

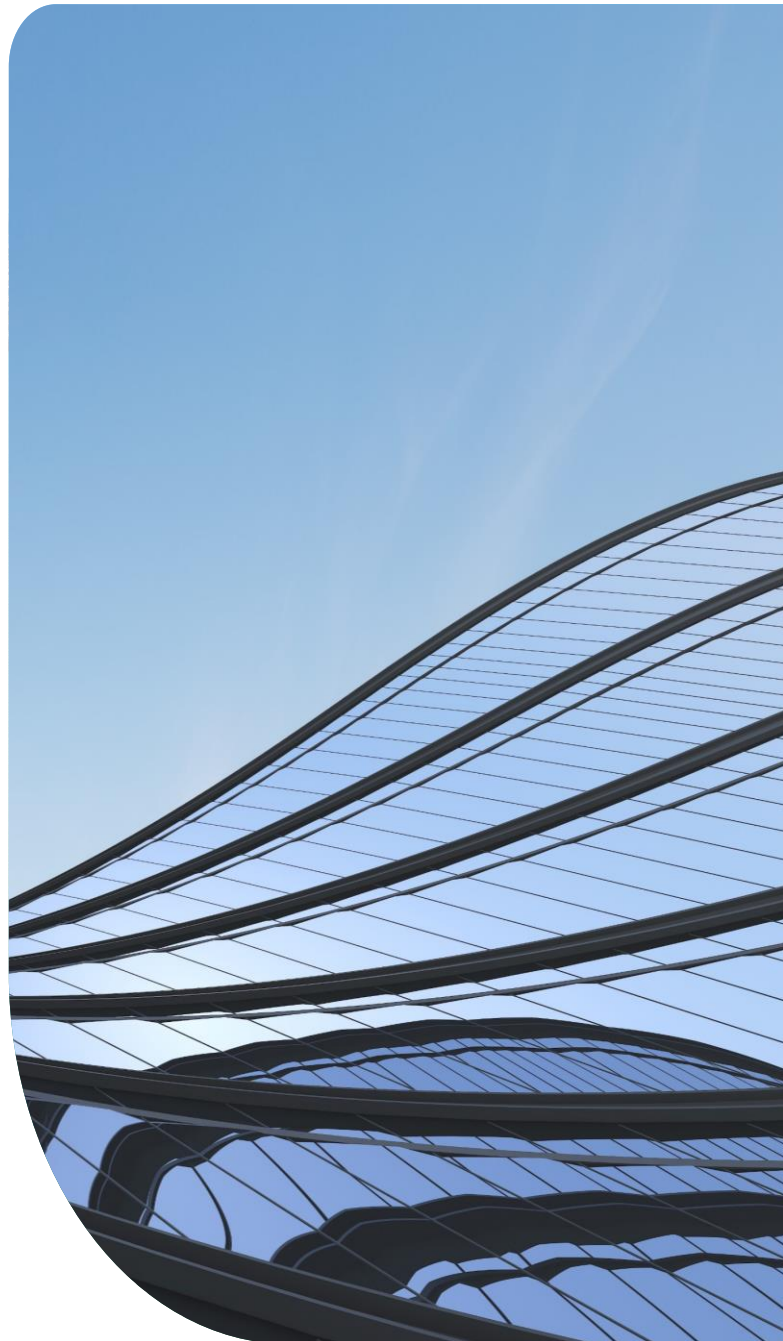
News Recap

July 2024



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NOTE: The contents hereinafter are not intended to address the circumstances of any individual or entity and there can be no guarantee that the information is still accurate as of the date the document is received or will continue to be accurate in the future.



1. GRANT THORNTON IBR: MID-MARKET FIRMS' CONFIDENCE RISES

Grant Thornton's latest International Business Report (IBR) survey reveals an uplift in business sentiment among mid-market firms in Vietnam in the next 12 months. Specifically, 90% of firms expect profitability to increase while 82% anticipating higher revenue. Businesses are also aiming for more international activities, with 66% planning to increase exports, up 3% from the previous survey. The percentage of mid-market firms expecting an expansion in the number of countries they sell to also increased from 53% to 63%, while those predicting higher revenue from international markets rose from 58% to 62%.

Business performance

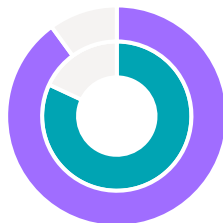
% of those expecting increase

90%

Profitability

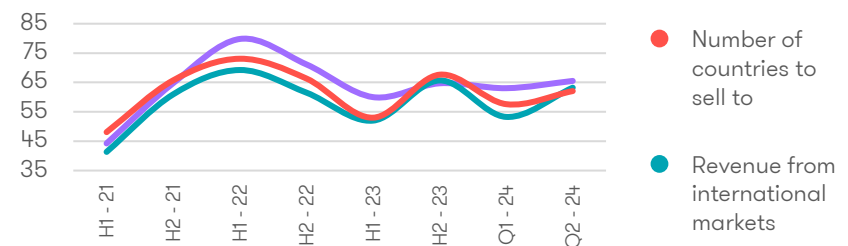
82%

Revenue



International business ambitions

% of those expecting increase

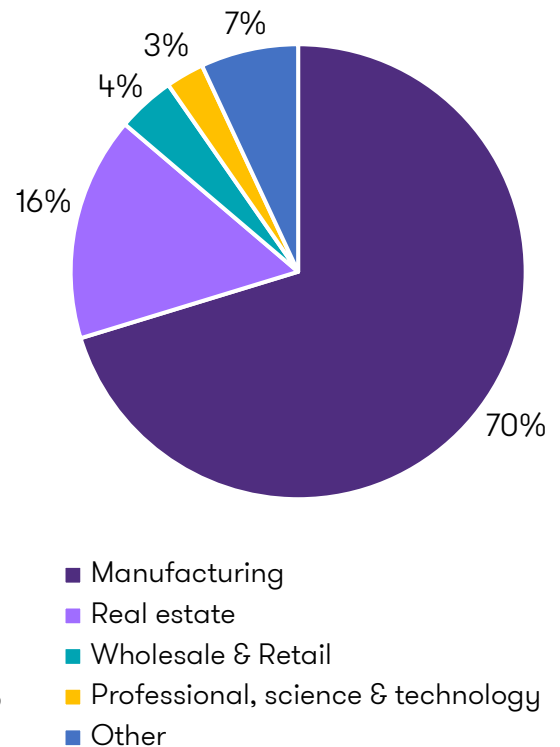


(Source: Grant Thornton IBR)



2. POSITIVE MOMENTUM CONTINUES IN VIETNAM'S FDI ATTRACTION EFFORTS

As of July 2024, Vietnam reported over USD18 billion in FDI inflows, marking a 10.9% yoy increase. Moreover, disbursed FDI grew by 8.9% to around USD12.55 billion. The manufacturing sector remained dominant, attracting USD12.65 billion, constituting 70.3% of the total investment and increasing by 15.7% from the previous year. Real estate followed, recording USD2.87 billion, or 16% of the total. Wholesale and retail, along with Professional, science, and technology, garnered USD740.5 million and USD490.6 million, respectively.



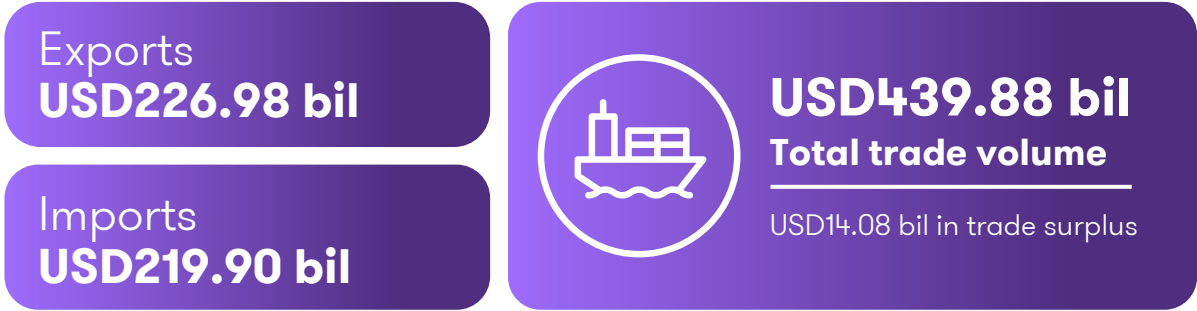
(Source: Vietnam Investment Review)



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3. VIETNAM'S TRADE RESULTS REMAIN POSITIVE WITH USD14.08 BILLION SURPLUS

Vietnam's total trade value in the first seven months of this year reached USD439.88 billion, up 17.1% over the same period last year, as reported by the General Statistics Office (GSO). Specifically, exports increased by 15.7% yoy to USD226.98 billion, with the US being Vietnam's largest export market, contributing USD66.1 billion. Imports, on the other hand, grew by 18.5% yoy to USD 212.90 billion, with China as the top source, accounting for USD79.2 billion. As a result, Vietnam continued to achieve a trade surplus of USD14.08 billion.

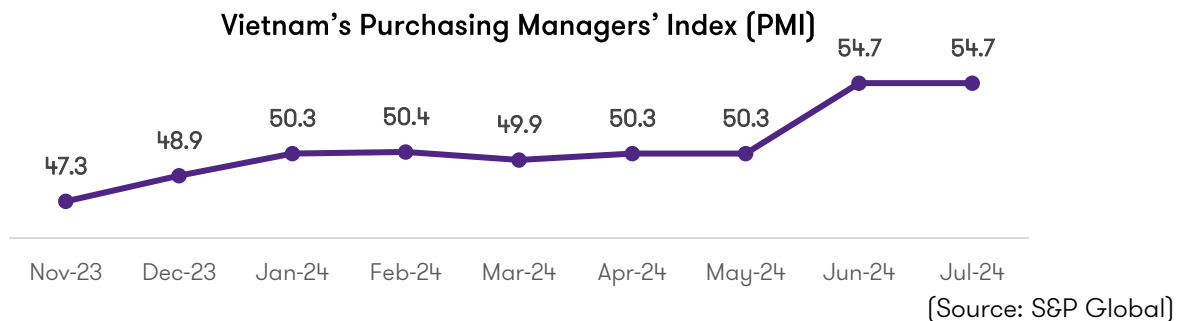


[Source: Vietnamnews]



4. PMI HIGHLIGHTED STRONG GROWTH SUSTAINED IN JULY

S&P Global reported that Vietnam's Purchasing Managers' Index (PMI) remained steady at 54.7 in July, indicating ongoing growth in the manufacturing sector. This consistent performance is a result of a continued improvement in demand and thus new orders. This also prompted manufacturers to boost production during the month. Additionally, firms took proactive steps to enhance their capacity by increasing both purchasing activities and workforce levels. Overall, business confidence in future production remains high, which is driven by expectations of continued growth in new orders over the coming year.



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5. LATEST GDP GROWTH FORECASTS FOR VIETNAM'S ECONOMY IN 2024

Recently, several world organizations have released their latest forecasts for Vietnam's economic growth in 2024. The country is expected to grow by 6% in 2024, according to the Asian Development Bank (ADB), which has maintained its forecast since April. Vietnam's figure is the second highest in Asia, below India with 7%. The ADB attributes this expected growth to a recovery in trade, increased domestic consumption, and supportive fiscal and monetary policies, including a continued 2% reduction in value-added tax (VAT) and enhanced public investment efforts. Meanwhile, the ASEAN+3 Macroeconomic Research Office (AMRO) has recently revised its 2024 forecast for Vietnam upward from 6% in April to 6.3%, citing stronger global demand as the key driver. The AMRO's forecast positions Vietnam at the top of its 2024 growth projections, followed by the Philippines at 6.1% and Cambodia at 5.6%.

[Source: ADB, AMRO]



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5. LATEST GDP GROWTH FORECASTS FOR VIETNAM'S ECONOMY IN 2024 (CONT.)

Vietnam's 2024 Growth Forecasts of Selected World Organizations

Organizations	2024f
World Bank (WB) Last update in April 2024	5.5%
International Monetary Fund (IMF) Last update in April 2024	5.8%
Asian Development Bank (ADB) Last update in July 2024	6.0%
ASEAN+3 Macroeconomic Research Office (AMRO) Last update in July 2024	6.3%
S&P Global Last update in June 2024	5.8%

(Source: WB, IMF, ADB, AMRO, S&P Global)



6. VIETNAM'S EXPORTS TO THE US REBOUND AMID RISING TRADE DEFENCE CHALLENGES

Vietnam's exports to the US, its largest market, have rebounded significantly, with total turnover surpassing USD10 billion in both June and July. This marks a notable recovery compared to earlier months, when trade volumes amounted to around less than USD9 billion. From January to July, Vietnam's total exports to the US reached USD66.1 billion, reflecting a substantial 24.4% yoy growth. According to experts, as the US intensifies its purchasing ahead of the year-end season, further increases in orders can be anticipated.

Despite Vietnam's strong export performance, trade defense challenges are intensifying. Vietnamese exports have faced 250 investigations, with 25% initiated by the US. Additionally, the US recently denied Vietnam's market economy status, further pressuring exporters to defend against dumping allegations.

[Source: Vietnamnews]



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7. VIETNAM LEADS ASEAN IN TRADE WITH THE EU FOLLOWING EVFTA

Since the EU-Vietnam Free Trade Agreement (EVFTA) took effect on August 1, 2020, Vietnam has become the EU's leading trading partner in ASEAN, with exports to the EU surging nearly 50%. This growth has been fueled by the gradual elimination of tariffs, benefiting sectors like apparel, footwear, and logistics, while making European goods more accessible to Vietnamese consumers. In the first half of the year, Vietnam's exports to the EU exceeded USD24.69 billion, up 15.37% compared to the same period in 2023. The EVFTA has also spurred EU investment in Vietnam, contributing to the EU's status as the sixth-largest foreign direct investor, with over 2,450 projects worth more than EUR28 billion. As the EU's leading trade partner in ASEAN, Vietnam aims to continue to strengthen trade and investment ties with the EU, supporting supply chain stability and fostering business cooperation.

(Source: VietnamPlus)



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8. VIETNAM AND INDIA SET TO DEEPEN TIES

Vietnam and India are set to deepen their bilateral ties, particularly in trade, investment, and technology, supported by an upgraded trade agreement. During Prime Minister Pham Minh Chinh's visit to India, both countries agreed to enhance cooperation in sectors such as semiconductors, AI, rare earth processing, and IT. Both sides also pledged to accelerate the signing of a bilateral free trade agreement to boost economic relations. In the first half of this year, trade between Vietnam and India reached USD7.13 billion, with Vietnam's exports recording USD4.3 billion, increasing by 10.4% yoy. Indian firms, including Adani Group and BDR Pharmaceuticals, are increasingly investing in Vietnam, focusing on infrastructure, renewable energy, and pharmaceuticals. Additionally, the ASEAN-India Trade in Goods Agreement (AITIGA), signed in 2009, is currently under review, with expected enhancements to further facilitate trade and investment between the two nations.

[Source: Vietnam Investment Review]



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9. VIETNAM'S INDUSTRIAL REAL ESTATE MARKET TO THRIVE WITH FDI GROWTH

Vietnam's industrial property market is set to thrive due to steady FDI inflows. According to ACB Securities, industrial parks (IPs) and economic zones (EZs) attract 35-40% of total annual FDI and 70-80% of FDI in the manufacturing sector. It was also reported that industrial land rental fees make up about 10% of FDI project costs. Meanwhile, according to CBRE, by mid-2024, average land rents in northern tier-1 markets reached USD134 per sq.m (a 4.5% increase from last year), with an 83% occupancy rate. In southern tier-1 markets, average land rents reached USD173 per sq.m (a 1% rise) and occupancy hit 89%. Annual rent is projected to increase by 6-7% in the north and 3-7% in the south from 2024 to 2026. On the other hand, new developments are shifting to tier-2 markets with lower rents and improved connectivity.

[Source: Vietnam Investment Review]



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9. VIETNAM'S INDUSTRIAL REAL ESTATE MARKET TO THRIVE WITH FDI GROWTH (CONT.)

Status of Vietnam's industrial real estate market after H1 2024

	Northern tier 1 market	Southern tier 1 market
Land rental	USD134 m ² /remaining term	USD173 m ² /remaining term
Ready-built warehouse rental	USD4.6 m ² /month	USD4.5 m ² /month
Ready-built factory rental	USD4.9 m ² /month	USD4.9 m ² /month
Occupancy rate	83%	89%

[Source: CBRE]



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