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**Vietnam Outlook**

- **Entering 2022, the National Assembly sets a target GDP growth rate of 6% to 6.5% and the average GDP size at the beginning of the year is expected to reach USD 3,900.**
- **In 2022, the National Assembly sets a target of 4% CPI growth. CPI in January 2022 increased by 0.19% and basic inflation increased by 0.26% compared to the previous month. Compared to the same period in 2021, January CPI increased by 1.94%; January 2022 basically developed, increased by 0.66%**
- **Total retail sales of used goods and services in January 2022 reached VND 470.7 billion, up 6.7% over the previous month and 1.3% over the same period last year.**
- **Goods export in January reached USD 29 billion, down 16.2% from the previous month and up 1.6% over the same period last year. Goods import reached USD 29.5 billion, down 6.7% over the previous month and up 11.5% over the same period last year.**
- **The index of industrial production (IIP) in January 2022 is estimated to decrease by 3.1% compared to the previous month and increase by 2.4% over the same period last year. The Purchasing Managers' Index (PMI) of Vietnam's manufacturing industry reached 53.7 points in January, up from 52.5 in December.**
- **Investment made from the State budget in January 2022 was estimated at VND 25.3 trillion, equaling 4.8% of the year plan and increasing by 8.6% over the same period last year.**
- **By the end of January 2022, the VND is increasing slightly against the USD. Compared to the end of December, the USD/VND exchange rate on the free market decreased by 75 VND/USD and is currently trading at 23,395 VND/USD.**

## Economic activity

### Economic Growth

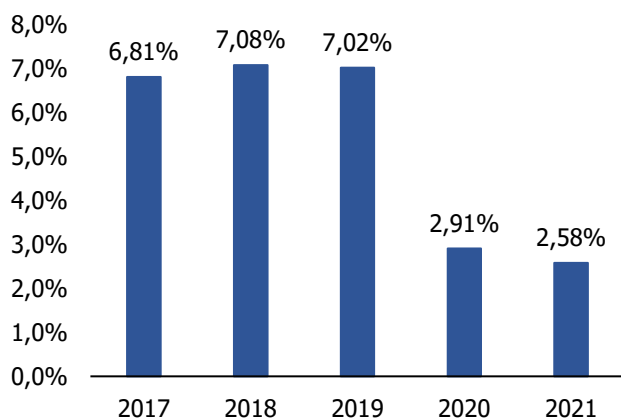
Entering 2022, the National Assembly sets a GDP growth target of between 6% and 6.5% and GDP per capita next year is expected to reach USD 3,900. This is considered a difficult goal in the context of the complicated development of the Covid-19 pandemic, especially GDP growth for 2 consecutive years (2020-2021) is low at 2.91% and 2.58%, respectively. However, with the existing advantages, Vietnam completely has a basis to achieve the above goal.

### Inflation

In 2022, the National Assembly sets a target for the CPI growth rate to reach 4%. Vietnam's average CPI in 2021 only increased by 1.84% over the previous year, the lowest in the past 6 years, reaching the previously set target, continuing to be the year of successful inflation control. However, inflationary pressure in 2022 is present due to the risk of "inflation import".

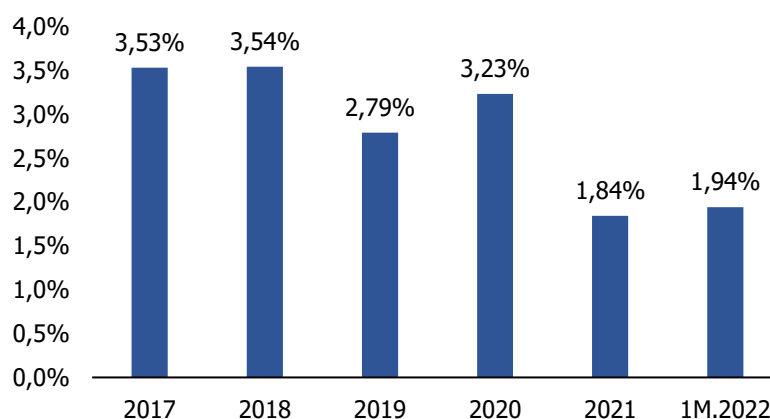
January 2022 is the month adjacent to the Lunar New Year, so people's shopping demand increases, the prices of essential consumer goods and services increase according to the law of consumption on Tet holiday; along with the increase in domestic gasoline prices in line with world fuel prices were the factors that made the consumer price index (CPI) in January 2022 increase by 0.19% and core inflation by 0.26% compared to the previous month. Compared to the same period in 2021, January CPI increased by 1.94%; core inflation in January 2022 increased by 0.66%.

**Vietnam's annual GDP growth**



Source: GSO.

**Vietnam's average inflation rate by year**



Source: GSO.

### Trade activity

January is the month approaching Tet, so domestic trade, transportation and tourism all increased compared to the previous month, while import and export activities decreased. Total retail sales of consumer goods and services in January 2022 reached VND 470.7 trillion, up 6.7% over the previous month and up 1.3% over the same period last year.

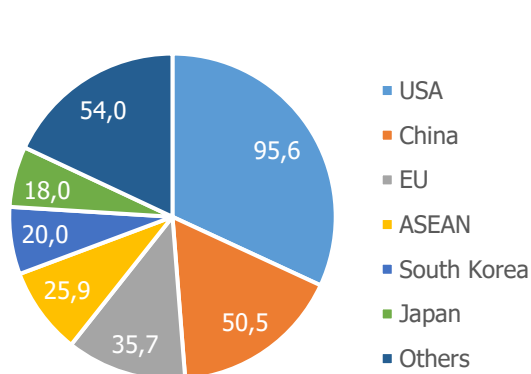
Merchandise export turnover in January reached USD 29 billion, down 16.2% from the previous month and up 1.6% over the same period last year. In January, there were 7 items with export turnover of over USD 1 billion, accounting for 63.3% of total export turnover. Regarding the structure of export commodity groups in January 2022, the group of processed industrial products

accounted for 88.5%, down 1.5% over the same period last year; agricultural and forestry products accounted for 7.7%, up 0.7%; aquatic products accounted for 2.9%, up 0.8%; the group of fuels and minerals accounted for 0.9%, unchanged over the same period.

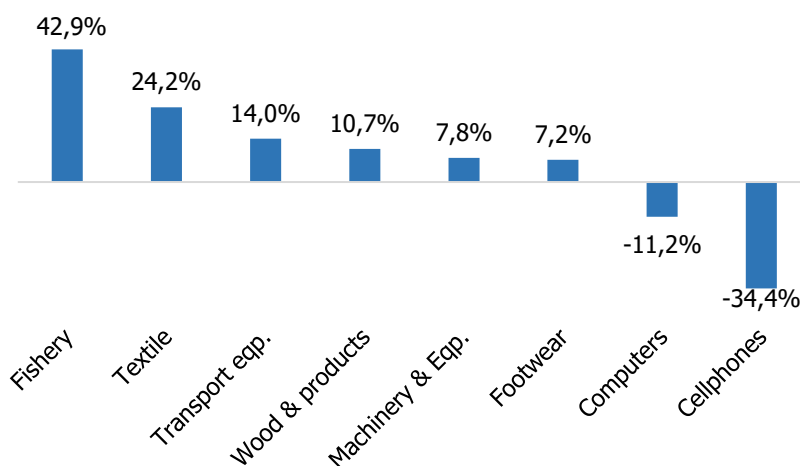
Import turnover of goods reached USD 29.5 billion, down 6.7% over the previous month and up 11.5% over the same period last year. In January 2022, there were 4 imported items worth over USD 1 billion, accounting for 46.8% of total import turnover. Regarding the structure of imported goods in January 2022, the group of capital goods accounted for 93.7%, up 0.2% over the same period last year. The group of consumer products accounted for 6.3%, down 0.2%.

The balance of trade in goods in 2021 has a trade surplus of USD 4.08 billion; January 2022 is estimated to have a trade deficit of USD 500 million. In which, the domestic economic sector has a trade deficit of USD 1.8 billion; the foreign-invested sector had a trade surplus of USD 1.3 billion.

## Export market of Vietnam in 2021 YTD (USD bn)    Growth of major export products in 2022 YTD (% YoY)



Source: GSO, Customs.



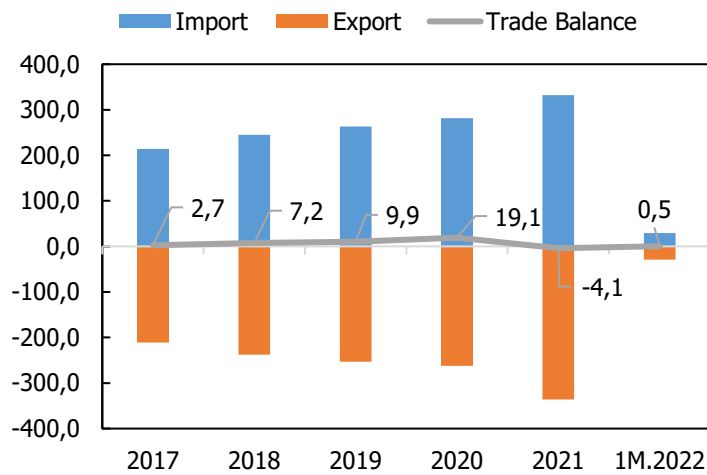
Source: GSO.

## Industrial production

January is the time to promote consumption of industrial products, so the index of industrial production (IIP) in January 2022 is estimated to decrease by 3.1% compared to the previous month and increase by 2.4% over the same period last year. In which, the processing and manufacturing industry increased by 2.8%, contributing 2.6 percentage points to the overall increase; electricity production and distribution increased by 5.1%, contributing 0.5 percentage points; water supply, waste and wastewater management and treatment activities increased by 1.2%, contributing 0.02 percentage points; the mining industry alone decreased by 4.6%, decreasing by 0.7 percentage points.

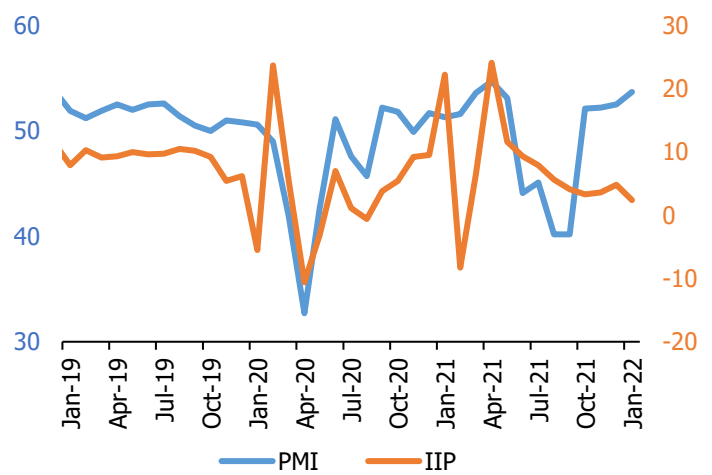
The Purchasing Managers' Index (PMI) of Vietnam's manufacturing industry reached 53.7 points in January, up from 52.5 in December, showing a strong improvement in business conditions, with a remarkable level. since April 2021. Total new orders are supported as the number of new orders from abroad continues to grow.

**Import and Export Activities of Vietnam (USD bn)**



Source: GSO.

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



Source: Bloomberg.

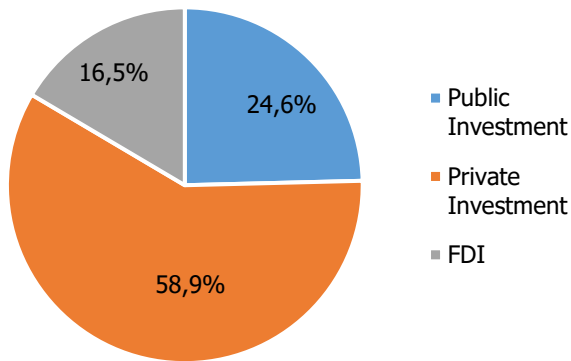
## Investment

Realized investment capital from the State budget in January 2022 was estimated at VND 25.3 trillion, equaling 4.8% of the year plan and increasing by 8.6% over the same period last year, including: Realized investment capital managed by the central government reached VND 3.4 trillion, equaling 3.4% of the year plan, and increasing by 9.2% compared to the same period last year; Realized investment capital managed by the locality reached VND 21.9 trillion, equaling 5.2% of the year plan and increasing by 8.5%.

Total foreign investment capital registered in Vietnam as of January 20, 2022 including newly registered capital, adjusted registered capital and value of capital contribution and share purchase by foreign investors reached USD 2,1 billion, up 4.2% over the same period last year. Realized foreign direct investment in Vietnam in January 2022 was estimated at USD 1.61 billion, up 6.8% over the same period last year.

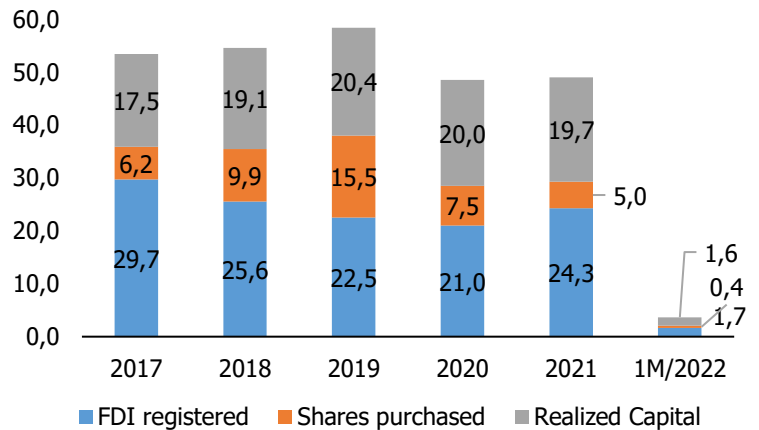
Vietnam's investment abroad in January 2022 has 15 projects newly granted investment certificates with the total capital of the Vietnamese side is USD 44.2 million, 13.97 times higher than the same period last year; there were 02 times of capital adjustment projects with the adjusted capital reduced by 7.2 million USD. In general, the total investment capital of Vietnam abroad reached USD 36.9 million, 11.7 times higher than the same period last year.

**Structure of total investments in 2021**



Source: GSO.

**Total FDI capital since 20/01/2022 (USD bn)**



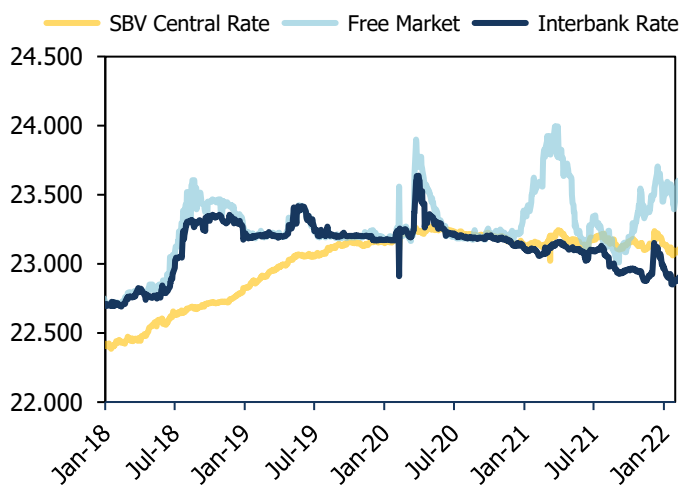
Source: GSO.

## Exchange rate

By the end of January 2022, the VND is increasing slightly against the USD. Compared to the end of December, the USD/VND exchange rate on the free market decreased by 75 VND/USD and is currently trading at 23,395 VND/USD. The central and interbank rates traded at 23,099 VND/USD, down 46 VND/USD and 22,881 VND/USD, down 105 VND/USD, respectively. Compared to other currencies in the region, VND is gaining the most value against USD at the beginning of the year.

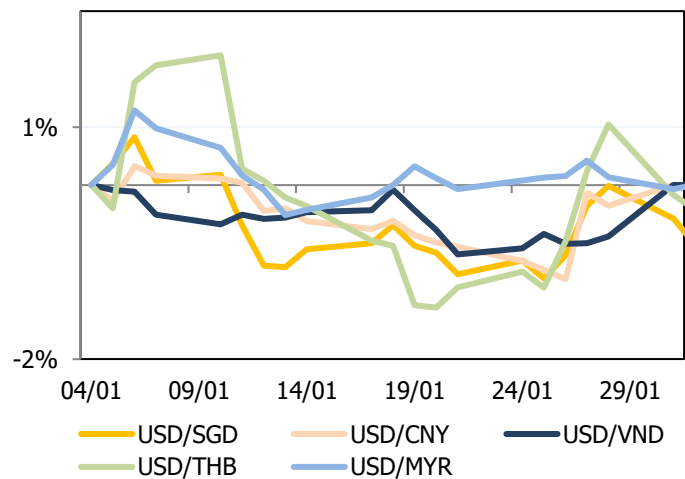
Last January, the DXY index rose to 97.2. USD Index saw its biggest one-day gain in more than two months of more than 0.8%. The USD rate bounced to the highest level since July 2020 a day after the US Federal Reserve (Fed) said it could raise interest rates faster and stronger in the coming months. The Fed said it was ready to start raising interest rates in March to curb rising inflation while also not ruling out the possibility of a 0.5 percentage point increase in one go. The move added impetus to investors heading into the greenback.

**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
<b>1. GDP, population &amp; income</b>							
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
<b>2. Chỉ số tài khóa (%GDP)</b>							
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
<b>3. Các chỉ số tài chính</b>							
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	12,1	11,0	13,5
12-month lending rate	8,5	8,5	8,5	8,5	8,5	8	5,5
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

## PRODUCT

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