# VIETNAM MACRO UPDATE

## 15 August 2025

Shinhan Securities

## Manufacturing grew. Inflation was in control.

**PMI and IIP showed the same direction**

In 6M2025, the PMI and IIP data did not have the same direction. The IIP continued to record growth while the PMI recorded a low score, reflecting concerns about economic uncertainties. However, in July, both indices recorded positive figures, which represented the bright outlook of the manufacturing sector in Vietnam. The overall IIP recorded an increase of 8.5% YoY in July and an increase of 8.6% in 7M2025. The PMI increased to 52.4 points in July from 48.9 points in the previous month.

"Although tariffs continued to cause reductions in new export orders, firms were able to secure enough business elsewhere that total new orders returned to growth" - Andrew Harker, Economics Director at S&P Global Market Intelligence. This is what we mentioned in the last month's report. Vietnam's domestic manufacturing had been making positive changes.

The IIP of the manufacturing sector continued to lead the industrial production index in July. The manufacturing sector index increased by 9.3% YoY in July, and in7M2025 the sector growth was 10.3% YoY. Motor vehicle production recorded an increase of 19% YoY in July. Some other manufacturing groups with strong growth in July include rubber and plastic products (+16.4% YoY), other non-metallic mineral products (+22.3%), beverage production (+13.3% YoY), electrical equipment production (+15.2% YoY)... Other major sector in the entire Vietnamese industrial production are (1) mining, (2) electricity production and distribution and (3) water supply and related activities, which achieved stable growth in July, respectively at 2.6% YoY, 7% YoY and 9.1% YoY.

PMI increased again in July thanks to output growth. The number of orders increased again. However, the number of export orders continued to decline due to US tariffs. This somewhat affected business sentiment. In addition, according to the PMI survey, in July, purchasing activities increased again to prepare for the production, but there was a shortage of raw materials, causing delivery times to be extended and input costs to increase.

**Inflation in control**

Inflation (the headline CPI) in July increased by 3.19% YoY, down from 3.57% YoY in June. In 7M2025, the headline CPI was 3.26%. Controlling inflation around the current level of over 3% is a remarkable effort because inflation from April to July in 2024 was all above 4%.

The main factors impacting the inflation would ease gradually by the end of the year. First, the impact of the drug and medical group would gradually decrease in the last 2 months of the year because the impact of Circular 21/2024/TT-BHYT would no longer exist. The cost of the group had increased since November last year when the circular adjusted medical prices. The YoY comparison would be the same in the last 2 months of the year for this group.

The second group that contributes the large increase in the inflation is the housing and construction materials group. The contribution of this group accounts for a large proportion every month in 2025. In July, this group accounted for 41% of the total increase of the headline CPI. The impact of this group would gradually decrease in the last months of the year. Electricity prices had increased twice within 12 months. The first increase was in October 2024 and the second increase was in May 2025. The increase in electricity prices had led to the cost increase in other groups and directly increased in the housing and construction materials group. However, in the last months of the year, the impact of the first increase would no longer exist. Therefore, we believe that inflation can reach the Government's target of controlling it at 4.5%.

There was an impactful factor driving the inflation. It was housing prices in the real estate market. Because of the warming real estate market, rental prices had increased. Increased rental prices had a big impact on the housing and construction materials groups. According to CBRE, as of Q2 2025, the primary selling price of the apartment market in Ho Chi Minh City increased by 7% QoQ and 29% YoY.

**Macro indicators- 7/2025**

| Economic indicators | 07/25 | 06/25 | 05/25 | 04/25 | 03/25 | 02/25 | 01/25 | 12/24 | 11/24 | 10/24 | 09/24 | 08/24 | 07/24 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CPI (YoY) | 3.26% | 3.56% | 3.24% | 3.12% | 3.13% | 2.91% | 3.63% | 2.94% | 2.77% | 2.89% | 2.63% | 3.45% | 4.36% |
| CPI (MoM) | 0.11% | 0.48% | 0.16% | 0.07% | -0.03% | 0.34% | 0.98% | 0.29% | 0.13% | 0.33% | 0.29% | 0.00% | 0.48% |
| PMI | 52.40 | 48.90 | 49.80 | 45.60 | 50.50 | 49.20 | 48.90 | 49.80 | 50.80 | 51.20 | 47.30 | 52.40 | 54.70 |
| IIP (YoY) | 8.5% | 8.0% | 9.6% | 9.6% | 9.9% | 17.2% | 0.6% | 8.8% | 8.0% | 7.1% | 8.3% | 8.4% | 11.1% |
| IIP (MoM) | 0.5% | 4.1% | 4.3% | 1.4% | 12.0% | -2.2% | -9.2% | 0.8% | 2.3% | 4.0% | -0.2% | 2.0% | 0.7% |
| Retail (YoY) | 9.2% | 8.3% | 10.2% | 11.1% | 10.8% | 9.5% | 9.5% | 9.3% | 8.8% | 7.1% | 7.6% | 7.9% | 9.4% |
| Export (USD bn) | 42.27 | 39.84 | 39.70 | 37.74 | 38.57 | 31.17 | 33.16 | 35.53 | 33.80 | 36.20 | 34.42 | 38.93 | 36.24 |
| Import (USD bn) | 40.00 | 36.72 | 39.02 | 36.84 | 36.87 | 32.67 | 30.14 | 35.01 | 32.80 | 34.28 | 31.60 | 34.40 | 33.88 |
| Balance of trades (USD bn) | 2.27 | 3.12 | 0.69 | 0.90 | 1.69 | -1.50 | 3.02 | 0.52 | 1.00 | 1.93 | 2.83 | 4.52 | 2.36 |
| Acc. Disbursed FDI (USD bn) | 13.60 | 11.72 | 8.90 | 6.74 | 4.96 | 2.95 | 1.51 | 25.35 | 21.68 | 19.58 | 17.34 | 14.15 | 12.55 |
| Acc. Registered FDI (USD bn) | 24.09 | 21.51 | 18.40 | 13.82 | 10.98 | 6.90 | 4.33 | 38.23 | 31.38 | 27.26 | 24.78 | 20.52 | 18.00 |
| Public Investment (VND trillion) | 76.48 | 71.47 | 58.06 | 49.61 | 43.97 | 37.70 | 35.25 | 86.38 | 75.88 | 68.36 | 63.87 | 62.28 | 57.07 |
| Credit growth | n.a | 9.90% | 6.72% | 5.32% | 3.91% | 0.76% | 0.55% | 15.08% | 11.90% | 10.08% | 8.53% | 6.63% | 5.93% |
| Deposit growth | n.a | n.a | n.a | 6.69% | 5.73% | 4.26% | 1.74% | 8.15% | 7.16% | 6.82% | 6.50% | 6.00% | 4.68% |
| Overnight interbank rate | 3.35% | 6.45% | 3.1% | 2.54% | 4.02% | 4.59% | 3.92% | 4.04% | 3.11% | 4.70% | 4.44% | 4.02% | 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 | 3.32% | 3.21% | 3.11% | 3.07% | 2.97% | 3.09% | 3.00% | 2.97% | 2.68% | 2.66% | 2.66% | 2.71% | 2.75% |
| VND/USD exchange rate | 26,380 | 26,370 | 26,260 | 26,420 | 25,860 | 25,670 | 25,450 | 25,750 | 25,690 | 25,280 | 24,568 | 24,875 | 25,630 |

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



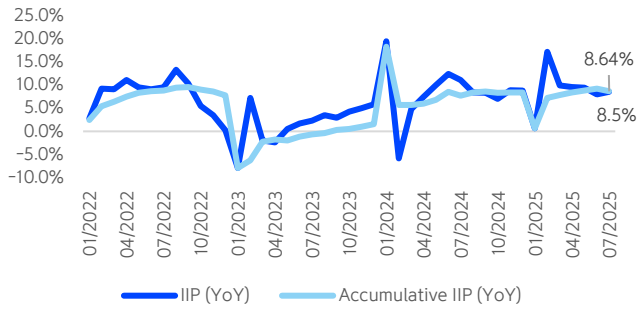

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## Production – Consumption

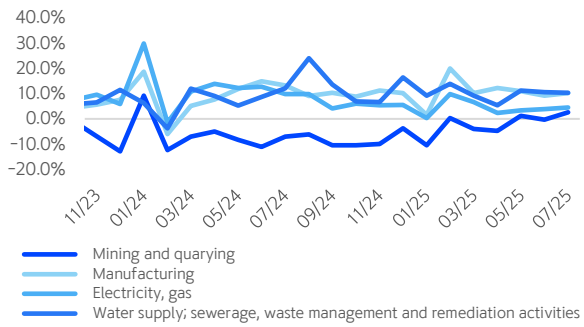
In July, the industrial production index (IIP) grew positively by 8.54% YoY (+0.5% MoM). The manufacturing sector grew the most with 9.3% YoY. In 7M2025, the manufacturing sector increased by 10.3% YoY. Motor vehicle production increased strongly with 19% YoY and in the first 7 months, it was 29.9% YoY.
The utilities sector in the IIP such as electricity production and water supply also recorded high growth. Electricity production and distribution increased by 7.0% YoY and water supply increased by 9.1% YoY. In 7M2025, the two groups increased by 4.6% YoY and 10.4% YoY, respectively.

**Index of Industrial production (IIP)**




Source: GSO, Shinhan Securities Vietnam

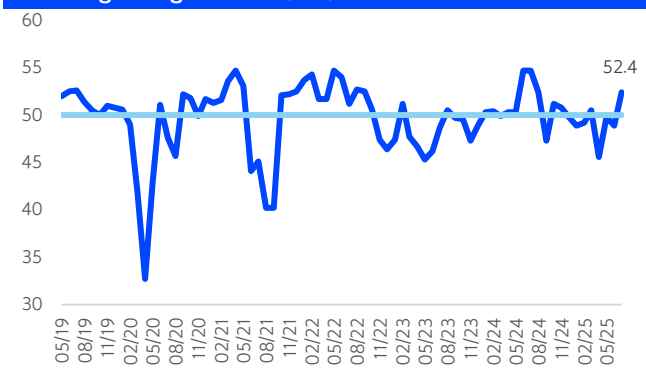
**IIP by sub-sectors**




Source: GSO, Shinhan Securities Vietnam

The July PMI recorded a 2025 high, rising to 52.4 from 48.9 in the previous month. The rebound in the PMI was driven by a rise in new orders, which helped to accelerate output growth. The US announced tariffs on each countries in July. The rates were partly in the consensus. This reduced uncertainty about the future of manufacturing activity. Recovery in demand led to an increase in orders. The rate of increase in orders was the fastest since November last year.

**Purchasing managers' index (PMI)**




Source: S&P Global,, Shinhan Securities Vietnam

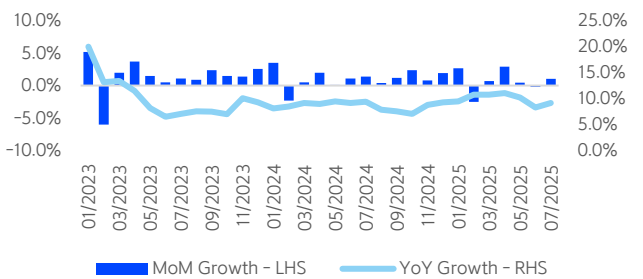
**PMI summary**

| | |
|---|---|
| New orders | Increase |
| Production | Increase |
| Inventories | Decrease due to challenges in sourcing the material input |
| Purchasing | Increase |
| Employment | Stable |
| Business confidence | Decrease |

Source: S&P Global, Shinhan Securities Vietnam

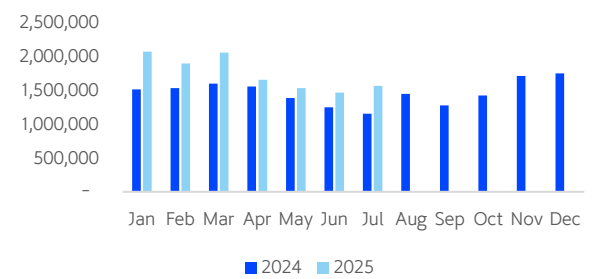
Total retail sales of goods and consumer services revenue increased by 9.2% YoY in July (+1.1% MoM). In 7M2025, total retail sales of goods and consumer services revenue increased by 9.3% YoY. Retail sales of goods increased by 7.7% YoY in July and 7.8% in 7M2025. Travel sector and accommodation & catering services sector continued to achieve double-digit growth in July with 12.6% YoY and 16.3% YoY, respectively. International arrivals to Vietnam increased by 35.7% YoY in July. In 7M2025, international arrivals to Vietnam increased by 22.5% YoY.

**Total retail sales growth**




Source: GSO, Shinhan Securities Vietnam

**Foreign tourist (pax)**

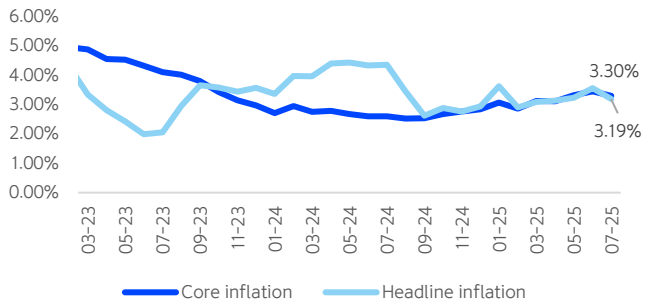



Source: GSO, Shinhan Securities Vietnam

## Inflation

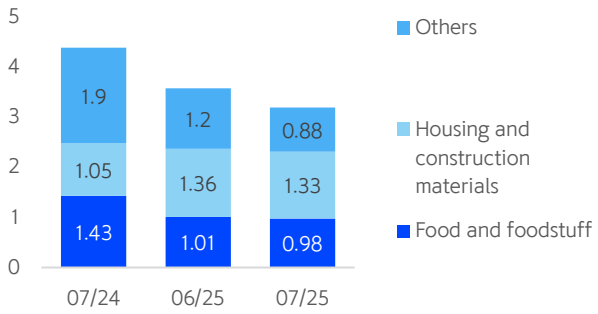
In July 2025, the headline CPI increased by 3.19% YoY. After excluding food, foodstuffs, energy and state-managed goods such as healthcare and education; core inflation increased by 3.30% YoY in July. In 7M 2025, the general CPI increased by 3.26%. Core inflation in 7M 2025 reached 3.18%. The food and service group increased by 2.92% YoY, contributing 0.98 points to the overall increase of the CPI in June. The housing and construction materials group increased sharply by 7.1% YoY, contributing 1.33 points to the overall increase.

**Monthly Consumer price index (YoY)**




Source: GSO, Shinhan Securities Vietnam

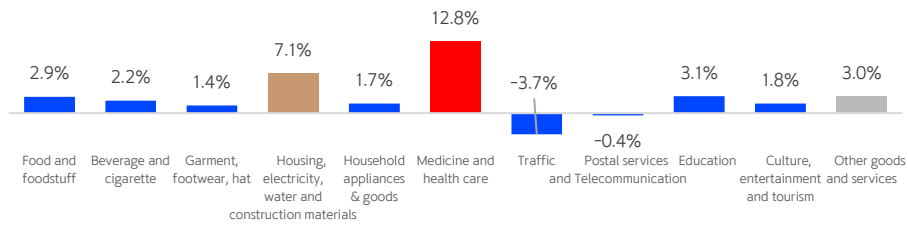
**CPI component in May (% YoY)**




Source: GSO, Shinhan Securities Vietnam

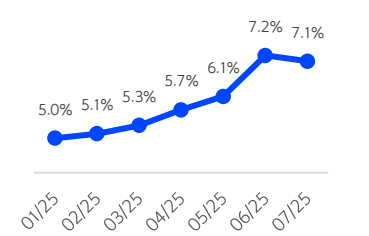
The medicines and medical group continues to increase sharply by 12.8% YoY due to the adjustment according to Circular No. 21/2024/TT-BHYT dated October 17, 2024 of the Ministry of Health. The increase in the housing and construction materials group is the most notable with a figure of +7.1% YoY. This group had increased continuously over months at a fast pace. The prices of construction materials such as bricks, stones and sand increased due to high demand and tight supply. The increase in electricity prices due to EVN's price adjustment since May, along with the summer weather, caused household electricity prices to increase. However, a main reason for the continuous increase in CPI of this group was the recovery of the real estate market, which caused rental prices to increase. In July, rental prices decreased slightly because students were on summer vacation, causing landlords to slightly reduce prices to retain customers.

**July CPI growth by components (YoY)**




Source: GSO, Shinhan Securities Vietnam

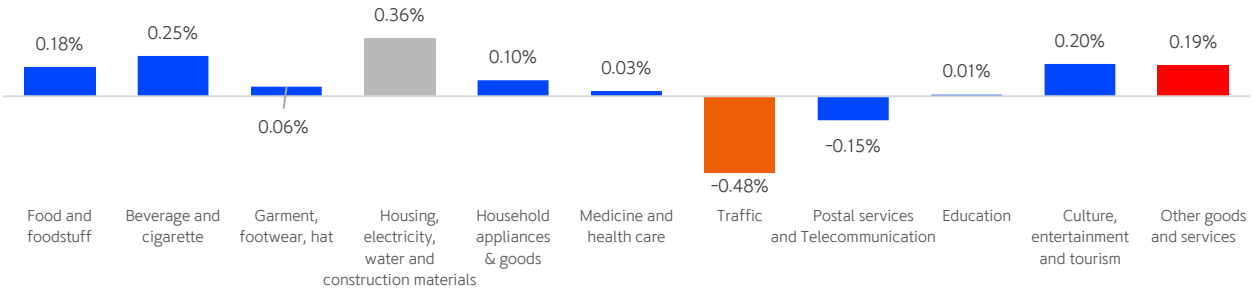
**CPI of housing and construction material group(% YoY)**




Source: GSO, Shinhan Securities Vietnam

CPI in July 2025 increased by 0.11% MoM. The group with the strongest increase was the housing and construction materials group (+0.36% MoM). The sharp increase in the medicine and healthcare group YoY and a slight increase in MoM shows that the increase affecting the overall CPI of this group may stop in November. The transportation group decreased the most with -0.48% MoM. It was due to the gasoline price index decreased by -1.5% MoM. In addition, the price of used cars decreased by -0.45% MoM; new cars and motorbikes both decreased by -0.10% MoM due to businesses applying incentive programs to support consumers in shopping.

**July CPI growth by components (MoM)**

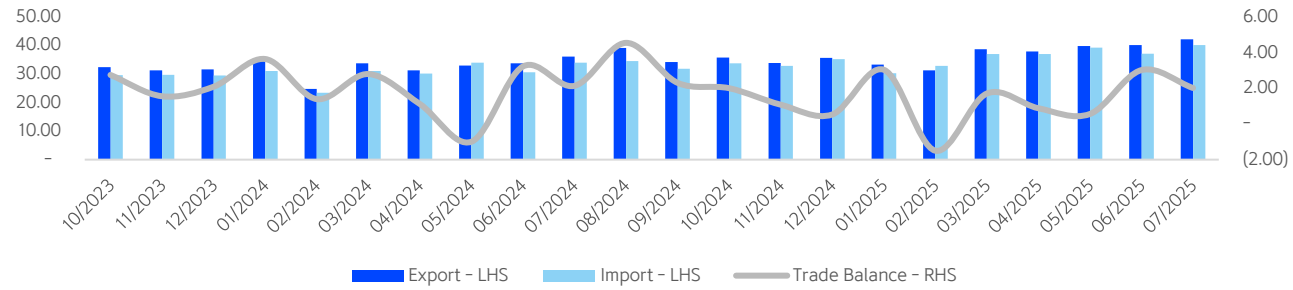



Source: GSO, Shinhan Securities Vietnam

## Trading – Investment

In July, the export turnover of goods reached USD 42.27 billion (+16.0% YoY). The import turnover reached nearly USD 40.0 billion (+17.8% YoY). The accumulated trade surplus in 7M2025 reached USD 10.2 billion. The United States is the largest export market with a turnover of USD 85.1 billion in 7M2025 and China is the largest import market with a turnover of USD 101.5 billion. Regarding the structure of export goods, the group of industrial goods reached USD 232.37 billion, accounting for 88.6% in 7M2025. Regarding the structure of import goods, the group of production materials reached 236.57 billion USD, accounting for 93.8% of the structure.

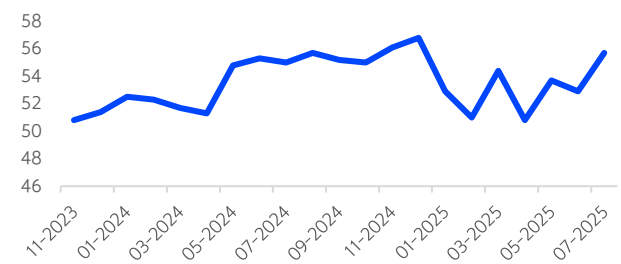
**Total trading turnover (USD bn)**




Source: GSO, Shinhan Securities Vietnam

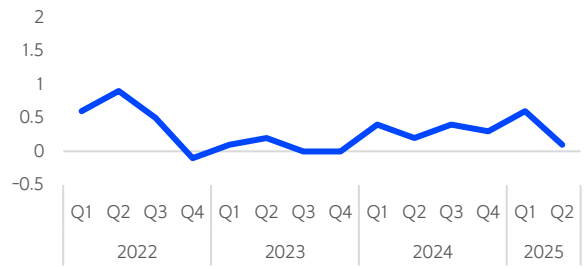
The US services PMI also rose to 55.7 in July from 52.9 in June. The increase in the US services PMI in July was driven by increased demand in the technology sector and growth in financial activities. However, business confidence among service firms, although still optimistic, has weakened slightly, implying some risks to service sector growth at the end of the year.
Euro area GDP growth in Q2 reached 0.1% QoQ, lower than the 0.6% QoQ in Q1. Compared to the same period last year, the Euro area grew by 1.4% YoY in Q2 2025.

**US service PMI**




Source: S&P Global, Shinhan Securities Vietnam

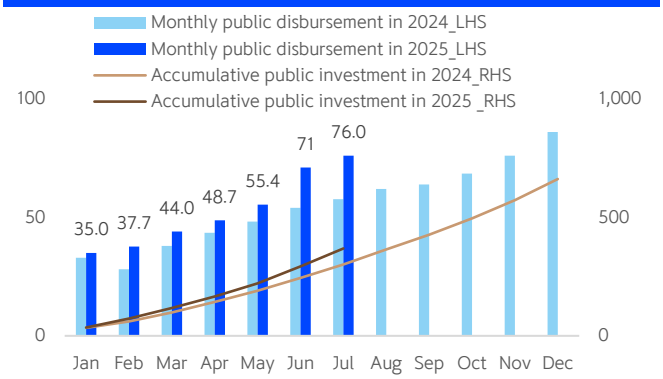
**EU GDP growth rate (% - QoQ)**




Source: EuroStat, Shinhan Securities Vietnam

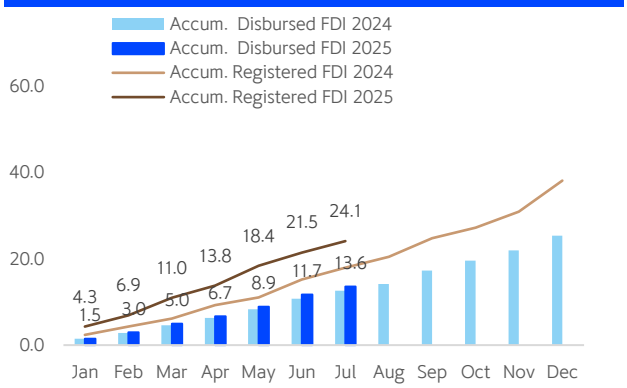
Public disbursement in July is estimated at VND 76.5 trillion, up 34% YoY. The cumulative public disbursement in 7M2025 reached 40.7% of the yearly plan. In July 2025, registered FDI reached 2.58 billion USD. In 7M2025, registered FDI reached 24.1 billion USD, up 33.8% YoY. Disbursed FDI reached about 1.9 billion USD in July. In 7M2025, disbursed FDI reached 13.6 billion USD, up 8.4% YoY.

**Public investment (VND trillion)**




Source: GSO, Shinhan Securities Vietnam

**FDI (USD bn)**

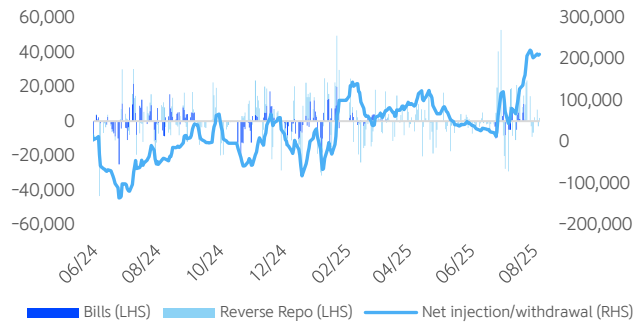



Source: Fiinpro, Shinhan Securities Vietnam

## Money market

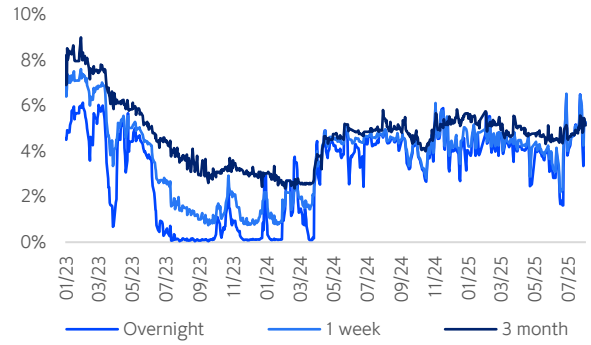
The State Bank of Vietnam (SBV) injected net liquidity in July through open market operations. The SBV carried out its operations to support the economy to achieve the growth target of 8.3% - 8.5% in 2025. Interbank interest rates were maintained stable around 4% for overnight, 1-week and 3-month terms.

**Open market operation (VND billion)**




Source: SBV, FiinPro, Shinhan Securities Vietnam

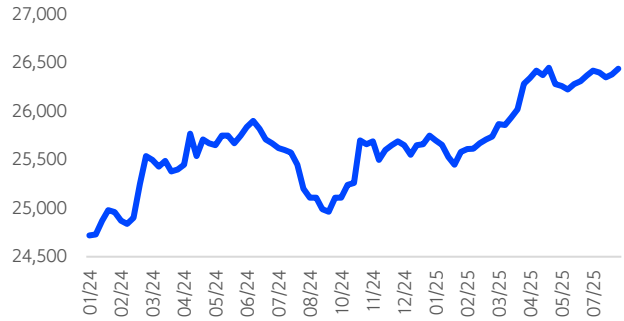
**Interbank interest rate**




Source: SBV, FiinPro, Shinhan Securities Vietnam

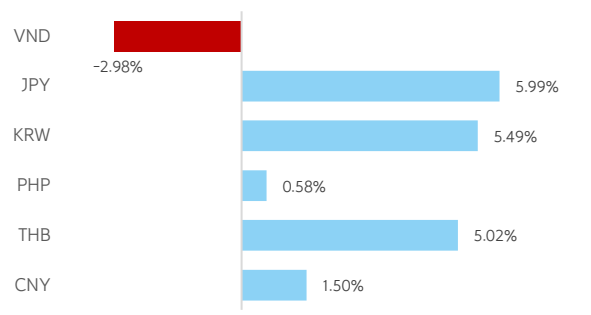
The VND/USD exchange rate in the free market in July moved around the level above 26,000 VND/USD and returned to test the old peak in May at 26,450 VND/USD at the end of July. As of the first week of August 2025, the VND has depreciated by about 3% against the USD. We believe that the exchange rate will move sideways around 26,200 – 26,400 VND/USD during the second half of the year because the US tariffs have been announced - a major risk affecting the VND's depreciation - has somewhat eased.

**VND/USD exchange rate on free market**




Source: Fiinpro, Shinhan Securities Vietnam

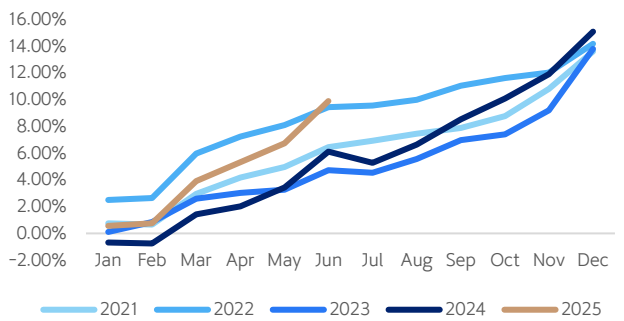
**YTD depreciation against USD in some countries until 06 August 2025**




Source: Bloomberg, Shinhan Securities Vietnam estimate

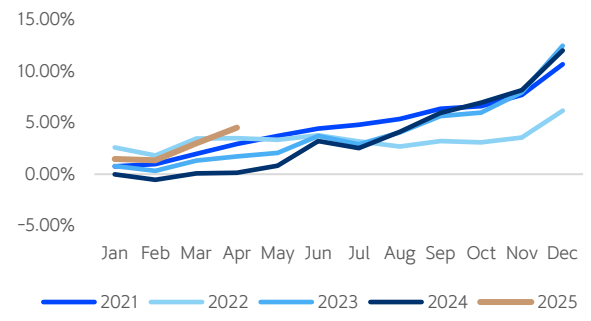
In July 2025, the system credit growth reached 9.9% YTD, a new high in the past 5 years. On August 5, the Government officially issued Resolution 226/NQ-CP, replacing Resolution 25/NQ-CP, setting a GDP growth target of 8.3 - 8.5% in 2025. In particular, credit management was identified as one of the important levers to support production and business, creating momentum for growth of the entire economy.

**Credit growth rate (YTD)**




Source: SBV, FiinPro, Shinhan Securities Vietnam

**M2 money supply growth (YTD)**

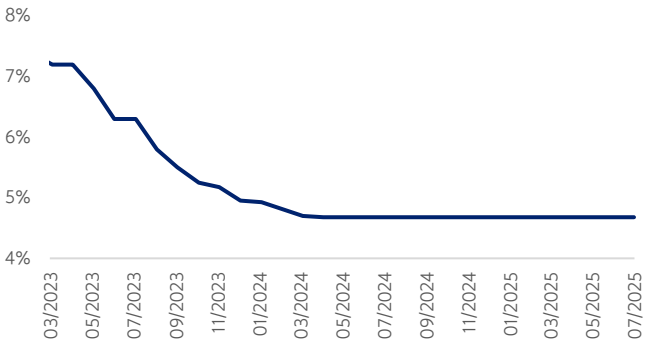



Source: SBV, FiinPro, Shinhan Securities Vietnam

## Money market

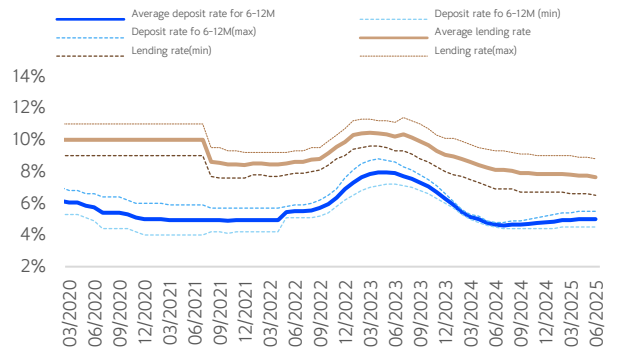
The average 12-month deposit interest rate of state-owned commercial banks remained unchanged at 4.68%. The average lending interest rate has begun to decline. The average lending interest rate in June was 7.65%, down 10bps from 7.75% in May. Meanwhile, the average deposit interest rate in June went flat at 5.0%. The net interest margin of the bank sector would narrow.

**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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