Myanmar Economic Monitor

Presentation as of September 2022

REFORMS REVERSED
The Myanmar economy has been subject to additional stresses in 2022
The Ukraine war has added to pressures on inflation.
Balance of payments pressures have worsened, while recent trade and fx restrictions are impeding external adjustment.
Electricity outages have been an ongoing constraint this year
Conflict has remained elevated

Conflict intensity in Myanmar

Operational challenges for firms in May 2022

Source: WB staff calculation using data from the Armed Conflict Location & Event Data Project (ACLED)

Source: World Bank’s Firm Monitoring Survey Round 12
Despite these constraints, evidence of recovery in some areas since last year
Mobility has picked up

Figure 7: Retail mobility

Figure 8: Workplace mobility

Source: Google COVID-19 community mobility report
Note: 7-day moving average series. EAP average includes Indonesia, Malaysia, Philippines, Thailand, Vietnam, Cambodia, Lao PDR, Mongolia, Myanmar, Fiji and PNG

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Manufacturing output and employment seemed to be stabilizing, though recent months have seen a return to contraction.
Manufacturing and to a lesser extent agriculture exports have shown resilience.

Myanmar’s major export trends (3 month moving average)

Source: CEIC, Ministry of Commerce and Money Exchangers
But the economy remains fragile
The absence of a substantial rebound in FY2022 is indicative of severe supply- and demand-side constraints.
Household incomes, consumption and welfare remain under significant pressure

- Over half of all households in Myanmar report reduced household income in February 2022 relative to January 2021, while only 13 percent reported an increase.

- Our simulations indicate that about 40 percent of Myanmar’s population is living below the national poverty line in 2022, which is a doubling of the pre-pandemic rate and a return to levels last seen a decade ago.
The fiscal situation has worsened.
And the outlook is bleak

Several **downside risks**:  
• Balance of payments and exchange rate  
• Further escalation of conflict  
• Resurgence of COVID-19 or natural disaster  

Recent **reform reversals** are likely to inhibit potential growth, worsen macroeconomic instability, and impair the efficient allocation of resources:  
• Abandonment of managed float  
• FX surrender requirements  
• Heavy-handed approach toward promoting import substitution and self-sufficiency  
• Monetization of the fiscal deficit, and de-prioritization of the social sectors  
• Return to a system of governance in which the authorities have more discretion over the application of rules, and more control over the allocation of resources.