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## INVESTMENT OUTLOOK IS GETTING BRIGHTER

- February's economic data showed the market a better-defined circumstance of Vietnam's economy as the aggregated data of the first two months of the year assisted in eliminating seasonal factors. The picture of public investment and foreign direct investment both recorded positive signs, showing their key role in promoting the domestic economy.
- Export growth of agricultural products, iron & steel, and electronics is still leading the growth trend of exports in both the domestic and FDI sectors.
- However, data on total retail sales, especially retail sales of goods, are showing signs of weakness as pressures on commodity prices and rising inflation put pressure on consumer spending.

### February CPI increased by 1.04% compared to the previous month.

Specifically, nine groups of goods and services experienced an increase in the price index, while the remaining two groups had a decrease. The surge in demand for goods and services during the Lunar New Year contributed to this increase.

**Trade and service activities** decreased by 2.3% compared to the previous month, primarily due to reduced spending by domestic consumers following the peak spending period before the Lunar New Year. However, according to GSO's monthly adjusted data, real retail sales weakened over the past three months, although this period is considered the peak consumption period of the year.

**The Index of Industrial Production (IIP)** dropped by 18% compared to the previous month due to the Lunar New Year holiday falling exclusively in February. In comparison to the same period last year, the index witnessed a 6.8% decrease. However, the cumulative industrial production index for the first two months of the year maintained a 5.7% YoY increase. Additionally, February's Manufacturing Purchasing Managers' Index (PMI) remained above the 50-point threshold, registering at 50.4, slightly up from January's 50.3 points.

**Vietnam's trade** slowed down in February. However, export and import turnover cumulatively in the first two months of the year increased by 19.2% and 18%, respectively. Export growth of the Electronics, agricultural products, and iron and steel groups are the main driving factors for overall growth.

**Foreign direct investment (FDI)** continues to provide positive signals to Vietnam's economy. Expanding strategic partnerships brings various benefits but also introduces competition for domestic businesses.

**Development investment expenditures in February increased by 2.5 times compared to January.** Year to date, development investment expenditures increased by more than 22% YoY, showing the efforts of the Government, the assignment of the entire public investment plan right from the beginning of the year has had a positive impact on the area.

	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24
GDP (YoY)			4.2			5		
CPI (YoY)	2.1	3	3.7	3.6	3.4	3.6	3.4	4
Retail sales (YTD YoY)	10.4	10	9.7	9.4	9.6	9.6	8.1	8.1
Export (YoY)	-3.5	-7.6	4.6	5.9	6.7	13.1	42	-5
Import (YoY)	-9.9	-8.3	2.6	5.2	5.1	12.3	33.3	18
Trade Bal (Bil USD)	3.6	3.4	1.7	3	1.3	2.3	3.6	1.1
Realized FDI (Bil USD)	1.6	1.5	2.8	2.1	2.3	2.9	1.5	1.3
IIP (YTD YoY)	-0.7	-0.5	0.3	0.5	1	1.5	18.3	5.7
PMI manufacturing	48.7	50.5	49.7	49.6	47.3	48.9	50.3	50.4

Source: PHS compiled