

News Release

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S&P Global Vietnam Manufacturing PMI[®]

New export orders fall markedly again in May

Key findings

Total new orders down amid marked reduction in exports

Production returns to growth

Input costs fall for first time in 22 months

New orders continued to fall in the Vietnamese manufacturing sector in May as US tariffs reportedly impacted demand for exports in particular. That said, output returned to growth and overall business conditions were broadly unchanged as some firms noted greater stability in tariff policy than had been the case in April.

Meanwhile, muted demand conditions contributed to a first reduction in input costs in the sector for 22 months and firms continued to lower their own selling prices.

The S&P Global Vietnam Manufacturing Purchasing Managers' Index™ (PMI[®]) posted below the 50.0 no-change mark for the second consecutive month in May, but rose to 49.8 from 45.6 in April to signal a near-stabilisation of business conditions in the sector.

As was the case in April, new orders decreased during May, with survey respondents linking the latest fall to tariffs and subdued market demand. The impact on demand was most keenly felt in export markets, with new business from abroad declining at a much faster pace than total new orders. The fall in new export orders was broadly similar to that seen in April, while the reduction in total new business was softer than in the previous month.

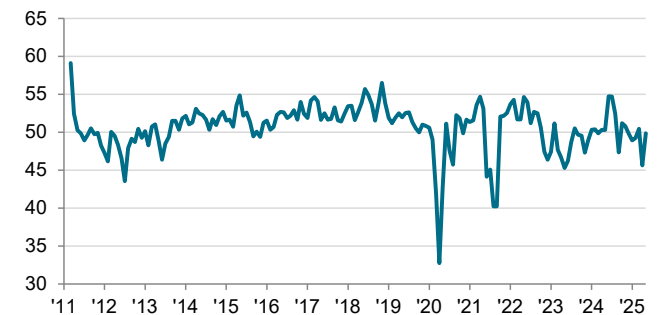
While new orders continued to fall, output returned to growth in May following a decline in April. Greater stability around tariff policies reportedly helped to support the renewed rise in production, while capacity improvements were also mentioned.

In a similar vein to the trend in production, business confidence improved in May amid more stable tariff policies. That said, a number of respondents remained concerned about the potential impact of tariffs, meaning that business sentiment remained well below the series average.

Reduced workloads and staff resignations contributed to a further fall in employment in Vietnam's manufacturing

S&P Global Vietnam Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.
Data were collected 12-21 May 2025.

Comment

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

"The news around tariffs continues to play a key part in determining trends in the Vietnamese manufacturing sector. May saw a more stable picture in terms of US tariff policies than April, helping lead to a renewed expansion in output and improved business confidence. That said, manufacturers remained wary of the impact of tariffs and again saw a marked reduction in new export orders which contributed to a continued decline in new business overall."

"Another noteworthy aspect of the latest PMI survey was a first fall in input costs for almost two years as suppliers offered discounts in a subdued demand environment."

"As we approach the mid-point of the year, eyes will remain on US tariff policy to see how the Vietnamese manufacturing sector will be affected."

PMI[®]

by S&P Global

sector. That said, efforts to support production growth meant that the latest decrease was only marginal and the slowest since last October.

Meanwhile, backlogs of work continued to fall amid lower new orders, but the rate of depletion eased to the weakest in the current five-month sequence of decline.

Efforts to expand output meant that manufacturers increased their purchasing activity slightly in May. The increase in input buying ended a two-month sequence of contraction.

Despite the rise in purchasing, stocks of inputs were scaled back again, albeit to the least marked extent since August 2024. Stocks of finished goods were also down, as firms reported a reluctance to hold inventories and the prompt shipment of products to clients.

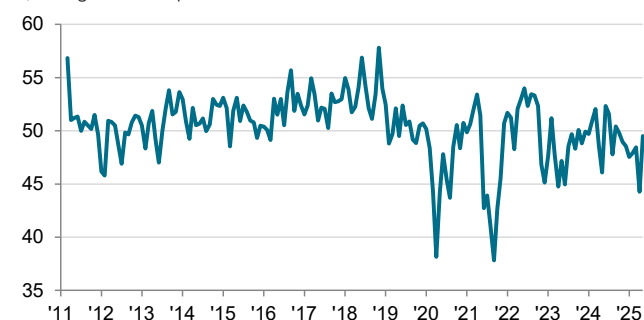
Meanwhile, suppliers' delivery times lengthened slightly in May as respondents noted slow traffic.

A muted demand environment led some suppliers to offer discounts on their products during May, thereby resulting in a reduction in input costs over the course of the month. The fall in input prices was the first since July 2023.

With input costs down, manufacturers continued to lower their own selling prices midway through the second quarter. Charges have now decreased in each of the past five months, with output prices down modestly again in May.

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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