News Release

Embargoed until 0730 ICT (0030 UTC) 2 January 2025

S&P Global Vietnam Manufacturing PMI®

New order growth slows to three-month low in December

Key findings

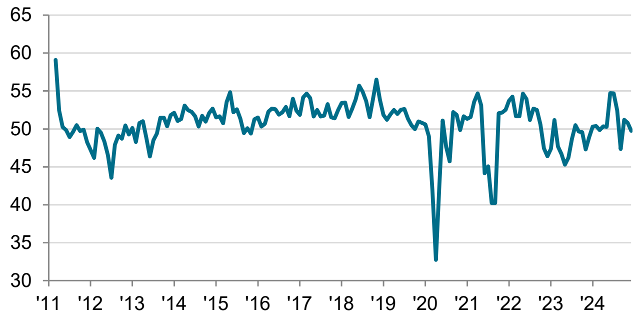
Weaker rises in output and new orders

Marked fall in business confidence

Employment scaled back further

S&P Global Vietnam Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.
Data were collected 05-13 December 2024.

The final month of 2024 saw a loss of momentum in the Vietnamese manufacturing sector. Growth of production and new orders slowed, while firms scaled back employment and inventories. There was a renewed increase in purchasing activity, however. Meanwhile, business confidence dropped to a 19-month low.

Inflationary pressures picked up, with both input costs and output prices rising at the fastest rates since July.

The S&P Global Vietnam Manufacturing Purchasing Managers' Index™ (PMI®) dipped below the 50.0 no-change mark for the first time in three months during December, posting 49.8 from 50.8 in November. The reading signalled a fractional deterioration in overall business conditions at the end of the year.

The worsening in the health of the sector was recorded in spite of increases in output and new orders, as firms scaled back their employment and stocks of purchases.

Although both output and new orders increased in December, rates of expansion were only slight and the weakest in the respective three-month growth sequences. Some firms signalled demand improvements, while others reported that market conditions had softened.

While total new business continued to rise, new export orders decreased for the second month running and at a solid pace.

Concerns about global market instability and uncertainty caused a drop in confidence regarding the year-ahead outlook for production. Sentiment fell markedly in December and was the lowest since May 2023. Hopes for increases in new orders, an improvement in economic conditions and the resolution of some of the conflicts around the world meant that firms were on balance optimistic that output will expand, however.

Expected rises in output in the coming months led to a renewed increase in purchasing activity, with the rate of

Comment

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

"It was a subdued end to the year for the Vietnamese manufacturing sector as growth of output and new orders slowed. Global market uncertainty also acted to depress confidence, which fell to the lowest in more than a year-and-a-half. This may in part reflect the uncertain picture with regards to plans by the incoming US administration around tariffs. Further announcements on this in the new year will help to provide clarity on any potential impacts on Vietnamese manufacturers."

expansion the fastest in four months. Firms remained reluctant to hold excess inventories, however, and reduced stocks of purchases accordingly. Stocks of finished goods were also down.

Manufacturers reduced employment for the third successive month at the end of the year amid muted growth of new orders. Although modest, the pace of job cuts was the sharpest since August.

The continued scaling back of employment at a time when new orders were expanding (albeit slightly), meant that backlogs of work accumulated again in December, extending the current sequence of rising outstanding business to seven months. That said, the latest increase was only marginal and the weakest in this sequence.

Inflationary pressures picked up in December, with both input costs and output prices rising at sharper rates than in November.

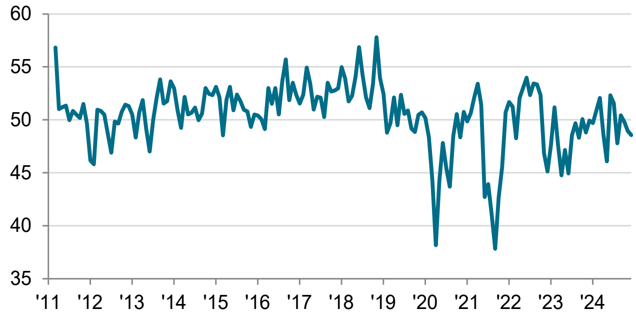
Material shortages and exchange rate fluctuations contributed to higher input costs, according to panellists, with oil and metals among the items mentioned as being up in price.

In turn, companies increased their output prices for the eighth month in a row, and at a solid pace that was the fastest since July. The latest rise was also stronger than the series average.

Finally, suppliers' delivery times lengthened for the fourth month running, with firms often noting slow traffic conditions. The lengthening of lead times was only modest, however, and the least pronounced in the current period of deteriorating vendor performance.

PMI Employment Index

sa, >50 = growth since previous month



Source: S&P Global PMI.

Contact

Andrew Harker
Economics Director
S&P Global Market Intelligence
T: +44-1491-461-016
andrew.harker@spglobal.com

SungHa Park
Corporate Communications
S&P Global Market Intelligence
T: +81 3 6262 1757
sungha.park@spglobal.com

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.

About S&P Global

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

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

PMI by S&P Global