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Vietnam Outlook

- **Vietnam gross domestic product 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.**
- **On average, in the first 4 months of 2022, the consumer price index (CPI) increased by 2.1% over the same period last year, higher than the increase of 0.89% in the first 4 months of 2021, but lower than that of the first 4 months of 2017-2020; core inflation increased by 0.97%.**
- **In the first 4 months of 2022, total retail sales of consumer goods and services increased by 6.5% over the same period last year, estimated at VND 1,777.4 trillion. Merchandise export turnover was estimated at USD 122.36 billion, up 16.4% over the same period last year. Import turnover of goods, Vietnam was estimated at USD 119.83 billion, up 15.7% over the same period last year.**
- **Vietnam's manufacturing PMI in April 2022 remained unchanged at 51.7 points, unchanged from the previous month when overall business conditions improved for seven consecutive months. The index of industrial production (IIP) in April 2022 is estimated to increase by 2% over the previous month and by 9.4% over the same period last year. Generally, in the first 4 months of 2022, IIP is estimated to increase by 7.5% over the same period last year.**
- **Realized investment capital from the State budget in April 2022 is estimated at VND 33.5 trillion, up 6.6% over the same period last year. Generally for the first four months of 2022, investment capital realized from the State budget is estimated at VND 109.6 trillion, equaling 20.6% of the year plan and increasing by 9.1% over the same period last year.**
- **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.

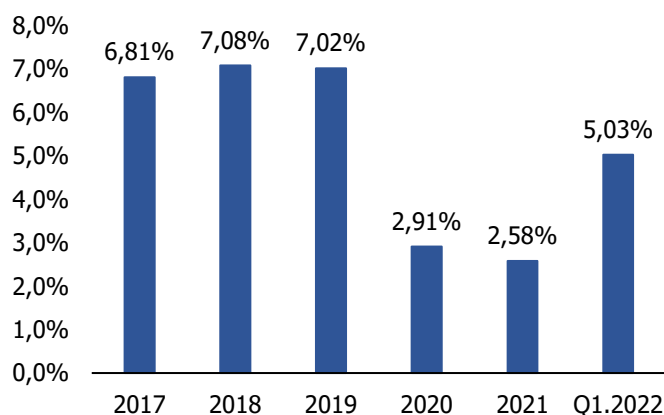
Accordingly, the Asian Development Bank (ADB) forecasts that Vietnam's economic growth will recover at 6.5% in 2022 and reach 6.7% in 2023. The World Bank (WB) forecasts an increase. Vietnam's GDP growth will reach 5.3% in 2022, then stabilize around 6.5%. The International Monetary Fund (IMF) lowered 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.

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.

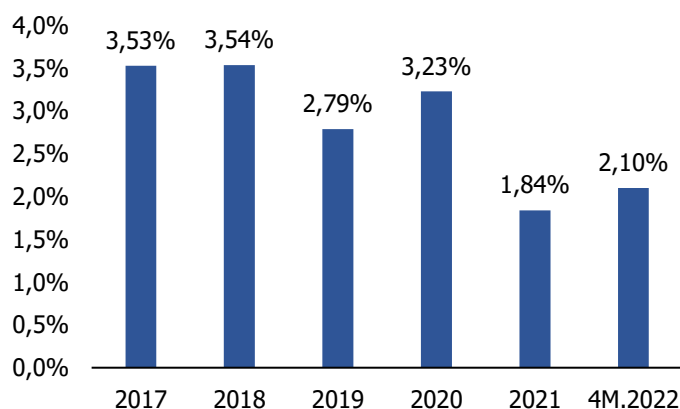
On average, in the first 4 months of 2022, the consumer price index (CPI) increased by 2.1% over the same period last year, higher than the increase of 0.89% in the first 4 months of 2021, but lower than the increase of 4 months. the first month of 2017-2020; core inflation increased by 0.97%. According to the General Statistics Office, CPI in April increased because the price of housing maintenance materials increased in line with the price of input materials for production; educational services increased again in some localities after the period of tuition fee exemption and reduction; Prices of meals outside the family and travel services increase according to consumer demand.

Vietnam's annual GDP growth



Source: GSO.

Vietnam's average inflation rate by year



Source: GSO.

Trade activity

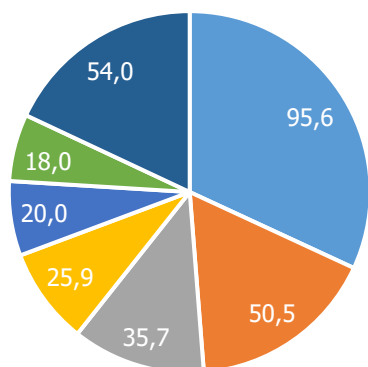
Total retail sales of consumer goods and services in the first 4 months of 2022 increased by 6.5% over the same period last year, estimated at VND 1,777.4 trillion. In April, the total retail sales of consumer goods and services reached VND 438 trillion, up 2.9% month-on-month and up 9.4% year-on-year. The main reason comes from the post-Covid-19 new normal and the number of international arrivals to Vietnam skyrocketed again in the first 4 months of 2022, receiving more than 90,000 arrivals and an increase of 89.1% over the same period.

Generally, in the first 4 months of 2022, export turnover of goods was estimated at USD 122.36 billion, up 16.4% over the same period last year. In which, the domestic economic sector reached USD 23.27 billion, up 22%, accounting for 26.3% of total export turnover; FDI sector reached USD 65.31 billion, up 10%, accounting for 73.7%. In the first 4 months of the year, Vietnam has 15 products with export turnover of over USD 1 billion, accounting for 80% of total export turnover; in which, there are 5 export products with over USD 5 billion, accounting for 58%.

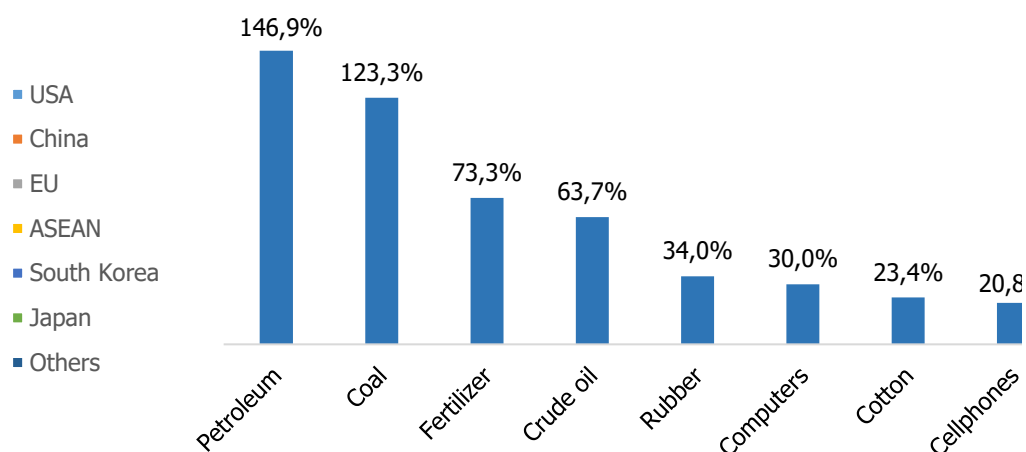
In terms of goods import turnover, Vietnam was estimated at USD 119.83 billion in the first four months of the year, up 15.7% over the same period last year. In which, the domestic economic sector reached USD 29.43 billion, up 13.7%; FDI sector reached USD 58.34 billion, up 17.1%. In the first 3 months of 2022, there were 16 imported items worth over USD 1 billion, accounting for 76.1% of 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 surplus of USD 2.53 billion in the first 4 months of 2022. In which, the domestic economic sector has a trade deficit of USD 6.16 billion; the foreign-invested sector had a trade surplus of USD 6.97 billion.

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



Source: GSO, Customs.



Source: GSO.

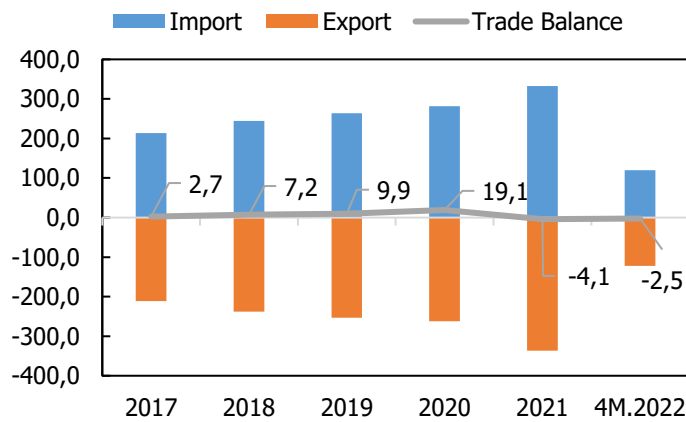
Industrial production

Vietnam's manufacturing PMI in April 2022 remained unchanged at 51.7 points, unchanged from the previous month when overall business conditions improved for seven consecutive months. Vietnam's manufacturing output in April increased again as the Covid-19 wave subsided and companies began to recruit more workers and expand production. However, the growth rate of new orders slowed down due to the sharp increase in commodity prices. In addition, the supply chain factor was affected to the speed of production expansion due to difficulties in purchasing raw materials from China in the context that this country is imposing extremely stressful epidemic prevention measures.

Although the number of new orders in April continued to increase, the growth rate slowed to a 7-month low. Experts said that the momentum of new orders was limited due to rising prices and shortages of production materials. Due to slow growth of new orders and a growing workforce, companies are able to handle their workload well, and for the first time in three months have been able to reduce backlogs.

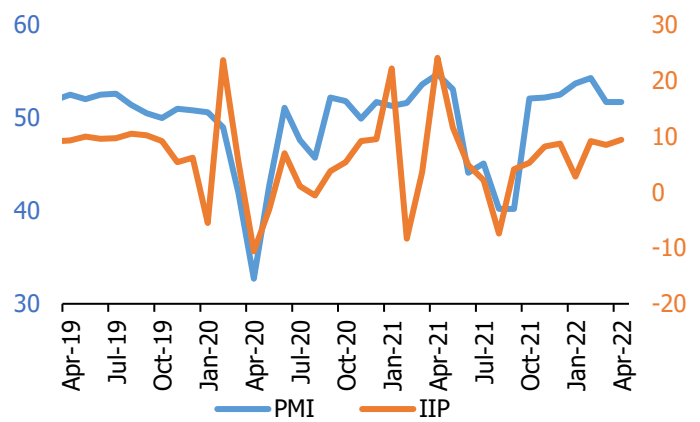
The index of industrial production (IIP) in April 2022 is estimated to increase by 2% over the previous month and by 9.4% over the same period last year. Generally, in the first 4 months of 2022, IIP is estimated to increase by 7.5% over the same period last year. In which, the processing and manufacturing industry increased by 8.3%, contributing 6.5 percentage points to the general increase; electricity production and distribution increased by 6.6%, contributed 0.6 percentage points; mining industry increased by 2.6%, contributed 0.4 percentage points; water supply, waste and wastewater treatment and management activities increased by 1.1%, contributing 0.02 percentage points to the overall increase.

Import and Export Activities of Vietnam (USD bn)



Source: GSO.

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



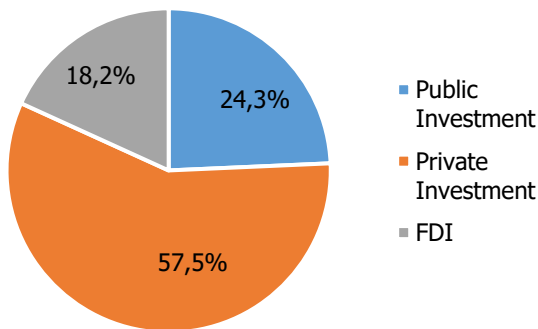
Source: Bloomberg.

Investment

Realized investment capital from the State budget in April 2022 was estimated at VND 33.5 trillion, up 6.6% over the same period last year. In the first 4 months of 2022, the investment capital realized from the State budget is estimated at VND 109.6 trillion, equaling 20.6% of the annual plan and increasing by 9.1% over the same period last year. Realized investment capital managed by the central government reached VND 18.4 trillion, equaling 18.1% of the year plan and increasing by 15.3% over the same period last year; Realized investment capital managed by the locality reached VND 91.2 trillion, equaling 21.2% and increasing by 8%.

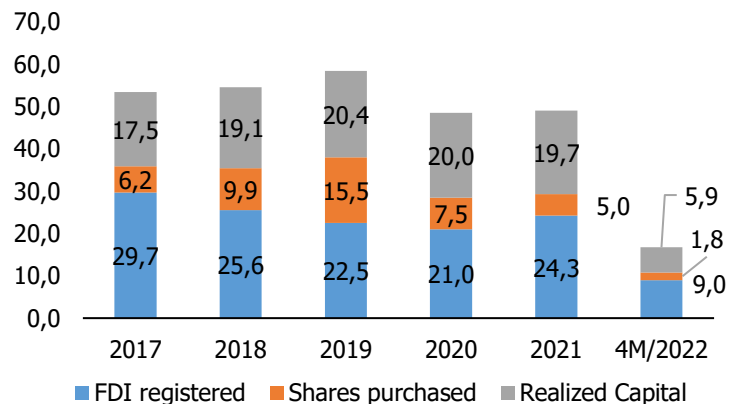
Total foreign investment capital registered in Vietnam as of April 20, 2022, including: newly registered capital, adjusted registered capital and value of capital contribution and share purchase by foreign investors reached nearly USD 10.81 billion, down 11.7% over the same period last year. Newly registered capital has 454 licensed projects with registered capital reaching USD 3.7 billion, up 0.7% in number of projects and down 56.3% in registered capital over the same period last year. Adjusted registered capital has 323 times of projects licensed from previous years registered to adjust investment capital, increasing by USD 5.29 billion, up 92.5% over the same period last year.

Structure of total investments in Q1.2022



Source: GSO.

Total FDI capital since 20/04/2022 (USD bn)



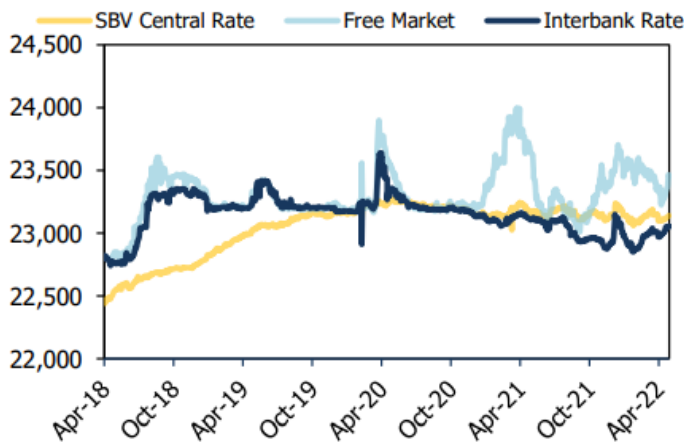
Source: GSO.

Exchange rate

While the value of USD compared to some regional currencies as well as VND tends to increase due to the pressure of a strong international dollar and reaching a 20-year high. The USD/VND exchange rate on the free market went up by VND 110 per USD compared to the end of March and is currently trading at 23,445 VND/USD. The central and interbank rates were respectively traded at VND 23,140 per USD, up VND 40 per USD and VND 23,054 per USD, up VND 86 per USD.

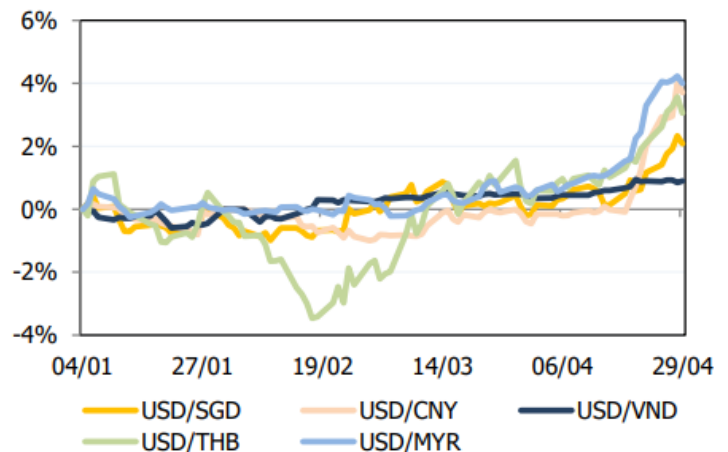
In April, the DXY Index rose to a record high of 103.53. The Fed on May 4th raised its benchmark interest rate by half a percentage point, the most aggressive step yet in its fight against a 40-year high in inflation. Accordingly, Wednesday's rate hike will push the federal funds rate to a range of 0.75%-1%. The Fed also announced it will start scaling back its nearly USD 9 trillion balance sheet in June. However, the Fed also indicated that raising rates by 75 basis points at a time "is not something the committee is actively considering" despite promising to take positive action to quell inflation, which caused the dollar to drop significantly in the next session and return to 102.

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

PRODUCT

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