

## Macro Report

# December 2024: GDP growth surpassed expectations, driven by trade and retail sales robust performance

## Global economy – FED may slow the pace of rate cuts due to inflation concerns in 2025

In December, the FED continued to lower its interest rate by an additional 25 basis points, bringing the FED interest rate to a range of 4.25% – 4.5%. However, the Federal Reserve may slow the pace of rate cuts in 2025 to mitigate the risk of inflation resurgence following Trump's return to the presidency. TVS Research maintained our forecast that China's economy will grow below 5% in 2024, as key components of its GDP show no signs of recovery.

## Vietnam Economy – Retail and services sectors achieved impressive results in the final month of 2024

Retail sales of goods and services exhibited robust growth in December 2024 (+9.3% YoY), driven by increased consumer spending during the year-end period. The Services and Industrial & Construction sector served as the primary contributors to Vietnam's GDP growth.

## Money Market – Exchange rates and interbank rates kept increasing

The VND continued to depreciate by an additional 0.6 percentage points in December, bringing the total annual depreciation in 2024 to 5%, on par with other currencies in the region, reflecting the SBV's management efforts throughout the year.

Overnight interbank interest rates fluctuated between 3.0% – 4.5% during the final month of the year. The improved deposit growth and more evenly distributed credit disbursement in the closing months of 2024 contributed to moderating the upward pressure on interbank interest rates in December.

## Commodities Market – Prices unchanged in December

**Global commodities prices experienced a modest increase in December (+1.8% MoM).** In December, the increase in oil and food prices, represented by wheat prices, was mainly driven by higher year-end demand in major global economies, excluding China.

Global's indicators	Dec 24	% MoM	%YTD
<b>Inflation (%):</b>			
US	2.4%	0.1%	-0.3%
EU	2.4%	0.0%	-0.5%
China	0.1%	-0.1%	0.6%
<b>PMI (points):</b>			
US	49.4	-0.3	1.5
EU	49.6	1.3	2
China	50.5	-1	0.8
<b>Vietnam's Indicators</b>			
CPI	2.9%	0.1%	2.8%
Manufacturing PMI	49.8	-1	2.5
IIP	8.8%	0.8%	8.8%
Exports (USD billion)	35.5	5.3%	12.8%
Imports (USD billion)	35.0	7.2%	19.2%
Retail (VND trillion)	570.7	1.9%	9.3%
Public investment (VND trillion)	86.3	9.3%	11.7%
Reg. FDI (USD billion)	6.8	166.3%	-11.7%

Money market	Dec 24	%MoM	%YTD
USD/VND	25,485	0.5%	5.05%

Commodities market	Dec 24	%MoM	%YTD
BCOM Index	98.7	+1.8%	-3%

**Note:** ■ Weaker than last term  
■ Better than last term

Anh Nguyen

[anhnd@tvs.vn](mailto:anhnd@tvs.vn)

+84 24 32484820 Ext. 6417

Hanh Nguyen

[hanhntk@tvs.vn](mailto:hanhntk@tvs.vn)

+84 24 32484820 Ext. 6412

Quang Nguyen

[quangnv@tvs.vn](mailto:quangnv@tvs.vn)

+84 24 32484820 Ext. 6420

## Global Macro

### **FED may slow the pace of interest rate cuts in 2025 to mitigate inflation risks following Donald Trump's inauguration.**

In December, the FED continued to cut interest rates by an additional 25 basis points, bringing the U.S. FED rate to a range of 4.25% – 4.5%. However, the FED might slow the pace of rate cuts in 2025, with a maximum reduction of 50 basis points, equivalent to 2 rate cuts of 25 basis points each.

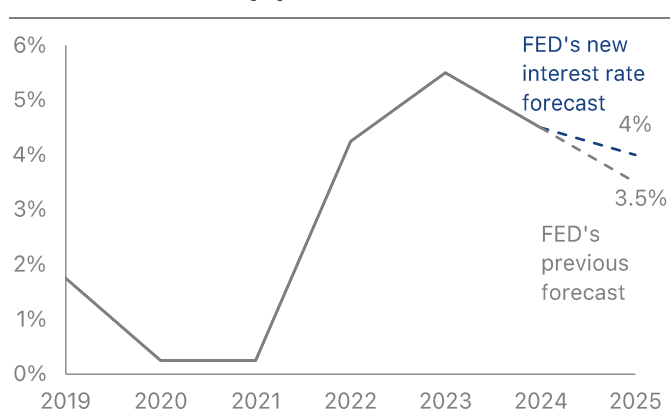
We assess that this decision by the FED will mitigate the risk of a resurgence in inflation in the United States, should Trump implement higher tariffs on goods from China or implement such measures on goods from other countries maintaining a trade surplus with the U.S.

Currently, the primary effect of these statements is the appreciation of the U.S. dollar, leading to the depreciation of other currencies worldwide.

TVS Research believes that before Trump officially takes office and begins implementing his economic policies, the global economic landscape is unlikely to experience significant fluctuations in January 2025.

**Figure 1: FED continued to cut interest rates by 25 basis points in December and signalled a slower pace of rate cuts in 2025**

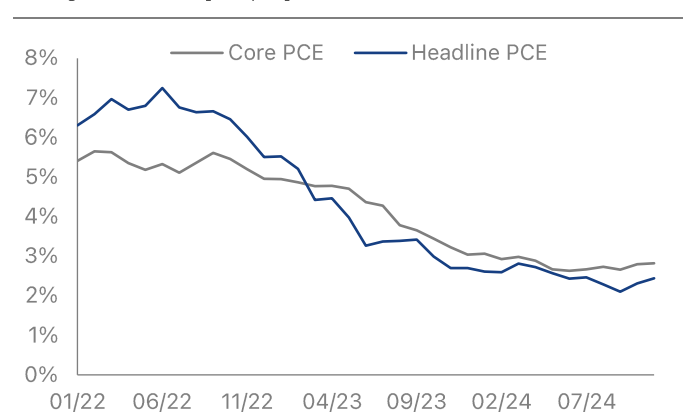
Effective FED fund rate [%]



Source: FRED, TVS Research

**Figure 2: Inflation in the U.S. increased again in Q4 2024**

Change in US PCE [YoY, %]



Source: FRED, TVS Research

### **China's inflation in December weakened, indicating that the economic stimulus package has not yet taken effect.**

As of December 2024, China's inflation continued to decline, approaching 0%, indicating that the Government's September economic stimulus package aimed at boosting domestic consumption has not yet taken effect.

In addition, the lack of improvement in the real estate market remained a key obstacle to the Chinese government's 5% economic growth target for 2024. Therefore, TVS Research maintains our view that

China's economy will grow below 5% in 2024, as key components of GDP showed no signs of recovery.

**Figure 3: Falling inflation indicates that consumer demand in China has not yet recovered**

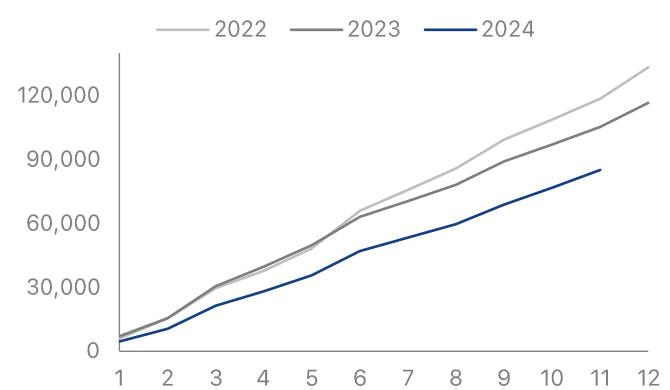
China's Inflation Rate [%]



Source: FRED, TVS Research

**Figure 4: China's real estate market remained weak despite the economic stimulus package**

China real estate market's transaction value [CNY trillion]



Source: NBSC, TVS Research

## Vietnam Macro

**GDP in 2024 reached 7.1% YoY, exceeding the target set by the Government.**

**The GDP growth for Q4 2024 reached 7.5% YoY, contributing to the overall economic growth of 7.1% YoY for 2024, exceeding the Government's target of 6-6.5%.** Positive momentum stemmed from a remarkable recovery in the Services sector in Q4 and stable growth in the Industrial & Construction sectors.

Retail and service activities in Q4 2024 were driven by seasonal factors, with increased consumer spending during the year-end holidays and a recovery in international tourism throughout 2024. Additionally, demand in the technology and AI sectors contributed to significant growth in the manufacturing industry throughout 2024 (according to Gartner's 2024 IT spending report).

**Figure 5: GDP Q4 2024 sustains its robust growth momentum...**

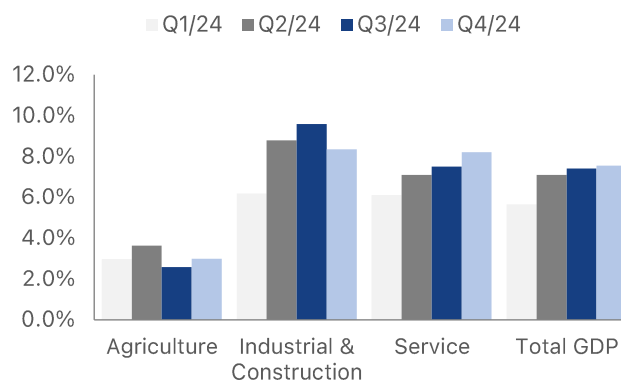
Quarterly GDP growth from Q1 2022 – Current [% YoY]



Source: GSO, TVS Research

**Figure 6: ...driven by a considerable recovery in the Service Sector**

GDP growth by sector from Q1 2024 – Current [% YoY]



Source: GSO, TVS Research

**Import & Export activities showed positive growth in the final month of 2024.**

Export and import activities saw impressive growth, **with export and import values in December 2024 reaching USD 35.5 billion (+12.8% YoY) and USD 35.1 billion (+19.2% YoY), respectively.** Key export items such as computers & components (+29.1% YoY), machinery & other industrial equipment (+14.6% YoY), and textiles & garments (+16.2% YoY) showed strong growth, contributing significantly to the recovery of exports compared to November.

In December 2024, imports increased sharply (+19.2% YoY), particularly in production materials from the FDI sector, including electronics, computers & components (+14.9% YoY), phones & components (+34.1% YoY), and machinery & other equipment (+20.9% YoY). The strong increase in imports signalled continued growth in order volumes at the start of 2025, as businesses accelerated

stockpiling in anticipation of potential import tariffs under the new US President Donald Trump and geopolitical uncertainties in the Middle East and between Russia and Ukraine that may escalate in 2025.

**For the entire year of 2024, the total value of exports and imports achieved impressive results, reaching USD 405.5 billion (+14.3% YoY) and USD 380.8 billion (+16.7% YoY), respectively.** We believe that the factors driving export growth will continue to be sustained and further leveraged in 2025.

**Figure 7: Export & Import activities maintained steady growth in December 2024**

Export & Import growth from Jan 2023-Current [% YoY]



Source: Fiinpro-X, TVS Research

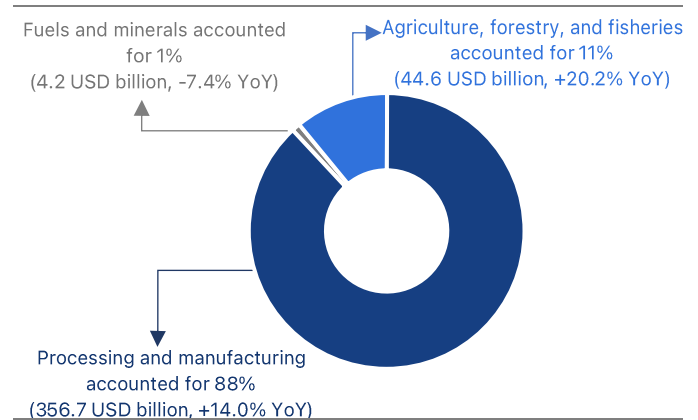
**Total registered FDI in December 2024 increased slightly.**

**The total registered and disbursed FDI in December 2024 reached USD 6.8 billion (-11.7% YoY) and USD 3.6 billion (+25.2% YoY), respectively.** For the entire year of 2024, FDI registration and disbursement totalled USD 38.2 billion (-3% YoY) and USD 25.4 billion (+9.4% YoY), respectively. In terms of the composition of FDI disbursement in Vietnam in 2024, the manufacturing industry accounted for 81.4%, the real estate sector for 7.2%, and other industries for 11.4%.

The decline in registered FDI reflected investor caution regarding potential changes in trade policies under the administration of D. Trump. However, we believe Vietnam held certain advantages in attracting FDI in the medium and long term, thanks to the government's reform policies in the Investment Law and Enterprise Law, increasingly simplified administrative procedures, and tax incentives for FDI enterprises.

**Figure 8: The Processing and manufacturing sector constituted the majority of export composition in 2024**

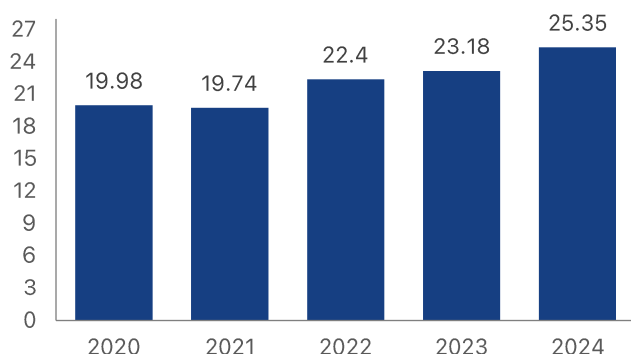
Export components by sector in 2024 [%]



Source: GSO, TVS Research

**Figure 9: Total disbursed FDI maintained stable growth**

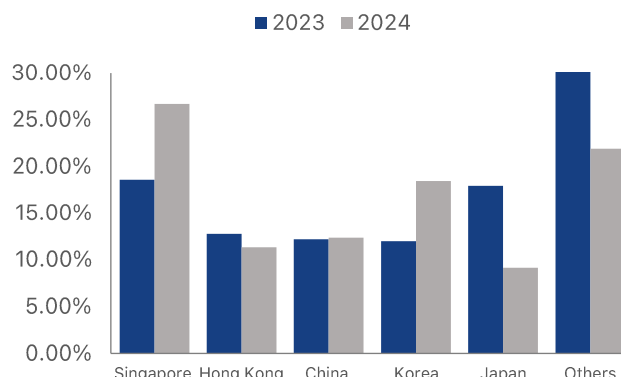
Total FDI disbursed in Vietnam from 2020 – Current [USD billion]



Source: Fiinpro-X, TVS Research

**Figure 10: Singapore remained the largest FDI investor in Vietnam**

The proportion of FDI investment investors in Vietnam in 2023 and 2024 [%]



Source: Fiinpro-X, TVS Research

## Retail sales recovered impressively in December 2024.

The growth rate of total retail sales of goods and services in December 2024 reached +9.3% YoY and +1.9% MoM. In 2024, total retail sales increased by 9.0% YoY, or 5.9% YoY when adjusted for inflation. As previously forecasted, the retail sector achieved positive growth in December due to heightened consumer demand during the year-end holiday season and promotional campaigns launched by retail businesses to stimulate consumption.

**Figure 11: Retail sales growth reached 9.3% in December 2024**

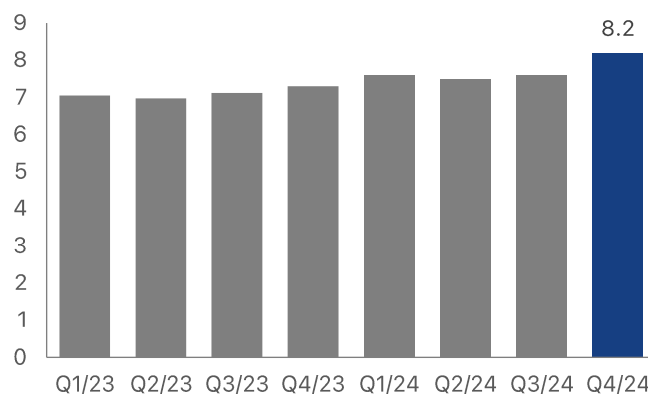
Retail & service revenue growth by month from Jan 2023 – Current [% YoY]



Source: GSO, TVS Research

**Figure 12: Average income in Q4 2024 witnessed strong growth compared to previous quarters**

The average income of workers from Q1 2023 – Current [VND million/month]



Source: GSO, TVS Research

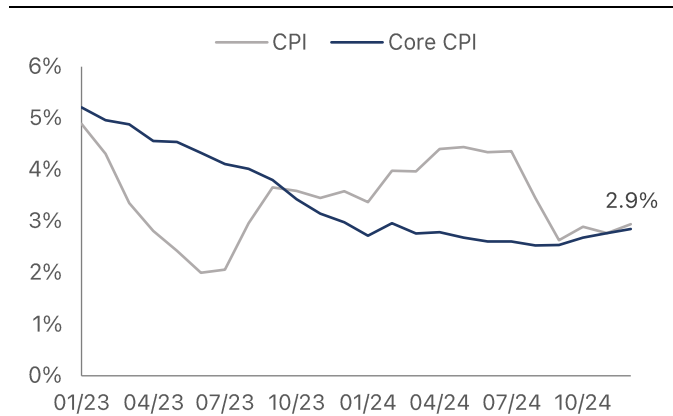
**Inflation in 2024 was kept under control, staying below the target set by the National Assembly.**

**Inflation in December 2024 increased by 0.29% MoM.** The most significant contributors to the CPI rise in December were the Medicine & Healthcare Services group and the Housing & Construction Materials group, contributing 0.12 percentage points and 0.1 percentage points, respectively. The main reasons were adjustments in healthcare service prices in some localities and colder weather in the Northern and Central regions, which increased the demand for various types of medicine. Meanwhile, housing prices rose due to increased demand for rentals. A positive highlight was the effective control of Grain food and Foodstuff prices during the year-end shopping season, which helped stabilise domestic commodity prices.

**For the entire year of 2024, the average CPI increased by 3.63% YoY, remaining under the target set by the National Assembly.** The main contributors to the overall CPI were the Food and catering services group (+4.03% YoY) and the Housing and construction materials group (+5.2% YoY), which respectively contributed 1.36 percentage points and 0.98 percentage points to the CPI increase. We believe that the CPI in 2025 will rise with fluctuations in global commodity markets, such as oil and food prices, but it will still remain within the government's control target of 4.5%.

**Figure 13: CPI December 2024 increased 2.9% compared to the same period in 2023**

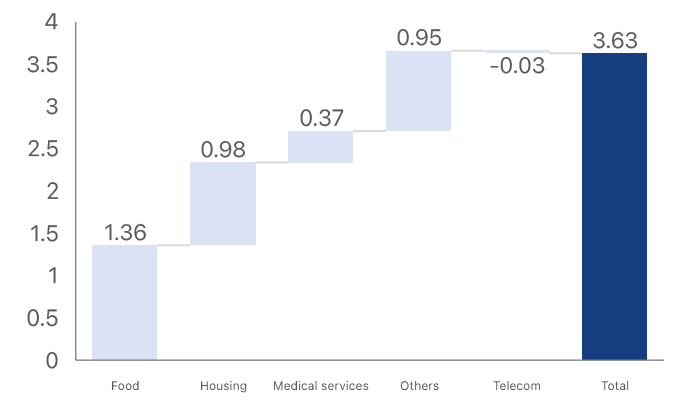
Headline CPI and core CPI from Jan 2023 – Current [% YoY]



Source: Fiinpro-X, TVS Research

**Figure 14: Food & Catering services group was the most significant contributor to the December CPI**

The average CPI growth in 2024 by contribution from various groups [pts]



Source: Fiinpro-X, TVS Research

## Money market

**The VND continued to depreciate in December, bringing the total depreciation for the year to 5%.**

**The VND depreciated further by 0.6 percentage points in December as the US Dollar Strength Index (DXY) surged.** Contrary to our forecast in the [November 2024 Macro Report](#), the DXY strengthened significantly, reaching a 2-year peak (above 109 points) after the Federal Reserve indicated that the pace of interest rate cuts might slow down in the coming year. Additionally, market expectations regarding new economic and trade policies under President Trump's administration, aimed at revitalising US economic growth and exerting pressure on inflation, further strengthened the USD.

**The depreciation of the VND against the USD in 2024 stood at 5%, comparable to other currencies in the region, reflecting the SBV's efforts in managing exchange rates during a year of significant volatility.** Specifically, the SBV flexibly utilised open market operations to regulate VND liquidity, particularly during periods of heightened exchange rate pressure, such as Q2 and Q4 of 2024. In addition, the SBV intervened by selling foreign exchange reserves to “cool down” the exchange rate at certain critical moments, with the total estimated sales for the year amounting to approximately \$8 billion.

**Figure 15: The DXY reached the 2-year peak, around 109.4 in December 2024**

DXY Index [points]

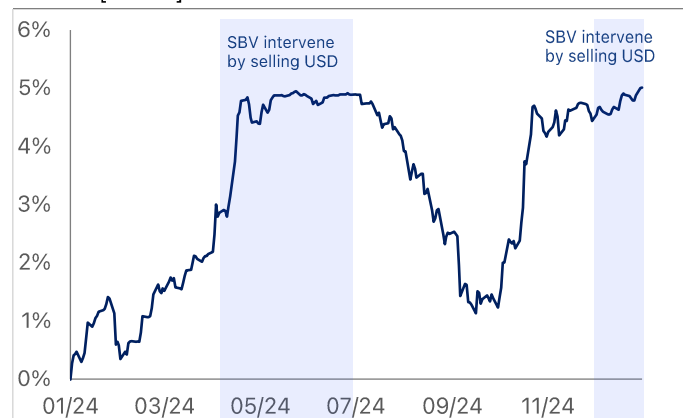


Source: Bloomberg, TVS Research

**Interbank interest rates rose significantly compared to the beginning of the year, fluctuating within the range of 3.0% to 4.5%**

**Figure 16: The USD/VND exchange rate witnessed marked volatility throughout the year, prompting the SBV to intervene by selling USD**

The change of the USD/VND exchange rate compared to the end of 2023 [% YTD]



Source: Bloomberg, TVS Research

**Overnight interbank interest rates fluctuated within the range of 3.0-4.5% during the final month of the year.** The range of fluctuations in interbank rates in December was narrower compared to the previous month, attributed to the SBV's flexible liquidity management through reverse repo operations, open market sterilization via treasury bills, and USD sales to commercial banks. Additionally,



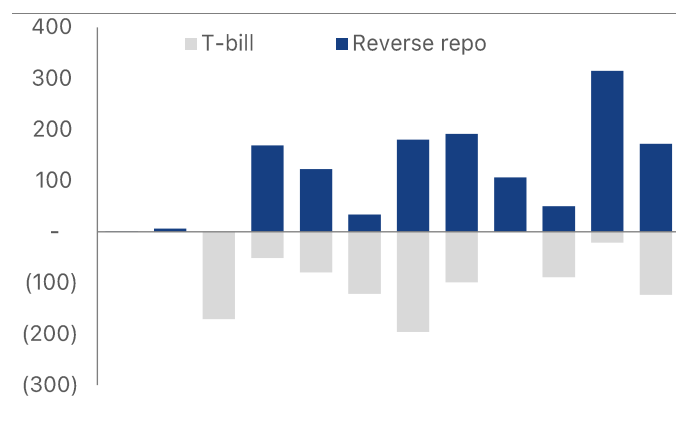
## for the majority of the second half of 2024.

improved deposit growth and a more evenly distributed credit disbursement in the final months of the year also contributed to mitigating the upward pressure on interbank interest rates in December.

**Interbank interest rates increased considerably compared to the beginning of the year**, fluctuating within the range of 3.0-4.5% for most of the second half of the year. This upward trend also exerted pressure on deposit interest rates at commercial banks during the same period.

**Figure 17: The SBV flexibly managed liquidity through open market operations**

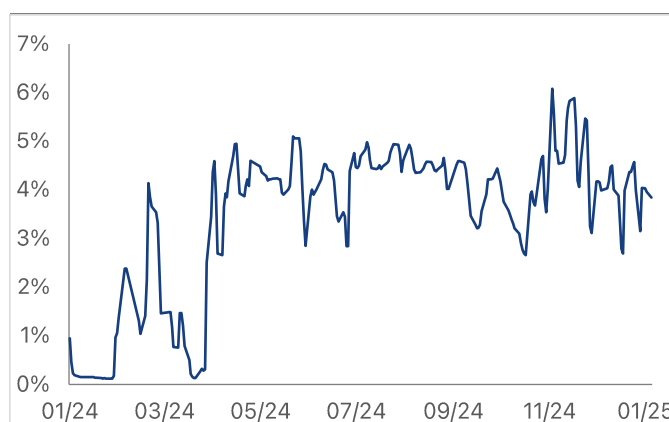
Volume of treasury bills & reverse repo of SBV [VND trillion]



Source: FiinPro-X, TVS Research

**Figure 18: Interbank interest rate rose significantly compared to the beginning of the year**

Overnight Interbank interest rate [%]



Source: FiinPro-X, TVS Research

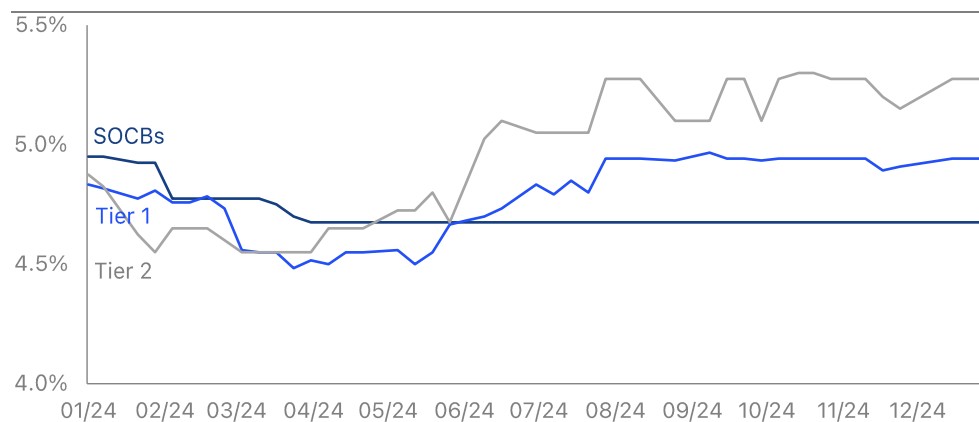
## The deposit interest rates rose in the second half of 2024 but remained lower than the levels seen during the monetary easing phase of the Covid-19 pandemic.

In line with our previous forecasts, deposit interest rates at several banks increased slightly in Q4 2024 to meet the capital requirements for credit disbursement in the year-end period.

By the end of 2024, deposit interest rates at private commercial banks rose modestly compared to the beginning of the year, while those at state-owned commercial banks (SOCBs) declined. Although rates had increased since late May 2024 due to capital demand for credit growth and pressure from interbank market rates, the current deposit interest rates were still 50-100 basis points lower than during the monetary easing phase of the Covid-19 pandemic (2021-2022). The maintenance of low deposit interest rates enabled banks to reduce lending rates, thereby supporting customers and contributing to economic growth.

**Figure 19: Deposit rate increased slightly**

12M savings deposit interest rate for individuals at some commercial banks [%]



Notes: SOCBs – Agribank, BID, CTG, VCB; Tier 1 – ACB, MBB, SHB, STB, TCB, VPB; Tier 2 – HDB, LPB, MSB, VIB.

Source: Banks' website, complicated by TVS Research

## Commodities Market

### Commodities prices increased modestly in December 2024.

**Global commodity prices increased modestly in December (+1.8% MoM).** In December, the prices of oil and foodstuffs, represented by wheat prices, rose primarily due to increased year-end consumption demand in major global economic regions, except for China, where inflation continued to decline.

**Figure 20: The BCOM Index increased in December**

BCOM Index [points]



Source: Bloomberg, TVS Research

### Energy prices

- **Brent crude prices** at the end of December 2024 were 74.6 USD/barrel, +3.9% MoM
- **Natural gas prices** in December 2024 remained stable at 3.3 USD/MMBtu
- **Newcastle coal prices** remained unchanged in December 2024 at 136.2 USD/ton

### Precious metal & industrial products prices

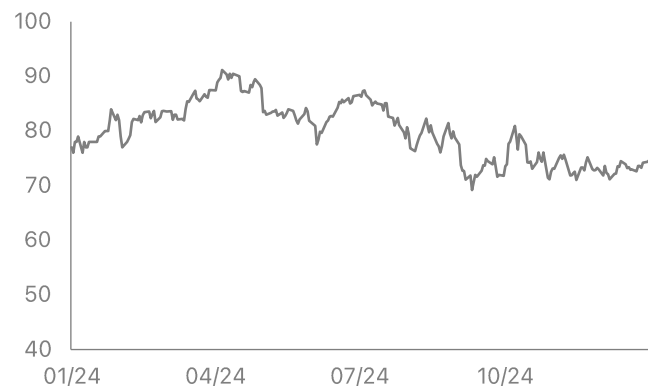
- **Gold futures** on the COMEX market remained stable at 2,641 USD/ounce
- **Iron ore prices** on the Singapore Exchange decreased to 100.5 USD/ton, -3.9% MoM

### Agriculture products

- **Wheat futures** increased to 551 USD/bushel in December 2024

**Figure 21: Oil prices increased in December**

Brent crude oil [USD/barrels]



Source: Bloomberg, TVS Research

**Figure 22: Gold prices remained unchanged in December**

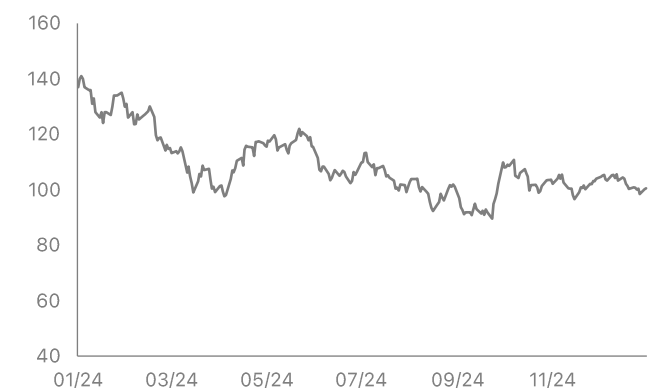
Gold FT [USD/ounce]



Source: Bloomberg, TVS Research

**Figure 23: Iron ore prices decreased in December**

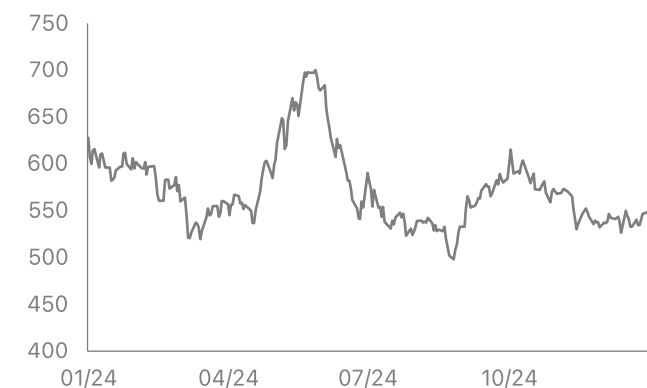
Iron ore [USD/ton]



Source: Bloomberg, TVS Research

**Figure 24: Wheat prices increased in December**

Wheat [USD/bushel]



Source: Bloomberg, TVS Research

## Notable economic events in January 2025

Date	Event	Level of impact
2/1/2025	Vietnam - PMI report announcement	Moderate
6/1/2025	Vietnam - Q4 2024 GDP growth data announcement	High
	Vietnam - December 2024 Industrial production index	High
	Vietnam - 2024 FDI report	High
15/1/2025	US - December 2024 inflation rate	Moderate
16/1/2025	The maturity date of the VN30 Index future contract	Moderate
17/1/2025	China - Q4 2024 GDP growth data announcement	High
	China - December 2024 Industrial production index	Moderate
30/1/2025	FED interest rate announcement	High
	EU – Interest rate announcement	Moderate

## List of issued reported

Categories	Titles	Company/Industry	Release Date
Macro update	Macro update November 2024	Macro	<a href="#">12/12/2024</a>
Market update	Market update November 2024	Market	<a href="#">12/12/2024</a>
Company report	Earnings update Q3 2024	PVS	<a href="#">6/12/2024</a>
Investment Strategy Report Q4 2024	Investment Strategy Report Q4 2024	Overall Market	<a href="#">22/11/2024</a>
Market Strategy Report Q4 2024	Market Strategy Update Report Q4 2024	Overall Market	<a href="#">22/11/2024</a>
Macro Strategy Report Q4 2024	Macro Strategy Update Report Q4 2024	Macro	<a href="#">22/11/2024</a>
Earnings update	Earnings update Q3 2024	Market	<a href="#">05/11/2024</a>
Company report	Earnings update Q3 2024	TCB	<a href="#">31/10/2024</a>
Macro update	Macro update September 2024	Macro	<a href="#">10/10/2024</a>
Market update	Market update September 2024	Market	<a href="#">10/10/2024</a>
Company report	AGM update	DXG	<a href="#">07/10/2024</a>
Macro update	Macro update August 2024	Macro	<a href="#">12/09/2024</a>
Market update	Market update August 2024	Market	<a href="#">12/09/2024</a>
Company report	Initial report	DGC	<a href="#">10/9/2024</a>
Company report	AGM update H1	VIB	<a href="#">07/8/2024</a>

## Disclaimer

This report is written and issued by Thien Viet Securities Joint Stock Company (TVS). The report is based on information gathered from sources that TVS considers reliable; however, TVS does not guarantee the accuracy and completeness of this information.

Opinions and viewpoints expressed in the report reflect the analyst's opinion at the time of issuance. These opinions do not necessarily represent the general views of TVS and may change without prior notice.

The report is for informational purposes only and is not intended as an offer, or solicitation to buy or sell any securities mentioned. Investors have full discretion and assume all risks in using the information and considering the opinions in the report. TVS disclaims any liability for any direct or indirect damages arising from the use of this report.

## Recommendation System

The recommendations of Buy, Sell, or Hold for stocks are determined based on the expected total return, which is the sum of the difference between the target price and the current market price of the stock, plus the expected dividend yield. Specific definitions for each recommendation level are as follows:

Recommendation ratings	Definition
BUY	Expected stock total return over 1 year > 20%
HOLD	Expected stock total return over 1 year is between -10% to 20%
SELL	Expected stock total return over 1 year < -10%

## Thien Viet Securities Joint Stock Company – [www.tvsv.vn](http://www.tvsv.vn)

### Ha Noi

15th floor, Harec Building  
4A Lang Ha, Ba Dinh, Hanoi  
Phone: +84 (24) 7300 6588  
Fax: +84 (24) 3248 4821

### Ho Chi Minh

9th floor, Bitexco Building Nam Long  
63A Vo Van Tan, District 3, Ho Chi Minh  
Phone: +84 (28) 7300 6588  
Fax: +84 (28) 299 2088

## Contact information

### Research Department

#### Nguyen Trong Dinh Tam

Deputy Director of Investment  
Strategy  
[tamntd@tvsv.vn](mailto:tamntd@tvsv.vn)

#### Nguyen Thi Kieu Hanh

Senior Analyst  
[hanhntk@tvsv.vn](mailto:hanhntk@tvsv.vn)

#### Nguyen Duc Anh

Analyst  
[anhnd@tvsv.vn](mailto:anhnd@tvsv.vn)

#### Pham Nguyen Long

Senior Analyst  
[longpn@tvsv.vn](mailto:longpn@tvsv.vn)

#### Tieu Phan Thanh Quang

Analyst  
[quangtp@tvsv.vn](mailto:quangtp@tvsv.vn)

#### Nguyen Van Quang

Analyst  
[quangnv@tvsv.vn](mailto:quangnv@tvsv.vn)