

PMI & IIP in November

Contrasting movements

The Purchasing Managers' Index (PMI) in November has rebounded after decreasing in three months straight, which showed improvements in manufacturing sector

- PMI gained to 51 in November, ending the decrease in three straight months.
- In particular, production has rose for the first time in three months, after dipping in September and October. The number of new orders also increased more rapidly than in October.
- PMI of Vietnam recovered, while manufacturing sector in the region is still facing difficulties in searching for new orders.

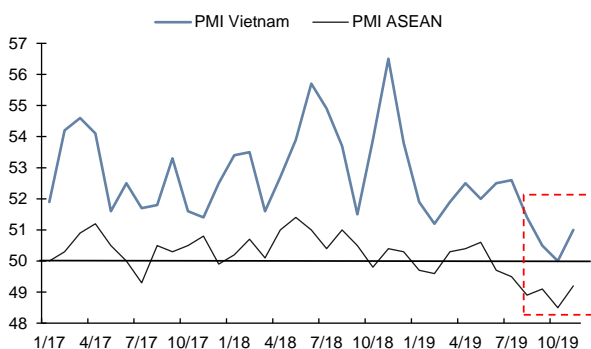
The Index of Industrial Production (IIP) showed some remarkable signs of slowing down

- IIP of the whole industrial sector only inched up 5.4% YoY – the lowest increase in the past 34 months. IIP of the processing-manufacturing industry gained 6.5% YoY – the first single-digit growth for 18 months.
- The main reason was the plunge in the electronics and coke/refined oil production. Specifically, Nghi Son Refinery closed for maintenance purpose in November, which caused petrol and oil production to plummet (-44.5% YoY). Regarding electronics, the production of smartphones and TVs remained a good growth in November (7.7% and 16.8% YoY respectively), so we believe the main reason for the downturn in electronics industry came from the sharp decline in smartphone components production (-24.6% YoY).

PMI & IIP December should stay positive in December

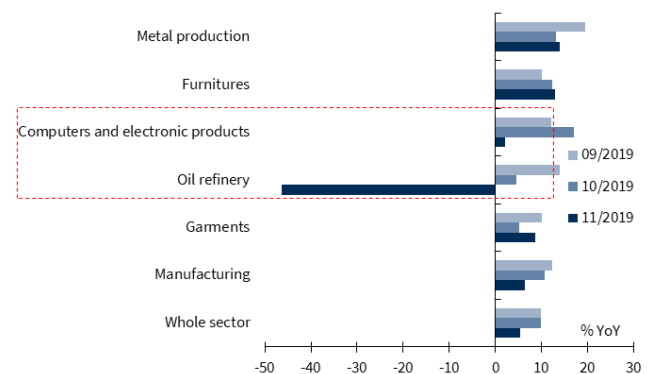
- PMI should remain unchanged or slightly increase against November given enterprises will increase manufacturing activities to prepare for shopping demand in the coming Lunar New Year.
- Meanwhile, IIP of the manufacturing sector should rebound given Nghi Son Refinery will come back to operation in December.

Figure 1. PMI of Vietnam and ASEAN



Source: IHS Markit, KB Securities Vietnam

Figure 2. IIP movement



Source: Vietnam General Statistics Office, KB Securities Vietnam

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(based on expectations for absolute price gains over the next 6 months)

Buy:	Hold:	Sell:
+15% or more	+15% to -15%	-15% or more

Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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