

Textile & Garment

Non-rated

A challenging year to come

T&G export posted negative growth in December

- Based on the General Department of Customs, the prelim export turnover of Vietnam's textile and garment dropped 19.7% yoy but grew 0.3% mom to USD2.9bn in Dec.
- In Dec, the export to the US (the largest textile and garment export market of Vietnam) fell 30.1% yoy, but lifted 4.7% mom to USD1.26bn, making up 43.5% of Vietnam's total textile and garment export value. Other main export markets including EU, Japan, and China all witnessed negative growth on a monthly basis, respectively recording USD348mn (-14.8% yoy/-7.4% mom), USD380mn (+12.9% yoy/-4.0% mom), and USD86mn (-35.8% yoy/-21.6% mom). Meanwhile, the export to Korea posted positive results, + 7.7% yoy/+ 34.8% mom to USD258mn.

Fiber and yarn export continued the downward trend

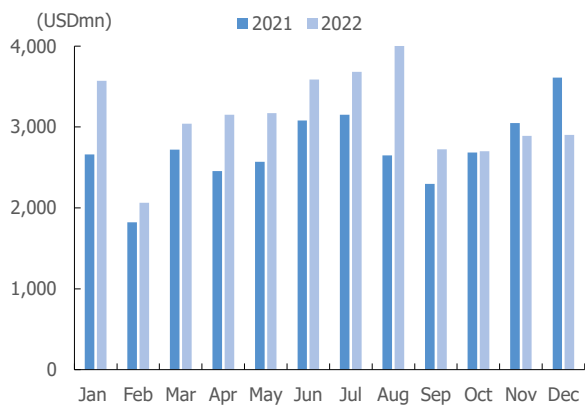
- Vietnam's fiber and yarn export value slid 39.1% yoy but gained 6.8% mom to USD325mn in December.
- China, the largest fiber and yarn importer of Vietnam, recorded USD142mn (-43.8% yoy/-1.9% mom), making up 43.6% of Vietnam's total fiber and yarn export value. The export to the US, EU, Japan, and Korea in December posted USD10.9mn (-16.1% yoy/+1.9% mom), USD4.1mn (-16.3% yoy/+11.9% mom), USD9.2mn (-0.1% yoy/+6.4% mom) and USD38mn (-44.6% yoy/+19.9% mom), respectively.
- The average export price of Vietnam's fiber and yarn continued the downward trend, -43.4% yoy and -4.2% mom in December to USD2,445/tonne.
- China has reopened borders and lifted COVID control from Jan 8, 2023. We expect yarn manufacturers could benefit from the reopening as China was the largest yarn importer, accounting for 46% of the total export value in 2022.

A challenging year to come

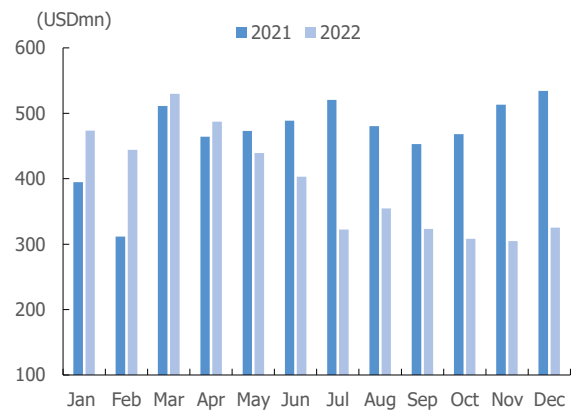
- Overall, in 2022, Vietnam's textile and garment export turnover lifted 14.5% yoy to nearly USD37.5bn. In contrast, fiber and yarn export in 2022 recorded negative growth of 16% yoy, down to USD4.7bn.
- 2023F could blow multiple headwinds for the textile and garment industry due to lower demand for garment products and high inventory levels at large foreign retailers (Nike and Adidas experienced sharp increases of 43% yoy and 35% yoy in inventory in their latest quarterly reports). Specifically, according to the Vietnam Textile and Apparel Association (VITAS), advanced orders for 1Q23F have dropped 25-27% yoy, signaling a tough year ahead.

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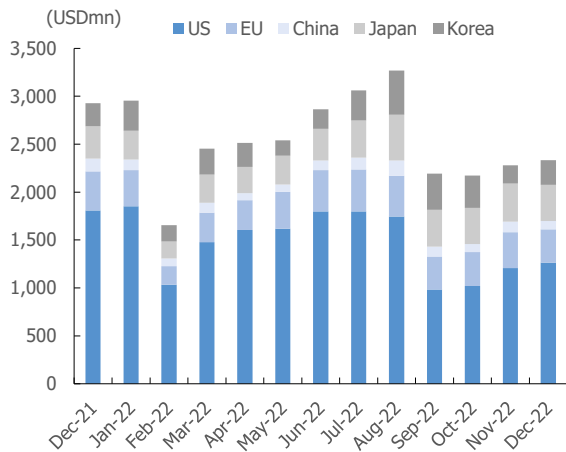
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Figure 1. Vietnam's textile and garment export value

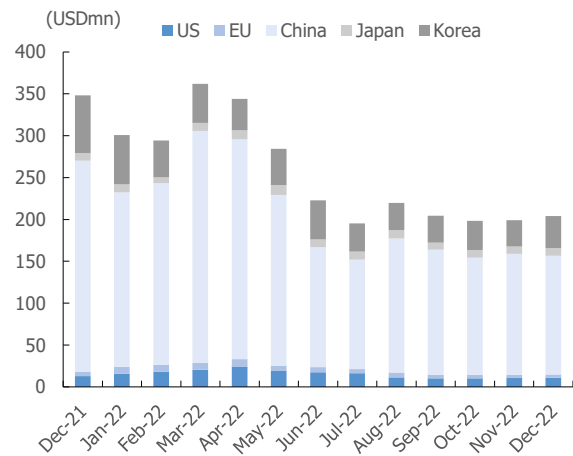
Source: General Department of Customs, KIS Vietnam

Figure 2. Vietnam's fiber and yarn export value

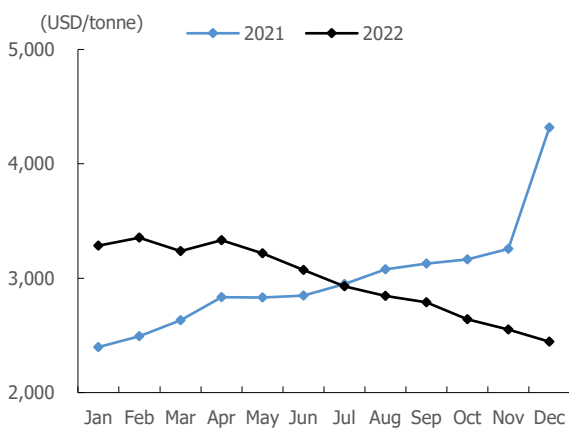
Source: General Department of Customs, KIS Vietnam

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

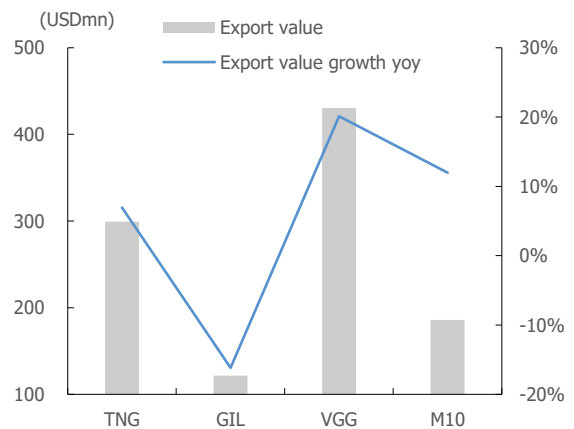
Source: General Department of Customs, KIS Vietnam

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

Source: General Department of Customs, KIS Vietnam

Figure 5. Average export price of Vietnam's fiber and yarn

Source: General Statistics Office, KIS Vietnam

Figure 6. Garment export value of top listed companies in 11M22

Source: Tendata, KIS Vietnam

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