VIETNAM MACRO UPDATE

22 May 2025

Shinhan Securities

Waiting for the tariff negotiation result

Manufacturing still grew but the sentiment was not optimistic

The industrial production index (IIP) increased by 8.9% YoY and 1.4% MoM in April 2025. In the first 4 months of 2025, IIP increased by 8.4% YoY. The processing and manufacturing sector increased by 10.1% YoY, the electricity production and distribution sector increased by 5.1% YoY; the water supply, waste and sewage management sector grew by 10.2%; the mining sector decreased by 4.5% YoY.

PMI decreased to 45.6 points in April from 50.5 in March. This is the lowest level in the first 4 months of the year. In the first 4 months of 2025, only March was the PMI above 50 - the level of production expansion. The remaining 3 months were below 50 - production contraction. The sharp decline in PMI scores in April came from reactions to the tariff announcement. The number of orders fell sharply, leading to a sharp decline in output. Purchasing activities to prepare for production slowed down, inventories decreased. The pace of hiring new workers also decreased. Business confidence fell in April according to the S&P Global survey.

However, export and import activities in April still recorded a YoY growth. Export turnover increased by 19.8% YoY and import turnover increased by 22.9% YoY. The trade balance in April was reached USD 0.58bn. The YoY growth in export and import was attributable to the "front-loading". Importers may have active imported goods during the 90-day tariff deferral period.

Exchange rate increased

The USD/VND exchange rate increased by 1.6% MoM in April. In the first 4 months of the year, import demand increased faster than export, leading to increased demand for foreign currency to serve import purposes, causing the domestic exchange rate to increase. Imports increased by 40% YoY, 19% YoY, 23% YoY from February to April while exports increased more slowly, by 26%, 25% and 20% respectively.

Inflation was under well-controlled

Headline CPI in April reached 3.12% YoY, and increased by 0.07% MoM. In the first 4 months of the year, CPI increased by 3.2% YoY, core inflation increased by 3.05%. Thanks to inflation being well controlled below the target of 4.5%, the Government had room to implement a number of policies to increase some basic costs. On May 10, 2025, Vietnam Electricity Group increased the retail electricity price by 4.8%. The increase in electricity price may directly affect one of the components of CPI calculation, which is the housing and construction materials group. Rental housing prices and construction material costs may increase following electricity prices - a 1% increase in this group would increase the total CPI by about 0.2%. The decrease in gasoline prices also causes the transportation group in the CPI to decrease, creating room to offset the impact of the housing and construction materials group.

Public investment and FDI disbursement continues to maintain growth momentum

Public investment in April 2025 was estimated at VND 48.7tn, increasing by 12.9% YoY. In the first four months of 2025, public investment was estimated at VND 165.6 tn, equivalent to 18.6% of the annual plan and increasing by 17.7% YoY.

In April 2025, registered FDI reached USD 2.84bn, decreasing by 8% YoY. In the first 4 months, total registered FDI reached USD 13.8 bn, increasing by 49% YoY. Disbursed FDI reached about USD 1.8 bn in April, increasing by 7.9% YoY. In the first 4 months, disbursed FDI reached USD 6.7 bn, increasing by 7.3% YoY.

Macro indicators- 4/2025

Economic indicators	04/25	03/25	02/25	01/25	12/24	11/24	10/24	09/24	08/24	07/24	06/24	05/24	04/24
CPI (YoY)	3.12%	3.13%	2.91%	3.63%	2.94%	2.77%	2.89%	2.63%	3.45%	4.36%	4.34%	4.44%	4.42%
CPI (MoM)	0.07%	-0.03%	0.34%	0.98%	0.29%	0.13%	0.33%	0.29%	0.00%	0.48%	0.17%	0.05%	0.07%
PMI	45.60	50.50	49.20	48.90	49.80	50.80	51.20	47.30	52.40	54.70	54.70	50.30	50.30
IIP (YoY)	8.8%	9.9%	17.2%	0.6%	8.8%	8.0%	7.1%	8.3%	8.4%	11.1%	12.4%	10.0%	7.4%
IIP (MoM)	1.4%	12.0%	-2.2%	-9.2%	0.8%	2.3%	4.0%	-0.2%	2.0%	0.7%	0.7%	3.9%	0.8%
Retail (YoY)	11.1%	10.8%	9.5%	9.5%	9.3%	8.8%	7.1%	7.6%	7.9%	9.4%	9.2%	9.5%	9.0%
Export (USD bn)	37.45	38.57	31.17	33.16	35.53	33.80	36.20	34.42	38.93	36.24	33.66	32.27	31.10
Import (USD bn)	36.87	36.87	32.67	30.14	35.01	32.80	34.28	31.60	34.40	33.88	30.46	32.72	29.99
Balance of trades (USD bn)	0.58	1.69	-1.50	3.02	0.52	1.00	1.93	2.83	4.52	2.36	3.20	-0.45	1.11
Acc. Disbursed FDI (YTD, USD bn)	6.74	4.96	2.95	1.51	25.35	21.68	19.58	17.34	14.15	12.55	10.84	8.25	6.28
Acc. Registered FDI (YTD, USD bn)	13.82	10.98	6.90	4.33	38.23	31.38	27.26	24.78	20.52	18.00	15.19	11.07	9.27
Public Investment (VND trillion)	48.71	43.97	37.70	35.25	86.38	75.88	68.36	63.87	62.28	57.07	53.80	48.21	43.49
Credit growth (YTD)	4.27%	3.93%	0.76%	0.55%	15.08%	11.90%	10.08%	8.53%	6.63%	5.93%	6.10%	3.43%	2.01%
Deposit growth (YTD)	n.a	n.a	n.a	1.74%	8.15%	7.16%	6.82%	6.50%	6.00%	4.68%	4.35%	2.80%	2.80%
Overnight interbank rate	2.54%	4.02%	4.59%	3.92%	4.04%	3.11%	4.70%	4.44%	4.02%	4.60%	4.50%	4.00%	4.60%
Average deposit rate at SOCBs	4.68%	4.68%	4.68%	4.68%	4.68%	4.68%	4.68%	4.68%	4.68%	4.68%	4.68%	4.68%	4.68%
10Y Government bond yield	3.07%	2.97%	3.09%	3.00%	2.97%	2.68%	2.66%	2.66%	2.71%	2.75%	2.75%	2.87%	2.85%
VND/USD exchange rate	26,420	25,860	25,670	25,450	25,750	25,690	25,280	24,568	24,875	25,630	25,900	25,855	25,640

Source: GSO, SBV, FiinPro-X, Shinhan Securities Vietnam



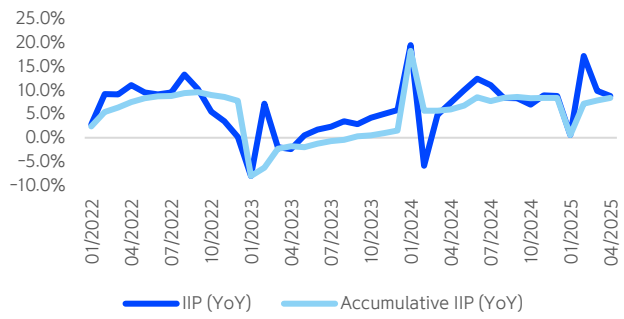
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Production – Consumption

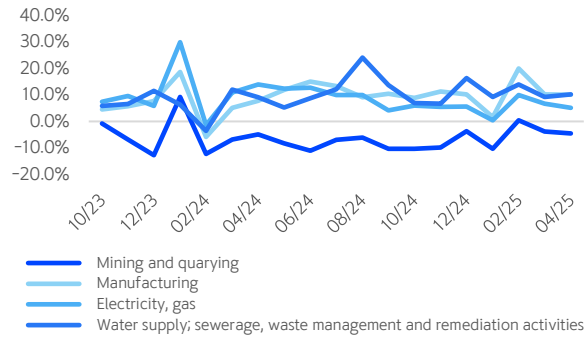
In April, the industrial production index (IIP) grew by 8.9% YoY (1.4% MoM). The processing and manufacturing sector and the water supply, waste and wastewater management sector were the two sectors with the strongest growth rates of 10.1% YoY and 10.2% YoY, respectively. The processing and manufacturing sector contributed 8.5 points to the total increase of 8.9% YoY. The mining industry decreased by 4.5% YoY and the electricity production and distribution industry increased by 5.1% YoY.

Index of Industrial production (IIP)



Source: GSO, Shinhan Securities Vietnam

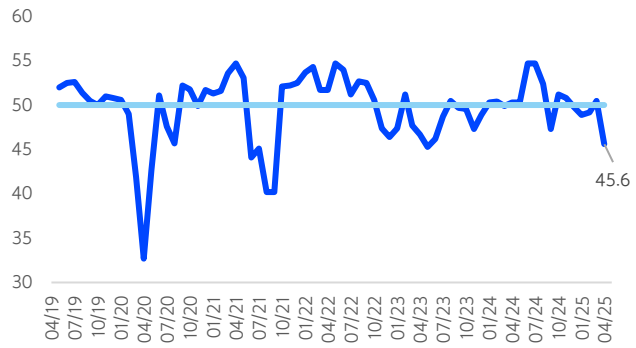
IIP by sub-sectors



Source: GSO, Shinhan Securities Vietnam

The PMI for April 2025 was 45.6 points. In the first 4 months of 2025, only March saw the PMI exceed the 50 points. The remaining months were below 50. April was also the lowest month in the first 4 months of the year. The number of export orders declined significantly in response to the tariff announcements. Manufacturing output fell sharply, at the fastest rate in the past 2 years.

Purchasing managers' index (PMI)



Source: S&P Global,, Shinhan Securities Vietnam

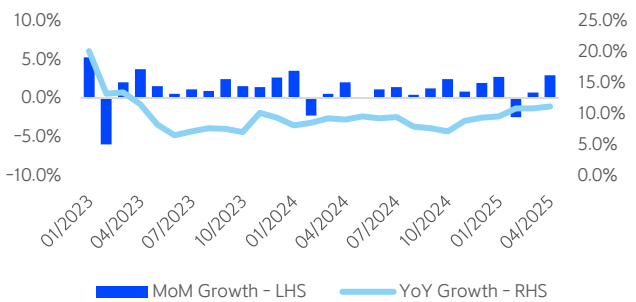
PMI summary

New orders	Decline due to the tariff announcement
Production	Decrease due to the decline in new orders
Inventories	Decrease
Purchasing	Decrease
Employment	Decrease sharply in the latest 3 years
Business confidence	Weak

Source: S&P Global, Shinhan Securities Vietnam

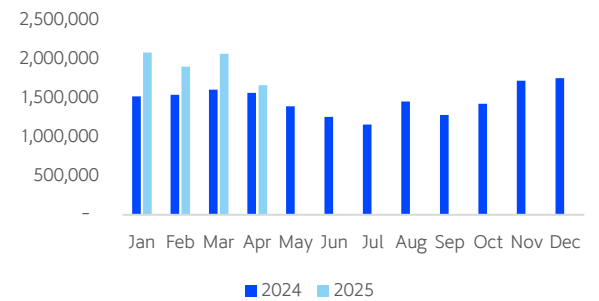
Total retail sales of goods and consumer services increased by 11.1% YoY in April and 2.9% MoM. Retail sales increased by 8.8% YoY in April; accommodation and catering services increased by 14.9% YoY; tourism and travel increased by 24.5%. International arrivals to Vietnam increased by 6.3% YoY in April. In the first 4 months, international arrivals to Vietnam increased by 23.7% YoY.

Total retail sales growth



Source: GSO, Shinhan Securities Vietnam

Foreign tourist (pax)

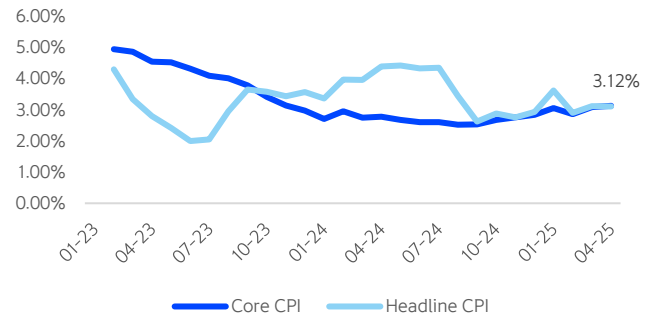


Source: GSO, Shinhan Securities Vietnam

Inflation

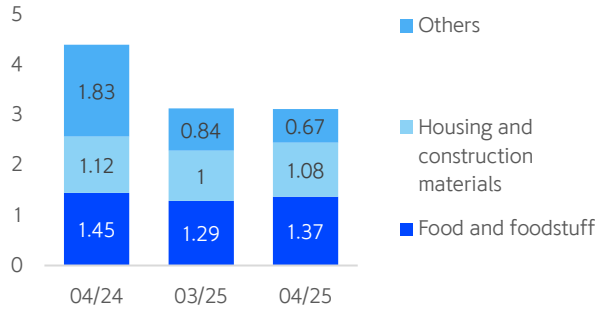
In April 2025, the headline CPI increased by 3.12% YoY. After excluding food, foodstuffs, energy and state-managed items such as healthcare and education; core inflation increased by 3.14% YoY in April. In the first 4 months, the headline CPI increased by 3.2% and core inflation increased by 3.05%. The food and services group increased by 4.1% YoY in April, contributing 1.37 points to the overall increase of the CPI in April 2025.

Monthly Consumer price index (YoY)



Source: GSO, Shinhan Securities Vietnam

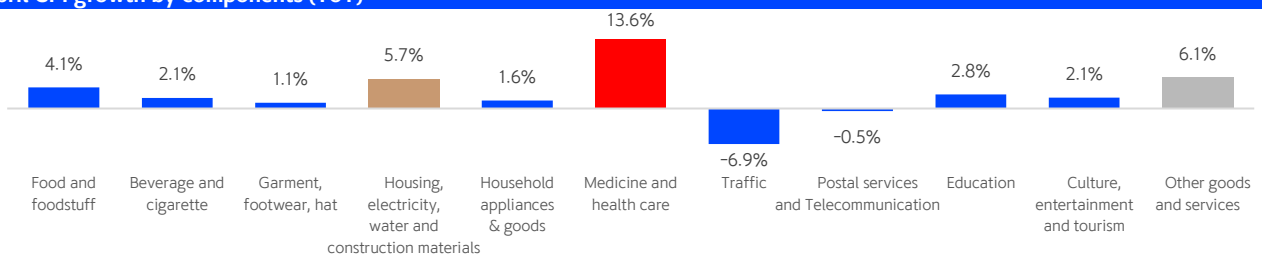
CPI component in April (% YoY)



Source: GSO, Shinhan Securities Vietnam

In terms of YoY increase in April, the group of medicines and medical services had the highest YoY increase of 136% YoY, causing the general inflation to increase by 0.78 points due to the adjustment of medical service prices according to Circular No. 21/2024/TT-BHYT dated October 17, 2024 of the Ministry of Health. The group of other goods and services had the second highest YoY increase of 6.1% YoY due to the increase in jewelry prices following the world gold price. The group of housing, electricity, water, fuel and construction materials increased by 5.7% due to the increased demand for renting apartments and motels and the recent increase in real estate prices, causing rental businesses to increase prices to match investment costs.

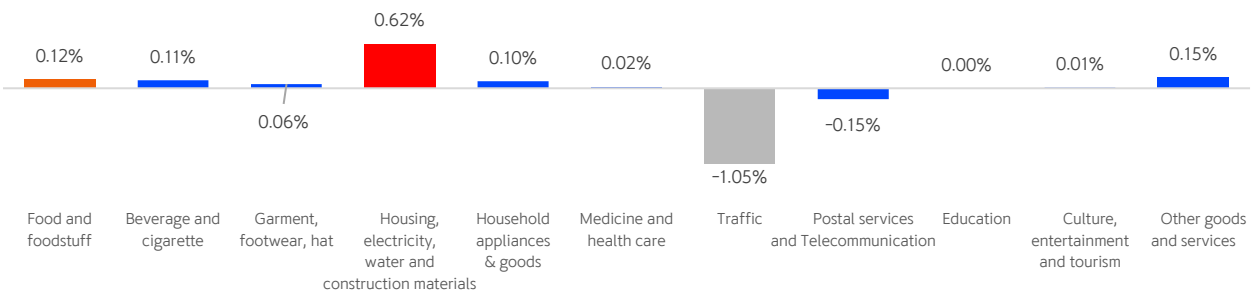
April CPI growth by components (YoY)



Source: GSO, Shinhan Securities Vietnam

CPI in April increased by 0.07% MoM. The transportation group decreased the most with a decrease of 1.05% MoM due to the decrease in gasoline prices. The gasoline price index decreased by 2.83%; the diesel price index decreased by 3.31%. The housing, electricity, water, fuel and construction materials group increased the most with an increase of 0.62% MoM. This increase was due to the increase in house rental prices and the increase in electricity and water prices. Electricity services increased by 0.27% and water services increased by 0.21% MoM.

April CPI growth by components (MoM)

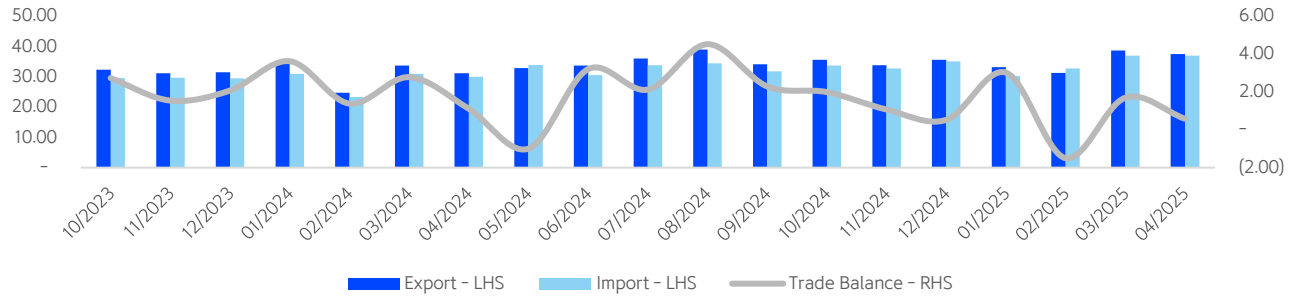


Source: GSO, Shinhan Securities Vietnam

Trading – Investment

In April, the export value reached USD 37.45bn, increasing by 19.8% YoY. The import value reached USD 36.87bn, increasing by 22.9% YoY. The cumulative trade surplus in the first 4 months reached USD 3.8bn. The United States is Vietnam's largest export market with a turnover of 43.4 billion USD in the first 4 months of the year and China is the largest import market with a turnover of 53.2 billion USD. Notable export items include exports of electronics, computers and components, Increasing by 58.7% YoY in April with an estimated value of 8.1 billion USD, accounting for the majority of export value. In addition, some groups with high export growth in April include iron and steel products (+37.4% YoY), textile fibers and yarns of all kinds (+99.0%), electric wires and cables (+30.9% YoY)...

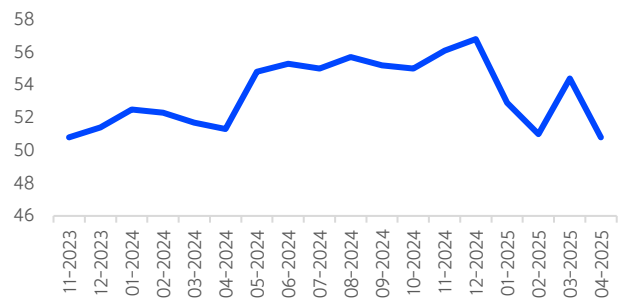
Total trading turnover (USD bn)



Source: GSO, Shinhan Securities Vietnam

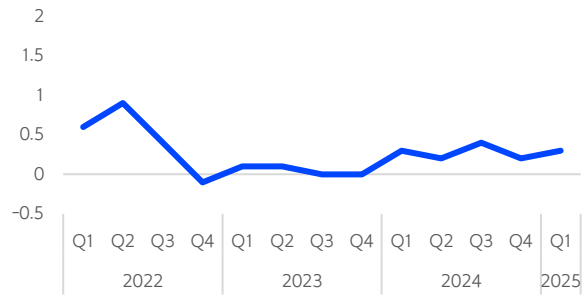
The US services PMI also declined in April, from 54.4 points in March 2025 to 50.8 points in April. The decline in the US services PMI was due to a decline in business confidence as businesses worried about the current policies of the new presidential administration. However, Europe grew 0.3% QoQ in Q1 2025, recording 5 consecutive quarters of growth.

US service PMI



Source: S&P Global, Shinhan Securities Vietnam

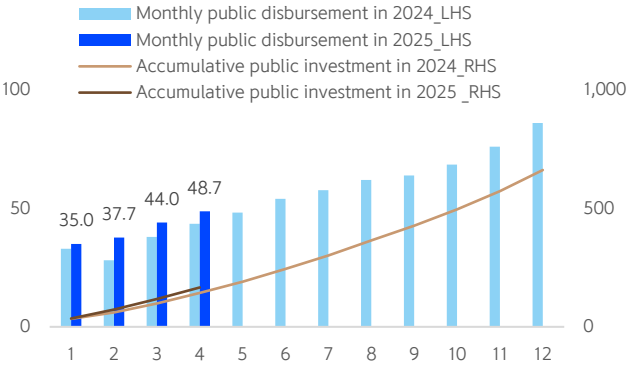
EU GDP growth rate (% - QoQ)



Source: EuroStat, Shinhan Securities Vietnam

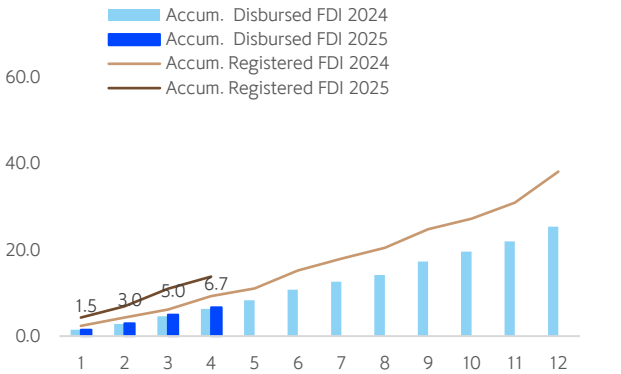
Public investment in April 2025 was estimated at VND 48.7tn, increasing by 12.9% YoY, equivalent to 18.6% of the annual. In April 2025, registered FDI reached USD 2.84bn, decreasing by 8% YoY. In the first 4 months, total registered FDI reached USD 13.8 bn, increasing by 49% YoY. Disbursed FDI reached about USD 1.8bn in April, increasing by 7.9% YoY. In the first 4 months, disbursed FDI reached USD 6.7 bn, increasing by 7.3% YoY.

Public investment (VND trillion)



Source: GSO, Shinhan Securities Vietnam

FDI (USD bn)

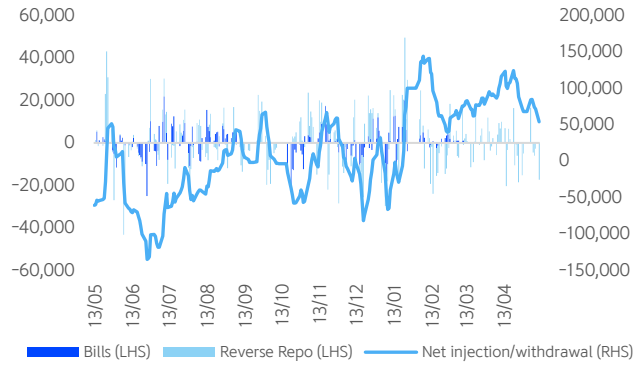


Source: Fiinpro, Shinhan Securities Vietnam

Money market

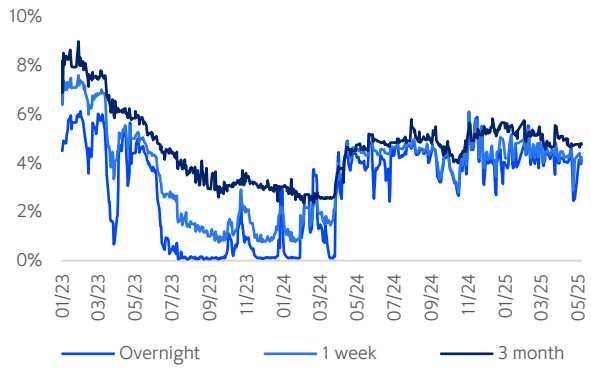
The State Bank has implemented measures in the open market to effectively control exchange rates and interest rates. In April, with the increase in exchange rates, the State Bank has withdrawn net money to curb exchange rate pressure. Interbank interest rates remain at 4% - 4.6% for all terms.

Open market operation (VND billion)



Source: SBV, FiinPro, Shinhan Securities Vietnam

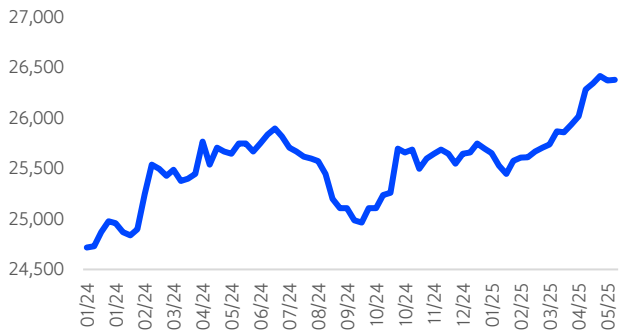
Interbank interest rate



Source: SBV, FiinPro, Shinhan Securities Vietnam

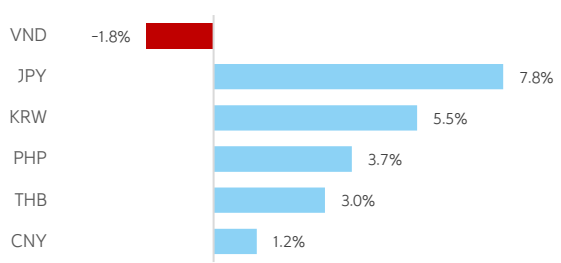
The USD/VND exchange rate in the market increased again. The high demand for USD serves the purpose of purchasing and exporting goods to prepare for the tariff situation. As of May 19, 2025, the VND depreciated 1.8% YTD against the US dollar.

VND/USD exchange rate on free market



Source: Fiinpro, Shinhan Securities Vietnam

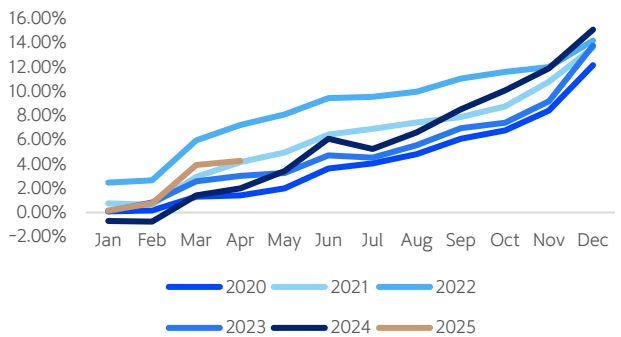
YTD depreciation against USD in some countries until 19 May 25



Source: Bloomberg, Shinhan Securities Vietnam estimate

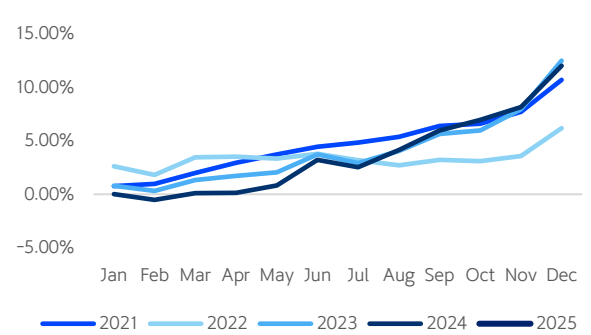
In April 2025, credit growth in the system reached 4.27% YTD, higher than 2.01% in 2024. Credit growth rate can reach the target of 15%, which was set at the beginning of the year.

Credit growth rate (YTD)



Source: SBV, FiinPro, Shinhan Securities Vietnam

M2 money supply growth (YTD)

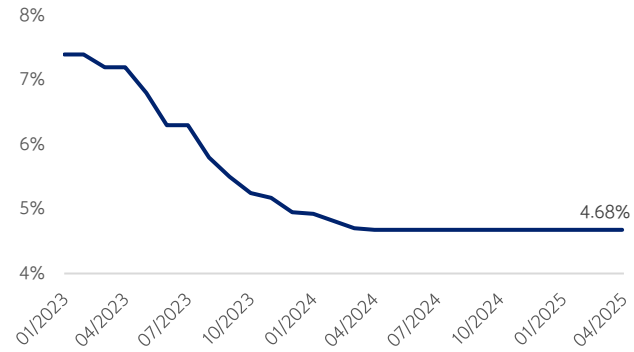


Source: SBV, FiinPro, Shinhan Securities Vietnam

Money market

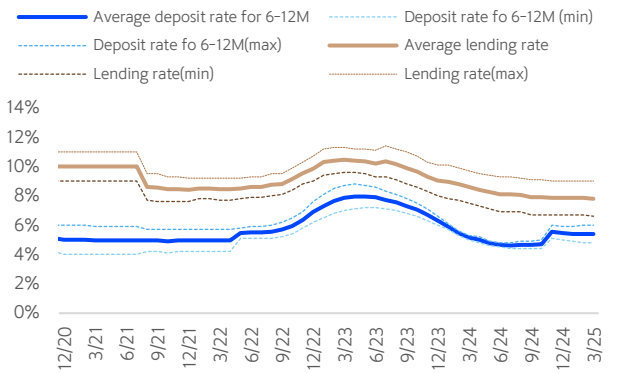
The average 12-month deposit interest rate of state-owned commercial banks has remained unchanged since April 2024 at 4.68%. The average lending interest rate has remained at 8.4% since November 2024. Meanwhile, the average deposit interest rate tends to form a new level at around 5.5% since November 2024.

12M term deposit rate at SOCBs



Source: FiinPro, Shinhan Securities Vietnam
SOCBs: Average 12M deposit rate at Vietcombank, Agribank, BIDV and VietinBank

Lending – deposit rates



Source: SBV, FiinPro, Shinhan Securities Vietnam
Average rate is an average of max and min rates

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