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**Vietnam Outlook**

- **Gross domestic product in the fourth quarter of 2021 is estimated to increase by 5.22% over the same period last year, although higher than the growth rate of 4.61% in 2020 but still lower than the growth rate of the fourth quarter of other years. 2011-2019. It is estimated that GDP in 2021 will increase by 2.58% compared to the previous year because the Covid-19 pandemic has seriously affected all areas of the economy, especially in the third quarter of 2021, many key economic localities have to implement Prolonged social distancing to prevent disease.**
- **Petrol and gas prices in the month decreased according to world fuel prices; The Covid-19 pandemic has complicated developments across the country; Tuition fees for the first semester of the academic year 2021-2022 continue to be exempted and reduced in some localities, which are the main reasons for the December 2021 CPI decrease of 0.18% compared to the previous month.**
- **In December 2021, the import and export of goods continued to be the bright spot of the economy with the total import and export turnover of goods estimated at 66.5 billion USD, up 6.4% compared to the previous year. Last month and increased by 19.7% over the same period last year.**
- **The added value of the whole industry in 2021 is estimated to increase by 4.82% over the previous year. Consumption index of the entire processing and manufacturing industry in December 2021 increased by 5.9% over the previous month and by 7.9% over the same period last year. In general, in 2021, the consumption index of the entire processing and manufacturing industry increased by 4.5% compared to 2020.**
- **Realized social investment capital at current prices in 2021 increased by 3.2% over the previous year, although this is the lowest increase in many years, it is a positive result in the context of the Covid-19 pandemic. complicated developments in the country and in the world. Attracting FDI has recovered, newly registered capital and additional registered capital increased again, showing that foreign investors continue to believe in Vietnam's investment environment.**
- **In December, the domestic USD price increased strongly again. The USD/VND exchange rate on the free market increased by 200 VND/USD and is currently trading at 23,675 VND/USD compared to the end of November. The central and interbank rates trade at 23,195 VND/USD, respectively. an increase of 56 VND/USD and 23,121 VND/USD, an increase of 185 VND/USD.**

## Economic activity

### Economic Growth

Gross domestic product in the fourth quarter of 2021 is estimated to increase by 5.22% over the same period last year, although higher than the growth rate of 4.61% in 2020 but still lower than the growth rate of the fourth quarter of 2011 -2019. In which, the agriculture, forestry and fishery sector increased by 3.16%; industry and construction increased by 5.61%; service sector increased by 5.42%. Regarding GDP use in the fourth quarter of 2021, consumption increased by 3.86% over the same period last year; accumulated assets increased by 3.37%; exports of goods and services increased by 14.28%; imports of goods and services increased by 11.36%.

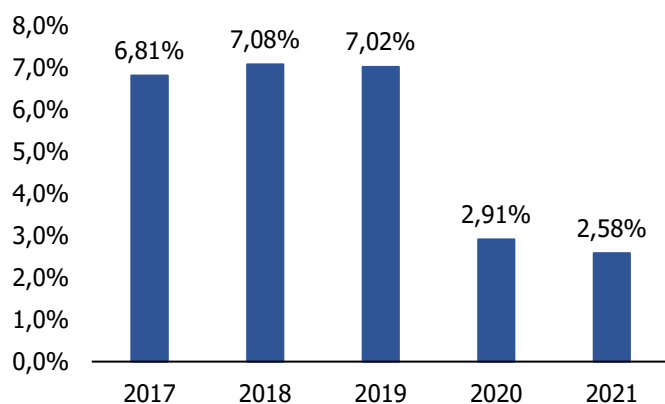
It is estimated that GDP in 2021 will increase by 2.58% compared to the previous year because the Covid-19 epidemic has seriously affected all areas of the economy, especially in the third quarter of 2021, many key economic localities have to implement Prolonged social distancing to prevent disease. In the general growth rate of the whole economy, the agriculture, forestry and fishery sector increased by 2.9%, contributing 13.97% to the growth rate of total added value of the whole economy; the industry and construction sector increased by 4.05%.

### Inflation

Petrol and gas prices in the month decreased according to world fuel prices; The Covid-19 pandemic has complicated developments across the country; Tuition fees for the first semester of the academic year 2021-2022 continue to be exempted and reduced in some localities, which are the main reasons for the December 2021 CPI decrease of 0.18% compared to the previous month and an increase of 1.81% compared to the previous month. with December 2020.

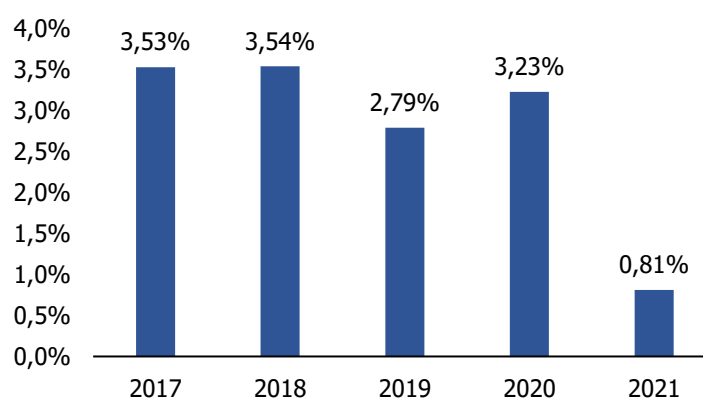
On average, in 2021, CPI increased by 1.84% over the previous year, the lowest increase since 2016. Core inflation in December 2021 increased by 0.16% over the previous month, up 0.67% compared to the previous year. in the same period last year. Average core inflation in 2021 increased by 0.81% compared to the average in 2020.

**Vietnam's annual GDP growth**



Source: GSO.

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



Source: GSO.

### Trade activity

In December 2021, import and export activities continued to be a bright spot of the economy with the total import and export turnover of goods estimated at 66.5 billion USD, up 6.4% compared to the previous month. before and increased by 19.7% over the same period last year.

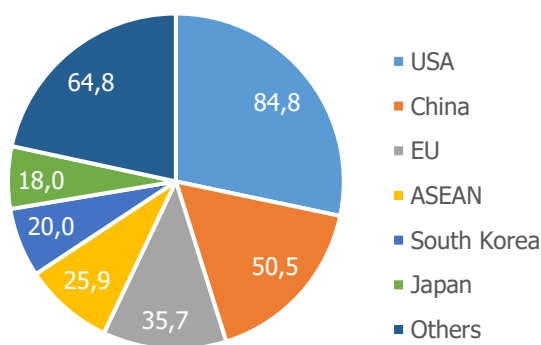
In general, in 2021, the total import and export turnover of goods reached USD 668.5 billion, up 22.6% over the previous year, of which exports increased by 19%; imports increased by 26.5%.

The realized export turnover of goods in November 2021 reached USD 31.87 billion, USD 1.97 billion higher than the estimate. It is estimated that in December 2021, export turnover of goods will reach US\$34.5 billion, up 8.3% over the previous month and 24.8% over the same period last year. Export turnover in the fourth quarter of 2021 was estimated at \$95.6 billion, up 19.4% over the same period last year and up 16.4% compared to the third quarter of 2021. In general, in 2021, export turnover of goods is estimated at 336.25 billion USD, up 19% over the previous year. In which, the domestic economic sector gained 88.71 billion USD, up 13.4%, accounting for 26.4% of total export turnover; the foreign-invested sector (including crude oil) reached USD 247.54 billion, up 21.1%, accounting for 73.6%. In 2021, there are 35 items with export turnover of over 1 billion USD, accounting for 93.8% of total export turnover (there are 8 export items with over 10 billion USD, accounting for 69.7%).

Regarding the export and import market of goods in 2021, the United States is the largest export market of Vietnam with an estimated turnover of 95.6 billion USD. China is Vietnam's largest import market with an estimated turnover of 109.9 billion USD. In 2021, the trade surplus to the EU is estimated at 23 billion USD, up 12.1% over the previous year; trade deficit from China is 54 billion USD, up 53%; trade deficit from Korea was 34.2 billion USD, up 22.9%; trade deficit from ASEAN is 12 billion USD, up 63.1%; trade deficit from Japan was 2.4 billion USD, up 127.9%.

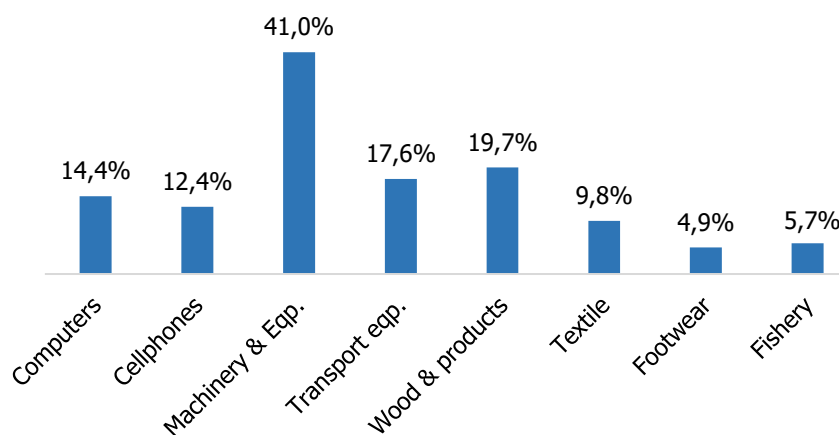
The trade balance of goods in trade surplus was estimated at USD 2.54 billion. In general, in 2021, the trade balance of goods is estimated to have a trade surplus of 4 billion USD (last year's trade surplus is 19.94 billion USD). In which, the domestic economic sector has a trade deficit of 25.36 billion USD; FDI sector (including crude oil) had a trade surplus of USD 29.36 billion.

**Export market of Vietnam in 2021 YTD (USD bn)**



Source: GSO, Customs.

**Growth of major export products in 2021 YTD (% YoY)**



Source: GSO.

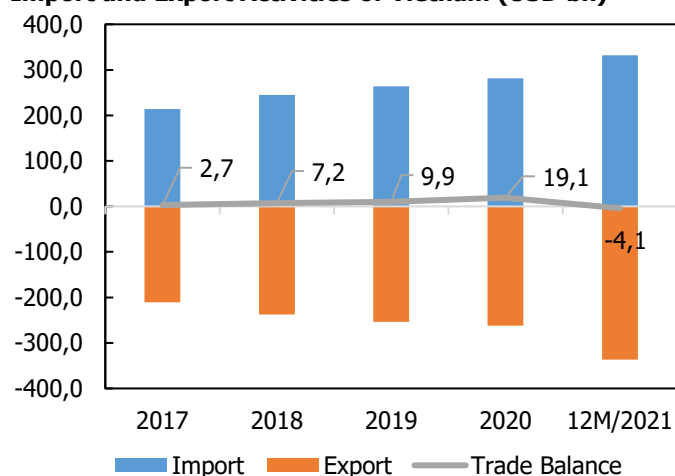
## Industrial production

Industrial production in the fourth quarter of 2021 prospered right after localities across the country implemented the Government's Resolution No. 128/NQ-CP dated October 11, 2021 on safe adaptation, flexibility, control. effectiveness of the Covid-19 epidemic with an added value growth rate of 6.52% over the same period last year. For the whole year of 2021, the added value of the industry increased by 4.82% compared to 2020, of which the processing and manufacturing industry increased by 6.37%.

The added value of the whole industry in 2021 is estimated to increase by 4.82% over the previous year (in the first quarter, by 6.44%; in the second quarter by 11.18%; in the third quarter by 4.4%; in the fourth quarter by 6.52%). In which, the processing and manufacturing industry increased by 6.37%, contributing 1.61 percentage points to the overall growth of the whole economy; electricity production and distribution increased by 5.24%, contributed 0.19 percentage points; water supply industry, waste and wastewater management and treatment activities increased by 4%, contributing 0.02 percentage points; the mining sector decreased by 6.21% (due to a decrease in crude oil production by 5.7% and a decrease of 19.4% in natural gas), reducing 0.23 percentage points in the overall increase.

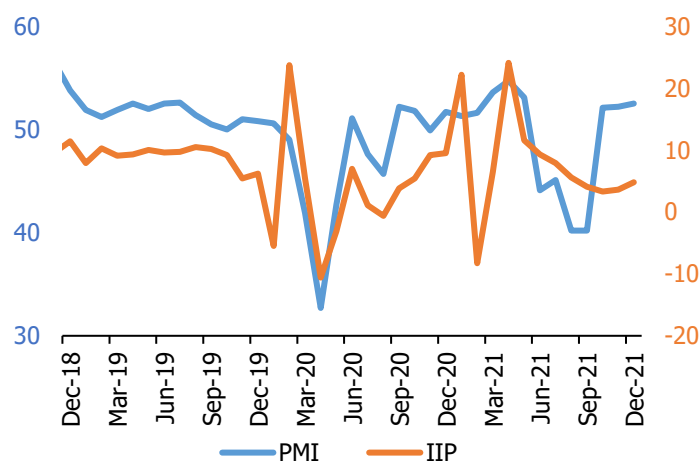
Consumption index of the entire processing and manufacturing industry in December 2021 increased by 5.9% over the previous month and by 7.9% over the same period last year. In general, in 2021, the consumption index of the entire processing and manufacturing industry will increase by 4.5% compared to 2020. The inventory index of the entire processing and manufacturing industry is estimated as of December 31, 2020. 2021 increased by 0.1% over the same period last month and 21.9% over the same period last year. The average inventory rate of the whole processing and manufacturing industry in 2021 is 79.1%.

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



Source: GSO.

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



Source: Bloomberg.

## Investment

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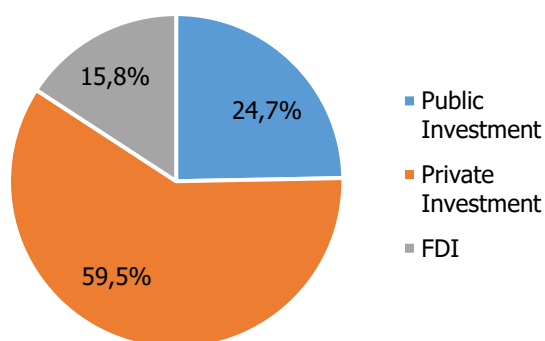
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Realized social investment capital at current prices in 2021 will reach VND 2,891.9 trillion, up 3.2% over the year. In which, the state capital reached 713.6 trillion VND, accounting for 24.7% of the total capital and decreased by 2.9% compared to the previous year; the non-state sector reached 1,720.2 trillion dong, equaling 59.5% and increasing by 7.2%; the foreign direct investment sector reached 458.1 trillion dong, equaling 15.8% and down 1.1%.

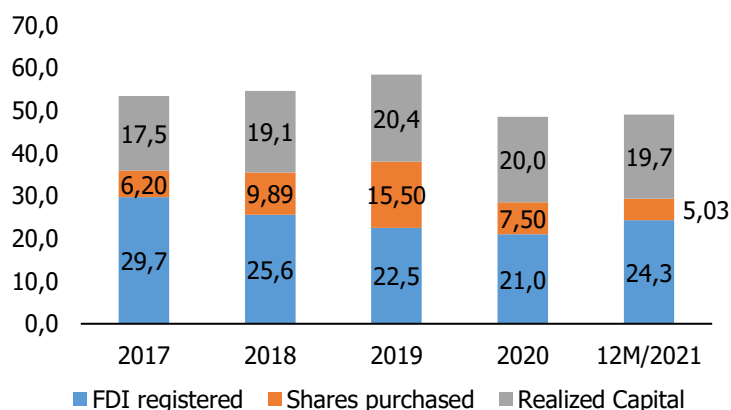
Total foreign investment capital registered in Vietnam: As of December 20, 2021, including newly registered capital, adjusted registered capital and value of capital contribution and share purchase by foreign investors, reached USD 31.15 billion, up 9.2% compared to 2020. Realized foreign direct investment capital in Vietnam in 2021, is estimated at USD 19.74 billion, down 1.2% over the previous year.

**Structure of total investments in 2021**



Source: GSO.

**Total FDI capital since 20/12/2021 (USD bn)**



Source: GSO.

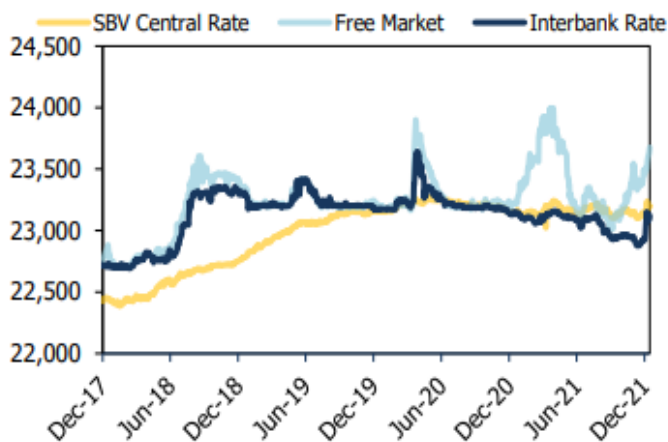
## Exchange rate

The domestic USD price increased strongly again in December. Compare to the end of October, the USD/VND exchange rate on the free market went up by VND 200 per USD and is currently trading at 23,675 VND/USD. The central and interbank rates were respectively traded at VND 23,195 per USD, up VND 56 per USD and VND 23,121 per USD, up VND 185 per USD. STV has just announced the need to buy foreign currency from commercial banks in the offer of 09/DTNT-

2021. The volume is expected to reach 350 million USD, this is one of the factors that stimulated the uptrend of the exchange rate in recent sessions.

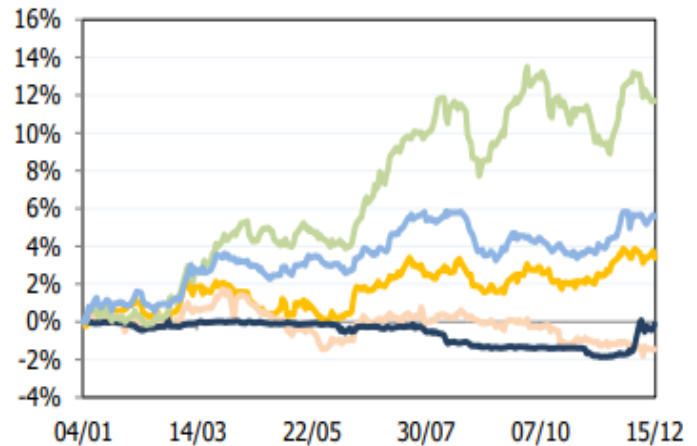
In December, the DXY Index went up to about 96.6 points. The dollar is on the rise after a series of major central banks announced plans to cut stimulus measures enacted earlier. Fed said it would accelerate the reduction of its monthly bond purchases. Specifically, the Fed will be buying USD 60 billion of bonds each month starting in January, half the level prior to the November taper and USD 30 billion less than it had been buying in December. The Fed was tapering by USD 15 billion a month in November, doubled that in December, then will accelerate the reduction further come 2022. After that wraps up, in late winter or early spring, the central bank expects to start raising interest rates. Projections released Wednesday indicate that Fed officials see as many as three rate hikes coming in 2022, with two in the following year and two more in 2024.

### 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	2021F
1. GDP, population & income							

Nominal GDP (USDbn)	193,2	205,3	223,8	245,2	262,4	270,0	288
Real GDP growth (%)	6,7	6,2	6,8	7,1	7,0	2,91	6,5
Exports of goods and services (% yoy)	7,9	9,0	21,8	13,2	8,4	6,5	4,8
Imports of goods and services (% yoy)	12,0	5,6	21,9	11,1	6,8	3,6	5,6
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	2.900
Unemployment rate (%)	2,33	2,33	2,2	2,2	2,2	2,9	2,5

## 2. Fiscal indicators (%GDP)

Government debt	49,2	52,7	51,7	50	49,2	51,5	51
Public debt		61	63,7	61,4	58,4	56,1	58,7
Foreign debt	42	44,8	48,9	46	45,8	47,0	47

## 3. Financial indicators

USD/VND exchange rate	22.485	22.740	22.690	23.180	23.228	23.115	23.075
Inflation rate (%)	0,6	2,7	3,5	3,5	2,8	3,23	3,5
Credit growth	17,1	18,7	18,2	13,9	12,1	11	12
12-month lending rate	8,8	8,5	8,5	8,5	8,5	8,5	8
Trade balance (USD million)	-3.759	1.602	1.903	6.795	11.100	19.100	15.000
Goods: Exports (USD million)	162.017	176.581	215.119	243.483	264.200	267.100	280.000
Goods: Imports (USD million)	165.776	174.978	213.215	236.688	253.100	251.000	265.000
Current account (USD million)	-119	5.924	4.676	5.844	5.435	5.266	5.500
Foreign reserve (USD million)	28.616	36.906	49.497	54.491	79.000	100.000	105.000

Source: MBS summarized and projected.

## PRODUCT

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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