

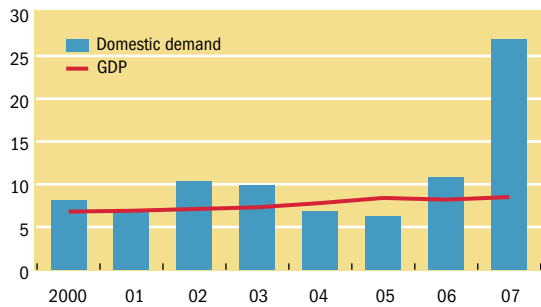


Vietnam

Greater integration with the global economy enabled Vietnam to grow rapidly, but also brought massive capital inflows, which fueled a credit boom that has led to overheating of the economy.

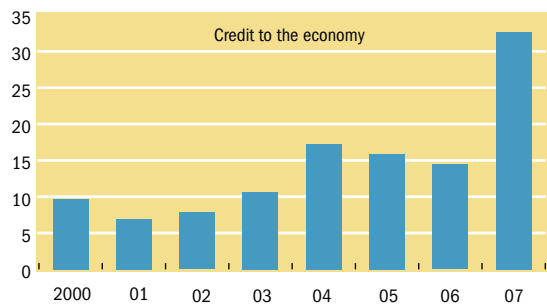
Vietnam's economic development has been impressive, but domestic demand has begun to outpace real GDP growth by a wide margin.

(1994 prices, percent change)



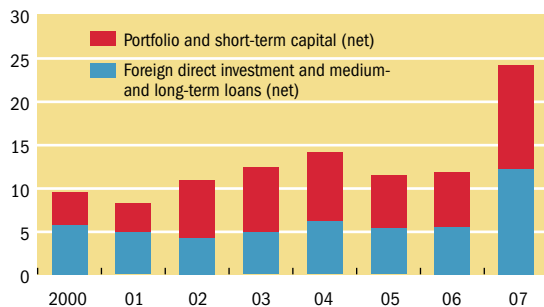
Domestic demand was fueled by a rapid increase in credit to the economy . . .

(percent of GDP)



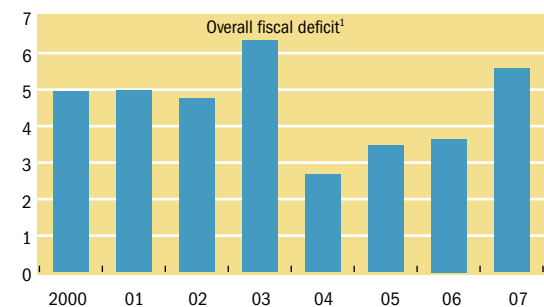
. . . which stemmed from unprecedented capital inflows—notably portfolio investments.

(percent of GDP)



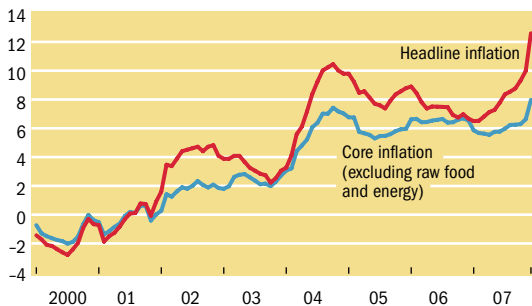
The growing fiscal deficit also added to domestic demand pressures.

(percent of GDP)



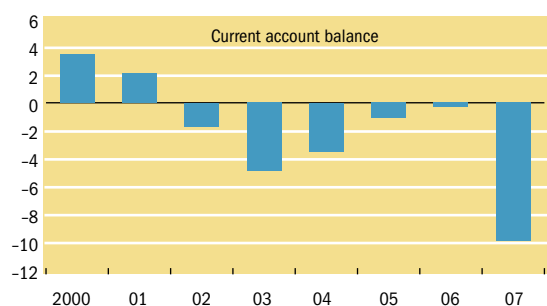
Inflation rose sharply due to the combination of rising commodity prices and domestic demand pressures.

(annual percent change)



The current account deficit has widened significantly because of rapid import growth.

(percent of GDP)



Sources: Vietnamese authorities; and IMF staff estimates.
 *Includes off-budget operations.