

DOMESTIC ECONOMIC RECOVERY REMAINS SLOW

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- The domestic economy faced significant pressures from the global landscape in Q1, achieving a GDP growth rate of 5.7%. Production and investment breakthroughs are expected to occur in the latter half of the year. As a result, PHS expects GDP growth to recover quarter by quarter, reaching a growth rate of 6.2% for the full year.
- The main drivers of the economy throughout 2024 are projected to be public investment and foreign direct investment. Consumption, particularly domestic consumption, is forecasted to recover at a slower pace following the rebound in trade and increased disposable income.
- Exchange rate fluctuations and inflationary pressures remain concerns affecting both investment and consumer confidence. However, PHS believes that the government and relevant ministries will have appropriate regulatory tools to support the economic

GDP growth in Q1 rose by 5.66% compared to the same period last year, surpassing the growth rate in Q1 of the years 2020-2023. Specifically, the agriculture, forestry, and fisheries sector increased by 2.98%, the industry and construction sector by 6.28%, and the service sector by 6.12%.

The CPI in March decreased following the Lunar New Year festivities, leading to a decline in essential goods and services prices in line with PHS forecasts, especially for food and foodstuff. The CPI in March dropped by 0.2% compared to the previous month, while it increased by 3.97% compared to the same period last year. The Q1 2024 average CPI increased by 3.77% YoY, with the average core inflation rising 2.81%.

Retail sale activities were sluggish in Q1/2024. Overall, the total retail sales increased by 8.2% YoY, and 5.1% YoY if excluding the price factor. On average, in the 5 years before the epidemic, total retail sales increased by 11.5%/year.

Industrial production (IIP) rebounded in March after a sharp decline in February as manufacturing activities recovered. Accumulatively in Q1, IIP growth reached 5.7% compared to the same period last year. Many Vietnam's key export products recorded the weakest production growth during Q1/2024.

Vietnam's exports in Q1 were the strongest since 2021. Most major export products demonstrated clear growth trends each quarter, with the lowest point set in Q2/2023. The trade surplus in Q1 amounted to USD 7.8 billion, the highest surplus for first quarter to date.

Foreign direct investment (FDI) continues to bring positive signals to the Vietnamese economy, especially in terms of realized FDI.

Development investment expenditure reached 13.3% of the plan and increased by 22.8% compared to the same period last year. The beginning of the year typically represents a low point for public investment expenditure; however, with 13.3% of the plan achieved in Q1, it marked the highest figure from 2020 to 2024.

	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
GDP (YoY)	4.2			5.0			5.7
CPI (YoY)	3.7	3.6	3.4	3.6	3.4	4.0	4.0
Retail sales (YTD YoY)	9.7	9.4	9.6	9.6	8.1	8.1	8.2
Export (YoY)	4.6	5.9	6.7	13.1	42.0	-5.0	14.2
Import (YoY)	2.6	5.2	5.1	12.3	33.3	18.0	9.7
Trade Bal (Bil USD)	1.7	3.0	1.3	2.3	3.6	1.4	2.9
Realized FDI (Bil USD)	2.8	2.1	2.3	2.9	1.5	1.3	1.5
IIP (YTD YoY)	0.3	0.5	1.0	1.5	18.3	5.7	5.7
PMI manufacturing	49.7	49.6	47.3	48.9	50.3	50.4	49.9

Nguồn: PHS tổng hợp