true friend KIS Viet Nam Securities Corporation

Economy
Monthly

12 Apr 2021

Economic Perspectives

Domestic output to accelerate

GDP to accelerate

GSO's figures show that Vietnam's real GDP sustained its modest growth rate, leaning back on the impressive improvements of TLS and I&C sectors in the context of slowdowns in remainders. We believe that the economic growth would accelerate in the next quarter due to the 2Q2020's low value, the existing recovery, and the promising fiscal spending. We forecast real domestic output to grow by 4.52% YoY 2Q2021.

CPI to rebound

March experienced a reduction of CPI compared to the previous month mainly due to the decrease in the food and foodstuff (F&Fs) index despite the traffic index pushed upward pressure on the overall price. We forecast the CPI to up 0.41% MoM as the pork price faces upward pressure, originating from a new Africa Swine Fever (ASF) outbreak and the traffic index sustains its momentum.

FDI to see uneven recovery

Although FDI saw the best quarter in 1Q21 since early 2020, it raised some concerns to our view FDI growth was uneven for all sectors as only the electricity sector dominated the other sectors. We expect FDI activity would continue to concentrate on a few key sectors, while FDI inflows to the other sectors would likely remain subdued.

Export demand to stimulate IIP growth

After an interruption in industrial production activity in February, a rebound in March was less than expected and significantly lower than in late-2020. From our view, one factor that could bring IIP back to expansion territory is fast-recovering export. From our view, this would be strong support for the industrial growth to back to high production levels in the second half of 2020.

KIS leading economic index (USD bn, %, % QoQ, % YoY)

	1Q20	2Q20	3Q20	4Q20	2019	2020	2021F
GDP	3.82	0.36	2.62	4.48	7.02	2.91	5.94
Trade balance	3.82	1.92	10.72	2.54	10.42	19.01	1.77
CPI	4.87	3.17	2.98	0.19	5.23	3.24	2.41
Discount rate	3.50	3.00	3.00	3.00	4.00	3.00	3.00
VND/USD	23,264	23,206	23,188	23,252	23,231	23,255	23,246
US GDP	(4.80)	(34.20)	NA	7.90	2.3	(5.70)	3.90
China GDP	(6.80)	1.10	NA	6.00	6.10	1.80	8.00

Source: KIS

Contents

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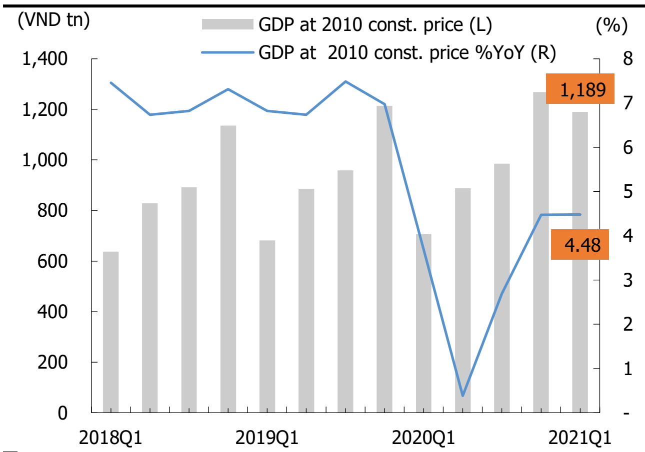
I. GDP to accelerate

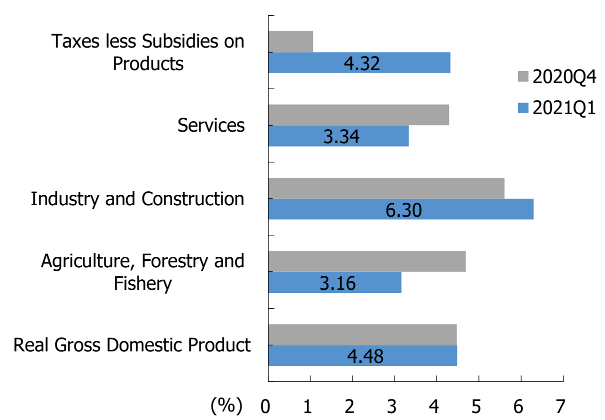
GSO's figures show that Vietnam's real gross domestic product (GDP) sustained its modest growth rate at 4.48%, leaning back on the impressive improvement in taxes-less-subsidies (TLS) and industry and construction (I&C) items. Other sectors, including services and agriculture, forestry, and fishery (AFF), partly reflect the glooming picture in domestic demand in the beginning months of this year as their growth rates recorded notable reductions compared to the growing paces in the last quarter of 2020. Specifically, the TLS and I&C rose by 3.25-percent points (pps) and 1.70-pps to post 4.32% YoY and 6.50% YoY, while services and AFF declined by 0.95-pps and 1.53-pps, posting 3.34% and 3.16%. Talking further about what drove the significant TLS's growth this period, we believe that the Decree 41 tax deferral policy, applying for 2020 value-added tax (VAT) and corporate income tax (CIT), has partly shifted tax amount forward and hence caused a one-off increase in this item.

Figure 1. Quarterly GDP at 2010 constant price



Source: KIS, GSO
Notes: GDP values before 2021 were unrevised.

Figure 2. Quarterly GDP growth by sector



Source: KIS, GSO

In comparison to the annual target of 6.00% pointed in the resolution 01 / NQ-CP 2021, the 1Q2021 domestic output growth rate was 1.52 percentage points lower and thus put pressure on remaining quarters to finalize the 2021 economic growth rate to meet what the government desires.

Figure 3. Historical contribution by sectors

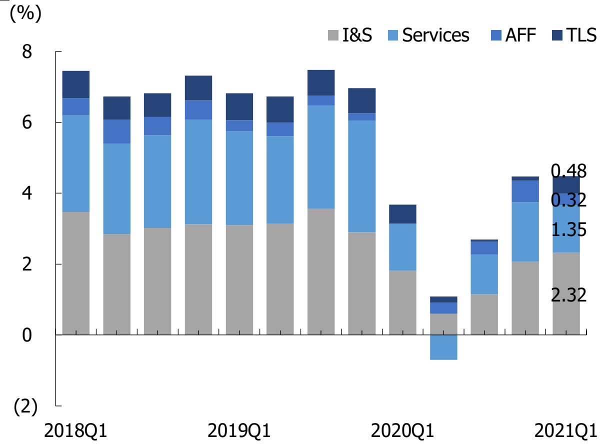
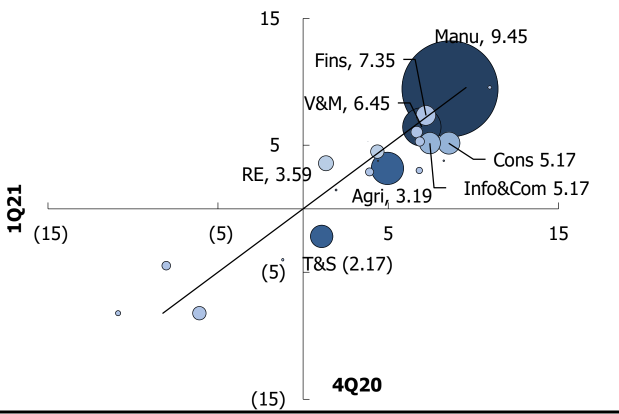


Figure 4. 1Q2021 vs 4Q2020 growths by sub-sectors



Source: KIS, GSO

Notes: I&S: Industry and Construction; AFF= Agriculture, Forestry and Fishery; TLS= Taxes less Subsidies on Products; Manu= Manufacturing; Fins= Finance, Banking & Insurance; V&M= Vehicles and motorcycles; Cons= Construction; Agri= Agriculture; Info&Com= Information & Communication; T&S= Transport and Storage; RE= Real Estate Business; A&C= Accommodation & catering services.

Taking a deeper look, the unchanged growth rate of the real domestic output this period determined by the improvement of the minority of sub-sectors with impressive accelerations, such as manufacturing (Manu), real estate business (RE), and finance, banking, and insurance (Fins) in the context of many industries slowed their productions. Specifically, the growth rates in 1Q2021 of Manu, RE, and Fins posted 9.45% YoY, 7.35% YoY, and 3.59% YoY, being 0.82-, 0.14-, and 2.26-percentage points (pps) higher compared to their respective rates in the previous quarter. This group contributed 2.48% to the real GDP growth this period, offsetting the general slowdowns of the remaining sectors. Besides, this quarter witnessed less severe reductions coming from some operations in services sectors, including accommodation and catering services (A&C) and administrative activity and supporting service (AASS) when their contraction magnitudes posted 4.49% YoY and 8.22% YoY, being 3.56- and 2.66-pps lower than 4Q2020, respectively.

PREDICTION

We state some push- and pull-factors affecting the real GDP growth in the next quarter:

- The domestic production inherits its modest growth rate in 4Q2020, suggesting that the ongoing economic recovery tends to extend. The 2Q2020's economic growth seems to be stronger than what happened in this period mainly due to the COVID19-devastated production in the same period last year.

- TLS in the second quarter seems to grow at a higher pace relative to this period due to the extension and the exemption for taxes, fees, and land rental applied in the same period last year under the Decree 41/2020 / ND-CP. This growth rate will be lower in the scenario that the 2021 tax relief, which the Ministry of Finance has submitted to the government, approved and takes effect. Besides, we expect the business in the next quarter to outperform what recorded in 2Q2020, suggesting that the CIT will increase notably its contribution.

Figure 5. CPI %QoQ: housing and construction materials

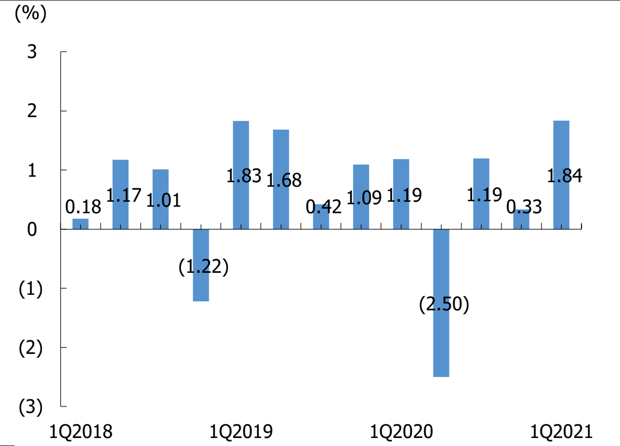
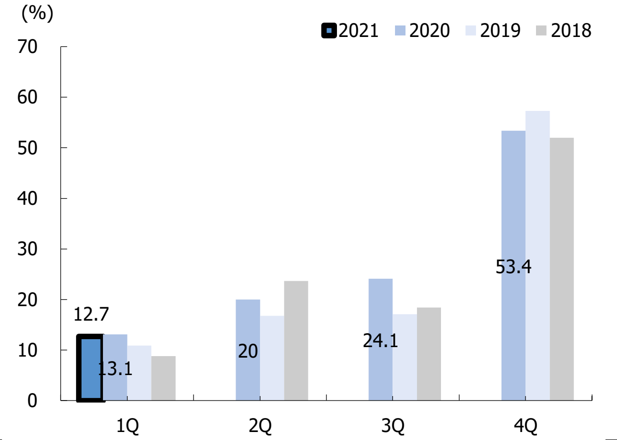


Figure 6. Fiscal spending: disbursement to plan ratio (%) by quarters



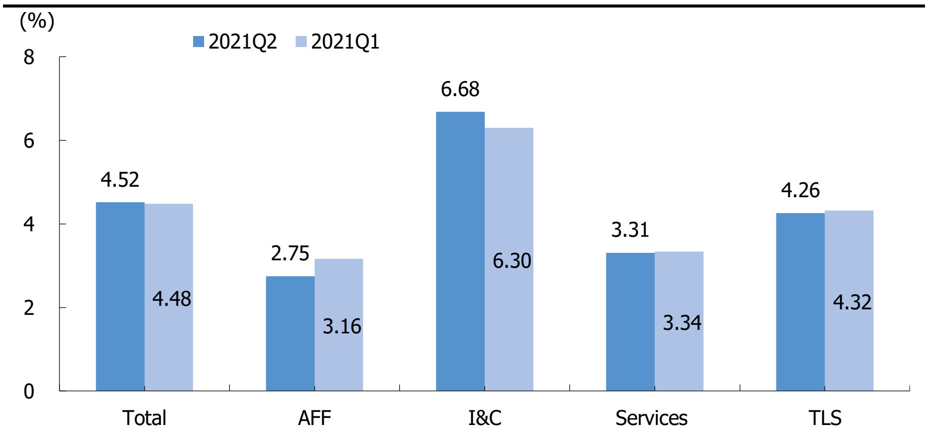
Source: KIS, GSO
Notes: I&S: Industry and Construction; AFF= Agriculture, Forestry and Fishery; TLS= Taxes less Subsidies on Products; Manu= Manufacturing; Fins= Finance, Banking & Insurance; V&M= Vehicles and motorcycles; Cons= Construction; Agri= Agriculture; Info&Com= Information & Communication; T&S= Transport and Storage; RE= Real Estate Business; A&C= Accommodation & catering services.

- The 14th national assembly meeting will take place at the beginning of April, finalizing cabinet members of the government in 2021-2026 term. This generally bolsters the disbursement of public investment in the next quarter.

- 1Q2021 witnessed a general uptrend in commodity prices, such as petroleum products, construction materials, pushing upward momentum on input cost and somewhat discouraging firms to aggressively accelerate their production. However, the cost tends to be transferred more into customers when the promising vaccination brings pre-pandemic consumption behavior back.

- According to those above-mentioned assumptions, we forecast real GDP to grow 4.52% YoY in 2Q2021.

Figure 7. Real GDP growth rate: 2Q21 forecast

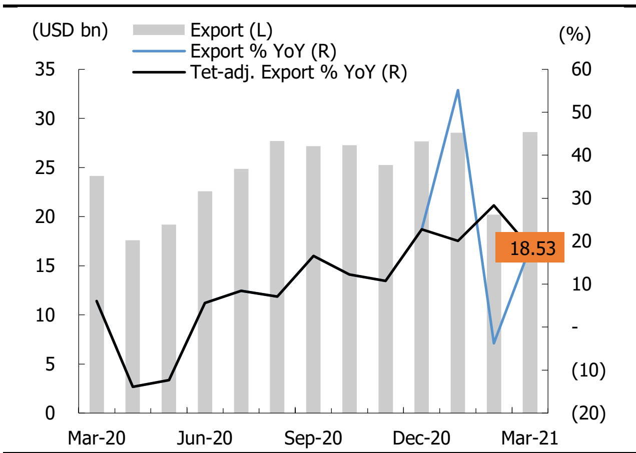


Source: KIS, GSO
Notes: I&S: Industry and Construction; AFF= Agriculture, Forestry and Fishery; TLS= Taxes less Subsidies on Products.

II. Trade to slow down

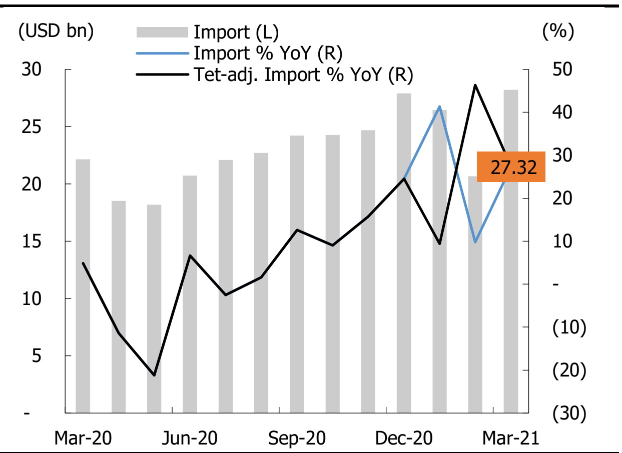
March' data shows that the trade activity experienced improvement this month as export made a turnaround and import accelerated. According to GSO's estimates, import value posted USD28.20bn, growing by 27.32% YoY, which nearly doubles the growth rate in February, while export even recorded a turnaround as rising by 18.53% YoY to posting USD28.60bn. As a result, the trade balance recorded a surplus of USD0.40bn this month.

Figure 8. Vietnam monthly export



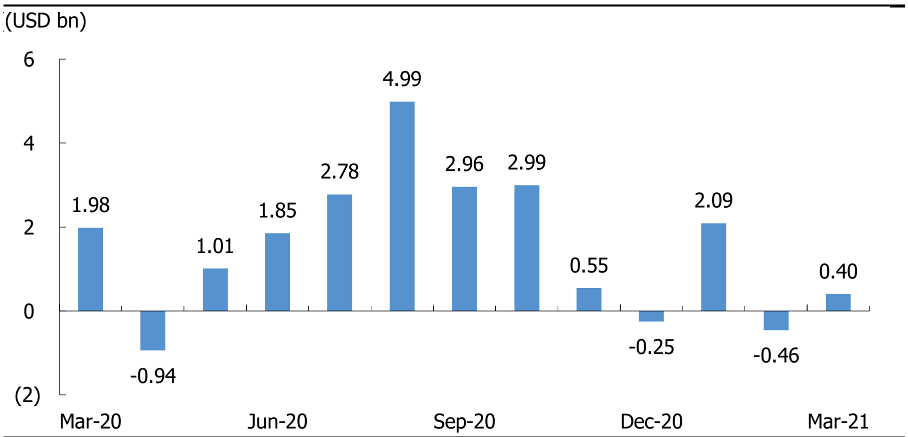
Source: KIS, GSO

Figure 9. Vietnam monthly import



Source: KIS, GSO

Figure 10. Vietnam monthly trade balance



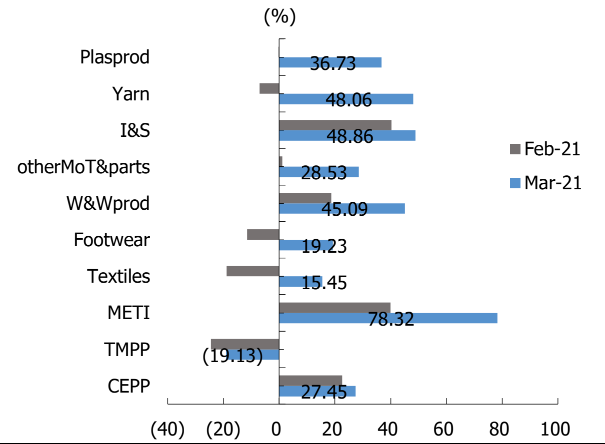
Source: KIS, GSO

The turnaround in goods sold overseas this month was characterized by recoveries in exporting labor-intensive products, such as footwear, textiles, and yarn and fishery item, while other major components such as CEPP, METI, and TMPP returned to their growth rates to pre-Tet extraordinary levels. Specifically, textile, footwear, and yarn rose by 15.45% YoY, 19.23% YoY, and 48.06% YoY to post USD2.70bn, USD1.66bn, and USD0.52bn, respectively. Those growth rates were much larger than corresponding reduction magnitudes posting in the previous period and consequently contributed to the overall export growth rate by 3.30-percentage points (pps).

Besides, wood and wooden products was a noticeable item as its export value posted USD1.43bn with the growth rate of 45.09% YoY, roughly doubling one in February. Regarding export's flagship products, including machinery and electronic products, CEPP and METI sustained their impressive growths as rising by 27.45% YoY and 78.32% YoY, while TMPP continued being the laggard this month by reducing by 19.13% YoY. This group totally contributed 6.35pps to the export growth this month.

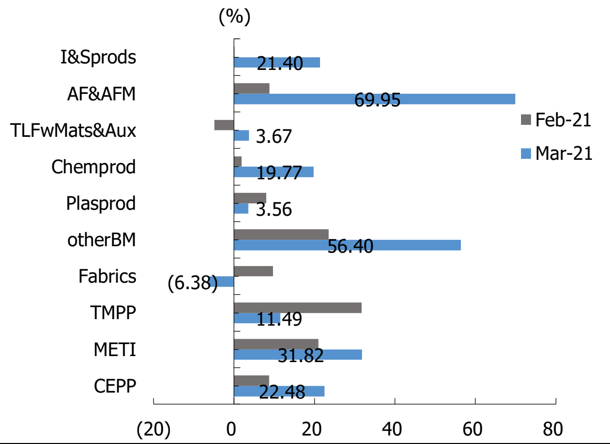
Seven over ten major items in import structure also experienced same accelerations with export's move but with fairly smaller rates. More impressively, import values of CEPP and METI rose by 22.48% YoY and 31.82% YoY, posting USD6.20bn and USD4.00bn, respectively. On the opposite direction, TMPP recorded a slowdown this month as its imported amount reached USD1.33bn, increasing by 11.49% YoY, 20.19pps-lower than previous rate and partly prevent the overall acceleration of import activity.

Figure 11. Top 10 export item: growth rates (% YoY)



Source: KIS, GSO

Figure 12. Top 10 import item: growth rates (% YoY)

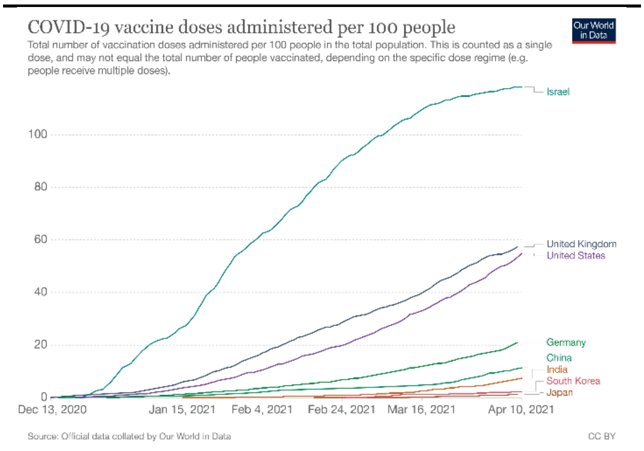


Source: KIS, GSO

TMPP: telephones, mobile phones and parts, CEPP: computers, electrical products and parts, METI: machine, equipment, tools and instruments, otherMoT&parts: other means of transportation parts and accessories thereof, W&Wprod: wood and wooden products, F&V: fruits and vegetables, I&S: iron and steel, Plasprod: plastic products, TLFwMats&Aux: textile, leather and foot-wear materials and auxiliaries, otherBM: other base metals, Chemprod: chemical products.

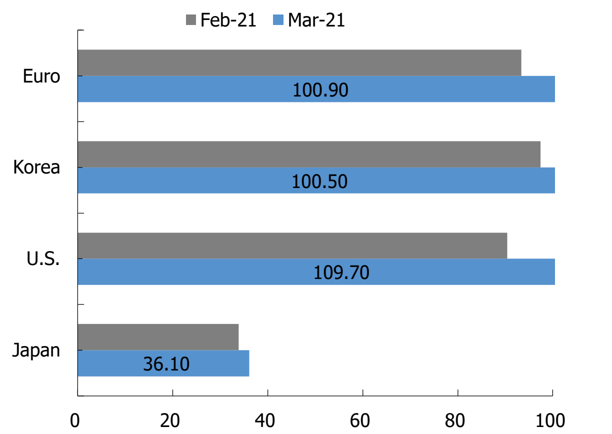
Some factors affecting trade activities this period. First, the vaccination programs of Vietnam's major trading partners, such as the U.S., European countries, South Korea, Japan, China, kept speeding up despite the Oxford/AstraZeneca jab. Second, consumer confidence indices of countries with high weights in our trade structure, including the U.S., Euro, Korea, and Japan, were going to higher, adding more evidence of the general recovery starting from the beginning of 2021.

Figure 13. Vaccination



Source: KIS, Our World In Data

Figure 14. Consumer confidence index

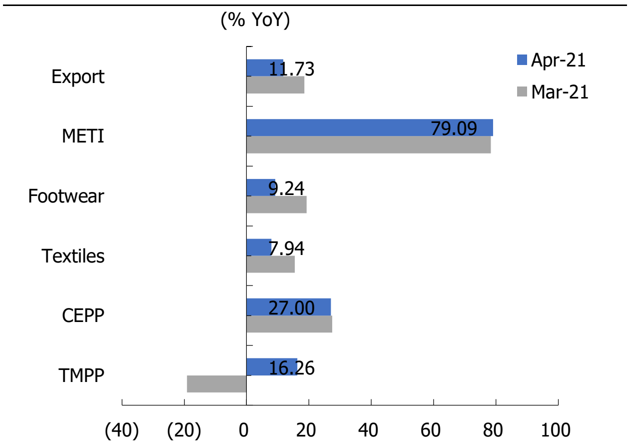


Source: KIS, Bloomberg

PREDICTION:

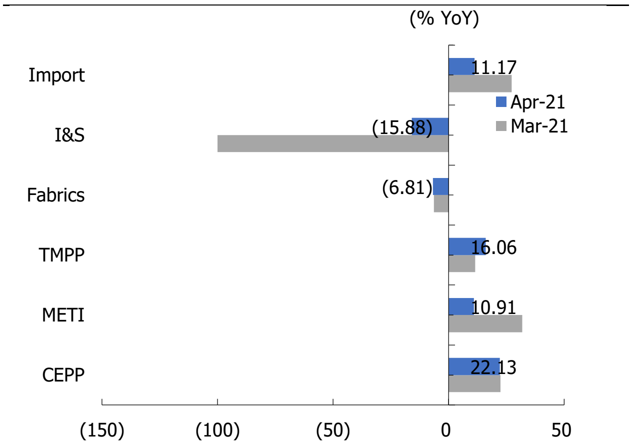
Given as the key marine route, Suez Canal blockage affects negatively the trading flows between Vietnam and Europe area somewhat. According to the estimate of Vietnam's Ministry of Industry and Trade official, the trading value between two countries posted around USD7.00bn for the two first month of 2021, equivalent USD100.00mn of goods transported between them per day. Although the stuck has resolved in the late-March, but it seems to slow the trade activities in the next month by incurring more cost, delaying the delivery and the production of exporters.

Figure 15. Vietnam export forecast



Source: GSO, KIS

Figure 16. Vietnam import forecast



Source: GSO, KIS

III. CPI to rebound

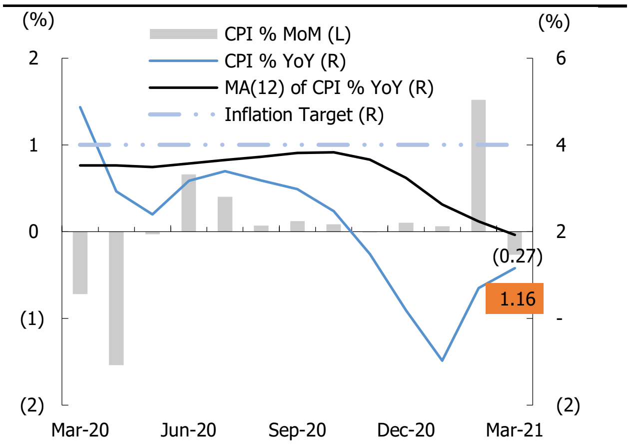
CPI declined as F&Fs went down

According to GSO, the Consumer Price Index (CPI) experienced a reduction compared to the previous month mainly due to the decrease in food and foodstuff (F&Fs), while traffic surged and push upward pressure on the overall price index. CPI in March 2021 declined by 0.27% MoM, marking the first retreat after a three-month straight of uptrend.

Regarding sectoral contributions, F&Fs recorded a notable contraction at 1.46% MoM as a result of the Tet-end, mainly driving the CPI down by subtracting 53 basis points (bps) from the monthly overall change. Oppositely, the traffic index increased by 2.29% MoM and added 21bps to the CPI's monthly change.

Considering yearly change, the CPI accelerating after confirming the important reduction in the first month of 2021 by rising 1.16% YoY, 46bps-higher than the previous rate. Hence, the 12-month rolling inflation rate posted 1.92%, 208bps-lower than the government's 2021 target rate of 4%.

Figure 17. CPI Changes



Source: GSO, KIS

Table 1. Inflation by Sectors

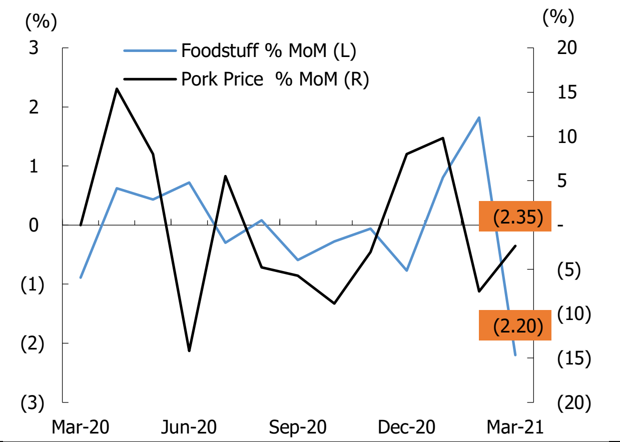
Item	Weight (%)	% MoM	% YoY
Food and foodstuff	36.12	(1.46)	1.33
Beverage and cigarette	3.59	(0.37)	1.73
Garment, Footwear, hat	6.37	(0.20)	0.81
Housing and construction materials	15.73	0.24	0.82
Household appliances and goods	7.31	(0.05)	0.47
Medicine and health care	5.04	0.02	0.21
Traffic	9.37	2.29	0.48
Postal services & Telecommunication	2.89	(0.13)	(0.57)
Education	5.99	0.00	4.44
Culture. entertainment and tourism	4.29	(0.03)	(0.71)
Other goods and services	3.3	(0.28)	1.55
Consumer Price Index		**(0.27)**	**1.16**

Source: GSO, KIS

Regarding the impact of commodities prices on CPI's components, pork price shrank the reduction by dropping just by 2.35% MoM, one-third of the contraction in February. Although the downward momentum became significantly weak, it still mainly drove the foodstuff index down this month.

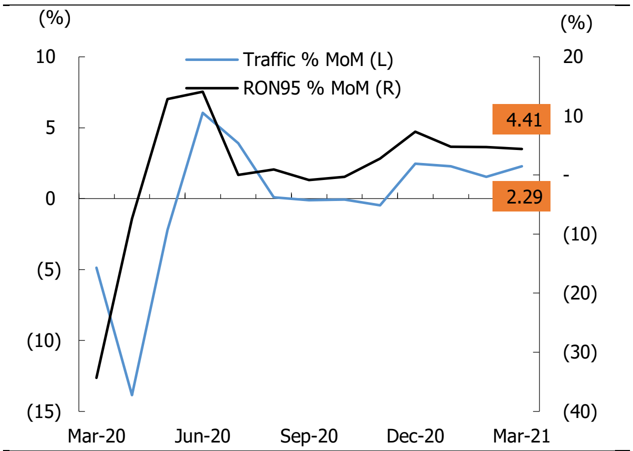
The overall uptrend of petroleum product prices extended their strings to the five consecutive month as E5RON92 and RON95 rose by 4.41% MoM and 4.06% MoM to post VND17,722 and VND18,881 this month, respectively. This mainly accelerate the traffic price as its growth rate posted 2.29% MoM, 74bps-higher compared to the previous month. Consequently, the traffic's increase contributed 21bps to the overall CPI monthly change.

Figure 18. Pork price and food and foodstuff



Source: KIS, Bloomberg

Figure 19. Petroleum product prices movements

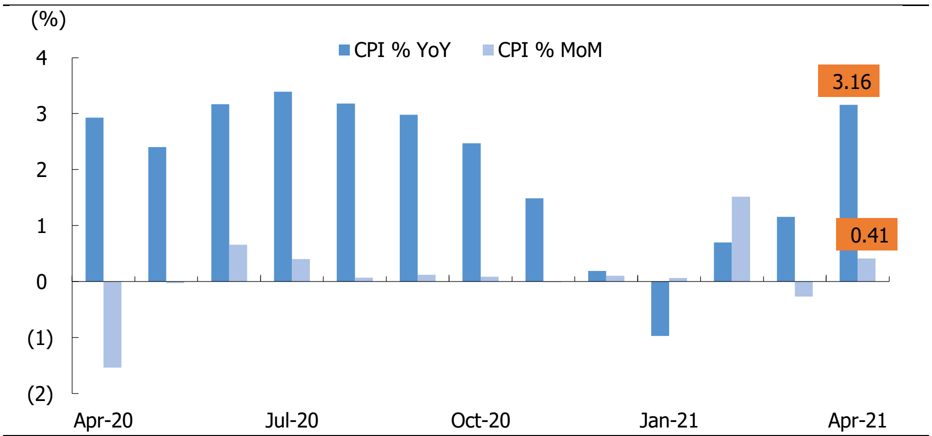


Source: KIS, Bloomberg

PREDICTION:

- The new outbreak, reported in the late-February, tends to put more upward pressure on the pork price and consequently on the foodstuff price index.
- Petroleum product prices were adjusted up in the late-March and predicted to sustain its upward pressure on CPI in the next month.
- Finally, we forecast CPI to up 0.41% MoM and corresponding 3.16% YoY in March 2021.

Figure 20. CPI forecast in April 2021



Source: KIS, Bloomberg

IV. Retail sales to accelerate

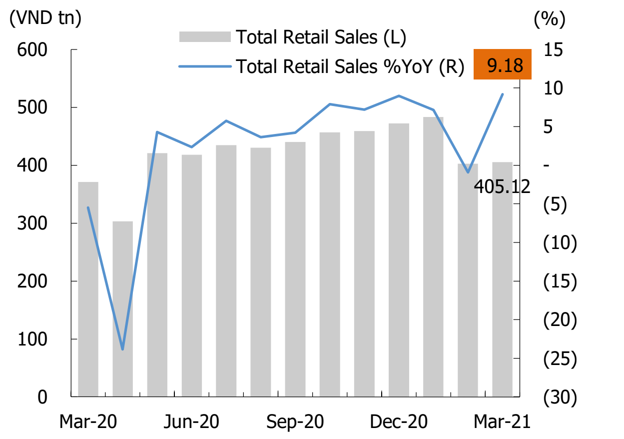
The retail sector lifted up the total retail sales

March witnessed a rebound in retail sales drove by the improvements in the retail sector and accommodation and catering (A&C). According to GSO's estimates, the retail sales in March 2021 made a rebound as its growth rate posted 9.18%YoY, much better compared to the reduction at 0.91% YoY in previous month.

The acceleration of the retail sector was the main reason for the move of the total retail sales. The retailing activity rose by 8.53% YoY, nearly tripling the previous growth rate, to post VND322.79tn this month. Besides, after recording a reduction in the previous month, the growth rate of A&C activities posted 13.56% YoY this month, indicating that its revenue exceeds the level in the same period in 2020.

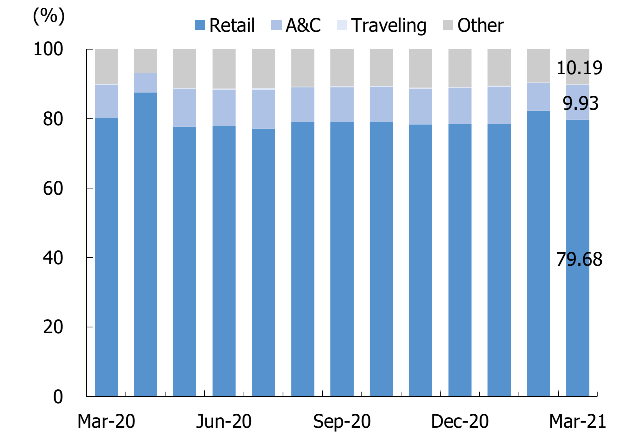
Regarding the structure, the retail value kept overwhelming with the largest share at 79.68% of the total, while A&C and traveling sectors jointly consisted of 10.13% of total revenue.

Figure 21. Monthly retail sales



Source: GSO, KIS

Figure 22. Components of retail Sales



Source: GSO, KIS

PREDICTION:

The fear of COVID-19 resurgence has vanished when the number of new cases within the country became trivial. This supports the confidence of domestic consumers, fostering the retail sales to accelerate in the next period.

Figure 23. Vietnam retail and recreation mobility

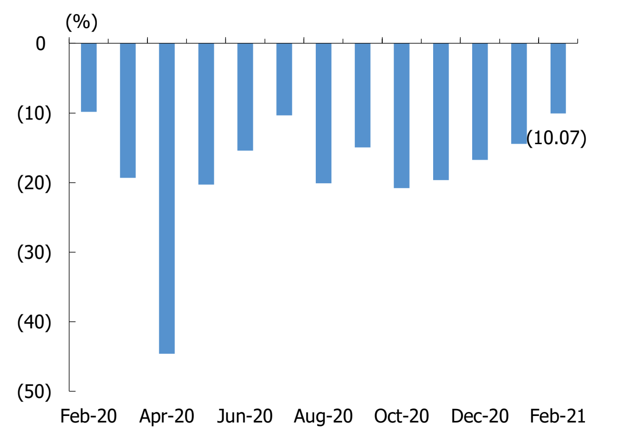
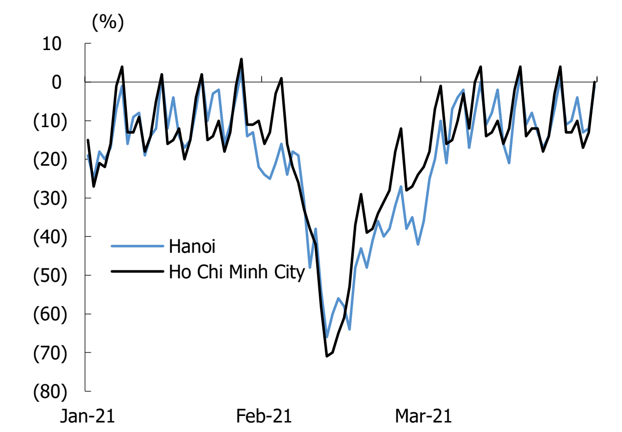


Figure 24. Retail and recreation mobility by province



Source: GSO, KIS, Google LLC "Google COVID-19 Community Mobility Reports"
Notes: mobility values are calculated as percent change from baseline

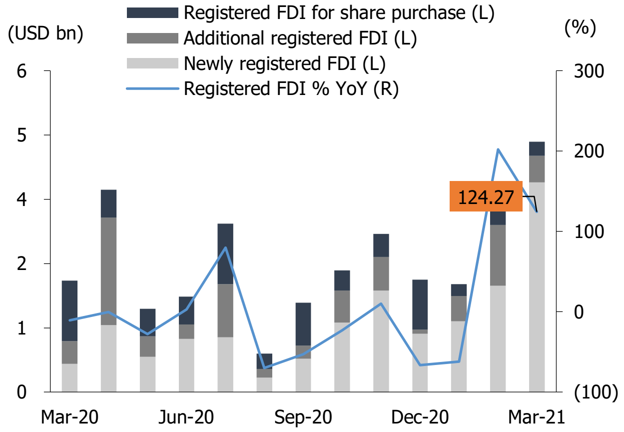
I. FDI to see uneven recovery

Large power-plant projects push new FDI to a 14-month high

Data released recently showed that FDI saw the best quarter in 1Q21 since early 2020 when the global COVID-19 pandemic disrupted the global investment flows. Although the investment flows were inflated by a number of large projects focusing just on a few sectors, that inflated amount implies that global investors' views about investment opportunities in Vietnam remain promising for a longer horizon.

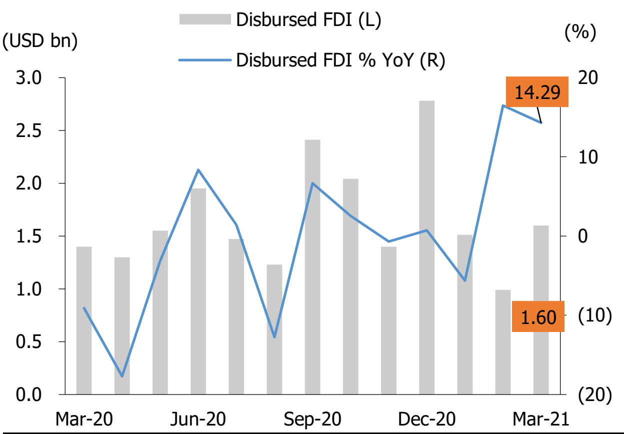
In more detail, newly registered FDI reached the highest level since January 2020 at USD3.91bn, while the additional capital registered for existing projects remained low at USD0.50bn. Meanwhile, foreign investment through stock purchase activity continued to slow down, recording the second slowest in 4 years, at USD0.26bn. In total, the newly registered capital recorded USD4.67bn in March, a 14-month high and increasing 124.27% YoY. Besides, the disbursement activity also rebounded to a 3-month high of USD1.6bn, up by 14.29% YoY.

Figure 25. Monthly registered FDI



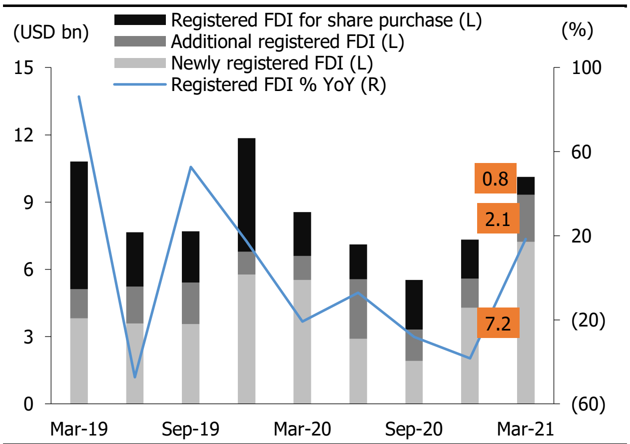
Source: MPI, KIS

Figure 26. Monthly disbursed FDI



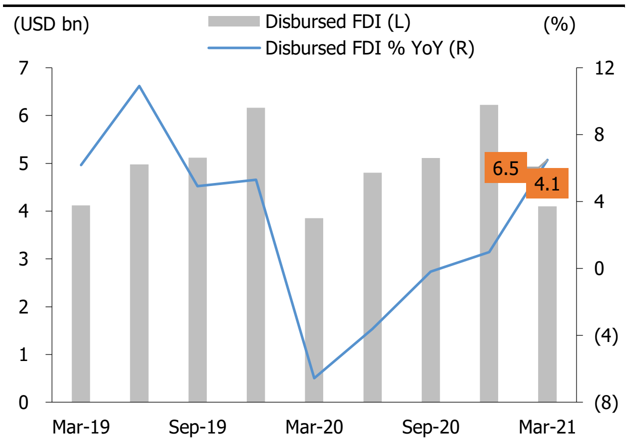
Source: MPI, KIS

Figure 27. Quarterly registered FDI



Source: MPI, KIS

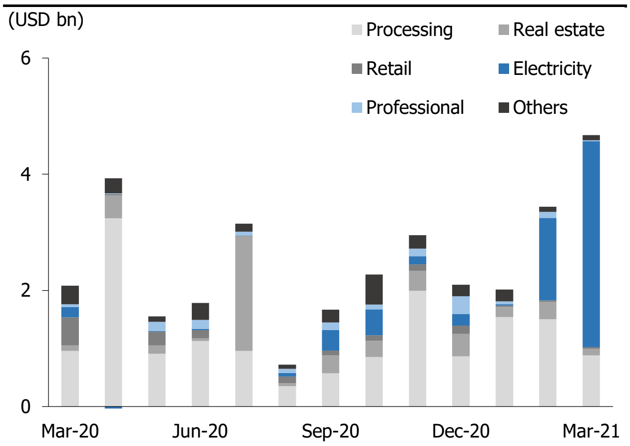
Figure 28. Quarterly disbursed FDI



Source: MPI, KIS

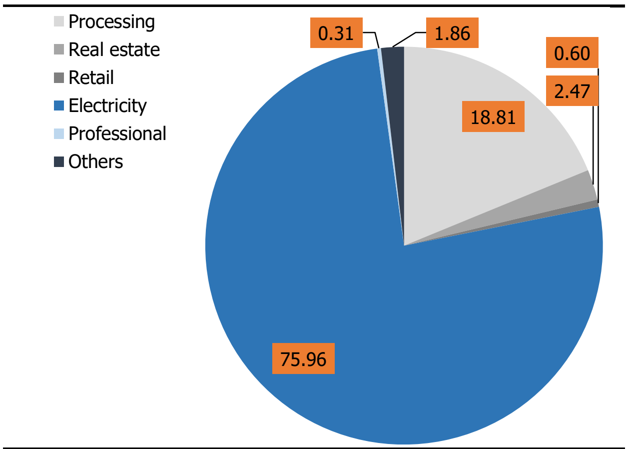
Interestingly, about 76% of total registered capital concentrated on the electricity production & distribution sector, equivalent to USD3.55bn thanks to Long An I & II LNG Power Plant Projects (over USD3.1bn for these two projects). Meanwhile, FDI registered into most of the other sectors dropped significantly. Particularly, the capital amount registered into processing hit a 3-month low of USD0.88bn, equal to 18.8% of total registered FDI and down by over 40% from February. Registered FDI for real estate recorded the lowest level in 7 months at USD0.12bn, while professional hit an 11-month low of 0.01bn. Registered capital for other sectors remained insignificant.

Figure 29. Registered FDI by sector



Source: MPI, KIS

Figure 30. Structure of registered FDI

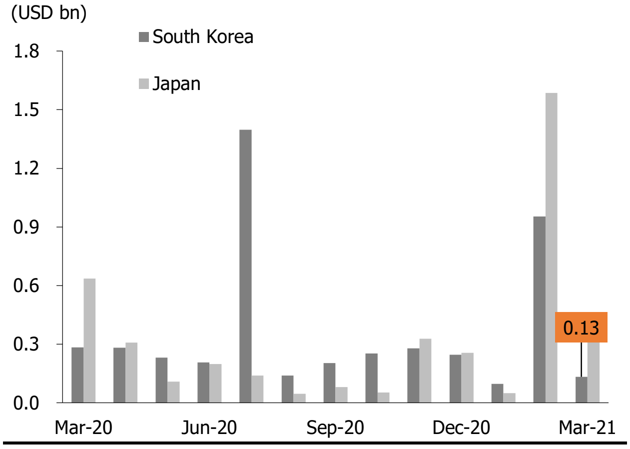


Source: MPI, KIS

FDI inflows from the ASIA region, except for Singapore, was slowing down significantly in March. Only Japan and Singapore investors registered for more than USD0.20bn in the month, in which FDI registered capital from Singapore investors recorded USD3.52bn, accounting for 75.24% of total registered FDI, following by Japan with USD0.46bn (9.90% of total). About 90% of registered FDI from Singapore was from USD3.1bn worth of Long An I & II LNG Power Plant Projects.

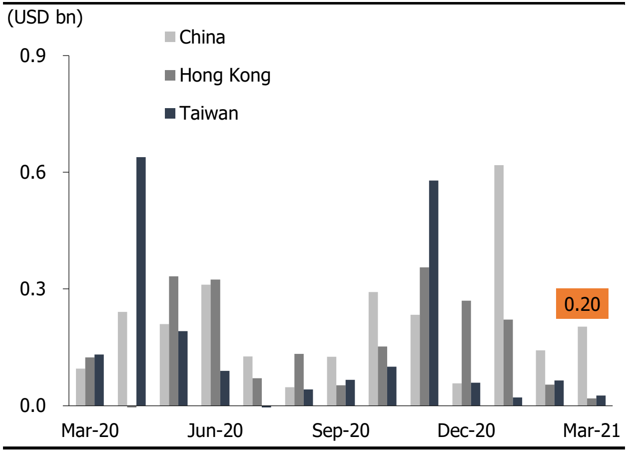
In contrast, FDI from South Korea, China, Hong Kong, and Taiwan, were subdued in the month. In more detail, the amounts for China and South Korea recorded USD0.20bn and USD0.13bn, while those for Taiwan and Hong Kong were insignificant, less than USD0.05bn. FDI from other regions, including ASEAN (excluding Singapore), North America, and Europe, was also gloomy, at USD0.11bn, USD0.05bn, and USD0.07bn, respectively.

Figure 31. FDI inflows from South Korea and Japan



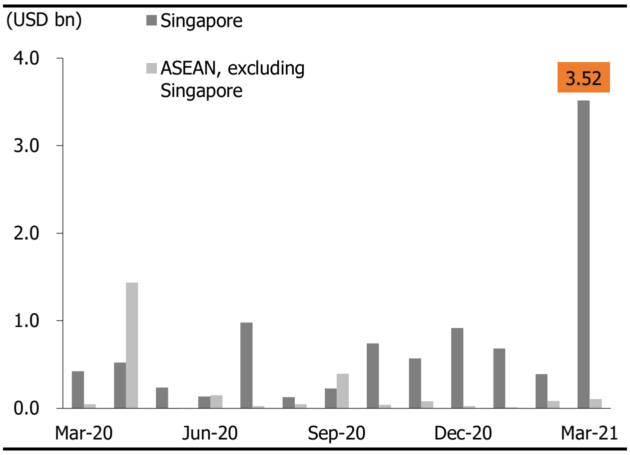
Source: MPI, KIS

Figure 32. FDI inflows from Greater China region



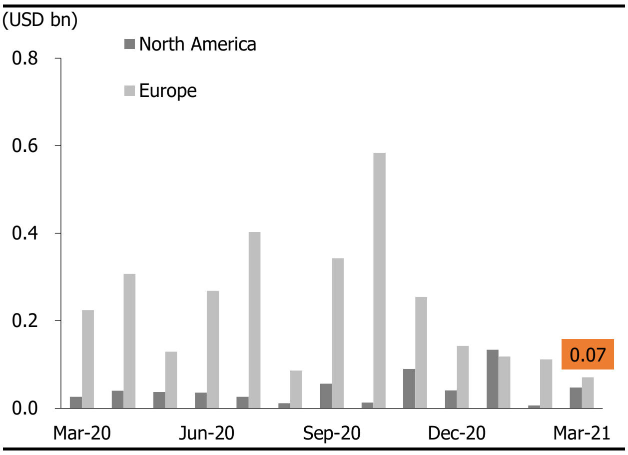
Source: MPI, KIS

Figure 33. FDI inflows from ASEAN partners



Source: MPI, KIS

Figure 34. FDI inflows from EU and North America



Source: MPI, KIS

PREDICTION:

FDI in late March raised some concerns to our view as the numbers were considerably inflated by a few large projects, while other key sectors saw a slowdown in FDI inflows. FDI into manufacturing was lower by nearly a half compared to previous months, while FDI into real estate, retail, and professional sectors saw no improvements for many months. Another thing that should be noticed is that foreign investors are strongly net-selling in the stock market, which dampens FDI for share purchase since 2021.

In the near term, we expect FDI activity would continue to concentrate on a few large projects, while the overall FDI flows would likely remain subdued, at least until international travel restrictions would be eased. On the other hand, foreign disbursement activity would likely remain healthy at above USD1.5bn per month.

II. Export demand to stimulate IIP growth

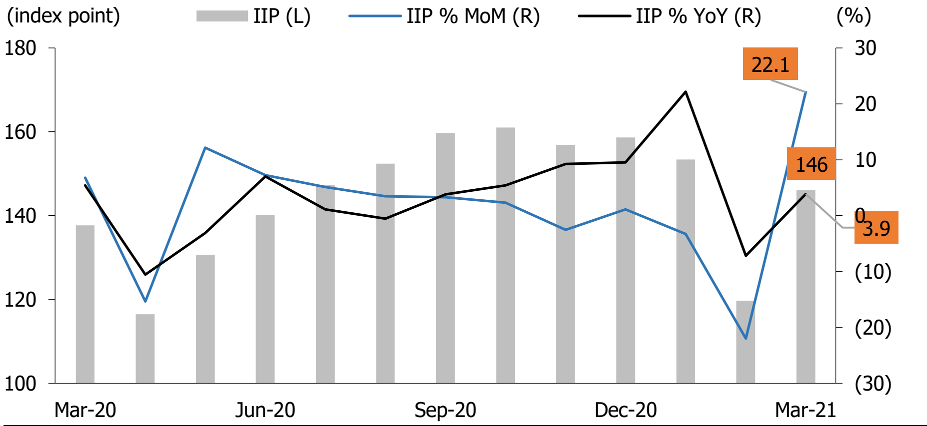
1Q21 IIP growth lose its fast-growing momentum

After an interruption in industrial production activity in February, a rebound in March was less than expected and significantly lower than in late-2020. Overall, the industrial growth in 1Q21 failed to maintain a fast-growing pace in 3Q20 and 4Q20 due to slowdown in some key industries like the electronics and basic materials industries.

According to the latest estimates from GSO, as of end-March, IIP bounced back by 22.1% MoM and 3.86% YoY, but the absolute production level posted the lowest level in 8 months if excluding Tet's holiday February.

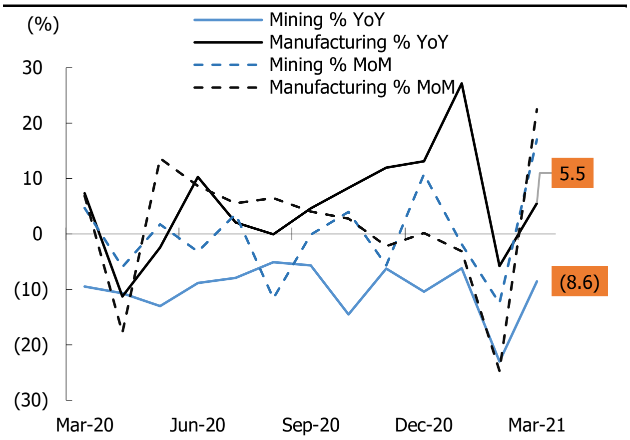
Breaking down by sub-sectors, the manufacturing recovery in March was somewhat less than the reduction pace in the prior month, up by 22.49% MoM and 5.54% YoY. A slowdown in the mining sector also remained a problem to industrial growth although the decreasing momentum reduced somewhat in March than previously. The mining-production level recovered by 17.06% MoM to narrow the YoY reduction to 8.56%. Besides, the electricity production & distribution and water supply sectors also climbed by 26.40% MoM (+ 3.38% YoY) and 3.77% MoM (+ 8.70% YoY), respectively.

Figure 35. The industrial production



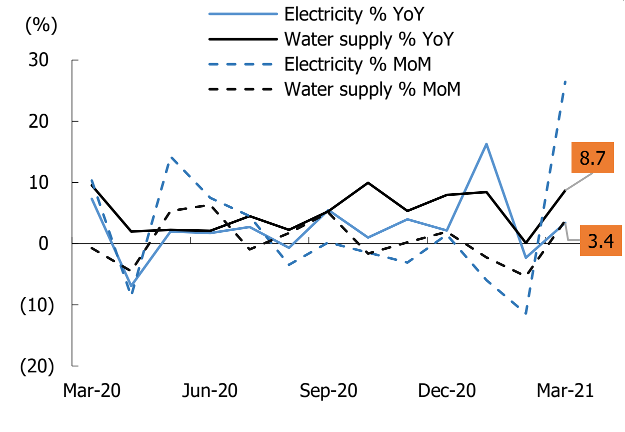
Source: GSO, KIS

Figure 36. Mining and manufacturing sub-sectors



Source: GSO, KIS

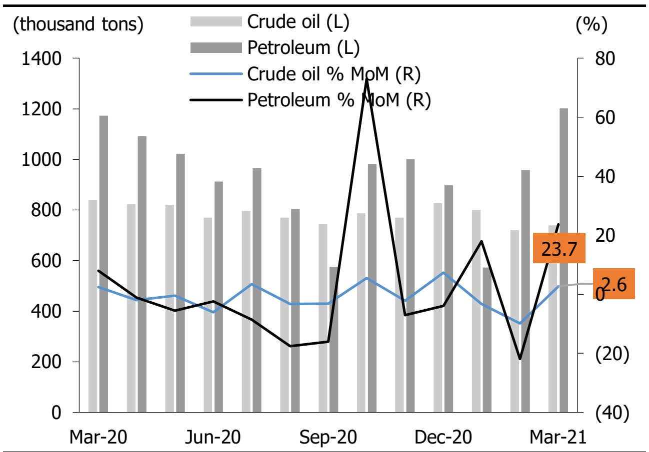
Figure 37. Electricity and water supply sub-sectors



Source: GSO, KIS

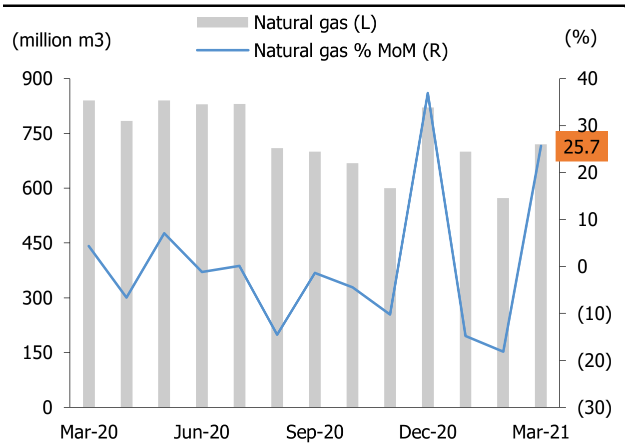
Further details about main industries and industrial products are as follows:

Figure 38. Production of crude oil and petroleum



Source: KIS, GSO

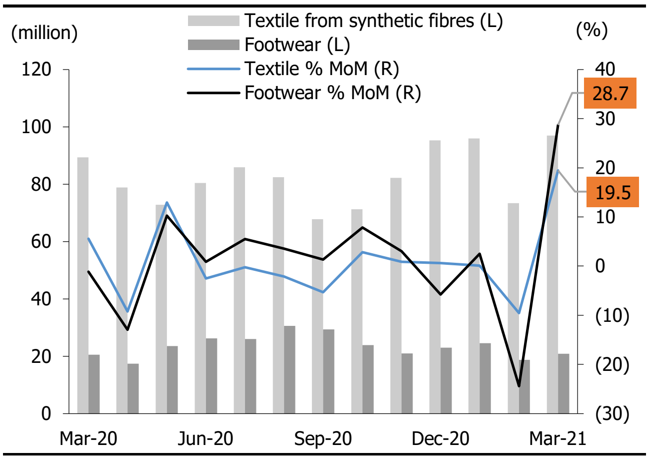
Figure 39. Production of natural gas



Source: KIS, GSO

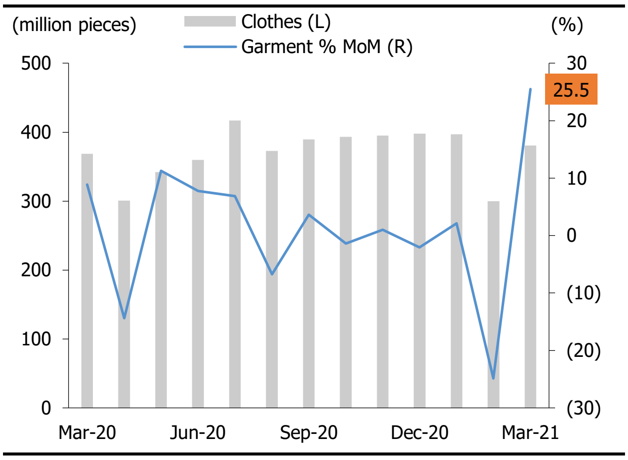
A recent spike in global energy prices helped to push petroleum production in the month. It is surging for the second month to a 13-month high, by 23.7% MoM. Besides, after shrinking since December, the exploitation of natural gas bounced back by up to 25.7% MoM, a 3-month high. On the contrary, crude oil exploitation bounced back but unevenly by 2.6% MoM after Tet's holiday.

Figure 40. Production of textile and footwear



Source GSO, KIS
Textile from synthetic fibres: million m2; Footwear: million pairs

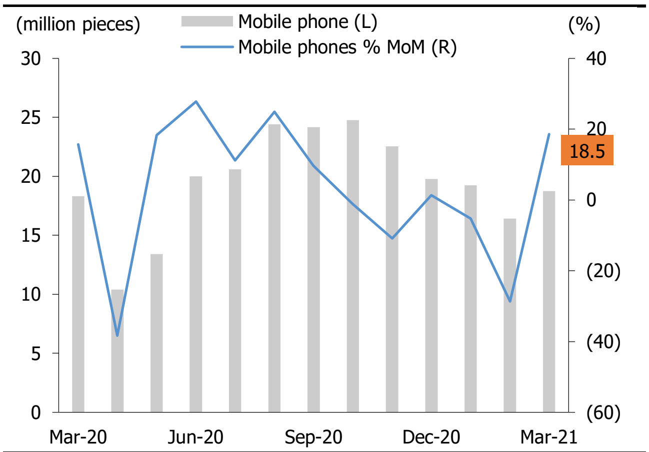
Figure 41. Production of clothes



Source: GSO, KIS

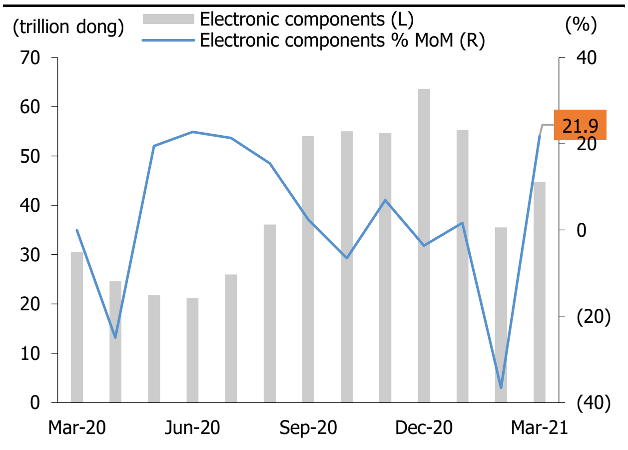
For textile, garment, and footwear industries, only the textile saw full recovery after Tet. In the month, the overall textile production rebounded by 28.7% MoM to a 19-month high. On the other hand, although increasing by 19.5% MoM and 25.5% MoM, garment, and footwear productions did not fully recover to pre-Tet levels. The former recorded the second low in 10 months, while the latter also saw the second-lowest since October.

Figure 42. Production of mobile phones



Source: GSO, KIS

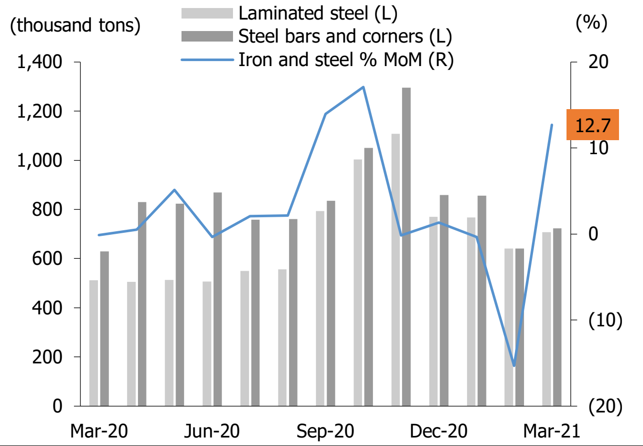
Figure 43. Production of electronic components



Source: GSO, KIS

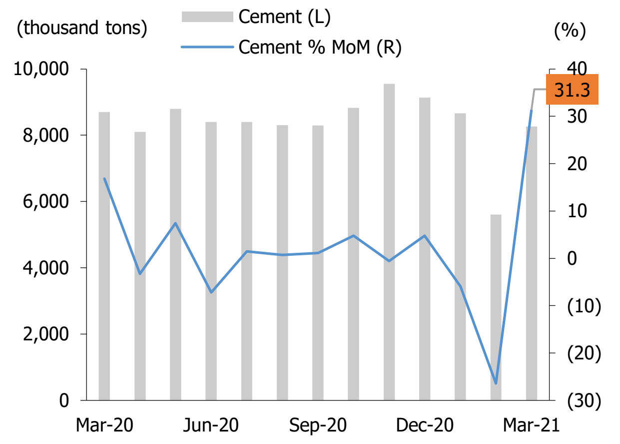
The downward trend in the electronics industry continued in March as recovery in the industry was far less than the previous disruption in February. The productions of mobile phones and electronic components recorded the second-lowest levels since July although increasing by 18.5% MoM and 21.9% after Tet.

Figure 44. Production of steel products



Source: GSO, KIS

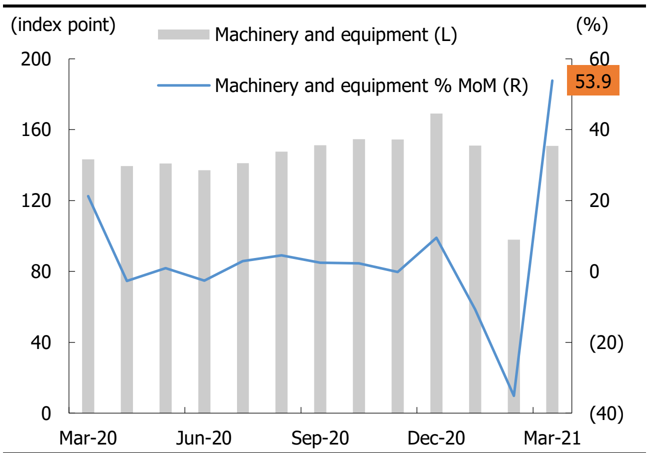
Figure 45. Production of cement



Source: GSO, KIS

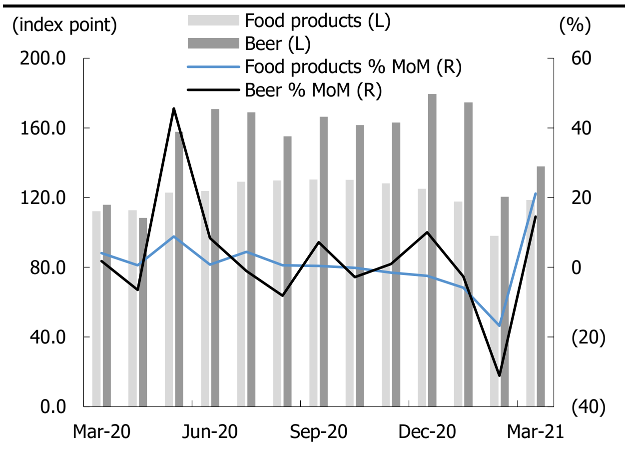
Similarly, the productions of iron & steel, and cement also saw an uneven recovery, by 12.7% MoM and 31.3% MoM, after Tet. Iron & steel and cement could not recover back to high levels in the period Oct-Dec last year.

Figure 46. Production of machinery industry



Source: GSO, KIS

Figure 47. Production of F&B industries



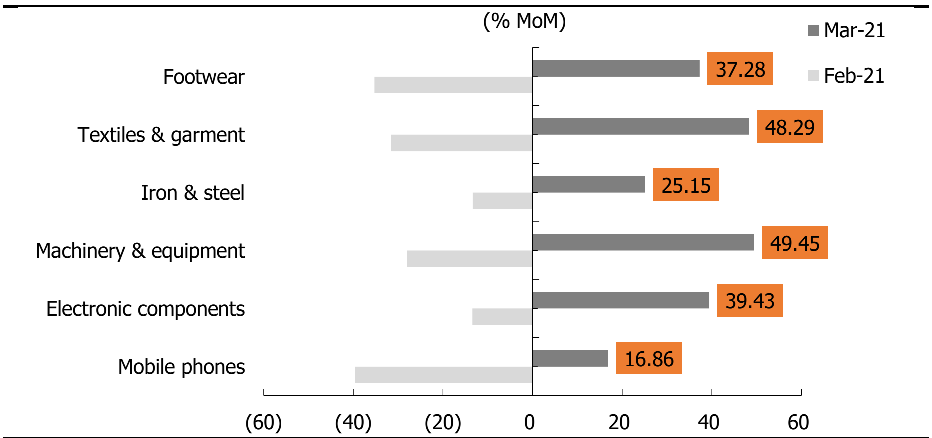
Source: GSO, KIS

After shrinking in early 2021, March witnessed a noticeable rebound in the production of machinery and equipment, by 53.9% MoM, thanks to surging foreign demand for machinery and equipment. Production of food products also climbed to a 3-month high by 21.12% MoM but significantly less than the production levels in the second half of 2020. By contrast, the beer industry poorly performed, rebounding by just 14.52% MoM to its second low in 11 months.

PREDICTION:

From our view, one factor that could bring IIP back to expansion territory is fast-recovering export in the month. Exports of electronic products, machinery, and textiles & garment & footwear products improved significantly in March, driven by increasing demand from foreign consumers. This would be a strong support for the manufacturing growth in these key sectors, and lifting IIP back to high production levels in the second half of 2020. Besides, a record high in iron & steel orders would likely accelerate the production level of iron & steel.

Figure 48. After-Tet rebound in exports of key industrial products

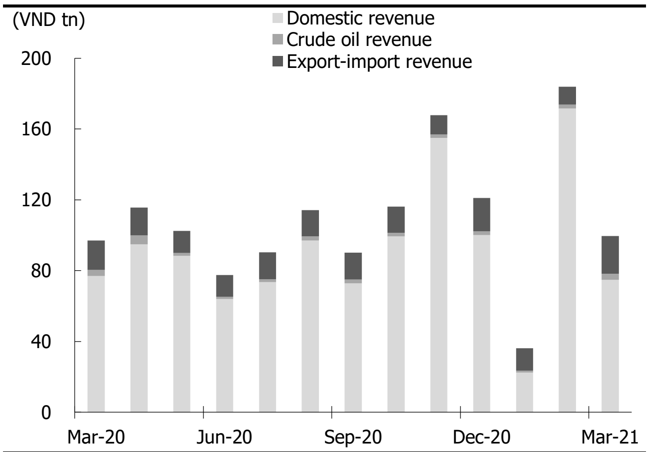


Source: GSO, KIS

III. State budget records a surplus of VND55.9tn

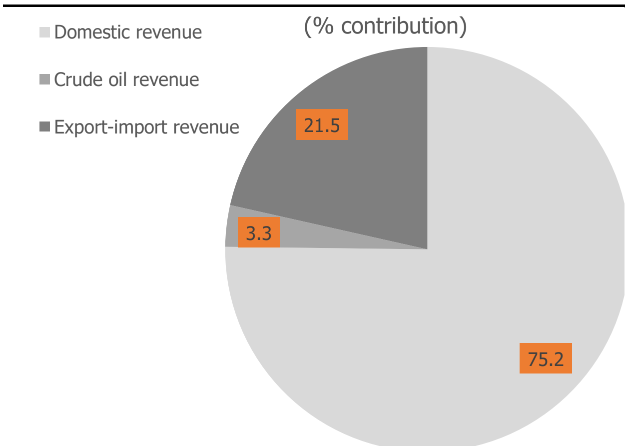
As of the end of 1Q21, total government revenue posted VND320.1tn, equivalent to 23.8% of the annual plan. Breaking down by revenue components, domestic revenue achieved VND269.0tn, equaling 23.7% of the annual estimate. Revenue from crude oil reached VND6.5tn, equaling 28.0%, while that from export-import activities was VND44.1tn, equaling 24.7%.

Figure 49. Monthly state revenue components



Source: GSO, KIS

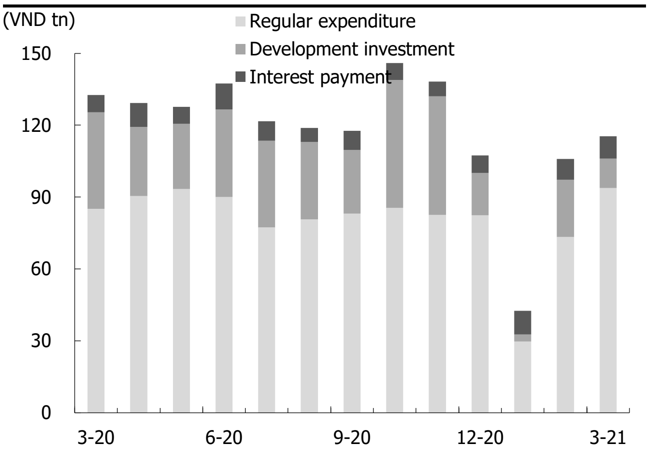
Figure 50. State revenue contributions



Source: GSO, KIS

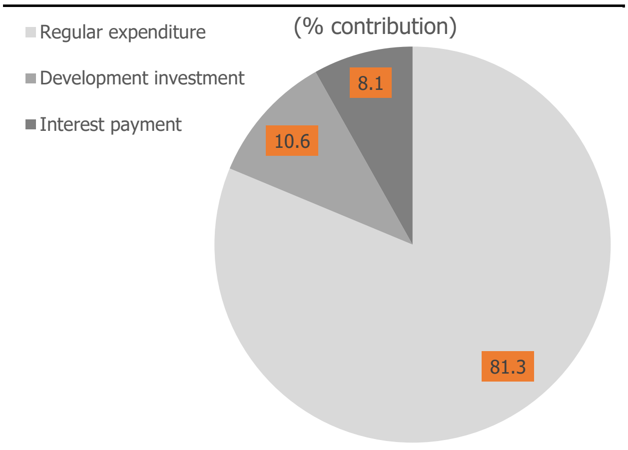
Meanwhile, total expenditure was estimated at VND264.2tn, fulfilling 15.7% of the year estimate. In particular, the regular expenditure posted VND196.5tn, equaling 19.0% of the year plan, the development and investment spending recorded VND39.1tn, equivalent to 8.2%, and the interest payment was VND27.9tn, equaling 25.4%.

Figure 51. Monthly state expenditure components



Source: GSO, KIS

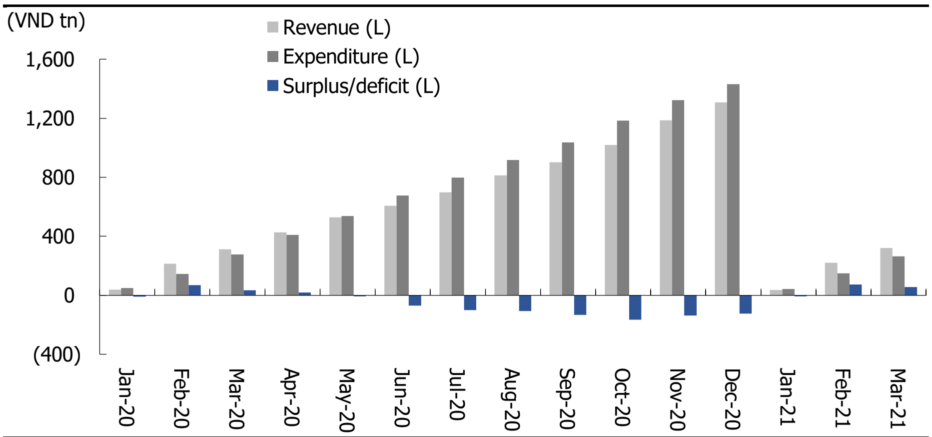
Figure 52. State expenditure contributions



Source: GSO, KIS

As a result, in 1Q21, the state budget recorded a surplus of VND55.9tn

Figure 53. Year-to-date state revenue and expenditure



Source: GSO, KIS

Macro scorecard

(USD bn, USD, %, % YoY)

	Oct-20	Nov-20	Dec-20	Jan-20	Feb-20	Mar-20	2Q20	3Q20	4Q20	1Q21	2017	2018	2019	2020
Real GDP growth			4.48			4.48	0.36	2.62	4.48	4.48	6.81	7.08	7.03	2.91
Registered FDI	2.27	2.95	2.10	2.02	3.44	4.67	7.12	5.54	7.32	10.13	35.88	35.47	38.02	28.53
GDP per capita											2,353	2,551	2,730	
Unemployment rate											2.21	2.21	2.25	2.48
Export	27.26	25.24	27.65	28.55	20.20	28.60	59.33	79.74	80.15	77.34	215.1	243.5	263.6	282.7
Import	24.27	24.69	27.91	26.46	20.66	28.20	57.41	69.02	76.86	75.32	213.2	236.7	254.4	263.0
Export growth	12.21	10.73	22.75	55.13	(3.77)	18.53	(6.81)	10.61	15.14	21.76	21.82	13.19	8.16	7.02
Import growth	9.00	15.69	24.51	41.32	9.75	27.32	(9.46)	3.74	16.43	26.17	21.85	11.01	7.41	3.81
Inflation	2.47	1.48	0.19	(0.97)	0.70	1.16	3.57	3.81	3.24	0.30	3.53	3.54	2.79	3.24
USD/VND	23,181	23,141	23,126	23,049	23,018	23,076	23,206	23,184	23,126	23,076	22,698	23,175	23,173	23,126
Credit growth	6.15	8.46	10.14				3.26	6.10	10.14		18.24	13.89	13.70	10.14
10Y gov't bond	2.21	2.26	2.01	2.03	2.13	2.37	3.07	2.65	2.01	2.01	5.14	5.07	3.37	2.01

Source: GSO, Bloomberg, FIA, IMF

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