News Release

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S&P Global Vietnam Manufacturing PMI®

Output falls for first time in four months

Key findings

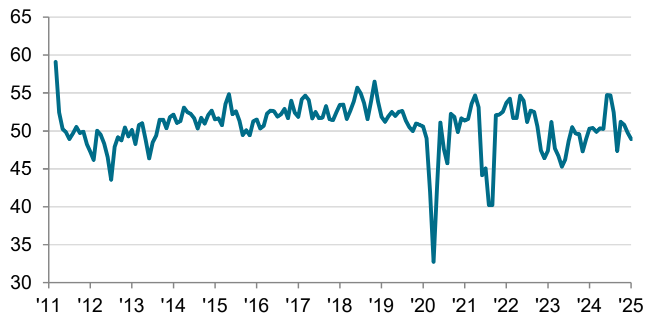
Renewed declines in production and new orders

Selling prices lowered for first time in nine months

Sharpest reduction in employment since May 2024

S&P Global Vietnam Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.
Data were collected 09-23 January 2025.

Business conditions in the Vietnamese manufacturing sector deteriorated in the opening month of 2025 amid renewed falls in both output and new orders. Firms responded to lower workloads by scaling back employment and reducing stocks of both purchases and finished goods. Meanwhile, the rate of input cost inflation softened, providing some opportunity for firms to lower selling prices as part of efforts to stimulate demand.

The S&P Global Vietnam Manufacturing Purchasing Managers' Index™ (PMI®) posted 48.9 in January, down from 49.8 in December and below the 50.0 no-change mark for the second successive month. The deterioration in operating conditions was modest, but slightly more pronounced than was the case in the previous survey period.

New orders decreased for the first time in four months during January amid reports from panellists of subdued customer demand. The drop in total new business in part reflected a reduction in new export orders, which decreased for the third month running.

The reduction in new orders fed through to a fall in production, also for the first time in four months. As was the case with new business, however, the rate of decline in output was only slight.

Falling new orders meant that there was a degree of spare capacity in the Vietnamese manufacturing sector. Firms were therefore able to deplete backlogs of work for the first time in eight months.

Manufacturers also continued to scale back employment, with staffing levels down for the fourth consecutive month. Moreover, the rate of job shedding was solid and the most pronounced since May last year.

On the other hand, purchasing activity increased, albeit marginally. Respondents indicated a desire to make sure that sufficient inputs were secured in order to support

Comment

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

"Vietnamese manufacturers endured a disappointing start to 2025, with subdued demand conditions leading to renewed falls in both new orders and output and a more pronounced scaling back of employment. There was some respite on the price front, however, with slower cost inflation enabling firms to reduce their own selling prices in order to boost demand.

"Manufacturers will be hoping that conditions begin to improve soon, and were at least more optimistic than was the case at the end of 2024. S&P Global Market Intelligence forecasts 4.6% growth of industrial production in 2025."

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production needs.

Firms continued to face delays in securing materials, with suppliers' delivery times lengthening for the fifth month running. Slow transportation and higher shipping costs were behind longer lead times, according to panellists.

Vietnamese manufacturers showed a reluctance to hold inventories at the start of the year, with stocks of both purchases and finished goods falling solidly. In particular, the decline in post-production inventories was the fastest since last July and among the most pronounced on record.

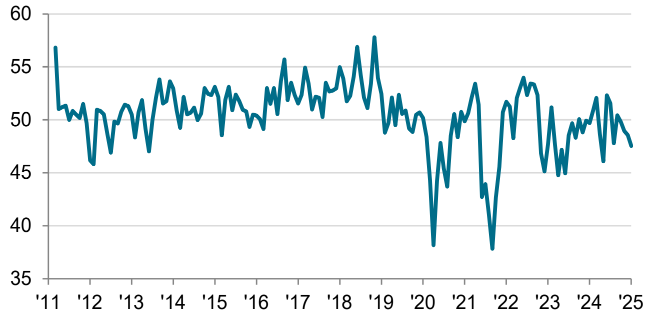
The rate of input cost inflation slowed in January and was the weakest in the current 18-month sequence of rising input prices. The increase was also below the series average. Where input costs did rise, firms linked this to higher prices for raw materials and transportation.

Softer cost inflation gave manufacturers the room to lower their selling prices in a bid to boost fragile customer demand. Output prices decreased for the first time in nine months, albeit marginally.

Firms maintained an optimistic outlook for production over the coming year, with sentiment recovering from the 19-month low posted in December. More than 36% of respondents predicted a rise in output over the next 12 months, linked to hopes of a recovery in market demand.

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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We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

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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