VIETNAM MACRO UPDATE

16 June 2025

Shinhan Securities

Domestic growth maintained in a challenging world

Manufacturing continued to grow despite concerns over tariff impact

In the first 5 months, the industrial production index (IIP) increased by 8.8% YoY. In May, the IIP grew by 9.4% YoY and 4.3% MoM. The growth rate of the four manufacturing sectors – (1) mining, (2) manufacturing, (3) electricity production and distribution, and (4) water supply, waste and management – were 1.22% YoY, 11.3% YoY, 3.34% YoY and 11.0% YoY, respectively. The PMI recovered to 49.8 points in May from a low of 45.6 in the previous month. The 90-day tariff delay helped manufacturing recover, although the survey sentiment had concerns over the tariff impact.

Going details into the growth of the manufacturing sector in the IIP, the growth of the group related to export; like electronic products, computers and optical products; were weaker than the overall growth. In May, this group increased by 8.3% YoY, lower than the 11.3% YoY of the manufacturing sector. On the positive side, the domestic production group showed its resilience by achieving the high growth. Production groups; like motor vehicles, transportation, repair and maintenance; had high growth rates of 27.1% YoY, 36.6% YoY and 29.7% YoY respectively.

Exports maintained growth momentum. Exchange rate increased rapidly.

In May, the export turnover of goods reached 39.60 billion USD (+17.0% YoY). The structure of export items in April and May also shows the tariff impact. The (1) electronics, computers and components group (referred to computer group shortly) and the (2) phones of all kinds and components group (referred to phone group) are the two main groups of export items, accounting for 30% of the export value every month. In April, the computer group grew by 58.7% YoY but decreased by 5% MoM, and the phone group declined by 5.2% YoY and declined by 22% MoM. In May, thanks to the announcement of a 90-day tariff delay, both groups returned on the growth path. The computer group increased by 52.4% YoY and 12.4% MoM; while the phone group increased by 7.9% YoY and 22.6% MoM.

Imports in May reached 39.04 billion USD (+14.1% YoY). Although the YoY increase in imports was smaller than the YoY increase in exports, the MoM increase showed the import growth being faster than the export. Increasing import led to the increasing demand for USD in domestic, which affected the VND/USD exchange rate. The VND/USD exchange rate in the free market increased strongly in April and peaked in the first half of May; from 25,860 VND/USD to 26,450 VND/USD, equivalent to an increase of 2%.

The State Bank of Vietnam started net withdrawal in the open market from mid April. From mid April to the end of May, the SBV withdrew VND 76.8 trillion through the open market operation. This helped to slow the increase of exchange rate down in the second half of May. After reaching at the top of 26,450 VND/USD, the rate fell to 26,280 VND/USD in the first week of June.

Domestic growth targets were on track

The headline CPI for the first 5 months reached 3.21%, under the 4.5% target set by the Government for this year. Although electricity prices started to increase in May, the headline CPI in May was still under control at 3.24% thanks to stable CPI of food and foodstuffs and a decrease in transportation CPI . The decrease in gasoline prices has contributed to controlling the overall CPI.

Other targets were also on track. In the first 5 months of 2025, public investment disbursement continued to increase, reaching VND 221 trillion, equivalent to 24.3% of the plan. Total retail sales of goods increased by 9.4% YoY (target 10-12%). Credit growth reached 5.59% YTD (target 15%).

Macro indicators- 5/2025

Economic indicators	05/25	04/25	03/25	02/25	01/25	12/24	11/24	10/24	09/24	08/24	07/24	06/24	05/24
CPI (YoY)	3.24%	3.12%	3.13%	2.91%	3.63%	2.94%	2.77%	2.89%	2.63%	3.45%	4.36%	4.34%	4.44%
CPI (MoM)	0.16%	0.07%	-0.03%	0.34%	0.98%	0.29%	0.13%	0.33%	0.29%	0.00%	0.48%	0.17%	0.05%
PMI	49.80	45.60	50.50	49.20	48.90	49.80	50.80	51.20	47.30	52.40	54.70	54.70	50.30
IIP (YoY)	9.4%	9.6%	9.9%	17.2%	0.6%	8.8%	8.0%	7.1%	8.3%	8.4%	11.1%	12.4%	10.0%
IIP (MoM)	4.3%	1.4%	12.0%	-2.2%	-9.2%	0.8%	2.3%	4.0%	-0.2%	2.0%	0.7%	0.7%	3.9%
Retail (YoY)	10.2%	11.1%	10.8%	9.5%	9.5%	9.3%	8.8%	7.1%	7.6%	7.9%	9.4%	9.2%	9.5%
Export (USD bn)	39.60	37.74	38.57	31.17	33.16	35.53	33.80	36.20	34.42	38.93	36.24	33.66	32.27
Import (USD bn)	39.04	36.84	36.87	32.67	30.14	35.01	32.80	34.28	31.60	34.40	33.88	30.46	32.72
Balance of trades (USD bn)	0.55	0.90	1.69	-1.50	3.02	0.52	1.00	1.93	2.83	4.52	2.36	3.20	-0.45
Acc. Disbursed FDI (USD bn)	8.90	6.74	4.96	2.95	1.51	25.35	21.68	19.58	17.34	14.15	12.55	10.84	8.25
Acc. Registered FDI (USD bn)	18.40	13.82	10.98	6.90	4.33	38.23	31.38	27.26	24.78	20.52	18.00	15.19	11.07
Public Investment (VND trillion)	55.35	49.61	43.97	37.70	35.25	86.38	75.88	68.36	63.87	62.28	57.07	53.80	48.21
Credit growth	5.59%	4.27%	3.93%	0.76%	0.55%	15.08%	11.90%	10.08%	8.53%	6.63%	5.93%	6.10%	3.43%
Deposit growth	n.a	n.a	n.a	1.46%	1.74%	8.15%	7.16%	6.82%	6.50%	6.00%	4.68%	4.35%	2.80%
Overnight interbank rate	3.1%	2.54%	4.02%	4.59%	3.92%	4.04%	3.11%	4.70%	4.44%	4.02%	4.60%	4.50%	4.00%
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	3.11%	3.07%	2.97%	3.09%	3.00%	2.97%	2.68%	2.66%	2.66%	2.71%	2.75%	2.75%	2.87%
VND/USD exchange rate	26,260	26,420	25,860	25,670	25,450	25,750	25,690	25,280	24,568	24,875	25,630	25,900	25,855

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



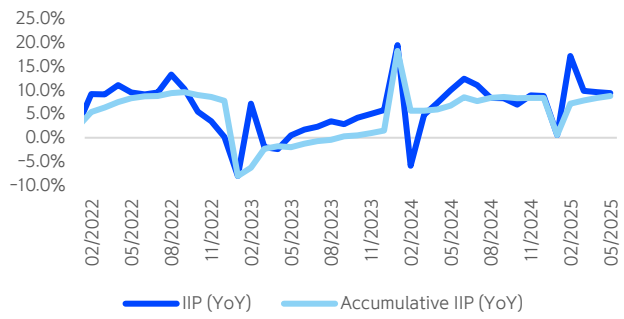
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Production – Consumption

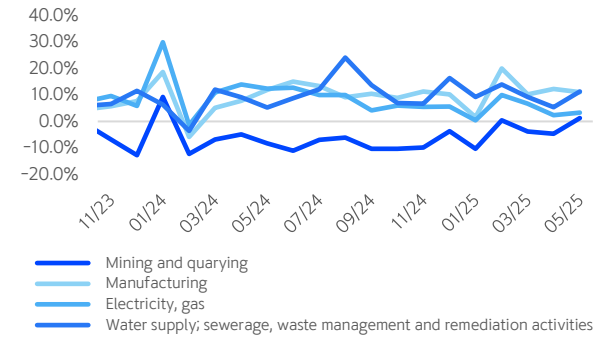
In May, the industrial production index (IIP) grew positively by 9.4% YoY (4.3% MoM). The processing and manufacturing sector and the water supply, waste and wastewater management sector were the two sectors with the strongest growth rates of 11.0% YoY and 11.3% YoY, respectively. The mining industry increased by 1.22% YoY and the electricity production and distribution industry increased by 3.34% YoY. The motor vehicle and transport vehicle manufacturing group had high YoY growth, respectively 36.6% YoY and 32.4% YoY in May.

Index of Industrial production (IIP)



Source: GSO, Shinhan Securities Vietnam

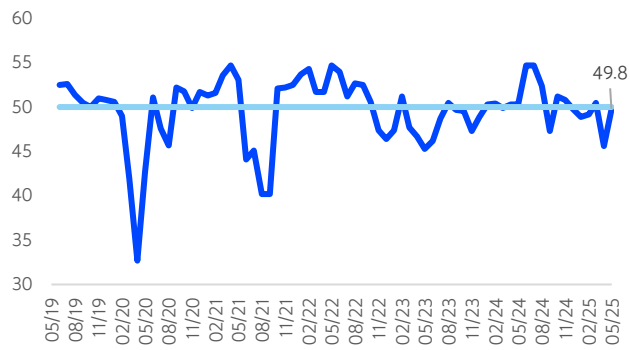
IIP by sub-sectors



Source: GSO, Shinhan Securities Vietnam

The PMI in May 2025 increased to 49.8 points from 45.6 points in April. In the first 5 months of 2025, only March saw the PMI exceed the 50 points. The remaining months were below 50. Although orders fell in May, capacity utilization improved. Manufacturers were more optimistic, although there were concerns about the potential tariff impact. The 90-day tariff delay helped stabilize production activities.

Purchasing managers' index (PMI)



Source: S&P Global,, Shinhan Securities Vietnam

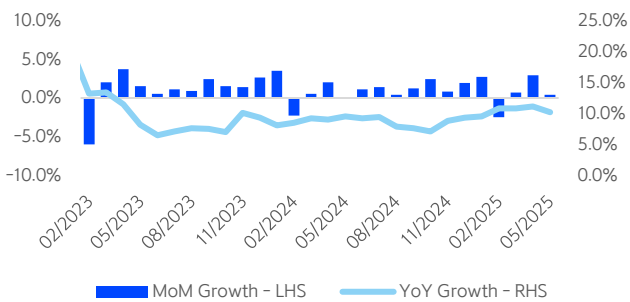
PMI summary

New orders	Decline
Production	Recover
Inventories	Decline
Purchasing	Recover
Employment	Decrease
Business confidence	Optimistic despite concerns about the potential tariff impact

Source: S&P Global, Shinhan Securities Vietnam

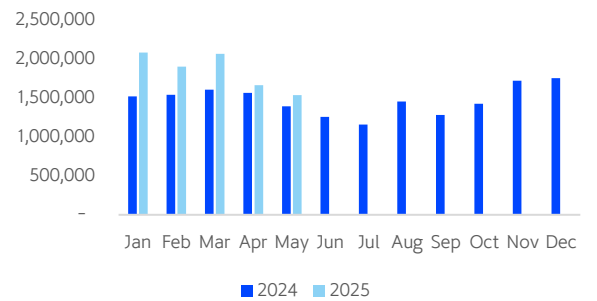
Total retail sales of goods and consumer services increased by 10.2% YoY in May and 0.4% MoM. Retail sales increased by 8.0% YoY in April; accommodation and catering services increased by 19.1% YoY; tourism and travel increased by 35.0%. International arrivals to Vietnam increased by 10.5% YoY in May. In the first 5 months, international arrivals to Vietnam increased by 21.3% YoY.

Total retail sales growth



Source: GSO, Shinhan Securities Vietnam

Foreign tourist (pax)

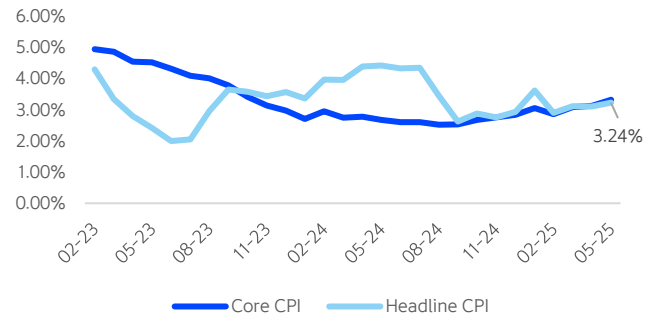


Source: GSO, Shinhan Securities Vietnam

Inflation

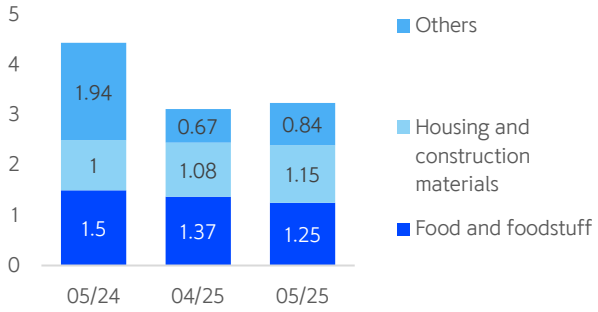
In May 2025, the headline CPI increased by 3.24% YoY. After excluding food, foodstuffs, energy and state-managed items such as healthcare and education; core inflation increased by 3.33% YoY in May. In the first 5 months, the headline CPI increased by 3.21% and core inflation increased by 3.1%. The food and services group increased by 3.7% YoY in May, contributing 1.25 points to the overall increase of the CPI in May 2025.

Monthly Consumer price index (YoY)



Source: GSO, Shinhan Securities Vietnam

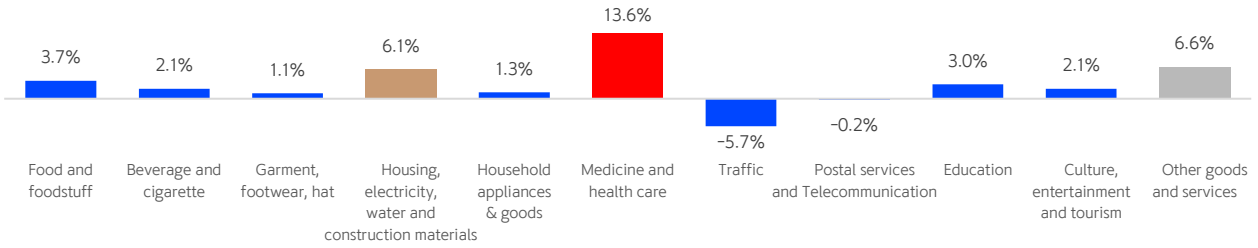
CPI component in May (% YoY)



Source: GSO, Shinhan Securities Vietnam

In terms of YoY increase in May, the group of medicines and medical services had the highest YoY increase of 13.6% YoY, causing the general inflation to increase by 0.73 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 6.6% 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 6.1% 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. Furthermore, the electricity increased due to EVN adjustment in 10 May 2025.

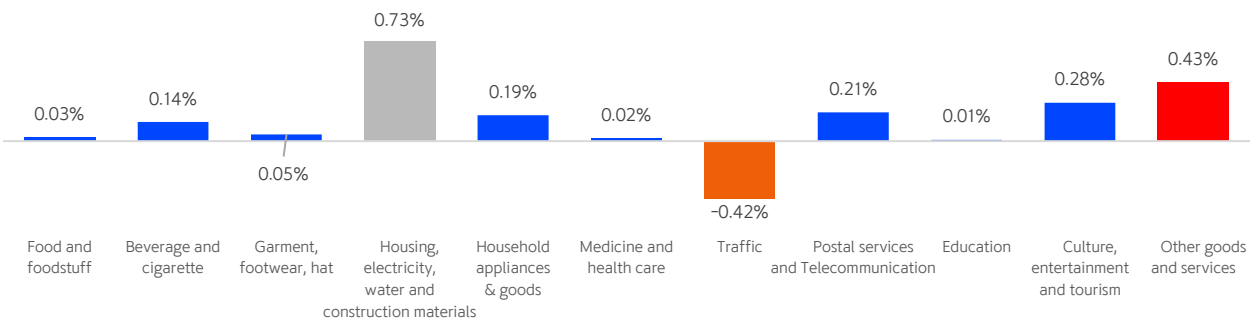
May CPI growth by components (YoY)



Source: GSO, Shinhan Securities Vietnam

CPI in May increased by 0.16% MoM. The transportation group decreased the most with a decrease of 0.42% MoM due to the decrease in gasoline prices. The gasoline price index decreased by 1.2%; the diesel price index decreased by 2.33%. The housing, electricity, water, fuel and construction materials group increased the most with an increase of 0.73% MoM. This increase was due to the increase in house rental prices and the increase in electricity and water prices. Electricity services increased by 0.84% and water services increased by 1.0% MoM.

May CPI growth by components (MoM)



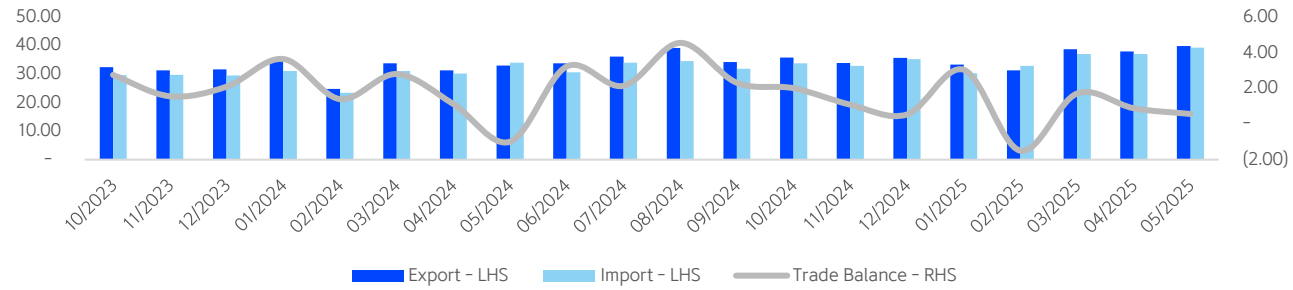
Source: GSO, Shinhan Securities Vietnam

Trading – Investment

In May, the export value reached USD 39.60bn, increasing by 17.0% YoY. The import value reached USD 39.04bn, increasing by 14.1% YoY. The cumulative trade surplus in the first 5 months reached USD 4.7bn. The United States is Vietnam's largest export market with a turnover of 57.2 billion USD in the first 5 months of the year and China is the largest import market with a turnover of 69.4 billion USD.

Regarding the structure of export goods, the industrial goods for processing reached 158.9 billion USD, accounting for 88.2% in the first 5 months of the year. And for the structure of import goods, the production materials group reached 164.8 billion USD, accounting for 93.8% of the total.

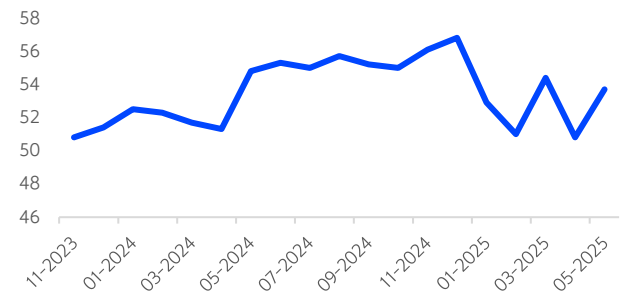
Total trading turnover (USD bn)



Source: GSO, Shinhan Securities Vietnam

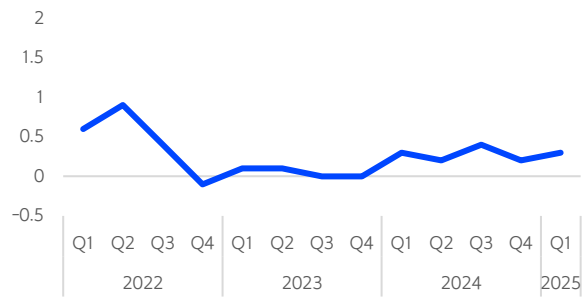
The US services PMI also rebounded to 53.7 from 50.8 in April. With the 90-day tax delay, business confidence returned. Companies stepped up hiring and purchasing to boost production. However, many manufacturers their raised prices at the fastest pace since June 2023.

US service PMI



Source: S&P Global, Shinhan Securities Vietnam

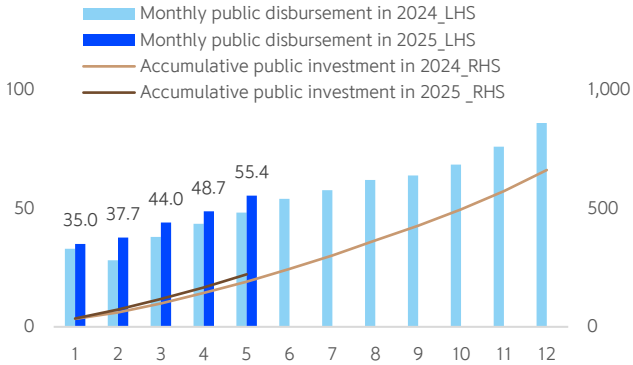
EU GDP growth rate (% - QoQ)



Source: EuroStat, Shinhan Securities Vietnam

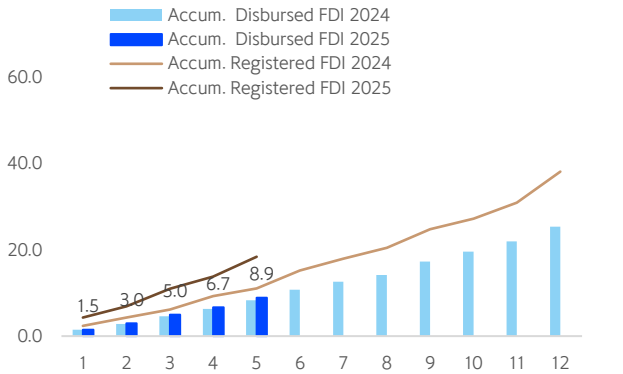
Public investment in May 2025 was estimated at VND 55.4tn, increasing by 15.3% YoY. In the first 5 months, the public investment value was equivalent to 18.6% of the annual. In May 2025, registered FDI reached USD 4.58bn, increasing by 154% YoY. In the first 5 months, total registered FDI reached USD 18.4 bn, increasing by 66.2% YoY. Disbursed FDI reached about USD 2.2bn in May, increasing by 9.6% YoY. In the first 5 months, disbursed FDI reached USD 8.9 bn, increasing by 7.9% YoY.

Public investment (VND trillion)



Source: GSO, Shinhan Securities Vietnam

FDI (USD bn)

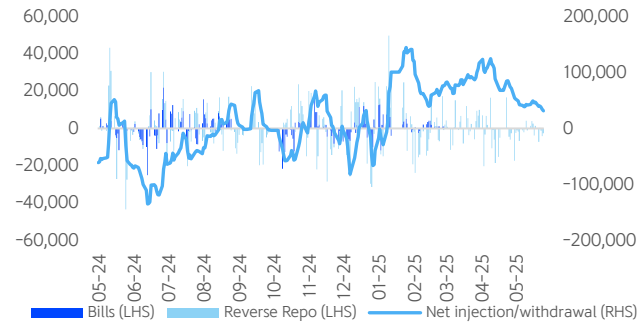


Source: Fiinpro, Shinhan Securities Vietnam

Money market

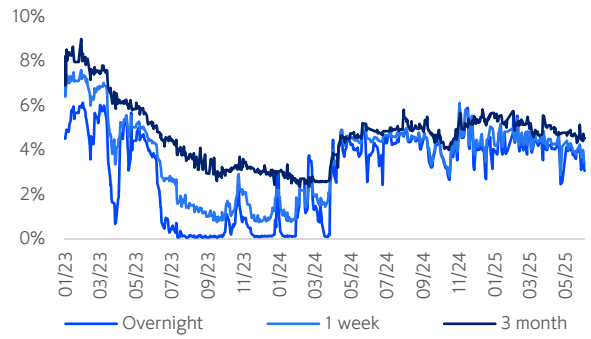
The State Bank ò Vietnam has implemented measures in the open market to effectively control exchange rates and interest rates. With the increase of the exchange rate since April, SBV withdrew to cool the exchange rate pressure down.
Interbank interest rates tended to decrease in May. Short-term interest rates (overnight, 1 week) decreased from 4% in mid-May to 3%-3.5% at the end of May.

Open market operation (VND billion)



Source: SBV, FiinPro, Shinhan Securities Vietnam

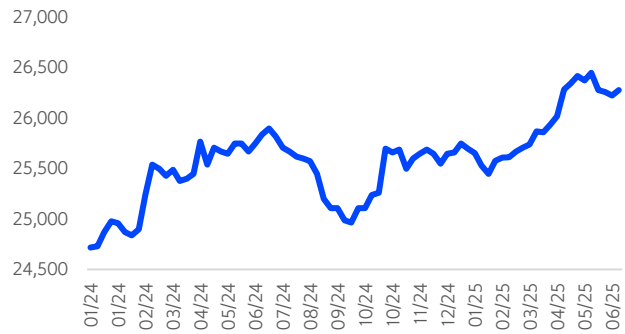
Interbank interest rate



Source: SBV, FiinPro, Shinhan Securities Vietnam

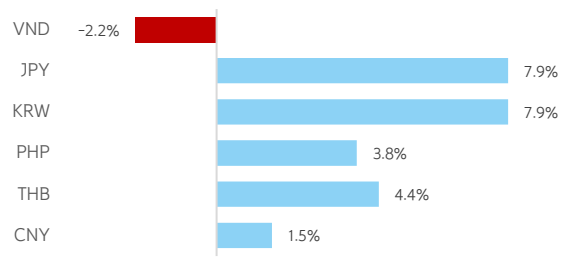
The VND/USD exchange rate in the market increased strongly. High demand for USD for purchasing and exporting purposes to prepare for the tariff situation caused the exchange rate to increase sharply since March. By mid-May, the increase slowed down. The exchange rate in the free market peaked in mid-May at 26,450 VND/USD and decreased slightly by 1% by the end of May and early June. On 06 June 2025, the VND exchange rate depreciated by about 2.2% against the USD.

VND/USD exchange rate on free market



Source: Fiinpro, Shinhan Securities Vietnam

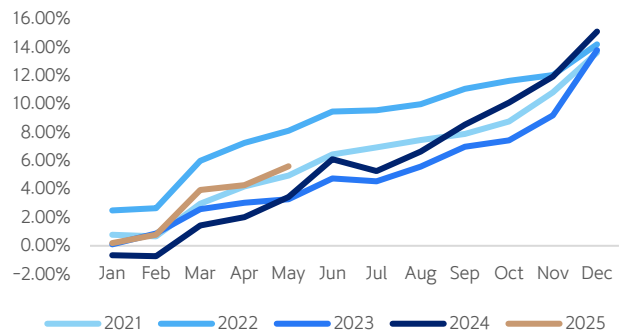
YTD depreciation against USD in some countries until 06 June 2025



Source: Bloomberg, Shinhan Securities Vietnam estimate

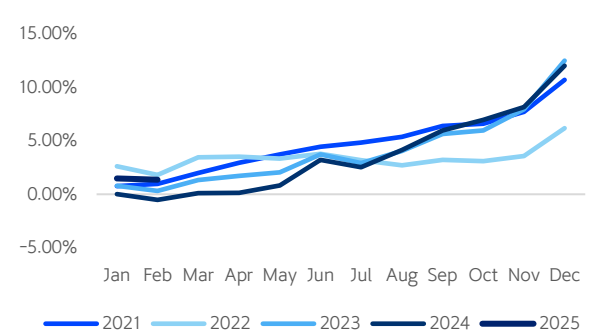
In May 2025, system-wide credit growth reached 5.59% YTD, higher than 3.43% in 2024. Credit growth rate can reach the target of 15% set at the beginning of the year.

Credit growth rate (YTD)



Source: SBV, FiinPro, Shinhan Securities Vietnam

M2 money supply growth (YTD)

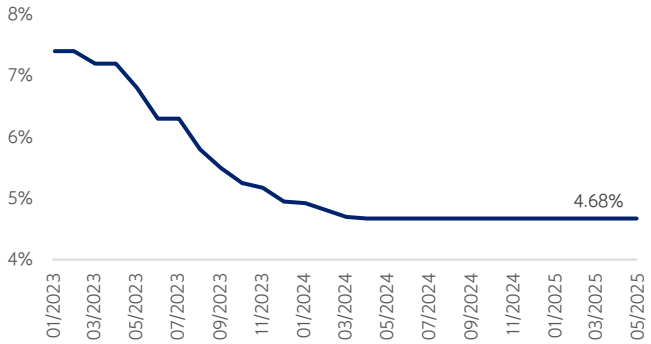


Source: SBV, FiinPro, Shinhan Securities Vietnam

Money market

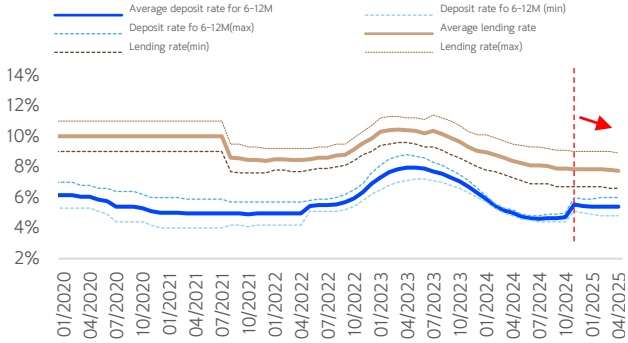
The average 12-month deposit interest rate of state-owned commercial banks has remained unchanged at 4.68%. The average lending interest rate has remained at 8.4% since November 2024. Meanwhile, the average deposit interest rate tends to form a new level around 5.5% from November 2024. However, lending interest rates tend to decrease gradually. In April, the average lending interest rate decreased by 5 basis points (0.05%) from 7.8% to 7.75%.

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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