# Monthly Updates on Macroeconomics and Financial Market


**Hanoi, December 2023**

*Prepared by Economic and Financial Market Analysis Team*

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# Vietnamese economy has been improving, although the recovery is mild

# Section 1

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# Executive Summary

## Global economy:

- *Market holds an overoptimistic consensus with above-50% probability that US Federal Reserve (Fed) would implement an earlier rate cut in March 2024.*
- *We anticipate the first rate cut by Fed would occur in mid-2024, potentially extending into 2025, with a 100-basis point reduction in 2024. Our Fed rate perspective could be attributed to Federal Reserve Chair Jerome Powell's cautious approach, below-target inflation forecasts, and a gradual recovery in the US Service Purchasing Managers' Index. Recent upward revisions in GDP forecasts also indicate improved growth, further reinforcing our conservative outlook.*
- *Similarly, our view on European Central Bank (ECB)'s interest rates remain unchanged, as we believe they have reached their peak and ECB is likely to implement rate cuts in response to disinflation and persistently low consumer confidence in the Eurozone. Market expectations also align with our belief.*

## Vietnam economy:

- *Exports from Vietnam have shown sustainable positive growth in the past three months, with a 6.7% YoY increase in November. However, it is our concern that exports would experience a slow recovery. The 47.3 level of November Manufacturing Purchasing Managers' Index (PMI), a leading indicator, which has been the lowest figure since July, indicates a gloomy outlook for Vietnam's export activities.*
- *Given the global minimum tax coming into effect in 2024, Vietnamese Government has demonstrated its unwavering support for foreign direct investments (FDI) with its plan to establish an investment support fund. FDI has witnessed significant growth, with an 8.8% increase in 11-month FDI registration despite its 9-month negative growth rate.*
- *Ministry of Finance (MOF) expects fiscal deficit to be 4% as of GDP, which is less than previously planned figure at 4.42%. Specifically, VND 278 trillion of development investment expenditure is supposed to be disbursed in December.*
- *The demand side continues to show moderate growth due to supportive policies and the recovery of international tourism.*
- *Average inflation for 2023 is estimated to be 3.3%, well below the Government's target rate.*
- *We expect the USDVND exchange rate to be stable in the last month of 2023 and decline in 2024 thanks to the occurrence of more inflows from international tourists, FDI, and the gradual depreciation of DXY in the coming time. VND interest rates are expected to stay in the low territory for a while, at least until the second half of 2024.*

# Section 2

# Global Economy

***Despite optimistic market consensus, our stance on the US Federal Reserve rate remains unchanged, supported by a cautious monetary policy approach by Chair J. Powell, below-target inflation forecasts, and a gradual recovery in the US Service Purchasing Managers' Index. Similarly, we hold our belief that the ECB's interest rates have peaked and are projected to be cut.***

**The market is expecting earlier rate cuts by the U.S Federal Reserve (Fed)**

Market sentiment has currently reflected an anticipation of a potential Federal Reserve (Fed) rate cut in March 2024, much sooner than the previous consensus in October 2023. According to CME FedWatch, 2024 Fed Rate Cut Odds indicate a noteworthy probability of rate reductions: 12.1% in January, 59.4% in March, and 86.8% in May. This expectation might be influenced by well-known figures within Fed in late November 2023. Governor Christopher Waller, known for his hawkish stance, expressed confidence in the current policy's ability to steer inflation back to Fed's 2% target, implying a reluctance to pursue further rate hikes.

**Figure 1: CME FedWatch Tool (updated on Dec 04th, 2023)**

| CME FEDWATCH TOOL - MEETING PROBABILITIES (%) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| MEETING DATE | Prob. of rate cut | Fed rate (bps) | | | | | | | | | |
| | | 325-350 | 350-375 | 375-400 | 400-425 | 425-450 | 450-475 | 475-500 | 500-525 | 525-550 | 550-575 |
| 13/12/2023 | *0* | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 97.7 | 2.3 |
| 31/01/2024 | *12.1* | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **12.1** | 85.9 | 2 |
| 20/03/2024 | *59.4* | 0 | 0 | 0 | 0 | 0 | 0 | **6.7** | **52.7** | 39.8 | 0.9 |
| 01/05/2024 | *86.8* | 0 | 0 | 0 | 0 | 0 | **4.6** | **38.5** | **43.7** | 12.9 | 0.3 |
| 12/06/2024 | *97.2* | 0 | 0 | 0 | 0 | 3.7 | **31.8** | **42.7** | 19 | 2.8 | 0.1 |
| 31/07/2024 | *99.4* | 0 | 0 | 0 | 2.9 | **25.8** | **40.4** | **24.1** | 6.2 | 0.6 | 0 |
| 18/09/2024 | *99.9* | 0 | 0 | 2.4 | **21.4** | **37.6** | **27.2** | 9.6 | 1.7 | 0.1 | 0 |
| 07/11/2024 | *99.8* | 0 | 1.5 | **14.3** | **31.6** | **31** | 16.1 | 4.6 | 0.7 | 0 | 0 |
| 18/12/2024 | *99.9* | 1.1 | 10.6 | 26.6 | 31.2 | 20.4 | 8 | 1.8 | 0.2 | 0 | 0 |

Additionally, the backdrop of a downward trend in the US Core Consumer Price Index (CPI) rate in the third quarter and in October 2023 further has strengthened the market's belief of an impending Fed rate adjustment.

**Figure 2: US Headline CPI**

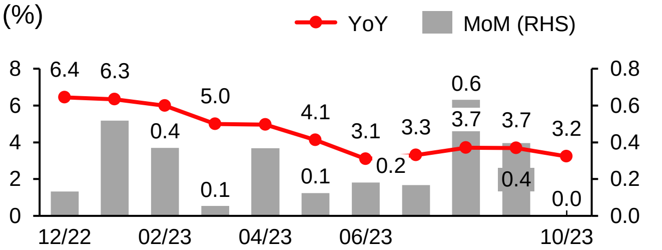
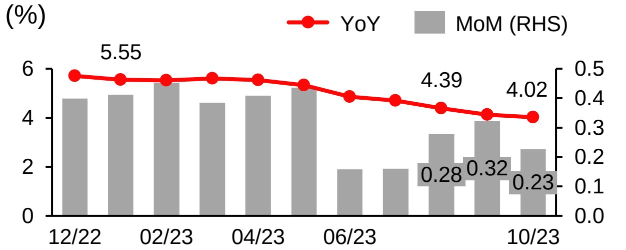



**Figure 3: US Core CPI**




**Sources**: CME Group, Board of Governors of the Federal Reserve System, Reuters, U.S. Bureau Of Labour Statistics

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## Global Economy *(Cont.)*

**However, US retail consumption in the first 2 months of 4Q23 showed a solid growth**

In October and November 2023, there are discernible signs of the improvement in US consumption. ***Firstly***, Black Friday sales performance surpassed expectations, showing a robust consumer turnout and heightened economic activity. According to Adobe Analytics insights, total consumption for online shopping during the holiday season of October 23 and November 23 rose to approximately 5.4% year-on-year (YoY) and 7.3% YoY, respectively, indicating that consumption has not diminished as expected. For the remaining 2 months of 4Q23, both Adobe Analytics and Mastercard expect moderate annual growth rates at 4.8% YoY and 3.7% YoY, correspondingly.

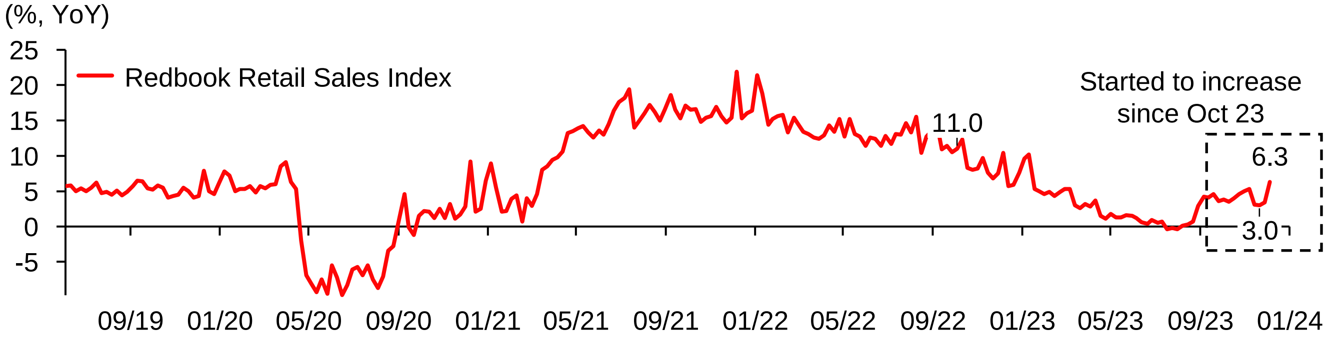
**Figure 4: US Holiday spending in October and November 2023 and forecasted**

| Category | YoY Growth (%) | Sales Value (USD Bn) | Date rage | Source |
|---|---|---|---|---|
| Online shopping | 5.4 | 76.4 | October 23 | Adobe Analytics |
| Online shopping | 7.3 | 109.3 | November 23 | Adobe Analytics |
| Online shopping | 4.8 | 221.8 | November – December 23 | Adobe Analytics Forecast |
| Retail excluding automotive | 3.7 | N/A | November – December 23 | Mastercard Spending Pulse Forecast |

*(1) Adobe Analytics report analyses 1 trillion visits to retail sites and over 100 million Stock keeping units (SKUs) in the US.*
*(2) Mastercard SpendingPulse™ measures in-store and online retail sales across all forms of payment, including cash and check.*

***Secondly***, the Redbook Retail Sales Index, an indicator that measures weekly proprietary retail sales in the US since 1964, demonstrated positive trends ranging from 3.0% YoY to 6.3% YoY in both October and November 2023. Although the growth is not as strong as that in the same period last year (from 5.9% YoY to 11% YoY), the index still suggests a sustained momentum in consumer spending.

**Figure 5: Redbook Retail Sales Index**




*The Johnson Redbook Index, also known as the Redbook Retail Sales Index, is a weekly report that measures the YoY change in retail sales. It provides an overview of the sales performance of a sample of major US retailers across different sectors of the retail industry including Apparel Specialty, Books, Toy & Hobby, Department, Discount, Footwear, Furniture, Drug, Home Improvement, Home Furnishings, Electronic, Jewelry, Sporting Goods, and Miscellaneous.*

**Sources**: Adobe Analytics, Mastercard Spending Pulse, Redbook Research Inc

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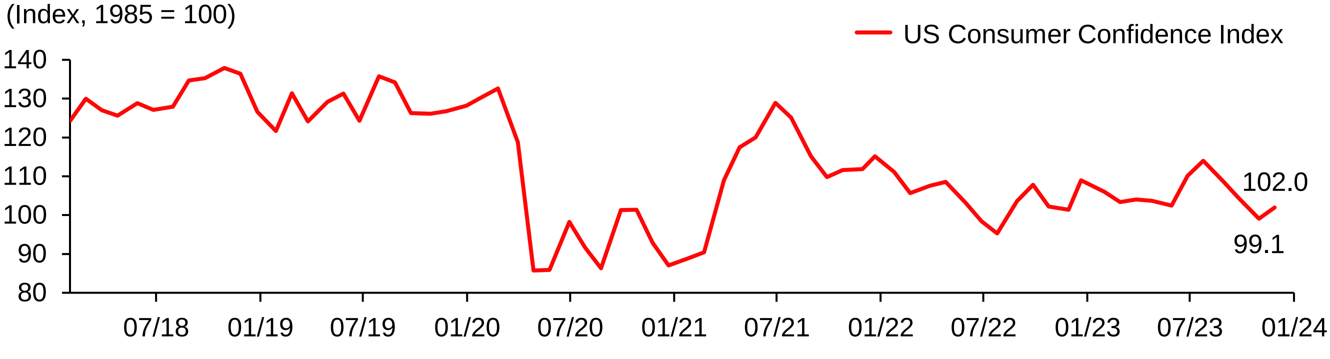
# Global Economy *(Cont.)*

***Thirdly***, the Consumer Confidence Index, a key metric gauging public sentiment, slightly exhibited a more optimistic outlook in November 2023 to 102 point from the previous 99.1 point in October 23. General improvements were seen across income groups surveyed in November. These indicators underscore a slightly positive shift in consumer behaviours and sentiment in the final quarter of 2023.

**Figure 6: US Consumer Confidence Index**




**We conservatively maintain our previous forecast that the initial US Fed rate cut would occur in mid-2024 and continue into 2025**

Despite the optimistic market consensus, from our own viewpoint, market sentiment has exhibited an excessive reaction. We maintain a conservative stance and adhere to our earlier perspective in November monthly report (Link attached), projecting the first Fed rate cut to occur in mid-2024 and potentially extend into 2025 with the full-year 2024 rate cut of 100 basis points (bps). ***Firstly***, in a recent speech on December 1st, 2023, Federal Reserve Chair Jerome Powell cautiously emphasised that Fed would move "carefully" on interest rates and suggested the emergence of a “soft landing”. ***Secondly***, market forecasts for US Consumer Price Index (CPI) rate in 4Q23 and 2024 indicate disinflationary numbers which remain far from Fed’s inflation rate goal of 2%. The prediction of 2.4% in 4Q24 comes closest to the inflation goal.

**Figure 7: US CPI forecast**

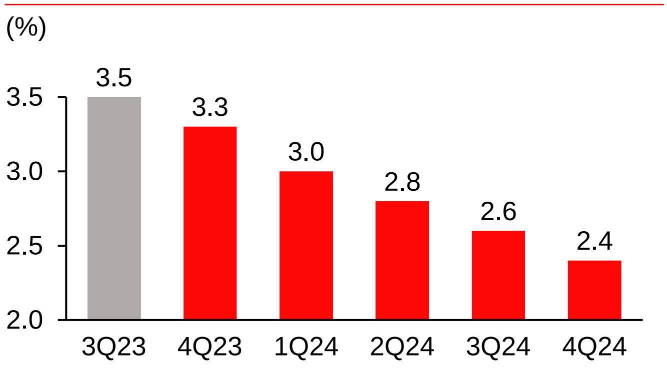
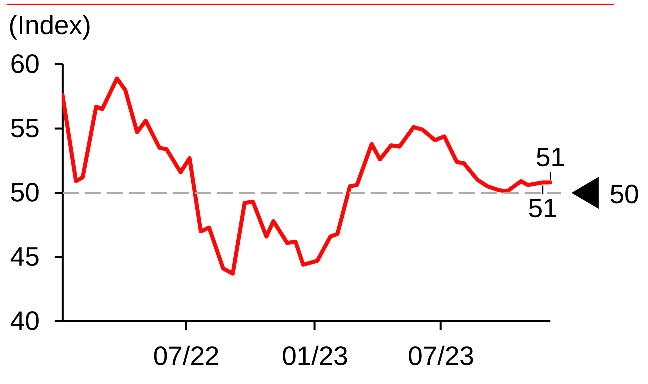



**Figure 8: US Services PMI**

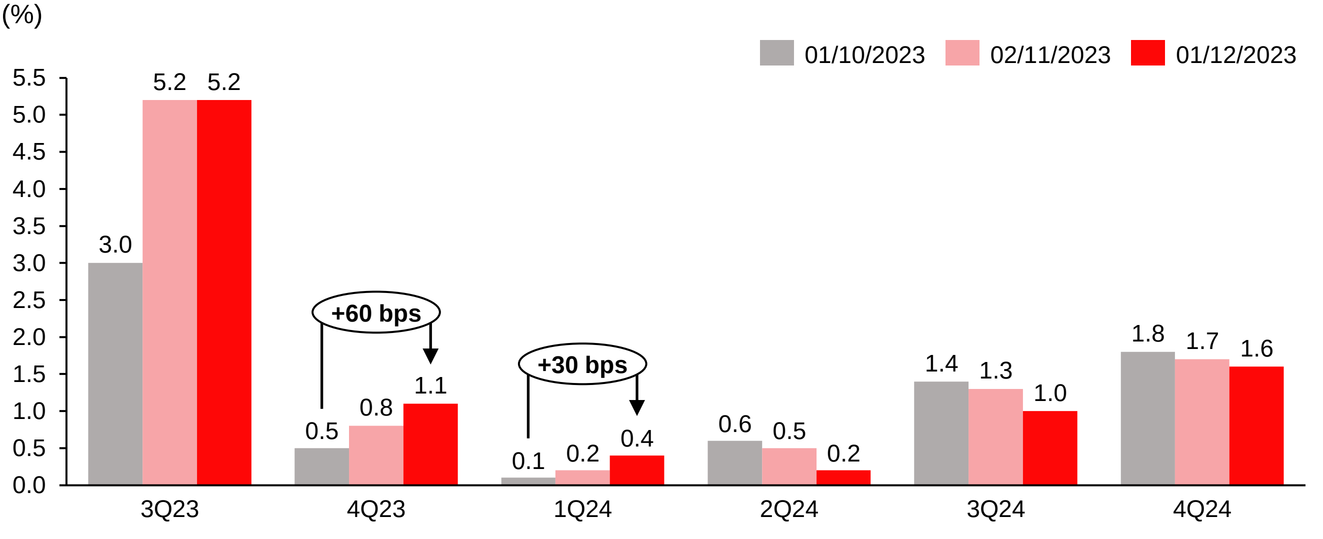



**Sources**: Reuters, US Bureau of Labour Statistics (BLS), Financial Times, Bloomberg

# Global Economy *(Cont.)*

***Thirdly***, US Service Purchasing Managers' Index (PMI) has experienced a gradual recovery since early October 2023, indicating a slight improvement in the sector's performance. The index has consistently lingered above the critical threshold of 50 points. Notably in early December, the index increased to 50.8, demonstrating that the services sector is still slightly expanding, albeit at a modest pace. ***Lastly***, despite Bloomberg's subdued consensus for seasonally adjusted annualised quarter-over-quarter (QoQ) real GDP growth, the recently upward revisions from 0.8% to 1.1% in 4Q23 and from 0.2% to 0.4% in 1Q24 imply better consensus on quarterly growth.

**Figure 9: Seasonally adjusted annualised QoQ US real GDP growth forecast**




To sum up for the US economy, despite optimistic market consensus, our stance on the Fed rate remains unchanged. Our perspective, supported by Federal Reserve Chair Jerome Powell's cautious approach, below-target inflation forecasts, and a gradual recovery in the US Service Purchasing Managers' Index, is consistent. Specifically, the first US Fed rate cut is anticipated in mid-2024, potentially extending into 2025 with a 100-basis point reduction in 2024. Additionally, the recently upward revision in real GDP growth forecasts indicates improved expectations, further supporting our conservative outlook.

**Sources**: Bloomberg, U.S. Bureau Of Labour Statistics, Board Of Governors Of The Federal Reserve System, S&P Global

# Section 2

## Global Economy *(Cont.)*

**Eurozone inflation continued to fall much faster than expectations**

Preliminary estimates indicate that the inflation rate in the Euro Area declined to 2.4% YoY in November 2023, reaching its lowest level since July 2021 and falling much faster than market consensus of 2.7%. Core CPI, which excludes volatile food and energy prices, also cooled down at 3.6% YoY, its lowest point since April 2022 and below the 3.9% YoY forecast. Notably, energy costs continue to experience a significant decline of 11.5%, and inflation rates eased for services, food, alcohol, and tobacco, as well as non-energy industrial goods.

**Figure 10: Eurozone CPI**

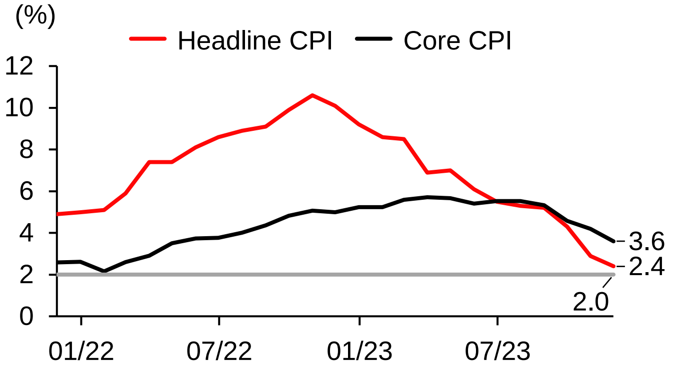



**Figure 11: Eurozone CPI 2023 main weight components**

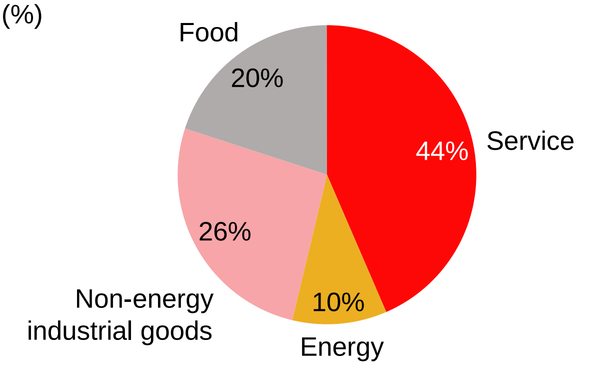
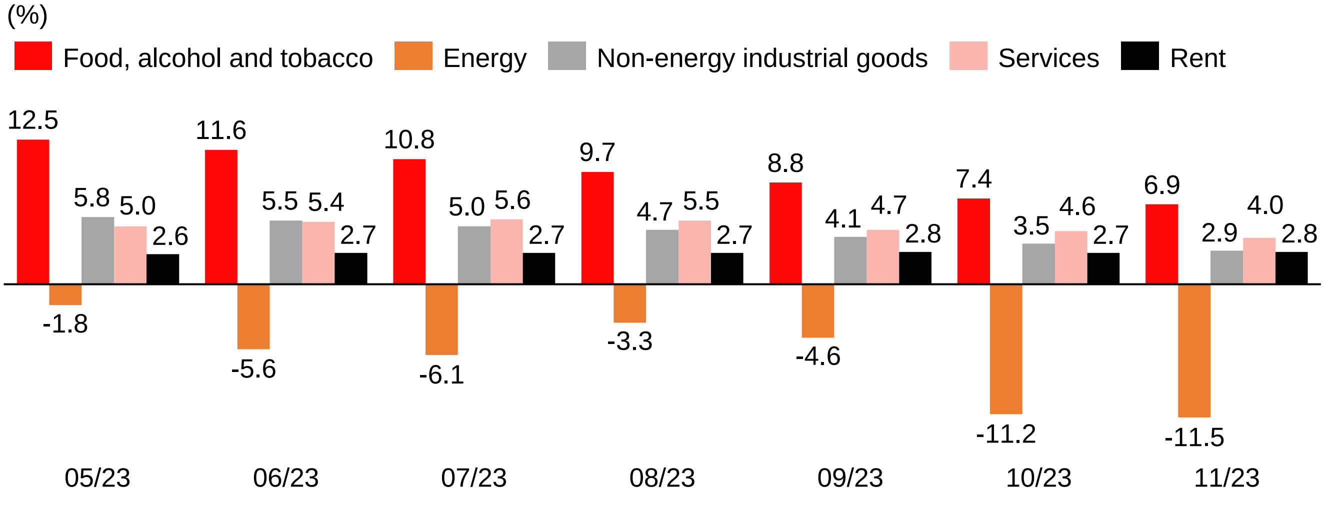



**Figure 12: Eurozone CPI components**




**Eurozone consumer confidence is still at a low level compared to the average of the last 5 years.**

Eurozone consumer confidence has remained at a comparatively low level. The European Commission data reveals a persistent downward trend in the consumer confidence index that has stayed below 5-year-average level since January 2022. Throughout this period, consumer confidence scores have consistently been in negative territory, which indicates a prevailing pessimistic outlook among Eurozone consumers.



**Sources**: Bloomberg, Eurostat, Reuters

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## Global Economy *(Cont.)*

The magnitude of negativity varied over time, with the lowest scores observed in March 2022 (-18.7), September 2022 (-28.8), and September 2023 (-17.8). November figures continue to demonstrate that consumers in the Eurozone have remained uncertain about economic conditions. The European Central Bank (ECB) may take this subdued consumer confidence into consideration when assessing the appropriateness of its interest rate policies, which further proves our previous expectation (Link attached) that ECB interest rates have reached their peaks.

**Figure 13: Euro Area Consumer Confidence**

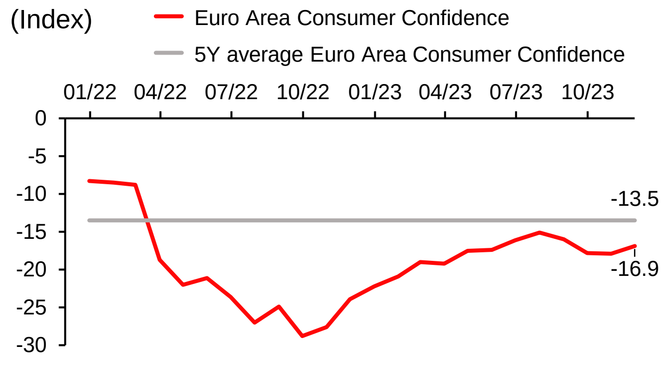
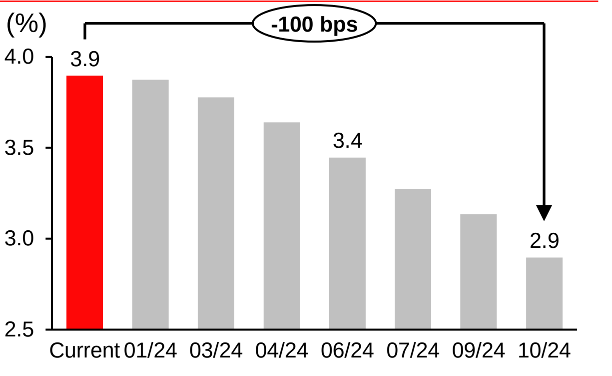



**Figure 14: ECB's implied overnight rate by Bloomberg**




**Market also bets on the ECB's interest rate cut to be earlier and deeper**

The market holds a strong belief that ECB would implement an earlier and more substantial interest rate cut. This sentiment is reflected in the implied overnight rates derived from Bloomberg pricing data. As of the specified dates, the market has expected increasingly larger cuts, with implied rates declining from 3.9% on December 2023, to 2.9% on October 2024. The significant negative 100 bps indicate the market's anticipation of a deeper reduction in interest rates by the ECB in the future. This further strengthens our view and suggests a prevailing sentiment of pessimism regarding economic conditions and the need for aggressive monetary policy measures in the upcoming months.

**Our view stays firm as the ECB's interest rates have peaked and are expected to undergo a rate cut**

Our stance remains unchanged, as we believe that ECB have reached its interest rate peak and is likely to implement rate cuts in response to the Eurozone's declining inflation and persistently low consumer confidence. This challenging situation has also resulted in market expectations that the first interest rate cut by the ECB would happen earlier.

**Sources**: Eurostat, Reuters, European Commission, Bloomberg, ECB, S&P Global

# Section 3

# Vietnamese Economy

**Although there have been some improvements in the exports of Vietnam in the past few months, these improvements are, indeed, fragile, especially when global economic recovery is expected to be weak in the coming time. Therefore, Vietnam's economy would heavily depend on the recovery of investments, consumer spending amid a low interest rate environment, and supportive fiscal policies.**

**There have been some improvements in the exports of Vietnam in the past few months**

There has been a more sustainable positive growth rate of exports in the past three months, as the latest estimated export value in November from General Statistics Office (GSO) increased by 6.7% YoY. Vietnam Customs' full data present that YoY growth of exports to the US, ASEAN, Korea, India, and UAE turned positive in September and October; meanwhile, export growth to China has maintained for the sixth month in a row since May. Moreover, except for clothing and apparel products, the majority of Vietnam's main export items have shown some improvements, particularly the YoY export growth rate in October of agricultural products (9.2%), wood and wooden products (7.0%), irons and steels (19.7%), transportation (15.2%), electronic products (5.6%), chemical products (12.8%), and machinery (12.9%).

Yet, it is our concern that exports would experience a slow recovery given a potentially weak positive growth of global economy. Indeed, compared to October, GSO's estimated November export value declined by 3.6%, and recent positive YoY figures were also affected by the low base last year.

**Figure 15: YoY growth of exports to other regions**

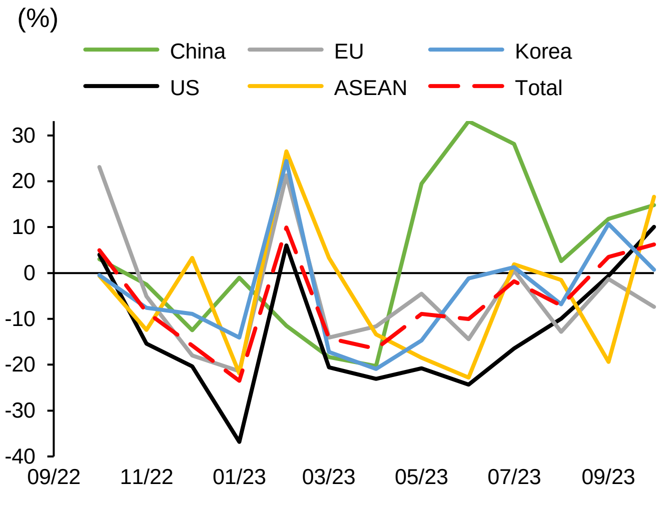
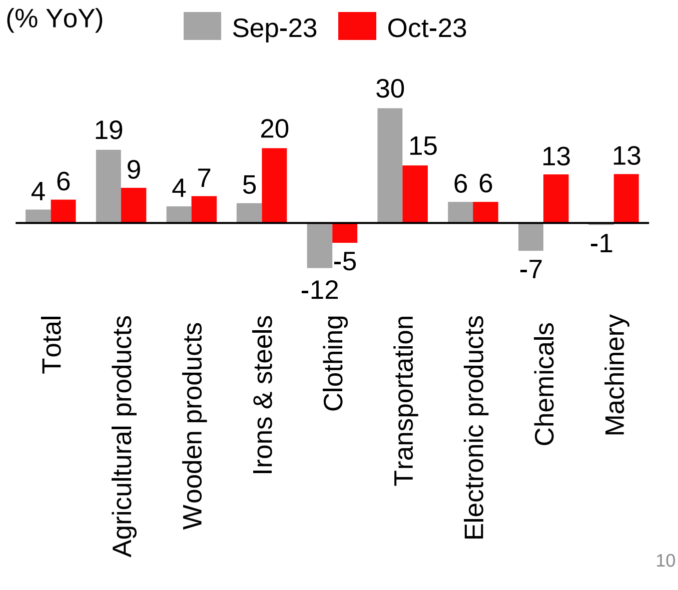



**Figure 16: Export growth of key products**




**Sources**: General Statistics Office (GSO), Vietnam Customs

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# Vietnamese Economy (*Cont.*)

**November PMI stayed at 47.3, the lowest figure since July**

According to S&P Global, Manufacturing PMI in November registered at 47.3, the lowest figure since July, sending the signal of an improving picture of export activities amid lingering uncertainty in the coming time. Particularly, this leading indicator has been following a decreasing trend and staying in the sub-50 territory since September 2023. Despite the below-50 PMI back in September and October, new orders continued to grow, which could support the recent export recovery. Yet, the settings were different in November as new orders decreased at a substantial rate, the fastest since May, mainly because of the fall in new export orders resulting from international customers' lower demand.

**Figure 17: Vietnam's Manufacturing PMI**

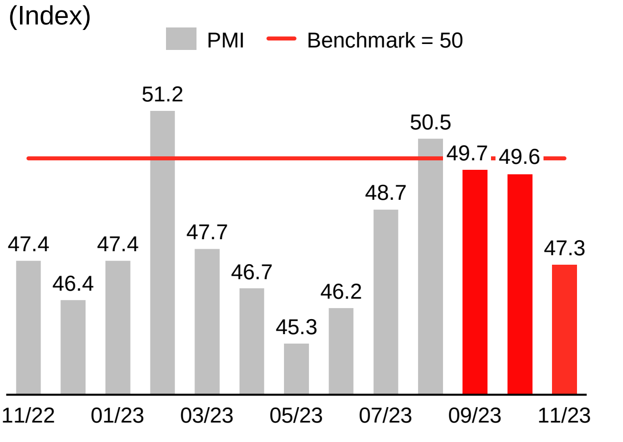
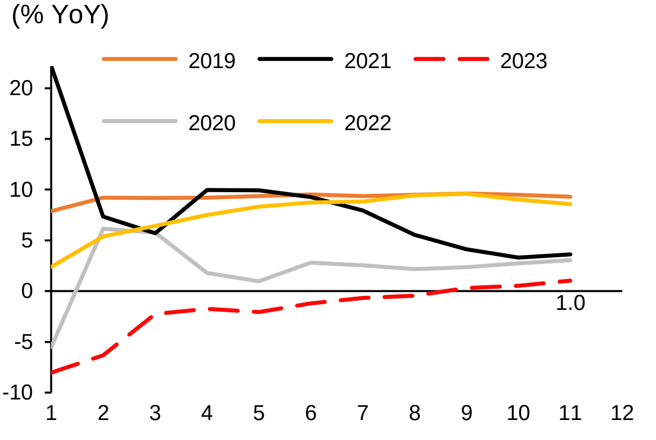



**Figure 18: Vietnam's YTD IIP**




**IIP in 11 months of 2023 grew by only 1% YoY, the lowest level over the past 5 years**

Given the weak recovery of exports and the surge in domestic demand due to the year-end seasonal effect, the industrial sector experienced a slow recovery in November. The monthly Index of Industrial Production (IIP) grew by 5.8% YoY based on a low growth of 3.5% last year. November IIP recorded a 3% month-over-month (MoM) growth, which was slightly slower than October's pace. For the whole 11 months, YoY growth at 1.0% has been the lowest in the last 5 years, which was even, notably, lower than that during COVID-19 period (2019 at 9.3%, 2020 at 3%, 2021 at 4.2%, and 2022 at 8.4%).

Manufacturing sector has maintained its importance in the IIP growth contribution, as it grew by around 4% MoM and 6.3% YoY. Among 24 goods reported by GSO, only paper and metal productions registered negative MoM growth rate. Meanwhile, Vietnam's main export products, such as clothing, electronic products, etc., showed some signs of improvement.

**Sources**: GSO, S&P Global

# Vietnamese Economy (*Cont.*)

**Vietnamese Government shows great support for FDI amid the global minimum tax that started in 2024**

Foreign direct investment (FDI) businesses contributed to 70% of total export value. Particularly, FDI sector accounted for more than 95% of export values of electronic products, while more than 60% for others such as iron and steel and clothing. These figures emphasise the importance of FDI businesses and their investments in Vietnamese economy. Therefore, given that the global minimum tax would come into effect on January 1st, 2024, the National Assembly of Vietnam has recently requested the Government to establish, manage, and use an investment support fund (i.e., funding sources from global minimum taxes and other incomes) to encourage more FDI businesses investing in Vietnam.

**Given the negative growth rate in the first 9 months, 8.8% growth of registered FDI in 11 months is phenomenal**

According to EuroCham's survey, 63% participants voted Vietnam as one of the top 10 investment locations, and 31% ranked Vietnam among the top 3. Hence, it is not a surprise that FDI registration and disbursement have sustained their growth this year. Given the negative growth rate in the first 9 months, 8.8% growth of registered FDI in 11 months is phenomenal. Similarly, disbursed FDI has been accelerating since July. Notably, investments in manufacturing area have been the largest among key sectors, in terms of value and growth rates.

**Figure 19: FDI registration and disbursement in 11 months**

(USD billion)

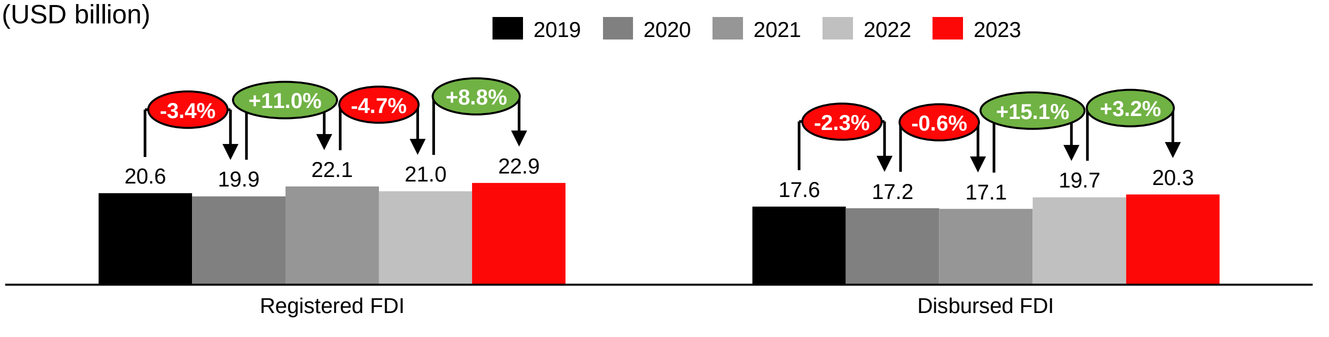



**Figure 20: Registered FDI by sectors**

(USD billion. 11-month)

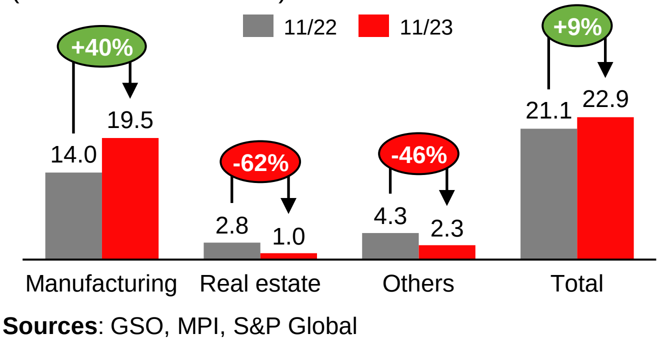
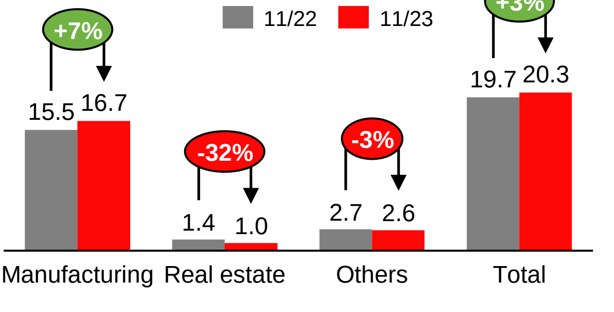



**Figure 21: Disbursed FDI by sectors**

(USD billion. 11-month)




**Sources**: GSO, MPI, S&P Global

# Section 3

## Vietnamese Economy (*Cont.*)

**Fiscal deficit is expected to be 4% as of GDP, which is less than the previously planned rate at 4.42%, according to the MOF**

In addition to supportive policies for FDI businesses, the Government has also been implementing several fiscal policies to stimulate domestic consumption and investment. Major fiscal changes include the delay of value-added and corporate income tax payments, value-added tax (VAT) reduction, state salary reforms, and public investment disbursement.

Obviously, these policies are expected to worsen state budget deficit. Yet, according to Ministry of Finance's (MOF) recent report to National Assembly, which mentioned 2023 estimation, the ratio of budget deficit to GDP is only 4.0%, less than the previously planned figure at 4.42%. This could be attributed to 11-month budget revenue that has already reached 94.9% of the plan and is expected to meet the target by year end, as a result of a surge in income from oil and maintained domestic revenue. Meanwhile, whole-year interest payments are estimated to be 11% less than the plan.

**The investment expenditure disbursement by the Government is expected to reach VND 278 trillion in December**

Notably, the development investment expenditure is expected to be more than VND 739 trillion in 2023, which is even higher than the plan. Although this expenditure has surged by 36.3% YoY in 11 months, the absolute value is only VND 461 trillion, indicating that the remaining VND 278 trillion is supposed to be disbursed in December.

**Figure 22: 11-month State budget components**

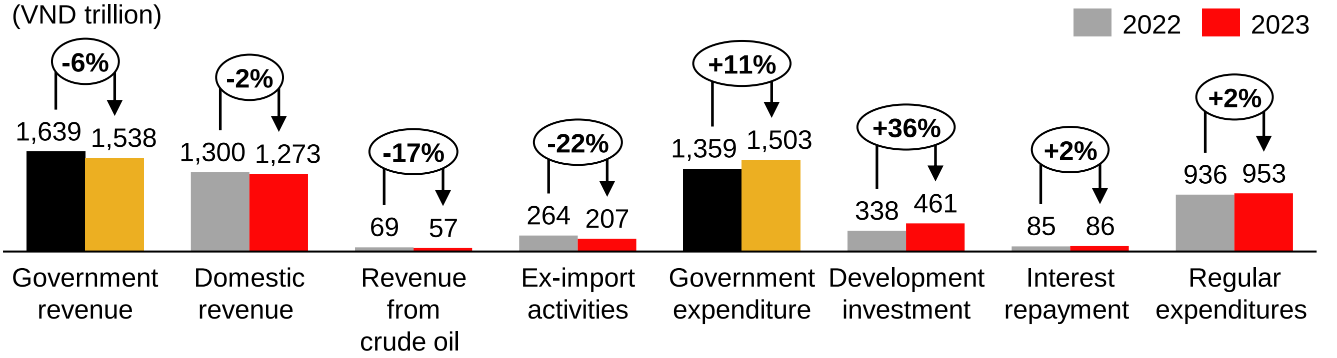
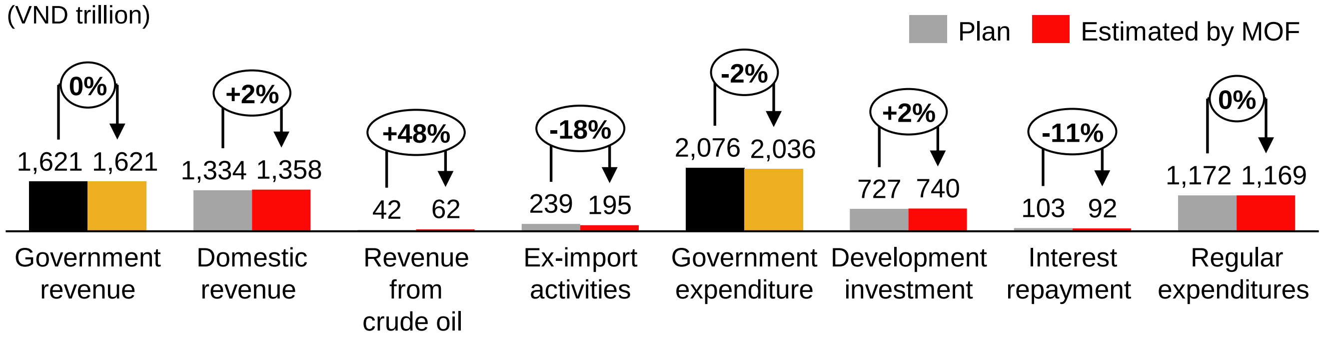



**Figure 23: MOF's estimated budget versus plan**




**Sources**: GSO, TCB Market Analysis

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# Vietnamese Economy (*Cont.*)

**Consumption has sustained its moderate growth thanks to various supportive policies and the recovery of international tourism activities**

Despite the gloomy picture of the supply side, which obviously affects employment and people's income, the economy's demand side has seemingly remained its resilience, as total retail sales in November grew by 10.1% YoY. The current downward trend of YoY retail sales growth is solely attributed to last-year high base, as the comparison between November data at 10.1% and the 12-month average in 2019 at 12.2% might indicate that the growth in November 2023 is probably high. Especially, the real retail sales growth registered at 7% YoY. This phenomenon could be further boosted by VAT reduction, low interest rates, stable inflation, and salary reforms.

Moreover, the recovery of international tourism has been contributing significantly to total spending of the whole economy, especially when our estimation indicates that an international tourist would spend USD 660 on average for a trip in Vietnam. In November, except for China, the number of tourists from most countries and continents has witnessed an improving trend and nearly reached its pre-COVID level. Therefore, we expect the demand side would keep strengthening and become one of the main drivers for our economy in the coming time, given the extension of VAT reduction until July 2024, low interest rates, expected 32% increase in state salary reforms according to Ministry of Home Affairs Vietnam, and the return of Chinese tourists.

**Figure 24: Retail sales of goods and services**

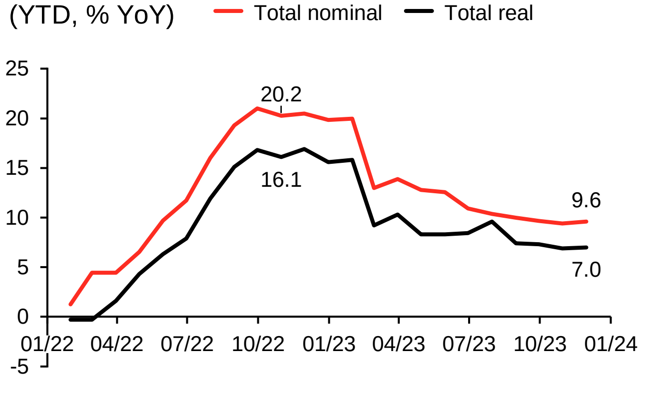
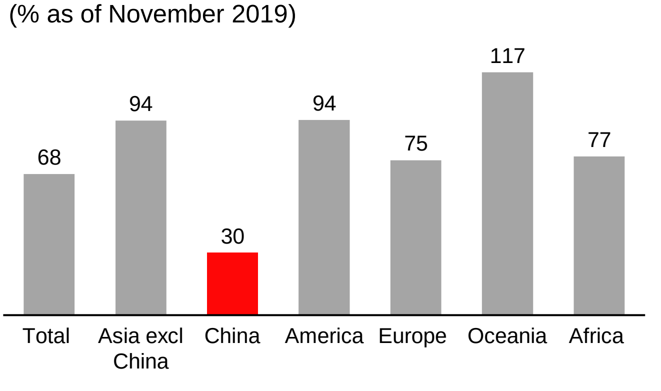



**Figure 25: Number of tourists in November 2023**




**2023 average inflation is estimated to be 3.3%, well below the Government's upper bound target**

While many countries around the globe are facing difficulties in the battle against inflation, Vietnam has enjoyed stable inflation in 2023 thanks to the Government's great efforts. There are some concerns about the rice price surge which has happened continuously in the past 5 months and is expected to maintain its momentum in December due to higher import demand from other countries.

**Sources**: GSO, TCB Market Analysis

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# Vietnamese Economy (*Cont.*)

Yet, a significant decrease in pork prices due to African swine fever has mitigated the rise in food prices, as we estimate that food component only contributed 0.03 percentage point to overall MoM inflation in November. Meanwhile, the disagreement among OPEC+ members and the global slowdown have also cooled off oil price. The current situation has allowed the Government to raise administrative prices, such as electricity, health care, and education, to support these sectors' operations and employment without creating inflationary pressure. In the coming time, inflation would slightly heat up during the year-end season and Tet's holiday but would stay under control.

**Figure 26: MoM CPI component contribution**

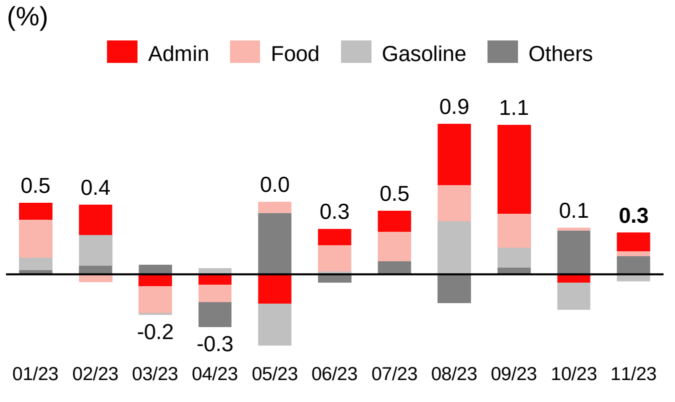
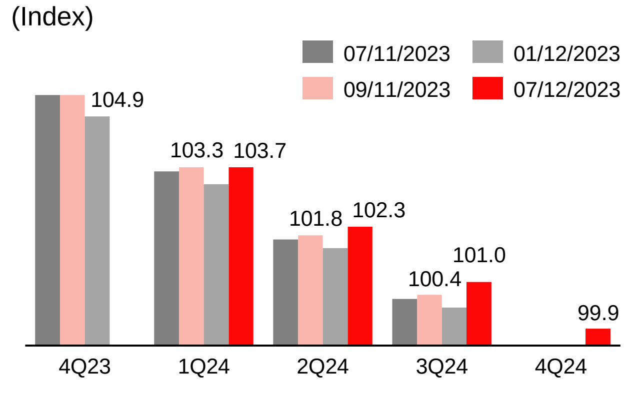



**Figure 27: DXY forecast by Bloomberg's survey**




**USDVND is expected to move sideways in the last month of 2023 and then decline in 2024**

We hold our belief that USDVND would be stable in the last month of 2023 and decline next year. However, VND appreciation could be disturbed by the resilience of the US economy and the DXY. Indeed, as aforementioned in the Global Economy section, US economy has stayed resislient amid high interest rates, while EU economy is weaker, these have helped USD to become much resilient. Although Bloomberg's survey has maintained its expectation of USD depreciating trend across various days, the depreciation pace has been considerably slower. DXY is expected to stay above 100 on average until 3Q2024, although Fed's rate cut would start in June 2024. Furthermore, the longer VND-USD interest rate gap stays negative, the more delayed foreign currency inflow comes to Vietnam. However, strong foreign currency inflows would continue to occur thanks to international tourism, FDI, and the gradual depreciation of DXY in the coming time, which further supports our view of VND appreciation.



**Sources**: GSO, Reuters

# Vietnamese Economy (*Cont.*)

**VND deposit and lending interest rates would continue to stay in the low territory**

Given the moderate growth of the economy this year, year-to-date (YTD) credit growth until November 22nd was only 8.21%, despite the credit growth target of 14%–15% this year. Consequently, the Government and the State Bank of Vietnam (SBV) have granted commercial banks more credit quotas amid well-controlled inflation and stable exchange rate.

In the context of credit growth outpacing deposit growth, this could potentially put the interbank liquidity under pressure. Yet, according to our estimation, in 4 out of the past 5 years, deposits in December tended to grow at a faster pace than credit did. That supports our view that system liquidity would continue to be ample, and the average interbank rate would remain below 2% in December.

Without pressure from interbank rates, deposit rates are expected to stay in the low territory, as one of key priorities of the Government and SBV is to keep borrowing costs as low as possible to support economic activities. According to our estimation, the G18 weighted deposit rate for the 6-month term has fallen by 230 basis points YTD to 4.61%, which is much closer to the COVID-19 level.

Looking towards 2024, we forecast that the economy would improve considerably, with little pressure on inflation through the demand-pull effect and higher credit demand. Interest rates are expected to stay low for most of the time, and then slightly increase in the second half of 2024.

**Figure 28: G18* weighted average 6-month deposit rate and interbank rate**

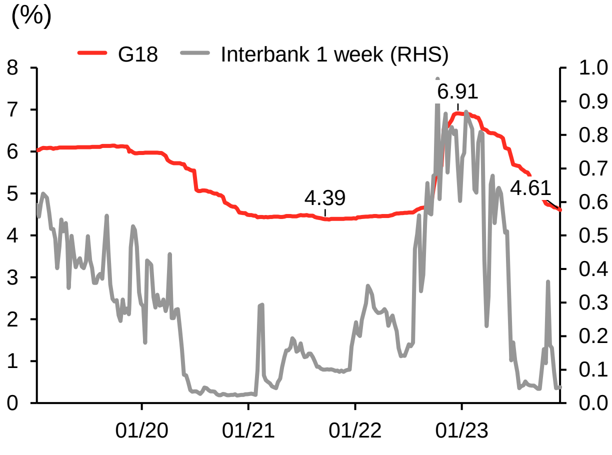
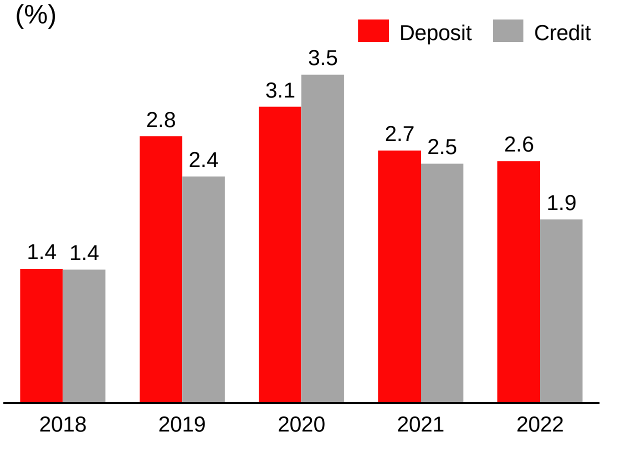



**Figure 29: Deposit and Credit MoM growth in December**




**Sources**: Reuters, TCB Market Analysis
**Note**: G18 includes 4 State-owned banks and 14 joint-stock commercial banks. Deposit & credit growths are estimated by TCB Market Analysis

# Section 4

TECHCOMBANK

# Appendix

## Updates on macroeconomics and financial market in the world

| Indicators | Country | Unit | 2022 | 2022 | | 2023 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 11 | 12 | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 |
| Real GDP Growth | US | %, YoY, Quarterly | **2.1** | | 0.9 | | | 1.8 | | | 2.6 | | | 4.9 | | |
| | Eurozone | %, YoY, Quarterly | **3.5** | | -0.1 | | | 0.0 | | | 0.3 | | | -0.1 | | |
| | China | %, YoY, Quarterly | **3.9** | | 2.9 | | | 4.5 | | | 6.3 | | | 4.9 | | |
| | Japan | %, YoY, Quarterly | **1.0** | | 0.4 | | | 2.0 | | | 2.0 | | | -0.7 | | |
| CPI | US | %, YoY, Monthly | **8.0** | 7.1 | 6.5 | 6.4 | 6.0 | 5.0 | 4.9 | 4.1 | 3.0 | 3.2 | 3.7 | 3.7 | 3.2 | |
| | EU | %, YoY, Monthly | **9.1** | 10.1 | 9.2 | 8.6 | 8.5 | 6.9 | 7.0 | 6.1 | 5.5 | 5.3 | 5.3 | 4.3 | 2.9 | 2.4 |
| | China | %, YoY, Monthly | **2.2** | 1.6 | 1.8 | 2.1 | 1.0 | 0.7 | 0.1 | 0.2 | 0.0 | -0.3 | 0.1 | 0.0 | -0.2 | |
| | Japan | %, YoY, Monthly | **3.1** | 3.8 | 4.0 | 4.3 | 3.3 | 3.2 | 3.5 | 3.2 | 3.3 | 3.3 | 3.2 | 3.0 | 3.3 | |
| Fed funds target rate | | %. End of month | **4.5** | 4.0 | 4.5 | 4.5 | 4.75 | 5.0 | 5.0 | 5.25 | 5.25 | 5.5 | 5.5 | 5.5 | 5.5 | 5.5 |
| DXY | | Index. Monthly Average | **104.4** | 108 | 104.5 | 102.7 | 103.7 | 103.8 | 101.8 | 102.8 | 103.1 | 101.4 | 103.1 | 105.3 | 106.4 | 104.5 |
| USDCNY | | Index. Monthly Average | **6.7** | 7.2 | 7.0 | 6.8 | 6.8 | 6.9 | 6.9 | 7.0 | 7.2 | 7.2 | 7.3 | 7.3 | 7.3 | 7.2 |
| 10Y UST Yields | | %. Monthly Average | **2.8** | 3.5 | 3.5 | 3.2 | 3.8 | 3.7 | 3.5 | 3.6 | 3.8 | 3.9 | 4.2 | 4.4 | 4.8 | 4.5 |
| WTI Oil price | | USD/barrel. Monthly Average | **91.8** | 80.6 | 76.5 | 74.4 | 76.9 | 73.4 | 79.4 | 71.6 | 70.3 | 76.3 | 81.3 | 89.4 | 85.5 | 77.4 |

## Updates on macroeconomics and financial market in Vietnam

| Indicators | Unit | 2022 | 2022 | | 2023 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 11 | 12 | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 |
| Real GDP growth | %, Quarterly. YoY | **8.0** | | 5.9 | | | 3.3 | | | 4.1 | | | 5.3 | | |
| IIP | %, Monthly. YoY | **7.8** | 3.5 | 0.2 | -8.0 | 7.2 | -2.0 | -2.4 | 0.5 | 1.8 | 3.7 | 2.6 | 2.9 | 4.4 | 5.8 |
| Headline CPI | %, Monthly, YoY | **3.1** | 4.4 | 4.5 | 4.9 | 4.3 | 3.4 | 2.8 | 2.4 | 2.0 | 2.1 | 3.0 | 3.7 | 3.6 | 3.5 |
| Retail sales growth | %, Monthly, YoY | **19.8** | 17.5 | 17.1 | 20.0 | 13.2 | 13.4 | 11.5 | 11.5 | 6.5 | 7.1 | 7.6 | 7.5 | 7.0 | 10.1 |
| Registered FDI | USD bio, Monthly | **22.6** | 2.4 | 1.5 | 1.5 | 0.8 | 1.9 | 1.6 | 1.8 | 1.9 | 2.7 | 1.3 | 2.0 | 5.2 | 2.3 |
| Disbursed FDI | USD bio, Monthly | **22.4** | 2.2 | 2.7 | 1.4 | 1.2 | 1.8 | 1.6 | 1.7 | 2.5 | 1.6 | 1.5 | 2.8 | 2.1 | 2.3 |
| Trade exports | USD bio, Monthly | **371.3** | 29.2 | 29.1 | 23.6 | 26.1 | 29.7 | 27.9 | 28.1 | 29.5 | 30.7 | 32.7 | 30.8 | 32.5 | 14.6*** |
| Trade imports | USD bio, Monthly | **358.9** | 28.2 | 27.4 | 22.9 | 23.3 | 28.3 | 25.2 | 26.0 | 26.3 | 27.1 | 29.3 | 29.1 | 29.5 | 14.8*** |
| Trade balance | USD bio, Monthly | **12.4** | 1.1 | 1.7 | 0.7 | 2.8 | 1.4 | 2.7 | 2.1 | 3.2 | 3.6 | 3.4 | 1.7 | 3.0 | -0.2*** |
| Deposit growth | %, YTD | **6.0** | 5.0 | 6.0 | -0.4 | 0.4 | 1.7 | 2.0 | 2.7 | 4.7 | 3.5* | 3.9* | 5.9 | 7.1 | 8.1 |
| Credit growth | %, YTD | **14.5** | 12.1 | 14.5 | 0.1 | 0.9 | 2.6 | 3.0 | 3.3 | 4.7 | 4.5 | 5.8 | 7.0 | 7.1 | 8.8 |
| 10Y Government bond yields | %, Monthly Average | **3.5** | 4.9 | 4.9 | 4.6 | 4.2 | 4.0 | 3.3 | 3.1 | 2.8 | 2.6 | 2.5 | 2.6 | 2.9 | 2.6 |
| 1W Interbank rate | %, Monthly Average | **3.5** | 6.4 | 5.9 | 6.4 | 5.8 | 4.3 | 4.7 | 4.7 | 2.2 | 0.6 | 0.4 | 0.4 | 1.4 | 0.7 |
| 6M Deposit rate** | %, Monthly Average | **5.0** | 6.7 | 6.9 | 6.9 | 6.8 | 6.6 | 6.4 | 6.3 | 5.9 | 5.6 | 5.2 | 4.9 | 4.7 | 4.7 |
| USDVND | Monthly Average | **23,431** | 24,817 | 23,736 | 23,460 | 23,651 | 23,592 | 23,469 | 23,464 | 23,515 | 23,670 | 23,882 | 24,246 | 24,488 | 24,321 |

## Updated 2023 forecasts for Vietnam

| Indicators | Unit | Actual | | | | | | | | | | | Forecast |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 |
| Real GDP growth | % | | | 3.3 | | | 4.1 | | | 5.3 | | | 6.8 |
| Headline CPI | %, YoY. Average | 4.9 | 4.3 | 3.4 | 2.8 | 2.4 | 2.0 | 2.1 | 3.0 | 3.7 | 3.6 | 3.5 | 3.7 |
| Deposit growth | %, YTD | -0.4 | 0.4 | 1.7 | 2.0 | 2.7 | 4.7 | 3.5* | 3.9* | 5.9 | 7.1 | 8.1 | 10.0 |
| Credit growth | %, YTD | 0.1 | 0.9 | 2.6 | 3.0 | 3.3 | 4.7 | 4.5 | 5.8 | 7.0 | 7.1 | 8.8 | 10.5 |
| USDVND | Average | 23,460 | 23,651 | 23,592 | 23,469 | 23,464 | 23,517 | 23.670 | 23,882 | 24,246 | 24,488 | 24,321 | 24,243 |
| 10Y Government bond yields | %, 10Y, Average | 4.6 | 4.2 | 4.0 | 3.3 | 3.1 | 2.8 | 2.6 | 2.5 | 2.6 | 2.9 | 2.6 | 2.3 |
| 1W Interbank rate | %, Average | 6.4 | 5.8 | 4.3 | 4.7 | 4.7 | 2.2 | 0.6 | 0.4 | 0.4 | 1.4 | 0.7 | 0.5 |

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

**Notes**:

* Estimated numbers

** Weighted average of 18 banks

***Trade data in November updated by GSO (first 15 days). previous data updated by Custom

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