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# June Industrial Production

## Boosted by stronger domestic demand

### June PMI bounces back to over 50 on improving outlook for manufacturing conditions

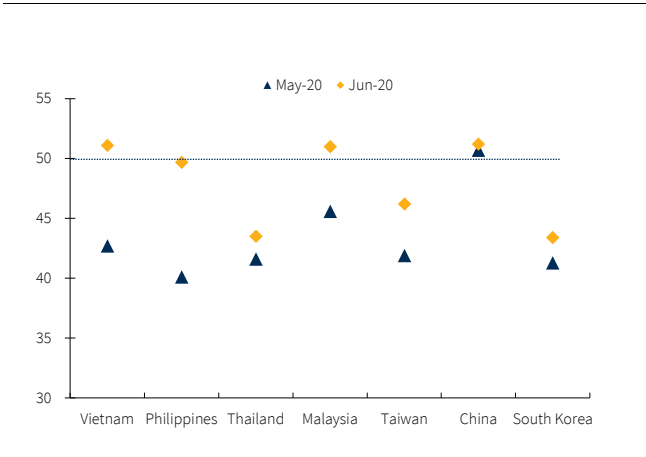
— Vietnam's manufacturing sectors bounced back over 50 for the first time in five months, with June's PMI rising to 51.1 points from May's 42.7 points. Business conditions improved from the previous month, reflecting both expansion in output and new orders. Specifically, recovery in domestic demand after Vietnam's successful containment of the coronavirus led to higher output and new orders for the consumer goods sector, while new export orders continued to fall amid weak external demand. A marginal rise in purchasing activities and inventory restocking also explained some of the expansion in manufacturing production. Vietnam's June PMI also rebounded faster than other Asian markets as one of a handful of countries to register June PMI over 50 (China and Malaysia were the other two).

### June industrial production also bounces back for the first time in three months

— Vietnam's industrial production index (IIP) also rose by 7.0% YoY for the first time in three months following the shift by the government to reopen the economy. Except for a decline in auto production (-14% YoY), most secondary industries registered stronger monthly numbers, with electronics up 21.7% YoY, coke & refined petroleum up 38% YoY, pharmaceuticals up 36.2% YoY and clothing up 5.0%.

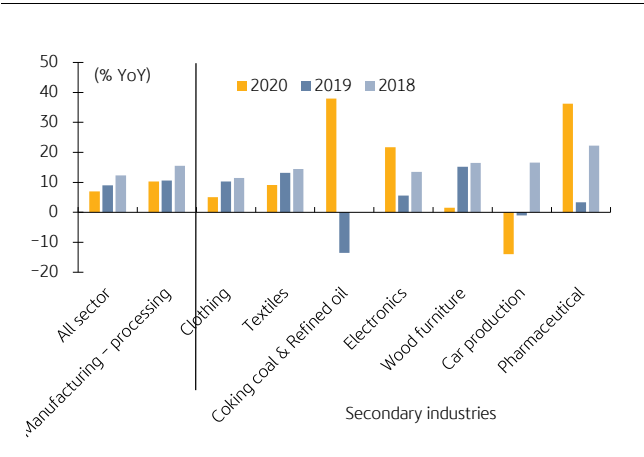


Fig 1. Asia – Regional PMIs, May 20 & June 20 (Points)



Source: IHS Markit, KB Securities Vietnam

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



Note: June IIP data for 2018, 2019 & 2020

Source: General Statistics Office, KB Securities Vietnam

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## Investment ratings & definitions

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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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