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Vietnam Macroeconomic Commentary: December 2024

Vietnam's 2024 GDP growth came in at 7.1%, a solid recovery from the 5.1% recorded for 2023. The expansion in 2024 was driven entirely by a surge in manufacturing output growth (from 3.6% in 2023 to 9.8% in 2024), which in turn was propelled by a recovery in Vietnam's export to the US from an 11% drop in 2023 to a 23% surge in 2024. The US is Vietnam's biggest export market, accounting for around 30% of total exports, so the recovery in exports to the US drove a rebound in Vietnam's total exports from a 4% drop in 2023 to a 14.3% increase in 2024, according to the General Statistics Office (GSO).

The jump in exports to the US was driven by a circa 40% increase in exports of electronics and computers, which is discussed in [recent research](#) from the Hinrich Foundational. The authors of that research analyzed granular trade data of several high-tech product categories, such as modems, switches and routers, which come under "category HS851762" in the international harmonized system.

From 2018 to 2023, the proportion of HS851762 products that the US imported from China fell by 35%pts, and that drop was entirely offset by an increase in the proportion of those products imported from Vietnam (+18%pts), Taiwan (+10%pts), and Thailand (+6%pts). There are similar surges across a wide range of other high-tech products, including PCs (Vietnam's PC exports to the US have surged more than 10x since 2018, giving Vietnam a circa 18% share of US imports of PCs).

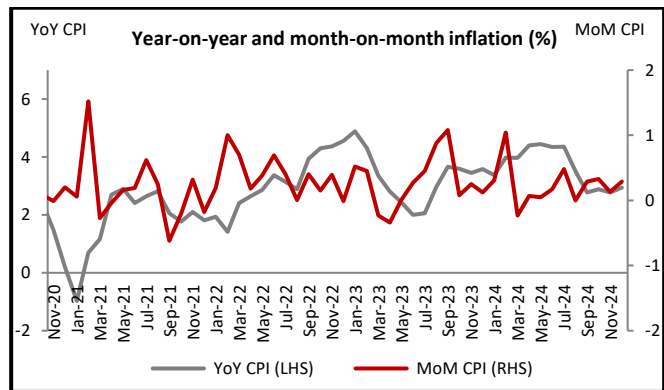
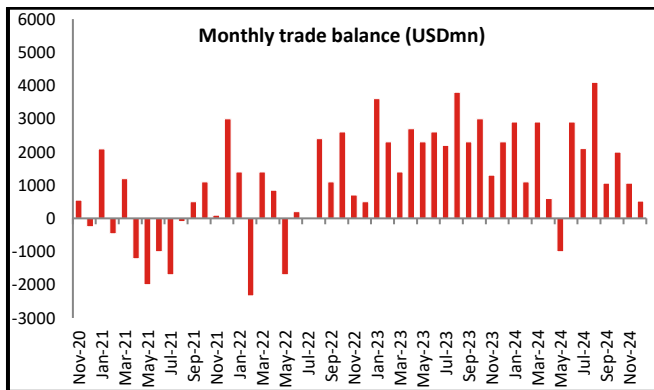
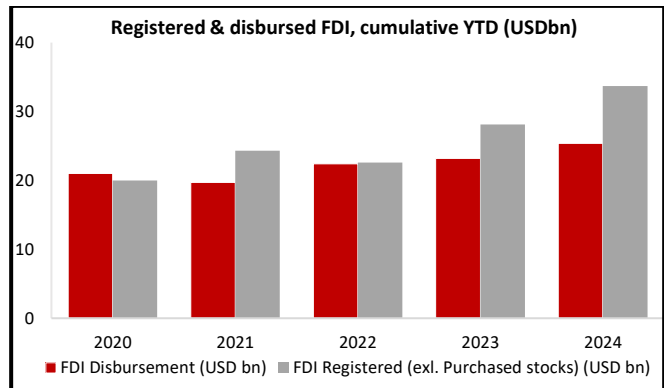
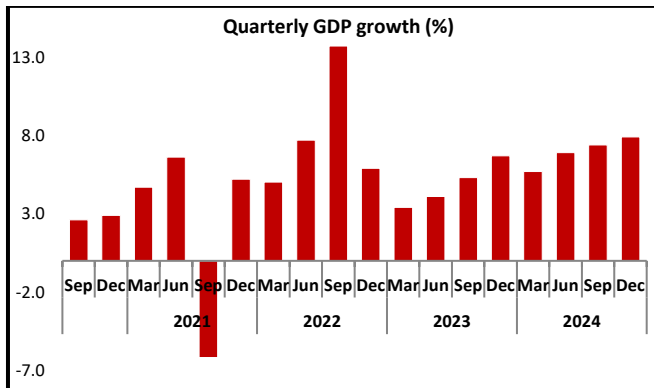
The net result is that Vietnam's trade surplus with the US reached USD 105bn last year (or 23% of GDP); Vietnam has the third-largest trade surplus in the world with the US. That said, Vietnam's total trade surplus of USD 25bn (or 5%/GDP) was not sufficient to defend the Dong, which depreciated by 5% in 2024, including 0.5% depreciation in December, driven by a variety of factors including concerns about Trump's tariffs on Vietnam, which we discussed in [this report](#).

The growth of Vietnam's retail sales (stripping out inflation) fell from 6.9% in 2023 to 5.9% in 2024, partly because consumer confidence remained weak in the first half of 2024, albeit improving as the year progressed. In addition, the growth of foreign tourist arrivals plunged from 240% in 2023, to 40% in 2024; foreign tourist arrivals in Vietnam surged from 20% of pre-COVID levels in 2022 to 70%/pre-COVID in 2023 and 98% of pre-COVID in 2024.

We estimate that foreign tourists accounted for about 10% of retail sales in Vietnam pre-COVID, so that steep drop in the growth rate of tourist arrivals last year, coupled with a modest recovery in consumer confidence, helps explain slower consumption growth in 2024.

Finally, Vietnam's CPI inflation rate remained subdued at 2.9% YoY in December because retail petrol prices in Vietnam were down approximately 6% YoY (comparable to the modest YoY drop in global oil prices), offsetting a circa 4% YoY increase in food prices. Furthermore, Chinese food prices had been increasing by around 3% YoY for months but fell to just 1% last month, which should put further downward pressure on food price inflation in Vietnam despite the upcoming Lunar New Year holiday.

Macroeconomic Charts



Macroeconomic Indicators

	2023	Dec-24	2024
GDP growth (%) ¹	5.1	7.9	7.1
Inflation (%) ²	3.3	2.8	3.7
FDI commitments ³ (USD bn)	28.1	6.4	33.7
FDI disbursements (USD bn)	23.2	3.7	25.4
Imports (USD bn)	326.4	35.0	380.8
Exports (USD bn)	354.7	35.5	405.5
Trade surplus/(deficit) (USD bn)	28.3	0.5	24.8
Exchange rate (USD/VND) ⁴	24,265	25,485	25,485

Sources: GSO, Vietnam Customs, MPI, Bloomberg

Note:

1. FDI and trade data is YTD y-o-y; GDP growth data is latest quarter y-o-y
2. Monthly y-o-y change; year-to-date is monthly average change in CPI per GSO
3. BBG-USD/VND Spot Exchange rate

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