VIETNAM MACRO UPDATE

18 September 2025

Shinhan Securities

Inflation was in control

Inflation was well controlled, reaching the inflation target at the year end

In 8M2025, the headline CPI increased by 3.25%. There were two groups having the impact on the inflation. They were (1) the food and foodstuff group (shortly called food group) and (2) the housing, electricity, water, fuel and construction materials group (housing group). With the inflation target of 4.5% in 2025, the target could be achieved when the growth of these two groups was opposite to each other.

CPI of the food group decreased gradually in Q3. In August, CPI of the food group increased by 2.6% YoY, which was the lowest increase in the year. In the food group, there are 3 main sub-groups: (i) food group, (ii) foodstuff and (iii) meal and drinking out. The food group had haven the smallest increase. On average in 8 months, the food group only increased by 0.87% YoY. In September, the group index could have another low increase when the domestic rice prices continued to decrease sharply. In August, global rice prices fell to the eight-year low due to a record harvest and India lifting its rice export ban, making global supplies abundant. Many major Vietnamese rice importers had temporarily suspended imports, making domestic supplies abundant. Philippines, which accounted for nearly 40% of exports, had suspended imports of Vietnamese rice for 60 days starting in September.

On the other hand, the housing group recorded consecutive high increases in Q3. In addition to the warming real estate market and rising electricity and water prices during the hot season, which had increased house rents and pushed up the housing index, the increase in construction material prices had also pushed up real estate prices. Construction material prices had increased due to a shortage of supply. It was attributable to the restructuring of the administrative apparatus and the merger of provinces, the disbursement of public investment had taken at a faster pace. It increased the demand for construction materials.

Macro figures showed the corresponding figures. Public investment disbursement in August increased by 33% YoY and this was the third consecutive month (June, July, August) that public investment disbursement grew by more than 30%. The mining industry group also had a strong increase for 2 consecutive months (July, August). The mining sector in the production index has achieved negative growth for many months since 2024 but had an impressive increase of 9.13% YoY in August (July reached 4.4% YoY). The stone, sand, gravel, clay mining sector grew by 15.5% YoY in August. Therefore, the housing group was likely to continue to have a high growth rate in September.

Mining sector achieved an impressive growth

The industrial production index (IIP) grew positively by 8.9% YoY in August and 8.5% YoY in 8M2025. The manufacturing sector still played the leading role in the overall growth with an increase of 9.5% YoY. However, the most impressive was the mining sector with the increase of 9.13% YoY in August despite the 8M2025 growth was negative at -1.09% YoY.

The PMI index showed positivity in manufacturing activities in Vietnam with a score of 50.4 in August, decreasing from 52.4 points in July. The number of orders decreased due to the impact of tariffs, which also caused a decrease in the employment. However, production output and purchasing activities remained stable and grew with the optimistic expectations that demand would gradually recover by the end of the year.

Exchange rate increased dramatically and the SBV took measures

The VND/USD exchange rate in the free market increased by 0.8% in August and reached nearly the 27,000 VND/USD level in the first half of September. On 22 August, the SBV announced the implementation of selling FX forwards with the maturity of 180-day and with the cancellation term. Moreover, the SBV withdrew a net VND25 trillion in August in the open market. In September, the SBV withdrew a net VND42 trillion until 10 September 2025. These measures partly cool the exchange rate down. On 16 September 2025, the VND/USD exchange rate decreased by 1.8% from the peak of the year.

Macro indicators- 8/2025

Economic indicators	08/25	07/25	06/25	05/25	04/25	03/25	02/25	01/25	12/24	11/24	10/24	09/24	08/24
CPI (YoY)	3.24%	3.19%	3.56%	3.24%	3.12%	3.13%	2.91%	3.63%	2.94%	2.77%	2.89%	2.63%	3.45%
CPI (MoM)	0.05%	0.11%	0.48%	0.16%	0.07%	-0.03%	0.34%	0.98%	0.29%	0.13%	0.33%	0.29%	0.00%
PMI	50.40	52.40	48.90	49.80	45.60	50.50	49.20	48.90	49.80	50.80	51.20	47.30	52.40
IIP (YoY)	8.9%	7.4%	8.0%	9.6%	9.6%	9.9%	17.2%	0.6%	8.8%	8.0%	7.1%	8.3%	8.4%
IIP (MoM)	2.2%	0.5%	4.1%	4.3%	1.4%	12.0%	-2.2%	-9.2%	0.8%	2.3%	4.0%	-0.2%	2.0%
Retail (YoY)	10.6%	9.2%	8.3%	10.2%	11.1%	10.8%	9.5%	9.5%	9.3%	8.8%	7.1%	7.6%	7.9%
Export (USD bn)	43.39	42.40	39.84	39.70	37.74	38.57	31.17	33.16	35.53	33.80	36.20	34.42	38.93
Import (USD bn)	39.67	40.04	36.72	39.02	36.84	36.87	32.67	30.14	35.01	32.80	34.28	31.60	34.40
Balance of trades (USD bn)	3.72	2.36	3.12	0.69	0.90	1.69	-1.50	3.02	0.52	1.00	1.93	2.83	4.52
Acc. Disbursed FDI (USD bn)	15.40	13.60	11.72	8.90	6.74	4.96	2.95	1.51	25.35	21.68	19.58	17.34	14.15
Acc. Registered FDI (USD bn)	26.14	24.09	21.51	18.40	13.82	10.98	6.90	4.33	38.23	31.38	27.26	24.78	20.52
Public Investment (VND trillion)	83.83	77.57	71.47	58.06	49.61	43.97	37.70	35.25	86.38	75.88	68.36	63.87	62.28
Credit growth	11.82%	9.64%	9.90%	6.72%	5.32%	3.91%	0.76%	0.55%	15.08%	11.90%	10.08%	8.53%	6.63%
Deposit growth	n.a	n.a	n.a	n.a	6.69%	5.73%	4.26%	1.74%	8.15%	7.16%	6.82%	6.50%	6.00%
Overnight interbank rate	2.03%	3.35%	6.45%	3.1%	2.54%	4.02%	4.59%	3.92%	4.04%	3.11%	4.70%	4.44%	4.02%
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	3.55%	3.32%	3.21%	3.11%	3.07%	2.97%	3.09%	3.00%	2.97%	2.68%	2.66%	2.66%	2.71%
VND/USD exchange rate	26,650	26,380	26,370	26,260	26,420	25,860	25,670	25,450	25,750	25,690	25,280	24,568	24,875

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



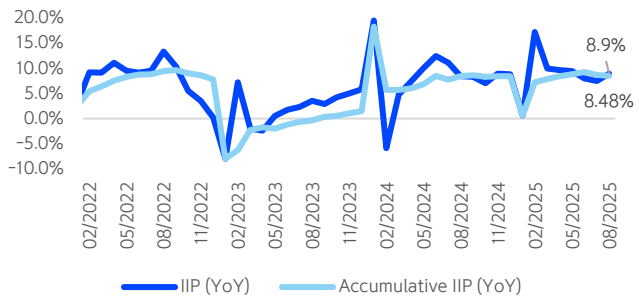
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Production – Consumption

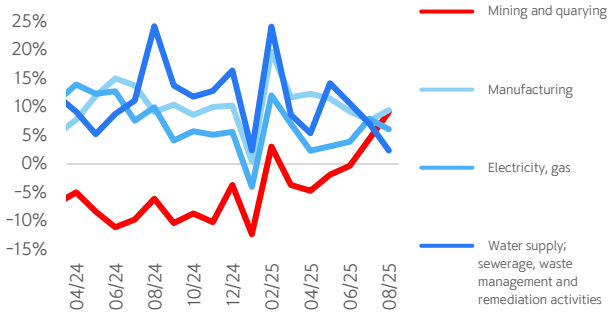
In August, the industrial production index (IIP) grew positively by 8.9% YoY (+2.2% MoM). The manufacturing sector grew the most with 9.5% YoY. In the first 8 months, the manufacturing sector increased by 10.0% YoY. Motor vehicle production grew strongly with 15.6% YoY and in the first 8 months, it was 27.4% YoY. Most notably, the mining industry achieved a growth of 9.1% YoY in August. This was the second consecutive month that the mining sector achieved positive growth. When provinces merged, public investment was improved. The mining industry of stone, sand, gravel, and clay grew by 15.5% YoY in August. Construction material prices began to increase sharply in Q3.

Index of Industrial production (IIP)



Source: GSO, Shinhan Securities Vietnam

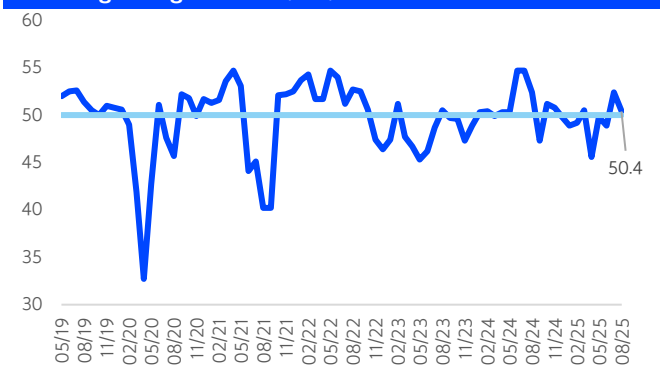
IIP by sub-sectors



Source: GSO, Shinhan Securities Vietnam

After a strong increase in the PMI to 52.4 in July, the PMI fell to 50.4 in August. Manufacturing output continued to increase in August. However, new orders and employment declined. Tariff-related issues caused export orders to fall further, extending the decline to 10 consecutive periods. Scarcity of raw materials led to longer delivery times and higher input costs. However, purchasing activity still recorded growth in August. Expectations of improved demand led manufacturers to build up inventories.

Purchasing managers' index (PMI)



Source: S&P Global, Shinhan Securities Vietnam

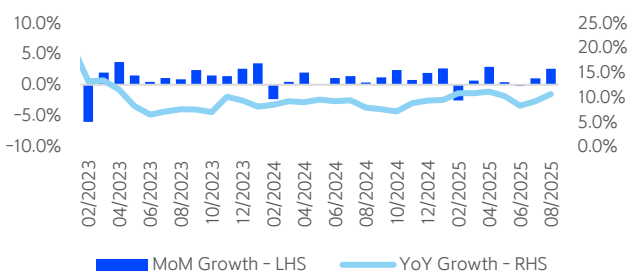
PMI summary

New orders	Decrease
Production	Increase
Inventories	Decrease
Purchasing	Increase
Employment	Decrease
Business confidence	Positive

Source: S&P Global, Shinhan Securities Vietnam

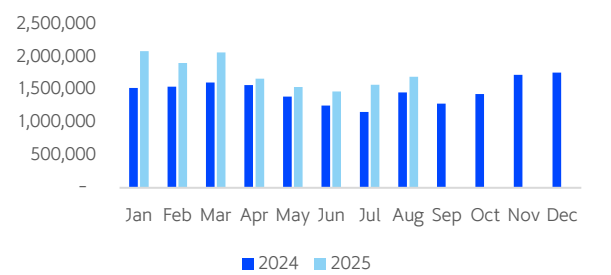
Total retail sales of goods and consumer services increased by 10.6% YoY in August (+2.6% MoM). Cumulatively in 8 months, total retail sales of goods and consumer services increased by 9.37% YoY. Retail sales of goods increased by 10.2% YoY in August and 8.1% cumulatively in 8 months. Travel and accommodation and catering services continued to achieve double-digit growth in August with 13.2% YoY and 15.2% YoY, respectively. International arrivals to Vietnam increased by 16.5% YoY in August. Cumulatively in 8 months, international arrivals to Vietnam increased by 21.7% YoY.

Total retail sales growth



Source: GSO, Shinhan Securities Vietnam

Foreign tourist (pax)

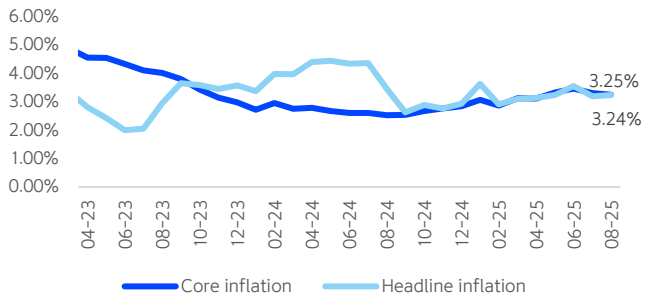


Source: GSO, Shinhan Securities Vietnam

Inflation

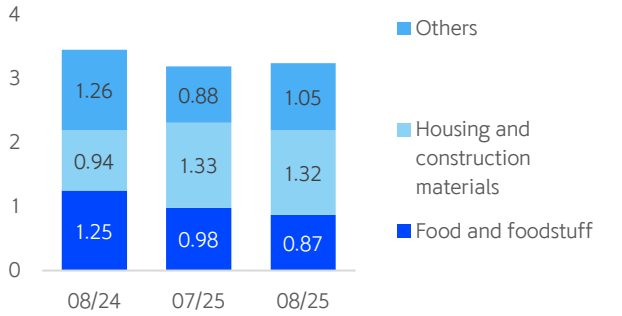
In August 2025, the headline CPI increased by 3.24% YoY. After excluding food, foodstuff, energy and state-managed goods such as healthcare and education; core inflation increased by 3.25% YoY in August. In 8M 2025, the headline CPI increased by 3.25%. Core inflation in 8M2025 reached 3.19% YoY. The food and services group increased by 2.25% YoY, contributing 0.87 points to the overall increase of the CPI in August. The housing, electricity, water, fuel and construction materials group increased sharply by 7.0% YoY, contributing 1.32 points to the overall increase.

Monthly Consumer price index (YoY)



Source: GSO, Shinhan Securities Vietnam

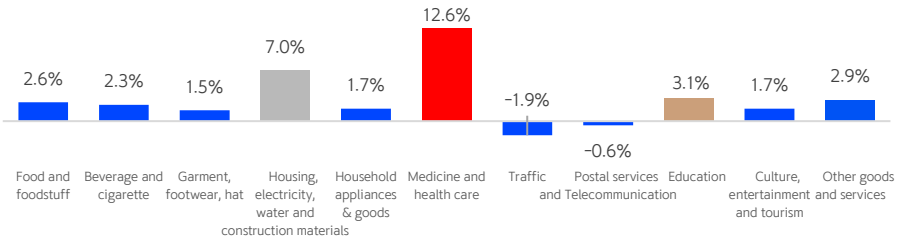
CPI component in August (% YoY)



Source: GSO, Shinhan Securities Vietnam

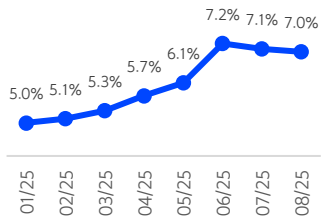
The group of medicines and medical services continued to increase sharply by 12.6% YoY due to the adjustment according to Circular No. 21/2024/TT-BHYT dated October 17, 2024 of the Ministry of Health. The increase in the group of housing, electricity, water and construction materials was the most notable with a figure of +7.0% YoY. This group had increased continuously in the months at a fast pace. The prices of construction materials such as bricks, stones and sand increased due to high demand and scarce 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. In addition, rental prices increased due to increased demand for rental housing in some provinces during the preparation for the new school year, when students and pupils returned to big cities to study.

August CPI growth by components (YoY)



Source: GSO, Shinhan Securities Vietnam

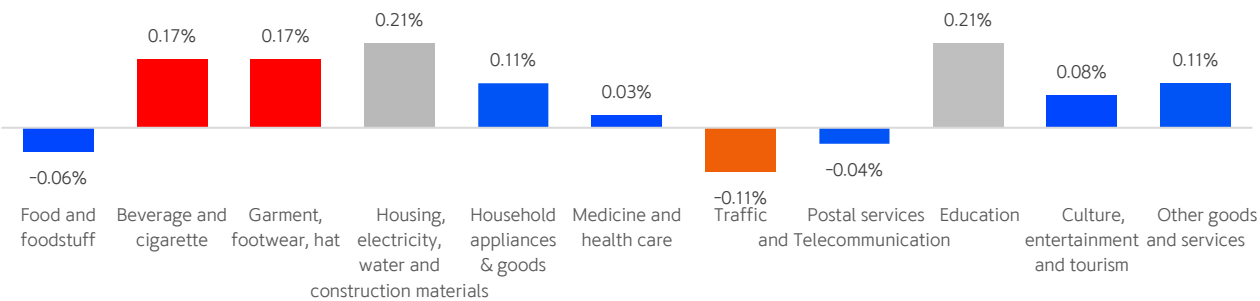
CPI of housing and construction material group(% YoY)



Source: GSO, Shinhan Securities Vietnam

CPI in August 2025 increased by 0.05% MoM. In addition to the housing, electricity, water and construction materials group increasing for the reasons mentioned above, the education group also had the largest MoM increase in August. The preparation for the new school year caused the CPI of related groups to increase compared to the previous month. Tuition fees of some private universities, high schools and private kindergartens increased by 0.21% for the new school year. Products such as paper, pens, stationery increased from 0.5% - 0.91% MoM. Fabrics and clothing also increased due to the need to prepare for the new school year. Also being the last month of summer, high consumer demand caused the beverage and tobacco group to increase by 0.17% MoM.

August CPI growth by components (MoM)

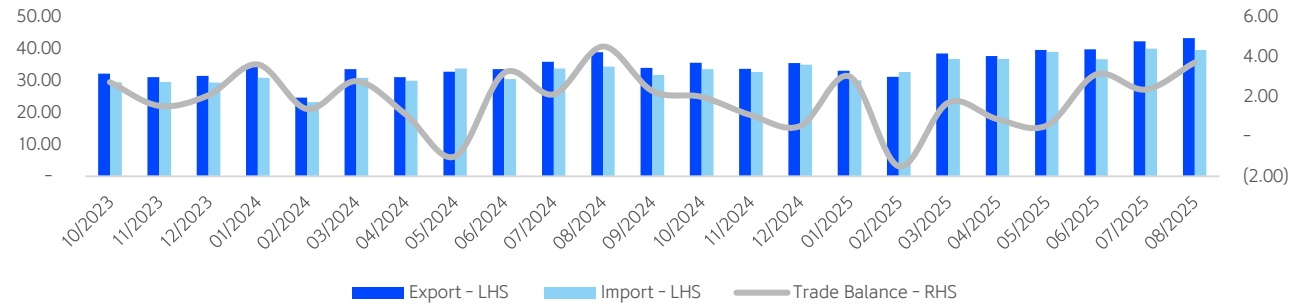


Source: GSO, Shinhan Securities Vietnam

Trading – Investment

In August, the export turnover of goods reached 43.37 billion USD, increasing by 14.5% YoY. Import turnover reached 39.67 billion USD, increasing by 17.7% YoY. The cumulative trade surplus in 8M2025 reached nearly 14.0 billion USD. The United States was Vietnam's largest export market with a turnover of 99.1 billion USD in 8M2025 and China was the largest import market with a turnover of 117.9 billion USD. Regarding the structure of export goods, the processed industrial goods group reached 271.06 billion USD, accounting for 88.6% in 8M2025. Regarding the structure of import goods, the production materials group reached 273.91 billion USD, accounting for 93.8% of the structure.

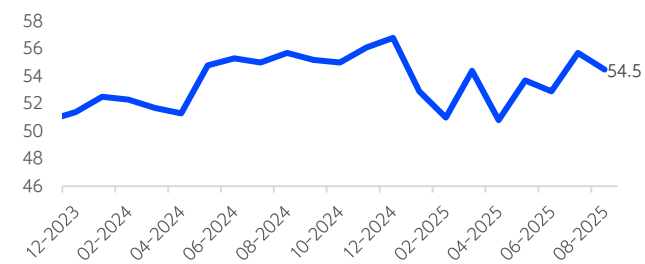
Total trading turnover (USD bn)



Source: GSO, Shinhan Securities Vietnam

The US services PMI also fell to 54.5 in August from 55.7 in July. Despite the slight decline, the PMI remained above 50, being the second highest score of the year. Increased summer demand helped businesses receive more orders and confidently hire more workers. However, selling prices also increased correspondingly to input prices due to the impact of tariffs. This somewhat affected the business sentiment of US businesses. Business confidence was at its lowest level in the latest 3 years.

US service PMI



Source: S&P Global, Shinhan Securities Vietnam

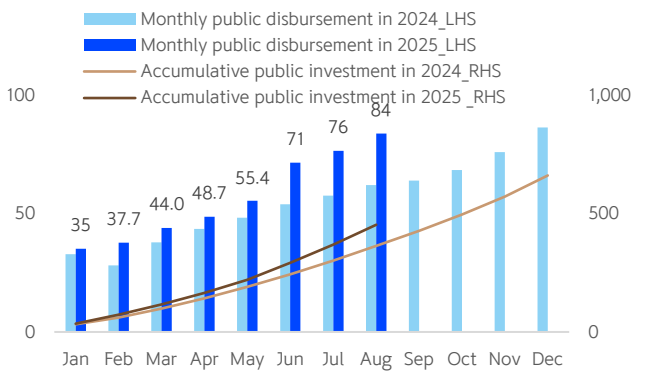
EU GDP growth rate (% - QoQ)



Source: EuroStat, Shinhan Securities Vietnam

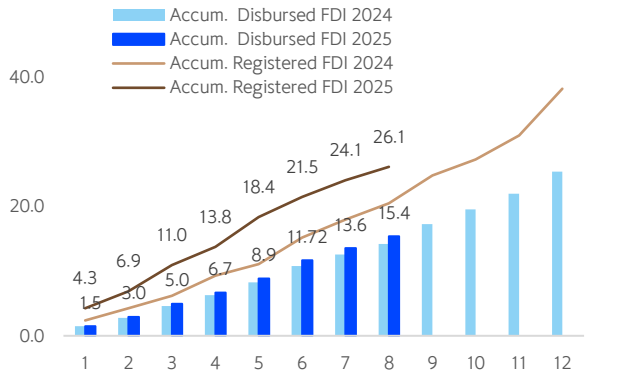
Disbursed investment capital from the State budget in August was estimated at VND 83.8 trillion, increasing by 33% YoY. The cumulative 8 months reached 48.3% of the yearly plan and increased by 26.9% YoY. In August 2025, registered FDI reached 2.05 billion USD. The cumulative 8 months of registered FDI reached 26.14 billion USD, growing by 27.4% YoY. Disbursed FDI reached about 1.8 billion USD in August. The cumulative 8 months of disbursed FDI reached 15.4 billion USD, growing by 8.8% YoY.

Public investment (VND trillion)



Source: GSO, Shinhan Securities Vietnam

FDI (USD bn)

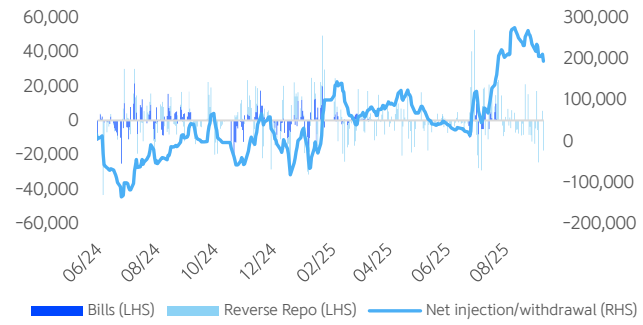


Source: Fiinpro, Shinhan Securities Vietnam

Money market

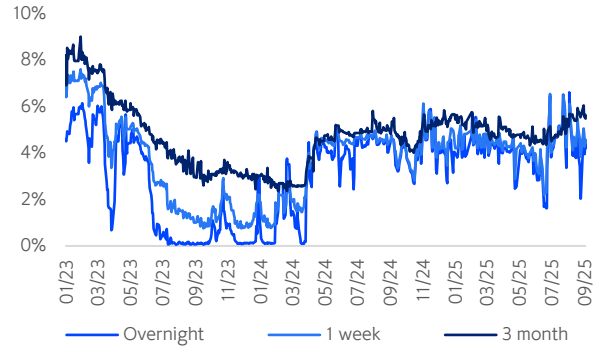
In August, the VND/USD exchange rate increased sharply, making the goal of controlling the exchange rate a priority. After net injection in July, the SBV withdrew in net in August. More than 25 trillion was net withdrawn on the open market. The 3-month interbank interest rate increased to an average of 5.54% in August, higher than the average of 4.87% in July.

Open market operation (VND billion)



Source: SBV, FiinPro, Shinhan Securities Vietnam

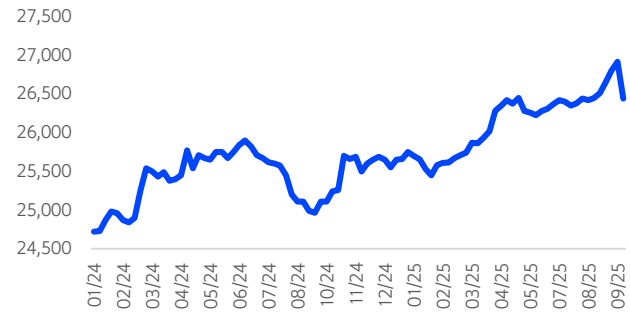
Interbank interest rate



Source: SBV, FiinPro, Shinhan Securities Vietnam

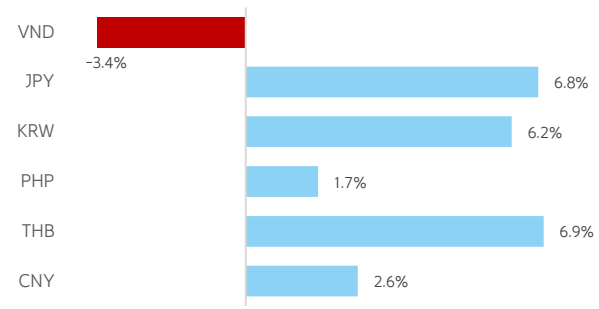
The VND/USD exchange rate increased sharply in August. The demand for USD to import raw materials to prepare for year-end orders caused the exchange rate to increase sharply. After a period of strong and rapid increase in the first half of September, the VND/USD exchange rate in the free market decreased dramatically from its peak. From the peak, the VND/USD exchange rate on September 16 decreased by 1.8%. On 16 August 2025, VND depreciated by 3.4% compared to USD in 2025.

VND/USD exchange rate on free market



Source: Fiinpro, Shinhan Securities Vietnam

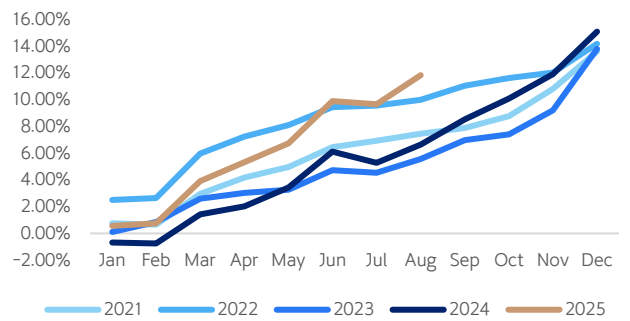
YTD depreciation against USD in some countries until 16/9/2025



Source: Bloomberg, Shinhan Securities Vietnam estimate

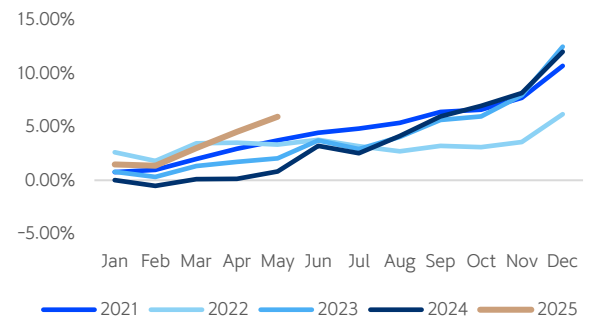
By the end of August, the whole system's credit grew by 11.82% YTD. This is the highest growth rate in August in the past 5 years. Credit growth could reach the target of 16% set by SBV.

Credit growth rate (YTD)



Source: SBV, FiinPro, Shinhan Securities Vietnam

M2 money supply growth (YTD)

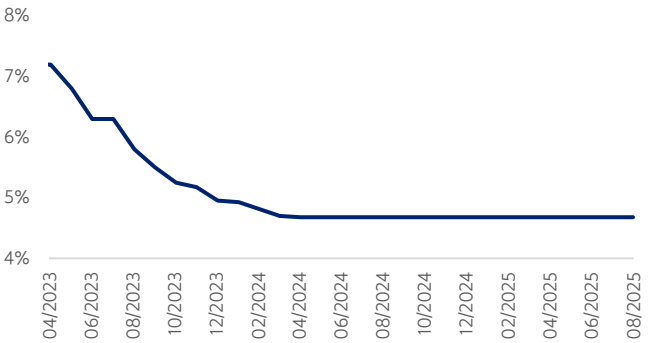


Source: SBV, FiinPro, Shinhan Securities Vietnam

Money market

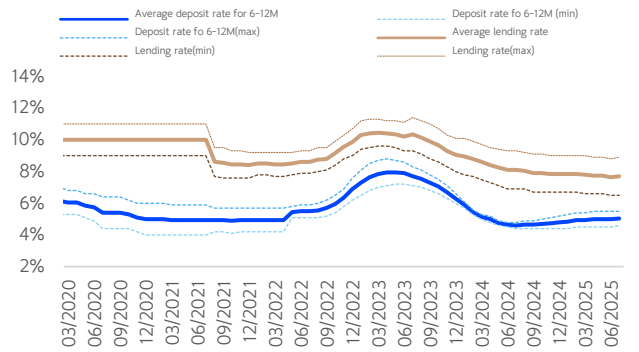
The average 12-month deposit interest rate of state-owned commercial banks continued to move sideways at 4.68%. The average lending interest rate in July 2025 increased slightly by 5bps to 7.70% from 7.65% in June 2025. However, the average deposit interest rate also increased slightly from 5.00% in June 2025 to 5.05% in July 2025.

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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