NIKKEI

PMI By IHS Markit

News Release **EMBARGOED UNTIL: 07:30 (Hanoi) / 00:30 (UTC), April 2nd 2018**

Nikkei Vietnam Manufacturing PMI®

New order growth remains solid despite easing in March

Key points:

- Weaker rises in output and new orders
- New export order growth accelerates
- Rates of inflation soften

Data collected March 12-21

Business conditions in Vietnam continued to improve at the end of the first quarter of 2018, although the rate of expansion eased from that seen in February. Output and employment rose modestly over the month, while new orders continued to increase at a solid pace, buoyed by stronger export growth. The rate of input cost inflation eased sharply, with output prices also rising at a slower pace in March.

The headline Nikkei Vietnam Manufacturing *Purchasing Managers' Index™ (PMI®)* – a composite single-figure indicator of manufacturing performance – dropped to 51.6 in March from February's ten-month high of 53.5. The reading signalled a modest improvement in the health of the sector, and one that was the weakest since November last year. Business conditions have now strengthened in each of the past 28 months.

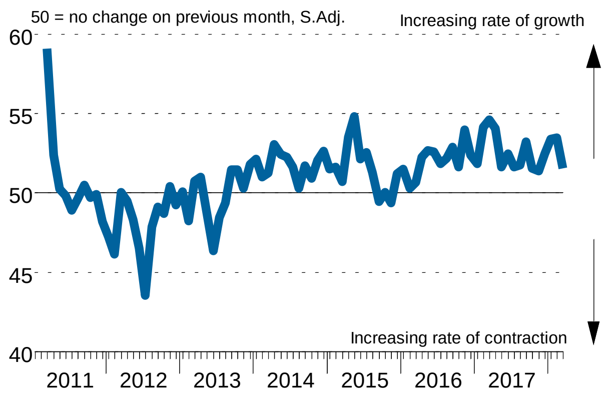
March data signalled a slight monthly rise in manufacturing output, and one that was the slowest in the current four-month sequence of expansion.

Where output rose, this was mainly linked to higher new orders. The rate of growth in new business also eased, but remained solid amid reports of improved client demand. The rise in overall new orders was supported by a faster increase in new business from abroad, the most marked since last October.

Slower new order growth enabled firms to work through outstanding business again in March. The rate of depletion accelerated to the strongest for three years.

Manufacturers raised their staffing levels for the twenty-fourth successive month in response to higher output requirements. That said, the rate of job creation eased to a seven-month low.

Nikkei Vietnam Manufacturing PMI



Sources: Nikkei, IHS Markit

Although input prices continued to rise sharply in March, the rate of inflation eased markedly from February and was the slowest since August 2017. Where input costs increased, this was linked to higher market prices. Output price inflation also eased amid competitive pressures. Selling prices have now risen in each of the past seven months.

Suppliers' delivery times lengthened marginally, with raw material shortages and shipping delays reportedly behind the deterioration.

In line with the picture for output and new orders, purchasing activity rose at a weaker pace during March. The increase was still solid, however, extending the current sequence of growth to 28 months.

Inventory holdings were broadly stable during the month. Stocks of purchases were little-changed following three months of expansion, while stocks of finished goods stabilised after eight months of decline. Panellists indicated that slower increases in output and new orders led to caution around stock holdings.

Manufacturers were strongly optimistic that output will increase over the coming year, with sentiment rebounding from February's eight-month low. More than 55% of respondents forecast output to increase.

Comment:

Commenting on the Vietnamese Manufacturing PMI survey data, **Andrew Harker,** Associate Director at IHS Markit, which compiles the survey, said**:**

"Although remaining in growth territory in March, the Vietnamese manufacturing sector saw a softer expansion, particularly with regard to output. New orders continued to rise solidly amid a strong export performance, providing some optimism that output will continue to rise in the near future.

"There was some respite for companies on the inflation front, with input costs increasing at a much slower pace than was seen in February. It looks, therefore, that inflationary pressures may have peaked around the turn of the year."

-Ends-

Nikkei Vietnam Manufacturing PMI® is sponsored by NIKKEI

Nikkei is a media organization with newspaper publishing at its core. Our flagship daily newspaper, The Nikkei, has approximately two and a half million subscribers. Nikkei's multi-platform media distribution also includes online, broadcast and magazines.

Since our founding in 1876 as the Chugai Bukka Shimpo (Domestic and Foreign Prices News), we have consistently provided high-quality reporting while maintaining fairness and impartiality. The Nikkei brand has become synonymous with trustworthiness at home and abroad.

Nikkei Inc. offers a range of media platforms to satisfy the diverse needs of our readers. At the core of these services is The Nikkei which has a circulation of approximately two and a half million. Adding further depth to our offerings are our premium content and strong digital technology. The number of paying subscribers to the Nikkei Online Edition, which was launched in 2010, has surpassed 500,000. Our fee-based online services have one of the largest readerships in the world among newspaper publishers. Eight years after its creation, the online edition has evolved from a medium for providing news to readers into a tool that helps people advance their careers.

In 2013, we kicked off the Nikkei Asian Review, an English-language news service provided both online and as a weekly print magazine. The following year, we established an Editorial Headquarters for Asia in Bangkok to deepen our coverage of Asian economic news. In addition, we doubled the number of reporters stationed in Asia outside Japan. 2014 also saw the launch of Nikkei Group Asia Pte., a new company in Singapore tasked with spreading the Nikkei brand in the region. Our goal is to make Nikkei the leading media voice in Asia.
http://www.nikkei.co.jp/nikkeiinfo/en/

NIKKEI ASIAN REVIEW http://asia.nikkei.com/

INTRODUCING THE ONLY BUSINESS PUBLICATION THAT BRINGS YOU INSIGHTS ABOUT ASIA, FROM THE INSIDE OUT

With more reporters and contributors across the region than any other business publication, only Nikkei Asian Review can give you a view of business in Asia from the inside.

Stay abreast of the latest news, analysis and insights with a subscription to Nikkei Asian Review – available in print, online, and on your mobile and tablet device.

Asia300:
Providing extensive coverage of over 300 leading companies in 11 countries and regions in Asia. Nikkei Asian Review aims to build the largest hub for Asian corporate news through enhanced reporting backed by large database of business and financial information on companies in the region.

JAPAN UPDATE:
Keeping you up-to-date with business and news from Japan.

VIEWPOINTS:
Bringing views of leading minds on Asia from around the world, including our column "Tea Leaves" written by some of our best writers.

POLITICS & ECONOMY:
Looking at fiscal and monetary policy, international affairs and more

MARKETS:
Deep analysis if the markets, with detailed industry news to keep you abreast of some of the fastest growing sectors in the region.

Video:

Watch analysts explain our articles, catch interviews with top executives.

Print Edition:

Weekly delivery of the best content from Nikkei Asian Review to your home or office

For further information, please contact:

IHS Markit (About PMI and its comment)
Andrew Harker, Associate Director
Telephone +44 1491 461 016
Email andrew.harker@ihsmarkit.com

Jerrine Chia, Marketing and Communications
Telephone +65 6922-4239
E-mail jerrine.chia@ihsmarkit.com

Bernard Aw, Principal Economist
Telephone +65 6922 4226
E-mail bernard.aw@ihsmarkit.com

Nikkei inc. (About Nikkei)
Ken Chiba, Deputy General Manager, Public Relations Office
Atsushi Kubota, Manager, Public Relations Office
Telephone +81 3 6256 7115
Email koho@nex.nikkei.co.jp

Notes to Editors:

The Nikkei Vietnam Manufacturing *PMI®* is based on data compiled from monthly replies to questionnaires sent to purchasing executives in over 400 industrial companies. The panel is stratified by GDP and company workforce size. The manufacturing sector is divided into the following 8 broad categories: Basic Metals, Chemicals & Plastics, Electrical & Optical, Food & Drink, Mechanical Engineering, Textiles & Clothing, Timber & Paper, Transport.

Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'. Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

The Nikkei Vietnam Manufacturing *PMI®* is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times Index inverted so that it moves in a comparable direction.

IHS Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from IHS Markit. Please contact economics@ihsmarkit.com.

About IHS Markit (www.ihsmarkit.com)
IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and expertise to forge solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

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. To learn more go to https://ihsmarkit.com/products/pmi.html.