Vietnam Economic Update

January 12th, 2024

Vietnam accelerates to the finish line after challenges in 2023

2023 GDP growth reached 5.05%, inflation at 3.25%

2023 – The year of challenges

The world economy continues facing difficulties in 2023 despite inflation has cooled down but still was at high level, weakening aggregate demand while climate change and war have become more severe. In addition to global effects, the domestic economy also had its own pressures from massive frauds in the real estate, banking and corporate bonds.

Overcoming challenges, Vietnam's economy still maintains a positive trend. Vietnam GDP increased by 6.72%YoY in Q4/2023, higher than growth rate of previous quarters (3.41% in first quarter, 4.25% in second quarter and 5.47% in third quarter) and increased by 5.05% for the whole year 2023, among countries with high economic growth in the region and the world. Of which, the agriculture, forestry and fishery increased by 3.83% (contributing 8.84% to the overall growth); industrial and construction increased by 3.74% (contributing 28.87%); services increased by 6.82% (contributing 62.29%). GDP scale in 2023 reached USD 430 billion and GDP per capita was USD 4,284, an increase of USD 160 compared to 2022.

Promoting consumption and public investment have driving the economy's growth. Thanks to good inflation control, the government have had more room for loose monetary and fiscal policies, prioritizing economic growth measures. During the year, Vietnam also upgraded its comprehensive strategic partnership with the US and Japan, opening up many opportunities to attract foreign investment in the coming time, restore production and export, promote technology, restructure the economy and innovate growth model.

2024 GDP growth target at 6-6.5% with the return of manufacturing and export, inflation control under 4-4.5%

2024 – Vietnam accelerates to the finish line in the 5-year economic journey (2021-2025)

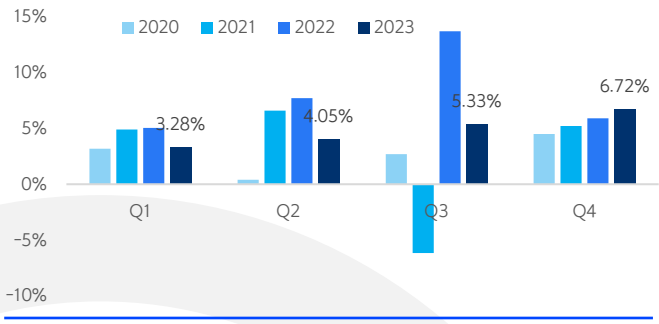
According to Resolution 01/NQ-CP just issued by the Government, 2024 is a year of acceleration and breakthrough, which is especially important in successfully implementing the 5-year socio-economic development plan for 2021-2025. The Government identified 12 important tasks such as prioritizing promoting economic growth, maintaining macroeconomic stability, controlling inflation, and ensuring major balances; continuously improving institutions and legal systems; promoting infrastructure development; restructuring the economy associated with innovating the growth model;...Accordingly, decrees detailing the Housing Law, Real Estate Business Law and Land Law will be issued in 2024, creating comprehensive legal corridor in order to support the recovery of real estate sector. In addition, the strategies for developing some industries including dairy, paper, steel, automobiles, electricity, and semiconductor chip industry in Vietnam until 2030, with a vision to 2045-2050 will also be built this year.

Notable economic indicators in 2024 (Resolution 01/NQ-CP dated January 5, 2024)

Items	2023 Actual	2024 Target
GDP growth rate	5.05%	6.0-6.5%
- Agriculture, forestry and fisheries sector	*3.83%*	*3.0-3.2%*
- Industry and construction sector	*3.74%*	*6.2-6.9%*
- Services sector	*6.82%*	*6.7-7.0%*
Average headline CPI	3.25%	4.0-4.5%
Export turnover growth rate	-4.40%	6.0%
Industrial production index (IIP)	1.46%	7.0-8.0%
Retail sales of consumer goods and services growth rate	9.60%	9.0%

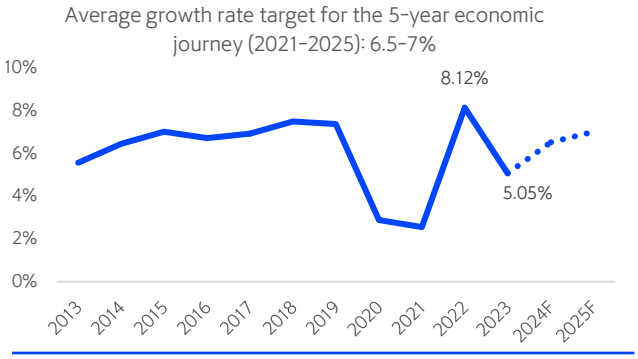
Charts of the year

Quarterly GDP growth (%YoY) – Positive trend



Sources: GSO, Shinhan Securities Vietnam

Yearly GDP growth (%YoY) – Accelerating to the finish line



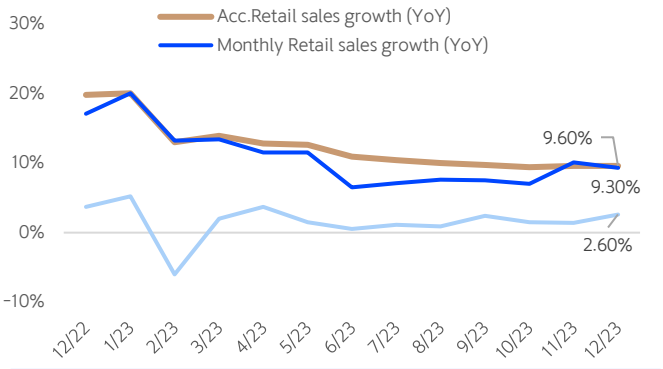
Sources: GSO, Shinhan Securities Vietnam

This document is provided for information purposes only. Any forecasts, figures, opinions and strategies set out are based on certain assumptions and current market conditions and subject to change without prior notice. All information presented herein is considered to be accurate at the time of production, but no warranty of accuracy and no liability in respect of any error or omission.

Ly Bui – Head of Research
☎ (84-28)6299-8029 ✉ ly.btt@shinhan.com

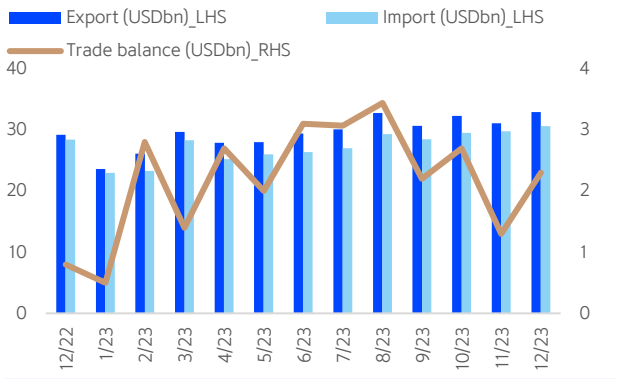
In 2023, retail sales maintained a positive increase of 9.6%YoY, while export turnover recovered more clearly in the second half and reached USD 355.5 billion (-4.4%YoY), import turover reached USD 327.5 billion (- 8.9%YoY). The trade balance was estimated to have a surplus of USD 28 billion.

Retail sales of goods and services



Source: GSO, Shinhan Securities Vietnam

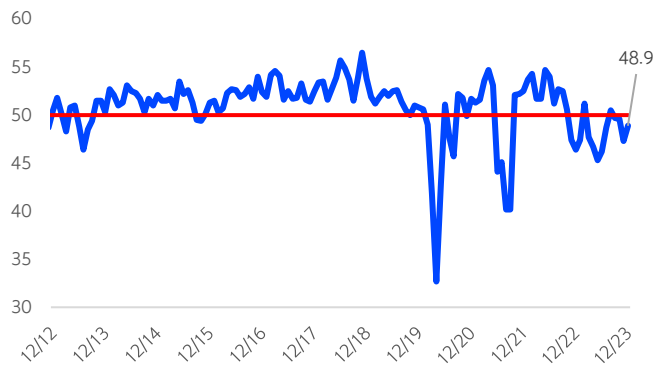
Import-Export turnover



Source: GSO, Shinhan Securities Vietnam

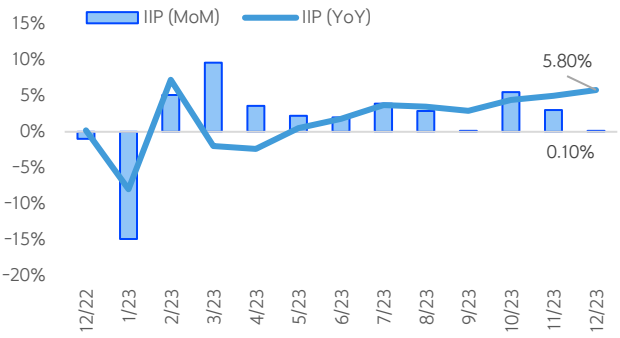
The manufacturing sector weakened significantly with IIP in 2023 increasing only 1.5%YoY; PMI was mostly below the 50 threshold and ended the year at 48.9. However, signs of recovery have been clearer in the last months of the year when IIP of Q4/2023 achieved a quite good increase of 5%YoY, higher than 2.8% of Q3/2023 and negative growth in the first two quarters.

Purchasing Managers' Index (PMI)



Source: S&P Global PMI, Shinhan Securities Vietnam

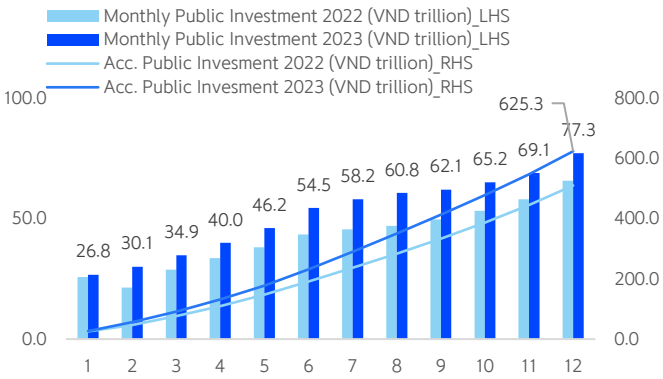
Index of industrial production (IIP)



Source: GSO, Shinhan Securities Vietnam

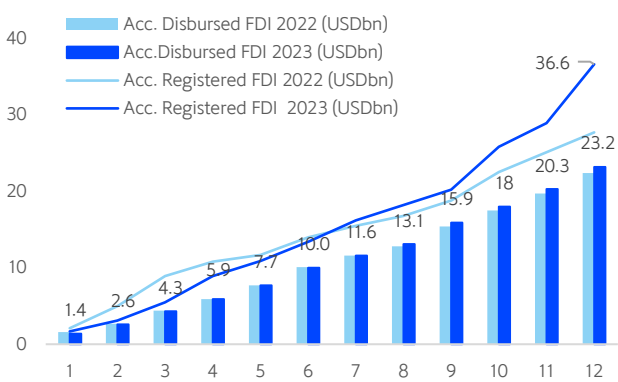
Investment was a bright spot in 2023 with disbursement of public investment reaching VND 625.3 trillion (+21.2%YoY), equal to 85.3% of the year's plan and foreign direct investment (FDI) reaching USD 23.18 billion (+3.5%YoY), the highest level since 2019. Registered FDI skyrocketed by 32.1%YoY, reaching USD 36.61 billion, opening up many new expectations for Vietnam's production and export in the coming period.

Public investment



Source: GSO, Shinhan Securities Vietnam

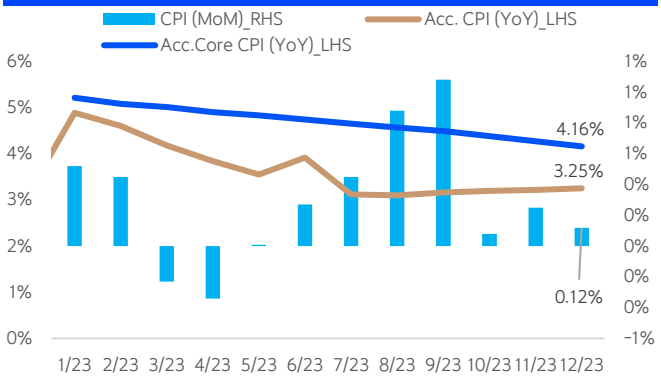
Foreign direct investment (FDI)



Source: MPI, Shinhan Securities Vietnam

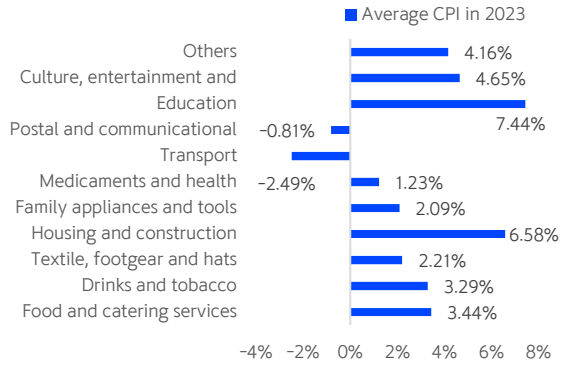
Inflation has been well controlled in 2023 thanks to core inflation maintaining a positive downward trend along with the decrease of gasoline prices. The average headline CPI in 2023 increased by 3.25%YoY, lower than the target of 4-4.5% approved by the National Assembly.

CPI



Source: GSO, Shinhan Securities Vietnam

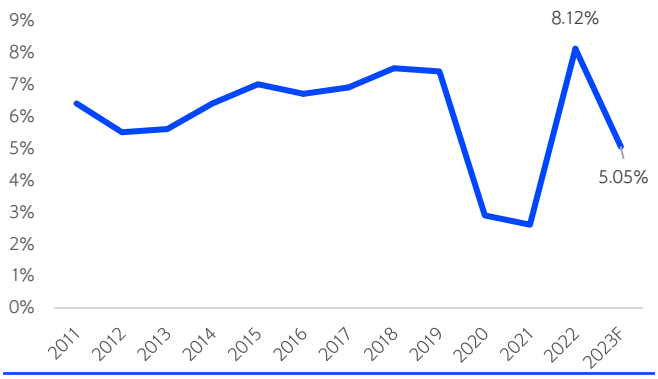
Changes in CPI categories



Source: GSO, Shinhan Securities Vietnam

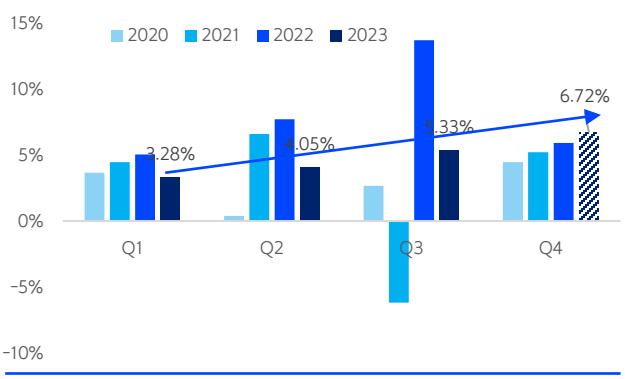
GDP growth maintained a positive trend over the quarters, reaching 6.72%YoY in Q4/2023 (higher than result of Q4 in 2012-2013 and 2020-2022) and is estimated to increase by 5.05%YoY for the whole of 2023.

GDP, YoY growth



Source: GSO, Shinhan Securities Vietnam

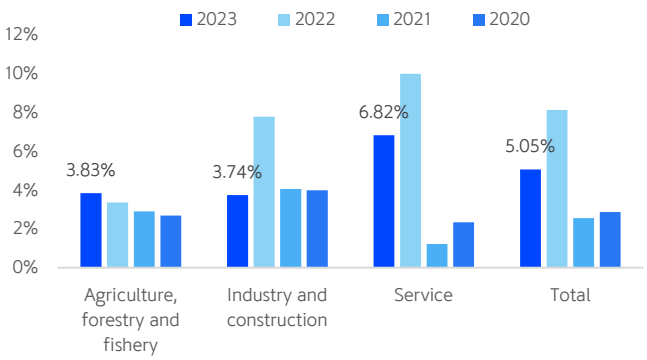
Quarterly GDP, YoY growth



Source: GSO, Shinhan Securities Vietnam

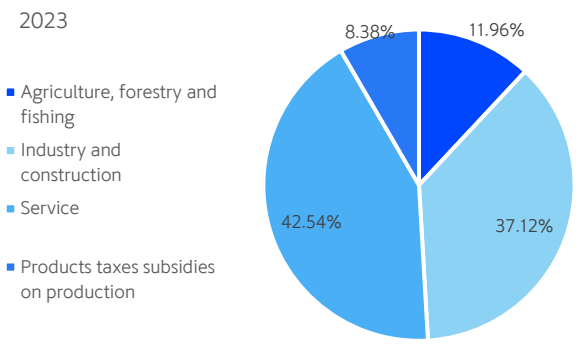
Agricultural sector played a supporting role for the economy thanks to stable growth; services sector strongly recovered; while industry and construction sector still struggled but some positive signs have been emerged in the second half of 2023.

GDP by sectors, YoY growth



Source: GSO, Shinhan Securities Vietnam

% shares of GDP



Source: GSO, Shinhan Securities Vietnam

Shinhan Investment Network

Shinhan Securities

SEOUL

Shinhan Securities Co., Ltd
Shinhan Investment Tower
70, Youido-dong, Yongdungpo-gu,
Seoul, Korea 150-712
Tel : (82-2) 3772-2700, 2702
Fax : (82-2) 6671-7573

SHANGHAI

Shinhan Investment Corp.
Shanghai Representative Office
Room 104, Huaneng Union Mansion No.958,
Luijiazui Ring Road, PuDong, Shanghai, China
Tel : (86-21) 6888-9135/6
Fax : (86-21) 6888-9139

NEW YORK

Shinhan Investment America Inc.
1325 Avenue of the Americas Suite 702,
New York, NY 10019
Tel : (1-212) 397-4000
Fax : (1-212) 397-0032

HO CHI MINH

Shinhan Securities Vietnam Co., Ltd.
22nd Floor, Centec Tower, 72-74 Nguyen Thi Minh Khai Street,
District 3, Ho Chi Minh City, Vietnam
Tel : (84-8) 6299-8000
Fax : (84-8) 6299-4232

HONG KONG

Shinhan Investment Asia Ltd.
Unit 7705 A, Level 77
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong
Tel : (852) 3713-5333
Fax : (852) 3713-5300

HA NOI

Shinhan Securities Vietnam Co., Ltd.
Hanoi Branch
2nd Floor, Leadvisors Building, No. 41A Ly Thai To,
Ly Thai To Ward, Hoan Kiem District,
Hanoi, Vietnam.
Tel : (84-8) 6299-8000

INDONESIA

PT Shinhan Sekuritas Indonesia
30th Floor, IFC 2, Jl. Jend. Sudirman Kav.
22-23, Jakarta, Indonesia
Tel : (62-21) 5140-1133
Fax : (62-21) 5140-1599



Compliance Notice

- Analyst Certification: We/I hereby certify the information and material presented in this report are accurate expressions of their views, and that we/I have not received internally or externally wrongful pressure to express such views.
- All opinions and estimates regarding the company and its securities are accurate representations of the covering analyst's judgments as of this date and may differ from actual results.
- This report is intended to provide information to assist investment decisions only and should not be used or considered an offer or the solicitation of an offer to sell or to buy any securities. Stock selection and final investment decisions should be made at the client's own discretion.
- This report is distributed to our clients only, and any unauthorized use, duplication, or redistribution of this report is strictly prohibited.

Disclaimers

- This research report and marketing materials for Vietnamese securities are originally prepared and issued by the Research Center of Shinhan Securities Vietnam Ltd.., an organization licensed with the State Securities Commission of Vietnam. The analyst(s) who participated in preparing and issuing this research report and marketing materials is/are licensed and regulated by the State Securities Commission of Vietnam in Vietnam only. This report and marketing materials are copyrighted and may not be copied, redistributed, forwarded or altered in any way without the consent of Shinhan Securities Vietnam Ltd.
- This research report and marketing materials are for information purposes only. They are not and should not be construed as an offer or solicitation of an offer to purchase or sell any securities or other financial instruments or to participate in any trading strategy. This research report and marketing materials do not provide individually tailored investment advice. This research report and marketing materials do not take into account individual investor circumstances, objectives or needs, and are not intended as recommendations of particular securities, financial instruments or strategies to any particular investor. The securities and other financial instruments discussed in this research report and marketing materials may not be suitable for all investors. The recipient of this research report and marketing materials must make their own independent decisions regarding any securities or financial instruments mentioned herein and investors should seek the advice of a financial adviser. Shinhan Securities Vietnam Ltd. does not undertake that investors will obtain any profits, nor will it share with investors any investment profits. Shinhan Securities Vietnam Ltd.., its affiliates, or their affiliates and directors, officers, employees or agents of each of them disclaim any and all responsibility or liability whatsoever for any loss (director consequential) or damage arising out of the use of all or any part of this report or its contents or otherwise arising in connection therewith. Information and opinions contained herein are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or Shinhan Securities Vietnam Ltd. The final investment decision is based on the client's judgment, and this research report and marketing materials cannot be used as evidence in any legal dispute related to investment decisions.
- Copyright ⓒ 2020 Shinhan Securities Vietnam Ltd. All rights reserved. No part of this report may be reproduced or distributed in any manner without permission of Shinhan Securities Vietnam Ltd.