

press release

Standard Chartered forecasts Vietnam's GDP growth at 6.8% in 2018

17 January 2018, Ho Chi Minh City – Standard Chartered Bank expects Vietnam's economy to grow strongly by 6.8% in 2018, buoyed by still-strong manufacturing activity.

This forecast is highlighted at Standard Chartered's Global Research Briefing held today in Ho Chi Minh City, drawing senior representatives from over 100 local and foreign corporate clients. The annual event discusses Standard Chartered's recently published Global Focus - Economic Outlook 2018 report entitled "Beware of the dog", and its latest Global Research report on Vietnam entitled "Vietnam in 2018 – Fast or furious?".

"Most macro-economic indicators in Vietnam have improved in 2017, which has helped to minimise market volatility, increase Vietnam's export competitiveness relative to other ASEAN economies, attract FDI, and create public confidence towards the State Bank of Vietnam's management capabilities and policies. We are confident that the Vietnamese economy will remain one of the fastest growing in Asia in 2018." **said Nirukt Sapru, CEO Vietnam and ASEAN and South Asia Cluster Markets, Standard Chartered Bank.**

"Vietnam recorded a nine-year high GDP growth rate of 6.8% y/y in 2017, in line with our forecast and exceeding consensus expectations. We are positive on Vietnam's growth medium-term on strong manufacturing activity as FDI inflows to electronics manufacturing remain strong." **said Chidu Narayanan, Economist, Asia, Standard Chartered Bank**

According to the latest macro-economic research report on Vietnam, manufacturing is likely to expand in double digits in 2018, supported by still-strong FDI inflows and robust global demand for electronics. Electronics export growth is projected to remain robust near-term, leading to a trade surplus and supporting overall growth. The Bank forecasts FDI inflows to stay strong this year at close to USD15 billion and the inflows to the manufacturing sector, particularly electronics manufacturing, to remain high in the medium term.

"Vietnam has benefited from its participation in regional trade pacts, a young and educated population, a cheap and growing labour force, and geographical proximity to China, which should continue to attract strong FDI inflows over the medium term." **said Chidu Narayanan, Economist, Asia, Standard Chartered Bank**

The study also expects steady growth in services to support overall growth, led by strong domestic trading activity. The services sector, which makes up close to 40% of the economy, rose by a robust 7.45% y/y in 2017, the fastest since the global financial crisis. Construction should also continue to increase this year and see a growth rate of slightly below 10%, after the moderate slowdown in full-year 2017.

Today's event is part of the 2018 Standard Chartered Global Research Briefing series, which is organised by the Bank in major ASEAN cities to provide its clients in-depth insight and analysis on global, regional and local socio-economic trends that will have an impact on international business and trade in the year ahead.

Highlights of Vietnam 2018 Outlook by Standard Chartered Global Research:

- GDP to grow by 6.8%
- FDI inflows to remain strong, though lower than in 2017, at close to USD 15 billion
- Export to see strong growth of close to 20%, led by electronics
- Inflation to pick up further in 2018, averaging 4.0% y/y
- Steady policy rates and mild VND appreciation in 2018. USD-VND forecast at 22,650 by Q2-2018 and at 22,600 by end-2018
- Neutral FX weighting on the VND

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Notes to Editors

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On August 1, 2009, we commenced operations in our locally incorporated entity – Standard Chartered Bank (Vietnam) Limited, an important milestone of Standard Chartered's development in Vietnam. The bank currently has four branches (two in Hanoi and two in Ho Chi Minh City). Its Head Office is based in Hanoi.

We bring our international expertise and experience in Asia, Africa and the Middle East to Vietnam, building a broad business that helps to develop the Vietnamese financial service sector as well as helping clients to develop their businesses. Standard Chartered has acted as the sole Sovereign Credit Ratings Advisor to the Vietnamese Government since March 2012.

The Bank provides a full suite of banking products and services for corporates, financial institutions as well as small and medium enterprises and individuals. We also play an active role in building the communities through many programs that promote social and economic development focusing on health, youth and financial education.

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