

## Nikkei Vietnam Manufacturing PMI<sup>®</sup>

### Output growth hits five-month high

#### Key points:

- Sharper rises in output and new orders
- Rate of job creation fastest in six months
- Steepest increase in input prices since May 2011

Data collected September 12-21

The end of the third quarter of the year saw an improvement in growth momentum at Vietnamese manufacturing firms. Faster rises were recorded for output, new orders and employment, all linked to stronger customer demand. Meanwhile, the rate of input cost inflation quickened to the steepest in more than six years, leading to a first rise in output prices since April.

The headline Nikkei Vietnam Manufacturing Purchasing Managers' Index<sup>™</sup> (PMI<sup>®</sup>) – a composite single-figure indicator of manufacturing performance – rose to 53.3 in September from 51.8 in August. The reading signalled a solid monthly strengthening of business conditions, with the rate of improvement the most marked since April. The health of the sector has now strengthened in 22 consecutive months.

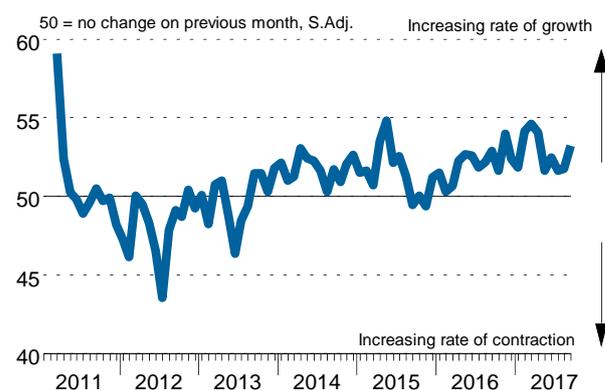
Anecdotal evidence highlighted an improvement in customer demand over the month. This resulted in a sharp and accelerated increase in new business, the most marked in five months. The rate of expansion in new export orders also quickened in September.

Manufacturing output increased for the eleventh successive month, with the latest rise the most marked since April. All three broad sectors saw production increase, led by consumer goods firms.

Higher new orders contributed to capacity pressures, as signalled by a further rise in backlogs of work. Some panellists also mentioned that staff shortages contributed to the build-up of outstanding business.

Firms responded to greater workloads by increasing their staffing levels. Moreover, the rate of job creation quickened to a six-month high.

#### Nikkei Vietnam Manufacturing PMI



Sources: Nikkei, IHS Markit

Manufacturers also used inventories to help fulfil new orders in September. As a result, stocks of finished goods decreased for the third month running, and to the greatest extent since July 2016.

A marked acceleration in the rate of input cost inflation was recorded, linked to higher prices for raw materials, including those sourced from China. The increase in input costs was the strongest since May 2011. Rising input prices led firms to increase their output charges in September for the first time in five months. That said, the rate of inflation was modest amid reports of competitive pressures.

Higher new orders, and a subsequent rise in production requirements, encouraged firms to increase their purchasing activity at the end of the third quarter. The rate of expansion was solid, and the fastest since April. Stocks of purchases also rose, partly reflective of efforts to build inventory reserves.

Suppliers' delivery times continued to lengthen, albeit to the least extent in the current eight-month sequence of longer lead times.

Finally, manufacturers remained optimistic that output will increase over the coming year, with positive sentiment linked to predictions of new order growth and business expansion plans. That said, optimism was down from August's five-month high.

## Comment:

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

*“The third quarter of the year ended on a positive note for Vietnamese manufacturers as improving client demand breathed fresh life into the sector. New orders rose markedly, feeding through to faster expansions of output, employment and purchasing activity. Manufacturers are, therefore, well placed to record further growth during the final quarter.*

*“A cautionary note, though, is signalled by a re-emergence of inflationary pressures. Cost inflation was the strongest in over six years amid pressure on the supply of raw materials. In turn, firms upped their own charges for the first time since April.”*

-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 three million subscribers. Nikkei's multi-platform media distribution also includes online, broadcast and magazines.

The Nikkei marks its 140th anniversary this year. 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 three 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 400,000. Our fee-based online services have one of the largest readerships in the world among newspaper publishers. Five years after its creation, the online edition is set to evolve 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](mailto:andrew.harker@ihsmarkit.com)

Jerrine Chia, Marketing and Communications  
Telephone +65 6922-4239  
E-mail [jerrine.chia@ihsmarkit.com](mailto:jerrine.chia@ihsmarkit.com)

Bernard Aw, Principal Economist  
Telephone +65 6922 4226  
E-mail [bernard.aw@ihsmarkit.com](mailto: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](mailto: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](mailto:economics@ihsmarkit.com).

### About IHS Markit ([www.ihsmarkit.com](http://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.

IHS Markit is a registered trademark of IHS Markit Ltd. All other company and product names may be trademarks of their respective owners © 2017 IHS Markit Ltd. All rights reserved.

### 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 [www.markit.com/product/pmi](http://www.markit.com/product/pmi).

The intellectual property rights to the Nikkei Vietnam Manufacturing *PMI*® provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. *Purchasing Managers' Index*® and *PMI*® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. Nikkei uses the above marks under license. IHS Markit is a registered trademark of IHS Markit Ltd.

If you prefer not to receive news releases from IHS Markit, please email [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com). To read our privacy policy, [click here](#).