Monthly Updates on Macroeconomics and Financial Market

Hanoi, May 2024

Prepared by Economic and Financial Market Analysis Team

BE GREATER

The need to closely monitor Vietnam’s growth outlook amidst the cooling state of the US economy and the weak resurgence of the EU

Section 1

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Executive Summary

Global Economy:

- *The International Monetary Fund (IMF) has upwardly revised 2024 global output growth to 3.2% from 3.1% (in the January 2024 report), marking the second consecutive revision and the highest growth projection since January 2023.*
- *We reaffirm our view that the US economy would experience a period of cooling off until 3Q2024, followed by a recovery. Private goods consumption has declined for the first time since 3Q2022 Both the manufacturing and services PMIs stay in the sub-50 territory simultaneously. We have seen some cracks in US labour market and expect them to continue.*
- *We maintain our stance that the Fed would refrain from implementing early rate cuts and would wait until the September meeting, considering the recent inflation data.*
- *The EU exhibited unexpected growth of 0.3% in 1Q2024, indicating indications of a gradual improvement in its economic activity. The recovery of the EU economy appears to be weak, primarily due to the absence of any signs of improvement in the manufacturing sector.*
- *We believe the European Central Bank (ECB) would commence its rate cut(s) in June, given the weak improvement in economic activity and recent disinflation development.*

Vietnamese Economy:

- *Amidst a cooling US economy and EU's weak resurgence, Vietnam's trade activities exhibit a modest growth outlook with the 4M24 export activities demonstrating slower growth.*
- *The industrial production has exhibited slight positive growth in April, while Foreign Direct Investment (FDI) has demonstrated consecutive growth in 4M24 and holds substantial potential for the future.*
- *The development investment disbursement has continued its growth in 4M2024, but it experienced a slowdown in April.*
- *Domestic retail sales continue to show a mild recovery, with expectations of further growth in consumer demand in the upcoming days.*
- *Inflation is expected to maintain within the range of 3.8% to 4.2% throughout 2024.*
- *We maintain the viewpoint that the VND might face depreciation pressures until 3Q2024 but could cool down towards the end of the year. The State Bank of Vietnam (SBV) is expected to continue utilising notes issuance and OMO tools to lower negative swap rates and stabilise interbank liquidity.*
- *Deposit rates have displayed slight increases, and they are expected to be closely monitored, given the ongoing imperative to sustain economic development.*

Section 2

Global Economy

In the latest World Economic Outlook report, IMF has upwardly revised its forecasts for the second time in a row, reaffirming its outlook on the global economic resilience. There are more evidences supporting our previous expectations for a slow yet resilient US economy and a gradual rebound in EU's economic activities in 2024.

The IMF estimated that the global economy would grow by 3.2% in 2023, 2024, and 2025

In its latest report, the International Monetary Fund (IMF) has upwardly revised 2024 global output growth to 3.2% from 3.1% (in the January 2024 report), marking the second consecutive revision and the highest growth projection since January 2023. This slight adjustment could be attributed to the carryover effect of US economy's unexpectedly strong performance in the past quarters. In comparison to the January 2024 report, the forecast for US output growth in 2024 has been revised upwardly by 0.6 percentage points. Furthermore, when compared to the October 2023 report, the revision amounts to an increase of 1.2 percentage points.

The IMF expects that the oil price would ease throughout 2024

Besides, the growth forecast is also influenced by expectations of a gradual decline in both headline and core inflation rates. This projection is based on strong assumptions that commodity prices would ease throughout the year. Despite geopolitical tensions emerging worldwide, the IMF predicts a 2.5% decrease in oil prices, primarily due to the abundant supply from non-OPEC+ members like the US and Brazil.

An unexpected surge in labour supply could explain why the recent effects of monetary policy diverge significantly from past economic cycles

The IMF has made another noteworthy discovery, highlighting the role played by a surprisingly robust labour force supply following the COVID-19 pandemic in bolstering global economic resilience and disinflation. The unexpectedly substantial influx of immigrants into advanced economies has contributed to this phenomenon. It is plausible that this influx has helped sustain economic growth in the US and EU, even in the face of elevated interest rates.

Figure 1: Output growth forecast by IMF

(in each report, %)

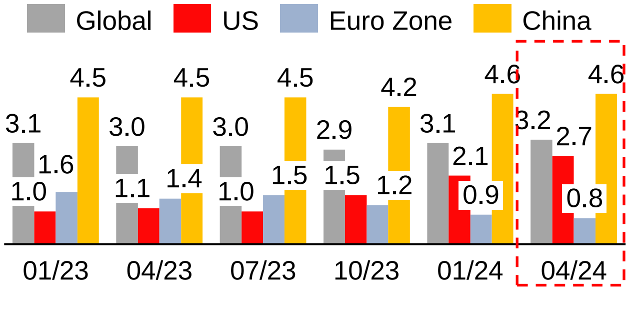
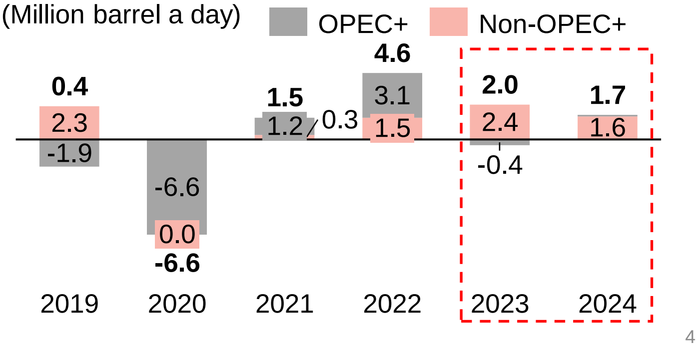


Figure 2: Oil supply changes estimated by IMF

(Million barrel a day)



Source: IMF

Section 2

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Global Economy *(Cont.)*

We reaffirm our view that the US economy would experience a period of cooling off until 3Q2024, followed by a recovery

We reaffirm our view that the US economy would experience a period of cooling off until 3Q2024 before picking up again, as mentioned in our previous monthly report ([Report link]()). The recent 1.6% seasonally adjusted (SA) annualised quarter-over-quarter (QoQ) GDP growth rate in 1Q2024 serves as an initial indication supporting the aforementioned notion. This figure is significantly lower than the economists' expectations (2.5%) and represents the lowest growth rate since 2Q2022. Particularly, private goods consumption has declined for the first time since 3Q2022, suggesting some signs of an impact of the high interest rate on goods demand.

Surprisingly, ISM service PMI has fallen below 50 for the first time since December 2022

Moreover, on the business side, the recent decline in the ISM Manufacturing Purchasing Manager Index (PMI) to 49.2 in April reinforces the fragile nature of the sector's recovery. It is worth noting that just a month ago, US manufacturing had witnessed its first increase in 16 months. The drop in the PMI indicates a stall in the sector, primarily driven by reduced demand for new orders in key consumer goods segments like textiles, food, and beverages. Surprisingly, the services sector also experienced a contraction in April, with its ISM PMI falling into sub-50 territory for the first time since December 2022. It is relatively rare for both the manufacturing and services PMIs to be below 50 simultaneously, with notable instances including the early 2000s recession (from May 2001 to January 2002), the Great Recession (from February 2008 to July 2009), the COVID-19 period (from April to May 2020), December 2022, and the present.

Figure 3: US GDP growth forecast by Bloomberg

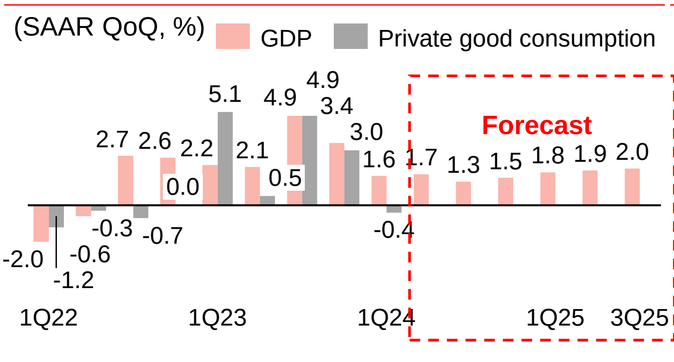
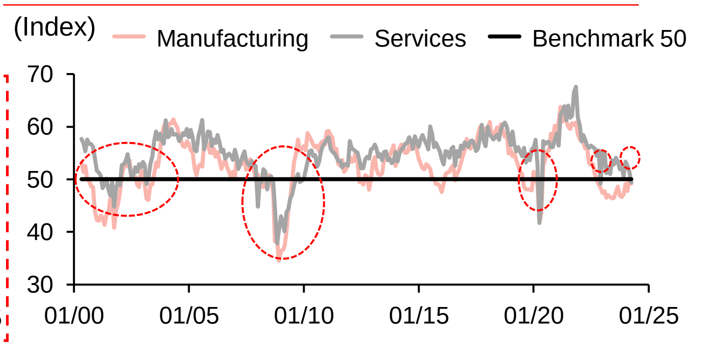


Figure 4: ISM Purchasing Manager Index



As highlighted by the Chairman of the Federal Reserve (Fed), an unforeseen deterioration in the labour market could potentially prompt the Fed to implement rate cuts earlier than anticipated. Consequently, there is a growing emphasis on comprehending the current state of the labour market and its resilience despite the prevailing high interest rates

Sources: Bloomberg, BLS, Refinitiv, Morgan Stanley, IMF, Fed

Global Economy *(Cont.)*

as the IMF, Morgan Stanley, and even the Fed have highlighted this matter in their reports and meetings. Thus, we would like to delve deeper into the subject to gain a more comprehensive understanding.

The revision for projected US immigration rate in 2024 indicates an estimate of nearly threefold compared to the initial forecast

The concept primarily stems from the abnormal influx of immigrants into advanced economies following COVID-19 pandemic, which has fueled up the economy through increased spending and labour contributions. We examined the average number of approved visas in the United States annually, comparing it to the average for the period from 2017 to 2019. The analysis revealed a 15% increase in 2022 and a 25% increase in 2023. Another measurement is the immigration rate, which also depicts a similar picture. In 2023, the US Congressional Budget Office (CBO) projected an immigration rate of 3.6 per 1,000 people in the US population for 2024. However, the CBO has recently revised this estimation to 9.6, nearly tripling the original projection.

Figure 5: US labour participation rate

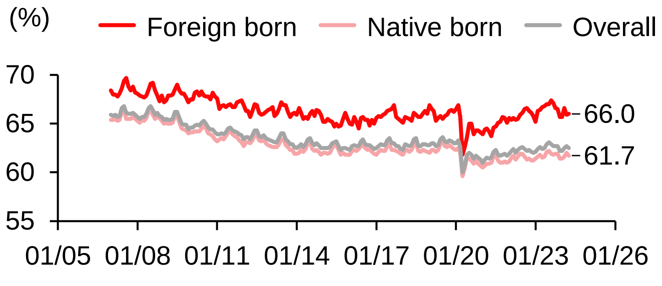
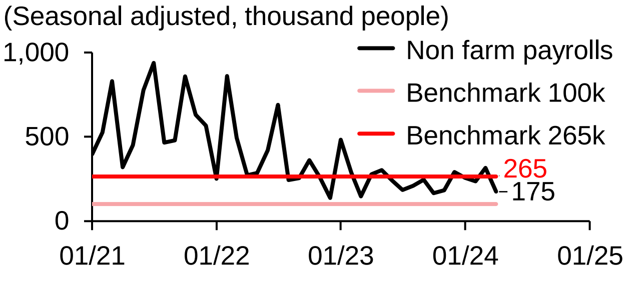


Figure 6: US monthly non farm payrolls



Historically, the participation rate of foreign-born labour has consistently exceeded that of the native-born population

Ironically, foreign-born workers have exhibited a higher level of dedication compared to native-born individuals, as evidenced by their consistently higher labour force participation rate. This abnormal supply of labour has led many economists to probably misinterpret the US non-farm payroll data over the past 2 years. According to Morgan Stanley, the breakeven point for the non-farm payroll, which would maintain the unemployment rate, is supposedly at 265,000, higher than the previous expectation of approximately 100,000. Consequently, the average non-farm payroll figure of 314,000 in 2022-2023 appears more reasonable in light of this abnormal labour supply. As a result of this atypical labour situation, it is crucial to closely monitor the US labour market, as we have seen some cracks in this market and expect them to continue. Job demand has displayed some signs of decline, as the number of job openings in March reached its lowest for in over three years. The recent figure of 175,000 non-farm payrolls, coupled with a slightly higher unemployment rate, paints a gloomier outlook for the US labour market in the coming time.

We expect the US labour market to cool off in the coming time

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

Global Economy *(Cont.)*

The Fed surprisingly introduced a more dovish stance in May's meeting

Evidently, the Fed is aware of the labour market situation, as in the March meeting they expressed an expectation that the unemployment rate could rise to 4.1% by the end of this year, representing the upper bound of their central tendency projection. Given the first three unpleasant inflation readings so far this year, it is quite surprising for us to see a more dovish act from the Fed as they decided to reduce the speed of its quantitative tightening programme starting this month.

We maintain our stance that the Fed would refrain from implementing early rate cuts and would wait until the September meeting, considering the recent inflation data

Although the labour market findings paint a bleak future for the US economy, we maintain our stance that the Fed would not initiate an early rate cut, at least not until the September meeting. If we exclude the net export-import contribution from the GDP calculation, the US economy still exhibited a growth rate of approximately 2.45% in 1Q2024. This growth rate is relatively healthy for an advanced economy, particularly considering that the latest unemployment rate remains below 4%. As inflation data would be the heart of interest rate decisions, we expect a very "bumpy" road for inflation towards the 2% target. In March, we observed fading disinflation in consumption goods such as food and apparel, while the growth rate of new tenant rent costs continued to fall. Yet, disinflation for all tenant rent indexes paused in 1Q2024, and there are substantial lags between them, as said by Chair Powell. Notably, services inflation, excluding rent of shelter, experienced a robust increase in March, reflecting the persistently tight labour market.

Figure 7: US YoY monthly inflation rate

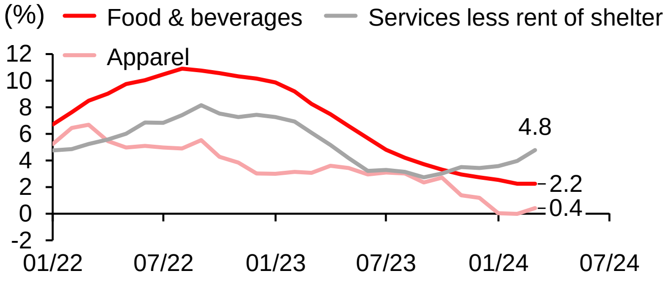
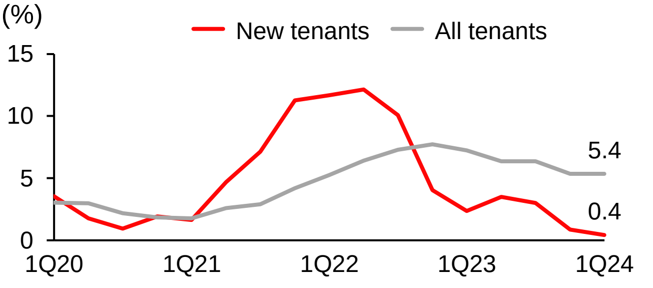


Figure 8: US YoY inflation rate for rents



The EU exhibited unexpected growth of 0.3% in 1Q2024, indicating indications of a gradual improvement in its economic activity

Eurozone (EU) encountered a technical recession in 2H2023, as evidenced by the recent downward revision of GDP growth rate for the last quarter of 2023 to -0.1%. However, as highlighted in our last monthly report, the expected gradual recovery of the EU economy has been seen. Surprisingly, in 1Q2024, GDP recorded unexpected growth of 0.3%, surpassing the projected rate of 0.1% and representing the highest observed since 3Q2022.

Sources: Bloomberg, BLS, Refinitiv, Fed, ECB, Eurostat

Global Economy *(Cont.)*

The recovery of the EU economy appears to be weak, primarily due to the absence of any signs of improvement in the manufacturing sector

Germany, France, and Italy obtained a faster growth rate compared to the previous quarter, while Spain continued its impressive growth momentum. German government, the largest economy in the bloc, made a slight upward revision to its GDP forecast for 2024. Business activity also grew strongly, driven by services sector. The composite PMI in April reaching its highest level in 11 months; however, the manufacturing sector sector exhibited continued contraction, with the PMI showing a persistent downward trend since the beginning of the year. This leads us to anticipate a weak and gradual economic recovery throughout the year.

We believe the ECB would commence its rate cut(s) in June

Considering the aforementioned limited improvement in economic activity, our base case scenario remains that the European Central Bank (ECB) would commence rate cuts in June. The prevailing disinflation trend in food, services, and core inflation, in the context of low headline inflation at at 2.4% in April, further supports this stance. The market is currently pricing a reduction of the ECB's policy rate by 72 basis points (bps), equivalent to approximately 3 rate cuts in 2024. The probability of a rate cut in June stands at 93.4%.

Figure 9: EU PMI

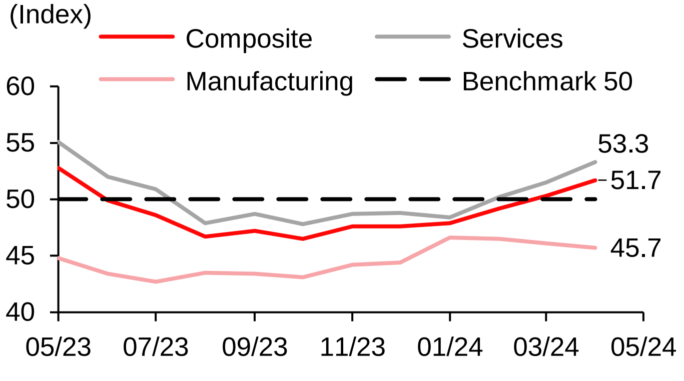
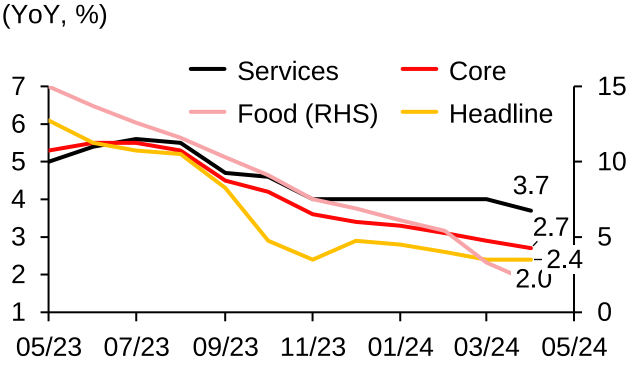


Figure 10: EU inflation



To sum up, our base-case scenario remains unchanged from the last month's report. The global economy is expected to experience a low, moderate growth rate, primarily driven by the slow but resilient performance of US economy and the gradual improvement of the EU economy. Based on the contrasting trends in recent inflation patterns, we expect the ECB to implement rate cuts in June, while the Fed is not expected to do so until September. Consequently, we anticipate the USD to maintain its strong position until 3Q2024.

Sources: Bloomberg, Refinitiv, Eurostat, Trading economic

Section 3

Vietnamese Economy

Amidst a cooling US economy and EU's weak resurgence, Vietnam's trade activities exhibit a modest growth outlook. The industrial production and domestic retail sales indicate a mild recovery, while public investment disbursement has slowed down. Deposit rates have displayed slight increases, and they are expected to be closely monitored, given the ongoing imperative to sustain economic development.

Vietnam's 4M24 export activities demonstrated slower growth

Exports in April experienced a slight decline of 8.6% compared to March. This decline aligns with the typical seasonal pattern observed in previous years, where April tends to exhibit lower export values than March. Nevertheless, Vietnam's export growth rate in April (+10.6% YoY) was lower than that of March (+13.6%). This deceleration could be attributed to declines in Iron & Steel exports (-20.2% YoY) and Transport vehicles & spare parts (-6.6% YoY). Concerns also may arise regarding stronger export growth for 2024, as the US economy is anticipated to cool down and the EU economy is projected to exhibit a weak recovery, which could potentially impact Vietnam's exports.

Imports have sustained a robust growth momentum during the first four months of 2024 (4M24). The domestic economic sectors have exhibited a favorable recovery trend, marked by an increase of 20.8% YoY. This growth rate surpasses that of the FDI sector, which recorded a 13.1% YoY increase. This discrepancy partially indicates that domestic businesses are proactively accumulating their input materials to enhance their production capacity, thereby catering to the forthcoming consumer demands. Taking into account the aforementioned elements and considering the resilient but cooling US economy alongside EU's weak resurgence, Vietnam's trade engagements hold the potential for a modest outlook.

Figure 11: Export and import in 4M

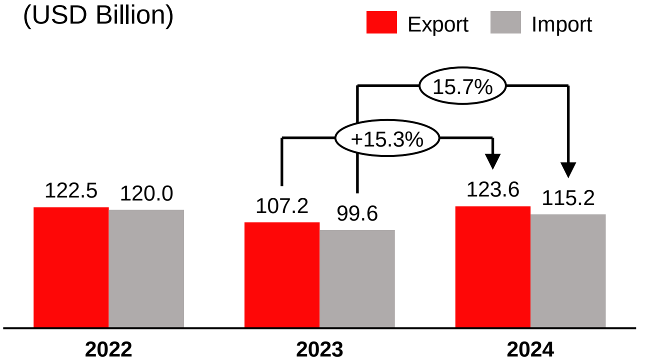
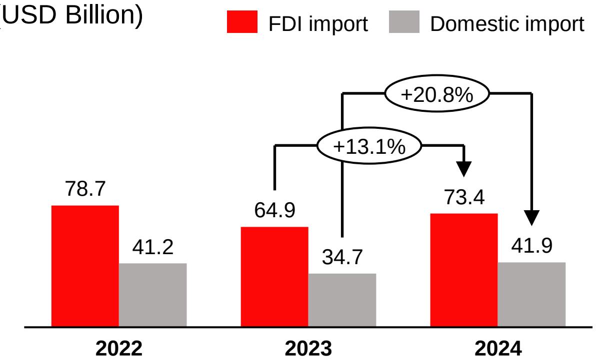


Figure 12: FDI and domestic import in 4M



Sources: General Statistics Office (GSO), Vietnam Customs

Section 3

Vietnamese Economy *(Cont.)*

Vietnam's production has exhibited slight positive growth in April

The manufacturing sector has displayed a notable recovery during the first four months, as indicated by key indicators such as the Manufacturing PMI, Index of Industrial Production (IIP), and Labour Employed of Industrial Enterprise index (LEI). Firstly, the manufacturing PMI surpassed the threshold of 50 points, reaching 50.3 in April, signifying an improvement compared to the previous month. S&P Global reports a substantial increase in new orders, suggesting a noteworthy enhancement in global market demand. Surveyed participants express confidence in successfully attracting new customers. Furthermore, there has been a reduction in finished goods inventories, highlighting the necessity for raw materials to meet the rising volume of new orders. Secondly, the 4M2024 IIP has experienced a recovery of 6% YoY, surpassing the 3M2024 performance and indicating a gradual upturn of the Vietnamese manufacturing market. Lastly, it is notable that the LEI of industrial enterprise has grown by 3.4% YoY (normal growth ranging from 0.1% to 1.1% in the last 17 months), marking their need to expand output. Collectively, these factors indicate the manufacturers' slightly more optimistic outlook towards future consumer demand.

Figure 13: Vietnam's Manufacturing PMI

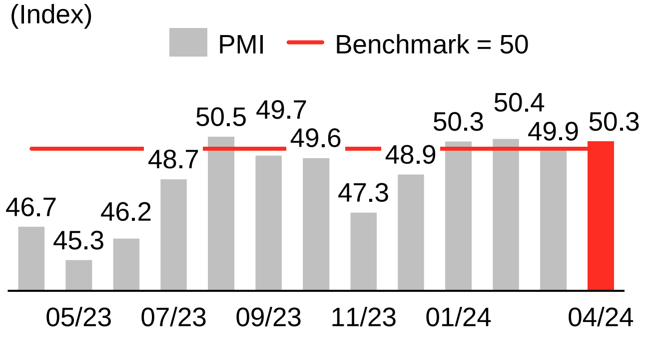
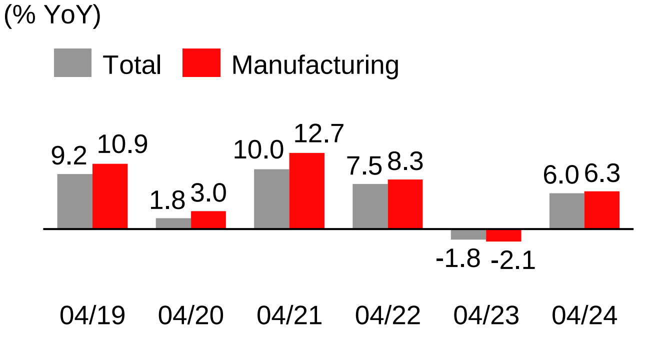


Figure 14: Vietnam's YTD IIP



Foreign Direct Investment (FDI) in Vietnam has demonstrated consecutive growth in 4M24 and holds substantial potential for the future

During the first four months of 2024, registered FDI surged to USD 8.3 billion (+45% YoY), primarily attributable to robust progress in the manufacturing and processing sector (+34% YoY) as well as the real estate industry (+273% YoY). Singapore, Taiwan, China, and Japan stand out as the dominant sources of FDI capital, with numerous enterprises engaging in energy, component manufacturing, and electronic products. Vietnam's flexible government policies and the ramifications of trade tensions between the United States and China present favorable conditions for attracting further FDI.

Sources: GSO, S&P Global, FIA

Vietnamese Economy *(Cont.)*

Firstly, regarding recent policies that directly promote FDI, Decree 10/2024/NĐ-CP on land lease incentives in high-tech zones serves as a significant incentive, particularly in attracting foreign companies with advanced technologies to Vietnam. Secondly, the Government's recent focus on infrastructure investment, particularly in the transportation sector, indirectly enhances the business environment for foreign investors. Thirdly, diplomatic efforts in foreign policy, including official visits by Prime Minister Pham Minh Chinh to major powers like the United States and China in late 2023 and early 2024, have contributed to bolstering diplomatic and economic ties for Vietnam, thereby fostering investment attraction. Fourthly, the prevailing context of US and EU considering additional tariffs on Chinese-originated goods creates further opportunities for foreign investments in Vietnam. Specifically, the US and EU are contemplating import tariffs on steel and electric vehicles from China to safeguard their national interests and domestic industries. Consequently, Vietnam stands poised to seize additional investment opportunities, as foreign capital might divert away from China to avoid export tariffs. Based on these factors, we observe that Vietnam is currently a destination for many foreign investors, especially with the recent presence of major companies such as NVIDIA, Trina Solar, and Hana Micron. Therefore, we believe that Vietnam still has significant room for FDI growth in the future.

Figure 15: FDI registration and disbursement in 4-months

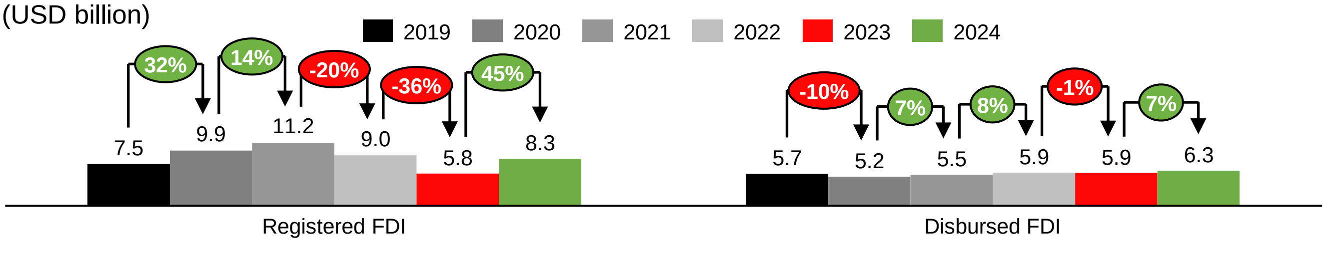


Figure 16: Registered FDI by sectors

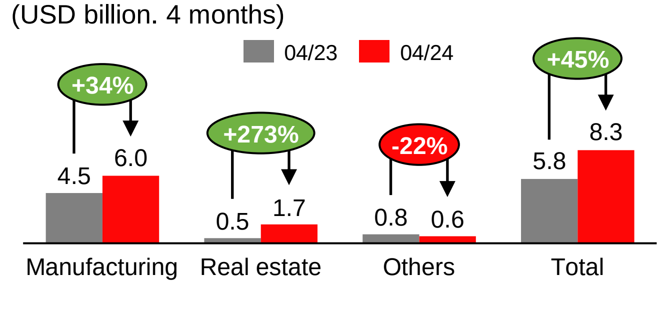
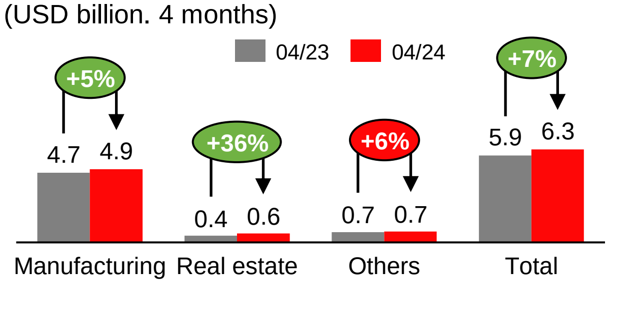


Figure 17: Disbursed FDI by sectors



Sources: GSO, MPI

Vietnamese Economy *(Cont.)*

The development investment disbursement has continued its growth in 4M2024, but it experienced a slowdown in April

Despite a slight increase in Government expenditure during 4M2024, the disbursement of development investments in April exhibited signs of decline in comparison to the robust performance recorded in 1Q2023. The Ministry of Transport attributes this slowdown to various projects, such as the North-South expressway phase 2021-2025, the Bien Hoa - Vung Tau project, and the Khanh Hoa - Buon Ma Thuot project, which encountered technical infrastructure issues and land use conversion (exploitation of mines for construction materials). We will maintain a close observation of the progress in the disbursement of public investments and the Government's expenditure in Vietnam as they remain a crucial catalyst influencing the country's economic growth throughout this year.

Figure 18: 4-month State budget components

(VND trillion)

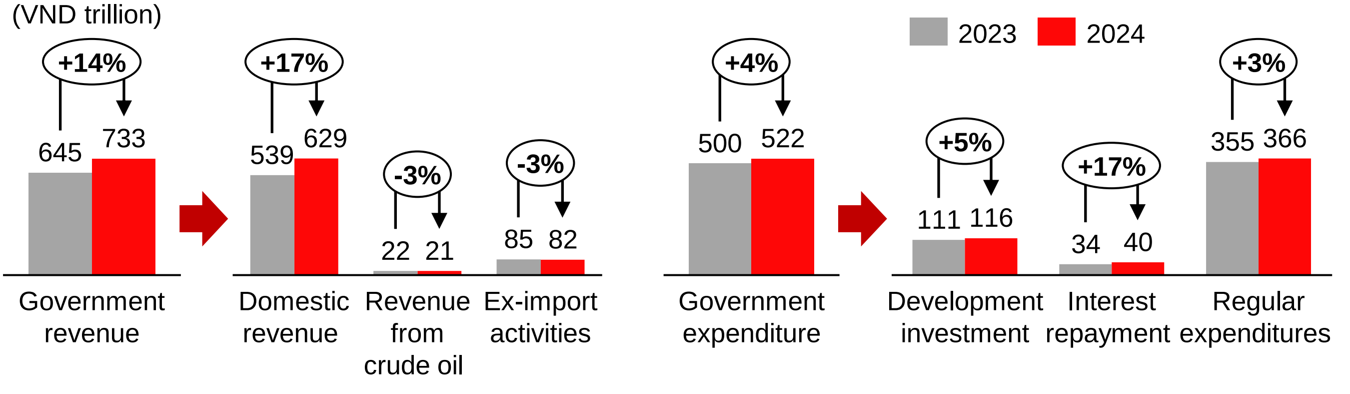
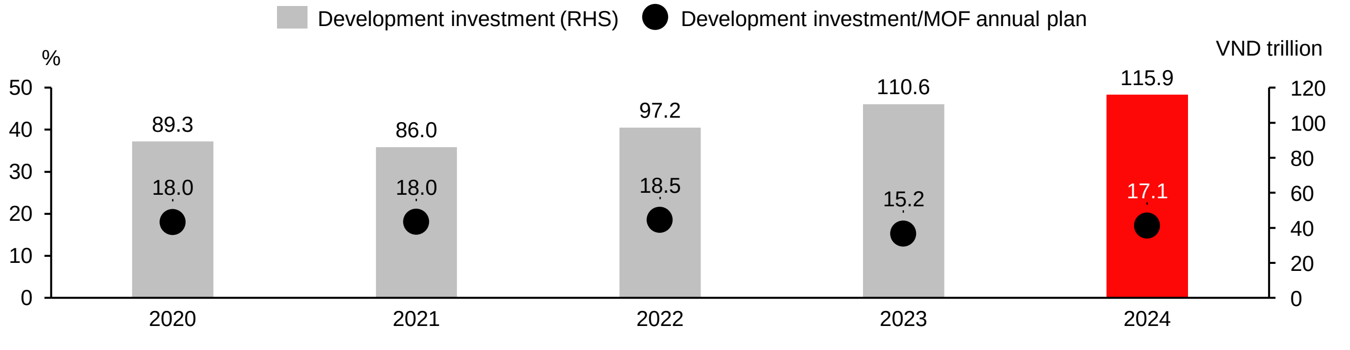


Figure 19: 4M24 MOF's estimated development investment disbursement versus its annual plan

(%, VND trillion)



Domestic retail sales continue to show a mild recovery, with expectations of further growth in consumer demand in the upcoming time

The ongoing slight recovery of domestic demand in 4M24 is evident from the 8.5% increase in retail sales of goods and services, primarily driven by the tourism and accommodation sector. Vietnam has been experiencing impressive growth in international tourist arrivals, surpassing the figures from 2019 by 4%. Additionally, domestic tourism has shown a modest growth of 7% YoY in 4M24, representing a substantial 59% increase compared to the pre-COVID-19 period.

Sources: GSO, MOF

Section 3

Vietnamese Economy *(Cont.)*

We hold a positive outlook on opportunities for consumer demand growth in 2024. Firstly, the job market is exhibiting signs of recovery, with increased employment opportunities in the manufacturing sector. Secondly, the upcoming wage reform policy, effective from July 2024, is expected to further stimulate consumer demand. Thirdly, the Government's proposal to extend the 2% reduction in value-added tax (VAT) is currently under consideration. Lastly, a continued rebound in international tourist arrivals to Vietnam is anticipated, owing to Government initiatives aimed at fostering tourism, such as (1) plans and negotiations for visa exemptions with 113 countries and (2) the implementation of the Prime Minister's Directive 08/CT-TTg focusing on comprehensive tourism development.

Figure 20: Retail sales of goods and services

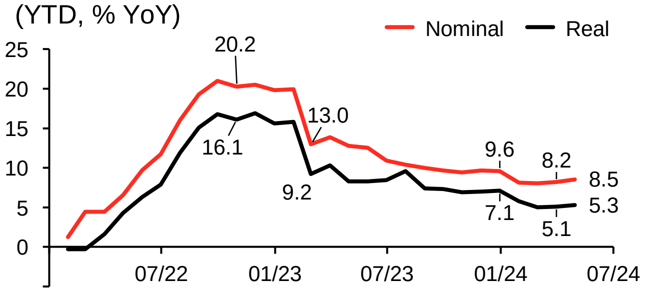


Figure 21: Retail sales YTD growth by segments

Inflation is expected to maintain within the range of 3.8% to 4.2% throughout 2024

In April, the growth of Consumer Price Index (CPI) reached 4.4% YoY. However, this figure does not elicit significant concern for several reasons. Firstly, the average CPI growth rate of 4M24 stood at 3.92%, which remains below the target range of 4%-4.5% approved by the National Assembly. Secondly, it is influenced by the low base effect when compared to the corresponding period of the previous year (April 2023 CPI only rose by 2.8% YoY). Thirdly, the CPI only experienced a marginal increase of 0.07% in relation to March, primarily driven by fuel prices.

Inflation is anticipated to encounter some impacts. Firstly, the implementation of the wage reform program in the public sector, along with the potential approval of the proposal to extend VAT, is likely to stimulate consumer demand and contribute to increased inflationary pressures. Additionally, the revival of economic activity is expected to further intensify these inflationary pressures. Furthermore, the forthcoming months may see a greater impact of electricity prices on inflation, given the higher temperatures experienced during the summer of 2024 compared to previous years, along with changes in the frequency of electricity price adjustments.

Sources: GSO, NCHMF

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Vietnamese Economy *(Cont.)*

Figure 22: MoM CPI component contribution

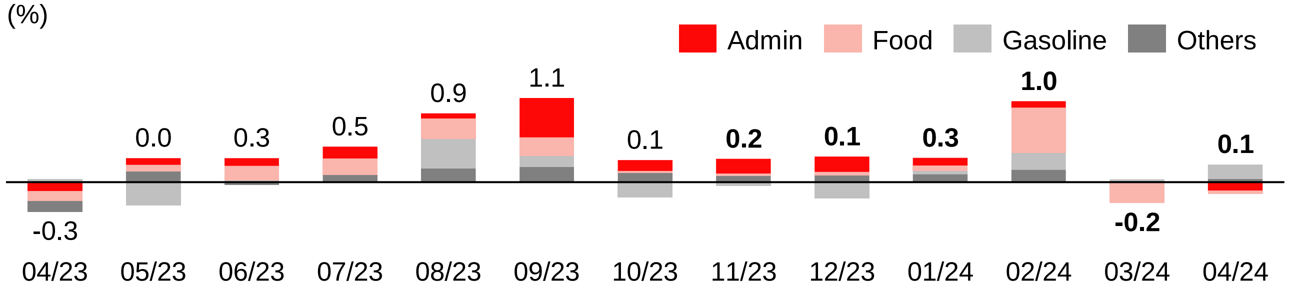


Figure 23: CPI YoY growth

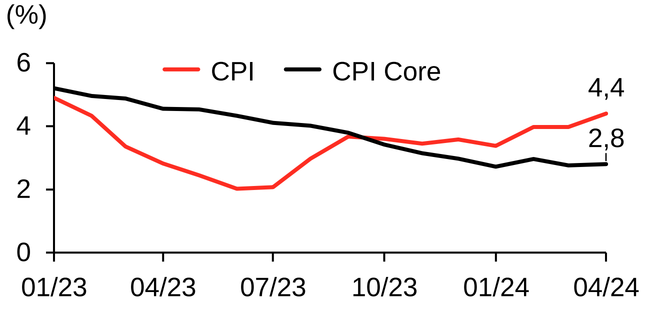
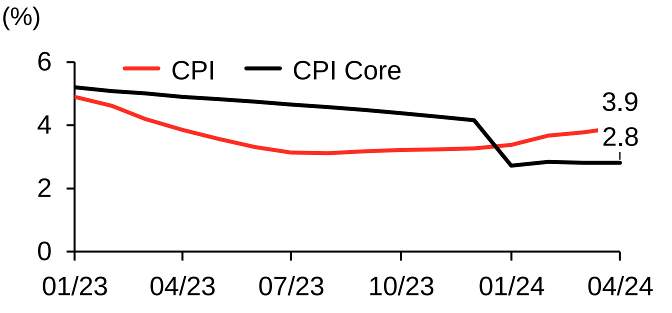


Figure 24: CPI average YoY growth



In addition, despite the International Monetary Fund's projections of stable oil prices for the current year, geopolitical risks and supply intervention actions by OPEC+ shall impact oil price, exerting pressure on inflation in the upcoming months. However, considering the Government's expertise in managing admin prices, we anticipated that inflation would remain within a stable range of 3.8% to 4.2% for 2024.

We maintain the viewpoint that the VND might face depreciation pressures until 3Q2024 but could cool down towards the end of the year

In April, the USDVND exchange rate ascended to 25,450, marking a 4.6% YTD depreciation of VND predominantly influenced by external factors. Firstly, the strengthening of the DXY index from 102 to 105 played a role. Secondly, the disparity between USD and VND interbank interest rates contributes to the exertion of pressure on the USDVND exchange rate, as customers have showed a preference for acquiring forward foreign currencies. In response, the State Bank of Vietnam (SBV) has implemented diverse measures aimed at fostering stability in the exchange rate. Firstly, the SBV has tightened liquidity through issuing notes to elevate VND interbank interest rates within the range of 4-5% for a specified duration, thereby curtailing the forward foreign currencies' demand. Secondly, commencing from April 19th, 2024, the SBV announced its ready-to-sell USD (spot) to banks at the rate of 25,450, catering to the essential demands for foreign currency within the economy.

Sources: GSO, Reuters

TECHCOMBANK

Vietnamese Economy *(Cont.)*

The exchange rate is expected to face continued pressure until 3Q2024. Firstly, the DXY index is forecasted to remain resilient until September with the Fed's projected interest rate cuts. Secondly, the middle of the year is an import-intensive period as well as the time when FDI enterprises repatriate profits, which could potentially add further pressure to the VND currency. Nevertheless, in the last months of 2024, the USDVND exchange rate is expected to experience lower tension due to three factors: (1) the anticipated decline of the DXY index, (2) foreign currency inflows from remittances and FDI.

Figure 25: DXY and USDVND exchange rate

(VND, index)

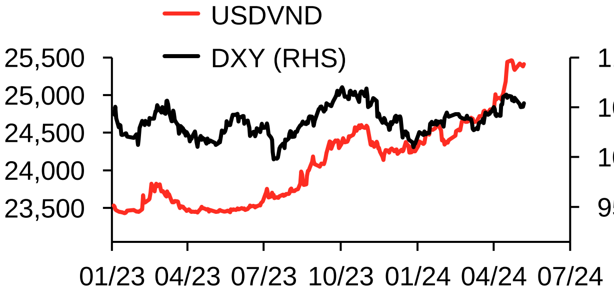
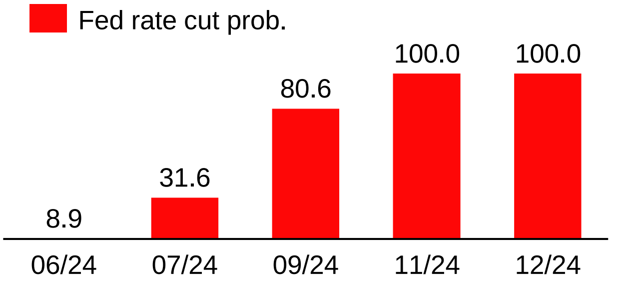


Figure 26: CME Fed rate cut probability

(Index)



The SBV is expected to continue utilising notes issuance and OMO tools to lower negative swap rates and stabilise interbank liquidity

The SBV maintains a significantly elevated stance by progressively issuing notes with increasing rates, ranging from 2.4% to 3.75% in April, in order to foster exchange rate stability. Notably, 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, signifying the SBV's intent to regulate the suitable level of liquidity. This focus on supporting exchange rate stability is particularly relevant during a period characterised by heightened import demand in Vietnam. We believe that the SBV would continue employing OMO tools to reduce negative swap rates and maintain stability of banking system liquidity.

Figure 24: G18* 6M deposit rate & interbank rate

(%)

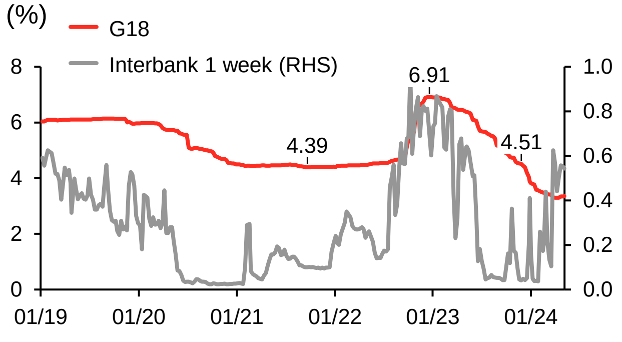
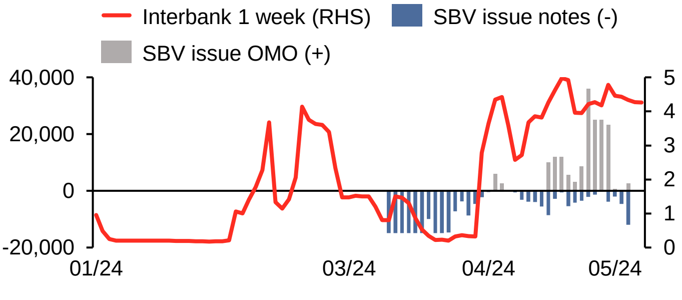


Figure 24: Interbank rate, Notes & OMO issuance

(%, VND trillion)



Sources: GSO, Reuters, CME

Section 3

TECHCOMBANK

Vietnamese Economy *(Cont.)*

Deposit interest rates are facing growing pressure, but a moderate pace of rate increases is anticipated to be maintained to support economic development

Notably, prominent banks such as Vietinbank and ACB have shown slight increases in deposit interest rates for short-term maturity periods ranging from 1 month to 12 months. This suggests that the scarcity of short-term liquidity within the interbank market may have influenced deposit interest rates to some extent. As the second half of 2024 unfolds, the intensifying anticipation of economic recovery may serve as a catalyst for a further upsurge in deposit interest rates. Thus, it is contended that deposit rates would need to be closely monitored, given the ongoing imperative to sustain economic development.

Sources: GSO, TCB Market Analysis

Section 4

TECHCOMBANK

Appendix

Updates on macroeconomics and financial market in the world

Indicators	Country	Unit	2023	2023								2024			
				05	06	07	08	09	10	11	12	01	02	03	04
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*		4.05	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	6.10	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*		0.20	0.00	-0.30	0.10	0.00	-0.20	-0.50	-0.30	-0.8	0.7	0.1	
	Japan	*%, YoY, Monthly*		3.20	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	5.25	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	103.01	103.08	101.40	103.10	105.28	106.35	104.49	102.69	102.95	104.1	103.7	105.41
USDCNY		*Index. Monthly Average*	7.08	6.99	7.16	7.19	7.25	7.30	7.31	7.22	7.15	7.17	7.19	7.20	7.24
10Y UST Yields		*%. Monthly Average*	3.96	3.57	3.75	3.89	4.17	4.38	4.80	4.51	4.05	4.05	4.23	4.21	4.51
WTI Oil price		*USD/barrel. Monthly Average*	77.66	71.62	70.27	76.03	81.32	89.43	85.47	77.38	72.06	73.86	76.61	80.4	84.4

Updates on macroeconomics and financial market in Vietnam

Indicators	Unit	2023	2023								2024			
			05	06	07	08	09	10	11	12	01	02	03	04
Real GDP growth	*%, Quarterly, YoY*	**5.05**		4.14			5.33			6.72			5.66	
IIP	*%, Monthly, YoY*	**1.50**	0.48	1.75	3.69	2.62	2.89	4.38	5.79	5.76	18.86	-6.81	4.13	6.30
Headline CPI	*%, Monthly, YoY*	**3.25**	2.43	2.00	2.06	2.96	3.66	3.59	3.45	3.58	3.37	3.98	3.97	4.40
Retail sales growth	*%, Monthly, YoY*	**9.60**	11.5	6.5	7.1	7.6	7.5	7.0	10.1	9.3	8.1	8.5	9.2	9.0
Registered FDI	*USD billion, Monthly*	**28.10**	1.80	1.90	2.70	1.30	2.00	5.20	2.30	5.20	2.2	1.8	1.7	2.6
Disbursed FDI	*USD billion, Monthly*	**23.20**	1.70	2.50	1.60	1.50	2.80	2.10	2.30	2.90	1.5	1.3	1.8	1.7
Trade exports	*USD billion, Monthly*	**355.5**	28.10	29.50	30.70	32.70	30.80	32.50	31.20	32.1	34.5	24.7	33.7	30.8*
Trade imports	*USD billion, Monthly*	**327.5**	26.00	26.30	27.10	29.30	29.10	29.50	29.90	29.6	30.9	23.3	30.9	30.2*
Trade balance	*USD billion, Monthly*	**28.00**	2.10	3.20	3.60	3.40	1.70	2.90	1.30	2.40	3.6	1.4	2.8	0.6*
Deposit growth	*%, YTD*	**10.85**	2.69	4.67	3.83	4.86	6.76	7.09	8.88	13.20	-1.29			
Credit growth	*%, YTD*	**13.50**	3.30	4.70	4.50	5.33	6.20	7.10	9.15	13.78	-0.68			
10Y Government bond yields	*%, Monthly Average*	**3.07**	3.10	2.80	2.60	2.50	2.60	2.90	2.56	2.26	2.25	2.32	2.50	2.78
1W Interbank rate	*%, Monthly Average*	**2.60**	4.70	2.20	0.60	0.40	0.40	1.37	0.71	0.82	0.43	2.53	1.32	4.20
6M Deposit rate**	*%, Monthly Average*	**-3.04**	6.30	5.90	5.60	5.20	4.90	4.70	4.54	4.19	3.70	3.40	3.37	3.31
USDVND	*Monthly Average*	**23,847**	23,464	23,515	23,670	23,882	24,246	24,488	24,321	24,283	24,476	24,520	24,724	25,153

Updated full-year forecasts for Vietnam

Indicators	Unit	2023								2024				Forecast
		05	06	07	08	09	10	11	12	01	02	03	04	2024
Real GDP growth	*%*		4.14			5.33			6.72			5.66		6.00
Headline CPI	*%, YoY. Average*	2.43	2.00	2.06	2.96	3.66	3.59	3.45	3.58	3.37	3.98	3.97	4.40	4.10
Deposit growth	*%, YTD*	2.69	4.67	3.83	4.86	6.76	7.09	8.88	13.20	-1.29				12.20
Credit growth	*%, YTD*	3.30	4.70	4.50	5.33	6.20	7.10	9.15	13.78	-0.68				14.00
USDVND	*Average*	23,464	23,515	23,670	23,882	24,246	24,488	24,321	24,283	24,476	24,520	24,724	25,153	25,054
10Y Government bond yields	*%, 10Y, Average*	3.10	2.80	2.60	2.50	2.60	2.90	2.56	2.26	2.25	2.32	2.50	2.78	2.60
1W Interbank rate	*%, Average*	4.70	2.20	0.60	0.40	0.40	1.37	0.71	0.82	0.43	2.53	1.32	4.20	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 15 days). Previous data updated by Customs

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