News Release

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S&P Global Vietnam Manufacturing PMI®

Production increases, but at slower rate

Key findings

New order growth slows amid drop in exports

Employment falls for second month running

Further lengthening of suppliers' delivery times

The Vietnamese manufacturing sector remained in growth territory during November, but overall business conditions improved to a lesser extent than in October. Slower rises in output and new orders were recorded, with the latter impacted by export weakness. Meanwhile, employment continued to fall amid cost cutting efforts, resulting in a continued accumulation of outstanding business.

Input costs increased, but relatively modestly, with output prices rising slightly in response.

The S&P Global Vietnam Manufacturing Purchasing Managers' Index™ (PMI®) remained above the 50.0 no-change mark in November and signalled a second consecutive monthly improvement in business conditions following the contraction caused by Typhoon Yagi in September. At 50.8, however, the reading was down from 51.2 in October and pointed to only a modest strengthening in the health of the sector.

In line with the picture for overall business conditions, manufacturing output increased for the second month running, but at a slower pace than in October.

Some firms raised production in response to higher new orders, but others reported that demand was relatively muted, leading to the slowdown in growth. Although total new orders increased amid signs of improving demand and the securing of new customers, weakness in international demand undermined overall growth.

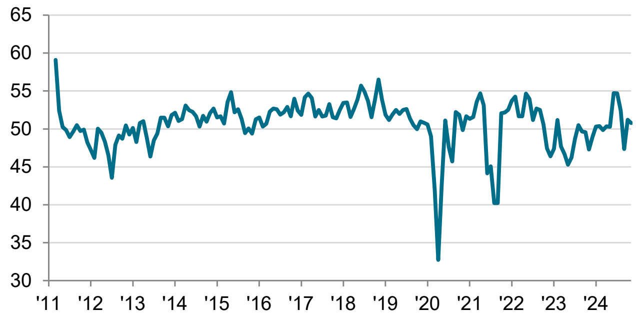
In fact, new business from abroad decreased solidly following a slight rise in the previous month, with exports down to the largest extent since July 2023.

While output and new orders continued to rise, albeit at weaker rates, employment decreased for the second month running in November. In some cases, firms lowered staffing levels to help reduce costs.

With workforce numbers down, firms again found it difficult

S&P Global Vietnam Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.
Data were collected 12-21 November 2024.

Comment

Andrew Harker, Economics Director at S&P Global Market Intelligence, said:

"While the Vietnamese manufacturing sector remained in growth territory in November, it was a little disappointing to see rates of expansion in output and new orders falter slightly rather than continuing to gain momentum following the disruption caused by Typhoon Yagi in September. To some extent, the slowdown in growth reflected weakness in international demand, with exports down to the largest extent since July 2023.

"Firms were again keen to keep a lid on costs, and this contributed to another reduction in employment, in turn limiting the ability of companies to complete orders on time. The coming months will hopefully see demand solidify, giving firms the confidence to expand capacity."

PMI® by S&P Global

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to complete orders on time. As a result, backlogs of work increased for the sixth month running, albeit at the slowest pace since June.

Efforts made by firms to limit costs meant that input prices increased at a slightly slower pace in November, and one that was weaker than the average for 2024 so far. Where input prices did rise, panellists linked this to supply shortages and currency weakness.

Similarly, output prices increased only slightly in November, with the rate of inflation broadly in line with that seen in the previous month.

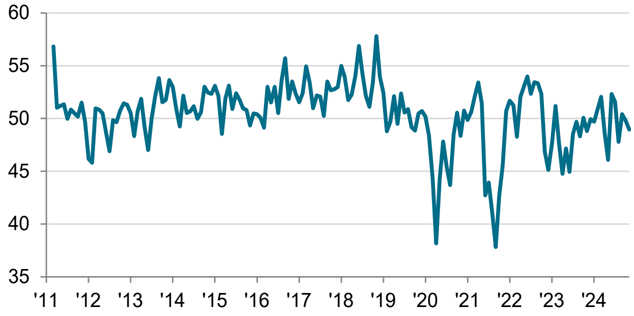
Manufacturers continued to face lengthening suppliers' delivery times midway through the final quarter of the year. Lead times were extended for the third month in a row, and to a greater degree than was the case in October. Respondents signalled transportation issues and difficulties for suppliers to source raw materials.

At the same time, firms reduced their purchasing activity for the second time in the past three months, following a slight increase in October. The drop in input buying and issues with the delivery of materials meant that stocks of purchases decreased again, and at a marked pace. Stocks of finished goods were also down as inventories were used to help meet order requirements. The solid depletion was the most marked since July.

Business confidence ticked down for the second month running and was the lowest since January. Manufacturers remained optimistic that output will rise over the coming year, however, with expectations linked to plans for new product launches and business expansions, plus rising new orders.

PMI Employment Index

sa, >50 = growth since previous month



Source: S&P Global PMI.

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Survey methodology

The S&P Global Vietnam Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in March 2011.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

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About PMI

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. www.spglobal.com/marketintelligence/en/mi/products/pmi

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