

December 1, 2020

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# November IIP

## Firm rebound in customer goods production

### Vietnam's November PMI in November fell just below neutral due to the impact of the stormy season

— The recovery momentum of Vietnam's PMI has been halted due to the effects of storms. November PMI fell just below the neutral threshold of 50 points, to 49.9 points from 51.7 points in October. Of which, production output decreased for the first time in three months and new domestic orders increased marginally. However, it could only be temporary as manufacturing companies in the central region were affected by prolonged stormy weather. Consumer goods production continued to show a positive signal as the only sector recorded growth in input purchases and this coincided with the uptrend in the November domestic retail sales, +8.5% YoY, reflecting the rebound of domestic demand. On the contrary, export orders decreased sharply amid the pandemic. Comparing PMI of regional countries, China, Taiwan, and South Korea all recorded the highest PMI index in recent months, especially with a recovery in new export orders from Asia countries while southeast Asian countries saw not much significant improvement in November.

### The industrial production index (IIP) recovered in November

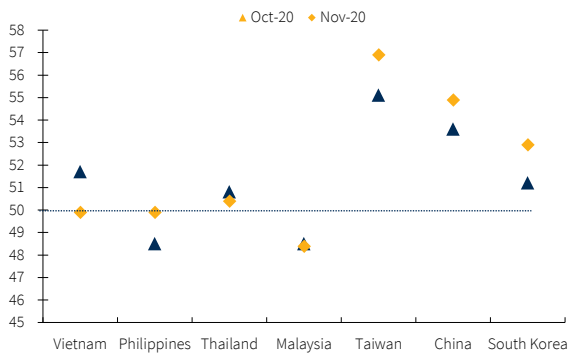
— Data from the General Statistics Office showed that IIP in November increased by 0.5% MoM and 9.2% YoY, mainly coming from manufacturing sector (+1.0% MoM, +11.9% YoY). Production of coke coal and refined oil saw a sudden growth in November (+115.0% YoY) as Nghi Son factory closed in November last year for maintenance. Electronic products (+18.9% YoY), furniture (+15.8%), and metal production (+39%) showed a solid recovery from Covid-19 with strong output growth in televisions, phones accessories, rolled steels... Notably, other core industries such as apparel and textiles production, automobiles, also saw slight recovery, with textiles and clothing output increasing for the first time after months of decline.

### Vietnam PMI and IIP expects to recover in December

— Although Vietnam has detected new cases of community Covid-19 infection after 89 days, we assess the impact on industrial production activities will be limited due to the relatively good ability to trace and control the source from the government. PMI thus will increase slightly in December, driven by the consumer goods manufacturing and the recovery in export orders from trading partners such as China, Japan and South Korea.

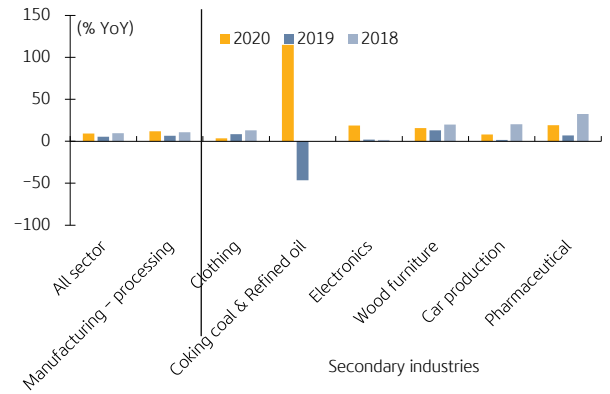


**Fig 1. Asia – Regional PMIs, Oct 20 & Nov 20 (Points)**



Source: IHS Markit, KB Securities Vietnam

**Fig 2. Vietnam – Industrial production of main industries (%)**



Note: November IIP data for 2018, 2019 & 2020

Source: General Statistics Office, KB Securities Vietnam

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### Investment Ratings for Stocks

(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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