Monthly Updates on Macroeconomics and Financial Market

Hanoi, October 2023

Prepared by Economic and Financial Market Analysis Team

BE GREATER

TECHCOMBANK

Although the global economy is forecast to experience weaker economic growth in the late 2023–2024 period, Vietnam’s economy continues to maintain its resilience thanks to strong public investment, stable demand, and a moderate recovery in the manufacturing sector

Section 1

TECHCOMBANK

Executive Summary

Global economy:

- *The global economy has approached a regime of disinflation and slowing growth. The World Bank forecasts that global growth will reduce to 2.1% in 2023 from the 3.1% rate in 2022. Global rate hikes are on hold, and the cycle could reach an end soon as we have seen some key central banks, including the Federal Reserve (Fed), Bank of England, Bank of Japan, and Swiss National Bank, hit a pause in the rate hike process during the last few months.*
- *Despite the Fed's hawkish tone, the market holds a different belief. US economy is forecast to have a low economic growth rate starting in 4Q2023 due to the high interest rate environment. The deceleration of US consumption has become more recognizable based on recent data on sources of funding for consumer spending (including wages, savings, cash transfers from the government, and credits) and the consumer confidence index.*
- *In the rising interest rate environment, the EU economy has stagnated and is expected to deteriorate further in the coming times as the manufacturing and services sectors in the EU have seen a continued weakness. Meanwhile, the weaker consumption reflected in retail sales growth and consumer confidence has also been observed.*

Vietnam economy:

- *Although the world's economic context, especially the US and EU, has not improved significantly, Vietnam's trade still shows good signs thanks to increasing import demand from Asian economies.*
- *Confidence in the manufacturing sector in Vietnam is more recognisable among both domestic businesses and foreign investors. The FDI-to manufacturing sector continues to maintain high growth rates for both newly registered FDI and disbursed FDI. A General Statistics Office's survey, which surveyed 6,500 enterprises in the industry, predicts a more positive Q4, with 76.3% of enterprises expecting improved production or stabilisation.*
- *We forecast GDP growth for the whole of 2023 to be between 4.8% and 5.5% YoY, with the fourth quarter seeing an increase of 6.2% to 8.8% YoY. This comes from our expectation that (i) public investment disbursement would continue to speed up in the coming months, with a projected 80–90% completion rate of the year's plan; (ii) the service sector would continue to maintain its growth, especially in tourism activities; (iii) the manufacturing sector would maintain a moderate recovery momentum in the coming months; and (iv) inflation in 2023 would be well under control.*
- *Although VND has depreciated largely against USD recently, it is solely due to DXY strengthening in the short term. Therefore, we stay with our forecast that the exchange rate is likely to stabilize in the long run as the Fed rate hike cycle is expected to end soon and SBV shows their willingness to intervene in the FX market when needed. We forecast that SBV could call notes and bring the 1-week term interbank rate to the 2 – 3% level (if necessary) to stabilize the exchange rates and does not affect deposit and lending interest rates at the same time.*

Section 2

Global Economy

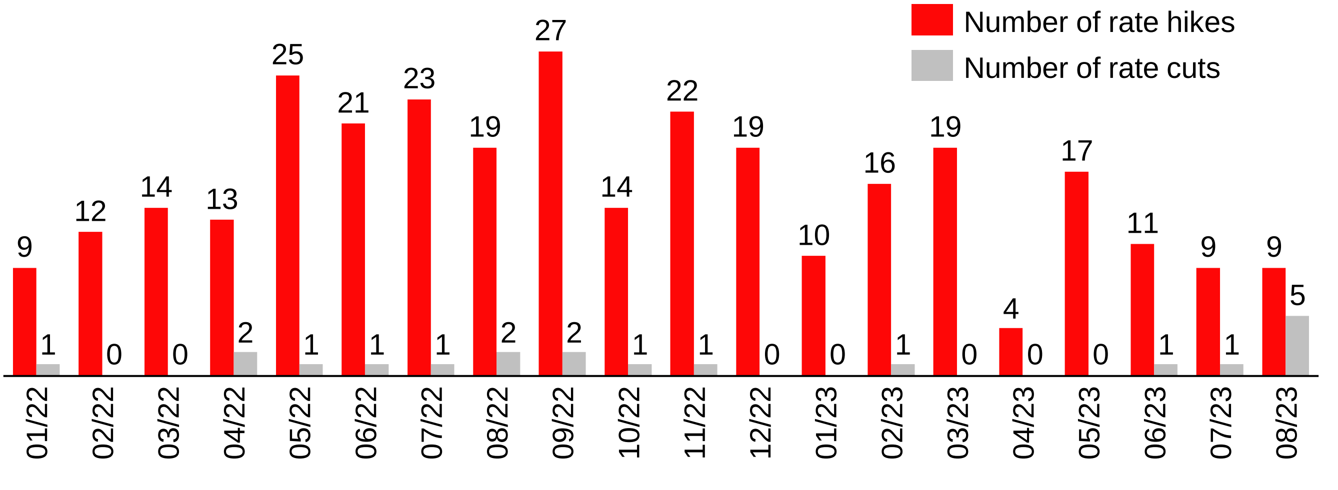
The cycle of global rate hikes could reach an end soon, yet the rates are expected to stay at the high territory for a while. Consequently, global economic growth is forecast to significantly slow down in the late 2023–2024 period, as historically high rates would continue to damage consumption and investment, particularly in the US and EU. This weak demand would eventually impact other countries, such as China and the emerging markets.

Global rate hikes are on hold and the cycle could reach an end soon

Current situations of the global economy have convinced the market that the cycle of global rate hikes could end soon. The change in central bankers' attitude has been evidenced by the number of rate hikes and cuts. It is clearly shown that the number of central banks deciding to raise rates has been following a downward trend, while more economies has witnessed rate cut decisions.

Key central banks including Federal Reserve (Fed), Bank of England, Bank of Japan, Swiss National Bank hit a pause in the rate hike process during the last few months. Notably, central banks in emerging economies such as China and Vietnam even initiated rate cuts. Meanwhile, although European Central Bank (ECB) raised rate for the 10th consecutive time in the recent meeting, this is considered as a "dovish" rate hike. It was officially said that key rates "have reached levels that, maintained for a sufficiently long duration, will make a substantial contribution to the timely return of inflation to the target". Thus, a strong signal that ECB rates have peaked has been sent to the market.

Figure 1: Number of rate hikes and rate cuts done by central banks in the world



Sources: Financial Times, cbrates, Reuters

Section 2

Global Economy *(Cont.)*

Global economy has approached a regime of disinflation and slowing growth

This could be attributed to the belief that a milestone characterised by the disinflationary trend and the slowing growth rate has been reached, making further tightening monetary policies seemingly unnecessary. Clearly, the inflationary pressure has been eased in many economies, though there still exist undeniable pressures from higher oil prices and economic cracks. Besides, the economic slowdown could be signalled by the steep rate rise and the recent oil price increase. World Bank forecasts that global growth would reduce to 2.1% in 2023 from the 2022 rate at 3.1%. Particularly, World Bank even downgrades its 2024 projection for China's economic growth from 4.8% to 4.4% and also concerns that the gloomier outlook in China might spread to other economies in Asia.

Fed has announced a pause in rate hikes and expressed the possibility of another hike in the coming time

Regarding the US economy, despite taking a break in the rate hike cycle, the Fed is still conservative, clearly showing its hawkish tone. Firstly, 12 out of 19 FOMC members have supported another 25-basic-point hike by the end of 2023. Secondly, although a more dovish theme would come into effect in 2024 and 2025, the expected rate cut level is 50 basis points (bps) lower than the forecasts in June.

Despite Fed's hawkish tone, the market holds a different belief

Despite the Fed's hawkish tone, the market has not adjusted its views accordingly. It is believed that the possibility that the Fed would raise rates in November and December is 20.2% and 18.4%, respectively, indicating even lower chances compared to the prior meeting.

Figure 2: Fed funds rate forecast by Fed

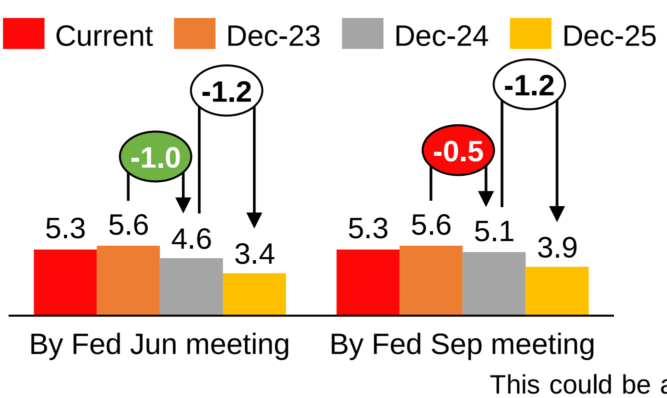
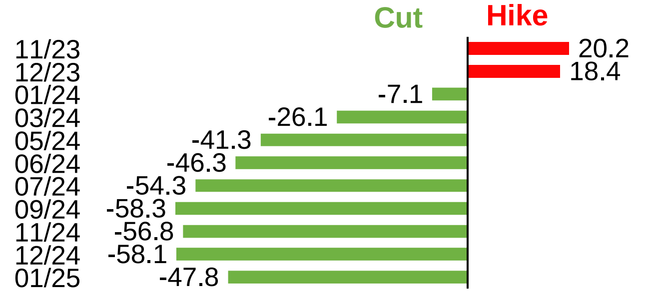


Figure 3: Fed rate hike/cut by Bloomberg survey

(%, probability)



This could be attributed to the fact that the US economy is forecast to experience low economic growth rate starting in 4Q2023. According to Bloomberg's survey, US GDP growth on quarter-over-quarter (QoQ) basis at an annualised rate is expected to stay substantially low, from 0.2% to 1.8% in 2024, which is significantly below the 2.6% average growth rate during the 2015–2019 period.

Sources: Reuters, FOMC, Bloomberg, World Bank

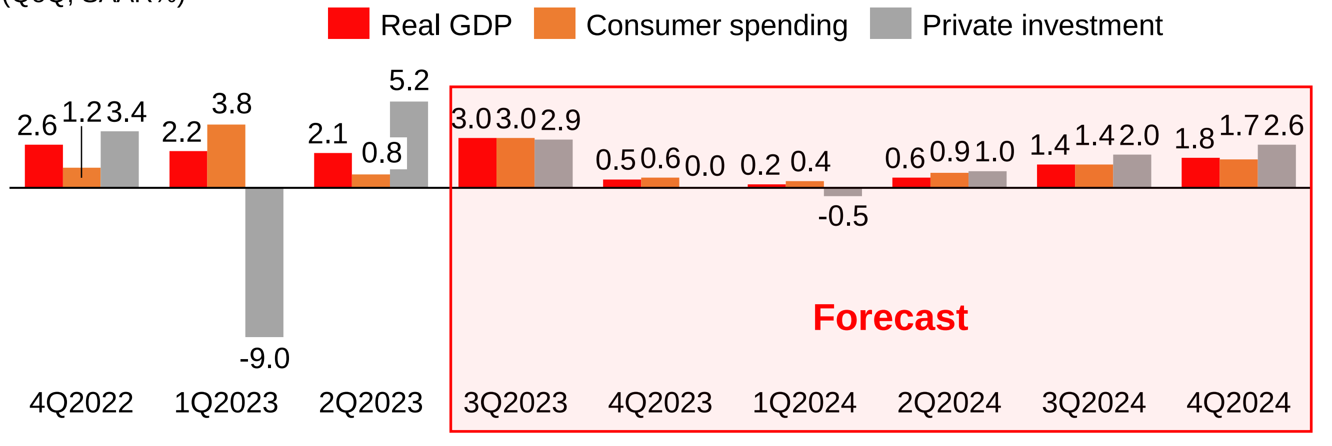
Global Economy *(Cont.)*

US economy is expected to slow down next year due to high interest rate environment

This expectation mainly comes from the high interest rate environment, which would continue to damage investment, particularly in the manufacturing sector, and demand for consumer spending. According to Bloomberg's survey, the index of industrial production is forecast to record negative YoY growth rates continuously from this quarter until 3Q2024. Meanwhile, consumer spending is expected to stay below the 1% growth rate in 4Q2023, 1Q2024, and 2Q2024.

Figure 4: US GDP growth

(QoQ, SAAR%)



The deceleration of US consumption has become more recognisable, which helps relieve the demand-pull inflation, yet hinders the economic growth

As the largest component of US GDP, with a weight of more than 68%, US consumer spending, which is currently showing weakness signals, has surely attracted the market's attention. In August 2023, month-over-month (MoM) growth of retail sales excluding gas and autos registered at 0.2%, much lower than expected levels at 0.8% and 0.7%. Although retail sales growth has remained low in the positive territory over the last 5 months, it is apparent that US consumption has been decelerating. We also expect it would be slow down soon based on recent data of sources of funding for consumer spending (including **wages, savings, cash transfer from the Government and credits**) and consumer confidence index.

Firstly, wages and salaries in the US have grown at slower pace. Apparently, US labour market has been softening. Unemployment rate in August 2023 reached 3.8%, which has been the highest one since February 2022, and is expected to remain high at this level in the coming times. Meanwhile, although the number of job openings bounced back in August 2023, it has followed a downward trend since the beginning of 2022, and the market continues forecasting a further decrease.

Sources: Reuters, US Bureau of Labour Statistics (BLS)

Section 2

Global Economy *(Cont.)*

Figure 5: US retail sales growth

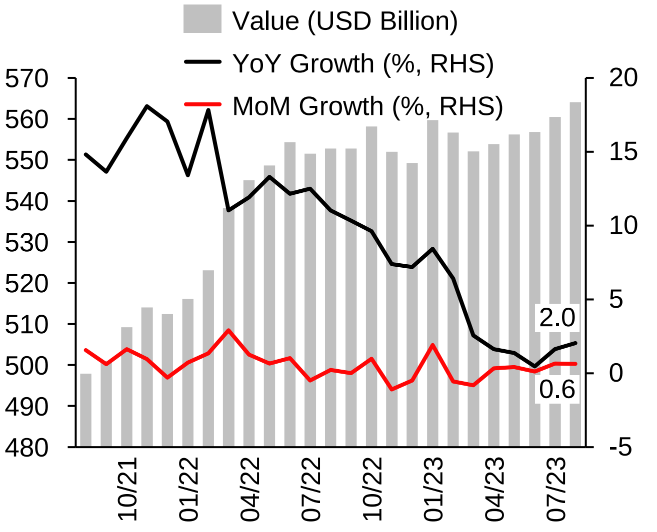
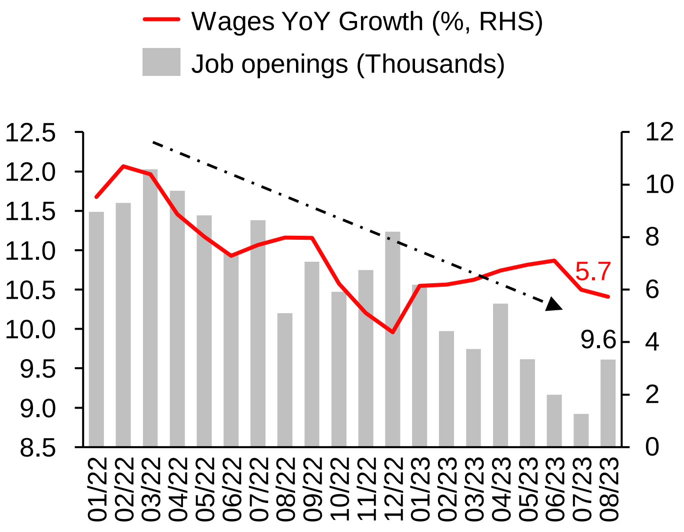
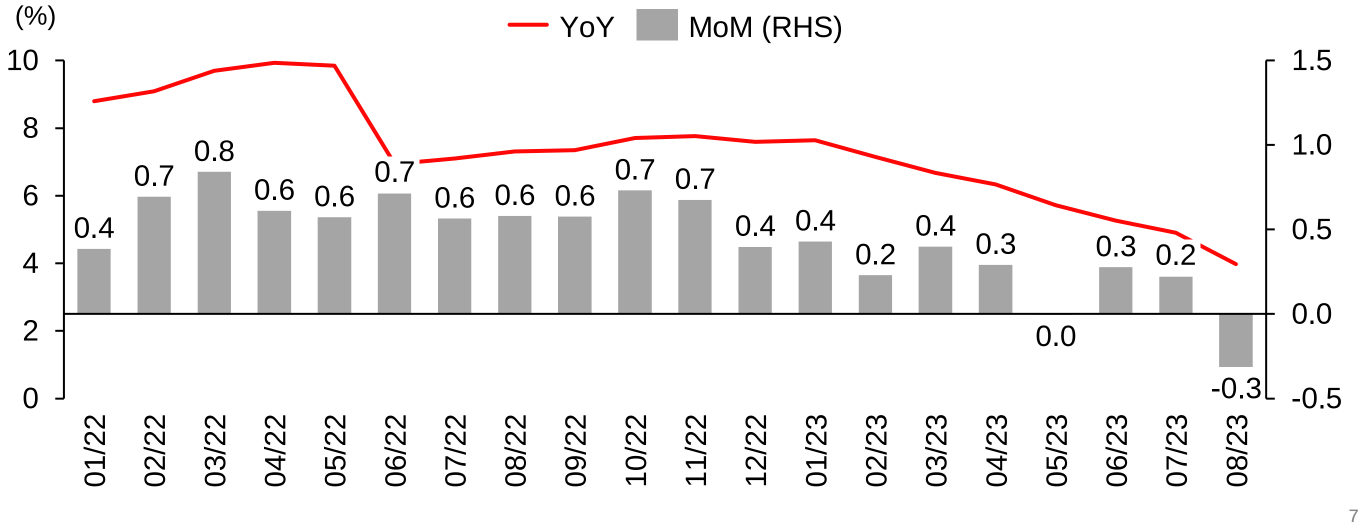


Figure 6: US wages growth, job openings



As mentioned in our previous findings, the number of job openings is a key driver of wages growth, so wages growth has already witnessed a fall in recent months. That, indeed, would probably transmit to a projection of weaker consumption in the coming time. **Secondly**, rationally, in the higher rate environment associated with uncertainties, consumers would prefer saving to spending. **Thirdly**, Government's cash transfer for the COVID-19 supports would be soon depleted. **Fourthly**, consumer credit growth has slowed down. The decelerating trend has become clearer in recent months. **Lastly**, there is a continued drop in US consumer confidence, driving the index to the lowest level in four months. The index fell to 103 in September from an upwardly revised level at 108.7 in August.

Figure 7: US consumer credit growth

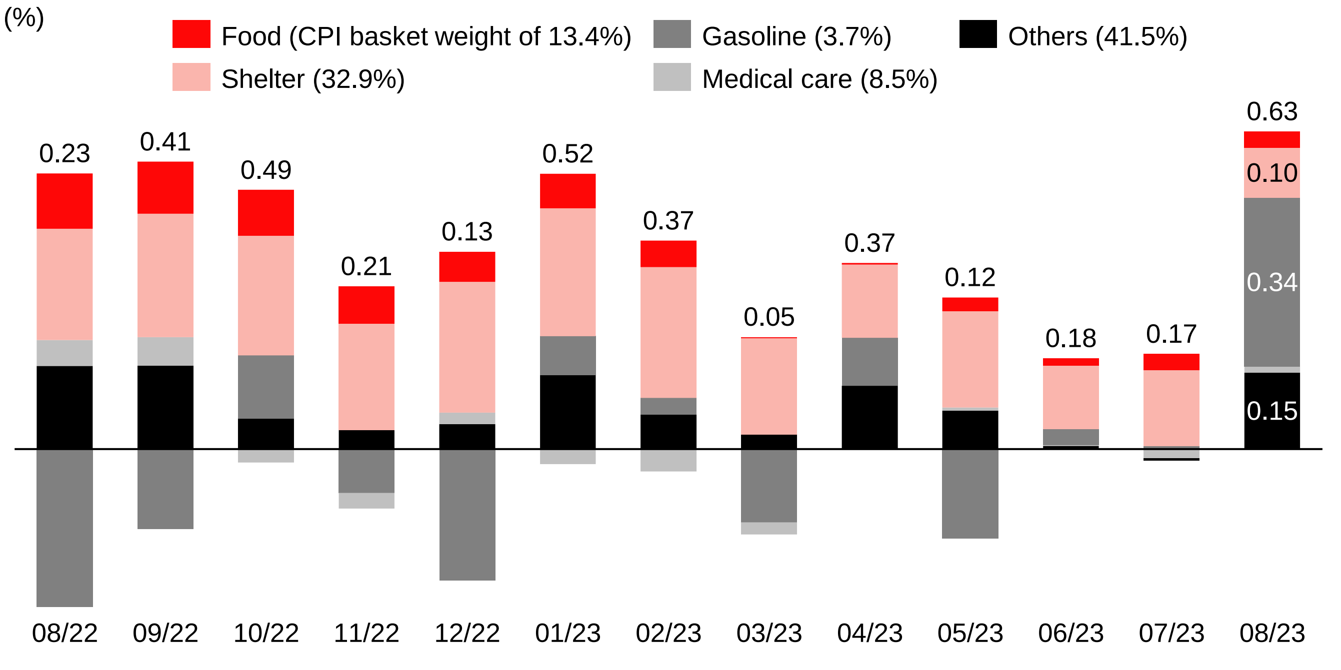


Sources: Reuters, Fed, The Conference Board, US Bureau of Economic Analysis (UEA)

Global Economy *(Cont.)*

Meanwhile the recent upward trend of US inflation is mainly derived from short-term shooting up of energy prices. Oil price has already risen by 30% since June, causing a 0.34%-point contribution of gasoline to the 0.63% level of US monthly inflation in August. Notably, while gasoline, whose weight in the CPI basket is only 3.7%, contributed a suddenly large portion to August CPI, other items such as food, shelter saw a relatively stable and downward trend. On the year-over-year (YoY) basis, August inflation reached 3.7% from the 3.2% level in July, which is even further from the 2% target. For now, both market and Fed has kept their belief that inflation would continue to cool down next year and reach Fed's target by 2025. Yet, they had better beware of a potential energy crisis from geopolitical tensions and OPEC+'s action which could flip this base case upside down.

Figure 8: US CPI contribution



Sources: Reuters, US Bureau of Labour Statistics (BLS)

TECHCOMBANK

Global Economy *(Cont.)*

In the rising interest rate environment, EU economy has stagnated and is expected to deteriorate further in the coming times

Given continued rate hikes, EU economy has been stagnating and would probably remain gloomy in the short term, which is reflected by ECB's downwardly revised projections. ECB staffs have downgraded their GDP growth rate forecasts by 0.2%-point, 0.5%-point and 0.1%-point for 2023, 2024 and 2025, respectively. Accordingly, the area's economic growth would register at 0.7% in 2023 before reaching 1.0% in 2024 and 1.5% in 2025.

On the production side, manufacturing and services sectors in the EU have seen a continued weakness, signalling a pessimistic outlook

The downward revision could be derived from the deterioration of both production and demand sides. Considering the production side, in September, EU manufacturing Purchasing Manager Index (PMI) continued its contraction to the 43.4 level, marking the 15th consecutive month of below-50 records. Noticeably, September 2023 saw a sharp reduction rate, with the 'rarely seen' shrinkage of new orders, the sustained declines in employment and the extension of cutbacks. Germany, the founding member of EU and one of the largest economies in the EU, remained mired and continuously reported the fastest rate of decrease. Meanwhile, France's manufacturing shrinkage in September has reached the steepest rate in almost 3.5 years. Seriously, the reduction has now been extending to services sector whose value added registered a positive quarterly growth in the second quarter. Services PMI in September has been in the sub-50 territory for the second time since last month, showing a sustained signal of services contraction. Overall, EU PMI data has shown a considerable weakness and a much pessimistic outlook.

Figure 9: EU Manufacturing PMI

(Index)

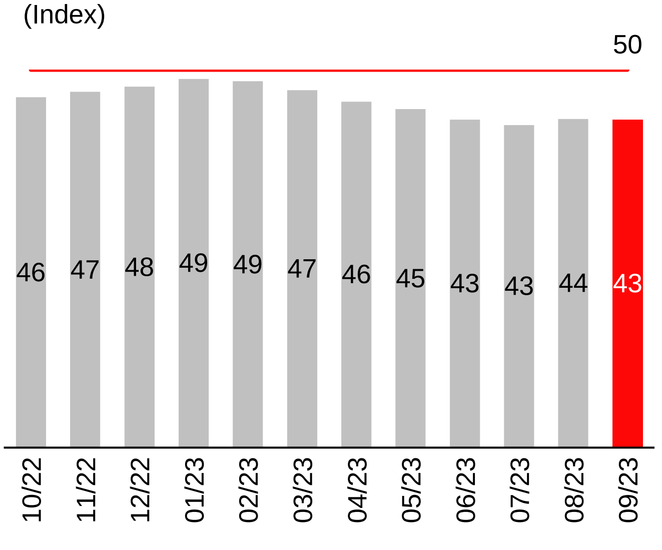
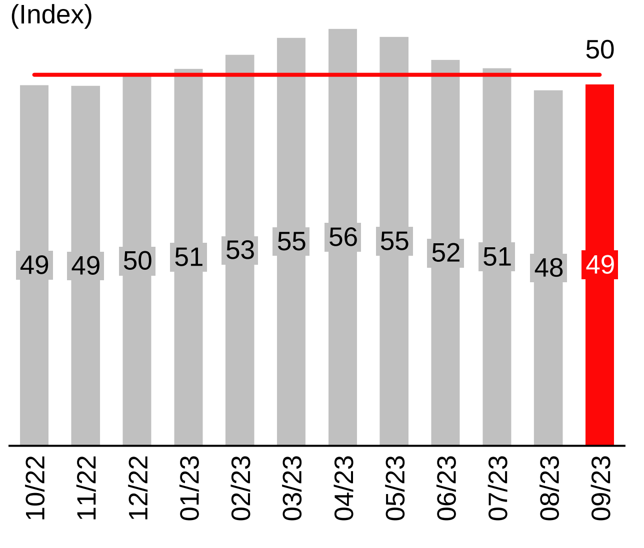


Figure 10: EU Services PMI

(Index)



Sources: Eurostat, ECB, Reuters

Global Economy *(Cont.)*

On the demand side, the weaker consumption reflected in retail sales growth and consumer confidence has been observed

In terms of demand side, there has been a consumption slowdown under the circumstances of high inflation and tightening policies. Retail sales in August continued to sink and slipped more than expected, which was reflected in both month-on-month (MoM) and YoY growth rates. August is the 11th consecutive month that retail sales YoY growth has been in the negative territory, while MoM growth registered at -1.2% which was even worse than market expectation at -0.3% and last-month growth at -0.2%. Weaker consumption is also shown in the markedly declining confidence. Consumer sentiment has continuously recorded pessimistic views for almost a year, and the fall in consumer confidence was even more serious in September. In addition to internal demand, lower external demand in the context of global economic downturn has led to a negative contribution of net exports.

Figure 11: EU retail sales growth

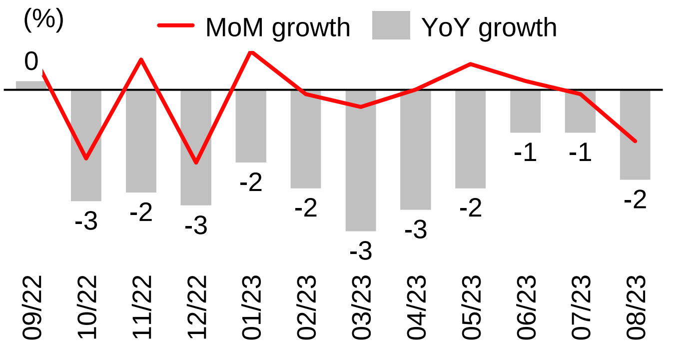
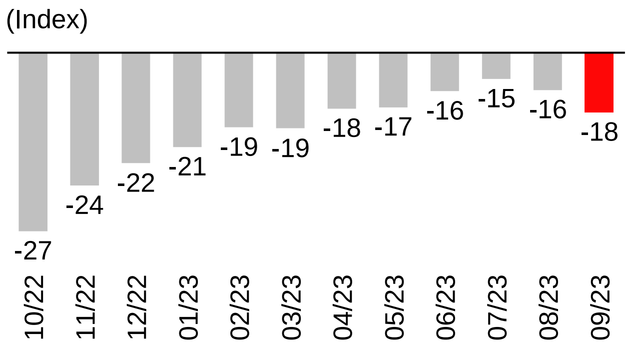


Figure 12: EU consumer confidence



Inflation and unemployment have sustained their high rates, flagging a stagflation in the EU economy

CPI in September has observed some positive signals as its YoY growth at 4.3% has been the lowest in the 2-year times. Despite the recently disinflationary trend, EU inflation has remained high and well above the target. Meanwhile, the unemployment has sustained at high rate and has not shown clearly decreasing signals yet. Thus, it can be seen that a stagnated growth associated with high inflation rate flagged a stagflation in the EU economy.

Figure 13: EU inflation

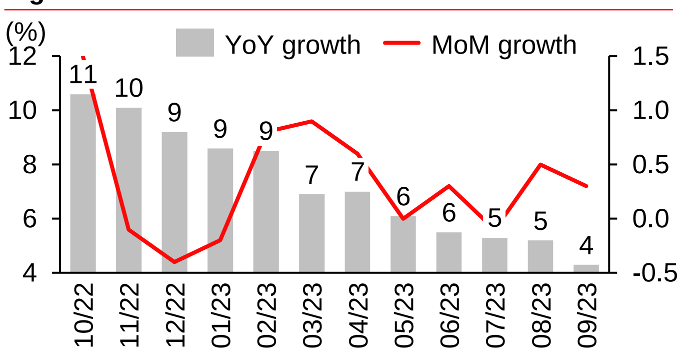
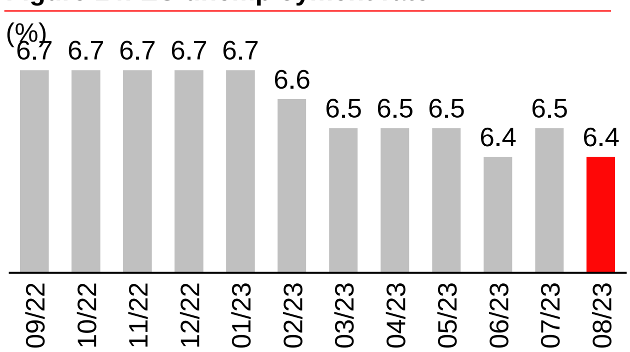


Figure 14: EU unemployment rate



Sources: Eurostat, Reuters

Section 3

Vietnam economy

Although the world economic context has not improved significantly, Vietnam's manufacturing and trade activities recorded positive signals in September. In the last few months of the year, the driving force for economic growth would come from boosting public investment, ensuring sustained domestic demand, and maintaining moderate momentum in the manufacturing sector.

The number of new export orders from Asian economies maintained the second consecutive increase

Although the world economic context, especially the US and EU, have not improved significantly, Vietnam's trade still shows good signs thanks to increasing import demand from Asian economies. In September, the Purchasing Managers Index (PMI) dropped to 49.7 points, below the crucial 50-point threshold. However, there exists positive signals. Specifically, the number of new orders has increased for the second consecutive month and particularly, new export orders have come from Asian nations. Vietnam's export value to Asia also saw a significant improvement, rising from 0.6% MoM in July to 11.6% MoM in August, while export value to US and EU markets still recorded negative growth, -12.8% MoM and -9.9% MoM, respectively. In August, Vietnam's export to China reached USD 5.8 billion, rising by 17.4% MoM; and export to Korea reached USD 2.4 billion, rising by 10.7% MoM. In the coming months, we expect export growth to Asia would continue to increase, mainly led by China, which would partially offset the weak demand from EU and US.

Figure 15: Manufacturing PMI

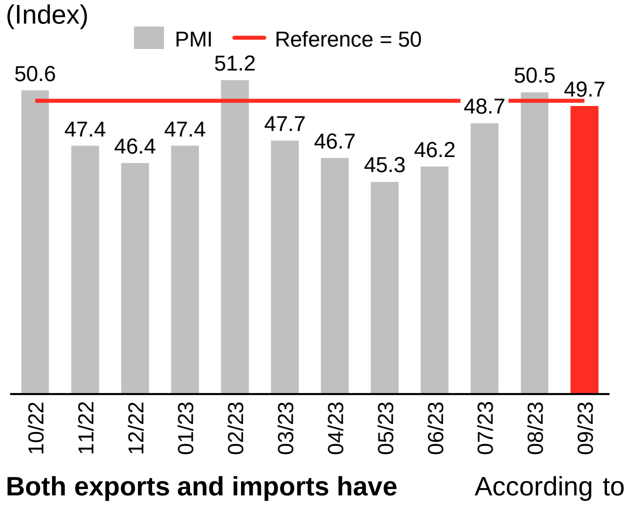
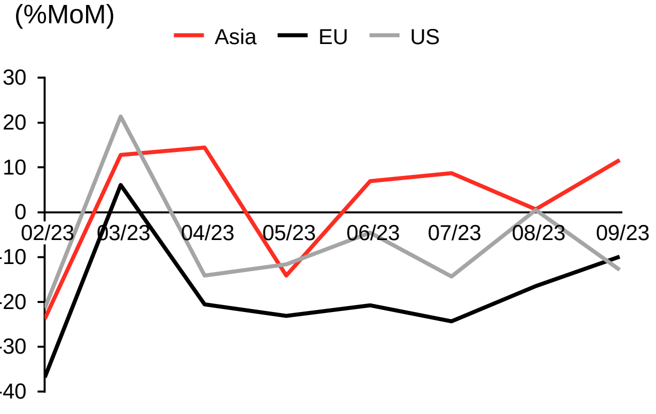


Figure 16: Vietnam's export growth to other regions



Both exports and imports have significantly improved

According to General Statistics Office (GSO), Vietnam's export value reached USD 31.5 billion, recording a 4.6% YoY growth. Specifically, with no seasonal effects, there was an improvement in some key exported items such as wood products, seafood, and rubber.

Sources: GSO, Vietnam Customs

Vietnam economy *(Cont.)*

Besides, Vietnam's import value was USD 29.7 billion, increasing by 2.6% YoY. Machinery, textile accessories, and wood products recorded an apparent recovery in the past month. We assess that the increase in new orders would be the driver that helps manufacturers to be more active in importing input materials. However, import value in the last few months of the year would only slightly improve, as there is still a concern about boosting production capacity too quickly in this unpredictable world economy context. We forecast in 2023, Vietnam's export value could reach USD 353.2 billion, reducing by 4.9% YoY, and the total import value could reach USD 328.5 billion, indicating a 8.5% YoY decrease. While the import and export value may present negative growth, a predicted trade surplus of USD 24.7 billion for the year would mark a new record.

Figure 17: Exports growth of some key items

(% MoM – September vs August)

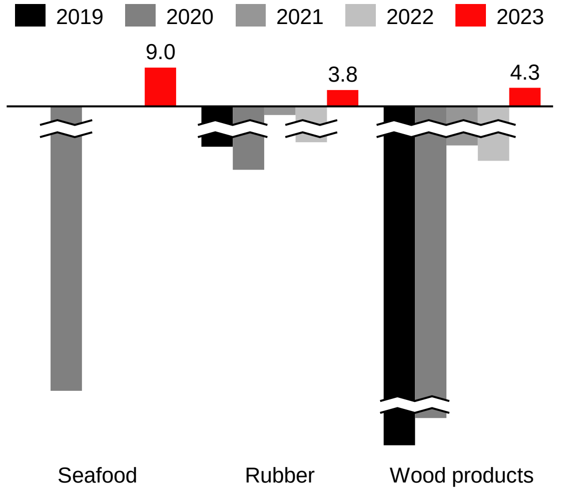
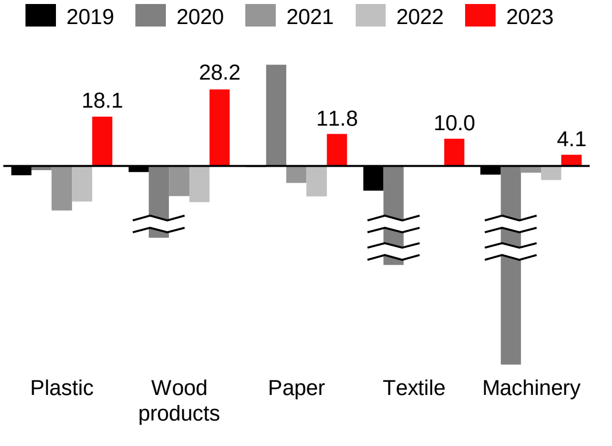


Figure 18: Imports growth of some key items

(%MoM – September vs August)



FDI from the manufacturing sector recorded high growth rates

In addition to the advancements in trade, positive signals in the manufacturing sector have contributed to the attraction of foreign direct investment (FDI) in Vietnam during 9 months of 2023 (9M23). According to the Ministry of Planning and Investment (MPI), foreign investors newly registered and adjusted investment capital amounting to USD 15.4 billion as of September 20, which equals figures last year. Additionally, FDI disbursement reached USD 15.9 billion, increasing by 2.5% YoY. Notably, the manufacturing sector contributed 83% to FDI, which recorded high YoY growth rates at 12% and 9% in newly registered FDI and disbursed FDI, respectively.

Sources: GSO, MPI

Vietnam economy *(Cont.)*

The manufacturing sector is expected to maintain a moderate recovery momentum in the coming months

Along with the confidence of foreign investors in the manufacturing sector in Vietnam, the added value of the manufacturing industry recorded a significant improvement in 3Q2023, increasing to 5.61% YoY from 0.6% YoY in 2Q2023, partly thanks to the low base effect of two years ago. This recovery stemmed from the Government's efforts to continuously lower lending interest rates to support manufacturing businesses. However, the added value of the processing and manufacturing industry in 9M23 only reached 1.98% YoY, the lowest increase over the past 12 years and much lower than the average of 8%/year during the 2011 – 2023 period. In the coming months, while the world economic would not improve significantly soon, we expect the manufacturing sector to maintain a moderate recovery momentum. A report from GSO, which surveyed 6,500 enterprises in the industry, predicts a more positive outlook in 4Q2023, with 76.3% of enterprises expecting the production to improve or at least stabilise.

Figure 19: Registered and Disbursed FDI

(USD billion, first nine months of year)

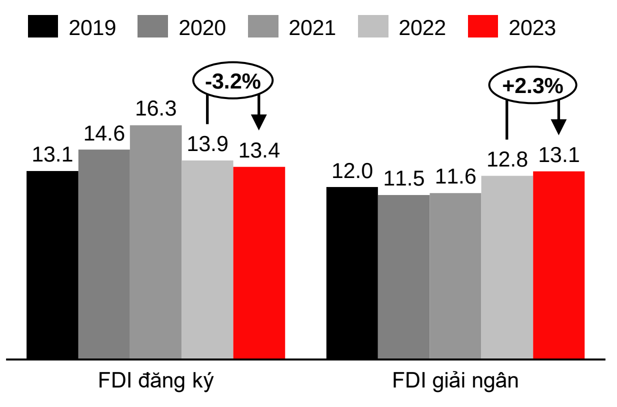
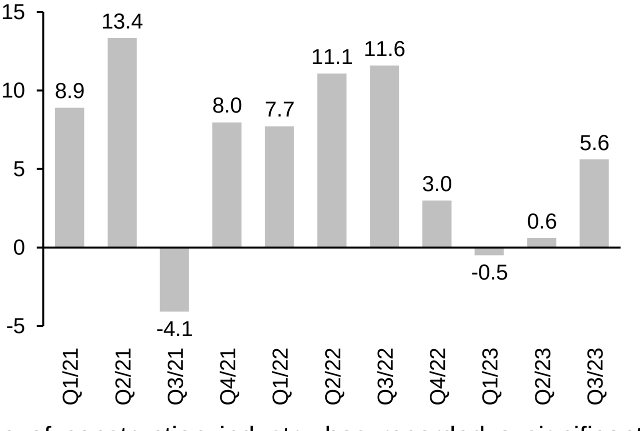


Figure 20: The added value of manufacturing industry

(% YoY)



Public investment disbursement would continue to speed up in the coming months

The added value of construction industry has recorded a significant growth, increasing by 7.97% YoY in 3Q2023 and 6.17% YoY in 9M23. This success is the result of Government's great efforts to accelerate public investment disbursement. Development investment spending reached VND 363 trillion, which rose by 43.5% YoY and has already completed 50% of the plan. We anticipate that public investment disbursement would continue to speed up in the coming months, with a projected 80-90% completion rate of the year's plan. As public investment is always Government's priority for stimulating economic growth, we anticipate a continued growth in the construction industry.

Sources: GSO, MPI

Vietnam economy *(Cont.)*

The service sector has maintained its growth mainly thanks to the Government's supportive policies to stimulate consumer demand

The added value of the services industry maintained its growth momentum, increasing by 6.24% YoY in 3Q2023. This sector has become a major contributor to the economy, expanding by 6.32% in 9M23, with retail sales and tourism being the primary drivers. The retail and consumer services industries in 9M23 saw a total volume of sales at VND 4,568 billion, rising by 9.7% YoY. Additionally, to stimulate domestic consumption and attract more tourists to Vietnam, the Government has implemented supportive policies such as reducing value added tax (VAT) from 10% to 8%; extending VAT payments, corporate income tax; and promulgating a new visa policy. As a result, total number of tourists visiting Vietnam 9M23 reached 8.9 million, exceeding the Government's target of 8 million tourists for the year. Excluding Chinese visitors, the number of tourists visiting Vietnam has significantly recovered, reaching 7.7 million which equals to 87% of the pre-COVID level.

Figure 21: Retail sales growth

(%, YoY)

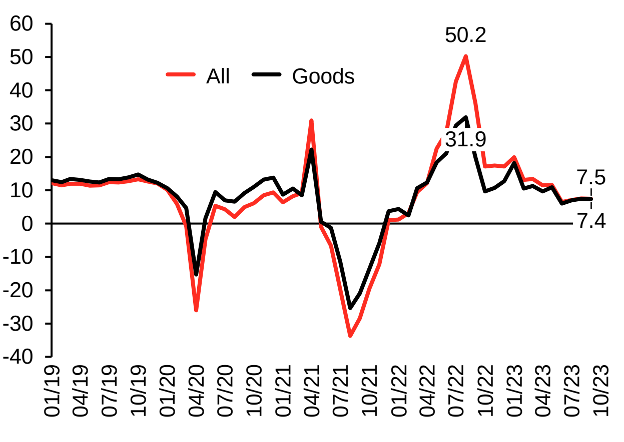
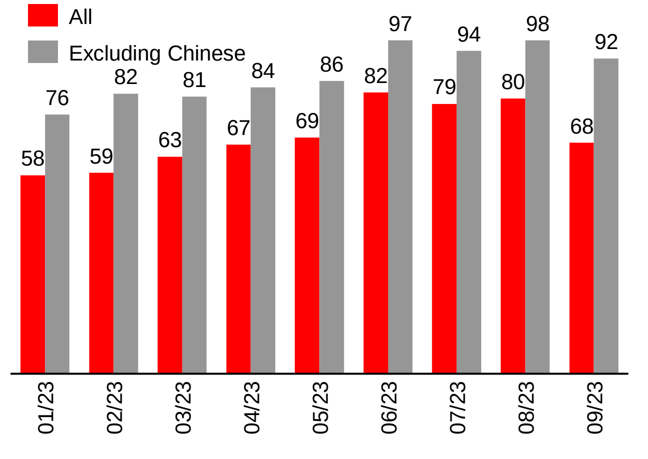


Figure 22: International tourists

(%, vs 2019)



We forecast GDP growth for the whole 2023 would be between 4.8% and 5.5% YoY, with an YoY increase of 6.2% to 8.8% in the fourth quarter

The third quarter saw a significant improvement in the gross domestic product (GDP), increasing by 5.33% YoY thanks to growth in the industrial and construction sectors. Facing the challenges from adverse global economic factors, Vietnam's GDP growth registered at 4.24% YoY in 9M23, the lowest growth rate since 2011 (excluding the COVID-19 period in 2020 and 2021). We forecast GDP growth for 2023 would be between 4.8% and 5.5% YoY, with an increase of 6.2% to 8.8% YoY in the fourth quarter. Specifically, key drivers are the manufacturing sector's recovery, strong public investment disbursement, and stable domestic demand.

Sources: GSO

TECHCOMBANK

Vietnam economy *(Cont.)*

We hold the belief that inflation in 2023 would be well under control

Inflation has remained stable, which is a positive signal in the 9M23. We hold the belief that inflation would be well under control. In September, headline CPI increased by 1.08% MoM due to price pressure from various factors. Firstly, domestic gasoline prices rose by 3.54% MoM because of the global oil price fluctuations. WTI oil prices rose to $96.50, recording a 22.7% YTD increase after Saudi Arabia has extended additional oil production cuts of 1 million barrels/day until year-end. Secondly, education fees sharply increased by 8.1% MoM, as some localities raised tuition costs. However, we anticipate the pressure from these factors would be temporary and not a major cause for concern. Average CPI in 9M23 increased by 3.16% YoY, which was still lower than the Government's 4.5% target. We forecast the average CPI in 2023 would be 3.3% YoY, thanks to stable prices of state-managed items and pig prices hovering around 50,000 - 55,000 VND/kg.

Figure 23: GDP growth by quarter

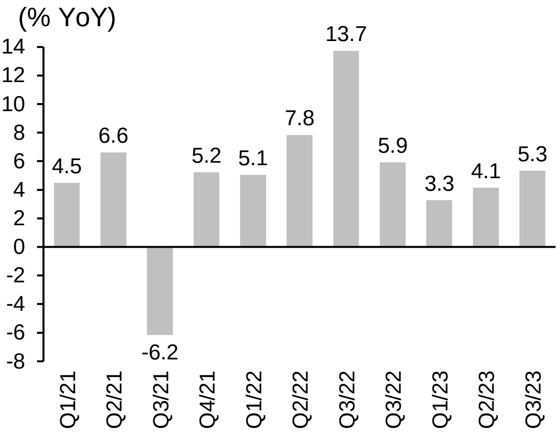
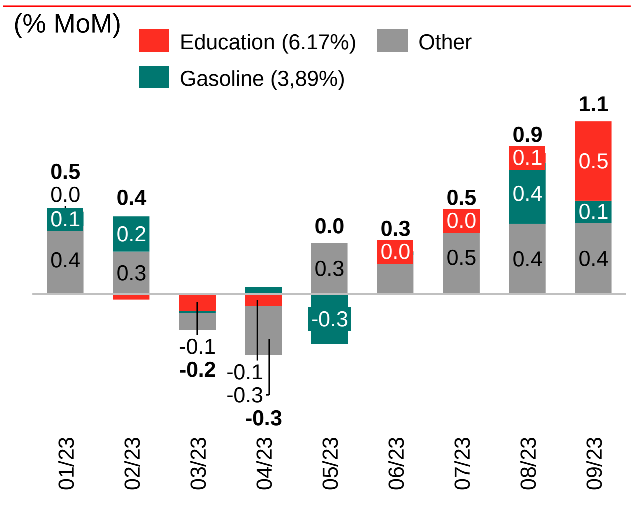


Figure 24: Contribution of some key inflation items



The exchange rate is likely to stabilise in the long run

In September, there were unexpected fluctuations in the exchange rate, in which USDVND on the interbank market increased to 24,425. This could be attributed to several factors. Firstly, US dollar index (DXY) strengthened by 107 points due to the expectation of economic growth exceeding 2.0% in 2023. Among other Asian currencies, the VND has experienced the least depreciation against USD with only a 2.9% YTD drop, while JPY, KRW, CNY, and THB had a sharp YTD devaluation at -12.3%, -6.5%, -5.6% and -5.2%, respectively. Secondly, the VNIBOR rates have substantially dropped to less than

Sources: GSO

Section 3

Vietnam economy *(Cont.)*

1% for short-term tenor, which makes the cost of hedging exchange rate risk (i.e., forward contracts) attractive. On September 21st, 2023, the State Bank of Vietnam (SBV) called notes in order to stabilise the sentiment of foreign exchange market. Despite the temporary pressure due to DXY's upward trend in the short term, we expect USDVND might lower to the 24.200 – 24.300 range by the end of 2023. The exchange rate is likely to stabilise in the long run, or even slightly decrease in 2024.

Even though SBV has called notes, interest rates may remain at low level

We forecast that SBV could call notes and bring the 1-week term interbank rate to the 2 – 3% level (if necessary) to stabilize the exchange rates, and at the same time, maintain low-interest rates for economic stimulation. According to our estimation for the G18's 6-month tenor, this rate has decreased by 198 basis points (bps) year to date, with a further decrease of 25bps in September. Since September 21st, when the SBV called notes in order to stabilise the foreign exchange market, the G18 interest rate has reduced by 6bps. Therefore, we believe that deposit interest rates may slightly decrease or remain stable by the end of the year.

Firgure 25: USDVND and DXY

(Index)

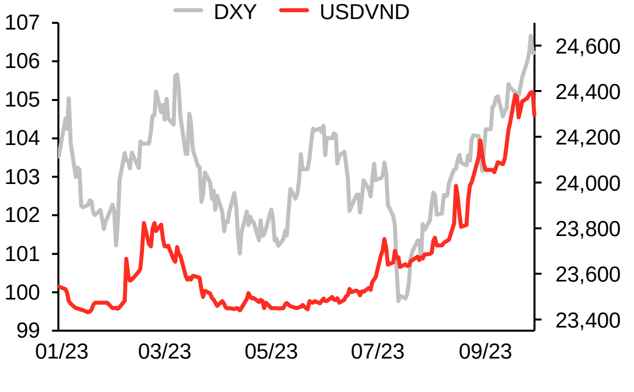
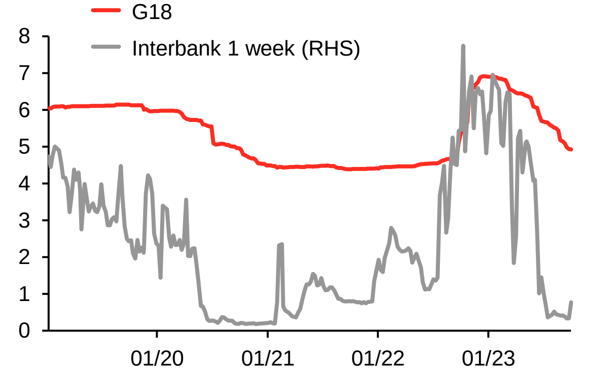


Figure 26: G18* deposit and interbank rates

(%, Weighted average)



Sources: Reuters, TCB MA

Section 4

Appendix

Updates on macroeconomics and financial market in the world

Indicators	Country	Unit	2022	2022				2023								
				09	10	11	12	01	02	03	04	05	06	07	08	09
Real GDP Growth	US	%, YoY, Quarterly	2.1	1.9			0.9			1.8			2.6			
	Eurozone	%, YoY, Quarterly	3.5	0.4			-0.1			0.0			0.3			
	China	%, YoY, Quarterly	3.9	3.9			2.9			4.5			6.3			
	Japan	%, YoY, Quarterly	1.0	1.5			0.4			2.0			2.0			
CPI	US	%, YoY, Monthly	8.0	8.2	7.7	7.1	6.5	6.4	6.0	5.0	4.9	4.1	3.0	3.2	3.7	
	EU	%, YoY, Monthly	9.1	9.9	10.6	10.1	9.2	8.6	8.5	6.9	7.0	6.1	5.5	5.3	5.3	
	China	%, YoY, Monthly	2.2	2.8	2.1	1.6	1.8	2.1	1.0	0.7	0.1	0.2	0.0	-0.3	0.1	
	Japan	%, YoY, Monthly	3.1	3.0	3.7	3.8	4.0	4.3	3.3	3.2	3.5	3.2	3.3	3.3	3.2	
Fed funds target rate		%, End of month	4.5	3.25	3.25	4.0	4.5	4.5	4.75	5.0	5.0	5.25	5.25	5.5	5.5	5.5
DXY		Index, Monthly Average	104.4	110.7	111.9	108	104.5	102.7	103.7	103.8	101.8	102.8	103.1	101.4	103.1	105.28
USDCNY		Index, Monthly Average	6.7	7.0	7.2	7.2	7.0	6.8	6.8	6.9	6.9	7.0	7.2	7.2	7.3	7.3
10Y UST Yields		%, Monthly Average	2.8	3.4	3.5	3.5	3.5	3.2	3.8	3.7	3.5	3.6	3.8	3.9	4.2	4.38
WTI Oil price		USD/barrel, Monthly Average	91.8	80.0	87.0	80.6	76.5	74.4	76.9	73.4	79.4	71.6	70.3	76.3	81.3	89.4

Updates on macroeconomics and financial market in Vietnam

Indicators	Unit	2022	2022				2023								
			09	10	11	12	01	02	03	04	05	06	07	08	09
Real GDP growth	%, Quarterly, YoY	8.0	13.7			5.9			3.3			4.1			5.3
IIP	%, Monthly, YoY	7.8	10.3	5.5	3.5	0.2	-8.0	7.2	-2.0	-2.4	0.5	1.8	3.7	2.6	5.1
Headline CPI	%, Monthly, YoY	3.1	3.9	4.3	4.4	4.5	4.9	4.3	3.4	2.8	2.4	2.0	2.1	3.0	3.7
Retail sales growth	%, Monthly, YoY	19.8	36.1	17.1	17.5	17.1	20.0	13.2	13.4	11.5	11.5	6.5	7.1	7.6	7.5
Registered FDI	USD bio, Monthly	22.6	1.6	3.3	2.4	1.5	1.5	0.8	1.9	1.6	1.8	1.9	2.7	1.3	2.0
Disbursed FDI	USD bio, Monthly	22.4	2.6	2.1	2.2	2.7	1.4	1.2	1.8	1.6	1.7	2.5	1.6	1.5	2.8
Trade exports	USD bio, Monthly	371.3	29.7	30.6	29.2	29.1	23.6	26.1	29.7	27.9	28.1	29.5	30.7	32.7	31.5
Trade imports	USD bio, Monthly	358.9	28.5	27.8	28.2	27.4	22.9	23.3	28.3	25.2	26.0	26.3	27.1	29.3	29.7
Trade balance	USD bio, Monthly	12.4	1.3	2.8	1.1	1.7	0.7	2.8	1.4	2.7	2.1	3.2	3.6	3.4	1.8
Deposit growth	%, YTD	6.0	5.0	5.0	5.0	6.0	-0.4	0.4	1.7	2.0	2.7	4.7			5.9
Credit growth	%, YTD	14.5	10.5	11.5	12.1	14.5	0.1	0.9	2.6	3.0	3.3	4.7	4.5		6.2
10Y Government bond yields	%, Monthly Average	3.5	4.0	4.9	4.9	4.9	4.6	4.2	4.0	3.3	3.1	2.8	2.6	2.5	2.6
1W Interbank rate	%, Monthly Average	3.5	5.1	6.5	6.4	5.9	6.4	5.8	4.3	4.7	4.7	2.2	0.6	0.4	0.4
6M Deposit rate**	%, Monthly Average	5.0	4.8	5.7	6.7	6.9	6.9	6.8	6.6	6.4	6.3	5.9	5.6	5.17	4.9
USDVND	Monthly Average	23,431	23,657	24,340	24,817	23,736	23,460	23,651	23,592	23,469	23,464	23,515	23,670	23,882	24,246

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	3.8	3.5	3.7
Credit growth	%, YTD	0.1	0.9	2.6	3.0	3.3	4.7	4.5	4.5*	6.2	6.9	8.3	10.5
Deposit growth	%, YTD	-0.4	0.4	1.7	2.0	2.7	4.7	3.5*	3.9*	5.9	6.6	7.7	10.0
USDVND	Average	23,460	23,651	23,592	23,469	23,464	23,517	23,670	23,882	24,246	24,398	24,329	24,268
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	2.9	2.8
1W Interbank rate	%, Average	6.4	5.8	4.3	4.7	4.7	2.2	0.6	0.4	0.4	2.0	2.1	2.0

Sources: GSO, Customs, VBMA, Reuters, TCB MA
Notes:
* Estimated numbers
** Weighted average of 18 banks
Trade data in September updated by GSO, previous data updated by Custom

DISCLAIMER

This report ("**Report**") is prepared by the Economic and Financial Market Analysis team of Techcombank for the purpose of providing information to Techcombank's Customers. Customers may directly or indirectly copy or quote part or all of this Report, provided that the copying and citing must strictly ensure to comply with and keep the right contents, and clearly note the source of information Report. Customers are responsible for their copying and citing as well as copied and quoted contents that do not comply with the above principles.

This report is based on professional judgment and is based on sources believed to be reliable on the date of this report. However, all statements contained in this document only reflect the views of the Economic and Financial Market Analysis team and should not be seen as providing guidance on the financial performance of Techcombank or reflecting the views of the management of Techcombank. The Economic and Financial Market Analysis team makes no representation or warranty as to the accuracy, timeliness, completeness or timeliness of the information contained in the report under any circumstances, and has no obligation to update, correct or add to the information after the report is issued.

This report is not, and should not be, construed as an offer or solicitation of an offer to buy or sell any product or any offer or solicitation of an offer, offer or solicitation of any offer or solicitation of an offer, and not for the benefit of any individual or entity, including Techcombank and / or its affiliates and subsidiaries. Customers are advised to consider the information provided in the report as a source of reference information and the Customer should use professional counseling services when making business and investment decisions. Techcombank, the author of the report, leaders and / or employees of Techcombank shall not be held liable to any person or entity for any report relating to this report.

If the customer has any comments, questions or concerns about the information mentioned in the report please contact us at the following contact information:

Economic and Financial Market Analysis
Finance and Planning Division
TECHCOMBANK
Floor 5, No. 6 Quang Trung, Tran Hung Dao Ward, Hoan Kiem District, Hanoi
Tckh.ptkt@techcombank.com.vn