

# News Release

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## S&P Global Vietnam Manufacturing PMI<sup>®</sup>

### New orders fall for second month running amid subdued demand

#### Key findings

Output and new orders continue to fall

Employment decreases for fifth successive month

Selling prices lowered as cost inflation eases

The muted start to 2025 for the Vietnamese manufacturing sector continued into February, with weak demand leading to further reductions in new orders and production. As a result, firms scaled back employment again. On the price front, the pace of input cost inflation eased to a 19-month low and charges were reduced for the second month running.

The S&P Global Vietnam Manufacturing Purchasing Managers' Index™ (PMI<sup>®</sup>) was below the 50.0 no-change mark for the third consecutive month in February, despite rising slightly to 49.2 from 48.9 in January. The latest reading was reflective of a slight deterioration in business conditions over the course of the month.

After having fallen for the first time in four months during January, new orders decreased again in February. The rate of contraction was modest but quickened to the fastest since last September. Panellists reported demand weakness both domestically and internationally. Muted export demand was highlighted by a further solid decline in new business from abroad, the fourth reduction in as many months.

In line with the picture for new orders, manufacturing production also decreased for the second successive month in February.

Shortages of new work also led some firms to hold off on replacing departing staff, thereby resulting in a fifth consecutive fall in employment. The rate of job cuts eased from January, however.

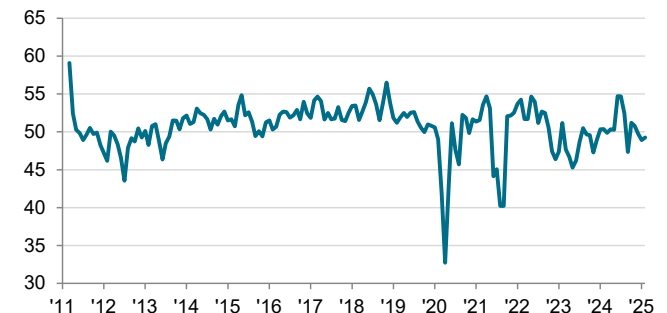
Despite the reduction in workforce numbers, there remained evidence of spare capacity in the sector amid falling new orders. Outstanding business decreased markedly, and to the largest extent in 16 months.

Bucking the wider trends across the sector during February, purchasing activity increased slightly.

In some cases, rising input buying reflected confidence in the upcoming path of manufacturing output. In fact,

S&P Global Vietnam Manufacturing PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 10-20 February 2025.

#### Comment

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

*"Manufacturers in Vietnam reported subdued demand conditions again in February, with the sector struggling to gain momentum in 2025 so far. On a more positive note, firms were increasingly optimistic about the future path of output, although confidence was often based on hopes that economic conditions will be stable in the months ahead."*

*"Issues with transportation was a key headwind for the sector in February, with respondents citing problems with the speed and availability of freight, as well as higher costs. Firms will be hoping to see an alleviation of these supply-side constraints, alongside demand improvements, as the year progresses."*

PMI<sup>®</sup>

by S&P Global

business confidence strengthened for the second month in a row to the highest since June last year. Firms hope for stable economic conditions to support an improvement in new orders and thus production growth.

Another factor behind the rise in purchasing activity seen in February was a desire to make sure materials were secured amid uncertainty around availability and supply-chain delays.

Suppliers' delivery times lengthened again, continuing the sequence of deteriorating vendor performance which began in September 2024. Moreover, the latest lengthening of lead times was marked and the most pronounced in five months. Panellists reported issues with both the availability and speed of transportation.

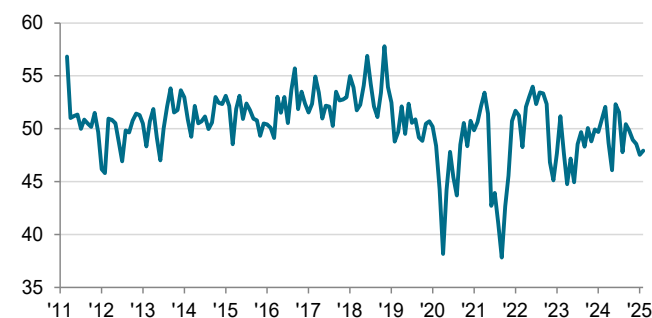
Delivery delays, plus the use of inputs to support production, meant that stocks of purchases continued to fall despite an increase in buying. Stocks of finished goods were also down amid falling production and efforts to draw down inventories amid lower new orders.

As well as reporting shortages of transportation, firms also indicated that freight costs increased. Alongside higher raw material prices, this meant that input costs rose again in February. That said, the pace of inflation was the weakest in the current 19-month sequence of increase and below the series average.

In contrast to the rise in input costs, manufacturers lowered their selling prices for the second consecutive month in response to a weak demand environment. The fall was slight but faster than in January.

### 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](mailto:economics@spglobal.com).

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