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Vietnam Outlook

- **Gross domestic product in the first quarter of 2022 is estimated to increase by 5.03% over the same period last year. World (WB) forecasts that Vietnam's GDP growth will reach 5.3% in 2022, then stabilize around 6.5% in 2023.**
- **According to the latest data of the General Statistics Office, CPI in May 2022 increased by 0.38% compared to the previous month; increased by 2.48% compared to December 2021 and increased by 2.86% over the same period last year.**
- **Total retail sales of consumer goods and services in May was estimated at 477.3 trillion VND, up 4.2% over the previous month and 22.6% over the same period last year, reaching the scale and the growth rate was higher than the same period in the years before the Covid-19 pandemic.**
- **Vietnam's Manufacturing Purchasing Managers' Index (PMI) increased to 54.7 points in May compared to 51.7 points in April, thereby showing a significant month-on-month improvement in health. health of the private sector in the middle of the second quarter. Three prominent highlights were a stronger increase in output in the context of production recovery from the pandemic; Faster job creation; The level of delivery delays increased.**
- **Realized investment capital from the State budget in May was estimated at VND 38.1 trillion, up 10.3% over the same period last year. Generally, in the first 5 months of 2022, investment capital realized from the State budget is estimated at 147.8 trillion VND, equaling 27.7% of the year plan and increasing by 9.5% over the same period last year.**
- **The USD/VND value on the free market remained high in contrast to the decline in some other regional currencies in the second half of May. USD/VND exchange rate on the free market increased by 400 VND/USD compared to the end of April and is currently trading at 23,855 VND/USD.**
- **The value of USD against a number of currencies in the region tended to increase due to pressure from the strong increase of the international USD and reached a 20-year high. The USD/VND exchange rate on the free market increased by 110 VND/USD compared to March and is currently trading at 23,455 VND/USD.**

Economic activity

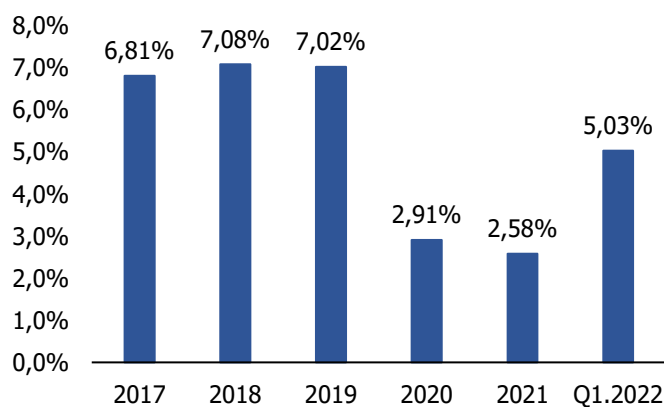
Economic Growth

Gross domestic product (GDP) in the first quarter of 2022 is estimated to increase by 5.03% over the same period last year. Although lower than the 6-6.5% target set by the National Assembly for the whole year of 2022, it is still higher than the growth rate of 4.72% in the first quarter of 2021 and 3.66% in the first quarter of 2020. In which, the agriculture, forestry and fishery sector increased by 2.45%, accounting for 5.76% of the general increase; industry and construction increased by 6.38%, accounting for 51.08%; the service sector increased by 4.58%, accounting for 43.16%.

In the first quarter of 2022, Vietnam's business environment index reached 73 percentage points, up 12 percentage points compared to the fourth quarter of 2021, the highest level since the 4th outbreak. Newly established enterprises in the first 4 months of 2022 reached 49,591 enterprises, the highest level in the first 4 months of the year so far in Vietnam. Foreign direct investment capital realized in Vietnam in the first 4 months of 2022 is estimated at USD 5.92 billion, the highest value in the first 4 months of the year in the years 2018-2022, creating an important driving force for growth. economy in 2022.

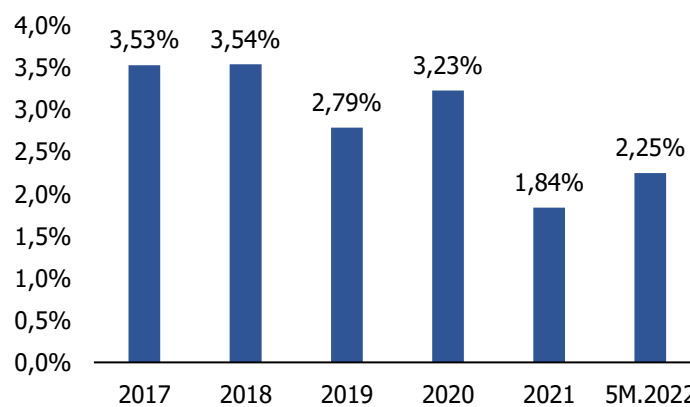
Accordingly, the Asian Development Bank (ADB) forecasts that Vietnam's economic growth will recover at 6.5% in 2022 and reach 6.7% in 2023. The World Bank (WB) forecasts an increase. Vietnam's GDP growth will reach 5.3% in 2022, then stabilize around 6.5%. The International Monetary Fund (IMF) lowered its forecast for global economic growth in 2022 to 3.6%, but believes that, in Vietnam, the economic recovery process will be strengthened from the implementation of the Recovery Program. recovery and socio-economic development. The IMF forecasts that Vietnam's GDP will grow at 6% in 2022 and 7.2% in 2023.

Vietnam's annual GDP growth



Source: GSO.

Vietnam's average inflation rate by year



Source: GSO.

Inflation

Recently, it has been suggested that in 2022, inflation pressure in Vietnam is quite large and the task of controlling inflation this year at below 4% as proposed by the National Assembly faces many difficulties; The proposal of the State Bank to raise the operating interest rate to curb inflation also appeared. However, current reality shows that, due to weak consumer demand, inflation in Vietnam in 2022 is forecasted to remain low, even though the price of petrol and

some raw materials may increase. Therefore, the State Bank does not need to tighten monetary policy.

According to the latest data of the General Statistics Office, CPI in May 2022 increased by 0.38% compared to the previous month; increased by 2.48% compared to December 2021 and increased by 2.86% over the same period last year. According to GSO, the increase in CPI is due to the increase in the price of food, foodstuffs, and the increase in the price of essential consumer goods and services due to the price of input materials, are the main reasons.

On average, in the first 5 months of 2022, CPI increased by 2.25% over the same period last year, higher than the increase of 1.29% of the first 5 months of 2021, but lower than the increase of the first 5 months of 2017 - 2020; Core inflation increased by 1.1%.

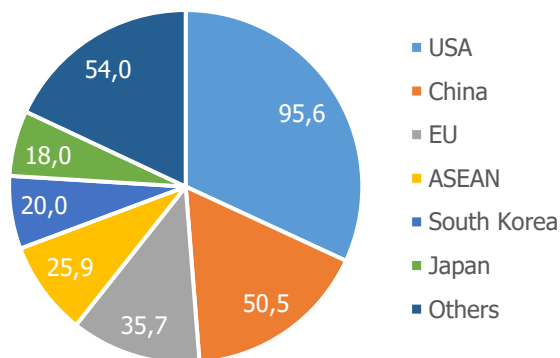
Trade activity

Total retail sales of consumer goods and services in May was estimated at VND 477.3 trillion, up 4.2% over the previous month and 22.6% over the same period last year. The rate of increase was higher than that of the same period in the years before the Covid-19 pandemic. Generally for the first 5 months of 2022, the total retail sales of consumer goods and services is estimated at VND 2,257.1 trillion, up 9.7% over the same period last year, if excluding the price factor, an increase of 6.3%.

Merchandise export turnover in May 2022 was estimated at USD 30.48 billion, down 8.5% compared to the previous month. Generally, in the first 5 months of 2022, export turnover of goods was estimated at USD 152.81 billion, up 16.3% over the same period last year. Import turnover of goods in May 2022 was estimated at USD 32.21 billion, down 0.8% compared to the previous month. Generally in the first 5 months of 2022, import turnover of goods is estimated at USD 152.29 billion, up 14.9% over the same period last year.

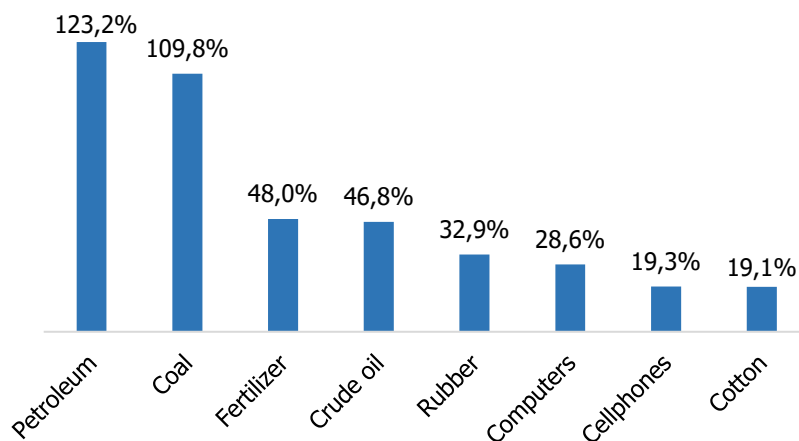
Regarding the import and export market of goods in the first 5 months of 2022, the United States is the largest export market of Vietnam with an estimated turnover of USD 46.7 billion. China is Vietnam's largest import market with an estimated turnover of USD 49.6 billion. In the first 5 months of 2022, the trade balance of goods is estimated to have a trade surplus of USD 516 million (the same period last year, the trade deficit is USD 1.24 billion).

Export market of Vietnam in 2022 YTD (USD bn)



Source: GSO, Customs.

Growth of major export products in 2022 YTD (% YoY)



Source: GSO.

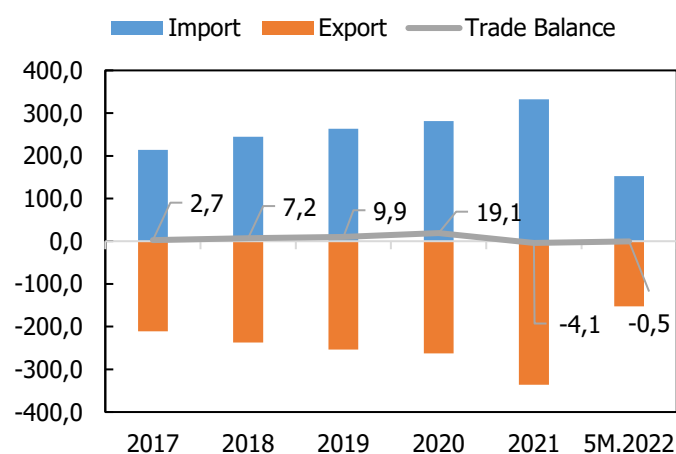
Industrial production

Vietnam's Manufacturing Purchasing Managers' Index (PMI) increased to 54.7 points in May from 51.7 points in April, thereby showing a significant month-on-month improvement in health. The private sector in the middle of the second quarter. Three prominent highlights were a stronger increase in output in the context of production recovery from the pandemic; Faster job creation; The level of delivery delays increased.

According to the report, Vietnam's manufacturing industry grew faster in May as it continued to recover from the latest wave of the Covid-19 pandemic during the beginning of the year. Both output and new orders recorded strong increases, while companies increased purchasing activity and employment. There are some difficulties related to the pandemic lockdown measures in Mainland China that have restrained exports and continued to cause delays in shipments. Meanwhile, inflation pressure is still increasing but has eased compared to April.

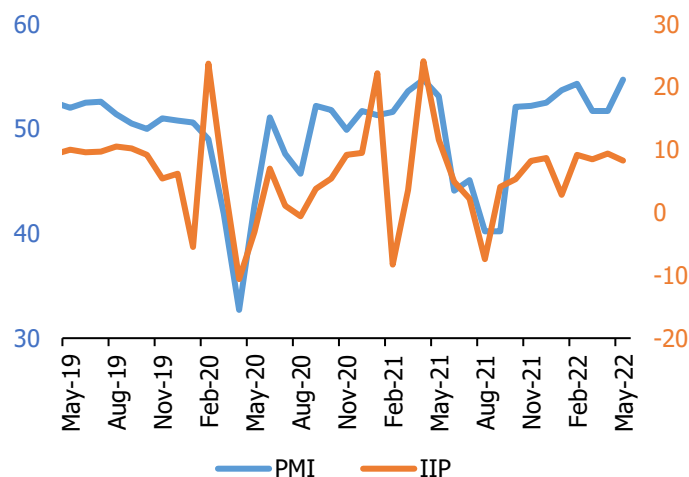
The index of industrial production (IIP) in May 2022 was estimated to increase by 4% over the previous month and by 10.4% over the same period last year, of which the processing and manufacturing sector increased by 12.1%. Generally, in the first 5 months of 2022, IIP is estimated to increase by 8.3% over the same period last year (in the same period in 2021, it is estimated to increase by 10%). In which, the processing and manufacturing industry increased by 9.2% (in the same period in 2021, it increased by 12.5%). The number of employees working in industrial enterprises as of May 1, 2022 increased by 1.4% over the same period last month and 4.4% over the same period last year.

Import and Export Activities of Vietnam (USD bn)



Source: GSO.

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



Source: Bloomberg.

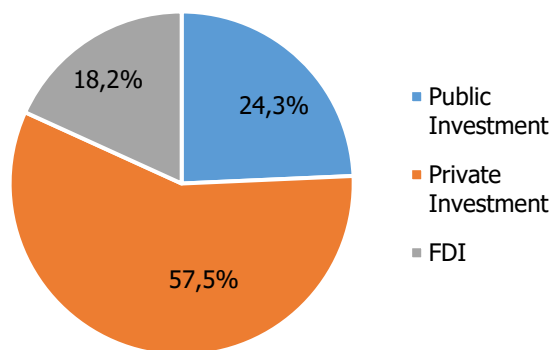
Investment

Realized investment capital from the State budget in May was estimated at VND 38.1 trillion, up 10.3% over the same period last year. Generally, in the first 5 months of 2022, investment capital realized from the State budget is estimated at VND 147.8 trillion, equaling 27.7% of the year plan and increasing by 9.5% over the same period last year.

Total foreign investment capital registered in Vietnam as of May 20, 2022, including: newly registered capital, adjusted registered capital and value of capital contribution and share purchase by foreign investors reached nearly USD 11.71 billion, down 16.3% over the same period last year.

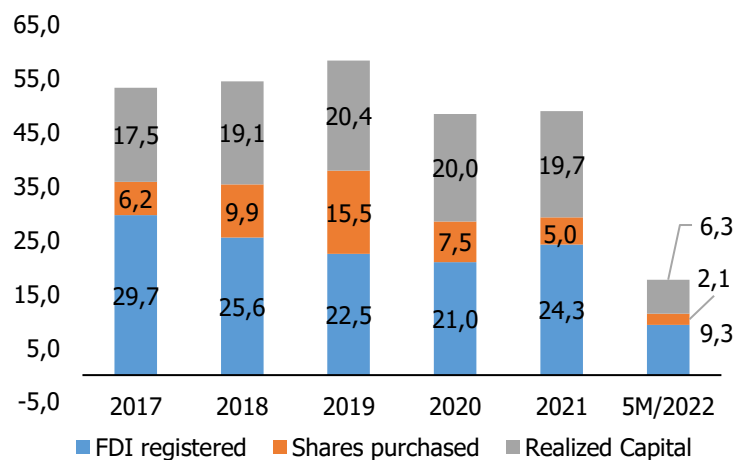
Realized foreign direct investment in Vietnam in the first five months of 2022 was estimated at USD 7.71 billion, up 7.8% over the same period last year. Vietnam's investment abroad in the first 5 months of 2022 has 43 projects newly granted investment certificates with the total capital of the Vietnamese side is USD 293.4 million, more than 2 times higher than the same period last year; There were 14 times of capital adjustment projects with the adjusted capital increased by USD 44.9 million, down 88.9%.

Structure of total investments in Q1.2022



Source: GSO.

Total FDI capital since 20/05/2022 (USD bn)



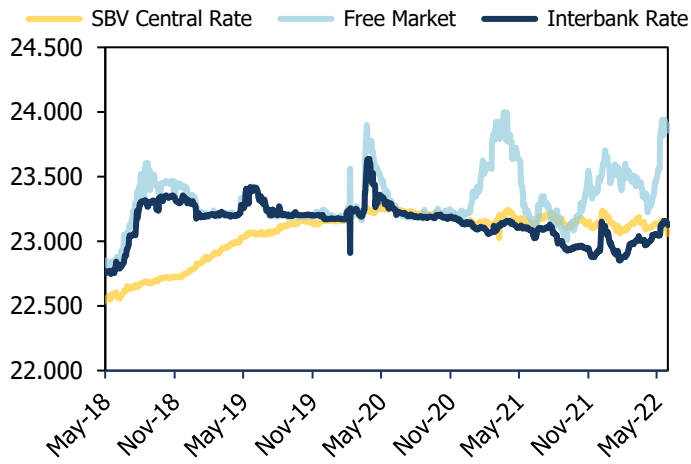
Source: GSO.

Exchange rate

The USD/VND value on the free market remained high in contrast to the decline in some other regional currencies in the second half of May. USD/VND exchange rate on the free market increased. 400 VND/USD compared to the end of April and is currently trading at 23,855 VND/USD. The central and interbank rates traded at 23,057 VND/USD, respectively, down 83 VND/USD and 23,126 VND/USD, up 72 VND/USD compared to the end of April.

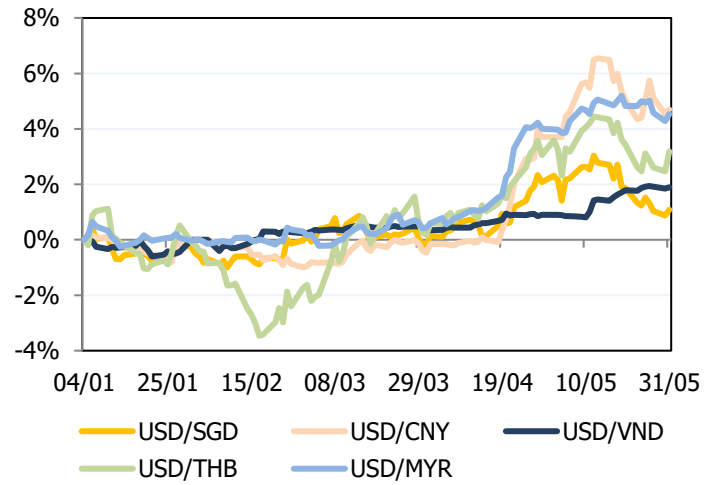
Ending May, the DXY Index dropped to 101.78. The greenback slipped as the market adjusted its view on Fed rate hikes. Released data showed that US consumer spending rose more than expected in April as households increased purchases of goods and services and the rise in inflation slowed. Such positive economic data coupled with the market's bets on a cautious tightening path with a slower pace by the Fed have been weakening the dollar as it has been lately.

VND/USD exchange rate



Source: Bloomberg

Regional currencies performance against USD



Source: Bloomberg

Vietnam's Economic Indicators

Economic Indicators	2015	2016	2017	2018	2019	2020	2021
1. GDP, population & income							
Nominal GDP (USDbn)	193,2	205,3	223,8	245,2	262,4	270,0	277
Real GDP growth (%)	6,7	6,2	6,8	7,1	7,0	2,91	2,51
Exports of goods and services (% yoy)	7,9	9,0	21,8	13,2	8,4	6,5	19,0
Imports of goods and services (% yoy)	12,0	5,6	21,9	11,1	6,8	3,6	26,5
Population (mn people)	92,7	93,6	94,6	95,5	96,4	97,7	98,5
GDP per capita (USD)	2.086	2.172	2.353	2.551	2.740	2.750	2.800
Unemployment rate (%)	2,33	2,33	2,2	2,2	2,2	2,9	3,22
2. Chỉ số tài khóa (%GDP)							
Government debt	49,2	52,7	51,7	50,0	49,2	51,5	39,5
Public debt	61,0	63,7	61,4	58,4	56,1	58,7	43,7
Foreign debt	42,0	44,8	48,9	46,0	45,8	47,0	47,1
3. Các chỉ số tài chính							
USD/VND exchange rate	22.485	22.740	22.690	23.180	23.228	23.115	23.145
Inflation rate (%)	0,6	2,7	3,5	3,5	2,8	3,23	1,94
Credit growth	17,1	18,7	18,2	13,9	13,7	12,1	13,5
12-month lending rate	8,5	8,5	8,5	8,5	8,5	8	7,5
Trade balance (USD million)	-3.759	1.602	1.903	6.795	11.100	19.100	4.080
Goods: Exports (USD million)	162.017	176.581	215.119	243.483	264.200	267.100	336.310
Goods: Imports (USD million)	165.776	174.978	213.215	236.688	253.100	251.000	332.250
Current account (USD million)	-119	5.924	4.676	5.844	5.435	5.266	5.100
Foreign reserve (USD million)	28.616	36.906	49.497	54.491	79.000	100.000	110.000

Source: Bloomberg

This product covers the latest information about Vietnam macroeconomics. Reports focus on important issues such as inflation, economic growth, trade balance, exchange rate and macro policies. The product also forecasts figures which have impacts on stock market.

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