

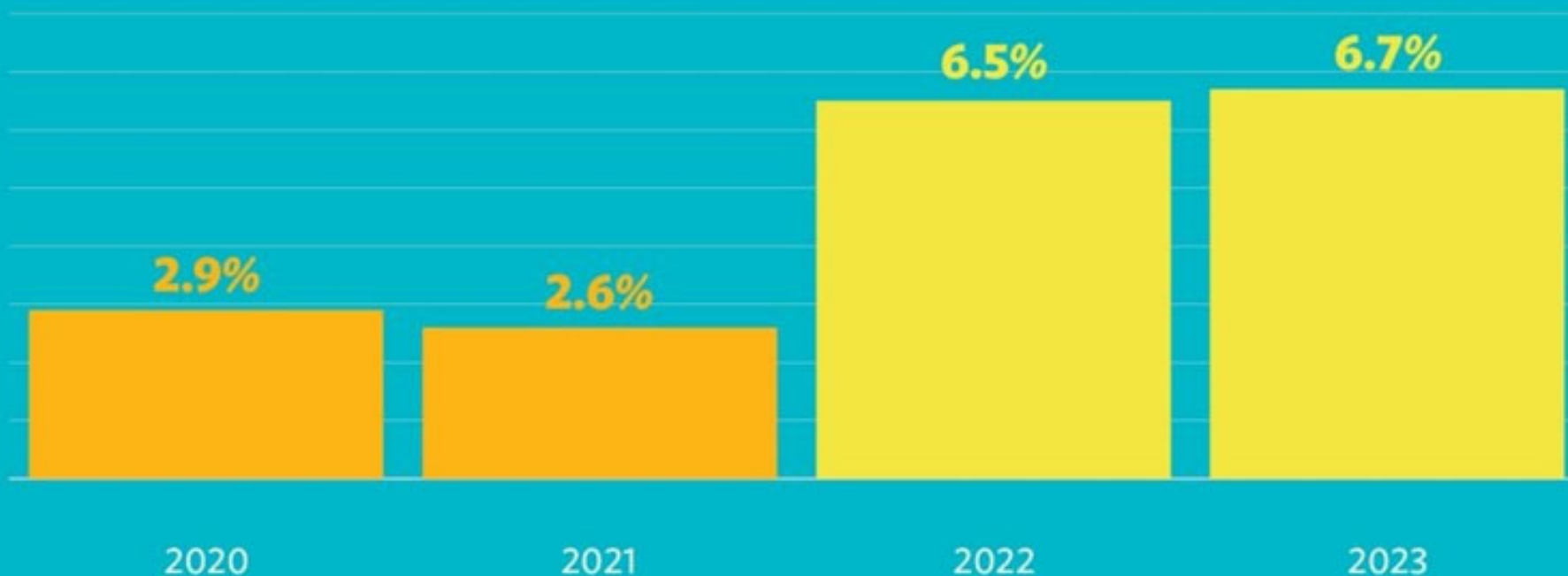
VIET NAM ECONOMIC PERFORMANCE FISCAL & FINANCIAL SITUATION

MAY 2022



Viet Nam

GDP growth forecast



Find out more in ADB's Asian Development Outlook 2022
www.adb.org/outlook

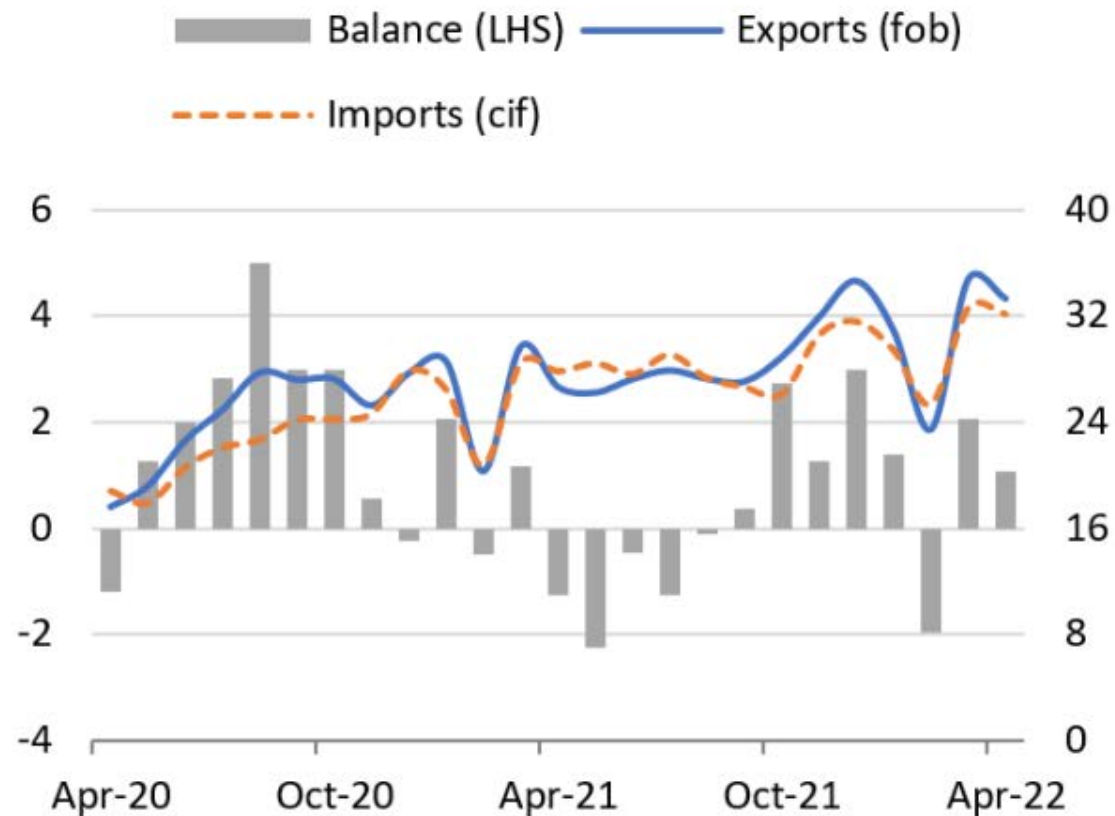
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ECONOMIC PERFORMANCE

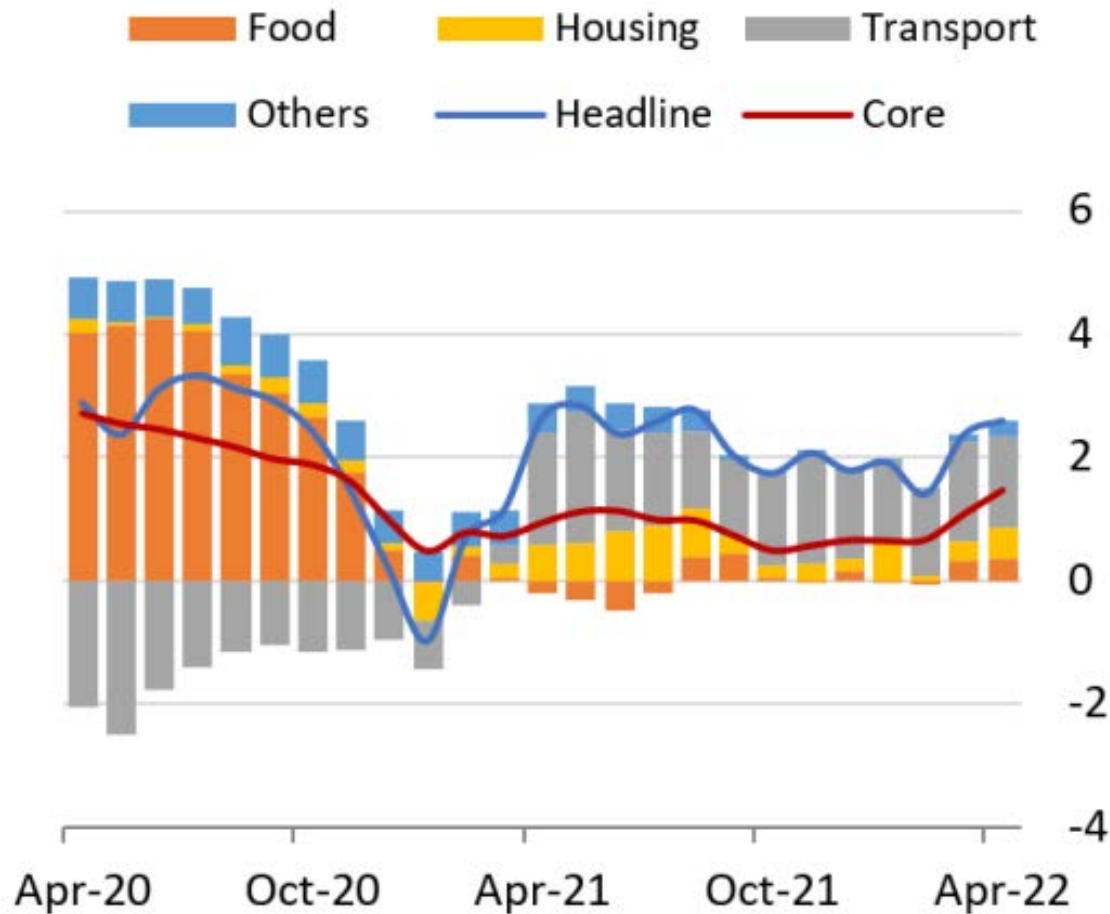
- Viet Nam's economic recovery was affected by a renewed Covid-19 outbreak in 2021.
- Fast recovery in the first quarter in 2022.

MERCHANDISE TRADE BALANCE



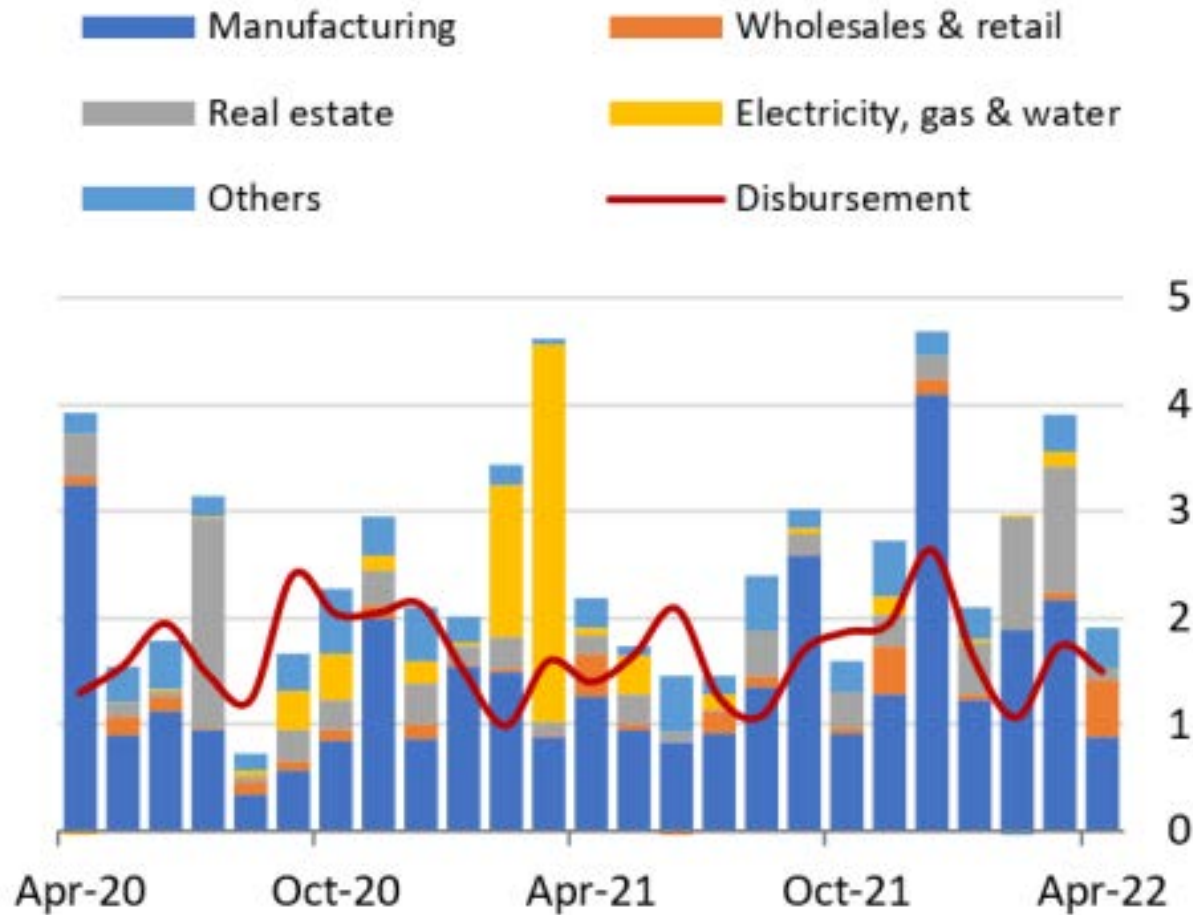
- Imports grew more slowly than exports
- Heavy reliance of Vietnam's exports on materials and intermediate goods imported from China

INFLATION



- Passthrough from global commodity prices and higher transport costs to domestic prices of both food and non food products.
- Inflation has increased by remained below the 4 percent target

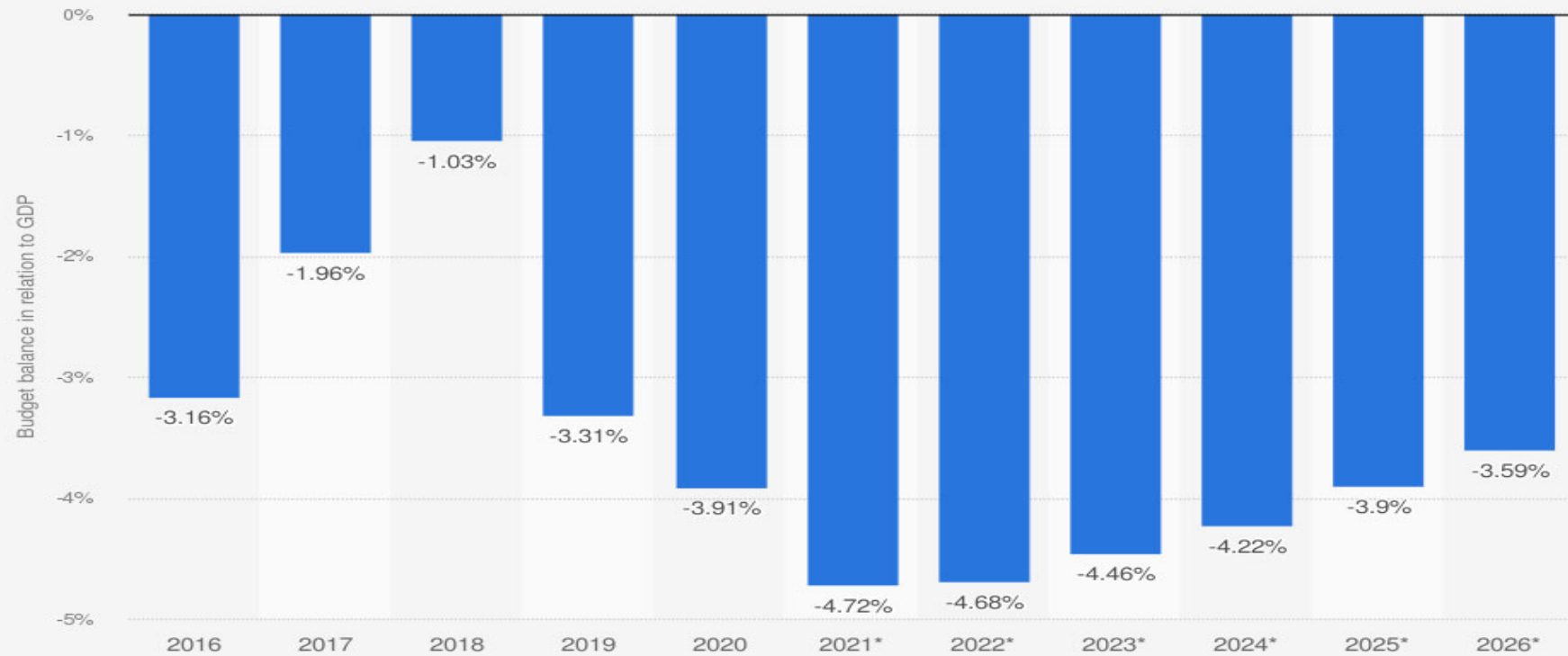
FOREIGN DIRECT INVESTMENT



In 2021, despite the complicated situation of the Covid-19 pandemic, FDI into Vietnam reached 31.15 billion USD, an increase of 9.2% compared to 2020.

Change to investment attraction policy with priority to high-quality projects

Vietnam: Budget balance between 2016 to 2026 in relation to GDP



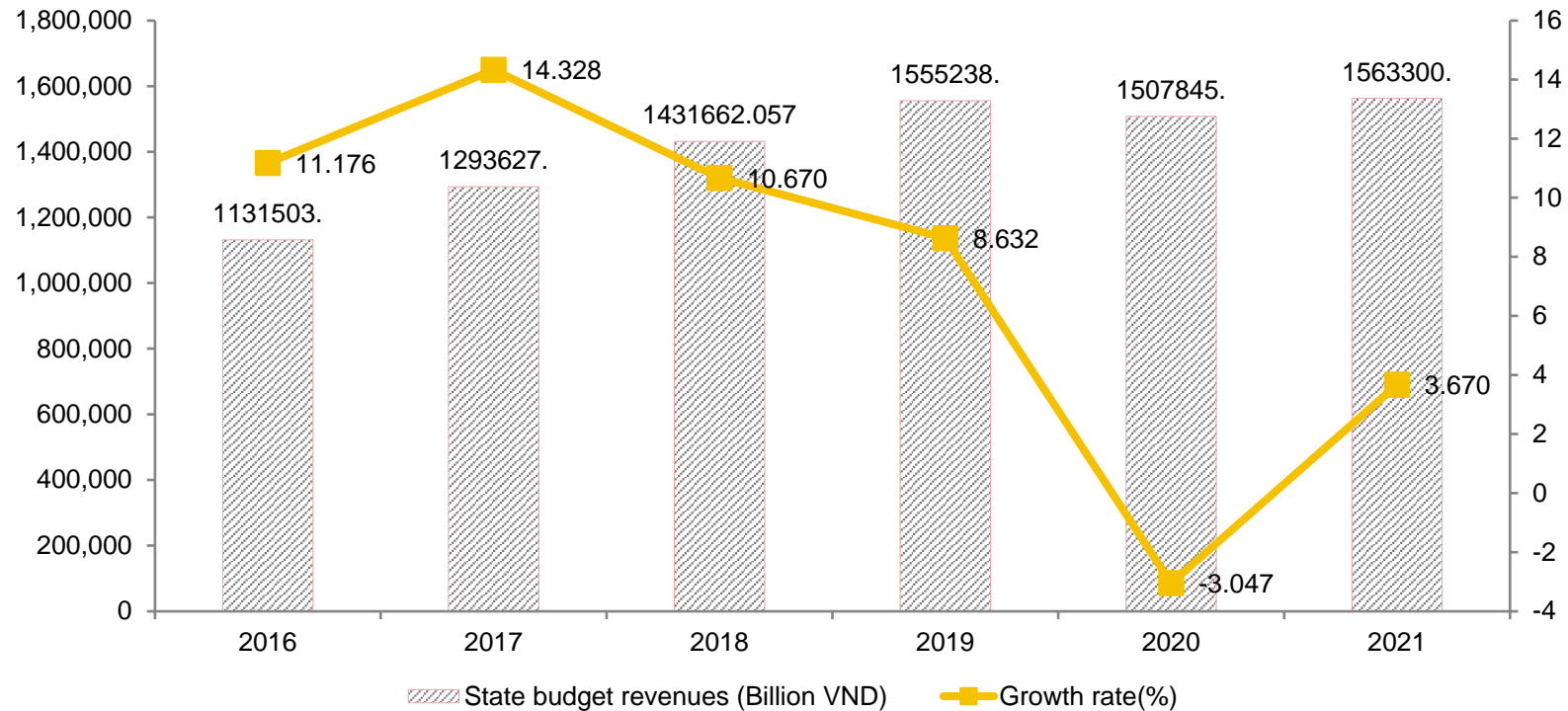
Source
IMF
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Additional Information:
Vietnam

FISCAL SITUATION

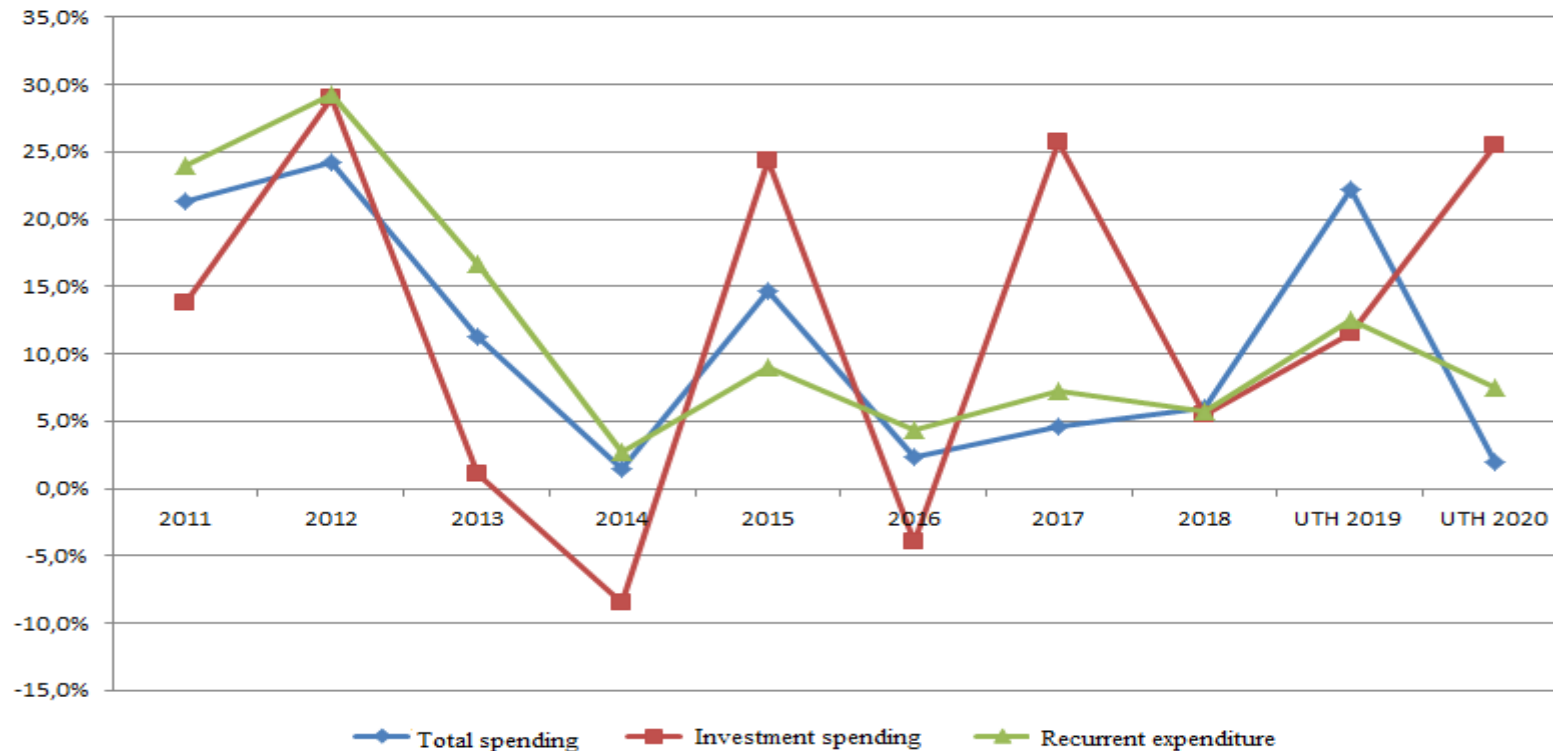
- The pressure on the budget deficit will likely expand but lower than target
- Continue to restructure public debt toward sustainable structure

STATE BUDGET REVENUES



- State budget revenues were higher than its target in 2021 and the first months of 2022
- Domestic revenue increased to offset the revenue from export and import tax
- Decentralization of state budget revenue contributed to increase in local budget revenue
- Sectors that contributed the most to the State budget were brewery, car manufacturing and assembly, banking, securities and real estate.

GOVERNMENT EXPENDITURE

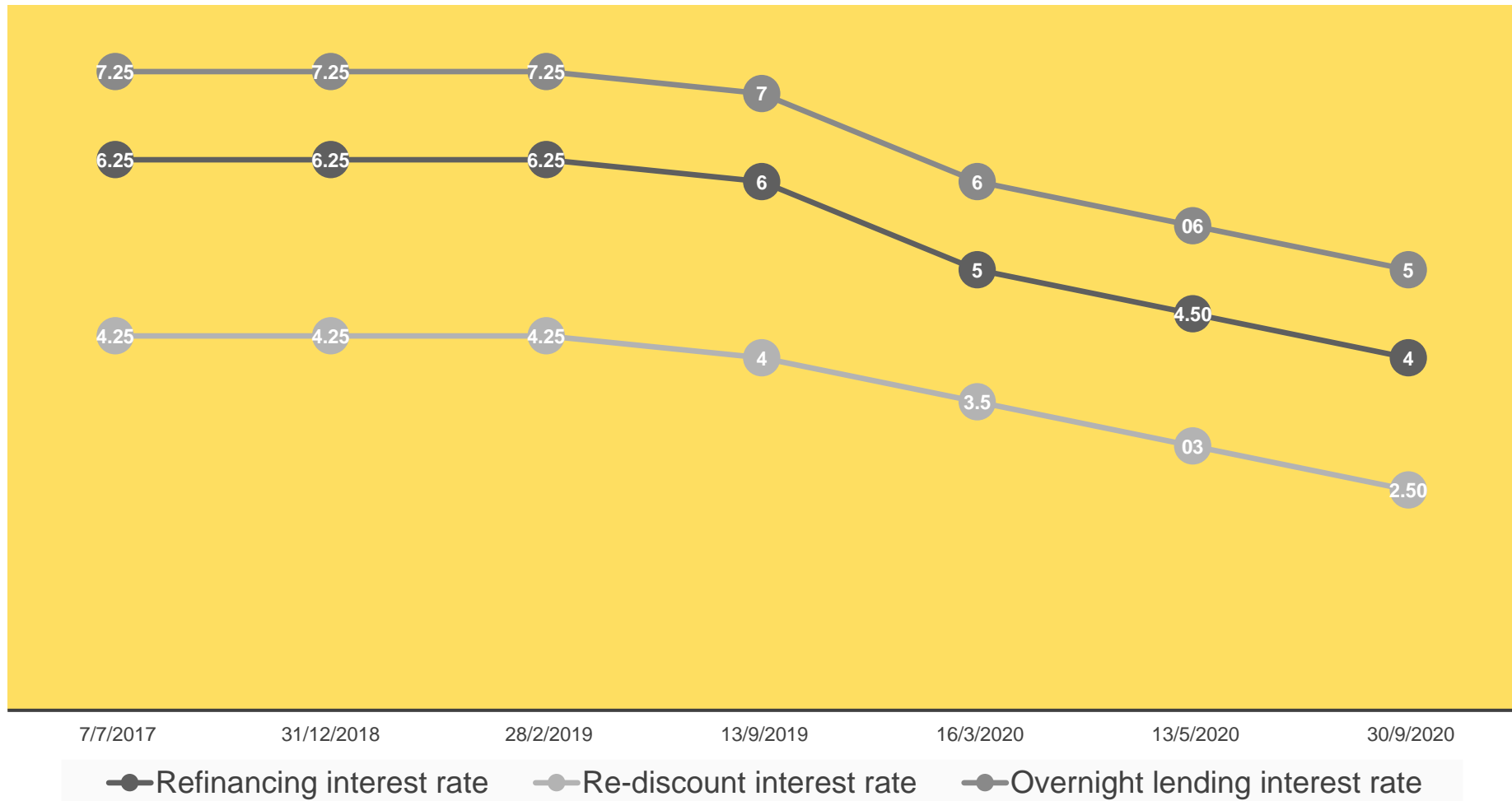


- Budget spending was 1,879 trillion dong, 11.4% higher than its target in 2021.
- The pressure on state budget spending is still large for the task of epidemic prevention and control and socio-economic development.

PUBLIC DEBT

No	Item	Target	2016	2017	2018	2019	U'RH 2020	Result
1.	Public debt/ GDP	≤ 65%	63,7%	61,4%	58,3%	55,0%	55,3%	Achieved
2.	Government debt/ GDP	≤ 54%	52,7%	51,7%	49,9%	48,0%	49,1%	Achieved
3.	National external debt / GDP	≤ 50%	44,8%	49,0%	46,0%	47,1%	47,3%	Achieved
4.	The Government's direct debt obligations/State budget collection	≤ 25%	15,8%	19,7%	16,1%	17,4%	24,1%	Achieved

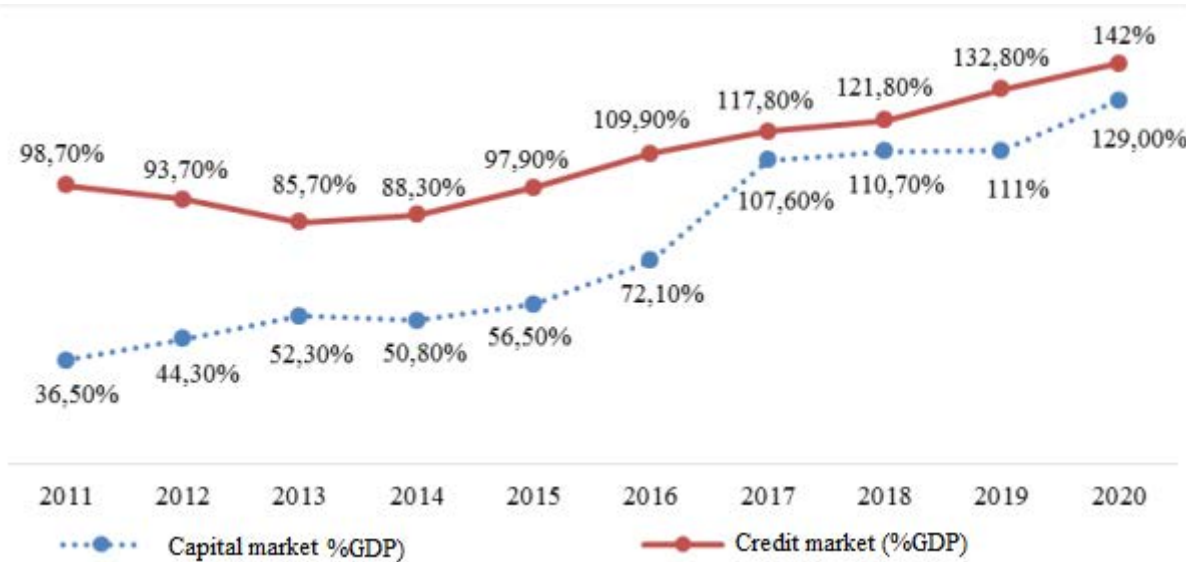
- Debt structure has changed positively
- The growth rate of public debt decreased



FINANCE MARKET

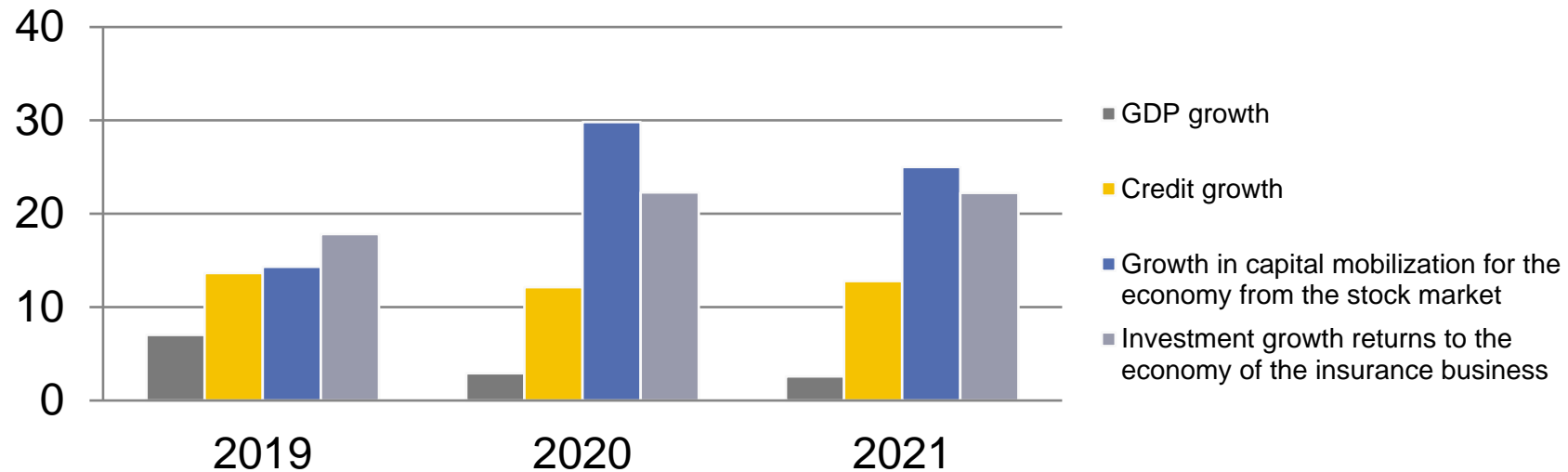
- Lower interest rate compared to years before Covid-19
- Credit growth strengthened to meet strong demand
- Stock market surged but has experienced big swing

MARKET STRUCTURE

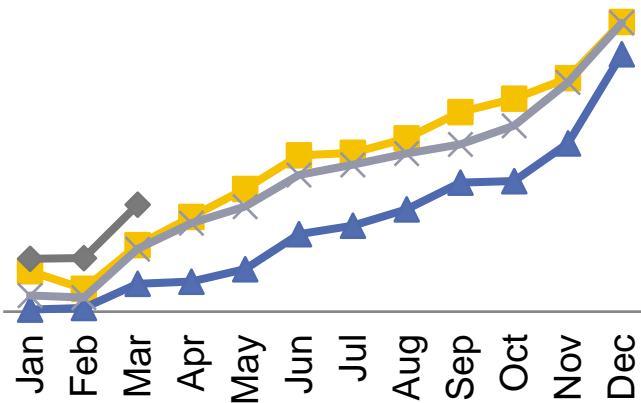
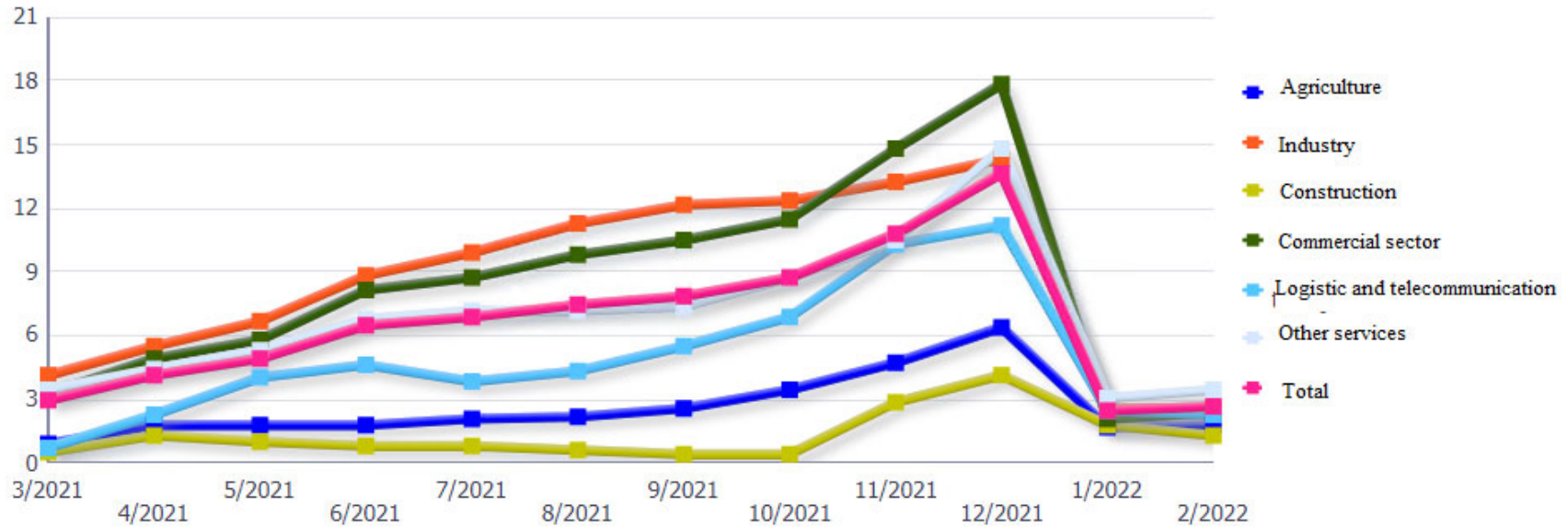


The size of financial markets is still small compared to other countries in the region.

Market structure is not balanced between capital market and money market.

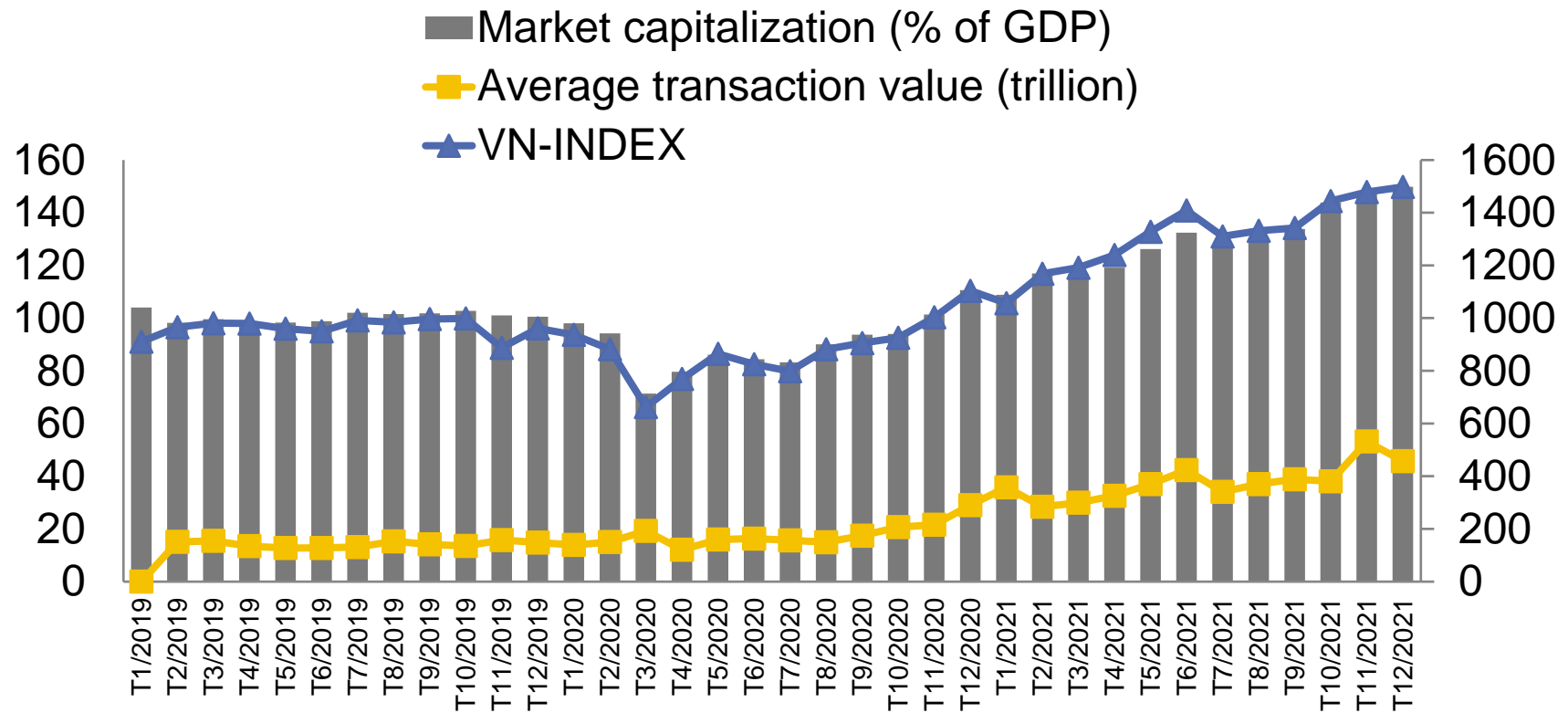


CREDIT GROWTH



- SBV sets credit growth target to 14 per cent in 2022
- Credit growth has achieved the highest rate since Jan 2018.
- Stringent control over at-risk businesses, particularly real estate assets, corporate bonds, and their stocks

STOCK MARKET



- A fast growing, resilient equity market
- Lower interest rate prompt higher retail investor participation
- The upgrade of Vietnam's stock market from frontier to emerging status is a driving force for the future.

RISKS AND POLICY CHALLENGES

Vulnerabilities to financial stability are emerging.

- Slow disbursement of public investment capital.
- Budget revenue increased but from unsustainable revenues (securities, real estate, crude oil,..)

Higher inflation

- Weaker global demand;
- Supply disruptions to economic prospects
- Weaken global growth prospects
- Pandemics,
- Climate change, natural disasters
- New patterns in investment and trade movement...

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THANKS FOR YOUR ATTENTION

