

NEW BREAKTHROUGH SIGNS EMERGING IN THE ECONOMY AND POLICY

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- Trade activities marks a new milestone in Vietnam's export. Accordingly, domestic production activities also continue to show signs of improvement. Businesses are consistently receiving new orders, and the demand for imports is continuously rising in both the FDI and the domestic sector. This further strengthens the recovery of production activities in the near future.
- Foreign investment activity maintains a positive trend especially showing breakthroughs in the southern region due to expectations of future regional linkage projects.
- The risk of economic downturns in Vietnam's three strategic markets—the US, China, and the EU—will be a factor posing a threat to the economic recovery in the second half of 2024.
- The government is demonstrating determination in supporting the economy through both fiscal and monetary policies. PHS believes that the government's commitment to supporting the economy will not stop at the current policies but will continue to be strengthened further in coming time. Public investment and credit are expected to be the next focal points to be promoted.

CPI in July increased by 4.36% YoY, marking the fourth consecutive month where CPI exceeded 4%. PHS believes this is the peak inflation level for Vietnam this year. The inflation trend is expected to start declining from August, thanks to falling global oil prices, a slowdown in tourism activities, and the high base effect from the previous year.

The total retail sales in July recorded positive signals due to the ongoing peak summer tourism season, with a growth of 9.4% YoY.

The IIP recorded a new high growth rate in July (+11.2% YoY) after registering a 10.9% growth in June, contributing to an 8.5% YoY cumulative growth in industrial production for the first seven months of the year—second only to 2022 in the 5-year period from 2020 to 2024.

Trade activities boomed in July. Both export and import turnover in July reached record highs, marking a new milestone, showing that Vietnam's trade with the world is growing more robustly than ever. Cumulatively for the first seven months, the trade balance had a surplus of 14.5 billion USD.

Total registered FDI in July reached 2.8 billion USD, ranking third in the first seven months of the year, only after April and June 2024. Realized FDI in July recorded 1.71 billion USD, slowing down compared to the previous two months. However, this is still a noteworthy disbursement level.

Public spending remained slow as of July. Cumulatively for the first seven months of the year, public investment disbursement has only reached 34.3% of the plan – the lowest level in the past five years.

	2023A	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24
GDP (YoY)	5.1			5.7			6.9	
CPI (YoY)	3.3	3.4	4.0	4.0	4.4	4.4	4.3	4.4
Retail sales (YTD YoY)	9.6	8.1	8.1	8.2	8.5	8.7	8.6	8.7
Export (YoY)	-4.5	46.2	-5.2	13.5	11.7	15.1	17	19.6
Import (YoY)	-9.1	34.6	0.3	9.7	19.9	25.9	18.9	25.8
Trade Bal (Bil USD)	28.3	3.6	1.4	2.8	1.2	-0.4	3.2	2.7
Realized FDI (Bil USD)	23.2	1.5	1.3	1.8	1.7	2	2.6	1.7
IIP (YTD YoY)	1.5	18.3	5.7	5.7	6	6.8	7.7	8.5
PMI manufacturing	48.9	50.3	50.4	49.9	50.3	50.3	54.7	54.7

Sources: PHS compiled