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NEW GOALS FOR NEW GROWTH

- GDP growth in 2024 is projected to reach 7.1%, slightly exceeding PHS's expectation of 7%. This is a high level compared to the past 15 years and a bright spot relative to other countries in the region and globally. Meanwhile, annual inflation is expected to be 3.6%, staying below the target set by the Government and National Assembly, ensuring national economic stability.
- Economic growth is primarily driven by the Industry & Construction and Services sectors, with the Services sector in particular achieving over 8% growth in Q4—the highest in the past two years. The recovery in the Real Estate, Banking, Finance & Insurance group is evident quarter by quarter, supported by an improved business environment and government assistance.
- Developments surrounding the "Trump 2.0" story will impact Vietnam's production, trade, and investment activities in the coming year. However, PHS believes that Vietnam possesses its unique strengths to maintain stable growth in these sectors in 2025.
- The Government has clearly identified public investment as a crucial driver for Vietnam's economic development in the coming years. Its effects will ripple through supporting industries, construction, and services, boosting labor productivity, improving living standards, and laying the foundation for sustainable growth in the 2025 plan and the 2026-2030 five-year strategy outlined by the National Assembly.

GDP Vietnam's economic growth improved steadily across quarters, reaching a peak in Q4 with a 7.55% year-on-year increase. Growth was primarily driven by the Industry & Construction and Services sectors, with the Services sector achieving over 8% growth in Q4, the highest in two years. For the entire year, GDP growth reached 7.09%, marking a standout performance in the region and globally. In a baseline scenario, Vietnam's economic growth is expected to sustain a rate above 7% in 2025.

CPI in 2024 increased by 3.63%, meeting the target set by the National Assembly. The largest price hikes came from food and beverage services and state-regulated items, including average retail electricity prices, healthcare services, and base wages. In 2025, inflationary pressure may rise but is expected to remain under government control, creating room for the Government to promote economic growth.

Retail sales grew robustly in late 2024 due to increased consumer demand. Additionally, international tourist arrivals exceeded 1.7 million for two consecutive months, boosting domestic tourism, accommodation, and dining services. 2024 retail sales growth reached 9%, aligning with PHS's earlier projections, primarily supported by the services sector. Retail sales growth in 2025 is expected to rebound further, with an estimated increase of 9.5–10%, driven by economic momentum.

Industrial production growth (IIP) slowed in Q4 compared to the first half of the year. However, the full-year IIP recorded an 8.4% increase, the highest in four years, thanks to a low base in the previous year and the swift recovery of domestic manufacturers. In 2025, industrial production may face challenges from trade conflicts, but global trade growth expectations

along with Vietnam's existing advantages, will still support industrial production growth, projected at 8.5-9.0% for 2025.

Trade activities The recovery of global trade in 2024 significantly boosted Vietnam's trade, achieving a record-high total import-export turnover of \$786.3 billion. The trade surplus for the year stood at \$24.77 billion (down from \$28.3 billion in 2023). Despite lingering risks, export growth in 2025 is projected to exceed 10%, slightly lower than in 2024 but still robust as global trade is expected to grow by over 3%. Increased stockpiling by trade partners ahead of new tariff measures and Vietnam's friendly diplomatic ties with the US remain supportive factors.

Foreign Direct Investment (FDI) Registered FDI into Vietnam decreased by 3% compared to the previous year but remained high over the past five years. Notably, adjusted and disbursed capital levels reached their highest in five years, reflecting strong confidence from existing investors. In 2025, registered FDI may stabilize or decline as foreign investors adopt a more cautious approach due to policies under Trump's administration. However, disbursed FDI is expected to remain around \$26 billion due to substantial accumulated commitments.

Public investment expenditure in 2024 reached just over 78% of its target, while state budget revenues surpassed the 2 quadrillion VND mark for the first time. Vietnam's positive fiscal and public debt status will underpin the government's commitments to public investment in 2025 and beyond.

Table 1: Vietnam economic indicators

		2023A	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
GDP	%YoY	5.1			7.4			7.6
CPI	%YoY	3.3	4.4	3.5	2.6	2.9	2.8	2.9
Retail sales	% YTD YoY	9.6	8.7	8.5	8.8	8.5	8.8	9.0
Export	%YoY	-4.5	19.6	15.9	11.1	10.8	10.1	2.8
Import	%YoY	-9.1	25.8	15.6	10	13.2	11.6	18.6
Trade Bal	Bil USD	28.3	2.7	4.1	2.2	2.5	0.96	-2.2
Realized FDI	Bil USD	23.2	1.7	1.6	3.2	2.2	2.1	3.7
IIP	%YTD YoY	1.5	8.5	8.6	8.6	8.3	8.4	8.4
PMI manufacturing		48.9	54.7	52.4	47.3	51.2	50.8	49.8

Sources: PHS compiled