

MACRO UPDATE August 2024

FRAGMENTED RECOVERY

Minh Trinh Viet
Associate – Macro & MM

www.acbs.com.vn

ACBS

MAIN TAKEAWAYS

SPOTLIGHT

- All attention is currently on the FED, with a high probability of a decision to initiate interest rate cuts during the upcoming FOMC meeting scheduled for September 17-18, 2024. Once the question of whether to reduce rates has been settled, the main focus will shift to the magnitude and pace of these cuts by the FED, which will serve as a key indicator for analyzing the overall health of the U.S. economy.
- Furthermore, Additionally, China's real estate market continues to attract close scrutiny as signs of recovery remain stagnant. As a result, the sluggishness in the real estate sector is believed to contribute to the broader economic downturn in China, affecting multiple sectors including manufacturing, consumption, and finance
- Macroeconomic data for August 2024 indicates that the Vietnamese economy is on a path of recovery, albeit in a fragmented manner. Industrial production and trade activities are showing sustainable recovery, though a slower pace has been observed compared to the previous month. Foreign Direct Investment (FDI) exhibits stability. Nonetheless, the recovery of overall demand remains is still unremarkable, and public investment disbursement is markedly sluggish, with less than 50% of the annual plan achieved by the end of August.
- The key highlight during this period comes from the easing inflationary pressures. CPI in August 2024 stabilized, rising only 3.5% YoY. On average, CPI for the first eight months of 2024 stood at 4.04%, lower than the government's target of 4.5%. The sharp decline in global oil prices is expected to provide positive support for further inflation reduction

MACRO INDICATORS

| Monthly Data | Jan-24 | Feb-24 | Mar-24 | Apr-24 | May-24 | Jun-24 | Jul-24 | Aug-24 |
|---------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Industrial Production (YoY) (IIP) | 18.90% | -6.80% | 4.80% | 7.40% | 10.00% | 12.40% | 11.10% | 9.50% |
| Purchasing Managers Index | 50.3 | 50.4 | 49.9 | 50.3 | 50.3 | 54.7 | 54.7 | 52.4 |
| Retail Sales (YoY) | 8.10% | 8.10% | 9.20% | 9.00% | 9.50% | 9.10% | 9.40% | 7.90% |
| Consumer Price Index (MoM) | 0.30% | 1.00% | -0.20% | 0.10% | 0.10% | 0.20% | 0.50% | 0.00% |
| Consumer Price Index (YoY) | 3.40% | 4.00% | 4.00% | 4.40% | 4.40% | 4.30% | 4.40% | 3.50% |
| Export Value (% YoY) | 46.20% | -4.60% | 13.80% | 11.40% | 11.10% | 14.30% | 20.50% | 14.70% |
| Import Value (% YoY) | 34.60% | -1.20% | 7.50% | 15.20% | 22.10% | 15.50% | 25.50% | 12.70% |
| Trade Balance (USDmn) | 3,632 | 1,382 | 2,579 | 1,066 | -456 | 3,201 | 2,356 | 4,530 |
| Disbursed FDI (USDmn) | 1,480 | 1,320 | 1,830 | 1,650 | 1,970 | 2,590 | 1,710 | 1,600 |
| Registered FDI excl Cap. Cont.(USDmn) | 2,250 | 1,790 | 1,660 | 2,640 | 1,678 | 3,472 | 2,240 | 1,981 |

BALANCING INFLATION AND EMPLOYMENT: MAJOR CHALLENGE

- Once the timing of interest rate cuts is resolved, the FED is now facing a critical decision regarding the magnitude of the cuts. Will a 0.25% reduction adequate to promote economic growth while still simultaneously managing inflation? **The debate between a cautious approach with moderate cuts versus a faster, more aggressive reduction to stimulate the economy is dividing members of the FED's FOMC.**
- Recent employment reports indicate a trend of slowdown in the job market, though it has not reached a pessimistic level. Following the abrupt decline in new job creation in July 2024, the data indicated a recovery in August, albeit at a low level. The ratio of job openings to unemployed individuals has declined to 1.07, reflecting the pre-COVID-19 pandemic level. The rate of wage growth has diminished; however, it remains positive. The unemployment rate has decreased to 4.2%, down from 4.3% in July.
- Recent indicators of the economy's health, including Q2 2024 GDP and the PMI for the services sector—responsible for nearly 80% of U.S. GDP growth—are relatively positive. The second estimate of GDP for the 2Q2024 has risen to 3.0%, an increase from the initial estimate of 2.8%. Notably, consumer demand in the U.S. remains strong. In August, the Consumer Price Index (CPI) maintained its downward trajectory, recording a YoY rate of 2.5%.
- **The forthcoming regular meetings of the Federal Reserve in September, November, and December 2024 should be closely observed to assess the speed and magnitude of interest rate reduction decisions.** The market is anticipating that the FED will implement two cuts of 0.25% and one cut of 0.5%, totaling 1.0% across the remaining three FOMC meetings of 2024.

| | 2Q2024 – First Estimate | 2Q2024 – Second Estimate |
|--|-------------------------|--------------------------|
| Consumer spending | 2.30% | 2.90% |
| Government spending | 3.10% | 2.70% |
| Federal | 3.90% | 3.30% |
| State/local | 2.60% | 2.30% |
| Net exports of goods and services | -0.7 | -0.8 |
| Exports | 2.00% | 1.60% |
| Imports | 6.90% | 7.00% |
| Fixed investment | 3.60% | 3.00% |
| Nonresidential | 5.20% | 4.60% |
| Residential | -1.40% | -2.00% |
| Change in private inventories | 0.8 | 0.8 |
| GDP Growth | 2.80% | 3.00% |

Source: BEA

| Date | FedWatch CME Tools – Aggregated Meeting Probabilities | | | | | | | | | |
|------------|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 275-300 | 300-325 | 325-350 | 350-375 | 375-400 | 400-425 | 425-450 | 450-475 | 475-500 | 500-525 |
| 18/09/2024 | 0,00% | 0,00% | 0,00% | 0,00% | 0,00% | 0,00% | 0,00% | 0,00% | 29,00% | 71,00% |
| 07/11/2024 | 0,00% | 0,00% | 0,00% | 0,00% | 0,00% | 0,00% | 0,00% | 85,35% | 14,65% | 0,00% |
| 18/12/2024 | 0,00% | 0,00% | 0,00% | 0,00% | 0,00% | 41,90% | 58,10% | 0,00% | 0,00% | 0,00% |
| 29/01/2025 | 0,00% | 0,00% | 0,00% | 0,00% | 83,00% | 17,00% | 0,00% | 0,00% | 0,00% | 0,00% |
| 19/03/2025 | 0,00% | 0,00% | 15,00% | 85,00% | 0,00% | 0,00% | 0,00% | 0,00% | 0,00% | 0,00% |
| 07/05/2025 | 0,00% | 10,27% | 89,73% | 0,00% | 0,00% | 0,00% | 0,00% | 0,00% | 0,00% | 0,00% |
| 18/06/2025 | 0,00% | 74,60% | 25,40% | 0,00% | 0,00% | 0,00% | 0,00% | 0,00% | 0,00% | 0,00% |
| 30/07/2025 | 18,00% | 82,00% | 0,00% | 0,00% | 0,00% | 0,00% | 0,00% | 0,00% | 0,00% | 0,00% |
| 17/09/2025 | 48,00% | 52,00% | 0,00% | 0,00% | 0,00% | 0,00% | 0,00% | 0,00% | 0,00% | 0,00% |

Source: CME FED Watch

CHINA'S ECONOMY CONTINUES TO FACE MANY CHALLENGES

- China's economy continues to experience a sustained comprehensive crisis, primarily centered on three key issues:
 - The real estate market is in a severe downturn, despite the government's stimulus efforts.** Sales of homes by major real estate companies and public confidence in long-term property price increases have collapsed as home prices have continued to decline, leading to a trough in housing demand. The Chinese real estate market remains caught in a vicious cycle: as home prices fall, demand decreases, and vice versa. The real estate market is struggling to find a recovery point
 - Consumer pessimism and apprehensions regarding decreasing property values persistently hinder economic growth.** China is almost experiencing deflation, with the CPI rising only 0.4% YoY in August 2024, while retail sales saw a sharp decline in July and the PMI manufacturing index remained below 50, signaling contraction in the manufacturing sector. Both new orders and exports have decreased, reflecting weak domestic and international demand, making it difficult for China to achieve its 5.0% growth target for 2024.
 - The capital and credit markets have experienced significant adverse effects.** Enterprises are restricting borrowing to expand production, whereas consumers are hesitant to secure loans for home acquisitions, leading to a notable decline in credit demand.

Indicators of China's Manufacturing Purchasing Managers Index (Seasonally Adjusted)

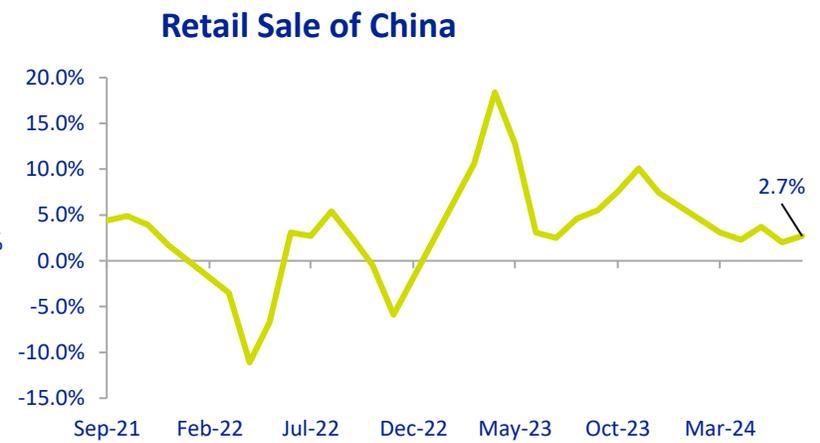
Source: NBS, CN_Wire @Sino_Market

| % | PMI | Production | New Orders | Raw Material Inv | Employment | Supply Delivery Time | New Export Orders | Import | Purchase | Key Raw Material | Producer Price | Manufactured Inv | Orders In Hand | Business Outlook |
|--------|-------|------------|------------|------------------|------------|----------------------|-------------------|--------|----------|------------------|----------------|------------------|----------------|------------------|
| Aug-24 | 49.10 | 49.80 | 48.90 | 47.60 | 48.10 | 49.60 | 48.70 | 46.80 | 47.80 | 43.20 | 42.00 | 48.50 | 44.70 | 52.00 |
| Jul-24 | 49.40 | 50.10 | 49.30 | 47.80 | 48.30 | 49.30 | 48.50 | 47.00 | 48.80 | 49.90 | 46.30 | 47.80 | 45.30 | 53.10 |
| Jun-24 | 49.50 | 50.60 | 49.50 | 47.60 | 48.10 | 49.50 | 48.30 | 46.90 | 48.10 | 51.70 | 47.90 | 48.30 | 45.00 | 54.40 |
| May-24 | 49.50 | 50.80 | 49.60 | 47.80 | 48.10 | 50.10 | 48.30 | 46.80 | 49.30 | 56.90 | 50.40 | 46.50 | 45.30 | 54.30 |
| Apr-24 | 50.40 | 52.90 | 51.10 | 48.10 | 48.00 | 50.40 | 50.60 | 48.10 | 50.50 | 54.00 | 49.10 | 47.30 | 45.60 | 55.20 |
| Mar-24 | 50.80 | 52.20 | 53.00 | 48.10 | 48.10 | 50.60 | 51.30 | 50.40 | 52.70 | 50.50 | 47.40 | 48.90 | 47.60 | 55.60 |
| Feb-24 | 49.10 | 49.80 | 49.00 | 47.40 | 47.50 | 48.80 | 46.30 | 46.40 | 48.00 | 50.10 | 48.10 | 47.90 | 43.50 | 54.20 |
| Jan-24 | 49.20 | 51.30 | 49.00 | 47.60 | 47.60 | 50.80 | 47.20 | 46.70 | 49.20 | 50.40 | 47.00 | 49.40 | 44.30 | 54.00 |
| Dec-23 | 49.00 | 50.20 | 48.70 | 47.70 | 47.90 | 50.30 | 45.80 | 46.40 | 49.00 | 51.50 | 47.70 | 47.80 | 44.50 | 55.90 |
| Nov-23 | 49.40 | 50.70 | 49.40 | 48.00 | 48.10 | 50.30 | 46.30 | 47.30 | 49.60 | 50.70 | 48.20 | 48.20 | 44.40 | 55.80 |
| Oct-23 | 49.50 | 50.90 | 49.50 | 48.20 | 48.00 | 50.20 | 46.80 | 47.50 | 49.80 | 52.60 | 47.70 | 48.50 | 44.20 | 55.60 |
| Sep-23 | 50.20 | 52.70 | 50.50 | 48.50 | 48.10 | 50.80 | 47.80 | 47.60 | 50.70 | 59.40 | 53.50 | 46.70 | 45.30 | 55.50 |
| Aug-23 | 49.70 | 51.90 | 50.20 | 48.40 | 48.00 | 51.60 | 46.70 | 48.90 | 50.50 | 56.50 | 52.00 | 47.20 | 45.90 | 55.60 |
| Jul-23 | 49.30 | 50.20 | 49.50 | 48.20 | 48.10 | 50.50 | 46.30 | 46.80 | 49.50 | 52.40 | 48.60 | 46.30 | 45.40 | 55.10 |
| Jun-23 | 49.00 | 50.30 | 48.60 | 47.40 | 48.20 | 50.40 | 46.40 | 47.00 | 48.90 | 45.00 | 43.90 | 46.10 | 45.20 | 53.40 |
| May-23 | 48.80 | 49.60 | 48.30 | 47.60 | 48.40 | 50.50 | 47.20 | 48.60 | 49.00 | 40.80 | 41.60 | 48.90 | 46.10 | 54.10 |
| Apr-23 | 49.20 | 50.20 | 48.80 | 47.90 | 48.80 | 50.30 | 47.60 | 48.90 | 49.10 | 46.40 | 44.90 | 49.40 | 46.80 | 54.70 |
| Mar-23 | 51.90 | 54.60 | 53.60 | 48.30 | 49.70 | 50.80 | 50.40 | 50.90 | 53.50 | 50.90 | 48.60 | 49.50 | 48.90 | 55.50 |
| Feb-23 | 52.60 | 56.70 | 54.10 | 49.80 | 50.20 | 52.00 | 52.40 | 51.30 | 53.50 | 54.40 | 51.20 | 50.60 | 49.30 | 57.50 |
| Jan-23 | 50.10 | 49.80 | 50.90 | 49.60 | 47.70 | 47.60 | 46.10 | 46.70 | 50.40 | 52.20 | 48.70 | 47.20 | 44.50 | 55.60 |

Source: NBS



Source: NBS

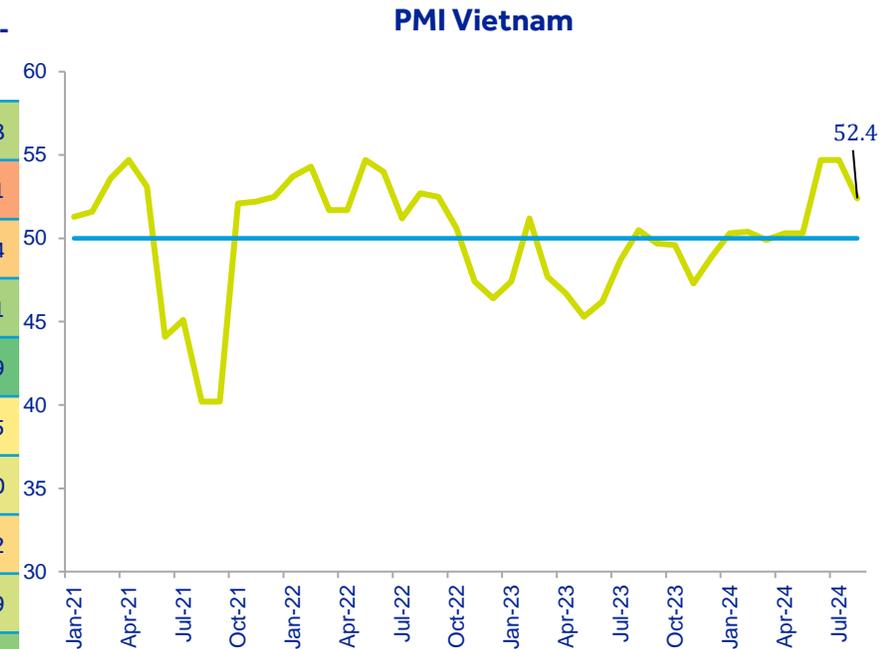


Source: NBS

MANUFACTURING PMI SLOWS DOWN

- In August, the manufacturing PMI in various major economies showed signs of deceleration, although almost major manufacturing countries still reported PMI above 50.
- Vietnam’s PMI experienced a minor decline to 52.4 in August 2024.
- The import demand from Vietnam's primary markets is still maintaining a positive trend. For 8M2024, exports to the U.S. rose by 25.4% YoY, to Europe by 18.5% YoY, and to the South Korea by 8.3% YoY. These indicate favorable conditions for manufacturing enterprises and export operations in Vietnam.

| | Jan-23 | Feb-23 | Mar-23 | Apr-23 | May-23 | Jun-23 | Jul-23 | Aug-23 | Sep-23 | Oct-23 | Nov-23 | Dec-23 | Jan-24 | Feb-24 | Mar-24 | Apr-24 | May-24 | Jun-24 | Jul-24 | Aug-24 |
|-----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Japan | 48.9 | 47.7 | 49.2 | 49.5 | 50.6 | 49.8 | 49.6 | 49.6 | 48.5 | 48.7 | 48.3 | 47.9 | 48.0 | 47.2 | 48.2 | 49.6 | 50.4 | 50.0 | 49.1 | 49.8 |
| China (NBS) | 50.1 | 52.6 | 51.9 | 49.2 | 48.8 | 49.0 | 49.3 | 49.7 | 50.2 | 49.5 | 49.4 | 49.0 | 49.2 | 49.1 | 50.8 | 50.4 | 49.5 | 49.5 | 49.4 | 49.1 |
| China (Caixin) | 49.2 | 51.6 | 50.0 | 49.5 | 50.9 | 50.5 | 49.2 | 51.0 | 50.6 | 49.5 | 50.7 | 50.8 | 50.8 | 50.9 | 51.1 | 51.4 | 51.7 | 51.8 | 49.8 | 50.4 |
| Taiwan | 44.3 | 49.0 | 48.6 | 47.1 | 44.3 | 44.8 | 44.1 | 44.3 | 46.4 | 47.6 | 48.3 | 47.1 | 48.8 | 48.6 | 49.3 | 50.2 | 50.9 | 53.2 | 52.9 | 51.1 |
| South Korea | 48.5 | 48.5 | 47.6 | 48.1 | 48.4 | 47.8 | 49.4 | 48.9 | 49.9 | 49.8 | 50.0 | 49.9 | 51.2 | 50.7 | 49.8 | 49.4 | 51.6 | 52.0 | 51.4 | 51.9 |
| India | 55.4 | 55.3 | 56.4 | 57.2 | 58.7 | 57.8 | 57.7 | 58.6 | 57.5 | 55.5 | 56.0 | 54.9 | 56.5 | 56.9 | 59.1 | 58.8 | 57.5 | 58.3 | 58.1 | 57.5 |
| Thailand | 54.5 | 54.8 | 53.1 | 60.4 | 58.2 | 53.2 | 50.7 | 48.9 | 47.8 | 47.5 | 47.6 | 45.1 | 46.7 | 45.3 | 49.1 | 48.6 | 50.3 | 51.7 | 52.8 | 52.0 |
| Philippines | 53.5 | 52.7 | 52.5 | 51.4 | 52.2 | 50.9 | 51.9 | 49.7 | 50.6 | 52.4 | 52.7 | 51.5 | 50.9 | 51.0 | 50.9 | 52.2 | 51.9 | 51.3 | 51.2 | 51.2 |
| Singapore | 49.8 | 50.0 | 49.9 | 49.7 | 49.5 | 49.7 | 49.8 | 49.9 | 50.1 | 50.2 | 50.3 | 50.5 | 50.7 | 50.6 | 50.7 | 52.6 | 50.6 | 50.4 | 50.7 | 50.9 |
| Malaysia | 46.5 | 48.4 | 48.8 | 48.8 | 47.8 | 47.7 | 47.8 | 47.8 | 46.8 | 46.8 | 47.9 | 47.9 | 49.0 | 49.5 | 48.4 | 49.0 | 50.2 | 49.9 | 49.7 | 49.7 |
| Vietnam | 47.4 | 51.2 | 47.7 | 46.7 | 45.3 | 46.2 | 48.7 | 50.5 | 49.7 | 49.6 | 47.3 | 48.9 | 50.3 | 50.4 | 49.9 | 50.3 | 50.3 | 54.7 | 54.7 | 52.4 |
| Indonesia | 51.3 | 51.2 | 51.9 | 52.7 | 50.3 | 52.5 | 53.3 | 53.9 | 52.3 | 51.5 | 51.7 | 52.2 | 52.9 | 52.7 | 54.2 | 52.9 | 52.1 | 50.7 | 49.3 | 48.9 |

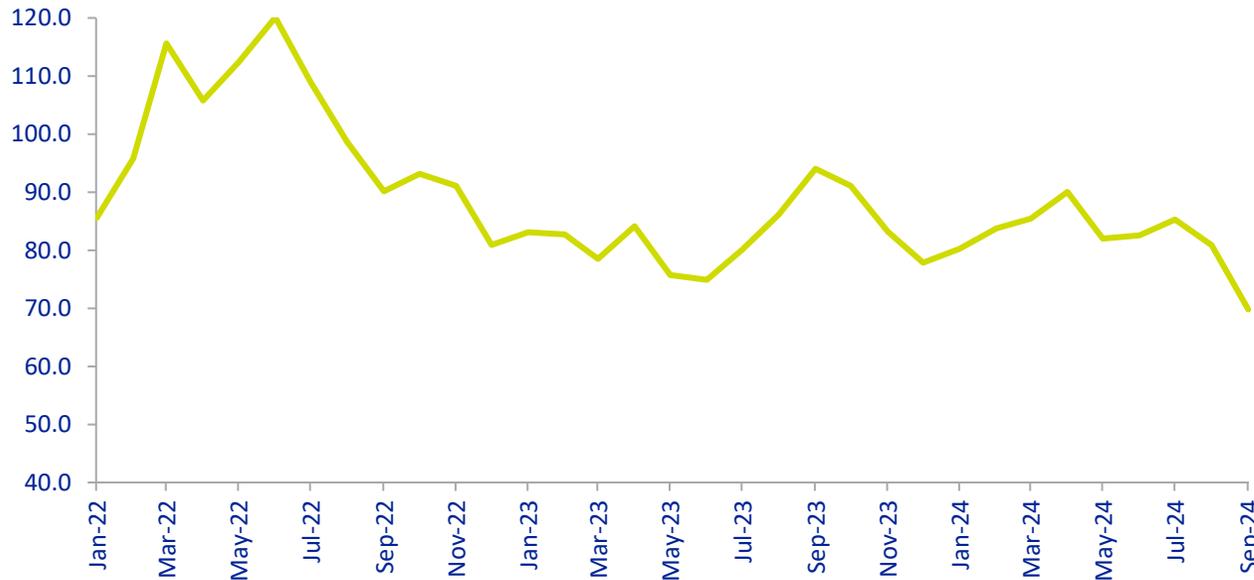


Source: S&P Global

GLOBAL INFLATION IS BEING SUPPORTED BY A SIGNIFICANT DECLINE IN OIL PRICES.

- Brent crude oil prices have recently reached their lowest level since December 2021, with spot prices approximately \$70 per barrel, reflecting a decline of more than 21% YoY and over 10% YTD. The primary factors are over-supply and weak demand, stemming from apprehensions regarding a deceleration in global economic growth. Hedge funds have become the least optimistic about crude oil in over 13 years. Data from ICE Futures Europe and CFTC for the week ending 3rd September indicated that funds have decreased their net long positions in Brent and WTI crude oil to the lowest level since March 2011. The recent decline in oil prices has generated negative sentiment, attributed to concerns regarding demand in the U.S. and China, alongside sell-offs by algorithmic trading funds.
- The significant drop in oil prices is expected to result in lower gasoline and gas prices, thereby contributing to a decrease in global inflationary pressures in the forthcoming months.

Brent Oil Price (USD/barrel)



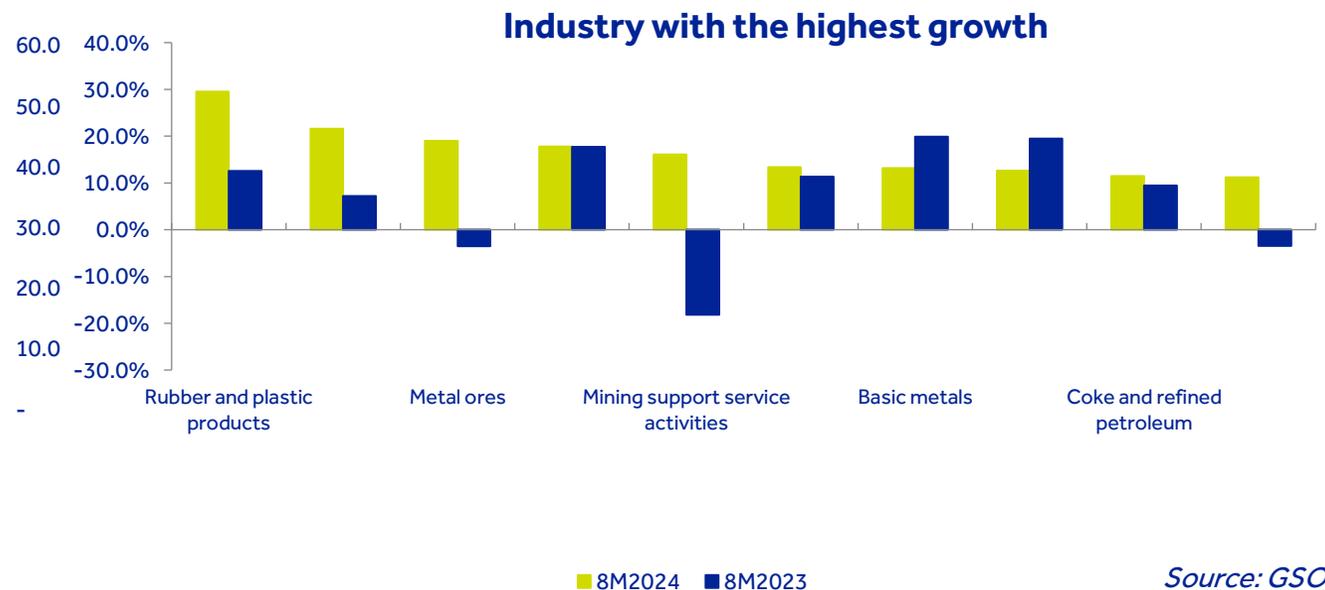
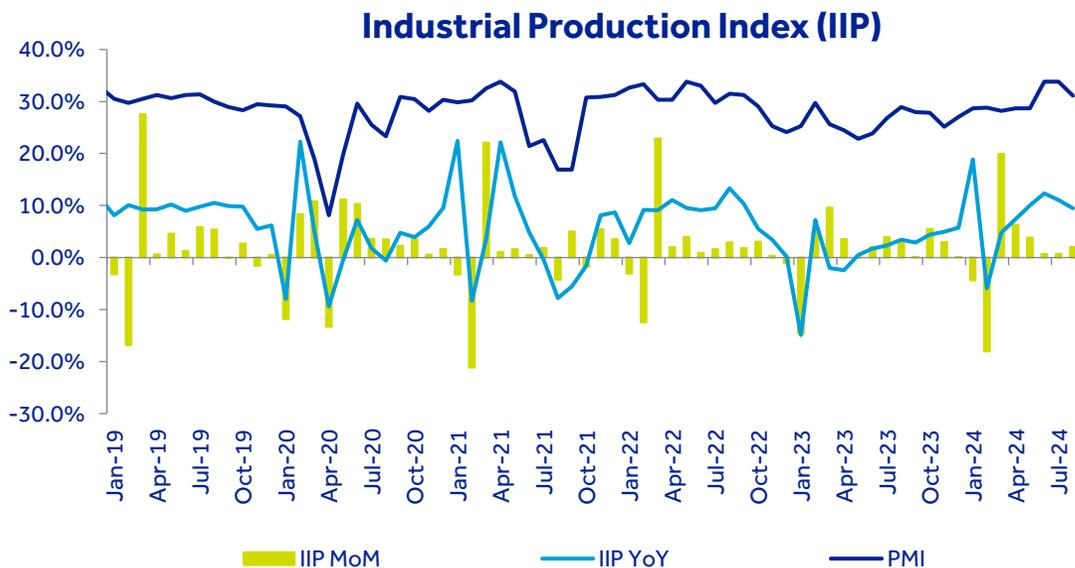
Source: Bloomberg



Source: Bloomberg

VIETNAM: IIP PRESERVE THE RECOVERY MOMENTUM

- Traditional production activities serving export activities continue to support the recovery momentum of the IIP. In August 2024, IIP rose by 9.5% YoY, leading to an IIP increase of 8.6% YoY for 8M2024 (decrease of 0.45% YoY in 8M2023).
- The PMI in August 2024 has experienced a slight decline yet continues to exceed 50, indicating a robust enhancement in business conditions and signifying the fifth consecutive month of growth in the manufacturing sector. Production and new orders are on the rise; however, the rate of increase has decelerated relative to prior record levels. Input costs and output prices are experiencing a slower rate of increase attributed to higher competition and declining oil prices. Despite a significant increase in purchasing activity since May 2022, employment has declined due to a rise in resignations and ending of temporary contracts. Concurrently, backlogs have increased, and delivery times have decreased.
- Nonetheless, risks to industrial production activities persist due to: (1) the ongoing threat of recession in Vietnam's primary economic partner countries, including the United States and China, and (2) although shipping costs have decreased, they remain elevated and are likely to continue at this level, potentially affecting the demand for export products.



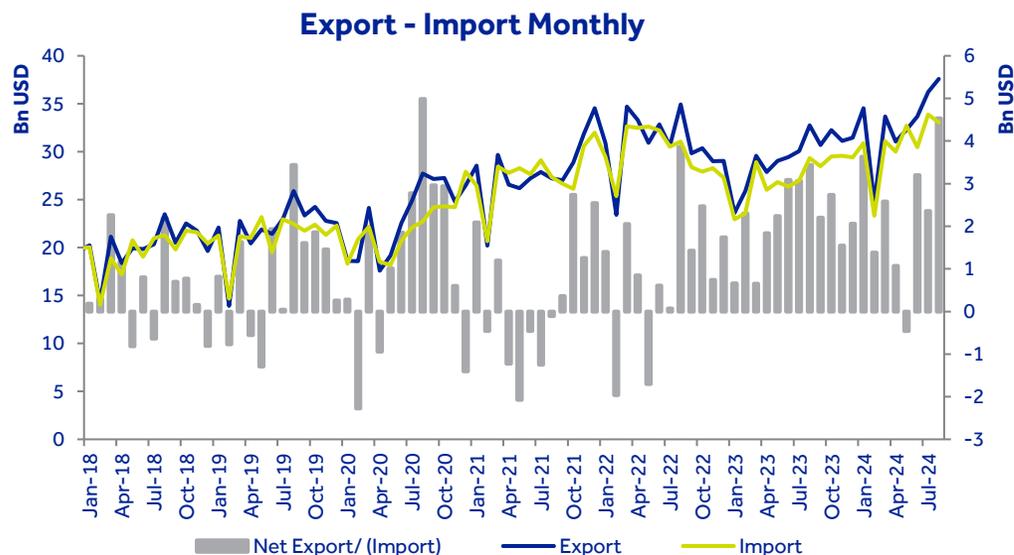
Source: GSO

VIETNAM: STRONG GROWTH IN EXPORT OF TRADITIONAL GOODS

Minh Trinh Viet

(+84 28)7300 7000 – Ext: 1046

minhtvh@acbs.com.vn



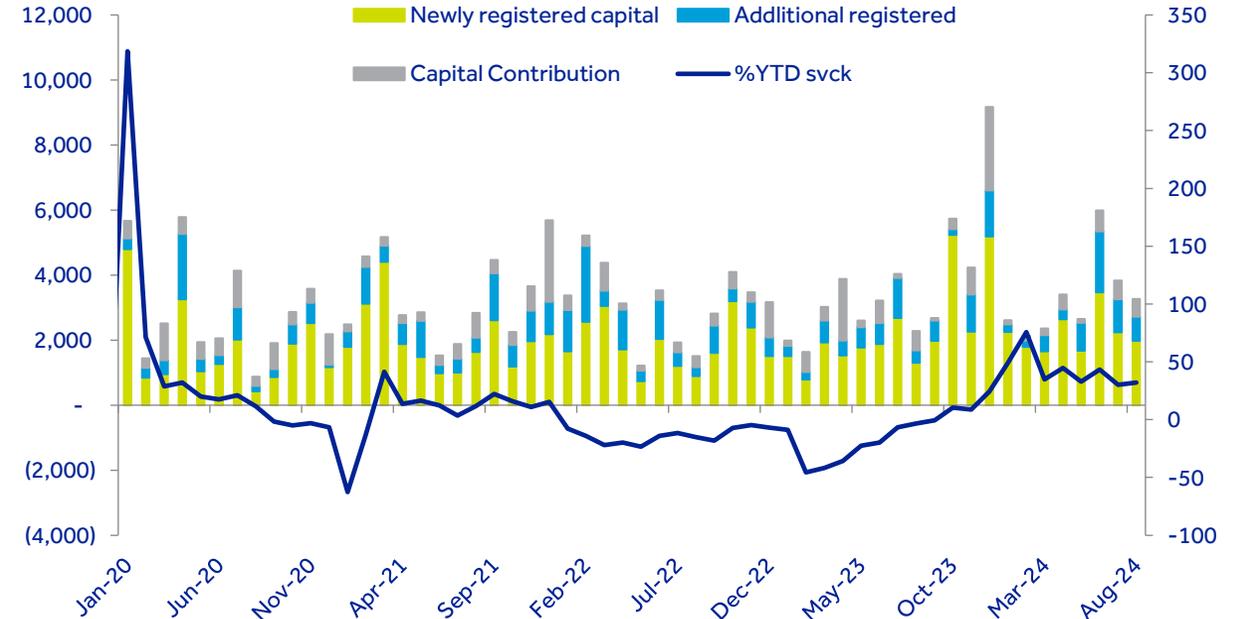
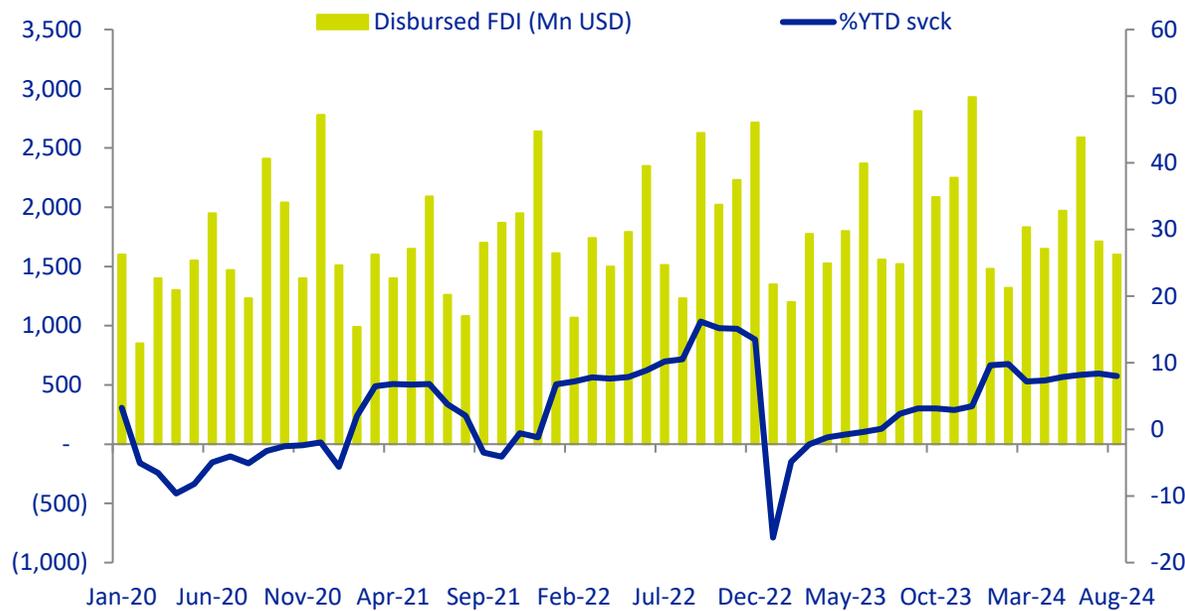
| The highest-value Exports (Mn USD) | Aug-24 | % YoY | 8M2024 | % YoY |
|---|--------|--------|--------|--------|
| Computer & electrical products | 6,733 | 27.45% | 46,192 | 28.68% |
| Telephones & mobile phones | 4,697 | -8.76% | 37,356 | 10.43% |
| Machine, equipment, tools and instruments | 4,737 | 30.77% | 32,633 | 21.59% |
| Textiles and garments | 4,045 | 17.28% | 24,096 | 7.55% |
| Foot-wears | 2,077 | 20.83% | 14,873 | 11.71% |
| Other Products | 1,603 | 6.09% | 11,640 | 10.46% |
| Wood and wooden products | 1,496 | 15.96% | 10,278 | 21.41% |
| Other means of transportation | 1,336 | 9.95% | 9,789 | 8.53% |
| Iron and steel | 941 | 33.3% | 6,494 | 13.05% |

Source: GSO & Custom VN

- Export-import activities continued to increase in August 2024 with export value reaching USD37.6bn (+14.5% YoY), import value reaching USD33.1bn (+12.4% YoY), resulting in a surplus of USD4.5bn. Cumulatively, in 8M2024, exports reached USD265.1bn (+15.8% YoY) while imports reached USD246bn (+17.7% YoY), resulting in a surplus of USD19.1bn.
- The export of traditional goods showed strong growth in 8M2024, as illustrated in the table above. Additionally, another positive sign is the increase in imports of production materials, up 16.6% YoY in 8M2024 (compared to -15.9% YoY in 8M2023).
- In 8M2024, the U.S. remains Vietnam's largest export market (USD77.9bn) while China is the largest import market (USD92.3bn).

VIETNAM'S FDI REGISTERED TO REAL ESTATE SURGED

- Registered FDI capital in 8M2024 reached over USD17.7bn, (+32.1% YoY), while disbursed FDI capital continued to be stable, reaching USD14.2bn (+8.0% YoY).
- Registered FDI capital in the Manufacturing and Processing industry increased by 26.34% YoY, while FDI in the Real Estate sector 8M2024 surged by 271.8% YoY.
- Provinces and cities with significant advantages in attracting foreign investment, such as Bac Ninh, Quang Ninh, Hai Phong, Hanoi, Ho Chi Minh City, and Ba Ria-Vung Tau, continued to attract the majority of FDI capital.
- Traditional investment partners from Asia, such as Singapore, China, Japan, South Korea, Hong Kong, Taiwan, and China, still hold a large share.



Source: GSO

VIETNAM: CONSUMER SPENDING RECOVER SLOW

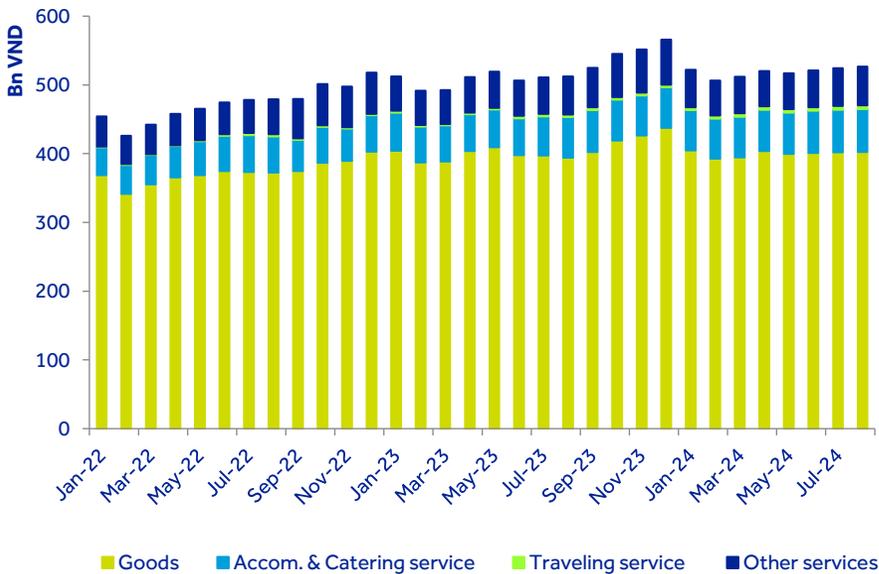
Minh Trinh Viet

(+84 28)7300 7000 – Ext: 1046

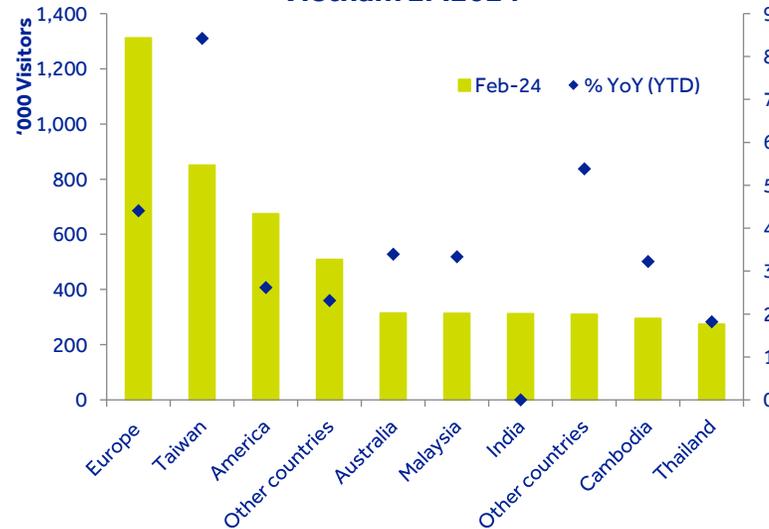
minhtvh@acbs.com.vn

- In August 2024, total retail sales of goods and consumer services rose by 7.9% YoY, which is below the average growth rate of 11-12%, reaching VND526tn VND. In 2024, retail sales of goods and services rose by 8.5% YoY, totaling VND4,148 tn VND. Excluding inflation, retail sales of goods and services increased by only 5.3% YoY.
- **Although retail sales continue to grow, the rate of growth is significantly slower compared to the average in previous periods.** Moreover, retail sales of goods and food services have shown signs of deceleration in the past two months. The bright spot remains the strong recovery of retail sale of traveling services since the COVID-19 pandemic. Compared to 2019 (pre-COVID-19), retail sale of traveling services in 8M2024 still record a growth of more than 30% YoY compare with 8M2019.
- We expect consumer demand to recover more strongly in the final months of 2024, thanks to the extension of the 2% VAT reduction policy until the end of 2024, low consumer interest rates, projected positive GDP growth, and a vibrant tourism sector during the year's final months.

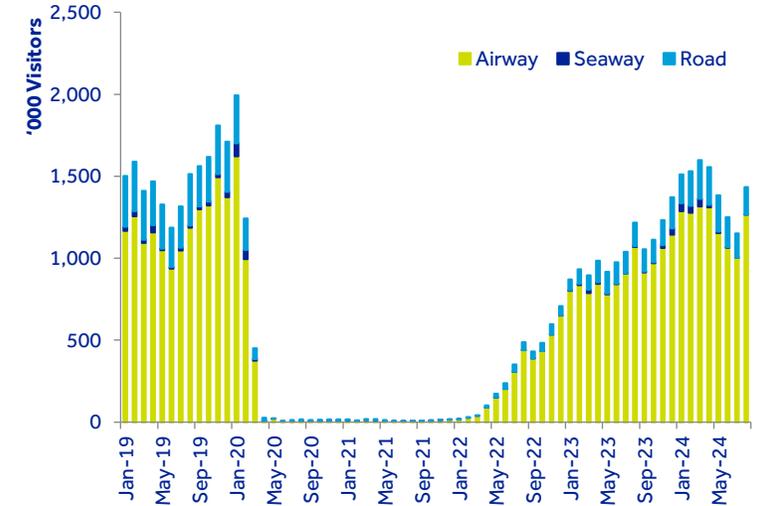
Retail Sale of Goods and Services



Top countries with the most tourists to Vietnam 2M2024



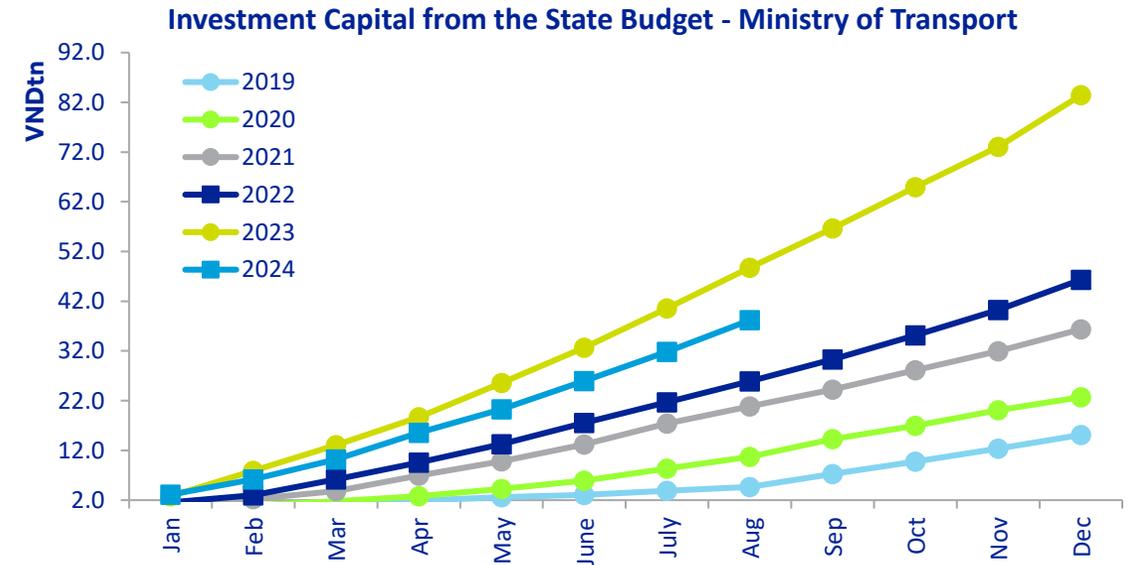
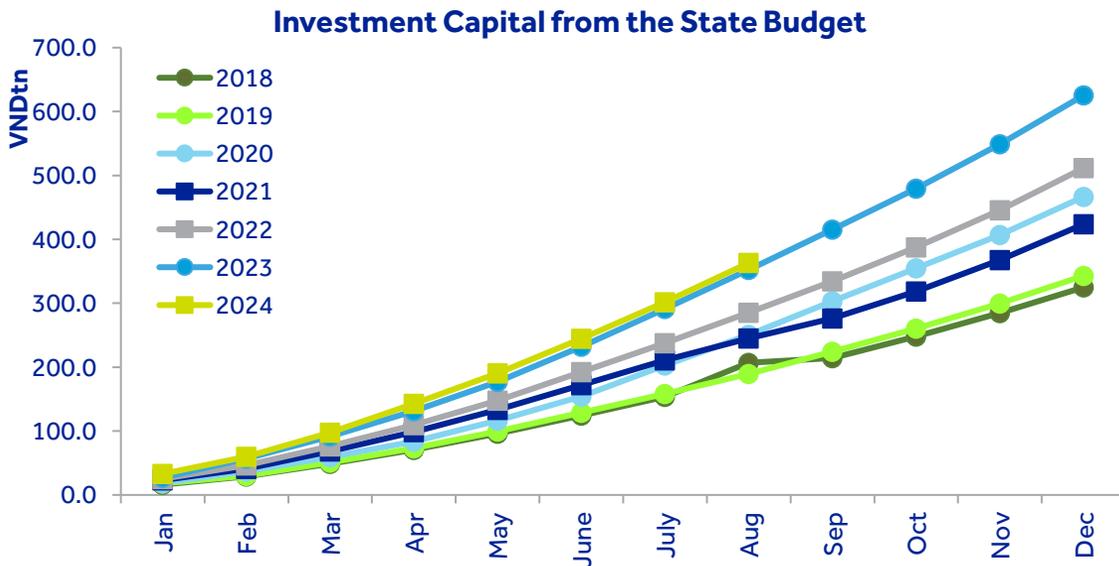
Number of foreigners arrival in Viet Nam



Source: GSO

VIETNAM: PUBLIC INVESTMENT LOSING MOMENTUM

- After a period of positive growth in 2023, public investment in 2024 is experiencing a sluggish phase. Disbursement progress continues to be slow, especially disbursements from the Ministry of Transport.
- The realized capital from the State Budget reached VND363.1tn in the 8M2024 (+3.5% YoY, reaching 33.8% of the plan). The disbursement value is equivalent to 2023, and even the Ministry of Transport's disbursement is lower than the same period in 2023.
- According to ministries and localities, the main reasons for the delay are: (1) waiting for decrees and circulars to guide the implementation of the new Bidding Law (2023), which has affected the progress of approving contractor selection plans for projects; (2) delays in local capital arrangements, primarily related to land sales.
- We expect the Government to focus on accelerating public investment in the remaining months of 2024 to catch up with the disbursement progress set by the National Assembly. This is one of the key factors to drive Vietnam's economic growth for the entire year of 2024.



Source: GSO, MPI

VIETNAM: INFLATIONARY PRESSURE GRADUALLY DECREASES

Minh Trinh Viet

(+84 28)7300 7000 – Ext: 1046

minhtvh@acbs.com.vn

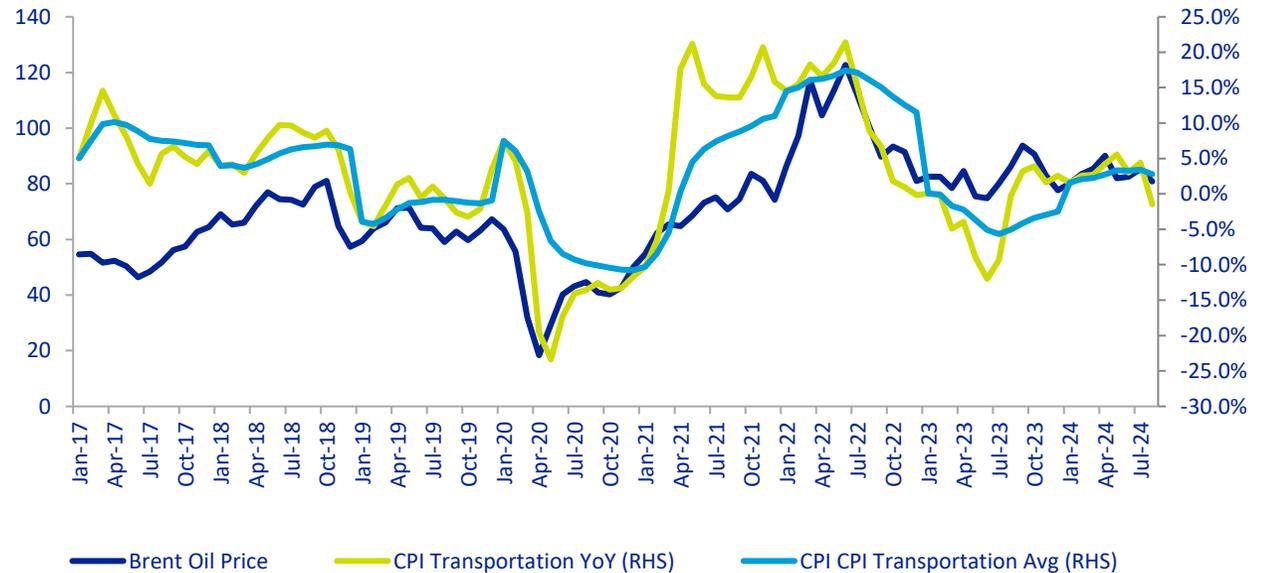
- Inflationary pressure diminishes due to a significant decline in oil prices. Inflation in August 2024 increased by 3.45% YoY and remained almost unchanged compared to July 2024. On average, inflation in 8M2024 rose by 4.04% YoY, while core inflation also increased by 2.71% YoY. Currently, core inflation remains lower than the government's target of 4.5%.
- Inflation is anticipated to further decline due to : (1) a sharp decline in fuel prices driven by oversupply and weak demand; and (2) the stabilization of the exchange rate, which contributes to lower costs for importing raw materials and consumer goods.
- It is important to acknowledge that inflationary pressures persist in the final months of the year: (1) The timetable for the adjustment of prices for state-managed categories (electricity, water, education, and healthcare costs) may be implemented in the coming months; (2) seasonal factors at year-end, characterized by major holidays (Mid-Autumn Festival, Christmas, and Lunar New Year), typically drive up demand for goods, directly affecting inflation (in food products) as well as indirectly (in the dining-out sector).
- In 2024, we expect inflation to remain within the government's target level of 4.5% for the full year.

Consumer Price Index



Source: GSO

Oil Price and Inflation



Source: Bloomberg, TCTK

VIETNAM-KEY MACRO INDICATORS

Minh Trinh Viet
 (+84 28)7300 7000 – Ext: 1046
 minhtrvh@acbs.com.vn

| Monthly data | Jan-23 | Feb-23 | Mar-23 | Apr-23 | May-23 | Jun-23 | Jul-23 | Aug-23 | Sep-23 | Oct-23 | Nov-23 | Dec-23 | Jan-24 | Feb-24 | Mar-24 | Apr-24 | May-24 | Jun-24 | Jul-24 | Aug-24 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Industrial Production (YoY) | -14.9% | 7.2% | -2.0% | -2.4% | 0.5% | 1.8% | 2.3% | 3.5% | 2.9% | 4.4% | 5.0% | 5.8% | 18.9% | -6.8% | 4.8% | 7.4% | 10.0% | 12.4% | 11.1% | 9.5% |
| <i>Mining and quarrying</i> | -13.0% | 9.9% | -4.2% | -5.5% | 2.9% | 0.2% | -2.1% | -7.1% | -6.4% | -0.8% | -6.9% | -12.8% | 9.2% | -15.4% | -6.9% | -5.0% | -8.3% | -11.1% | -9.7% | -1.5% |
| <i>Manufacturing</i> | -15.6% | 6.8% | -2.5% | -2.8% | -0.9% | 2.2% | 2.6% | 4.3% | 3.8% | 4.5% | 5.7% | 7.6% | 18.7% | -6.5% | 5.1% | 7.8% | 11.9% | 15.0% | 13.8% | 10.6% |
| <i>Production and distribution of electricity</i> | -12.4% | 8.3% | 1.8% | 2.3% | 7.7% | -0.7% | 3.8% | 5.6% | 3.0% | 7.4% | 9.6% | 5.9% | 29.9% | -3.7% | 10.9% | 13.9% | 12.3% | 12.7% | 7.6% | 8.9% |
| <i>Water supply and waste treatment</i> | -1.4% | 7.1% | 11.1% | 8.1% | 4.7% | 5.7% | 1.4% | 1.9% | 7.0% | 5.8% | 6.6% | 11.5% | 6.3% | -1.1% | 12.0% | 9.1% | 5.3% | 8.8% | 11.1% | 12.6% |
| Purchasing Managers Index | 47.4 | 51.2 | 47.7 | 46.7 | 45.3 | 46.2 | 48.7 | 50.5 | 49.7 | 49.6 | 47.3 | 48.9 | 50.3 | 50.4 | 49.9 | 50.3 | 50.3 | 54.7 | 54.7 | 52.4 |
| Retail Sales (YoY) | 12.8% | 15.5% | 11.5% | 11.7% | 8.1% | 6.7% | 6.9% | 6.9% | 7.5% | 7.0% | 10.1% | 9.3% | 8.1% | 8.1% | 9.2% | 9.0% | 9.5% | 9.1% | 9.4% | 7.9% |
| Consumer Price Index (MoM) | 0.5% | 0.5% | -0.2% | -0.3% | 0.0% | 0.3% | 0.5% | 0.9% | 1.1% | 0.1% | 0.3% | 0.1% | 0.3% | 1.0% | -0.2% | 0.1% | 0.1% | 0.2% | 0.5% | 0.0% |
| Consumer Price Index (YoY) | 4.9% | 4.3% | 3.4% | 2.8% | 2.4% | 2.0% | 2.1% | 3.0% | 3.7% | 3.6% | 3.5% | 3.5% | 3.4% | 4.0% | 4.0% | 4.4% | 4.4% | 4.3% | 4.4% | 3.5% |
| Export Value (% YoY) | -23.5% | 10.5% | -14.8% | -16.4% | -6.0% | -10.3% | -1.8% | -6.2% | 2.9% | 6.2% | 7.2% | 8.4% | 46.2% | -4.6% | 13.8% | 11.4% | 11.1% | 14.3% | 20.5% | 14.7% |
| Import Value (% YoY) | -22.1% | -7.1% | -11.5% | -19.8% | -17.8% | -18.2% | -11.6% | -5.6% | 0.3% | 5.8% | 4.6% | 7.7% | 34.6% | -1.2% | 7.5% | 15.2% | 22.1% | 15.5% | 25.5% | 12.7% |
| Trade Balance (USDmn) | 656 | 2,300 | 650 | 1,834 | 2,240 | 3,087 | 3,067 | 3,439 | 2,199 | 2,734 | 1,543 | 2,061 | 3,632 | 1,382 | 2,579 | 1,066 | -456 | 3,201 | 2,356 | 4,530 |
| Disbursed FDI (USDmn) | 1,350 | 1,200 | 1,770 | 1,530 | 1,800 | 2,371 | 1,559 | 1,520 | 2,813 | 2,087 | 2,250 | 2,930 | 1,480 | 1,320 | 1,830 | 1,650 | 1,970 | 2,590 | 1,710 | 1,600 |
| Registered FDI exl Cap. Cont.(USDmn) | 1,510 | 790 | 1,930 | 1,535 | 1,776 | 1,877 | 2,677 | 1,315 | 1,974 | 5,236 | 2,260 | 5,190 | 2,250 | 1,790 | 1,660 | 2,640 | 1,678 | 3,472 | 2,240 | 1,981 |

VIETNAM-KEY MACRO INDICATORS

Minh Trinh Viet
 (+84 28)7300 7000 – Ext: 1046
minhtvh@acbs.com.vn

| Quarterly data | Q1 2022 | Q2 2022 | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2022 | Q3 2023 | Q4 2023 | Q1 2024 | Q2 2024 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| GDP (YoY) | 5.05% | 7.72% | 13.67% | 5.92% | 3.32% | 3.72% | 5.47% | 6.72% | 5.87% | 6.93% |
| <i>Agriculture, Forestry and Fishing</i> | 2.53% | 3.02% | 3.24% | 3.85% | 2.52% | 3.07% | 4.30% | 4.13% | 3.42% | 3.34% |
| <i>Industry and Construction</i> | 6.41% | 8.87% | 12.91% | 4.22% | -0.40% | 1.13% | 5.16% | 7.35% | 6.66% | 8.29% |
| <i>Services</i> | 4.64% | 8.56% | 18.86% | 8.12% | 6.79% | 6.33% | 6.43% | 7.29% | 6.20% | 7.06% |
| Industrial Production (YoY) | 6.81% | 10.83% | 10.94% | 3.02% | -2.25% | -0.21% | 2.84% | 4.97% | 5.89% | 9.46% |
| Retail Sales (YoY) | 4.44% | 19.46% | 41.24% | 17.11% | 13.87% | 8.80% | 7.30% | 9.30% | 8.38% | 8.81% |
| Export Value (YTD) (USDmn) | 88,579 | 96,832 | 95,343 | 89,049 | 79,170 | 85,747 | 93,540 | 96,530 | 92,875 | 96,978 |
| Import Value (YTD) (USDmn) | 87,770 | 97,581 | 89,980 | 85,340 | 75,100 | 77,480 | 84,859 | 90,173 | 85,282 | 93,166 |
| Trade Balance (USDmn) | 890 | -750 | 5,363 | 3,709 | 4,070 | 8,267 | 8,681 | 6,357 | 7,593 | 3,812 |
| Disbursed FDI (USDmn) | 4,450 | 5,640 | 5,368 | 6,972 | 4,320 | 5,892 | 5,701 | 7,267 | 4,630 | 6,210 |
| Registered FDI (USDmn) | 7,280 | 4,480 | 3,713 | 7,097 | 4,230 | 5,966 | 5,188 | 12,686 | 5,700 | 7,790 |

CONTACT

Minh Trinh Viet
(+84 28)7300 7000 – Ext: 1046
minhtvh@acbs.com.vn

Ho Chi Minh City Head Office

117 Nguyen Dinh Chieu, Dist. 3, Ho Chi Minh City
Tel: (+84 28) 7300 7000
Website: www.acbs.com.vn

Hanoi Office

10 Phan Chu Trinh, Hoan Kiem Dist., Ha Noi
Tel: (+84 24) 3942 9395
Fax: (+84 24) 3942 9407

RESEARCH DEPARTMENT

Acting Head of Research

Trang Do

(+84 28) 7300 7000 (x1041)
trangdm@acbs.com.vn

Manager – Properties

Truc Pham

(+84 28) 7300 7000 (x1043)
trucptt@acbs.com.vn

Manager – Financials

Hung Cao

(+84 28) 7300 7000 (x1049)
hungcv@acbs.com.vn

Manager – Consumer-related, Technology

Chi Luong

(+84 28) 7300 7000 (x1042)
chiltk@acbs.com.vn

Associate – Oil & Gas

Hung Phan

(+84 28) 7300 7000 (x1044)
hungpv@acbs.com.vn

Associate – Utilities

Toan Pham

(+84 28) 7300 7000 (x1051)
toanpd@acbs.com.vn

Associate – Industrials

Trung Tran

(+84 28) 7300 7000 (x1045)
trungtn@acbs.com.vn

Associate – Logistics

Hung Nguyen

(+84 28) 7300 7000 (x1047)
hungnt@acbs.com.vn

Associate - Construction

Dat Do

(+84 28) 7300 7000 (x1048)
datdt@acbs.com.vn

Associate – Macro & Money Market

Minh Trinh Viet

(+84 28) 7300 7000 (x1046)
minhtvh@acbs.com.vn

Analyst – Technical

Huu Vo

(+84 28) 7300 7000 (x1052)
huvvp@acbs.com.vn

Analyst – Market data

Anh Mai

(+84 28) 7300 7000 (x1110)
anhmd@acbs.com.vn

INSTITUTIONAL CLIENT DIVISION

Director

Huong Chu

(+84 28) 7300 7000 (x1083)
huongctk@acbs.com.vn
groupis@acbs.com.vn

Associate

Huynh Nguyen

(+84 28) 7300 6879 (x1088)
huynhntn@acbs.com.vn

Associate

Thanh Tran

(+84 28) 7300 6879 (x1120)
thanhtt@acbs.com.vn

DISCLAIMER

Minh Trinh Viet

(+84 28)7300 7000 – Ext: 1046

minhtvh@acbs.com.vn

Analyst Certification(s)

We, the author(s) of this report, hereby certify (1) that the views expressed in this research report accurately reflect our personal views about any or all of the subject securities or issuers referred to in this research report and (2) no part of our compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

Important Disclosures

ACBS and/or an affiliate thereof (hereby collectively called ACBS) did or may seek to do business with companies covered in this report as its routine business. ACBS's proprietary trading accounts may have a position in such companies' securities. As a result, the investor should be aware that ACBS may have a conflict of interest from time to time.

ACBS produces a variety of research products including, but not limited to, fundamental analysis, equity-linked analysis, quantitative analysis, and trade ideas. Recommendations contained in one type of research product may differ from recommendations contained in other types of research products, whether as a result of differing time horizons, methodologies, or otherwise.

Disclaimer

This report is provided for information purposes only. ACBS makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to any data included in this report. ACBS will not treat unauthorized recipients of this report as its clients. Prices shown (if any) are indicative and ACBS is not offering to buy or sell or soliciting offers to buy or sell any financial instrument.

Without limiting any of the foregoing and to the extent permitted by law, in no event shall ACBS, nor any affiliate, nor any of their respective officers, directors, partners, or employees have any liability for (a) any special, punitive, indirect, or consequential damages; or (b) any lost profits, lost revenue, loss of anticipated savings or loss of opportunity or other financial loss, even if notified of the possibility of such damages, arising from any use of this report or its contents. Other than disclosures relating to ACBS, the information contained in this report has been obtained from sources that ACBS believes to be reliable, but ACBS does not represent or warrant that it is accurate or complete. The views in this report are subject to change, and ACBS has no obligation to update its opinions or the information in this report.

Some parts of this report reflect the assumptions, views and analytical methods of the analysts who prepared them, and ACBS is not responsible for any error of their works and assumptions. ACBS may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report.

The analyst recommendations in this report reflect solely and exclusively those of the author(s), and such opinions were prepared independently of any other interests, including those of ACBS. This report does not constitute personal investment advice or take into account the individual financial circumstances or objectives of the investors who receive it. The securities discussed herein may not be suitable for all investors. ACBS recommends that investors independently evaluate each issuer, securities or instrument discussed herein and consult any independent advisors they believe necessary. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including changes in market liquidity). The information herein is not intended to predict actual results, which may differ substantially from those reflected. Past performance is not necessarily indicative of future results.

This report may not be distributed to the public media or used by the public media without prior written consent of ACBS. Otherwise it will be considered as illegal. The breacher shall compensate fully to ACBS any loss or damage which arises from such breach (if any).

In the event that the distribution and/or receipt of this report is prohibited by the investor's jurisdiction, the investor shall dismiss this report immediately otherwise it will be at his/her own risks.

ACBS does not provide tax advice and nothing contained herein should be construed to be tax advice. Accordingly, the investors should seek advice based on their particular circumstances from an independent tax advisor. This report may contain links to third-party websites. ACBS is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this report and is not incorporated by reference into this report. The inclusion of a link in this report does not imply any endorsement by ACBS. Access to any third-party website is at the investor's own risks, and the investor should always review the terms and privacy policies at third-party websites before submitting any personal information to them. ACBS is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

© Copyright ACBS (2024). All rights reserved. No part of this report may be reproduced in any manner without the prior written permission of ACBS.