# News Release

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# S&P Global Vietnam Manufacturing PMI®

## Manufacturing production returns to growth in February

### Key findings

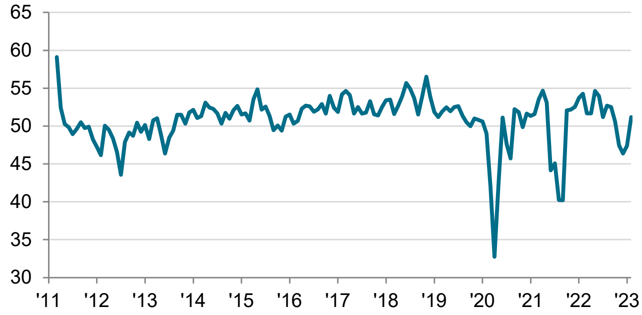
Renewed rises in output, new orders and employment

Supplier lead times shorten for second month running

Cost inflation at eight-month high

S&P Global Vietnam Manufacturing PMI

sa, >50 = improvement since previous month




Source: S&P Global.
Data were collected 10-20 February 2023.

Latest data signalled a return to growth of the Vietnamese manufacturing sector as a renewed rise in new orders fuelled increases in output, employment and purchasing activity. Demand improvements led business confidence to strengthen for the third month running.

Meanwhile, cost pressures continued to build, with input prices rising at the fastest pace since the middle of last year. In turn, firms also increased their selling prices at a sharper pace. Supplier performance improved again, however.

The S&P Global Vietnam Manufacturing Purchasing Managers' Index™ (PMI®) rose back above the 50.0 no-change mark in February, thereby signalling a renewed strengthening in the health of the manufacturing sector following a three-month period of decline. At 51.2, the index was up from 47.4 in February, and pointed to a modest improvement in business conditions.

Central to the strengthening in the health of the sector were signs of improvement in market demand. This helped firms to secure new customers and an expansion of new orders during February, the first in four months. Moreover, the solid increase in new business was the sharpest since last August. New export orders rose more quickly, expanding for the second month running on the back of a brighter international demand environment.

Rising new orders fed through to renewed increases in manufacturing production, employment and purchasing activity midway through the first quarter. The modest increase in output represented a marked improvement from the sharp declines seen around the turn of the year. Underlying data suggested that the rise in output was mainly centred on investment goods producers.

Both employment and purchasing activity increased for the first time in four months during February, and were up modestly, helping firms to keep on top of workloads.

### Comment

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

*"Improving demand conditions both domestically and internationally breathed new life into the Vietnamese manufacturing sector during February, snapping a three-month soft patch around the turn of the year. Output, new orders, employment and purchasing activity all returned to growth as business confidence strengthened on an improving demand outlook.*

*"One lingering area of concern, however, is inflation, with both input costs and selling prices rising at the fastest rates in eight months in February. Firms will be hoping to see these pressures ease as the year progresses to make sure demand improvements can be sustained."*

With market demand improving and new orders returning to growth, optimism regarding the year-ahead outlook for production continued to strengthen. Sentiment improved for the third month running and was the highest since September 2022. Confidence was also stronger than the series average. Some panellists added that the loosening of COVID-19 restrictions in Mainland China would also boost growth over the coming year.

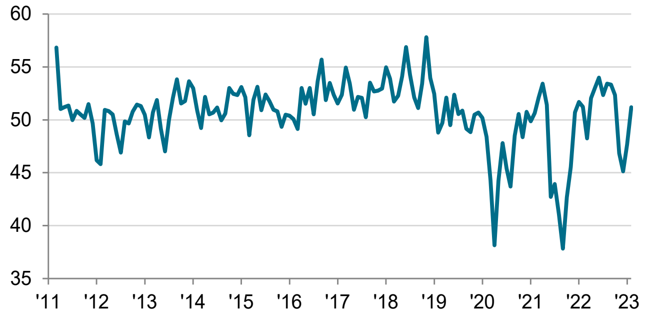
The rate of input cost inflation quickened for the sixth month running in February, reaching its highest since June 2022 on the back of rising charges by suppliers and material shortages. In turn, manufacturers also increased their own selling prices at the fastest pace in eight months.

While price pressures intensified, there were more positive signs in terms of supply-chain performance. Suppliers' delivery times shortened for the second month running amid reports of smoother transportation and reduced congestion. Although modest, the latest improvement was the most pronounced since November 2019.

The use of inputs to support growth of production meant that stocks of purchases decreased in February in spite of an increase in input buying. That said, the fall was modest and softer than in January. A similar trend was seen with regards to stocks of finished goods, which decreased to the smallest extent in the current five-month sequence of depletion.

PMI Employment Index

sa, >50 = growth since previous month




Source: S&P Global.

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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@ihsmarkit.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. ihsmarkit.com/products/pmi.html.



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