

## Vietnam growth stronger than expected: Citigroup



Citigroup Inc. said Vietnam's economic growth in the fourth quarter of 2009 was stronger than expected and full-year expansion was "far more resilient" than the rest of Asia with the exception of China, Bloomberg newswire reported Tuesday.

Data released last week by the General Statistics Office in Hanoi showed the economy expanded 6.9 percent on-year in the fourth quarter, up from a revised 6.04 percent in the third quarter, and grew 5.32 percent for the full year.

This marked a rebound after first-quarter expansion of 3.14 percent, the slowest on record.

Johanna Chua, the Hong Kong-based head of Asian economic research at Citigroup said fourth-quarter economic growth was "much stronger than expected," noting Citigroup expected full-year growth of 4.7 percent.

Vietnam's construction industry in particular was helped by "strong monetary and fiscal stimulus," she said.

But she also warned of inflation risks in Vietnam.

The exchange rate of the Vietnamese dong against the dollar fell to 18,479 by the end of last year from 17,483 at the end of 2008. The currency's weakness has probably already fed into inflation, Chua said.

Prices rose 6.52 percent year-on-year in December, the fourth straight month in which the General Statistics Office has reported a higher figure.

According to Chua, in addition to raising its benchmark rate to as much as nine percent, Vietnam's central bank may also abolish or revise a regulation that places a ceiling on how much interest lenders can charge borrowers.

Such a move would "further tighten monetary conditions," she said.

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