



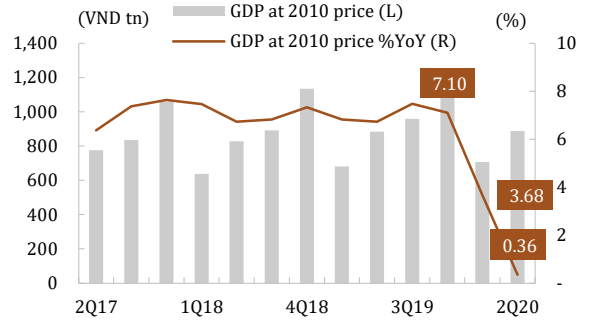
# July Macro view

Economic recovery: Light at the end of 2Q20



## 1 GDP growth hits low since the financial crisis

Real GDP growth in 2Q20 nearly approached the reduction territory as expanding slightly by 0.36% YoY, recording the lowest level since the global financial crisis.



## 2 Trade downtrend to decelerate

57.8 USDbn

### Export value

Export declined by 9.41% YoY. Most of export items experienced significant decreases compared to the same period last year in association with the spreading pandemic in 2Q20.



## 4 Oil prices drive CPI recovery

57.2 USDbn

### Import value

Import declined by 10.18% YoY. Most of the import items also witnessed further reduction in a similar manner as export items.

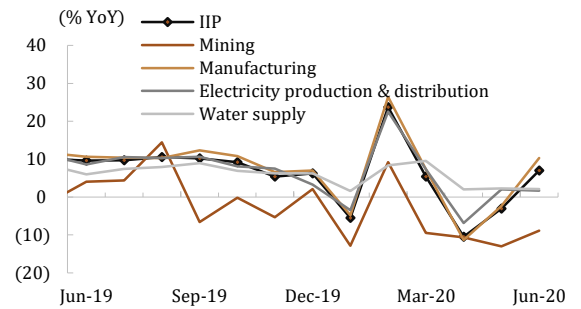


## 3 Export-related sectors drive the industrial growth

+7%

### IIP

IIP rebounded remarkably after plunging in April and recovering modestly in May. This sharp recovery was mainly driven by the expansion of 10.26% YoY in the manufacturing sector.



Item	% Weight	% MoM	% YoY
Food and foodstuff	36.12	0.44	12.46
Beverage and cigarette	3.59	0.09	1.46
Garment, Footwear, hat	6.37	0	0.68
Housing and construction materials	15.73	-0.42	0.16
Household appliances and goods	7.31	0.07	1.22
Medicine and health care	5.04	0.01	3.37
Traffic	9.37	6.05	-17.3
Postal services & Telecommunication	2.89	-0.04	-0.51
Education	5.99	0	4.64
Culture, entertainment and tourism	4.29	-0.01	-1.62
Other goods and services	3.3	0.19	3.31
<b>Consumer Price Index</b>		<b>0.66</b>	<b>3.17</b>



## 5 State budget posts a deficit of VND69.1tn



## 6 Bright spots for FDI inflows in 2Q20

As of 2Q20, registered FDI saw a modest reduction of -7.11% YoY, posting USD7.12bn, while the capital disbursement started picking up to reach USD4.8bn, dropping slightly by 3.61% YoY.



## 7 U.S. dollar accelerates downward

In June, USD continued to depreciate for the third straight month at a faster pace. From our view, VND is not likely to see any significant changes in July as the implied volatility of the USD/VND remained very low even when the greenback may continue to drop further.

