VIETNAM MACROECONOMICS UPDATE

August 2026 (Monthly)

Shinhan Securities

Fuel-led inflation rebounds to 4.89%

Inflation rebounds on fuel

Headline CPI accelerated to 4.89% YoY in August 2026, rebounding from July's 4.45% and June's 4.69%, while core inflation eased slightly, from 4.63% to 4.55%. We can see that the acceleration is concentrated outside the core basket. Transport (+8.02% YoY) contributed 0.78pp to the headline, a 0.97pp swing from a year-earlier -0.19pp that alone explains roughly 60% of the 1.65pp rise in headline inflation over the past twelve months, on domestic fuel prices tracking a 15.8% YoY rise in world oil and gas prices. Housing, electricity, water and construction materials added a further 1.24pp (+6.6% YoY) and food and catering 1.57pp (+4.67% YoY); together the three heaviest-weighted groups accounted for 3.59pp of the 4.89pp total. Monthly, transport again dominated at +4.09% MoM as diesel and gasoline prices jumped 22.15% and 9.53% respectively, while food and catering was the only group to fall (-0.03% MoM) on softer pork, poultry and seafood prices. 8M2026 averages stand at 4.45% headline and 4.24% core.

Production and consumption both firm as PMI extends its run

Vietnam's PMI rose to 53.3 in August from 52.9 in July, a 14th consecutive month above the neutral 50 threshold and the strongest improvement in conditions since February thanks to new orders and output both accelerated. Output grew at its fastest pace in over two years although new export orders fell for the first time in four months and employment fell for a fifth time in six. Industrial production grew 14.41% YoY (+1.50% MoM), lifting the 8M2026 cumulative pace to 11.9%, GSO's strongest eight-month reading in years; mining (+18.5% YoY) overtook manufacturing (+14.6%) for the first time since at least July.

Consumption kept pace: retail sales rose 14.95% YoY (13.3% in 8M2026, 7.6% real), while foreign arrivals reached 1.99 million in August (+18.4% YoY) and 15.91 million cumulatively in 8M2026 (+14.4% YoY). It is the GSO's strongest eight-month tourist total in several years.

Monthly trade deficit narrows sharply

August exports rose 3.2% MoM to USD 54.79bn (+26.0% YoY) while imports fell 3.1% MoM to USD 54.91bn (+37.9% YoY), narrowing the monthly trade deficit to just USD 0.12bn from USD 3.41bn in July. It was the smallest monthly gap since March. Cumulative 8M2026 trade of USD 770.14bn is nonetheless the highest eight-month total on record (+28.7% YoY), and the resulting 8M2026 deficit of USD 20.46bn reverses the USD 14.02bn surplus of 8M2025, as import growth (+35.3%) has outpaced export growth (+22.4%) in every month this year. External demand strengthened into the month: the US services PMI jumped to 56.5, its highest since December 2024, and EU GDP accelerated to +0.5% QoQ in Q2 from +0.1% in Q1.

Investment remained a stabiliser -- public disbursement rose 24.1% YoY in August, taking 8M2026 to 50.5% of the annual plan (ahead of 8M2025's 45.3%), while cumulative registered FDI of USD 40.63bn (+55.4% YoY) and disbursed FDI of USD 17.25bn (+12.0% YoY, a five-year high for the period) left the registered-to-disbursed gap more than double its year-earlier level, at USD 23.38bn versus USD 10.74bn.

Currency firms as the money-market curve steepens

The free-market USD/VND rate fell to 25,860 by end-August from 26,250 at end-July, a 1.5% VND appreciation, and has strengthened a cumulative 3.3% since end-2025's 26,750 close, being consistent with the broader dollar softness. The State Bank continued net OMO injections, lifting the outstanding net position from VND 54.3tn to VND 96.8tn during August, while interbank rates diverged sharply across the curve: overnight fell from 6.32% to 1.19% even as the 1-week rate rose from 6.34% to 7.33% and the 3-month held range-bound (7.14-7.86%), steepening the overnight-to-3-month spread from roughly 0.9pp to nearly 6pp within the month.

Term rates kept climbing. The average 6-12 month deposit rate reached 7.25% from 6.85% in June and average lending 9.55% from 9.30%, though the spread has narrowed from June's 2.45pp peak to 2.30pp. Credit growth of 8.97% YTD as of July trails July 2025's 10.24% pace, and the SOCB 12-month deposit rate has now held at 5.90% for a sixth straight month.

Macro indicators - 8/2026

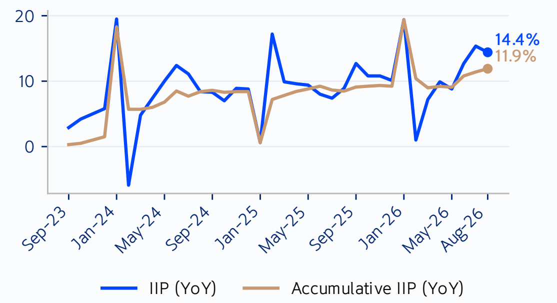
	08/26	07/26	06/26	05/26	04/26	03/26	02/26	01/26	12/25	11/25	10/25	09/25	08/25
CPI (YoY)	4.89%	4.45%	4.69%	5.60%	5.46%	4.65%	3.35%	2.53%	3.48%	3.58%	3.25%	3.38%	3.24%
CPI (MoM)	0.47%	-0.12%	-0.39%	0.29%	0.84%	1.23%	1.14%	0.05%	0.19%	0.45%	0.20%	0.42%	0.05%
PMI	53.3	52.9	51.8	52.8	50.5	51.2	54.3	52.5	53	53.8	54.5	50.4	50.4
IIP (YoY)	14.41%	15.36%	12.87%	8.79%	9.30%	7.20%	1.00%	19.40%	10.10%	10.80%	10.80%	13.60%	8.70%
IIP (MoM)	1.50%	1.18%	3.53%	3.27%	3.00%	18.80%	-18.40%	0.20%	2.20%	2.30%	2.40%	0.10%	2.20%
Retail (YoY)	14.95%	14.48%	14.80%	11.83%	12.10%	12.10%	8.50%	8.20%	9.80%	7.10%	7.20%	11.30%	10.60%
Export (USD bn)	54.79	53.6	50.72	47	45.72	46.52	33.19	43.3	44.05	39.95	42.11	42.88	43.49
Import (USD bn)	54.91	57.01	53.65	52.41	50.48	47.38	34.22	45.24	44.69	38.7	39.63	39.91	39.79
Balance of trade (USD bn)	-0.12	-3.41	-2.93	-5.42	-4.77	-0.87	-1.03	-1.94	-0.64	1.25	2.49	2.97	3.7
Acc. Disbursed FDI (USD bn)	17.25	15.2	13.03	9.75	7.4	5.41	3.21	1.68	27.62	23.6	21.3	18.8	15.4
Acc. Registered FDI (USD bn)	40.63	38.06	34.65	24.81	18.73	15.2	6.03	2.58	38.42	33.69	31.52	28.54	26.14
Public Investment (VND tn)	105.75	97.7	85.18	67.37	56.84	48.24	38.89	44.64	111.54	100.21	90.28	87.56	83.13
Credit growth (YTD)	n.a	8.97%	8.37%	5.96%	4.59%	3.18%	1.33%	1.19%	19.07%	16.85%	15.31%	13.86%	11.78%
Deposit growth (YTD)	n.a	n.a	n.a	4.99%	2.73%	1.92%	0.98%	1.01%	0.69%	8.54%	5.71%	4.54%	11.53%
Overnight interbank rate	1.19%	5.72%	12.49%	6.97%	3.88%	9.57%	4.70%	5.09%	1.77%	5.40%	4.45%	4.38%	2.03%
Avg deposit rate at SOCBs	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%	5.20%	5.20%	5.20%	4.68%	4.68%	4.68%	4.68%
10Y Govt bond yield	4.45%	4.41%	4.40%	4.32%	4.23%	4.21%	4.12%	4.06%	4.03%	3.89%	3.82%	3.62%	3.55%
VND/USD exchange rate	25,860	26,250	26,720	26,400	26,700	27,920	26,680	26,450	26,750	27,650	27,760	26,490	26,650

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

Production – Consumption

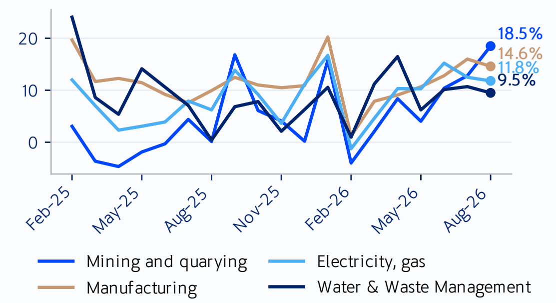
Industrial production grew 14.41% YoY in August 2026 (+1.50% MoM), extending a run of double-digit YoY growth and lifting the 8M2026 cumulative pace to 11.9%, in which metal ore mining had an impressive growth of 28.8% YoY. Mining led the four sub-sectors in August at +18.5% YoY, overtaking manufacturing (+14.6%); electricity and gas grew 11.8% and water/waste management 9.5%. On an 8M2026 cumulative basis manufacturing remains the anchor at +12.5% YoY (versus +10.0% in 8M2025), and mining has swung from a 2.1% contraction a year ago to +8.1% growth, while electricity (+10.1%) and water/waste (+9.4%) both improved on their 8M2025 paces.

Index of Industrial Production (IIP)



Source: GSO, Shinhan Securities Vietnam

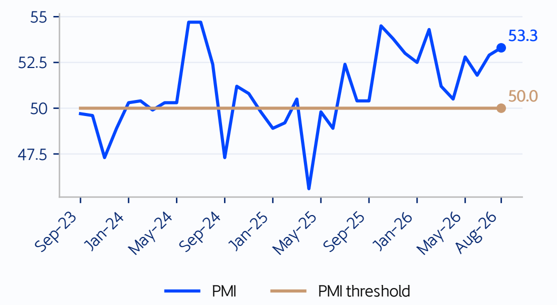
IIP by sub-sectors (monthly YoY)



Source: GSO, Shinhan Securities Vietnam

Vietnam's PMI rose to 53.3 in August 2026 from 52.9 in July, extending the run above the neutral 50 threshold to a 14th consecutive month and marking the strongest improvement in operating conditions since February's 54.3, per S&P Global. New orders and output both accelerated on new-product launches and improved input availability. Output growth was the fastest in over two years, and total new orders grew at their strongest pace since last October, even as new export orders fell for the first time in four months amid ongoing geopolitical uncertainty. Employment fell for a fifth time in six months as firms leaned on efficiency gains rather than headcount to meet the stronger order book, and the sharpest drawdown in finished-goods and input inventories since April left purchasing activity growing at only a three-month-low pace.

Purchasing Managers' Index (PMI)



Source: S&P Global, Shinhan Securities Vietnam

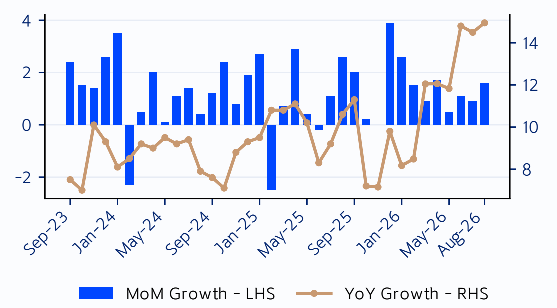
PMI summary

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

Source: S&P Global, Shinhan Securities Vietnam

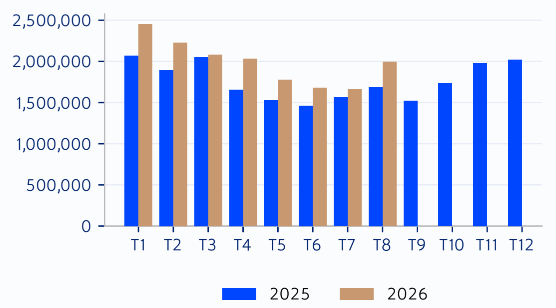
Total retail sales and consumer service revenue reached VND 679.8tn in August 2026, up 1.6% MoM and 14.95% YoY, a third straight month above 14.5% YoY after 14.48% in July and 14.80% in June. Cumulative 8M2026 sales of VND 5,235.5tn are 13.3% ahead of 8M2025 (7.6% in real terms, essentially matching last year's 7.5% pace). Foreign arrivals reached 1,994,469 in August, 18.4% above August 2025 and the highest monthly total of the year so far; cumulative 8M2026 arrivals of 15.91 million are 14.4% ahead of 8M2025, itself GSO's strongest eight-month total in several years.

Total retail sales growth



Source: GSO, Shinhan Securities Vietnam

Foreign tourists (pax)



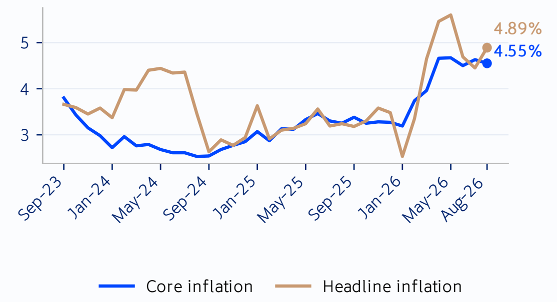
Source: GSO, Shinhan Securities Vietnam

Inflation

The three heaviest-weighted CPI baskets drove August's 4.89% YoY headline: transport (+8.02% YoY, 0.78pp), housing/electricity/water/construction (+6.6% YoY, 1.24pp) and food and catering (+4.67% YoY, 1.57pp), together 3.59pp of the 4.89pp total. The other eight groups contributed 1.3pp combined.

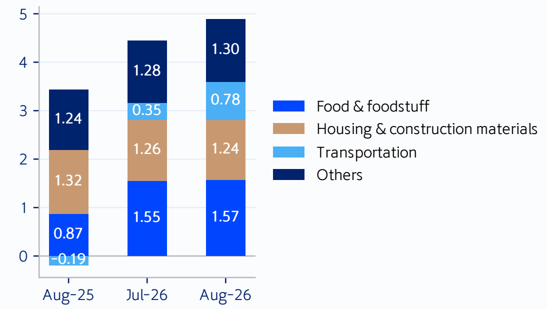
Transport's contribution swung from -0.19pp in August 2025 to +0.78pp now, a 0.97pp turnaround explaining roughly 60% of the 1.65pp rise in headline inflation over the year, as domestic fuel tracked a 15.8% YoY rise in world oil and gas prices. Housing's contribution held broadly steady (1.32pp a year ago vs. 1.24pp now) even as the group itself accelerated, on higher rents, repairs and utility bills.

Monthly Consumer Price Index (YoY)



Source: GSO, Shinhan Securities Vietnam

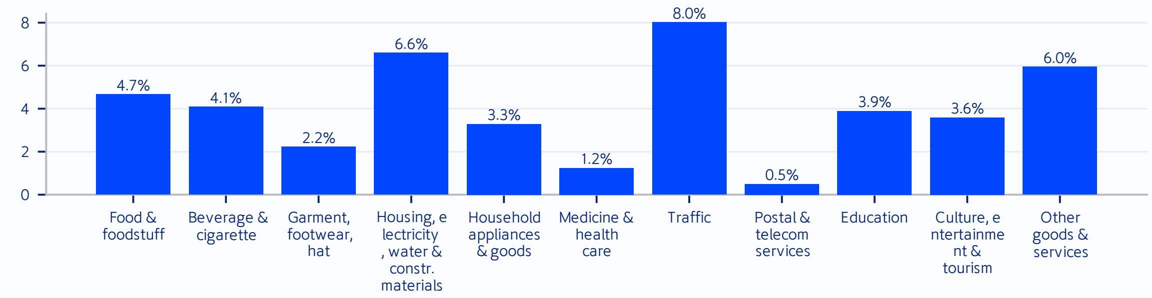
CPI contribution by main group (pp)



Source: GSO, Shinhan Securities Vietnam

Headline CPI accelerated to 4.89% YoY in August 2026, up from 4.45% in July and 4.69% in June, while core inflation eased to 4.55% from 4.63%. The core-headline gap flipped to +0.34pp after a -0.18pp gap in July, when core briefly ran above headline. That reversal fits fuel and food prices -- both excluded from core -- swinging from a MoM drag in July (headline CPI -0.12% MoM) to the main driver of August's +0.47% MoM move. 8M2026 averages stand at 4.45% headline and 4.24% core.

August 2026 CPI growth by components (YoY)

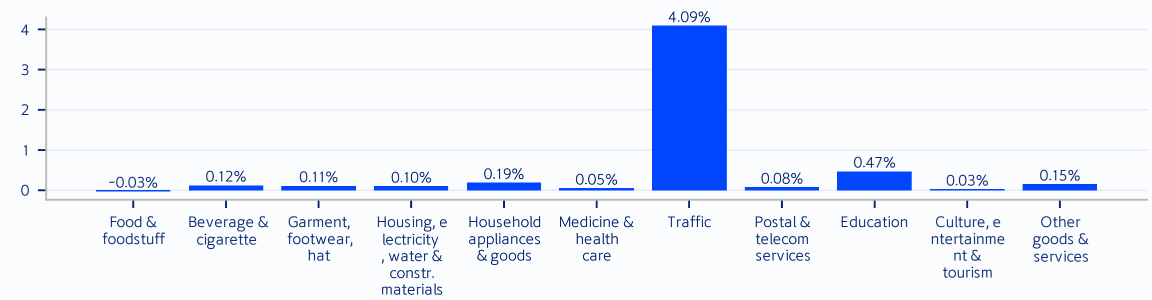


Source: GSO, Shinhan Securities Vietnam

Transport posted by far the largest MoM move in August at +4.09% (0.41pp), as domestic diesel and gasoline prices rose 22.15% and 9.53% on higher global fuel costs. Education (+0.47%) was next, on 2026-2027 tuition adjustments at some private schools, followed by household equipment (+0.19%) and a cluster of six groups rising 0.03-0.15%.

Food and catering was the only group to fall, -0.03% MoM, as pork (-0.7%), poultry (-0.31%) and seafood (-0.15%) eased on soft Vu Lan-period demand, partly offset by eggs (+2.09%, Mid-Autumn cake demand) and fresh fruit (+0.18%).

August 2026 CPI growth by components (MoM)

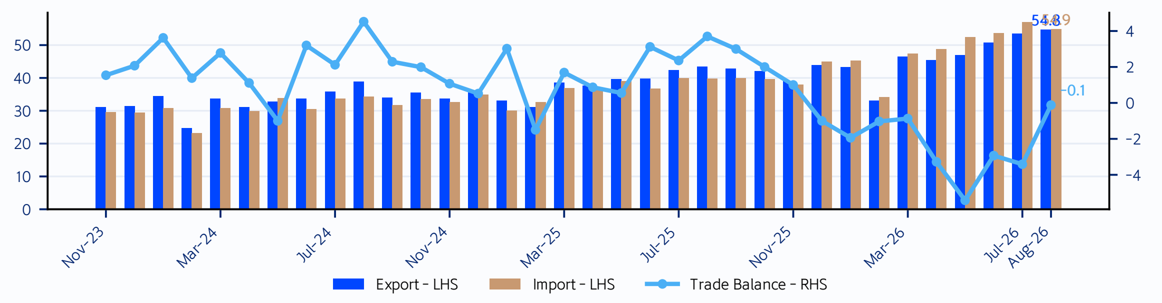


Source: GSO, Shinhan Securities Vietnam

Trading – Investment

Exports rose 3.2% MoM to USD 54.79bn in August 2026 (+26.0% YoY) while imports fell 3.1% MoM to USD 54.91bn (+37.9% YoY), narrowing the monthly trade deficit to USD 0.12bn from USD 3.41bn in July. Cumulative 8M2026 trade reached USD 770.14bn, the highest eight-month total on record (+28.7% YoY), with exports up 22.4% and imports up 35.3%; the resulting 8M2026 cumulative deficit of USD 20.46bn reverses the USD 14.02bn surplus recorded in 8M2025, as import growth has outpaced export growth in every month of 2026 so far.

Total trading turnover (USD bn)

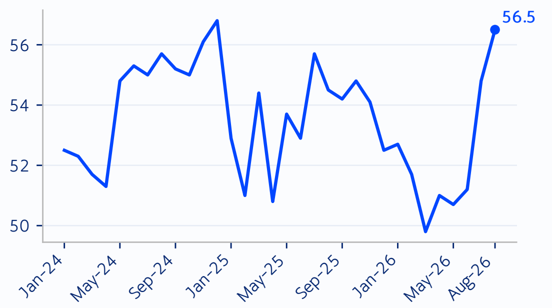


Source: GSO, Shinhan Securities Vietnam

The US services PMI jumped to 56.5 in August 2026 from 54.8 in July, its highest reading since December 2024's 56.8 and a sharp turn from the 49.8-51.2 range that prevailed from March through June.

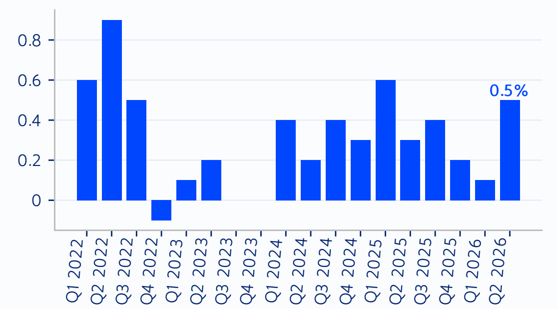
EU GDP growth also accelerated, to +0.5% QoQ in Q2 2026 from just +0.1% in Q1. It was the strongest quarterly print since Q2 2022's +0.9%. Both of Vietnam's largest developed-market demand centres therefore strengthened heading into the third quarter, a favourable external backdrop against which Vietnam's own August trade turnover held up despite a still-widening cumulative deficit.

US Services PMI



Source: S&P Global, Shinhan Securities Vietnam

EU GDP growth rate (% – QoQ)

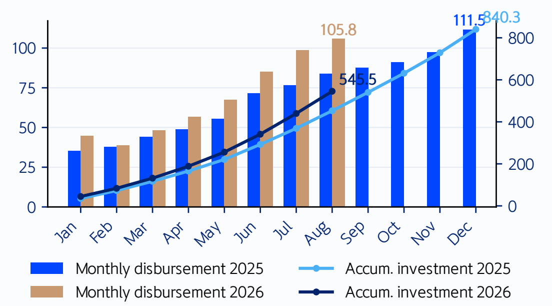


Source: EuroStat, Shinhan Securities Vietnam

Public investment disbursement reached VND 105.75tn in August 2026, up 24.1% YoY per GSO, taking 8M2026 cumulative disbursement to VND 545.5tn, equivalent to 50.5% of the annual plan and ahead of 8M2025's 45.3% pace.

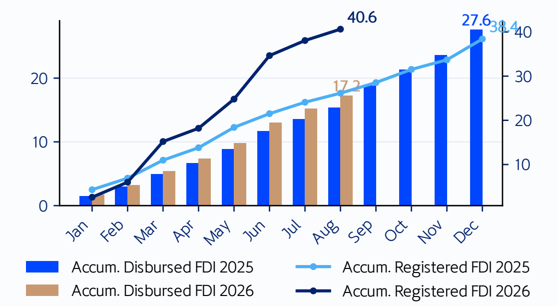
Registered FDI reached USD 40.63bn cumulatively through August, 55.4% above 8M2025, while disbursed FDI of USD 17.25bn (+12.0% YoY) was the highest eight-month total in five years. The registered-to-disbursed gap has more than doubled over the past year, from USD 10.74bn in August 2025 to USD 23.38bn in August 2026, pointing to a fast-growing pipeline of committed but undeployed capital even as actual disbursement itself accelerates.

Public investment (VND trillion)



Source: GSO, Shinhan Securities Vietnam

FDI (USD bn)

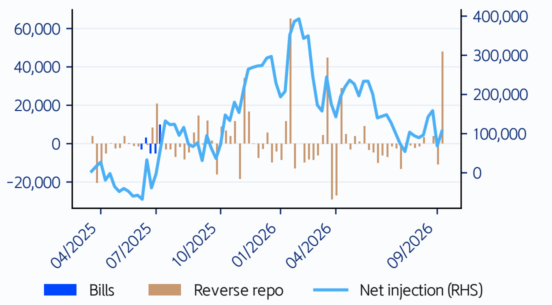


Source: Fiinpro, Shinhan Securities Vietnam

Money Market

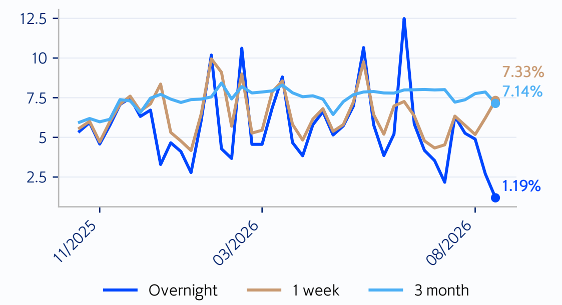
The net OMO position outstanding rose from VND 54.3tn at end-July 2026 to VND 96.8tn by 26 August, as the State Bank continued net liquidity injections through the month. Interbank rates diverged sharply across the curve: the overnight rate fell from 6.32% on 4 August to 1.19% by 28 August, even as the 1-week rate moved the other way, rising from 6.34% to 7.33% over the same weeks, while the 3-month rate stayed range-bound between 7.14% and 7.86%. The overnight-to-3-month spread steepened from roughly 0.9pp to nearly 6pp within the month.

Open market operation (VND billion)



Source: SBV, FiinPro, Shinhan Securities Vietnam

Interbank interest rate



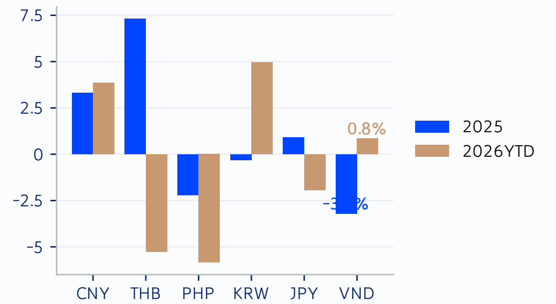
Source: SBV, FiinPro, Shinhan Securities Vietnam

The free-market USD/VND rate fell to 25,860 by 28 August 2026 from 26,250 at end-July, a 1.5% VND appreciation within the month, before easing further to 25,750 by 11 September and ticking back to 25,830 by 18 September. The VND has now strengthened a cumulative 3.3% against the dollar since end-2025's 26,750 close. The move is consistent with the broader dollar softness GSO cites in its August CPI report: the domestic USD price index fell 0.38% MoM as the international dollar index eased 1.17 points on shifting expectations for US monetary policy and falling US Treasury yields.

VND/USD exchange rate on free market

Source: Fiinpro, Shinhan Securities Vietnam

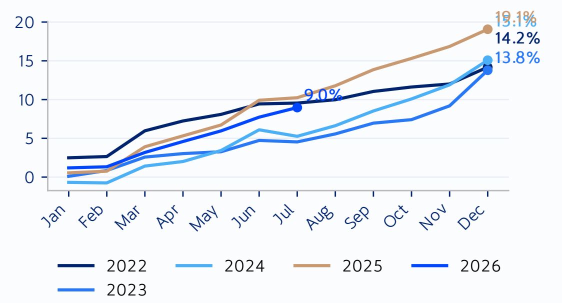
YTD depreciation vs USD, selected countries (2026 YTD)



Source: Bloomberg, Shinhan Securities Vietnam estimate

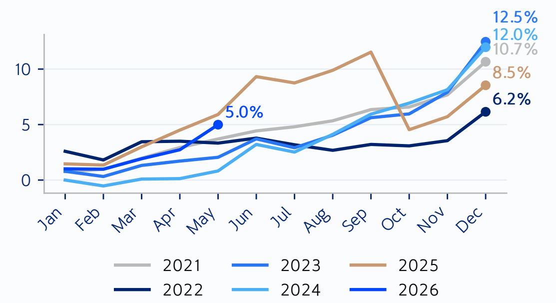
Credit growth reached 8.97% YTD as of July 2026, up from 7.73% in June but running behind July 2025's 10.24% YTD pace. Deposit growth is reported at 4.99% YTD as of May 2026 against 5.91% in May 2025.

Credit growth rate (YTD)



Source: SBV, FiinPro, Shinhan Securities Vietnam

Deposit growth rate (YTD)



Source: SBV, FiinPro, Shinhan Securities Vietnam

Money Market (continued)

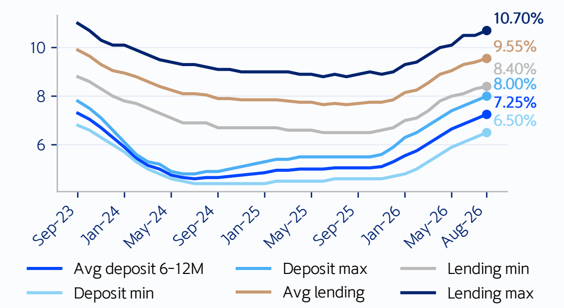
The average 12-month deposit rate at state-owned commercial banks held at 5.90% through August 2026, unchanged for a sixth consecutive month since the increase in March. The rate has now risen 122bps from its 4.68% trough, which held for two years from March 2024 through November 2025, before stepping up to 5.20% in December 2025 and 5.90% in March 2026.

System-wide deposit and lending rates continued climbing through August 2026. The average 6-12 month deposit rate rose to 7.25% from 7.05% in July and 6.85% in June; the average lending rate reached 9.55% from 9.40% and 9.30%. The spread has narrowed from a 2.45pp peak in June to 2.30pp in August, as deposit rates have risen slightly faster than lending rates over the past two months.

12M term deposit rate at SOCBs

Source: Fiinpro, Shinhan Securities Vietnam

Lending – deposit rates



Source: SBV, FiinPro, Shinhan Securities Vietnam

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