

press release

Standard Chartered: Vietnam gets back on track after drought, GDP growth forecast at 6.6% this year

13 January 2017, Ho Chi Minh City, Vietnam – Standard Chartered Bank expects Vietnam’s growth of 6.6% in 2017, after a drought-induced slowdown in 2016. Strong manufacturing growth and increased construction activity are likely to remain the key growth drivers in 2017.

This forecast is highlighted in Standard Chartered’s Global Research Briefing held today in Ho Chi Minh City. The high level economic briefing attracts senior representatives from more than 100 local and foreign businesses.

The annual event informs Standard Chartered’s recently published Global Research report titled “Welcome to the jungle”, which describes 2017 with risks and possibilities multiplying and lurking like the scene in a tropical jungle. The report expects 2017 global GDP growth to be similar to 2016, at 1.5%, driven by emerging markets.

“2017 is shaping up to be an exciting but volatile year. The potential reflation of the US economy is fuelling optimism, but we think this is overdone, as tightening financial conditions may stunt growth before fiscal stimulus takes root. Tighter conditions are also likely to unleash further volatility, leading to re-pricing of risk in many emerging markets.” said **Marios Maratheftis, Chief Economist, Standard Chartered Bank**.

The Bank, however, remains upbeat about the outlook for Vietnam, which it believes is getting back on track after drought.

“Most macro-economic indicators in Vietnam have improved in recent months, and progress continues to be made in establishing appropriate macroeconomic stability. We believe Vietnam will continue to be an attractive destination for investment.” said **Nirukt Sapru, CEO of Standard Chartered Bank Vietnam**.

“We expect FDI inflows in Vietnam to slow mildly in 2017 but still remain high, at close to USD 10bn. Vietnam has benefited from its participation in regional trade pacts, which has helped to attract significant investment. We see minimal negative impact on Vietnam from the Trans-Pacific Partnership (TPP) potentially not going through, as FDI in anticipation of the TPP had been front-loaded.” said **Chidu Narayanan, Economist, Asia, Standard Chartered Bank**.

Today’s event is part of the 2017 Standard Chartered Global Research Briefing series, which is organised by the Bank in major ASEAN cities to provide 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 2017 outlook by Standard Chartered Global Research:

- GDP to grow by 6.6%
- FDI inflows to slow in 2017 but remain high, at close to USD 10bn
- Exports to increase only moderately, capped by still-slow demand from markets such as the US and the EU.
- Inflation likely to pick up, averaging 4.3%
- Unchanged policy rates and a mild devaluation of the Vietnamese dong (VND)
- Neutral short- and medium-term FX weightings 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 more than 850 employees and three branches (two in Hanoi and one in HCMC). The 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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