

Vietnam economic status in the first 4 months 2018

Agriculture is stable thanks to favourable weather

- **Agriculture:** Agriculture production in April focused on spring-winter season plants in the North; rice and vegetable harvest for spring-winter and planting rice for fall-summer season in the South. Currently, the weather is quite good, spring-winter rice in the North develops well. It is forecasted that fall-summer season this year will be tough because of prolonged hot weather.
- **Farming:** Cow and bull farming in the month is quite stable, poultry farming is good, and pig farming is still tough because of the consumption and price. The country saw no bird flu, pig flue ear disease, and mouth and foot disease.
- **Forestry:** damaged forest area dropped strongly comparing to previous year because of cold weather with heavy rain. The protection and wild fire prevention is still being strengthened.
- **Aqua product:** tra fish farming is good, tra fish price is high and farmers are seeing profit. Brackish water shrimp farming is good, shrimp price is stable, super intensive shrimp farming is developing strongly. The weather in the month is rather favourable for sea exploiting.

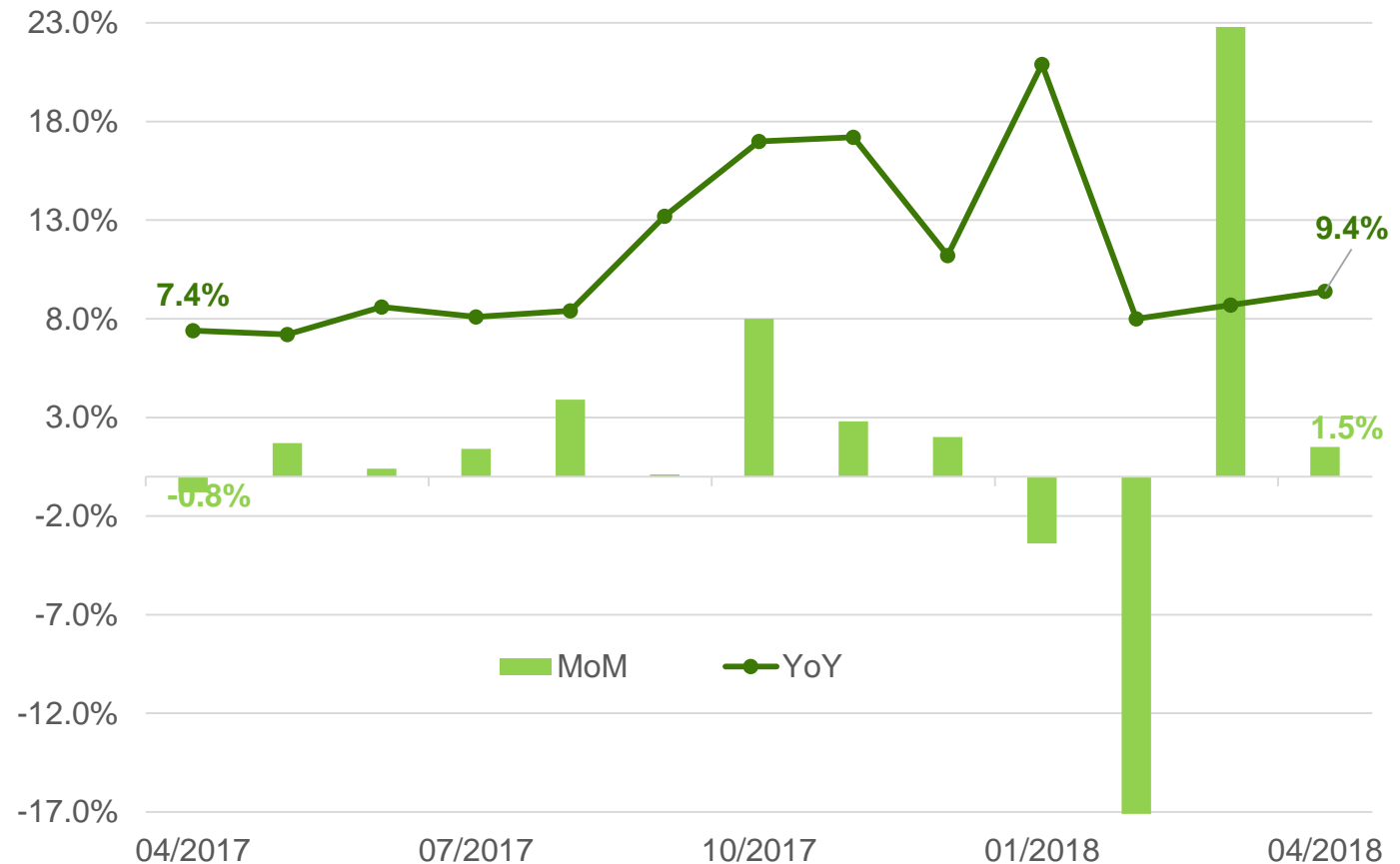
Agriculture and aqua product are contributing stronger and stronger for the country's export, if they are constructed synchronal in a sustainable direction that can check for originality, it will bring a big amount of foreign currency. However, since hot weather is forecasted to last long, we need to tightly follow breeding time and disease situation in the next few months. In May, EU's researching delegations will come to Vietnam to check on the status for fighting illegal aqua product exploiting. This will be the foundation for EU to consider making the next decision for Vietnam aqua product: canceling the yellow card, keeping the yellow card, or upgrading it to red card.

IIP is still impressive

- Industrial production index in April increased about 1.5% MoM and 9.4% YoY.
- In 4 months, the index increased by 11.4% YoY, twice higher than the growth in the same period last year (4 months 2007 IIP growth was 5.1% YoY). Except for minerals that dropped by 1.2% YoY, other groups saw good growth. The best growth still belonged to processing and manufacturing (+14% YoY), in which, standing out were electronic, computer, and optical products with a growth of nearly 27% YoY. Other groups saw positive growths: power generation and distribution increased by 9.7%, water supply and water waste and waste processing by 5.5%.

Industrial Production index in the first 4 months is still high and is much higher than last year. It is expected that the lead from processing and manufacturing industry with electronic as pillar will still be on growing trend in the next few months.

Index of Industrial Production (IIP)

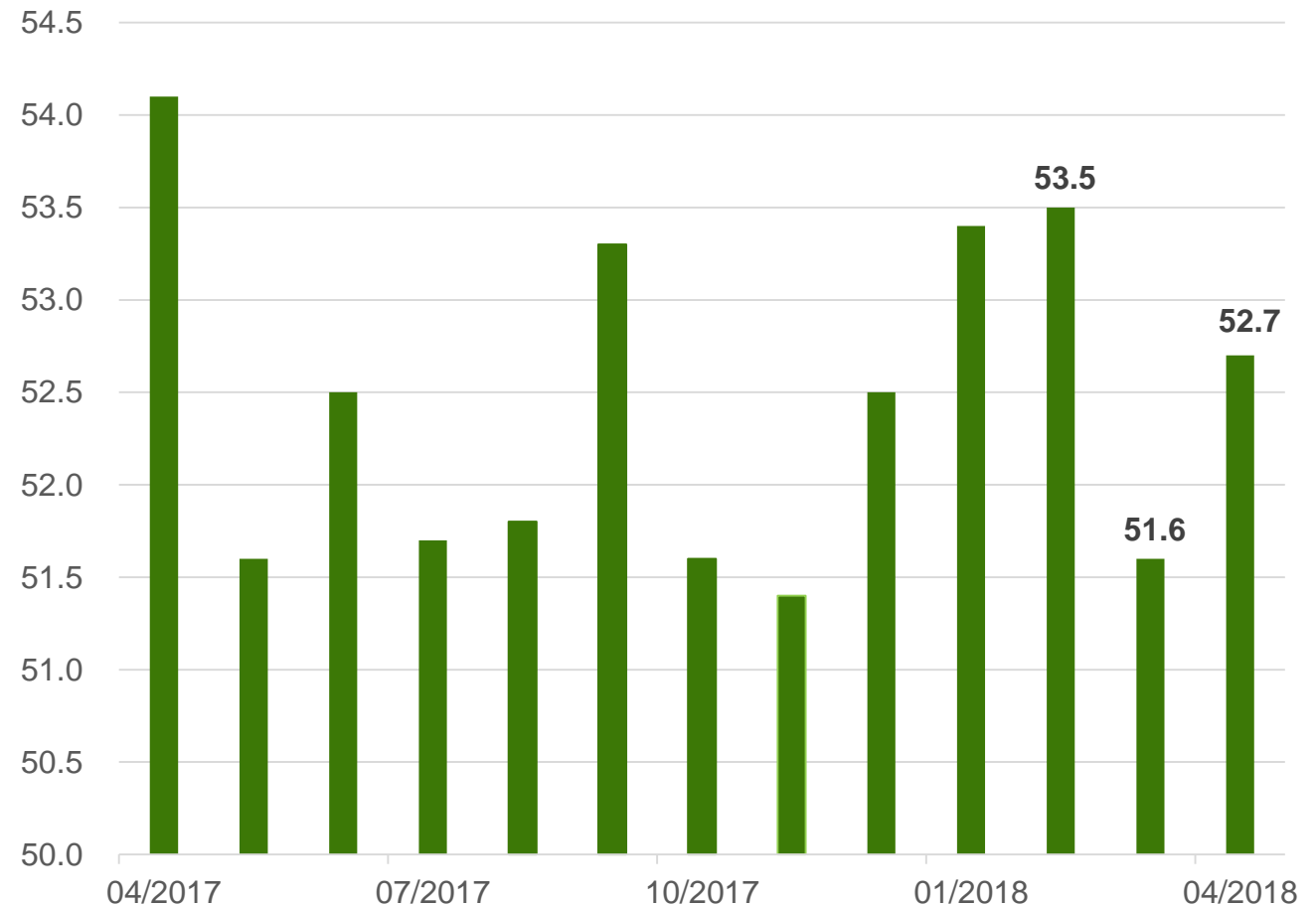


PMI increased positively, production section is expanding in the 29th month in a row

- Purchasing manager index PMI in April is 52.7, over 1 points higher than 51.6 points last month. So the index has been in expanding zone (>50) for 29 months in a row.
- The main factor that helped improving the index is that number of new order increased strongly, especially new order from foreign customers. Number of new order increased so manufacturers raised the production strongly.
- Input expense increased strongly further since material price on international market increased. Output price also increased slightly. Remarkably, while some survey team members raised output price to compensate with the increasing input price, some others lowered to attract customers.

Number of order increased strongly and the index still expanded, showing that Vietnam production is still seeing good growth. Input material price increased strongly but the competitiveness kept the enterprises on upward trend since they are willing to lower profit margin to maintain the growth, showing that the pressure on inflation will drop.

Purchasing manager index (PMI)

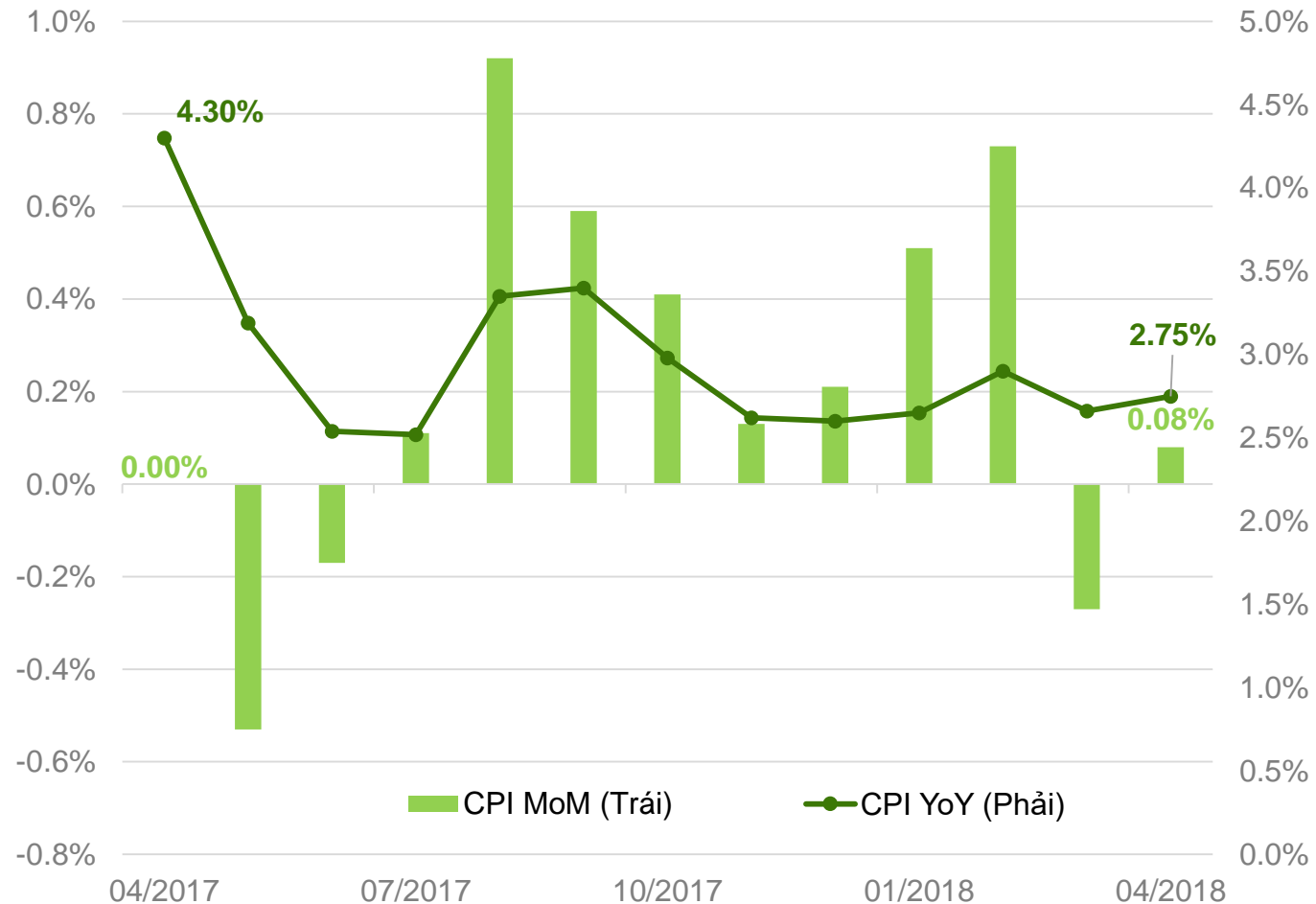


Inflation showed signs of stabilizing

- CPI growth in April is 0.08% MoM and 2.75% YoY. Average CPI growth in the first 4 months is 2.8% YoY. There are 6 over 11 product and service groups saw higher price than previous month.
- Inflation pressure dropped mainly because of transportation with two adjustments on fuel and oil price (April 7th and 23rd, 2018). Housing and building material increased since power and water price increased. Besides, domestic rice price increased along with export price so food product price increased. Moreover, domestic and abroad tour price increased since tourists companies raised the price for April 30th and May 1st holidays.
- The factor that lowered CPI growth in April is mainly the dropping price of some fresh food products (beef, chicken, aqua products, and vegetable) because of rich supply.

Inflation is stable which is optimistic for the economy. However, inflation pressure is still rather strong from both inside and outside of the economy. For global product price, especially raw oil price which increased strongly; the price of many products and services managed by the State like power, water, health, and education increased as progress. So, we must cautiously follow inflation status in the next few months.

CPI growth

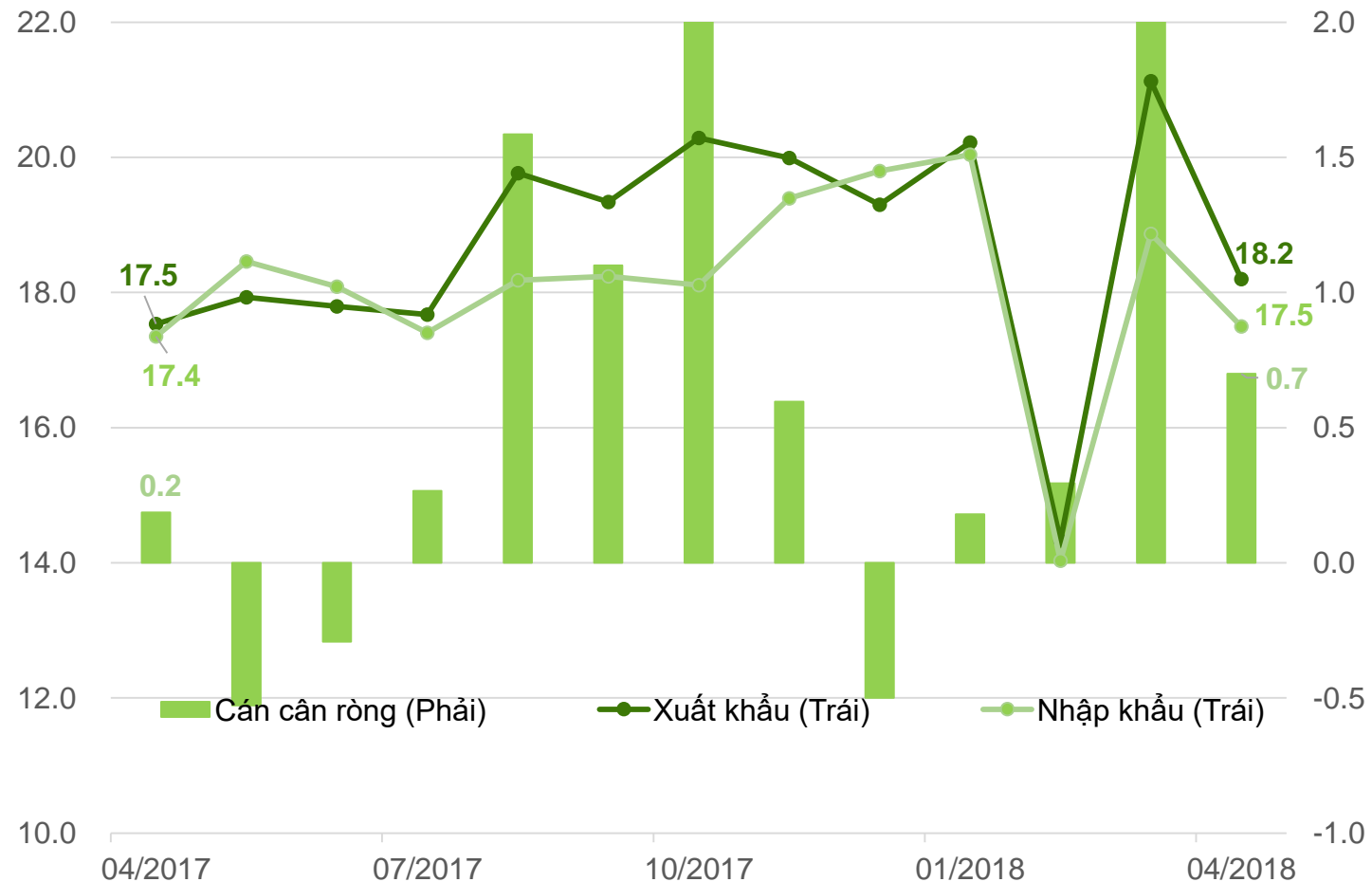


Export surplus increased strongly to 3.39 billion USD

- Export in April is about 18.2 billion USD, 13.9% lower than a high level in March which saw a growth of 38% MoM, and it is 4.1% higher YoY. In 4 months, export is about 73.76 billion USD, up by 19% YoY. America returned to be Vietnam strongest export market, followed by EU and China.
- Import in April is about 17.5 billion USD, down by 7.3% MoM, up by 1.2% YoY. In 4 months, import is about 70.37 billion USD, up by 10.1% YoY. The ranking for markets didn't change much: Vietnam still imported the most from China, followed by Korea and ASEAN.

Vietnam raised export surplus further, different from the import surplus in same period last year. Export growth speed in the first 4 months is nearly twice higher than import growth speed, showing that the next few months might still see export surplus. However, trading growth showed overdue dependent on foreign enterprises.

Export and import (billion USD)

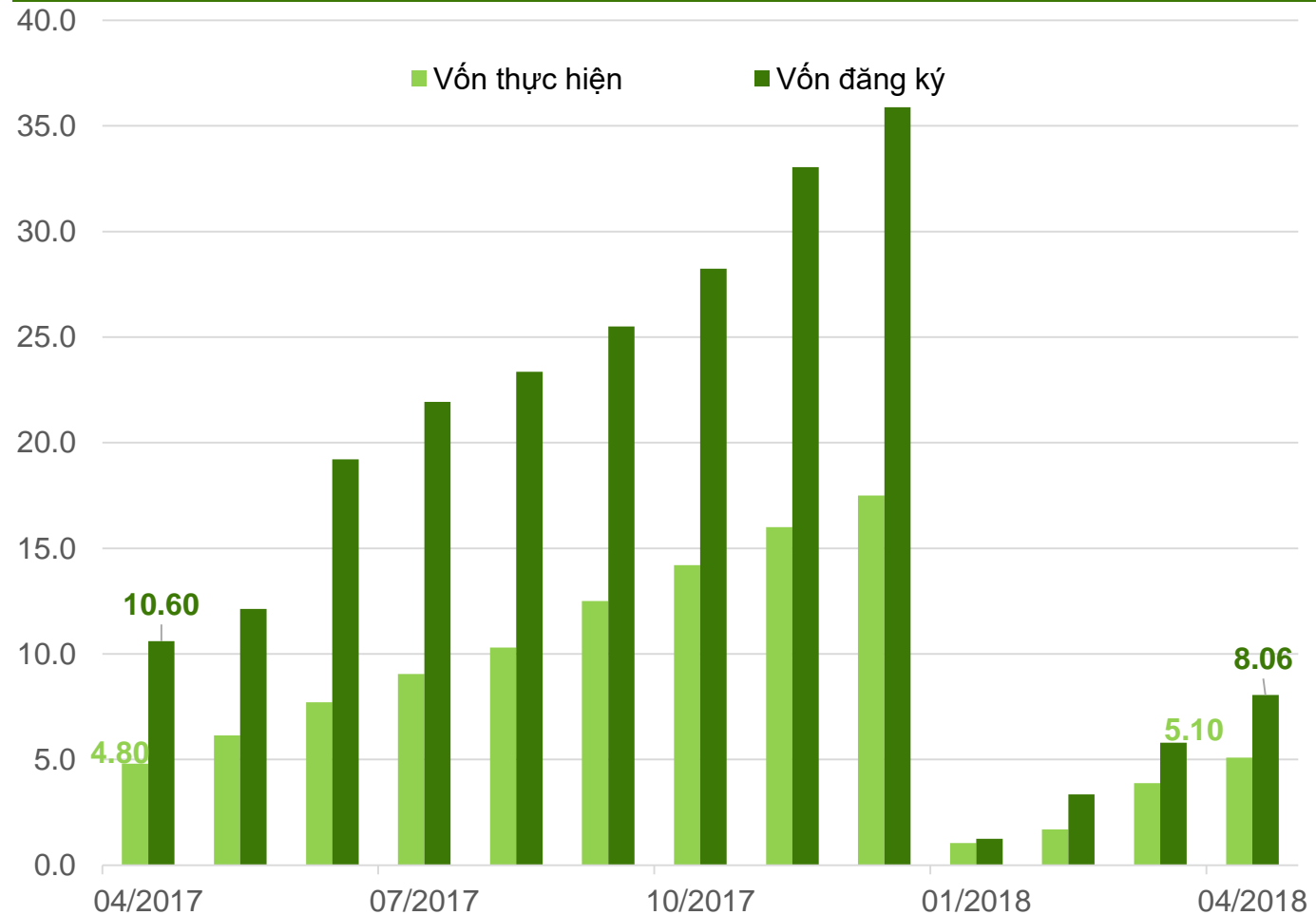


FDI execution increased further, registered FDI temporarily dropped

- In the first 4 months, total new and added investment, capital and share purchase of foreign investors is 8.06 billion USD, down by 23.9% YoY. Expectedly foreign invested projects have disbursed 5.1 billion USD, up by 6.3% YoY.
- In 17 industries that attracted foreign investment, processing and manufacturing is at the lead with 56.1% total registered investment. Real estate surpassed wholesale and retail to claim second position with 10% total investment. Wholesale and retail dropped to 3rd place with 9.7% total investment.
- Korea is still the biggest investor in Vietnam with total investment of 2.31 billion USD – 28.7% total investment. Japan and Singapore are second and third.

Registered FDI in the first 4 months dropped since there was not yet any big project. However, this trend will soon change next month with the visit of Vietnam Prime Minister to Singapore at the end of April. For example, there are 2 big projects in early May – Laguna Lang Co that raised total capital from 875 million to 2 billion USD; next big project is from Sembcorp Group investing in Dung Quat project to develop gas power with registered capital of over 2 billion USD. Other than these 2, there are many agreements signed during the visit. So FDI is expected to increase strongly in the next few months.

Foreign Direct Investment (billion USD)



Comments

Macroeconomic in the first 4 months is optimistic for a positive situation in the whole year of 2018. IIP increased further with twice higher the growth than same period. PMI in April is still in expanding status for the 29th month in a row. And is over 1 points higher than previous month. Agriculture is quite stable with favorable weather. There is another export surplus month with export growth speed nearly twice higher than import growth speed. Inflation is also stable and FDI disbursement is still getting better.

However, we still keep cautious point of view on core factors that haven't been resolved for the economy, especially the problem of overdue dependent on foreign enterprises. And inflation needs to be tightly observed in the next few months.

	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18
CPI (YoY)	2.5%	3.4%	3.4%	3.0%	2.6%	2.6%	2.7%	2.9%	2.7%	2.8%
CPI (MoM)	0.1%	0.9%	0.6%	0.4%	0.1%	0.2%	0.5%	0.7%	-0.3%	0.1%
PMI	51.7	51.8	53.3	51.6	51.4	52.5	53.4	53.5	51.6	52.7
IIP (YoY)	8.1%	8.4%	13.2%	17.0%	17.2%	11.2%	20.9%	8.0%	8.7%	9.4%
IIP (MoM)	1.4%	3.9%	0.1%	8.0%	2.8%	2.0%	-3.4%	-17.1%	22.8%	1.5%
Credit growth*	9.7%	11.5%	12.2%	13.7%	15.3%	18.2%	0.9%	1.0%	3.5%	n/a
Export (billion USD)	17.7	19.8	19.3	20.3	19.2	19.7	20.2	14.3	21.1	18.2
Import (billion USD)	17.4	18.2	18.2	18.1	19.0	19.9	20.0	14.0	18.9	17.5
Trade balance (billion USD)	0.3	1.6	1.1	2.2	0.2	-0.2	0.2	0.3	2.3	0.7
Operated FDI* (million USD)	9.1	10.3	12.5	14.2	16.0	17.5	1.1	1.7	3.9	5.1
Registered FDI* (million USD)	21.9	23.4	25.5	28.2	33.0	35.9	1.3	3.3	5.8	8.1

* Cumulative data as of the time of report

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