

# 2019 GDP & Inflation

## Exceed the Government's targets

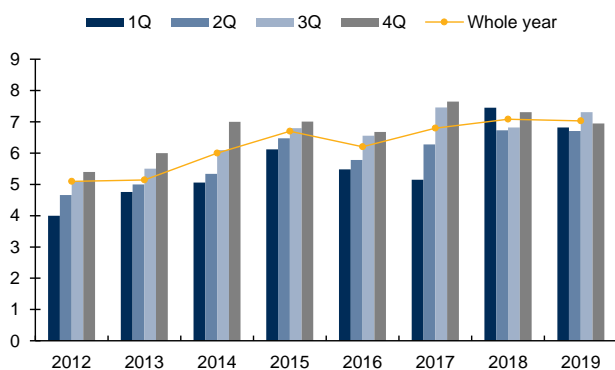
### GDP is estimated at 7.03% in 2019 – the second year to witness >7% GDP

- With the estimated GDP growth of 7.03% (released by Prime Minister Nguyen Xuan Phuc on December 25), Vietnam is one of the countries with the highest GDP growth rate in the world amid slowing global economic growth in 2019.
- The major contribution to GDP growth this year mainly comes from manufacturing, processing and consumption. **Export growth has been rising throughout the year due to the relocation of production lines from China to Vietnam under the pressure of the US-China trade war.**
- We estimate that Vietnam's GDP should grow at 6.7 – 6.8% in 2020, mainly supported by public investment, processing-manufacturing and consumption.

### Average inflation in 2019 reached 2.73% and hit its three-year lows

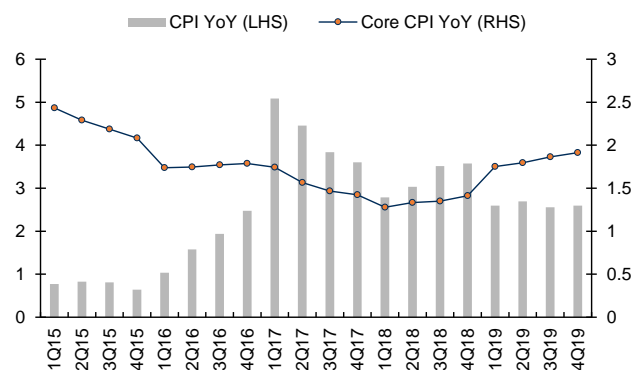
- According to the Ministry of Finance, the increase in consumer goods (especially pork prices in 2H2019), March electricity prices, and healthcare services prices (adjusted up to be in line with the gain of basic salary and educational services prices) are the main reasons for CPI increase in 2019. In contrast, the decline in transportation prices given lower petrol prices helped to stabilize the CPI this year.
- **Inflation rate in 2020 is estimated at 3.5%**, with the uncertain factor of pork prices. However, a USDA estimated shortfall of only about 650,000 tons of pork in 2020 and the expected 50% imported pork from other countries should partially offset the shortage. We forecast pork prices should only increase sharply in 1Q20, and gradually cool down in next quarters.

Fig 1. GDP growth from 2012 – 2019



Source: Vietnam General Statistics Office, KB Securities Vietnam

Fig 3. CPI growth from 2015 – 2019



Source: Vietnam General Statistics Office, KB Securities Vietnam

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### Investment Ratings for Stocks

(based on expectations for absolute price gains over the next 6 months)

Buy:	Hold:	Sell:
+15% or more	+15% to -15%	-15% or more

### Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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