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STORM CLOUDS GATHER OVER THE ECONOMY

- Domestic economic growth currently relies heavily on external drivers such as international trade, FDI, and tourism,... while internal drivers such as public investment, industrial production, and domestic consumption are still maintaining a sideways or lower than the pre-pandemic level.
- Factors related to inflation, exchange rates, political instability, economic slowdown,... are threatening the confidence of both public and businesses, hindering expansion and growth in production and consumption. Therefore, PHS cautiously adjusts the GDP growth forecast for 2024 from 6.2% down to 6%, with the average retail sales growth rate decreasing from 12% to 9%YoY.

CPI in April recorded a slight increase compared to March. The low base of the same period last year resulted in an increase CPI of 4.4% YoY in April 2024, the first time in over 14 months that CPI has exceeded 4%. In which, the increase was mainly observed in items managed by the state. The average CPI for the first four months of 2024 increased by 3.93% YoY, still below the government's target level.

The retail sales in April increased by 2% MoM because 4 out of 5 days of the 30/04-01/05 holiday fell mostly in April. However, the 2% MoM growth rate is relatively low compared to the same period in previous years, when monthly growth in April was usually 3-4%. Compared to the same period last year, retail sales growth increased by 9%. PHS assesses that purchasing power is showing many signs of decline despite good tourism growth, so we revise down retail growth forecast from 12% to 9% in 2024.

The industrial production index (IIP) in April increased by 0.8% MoM and 6.3% YoY. In the first four months of 2024, the industrial production index increased by 6.0% YoY. Industrial production growth still faces many challenges due to reduced orders both domestically and globally.

The export and import turnover in April decreased compared to March. Specifically, exports decreased by 8.1% MoM, while imports decreased by 2% MoM. The trade balance in April recorded a surplus of 680 million USD - the lowest since January 2023. The fewer working days in April also somewhat impacted commercial activities and trade.

Foreign Direct Investment (FDI) continues to bring bright colors to the Vietnamese economy. Alongside sectors related to manufacturing, the warehousing and transportation group also benefits from the FDI inflows registered in Vietnam in April.

Public spending reached 17.1% of the plan and increased by 4.4% YoY. Despite high expectations for public spending to stimulate economic growth amid weak growth momentum, the reality is that the disbursement situation for public investment still shows few signs of breakthrough.

	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24
GDP (YoY)		5			5.7	
CPI (YoY)	3.4	3.6	3.4	4.0	4.0	4.4
Retail sales (YTD YoY)	9.6	9.6	8.1	8.1	8.2	8.5
Export (YoY)	6.5	10.1	46.2	-5.2	13.5	10.6
Import (YoY)	6.1	8.2	34.6	0.3	9.1	19.9
Trade Bal (Bil USD)	1.3	2.44	3.63	1.37	2.798	0.68
Realized FDI (Bil USD)	2.3	2.9	1.5	1.3	1.83	1.65
IIP (YTD YoY)	1	1.5	18.3	5.7	5.7	6
PMI manufacturing	47.3	48.9	50.3	50.4	49.9	50.3

Sources: PHS compiled