QNB

Vietnam Economic Insight 2020

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Executive Summary

- Vietnam's economy has seen broad-based growth and low inflation over the past few years. This was largely thanks to government reform efforts, fiscal restraint, and measures to strengthen the banking sector.

- Rising trade tensions and volatility in emerging economies were felt in Vietnam during 2019. Nevertheless, Vietnam's economy is resilient, a private sector-led expansion has been broad-based, and inflation remains muted.

- Early and efficient border closures and rigorous contact tracing have allowed Vietnam to weather the COVID-19 pandemic better than most. However, GDP growth has already decelerated sharply due to COVID-19 containment measures and their impact on domestic and external demand.

- We expect GDP growth to fall from 7.0% in 2019 to 2.1% in 2020, before recovering to over 7.0% in 2021. Vietnam will remain one of the fastest-growing economies in the Asia, driven by its competitive manufacturing sector and helped by the limited domestic spread of COVID-19.

- Fiscal stimulus measures and lower tax revenues are expected to push the fiscal deficit up to around 5.3% of GDP in 2020. The stimulus includes tax cuts, suspended tax payments and cash transfers to vulnerable households.

- After tackling COVID-19, the government is expected to resume its economic reform drive. We expect them to focus on restructuring state-owned enterprises and encouraging foreign direct investment (FDI).

- Vietnam will continue to record trade and current-account surpluses, despite COVID-19. Indeed, it could be a major beneficiary of efforts to strengthen and diversify supply chains.

- The State Bank of Vietnam (SBV) has cut policy interest rates and mandated other credit-easing measures in response to COVID-19. We expect SBV to loosen monetary policy further over the rest of the year.

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Background

Vietnam is famously known as the land of the "Ascending Dragon" for its geographical shape (Map 1). It is endowed with fertile land and, as a result, agriculture has historically played a significant role in the economy.

Map 1: Vietnam's major cities and neighbouring countries

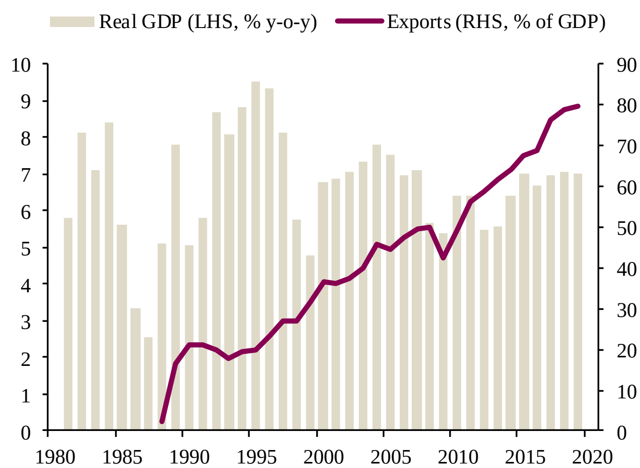
Sources: Central Intelligence Agency World Factbook

Economic reforms unlocked strong growth, driven by a youthful population and manufacturing goods for export

Reforms were initiated in 1986 to shift from central planning to a market economy. The economy was restructured with a greater allocation of resources into more productive sectors, particularly manufacturing. Whereas, private competition encouraged the development of strategic sectors, such as manufacturing for export as well as banking.

This has allowed Vietnam to emerge as one of the world's economic success stories. Since 1986, real GDP growth has averaged 6.7% year-on-year (y-o-y), barely interrupted by the Asian financial crisis in 1997, the global financial crisis in 2008 or even the coronavirus pandemic today (Chart 1).

Chart 1: Exports and Real GDP growth



Sources: Haver, State Bank of Vietnam (SBV), General Statistics Office of Vietnam (GSOV) and QNB analysis

A youthful population and a steady supply of workers moving to the cities from rural areas have driven strong labour force growth whilst keeping wages competitive. This has helped Vietnam's growth to be inclusive, with the share of the population in poverty reducing from 60 percent to below 5 percent over the past 30 years. Social spending, on health and education, has been critical in achieving this.

A key driver for Vietnam's strong growth has been labour intensive manufacturing for export. As a result, the value of goods exports grew from 2.3% of GDP in 1988 to 79.6% in 2019 (Chart 1). Vietnam is well placed on the trade routes of South East Asia and close to China, helping integration into the supply chains of factory Asia.

Trade agreements give Vietnam access to global markets, encouraging FDI inflows and enhancing productivity

Foreign investors are attracted by the competitive labour force, large domestic market, political stability, sound macroeconomic conditions and an improving business environment. Additionally, restrictions on property ownership for foreigners and Vietnamese non-residents have been lifted, further enhancing its attractiveness as an investment destination.

In 2007, Vietnam joined the World Trade Organisation (WTO), leading to multiple free trade agreements (FTAs) and a surge in FDI coming from China, Japan and other Asian countries. Vietnam signed its first trade agreement after joining the WTO with Japan in 2008. In 2018 Viet Nam cut 98% of tariff lines within ASEAN and further reduced tariffs on imports from South Korea, Japan and Australia. Most recently Vietnam has concluded the EU- Vietnam Free Trade Agreement (EUFTA), now in the final stages of ratification.

The government has continued to liberalise the economy, focusing on fiscal consolidation, strengthening of financial buffers in the banking sector and privatization of state-owned enterprises (SOEs). Vietnam has also improved governance and made progress in internet penetration and digitalization. For example, internet penetration is growing rapidly (up 10% y-o-y to 68.1 million by January 2020), as a result of the proliferation of affordable smartphones and lower data costs. This-in-turn is driving the development of FinTech and e-commerce.

Recent Developments and COVID-19

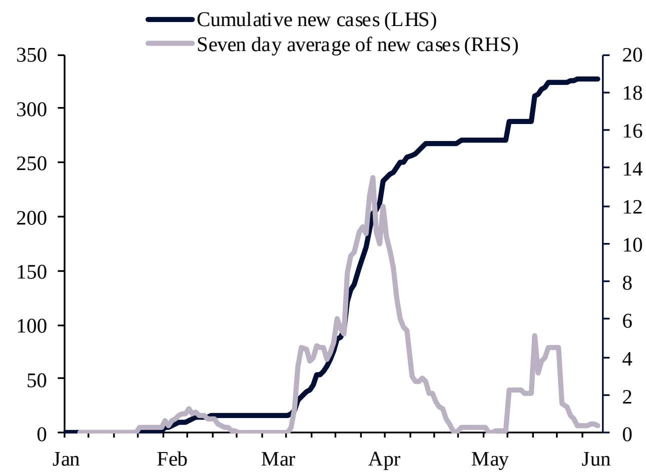
An early response kept virus case numbers down

During the Tet New Year celebrations at the end of January, Vietnam's government "declared war" on the coronavirus despite the outbreak still being confined to China at the time. Indeed, Premier Nguyen Xuan Phuc warned that it would not be long before the coronavirus reached Vietnam.

Vietnam instituted rigorous quarantine policies, and carried out thorough tracing and testing of all people who had come into contact with the virus. The government also responded by rapidly developing their own successful test kit and conscripting medical students and retired professionals to help trace, test and treat cases.

The decisive early actions effectively prevented widespread community transmission, keeping confirmed cases to just 16 by mid-February (Chart 2). Indeed, there were no new infections -- until a second wave of infections in early March, which were imported from abroad and quarantined as soon as they entered the country.

Chart 2: Vietnam Confirmed Coronavirus Cases
(As of 2nd June)



Sources: Ministry of Health of Vietnam, European Centre for Disease Prevention and Control (ECDC) and QNB analysis

Vietnam briefly entered its deepest lockdown in March as the government ordered people not to go outside except for food and medical needs, while closing down all non-essential businesses, transportation and activities. The government also suspended visa issuance to foreigners and banned foreign nationals from entering the country.

As a result of the effective response, by the 2nd June, Vietnam had:

- just 328 confirmed cases;
- no local infections (also known as community transmission) for more than 40 days;
- 293 cases who have recovered after treatment;
- 35 cases still being treated; and
- no deaths caused by the coronavirus.

Vietnam's response to the virus was so effective that it has been lauded by global media and intuitions, including CNN, the BBC and the World Economic Forum.

Vietnam has already significantly relaxed its lockdown

Preventing widespread transmission of the virus allowed Vietnam to begin easing the lockdown in April. Businesses and schools have reopened and local transportation has resumed, including domestic flights. Most social distancing restrictions have been lifted on buses, taxis, aircraft and trains, with the exception that all passengers are still requested to wear face masks. So, in many ways life is gradually returning to a new normal.

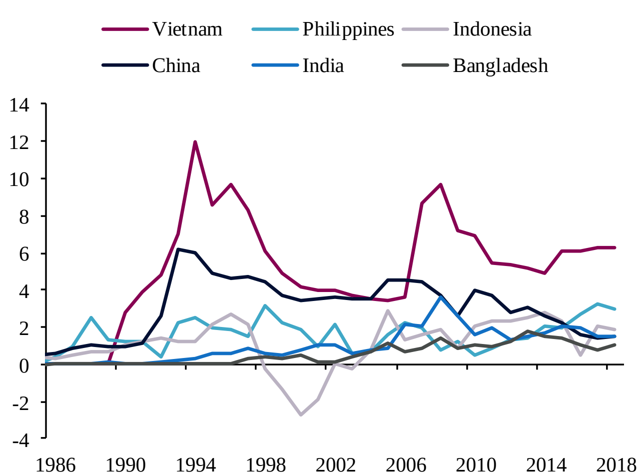
International travel remains restricted. Since March, only holders of diplomatic passports, or coming for specific economic projects, are allowed to enter the country under strict medical surveillance. However, some land border crossings with China have reopened, allowing only formally authorised goods shipments. As we write, Vietnam is considering resuming some international flights in June. This could involve, so-called travel bubbles with Asian counties that have the virus under control, which would facilitate commerce and tourism with large markets. Vietnam is also reported to be planning to resume issuing electronic visas for citizens from 80 countries from the beginning of July.

Mobility data from both Apple and Google indicate that Vietnam is one of the few places in the world where activity has already recovered to more normal levels. However, people remain cautious and are expected to continue to practice social distancing for quite some time.

The strengthening of supply-chains should benefit Vietnam

COVID-19 has demonstrated the vulnerability of just-in-time delivery and overly concentrated supply-chains. Vietnam's history of market-friendly reforms and a growing number of free-trade agreements have led outperformance at attracting FDI (Chart 3). Indeed, Vietnam is an obvious choice for companies considering where to locate, or relocate factories. We therefore expect Vietnam's economy to bounce back faster than most other countries in Southeast Asian.

Chart 3: FDI peer group comparison
(% of GDP)



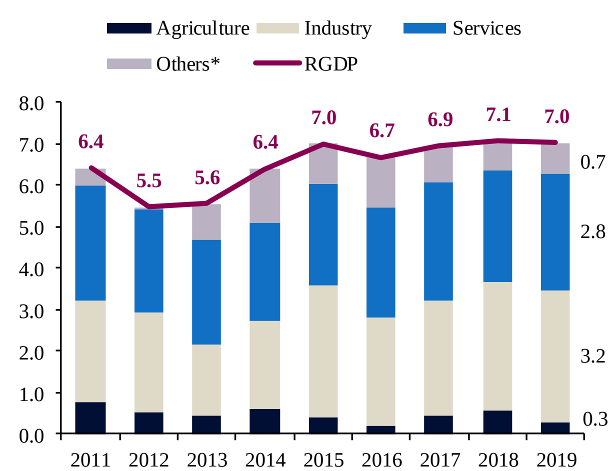
Sources: Haver, World Bank, QNB analysis

Vietnam is well-placed to welcome companies adjusting their supply chains. Indeed, Vietnam has been one of the few beneficiaries of the US-China trade war as some companies migrated production from China to Vietnam to avoid US tariffs on China-made goods. Indeed, Vietnam could receive the lion's share of any further factory relocations caused by an increase in anti-Chinese sentiment.

Many large multinationals either already have operations in Vietnam, or are planning to invest in them. The most obvious example is Samsung, which is the single largest foreign investor in Vietnam, with reported investments of USD 17 billion. Most recently Samsung has already started construction of a $220 million research and development centre in Vietnam. Beyond that, press reports indicate that the likes of Google, Dell, Amazon, Apple and Nintendo are all currently making, or actively considering, investments. Vietnam's other major manufacturing success is in the clothing, footwear and apparel sector. For example, Japan's YKK Corporation, the world's largest zipper manufacturer, started operations at its second plant in late 2019 having invested US$60 million in the facility in Ha Nam province. YKK are joining major global brands, including Nike, Adidas, Uniqlo and H&M, that are already established in Vietnam.

Real Economic Growth

Chart 4: Contribution to GDP Growth by Economic Activities
(% y-o-y)



*Taxes less Subsidies on Products
Sources: Haver, GSOV and QNB analysis

Real GDP growth has been driven by strong exports and robust domestic demand

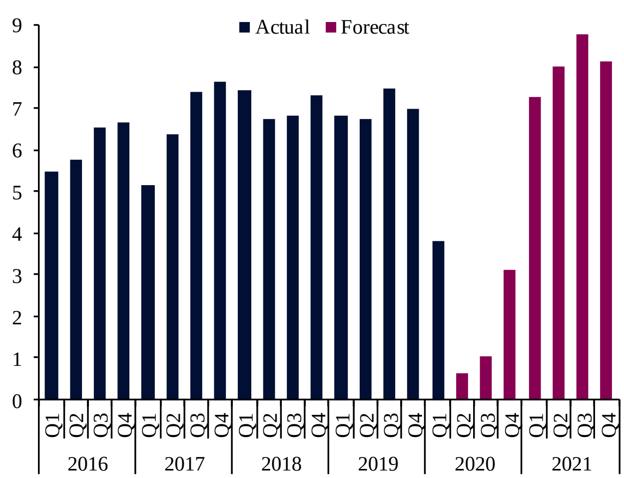
Vietnam's GDP growth has been strong, averaging around 7% y-o-y over the past 5 years (Chart 4). This impressive performance has been led by the service sector and industrial activity, particularly manufacturing for export. The combination of higher export revenues and falling inflation boosted real incomes, resulting in robust domestic demand.

Sound fundamentals, the government's commitment to macroeconomic stability and positive reform momentum are contributing to broad based, private sector-led and noninflationary growth. Rural-urban migration and economic modernization continue, helping to raise wages and total factor productivity.

GDP growth should strengthen through the rest of the year

GDP figures for the first quarter of 2020 show growth slowing to just 3.8% y-o-y, due to a combination of weaker demand (both domestic and external), as well as supply-chain disruption all caused by COVID-19 (Chart 5).

Chart 5: Quarterly GDP Growth
(% y-o-y)



Sources: Haver, GSOV and QNB analysis

The economy is likely to slow further to around 1% y-o-y in the second quarter. Activity in the tourism sector, which accounts for around 5% of the economy, is expected to be particularly weak. Domestic consumption has been suppressed by virus control measures (relaxed from mid-April), such as the government's decision to shut down all non-essential services in the country's major cities.

Assuming the virus remains contained in Vietnam and other countries continue to make progress with containment, we expect economic growth to gradually recover. This would be driven by stabilization of domestic demand, a gradual export recovery and a lift from public infrastructure projects.

We expect the weak first half and a strong second half to result in GDP growth of around 2.1% for 2020 as a whole. While this would be Vietnam's lowest growth in decades, it is still expected to be much higher than most other countries, owing to the relative success of domestic containment efforts and the ramping-up of production by international firms, especially those integrated with China (including many Chinese-owned firms).

Growth in 2021 and beyond should be supported by the continued FDI, supported by the new EVFTA

With a raft of free trade agreements, relatively cheap labour and close proximity to China, Vietnam has successfully positioned itself as the main low-cost regional alternative to China for export-oriented manufacturing.

This is expected to ensure buoyant growth in both exports and investment by multinationals (including among Chinese companies). Vietnam should continue to gain market share in higher-value added manufacturing, such as electronics. Meanwhile, participation in numerous free trade agreements, mostly recently the EVFTA with the EU, encourages further progress with market friendly reforms and will lead to better access to European markets with the lowering or removal of import tariffs. This will help slow the erosion of Vietnam's competitiveness in low-cost manufacturing, such as footwear production. Indeed, we expect Vietnam to again outperform as an exporter, helping it to remain one of the fastest-growing ASEAN economies with GDP grow gradually recovering to over 7% in 2021.

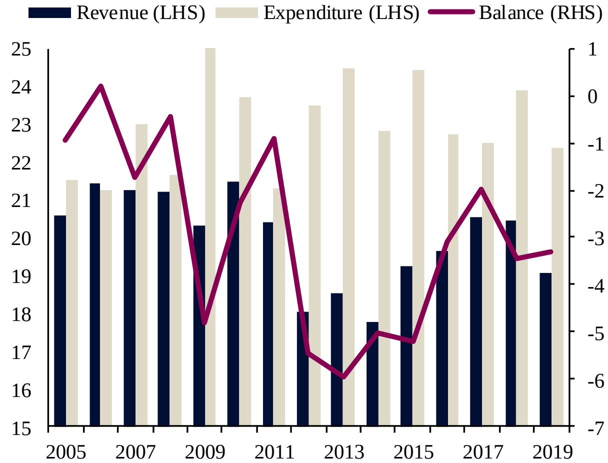
Gross fixed investment is expected to be boosted by government-funded construction of new infrastructure that is needed to support the surge in exports. Domestic demand growth is also expected to be supported by strong wage growth and rising employment.

Fiscal Balance and Government Debt

Fiscal consolidation has delivered lower deficits and debt

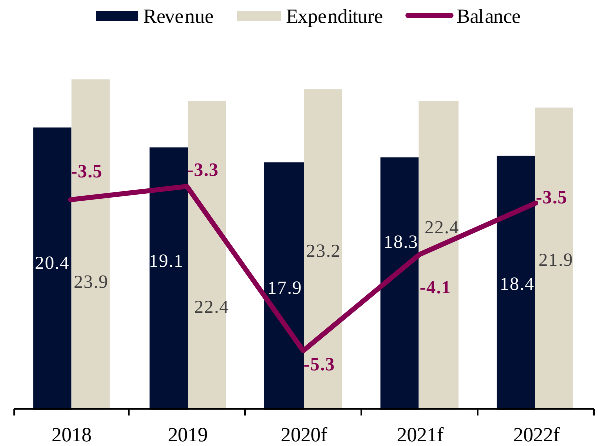
Vietnam has successfully reversed a rapid rise in public and publicly guaranteed debt, which declined to 42.9 percent of GDP in 2018, down from its 2016 peak of 47.6 percent. Strictly limited the issuance of government guarantees has helped to reduce the deficit of the state budget to 3.3% of GDP in 2019, down from 6.0% in 2013 (Chart 6).

Chart 6: Fiscal Revenue, Expenditure and Balance
(% of GDP)



Sources: MoF and QNB analysis

Chart 7: Fiscal Revenue, Expenditure and Balance
(% of GDP)



Sources: Haver, MoF and QNB analysis

The government has fiscal space for a modest economic support package

This successful fiscal consolidation now provides space for the government to respond to COVID-19 with fiscal stimulus. The fiscal response includes tax breaks and delayed tax payment schedules; reduced land-lease fees; and import-tax exemptions on certain hygiene goods. The government's Vietnamese đồng (VND) 62 trillion (USD 2.6 billion) financial support package aims to support 20 million poor people and those hit hard by the COVID-19 crisis. The direct fiscal injection to date has been around VND12.4 trillion ($530.7 million), with tax deferments contributing further stimulus going forward.

COVID-19 will lead to a temporary widening of the deficit

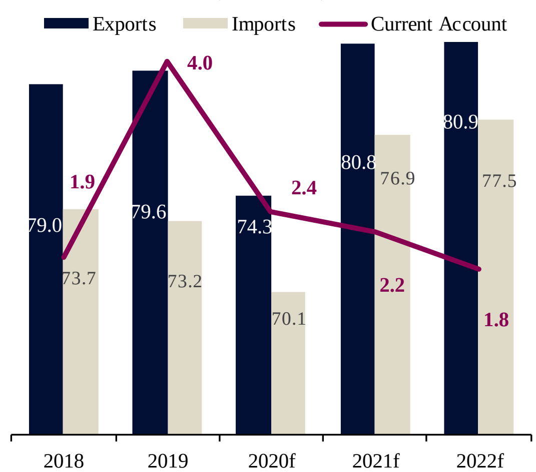
We expect the fiscal deficit to widen to 5.3% of GDP in 2020, from 3.3% in 2019 (Chart 7). This will be the result of fiscal support in addition to depressed consumer spending and lower corporate profits, which will reduce tax revenue.

The deficit should then narrow to -4.1% in 2021, following the recovery of GDP growth. Robust consumption growth will be particularly important as indirect taxes make the largest contribution to government revenue. The further expansion of the export sector should also help to boost the size of the tax base. However, the heavy public investment in infrastructure, and social spending to deal with population aging will maintain pressure on government finances.

External Sector and Exchange Rate

The strong growth of Vietnam's export-orientated manufacturing sector means that it enjoys a healthy surplus on the current account (Chart 8).

Chart 8: Current Account and Trade Projections
(% of GDP)



Sources: Haver, SBV and QNB analysis

The current account surplus should be maintained by natural balancing mechanisms and a recovery in exports

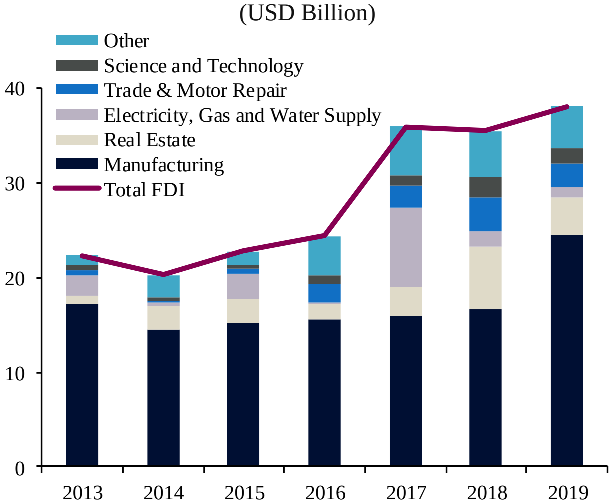
COVID-19 has hit both external demand and supply chains hard during the first half of 2020. Indeed, exports fell 60% y-o-y in April. However, supply-chain disruption is not expected to do lasting harm to export-oriented industries. Therefore, we expect exports to bounce-back in the second half of the year, driven by a gradual recovery of the global economy and a continued shifting of supply chains.

The trade surplus should remain firmly in the black due to the decline in global oil prices as Vietnam is a net oil importer. Meanwhile, the deficit in services is expected to widen due to fewer international tourist arrivals. However, outbound profit flows from international firms are expected to dip, which should help moderate the narrowing of the current account to 2.4% of GDP in 2020, from 4.0% in 2019.

FDI inflows remain strong, focusing on manufacturing

FDI inflows have been strong over the past few years, growing from USD 11.5 billion in 2008 to USD 35.5 billion last year (Chart 9). By far the main destination for FDI is Vietnam's manufacturing sector, but FDI flows have also been sizable across a range of sectors including real estate, utilities, wholesale, retail and automotive repair.

Chart 9: FDI by Sector
(USD Billion)



Sources: Haver, Ministry of Planning and Investment and QNB analysis

As mentioned earlier Vietnam is an important and growing part of the global manufacturing supply chain. We have already highlighted Vietnam's consistent strength in the clothing, apparel and footwear production. We foresee a further increases in Vietnam's capability and capacity within the supply chain for consumer electronics, including both smartphones and their accessories. Both sectors will continue to draw in significant amounts of FDI.

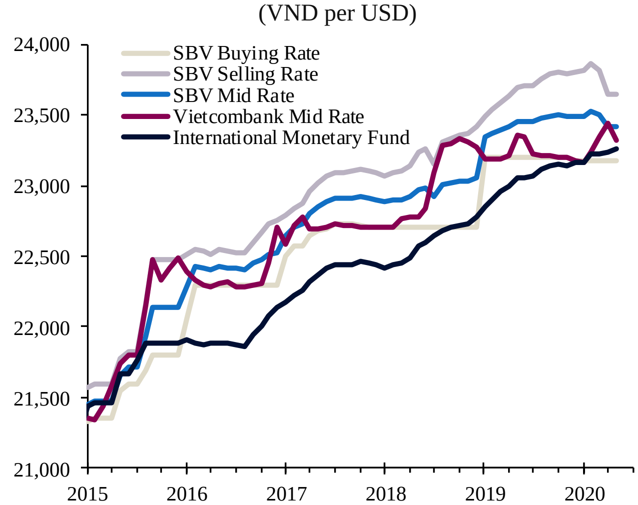
We should also highlight the attractiveness of Vietnam for FDI into both Retail and Energy sectors. A recent report by McKinsey points out that "Vietnam's economic stability and growing middle class create an attractive retail environment". In addition, FDI into Vietnam's energy sector, is helping to support a shift from coal to much cleaner Liquefied Natural Gas for new power plant investments.

The strong external position permitted additional reserve accumulation and two-way intervention

The exchange rate is the State Bank of Vietnam's (SBV) principal anchor for monetary policy. SBV intervenes in currency markets, buying and selling foreign currency using its foreign exchange (FX) reserves, to keep the VND within a narrow band and provide stability to the economy. The SBV's Governor Đào Minh Tú said at a recent conference that the SBV would "take flexible market interventions to stabilise the foreign exchange market, which would contribute to stabilising the macro-economy and supporting reasonable economic growth and build up the nation's foreign reserves when there are favourable conditions". Tú also said that it "isn't feasible to use exchange rates as a tool to promote exports as import volume – mainly materials and equipment to produce goods for export – is also very large".

In recent years, SBV has loosened the dollar peg, moving to a trade-weighted basket of currencies, and moved in the direction of market rates (Chart 10). The exchange rate regime is sometimes described as a managed float, and other times a crawling peg, containing elements of both systems.

Chart 10: Exchange Rate
(VND per USD)



Sources: Haver, SBV, Vietcombank and QNB analysis

Going forward we expect the SBV to continue to focus on ensuring broad stability in the VND exchange rate. In practice that may involve modest further depreciation of the VND against the USD. The Real Effective Exchange Rate (REER) is the value of the VND relative to trading partners, taking into account both trade weights and the different rates of price inflation in each country. Modest depreciation of the VND against the USD is consistent with stability in the real effective value of the VND, the REER. Vietnam's REER has appreciated significantly over the past few decades, but has been broadly stable more recently.

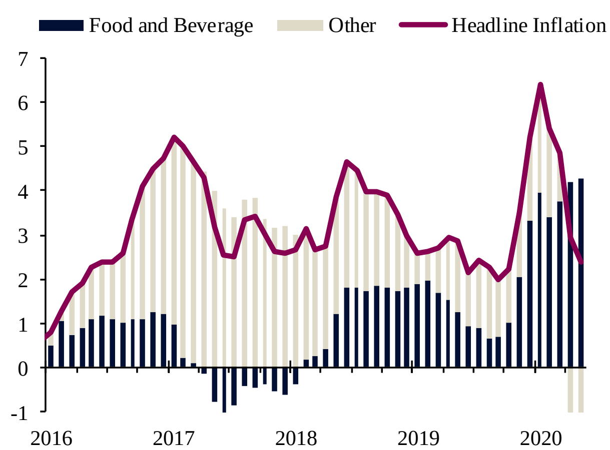
The strength of Vietnam's external position has allowed it to build up its FX reserves. However, at around four months of import cover, FX reserves are expected to remain adequate to manage currency risks rather than becoming excessive.

Inflation and Interest Rates

Headline inflation has eased back sharply, mainly driven by food and administered prices

After peaking at 6.4% y-o-y in January, headline inflation has fallen to just 2.4% y-o-y in May (Chart 11). The main driver was a petrol prices falling by more than 30% y-o-y. Weak growth, lower oil prices, electricity prices being reduced for three months, and administered price hikes being delayed are all putting downward pressure on inflation. We expect inflation to continue to weaken over the coming months to average 3.4% y-o-y in 2020 as a whole.

Chart 11 Contribution to Headline Inflation
(% y-o-y)



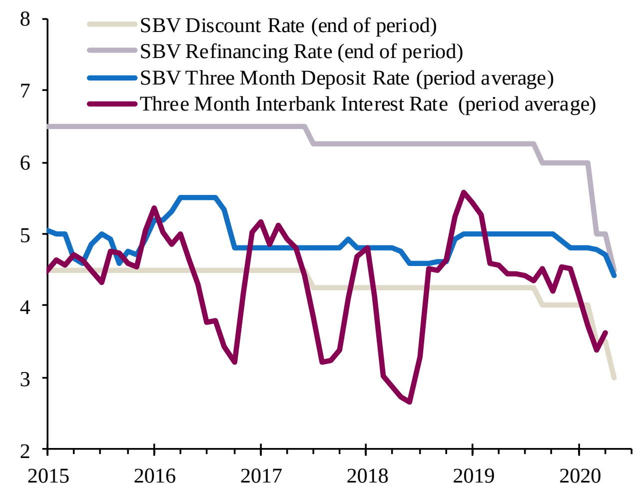
Sources: Haver, GSOV and QNB analysis

SBV has responded to the fall in inflation and COVID-19 with interest rate cuts and liquidity injections

In response to COVID-19, lower inflation and interest rate cuts by G7 central banks, SBV cut its main policy interest rates in mid-March. The refinancing rate and the discount rate were cut from 6% to 5% and from 4% to 3.5%, respectively (Chart 12). SBV also reduced its interest rate cap for local-currency deposits with one-to-six-month maturities from 5% to 4.75%, and has ordered banks to lower the maximum lending interest rate for short-term loans from 6% to 5.5%.

Some signs of liquidity tightness emerged in early Apr, with one-month interbank rate jumping above 3%. The SBV responded with liquidity injections via reverse repurchase agreements, helping to lower interbank rates back below 2%. More recently, the SBV cut interest rates by a further 50 basis points (bps) in early May, leaving its main refinancing rate at 4.5%. We expect a further cut of over the summer, which should cap banks' funding costs, and support their efforts to offer interest rate reductions. We expect SBV to lower its benchmark lending rates, buy a further 50-100 bps, over the summer and to lower interest rate caps again to reduce the cost of new credit.

Chart 12: Key Interest Rates
(% y-o-y)



Sources: Haver, SBV, Bank for Investment and Development of Vietnam and QNB analysis

Banks are supporting customers with subsidized loans

State-owned banks have been told to supported customers affected by the crisis. They have done so by offering concessionary terms, which include delaying loan repayments, reducing interest rates and cutting service fees. For example, Vietnam Social Policy Bank (VSPB) introduced an interest-free loan scheme in March for the purpose of making salary payments to furloughed workers in firms affected by the pandemic. Other concessional loan initiatives are likely to be introduced, probably focusing on households.

Box: Supply Chain Shifts to Vietnam

COVID-19 and global trade tensions are forcing supply chains to evolve, driving businesses to diversify their manufacturing portfolios geographically, instead of being overly reliant on one market. Supply chains will have to become more flexible, preparing themselves for new demand volumes, patterns and trends. In the long term, planning will place greater emphasis on the continuity of operations and mitigating the risks of future shocks. Vietnam, in particular, has emerged as an attractive destination for global brands outsourcing production and adapting supply chains.

Vietnam already plays an important role in global supply chains, helping it to export a record USD 264 billion of goods to global consumer markets in 2019, including those in Europe, Asia and North America. Two main industries stand out. Exports of electronics and smartphone amounted to USD 111 billion (42% of total exports) and exports of clothing, footwear and apparel were USD 62 billion (24%).

Vietnam has many advantages as an outsourcing destination

Vietnam has been successfully attracting FDI into the clothing footwear and apparel sector for many years. It has therefore developed a strong foundation of skilled workers, supportive policy and already has the necessary infrastructure. As a result, many of the world's most popular clothing and sportswear brands, including Nike and Adidas, already have a large manufacturing presence in Vietnam. Similarly, Samsung already produces the majority of its smartphones in Vietnam and major automotive companies also, already have production plants. This critical mass of existing and demonstrated capability helps to attract further elements of the supply chain as it helps to both indicate and foster the necessary ecosystem for firms looking to move production from other countries.

Luxshare Precision Industry (LPI) is an example of this deepening of the supply chain in the consumer electronics and smartphone sector. LPI is a leading Chinese electronics company that manufactures components for Apple. LPI already has one plant up and running in Vietnam and is in the process of setting up another three. LPI plans to have around 60,000 workers in Vietnam as Apple seeks to diversify its supply chain away from China.

Another example of the deepening of the electronics supply chain in Vietnam is Samsung's push for more Tier-1 suppliers. A Tier 1 supplier is one that produces components that it sells directly to, in this case Samsung, for assembly into a final product, in this case a smartphone or other consumer electronics. Despite its already large share of Vietnam's exports, Samsung is always on the lookout for more potential suppliers within Vietnam. Indeed, Samsung aims to support production and management activities at local firms and raise their capacity so that they may become direct parts suppliers for Samsung's production complexes. This example also demonstrates one way in which Vietnam's benefits from spill-overs from export-orientated international firms and FDI to domestic businesses.

As mentioned in the main text, Vietnam already benefits from being a member of the WTO and long-standing FTAs with key trading partners across Asia. These FTAs have already helped to encourage the development of supportive labour practices, environmental regulations and infrastructure. One key advantage is that labour costs in Vietnam are about 40% lower than in China. Vietnam also offers tax benefits and a six-day workweek, which enhances productivity. The most recent FTA with the EU, the EUFTA will bring further opportunities for Vietnam to develop its business environment to meet European requirements and standards.

Firms face some challenges shifting supply chains to Vietnam

On the demand side, Vietnam's domestic consumption is growing fast and helps attract FDI relative to smaller local, such as Cambodia and Laos. However, Vietnam's market will always be small relative to the large Chinese market.

On the supply side, the sheer scale of China's productive capacity cannot be replicated, for example, there are more migrant industrial workers in China than people in Vietnam. Also, despite continued improvement, Vietnam still suffers from some skill and experience shortages and lower productivity than China in some areas of higher-valued-added production. It's easy to find a manufacturer for just about any product type in China. Vietnam is currently unable to offer the level of diversity China can at this stage, but boast a higher level of diversity than some other alternative sourcing destinations, such as Bangladesh.

Another challenge to further supply chain growth in Vietnam is the potential for so-called reshoring of production back to the US and Europe where the majority of the final products are consumed. A clear example of this was robotic "Speedfactories" set up by Adidas in the US and Germany, opened in 2016 and 2017. However, Adidas has announced that production will be discontinued, with the technologies developed to be transferred to two of its suppliers in Asia.

Supply chain shifts likely to drive continued growth of both FDI and exports

In summary, we believe that the advantages outweigh the challenges. We expect continued growth of FDI and exports as Vietnam continues to be a key beneficiary of shifts in supply chains. However, the challenges mentioned mean that supply chain shifts can only occur gradually and limit the ultimate scale of production in Vietnam relative to China. Fortunately, a final advantage is Vietnam's proximity to China. Therefore, it is perhaps better to view Vietnam as a complement to production in China rather than a substitute.

Key Indicators

	2015	2016	2017	2018	2019	2020f	2021f	2022f
Real sector indicators								
Real GDP growth (%)	7.0	6.7	6.9	7.1	7.0	2.1	8.1	6.9
Nominal GDP (USD Billion)	239.2	257.1	281.4	308.3	331.7	342.3	383.9	423.1
GDP per capita (USD, PPP)	7.5	8.0	8.7	9.4	10.1	10.4	11.5	12.4
Consumer price inflation (%)	0.6	2.7	3.5	3.5	2.8	3.4	3.5	3.5
Budget Balance (% GDP)	-5.2	-3.1	-2.0	-3.5	-3.3	-5.3	-4.1	-3.5
Revenue	19.2	19.6	20.6	20.4	19.1	17.9	18.3	18.4
Expenditure	24.4	22.7	22.5	23.9	22.4	23.2	22.4	21.9
Public debt	46.1	47.6	46.3	44.2	42.9	45.7	45.5	44.2
External sector (% GDP)								
Current account balance	-0.9	0.2	-0.6	1.9	4.0	2.4	2.2	1.8
Exports	67.7	68.7	76.5	79.0	79.6	74.3	80.8	80.9
Imports	64.6	64.4	72.6	73.7	73.2	70.1	76.9	77.5
Capital & Financial account balance	1.0	10.7	20.0	8.5	18.6	10.0	17.3	18.7
FX reserves (months prospective imports)	2.0	2.4	2.7	2.7	3.6	4.1	3.9	4.1
Monetary indicators								
Policy rate (%, average)	6.5	6.5	6.3	6.3	6.0	4.5	4.0	4.0
Exchange rate USD:VND (average)	21,698	21,935	22,370	22,602	23,050	23,451	23,546	23,726
Memorandum items								
Population (Million)	91.7	92.7	93.7	94.7	95.6	96.5	97.4	98.2
Growth (%)	1.1	1.1	1.1	1.1	1.0	1.0	0.9	0.8
Unemployment (%)	2.3	2.3	2.2	2.2	2.5	3.1	2.9	2.3

Sources: IMF, SBV, MoF, GSOV, The International Institute of Finance and QNB analysis