Vietnam Economic Update

November 10th, 2023

The National Assembly sets target of 6-6.5% GDP growth in 2024

A clearer recovery of the economy in Oct 2023

Public investment of 10M2023 is estimated to reach 65.8% of the target and increase by 22.6%YoY

Investment capital disbursed from State budget in Oct 2023 was at VND 65.7 trillion, increased by 5.8%MoM and 20.7%YoY. For 10M2023, total public investment was around VND 479.3 trillion, equal to 65.8% of the target and up 22.6%YoY, of which, the South recorded a strong growth such as HCMC (+55%), Binh Duong (+99%), Ba Ria Vung Tau (+42.4%), Dong Nai (+26.5%)… With efforts to promote public investment in the last months of the year, it is likely that Vietnam will complete from 85-90% annual plan to promote GDP growth by 1.3-1.7%, thereby achieving the GDP growth target of over 5% in 2023.

Accumulative registered FDI by Oct 2023 rose 14.7%, of which newly registered capital grew strongly by 54%YoY

In 10M2023, there were 2,608 newly licensed projects (+66%YoY) with a total registered capital of USD 15.29 billion (+54%YoY), of which the manufacturing industry accounted for nearly 87%. Including newly registered capital, adjusted registered capital and value of capital contributions and share purchases, total registered FDI of 10M2023 reached USD 25.76 billion (+14.7%YoY) and disbursed FDI reached USD 18 billion (+2.4%YoY), the highest disbursement of 10-month in the past 5 years.

Consumption maintained upward momentum, retail sale of 10M2023 increased by 9.4%YoY

Retail sale of goods and services continued rising in October 2023 to reach VND 536.3 trillion (+1.5%MoM and +7%YoY). For 10M2023, total retail sale of goods and services at current prices was at VND 5,105.4 trillion (+9.4%YoY), of which revenue from accommodation and food services increased by 15%, travel tourism revenue increased by 47.6%. International visitors to Vietnam also increased and reached nearly 10 million, equivalent to 69% the same period in 2019 (the year before COVID-19 pandemic).

Import - export turnover is recovering and recorded a smaller decrease in 10M2203 at 9.6%YoY (lower than 11%YoY decrease of 9M2023)

Total import-export turnover of goods in 10M2023 reached USD 557.95 billion (-9.6%YoY), of which exports decreased by 7.1%; imports decreased by 12.3%. Notably, exports to China (the second largest market after the US, accounting for 17% of export turnover) grew positively by 4.7%YoY and the US market (accounting for 27% of export turnover) is improving with a smaller decrease of 15.8%YoY (compared to decrease of 16.8%YoY in 9M2023). The trade balance of goods in 10M2023 is estimated to surplus by USD 24.61 billion.

Inflation under control, average CPI of 10M2023 increased by 3.2%YoY

CPI of Oct 2023 inched up 0.08%MoM due to rising of rice price backed by higher exporting price and increasing of school fees at some provinces but restrained by 4.59% decrease of petroleum price. Average CPI of 10M2023 increased by 3.2%YoY while core inflation soared 4.38%YoY. However, inflation pressure is still high due to (1) the surge of foods and oil price under impacts of escalating geopolitical tensions; (2) the retail electricity price was adjusted up 4.5% to over VND 2,000 /kWh, effectively from Nov 9, 2023. Previously, the retail electricity price also increased by 3% in May 2023.

Socio-economic development plan 2024 has been passed

The National Assembly (NA) on November 9 adopted a resolution on the socio-economic development plan for 2024, which sets targets of 6.0 - 6.5% GDP growth and 4-4.5% average CPI

GDP growth target of 6-6.5% in 2024 is considered as high level compared to achievable 5% in 2023 and in the context of unstable and challenging global economy, showing the determination of Government on economic recovery and sustained growth. In the resolution, the NA proposed the Government to (1) strive to reduce lending interest rates to increase ability to access capital, contributing to solving difficulties for businesses, people and the economy; (2) healthy corporate bond market on the basis of continuing to improve mechanisms, policies and regulations. In addition, at the 6th session of the 15th NA, it is expected to getting votes for 9 laws and resolutions on piloting a number of mechanisms and policies to remove obstacles related to investment of road construction projects.

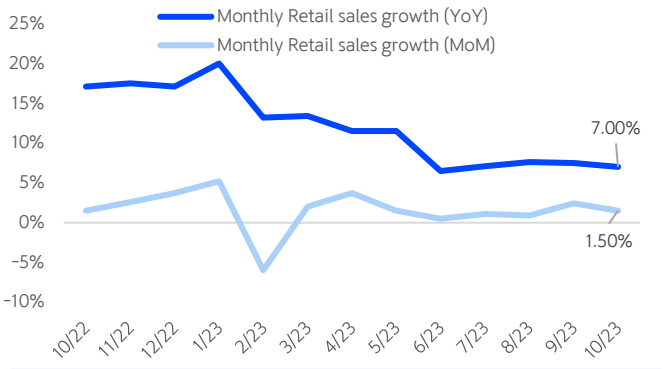
(1) Land Law (amended) – 29/11	(6) Law on Management and Protection of National Defense Works and Military Zones - 24/11
(2) Law on Real Estate Business (amended) – 29/11	(7) Law on Citizen Identification (amended) – 24/11
(3) Housing Law (amended) – 28/11	(8) Law on Credit Institutions (amended) – 27/11
(4) Law on Water Resources (amended)– 27/11	(9) Law on Forces participating in protecting security and order at the grassroots - 27/11
(5) Telecommunications Law (amended) – 24/11	

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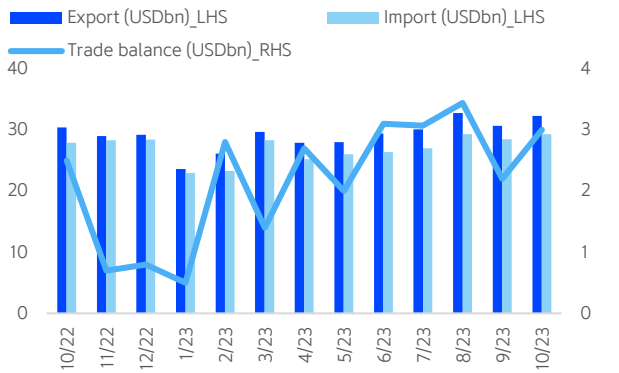
Slower growth of retail sale in Oct 2023 but total retail sale of 10M2023 still increased by 9.4%YoY.
Exports continue to recover, reaching USD 291 billion (-7.1%YoY) and trade surplus recorded at USD 24.61 billion in 10M2023.

Retail sales of goods and services



Source: GSO, Shinhan Securities Vietnam

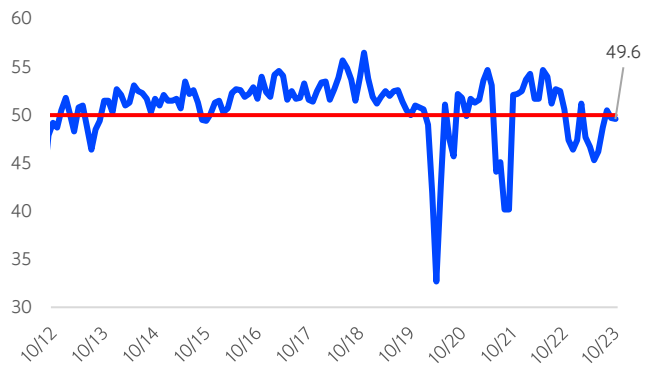
Import-Export turnover



Source: GSO, Shinhan Securities Vietnam

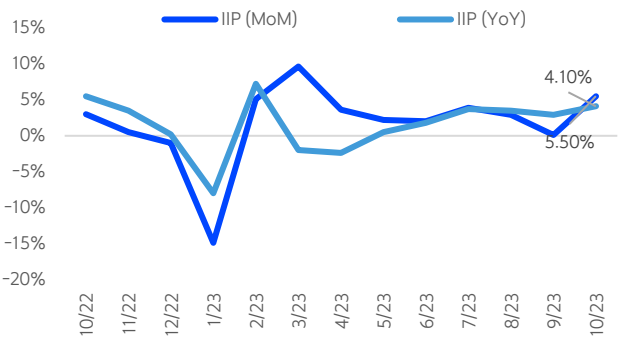
Output fell for the second consecutive month but employment stabilized. Businesses increased purchases with optimism about next year's prospects.

Purchasing Managers' Index (PMI)



Source: S&P Global PMI, Shinhan Securities Vietnam

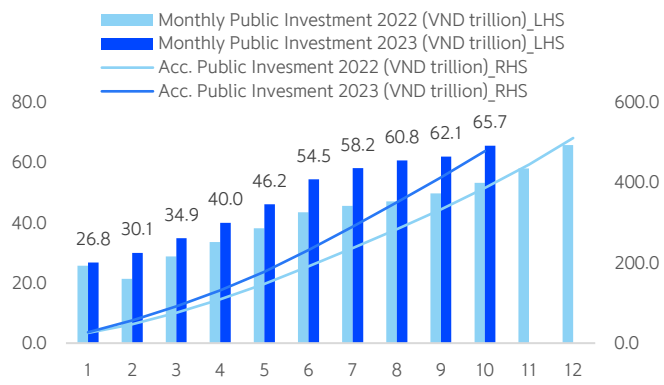
Index of industrial production (IIP)



Source: GSO, Shinhan Securities Vietnam

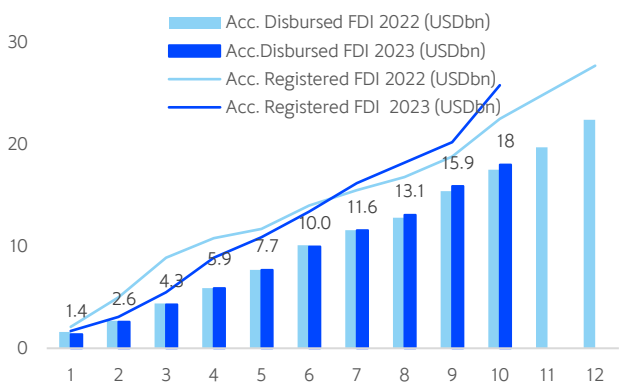
Strong investment activities in 10M2023 with disbursement of public investment increasing by 22.6%YoY, cumulative registered and disbursed FDI increasing by 14.7%YoY and 2.4%YoY respectively.

Public investment



Source: GSO, Shinhan Securities Vietnam

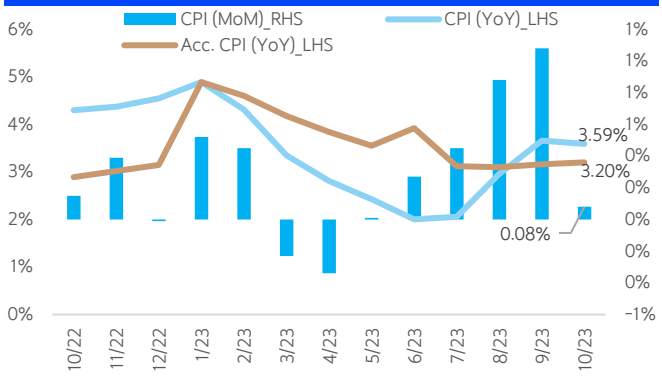
Foreign direct investment (FDI)



Source: MPI, Shinhan Securities Vietnam

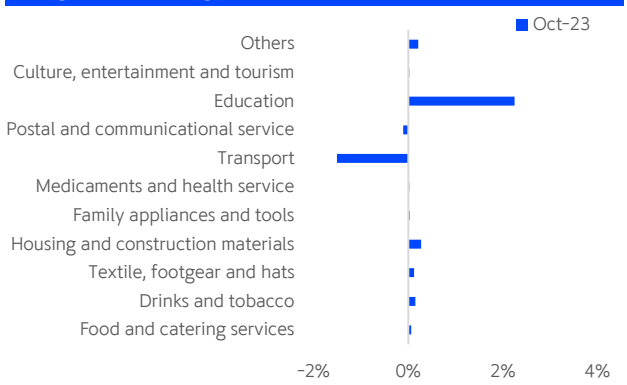
CPI in October 2023 increased slightly mainly due to increased tuition fees in some localities but in return, petroleum prices decreased by 4.59%. Average CPI in 10M2023 is controlled at 3.2%.

CPI



Source: GSO, Shinhan Securities Vietnam

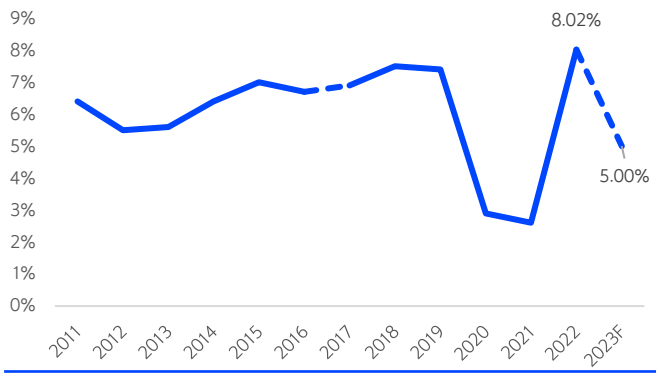
Changes in CPI categories (MoM)



Source: GSO, Shinhan Securities Vietnam

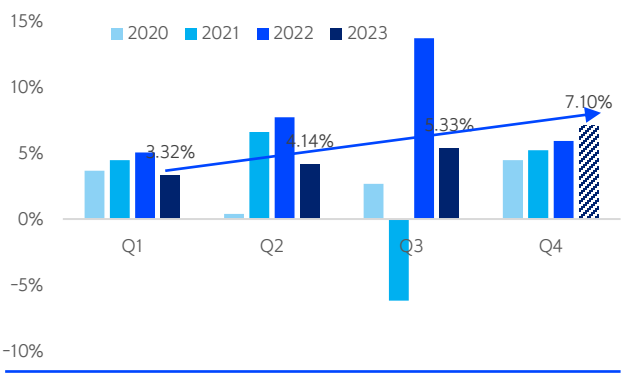
GDP grew by 5.33% in Q3 and expect to grow 5% for year 2023 if achieve a growth of 7% in Q4.

GDP, YoY growth



Source: GSO, Shinhan Securities Vietnam

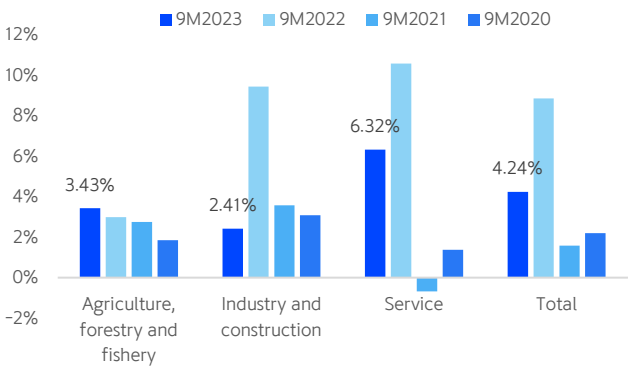
Quarterly GDP, YoY growth



Source: GSO, Shinhan Securities Vietnam

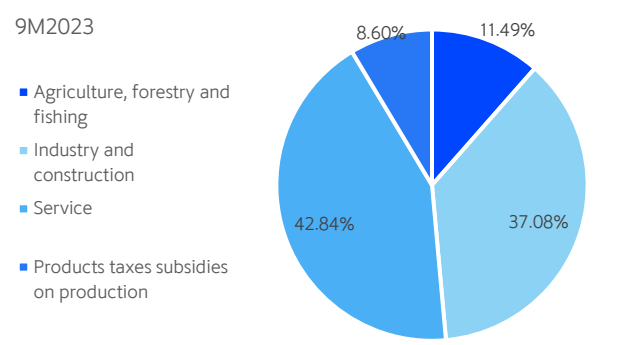
Agriculture sector was playing as supporting role of the economy with stable growth while industry and construction sector, services sector grew in a slower space over the same period last year.

GDP by sectors, YoY growth



Source: GSO, Shinhan Securities Vietnam

% shares of GDP



Source: GSO, Shinhan Securities Vietnam

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