# Monthly Updates on Macroeconomics and Financial Market

**Hanoi, June 2024**

*Prepared by Economic and Financial Market Analysis Team*

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# Given the US economic slowdown and the ongoing recovery in the EU, there are clear indications of a notable economic recovery in Vietnam during the second half of 2024

# Section 1

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# Executive Summary

## Global Economy:

- *The US economy is slowing down, as indicated by recent developments in consumer behaviours, the job market, and manufacturing operations. Weakening consumer activity, illustrated by major retailers' price cuts, not to mention a 0.1% MoM decline in both real consumer spending and real disposable income.*
- *Regarding the US labour market, while unemployment rate exhibited an increase, hourly earnings have experienced their slowest growth since June 2021. US 1Q24 GDP 2$^{nd}$ estimation was revised from 1.6% to 1.3%.*
- *Amidst the slowing economic activities and declining shelter rent growth, US CPI is expected to continue to cool off in 2H24. We maintain our view that Fed rate cut might happen in September.*
- *ECB announced the first rate cut of 25 bps. As inflation is expected to cool off in 2H24, we see a likelihood for the second rate cut in September. A gradual recovery of EU GDP is anticipated, bolstered by positive developments in order intakes, expected monetary easing policies, a declining unemployment rate, and the ECB projected increase in real disposable income.*
- *China's economic growth shows signs of recovery, supported by industrial production growth, surging exports, better-than-expected 1Q24 GDP growth of 5.3%, and government easing measures with stimulus policies to support the real estate sector.*

## Vietnamese Economy:

- *The strong increase in new orders have enabled Vietnam's trade and manufacturing activities. We have revised up our forecast for export and import growth for 2024 to 12.5% YoY and 18.5% YoY, respectively.*
- *The total value of newly registered and additionally registered FDI capital in 5M24 witnessed an impressive growth of 32.9% YoY, reaching USD 10 billion. The long-term prospect of attracting FDI comes from high-tech industries.*
- *Retail sales of goods and services grew 8.7% YoY in 5M24, driven by high growth rates across traveling services, and accommodation & catering services. Vietnam's tourism sector still has significant room for development and will continue to make a positive contribution to retail sales.*
- *The 4.4% YoY rise in CPI for 2 consecutive months is not worrying, given the low base of the previous year. The average inflation for the whole year 2024 is forecasted to be in the range of 3.5% to 4.0%, below the government's target of 4.5%.*
- *We anticipate short-term exchange rate fluctuations, with a projected decrease by year-end. We forecast that by the end of the year, the VND would only depreciate by 3% YTD.*
- *Deposit interest rate is forecasted to slightly increase by year end when the economy recovers.*

# Section 2

# Global Economy

**The US has witnessed a slowdown in economic activities, with expectations of a drop in growth during 2H24, followed by a gradual recovery in 2025. The EU economy is gradually improving. Further rate cuts by ECB are expected to occur in September, while the Fed is forecasted to make its first rate cut during this time. Meanwhile, China - the world second largest economy, is showing signs of recovery.**

**The US economy is experiencing a slowdown based on recent data regarding consumer behaviours, the job market, and manufacturing activities**

The US economy is experiencing a deceleration in economic activities, which could be attributed to recent developments in consumer behaviours, the job market, and manufacturing operations. Recent data of consumer spending is showing signs of weakening. This is evident from the price cuts announced by major retail companies such as Walmart, Amazon, and Target in response to declining sales. At the same time, recent real consumer spending and real disposable income both fell by 0.1% month-over-month (MoM) in April. This trend of weaker consumption can be partially attributed to the recent indications of weakness in the US labour market.

**The labour market is showing signs of weakening, with the unemployment rate on the rise**

The US labour market is currently witnessing a noticeable increase in job scarcity and a corresponding rise in the unemployment rate. ***Firstly***, the New York Fed Survey of Consumer Expectations reveals a significant decline in job-finding expectations, which indicates lower probability of finding a job in the next three months if job lost today. ***Secondly***, there was a clear downward trend in job openings at only 8.06 million in April, which has been the lowest level since February 2021 and missed the consensus of 8.34 million. ***Thirdly***, although the May non-farm payroll surprised the market with 272,000 jobs (beating market consensus of 185,000), we consider this level as normal, since the Morgan Stanley set a benchmark at 265,000 jobs to have the unemployment rate impacted, as mentioned in our previous report (Report link). More importantly, the unemployment rate rose to 4.0%, surpassing market consensus of 3.9% and reached the recent 4Q24 Federal Open Market Committee (FOMC) projection. ***Lastly***, hourly earnings have seen their slowest growth (only 3.9%) since June 2021.

**Figure 1: US monthly Job Openings**

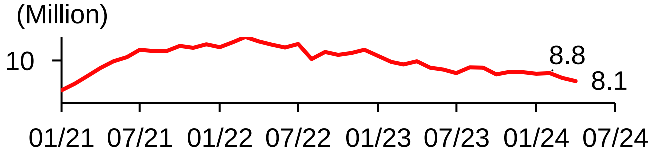
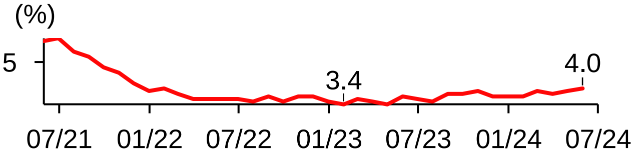



**Figure 2: US Unemployment rate**




**Source:** Bloomberg, BLS, Refinitiv

# Section 2

# Global Economy *(Cont.)*

**ISM PMI Manufacturing started to decline amid slowing economic activities**

Economic activities are slowing, as indicated by declining Purchasing Manager Index (PMI) figures. The ISM PMI Manufacturing index fell to 48.7, driven by a drop in the New Orders index. The ISM PMI Service experienced an unexpected surge, reaching 53.8. However, the ISM PMI Service employment index remains in the sub-50 territory, at 47.1. Overall, US economy has slowed down, as the second estimation for 1Q24 GDP was revised from 1.6% to 1.3%. Bloomberg (BB) forecasts suggest that US GDP growth will peak in 2Q24 before gradually declining in the second half (2H24), with no recovery expected until 1Q25.

**Figure 3: US GDP growth forecast by Bloomberg**

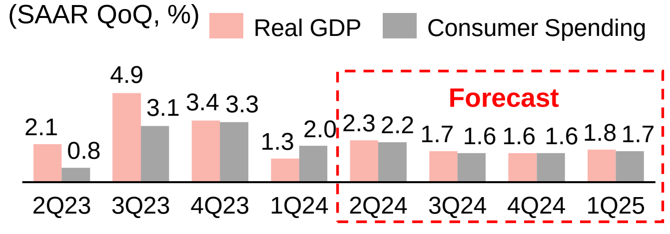
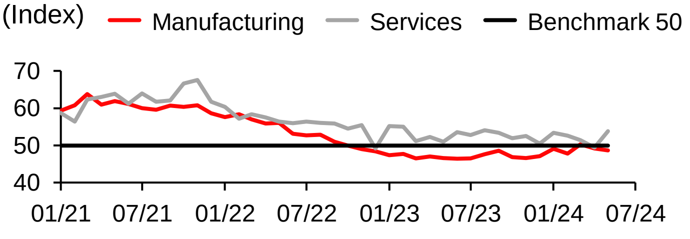



**Figure 4: ISM Purchasing Manager Index (PMI)**




**The US CPI is expected to continue to cool off in 2H24**

In the second half of 2024 (2H24), US inflation is expected to continue its cooling trend primarily influenced by shelter, a key Consumer Price Index (CPI) indicator. Notably, the shelter rent growth displayed a sustained decline to 5.1% year-on-year (YoY) in April, down from 6.1% (January). Furthermore, the Zillow Observed Rent index growth, which has a 6-to-12-month lagging impact on the US CPI due to the nature of housing rental contracts in the US*, experienced a substantial decline from March 2022 to August 2023 (from 16.2% to 3.2%). This decline in the Zillow index growth continues to contribute to a downward trend in the shelter CPI. Despite some worries caused by a recent surge in car insurance rate (+22.6% YoY), their weight in the CPI is small. Thus, amid the Headline CPI in April showing a drop to 3.4% from 3.5% and the slower 1Q24 GDP growth, forecasts from major research houses suggest continued cooling inflation in the latter half of the year.

**Figure 5: US YoY monthly CPI key contributions**

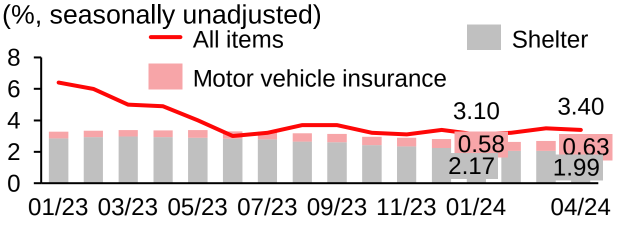
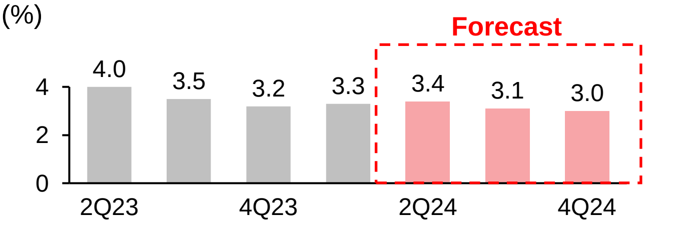



**Figure 6: US YoY CPI forecast by Bloomberg**






**Sources**: Bloomberg, BLS, Refinitiv, IMF, Fed, JPMorgan, ISM, (*) N.Kundan Kishor – University of Wisconsin-Milwaukee

# Section 2

# Global Economy *(Cont.)*

**We maintain our view that Fed rate cut might happen in September, considering all the reasons mentioned above**

*Note*: The Beige Book is a report published by the FED that provides a summary of economic conditions and insights into various sectors across different regions of the country. It includes qualitative information collected from surveys and interviews conducted by the twelve regional FED Banks, covering areas such as consumer spending, employment, manufacturing, real estate, and agriculture.*

The market remains uncertain about the likelihood of the first rate cut in September, with the Reuters probability currently at around 67.6%. This hesitation is likely influenced by the recently released Beige Book*, which indicated modest growth in the US. Nonetheless, our expectation remains that the Federal Reserve (Fed) will proceed with the rate cut in September. This expectation is based on several factors mentioned previously in this report: (1) inflation is anticipated to decrease in the second half of 2024; (2) the labour market is exhibiting a noticeable trend of job weakening; and (3) there are early indications of weaker consumer spending and slower economic activities.

**Figure 7: Fed rate cut probability by Reuters Poll**

(%, updated on June 6th, 2024)

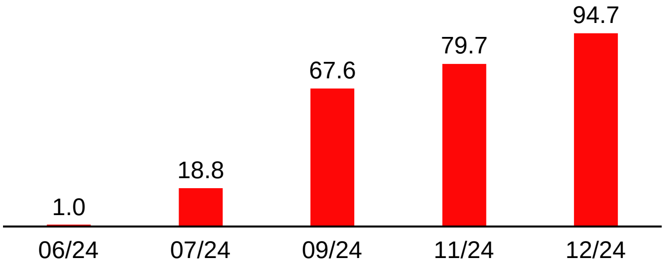
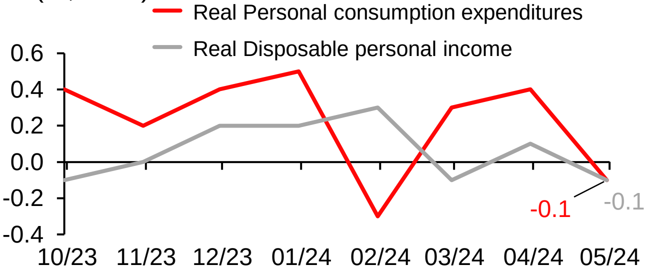



**Figure 8: US monthly consumer indicators**

(%, MoM)




**ECB announced the first rate cut of 25 bps**

**As inflation is expected to cool off in 2H24, we see a likelihood for the second rate cut in September**

As expected in our previous forecast ([Report link]), the European Central Bank (ECB) announced its first interest rate cut of 25 bps in June meeting, keeping the next move under open consideration. Regarding the next interest rate cut, the ECB emphasised that decisions will be based on its assessment of the inflation outlook in light of the upcoming economic and financial data. Prominent policymakers, including board member Isabel Schnabel, have already advocated for a temporary halt during the July meeting, given the recent inflation data. We see a likelihood for the second rate cut in September as inflation is forecasted to continue to decline in 2H24. Specifically, in the Eurosystem and ECB staff - June projection, it is believed that the services inflation will likely experience easing as the "post-pandemic reopening effects" diminish (high base effect) and the downward impact from monetary policy tightening continues to feed through. Given the significance of services as a major component of EU core inflation, there is an expectation for a gradual decline in core CPI during the second half of 2024. Moreover, economists and the market anticipate the possibility of one to two more rate cuts later this year, commencing in September, with a likelihood of 53.5%.



**Sources**: Bloomberg, BLS, Refinitiv, Morgan Stanley, IMF, Fed, US Congressional Budget Office, FRED, ECB, Reuters

## Global Economy *(Cont.)*

**Figure 9: ECB rate cut probability by Reuters**

(%, updated on June 6th, 2024)

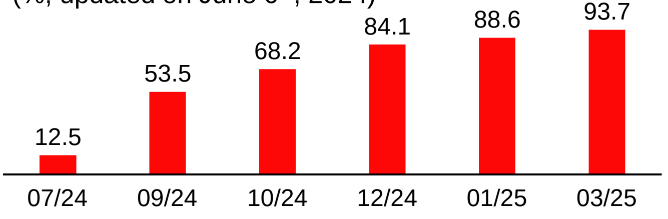
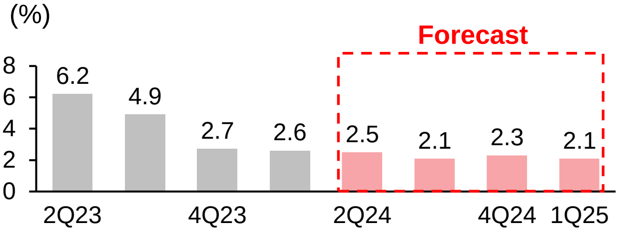



**Figure 10: EU YoY CPI forecast by Bloomberg**

(%)




**We continue to expect a gradual recovery of EU GDP**

Our ongoing expectation persists regarding the gradual recovery of the EU. Several factors contribute to this viewpoint. Firstly, the EU PMI for manufacturing exhibited a slight improvement, with a rise from 45.7 to 47.3. Although it remains below the benchmark of 50, more companies are reporting positive developments in order intakes from both domestic and international markets. Conversely, the service PMI remained unchanged at 53.3, lingering above 50. Consequently, the composite PMI experienced a slight enhancement, reaching 52.3. Secondly, the recent initial rate cut implemented by the ECB and the expected upcoming monetary easing policy have the potential to provide additional stimulus for EU economic growth. Thirdly, it is noteworthy to mention that recent data pertaining to EU unemployment rate has exhibited a notable decline of 6.4% YoY in April, lower than the previous figure of 6.5%, indicating a better labour market. The ECB also projected real disposable income to rise in 2024, primarily driven by declining inflation rate and stable nominal wage growth. Besides, major research houses also indicate a projected recovery in EU GDP growth during 2H24. Hence, we maintain our perspective that the EU's economic revival will transpire gradually.

**Figure 11: EU PMI**

(Index)

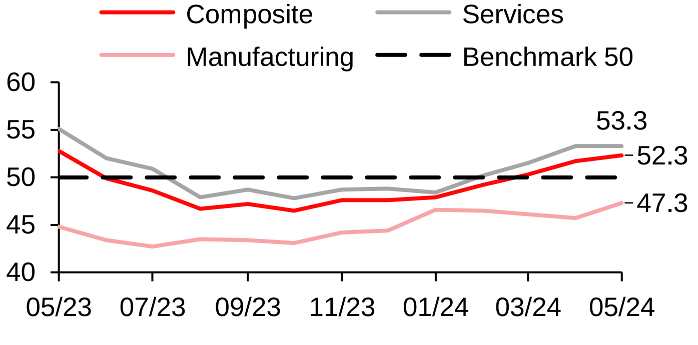
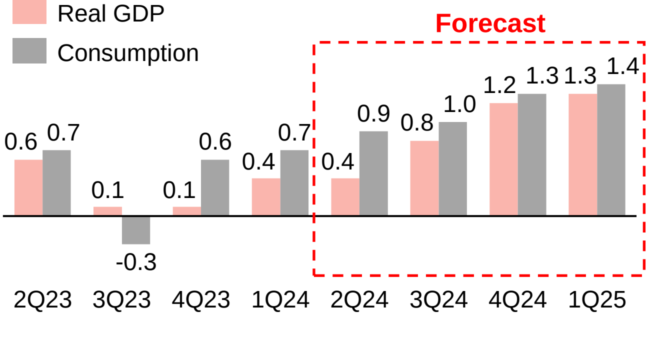



**Figure 12: EU GDP growth forecasted by BB**

(YoY, %)




**We see signals of recovery in China's economic growth**

Although China retail sales in April grew by only 2.3% YoY, the slowest increase since December 2022, we see some signals of recovery…



**Sources**: Bloomberg, Refinitiv, ECB, Eurostat, S&P Global

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# Global Economy *(Cont.)*

.. ***Firstly***, industrial production rose by 6.7% YoY in April, and both manufacturing and services PMI rose to 51.7 and 54.0, respectively, above the 50 benchmark. ***Secondly***, exports from China surged 7.6% YoY in May, beating market consensus of 6% thanks to a lower base from 2023 and sustained overseas demand. ***Thirdly***, China's 1Q24 GDP registered at 5.3% YoY, which surpasses market expectation of 5.0%, lifted by manufacturing industry with a growth rate of 6%. ***Lastly***, the Chinese government is implementing further easing measures, including the USD 42.25 billion funds to purchase excess housing inventory and the efforts to boost urban rental housing and affordable housing projects. China was actively implementing stimulus policies such as lowering the reserve requirement ratio (RRR) by 50 bps; reducing the five-year loan prime rate (LPR) by 25 bps; and raising USD 138 billion in long-term special treasury bonds to support its strategic sectors. These policies, combining with the recent major support for the real estate sector (Figure 14), raise hope for better domestic demand and economic growth. Additionally, with a more positive impact, major institutions such as IMF and BB have revised up China's 2024 GDP growth to 5.0% (from 4.6%) and to 4.9% (from 4.8%) respectively.

**Figure 13: China GDP forecasts of BB by dates**

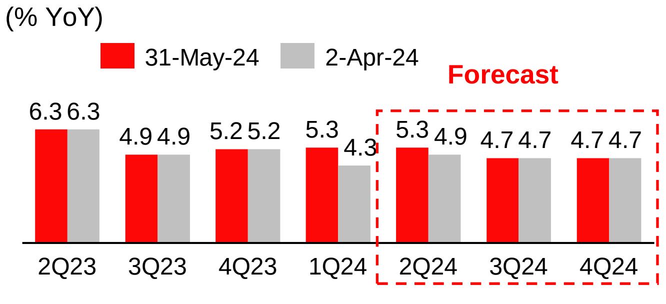



**Figure 14: China' key supports in real estate**

| | |
|---|---|
| Monetary Easing | **Mortgage Rate adjustment:** *Jan'23, May'24*<br>**Loan prime rate cuts:** *Jun'23, Aug'23, Feb'24*<br>**Reserve Requirement cut:** *Jan '24* |
| Fiscal Policies | **Special Government Bond Issuance –** *Oct' 23, May' 24*: issued special government bonds to support infrastructure projects |
| Tax incentive | **Tax Breaks for Homebuyers:** *Aug'23* |
| Other proactive Fiscal Policies | **Purchase excess housing inventory –** May'24: PBoC provided financial institutions $42.25 billion to lend to state-owned enterprises to purchase unsold constructed apartments. |

**To sum up, the US economy has begun to witness a slowdown in economic activities, with expectations of a drop in growth during 2H24, followed by a gradual recovery in 2025. On the other hand, the EU economy is gradually improving. We anticipate that the ECB will implement further rate cuts in September, while the Fed is expected to make its first rate cut during this time. Meanwhile, China - the world second largest economy, is showing signs of recovery. Vietnam stands to take advantages from China's stronger economic growth to improve tourism and increase exports to China.**



**Sources**: Bloomberg, Refinitiv, Trading economic, S&P Global, NBSoC, TCB Market Analysis

# Section 3

# Vietnamese Economy

**The slowing US economy, the recovery of the Chinese and EU markets, along with the strong increase in new orders have enabled Vietnam's trade and manufacturing activities. Vietnam appears to be an attractive destination for both foreign investors and international tourists. The economy is expected to recover well in the second half of the year, which shall in turn cause deposit interest rates to increase.**

**The improvement in new orders for key industries has prompted businesses to actively increase their imports of raw materials**

Amid a slowing US economy, while the China and EU markets are on their recovery roads, Vietnam's exports to these three main markets simultaneously recorded double-digit growth in the first 5 months of this year. These robust growths were primarily driven by the low base effect from the same period last year. Thanks to the increase in new orders, the export growth of key industry items, such as electronic components, textiles & garment, and wood products remain at high levels. According to the Textile & Apparel Association and the Timber & Forest Products Association, businesses in these industries already have orders until the end of the third quarter, and even until the end of the year. The proactive import of raw materials and increased production by businesses have caused Vietnam to record a trade deficit of USD 1 billion in May 2024 - the first month since May 2022 (according to GSO). Cumulatively in the first 5 months of the year, import growth reached 18.5% year-on-year (YoY), exceeding the 16.0% YoY export growth. As anticipated in previous reports, we maintain the view that imports will continue to grow faster in the second half of the year as the economy recovers. Therefore, we have revised up our forecast for export and import growth for the full year 2024 to 12.5% YoY and 18.5% YoY, respectively.

**Figure 15: YoY trade growth by countríes in 5M24**

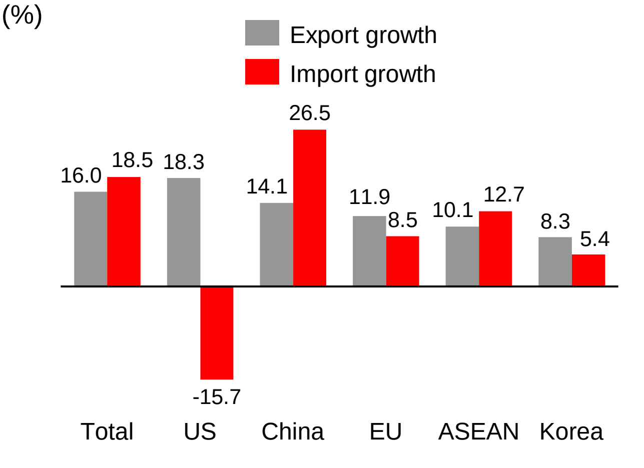
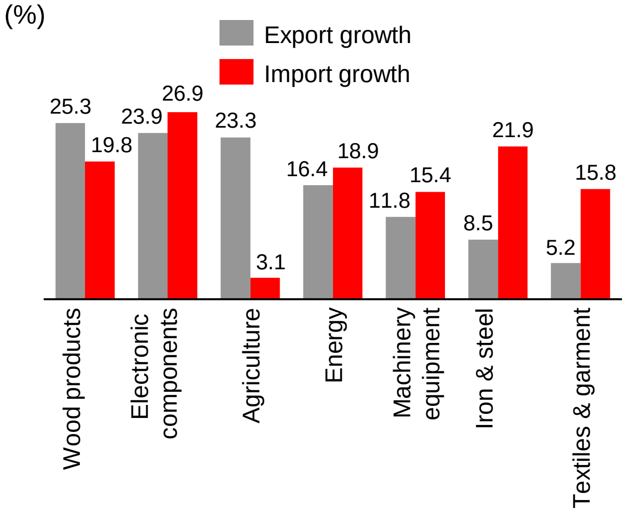



**Figure 16: YoY trade growth by products in 5M24**




**Sources**: General Statistics Office (GSO), TCB Market Analysis

# Section 3

# Vietnamese Economy *(Cont.)*

**The prospect of new orders will continue to support production activities**

The total number of new orders continued to increase strongly in May, encouraging manufacturers to increase output for the second consecutive month. The Industrial Production Index (IIP) of the processing and manufacturing industry maintained its recovery momentum. The IIP in May recorded a high YoY increase of 10.6%, largely driven by the electronics manufacturing, textiles and garment, and wood products... According to S&P Global, the Purchasing Managers' Index (PMI) in May remained at 50.3 points for the past 2 months. Businesses are more optimistic about continuing to attract a large volume of new orders, which will support production activities over the coming period.

**Figure 17: IIP by sectors**

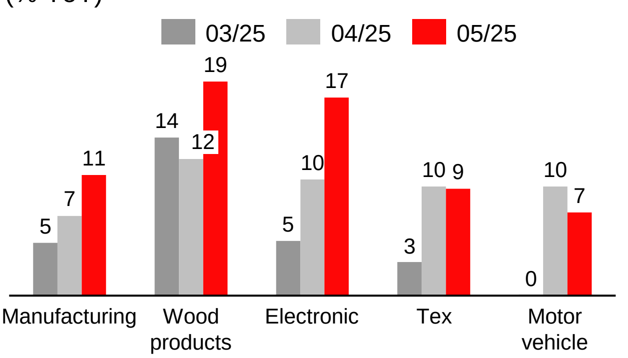
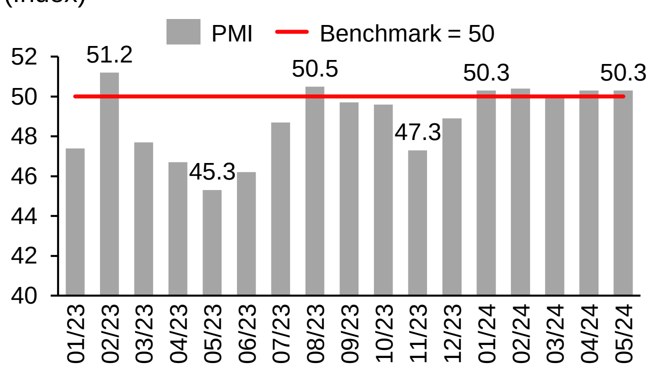



**Figure 18: Vietnam's Manufacturing PMI**




**The long-term prospect of attracting FDI comes from high-tech industries**

According to the Ministry of Planning and Investment (MPI), the total value of newly registered and additionally registered foreign direct investment (FDI) capital in the first 5 months of 2024 witnessed an impressive growth of 32.9% YoY, reaching USD 10 billion. Specifically, Asian countries contributed USD 6.3 billion, marking a significant increase of 49.9% YoY. The major projects are predominantly in the real estate, renewable energy, and high-tech industries. Notably, Vietnam is increasingly attracting new investments from high-tech industries such as chip and semiconductor manufacturing as the Government is actively providing policies and directions to promote this sector. Particularly, the National Semiconductor Strategy implemented from 2024, the proposal to commit to reducing taxes and waiving land rental fees for 15 years from the date of land lease allocation for technology companies, as well as the plan to loosen work permit for foreign experts. Vietnam aims to train 50,000 engineers for the semiconductor industry by 2030, with an estimated cost of about VND 26 trillion.

**Sources**: GSO, Ministry of Planning and Investment (MPI), Jones Lang LaSalle (JLL), TCB Market Analysis

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# Vietnamese Economy *(Cont.)*

In recent years, large FDI enterprises such as Samsung and Qualcomm have started establishing chip packaging facilities and research and development (R&D) centers in Vietnam. In the long run, while Nvidia, Samsung, and Intel Corporation have shared plans to increase chip production, the Intel group is also researching the possibility of setting up a semiconductor assembly and plant in Vietnam. We believe in the country's potential to attract foreign investment given the following advantages. Vietnam has signed 15 Free trade agreements (FTA) and is a comprehensive strategic partner with 7 countries (China, Russia, India, Korea, US, Japan, and Australia). Additionally, Vietnam exhibits more favourable conditions compared to other regional countries in terms of construction costs, electricity costs, etc.

**Figure 19: Newly registered and additionally registered FDI by sectors**

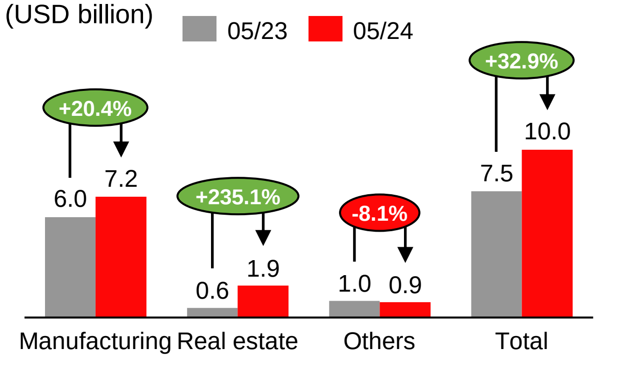



**Figure 20: Registered FDI from Asian countries**

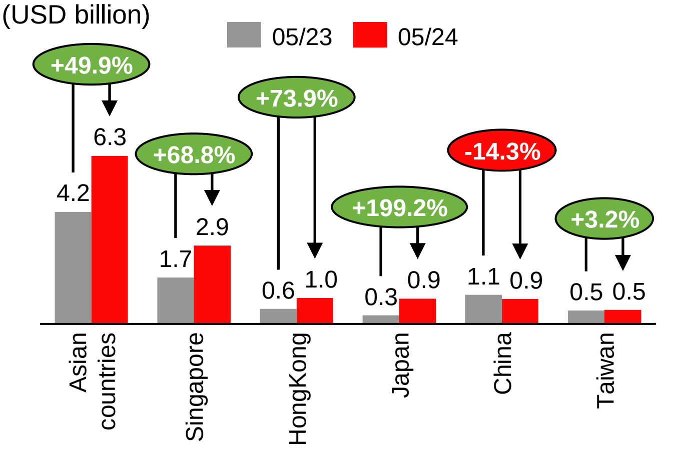
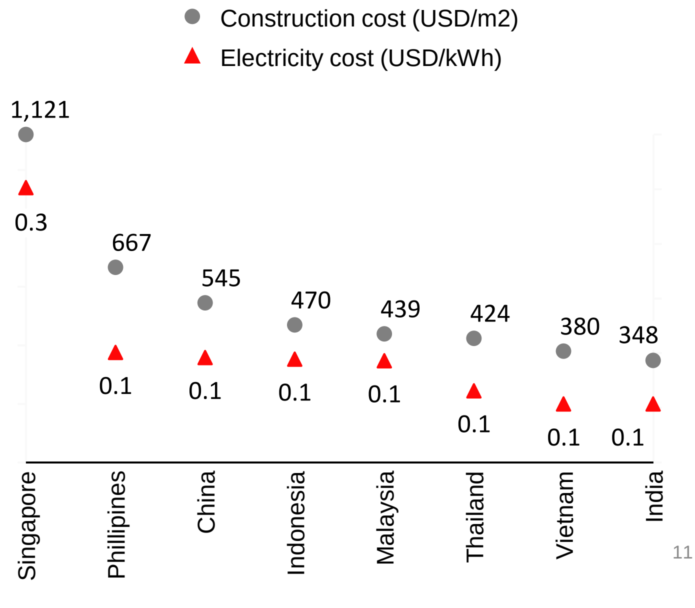



**Figure 21: Large FDI projects registered in 2024**

(USD million)

| Investors | Country | Business area | Value |
|---|---|---|---|
| Hyosung TNC | Korea | Bio-fiber plant | 730 |
| Capital Land | Singapore | Real estate | 660 |
| Trina Solar | China | Renewable energy | 454 |
| Victory Giant Tech | China | Semiconductor | 400 |
| Gokin Solar | HongKong | Renewable energy | 275 |
| Biel Crystal | Singapore | Renewable energy | 260 |
| Tripod Technology | Taiwan | Electronic | 250 |

**Figure 22: Construction & electricity costs in 2024**




**Sources**: GSO, MPI, JLL, TCB Market Analysis

# Section 3

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# Vietnamese Economy *(Cont.)*

**Vietnam's tourism sector still has significant room for development and will continue to make a positive contribution to retail sales.**

Retail sales of goods and services grew 8.7% YoY in 5M24, driven by high growth rates across traveling services, and accommodation & catering services. The number of international tourists has fully recovered and even slightly exceeded the pre-COVID-19 levels. The number of Chinese tourists to Vietnam has tripled compared to the same period and recovered to 75% of the 2019 level. Notably, there has been a sharp increase in the number of tourists from countries with visa-free entry to Vietnam, including South Korea, Philippines, Singapore, and Germany, etc. The Tourism Advisory Council is studying a proposal to expand the list of visa-free countries by an additional 33 countries (the current list has 25 countries) to continue attracting tourists. Meanwhile, the number of domestic tourists has only increased slightly by 4.0% YoY, partly due to the high domestic airfares as airlines have reduced domestic routes, decommissioned 42 aircrafts, and undertaken a large-scale engine maintenance. The Vietnam Aviation Administration has required enterprises to increase the number of seats, flights, and flight hours to lower airfare and support domestic tourism. In the coming time, we believe that Vietnam's tourism industry still has significant room for development and will continue to make a positive contribution to the overall retail sales of goods and services.

**Figure 23: Total retail sales of goods and services by segments**

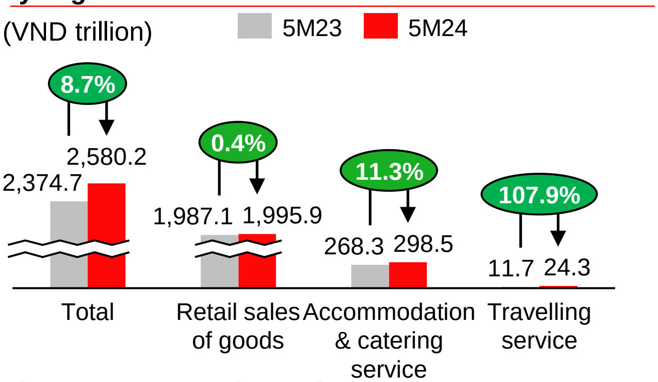



**Figure 24: International tourists**

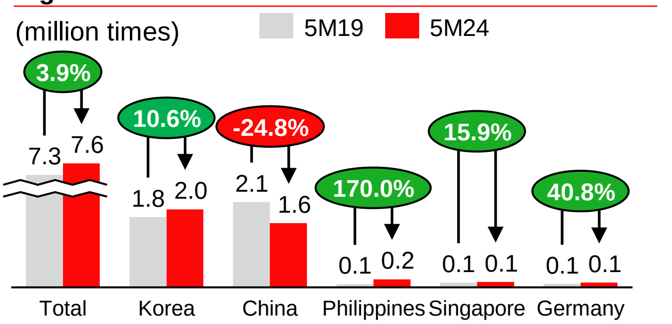



**Figure 25: Domestic tourists**

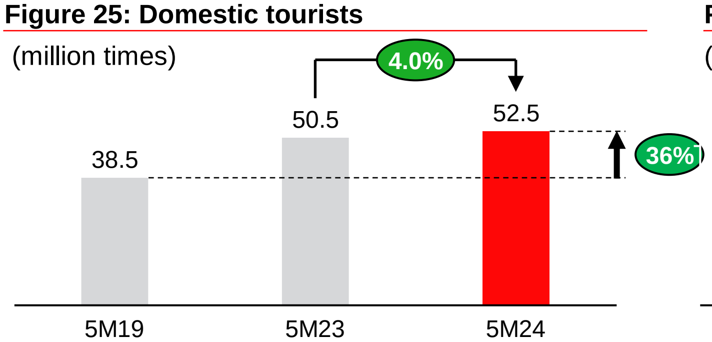
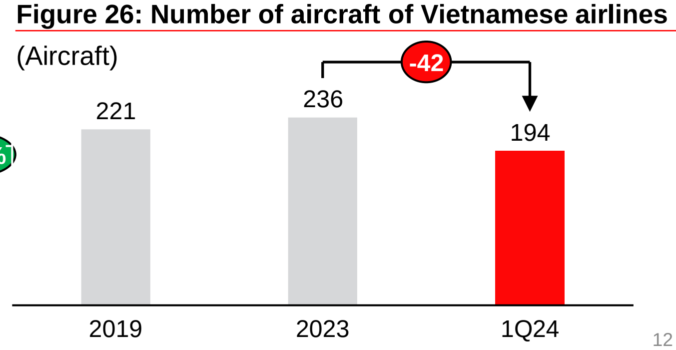



**Figure 26: Number of aircraft of Vietnamese airlines**




**Sources**: GSO, The Ministry of Culture, Sports and Tourism, TCB Market Analysis

# Section 3

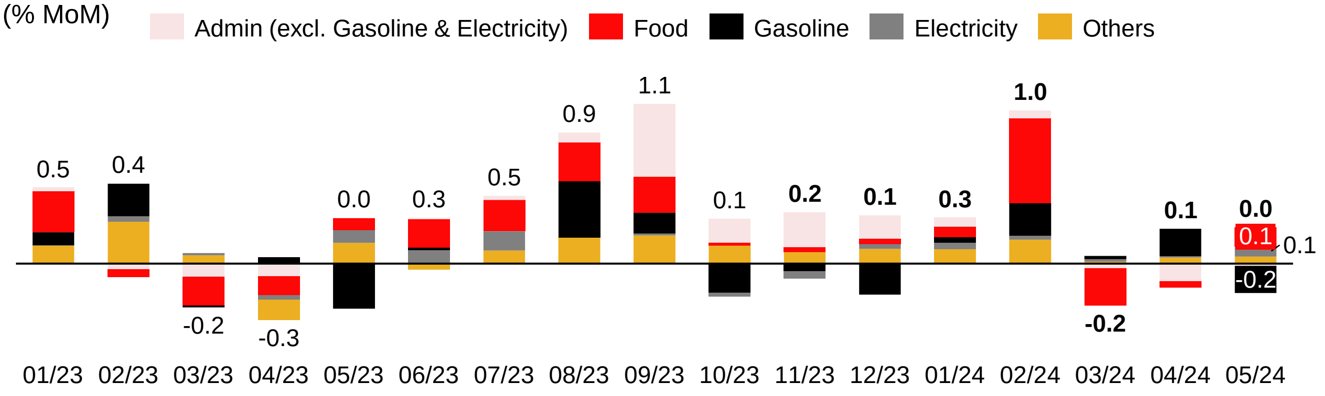
# Vietnamese Economy *(Cont.)*

**The average CPI in 2024 is forecasted to range from 3.5 to 4.0%**

The 4.4% YoY rise in CPI for 2 consecutive months is not worrying, because it is compared to the low base of the previous year. CPI in May only increased slightly by 0.05% MoM. Increased inflation in May could be attributed to following factors. ***First***, electricity prices climbed up due to high demand in the summer months. ***Second***, live hog price increase was caused by supply shortages after the African cholera epidemic. On the contrary, the reduction in domestic gasoline prices has relieved the pressure on inflation.

In the coming months, we believe that inflation would continue to be under pressure as prices of administrative items such as electricity, healthcare, and education might be adjusted upwardly. Additionally, public sector's salary reform, low value-added tax (VAT), and low interest rates are expected to support the economy's recovery in the second half of the year and have an impact on core inflation. As a result, the average inflation for the whole year 2024 is forecasted to be in the range of 3.5% to 4.0%, below the government's target of 4.5%.

**Figure 27: MoM CPI component contribution**




**We anticipate short-term exchange rate fluctuations, with a projected decrease by year-end**

In May, the USDVND rate fluctuated around 25,450, which is the spot selling price set by the State Bank of Vietnam (SBV). It is estimated that since the beginning of the year, the SBV has sold more than USD 4.1 billion to fulfill the banking system's foreign currency demand driven by the increased raw material imports by businesses. The VND has depreciated by 4.6% YTD. Similarly, other currencies in the region, such as THB, PHP, IDR, and KRW, have all depreciated in the range of 2.0% to 6.5%.

We forecast that the exchange rate would continue to be under pressure until the end of the third quarter of 2024. ***Firstly***, according to Bloomberg, the Dollar Index (DXY) is expected to maintain around 105



**Sources**: GSO, State Bank of Vietnam (SBV) , Bloomberg, TCB Market Analysis points in the third quarter, increasing by 3.7% YTD. ***Secondly***, the midpoint of the year is characterised by heightened import activities and serves as a period when foreign direct investment (FDI) enterprises repatriate their profits. As a result, the SBV is likely to maintain a flexible approach allowing the exchange rate to be determined by market supply and demand. The SBV would also continue to regulate VND liquidity and stand ready to sell foreign currency when necessary to ensure the smooth operation of the VND and USD markets. However, the tension in the USD/VND exchange rate is expected to ease in the last months of 2024 due to two factors. ***Firstly***, the DXY index will probably decrease once the Fed has begun to lower interest rates. ***Secondly***, there would be a USD inflow from remittances and FDI into Vietnam. Consequently, we forecast that by the end of the year, the VND would only depreciate by 3% YTD.

**Figure 28: Regional currencies depreciated compared to USD**

(% YTD)

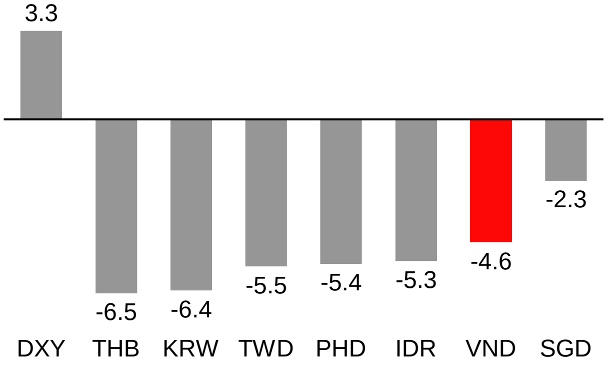
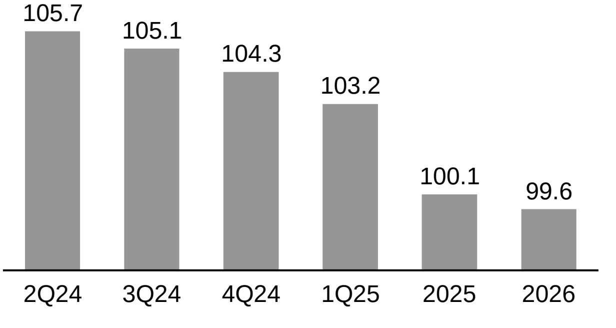



**Figure 29: DXY forecast**

(Index)




**Deposit interest rate is forecasted to experience a slight increase at the end of the year when the economy recovers**

In May, SBV took measures to stabilise the market by selling gold and USD from foreign exchange reserves, which amounted to approximately VND 96 trillion withdrawn from the banking system, based on our estimates. Despite this withdrawal, the VND liquidity has remained stable, with interbank interest rates fluctuating between 4% and 5%. Partly, the State Treasury has played a role by placing term deposits in the banking system. Besides, the SBV's utilisation of Open Market Operations (OMO) has resulted in a larger infusion of VND into the system compared to the notes issuance.



**Sources**: SBV, Reuters, Bloomberg, TCB Market Analysis

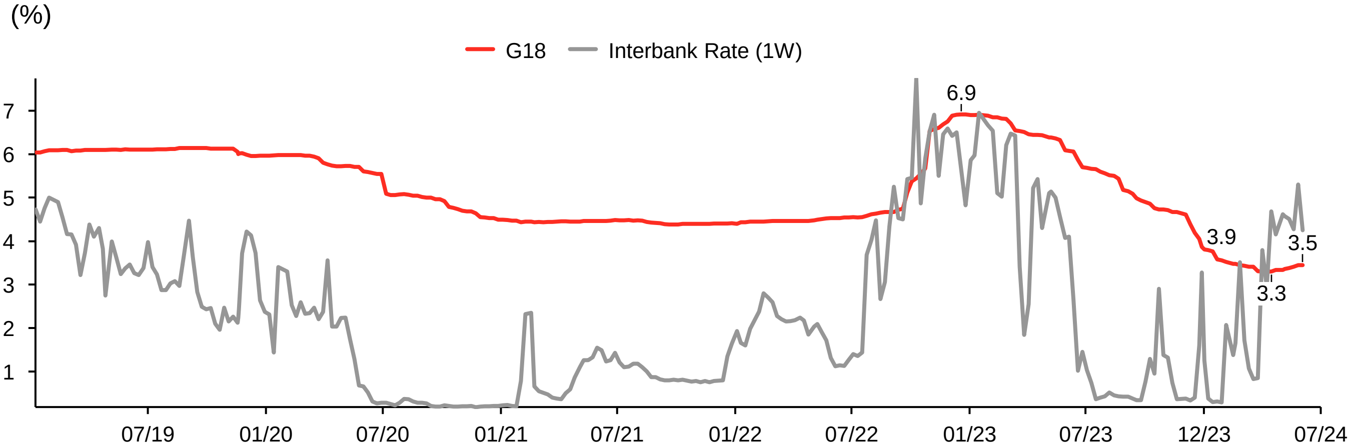
# Section 3

## Vietnamese Economy *(Cont.)*

This focus on maintaining exchange rate stability becomes particularly crucial during a period marked by a surge in import demand in Vietnam. We believe that the SBV would continue employing OMO tools and notes issuance to mitigate negative swap rates and ensure the stability of banking system liquidity.

Over the past 2 months, interbank interest rates have stayed around 4%, impacting deposit interest rates. Our estimate indicates that the 6-month weighted average deposit interest rates for the G18 group increased by 15 basis points compared to the end of March 2024, but they remained 42 basis points lower than the 2023-end rate. As the economic recovery is expected to happen in the second half of 2024, there is a possibility of further increases in deposit interest rates. We anticipate that the G18 6-month deposit interest rates would only increase slightly by 75 basis points compared to the end of 2023. However, it is essential to closely monitor deposit rates, as the government's main focus is to support economic growth.

**Figure 30: The average deposit interest rate for the G18* group with a 6-month term**




**Sources**: SBV, Reuters, Bloomberg, TCB Market Analysis
**Note**: G18 consists of 4 state-owned banks and 14 other joint-stock commercial banks

# Section 4

# Appendix

## Updates on macroeconomics and financial market in the world

| Indicators | Country | Unit | 2023 | | | | | | | | 2024 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 06 | 07 | 08 | 09 | 10 | 11 | 12 | 01 | 02 | 03 | 04 | 05 |
| Real GDP Growth | US | *%, YoY, Quarterly* | | 2.40 | | | 2.90 | | | 3.1 | | | 3.0 | | |
| | Eurozone | *%, YoY, Quarterly* | | 0.60 | | | 0.10 | | | 0.10 | | | 0.4 | | |
| | China | *%, YoY, Quarterly* | | 6.30 | | | 4.90 | | | 5.2 | | | 5.3 | | |
| | Japan | *%, YoY, Quarterly* | | 2.30 | | | 1.60 | | | 1.2 | | | | | |
| CPI | US | *%, YoY, Monthly* | | 2.97 | 3.17 | 3.67 | 3.70 | 3.24 | 3.14 | 3.40 | 3.1 | 3.2 | 3.5 | | |
| | EU | *%, YoY, Monthly* | 5.46 | 5.50 | 5.30 | 5.20 | 4.30 | 2.90 | 2.40 | 2.90 | 2.8 | 2.6 | 2.4 | 2.4 | |
| | China | *%, YoY, Monthly* | | 0.00 | -0.30 | 0.10 | 0.00 | -0.20 | -0.50 | -0.30 | -0.8 | 0.7 | 0.1 | | |
| | Japan | *%, YoY, Monthly* | | 3.30 | 3.30 | 3.20 | 3.00 | 3.30 | 2.80 | 2.60 | 2.2 | 2.8 | 2.7 | | |
| Fed funds target rate | | *%. End of month* | 5.50 | 5.25 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 | 5.50 |
| DXY | | *Index. Monthly Average* | 103.25 | 103.08 | 101.40 | 103.10 | 105.28 | 106.35 | 104.49 | 102.69 | 102.95 | 104.1 | 103.7 | 105.41 | 104.95 |
| USDCNY | | *Index. Monthly Average* | 7.08 | 7.16 | 7.19 | 7.25 | 7.30 | 7.31 | 7.22 | 7.15 | 7.17 | 7.19 | 7.20 | 7.24 | 7.23 |
| 10Y UST Yields | | *%. Monthly Average* | 3.96 | 3.75 | 3.89 | 4.17 | 4.38 | 4.80 | 4.51 | 4.05 | 4.05 | 4.23 | 4.21 | 4.51 | 4.48 |
| WTI Oil price | | *USD/barrel. Monthly Average* | 77.66 | 70.27 | 76.03 | 81.32 | 89.43 | 85.47 | 77.38 | 72.06 | 73.86 | 76.61 | 80.4 | 84.4 | 78.6 |

## Updates on macroeconomics and financial market in Vietnam

| Indicators | Unit | 2023 | | | | | | | | 2024 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 06 | 07 | 08 | 09 | 10 | 11 | 12 | 01 | 02 | 03 | 04 | 05 |
| Real GDP growth | *%, Quarterly, YoY* | **5.05** | 4.14 | | | 5.33 | | | 6.72 | | | 5.66 | | |
| IIP | *%, Monthly, YoY* | **1.50** | 1.75 | 3.69 | 2.62 | 2.89 | 4.38 | 5.79 | 5.76 | 18.86 | -6.81 | 4.13 | 6.30 | 8.90 |
| Headline CPI | *%, Monthly, YoY* | **3.25** | 2.00 | 2.06 | 2.96 | 3.66 | 3.59 | 3.45 | 3.58 | 3.37 | 3.98 | 3.97 | 4.40 | 4.44 |
| Retail sales growth | *%, Monthly, YoY* | **9.60** | 6.5 | 7.1 | 7.6 | 7.5 | 7.0 | 10.1 | 9.3 | 8.1 | 8.5 | 9.2 | 9.0 | 9.0 |
| Registered FDI | *USD billion, Monthly* | **28.10** | 1.90 | 2.70 | 1.30 | 2.00 | 5.20 | 2.30 | 5.20 | 2.2 | 1.8 | 1.7 | 2.6 | 1.7 |
| Disbursed FDI | *USD billion, Monthly* | **23.20** | 2.50 | 1.60 | 1.50 | 2.80 | 2.10 | 2.30 | 2.90 | 1.5 | 1.3 | 1.8 | 1.7 | 2.0 |
| Trade exports | *USD billion, Monthly* | **355.5** | 29.50 | 30.70 | 32.70 | 30.80 | 32.50 | 31.20 | 32.1 | 34.5 | 24.7 | 33.7 | 30.8* | 32.8* |
| Trade imports | *USD billion, Monthly* | **327.5** | 26.30 | 27.10 | 29.30 | 29.10 | 29.50 | 29.90 | 29.6 | 30.9 | 23.3 | 30.9 | 30.2* | 33.8* |
| Trade balance | *USD billion, Monthly* | **28.00** | 3.20 | 3.60 | 3.40 | 1.70 | 2.90 | 1.30 | 2.40 | 3.6 | 1.4 | 2.8 | 0.6* | -1.0* |
| Deposit growth | *%, YTD* | **10.85** | 4.67 | 3.83 | 4.86 | 6.76 | 7.09 | 8.88 | 13.20 | -1.29 | -1.70 | | | |
| Credit growth | *%, YTD* | **13.50** | 4.70 | 4.50 | 5.33 | 6.20 | 7.10 | 9.15 | 13.78 | -0.68 | -0.75 | | | |
| 10Y Government bond yields | *%, Monthly Average* | **3.07** | 2.80 | 2.60 | 2.50 | 2.60 | 2.90 | 2.56 | 2.26 | 2.25 | 2.32 | 2.50 | 2.78 | 2.80 |
| 1W Interbank rate | *%, Monthly Average* | **2.60** | 2.20 | 0.60 | 0.40 | 0.40 | 1.37 | 0.71 | 0.82 | 0.43 | 2.53 | 1.32 | 4.20 | 4.55 |
| 6M Deposit rate** | *%, Monthly Average* | **-3.04** | 5.90 | 5.60 | 5.20 | 4.90 | 4.70 | 4.54 | 4.19 | 3.70 | 3.40 | 3.37 | 3.31 | 3.39 |
| USDVND | *Monthly Average* | **23,847** | 23,515 | 23,670 | 23,882 | 24,246 | 24,488 | 24,321 | 24,283 | 24,476 | 24,520 | 24,724 | 25,153 | 25,446 |

## Updated full-year forecasts for Vietnam

| Indicators | Unit | | | | | | | | 2024 | | | | | Forecast |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 06 | 07 | 08 | 09 | 10 | 11 | 12 | 01 | 02 | 03 | 04 | 05 | 2024 |
| Real GDP growth | *%* | 4.14 | | | 5.33 | | | 6.72 | | | 5.66 | | | 6.00 |
| Headline CPI | *%, YoY. Average* | 2.00 | 2.06 | 2.96 | 3.66 | 3.59 | 3.45 | 3.58 | 3.37 | 3.98 | 3.97 | 4.40 | 4.44 | 3.80 |
| Deposit growth | *%, YTD* | 4.67 | 3.83 | 4.86 | 6.76 | 7.09 | 8.88 | 13.20 | -1.29 | | | | | 9.70 |
| Credit growth | *%, YTD* | 4.70 | 4.50 | 5.33 | 6.20 | 7.10 | 9.15 | 13.78 | -0.68 | | | | | 14.00 |
| USDVND | *Average* | 23,515 | 23,670 | 23,882 | 24,246 | 24,488 | 24,321 | 24,283 | 24,476 | 24,520 | 24,724 | 25,153 | 25,446 | 25,054 |
| 10Y Government bond yields | *%, 10Y, Average* | 2.80 | 2.60 | 2.50 | 2.60 | 2.90 | 2.56 | 2.26 | 2.25 | 2.32 | 2.50 | 2.78 | 2.80 | 2.60 |
| 1W Interbank rate | *%, Average* | 2.20 | 0.60 | 0.40 | 0.40 | 1.37 | 0.71 | 0.82 | 0.43 | 2.53 | 1.32 | 4.20 | 4.55 | 2.84 |

**Sources**: GSO. Customs. VBMA. Reuters. TCB Analysis

**Notes**:

* Estimated numbers

** Weighted average of 18 banks

The latest trade data updated by GSO (first 26 days). Previous data updated by Customs

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