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NEW BEGINNINGS FOR A YEAR OF RECOVERY

The economic data of Vietnam in January 2024 were somewhat affected by the low base in January 2023. However, the data on trade, tourism, and FDI (Foreign Direct Investment) continues to receive positive signals, indicating potential recovery in the new year of 2024.

CPI in January 2024 increased by 0.31% compared to the previous month and rose by 3.37% compared to the same period last year. The upward trend in inflation in the early months of 2024 is in line with our predictions. The forecast for inflation in February continues to rise by 0.72% MoM, 3.65% YoY, and an average of 3.51% YoY due to the seasonal factor of the 2024 Lunar New Year.

Commercial and service activities in the month leading up to the Lunar New Year were lively, serving the consumer demand of the people. Retail sales increased 1.6% compared to the previous month and 8.1% compared to the same period last year. The number of international visitors to Vietnam continues to set new records after the pandemic period, reaching 1.51 million visitors in January, up 10.39% MoM and 73.6%YoY.

IIP in January witnessed the first decline since January 2023, with an estimated decrease of 4.4% compared to the previous month. Compared to the same period last year, industrial production growth increased by 18.3%. The rapid growth in January this year was due to the low base effect from last year when the number of working days in January 2023 was fewer. **PMI** in January returned above the 50-point threshold in the first month of the year, indicating an improvement in the health of the manufacturing sector after 5 months. This is an optimistic signal for the beginning of 2024 after the contraction of the domestic manufacturing sector in 2023, with the PMI remaining below the 50 threshold for 9 out of 12 months.

Vietnam's trade continues to record a surplus of 2.92 billion USD in January. Compared to the previous month, the growth of both exports and imports increased by 6.7% and 4.2% respectively. The agricultural products group shines in the export picture of the domestic region. Meanwhile, the export of mobile phones and accessories is being boosted by orders from Samsung.

FDI continues to bring positive signals to Vietnam's economy. Especially, newly registered capital of real estate business activities with the largest registered capital in January reached 1.24 billion USD, accounting for 61.8% of the total newly registered capital. Visiting activities from the US revolving around topics such as chips, important minerals, and renewable energy also open up new investment opportunities for Vietnam.

The public investment in January was still slow, only reaching 16.9 trillion dong, achieving 2.5% compared to the annual plan. To boost development investment expenditure in 2024, the Prime Minister has assigned the entire plan for public investment from the state budget to ministries, central agencies, and localities from the beginning of the year.

	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24
GDP (YoY)	3.7			4.2			5	
CPI (YoY)	2.0	2.1	3.0	3.7	3.6	3.4	3.6	3.4
Retail sales (YTD YoY)	10.9	10.4	10.0	9.7	9.4	9.6	9.6	8.1
Export (YoY)	-11.4	-3.5	-7.6	4.6	5.9	6.7	13.1	42.0
Import (YoY)	-16.9	-9.9	-8.3	2.6	5.2	5.1	12.3	33.3
Trade Bal (Bil USD)	3.2	3.6	3.4	1.7	3.0	1.3	2.3	2.9
Realized FDI (Bil USD)	2.4	1.6	1.5	2.8	2.1	2.3	2.9	1.5
IIP (YTD YoY)	-1.2	-0.7	-0.5	0.3	0.5	1.0	1.5	18.3
PMI manufacturing	46.2	48.7	50.5	49.7	49.6	47.3	48.9	50.3

Sources: PHS compilation and estimation