



VIETNAM MACRO UPDATE

21 January 2025

Determination and achievement

A perfect starter for the new Era

At the beginning of 2025, the Vietnamese Government's target of 8% growth raised many concerns over the ambition. And Vietnam's economy finished the year with the growth of 8.02% - a remarkable achievement thanks to the Government's tremendous efforts. The agriculture, forestry, and fisheries sector contributed 5.30% to the overall increase in added value of the entire economy; the industry and construction sector contributed 43.62%; and the service sector contributed 51.08%.

Production in 2025 recorded positive highlights. The Industrial Production Index (IIP) in December increased by 10.1% YoY. For the whole year of 2025, the IIP increased by 9.2% YoY, the highest increase since 2019. The manufacturing sector increased by 10.5% YoY. Most notably, motor vehicle production grew by 22.0% in 2025. Furthermore, the PMI reached 53 in December, marking six consecutive months above 50, indicating that Vietnam's manufacturing sector being in the expansion phase in the latter half of 2025 amidst the current global volatility. This was also the first time the PMI had been above 50 for two consecutive quarters since 2023.

Trade, services, and tourism activities maintained positive growth momentum. Total retail sales of goods and consumer service revenue increased by 9.2% YoY in 2025. International visitors to Vietnam reached 21.2 million in 2025, a 20.4% YoY increase, representing the highest number of visitors ever recorded.

Inflation in 2025 was 3.31% YoY (3.48% YoY in December), lower than the 3.63% of 2024 and within the National Assembly's target of 4.5%. The food and foodstuff group increased by only 3.27% YoY for the whole year of 2025 (having only significant increases in the final months due to natural disasters), which helped to keep inflation under control. Three groups that had high inflation in 2026 were (1) housing, electricity, water, fuel, and construction materials (+6.08% YoY); (2) medicine and medical services (+13.07% YoY); and (3) other goods and services (+4.78% YoY). The recovery of the real estate market, rising raw material prices due to public investment demand, price adjustments according to Circular 21/2024/TT-BHYT, and rising gold prices in 2025 were the reasons for the corresponding increase in inflation across various sectors.

The trade surplus in 2025 reached 20.03 billion USD. Total exports in 2025 reached 475 billion USD (+18.02% YoY) and total imports reached 455 billion USD (+19.4% YoY). The largest export value in 2025 was computers, electronic products, and components; reaching 107.5 billion USD, an increase of 48.4% YoY. Exports of machinery, equipment, tools, spare parts, and telephones of all types and components ranked second and third, with values of 59 USD billion (+13.2% YoY) and 56.7 USD billion (+5.2% YoY) respectively.

Public investment reached an impressive figure at VND 846 trillion (+28% YoY) in 2025. Thanks to provincial mergers and related policy changes to boost public investment, since June 2025, monthly public investment value consistently achieved growth of over or close to 30% YoY. Major cities and provinces had high disbursement growth rates, such as Ho Chi Minh City with a 39.2% YoY increase, Hanoi with a 28.8% YoY increase, Ninh Binh with a 131.2% YoY increase, and Hung Yen with a 54.3% YoY increase...

Towards more ambitious goals

The Vietnamese Government aimed for consecutive double-digit growth in the period 2026-2030. In 2026, the growth target was specifically set at 10%. Inflation remained at the target of 4.5%. Manufacturing would play a crucial role in boosting the economy, along with public investment in infrastructure upgrades.

Macro indicators- 12/2025

Economic indicators	12/25	11/25	10/25	09/25	08/25	07/25	06/25	05/25	04/25	03/25	02/25	01/25	12/24
CPI (YoY)	3.48%	3.58%	3.25%	3.38%	3.24%	3.19%	3.56%	3.24%	3.12%	3.13%	2.91%	3.63%	2.94%
CPI (MoM)	0.19%	0.45%	0.20%	0.42%	0.05%	0.11%	0.48%	0.16%	0.07%	-0.03%	0.34%	0.98%	0.29%
PMI	53.00	53.80	54.50	50.40	50.40	52.40	48.90	49.80	45.60	50.50	49.20	48.90	49.80
IIP (YoY)	10.1%	10.8%	10.8%	13.6%	8.7%	7.4%	8.0%	9.6%	9.6%	9.9%	17.2%	0.6%	8.8%
IIP (MoM)	2.2%	2.3%	2.4%	0.1%	2.2%	0.5%	4.1%	4.3%	1.4%	12.0%	-2.2%	-9.2%	0.8%
Retail (YoY)	9.8%	7.1%	7.2%	11.3%	10.6%	9.2%	8.3%	10.2%	11.1%	10.8%	9.5%	9.5%	9.3%
Export (USD bn)	44.03	39.95	42.11	42.88	43.49	42.40	39.84	39.70	37.74	38.57	31.17	33.16	35.53
Import (USD bn)	44.69	38.70	39.63	39.91	39.79	40.04	36.72	39.02	36.84	36.87	32.67	30.14	35.01
Balance of trades (USD bn)	-0.66	1.25	2.49	2.97	3.70	2.36	3.12	0.69	0.90	1.69	-1.50	3.02	0.52
Acc. Disbursed FDI (USD bn)	27.62	23.60	21.30	18.80	15.40	13.60	11.72	8.90	6.74	4.96	2.95	1.51	25.35
Acc. Registered FDI (USD bn)	38.42	33.69	31.52	28.54	26.14	24.09	21.51	18.40	13.82	10.98	6.90	4.33	38.23
Public Investment (VND trillion)	111.54	100.21	90.28	87.56	83.13	77.57	71.47	58.06	49.61	43.97	37.70	35.25	86.38
Credit growth (YTD)	17.87%	16.56%	15.09%	13.86%	11.78%	10.24%	9.91%	6.72%	5.32%	3.91%	0.76%	0.55%	15.08%
Deposit growth (YTD)	n.a	n.a	n.a	10.86%	n.a	9.68%	8.91%	7.61%	6.69%	5.73%	4.26%	1.74%	8.15%
Overnight interbank rate	1.77%	5.40%	4.45%	4.38%	2.03%	3.35%	6.45%	3.1%	2.54%	4.02%	4.59%	3.92%	4.04%
Average deposit rate at SOCBs	5.20%	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	4.03%	3.89%	3.82%	3.62%	3.55%	3.32%	3.21%	3.11%	3.07%	2.97%	3.09%	3.00%	2.97%
VND/USD exchange rate	26,750	27,650	27,760	26,490	26,650	26,380	26,370	26,260	26,420	25,860	25,670	25,450	25,750

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



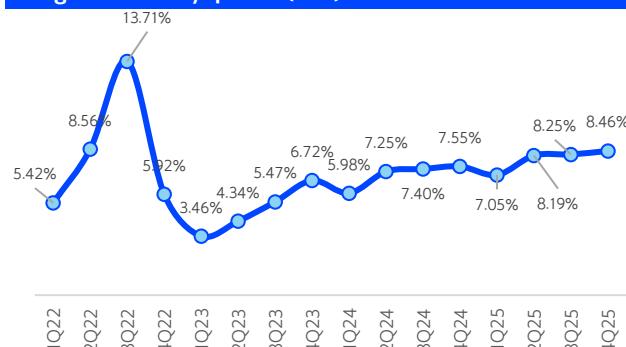
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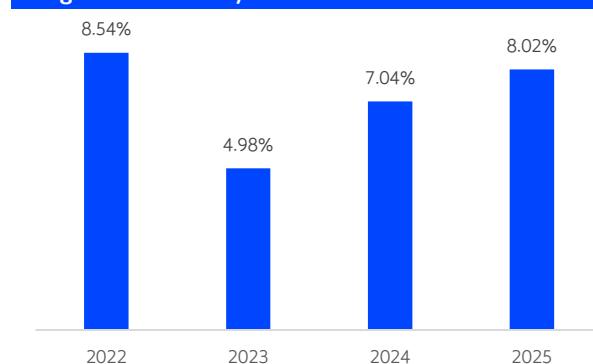
Economic growth – Industrial Production

GDP growth in Q4 2025 was 8.46% YoY. The Q4 2025 GDP growth was the highest Q4 growth rate in the 2011-2025 period. For the whole year 2025, GDP growth reached 8.02% YoY. Regarding GDP usage in 2025, final consumption increased by 7.95% YoY, asset accumulation increased by 8.68%, exports of goods and services increased by 16.27%, and imports of goods and services increased by 17.12%.

GDP growth rate by quarter (YoY)



GDP growth rate over years

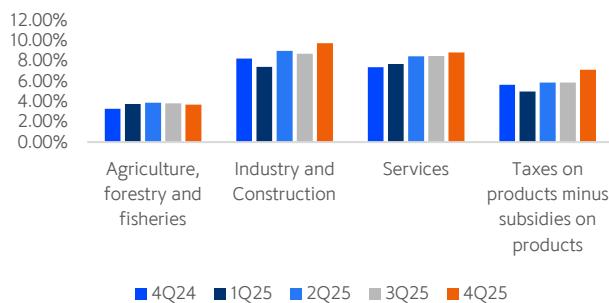


Source: GSO, Shinhan Securities Vietnam

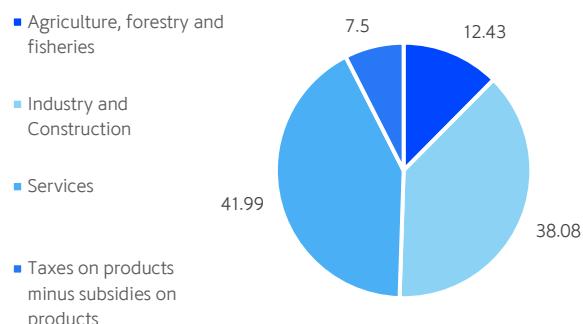
Source: GSO, Shinhan Securities Vietnam

All sectors maintained stable YoY growth in Q4 2025. The industrial and construction sector led growth in Q4 with an increase of 9.73% YoY, higher than the 8.69% YoY increase in Q3. The manufacturing sector led the entire industrial sector with a 10.56% YoY increase in Q4. The service sector also achieved high growth at 8.82% YoY. The agriculture, forestry, and fisheries sector and the product tax less product subsidy sector saw growth rates of 3.70% YoY and 7.12% YoY, respectively.

GDP growth by sector (YoY)



GDP contribution (%) by sector in Q4 2025



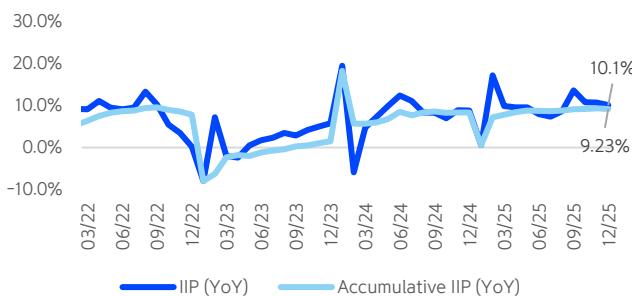
Source: GSO, Shinhan Securities Vietnam

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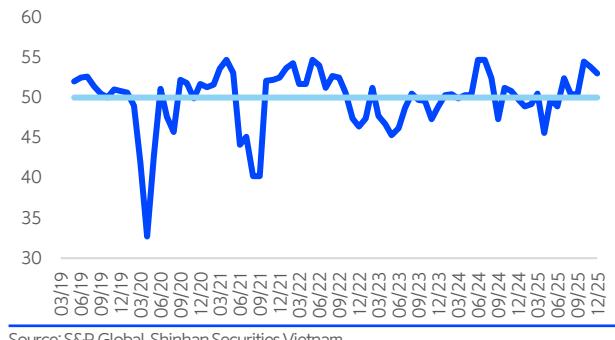
The Industrial Production Index (IIP) for December 2025 recorded double-digit growth of 10.1% YoY. For the whole year 2025, the IIP increased by 9.2% YoY. In December, the manufacturing sector increased by 10.9% YoY. However, the highest growth rate in December belonged to the electricity and gas production and distribution group with an increase of 11.2%.

Vietnam's PMI slightly decreased to 53 points in December from 53.8 points in November. Maintaining a score above 50 marked six consecutive months of expansion in Vietnam's manufacturing sector.

Index of Industrial Production (IIP)



Purchasing Managers' Index (PMI)



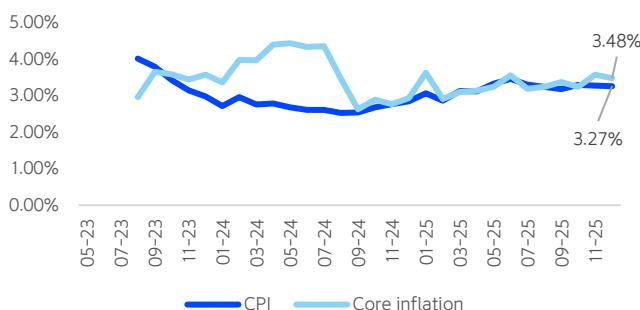
Source: GSO, Shinhan Securities Vietnam

Source: S&P Global, Shinhan Securities Vietnam

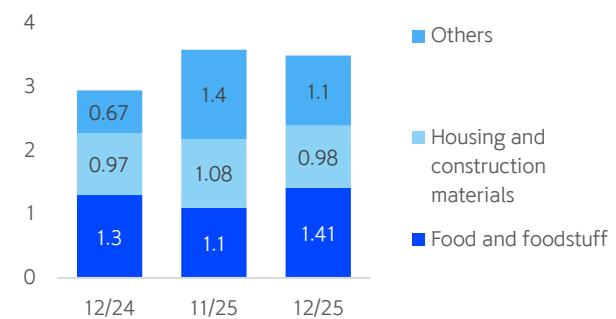
Inflation

In December 2025, the overall CPI increased by 3.48% YoY. After excluding food, energy, and state-managed items such as healthcare and education, core inflation increased by 3.27% YoY in December. For the whole year 2025, the overall CPI increased by 3.31%. Core inflation for the 12 months of 2025 reached 3.21%. The food and services group increased by 4.2% YoY, contributing 1.41 points to the overall CPI increase in December.

Monthly consumer price index (YoY)



Monthly headline CPI components (YoY)

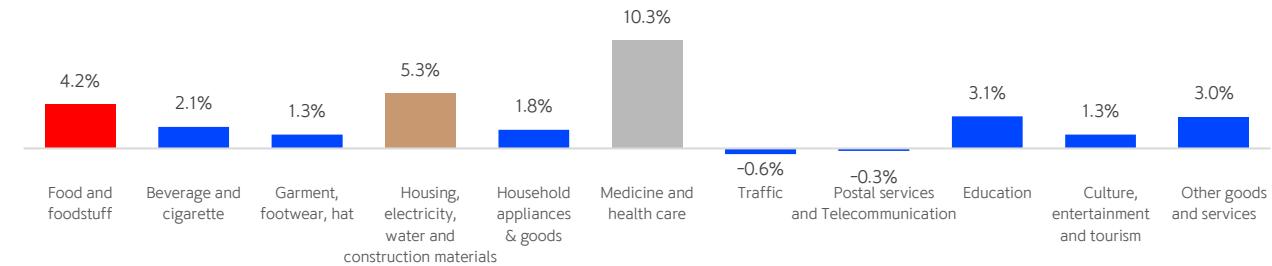


Source: GSO, Shinhan Securities Vietnam

Source: GSO, Shinhan Securities Vietnam

Considering the YoY increase in December, the medicine and medical services group had the highest YoY increase at 10.3% due to the adjustment of medical service prices according to Circular No. 21/2024/TT-BHYT dated 17 October 2024, of the Ministry of Health. The housing, electricity, water, and construction materials group increased by 5.3% YoY. Changes in policies helped the real estate market gradually warm up. After a period of real estate price recovery, construction demand in 2025 increased, leading to higher construction material costs compared to last year. The food and beverage group saw the third highest increase due to seasonal factors at the end of the year, along with some supply constraints following the major floods in November.

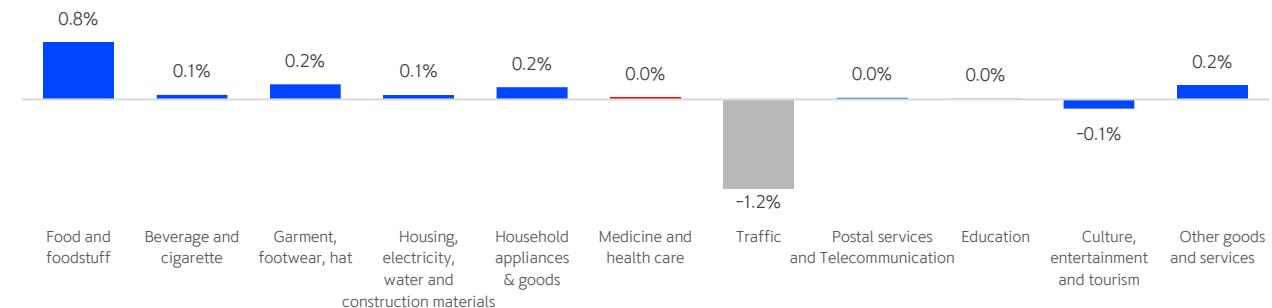
December CPI contribution by components (YoY)



Source: GSO, Shinhan Securities Vietnam

On a MoM basis, the food and beverage group saw the strongest increase at 0.8%. Food items such as fresh vegetables and seafood prices continued their upward trend from the previous month. In addition, rice prices increased compared to the previous month due to a slight decrease in domestic supply at the end of the season, while consumer demand and stockpiling for the Lunar New Year increased. Conversely, the transportation group saw a sharp decrease of 1.2% on a MoM, mainly due to adjustments in domestic fuel prices. Diesel prices fell 7.84% MoM, and the gasoline price index decreased by 2.38%.

December CPI contribution by components (MoM)



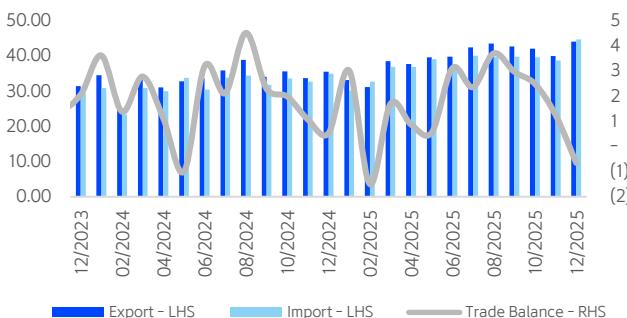
Source: GSO, Shinhan Securities Vietnam

Vietnam Economic Update – December 2025

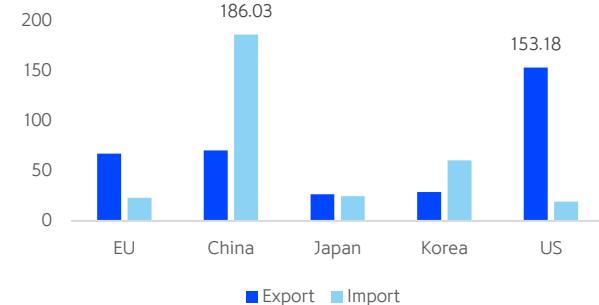
Trading – Retails – Investment

December exports reached 44.0 billion USD (+12.6% MoM and +23.8% YoY). Imports reached 44.69 billion USD (+17.6% MoM and +27.7% YoY). The trade deficit in December was 0.69 billion USD. For the whole year 2025, Vietnam had a trade surplus of 20.0 billion USD (lower compared to 24.94 billion USD in 2024). The US remained Vietnam's largest export market with a turnover of 153.18 billion USD, and China was Vietnam's largest import market with a turnover of 186.03 billion USD.

Total trading turnover (USD bn)



Vietnam major trading partners in 2025 (USD billion)



Source: GSO, Shinhan Securities Vietnam

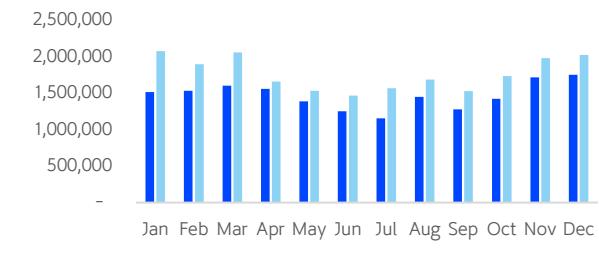
Source: Fiinpro, Shinhan Securities Vietnam

Total retail sales of goods and consumer service revenue at current prices in December were estimated at 627.8 trillion VND, an increase of 9.8% YoY. For the whole year, total retail sales of goods and consumer service revenue at current prices increased by 9.2% YoY. International tourist arrivals to Vietnam in December increased by 15.7% YoY, reaching 2.02 million people. For the whole year of 2025, international tourist arrivals to Vietnam increased by 20.4% YoY. Tourism was one of the factors driving domestic retail sales.

Retail sales growth



Foreign tourist (pax)



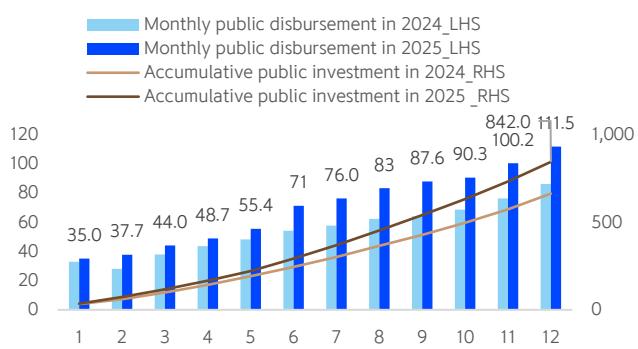
Source: GSO, Shinhan Securities Vietnam

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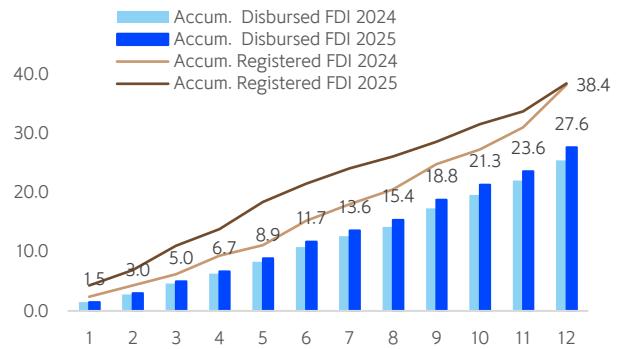
Public investment was estimated at 111.5 trillion VND in December, increasing by 29% YoY and 11% MoM. For the whole year of 2025, public investment increased by 28% YoY, equivalent to 83.6% of the annual plan.

Registered FDI reached 38.42 billion USD, increasing by 0.51% YoY. Disbursed FDI reached 27.6 billion USD, increasing by 8.95% YoY.

Public investment (VND trillion)



FDI (USD bn)



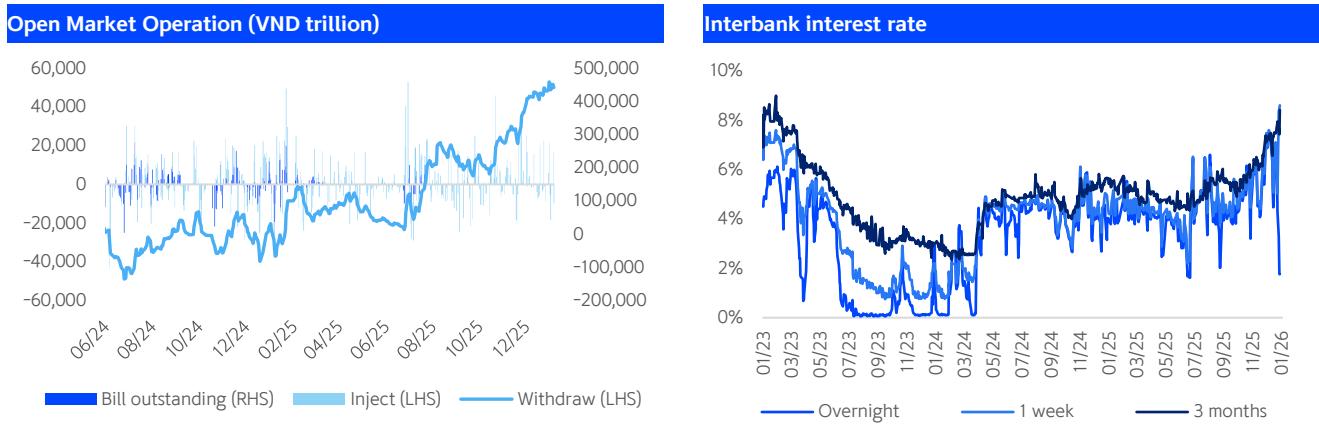
Source: GSO, Shinhan Securities Vietnam

Source: Fiinpro, Shinhan Securities Vietnam

Vietnam Economic Update – December 2025

Money market

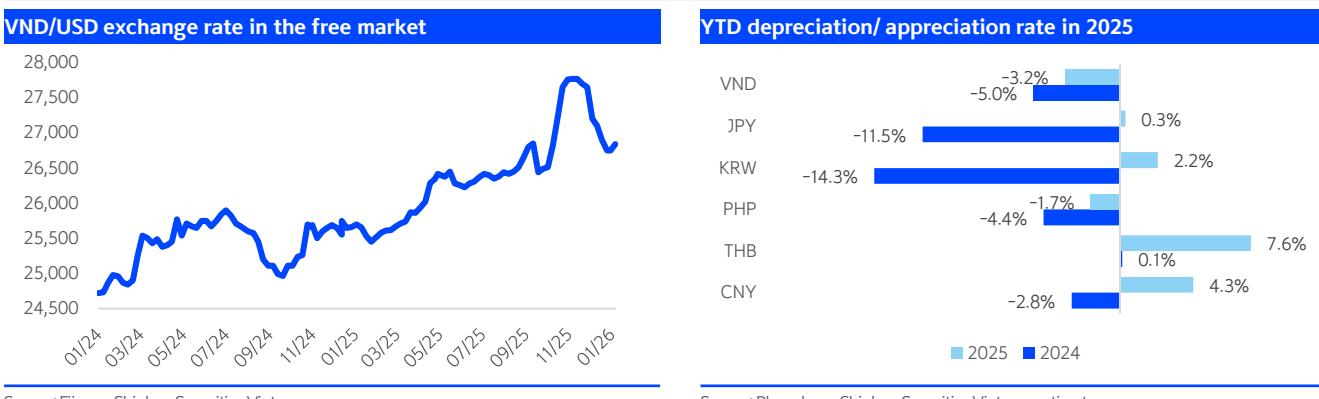
In December 2025, the State Bank of Vietnam (SBV) injected 91.5 trillion VND through open market operations. Interbank interest rates increased sharply in December 2025. The average interbank interest rate in December was above 5% for overnight maturities, above 6% for 1-week maturities, and above 7% for 3-month maturities. Deposit interest rates of state-owned banks increased in December, and lending rates were also adjusted in January 2026.



Source: SBV, FinPro, Shinhan Securities Vietnam

Source: SBV, FinPro, Shinhan Securities Vietnam

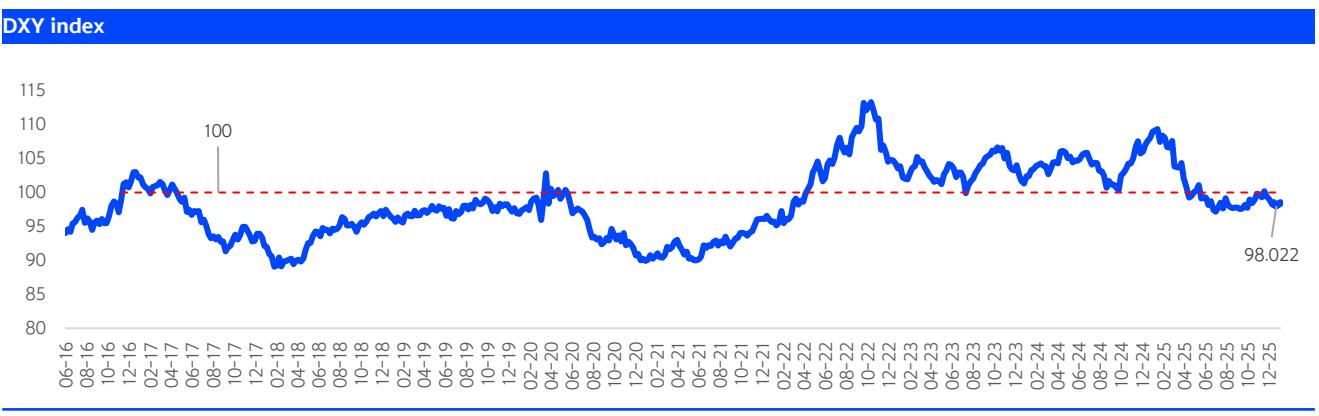
The VND/USD exchange rate in the free market remained stable at its peak in November and fell sharply in December. Exchange rate pressure eased as the interest rate differential between the Vietnamese and US markets gradually narrowed. Vietnamese interest rates tended to rise, while US rates tended to fall due to Fed interest rate cuts. By the end of 2025, the VND depreciated by 3.2% against the USD, a more positive result than last year's 5%.



Source: Finpro, Shinhan Securities Vietnam

Source: Bloomberg, Shinhan Securities Vietnam estimate

The DXY index remained below 100 in Q4 2025. On January 2026, the DXY is at 98.5 points. A weaker US dollar compared to other currencies worldwide was one of the factors the current US government desired in order to bring manufacturing back to the United States.

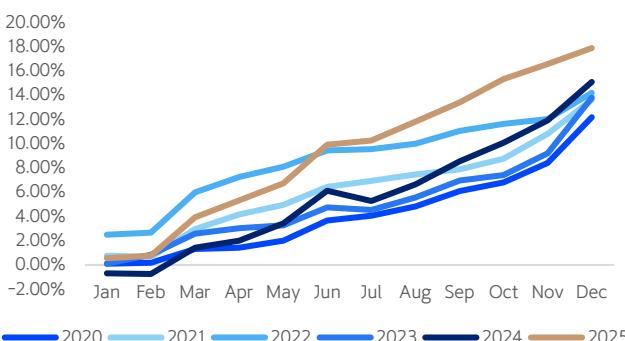


Source: Bloomberg, Shinhan Securities Vietnam

Money market

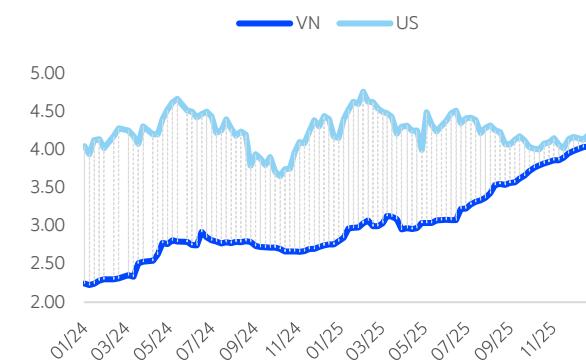
Credit growth for the whole year 2025 was 17.87% YTD. The average winning bid interest rate for 10-year government bonds reached 4.00% by the end of 2025. Vietnamese government bond interest rates gradually narrowed the gap with US government bond interest rates, which could be one of the factors contributing to a cooling of the exchange rate in the future.

Credit growth rate (YTD)



Source: SBV, FinPro, Shinhan Securities Vietnam

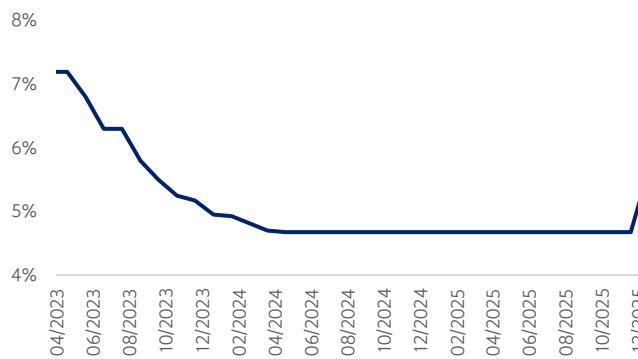
Vietnam 10Y government bonds auction average yield (%)



Source: Bloomberg, Shinhan Securities Vietnam

The average 12-month deposit interest rate of state-owned commercial banks remained stable at 4.68% in November and increased to 5.2% in December, marking a change in the domestic deposit interest rate level. The average lending interest rate in November 2025 reached 7.75%, the same as in October 2025.

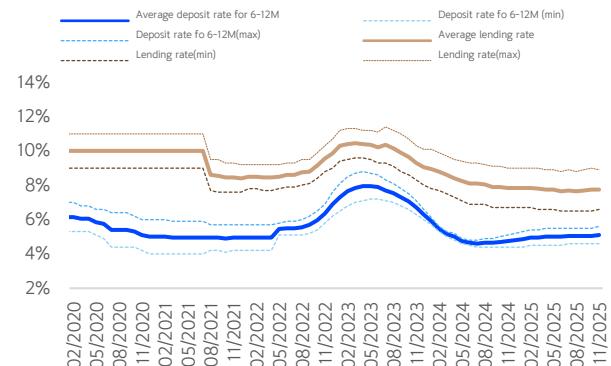
Deposit rate at SOCBs



Source: Finpro, 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



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