



# **Economic Review and Outlook**

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# Review of 2009

ECONOMIC INDICATORS				
Economic Performance	2007A	2008A	2009A	2010E
GDP (% yoy)	8.5%	6.2%	5.3%	6.5%
CPI (% yoy) end-year	12.6%	19.9%	6.5%	9-10%
Credit growth rate (% yoy)	49.8%	26.6%	37.7%	25%
Industrial production (%yoy)	17.0%	16.7%	7.6%	8.8%
Foreign Trading				
Imports (US\$ bn)	60.8	80.4	68.8	75.0
Imports (% yoy)	37.0%	26.8%	-14.7%	9%
Exports (US\$ bn)	48.4	62.9	56.6	60.0
Exports (% yoy)	21.9%	29.1%	-9.7%	6%
Trade balance (US\$ bn)	(12.4)	(17.5)	(12.3)	(15.0)
Trade balance (% yoy)	159%	40.7%	-30.1%	22.4%
Fiscal Accounts				
Budget deficit (% of GDP)	-1.7%	-2.1%	-7.0%	-6.2%
Current acct. balance (US\$ bn)	(7.0)	(8.4)	(12.7)	(12.7)
% of GDP	-9.8%	-9.9%	-14.3%	-13.4%
Total external debts (US\$ bn)	19.3	21.8	23.6	24.1
% of GDP	27.0%	25.7%	26.5%	25.4%
Foreign Direct Investment				
FDI Committed (US\$ bn)	20.3	64.0	21.5	22-25
FDI Disbursed (US\$ bn)	6.6	11.5	10.0	11
Remittance (US\$ bn)	6.7	7.2	6.3	8.0
Monetary Policy				
Exchange rate (VND) year-end	16,015	17,483	18,479	19,500
Forex fluctuation YTD (%)	-0.2%	8.9%	5.7%	6%
Base rate (% end year)	7.5%	12.7%	8.0%	9.0%

## Major themes include:

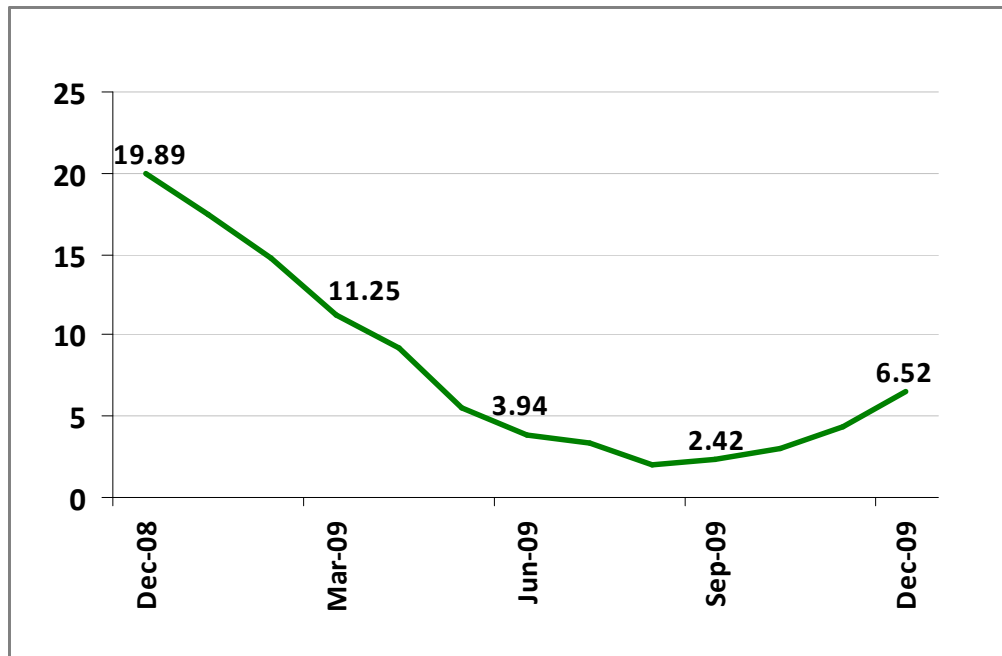
- Inflation
- Economic growth
- Currency
- Trade balance

Source: Bloomberg, MVFM

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# Review of 2009

Low inflation related to the base effect of 2008.

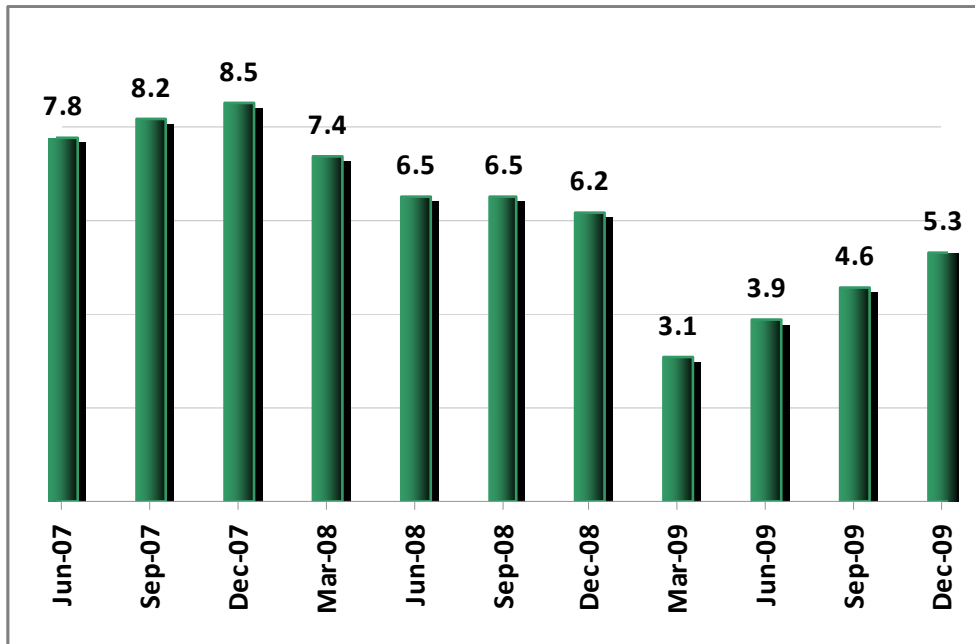


- 6.52% y-o-y in 2009 compared to 19.89% y-o-y in 2008.
- Conducive to maintain low base rate of 7% almost throughout the year.

Source: Bloomberg

# Review of 2009

Stimulus packages have supported economic growth.

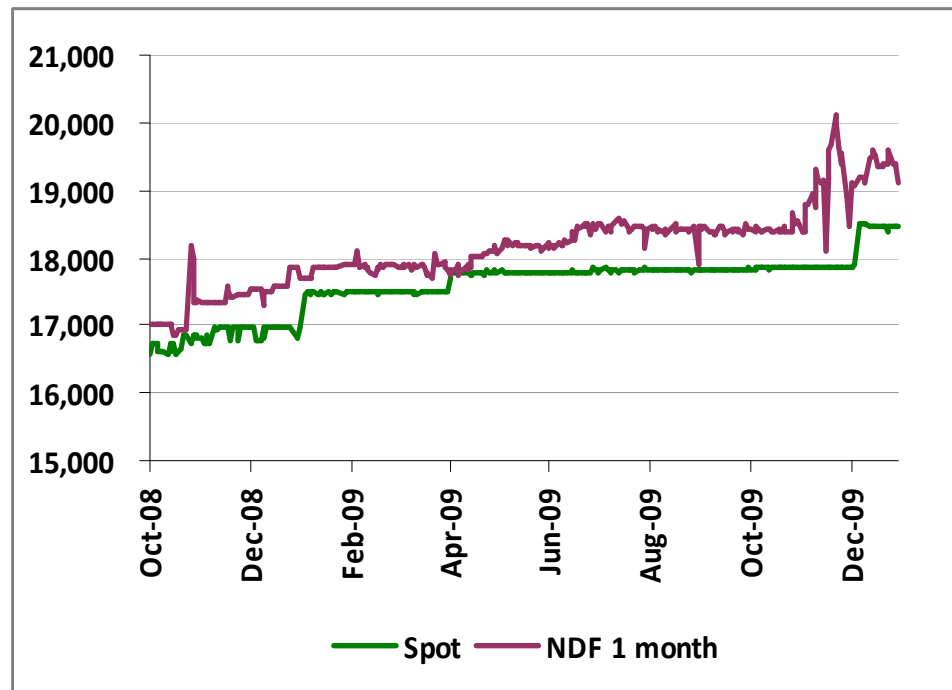


- Base rate cut from 8.5% to 7%.
- Personal tax waivers.
- Loan interest subsidy program.

Source: Bloomberg

# Review of 2009

Trend towards depreciation continued.

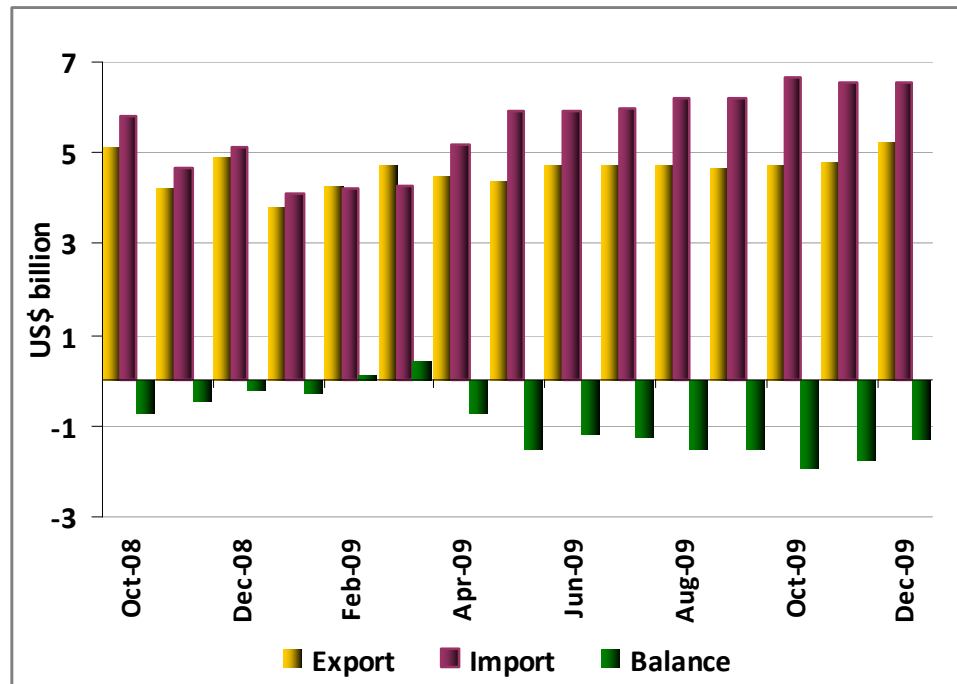


Source: Bloomberg

- Gap between official rate and market expectations.
- Trade band widening and narrowing in March and November (from 3% to 5% to 3%).
- Midpoint rate adjustment in November by 5.44%.

# Review of 2009

Lower overall trade deficits.



- Trade deficits lower by 32% compared to 2008.
- Tend to rise again since Q3 2009.
- Stimulus package increased demands for imports.
- Resumption of gold imports in October.

Source: Bloomberg

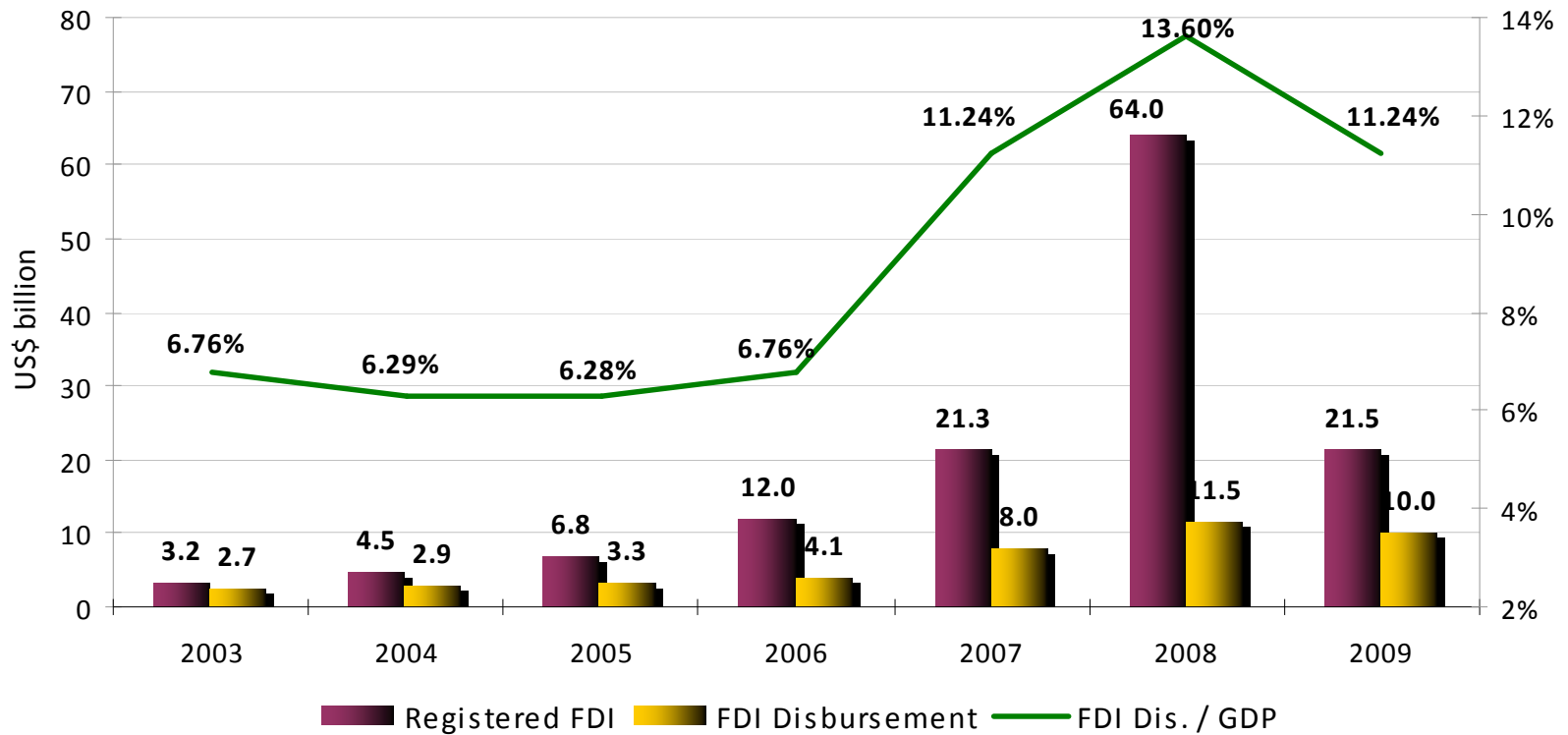


# Outlook for 2010

- Tighter policy theme.
  - “A more cautious flexible policy.”
- Focus on macroeconomic stability.
- Continuing economic recovery.
- Trade deficit and currency.

# Outlook for 2010

A more positive FDI outlook.



Source: General Statistics Office

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