

# MYANMAR

**Table 1** **2023**

Population, million	54.6
GDP, current US\$ billion	62.3
GDP per capita, current US\$	1140.6
International poverty rate (\$2.15) <sup>a</sup>	2.0
Lower middle-income poverty rate (\$3.65) <sup>a</sup>	19.6
Upper middle-income poverty rate (\$6.85) <sup>a</sup>	68.2
School enrollment, primary (% gross) <sup>b</sup>	118.9
Life expectancy at birth, years <sup>b</sup>	65.7
Total GHG emissions (mtCO <sub>2</sub> e)	246.2

Source: WDI, Macro Poverty Outlook, and official data.  
a/ Last official estimate based on 2017 Myanmar Living Conditions Survey, 2017 PPPs.  
b/ WDI for School enrollment (2018); Life expectancy (2021).

*GDP growth is estimated at just 1 percent in FY2023/24 reflecting supply chain and transport disruptions, and the impacts of elevated conflict and uncertainty. Sustained exchange rate depreciation and high inflation have put further pressure on household real incomes. Conflict and recently announced conscription rules have also driven migration and internal displacement, disrupting livelihoods and creating labor shortages in some areas.*

## Key conditions and challenges

Economic conditions have deteriorated over the six months to March amid increased conflict. Conflict has escalated across much of Myanmar causing displacement, labor shortages, and increased logistics costs. As of early March, the UN estimates that around 800,000 people have been displaced since October 2023, bringing the total number of internally displaced people in Myanmar to about 2.8 million. A newly introduced national conscription law that mandates a two-year military service for citizens across various age groups dependent on occupational status has created additional uncertainty, potentially triggering external migration flows. Armed clashes have affected vital trade routes with China, Thailand, and most recently Bangladesh and India. As land border trade accounts for around 15 percent of exports (excluding natural gas) and 21 percent of its imports, the disruption of these routes has the potential to significantly impact economic activity. Macroeconomic volatility also increased with renewed pressure on the exchange rate and inflation reflecting a combination of internal and external developments. The kyat has depreciated by almost a quarter against the US dollar over the year to February 2024. Exchange rate pressures have increased since mid-2023 given a decline in exports,

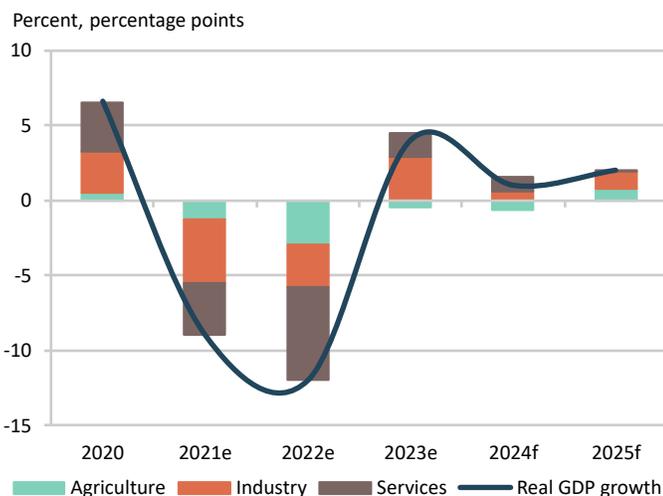
the introduction of U.S. sanctions on two large state-owned banks, and the announcement of restrictions on cross-border payments by international banks. The resulting exchange rate depreciation has translated to high inflation (28.6 percent in June 2023), which has been further worsened by elevated conflict and logistics constraints since October.

Household incomes continue to be negatively impacted by successive shocks. 40 percent of households surveyed in IFPRI's Myanmar Household Welfare Survey reported lower income in the first half of 2023 than a year earlier, while only 25 percent reported an increase. According to IFPRI, median real incomes fell by 10.2 percent over the same period.

## Recent developments

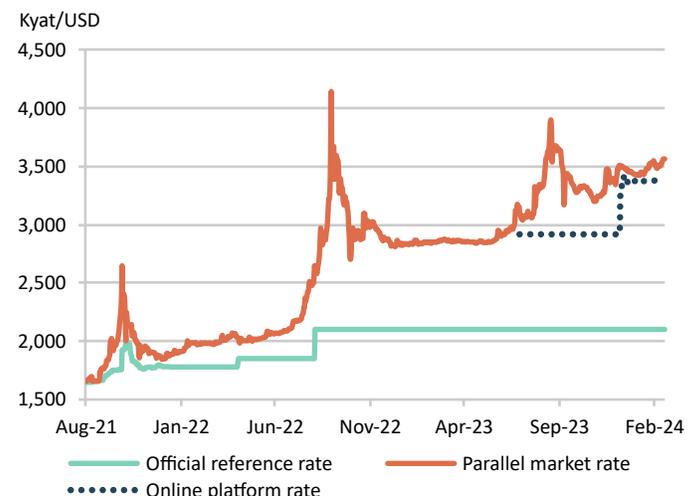
Economic activity has deteriorated since mid-2023. In the September 2023 round of the World Bank Firm Survey, firms reported operating at 56 percent of their capacity on average, 16 percentage points lower than in March 2023. The services sector, including wholesale and retail trade, experienced the most severe downturn due to a substantial drop in reported sales compared to the previous year. The manufacturing purchasing managers' index (PMI) contracted from October 2023 through February 2024 as firms reported a steep decline in output and new orders, largely explained by a slowdown in domestic demand. Agriculture remained constrained by high input costs, conflict,

**FIGURE 1 Myanmar / Real GDP growth and contributions to real GDP growth by sector**



Sources: Ministry of Planning and Finance and World Bank staff estimates.

**FIGURE 2 Myanmar / Official, parallel-market, and online platform rates**



Sources: Central Bank of Myanmar and Social Media.

trade restrictions, and flooding with agricultural firms on average reporting to be operating at 62 percent of their capacity, 11 percentage points lower compared to April 2023.

Headline inflation reached 28.6 percent (yoy) in June 2023, moderating only slightly from its peak of 35 percent in December 2022, explained by the surge in food and transport prices reflecting exchange rate depreciation and increased conflict. The authorities introduced price control measures and export restrictions to respond to the sharp increase in food prices. However, more recent data from the WFP indicates that food prices have increased further, by 9 percent on average between July and December. At the same time, fuel prices have increased by 4-6 percent between December and February.

Myanmar ran a trade deficit of 1.3 percent of GDP in the six months to September 2023, from a surplus of 0.1 percent of GDP in the same period a year earlier, due to softer external demand and increased logistics constraints. While exports contracted by 11 percent, imports remained broadly stable. Manufacturing and agriculture exports declined by 19 and 8 percent, respectively, due to weak global demand and constrained domestic production.

As of the end of February 2024, the gap between the parallel market rate and the official reference rate had widened to around 60-70 percent, with persistent shortages of US dollars at below market rates. In December, the Central Bank of Myanmar (CBM) partially eased foreign currency restrictions: the foreign currency surrender requirement was relaxed to 35 percent of export earnings, down from 50 percent, while banks and licensed dealers were allowed to trade forex at close-to-market exchange rates. In response to persistent exchange rate pressures, the CBM sold about US\$ 200 million between December and January 2024 to meet excess demand for forex.

The budget deficit widened to 6.4 percent of GDP during the fiscal year 2022/23, due to a revenue contraction that more than offset a modest spending decrease. Spending on goods and services declined by nearly 2 percent of GDP, partially offset by increased capital spending. The deficit continued to be financed mainly from domestic sources with around 70 percent of gross public financing needs (about 4.8 percent of GDP) covered by the CBM. Total public debt remained above 60 percent of GDP, with the impact of budget deficits on the debt-to-GDP ratio continuing to be broadly offset by faster inflation.

## Outlook

Real GDP growth is expected to slow to just 1 percent in FY23/24 and 2 percent the following year (down from 4 percent in FY22/23), due to supply chain disruptions and the impacts of conflict-induced uncertainty on consumption, investment, and productive activity. The agriculture sector is particularly exposed to border trade disruptions with over a third of agricultural exports going to China, India, and Thailand via land. Moreover, high input costs and trade barriers continue to reduce farmers' ability to invest and benefit from favorable export prices. Manufacturing is projected to slow due to power shortages, logistics constraints, and subdued external demand. Wholesale and retail sales are expected to remain subdued due to ongoing pressure on real household incomes.

The risks to the outlook are tilted towards the downside. Any further escalation of conflict could severely obstruct land trade and supply chains, spur further internal displacement, and sharply reduce mobility, consumption, and productive activity. Over the medium to longer term, living standards are threatened by falling real wages, declining labor productivity, labor outflows, and the erosion of human capital.

**TABLE 2 Myanmar / Macro poverty outlook indicators**

(annual percent change unless indicated otherwise)

	2020	2021	2022e	2023e	2024f	2025f
<b>Real GDP growth, at constant market prices</b>	6.6	-9.0	-12.0	4.0	1.3	2.0
<b>Real GDP growth, at constant factor prices</b>	6.6	-9.0	-12.0	4.0	1.0	2.0
Agriculture	2.2	-5.7	-12.8	-2.2	-2.8	-2.0
Industry	8.0	-11.8	-8.2	8.0	1.5	2.9
Services	7.8	-8.4	-14.7	3.9	2.4	3.2
<b>Inflation (consumer price index)</b>	9.1	2.2	9.6	27.4	20.1	12.0
<b>Current account balance (% of GDP)</b>	-1.8	-0.4	-2.4	-6.3	-6.8	-6.4
<b>Fiscal balance (% of GDP)<sup>a</sup></b>	-8.9	-7.6	-4.6	-6.4	-5.9	-5.4
<b>Revenues (% of GDP)</b>	20.7	16.2	22.1	19.8	19.1	18.9
<b>Public sector debt (% of GDP)<sup>a</sup></b>	42.3	53.9	59.8	60.1	63.1	64.6
<b>Primary balance (% of GDP)<sup>a</sup></b>	-7.0	-5.2	-1.7	-4.1	-3.5	-3.2
<b>GHG emissions growth (mtCO<sub>2</sub>e)</b>	1.5	-2.4	1.8	0.4	-0.7	-0.2
<b>Energy related GHG emissions (% of total)</b>	17.0	15.1	15.6	15.3	13.6	12.1

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

Notes: e = estimate, f = forecast.

a/ Fiscal estimates and projections are for years ended March. All other estimates and projections are for years ended September.