



Macro Flash Note

September 2024

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September 2024: Impressive Economic Growth Overcomes Natural Disaster Challenges.

- **Index of Industrial Production – IIP** in September 2024: IIP decreased by 0.19% MoM and increased by 10.8% YoY. For Q3/2024, IIP increased by 10.0% YoY. For 9M2024, IIP increased by 8.6% YoY.
- **Foreign Direct Investment – FDI** in September 2024: Disbursed FDI reached USD3.2bn (+13.4% YoY), registered FDI reached USD3.5bn (+76.2% YoY). Cumulatively in 9M2024, disbursed FDI reached USD17.3bn (+9.0% YoY) while registered FDI reached USD21.2bn (+37.7% YoY).
- **Trade** in September 2024 recorded exports of USD34.1bn (+10.7% YoY) and imports of USD31bn (+9.7% YoY), resulting in a trade surplus of USD2.3bn. For Q3/2024, the trade surplus amounted to USD8.8bn, with exports reaching to USD108.5bn (+15.8% YoY) while imports at USD99.7bn (+17.2% YoY). For 9M2024, the trade surplus was USD20.7bn, with exports totaling USD299.6bn (+15.4% YoY) and imports reaching USD278.8bn (+17.3% YoY).
- **Consumer Price Index - CPI continued a downward trend** in September 2024. Specifically, CPI in Sept 2024 only increased by 0.28% MoM and increased by 2.63% YoY. The average core CPI for Q3/2024 stood at 2.76% YoY while the average CPI for Q3/2024 increased by 3.48% YoY. Cumulatively for 9M2024, the average CPI increased by 3.88% YoY, far below the Government's cap of 4.5%.
- **Still sluggish retail sales** in September 2024: Retail sales of goods and services reached VND535.7 tn, reporting an increase of 7.6% YoY. This result is slightly lower than the average growth of the total retail sales of goods and services in Q3/2024 at 8.4% YoY (amounting VND1,590 tn). Total retail sales and consumer service revenue for 9M2024 increased by 8.8% YoY, reaching 4,703tn VND. Excluding the price factor, retail sales of goods and services increased by 5.8% in 9M2024."
- **Realized Capital under State Budget** reached VND428.1tn in 9M2024 (+2.0% YoY, achieving 55.7% of the plan).
- **State Budget:** 9M2024 Government revenue reached VND1,448tn (+17.9% YoY, completing 85.1% of the plan) while Government expenditure reached VND1,256tn (+1.4% YoY, completing 59.3% of the plan).

Our quick comments:

- The GDP growth in Q3/2024 remained strong despite the negative impact of Typhoon Yagi on densely industrialized provinces (such as Quang Ninh, Hai Phong). Specifically, Q3/2024 GDP is estimated to have increased by 7.40% YoY, leading to 6.82% YoY growth for 9M2024. This result was primarily driven by the robust performance of the manufacturing sector, along with service sectors that support manufacturing sector and trading activities, including transportation, warehousing, and logistics.

- Export and import activities remained robust in Q3/2024, with export and import values increasing by 15.8% YoY and 17.2% YoY, respectively. Notably, imports in Q3/2024 experienced a substantial growth, primarily driven by the import of raw materials for manufacturing, such as electronic & computer components (+22.5% YoY), machinery & equipment (+19.5% YoY), textile materials (+17.4% YoY), and raw plastic materials (+21.4% YoY).
- Inflationary pressure has gradually eased. The average Consumer Price Index (CPI) for 9M2024 falling below 4%. The average CPI increasing by only 3.88% compared to the same period last year, which is lower than the government's target of 4.5%. Currently, there are few challenges to achieving the inflation target for 2024, as oil prices are being remain at low levels and are unlikely to experience significant increases in the near term.
- The robust growth data of the Vietnamese economy in September 2024 and Q3/2024 reinforces the confidence in the growth prospects for Q4/2024. The growth momentum for Vietnam's economy in Q4/2024 is expected to continue for several reasons: (1) industrial production activity is projected to continue its strong growth, driven by the robust consumer demand from Vietnam's major trading partner, the US; (2) domestic consumer demand is expected to recover strongly during the year-end period, complemented by various major festivals and an increase in consumer spending. Our current forecast for GDP growth in 2024 is between 6.2%-6.5%. However, we are currently leaning towards the optimistic scenario that 6.5% is the minimum GDP growth rate for 2024.

APPENDIX

Quarterly data	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
GDP (YoY)	5.05%	7.72%	13.67%	5.92%	3.32%	3.72%	5.47%	6.72%	5.87%	7.09%	7.40%
<i>Agriculture, Forestry and Fishing</i>	2.53%	3.02%	3.24%	3.85%	2.52%	3.07%	4.30%	4.13%	3.42%	3.64%	2.58%
<i>Industry and Construction</i>	6.41%	8.87%	12.91%	4.22%	-0.40%	1.13%	5.16%	7.35%	6.66%	8.60%	9.11%
<i>Services</i>	4.64%	8.56%	18.86%	8.12%	6.79%	6.33%	6.43%	7.29%	6.20%	7.10%	7.51%
Industrial Production (YoY)	6.81%	10.83%	10.94%	3.02%	-2.25%	-0.21%	2.84%	4.97%	5.89%	9.94%	10.04%
Retail Sales (YoY)	4.44%	19.46%	41.24%	17.11%	13.87%	8.80%	7.30%	9.30%	8.38%	8.81%	8.81%
Export Value (YTD) (USDmn)	88,579	96,832	95,343	89,049	79,170	85,747	93,540	96,530	92,875	98,179	108,565
Import Value (YTD) (USDmn)	87,770	97,581	89,980	85,340	75,100	77,480	84,859	90,173	85,282	94,020	99,742
Trade Balance (USDmn)	890	-750	5,363	3,709	4,070	8,267	8,681	6,357	7,593	4,159	8,823
Disbursed FDI (USDmn)	4,450	5,640	5,368	6,972	4,320	5,892	5,701	7,267	4,630	6,210	6,500
Registered FDI (USDmn)	7,280	4,480	3,713	7,097	4,230	5,966	5,188	12,686	5,700	7,790	7,700

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