Vietnam

IMF lowers 2017 GDP forecast for Vietnam

fastFT

YESTERDAY by: Hudson Lockett

The International Monetary Fund nudged its 2017 forecast for Vietnam's gross domestic product lower on Thursday, but voiced optimism that the country's economy could benefit from what it described as an "ambitious reform agenda".

The IMF lowered its Vietnam GDP forecast to 6.3 per cent for this year in a new report released today, down from an estimate of 6.5 per cent published in May. Vietnam's GDP grew 6.2 per cent in 2016, down from 6.7 per cent in 2015.

The fund noted that weakness in Vietnam's oil sector had continued in the first quarter of 2017, but maintained that "underlying growth momentum remains robust underpinned by strong manufacturing activity and foreign direct investment (FDI), robust domestic demand, and a rebound in agricultural production."

It also projected headline inflation would stabilise at around 5 per cent and Vietnam's current account surplus to decline somewhat as imports strengthen. It forecast GDP growth of 6.3 per cent in 2018.

The IMF pointed to high public debt, slow resolution of non-performing loans, tighter global financial conditions, external shocks to demand, rising protectionism and the collapse of the US-led Trans Pacific Partnership as risks to Vietnam's near-term growth prospects.

The fund added that a reform agenda outlined by authorities "could raise growth potential and increase resilience to shocks," and praised plans for "an appropriate amount of fiscal consolidation starting this year, although concrete measures have not yet been fully identified."

It also said quick implementation of bilateral trade agreements such as that with the EU could help boost exports and foreign direct investment.

Print a single copy of this article for personal use. Contact us if you wish to print more to distribute to others. © The Financial Times Ltd.

Comments have not been enabled for this article.