



VIETNAM MACRO UPDATE

23 June 2026

The uncertainties fade

High inflation in May but expected to cool down in June

General CPI in May 2026 increased by 5.60% YoY. In 5M2026, CPI increased by 4.31% YoY, core inflation increased by 4.04% YoY. In less than half a year, inflation is close to the Government's target - 4.5% in 2026. However, we expect inflation to cool down in June when oil prices have returned to the 80 USD/barrel price level after the US and Iran signed a framework agreement on a 60-day ceasefire.

High inflation in May 2026 was due to the impact of energy prices. Transportation and logistics costs increased fast, passing through other goods. The three groups with the largest weight are also the three groups with the highest YoY inflation increase, which are group (1) food and foodstuff; (2) housing, utilities, fuel and building materials; and (3) transportation.

The food and stuff group increased by 5.03% YoY. The eating out group (a subgroup within the food and beverage group) increased dramatically by 8.39% YoY. Eating out costs have increased significantly in 2026 and these costs are unlikely to decrease as quickly as other groups even if energy costs fall.

Most notably, the housing, utilities, fuel and building materials group increased by 8.19% YoY. Rent prices gradually increased month by month due to rising related costs. Rising construction material prices caused the prices of home repair services, home maintenance materials, electricity, and water to increase in 2026.

We assess that the two groups (1) food and food services and (2) housing, electricity, water, fuel, and construction materials are both groups that decrease slowly compared to energy prices. Therefore, even if inflation cools down, it will not decrease at the same rate as it increased in the previous months.

Domestic production continues to be a bright spot

The economic growth target for 2026 is strongly supported by domestic production in the first five months of the year. Vietnam's PMI unexpectedly rose to 52.8 points in May 2026 from 50.5 points in April 2026. Thanks to the demand for inventory due to concerns about the US-Iran conflict, the number of orders from foreign markets increased in May. However, businesses remain cautious, resulting in lower new hires and inventory levels compared to the previous month.

The Industrial Production Index (IIP) grew by 8.8% YoY in May 2026. The manufacturing sector continued to lead the industry with a 9.0% YoY growth. Other manufacturing sectors also maintained their growth momentum in May 2026, such as mining (6.0% YoY), electricity production and distribution (8.5% YoY), and water supply; waste management and wastewater treatment (8.7% YoY). Notably, in May, the production of pharmaceuticals, chemicals, and medicinal materials within the manufacturing sector saw the highest growth rate at 23.2% YoY.

Exchange rate stability

The USD/VND exchange rate in the free market in the first five months of 2026 decreased by 1.3% YTD, from 26,750 USD/VND to 26,400 USD/VND. The exchange rate in the free market is no longer as volatile as in the previous two years. In 2025, the VND depreciated by 3.9% against the USD. In 2024, the VND depreciated by 4.2% against the USD. Maintaining exchange rate stability in 2026 contributes to reducing input cost pressure amidst the current trade deficit. In the first five months of 2026, Vietnam had a trade deficit of 13.8 billion USD.

Macro indicators - 5/2026

Economic indicators	05/26	04/26	03/26	02/26	01/26	12/25	11/25	10/25	09/25	08/25	07/25	06/25	05/25
CPI (YoY)	5.60%	5.46%	4.65%	3.35%	2.53%	3.48%	3.58%	3.25%	3.38%	3.24%	3.19%	3.56%	3.24%
CPI (MoM)	0.29%	0.84%	1.23%	1.14%	0.05%	0.19%	0.45%	0.20%	0.42%	0.05%	0.11%	0.48%	0.16%
PMI	52.80	50.50	51.20	54.30	52.50	53.00	53.80	54.50	50.40	50.40	52.40	48.90	49.80
IIP (YoY)	8.8%	9.3%	7.2%	1.0%	19.4%	10.1%	10.8%	10.8%	13.6%	8.7%	7.4%	8.0%	9.6%
IIP (MoM)	3.3%	3.0%	18.8%	-18.4%	0.2%	2.2%	2.3%	2.4%	0.1%	2.2%	0.5%	4.1%	4.3%
Retail (YoY)	11.8%	12.1%	12.1%	8.5%	8.2%	9.8%	7.1%	7.2%	11.3%	10.6%	9.2%	8.3%	10.2%
Export (USD bn)	46.93	45.72	46.52	33.19	43.30	44.05	39.95	42.11	42.88	43.49	42.40	39.84	39.70
Import (USD bn)	52.14	50.48	47.38	34.22	45.24	44.69	38.70	39.63	39.91	39.79	40.04	36.72	39.02
Balance of trades (USD bn)	-5.21	-4.77	-0.87	-1.03	-1.94	-0.64	1.25	2.49	2.97	3.70	2.36	3.12	0.69
Acc. Disbursed FDI (USD bn)	9.75	7.40	5.41	3.21	1.68	27.62	23.60	21.30	18.80	15.40	13.60	11.72	8.90
Acc. Registered FDI (USD bn)	24.81	18.73	15.20	6.03	2.58	38.42	33.69	31.52	28.54	26.14	24.09	21.51	18.40
Public Investment (VND trillion)	64.97	56.84	48.24	38.89	44.64	111.54	100.21	90.28	87.56	83.13	77.57	71.47	58.06
Credit growth (YTD)	n.a	4.59%	3.18%	1.33%	1.19%	19.07%	16.85%	15.31%	13.86%	11.78%	10.24%	9.91%	6.72%
Deposit growth (YTD)	n.a	n.a	2.19%	2.02%	0.45%	n.a	n.a	n.a	10.86%	10.44%	9.68%	8.91%	7.61%
Overnight interbank rate	6.97%	3.88%	9.57%	4.70%	5.09%	1.77%	5.40%	4.45%	4.38%	2.03%	3.35%	6.45%	3.1%
Average deposit rate at SOCBs	5.90%	5.90%	5.90%	5.20%	5.20%	5.20%	4.68%	4.68%	4.68%	4.68%	4.68%	4.68%	4.68%
10Y Government bond yield	4.32%	4.23%	4.21%	4.12%	4.06%	4.03%	3.89%	3.82%	3.62%	3.55%	3.32%	3.21%	3.11%
VND/USD exchange rate	26,400	26,700	27,920	26,680	26,450	26,750	27,650	27,760	26,490	26,650	26,380	26,370	26,260

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



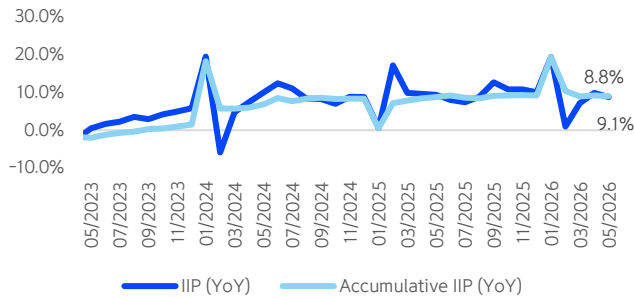
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Production – Consumption

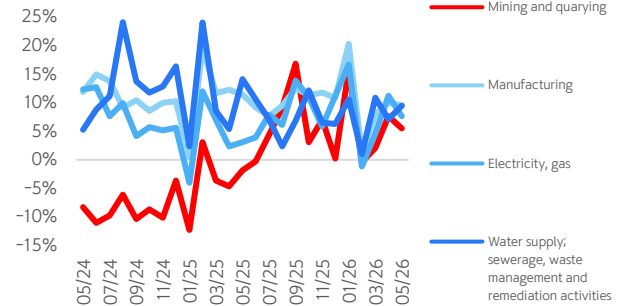
In May 2026, the Industrial Production Index (IIP) grew by 8.8% YoY (+3.3% MoM). In 5M2026, the IIP increased by 9.1% YoY. The manufacturing sector continued its high growth in May 2026 with an increase of 9.0% YoY. The machinery, equipment, and motor vehicle manufacturing sector also achieved high growth of 21.9% YoY in May 2026. Notably, the pharmaceutical, chemical, and medicinal materials manufacturing sector recorded the highest growth among all sectors with 23.2% YoY. Compared to the previous month, the pharmaceutical, chemical, and medicinal materials manufacturing sector increased by 14.9% MoM.

Index of Industrial production (IIP)



Source: GSO, Shinhan Securities Vietnam

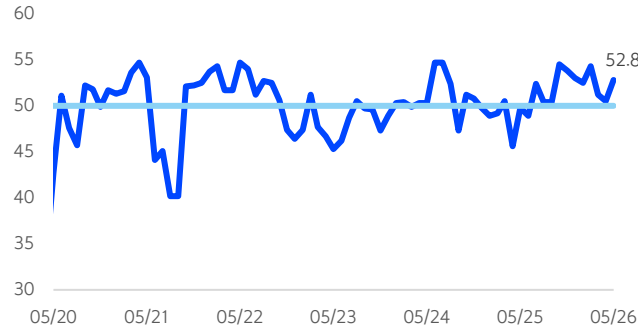
IIP by sub-sectors (monthly YoY)



Source: GSO, Shinhan Securities Vietnam

The PMI for May 2026 surprisingly surged to 52.8 points from 50.5 points in April. New orders rebounded in May, partly driven by increased customer demand for inventory due to the Middle East conflict. Despite improvements in new orders and production, companies continued to reduce staff numbers as signs of excess production capacity persisted. Extended delivery times led to a decrease in purchased inventories, even though purchasing activity increased. The rate of inventory decline was the fastest in nearly a year.

Purchasing managers' index (PMI)



Source: S&P Global, Shinhan Securities Vietnam

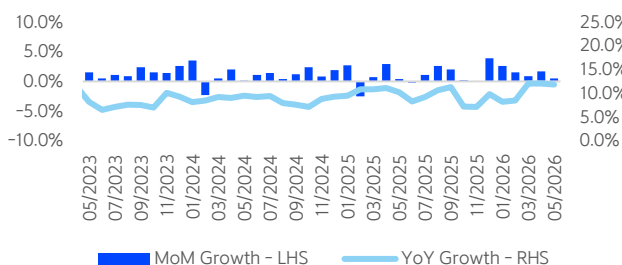
PMI summary

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

Source: S&P Global, Shinhan Securities Vietnam

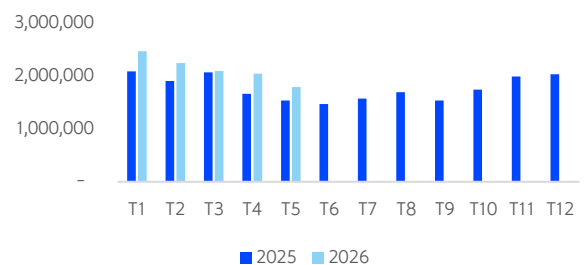
Total retail sales of goods and consumer service revenue increased sharply by 11.8% YoY in May 2026 and by 0.51% MoM. In 5M2026, total retail sales of goods and consumer service revenue increased by 11.2% YoY. Retail sales of goods increased by 11.3% YoY; accommodation and food services increased by 15.4%; and travel services increased by 15.4% in May 2026. The number of tourists visiting Vietnam reached 1.78 million, an increase of 16.5% YoY. In 5M2026, the total number of tourists visiting Vietnam increased by 14.9% YoY.

Total retail sales growth



Source: GSO, Shinhan Securities Vietnam

Foreign tourist (pax)

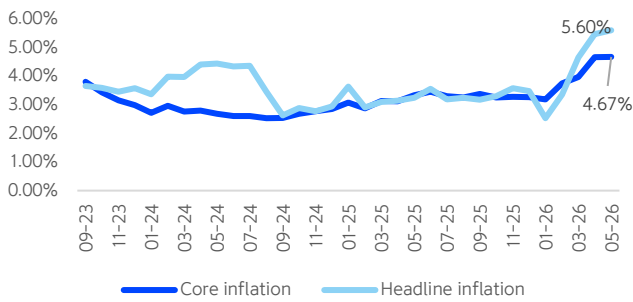


Source: GSO, Shinhan Securities Vietnam

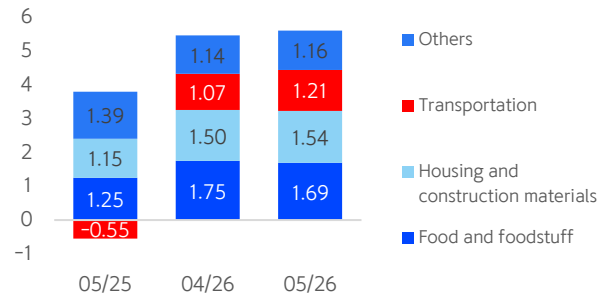
Inflation

The headline CPI for May 2026 rose sharply to 5.6% YoY. After excluding food, energy, and state-managed items such as healthcare and education, core inflation increased by 4.67% YoY. In 5M2026, the overall CPI increased by 4.31% YoY. Core inflation reached 4.04% YoY. High oil prices contributed to the overall price increase. The transportation group contributed 1.21 points to the overall increase in May 2026. The high fuel costs due to the Iran conflict caused prices across all sectors to rise.

Monthly Consumer price index (YoY)



CPI component in May 2026 (% YoY)



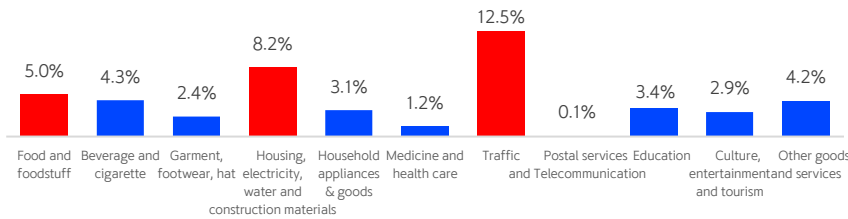
Source: GSO, Shinhan Securities Vietnam

Source: GSO, Shinhan Securities Vietnam

The three groups with the largest weight in the CPI also saw the largest increases in May. Food and catering services increased by 5.0% YoY. Housing, utilities, and building materials increased by 8.2% YoY. Transportation increased by 12.5% YoY.

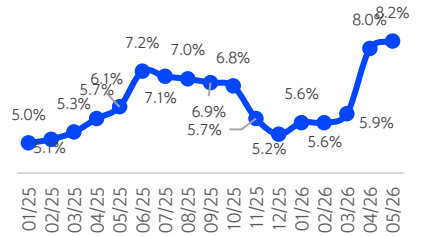
After a period of cooling down, the housing, utilities, and building materials group surged by 8.2% in May 2026. Rising electricity, water, and gas prices, following oil prices, fueled this group's strong increase. However, this increase is expected to slow down next month as the temporary effects of oil prices will only last for May. On the week of 15 June 2026, the US announced it would sign a temporary memorandum of understanding (MOU) on a 60-day ceasefire. World oil prices fell below USD 80 per barrel.

May 2026 CPI growth by components (YoY)



Source: GSO, Shinhan Securities Vietnam

CPI of housing and construction material group (% YoY)

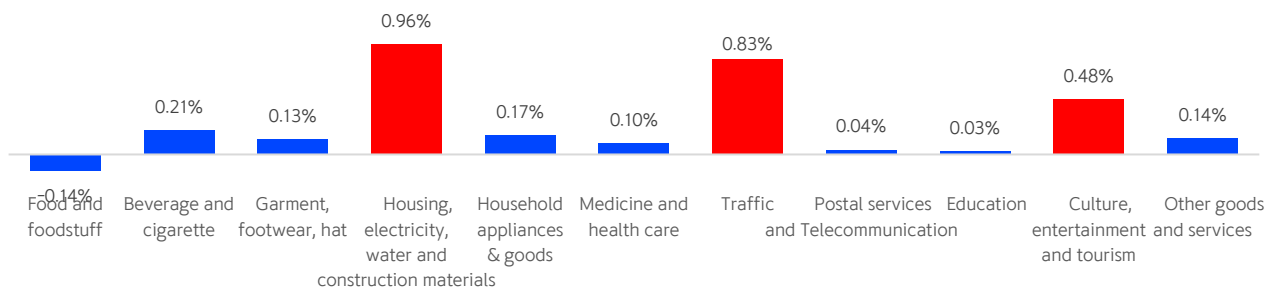


Source: GSO, Shinhan Securities Vietnam

The housing, utilities, and building materials group saw the largest MoM increase in May 2026, rising by 0.96%. Unlike the previous month, gas prices decreased by 1.5% MoM. The group increase was driven by a 2.38% increase in household electricity prices and a 1.41% increase in household water prices. However, the prices of these two items lagged behind due to the use of revenue and consumption figures from the previous month (April). Additionally, increases in rent, home repairs, and building materials also contributed to the rise in this group. The increase in gasoline prices in May also led to increases in the transportation and tourism groups.

Notably, the food and beverage group decreased by 0.14% MoM. Prices of food items such as rice, pork, seafood, and poultry all decreased in May.

May 2026 CPI growth by components (MoM)

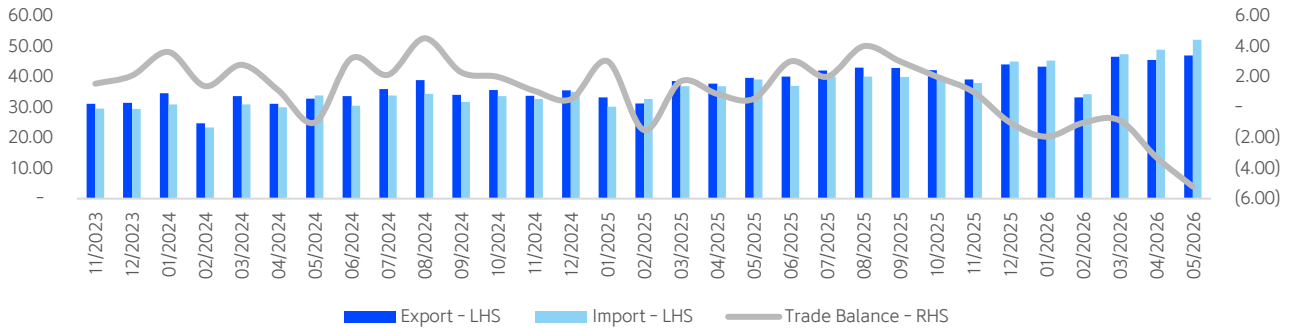


Source: GSO, Shinhan Securities Vietnam

Trading – Investment

Exports in May 2026 reached USD 46.93bn (+2.1% MoM and +18.0% YoY). Imports reached USD 52.14bn (+4.3% MoM and +33.8% YoY). The trade deficit in May 2026 was USD 5.21bn. In 5M2026, Vietnam's trade deficit reached USD 13.8bn. The US remains Vietnam's largest export market with a value of USD 69.9bn, and China is Vietnam's largest import market with a value of USD 92.6 bn.

Total trading turnover (USD bn)

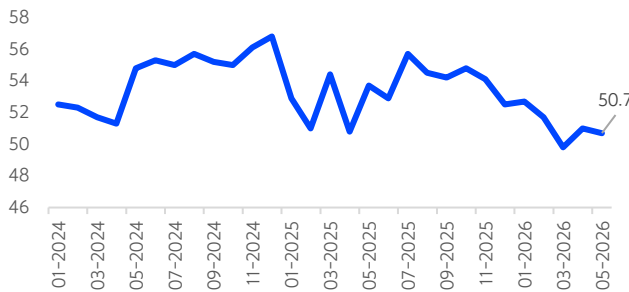


Source: GSO, Shinhan Securities Vietnam

The US services PMI fell to 50.7 in May 2026 from 51 in April 2026. Soaring input costs due to the impact of oil prices significantly impacted business activity. Concerns about inflation and economic recovery dampened business confidence. Employment saw its largest decline since May 2020. Positive factors helping the PMI remain above 50 include increased revenue and the number of new businesses opening. However, business expansion was mainly seen in the domestic market. International demand has significantly decreased due to current US economic policy uncertainties.

The European region also achieved only low growth in Q1 2026, with a 0.1% increase QoQ. Slowing industrial growth and rising energy costs weighed on the region's growth outlook.

US service PMI



Source: S&P Global, Shinhan Securities Vietnam

EU GDP growth rate (% - QoQ)

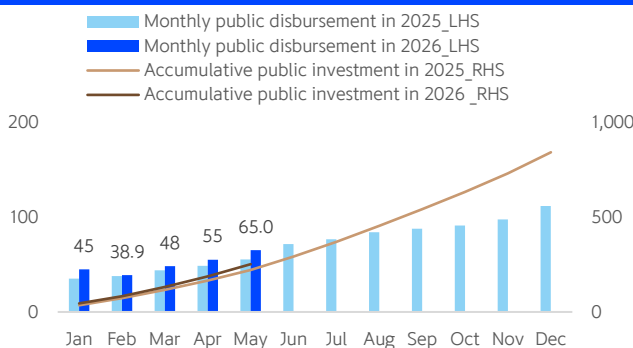


Source: EuroStat, Shinhan Securities Vietnam

In May 2026, public investment reached VND 65.0 trillion, an increase of 11.9% YoY. In 5M2026, public investment totaled VND 254.1tn, an increase of 11.2% YoY and reaching 24.0% of the annual plan.

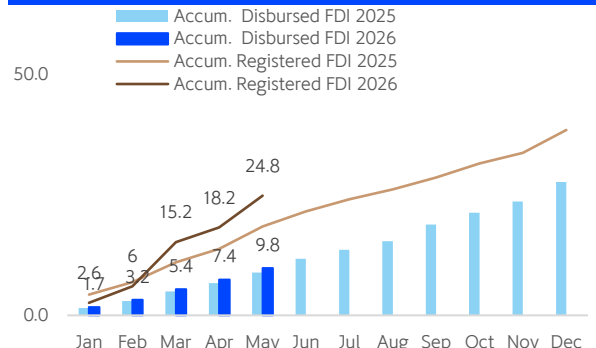
In May 2026, registered FDI reached USD 6.08 billion, an increase of 32.8% YoY, and disbursed FDI reached USD 2.3bn, an increase of 8.75% YoY. In 5M2026, registered FDI reached USD 24.8bn (+34.8% YoY) and disbursed FDI reached USD 9.75bn (9.55% YoY).

Public investment (VND trillion)



Source: GSO, Shinhan Securities Vietnam

FDI (USD bn)

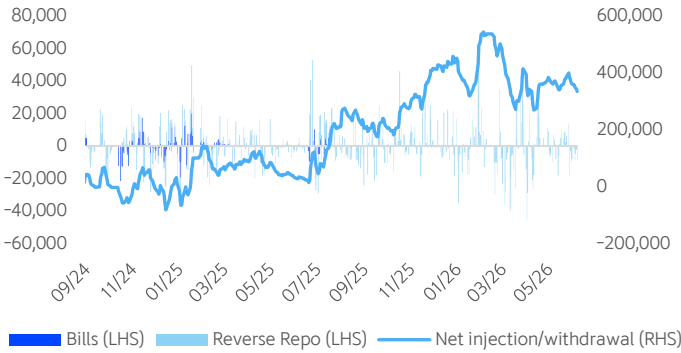


Source: Fiiipro, Shinhan Securities Vietnam

Money market

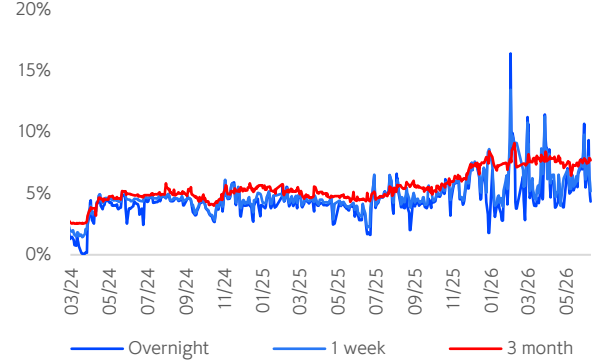
In May, the State Bank of Vietnam injected a net amount of VND 22.69tn into the market. Interbank interest rates were also relatively stable in May. The overnight rate fluctuated around 6.3%, the 1-week rate around 6.45%, and the 3-month rate around 7.37%. However, a sudden increase occurred in the early days of June. The overnight rate surged to 10.66% on June 1st, then fell back to below 5% in the middle of June.

Open market operation (VND billion)



Source: SBV, FiinPro, Shinhan Securities Vietnam

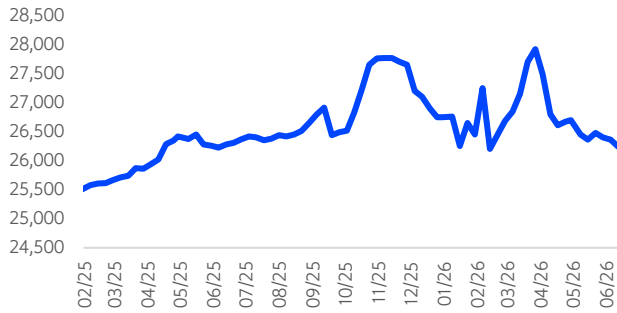
Interbank interest rate



Source: SBV, FiinPro, Shinhan Securities Vietnam

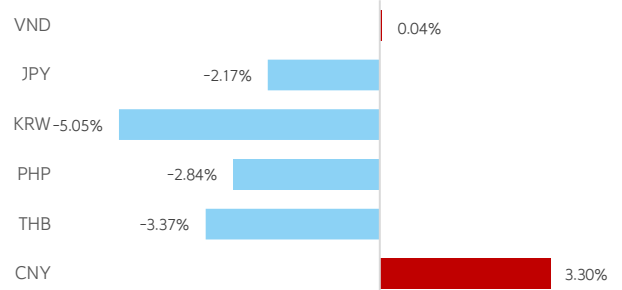
The VND/USD exchange rate in the free market decreased by 1.1% in May 2026, from 26,700 VND/USD in April 2026 to 26,400 VND/USD. Until 15 June 2026, the VND had only depreciated by 0.04% against the USD.

VND/USD exchange rate on free market



Source: Fiinpro, Shinhan Securities Vietnam

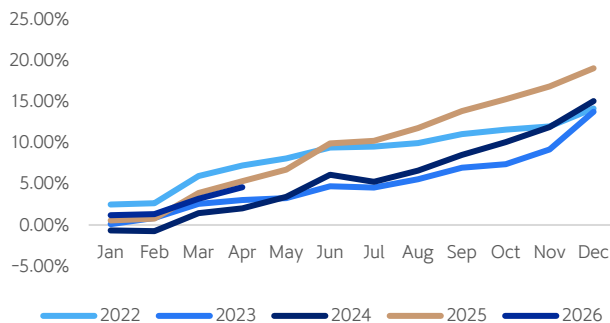
YTD depreciation against USD in some countries until 15/06/2026



Source: Bloomberg, Shinhan Securities Vietnam estimate

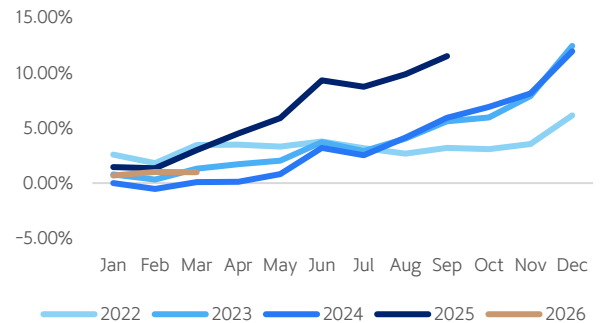
In 2026, SBV aims for a 15% credit growth rate for the entire system. Particular emphasis is placed on tightly controlling the credit growth rate for risky sectors and the real estate sector in 2026. Credit growth in April 2026 reached 4.59% YTD. Money supply growth increased by 0.98% YTD until March 2026.

Credit growth rate (YTD)



Source: SBV, FiinPro, Shinhan Securities Vietnam

M2 money supply growth (YTD)



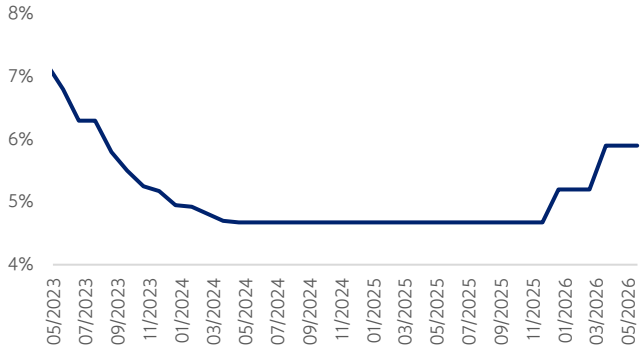
Source: SBV, FiinPro, Shinhan Securities Vietnam

Money market

The average 12-month deposit interest rate of commercial banks remained at 5.9% at the end of May 2026. The most recent interest rate increase was in March 2026.

Average lending and deposit interest rates of credit institutions also began to increase in April. The average deposit interest rate in April increased by 30bps, from 6.05% in February to 6.35% in April. The lending interest rate increased by 35bps from 8.55% to 8.90%.

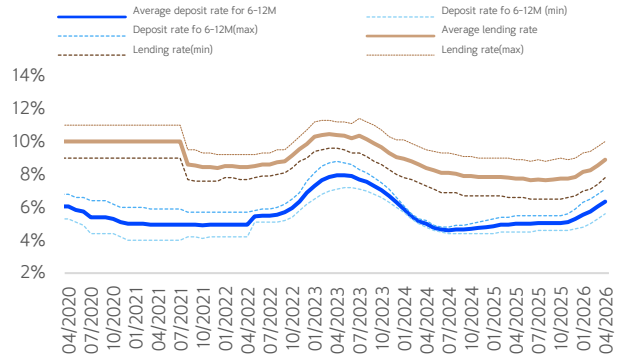
12M term deposit rate at SOCBs



Source: FiiPro, Shinhan Securities Vietnam

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

Lending – deposit rates



Source: SBV, FiiPro, Shinhan Securities Vietnam

Average rate is an average of max and min rates

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