Cautiously optimistic on the economy

- The manufacturing activities remained sluggish with the PMI in Feb stayed below the 50 no-change mark for the third month running due to subdued demand.
- The decline in fuel prices helped offset rising pork prices, thereby slowing the pace of inflation, with CPI rising by 2.9% yoy in Feb and 3.3% yoy in 2M2025 (compared to a 3.7% yoy increase in 2M2024). We expect the average CPI for 2025 to rise by 3.9% yoy.

Vietnam in February recorded the first monthly deficit in nine months

Exports in Feb leaped by 25.7% yoy while imports surged by 40% yoy. The trade balance in February recorded a deficit for the first time since May 2024. Consequently, this dragged the trade surplus for the first two months of the year down to USD 1.47bn - a significant decline from the USD 5.13bn surplus in the same period last year. The Industrial Production Index (IIP) surged by 17.2% yoy in Feb while the PMI remained below the 50-point threshold for the third consecutive month at 49.2, owing to subdued demand, which led to further declines in new orders.

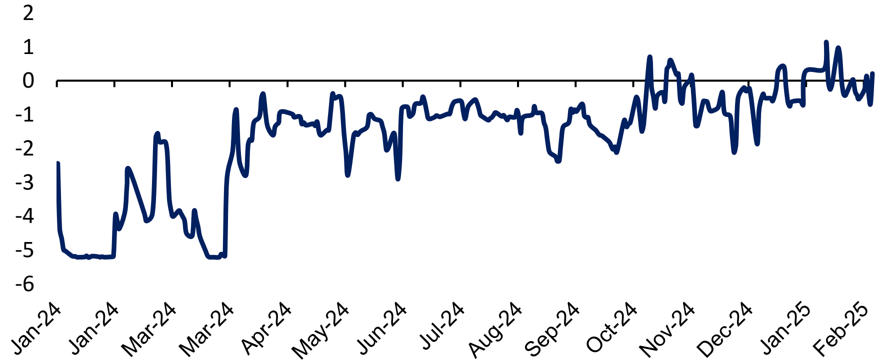
The pace of inflation slowed as lower fuel prices offset the rise in pork prices

We expect the 2025 average headline CPI to rise by 3.9% yoy, supported by: Global oil prices are likely to remain relatively low due to a weak demand-supply balance; food price pressures are expected to ease due to ample rice supply following India's removal of its export ban. Besides, education costs are expected to fall moderately thanks to the nationwide tuition fee exemption for all students from preschool to high school in the 2025 - 2026 academic year. However, risks still persist as, retail electricity prices are expected to continue rising this year and construction steel prices are also expected to inch up, driven by higher construction demand and the Ministry of Finance's anti-dumping tax measures.

We expect the exchange rate to fluctuate in the range of 25,500 – 26,000 VND/USD in 2025

Exchange rate pressure is expected to persist in 2025 as the USD is anticipated to remain at elevated levels. This comes amid former President Trump's continued tariff policies, which heighten the risk of inflation overheating and make the Fed more cautious about further rate cuts. However, the VND is expected to receive support from a narrowing interest rate gap between the VND and USD. While the overnight USD interest rate was 1.6% – 5.2% higher than the VND during the first two months of 2024, this gap has narrowed to just 0.2% – 0.8% in the first two months of 2025, with instances where VND rates even exceeded USD rates. Additionally, factors such as a positive trade surplus (~US$1.47bn in 2M25), disbursed FDI (US$2.95bn, +5.4% yoy), and a rebound in international tourist arrivals (+30.2% yoy in 2M25) are expected to continue supporting the VND.

Figure 1: VND-USD Overnight interest rate gap (%)



Source: New York Fed, Bloomberg, MBS Research

Director, Head of Research
Hien Tran Thi Khanh
Hien.tranthikhanh@mbs.com.vn

Analyst
Anh Dinh Ha
Anh.DinhHa@mbs.com.vn

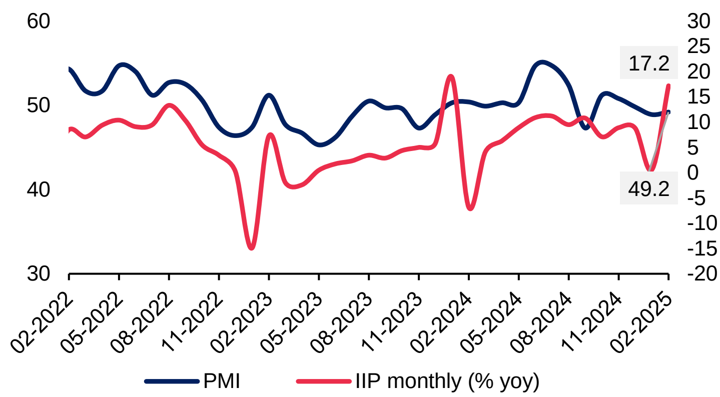
Cautiously optimistic on the economy

Manufacturing activities continue to struggle due to weak demand

The Industrial Production Index surged by 17.2% yoy in Feb as the same period last year included the Lunar New Year holiday, resulting in fewer working days compared to this year. Industries experienced significant growth during the month including: manufacture of motor vehicles, trailers, and semi-trailers (+76.1% yoy); manufacture of leather and related products (+42.4% yoy); manufacture of furniture (+40.2% yoy). Compared to the previous month, the IIP decreased by 2.2%. For 2M2025, industrial production grew by 7.2% yoy. Specifically, the mining industry's production index declined by 6.4% yoy, while the manufacturing and processing industry's index increased by 9.3% yoy. Meanwhile, according to GSO, in order to achieve the Q1 growth target of 7.7% yoy, the IIP of these two sectors would need to reach 8% and 10%, respectively. This highlights significant challenges for industrial production in Q1.

Vietnam's Manufacturing PMI remained below the 50-point threshold for the third consecutive month in February, though it rose slightly to 49.2 from 48.9 in January. The manufacturing sector continued to face challenges at the start of 2025, as weak customer demand led to further declines in new orders and production output. New export orders also contracted sharply for the fourth straight month due to sluggish external demand. On the pricing front, rising transportation and raw material costs drove input prices higher once again. Contrary to the broader sectoral decline, purchasing activity saw a modest uptick, signaling optimism about future manufacturing performance. This also reflected a strategic effort to secure materials amid ongoing uncertainties regarding supply availability and logistics disruptions.

Figure 2: Vietnam's PMI manufacturing and IIP (% change YoY)



Source: Bloomberg, MBS Research

Figure 3: Change in IIP in sectors monthly (% change YoY)

	Dec-24	Jan-25	Feb-25
Manufacture of furniture	14.5%	10.6%	40.2%
Manufacture of other transport equipment	26.7%	-3.4%	33.3%
Repair and installation of machinery and equipment	-26.7%	-11.6%	33.3%
Manufacture of rubber and plastics products	20.7%	-2.2%	32.4%
Manufacture of textiles	11.9%	4.2%	30.8%
Manufacture of other non-metallic mineral products	4.5%	3.5%	19.3%
Manufacture of food products	10.0%	2.1%	17.2%
Manufacture of chemicals and chemical products	-3.2%	-8.4%	16.2%
Manufacture of computer, electronic products	8.0%	3.8%	15.6%
Manufacture of electrical equipment	13.3%	-11.5%	9.6%
Manufacture of beverages	5.9%	-0.1%	9.2%
Manufacture of basic metals	5.6%	-2.1%	2.7%
Manufacture of coke and refined petroleum products	-5.4%	-5.8%	-3.3%
Extraction of crude petroleum and natural gas	-8.4%	-6.5%	-11.4%

Source: GSO, MBS Research

Trade balance narrowed significantly as exports' downward momentum persisted

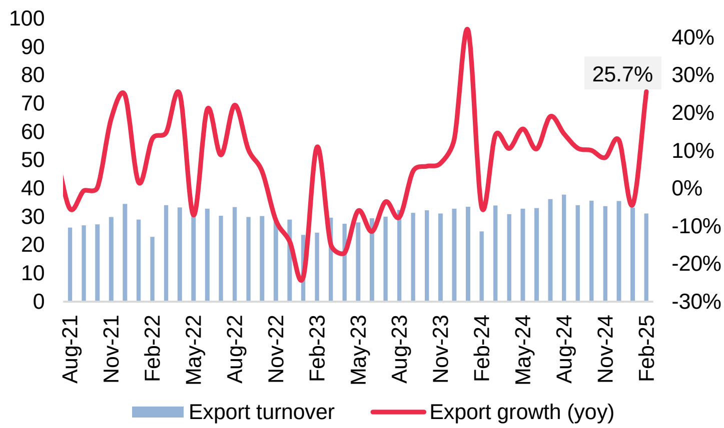
Export turnover in February declined by 6.2% from the previous month, reaching USD 31.11bn – the lowest since April 2024. The new exports orders have contracted for the fourth month running due to sluggish global demand. On a year-on-year basis, exports surged by 25.7% thanks to the low base from last year as customs operations were disrupted during the month due to the Lunar New Year holiday, leading to a decline in export volumes. Key commodities with high export growth include: toys, sports equipment and their parts (+106.5% yoy); textile fibres (+83.1% yoy); rubber (+73.7% yoy); iron and steel products (+59.7% yoy). For 2M2025, export turnover accumulated to USD 64.27bn (+8.4% yoy), supported greatly by: pepper (+48.5% yoy); electronic goods, computers and their parts (+25.3% yoy); electrical wire and cable (+22.9% yoy). In contrast, several key export products witnessed significant drop across the board include: iron and steel (-26.4% yoy); plastic materials (-24.7% yoy); cameras, camcorders and their components (-23.2% yoy).

In terms of export markets, the US named Vietnam's largest export market in 2M25 with export turnover reaching USD 19.6bn, up by 16.5% yoy. Exports to the E.U surged by 13.3% yoy to USD 8.8bn, while exports to China amounted to USD 7.9bn (-2.1% yoy).

The import turnover of goods is estimated at USD 32.66bn in February (+40% yoy) and USD 62.8bn in 2M2025, with China still being Vietnam's largest exporter with a turnover of USD 23.3bn (+20.7% yoy). As of February, electronics goods & computers; along with machinery, instrument, accessory; are the 2 import commodities with a value of over USD 5bn (accounting for 44.5% of the total import turnover).

The trade balance in February posted a deficit of USD 1.55bn, marking its first deficit since May 2024. Consequently, this dragged the trade surplus for the first two months of the year down to USD 1.47bn - a significant decline from the USD 5.13bn surplus in the same period last year. This decline was mainly driven by the recent downturn in export activities, whereas imports continue to rise as businesses secure materials amid ongoing uncertainties in supply availability and logistics disruptions. In 2M2025, imports of production materials totalled nearly USD 59bn, marking a 15.4% yoy increase - the highest level for the first two months of the year in the past five years.

Figure 4: Vietnam's monthly export turnover (USD bn)

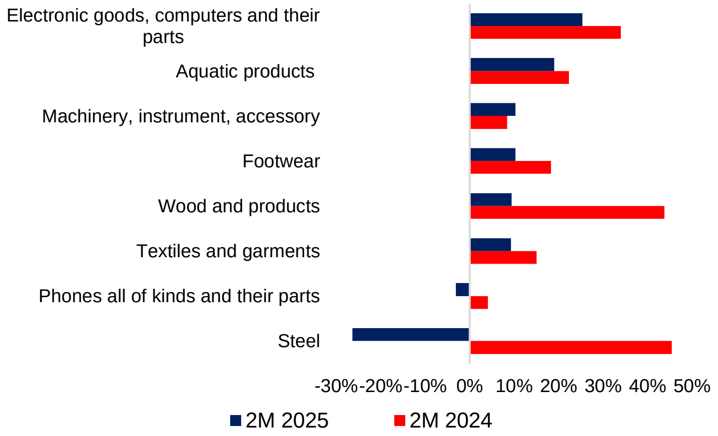


Source: GSO, MBS Research

Figure 5: Vietnam's monthly import turnover (USD bn)

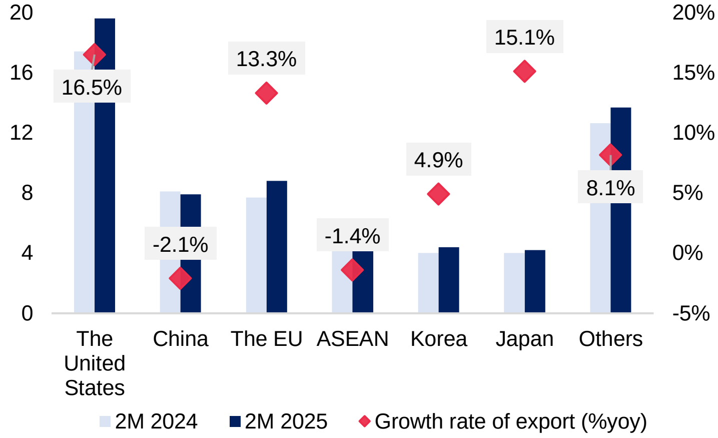
Source: GSO, MBS Research

Figure 6: Growth of major export products in 2M2025 (%yoy)



Source: GSO, MBS Research

Figure 7: Export market of Vietnam in 2M2025 (USD bn)



Source: GSO, MBS Research

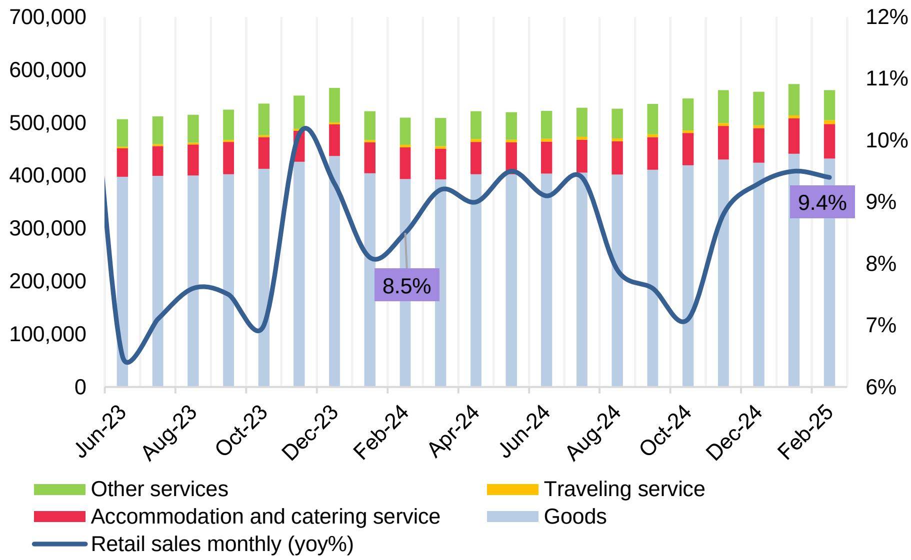
We forecast that exports will increase by 11% in 2025, with a trade surplus of USD 27.5bn based on the following factors: First, according to the World Bank's forecast, global trade in goods and services is projected to expand by 3.4% in 2025, as inflation pressures are expected to remain under control and the adoption of monetary easing in various countries will encourage the consumption of manufactured goods. Second, positive signs of FDI in Vietnam are anticipated to play a crucial role in commercial activities. Especially, Vietnam is strengthening its export capacity through participation in regional initiatives such as the CPTPP and RCEP, as well as gaining access to new markets like the UAE through the signing of an FTA in October 2024. Additionally, Vietnam is making efforts to diversify its export products by expanding the range of goods to specific markets, such as signing protocols with China to export frozen durian and fresh coconuts and leveraging its agricultural strengths to tap into the Halal market, etc.

However, Vietnam's export growth in 2025 still faces several challenges, including a potential short-term decline in electronics demand, key markets like the U.S. are ramping up tariff barriers and introducing new protectionist measures, with unpredictable policies that could disrupt global value chains. Moreover, an escalating tit-for-tat trade war may indirectly impact Vietnam's exports, particularly for products shipped to the U.S. that contain raw materials imported from China. Consequently, major export-driven industries such as textiles, wood, and electronics could experience significant trade volatility.

The resilience of domestic consumption is being reinforced

The recovery of domestic consumption continues to show positive signs, while the tourism sector also maintains strong growth momentum in February. The retail sales of consumer goods and services increased by 9.4% yoy in Feb, and by 9.4% in 2M2025 – outpacing last year's growth of 8.4% yoy. If excluding the price factor, the retail sales rose by 6.2% yoy. This growth rate raise hope for a promising outlook for the acceleration of domestic demand in 2025, boosted by various consumer stimulus programs, discounts such as extending 2% reduction in VAT until June 2025. Meanwhile, the tourism sector continues to maintain its momentum. With favourable visa policies, enhanced tourism promotion initiatives, and prestigious international awards, Vietnam attracted over 3.96mn foreign visitors in 2M2025, marking a 30.2% yoy increase and 28.3% higher than the same period in 2019, the year before the COVID-19 pandemic.

Figure 8: Retail sales of consumer goods and services (Billion VND)



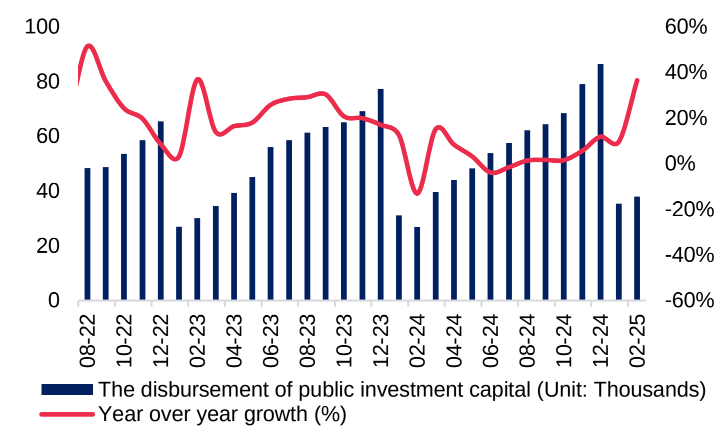
Source: GSO, MBS Research

Public investment disbursement is accelerating rapidly

In February, newly registered FDI decreased by 43.4% yoy, while disbursed FDI surged by 9.1% yoy. Cumulatively from the beginning of 2025, newly registered FDI totaled USD 2.19bn (-48.4% yoy), while disbursed FDI reached USD 2.95bn (+5.4% yoy) – marking the highest disbursed FDI for the first two months in the past five years. Of which, processing and manufacturing sector lured USD 2.42bn (accounting for ~ 82.1%), real estate sector attracted USD 203mn (accounting for ~ 6.9%), and utilities received about USD 122mn (accounting for ~ 4.1%). Notably, in February, SMC Manufacturing Vietnam Co., Ltd. registered an additional USD 330mn for its project on manufacturing and assembling automated control devices, raising its total investment in Dong Nai to nearly USD 1bn.

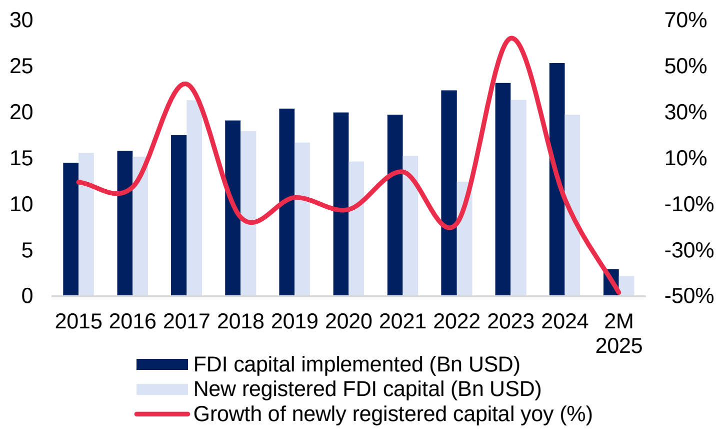
Disbursed state investment surged 36.5% yoy to VND 37.9tn in February. For 2M2025, state investment amounted to VND 73.2tn (+21.7% yoy), fulfilling 8.5% of Government's target. The promising signs of public investment disbursement progress in the first two months of the year, along with key projects - such as the North-South Expressway and Long Thanh International Airport - serving as major disbursement drivers, have strengthened confidence in achieving the government's target of completing 95% of the plan. As 2025 marks the final year of the 2021-2025 medium-term investment plan, public investment is expected to be strongly accelerated, serving as a key driver in helping Vietnam achieve its ambitious 8% GDP growth target in 2025. Accordingly, in February, the National Assembly approved an additional VND 84.3tn in public investment, bringing the total allocated plan for 2025 to over VND 878.3tn.

Figure 9: Growth of realized investment capital from State budget



Source: GSO, MBS Research

Figure 10: Growth of foreign investment capital



Source: GSO, MBS Research

The pace of inflation slowed as lower fuel prices offset the rise in pork prices

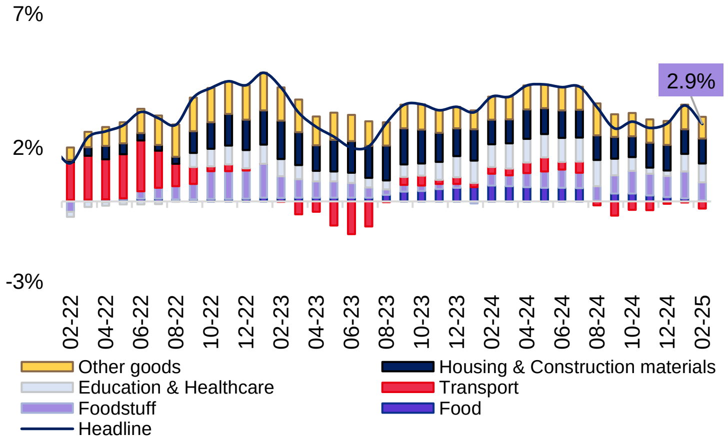
CPI in February ticked up by 0.3% mom and 2.9% yoy. The inflationary uptrend slowed during the period, largely driven by lower passenger rail transport fares, as the Lunar New Year in 2024 fell in February, leading to higher travel demand last year. However, there were still certain factors that significantly contributed to inflationary pressures during the month, including a 28.5% yoy increase in pork prices due to supply shortages, and a 6.4% yoy increase in house rental prices as rising real estate prices in recent months prompted landlords to adjust rental rates accordingly. On average, inflation for the first two months of 2025 rose by 3.27% yoy, while core inflation increased by 2.97% yoy.

In Feb, food and catering services (+3.1% yoy) contributed the most to the rise in overall CPI driven by an 3.2% yoy increase in the foodstuff as pork prices surged by 28.5% yoy due to supply shortages. Elsewhere, the housing and construction materials group index inched up by 5.1% yoy due to a 6.4% yoy increase in house rental prices as rising real estate prices in recent months prompted landlords to adjust rental rates accordingly. Additionally, the medicine and healthcare services group soared 14.5% yoy due to the adjusted healthcare service prices contributed further to the uptrend of CPI. Conversely, the transport group recorded a decrease of 2.7% yoy driven by a 26.9% yoy decrease in passenger rail transport fares, as the Lunar New Year in 2024 fell in February, leading to higher travel demand last year. Besides, domestic gasoline and oil prices also fell by 10% yoy due to concerns that U.S. tariffs on Canada, Mexico, and China would slow down the global economy and reduce energy demand, while OPEC+ increased supply. Therefore, these factors helped to curb the rise in monthly CPI.

On average, for the first 2M2025, CPI surged by 3.3% yoy (while CPI in 2M2024 increased by 3.7% yoy). The inflationary uptrend slowed thanks to several factors, including a 7.6% yoy decline in gasoline and oil prices and a 0.8% decrease in education costs, as some provinces and cities waived or reduced tuition fees for the 2024–2025 academic year. On the other hand, key factors contributing to the increase in the average CPI include: a sharp 10.8% rise in pork prices due to supply shortages; higher rental costs and a 5.4% yoy increase in electricity prices following EVN's price hike in Oct 2024, which led to a 5% increase in the housing and construction materials group index.

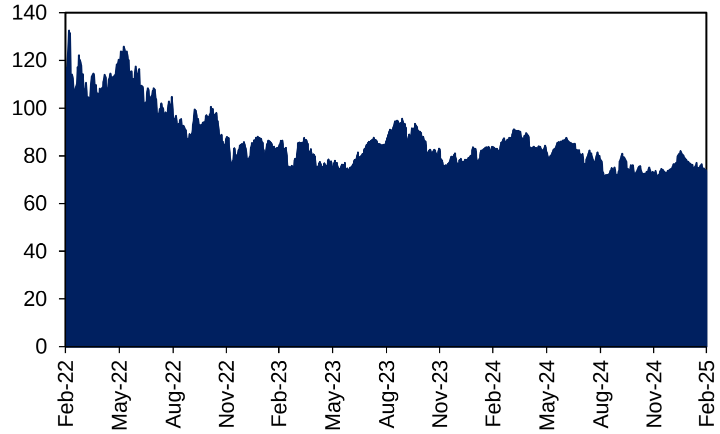
We expect the average CPI for 2025 to increase by 3.9% yoy - lower than the government's target of 4.5% - 5%, based on the following factors: Global oil prices expected to fluctuate around 70 USD/barrel in 2025, lower than the 77 - 82 USD/barrel range in 2024 due to a weak demand-supply balance. Food price pressures are expected to ease due to ample supply following India's removal of its rice export ban; however, the impact may be limited as the decline in rice prices could be partially offset by surging pork prices. Besides, educational price pressures are expected to cool moderately thanks to the nationwide tuition fee exemption for all students from preschool to high school in the 2025 - 2026 academic year. However, retail electricity prices are expected to continue rising this year as the supply of low-cost electricity sources declines, forcing EVN to shift its focus toward developing new power sources under Power Plan 8, which prioritizes renewable energy - a higher-cost alternative requiring significant capital investment. Besides, construction steel prices are expected to inch up, driven by higher construction demand and the Ministry of Finance's anti-dumping tax measures. Finally, the widespread geopolitical conflicts and the US' potential policy shift could lead to supply chain disruptions and drive-up commodity prices, which, in turn, raises the risk of imported inflation.

Figure 11: Contribution of commodity groups to CPI growth (%)



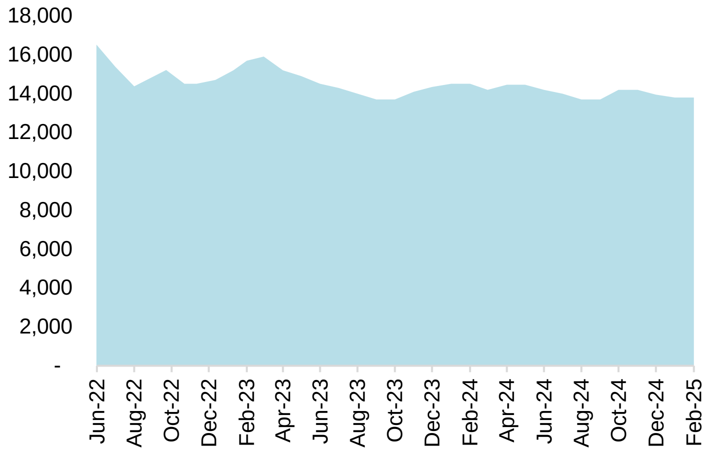
Source: GSO, MBS Research

Figure 12: Brent crude oil price (USD/Barrel)



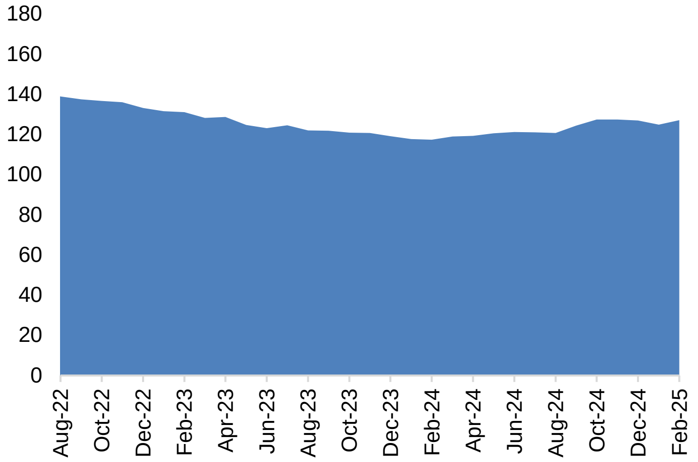
Source: Bloomberg, MBS Research

Figure 13: Steel price (Mn VND/ton)



Source: MBS Research

Figure 14: FAO food price index



Source: FAO, MBS Research

Interbank interest rates hovered above 4% across all tenors by month-end

The SBV conducted net liquidity withdrawal for the first time in three months

The State Bank of Vietnam (SBV) resumed net liquidity withdrawal for the first time in three months to maintain interbank interest rates at a moderately high level, thereby helping to ease exchange rate pressures. During the month, the SBV issued nearly VND 64.3tn worth of 7-day T-bills, with interest rates ranging from 3.3% to 4%. At the same time, the central bank injected approximately VND 286.4tn through the OMO channel at an interest rate of 4% for 7- and 14-day tenors. As a result, the SBV conducted a net liquidity withdrawal of around VND 41.1tn in February amid intensifying exchange rate pressures.

Interbank interest rates surged at the beginning of the month, reaching 5.5% on February 4th, as heightened consumer spending during the Tet holiday exerted pressure on system liquidity. Since then, interbank rates have eased slightly but remained elevated, as the SBV's net liquidity withdrawal contributed to a liquidity decline. By month-end, the overnight rate stood at 4.6%, while rates for tenors ranging from one week to one month hovered around 4.7% - 4.8%.

Several banks reduced deposit rates across tenors to facilitate lower lending rates

Deposit rates fluctuated in opposite directions this month, with a total of 15 banks adjusting their deposit rates. Specifically, some small and medium-sized banks slightly raised their rates by 0.1% - 0.4% per year, aiming to attract capital to meet this year's credit growth target of 16%. According to the SBV, as of February 18th, credit growth had increased by 0.02% compared to the end of 2024, marking a 16.4% yoy rise (whereas during the same period in 2024, credit growth had contracted by 1.01% from December 2023).

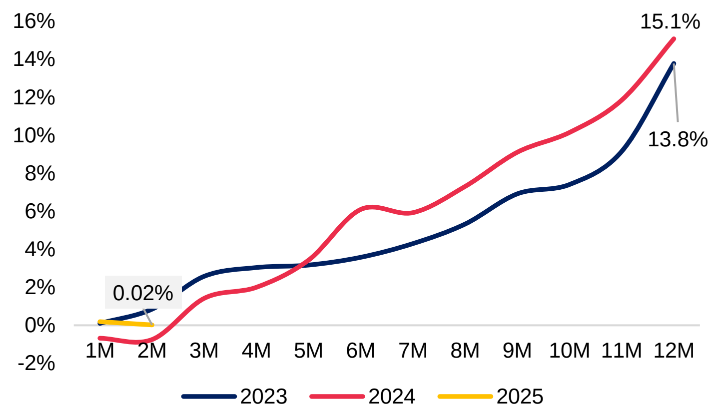
On the other hand, nine commercial banks simultaneously made significant cuts to deposit interest rates, reducing them by 0.1% - 0.6%/year to create room for further lending rate reductions and support economic growth. Notably, several banks have adjusted their 12-month deposit rates to below 6%. For instance, BVBank lowered its rate by 0.25% to 5.8% per year, KienLongBank reduced it by 0.4% to 5.7% per year, MSB cut its rate by 0.2% to 5%, and TPBank decreased it by 0.1% to 5.2%, etc. These reduction in deposit rates were implemented in compliance with the Prime Minister's directives to stabilize deposit rates and lower lending rates. The Government has recently issued multiple directives urging the SBV and financial institutions to lower borrowing costs and support business expansion. However, some commercial banks have raised deposit rates, leading to an increase in lending rates. In response, on February 24th, the Prime Minister released Official Dispatch No. 19, directing the SBV to promptly inspect and oversee banks that have hiked deposit rates, ensuring adherence to legal regulations and government policies.

By the end of February, the average 12-month deposit rate at commercial banks hovered at 5%, while the rate for state-owned banks held steady at 4.7%.

We expect deposit rates to stay at 5.5% - 6% by the end of 2025

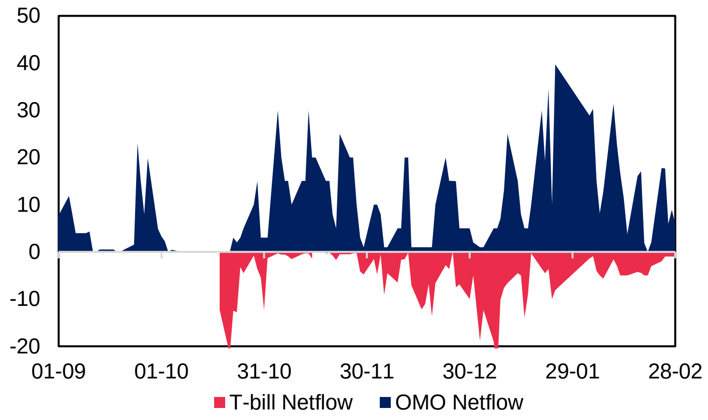
Although deposit rates have been on a downward trend following the PM's directive, we believe that input rates will gradually improve toward the end of the year, driven by expectations of positive economic growth and credit growth reaching or even surpassing the 16% target. As of February 18th, credit growth had increased by 0.02% compared to the end of 2024, marking a 16.4% yoy rise (whereas during the same period in 2024, credit growth had contracted by 1.01% from December 2023), indicating a gradual recovery in capital demand. We expect credit growth will reach 17 – 18% in 2025, driven by the recovery of the manufacturing sector and domestic consumption amid rising demand, as well as the acceleration of public investment disbursement. Moreover, the low interest rate environment will support businesses in expanding their production, thereby contributing to an improved pace of credit growth in the coming period. Therefore, we anticipate that the average 12-month deposit rates of large commercial banks will fluctuate within the range of 5.5% – 6% by the end of 2025.

Figure 15: Credit growth (% ytd)



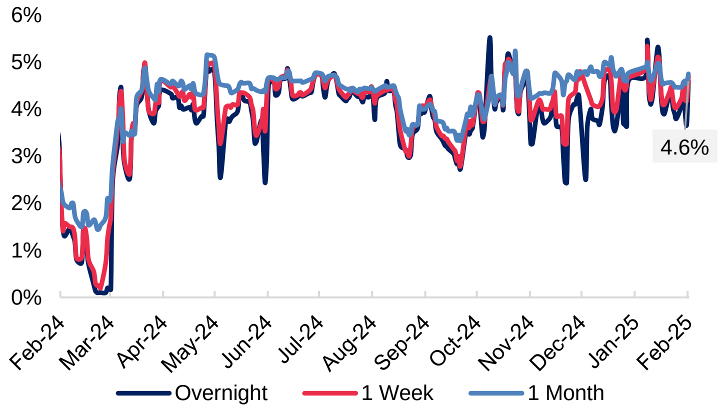
Source: Bloomberg, MBS Research

Figure 16: SBV's Open Market Operation (Liquidity) [VND tn]



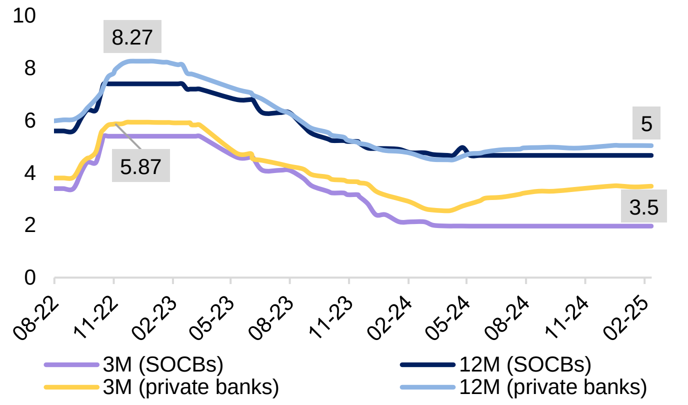
Source: SBV, MBS Research

Figure 17: Interbank overnight lending rate (%)



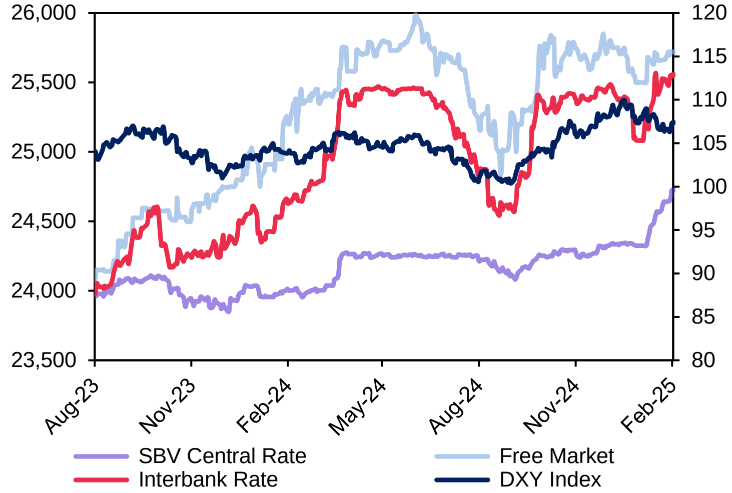
Source: Bloomberg, MBS Research

Figure 18: Commercial banks deposit rate (%)



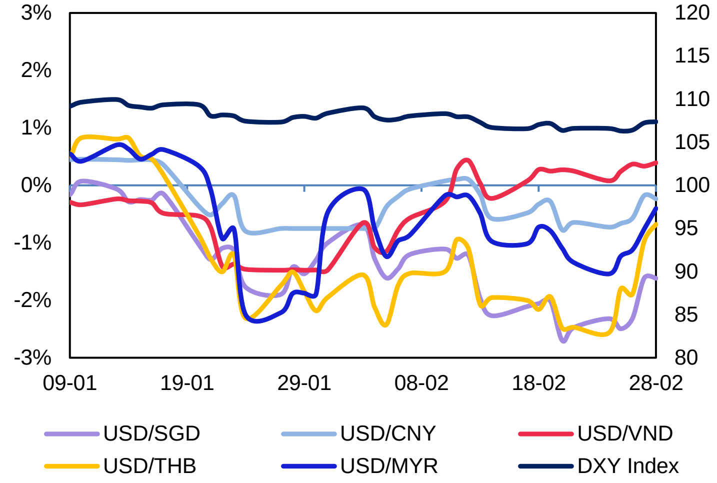
Source: Bloomberg, MBS Research

Figure 19: VND/USD exchange rate



Source: Bloomberg, MBS Research

Figure 20: Regional currencies performance against USD



Source: SBV, Bloomberg, MBS Research

Exchange rate pressures have swiftly reemerged

The USD faltered due to policy uncertainties and softening economic data

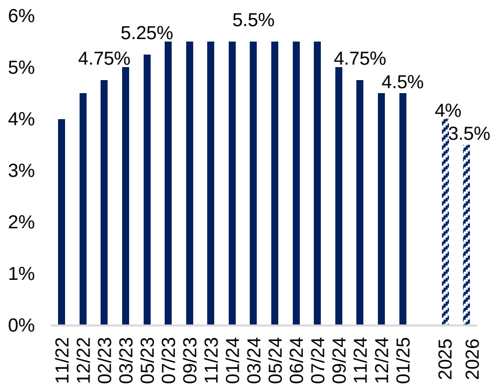
The four-month rally of the DXY, which began in October 2024, appears to be losing momentum in February due to policy uncertainty and soft economic data. Having started strong at 109 at the beginning of the month, the DXY has been on a steady decline and even hit a two-month low of 106.3 on February 25th.

Regarding economic indicators, the US economy faced a string of less favorable data compared to previous months. The US service sector activity unexpectedly slowed in January amid cooling demand, job growth decelerated more than expected following robust gains in the prior two months, and the CPI increased by 3% yoy – the highest rate since June 2024. This hotter-than-expected inflation was partly driven by a surge in food prices, particularly a 53% yoy spike in egg costs due to widespread shortages caused by an avian flu outbreak. Additionally, US retail sales posted their biggest drop in nearly two years in January, while the Philly Fed monthly manufacturing index tumbled at the fastest pace in nearly five years, reaching 18.1 in February.

Another factor weighing on the dollar during the month was "tariff fatigue." Since early February, new tariff announcements have been made almost every week. The series began with an additional 10% tariff on imports from China, followed by various other tariffs imposed by the White House, including a 25% tariff on all steel and aluminum imports, threats of global reciprocal tariffs, and 25% tariffs on autos, chips, pharmaceuticals, and EU goods. Despite these tariff concerns, the dollar still depreciated by 2.4% over the month, reaching 106.3 on February 25th. This reflects that the market has reached tariff-fatigue, where it no longer reacts as strongly as it did in the post-election period.

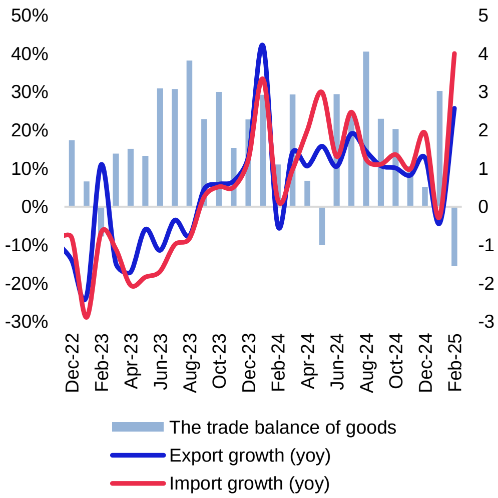
By the end of the month, the DXY index edged up to 107.4 after former President Trump announced that a 25% tariff on Canada and Mexico would take effect on March 4, while China would face an additional 10% tariff, bringing the total supplemental tariff to 20%.

Fed kept interest rates unchanged at 4.5% in the January meeting



Source: Bloomberg, MBS Research

Import-export growth and monthly trade



Source: GSO, MBS Research

The SBV took new action amid heightened exchange rate volatility

Exchange rates fluctuated sharply throughout February under pressure from multiple factors. On the external front, although the USD weakened during the period, it remained at a high level, continuing to exert pressure on the exchange rate. Domestically, the exchange rate also faced pressure from rising foreign currency demand as businesses ramped up imports of production materials. According to GSO, Vietnam recorded a trade deficit in February for the first time since May 2024, with import turnover surging by 40% yoy. Additionally, the State Treasury conducted three rounds of USD purchases from commercial banks during the month, totaling USD 500mn, further tightening foreign currency supply and adding pressure on the exchange rate.

To address this, the SBV intervened by continuously raising the central exchange rate, helping to widen the exchange rate ceiling. Since the beginning of the month, the central rate has risen by a total of 401 VND, equivalent to 1.6% - a sharp adjustment compared to the 487 VND increase for the entire year of 2024. Furthermore, the SBV took new action by no longer enforcing a hard cap of 25,450 VND/USD on the interbank exchange rate, as it did in the previous period. On February 11th, the central bank made a significant move by raising its USD intervention selling price for the first time since late October 2024, bringing it to 25,698 VND/USD. It then allowed the intervention rate to float based on the central exchange rate, keeping it 50 VND below the ceiling rate at which banks are permitted to trade. This move indicating the SBV’s acceptance of greater exchange rate fluctuations to ease pressure on foreign exchange reserves after having sold more than USD 9bn over the past year.

Nevertheless, the interbank exchange rate surged by 1.9% over the month, reaching 25,557 VND/USD by the end of February. Meanwhile, the free-market rate climbed to 25,720 VND/USD, and the central rate stood at 24,726 VND/USD, marking a 0.1% decline and a 1.6% increase, respectively, compared to early 2025.

We expect the exchange rate to fluctuate in the range of 25,500 – 26,000 VND/USD in 2025 as the new administration's plans for fiscal easing, combined with stricter immigration policies, along with high interest rates in the U.S. compared to other economies and the relatively high protectionism of the United States, is expected to support for a surge in the value of the USD. However, the VND is expected to receive support from a narrowing interest rate gap between the VND and USD. While the overnight USD interest rate was 1.6% – 5.2% higher than the VND during the first two months of 2024, this gap has narrowed to just 0.2% – 0.8% in the first two months of 2025, with instances where VND rates even exceeded USD rates. Additionally, factors such as a positive trade surplus (~US$1.47bn in 2M25), disbursed FDI (US$2.95bn, +5.4% yoy), and a rebound in international tourist arrivals (+30.2% yoy in 2M25) are expected to continue supporting the VND.

Vietnam's economic indicators

Economic indicators	2019	2020	2021	2022	2023	2024	2025F
1. GDP, population & income							
Nominal GDP (USDbn)	310.1	334.3	346.6	366.1	430	476.3	513 - 515
Real GDP growth (%)	7.02	2.91	2.58	8.02	5.05	7.09	7.8 – 8.0
Exports of goods and services (% yoy)	8.1	6.5	19	10.6	-4.4	14.3	11.0
Imports of goods and services (% yoy)	7	3.6	26.5	8.4	-8.9	16.7	11.0
GDP per capita (USD)	3,267	3,491	3,586	3,756	4,163	4,700	5,000
2. Fiscal policy (%GDP)							
Government debt	49.2	51.5	39.1	34.7	34	34	35
Public debt	55.9	43.1	38	39.5	37	37	37
Foreign debt	47.1	47.9	38.4	36.8	37.2	33	34
3. Financial indicators							
USD/VND exchange rate	23,228	23,115	23,145	23,612	24,353	25,058	25,500-26,000
Inflation rate (%)	2.8	3.2	1.8	3.15	3.25	3.63	3.9
Credit growth (%)	18.7	18.2	13.9	12.1	13.5	15.1	17.0 – 18.0
12-month deposit rate	7.2	6.8	5.8	8.5	5	5.1	5.5 – 6.0
Trade balance (USD bn)	9.9	19.1	4	11.2	28	31.0	27.5
Goods: Exports (USD bn)	263	281	336	371	355.5	405.5	450.1
Goods: Imports (USD bn)	253	262	332	360	327.5	380.8	422.6
Foreign reserve (USD bn)	78	94	109	86	95	80	85

DISCLAIMER

This report has been written and distributed by MBS Research Center, MBS Securities JSC (MBS). It is based on information obtained from sources believed to be reliable, but MBS does not make any representation or warranty, express or implied, as to its accuracy, completeness, timeliness or correctness for any particular purpose. Opinions expressed are subject to change without notice. This research is prepared for general circulation. Any recommendation contained herein does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This report and all of its content belongs to MBS. No part of this report may be copied or reproduced in any form or redistributed in whole or in part, for any purpose without the prior written consent of MBS.

MBS INVESTMENT RECOMMENDATION

Stock rating

Our investment recommendations are based on the expected profitability of the stock, calculated as the sum of (i) the percentage difference between target price and market price at the time of publication, and (ii) expected dividend yield. Unless otherwise stated in the report, investment recommendations have an investment horizon of 12 months.

ADD	The stock can generate a profitability of 15% or more
HOLD	The stock can generate a profitability of between -15% and 15%
REDUCE	The stock can generate a loss of 15% or more

Sector rating

POSITIVE	Industry stocks have Add recommendations on a weighted market capitalization basis
HOLD	Industry stocks have Hold recommendations on a weighted market capitalization basis
NEGATIVE	Industry stocks have Reduce recommendations on a weighted market capitalization basis

ABOUT MBS

Founded in May 2000 by the Military Commercial Joint Stock Bank (MB), MB Securities Joint Stock Company (MBS) is one of the first six securities companies in Vietnam. After years of development, MBS has grown into one of the premier brokerage houses in the country. In two consecutive years between 2009 and 2010, MBS leads the brokerage house in terms of market share on both Hanoi Stock Exchange (HNX) and HCMC Stock Exchange (HOSE) and continuously ranked among the Top 5 of market share at both stock exchanges.

Address:
MB Building, 21 Cat Linh, Dong Da Dist., Hanoi
Tel: + 8424 7304 5688 - Fax: +8424 3726 2601
Website: www.mbs.com.vn

MBS RESEARCH TEAM

Director, Head of Research
Hien Tran Thi Khanh

Deputy Head of Equity Research
Dzung Nguyen Tien

Macro & Market Strategy
Hung Ngo Quoc
Cuong Nghiem Phu
Anh Dinh Ha
Anh Vo Duc

Banking – Financial Services
Luyen Dinh Cong

Real estate
Duc Nguyen Minh
Thanh Le Hai

Energy - Industrials
Tung Nguyen Ha Duc
Huyen Pham Thi Thanh

Consumer - Retail
Ly Nguyen Quynh