VIETNAM MACROECONOMICS UPDATE

July 2026 (Monthly)

Shinhan Securities

The trade deficit widens

Industrial production and trade accelerate together

Industrial production accelerated to 14.5% YoY in July 2026 (+1.2% MoM) from 12.7% in June, lifting the 7M2026 cumulative pace to 11.4% YoY -- the strongest first-seven-months reading in several years -- with all four sub-sectors, led by manufacturing (+15.0% YoY), growing faster than a year earlier. The PMI corroborated the strength, rising to 52.9 from 51.8 and marking 13 consecutive months at or above the neutral 50 mark, with firms adding staff for the first time in five months. Retail sales grew 14.5% YoY in July (0.9% MoM), a fractional slowdown from June's 14.8%, while foreign arrivals of 1.67 million lifted the 7M2026 total to 13.92 million, 13.8% ahead of last year.

Headline CPI cools as core inflation takes the lead

Headline CPI eased to 4.45% YoY in July 2026 from 4.69% in June and a 2026 peak of 5.60% in May, while core inflation slipped only marginally to 4.63% from 4.69% -- so core now sits 0.18pp above headline, the first such inversion so far this year. Over 7M2026, CPI averaged 4.39% YoY against core of 4.19%. The July deceleration traces almost entirely to transport, whose contribution to the headline rate fell to 0.35pp from 0.51pp in June and a 1.28pp peak in April as world oil prices eased; food and catering also contributed less (1.55pp vs 1.64pp). On a monthly basis CPI fell 0.12%, a second consecutive decline, as gasoline (-4.35%) and cooking gas (-11.41%) offset a 7.90% jump in the compulsory health-insurance contribution that lifted the 'other goods and services' group by 1.96% MoM.

That monthly decline masks a sharp turn within the month itself: WTI crude rose 23.95% in July, from USD 69.98 to USD 86.79 per barrel, after Iran's renewed strikes on vessels in the Strait of Hormuz from 7 July. Domestic E10 RON95 pump prices -- the standard grade for road transport since June's mandated switch from near-pure RON95 -- only began rising from 16 July and gained just 7.78% over the month, from VND 21,200 to VND 22,850 per litre. The lag and smaller pass-through reflect Vietnam's Thursday-only price-adjustment cycle (with an exception allowing an immediate update if the global price moves more than 15% up or 10% down within under a week) and the use of the fuel price-stabilisation fund as a cushioning tool; June's mandated shift to the 10%-ethanol E10 blend also modestly eased pass-through pressure on pump prices.

Trade deficit widens as import growth keeps outrunning exports

Imports (USD 56.67bn, +41.4% YoY) outpaced exports (USD 53.08bn, +25.0% YoY) by USD 3.59bn in July 2026, extending Vietnam's run of monthly deficits and pushing the 7M2026 cumulative position to a USD 20.52bn deficit -- a sharp reversal from the USD 10.35bn surplus recorded in 7M2025 -- as import growth (+34.8% YoY) has outrun export growth (+21.7% YoY) throughout the year. By commodity, the deficit is concentrated in two groups: electronics, computers and electrical products bought for capital expenditure, and oil and gasoline, with the latter alone accounting for nearly half of the 7M2026 deficit. Gasoline imports in July rose 10.7% YoY by volume and 59.2% YoY by value, the wider value gap reflecting this month's sharp rise in world oil prices on top of higher volumes.

Investment provided an offsetting signal: public disbursement reached VND 98.59tn in July (+25.9% YoY), taking 7M2026 to VND 445.5tn (39.0% of plan, +18.4% YoY), while newly registered, adjusted and M&A FDI combined reached USD 38.06bn over 7M2026, up 58.0% YoY, and disbursed FDI of USD 15.20bn was the strongest seven-month figure in five years.

VND holds firm while short-end rates swing

The free-market USD/VND rate appreciated 1.76% in July 2026 to close at 26,250, leaving the VND essentially flat on a 2026 YTD basis (+0.01%) and among the most stable currencies in the regional comparison set alongside the CNY (+3.36%), well ahead of the THB (-5.99%) and PHP (-4.12%). Domestically, the SBV net-withdrew liquidity through July, and the overnight interbank rate swung from 5.95% to a low of 0.75% before spiking back to 5.72% at month-end, while the 3-month rate stayed anchored above 7.1% throughout. Term rates continued to climb: the average 6-12 month deposit rate reached 6.85% in June from 6.65% in May, with lending rates following to 9.30% from 9.05%.

Macro indicators - 7/2026

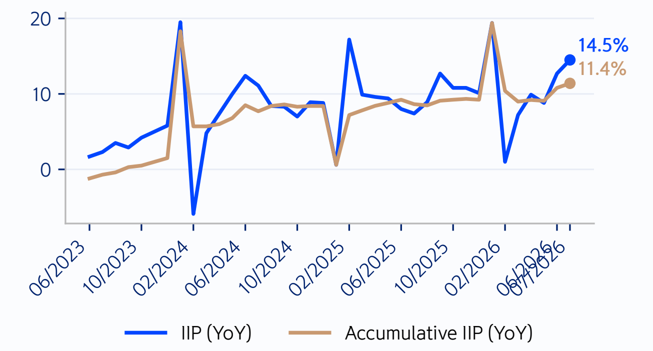
	07/26	06/26	05/26	04/26	03/26	02/26	01/26	12/25	11/25	10/25	09/25	08/25	07/25
CPI (YoY)	4.45%	4.69%	5.60%	5.46%	4.65%	3.35%	2.53%	3.48%	3.58%	3.25%	3.38%	3.24%	3.19%
CPI (MoM)	-0.12%	-0.39%	0.29%	0.84%	1.23%	1.14%	0.05%	0.19%	0.45%	0.20%	0.42%	0.05%	0.11%
PMI	52.9	51.8	52.8	50.5	51.2	54.3	52.5	53	53.8	54.5	50.4	50.4	52.4
IIP (YoY)	14.47%	12.87%	8.79%	9.30%	7.20%	1.00%	19.40%	10.10%	10.80%	10.80%	13.60%	8.70%	7.40%
IIP (MoM)	1.18%	3.53%	3.27%	3.00%	18.80%	-18.40%	0.20%	2.20%	2.30%	2.40%	0.10%	2.20%	0.50%
Retail (YoY)	14.48%	14.80%	11.83%	12.10%	12.10%	8.50%	8.20%	9.80%	7.10%	7.20%	11.30%	10.60%	9.20%
Export (USD bn)	53.08	50.72	47	45.72	46.52	33.19	43.3	44.05	39.95	42.11	42.88	43.49	42.4
Import (USD bn)	56.67	53.65	52.41	50.48	47.38	34.22	45.24	44.69	38.7	39.63	39.91	39.79	40.04
Balance of trade (USD bn)	-3.59	-2.93	-5.42	-4.77	-0.87	-1.03	-1.94	-0.64	1.25	2.49	2.97	3.7	2.36
Acc. Disbursed FDI (USD bn)	15.2	13.03	9.75	7.4	5.41	3.21	1.68	27.62	23.6	21.3	18.8	15.4	13.6
Acc. Registered FDI (USD bn)	38.06	34.65	24.81	18.73	15.2	6.03	2.58	38.42	33.69	31.52	28.54	26.14	24.09
Public Investment (VND tn)	98.59	85.18	67.37	56.84	48.24	38.89	44.64	111.54	100.21	90.28	87.56	83.13	77.57
Credit growth (YTD)	n.a	7.73%	5.96%	4.59%	3.18%	1.33%	1.19%	19.07%	16.85%	15.31%	13.86%	11.78%	10.24%
Deposit growth (YTD)	n.a	n.a	n.a	2.73%	1.92%	0.98%	1.01%	8.54%	5.71%	4.54%	11.53%	9.89%	8.75%
Overnight interbank rate	5.72%	12.49%	6.97%	3.88%	9.57%	4.70%	5.09%	1.77%	5.40%	4.45%	4.38%	2.03%	3.35%
Avg deposit rate at SOCBs	5.90%	5.90%	5.90%	5.90%	5.90%	5.20%	5.20%	5.20%	4.68%	4.68%	4.68%	4.68%	4.68%
10Y Govt bond yield	4.41%	4.40%	4.32%	4.23%	4.21%	4.12%	4.06%	4.03%	3.89%	3.82%	3.62%	3.55%	3.32%
VND/USD exchange rate	26,250	26,720	26,400	26,700	27,920	26,680	26,450	26,750	27,650	27,760	26,490	26,650	26,380

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

Production – Consumption

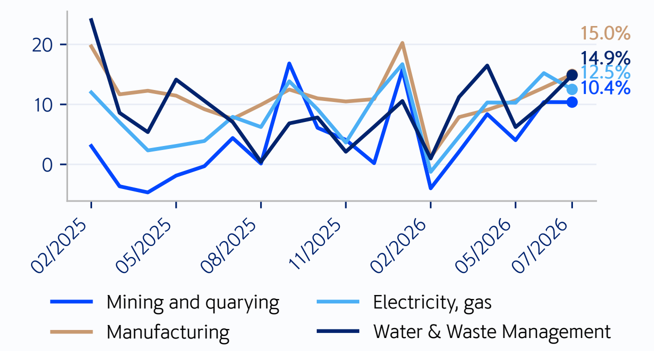
Industrial production accelerated to 14.5% YoY in July 2026 (+1.2% MoM) from 12.7% in June, lifting the 7M2026 cumulative pace to 11.4% YoY -- the strongest first-seven-months reading in several years. All four sub-sectors grew faster than a year earlier: manufacturing led at +15.0% YoY (12.8% in June), followed by water and waste management at +14.9% (10.1% in June), electricity and gas at +12.5% (15.2% in June), and mining at +10.4%, as a 10.3% rise in crude oil and gas extraction offset a 3.1% decline in coal output. Industrial employment rose 1.0% MoM and 3.1% YoY as of 1 July, led by manufacturing (+1.1% MoM, +3.3% YoY).

Index of Industrial Production (IIP)



Source: GSO, Shinhan Securities Vietnam

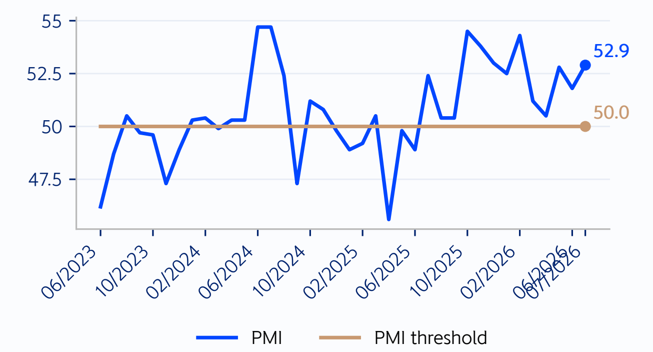
IIP by sub-sectors (monthly YoY)



Source: GSO, Shinhan Securities Vietnam

Vietnam's PMI rose to 52.9 in July 2026 from 51.8 in June, extending a run of 13 consecutive months at or above the neutral 50 threshold and marking the most pronounced monthly improvement since February. New orders and output both accelerated, with new export orders rising at the sharpest rate since July 2024 and output reaching a five-month high. Firms added staff for the first time in five months, though hiring lagged new order growth, leaving a modest build-up of order backlogs. Input costs and output prices rose at their slowest pace since September 2025 as a dip in oil prices offset continuing increases in shipping costs.

Purchasing Managers' Index (PMI)



Source: S&P Global, Shinhan Securities Vietnam

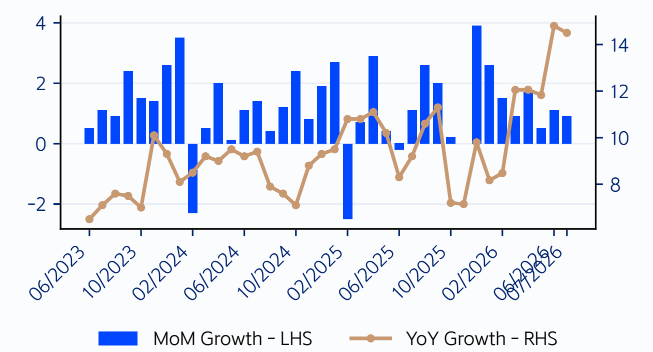
PMI summary

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

Source: S&P Global, Shinhan Securities Vietnam

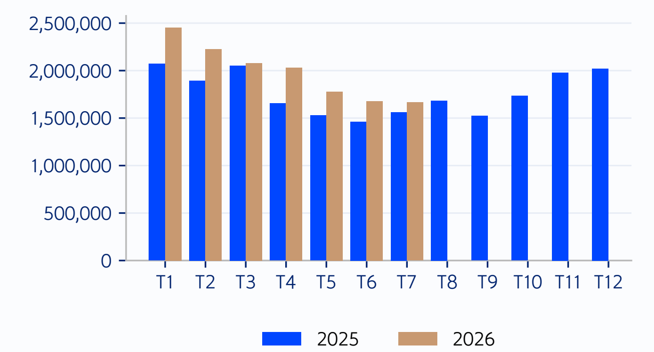
Total retail sales and consumer service revenue rose 14.5% YoY in July 2026 and 0.9% MoM, easing marginally from June's 14.8% YoY / 1.1% MoM. Over 7M2026 the total reached VND 4,555.8tn, up 13.1% YoY (7.5% at constant prices). Goods retail grew 13.6% YoY in July (12.7% over 7M2026); accommodation and catering was the fastest-growing segment at 19.0% YoY in July (15.9% over 7M2026), followed by travel services at 24.3% YoY (16.3% over 7M2026). Foreign arrivals reached 1.67 million in July, 6.6% above July 2025 despite a 0.7% MoM dip; the 7M2026 total of 13.92 million is 13.8% ahead of the same period last year, led by air arrivals (82.8% of the total, +10.7% YoY) and a 33.6% YoY rise in overland arrivals.

Total retail sales growth



Source: GSO, Shinhan Securities Vietnam

Foreign tourists (pax)

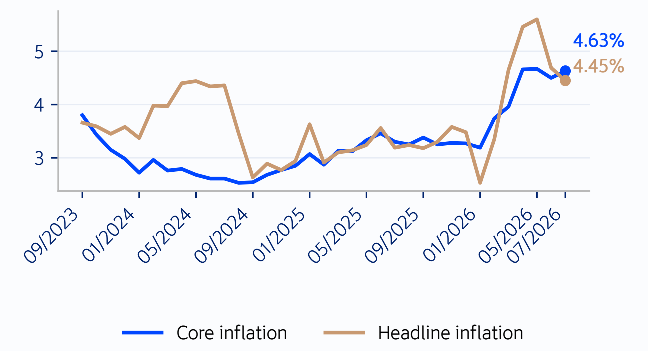


Source: GSO, Shinhan Securities Vietnam

Inflation

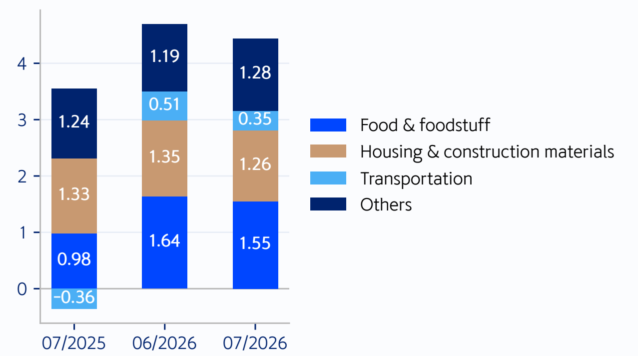
July 2026 marks a reversal in the core/headline relationship: core inflation eased only slightly to 4.63% YoY from 4.69% in June, while headline CPI fell to 4.45% from 4.69%, so core now sits 0.18pp above headline -- the first such inversion so far this year. The move traces mainly to transport, whose contribution to the headline rate fell to 0.35pp in July from 0.51pp in June, as softer world oil prices fed through to lower pump prices. Food and catering also contributed less (1.55pp vs 1.64pp), while housing, electricity and construction materials held broadly steady (1.26pp vs 1.35pp).

Monthly Consumer Price Index (YoY)



Source: GSO, Shinhan Securities Vietnam

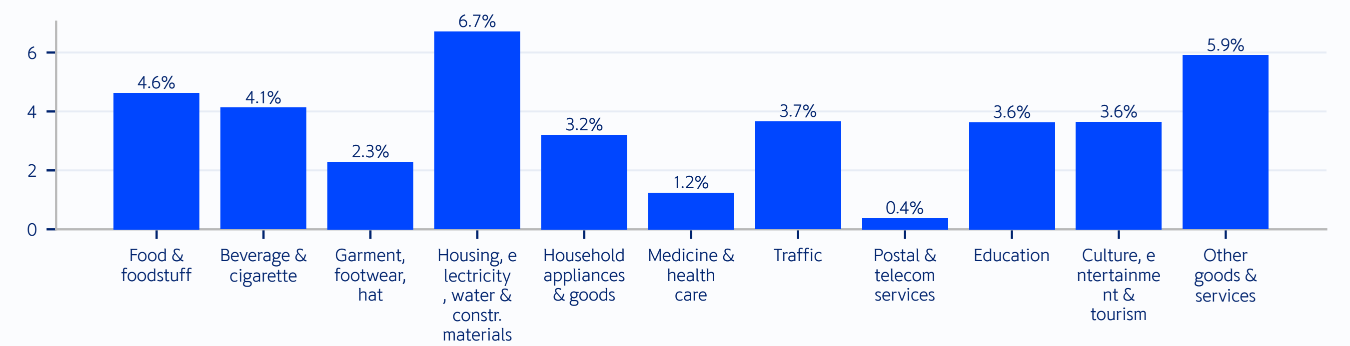
CPI contribution by main group (pp)



Source: GSO, Shinhan Securities Vietnam

On a standalone basis, July's YoY reading by group shows housing, electricity, water and construction materials as the clear outlier at +6.71%, followed by other goods and services at +5.91% -- lifted by a 7.90% rise in the compulsory health-insurance contribution tied to the new statutory base salary. Transport's July YoY of +3.66% sits well below its 7M2026 average of 5.01%, reflecting the swing in fuel prices from double-digit declines in January-February to gains above 20% in March-May before moderating to +5.89% in July.

July 2026 CPI growth by components (YoY)

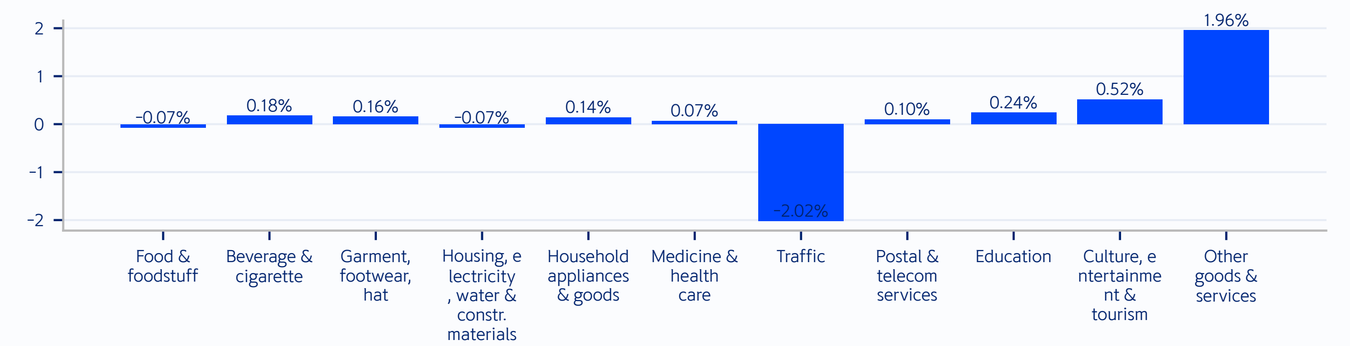


Source: GSO, Shinhan Securities Vietnam

Three of the eleven CPI groups fell in July 2026 and eight rose. Transport led the declines at -2.02% MoM (-0.20pp to the headline) as retail gasoline fell 4.35% and diesel 9.18% on lower world oil prices, alongside a 3.24% drop in airfares. Housing, electricity, water and construction materials eased -0.07% MoM as cooking gas fell 11.41%, only partly offset by rising electricity (+1.55%) and water (+0.27%) tariffs. Food and catering also slipped -0.07% MoM on a 0.50% fall in the food-staples index.

On the upside, other goods and services rose the most at +1.96% MoM, driven almost entirely by the 7.90% jump in the compulsory health-insurance contribution; culture, entertainment and tourism added +0.52% as summer package-tour prices rose 1.26%; and education firmed +0.24% as some private schools and training centres raised tuition ahead of the new school year.

July 2026 CPI growth by components (MoM)

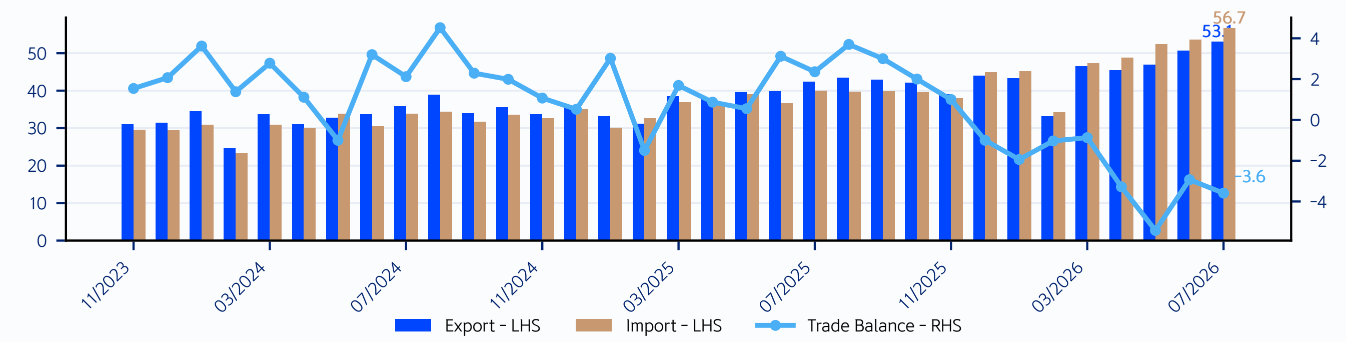


Source: GSO, Shinhan Securities Vietnam

Trading – Investment

Vietnam ran a USD 3.59bn monthly trade deficit in July 2026 as imports (USD 56.67bn, +6.1% MoM, +41.4% YoY) outpaced exports (USD 53.08bn, +4.5% MoM, +25.0% YoY). The cumulative 7M2026 position has swung to a USD 20.52bn deficit from a USD 10.35bn surplus in 7M2025, as import growth (+34.8% YoY to USD 340.05bn) has run well ahead of export growth (+21.7% YoY to USD 319.53bn) all year -- the domestic sector alone ran a USD 28.5bn deficit, partly offset by a USD 7.98bn FDI-sector surplus. The US remained Vietnam's largest export market over 7M2026 at USD 104.7bn, while China was the largest import source at USD 138.6bn.

Total trading turnover (USD bn)

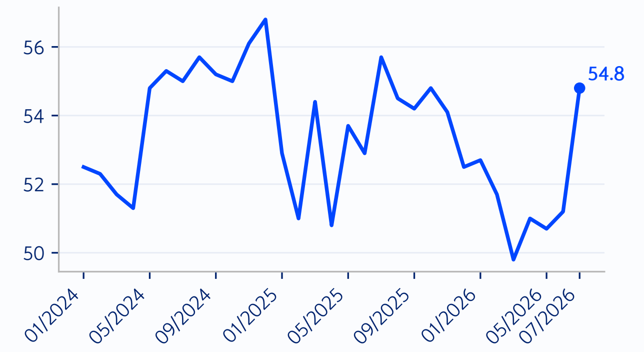


Source: GSO, Shinhan Securities Vietnam

The US services PMI jumped to 54.8 in July 2026 from 51.2 in June, its strongest reading since October 2025 and the sharpest one-month rise of the past year, snapping four months of readings clustered just above 50 (49.8-51.7 from February to June).

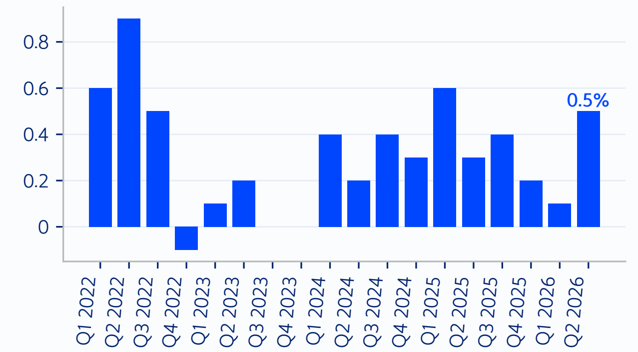
EU GDP growth rebounded to +0.5% QoQ in Q2 2026 from +0.1% in Q1, its strongest quarter since Q1 2025 (+0.6%), snapping two consecutive quarters of deceleration.

US Services PMI



Source: S&P Global, Shinhan Securities Vietnam

EU GDP growth rate (% – QoQ)

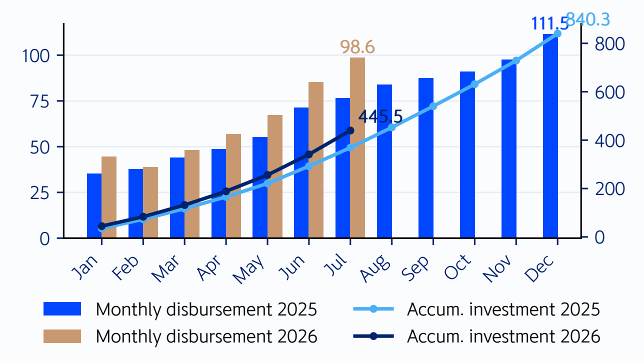


Source: EuroStat, Shinhan Securities Vietnam

Public investment disbursement reached VND 98.59tn in July 2026, up 25.9% YoY, taking the 7M2026 total to VND 445.5tn -- 39.0% of the annual plan versus 37.0% in 7M2025 -- and 18.4% ahead of last year.

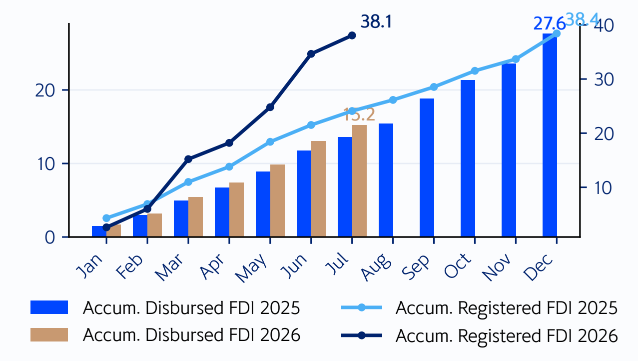
FDI momentum stayed strong: disbursed FDI reached USD 15.20bn over 7M2026 (+11.8% YoY, the highest seven-month figure in five years), while newly registered, adjusted and M&A capital combined reached USD 38.06bn, up 58.0% YoY. New licences alone drew USD 21.05bn across 2,429 projects (+7.8% by count, 2.1x by value), led by Singapore (USD 7.5bn, 35.6% of new capital) and South Korea (USD 5.61bn, 26.7%).

Public investment (VND trillion)



Source: GSO, Shinhan Securities Vietnam

FDI (USD bn)

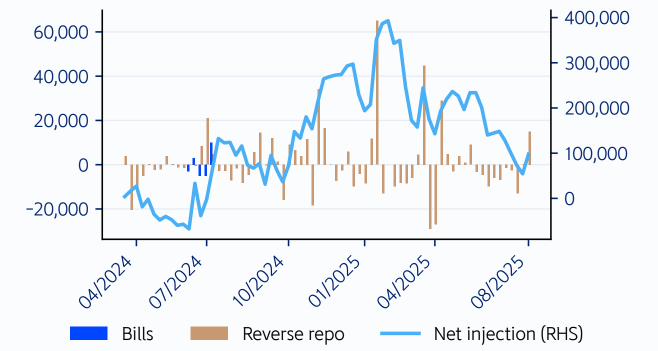


Source: Fiinpro, Shinhan Securities Vietnam

Money Market

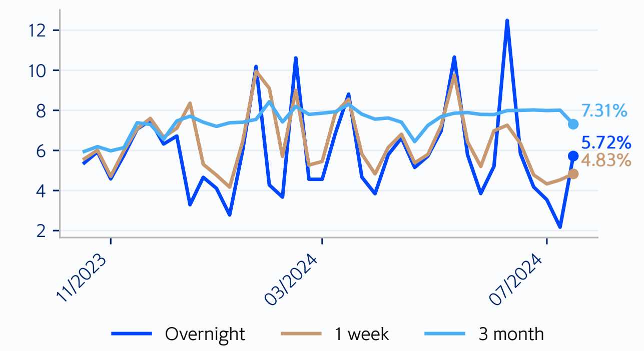
The State Bank net-withdrew liquidity through July 2026: outstanding OMO balances (reverse repo only; no bills were issued) fell from VND 148.4tn on 1 July to VND 82.5tn on 31 July, before ticking back up to VND 97.6tn by 3 August. The drawdown tracked a steep decline in the overnight interbank rate, from 5.95% on 1 July to a low of 0.75% on 30 July, before spiking back to 5.72% at month-end. The 1-week rate held a narrower 3.5-6.9% range (ending 4.83%), while the 3-month rate stayed elevated between 7.18% and 8.11% (ending 7.31%), leaving the overnight-to-3-month spread unusually wide for most of the month before narrowing sharply at month-end.

Open market operation (VND billion)



Source: SBV, FiinPro, Shinhan Securities Vietnam

Interbank interest rate



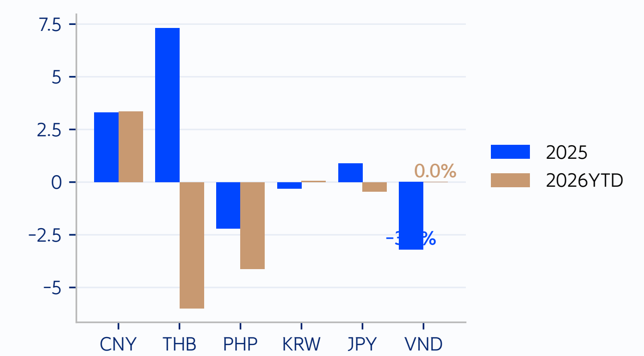
Source: SBV, FiinPro, Shinhan Securities Vietnam

The free-market USD/VND rate appreciated 1.76% in July 2026 to close at 26,250, from 26,720 at end-June, after touching a July high of 26,620 in the first week. On a 2026 YTD basis the VND is essentially flat (+0.01%), among the most stable currencies in the regional comparison set alongside the CNY (+3.36%), well ahead of the THB (-5.99%) and PHP (-4.12%).

VND/USD exchange rate on free market

Source: Fiinpro, Shinhan Securities Vietnam

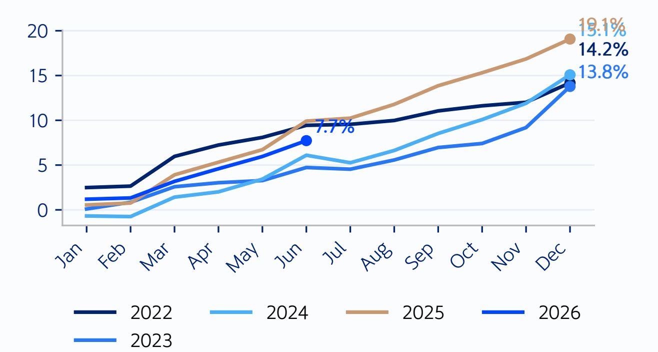
YTD change vs USD, selected countries (to end-July 2026)



Source: Bloomberg, Shinhan Securities Vietnam estimate

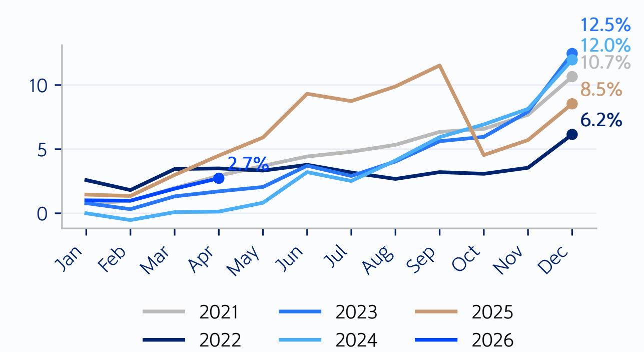
Credit growth for July 2026 is not yet published by SBV; the latest confirmed reading is 7.73% YTD as of end-June, up from 5.96% in May and within the system-wide 2026 target. Deposit growth is reported with a longer lag and remains unconfirmed since April's 2.73% YTD reading -- itself below the 4.50% pace recorded by April 2025 -- leaving credit continuing to expand faster than the deposit base on the latest available data.

Credit growth rate (YTD)



Source: SBV, FiinPro, Shinhan Securities Vietnam

Deposit growth rate (YTD)

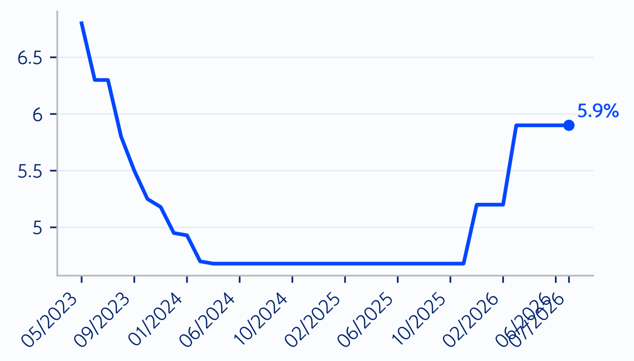


Source: SBV, FiinPro, Shinhan Securities Vietnam

Money Market (continued)

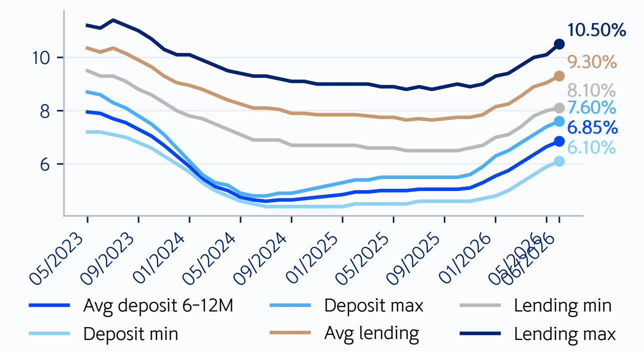
The average 12-month SOCB deposit rate held at 5.90% through July 2026, unchanged for a fifth consecutive month since the last increase in March 2026 (from 5.20%, itself in place since December 2025). System-wide rates continued climbing through June 2026, the latest available reading: the average 6–12 month deposit rate rose to 6.85% from 6.65% in May and 6.35% in April, with the quoted range widening to 6.1–7.6%, while average lending rates followed to 9.30% from 9.05% and 8.90%, with the range at 8.1–10.5%. The deposit-lending spread has held close to 2.45pp throughout the second quarter.

12M term deposit rate at SOCBs



Source: Fiinpro, Shinhan Securities Vietnam

Lending – deposit rates



Source: SBV, FiinPro, Shinhan Securities Vietnam

Shinhan Investment Network

SEOUL

Shinhan Securities Co., Ltd
Shinhan Investment Tower
70, Youido-dong, Yongdungpo-gu,
Seoul, Korea 150-712
Tel : (82-2) 3772-2700, 2702
Fax : (82-2) 6671-7573

NEW YORK

Shinhan Investment America Inc.
1325 Avenue of the Americas Suite 702,
New York, NY 10019
Tel : (1-212) 397-4000
Fax : (1-212) 397-0032

HONG KONG

Shinhan Investment Asia Ltd.
Unit 7705 A, Level 77
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong
Tel : (852) 3713-5333
Fax : (852) 3713-5300

INDONESIA

PT Shinhan Sekuritas Indonesia
30th Floor, IFC 2, Jl. Jend. Sudirman Kav. 22-23,
Jakarta, Indonesia
Tel : (62-21) 5140-1133
Fax : (62-21) 5140-1599

SHANGHAI

Shinhan Investment Corp.
Shanghai Representative Office
Room 104, Huaneng Union Mansion No.958,
Luijiazui Ring Road, PuDong, Shanghai, China
Tel : (86-21) 6888-9135/6
Fax : (86-21) 6888-9139

HO CHI MINH

Shinhan Securities Vietnam Co., Ltd.
18th Floor, The Mett Tower, 15 Tran Bach Dang,
Thu Thiem Ward, Thu Duc City, HCM City, Vietnam
Tel : (84-8) 6299-8000
Fax : (84-8) 6299-4232

HA NOI

Shinhan Securities Vietnam Co., Ltd.
Hanoi Branch
2nd Floor, Leadvisors Building, No. 41A Ly Thai To,
Ly Thai To Ward, Hoan Kiem District,
Hanoi, Vietnam.
Tel : (84-8) 6299-8000