

Textile & Garment

Winter is coming

Non-rated

T&G export posted negative growth for the first time in 2022

- Based on the General Department of Customs, the prelim export turnover of Vietnam's textile and garment dropped 5.2% yoy but grew 7.0% mom to USD2.9bn in November.
- In November, the export to the US (the largest textile and garment export market of Vietnam) fell 18.5% yoy, but lifted 18.3% mom, accounting for 41.7% of Vietnam's total textile and garment export value. Other main export markets including EU, Japan, and China all witnessed positive growth on a monthly basis in export value, respectively recording USD376mn (+19.8% yoy/+5.6% mom), USD395mn (+19.0% yoy/+4.6% mom), and USD110mn (-9.8% yoy/+36.4% mom). Meanwhile, the export to Korea posted negative results as sliding 22.6% yoy and 43.4% mom to USD191mn.
- According to the General Statistics Office, Vietnam's estimated garment production volume in November recorded 431.8mn pieces, down 0.2% yoy but up 6.8% mom.

Fiber and yarn export continued to fall

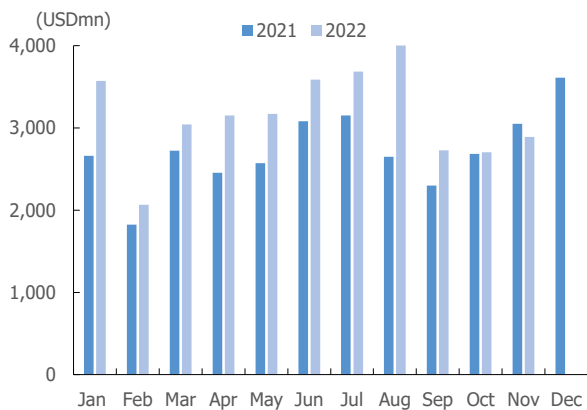
- Vietnam's fiber and yarn export value dropped 40.6% yoy and 1.0% mom to USD305mn in November.
- China, the largest fiber and yarn importer of Vietnam, recorded USD145mn (-45.5% yoy/+3.5% mom due to its Zero-Covid policy), making up 47.4% of Vietnam's total fiber and yarn export value. The export to the US, EU, Japan, and Korea in November posted 10.7mn (-24.9% yoy/+3.2% mom), USD3.6mn (-12.3% yoy/-12.7% mom), USD8.6mn (+1.9% yoy/-6.4% mom) and USD31.7mn (-40.1% yoy/-9.5% mom), respectively.
- The average export price of Vietnam's fiber and yarn continued the downward trend, dropping 21.7% yoy and 3.4% mom in November to USD2,551/tonne.

Winter is coming

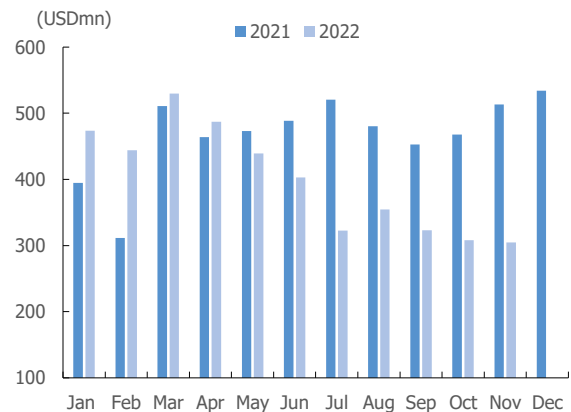
- Overall, in 11M22, Vietnam's textile and garment export turnover lifted 18.7% yoy to nearly USD34.6bn. In contrast, fiber and yarn export in 11M22 recorded negative growth of 13.6% yoy, down to USD4.4bn.
- 'Winter is coming' to the textile industry as orders continue to drop. According to the Vietnam Textile and Apparel Association (VITAS), Vietnam's garment industry is expected to face a decline in orders from its main markets, at least, until 1H23F amid high inventory levels and high inflation which is dampening global consumption.
- VITAS also noted that local garment companies had to cut about 10%-15% of their production and many had been forced to cut their workforce since the beginning of 3Q22. Meanwhile, garment companies reported that order value is under downward pressure from foreign retailers.
- We expect a dismal outlook for the industry in December and 1H23F as we think export orders will continue to be negatively affected due to weak global demand for garment products.

Research Dept

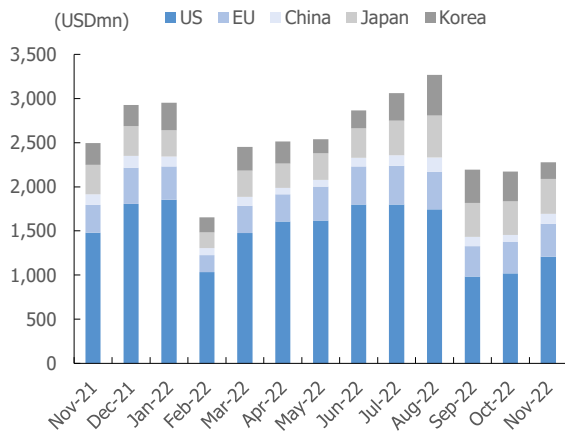
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Figure 1. Vietnam's textile and garment export value

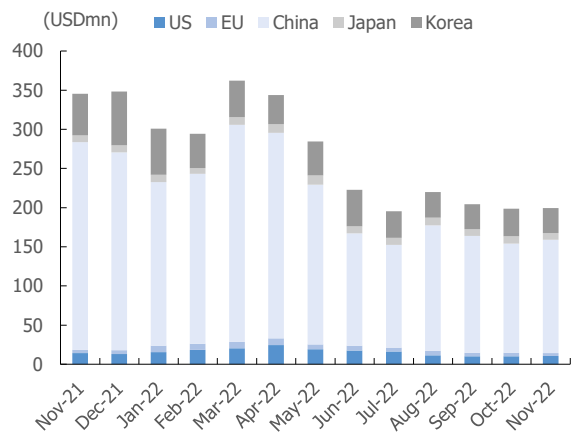
Source: General Department of Customs, KIS Vietnam

Figure 2. Vietnam's fiber and yarn export value

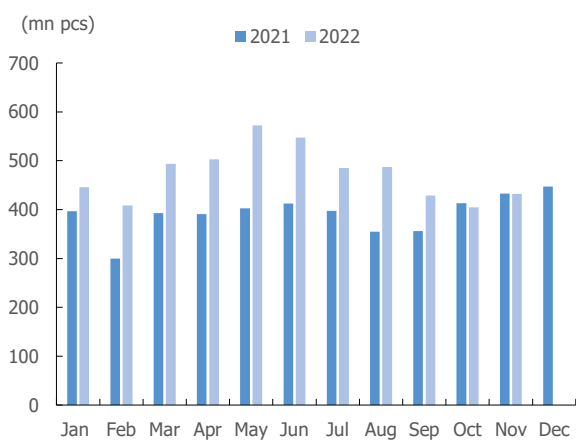
Source: General Department of Customs, KIS Vietnam

Figure 3. Vietnam's textile and garment export by country

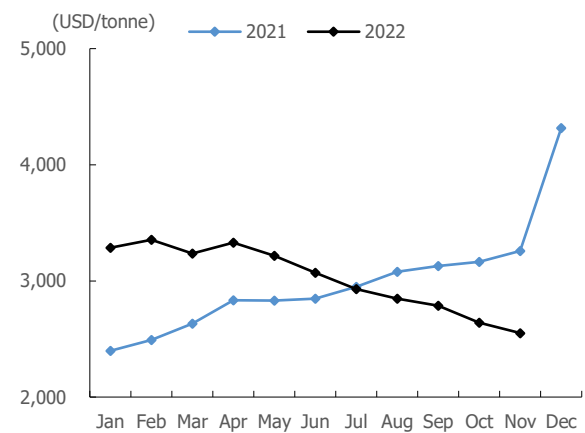
Source: General Department of Customs, KIS Vietnam

Figure 4. Vietnam's fiber and yarn export by country

Source: General Department of Customs, KIS Vietnam

Figure 5. Vietnam's garment production volume

Source: General Statistics Office, KIS Vietnam

Figure 6. Average export price of Vietnam's fiber and yarn

Source: General Department of Customs, KIS Vietnam

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