# News Release

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# S&P Global Vietnam Manufacturing PMI®

## Employment rises for first time in four months

### Key findings

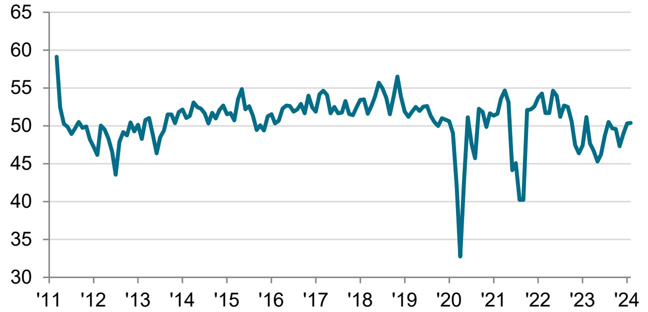
Sustained improvements in new orders support job creation

Output prices increase following fall in January

Business sentiment at one-year high

S&P Global Vietnam Manufacturing PMI

sa, >50 = improvement since previous month




Source: S&P Global PMI.

Data were collected 02-21 February 2024.

The Vietnamese manufacturing sector continued to grow marginally in February, with both output and new orders up for the second month running. Sustained growth prompted a renewed increase in employment, while business confidence jumped to a one-year high.

Firms continued to scale back purchasing activity, however, opting instead to draw down inventories to support output and order requirements. Meanwhile, firms raised selling prices in response to higher input costs, albeit only modestly.

The S&P Global Vietnam Manufacturing Purchasing Managers' Index™ (PMI®) posted 50.4 in February, up fractionally from 50.3 in January and above the 50.0 no-change mark for the second consecutive month. The rate of improvement in the health of the sector signalled by the index remained only marginal.

New orders increased modestly for the second month running, with some survey respondents linking higher total new business to improved new orders from abroad. The rate of growth in new export orders slowed, however, and was only marginal.

Consistent with the picture for new orders, output growth was recorded for the second consecutive month in February. The latest rise was modest and broadly in line with that seen in January. Production increased in the consumer and investment goods sectors, but the intermediate goods category saw a reduction.

Higher new orders encouraged manufacturers to expand their staffing levels for the first time in four months, and to the greatest extent in a year. That said, a number of respondents indicated that new hires had only been on a temporary basis.

With employment up and new order growth remaining relatively muted, firms were able to deplete backlogs of work for the first time in three months.

### Comment

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

*“Vietnamese manufacturers were able to build on the return to growth seen in January with a further expansion in February. Particularly positive elements of the latest PMI survey were renewed job creation and the strongest business confidence for a year.*

*"The overall expansion remained relatively muted, however, and this led to further caution with regards to purchasing and inventory holdings. Likewise, although output prices increased following a fall in January, the rate of inflation was only marginal as some firms remained reluctant to hike prices in a competitive environment.*

*"Manufacturers will need to see stronger and sustained growth of new business before they can be confident enough to invest in inputs and start to raise their selling prices more in line with their own cost burdens."*

PMI® by S&P Global

In part, firms used stocks of finished goods to help meet order requirements, thereby resulting in a further depletion of post-production inventories. In fact, the latest fall was the fastest in four months, and joint-sharpest since January 2023.

Manufacturers also opted to use up stocks of purchased inputs in February as opposed to buying new items. Purchasing activity decreased marginally for the fourth month running, while the latest fall in stocks of inputs was the most pronounced since June 2021.

Where firms did purchase inputs, they were faced with lengthening suppliers' delivery times again in February amid reports of shipping delays. The rate of deterioration in vendor performance was only marginal, however.

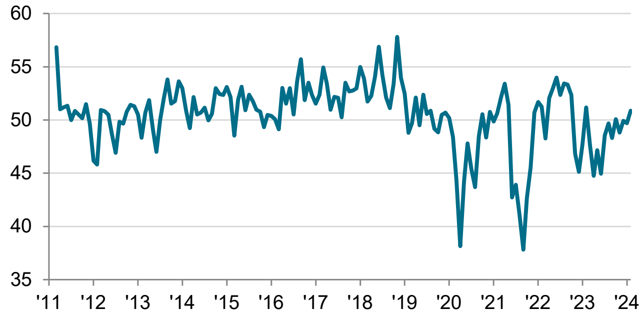
Shipping delays coincided with reports of higher transportation costs, in turn often linked to rising oil prices. As a result, input costs increased markedly again in February, albeit to the least extent since last September. Investment goods producers saw a particularly sharp rise in input costs.

Some manufacturers passed on higher input costs to their customers, leading to a slight increase in selling prices following a marginal decrease in the previous survey period. The slight nature of the rise reflected efforts at some firms to limit price rises amid competitive pressures.

Production expansion plans and work on new products contributed to a jump in business confidence midway through the first quarter, with positive sentiment regarding output also reflecting expected new order growth. Confidence reached a one-year high as close to 55% of respondents expressed optimism.

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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