VIETNAM MACRO UPDATE

18 July 2025

Shinhan Securities

GDP grew remarkably. Domestic production made its mark.

GDP in 6M 2025 increased by 7.52% – the highest increase in the period 2011-2025

GDP in Q2 2025 reached 7.96% YoY. It was an impressive increase in the period 2020-2025. Although exporting faced challenges from US tariffs imposing on partners, domestic growth achieved a spectacular increase thanks to (1) domestic production activities (automative and motor vehicles manufaturing), (2) domestic retail growth (thanks to fiscal policies and tourism activities); and (3) increasing public spending.

Domestic production is the driving force

The index of industrial production (IIP) in 6M2025 increased by 9.2% YoY. The processing and manufacturing industry increased the most by 11.1% YoY. Among the large groups in the processing and manufacturing industry; the automative production group grew impressively in 6M2025 with an increase of 31.5%. In addition, the motor vehicles manufacturing group also grew by 14.1%. We estimate that these two vehicle manufacturing groups contributed 1.5-1.6 percentage points to the total growth of the entire processing and manufacturing industry group. In 6M2025, the domestic industry produced 226,500 cars, up 70% over the same period last year thanks to the domestic electric vehicle consumption market developing in the direction of green transformation. In 6 months, VinFast sold more than 67 thousand electric vehicles in the Vietnamese market, 3 times higher than in 2024 (2024 figures include domestic and foreign sales revenue).

In addition to the difference in calculation methodologies between the IIP and PMI indexes, the subjects of the 2 indexes are also different, so there was a divergence between these 2 indexes. Vietnam's PMI index reflects more precisely the current situation of export-related companies than domestic ones. And these exporting companies were hit by tariff announcements and geopolitical events. PMI in June remained below 50, even lower than the previous month, reaching 48.9 points. Manufacturers in Vietnam are facing global weak demand, especially the export group. US tariffs have caused new orders to fall, companies have reduced employment, purchasing activities and inventories.

Export and import activities also reflected the current challenges. Although both exports and imports recorded YoY increases (16.3% YoY and 20.2% YoY, respectively), the MoM increase recorded negative growth, respectively 0.3% MoM and 6.1% MoM. The trade balance in June reached 2.83 billion USD, 6 months reached 7.63 billion USD.

Retail continues to record high growth

Total retail sales of goods and consumer services recorded growth in 6M2025 at 9.3% YoY. Retail sales of goods increased by 7.9% YoY. Travel and tourism services increased the most among the groups with an increase of 23.2%. The number of international visitors to Vietnam increased by 20.7%. The Government continued to maintain the reduction of VAT from 10% to 8% until the end of 2026, which partly maintained domestic consumption.

Public investment continues to grow

Public investment increased by 19.8% YoY in 6M 2025, reaching VND 2,911 trillion. In the first 6M2025, public investment increased by 19.1% YoY, equivalent to 31.57% of the annual plan. Major provinces actively disbursed public investment, achieving impressive increases such as Hanoi in 6M 2025 reaching 38%, Binh Duong 52%, Hung Yen 46.3%, Hai Duong 117.9%...

Macro indicators- 06/2025

Economic indicators	06/25	05/25	04/25	03/25	02/25	01/25	12/24	11/24	10/24	09/24	08/24	07/24	06/24
CPI (YoY)	3.56%	3.24%	3.12%	3.13%	2.91%	3.63%	2.94%	2.77%	2.89%	2.63%	3.45%	4.36%	4.34%
CPI (MoM)	0.48%	0.16%	0.07%	-0.03%	0.34%	0.98%	0.29%	0.13%	0.33%	0.29%	0.00%	0.48%	0.17%
PMI	48.90	49.80	45.60	50.50	49.20	48.90	49.80	50.80	51.20	47.30	52.40	54.70	54.70
IIP (YoY)	10.8%	9.6%	9.6%	9.9%	17.2%	0.6%	8.8%	8.0%	7.1%	8.3%	8.4%	11.1%	12.4%
IIP (MoM)	4.1%	4.3%	1.4%	12.0%	-2.2%	-9.2%	0.8%	2.3%	4.0%	-0.2%	2.0%	0.7%	0.7%
Retail (YoY)	8.3%	10.2%	11.1%	10.8%	9.5%	9.5%	9.3%	8.8%	7.1%	7.6%	7.9%	9.4%	9.2%
Export (USD bn)	39.49	39.70	37.74	38.57	31.17	33.16	35.53	33.80	36.20	34.42	38.93	36.24	33.66
Import (USD bn)	36.66	39.02	36.84	36.87	32.67	30.14	35.01	32.80	34.28	31.60	34.40	33.88	30.46
Balance of trades (USD bn)	2.83	0.69	0.90	1.69	-1.50	3.02	0.52	1.00	1.93	2.83	4.52	2.36	3.20
Acc. Disbursed FDI (USD bn)	11.72	8.90	6.74	4.96	2.95	1.51	25.35	21.68	19.58	17.34	14.15	12.55	10.84
Acc. Registered FDI (USD bn)	21.51	18.40	13.82	10.98	6.90	4.33	38.23	31.38	27.26	24.78	20.52	18.00	15.19
Public Investment (VND trillion)	66.56	58.06	49.61	43.97	37.70	35.25	86.38	75.88	68.36	63.87	62.28	57.07	53.80
Credit growth	7.14%	5.59%	4.27%	3.93%	0.76%	0.55%	15.08%	11.90%	10.08%	8.53%	6.63%	5.93%	6.10%
Deposit growth	n.a	n.a	6.69%	5.73%	4.26%	1.74%	8.15%	7.16%	6.82%	6.50%	6.00%	4.68%	4.35%
Overnight interbank rate	6.45%	3.1%	2.54%	4.02%	4.59%	3.92%	4.04%	3.11%	4.70%	4.44%	4.02%	4.60%	4.50%
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	3.21%	3.11%	3.07%	2.97%	3.09%	3.00%	2.97%	2.68%	2.66%	2.66%	2.71%	2.75%	2.75%
VND/USD exchange rate	26,370	26,260	26,420	25,860	25,670	25,450	25,750	25,690	25,280	24,568	24,875	25,630	25,900

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



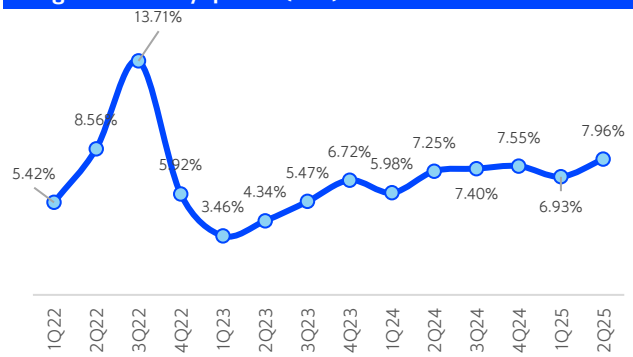
This document is provided for information purposes only. Any forecasts, figures, opinions and strategies set out are based on certain assumptions and current market conditions and subject to change without prior notice. All information presented herein is considered to be accurate at the time of production, but no warranty of accuracy and no liability in respect of any error or omission.

Shinhan Securities Vietnam Co., Ltd.
Niên Nguyễn – Associate Manager
☎ (84-8) 6299-8000

Economic growth – Industrial Production

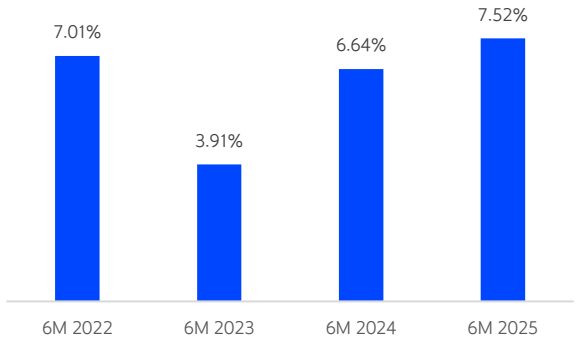
GDP growth in Q2 2025 reached 7.96% YoY. This is an impressive increase in the period 2020-2025. With the growth momentum maintained in 2025, GDP in 6M2025 increased by 7.52% - the largest increase in the period 2011-2025. Regarding GDP use in the first 6 months of 2025, final consumption increased by 7.95% over the same period; asset accumulation increased by 7.98%; export of goods and services increased by 14.17%; import of goods and services increased by 16.01%.

GDP growth rate by quarter (YoY)



Source: GSO, Shinhan Securities Vietnam

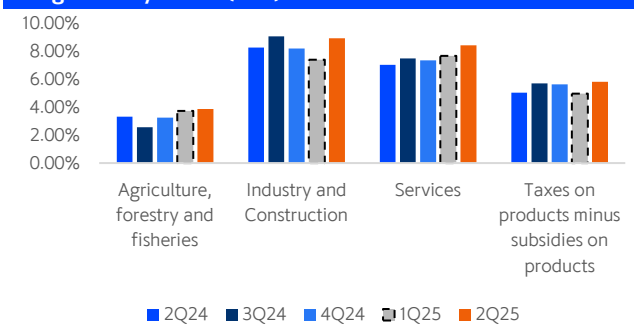
GDP growth rate in Q1



Source: GSO, Shinhan Securities Vietnam

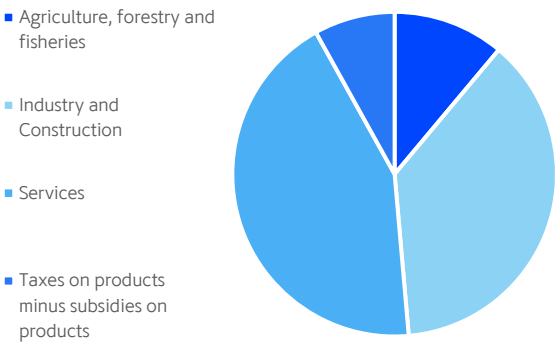
All sectors maintained stable YoY growth in Q2 2025. The industry and construction sector led the growth in Q2 with an increase of 8.97%. Manufacturing led the industry and construction sector with an increase of 10.75%. The services sector grew by 8.46% in Q2, almost equal to industry and construction. Agriculture, forestry and fishery sector and taxes on product minus product subsidies sector grew by 3.89% and 5.85%, respectively.

GDP growth by sector (YoY)



Source: GSO, Shinhan Securities Vietnam

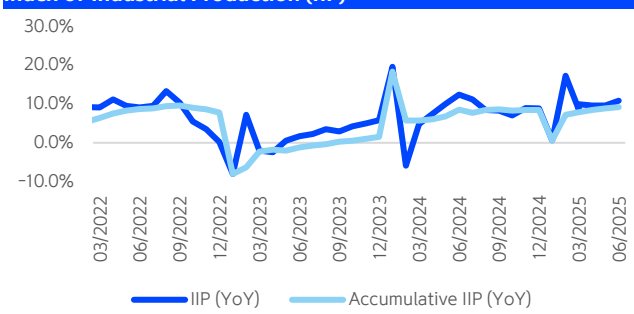
GDP contribution by sector in Q1 2025



Source: GSO, Shinhan Securities Vietnam

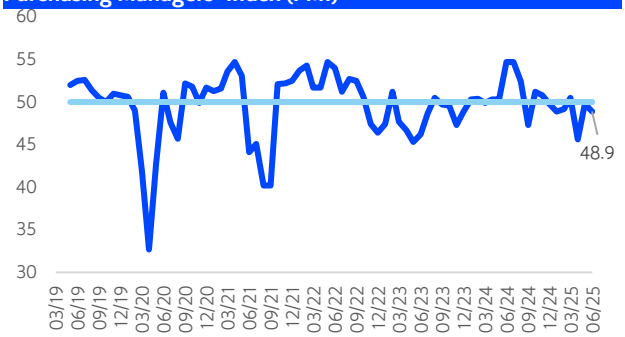
The Industrial Production Index (IIP) in June 2025 recorded a growth of 10.8% YoY and in 6M2025, the IIP is estimated to increase by 9.2% YoY. In June, the processing and manufacturing industry increased by 12.1% YoY; the electricity and gas industry increased by 5.9% and the water supply and waste treatment industry increased by 14.3%.Vietnam's PMI remained below 50, reaching 48.9 points in June. The number of export orders decreased significantly compared to the total number of new orders. Despite weak demand, manufacturers continued to increase production output in June.

Index of Industrial Production (IIP)



Source: GSO, Shinhan Securities Vietnam

Purchasing Managers' Index (PMI)

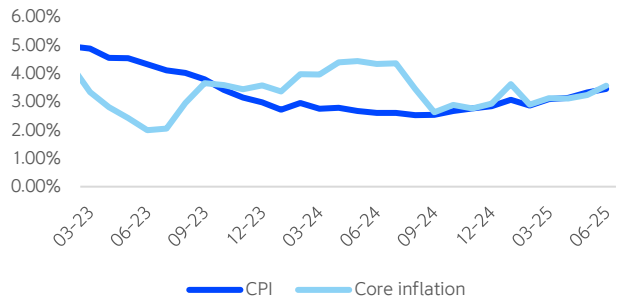


Source: S&P Global, Shinhan Securities Vietnam

Inflation

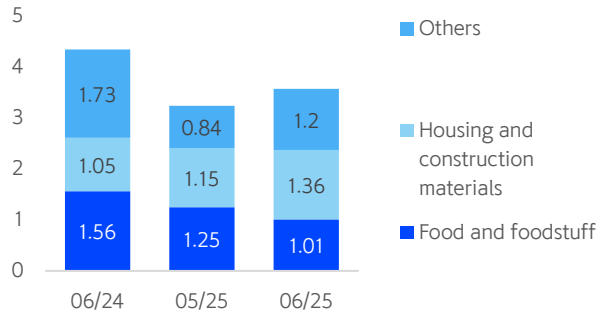
In June 2025, the general CPI increased by 3.57% YoY. After excluding food, foodstuffs, energy and state-managed goods such as healthcare and education; core inflation increased by 3.46% YoY in June. In 6M 2025, the general CPI increased by 3.27%. Core inflation in 6M 2025 reached 3.16%. The food and foodstuff group increased by 3.01% YoY, contributing 1.01 points to the overall increase of CPI in June.

Monthly consumer price index (YoY)



Source: GSO, Shinhan Securities Vietnam

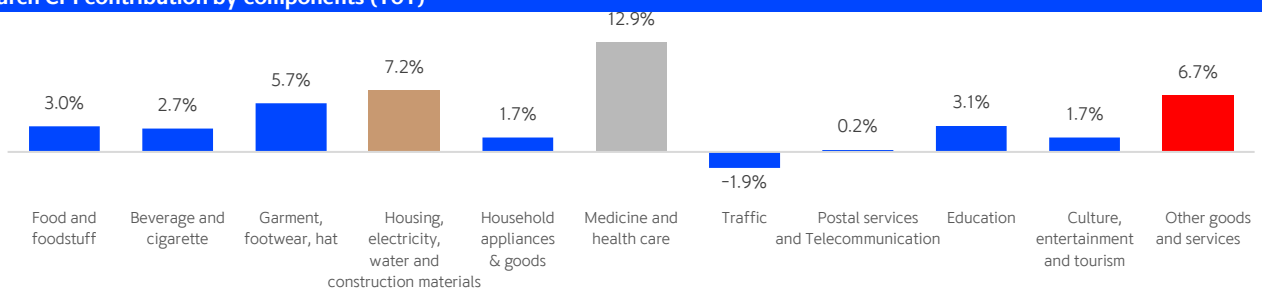
Monthly headline CPI components (YoY)



Source: GSO, Shinhan Securities Vietnam

In terms of YoY increase in June, the group of medicines and medical services had the highest YoY increase of 12.9% YoY, causing the overall inflation to increase by 0.7 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 housing, electricity, water and construction materials increased by 7.2% YoY. Many changes in policies has helped the real estate market gradually warm up. After a period of increasing real estate prices, the demand for construction in June increased, leading to an increase in construction material costs. The increase in electricity prices also led to an increase in prices of this group. The group of other goods and services increased due to the increase in prices of luxury goods such as jewelry, perfumes or beauty care products such as cosmetics.

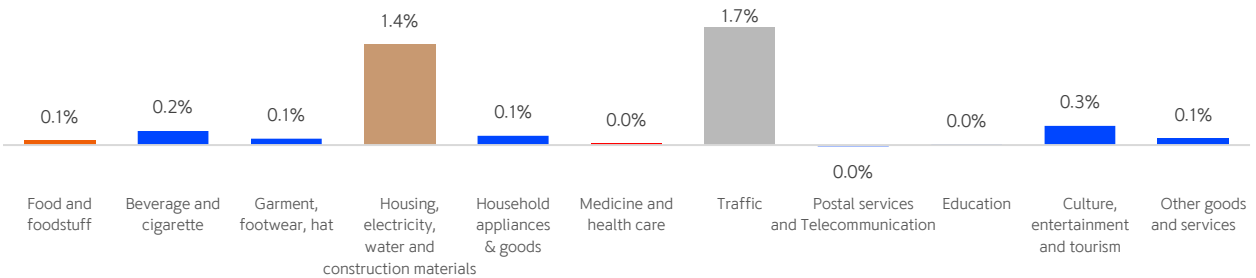
March CPI contribution by components (YoY)



Source: GSO, Shinhan Securities Vietnam

CPI in June 2025 increased by 0.48% MoM. Of which, the transportation group increased the most with 1.66% MoM, contributing 0.16 percentage points. Gasoline prices increased by 4.12% compared to the previous month and diesel prices increased by 5.37% due to adjustments to the world market. Transportation prices increased due to high travel demand during the summer. Housing, electricity, water, fuel and construction materials group increased by 1.42% MoM, ranking second among the groups with the strongest increase in MoM. Rental prices, electricity prices, construction materials prices all increased MoM. The third group with the strongest increase was the culture, entertainment and tourism group, up 0.3% MoM. The demand for travel during the summer caused prices in this group to increase. Domestic tourism increased by 1.36%, sports rental tickets increased by 0.24%, and toys increased by 0.22%.

March CPI contribution by components (MoM)

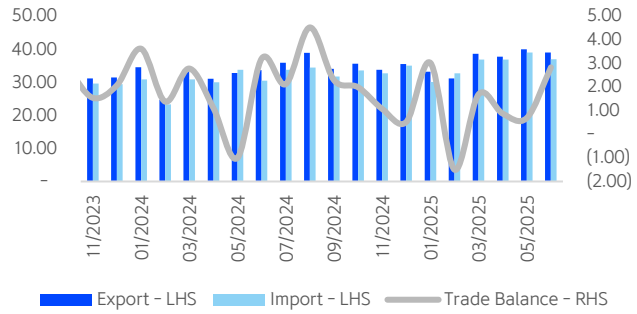


Source: GSO, Shinhan Securities Vietnam

Trading– Retails – Investment

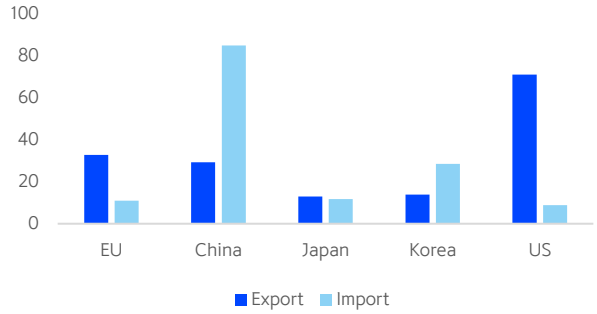
June export value increased by 16.3% YoY and import increased by 20.2% YoY. Overall, in 6M 2025, goods of export turnover increased by 18.0% YoY and import turnover increased by 18.8% YoY. Trade surplus reached 7.63 billion in 6M 2025. The US remains Vietnam's largest export market with turnover reaching 70.9 billion USD in 6M 2025 and China remains the largest import market with turnover reaching 84.7 billion USD

Total trading turnover (USD bn)



Source: GSO, Shinhan Securities Vietnam

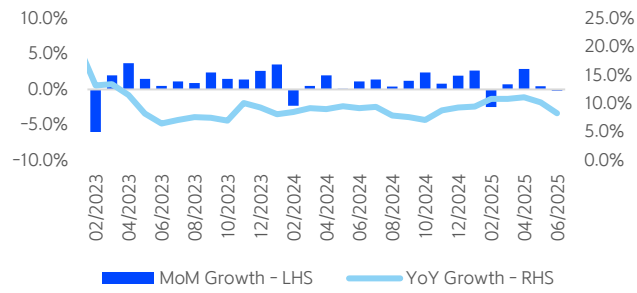
Vietnam major trading partners in Q1 2025 (USD billion)



Source: Fiinpro, Shinhan Securities Vietnam

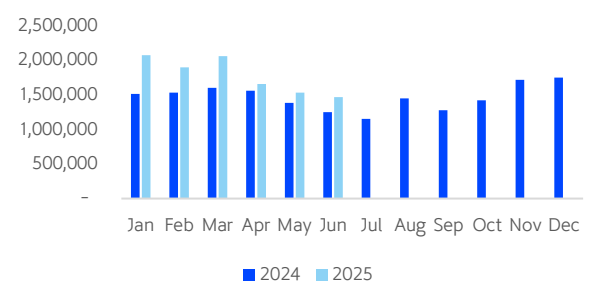
Total retail sales of goods and consumer services at current prices in June are estimated at VND570.2 trillion, up 8.3% YoY. In 6M 2025, total retail sales of goods and consumer services revenue at current prices increased by 9.3% YoY. The number of international tourists to Vietnam in June increased by 17.1% YoY, reaching 1.46 million people. Tourists are one of the factors driving domestic retail sales.

Retail sales growth



Source: GSO, Shinhan Securities Vietnam

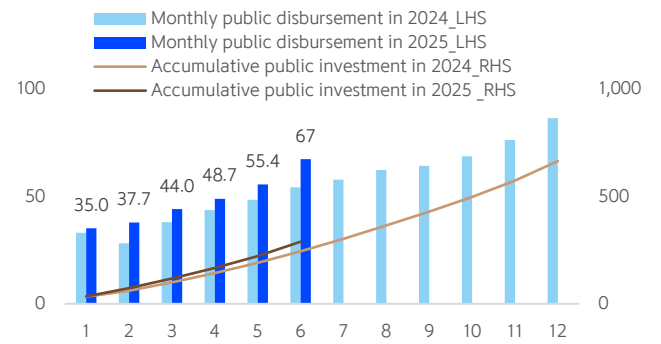
Foreign tourist (pax)



Source: GSO, Shinhan Securities Vietnam

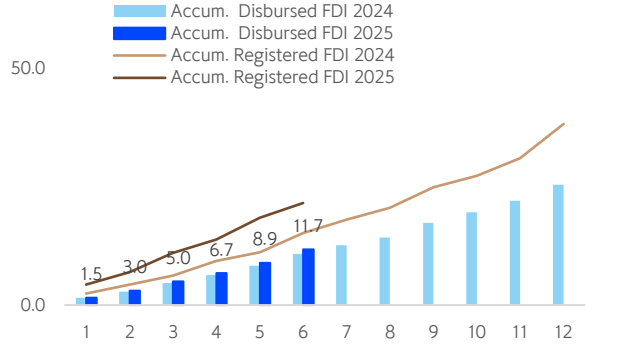
Public investment is estimated at VND 66.6 trillion in June, increasing by 23.7% YoY and 14.7% MoM. In the first 6M2025, public investment increased by 19.1% YoY, equivalent to 31.57% of the annual plan. Registered FDI reached nearly 21.5 billion USD, 41.7% YoY. Disbursed FDI reached 11.7 billion USD, up 8.1% YoY.

Public investment (VND trillion)



Source: GSO, Shinhan Securities Vietnam

FDI (USD bn)

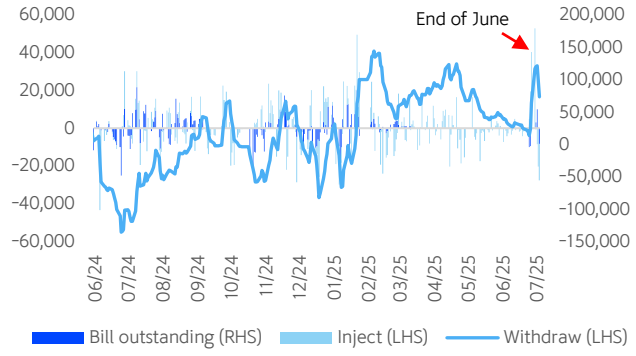


Source: Fiinpro, Shinhan Securities Vietnam

Money market

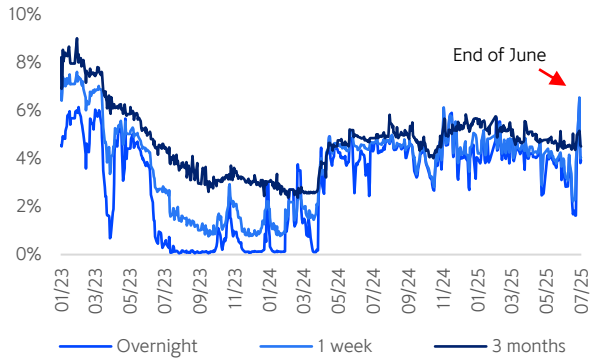
The State Bank of Vietnam continuously withdrew money through open market operations when the exchange rate increased rapidly in June. However, at the end of the month, the banking system accelerated the disbursement of credit at the end of the quarter, so liquidity in the open market increased dramatically in the last days of June. Interbank overnight interest rates also increased suddenly in line with liquidity in the open market.

Open Market Operation (VND trillion)



Source: SBV, FiinPro, Shinhan Securities Vietnam

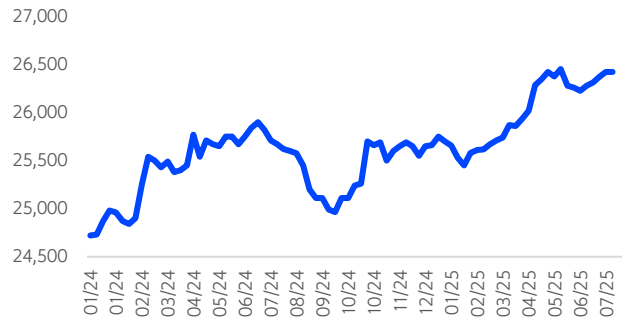
Interbank interest rate



Source: SBV, FiinPro, Shinhan Securities Vietnam

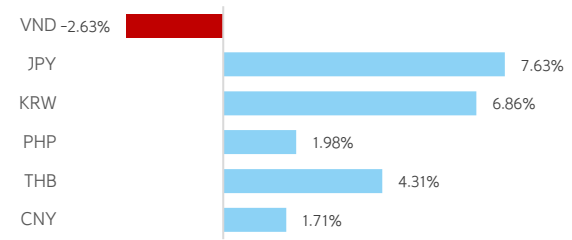
On 7th July 2025, Vietcombank's VND/USD buying rate on the free market reached 26,420. The USD/VND's increase has slowed down in June, after peaking in early June. On July 2, the US President posted on the social network Social Truth that the US will impose a 20% tax on Vietnamese goods and a 40% tax on goods transited from third countries through Vietnam. Although it was part of the market's forecast scenarios, the announcement may have removed the "uncertainty" in import-export activities. The USD may slow down in the second half of 2025 when expectations are clear.

VND/USD exchange rate in the free market



Source: Fiinpro, Shinhan Securities Vietnam

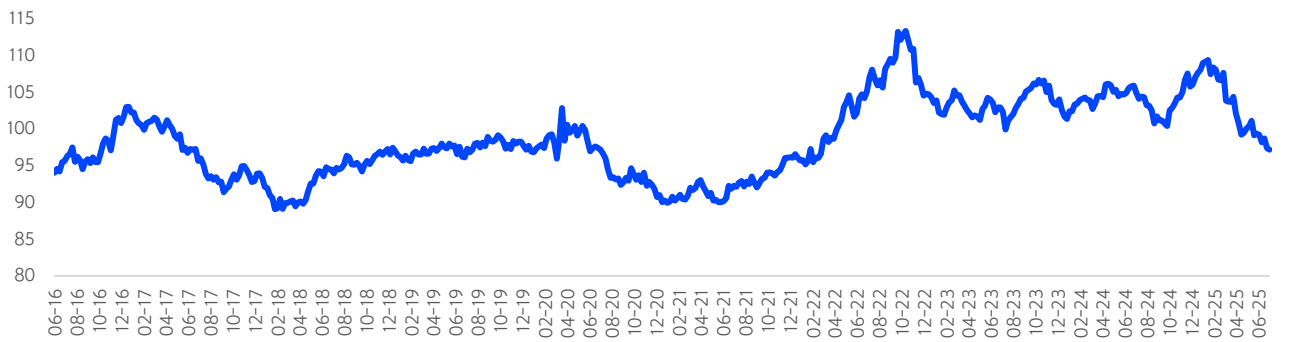
YTD depreciation/ appreciation rate vs USD on 07 July 2025



Source: Bloomberg, Shinhan Securities Vietnam estimate

DXY has been falling since February due to the impact of tariffs. The USD has been weaker against other currencies in the world. After peaking at 109 in January and hovering around 108 for the first half of February, DXY has fallen sharply to 97 in July.

DXY index

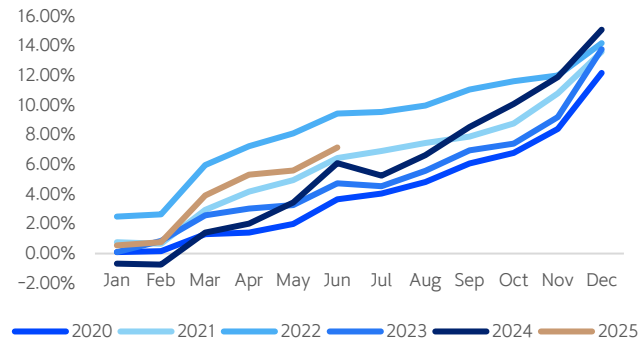


Source: Bloomberg, Shinhan Securities Vietnam

Money market

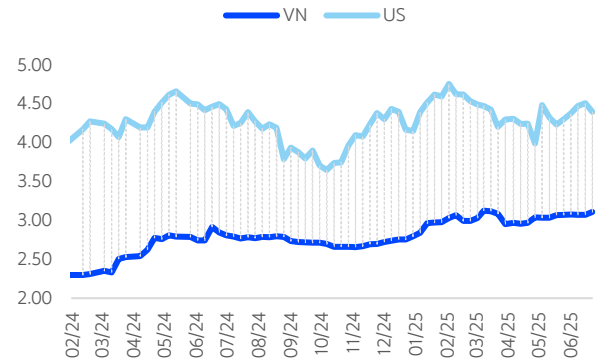
Credit growth in June 2025 reached 7.14% YTD. The 10-year government bond interest rate (average winning bid) reached 3.23% at the end of June. Vietnam's government bond interest rate is gradually narrowing the gap with the US government bond interest rate, which could be one of the factors that will help the exchange rate cool down in the future.

Credit growth rate (YTD)



Source: SBV, FiinPro, Shinhan Securities Vietnam

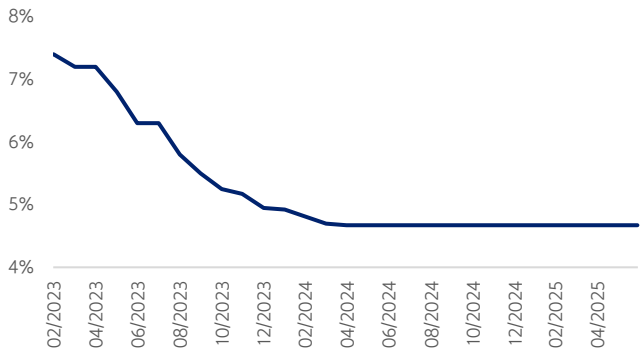
Vietnam 10Y government bonds auction average yield (%)



Source: Bloomberg, Shinhan Securities Vietnam

The average deposit interest rate in June of state-owned commercial banks remained unchanged at 4.68%. The average lending interest rate remained at 7.75% while the deposit interest rate tended to decrease slightly. The average deposit interest rate for 6-12 month terms reached 5.4% in May 2025.

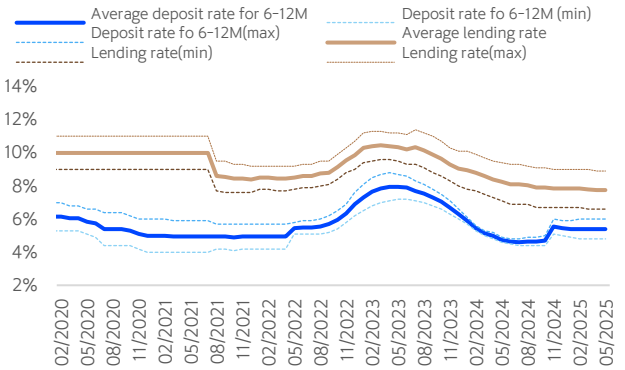
Deposit rate at SOCBs



Source: Fiinpro, Shinhan Securities Vietnam

SOCBs: Average 12M deposit rate at Vietcombank, Agribank, BIDV and VietinBank

Lending – deposit rates



Source: SBV, Shinhan Securities Vietnam

Average rate is a median of max and min rates

Shinhan Investment Network

SEOUL

Shinhan Securities Co., Ltd
Shinhan Investment Tower
70, Youido-dong, Yongdungpo-gu,
Seoul, Korea 150-712
Tel : (82-2) 3772-2700, 2702
Fax : (82-2) 6671-7573

SHANGHAI

Shinhan Investment Corp.
Shanghai Representative Office
Room 104, Huaneng Union Mansion No.958,
Luijiazui Ring Road, PuDong, Shanghai, China
Tel : (86-21) 6888-9135/6
Fax : (86-21) 6888-9139

NEW YORK

Shinhan Investment America Inc.
1325 Avenue of the Americas Suite 702,
New York, NY 10019
Tel : (1-212) 397-4000
Fax : (1-212) 397-0032

HO CHI MINH

Shinhan Securities Vietnam Co., Ltd.
18th Floor, The Mett Tower, 15 Tran Bach Dang,
Thu Thiem Ward, Thu Duc City, HCM City, Vietnam
Tel : (84-8) 6299-8000
Fax : (84-8) 6299-4232

HONG KONG

Shinhan Investment Asia Ltd.
Unit 7705 A, Level 77
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong
Tel : (852) 3713-5333
Fax : (852) 3713-5300

HA NOI

Shinhan Securities Vietnam Co., Ltd.
Hanoi Branch
2nd Floor, Leadvisors Building, No. 41A Ly Thai To,
Ly Thai To Ward, Hoan Kiem District,
Hanoi, Vietnam.
Tel : (84-8) 6299-8000

INDONESIA

PT Shinhan Sekuritas Indonesia
30th Floor, IFC 2, Jl. Jend. Sudirman Kav.
22-23, Jakarta, Indonesia
Tel : (62-21) 5140-1133
Fax : (62-21) 5140-1599



Compliance Notice

- Analyst Certification: We/I hereby certify the information and material presented in this report are accurate expressions of their views, and that we/I have not received internally or externally wrongful pressure to express such views.
- All opinions and estimates regarding the company and its securities are accurate representations of the covering analyst's judgments as of this date and may differ from actual results.
- This report is intended to provide information to assist investment decisions only and should not be used or considered an offer or the solicitation of an offer to sell or to buy any securities. Stock selection and final investment decisions should be made at the client's own discretion.
- This report is distributed to our clients only, and any unauthorized use, duplication, or redistribution of this report is strictly prohibited.

Disclaimers

- This research report and marketing materials for Vietnamese securities are originally prepared and issued by the Research Center of Shinhan Securities Vietnam Ltd.., an organization licensed with the State Securities Commission of Vietnam. The analyst(s) who participated in preparing and issuing this research report and marketing materials is/are licensed and regulated by the State Securities Commission of Vietnam in Vietnam only. This report and marketing materials are copyrighted and may not be copied, redistributed, forwarded or altered in any way without the consent of Shinhan Securities Vietnam Ltd.
- This research report and marketing materials are for information purposes only. They are not and should not be construed as an offer or solicitation of an offer to purchase or sell any securities or other financial instruments or to participate in any trading strategy. This research report and marketing materials do not provide individually tailored investment advice. This research report and marketing materials do not take into account individual investor circumstances, objectives or needs, and are not intended as recommendations of particular securities, financial instruments or strategies to any particular investor. The securities and other financial instruments discussed in this research report and marketing materials may not be suitable for all investors. The recipient of this research report and marketing materials must make their own independent decisions regarding any securities or financial instruments mentioned herein and investors should seek the advice of a financial adviser. Shinhan Securities Vietnam Ltd. does not undertake that investors will obtain any profits, nor will it share with investors any investment profits. Shinhan Securities Vietnam Ltd.., its affiliates, or their affiliates and directors, officers, employees or agents of each of them disclaim any and all responsibility or liability whatsoever for any loss (director consequential) or damage arising out of the use of all or any part of this report or its contents or otherwise arising in connection therewith. Information and opinions contained herein are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or Shinhan Securities Vietnam Ltd. The final investment decision is based on the client's judgment, and this research report and marketing materials cannot be used as evidence in any legal dispute related to investment decisions.
- Copyright ⓒ 2020 Shinhan Securities Vietnam Ltd. All rights reserved. No part of this report may be reproduced or distributed in any manner without permission of Shinhan Securities Vietnam Ltd.