

14 Jun 2023

Textile & Garment

Fueling a glim hope in May

May was strong but not enough to Textile/Garment market

- Based on the General Department of Customs, the prelim export turnover of Vietnam's textile and garment (T&G) swelled to USD2.92bn (+14.8% mom but fell 8.0% yoy) in May.
- We attributed the mixed results to the US market - the biggest T&G importer of Vietnam. In detail, the US imported USD1.331bn (+18.7% mom, -17.8% yoy), contributing to 45.6% of total T&G export value.
- The remainders revived including EU (USD411.4mn, +26% mom, +7.5% yoy), Japan (USD295.5mn, +9.5% mom, -1.9% yoy) and China (USD95.7mn, +40.2% mom, +22.8% yoy). Only Korea drops persisted in May with USD152.4mn (-21.2% mom, -5.0% yoy).
- The accumulated T&G export value was disappointed again with US\$12,628bn (-16% yoy), weighting our dim hope of recovery.

But a savoir to Fiber/Yarn market

- Vietnam's fiber and yarn (F&Y) export went on in tandem with T&G (-11.0% yoy but +9.5% mom to USD391mn) in May.
- In contrast, the export value to China, the largest importer of Vietnam inched up 5.8% yoy and +19.5% mom (USD216.0mn), making up 55.3% of Vietnam's total fiber and yarn export value.
- The continuous deceleration was seen in the remaining markets including Korea (USD30.1mn, -4.6% mom, -30.5% yoy), Japan (USD14.7mn, +19% mom, -23.3% yoy), and EU (USD8.5mn, +9.3% mom, -28.8% yoy). Only US fared well with USD7.3mn (-1.8% mom, +20.9% yoy) in May.
- The May average export price of Vietnam's fiber and yarn went downward to USD2,438/tons (-1.5% mom, -24.3% yoy).
- The 5M23 F&Y export value also steeply pulled back (USD1.7bn, -29% yoy) but upped by 4% when compared with the last 5 months of 2022. We expect the contraction phase of F&Y industry to end and wait for the recovery signal.

The diverged performance of the listed textile companies

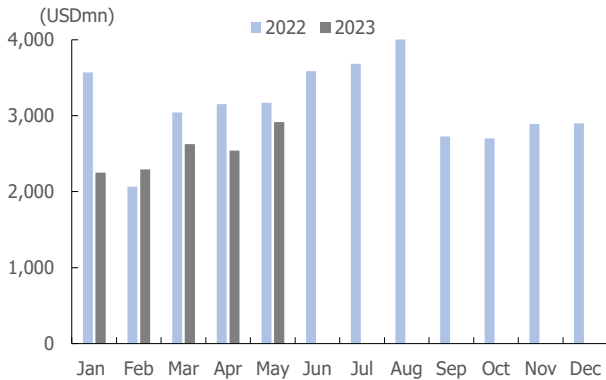
- Despite the industry export value downturned in Apr (total industry export growth of USD2.54bn, -3.3% mom, -19.4% yoy), the listed companies diverged: VGG (USD37.74mn, +14.71% mom, -22.09% yoy), TNG, USD31.58mn (+15.73% mom, +27.28% yoy). GIL was not out of the wood yet (USD1.38mn, -15.38% mom, -93.42% yoy). To F&Y companies, STK decreased to USD2.59mn (9.96% mom, -24.01% yoy).
- We could not see a clear revival in the garment industry since the businesses and consumers retain a "defensive" attitude and cut spending on durable goods. However, the May results fuel a new hope since it's the strongest growth in the last 9 months.

Non-rated

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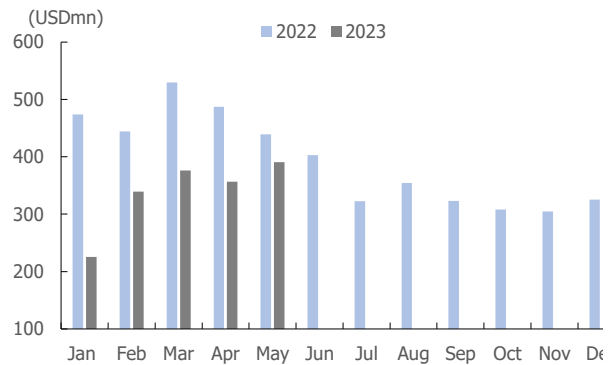
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Figure 1. T&G export by month: maintain the reduction on a yearly basis



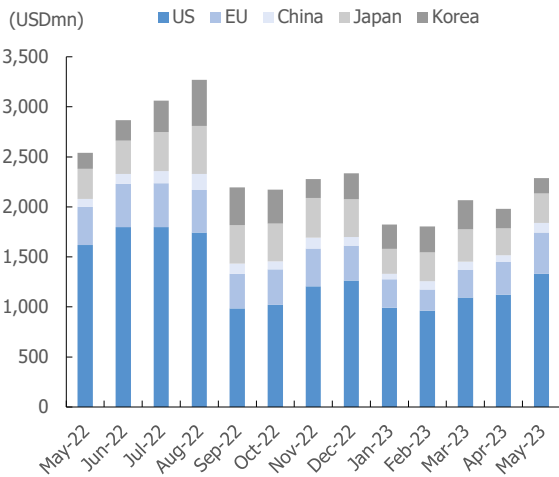
Source: General Department of Customs, KIS Vietnam

Figure 2. F&Y export by month: formed the bottom



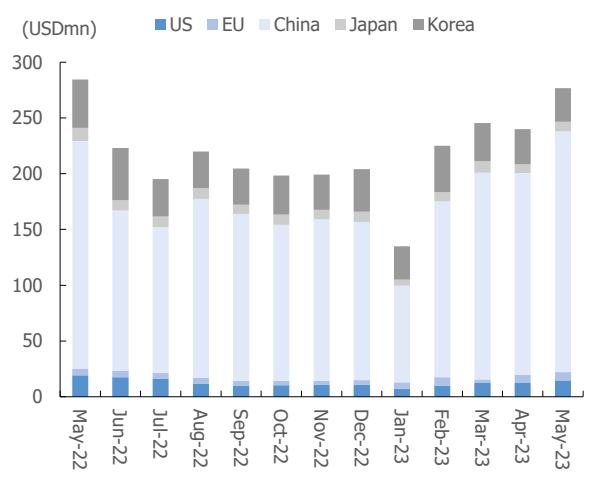
Source: General Department of Customs, KIS Vietnam

Figure 3. T&G export by country: US drove the export value in May



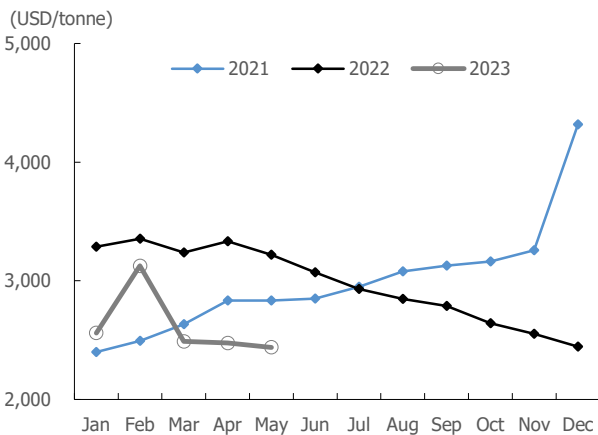
Source: General Department of Customs, KIS Vietnam

Figure 4. F&Y export by country: China dominated the F&Y export value in Vietnam but slid yo



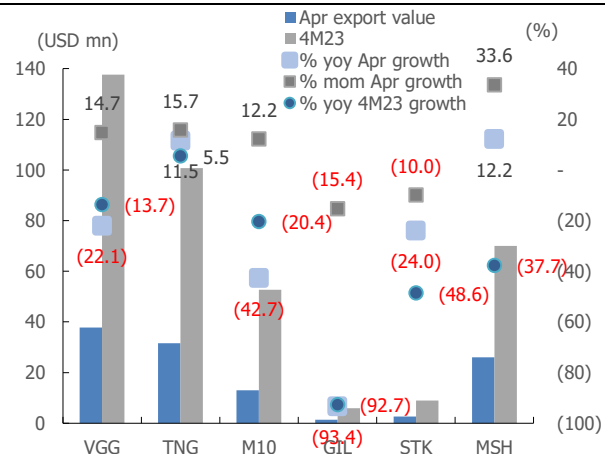
Source: General Department of Customs, KIS Vietnam

Figure 5. Average export price of F&Y: Going sideways in the last 3 months



Source: General Statistics Office, KIS Vietnam

Figure 6. Export of listed companies: Apr export revenue was still weak



Source: Tendata, KIS Vietnam

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