



Vietnam's State of the Economy: Q1 2024 Report

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Vietnam's economy saw GDP y-o-y growth at 5.66% and an FDI uptick at 13.4% (as of March 20) in the January-March quarter of 2024 (Q1 2024).

According to the General Statistics Office (GSO), Vietnam's gross domestic product (GDP) grew by 5.66 percent in the first quarter of this year (Q1 2024) – January to March, marking the highest expansion for the three-month period since 2020.

However, this figure was a decline from the previous quarter, which saw Vietnam's economy grow at 6.7 percent, as production of smartphones and automobiles saw a drop.

Overall the country registered 5.05 percent GDP growth in 2023, missing the 6.5 percent target.

For 2024, the IMF has forecast that Vietnam's economy could potentially reach US\$469.7 billion, which would see it maintain its position as the fifth-largest economy in Southeast



The manufacturing and construction sector experienced a growth of 6.28 percent, while the services sector expanded by 6.12 percent compared to the previous year.

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Industrial production maintained its momentum in the first quarter, with the entire sector's added value rising by 6.18 percent year-on-year, as reported by the Ministry of Industry and Trade (MoIT).

This increase contributed 2.02 percentage points to the growth of the economy's added value, the MoIT stated during its regular press conference in Hanoi on March 29.

Notably, processing and manufacturing emerged as significant drivers of economic growth, with a climb of 6.98 percent, contributing 1.73 percentage points. Additionally, electricity production and distribution rose by 11.97 percent, contributing 0.45 percentage points, while water supply, along with waste and wastewater management and treatment, grew by 4.99 percent, contributing 0.03 percentage points.

However, the mining industry contracted by 5.84 percent, with coal exploitation volume decreasing by 0.3 percent and crude oil by 3.2 percent, thereby reducing the overall growth



percent in the January-March period. Core inflation, which excludes volatile items like food, energy, and health and education services, has remained relatively stable, rising 2.81 percent year-on-year in Q1.

The cost of water, electricity, education, medicines, and health services recorded increases of 10.58 percent, 9.38 percent, 9.02 percent, and 6.51 percent, respectively.

Prices of food and dining services, education, and transportation all decreased slightly on a month-on-month basis, by 0.76 percent, 0.29 percent, and 0.03 percent, respectively.

New businesses setting up, enterprises resuming operations

Vietnam witnessed a decade-high surge in new business establishments during the first quarter of the year. A total of 36,224 new firms were registered nationwide during this period, per GSO data. When factoring in enterprises resuming operations, the number rose to 59,848.

A positive trend was observed in March, with 17,136 new businesses and resumed operations outpacing the 10,531 firms temporarily withdrawing from the market, as per a report from the Vietnam News Agency. The report highlighted small-scale enterprises, with capital below VND 10 billion (approx. US\$416,000), as the most prevalent type exiting the market.



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Additionally, there was a substantial injection of capital into existing projects, with US\$934.6 million registered for expansion across 248 projects. Moreover, US\$466.2 million was earmarked for stake purchase and capital contribution activities.

The positive momentum extended to the disbursement of foreign investment, which saw a notable increase of 7.1 percent in the first quarter, reaching US\$4.63 billion. This uptick suggests a promising trajectory for future investment disbursement.

Foreign investors displayed interest across various sectors of the Vietnamese economy, with investments pouring into 17 out of 21 economic sectors. Notably, the manufacturing and processing industry emerged as the primary recipient of FDI, attracting a total registered capital of US\$3.93 billion, albeit experiencing a slight decrease of 1.3 percent from the same period last year. The real estate sector followed closely, with a substantial increase of 2.1 times compared to the previous year, garnering total registered capital of US\$1.58 billion. Additionally, investments were observed in the wholesale and retail industry, as well as in science and technology, with investments of US\$224.8 million and US\$190.2 million, respectively.

The influx of foreign investment came from 62 countries and territories, with Singapore



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