

Table 19: Signs of Financial Vulnerabilities in Viet Nam's Economy

Key macroeconomic indicator-based assessment		Asian crisis lessons-based assessment
1. Appreciation of VND	High pressure.	<p>1. The scale of capital flows, especially short-term flows: quite substantial.</p> <p>2. Direction/distribution of short-term flows: a large proportion going to real estate and stock markets.</p> <p>3. Degree of macroeconomic policy inconsistency: serious.</p> <p>4. Quality of financial supervision and corporate governance: some improvement through “learning by doing” but still weak.</p>
2. Trade deficit	Tends to widen.	
3. Private consumption	Some signs of booming in cities.	
4. Fiscal expansion	High budget deficit and high pressure on both investment and current expenditures.	
5. External debt	Tends to relatively decline; seems to be sound over medium-term.	
6. Domestic savings	Quite high (30–31% GDP), but large and widened S-I gap.	
7. Investment efficiency	Declined in the early 2000s, but improved over the last three years, but still concerns of large SOEs and public investment efficiency.	

Source: Authors' own assessment.