

March 2022

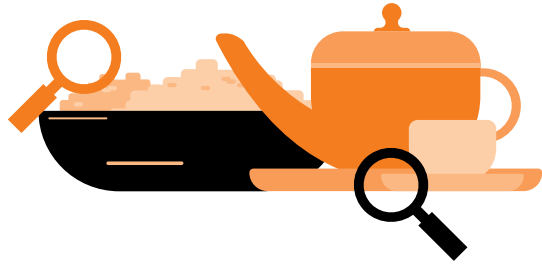
Myanmar Firm Monitoring of Recent Impacts



Survey Firms

Round 10

The only nationally representative survey of firms in Myanmar



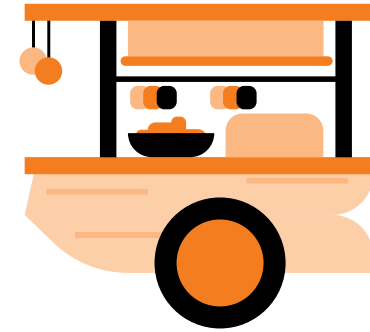
500 firms

The survey also covers all of Myanmar and is divided into 5 zones (**Yangon**, **Mandalay**, **Chin** and **Dry Zone**, **Delta** and **Costal Lowland**, and the **Hilly** zone).



4 Sectors

The survey is nationally representative and is the only enterprise survey that also covers the **Agriculture** sector (17%). The other sectors surveyed are **Manufacturing** (33%), **Retail** (17%), and **Services** (33%).



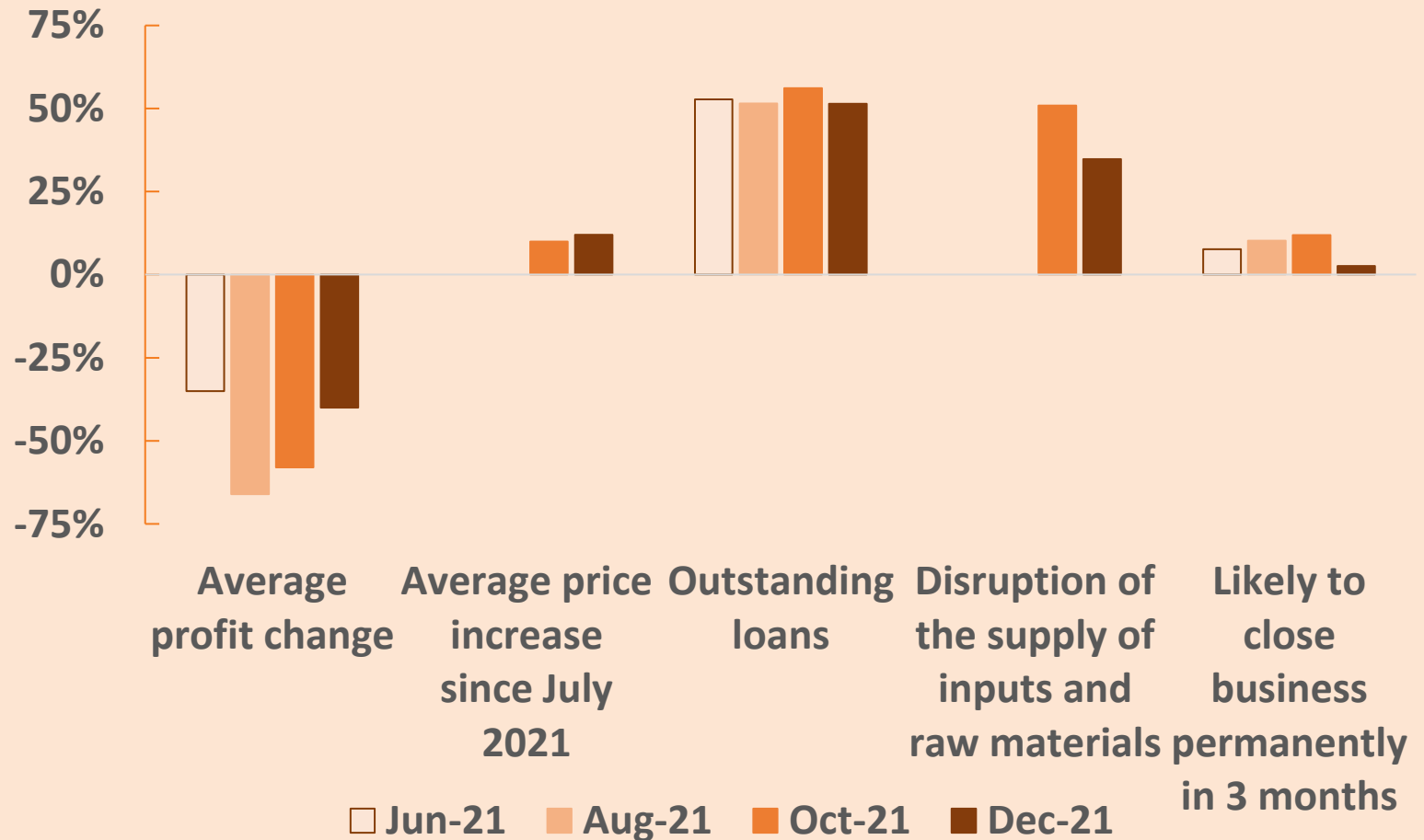
Micro & Informal too

The survey also covered **micro** and **small** firms and not just large and formal firms. 40% of the sample were micro firms and 43% were small firms. Medium firms were 14% and large firms 4%.

Key Findings

- ❖ **Firm average operating capacity** was only at **63 percent**
- ❖ **Prices have increased** by **12 percent** across all firms since **July 2021**
- ❖ **Myanmar kyat depreciation against the US dollar remained a concern** for firms' operations and performance
- ❖ **Likelihood to close business permanently within 3 months** has reached the lowest rate since **June 2021**

Business environment and expectations modestly improved but prices continued to surge while uncertainty lingered



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**OPERATIONAL
STATUS**

**BUSINESS
PERFORMANCE**

**BUSINESS
EXPECTATIONS**

ADAPTATIONS

**TAX PAYMENT
AND
REGULATORY
CONSTRAINTS**

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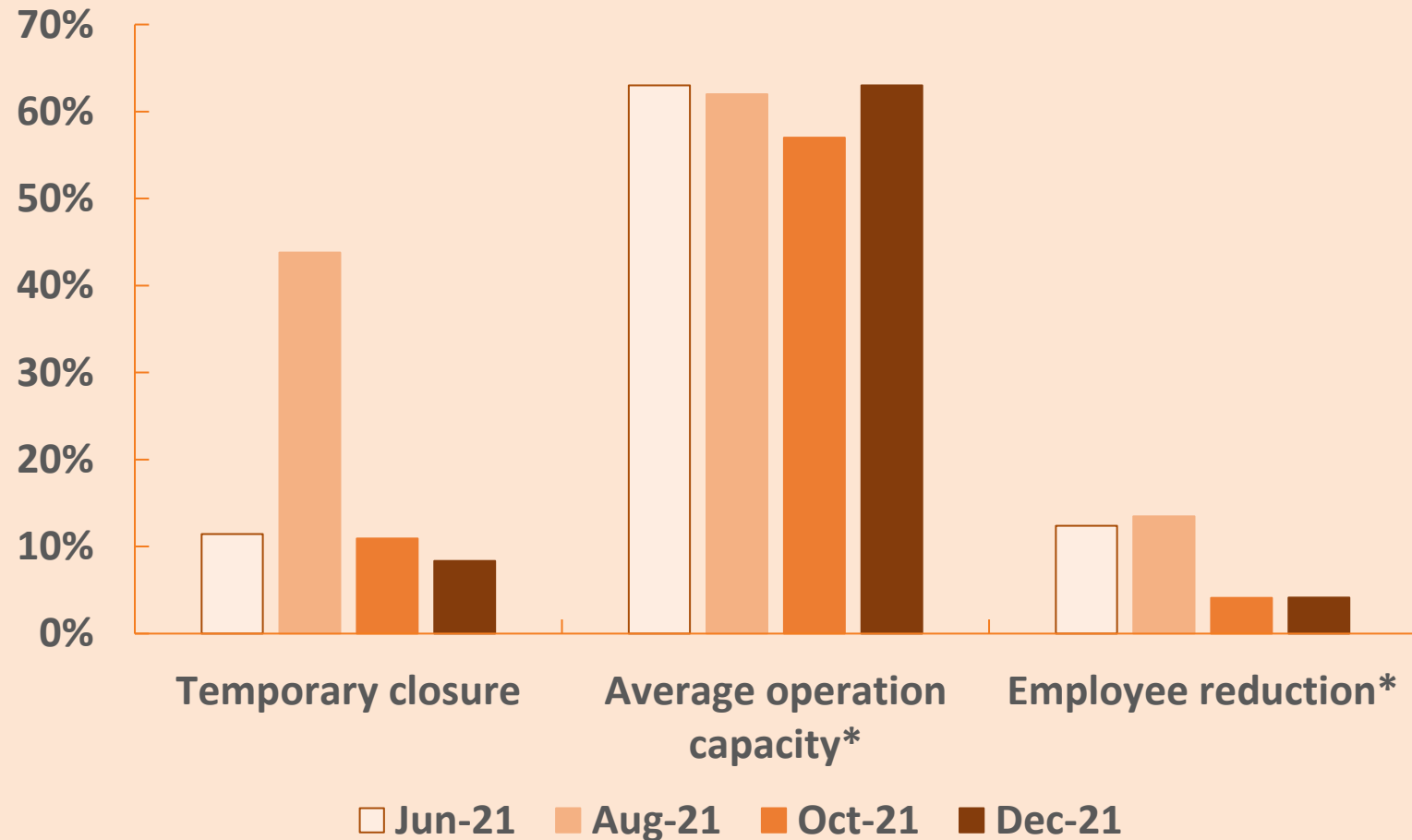
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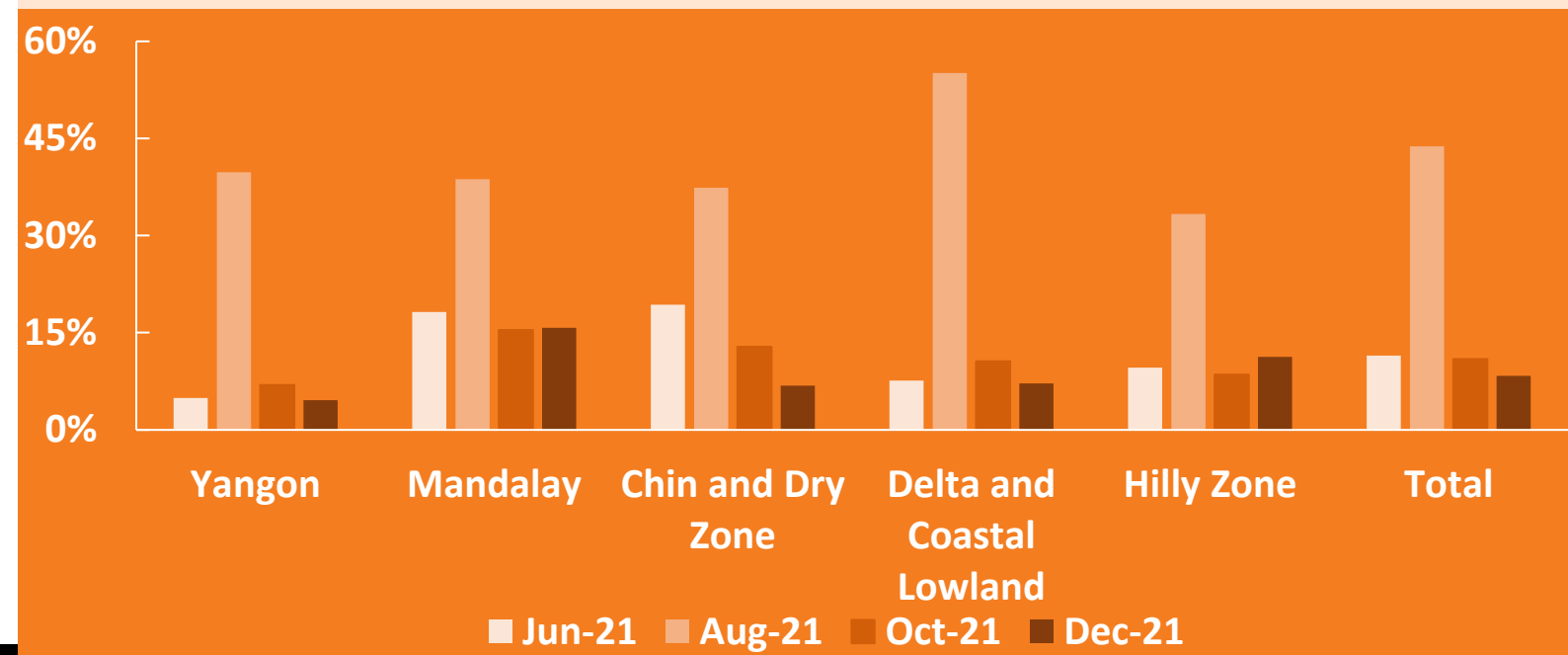
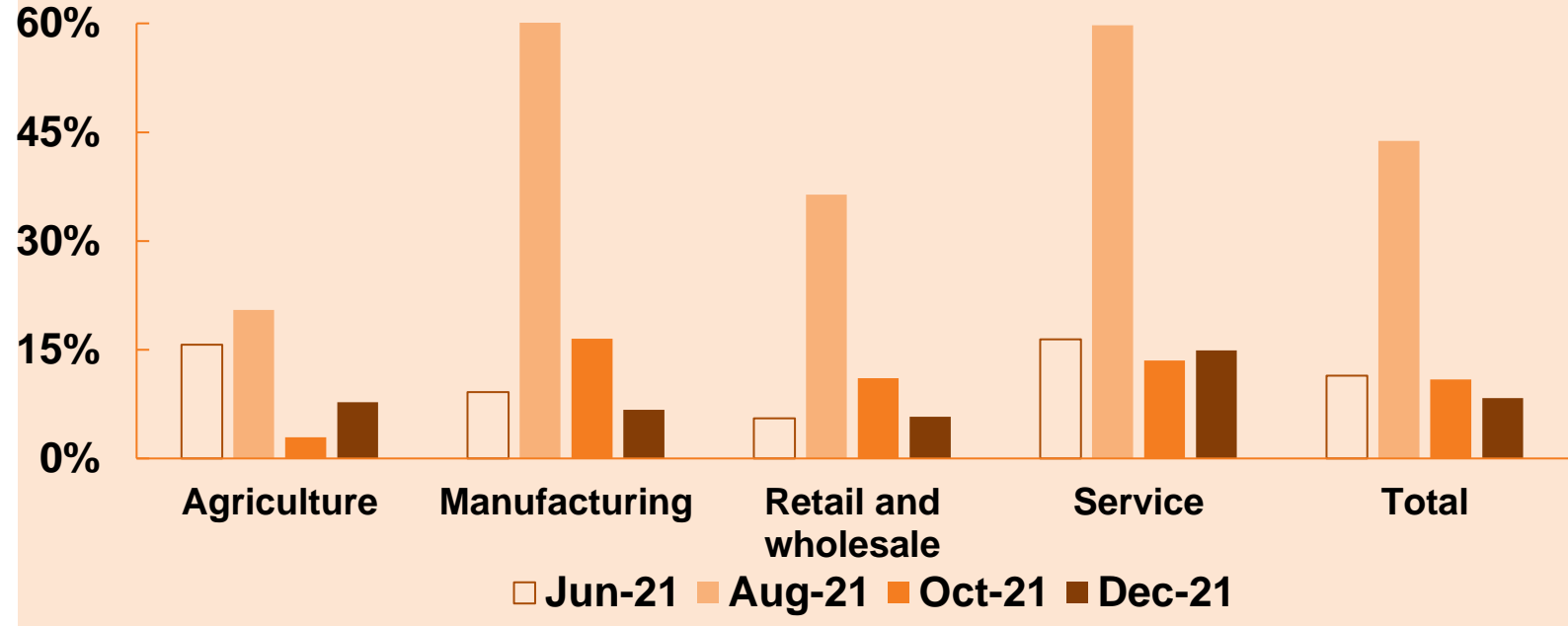
SECTION 5

**OPERATIONAL
STATUS**

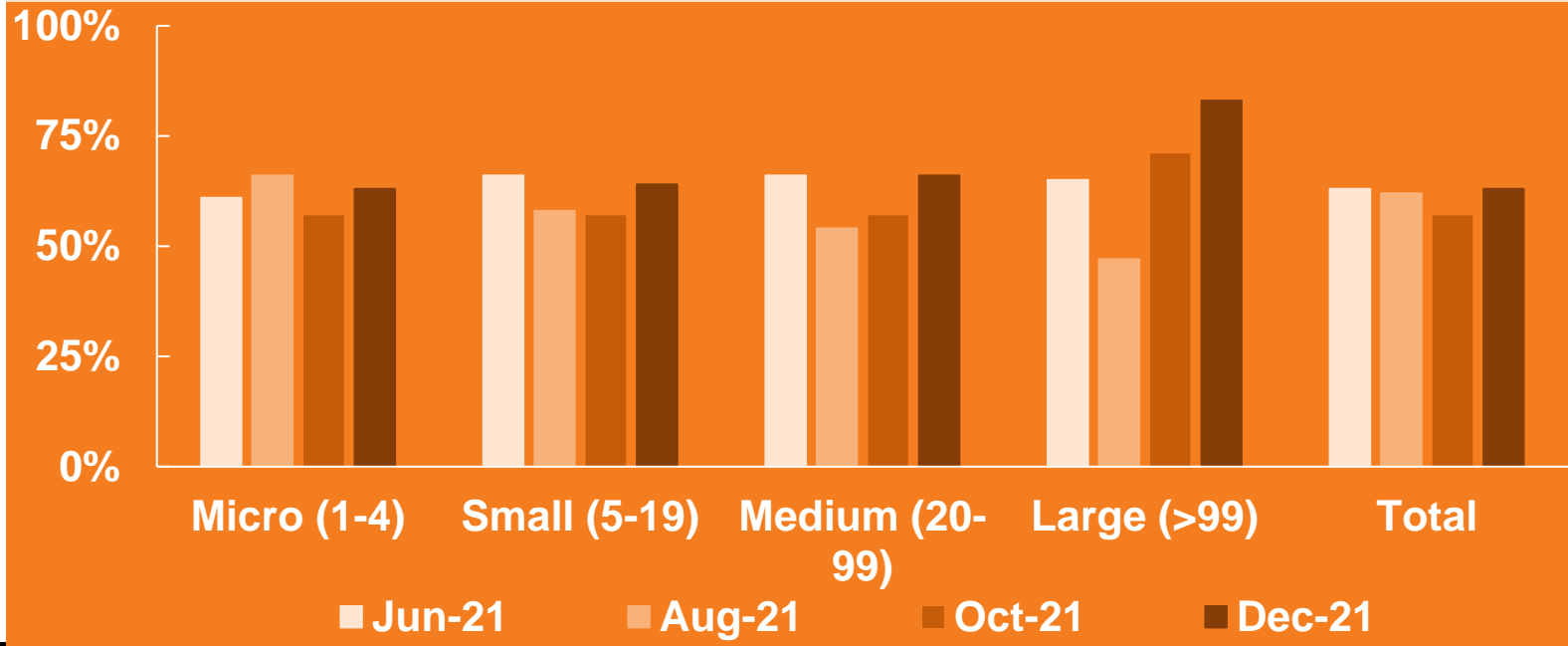
With fewer temporary closures, operational capacity improved and employee reduction remained lower in December 2021



Temporary closures remained lower with slight sectoral and regional differences

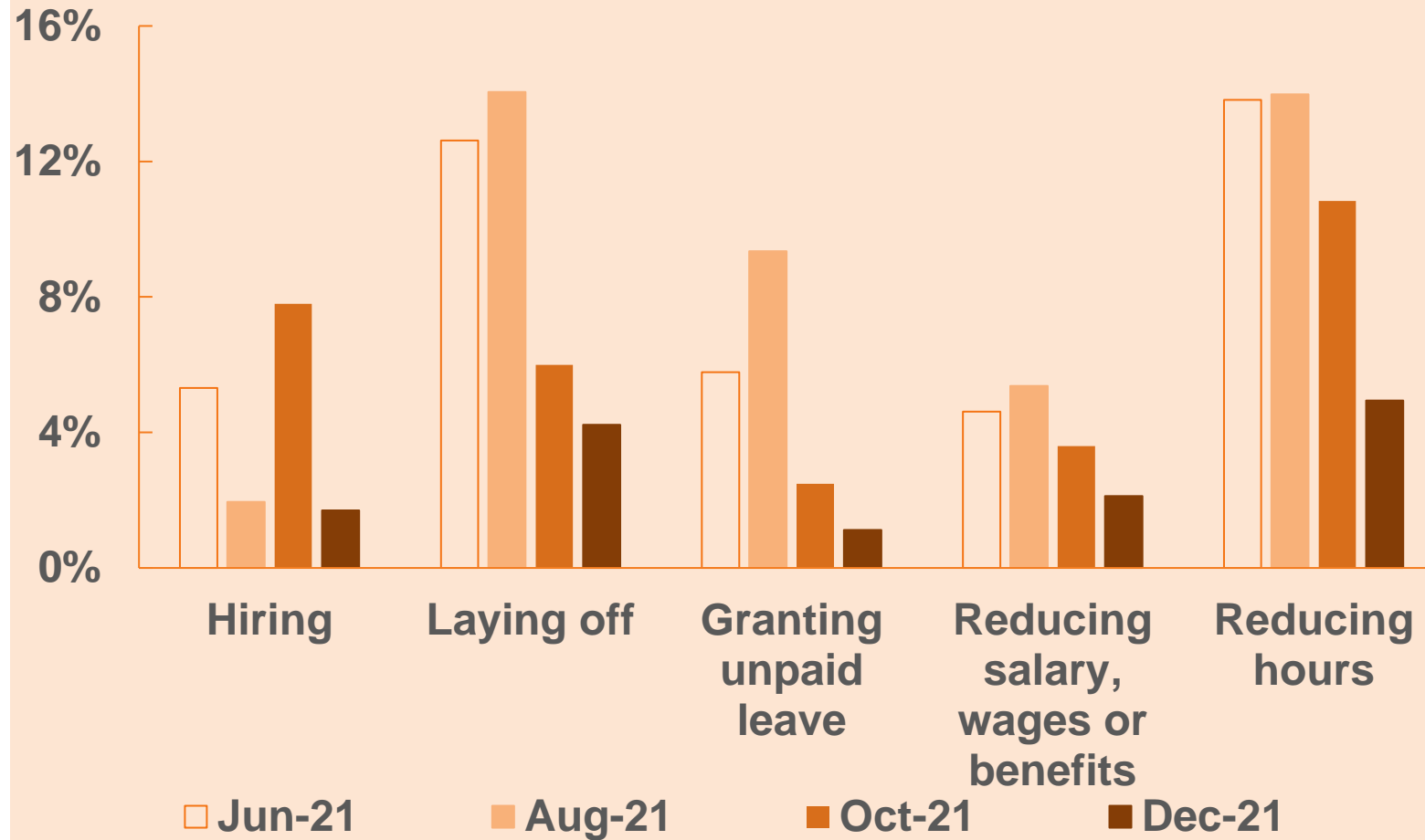


Operating capacity of firms in December 2021 returned to levels seen in June 2021

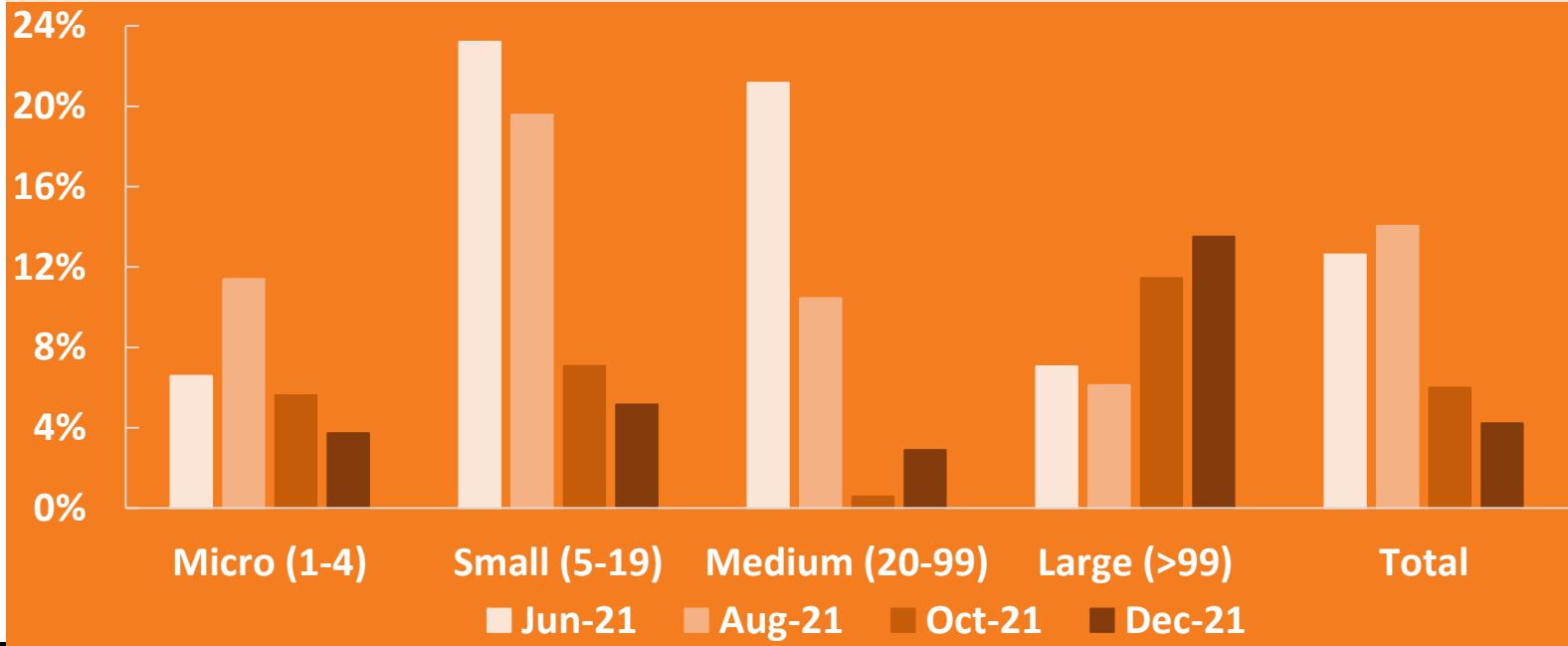
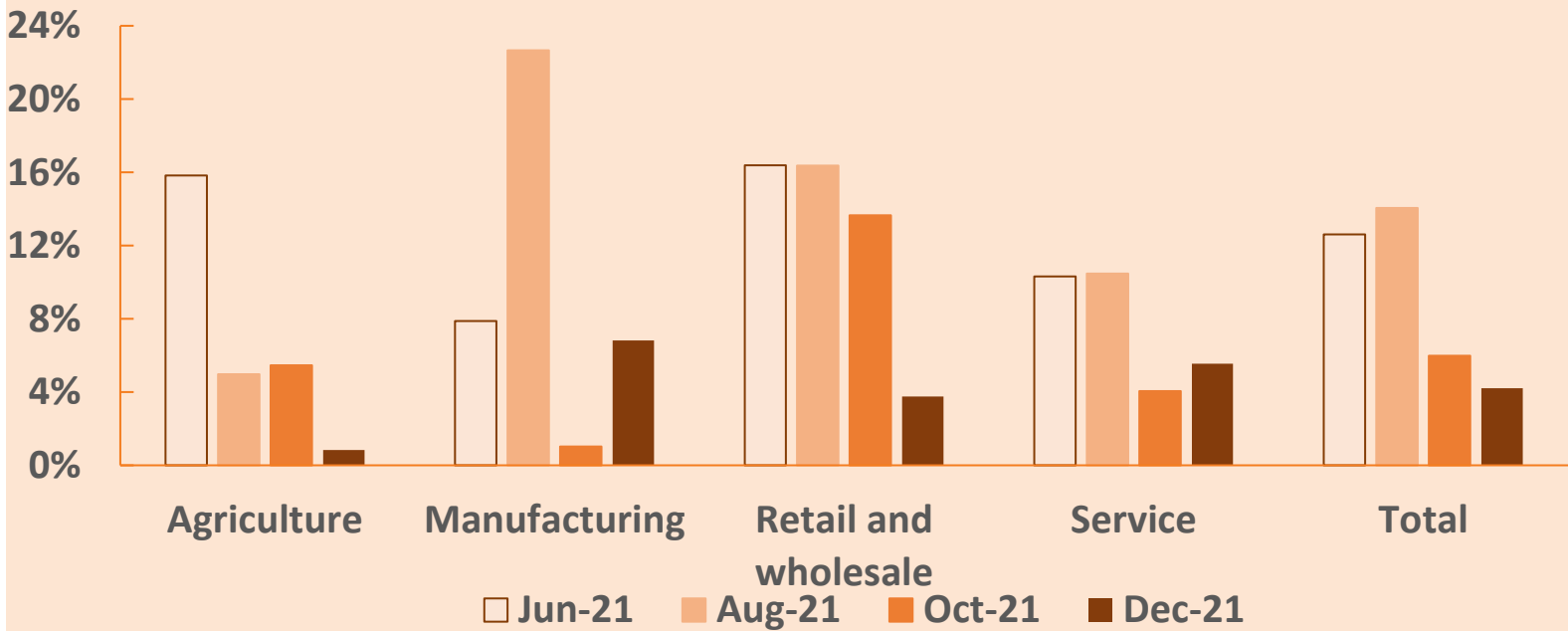


Note: Firms were asked to report about the last completed month.

Labor market conditions while still weak, show signs of improvement

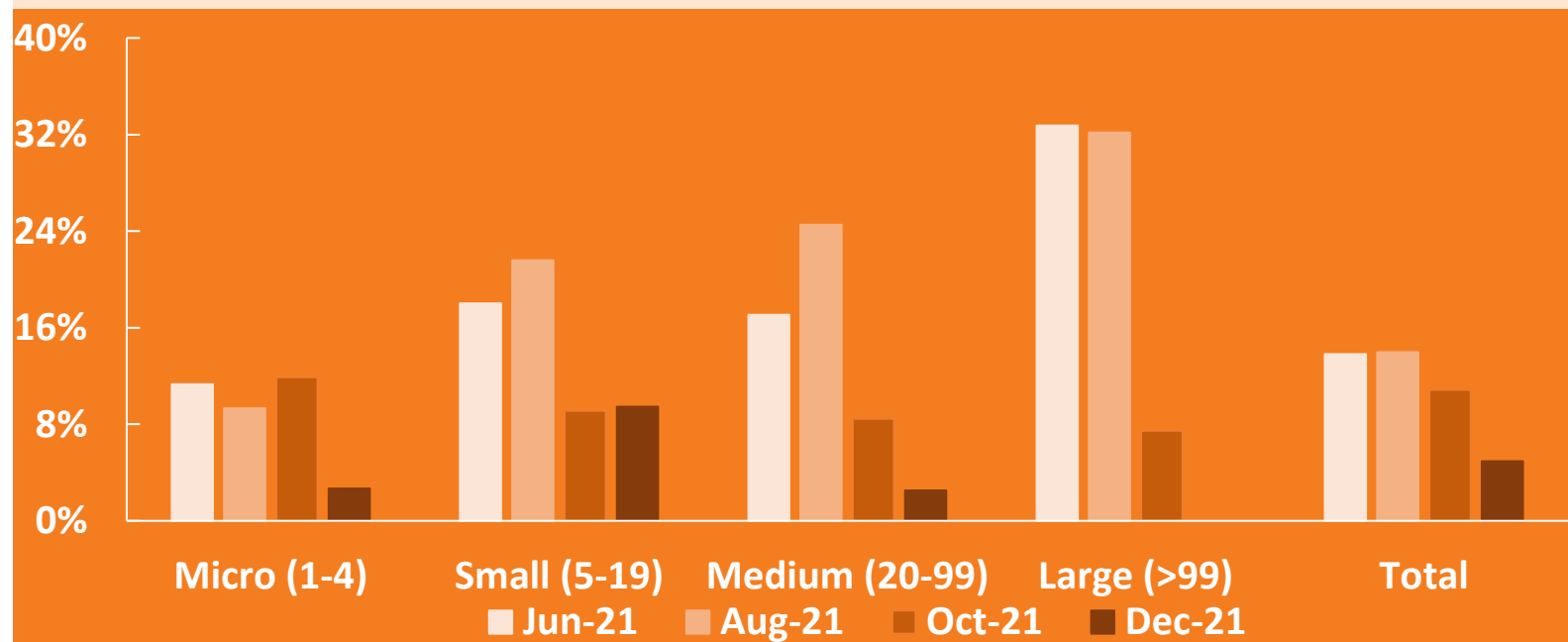
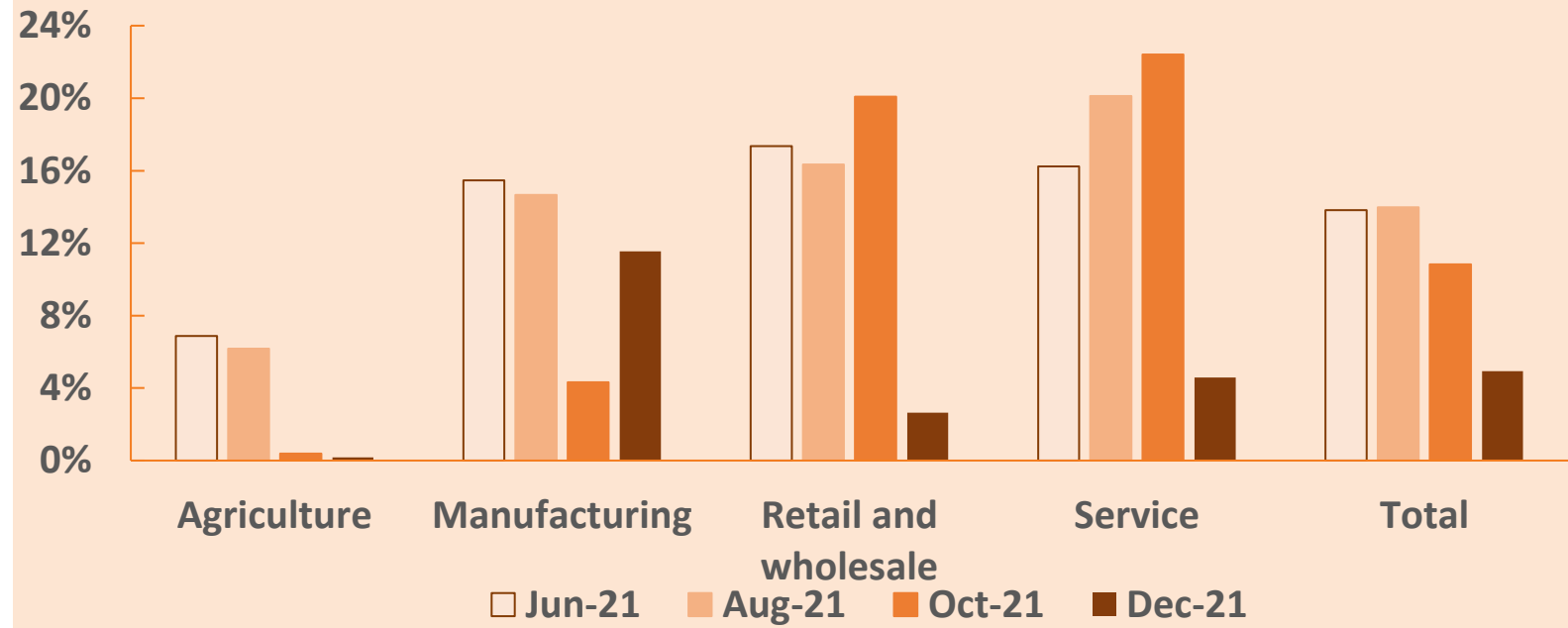


Despite an overall decline in employees laid off, large firms continue to lay off employees



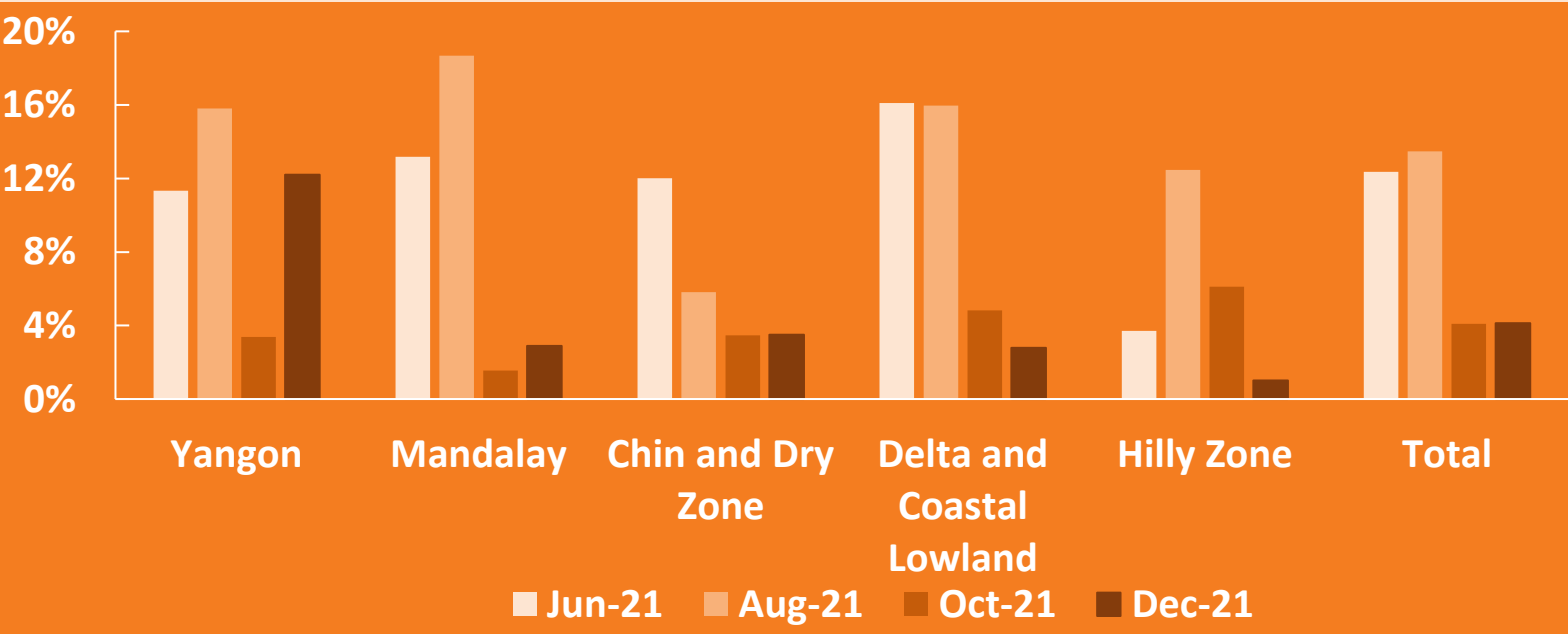
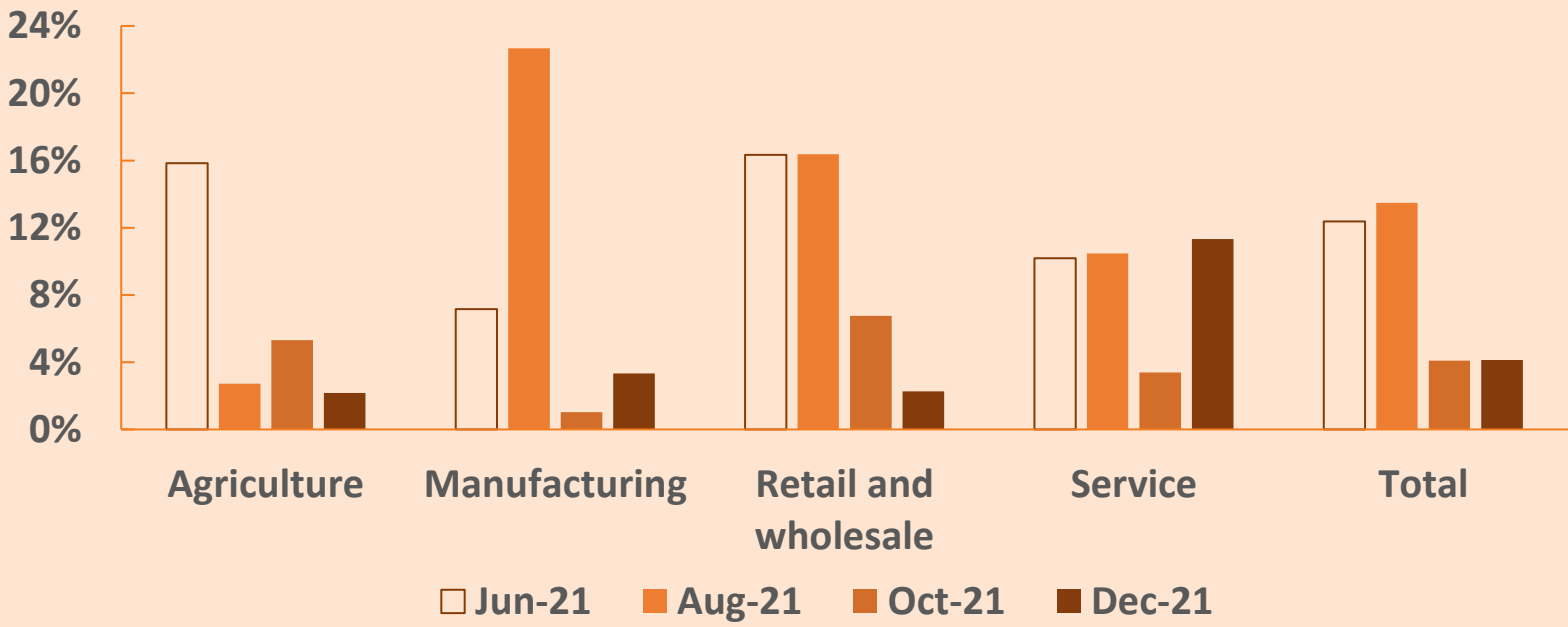
Note: Firms were asked to report about the last completed month.

More manufacturing and small firms reduced employees' hours in December 2021



Note: Firms were asked to report about the last completed month.

Despite an overall decrease in employee reduction, service firms and those in Yangon experienced an increase in employee reduction



Note: Firms were asked to report about the last completed month.

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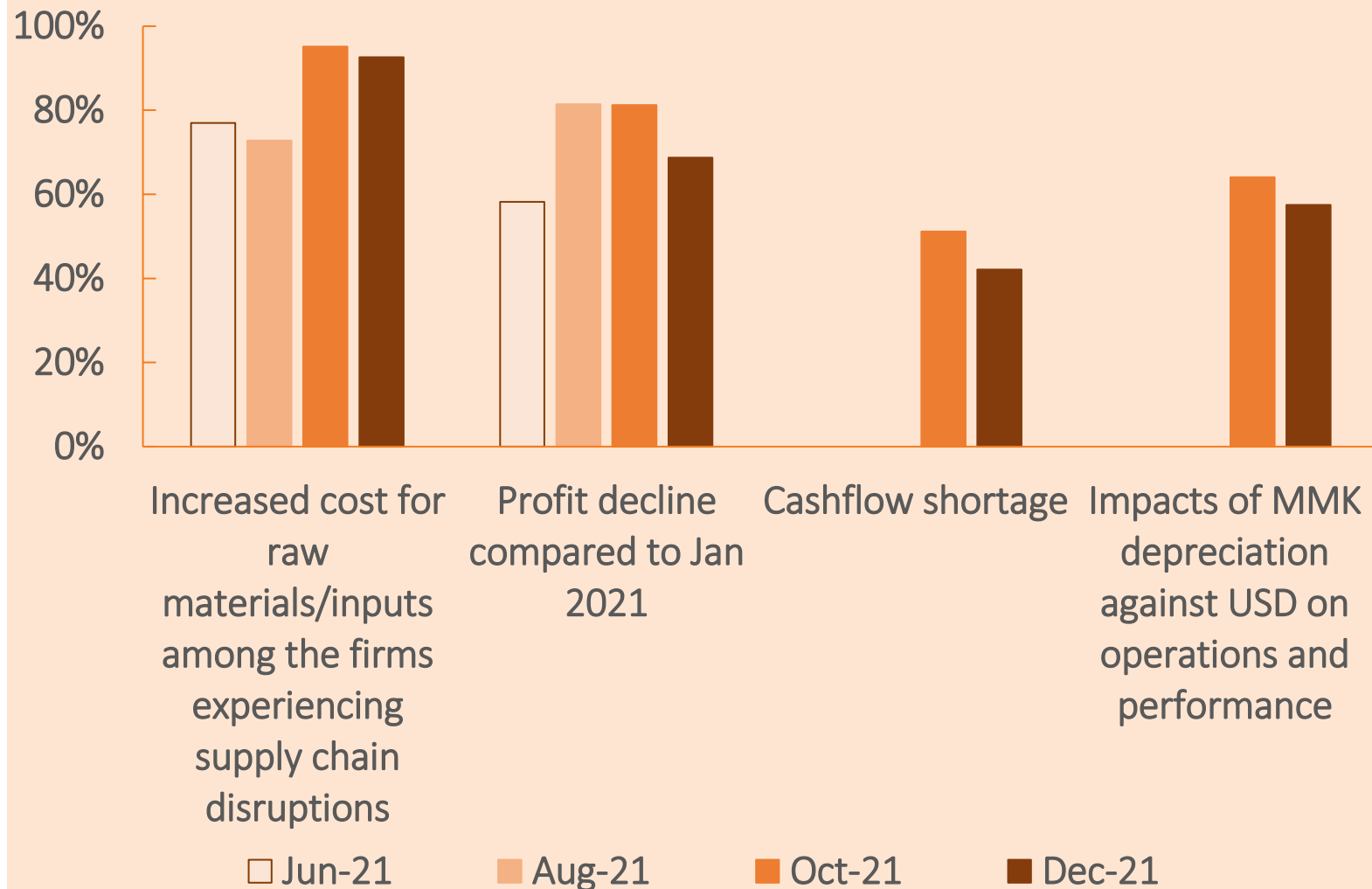
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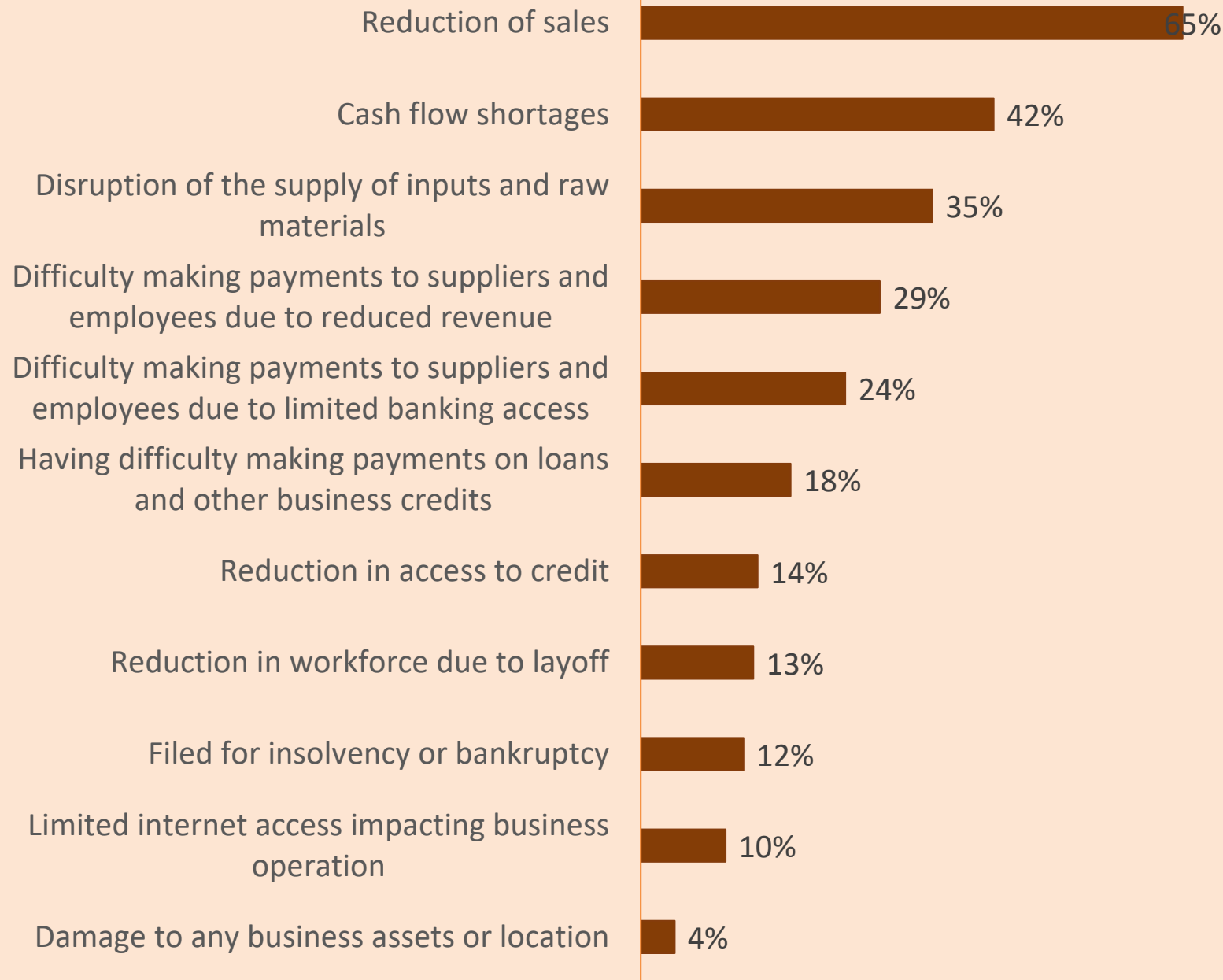
**BUSINESS
PERFORMANCE**

Business performance modestly improved in December 2021



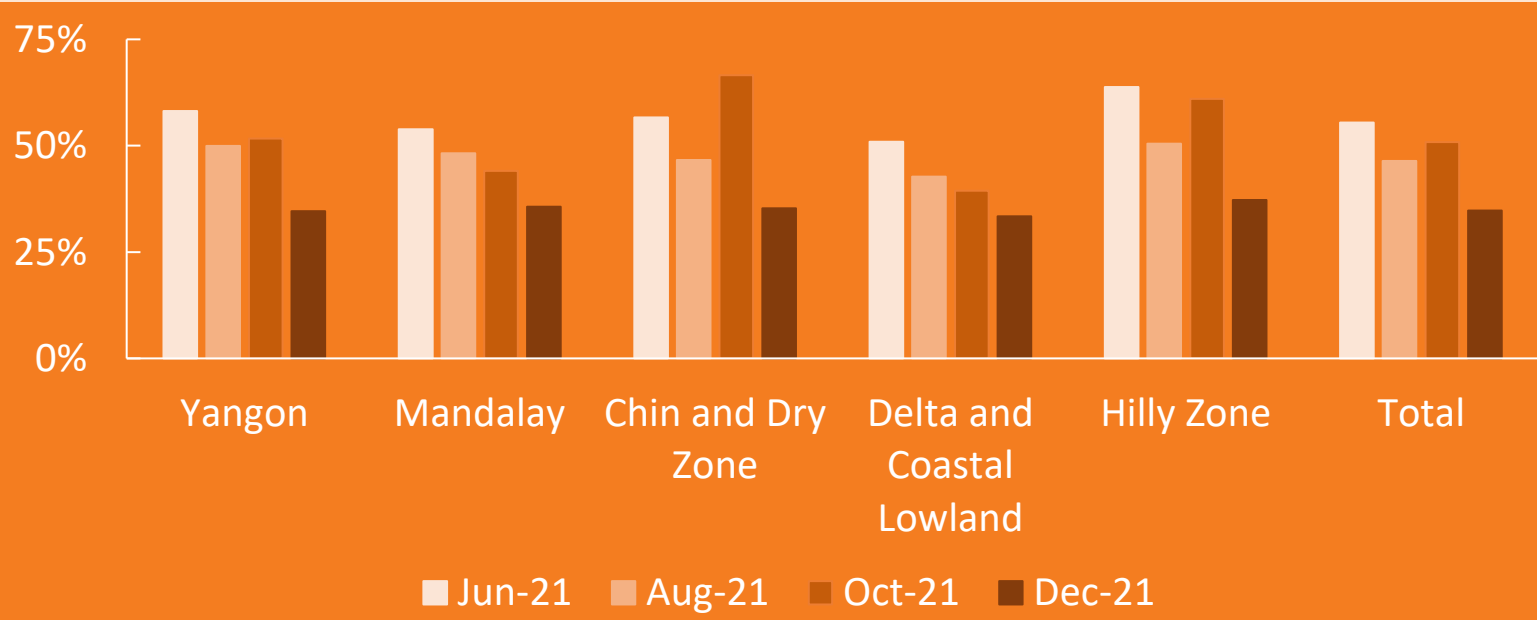
Note: all indicators presents the share of firms.

Reduction of sales and cash flow shortages remained major challenges for firms



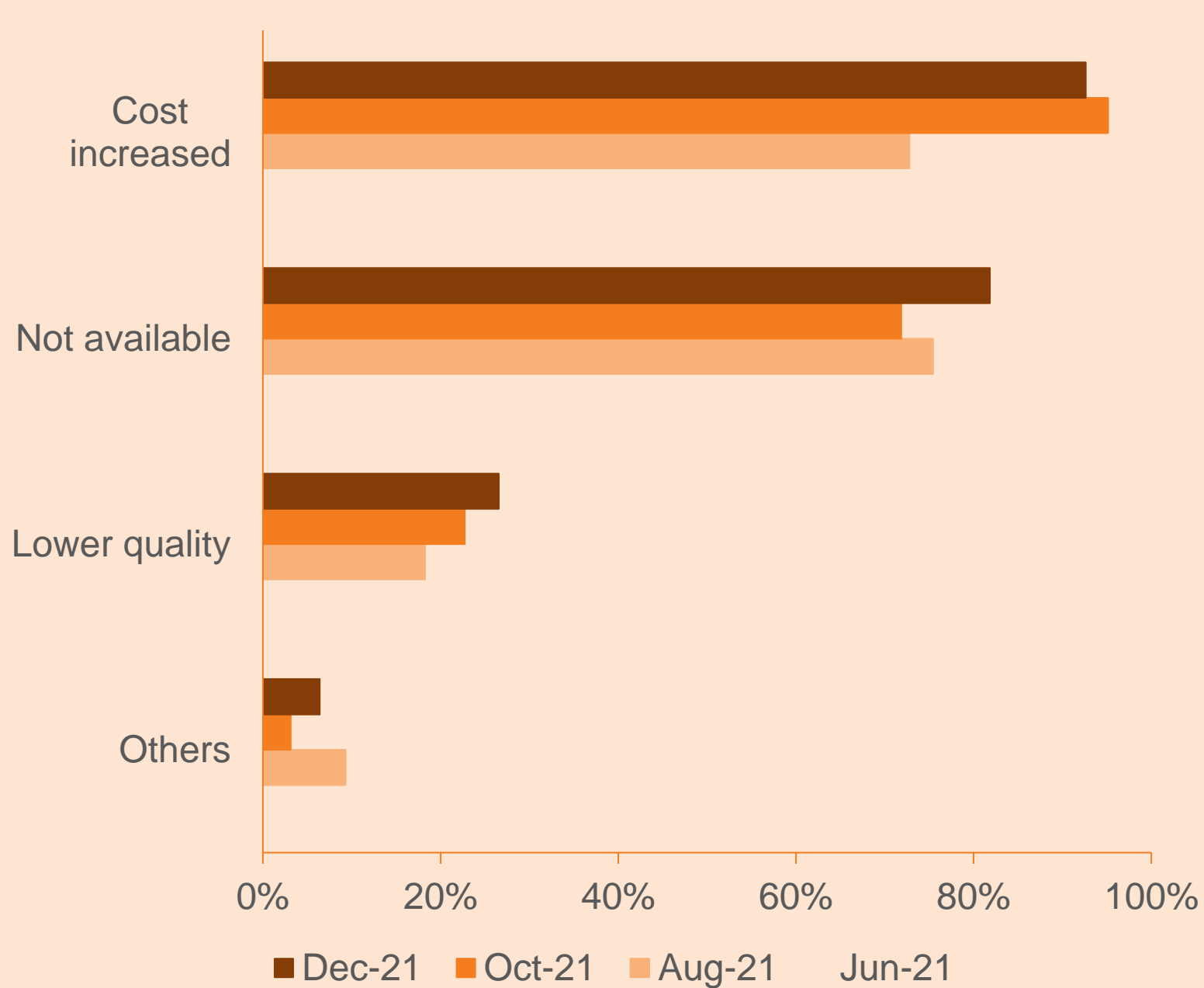
Note: Firms were asked to report about the last completed month.

Despite an overall decline, more retail and wholesale firms experienced increased disruptions of supply of inputs or raw materials in December

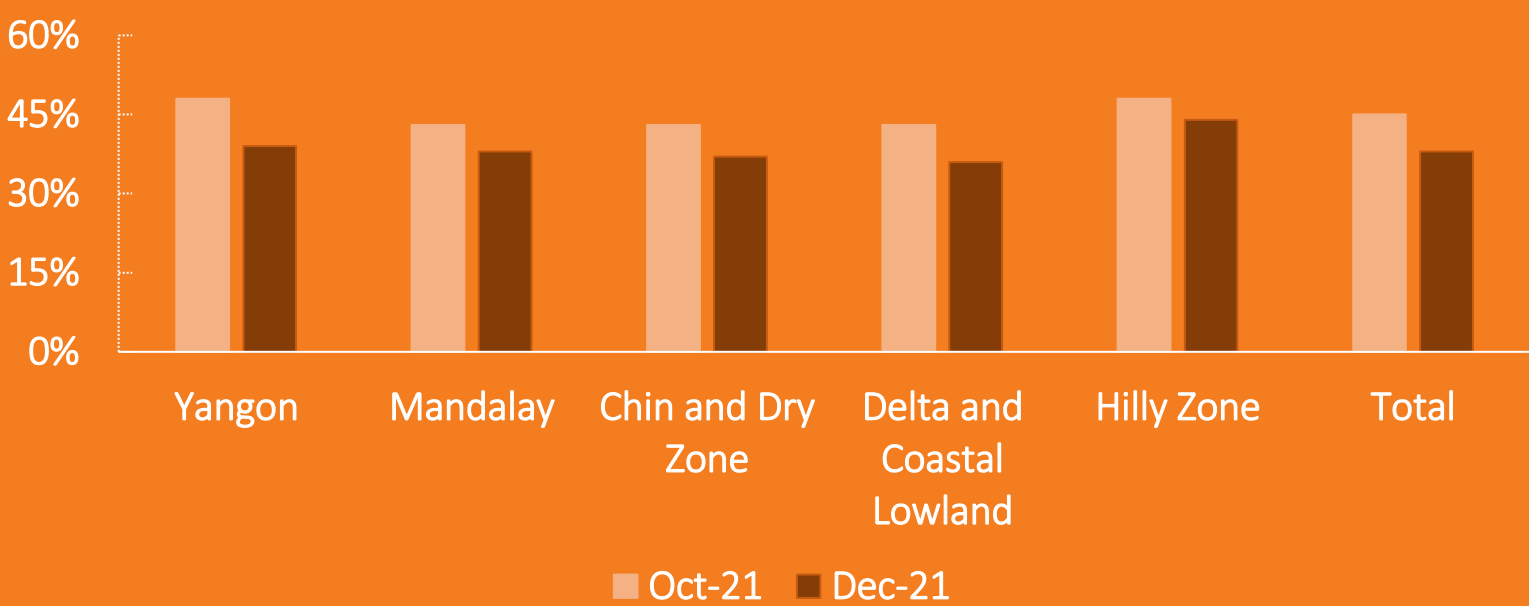
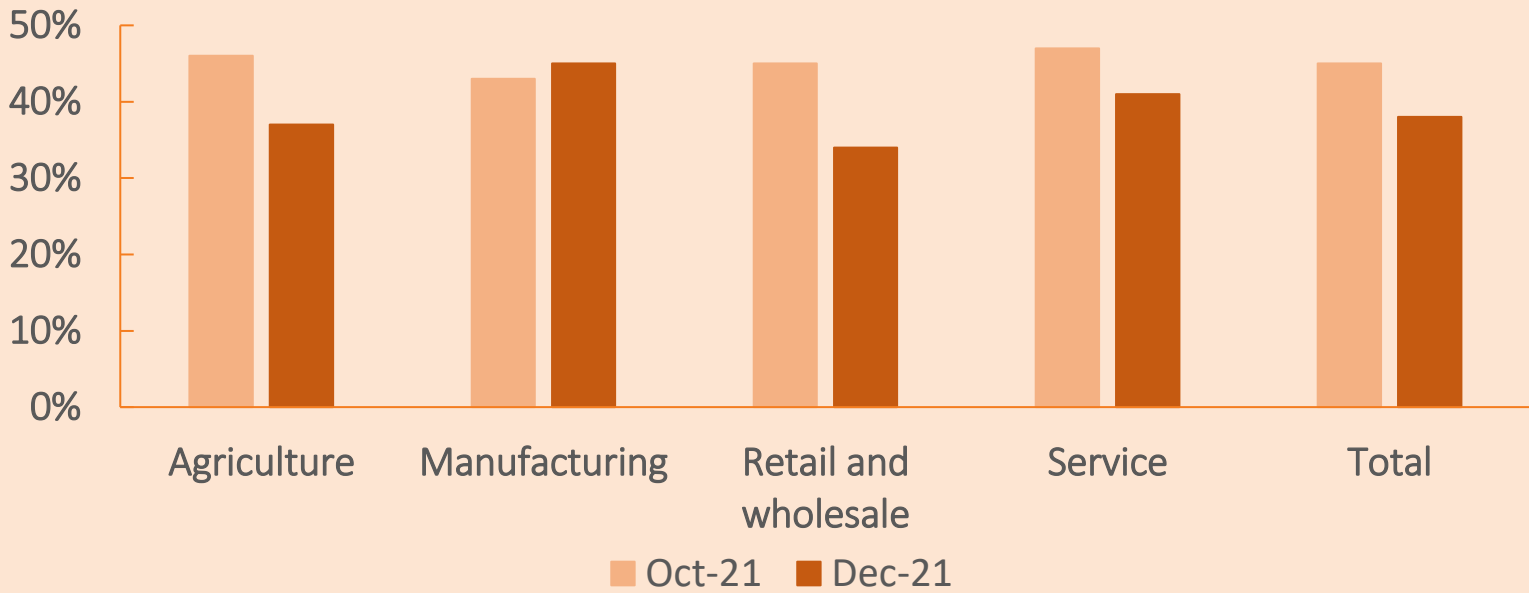


Note: Question is designed slightly differently. For June and August, firms were asked challenges experienced since February while for October and December, firms were asked challenges experienced in the last completed month.

Of the firms experiencing a disruption of supply in intermediate materials or inputs, increased costs and unavailability were the main causes

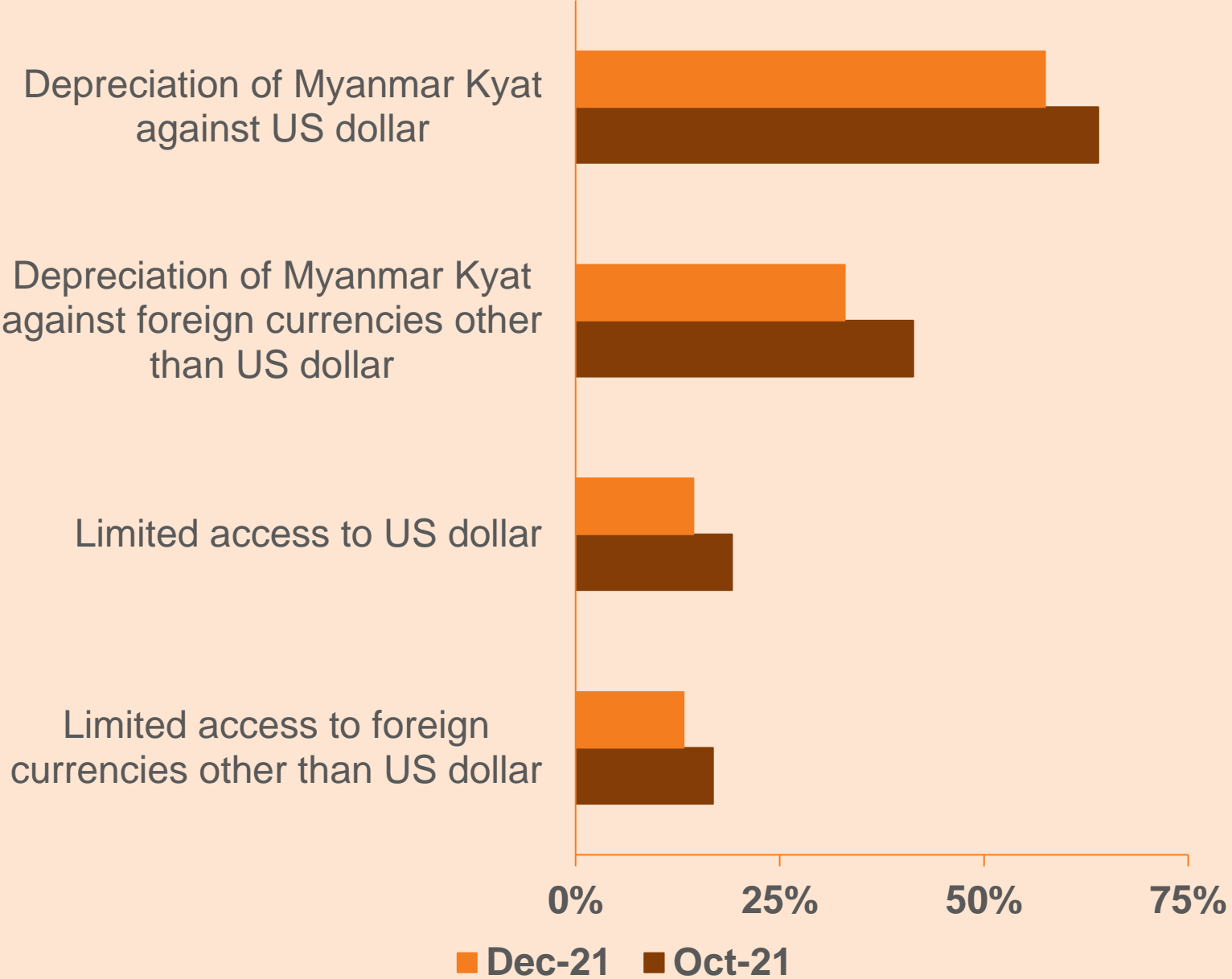


Compared to the past 3 months, intermediate materials or input prices increased by an average of 38 percent

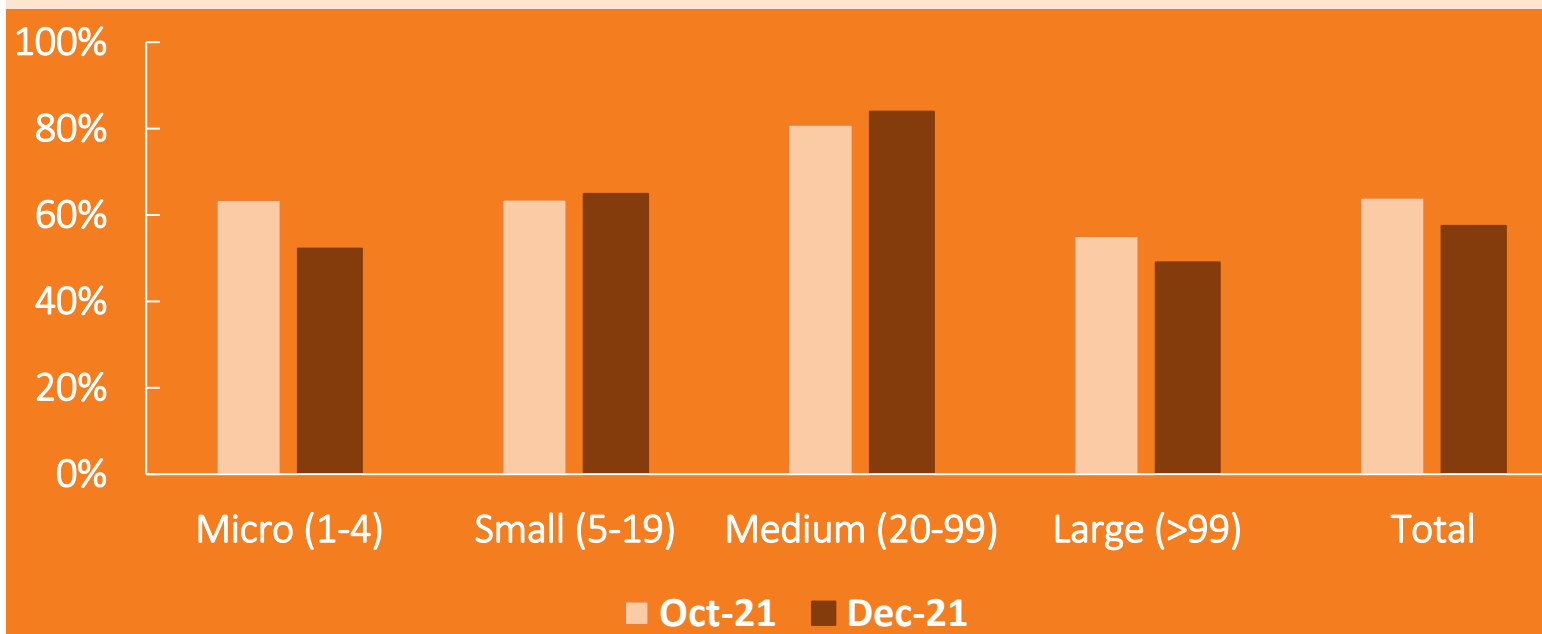


Note: Firms were asked to report about the last completed month.

The depreciation of the Myanmar kyat against the US dollar remained a major concern for a majority of firms' performance and operation

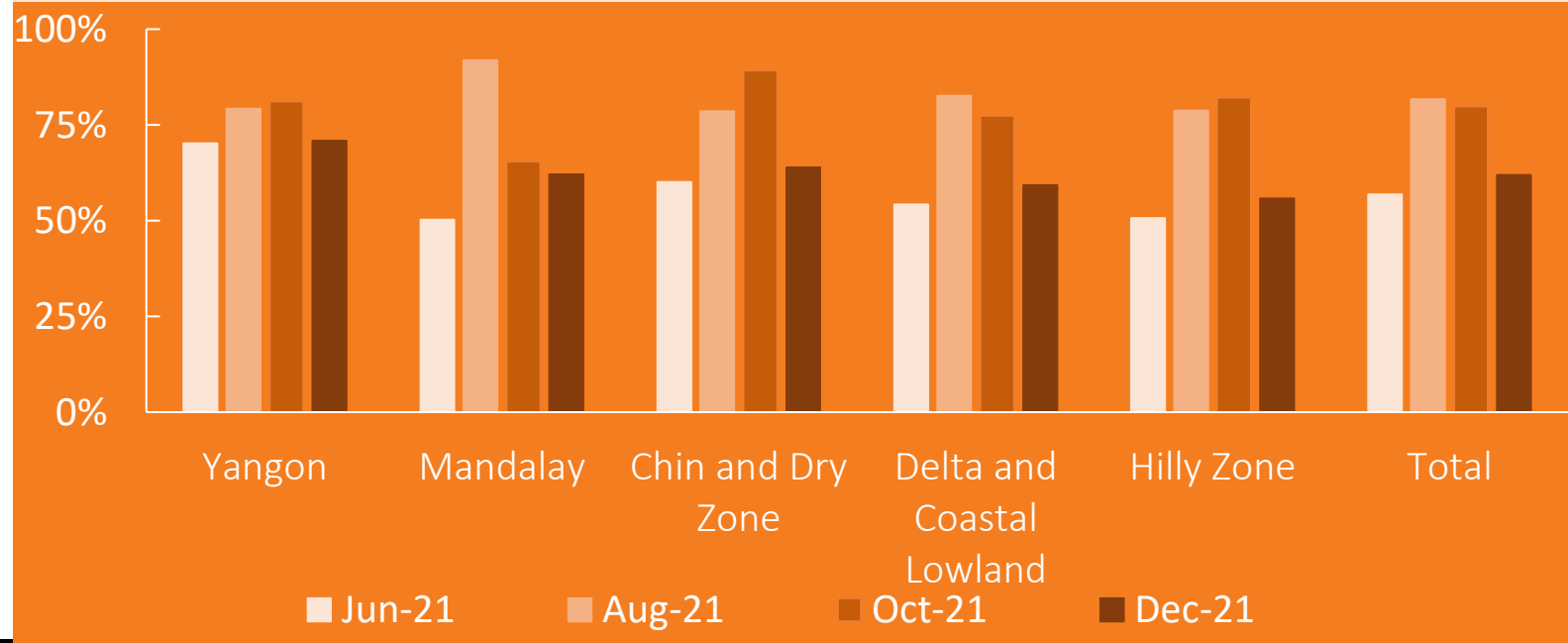


**MMK depreciation
against USD
impacted
manufacturing and
medium sized firms
more than other
firms**



Note: Firms were asked to report about the last completed month.

Share of firms reporting sales decline continued to improve in December 2021



Note: Firms were asked to report about the last completed month.

Across all firms, and compared to January 2021, there was an average of...

31%

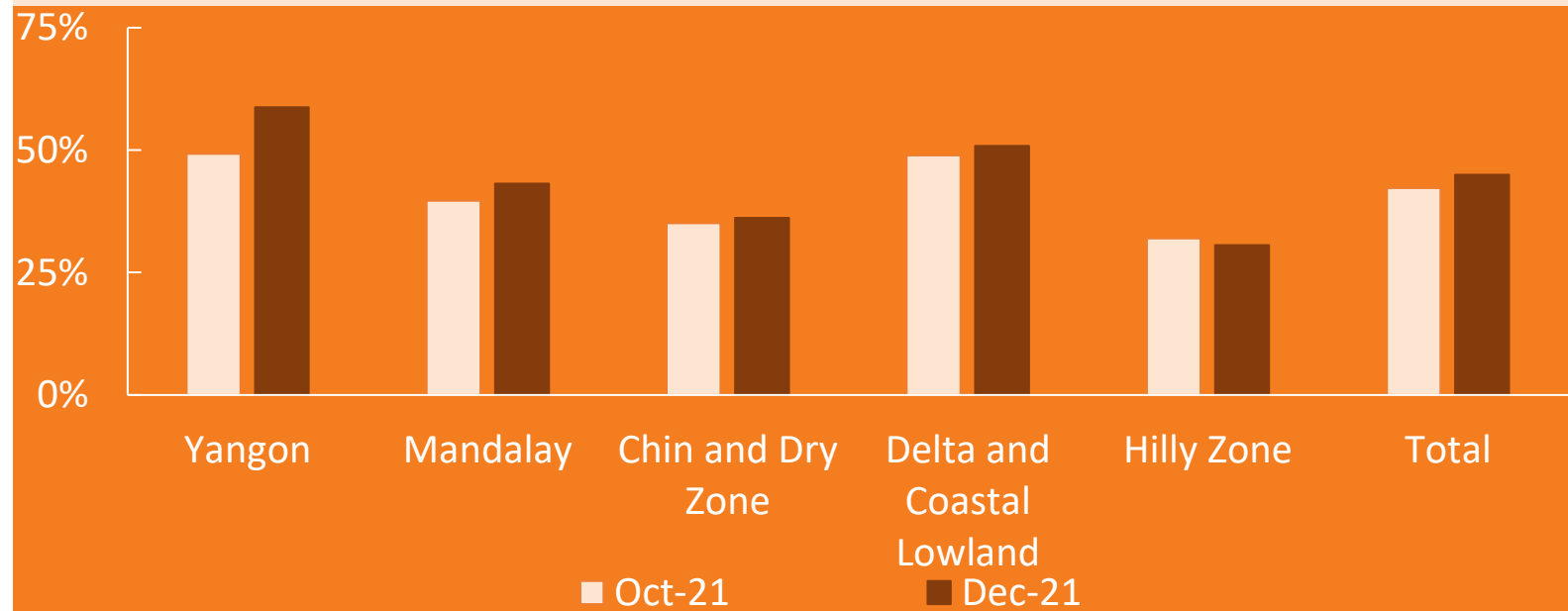
sales decline

40%

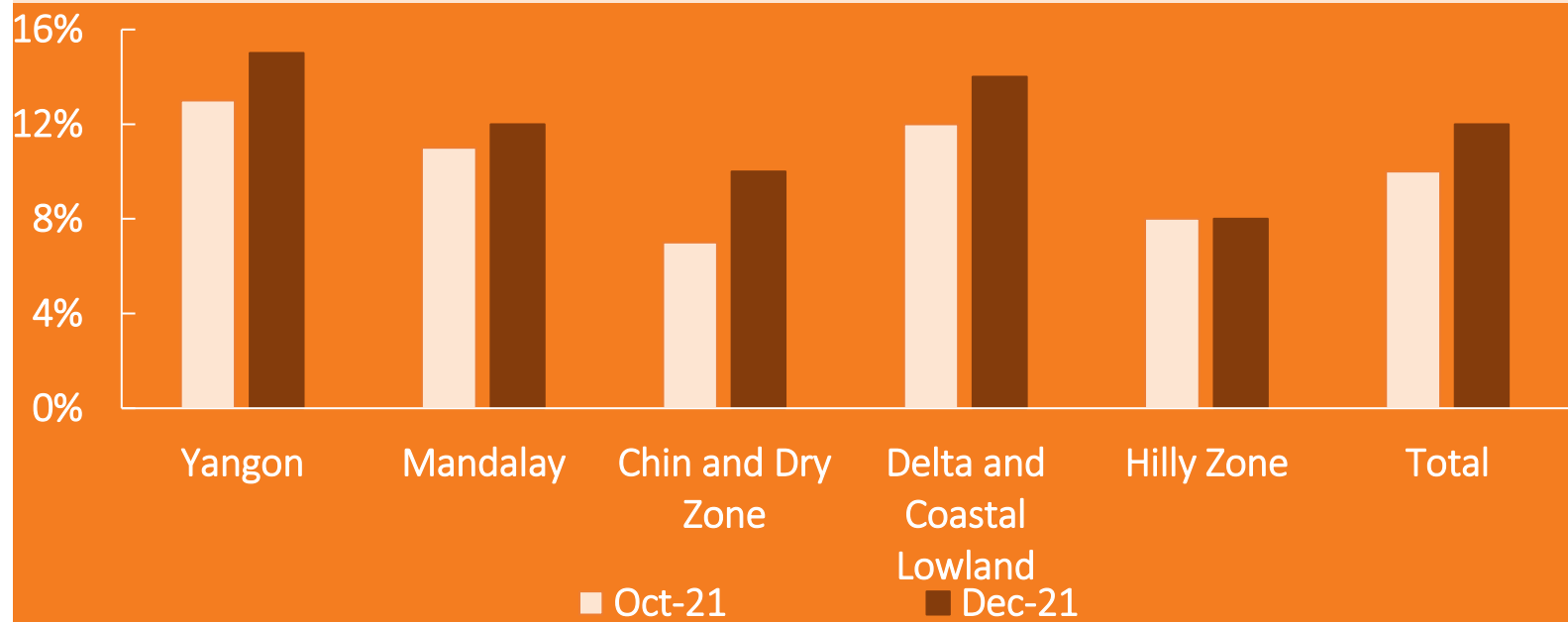
profit decline

Note: Firms were asked to report about the last completed month.

In December, the share of firms reporting a price increase since July 2021 continued to increase



In December 2021, prices increased by an average of 12 percent compared to July 2021



**The share of firms
which reported
price increases
attributed the
reasons to...**

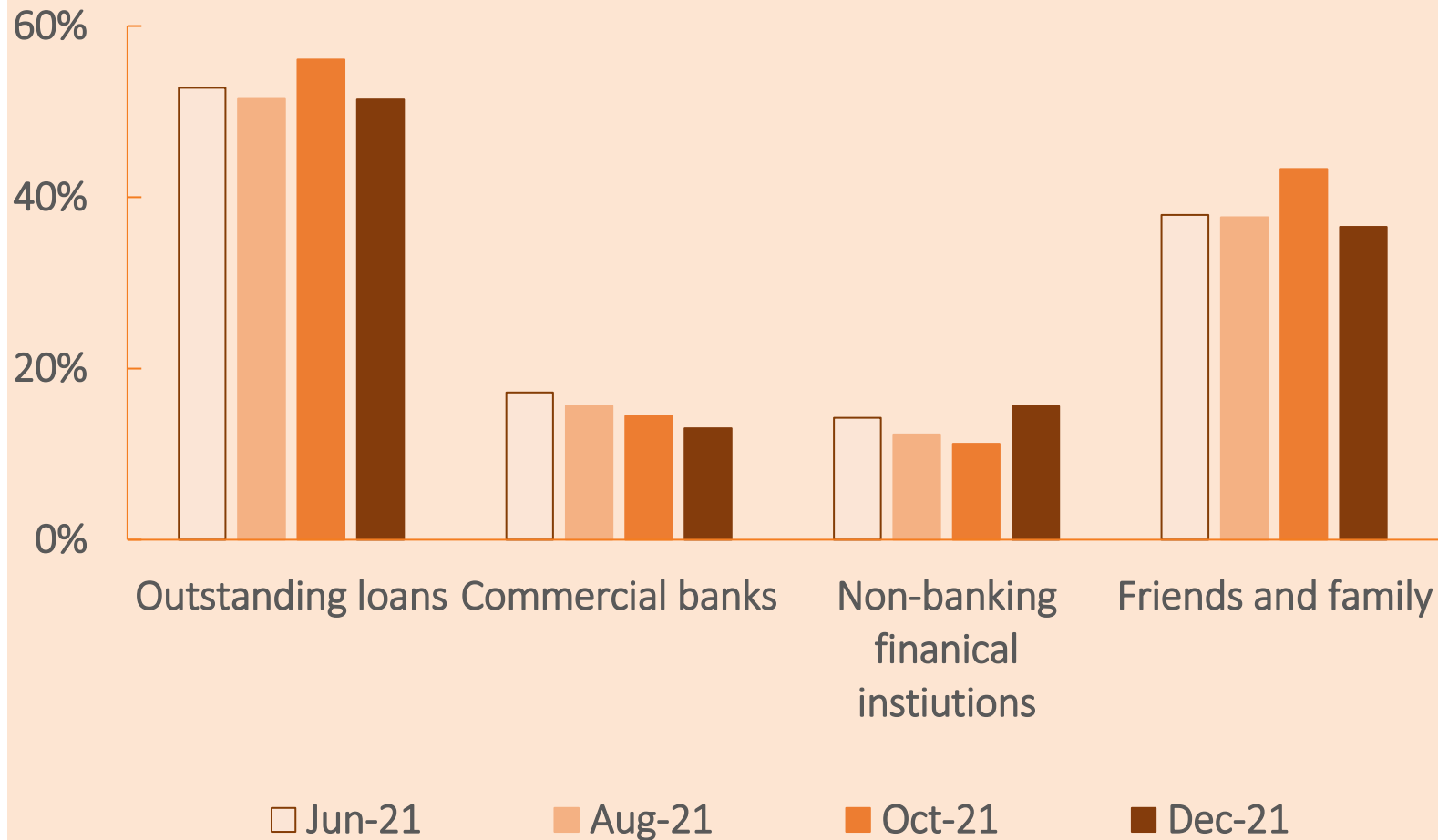
90%

**due to an increase in
supply, intermediate
and input prices**

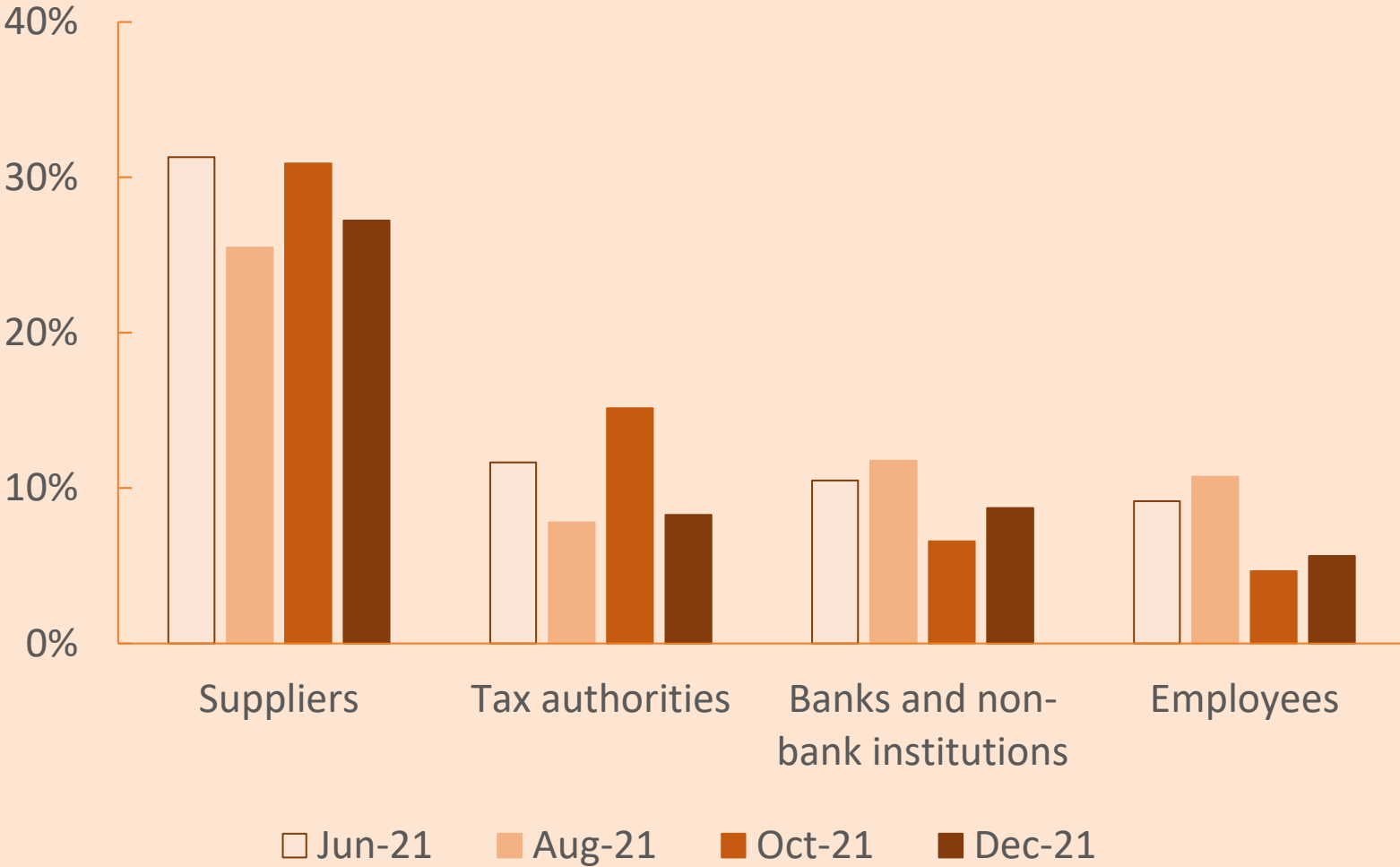
6 %

**due to an increase in
operational costs**

In December 2021, loans from friends and family remained a major financing source



Overall, fewer share of firms **delayed payments to payees more than one week in December 2021**



Note: Question is designed slightly differently. For June 2021, firms were asked to report on delayed payments since February 2021; for August 2021, to report about delayed payments due to COVID-19 third wave; for October and December 2021, to report about the last completed month.

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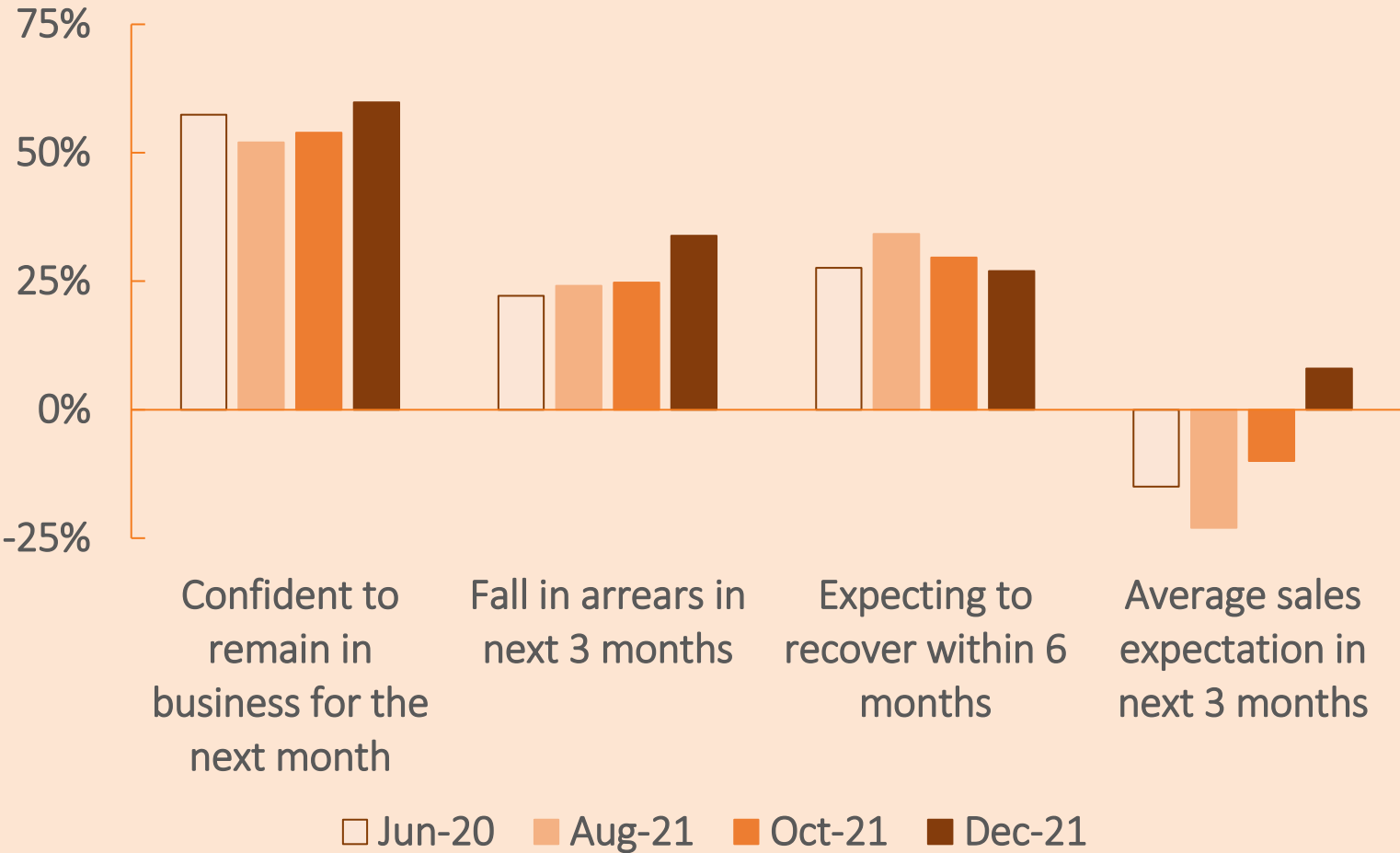
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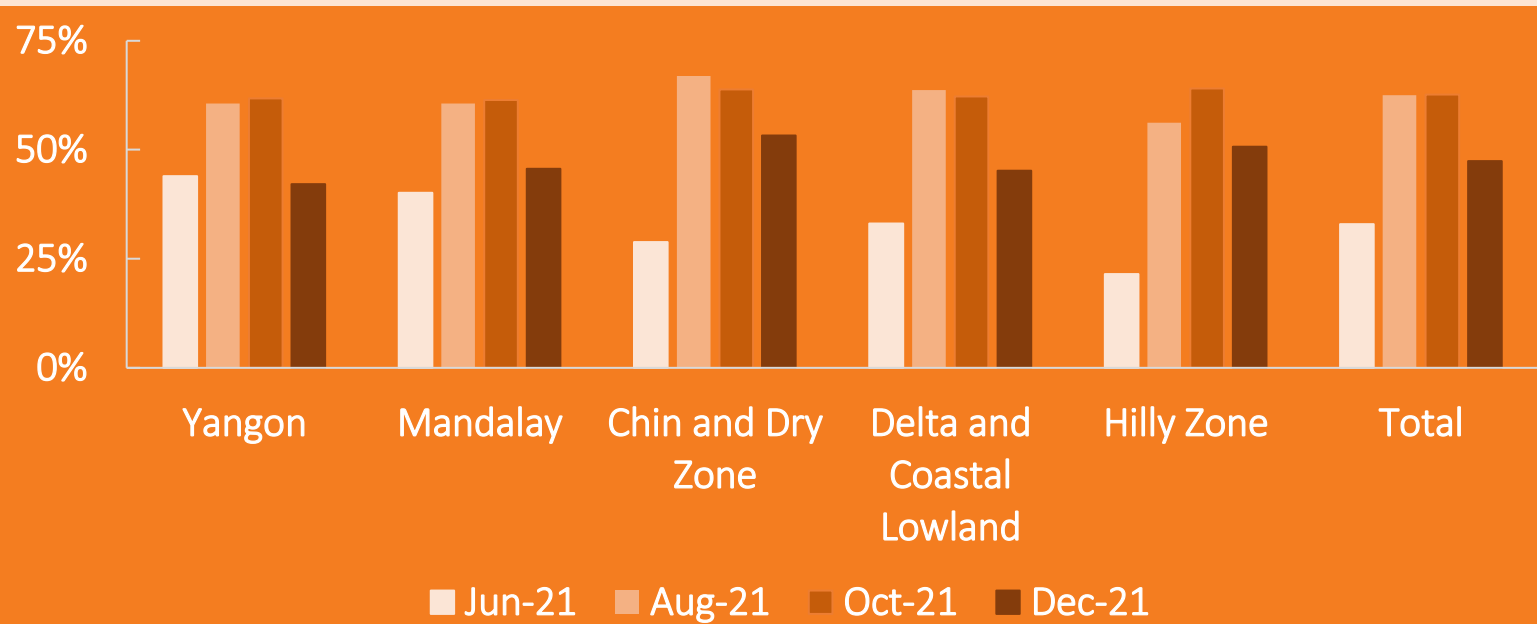
SECTION 5

**BUSINESS
EXPECTATIONS**

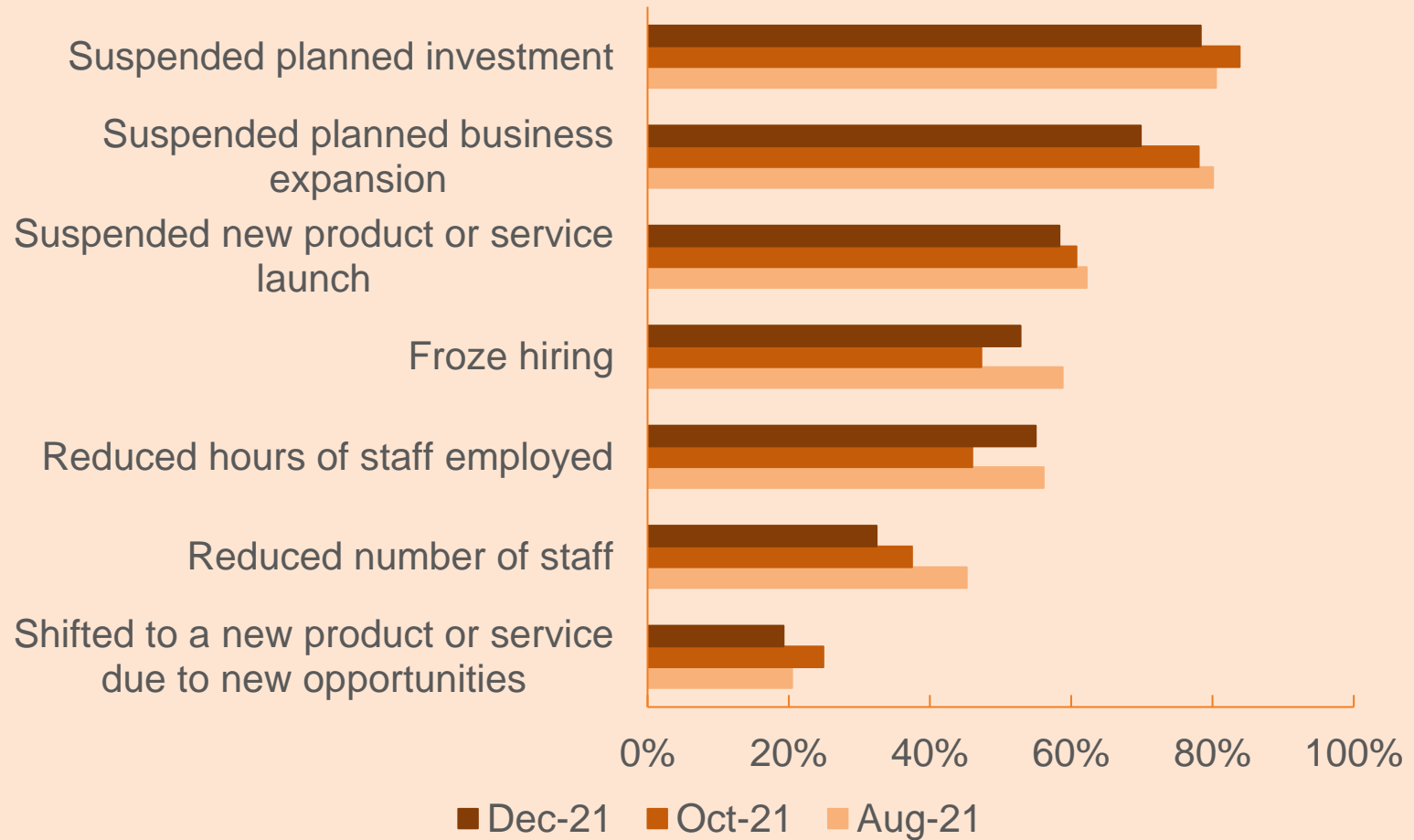
Mixed expectations for the future is observed



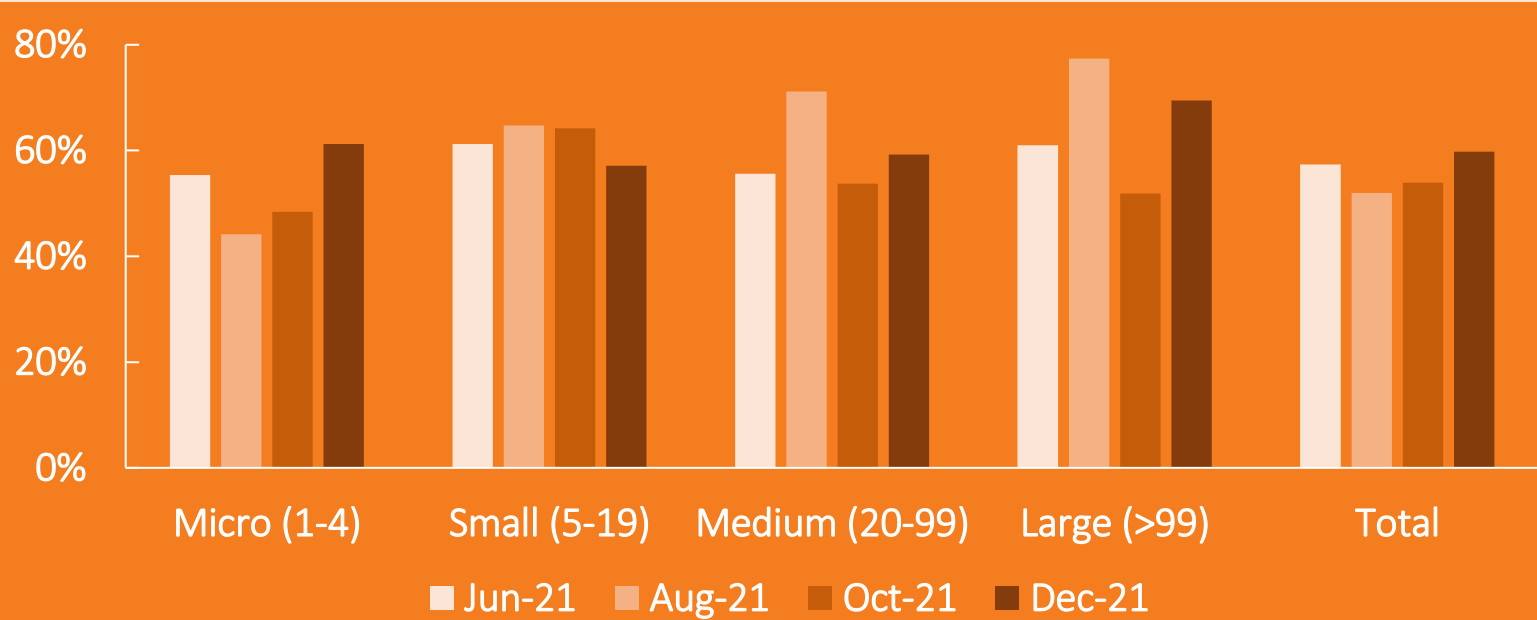
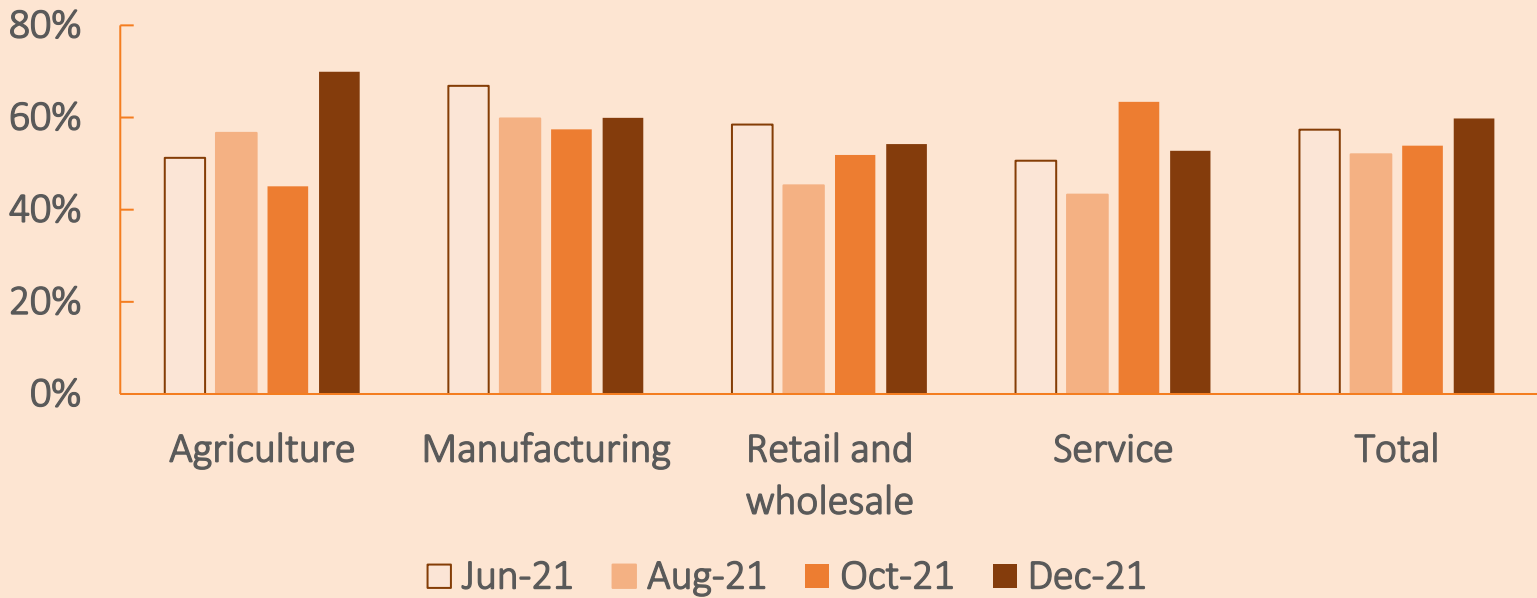
**About half of firms
have changed plans
to invest and expand
business since
February 2021**



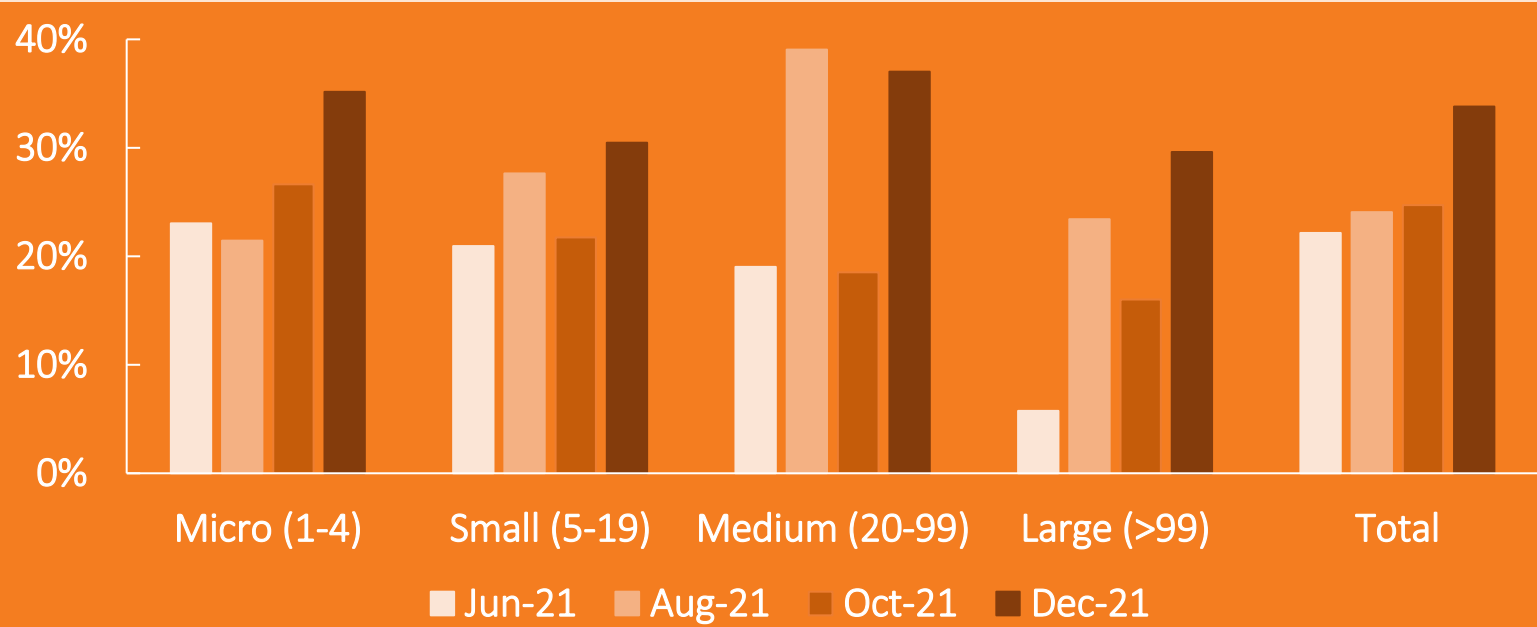
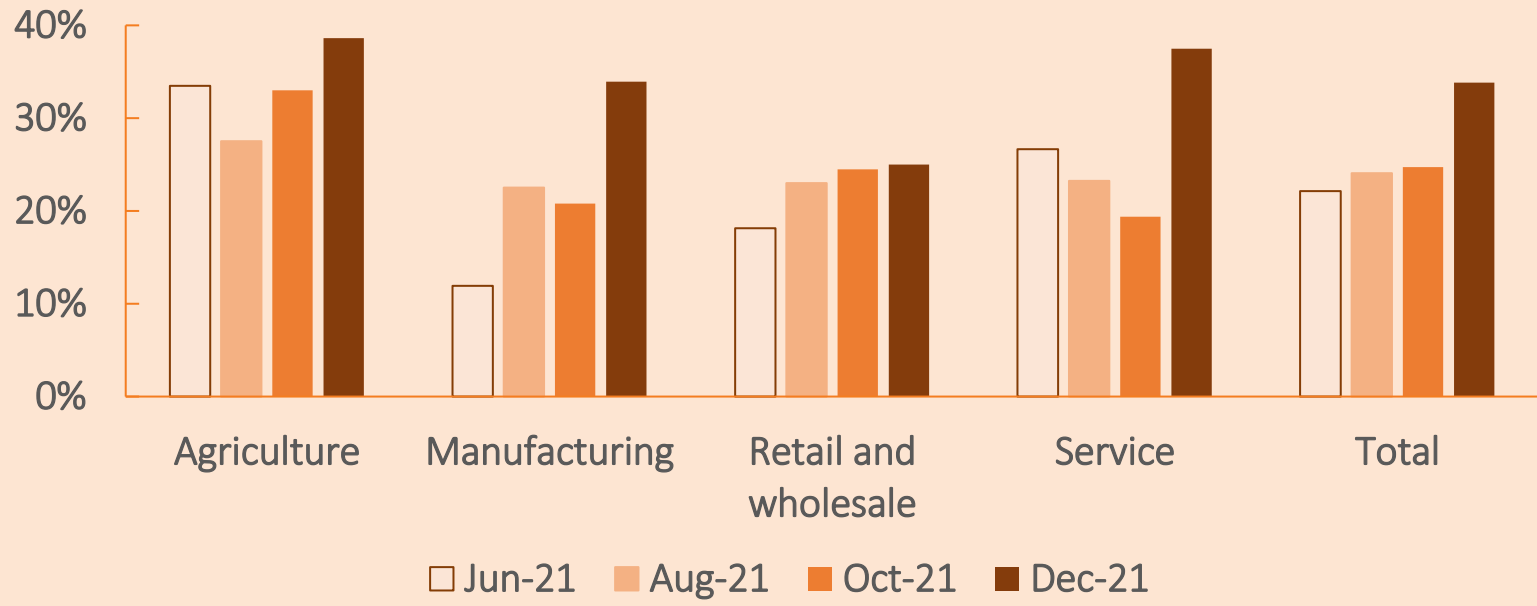
Of the firms changing business and investment plans, major decisions were to suspend investment, business expansion and to launch new products and services



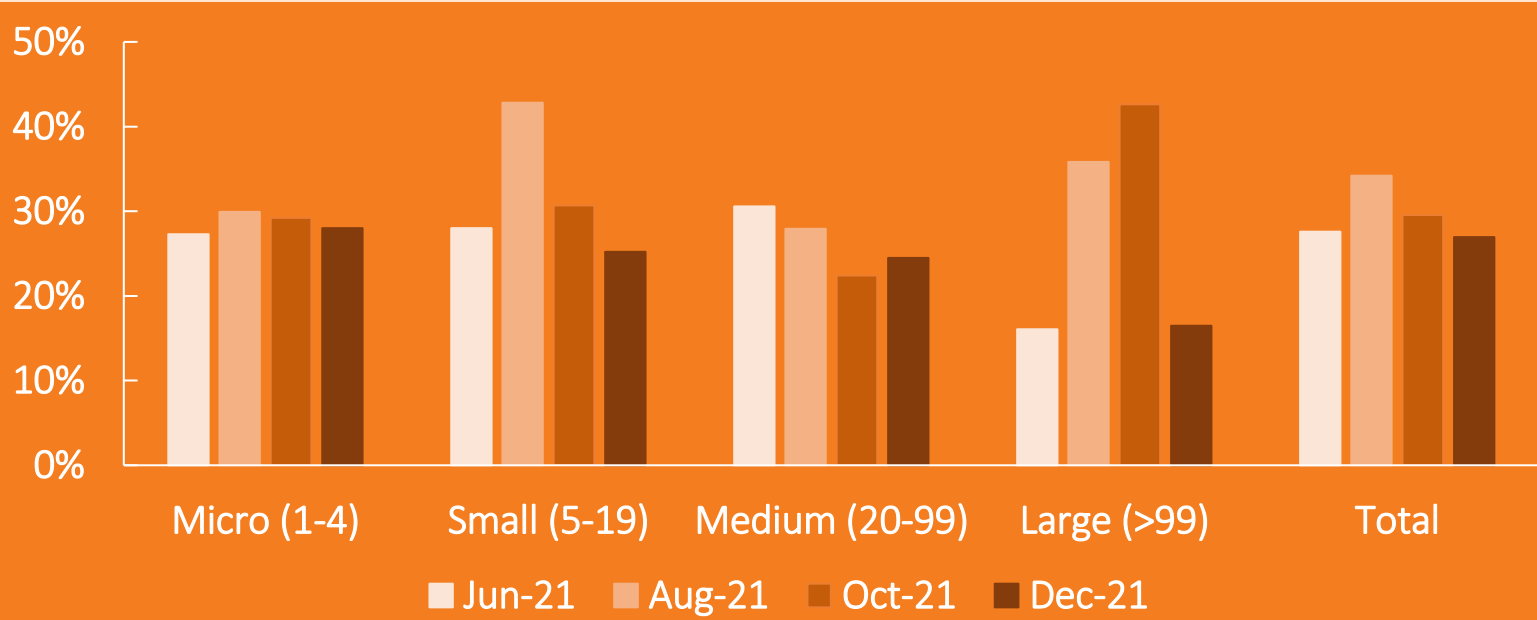
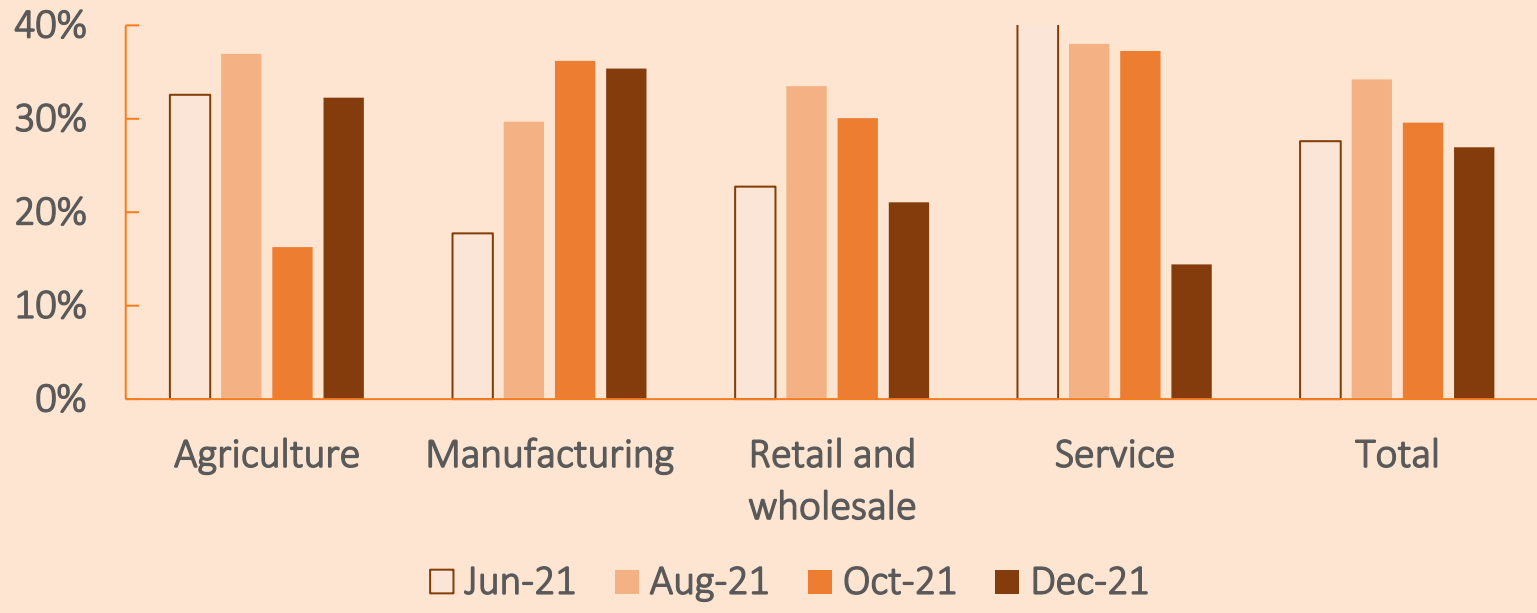
More firms are confident to remain open within the next month



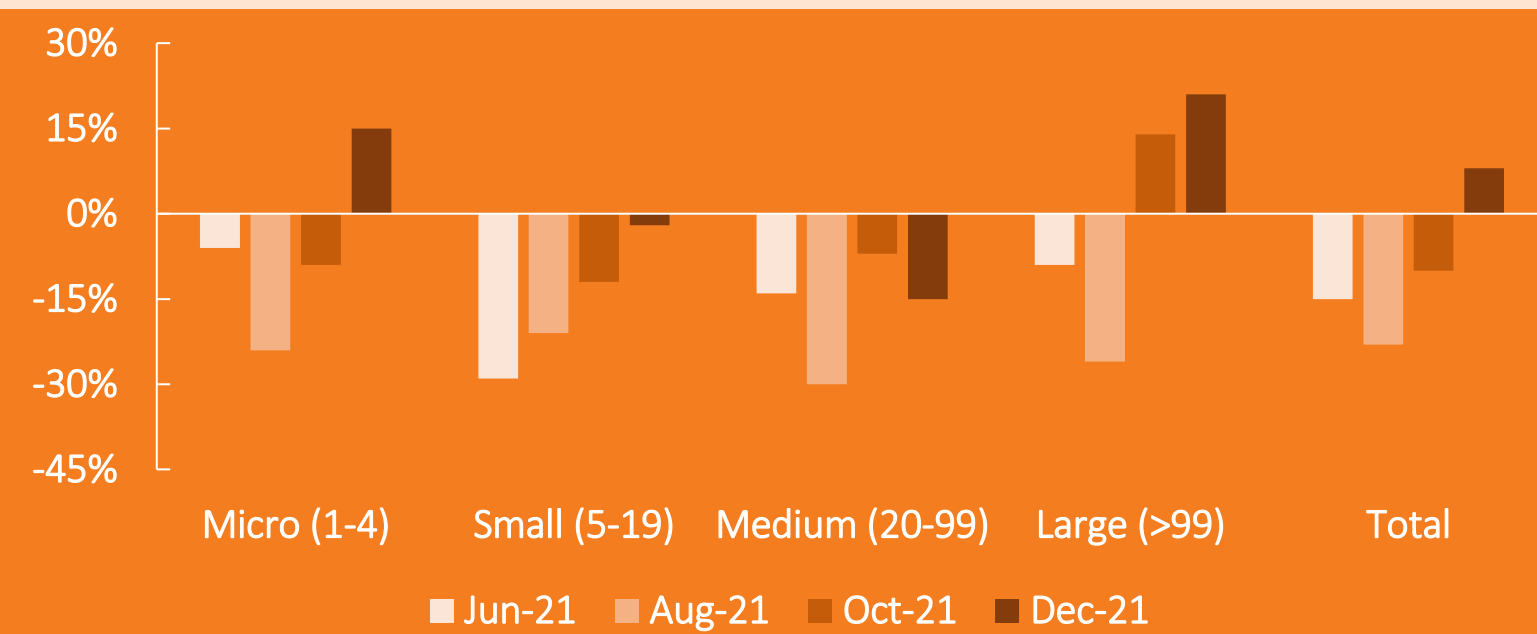
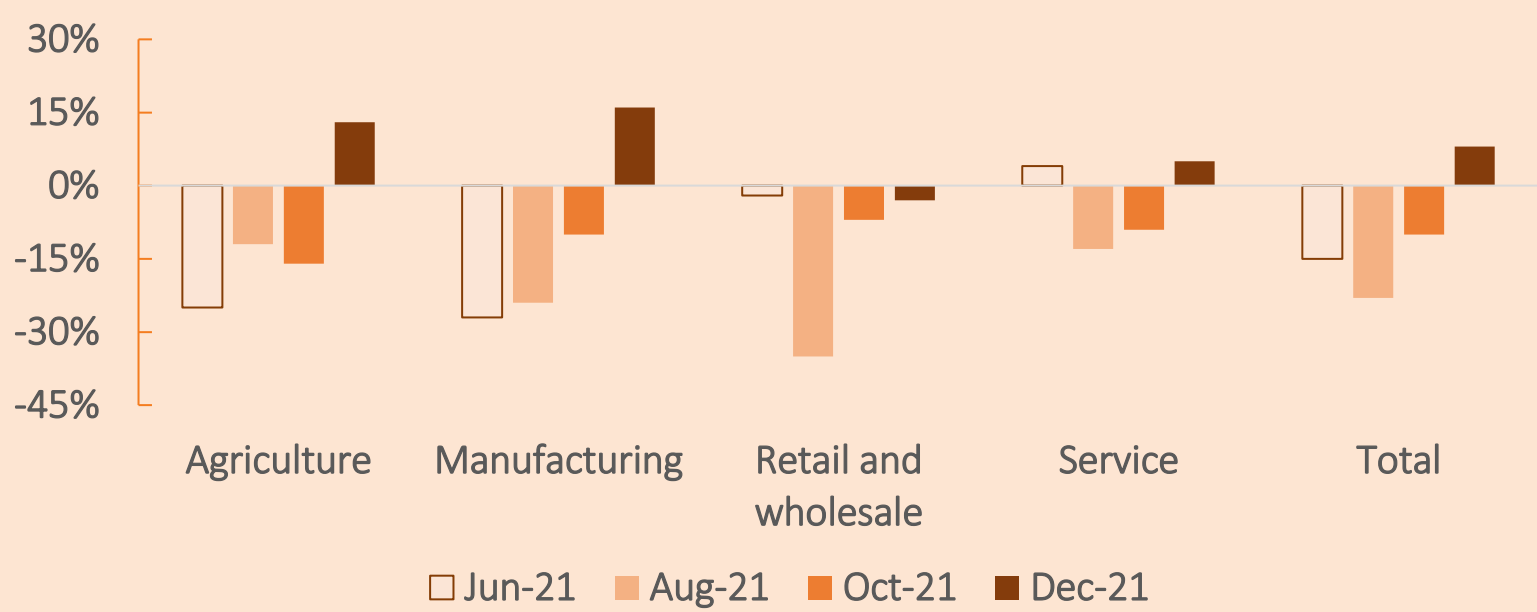
However, more firms expect to fall into arrears over the next three months



Fewer firms expect to recover to levels before February 2021 in next 6 months



On average, sales were expected to be 8% higher in the next 3 months than the same period last year



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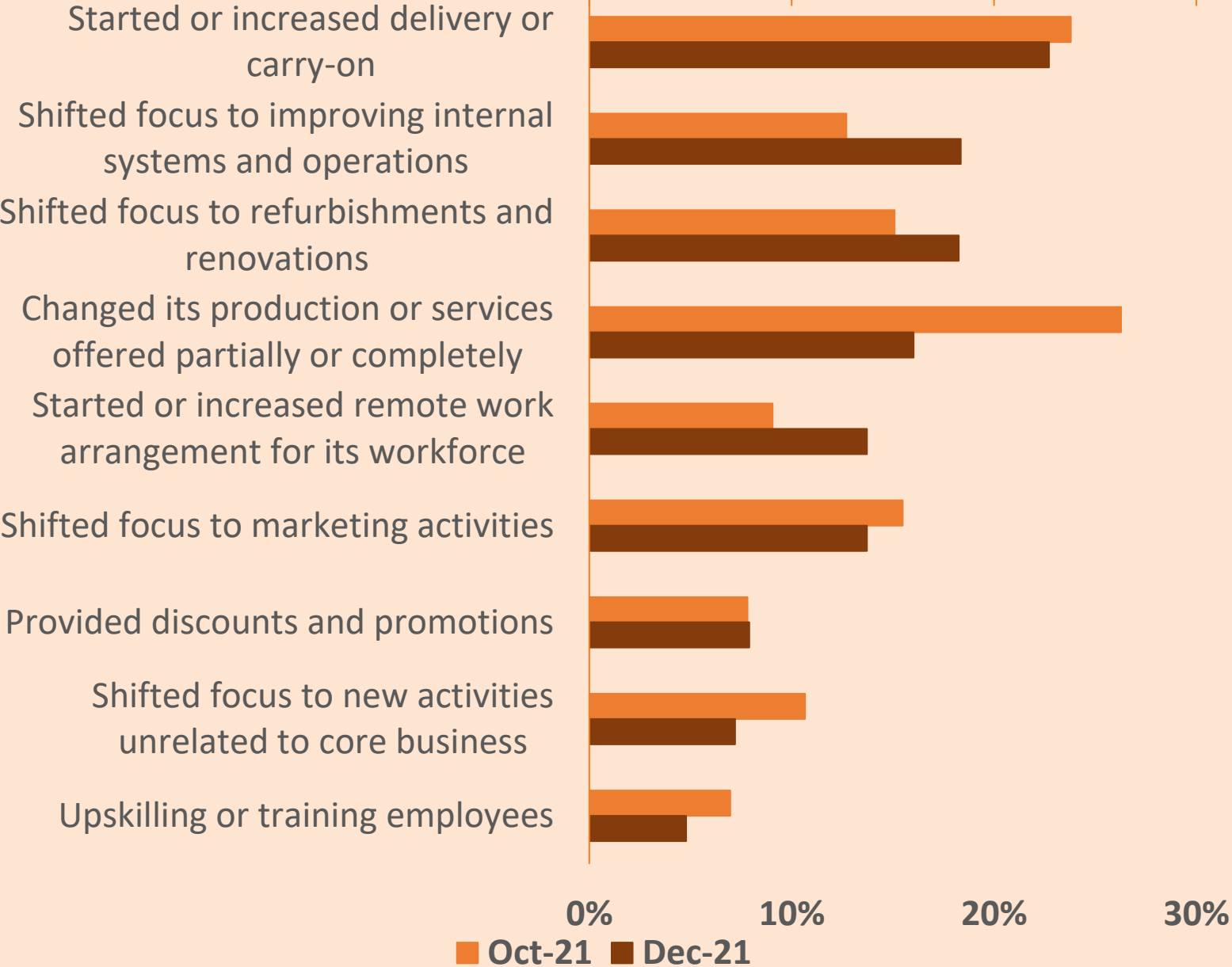
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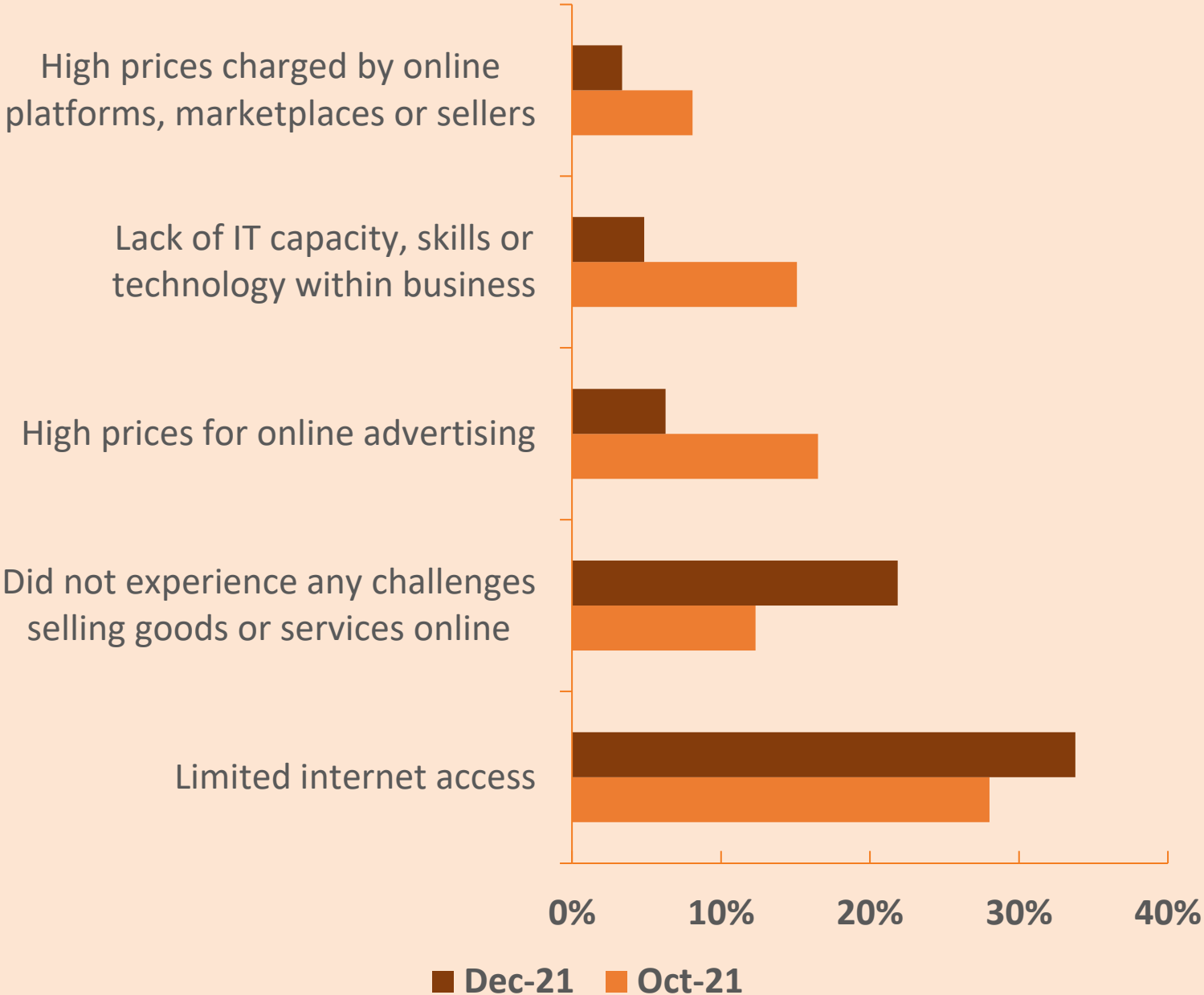
ADAPTATIONS

The two major adjustments that firms made in the last month were starting delivery or carry-on, and changes to either production of services



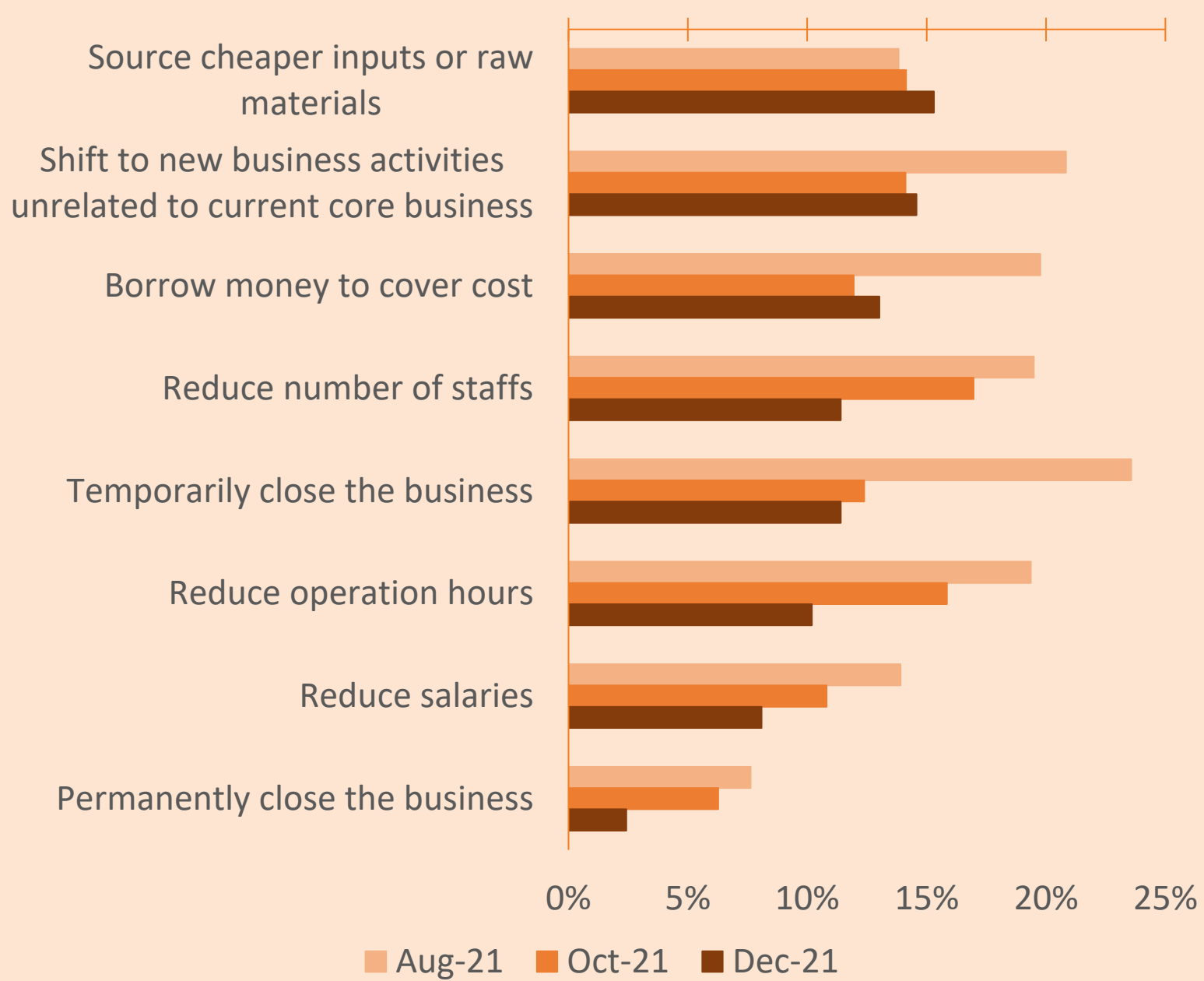
Note: Firms were asked to report about the last completed month.

Of the firms using online services and digital financial services, limited internet access remained the major challenge for such services



Note: Firms were asked to report about the last completed month.

If the situation does not improve in the next 3 months, firms reported that sourcing cheaper inputs or raw materials will be their primary adjustment mechanism



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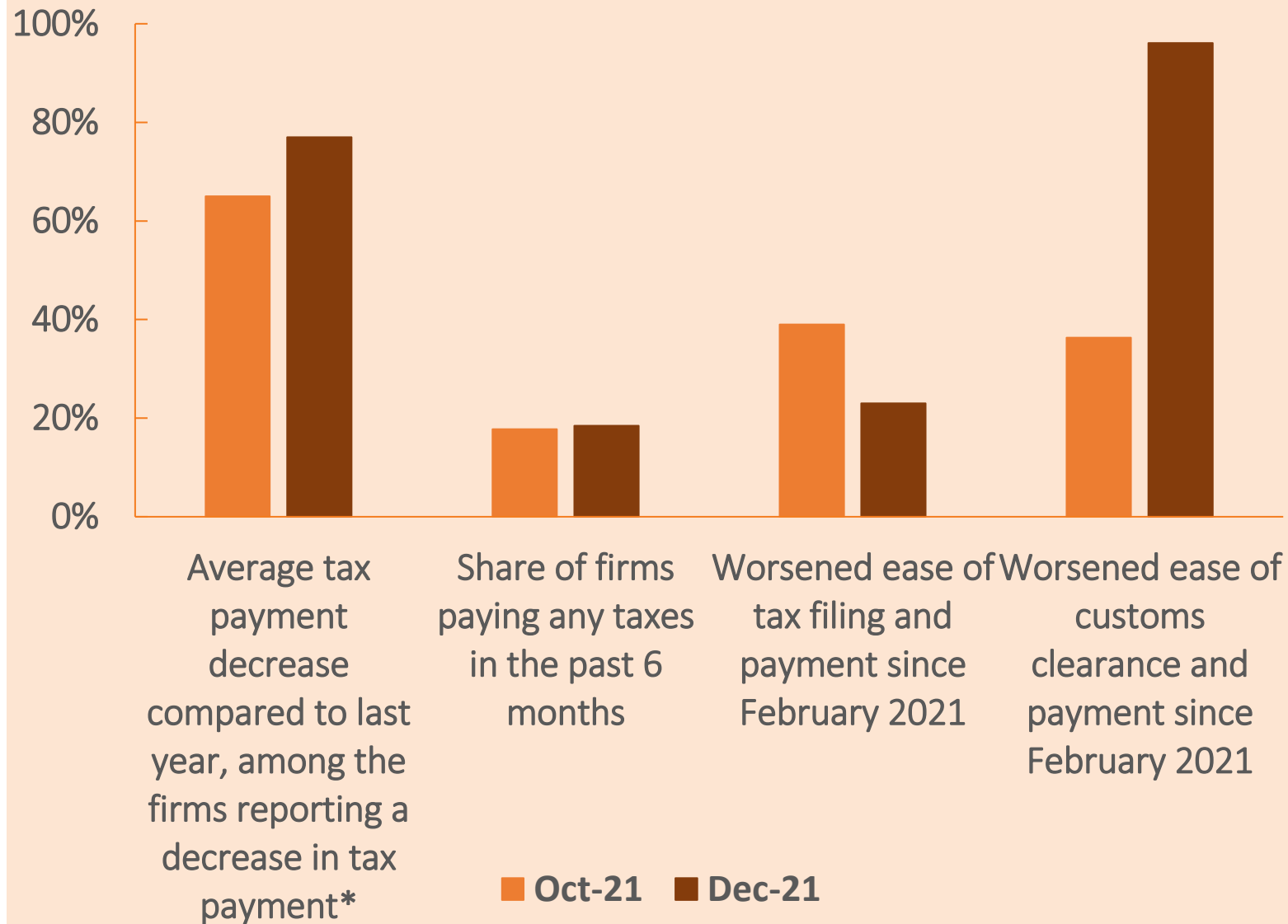
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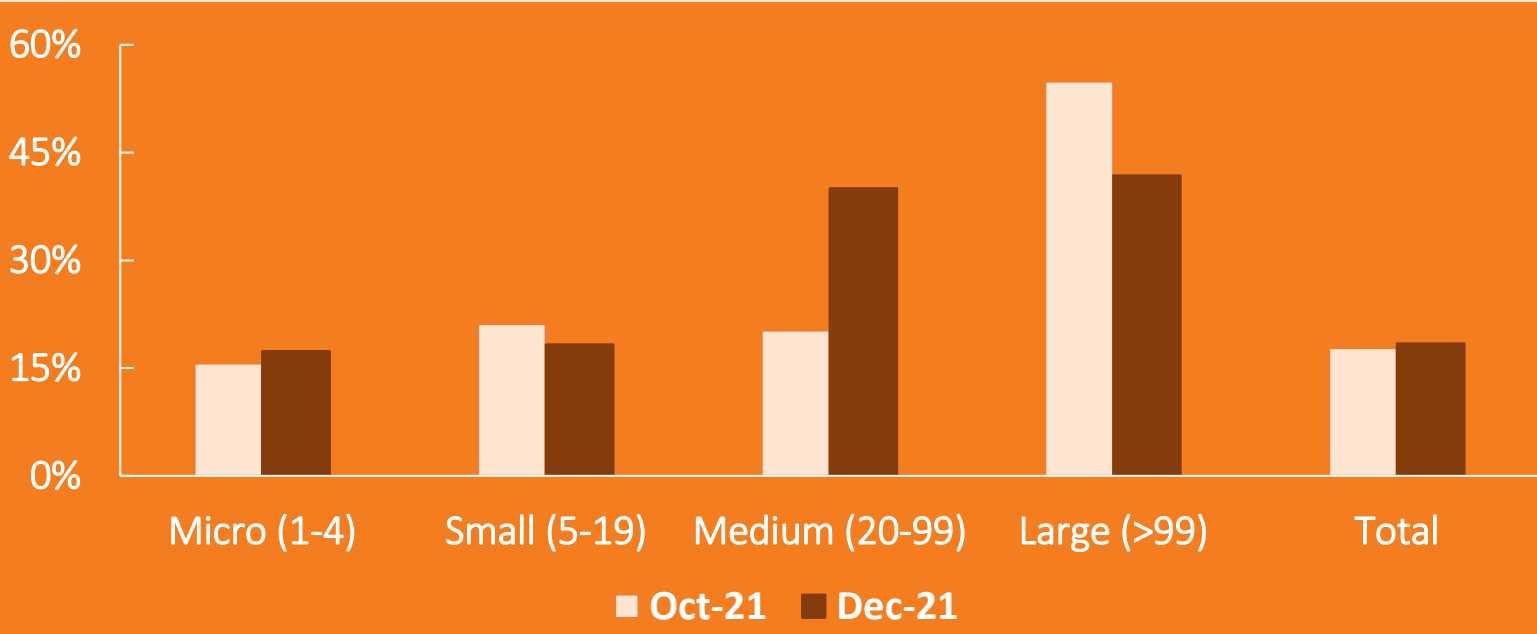
**TAX PAYMENT
AND PUBLIC
SERVICE
DELIVERY**

Tax payments remained lower and ease of compliance with regulations worsened



Note: *Indicator reported average tax payment decrease, and the rest indicators reported share of firms

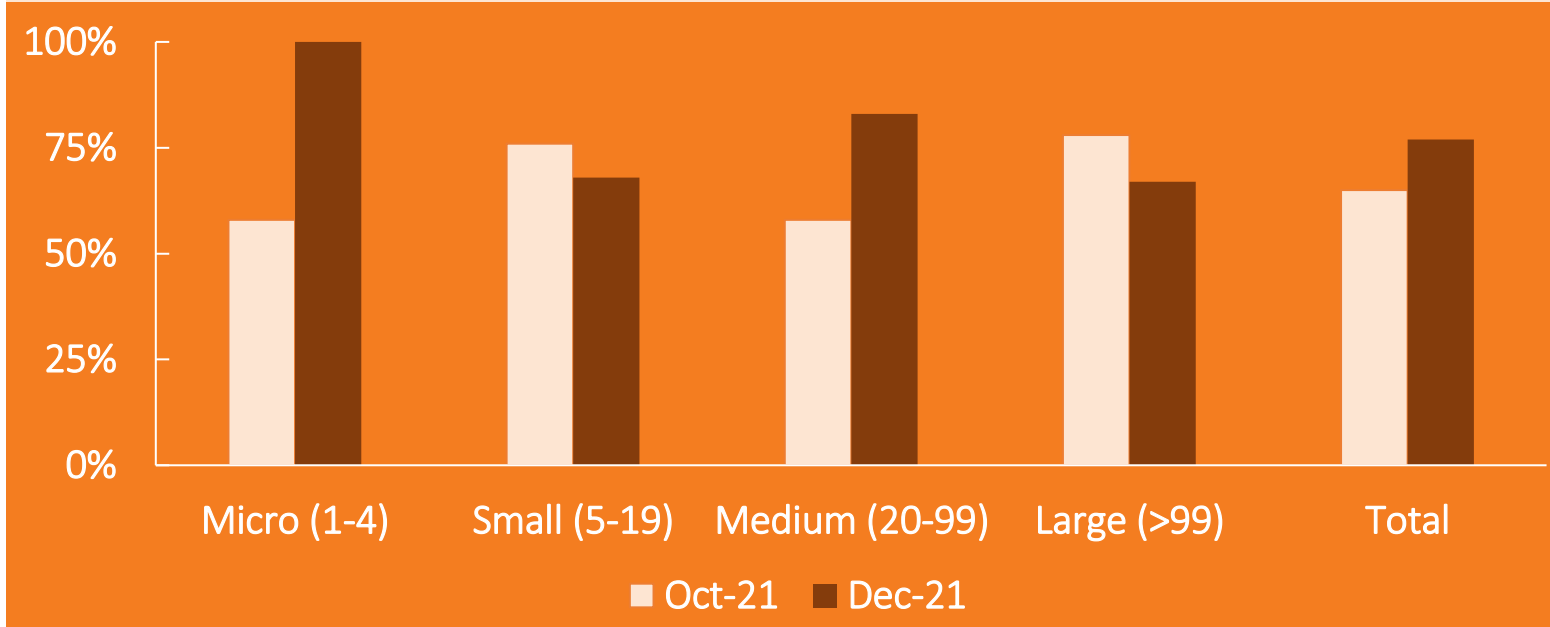
Share of firms paying taxes in the past 6 months remained low



Of the firms that paid any taxes in the past 6 months, registration tax and corporate income tax were the most paid taxes



Of the firms that paid taxes, average tax payment declined by 77 percent in 2021 compared to the last year



Next steps

Round 11 collection (February 2022)