Vietnam Economic Update

December 2022

Manufacturing sector continued to struggle due to low demand

PMI dropped to 46.4 in December, posting below the 50.0 for the second month

The Vietnamese manufacturing sector continued to decline in December, mostly due to the weaker demand of key export markets such as China, E.U and U.S. PMI dropped to 46.4 in December from 47.4 in November, posting below the 50 for the second month, signaling a further deterioration in business conditions in the manufacturing sector.

In December, new orders and output decreased significantly. Firms, therefore, scale back employment and purchasing activities. Output prices also recognized lower for the second month running.

IIP increased 0.2%YoY in December, lowest level since the COVID-19 pandemic-related downturn in 2021

Industrial production tended to slowdown since 2022Q4. The index of industrial production (IIP) only increased 0.2%YoY in December. Accumulated for whole year 2022, IIP inched 7.8%YoY, in which, manufacturing increased 8%YoY, contributed 2.09% to overall growth of the economy.

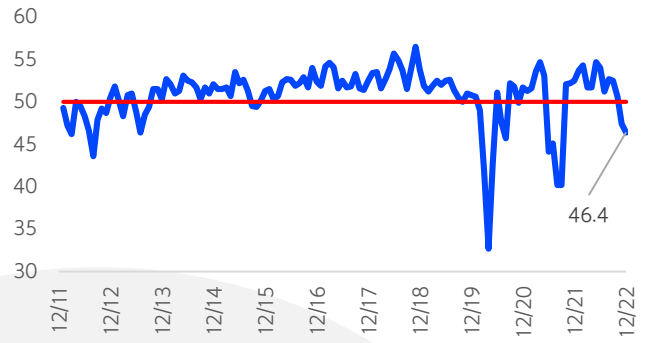
Outlook 2023

S&P Global Market Intelligence is predicting a rise of 6.8% in industrial production for 2023, which would represent a slowdown from 2022 due to weak demand of both domestic and global market. Therefore, GDP growth target of 6.5% in 2023 should be a challenge.

Robust public investment disbursement, suitable fiscal support, developing potential markets and attracting new FDI are suggested solutions to overcome the headwinds of the year 2023.

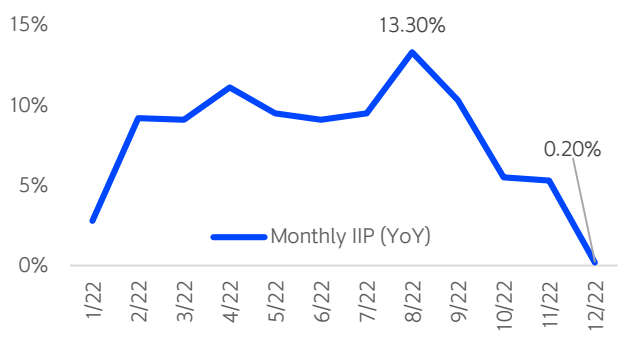
Charts of the month

Purchasing Managers' Index (PMI)



Source: S&P Global PMI, Shinhan Securities Vietnam

Index of industrial production (IIP)



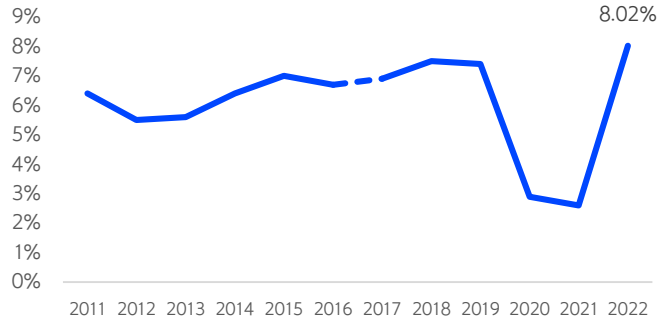
Sources: GSO, Shinhan Securities Vietnam

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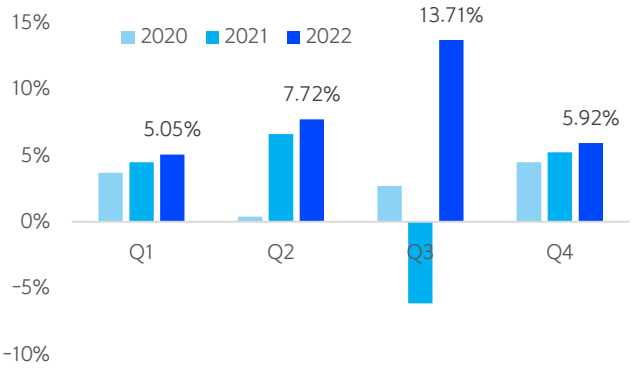
GDP growth

GDP, YoY growth



Source: GSO, Shinhan Securities Vietnam

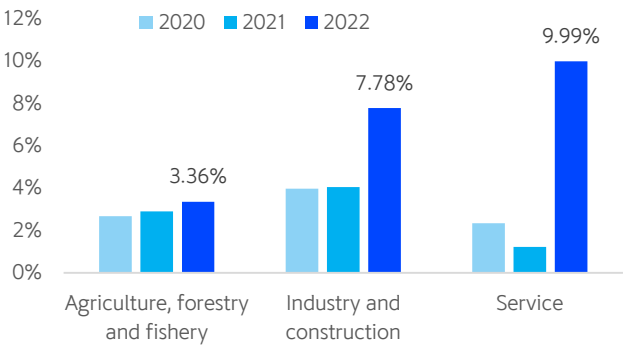
Quarterly GDP, YoY growth



Source: GSO, Shinhan Securities Vietnam

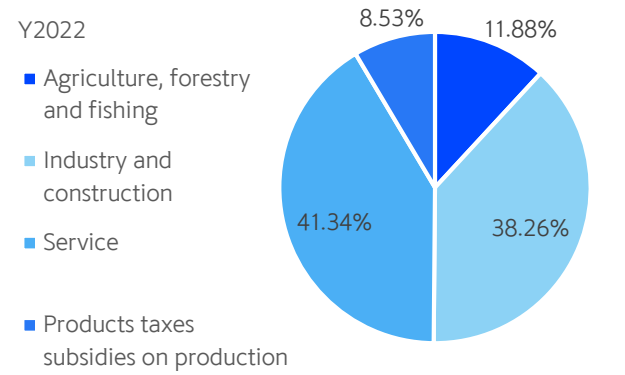
GDP breakdown

GDP by sectors, YoY growth



Source: GSO, Shinhan Securities Vietnam

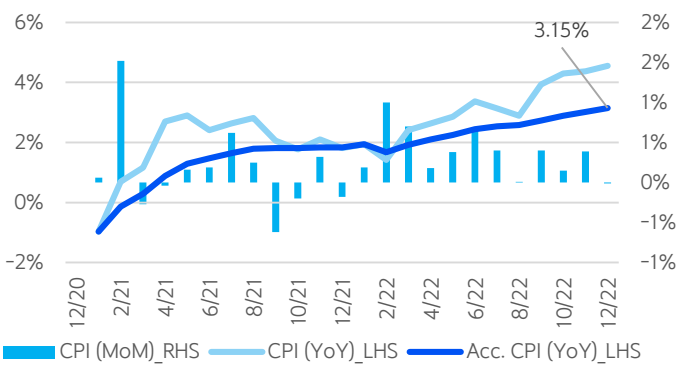
% shares of GDP



Source: GSO, Shinhan Securities Vietnam

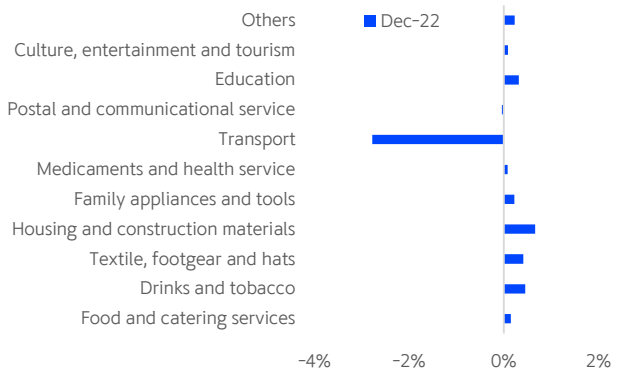
Inflation

CPI



Source: GSO, Shinhan Securities Vietnam

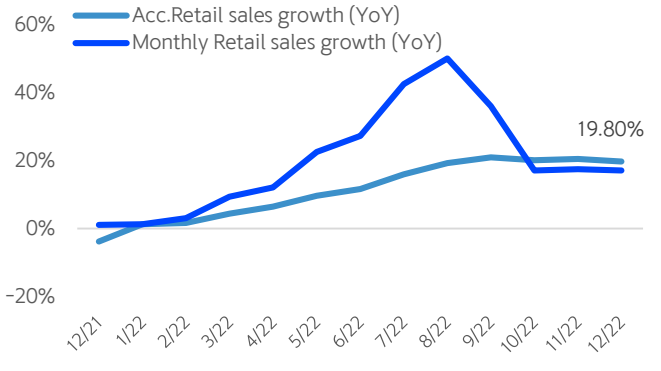
CPI by groups



Source: GSO, Shinhan Securities Vietnam

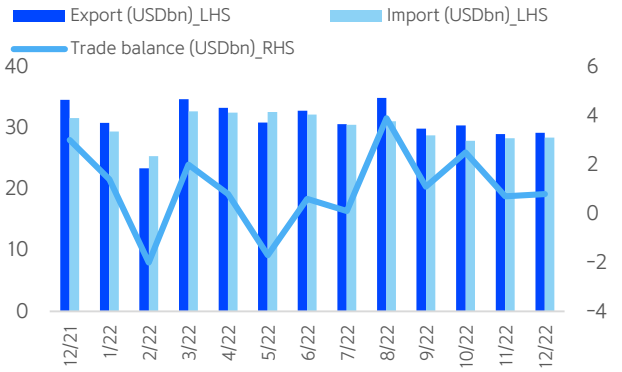
Retails and Export

Retail sales of goods and services



Source: GSO, Shinhan Securities Vietnam

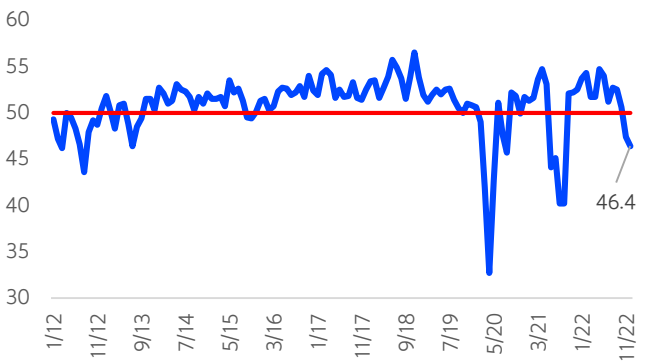
Import-Export turnover



Source: GSO, Shinhan Securities Vietnam

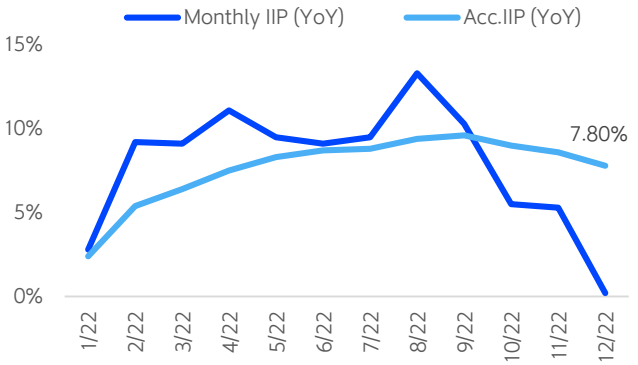
Industrial production

Purchasing Managers' Index (PMI)



Source: S&P Global PMI, Shinhan Securities Vietnam

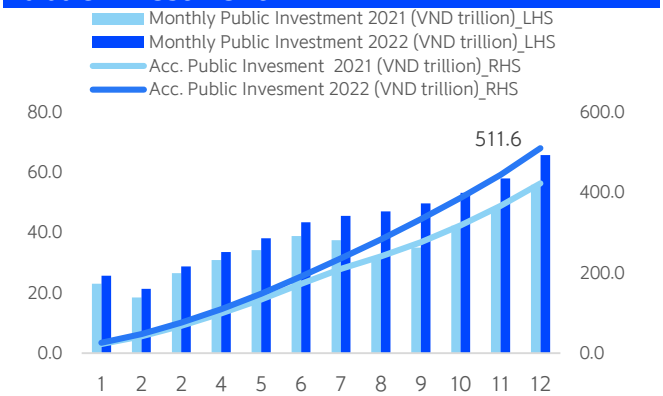
Index of industrial production (IIP)



Source: GSO, Shinhan Securities Vietnam

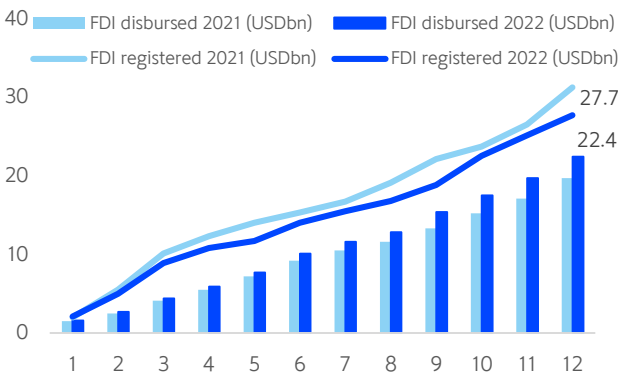
Investment

Public investment



Source: GSO, Shinhan Securities Vietnam

Foreign direct investment (FDI)



Source: MPI, Shinhan Securities Vietnam

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