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Vietnam Outlook

- **Entering 2022, the National Assembly sets a GDP growth target of 6% to 6.5% and GDP per capita next year is expected to reach USD 3,900.**
- **Consumer price index (CPI) in February 2022 increased by 1% over the previous month and by 1.42% over the same period last year. On average, in the first two months of 2022, CPI increased by 1.68% over the same period in 2021 and core inflation increased by 0.67%.**
- **Generally in the first 2 months of 2022, export turnover of goods is estimated at USD 53.79 billion, up 10.2% over the same period last year. In terms of goods import turnover, Vietnam was estimated at USD 54.73 billion in the first two months of the year, up 15.9% over the same period last year.**
- **The index of industrial production (IIP) in February 2022 is estimated to decrease 12.4% over the previous month and increase by 8.5% over the same period last year. The Purchasing Managers' Index (PMI) of Vietnam's manufacturing industry reached 54.3 points in February 2022, up from 53.7 in January.**
- **Realized investment capital from the State budget in February 2022 was estimated at VND 20.5 trillion, up 9.9% over the same period last year. Generally, in the first two months of 2022, investment capital realized from the State budget is estimated at VND 46.3 trillion, equaling 8.8% of the year plan and increasing by 10.4% over the same period last year.**
- **At the end of February, the USD/VND exchange rate continued to increase slightly due to fluctuations in the international market. Compared to the end of January, the USD/VND exchange rate on the free market increased by 80 VND/USD and is currently trading at 23,475 VND/USD. The DXY Index recorded at 96.5 in February.**

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.

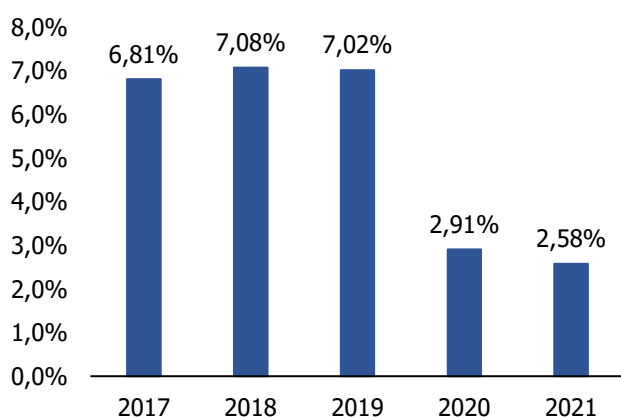
According to the World Bank, Vietnam's economic growth prospect in 2022 is positive. When manufacturing and service industries return to normal, output will skyrocket, like China's in early 2021. Most international forecasts also put the figure in the 6-7% range for Vietnam's GDP growth in 2022. Tourism will begin to recover from a decline of more than 95% from 2019 levels. Exports will increase by about 15% and the trade balance will remain positive. Inflation will remain low and the VND will continue to appreciate slightly against the US dollar.

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".

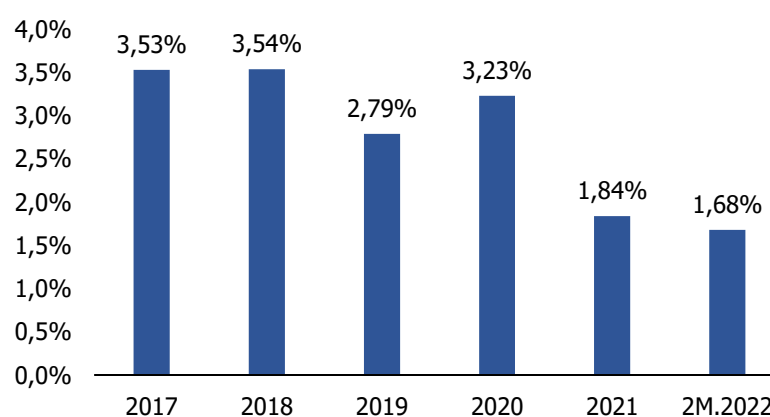
Due to the impact of the war between Russia and Ukraine, domestic gasoline prices have increased in line with world fuel prices; together with the increase in food, out-of-home dining and public transport service prices increasing during the Tet holiday, are the main reasons for the consumer price index (CPI) in February 2022 was up by 1% compare to January and increased by 1.42% over the same period last year. On average, in the first two months of 2022, CPI increased by 1.68% over the same period in 2021 and core inflation increased by 0.67%.

Vietnam's annual GDP growth



Source: GSO.

Vietnam's average inflation rate by year



Source: GSO.

Trade activity

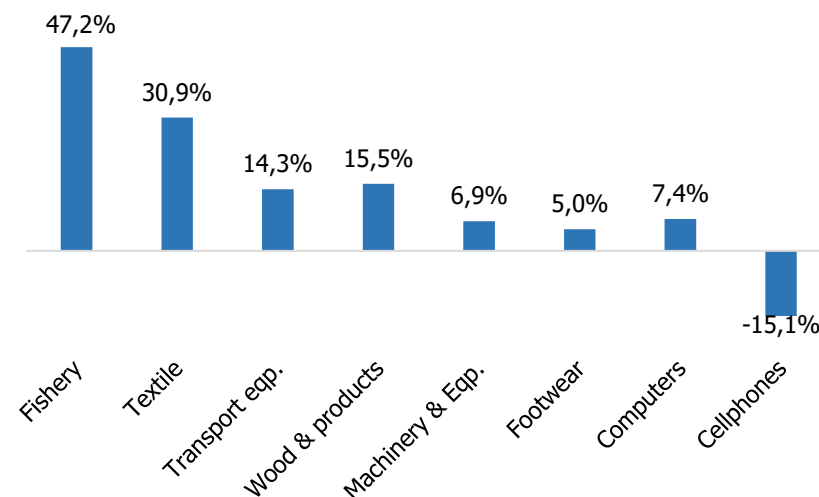
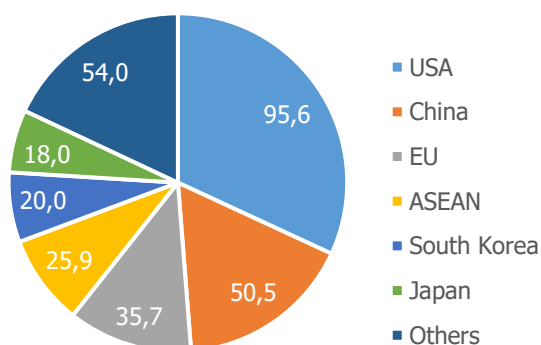
Generally for the first 2 months of 2022, the total retail sales of consumer goods and services increased by 1.7% over the same period last year; total import and export turnover of goods was estimated at USD 108.52 billion, up 13%. Total retail sales of consumer goods and services was estimated at more than VND 876 trillion, up 1.7% over the same period last year.

Generally, in the first two months of 2022, export was estimated at USD 53.79 billion, up 10.2% over the same period last year, of which the domestic economic sector reached USD 14.29 billion, increased by 24.1%, accounting for 26.6% of total export turnover; FDI sector reached USD 39.5 billion, up 5.9%, accounting for 73.4%. In the first 2 months of the year, Vietnam has 9 products with export turnover of over USD 1 billion, accounting for 71.6% of total export turnover; in which, there are 4 export items with over USD 5 billion, accounting for 52%.

In terms of import, Vietnam was estimated at USD 54.73 billion in the first two months of the year, up 15.9% over the same period last year. In which, the domestic economic sector reached USD 18.25 billion, up 16.9%; FDI sector reached USD 36.48 billion, up 15.4%. In the first 2 months of 2022, there were 13 imported items worth over USD 1 billion, accounting for 71.6% of the total import turnover.

The trade balance of goods in 2021 has a trade surplus of USD 4.08 billion and is currently estimated to have a trade deficit of USD 937 million in the first two months of 2022. In which, the domestic economic sector has a trade deficit of USD 3.96 billion; the foreign-invested sector had a trade surplus of USD 3.02 billion.

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



Source: GSO, Customs.

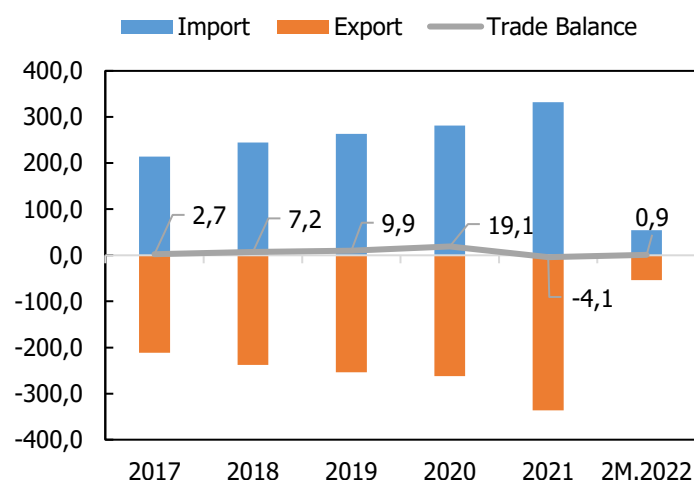
Source: GSO.

Industrial production

Industrial production in February 2022 is estimated to decrease by 12.4% compared to the previous month because the Lunar New Year holiday is mostly concentrated in February. However, compared to the same period last year, industrial production in February 2022 continued to prosper with an increase of 8.5%. Generally, in the first two months of 2022, the industrial production index increased by 5.4% compared to the first two months of 2021. In which, compared to the same period last year, the mining industry decreased by 4.1%; processing and manufacturing industry increased by 10%; electricity production and distribution increased by 8%; water supply, management and treatment of waste and wastewater increased by 0.8%.

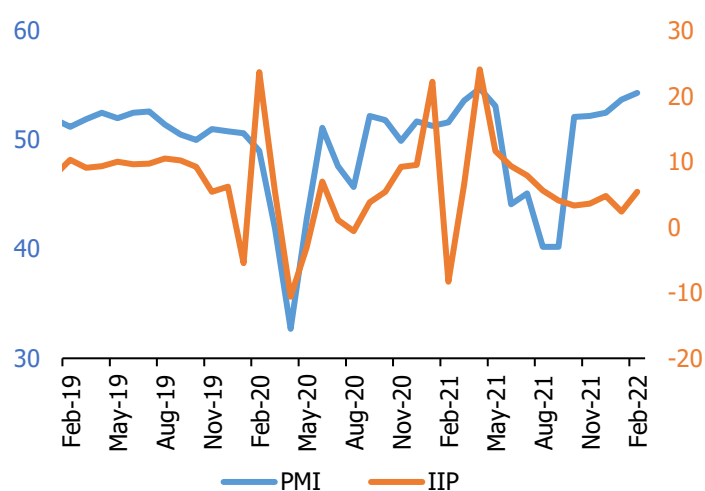
The Purchasing Managers' Index (PMI) of Vietnam's manufacturing industry reached 54.3 points in February 2022, up from 53.7 in January. According to IHS Markit, Vietnam's manufacturing sector is still above recovery momentum in February. Increased new orders and stable business conditions contributed to the fifth consecutive month of growth in domestic manufacturing output.

Import and Export Activities of Vietnam (USD bn)



Source: GSO.

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



Source: Bloomberg.

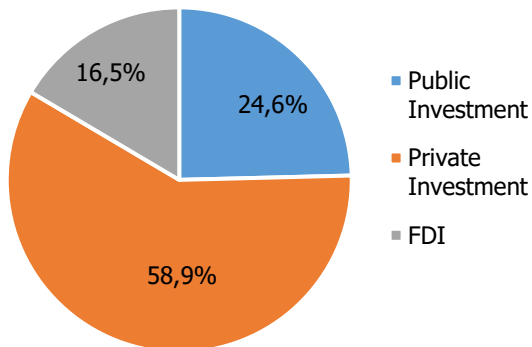
Investment

Realized investment capital from the State budget in February 2022 was estimated at VND 20.5 trillion, up 9.9% over the same period last year. Generally, for the first two months of 2022, investment capital realized from the State budget is estimated at VND 46.3 trillion, equaling 8.8% of the year plan and increasing by 10.4% over the same period last year. Including: Realized investment capital managed by the central government reached VND 6.4 trillion, equaling 6.4% of the year plan and increasing by 10.1%; Realized investment capital managed by the locality reached VND 39.9 trillion, equaling 9.3% of the year plan and increasing by 10.4%.

Total foreign investment capital registered in Vietnam as of February 20, 2022 including newly registered capital, adjusted registered capital and value of capital contribution and share purchase by foreign investors reached nearly USD 5 billion, down 8.5% over the same period last year. Realized foreign direct investment in Vietnam in the first two months of 2022 was estimated at USD 2.68 billion, up 7.2% over the same period last year.

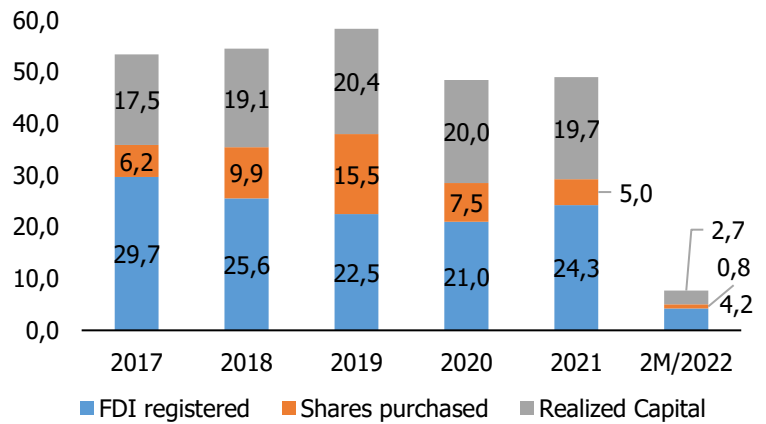
Vietnam's investment abroad in the first 2 months of 2022 has 21 projects newly granted investment certificates with the total capital of the Vietnamese side is USD 51.7 million, 2.4 times higher than the same period last year; there were 2 times of capital adjustment projects with the adjusted capital reduced by USD 7.2 million.

Structure of total investments in 2021



Source: GSO.

Total FDI capital since 20/02/2022 (USD bn)



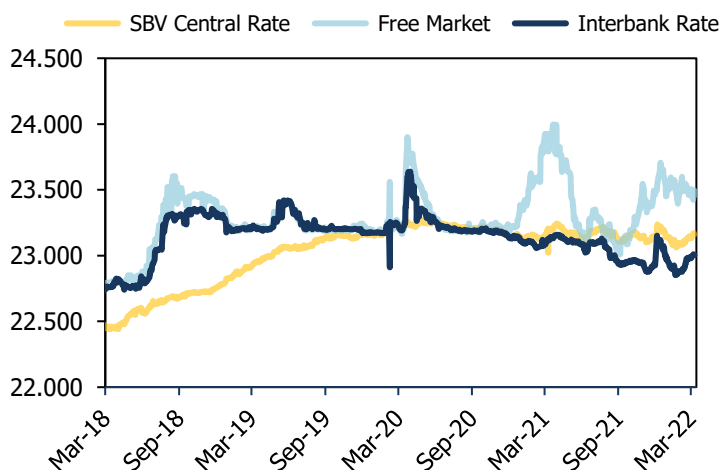
Source: GSO.

Exchange rate

At the end of February, the USD/VND exchange rate continued to increase slightly due to fluctuations in the international market. Compared to the end of January, the USD/VND exchange rate on the free market went up by VND 80 per USD and is currently trading at 23,475 VND/USD. The central and interbank rates were respectively traded at VND 23,140 per USD, up VND 41 per USD and VND 22,980 per USD, up VND 99 per USD. USD is appreciating against VND following the trend along with other currencies in the region.

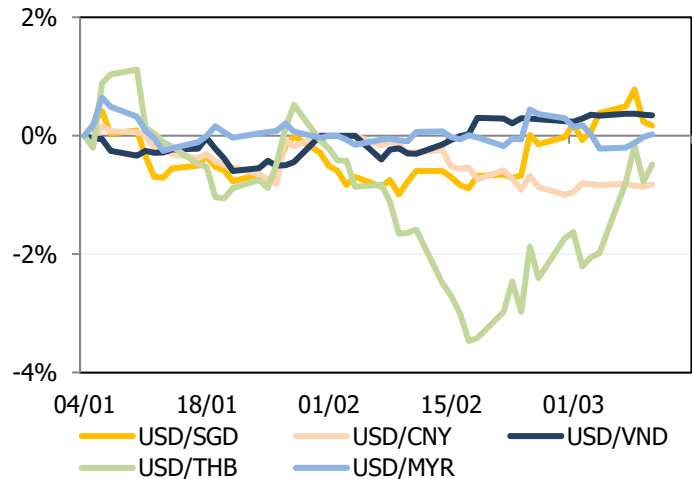
In February, the DXY index recoreded at 96.5. The USD is trending upwards while the Russian ruble has fallen to a record low as investors focused on the conflict between Ukraine and Russia. In addition, the medium-term trend of the exchange rate will depend on the upcoming important US economic data. As tensions in Ukraine have increased and fueled speculation the Fed may be less aggressive in tightening policy at its March meeting and put pressure on the greenback. Investors sought safety from G-bonds, causing US G-bonds yields to drop to low levels.

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	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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