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AMIDST OPPORTUNITIES AND CHALLENGES

- Investment and retail activities were lively in November, as expected. Both public investment and foreign direct investment showed positive growth. At the same time, retail activity also showed signs of improvement, supported by the recovery of the tourism sector, with international arrivals increasing to over 1.7 million.
- Government reforms, along with the Government's goal of diversifying and enriching relationships with more countries and regions, will be key drivers for trade and investment activities in the near future and for the country's long-term growth.
- Manufacturing activities continued to grow after fully recovering from the impact of Typhoon Yagi in September. However, exports began to show signs of weakening towards the end of the year, reflecting some pressures from international markets.
- Nevertheless, PHS still believes that Vietnam's economy continues to be supported by both external and domestic factors. This will be a key factor driving Vietnam's economic growth to meet the target of more than 6.8% growth in Q4 and over 7% for the full year of 2024, providing a solid foundation for the coming years.

CPI in November increased slightly by 0.13% compared to October, mainly due to price increases in certain categories such as electricity, rent, and some home maintenance materials as demand for construction and renovation rises towards the end of the year. Rent prices continued to increase steadily over several months, reflecting pressure from rising real estate prices, which partly signals the recovery of the real estate market. In contrast, the transportation group continued to show a decrease due to falling fuel prices. Compared to the same period last year, inflation rose by 2.77%. On average, for the first 11 months of 2024, the CPI increased by 3.68%, continuing the downward trend as predicted by PHS.

Retail sales increased by 0.8% compared to the previous month and grew 8.8% compared to the same period last year. Tourism activity saw stronger growth due to a sharp increase in tourist arrivals in November, and domestic consumption stimulus activities during the final months of the year were key factors driving the 11-month cumulative growth to 8.8% YoY (October: 8.5%).

Industrial production continued its recovery after the typhoon, but some signs are indicating a slowdown due to declining international demand. The PMI in November showed weakening compared to the previous month, reaching 50.8 points (October: 51.2 points). Domestic demand is currently a bright spot, but it is unlikely to compensate for the decline in exports, causing a slowdown in production growth. It is expected that production activities will slow down in the coming months as export markets have already stocked up on goods and the upcoming holiday period (Christmas and New Year holidays).

Import-export activities reached USD 67.6 billion, a 2.6% decrease compared to the previous month but still a 10.8% increase compared to the previous month but still a 10.8% increase compared to the same period last year. Export growth showed signs of weakening as forecasted by PHS in the previous macro report, partly due to the high base last year and partly

due to slower international demand as markets had already imported enough goods for the holiday season. Similar to industrial production, import-export activities are expected to slow down in the next two months due to disruption from major holiday breaks and reduced imports from trading partners. However, trade activity in 2025 is still expected to have many bright spots.

Foreign Direct Investment (FDI) recorded positive signals with total registered capital reaching over 4 billion USD in November. Of this, new registered capital was 2.16 billion USD, nearly doubling compared to the same period last year. In November, Vietnam–Malaysia relations were upgraded to a Comprehensive Strategic Partnership, bringing Vietnam's number of comprehensive strategic partners to 9 countries. Additionally, an important milestone that cannot be overlooked is the signing of an agreement to open an R&D Center and AI Data Center between the Vietnamese government and Nvidia. This new milestone positions Vietnam as a leading AI research and development hub in Asia.

Public investment expenditure in November is estimated at 55.4 trillion VND – the highest monthly disbursement since the beginning of the year, reflecting the government's strong efforts in the final stretch of the year. However, the cumulative disbursement in the first 11 months only reached 60.7% of the plan, lower than the same period in 2023.

Table 1: Vietnam economic indicators

	Unit	2023A	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24
GDP	%YoY	5.1	6.9			7.4		
CPI	%YoY	3.3	4.3	4.4	3.5	2.6	2.9	2.8
Retail sales	% YTD YoY	9.6	8.6	8.7	8.5	8.8	8.5	8.8
Export	%YoY	-4.5	17	19.6	15.9	11.1	10.8	10.1
Import	%YoY	-9.1	18.9	25.8	15.6	10	13.2	11.6
Trade Bal	Bil USD	28.3	3.2	2.7	4.1	2.2	2.5	1.0
Realized FDI	Bil USD	23.2	2.6	1.7	1.6	3.2	2.2	2.1
IIP	%YTD YoY	1.5	7.7	8.5	8.6	8.6	8.3	8.4
PMI manufacturing		48.9	54.7	54.7	52.4	47.3	51.2	50.8

Sources: PHS compiled

Figure 1: Overview of Vietnam's Economic Data in November 2024.

