey period. Meanwhile, Indonesia's sharp acceleration in October added further momentum to the regional upturn.

New Orders



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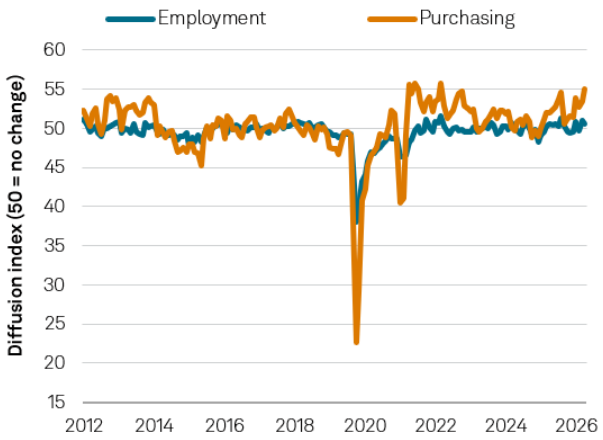
Hiring and purchasing activity rises

Although ASEAN manufacturers raised production in October as new orders surged, output growth lagged the record expansion in new business by the widest margin in the series history. Together with rising backlogs and longer delivery times, this indicates that stronger demand is increasingly stretching manufacturers' near-term production capacity.

This has increased the imperative for manufacturers to step up input buying and expand their workforce. Purchasing activity rose at a faster pace, although job creation remained modest and eased from September, suggesting a more cautious response to workforce expansions despite growing capacity pressures.

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ASEAN manufacturing | Employment and Purchasing Activity



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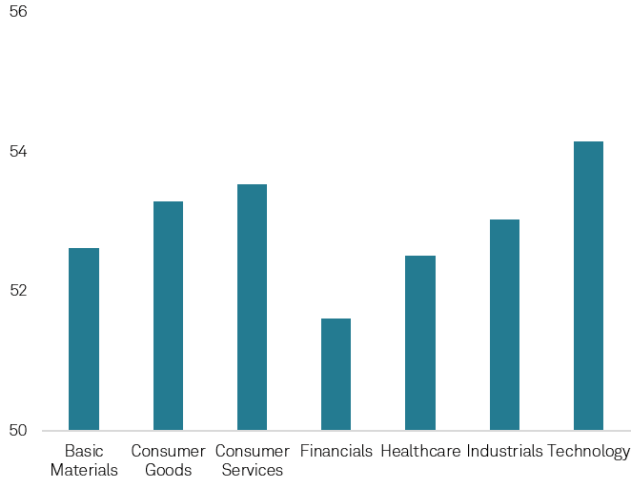
Robust order inflows also supported manufacturers' pricing power, providing greater scope to pass higher input costs on to customers. The faster rise in selling prices in October is consistent with increased cost pass-through, as operating expenses also rose more sharply. Rates of inflation were historically elevated.

Notably, business confidence is at its highest for four years, which alongside the improvement in pricing power adds to the prospect of further production gains. This brighter outlook could encourage continued expansions to capacity, potentially easing some of the pressure from rising demand.

Tech underpinning Asia 2026 sector growth

Technology has stood out as Asia's strongest sector for demand expansion this year. Across the seven broad categories tracked, it recorded the highest average PMI New Orders Index over the past eight months. This strength is consistent with the AI investment boom, with related demand also supporting manufacturing in parts of ASEAN.

Orders | Broad categories — 2026 averages



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The expansion has been broader than technology alone, however. All seven broad categories averaged PMI New Orders Index readings above the 50.0 no-change threshold in January-October, with Consumer Services and Consumer Goods notably recording especially solid readings.

Drilling down into more detail during the last eight-month period, Technology Equipment manufacturing led the subsectors, with Software & Services close behind.

Looking ahead, technology firms also recorded the highest business output expectations for a tenth time in the last 11 months. Positive sentiment strengthened in October, suggesting that confidence remained resilient alongside the strength in current demand.

Confidence was less buoyant elsewhere, with expectations softened in five of the seven categories in October, highlighting an uneven outlook, but November's PMI data will be eagerly assessed to gauge how changing financial market conditions in recent weeks may have affected the business outlook.

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