

Economic Update

Recent results		
	2Q25	3Q25
GDP Growth YoY	8.2%	8.2%
Industrials	8.8%	9.5%
Services	9.1%	8.6%
Agriculture	4.0%	3.7%
	Aug-25	Sep-25
Retail Sales YoY	10.4%	11.3%
Foreign Arrivals (mn)	1.68	1.52
Exports YoY	14.4%	24.7%
Imports YoY	17.7%	24.9%
Trade Bal. (USD mn)	3,742	2,846
PMI	50.4	50.4
IIP YoY	8.7%	13.6%
Implemented FDI YoY	14.6%	6.6%
Public Investment YoY	25.9%	32.5%
CPI YoY	3.2%	3.4%
USD/VND	26,345	26,424
Refinancing Rate	4.50%	4.50%
Discount Rate	3.00%	3.00%
Credit Growth YTD	11.7%	13.4%
G-Bond Yields (VBMA)		
5-Year	3.01%	3.06%
10-Year	3.55%	3.62%

Resilient Vietnam pushes through global turbulence

- Vietnam's GDP grew 8.2% in 3Q25 and 7.9% in 9M25
- Inflation picked up but stayed controlled at 3.3% in 9M25

Vietnam posted 3Q GDP growth of 8.2%, the highest since 2021

Vietnam's GDP expanded by 8.2% YoY in 3Q25, marking the highest third-quarter growth rate since 2011, excluding the exceptional post-COVID rebound of 14.4% in 3Q22. The upbeat results were underpinned by robust gains in industry (+9.5%) and services (+8.6%) despite a challenging global trade backdrop. The manufacturing sector (+10.0%) showed early signs of moderation but was still resilient with solid foreign direct investment (FDI) disbursement and robust trade despite the diminishing impact of front-loaded exports.

We lift our forecast for Vietnam's 2025 GDP growth to 8.0%

We expect GDP growth to reach 8.2% YoY in 4Q25, mainly driven by ongoing resilient economic fundamentals and accelerating public disbursement in the final quarter of the year. The Government just disbursed around 50% of the full-year investment plan. Thus, we raise our forecast for Vietnam's 2025 GDP growth to 8.0%, up from the previous forecast of 7.7%.

Several external risks threaten 2026

We forecast GDP growth of 8.5% YoY in 2026, buoyed by the economy's resilient fundamentals. However, risks of diminishing global demand due to ongoing uncertainties in US trade policy, escalating tensions between the US and China, and heightening geopolitical risks remain our concerns. That said, the Government's ambitious public investment plan to achieve its GDP growth target of 10% bolsters our forecasts.

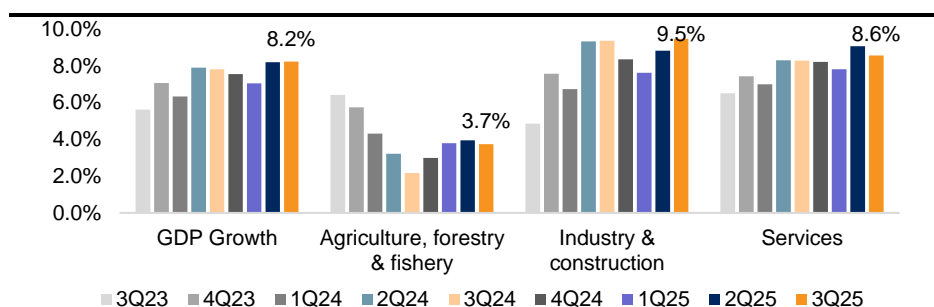
Inflation to increase but remains manageable

We maintain our full-year inflation forecast at 3.3% YoY for 2025, though expect pressure to build over the next 12 months. Inflation may stem from upcoming adjustments to electricity, water, and coal tariffs to better reflect production costs; rising construction material prices amid accelerating public investment; stronger domestic demand supported by expansionary fiscal policy; and lingering geopolitical uncertainty. Nonetheless, we expect average inflation to stay ~4% (below the Government's target of 4.5%), thanks to stable food and foodstuff prices and a lower global crude oil price outlook.

Fed's easing cycle to support Vietnam's accommodative policy

FX pressure remains a concern for the rest of the year. However, expected Fed rate cuts—likely bringing the target range to 3.50–3.75% by year-end—should ease pressure on the exchange rate and give the SBV more room to support growth.

Figure 1: Vietnam's GDP rose by 8.2% YoY in 3Q25



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Source: NSO, VNDIRECT RESEARCH

The economy stayed strong against the odds

Vietnam defied headwinds with strongest Q3 since 2011

According to the National Statistics Office (NSO), Vietnam's GDP expanded by 8.2% YoY in 3Q25, marking the highest third-quarter growth rate since 2011, excluding the exceptional post-COVID rebound of 14.4% in 3Q22. The NSO also revised 2Q25 growth upward to 8.2% (from 8.0%), primarily due to stronger-than-expected service sector performance. Accordingly, Vietnam's GDP was estimated to increase 7.9% YoY in 9M25, the second-highest pace in 2011–2025, after 9.4% in 9M22.

The services sector grew 8.5%, contributing 51.6%, followed by industry and construction (+8.7%), which accounted for 43.1% of total growth. These standout figures highlight the Vietnamese economy's remarkable resilience amid external challenges, especially the rise of trade protectionism in the US, while also signalling a strengthening domestic growth trajectory, underpinned by Government reforms and targeted stimulus measures.

Industrial growth stayed firm

The industry and construction sector expanded by 9.5% YoY in 3Q25, up from 8.8% in 2Q25, driving growth in 9M25 to 9.0%. The manufacturing sector remained the key contributor, however, the higher growth was attributed to a strong rebound in the mining and electricity, gas, steam & air conditioning sectors. The construction sector also decelerated following a strong expansion in 2Q25.

In 3Q25, the **mining sector rebounded** 7.8% YoY (vs -2.6% in 2Q25) and the electricity, gas, steam and air conditioning sector surged 10.0% YoY (vs +3.6% in 2Q25). These sectors combined contributed 0.52 percentage points (ppts) to GDP growth in 3Q25 vs only 0.07 ppts in 2Q25.

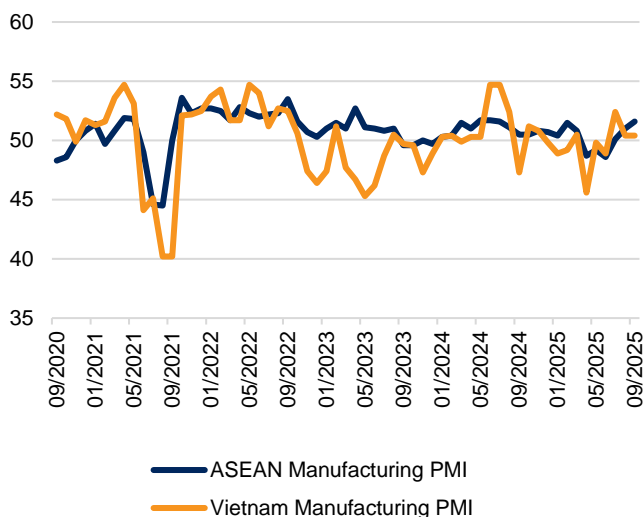
The manufacturing sector showed early signs of moderation but was still resilient, growing 10.0% YoY (vs 10.3% in 2Q25), contributing 2.43 percentage points (ppts) to overall GDP growth. The result reflected weaker export orders following the end of pre-tariff inventory accumulation and the expiration of the 90-day reciprocal tariff suspension. Nevertheless, this was still a healthy growth rate despite rising US tariff pressures after the expiration of a 90-day reciprocal suspension. The index of industrial production (IIP) increased 10.0% YoY in 3Q25, of which IIP of the manufacturing sector increased 10.2% YoY. Strong output growth was recorded in some products such as automobiles (+28.9%), television (+22.5%), cement (+19.1%), leather footwear (+16.9%) and clothes (+13.3%).

PMI reading indicated mild improvement in manufacturing. According to S&P Global, Vietnam's manufacturing PMI edged down to 50.4 in August and September from its one-year high of 52.4 recorded in July (thanks to front-loaded orders). Nevertheless, the reading maintained above the neutral level during 3Q25 at 51 points on average, which was much better than 2Q25's average of 48.1 points. The latest PMI report indicated that new orders rose again after August's dip, and export declines eased to their softest in nearly a year. Output and purchasing activity also expanded, but firms kept trimming headcount while backlogs fell sharply, underscoring fragile underlying demand.

Construction growth slowed to 7.9% YoY (vs 10.9% in 2Q25). This could be due to a slower pace of public disbursement in 3Q compared to 2Q. According to the Ministry of Finance (MoF), public investment disbursement fulfilled 50% of the PM's plan in 9M25. Compared to a completion rate of 36%

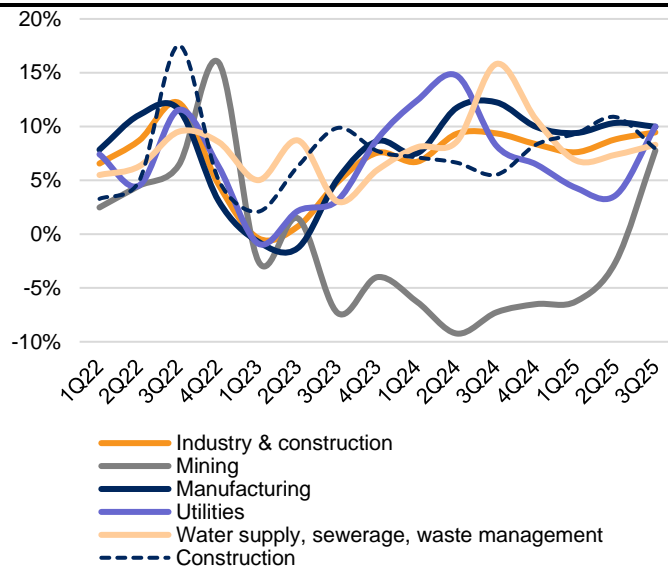
in 6M25 and 9.7% in 1Q25, the incremental disbursement in 3Q25 was only half that in 2Q25. This deceleration could be due to the merger of provinces and cities during the quarter. On one hand, this shows that the Government still has much work to do to complete the year's disbursement plan; on the other hand, it indicates that the economy still has room to maintain growth in the fourth quarter.

Figure 2: Vietnam and ASEAN manufacturing PMI



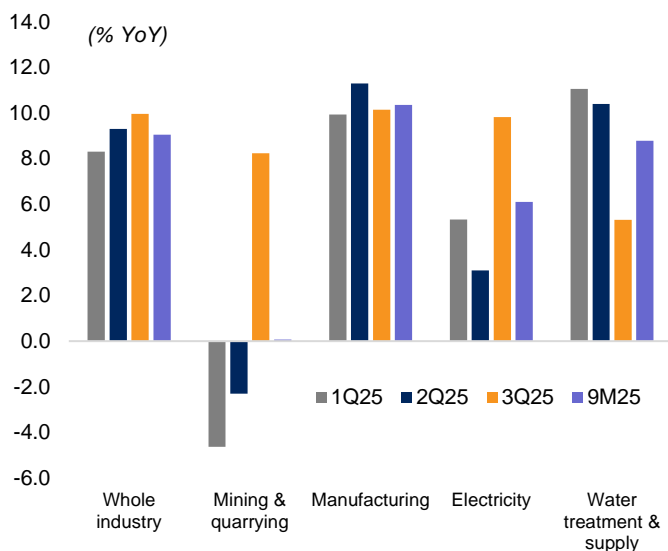
Source: NSO, VNDIRECT RESEARCH

Figure 3: GDP growth of industry & construction sector



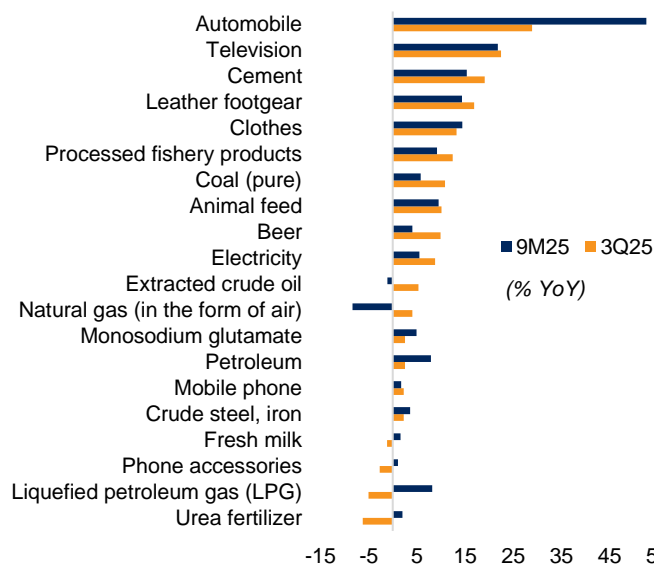
Source: NSO, VNDIRECT RESEARCH

Figure 4: Vietnam's Index of Industrial Production (IIP)



Source: NSO, VNDIRECT RESEARCH

Figure 5: Growth of industrial output in 9M25



Source: NSO, VNDIRECT RESEARCH

The services sector maintained resilient growth

The services sector maintained resilient growth despite waning fiscal support, expanding 8.6% YoY in 3Q25, slightly down from 9.1% in 2Q25. The moderation largely reflected the diminishing impact of one-off Government compensation measures linked to administrative restructuring that had boosted Q2 performance. **Key public service sub-sectors saw notable deceleration**, with public administration, defense, and socio-political activities rising 6.55% YoY (vs 15.5%) and education and training at 7.6% YoY (vs 11.5%).

Meanwhile, **domestic consumption growth continued to gain momentum in 3Q25, partly fuelled by national holidays in September**. In particular, the added value of the wholesale and retail trade sector grew 8.9% YoY in 3Q25 (vs 7.9% in 1H25). This was fuelled by strengthening domestic demand with total retail sales of goods and services rising 10.1% YoY in 3Q25 (vs 9% YoY in 2Q25). Total retail sales for September 2025 alone grew 11.3% YoY, the strongest monthly growth rate in the last 12 months, boosted by state activities to celebrate the 80th anniversary of Vietnam's Independence.

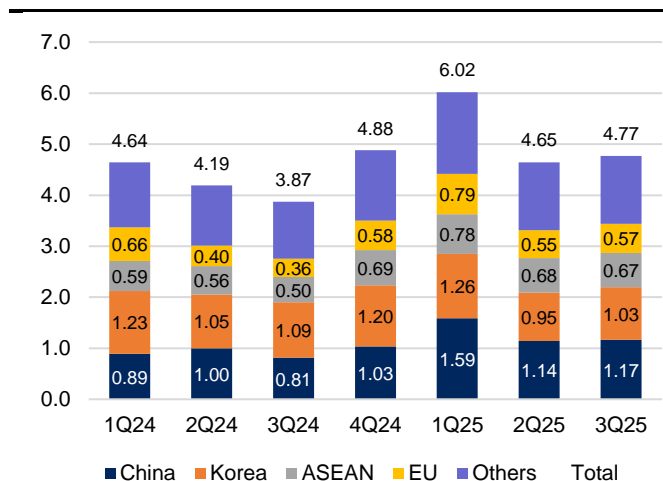
In addition, despite being an off-peak season, Vietnam welcomed over 4.8 million foreign visitors in 3Q25 (+2.7% QoQ and 23.2% YoY) thanks to the national holiday. Accordingly, total retail sales of hospitality, catering and tourism services increased 15.3% to reach VND239tn (USD9.1bn) in 3Q25. This strong momentum fueled solid growth of tourism-related added value in 3Q25, including Accommodation & Food services (+10.5%) and Arts, Entertainment & Recreation (+12.9% YoY).

Figure 6: Most service sub-sectors recorded higher growth rates in 3Q25



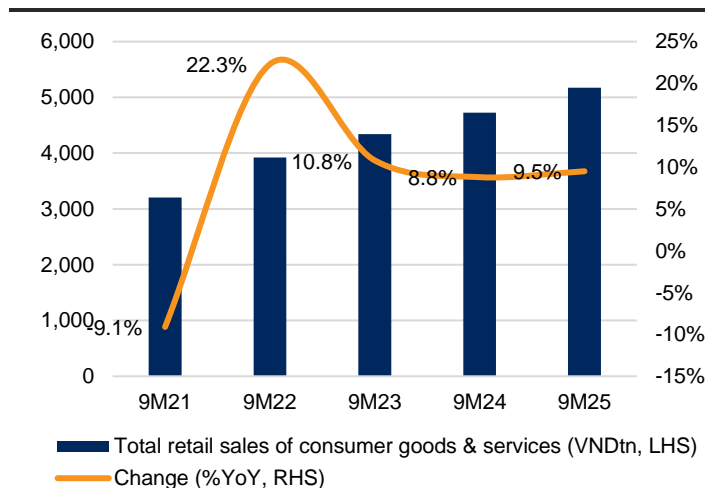
Source: NSO, VNDIRECT RESEARCH

Figure 7: International arrivals to Vietnam (millions)



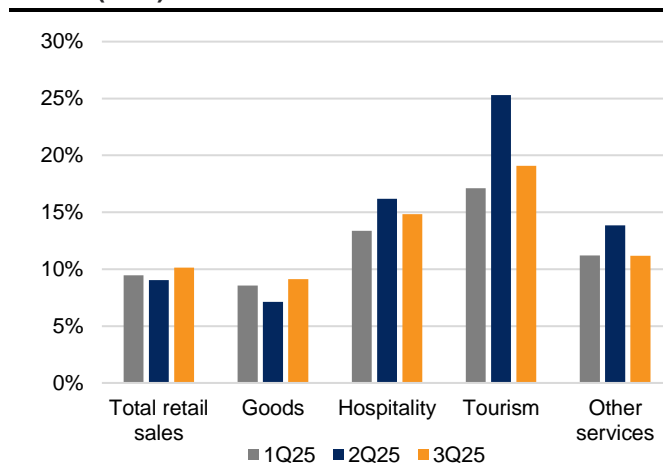
Source: NSO, VNDIRECT RESEARCH

Figure 8: Total retail sales of goods & services



Source: NSO, VNDIRECT RESEARCH

Figure 9: Total retail sales of goods & services by sub-sector (YoY)



Source: NSO, VNDIRECT RESEARCH

Overall domestic consumer sentiment in 3Q25 was supported by a low interest rate environment, which helped control inflation, as well as consumer stimulus policies during the national holiday. In 9M25, total retail sales of goods and services increased 9.5%, higher than 8.8% growth in 9M24, but still below pre-COVID-19 levels and the Government's retail sales growth target of ~12%.

Credit growth gained strong momentum the third quarter, reaching 13.4% YTD by the end of 3Q25 (accelerating 9.9% at the end of 2Q25) and outpacing the 9.1% YTD growth seen in 9M24. This acceleration has **underpinned sustained improvements across some related sub-sectors, particularly Financial, Banking and Insurance Services**, which expanded by 7.7% YoY in 3Q25 (vs 6.7% YoY in 1H25), as well as Real Estate, which saw growth of 5.2% YoY in 3Q25 (vs 4.3% YoY in 1H25).

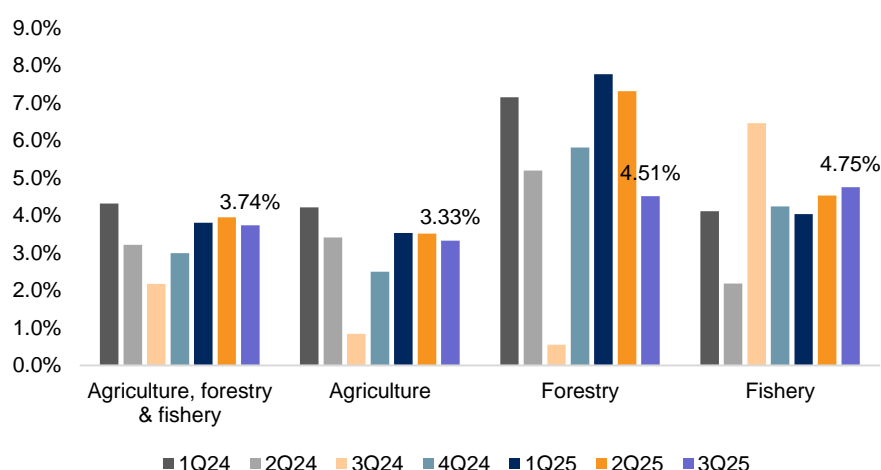
Agriculture, forestry & fishery slowed amid bad weather, disease

Agriculture, forestry, and fishery activities grew by 3.74% YoY in 3Q25, edging down from 3.8% in 1Q25 and 3.95% in 2Q25 due to the negative impact of storms and floods. Nevertheless, the overall impact was still less severe compared to the same period last year.

- Growth of the forestry sub-sector dropped to 4.51% from 7.31% as large areas of forest crops were flooded, particularly in northern Vietnam.
- The growth of the agriculture sub-sector decreased slightly to 3.33% YoY from 3.51% in the previous quarter as the outbreak of African swine fever caused losses to small-scale farming households.
- In contrast, the fishery sub-sector continued to gain momentum, with growth accelerating to 4.75% YoY, up from 4.0% in 1Q25 and 4.53% in 2Q25, driven by increased aquaculture output.

For 9M25, the agriculture, forestry, and fishery sector grew by 3.8% YoY, the strongest growth rate in the last four years (2022 – 2025).

Figure 10: GDP growth of the agriculture, forestry, and fishery sector



Source: NSO, VNDIRECT RESEARCH

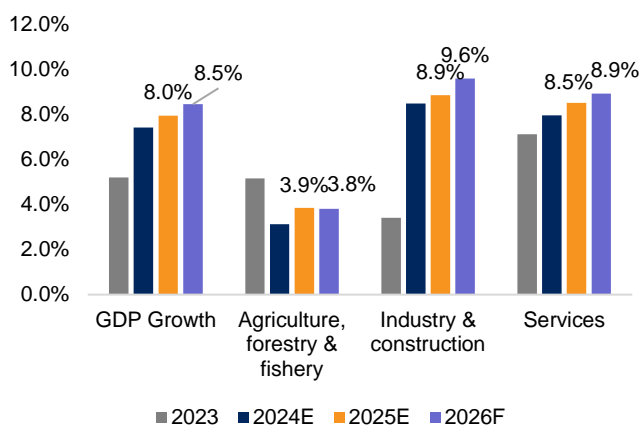
Growth outlook to remain strong

We lift our forecast for Vietnam's 2025 GDP growth to 8.0%

We expect GDP growth to reach 8.2% YoY (± 0.3 percentage points) in 4Q25, mainly driven by ongoing resilient economic fundamentals and accelerating public disbursement in the final quarter of the year. We raise our forecast for Vietnam's 2025 GDP growth to 8.0%, up from the previous forecast of 7.7%.

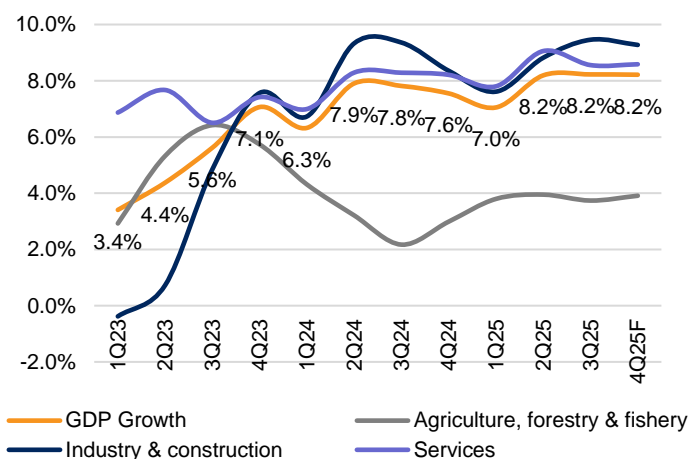
We expect strong growth momentum into 2026, and forecast GDP growth of 8.5% YoY next year, buoyed by the economy's resilient fundamentals. Risks surrounding diminishing global demand due to ongoing uncertainties in US trade policy, escalating tensions between the US and China, and heightening geopolitical risks remain our concerns. However, the Government's ambitious public investment plan to achieve its GDP growth target of 10% should bolster our forecasts.

Figure 11: Vietnam's annual GDP growth



Source: NSO, VNDIRECT RESEARCH

Figure 12: Vietnam's quarterly GDP growth



Source: NSO, VNDIRECT RESEARCH

Our forecasts are based the following key expectations

- Production growth momentum will soften slightly due to a slower trade outlook.** Exports could be slower due to the impact of US tariffs, a softening global trade outlook, and heightened scrutiny of transshipment-linked goods from the US. The World Trade Organization (WTO) downgraded its 2026 forecast for global merchandise trade volume growth to 0.5%, from its previous estimate of 1.8% in August. The WTO also projects global GDP growth to ease slightly from 2.7% in 2025 to 2.6% in 2026, driven by the unwinding of front-loading and the delayed but intensifying impact of tariffs and trade policy uncertainty.
- However, resilient FDI disbursement will maintain production stability.** With a 20% tariff, Vietnam now enjoys one of the lowest reciprocal rates in Asia and far below China. The widening tariff gap between the US and China, coupled with Vietnam's competitive advantages—including low labor costs, strategic geographic location, and an extensive network of free trade agreements—continues to reinforce the country's appeal as a preferred export base. In the context of rising global protectionism, we expect these factors will accelerate the relocation of investment and production activities from China to Vietnam, supporting export growth and industrial expansion in the medium term.

- **Construction activity will recover, buoyed by accelerating public investment disbursement and warming real estate sector.** For the rest of 2025, the Government expects to complete 90% of this year's public investment plan, implying an increase of ~30% YoY in 4Q25. For 2026-2030, the MoF projects that total invest capital from the State budget will reach ~VND8,510tn (USD322bn), representing a sharp increase of 156% compared to the previous five-year plan in 2021 – 2025. Accordingly, the public debt to GDP ratio could increase up to 47% from its current ~34%. Improvements in infrastructure and the resolution of legal issues will support the recovery of the real estate market.
- **Growing private investment.** Resolution No. 68-NQ/T, issued on May 4, 2025, outlines Vietnam's strategic direction to elevate the private sector as a key driver of national economic growth. Resolution 68, together with ongoing efforts to restructure the state apparatus and promote public-private investment partnerships (PPP), is expected to position the private sector as one of the key pillars of Vietnam's economy in the coming period.
- **Domestic consumption will be strengthened,** driven by Vietnam's middle-income landscape, which is also supported by controlled inflation, ongoing fiscal support and accommodative monetary policy. Starting January 1, 2026, Vietnam's regional minimum wage will rise by 7.2% YoY. Personal income tax deductions will also increase from **VND11mn** to **VND15.5mn/month** for taxpayers, and from **VND4.4mn** to **VND6.2mn** /month per dependent. These changes will reduce taxable income and boost disposable income, supporting consumer demand. However, new tax policies for individual business households may affect small traders, while large retail chains could benefit and partially offset the impact.
- **Inflation and FX risks persist but remain manageable.** We expect exchange rate pressure will be lower in 2026, supported by the US Federal Reserve's easing cycle (with market consensus expecting two additional rate cuts this year and at least one in 2026). Vietnam is also poised to benefit from stronger indirect foreign inflows thanks to the stock market upgrade to emerging market status (see more details in our [FTSE Upgrades Vietnam to Secondary Emerging Market Status](#) report) and solid FDI disbursements driven by the country's trade advantages. Additionally, we forecast Vietnam's Consumer Price Index (CPI) to rise 4.0% on average. Expansionary monetary and fiscal policy could add to inflationary pressure, however, expected declines in global crude oil prices should help offset some of these pressures.
- Given these dynamics, we expect the SBV will maintain rates stable at current levels to support economic growth.

Key downside risks to our outlook include:

- **Ongoing uncertainties in US trade policy** and escalating tensions between the US and China, which may heighten inflation risks and dampen consumer demand in the US, thereby negatively affecting Vietnam's production and trade activities.
- **Risks of stagflation in the US,** which could possibly delay Fed rate cuts and affect the State Bank of Vietnam's (SBV) ability to manage the exchange rate and maintain a low-interest-rate environment.
- **Heightening geopolitical risks,** which could potentially trigger a global supply chain disruption, thus negatively impacting Vietnam's production

and exports. Such disruptions could also amplify inflationary pressures and increase exchange rate volatility in Vietnam.

Figure 13: Key macro forecasts in 2025 - 2026

Indicator	Unit	2018	2019	2020	2021	2022	2023	2024	2025F	2026F
Nominal GDP	USDbn	310	334	347	366	413	434	476	518	567
Real GDP growth	% YoY	7.5	7.4	2.9	2.6	8.5	5.1	7.1	8.0	8.5
GDP per capita	USD	3,222	3,441	3,534	3,704	4,148	4,323	4,717	5,094	5,554
Export growth	% YoY	13.3	8.4	6.9	18.9	10.6	-4.6	14.4	15.5	13.0
Import growth	% YoY	11.8	6.9	3.7	26.7	8	-9.2	16.7	17.6	14.0
Trade balance	USDbn	6.9	10.9	18.9	3.3	12.3	28.4	24.9	20.8	19.1
FDI (implemented)	USDbn	19.1	20.4	20	19.7	22.4	23.2	25.4	27.5	29.7
Current account balance	USDbn	5.8	12.2	15.1	-7.2	-1.1	25.8	28	20.7	22.7
Current account to GDP	% of GDP	1.9	3.6	4.3	-2	-0.3	6	5.9	4.0	4.0
FX reserves	USDbn	55	78	95	109	88	93	84	84.0	90.8
FX reserves to GDP	% of GDP	17.8	23.3	27.4	29.8	21.2	21.5	17.7	16.2	16.0
Import coverage	months	2.8	3.7	4.3	3.9	2.9	3.4	2.6	2.1	2.0
CPI (YoY; year-end)	% YoY	3.1	5.2	0.2	1.8	4.4	3.6	2.9	3.5	4.2
CPI (period average)	% YoY	3.5	2.8	3.2	1.8	3.2	3.3	3.6	3.3	4.0
Credit growth	% YoY	13.9	13.6	12.2	13.6	14.2	13.8	15.1	19.0	16.0
Credit to GDP	% of GDP	103	106	114	123	124	132	136	144	152
M2 growth	% YoY	12.4	14.8	14.7	10.7	6.2	12.5	12.3	16.0	14.0
Refinancing rate	%	6.25	6	4	4	4	4.5	4.5	4.5	4.5
12M deposit interest rate (year-end)	%	6.9	7	5.6	5.6	5.6	4.9	4.9	4.9	5.0
Government bond 10Y (year-end)	%	5.1	3.4	2.4	2.1	2.1	2.2	3.0	3.7	4.0
Exchange rate (interbank; year-end)	USD/VND	23,175	23,173	23,098	22,826	22,826	24,267	25,485	26,400	26,950
Fiscal balance	% of GDP	2.2	2.9	2.9	3.4	3.4	3.9	3.0	3.8	4.0
Public debt	% of GDP	46.0	43.0	44.0	43.0	42.7	36.0	34.0	35.0	35-36

Source: VNDIRECT RESEARCH, NSO, SBV, MOF

Resilient FDI and public investment fueled expansion

FDI hit a new high for the nine-month period

According to the Ministry of Planning and Investment (MPI), implemented FDI in September reached USD3.5bn (+89% MoM and 6.6% YoY). This was the second-highest monthly level ever recorded, only behind the USD3.7bn disbursed in December 2024, expanding total FDI disbursement in 9M25 to USD18.8bn (+8.5% YoY).

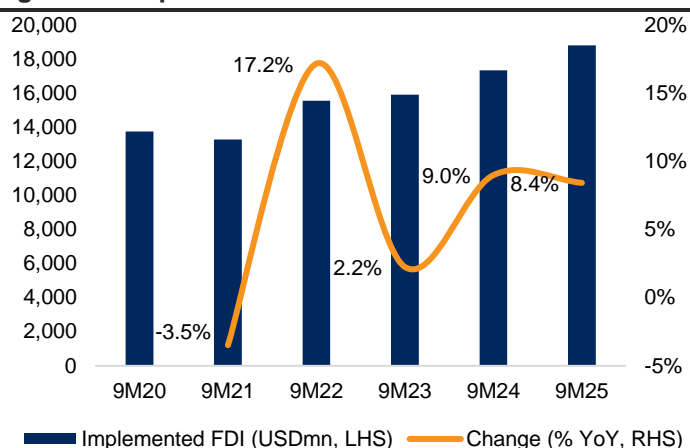
Meanwhile, September's registered FDI increased by 17.1% MoM to reach USD2.4bn but dropped 43.4% YoY, partly due to a high base last year. Total FDI pledges in 9M25 still grew 15.2% YoY, reaching USD28.5bn. The increase was mainly attributed to incremental FDI from previously licensed projects (USD11.2bn, +48.2%) while newly registered FDI declined 8.6% YoY to USD12.4bn.

Both implemented and registered FDI in 9M25 were the highest ever recorded for the nine-month period.

By sector, manufacturing remained the most attractive sector with USD15.0bn of registered FDI, equivalent to 63% of total FDI pledged in 9M25. Real estate ranked second at USD5.2bn (accounting for 21.8%), with the remainder distributed across other sectors. This mix is consistent with Vietnam's move up the value chain in electronics, components and allied supply-chain activities.

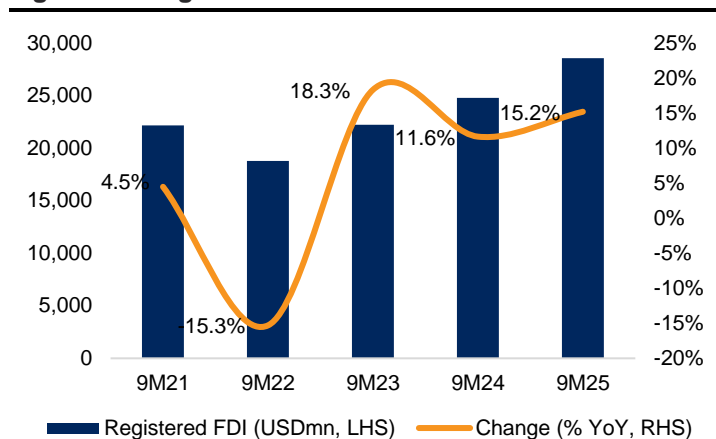
For newly registered capital, Singapore led with USD3.4bn (27.7% share), followed by China (USD2.9bn; 23.3%), Hong Kong (USD1.1bn; 8.5%) and Sweden (USD1.0bn; 8.1%).

Figure 14: Implemented FDI



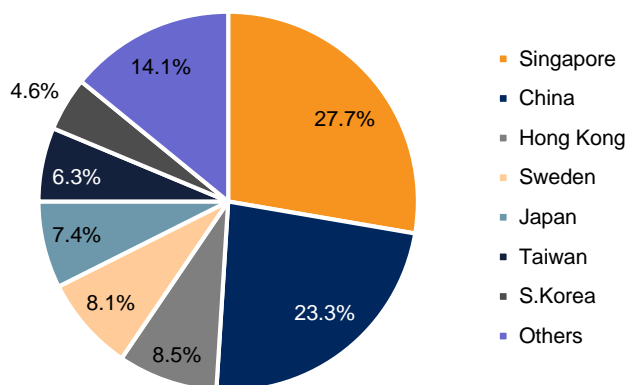
Source: MPI, VNDIRECT RESEARCH

Figure 15: Registered FDI



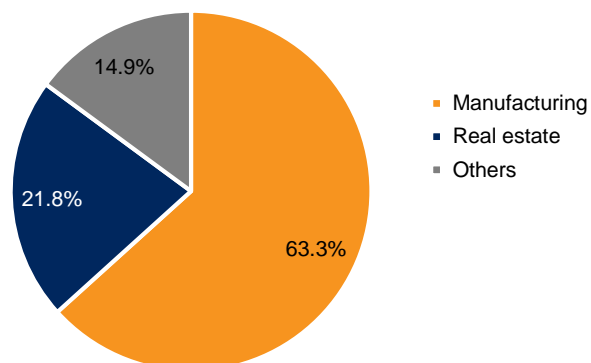
Source: MPI, VNDIRECT RESEARCH

Figure 16: Singapore ranked first for newly registered FDI in 9M25



Source: MPI, VNDIRECT RESEARCH

Figure 17: Manufacturing attracted the most registered FDI in 9M25



Source: MPI, VNDIRECT RESEARCH

Although global uncertainties could weigh on foreign investment flows, we expect FDI capital coming to Vietnam to remain strong in the coming year. It is supported by a widening tariff gap between the US and China, coupled with Vietnam's competitive advantages—including low labor costs, strategic geographic location, and an extensive network of free trade agreements—which continues to reinforce the country's appeal as a preferred export base. In the context of rising global protectionism, we expect these factors will accelerate the relocation of investment and production activities from China to Vietnam, supporting export growth and industrial expansion in the medium term.

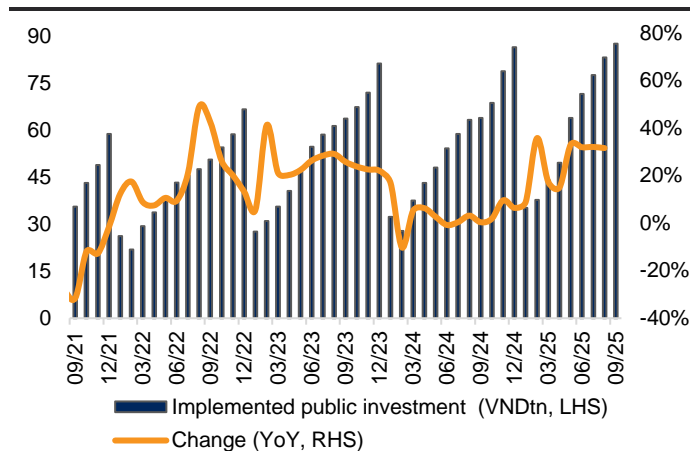
Nine-month public investment reached 56% of annual target

Capital implemented from the State budget in September reached VND87.6tn (USD3.3bn), bringing total investment from the State budget in 9M25 to VND550.1tn (USD20.8bn), a surge of 27.9% YoY (much higher than a slight rise of 2.5% in 9M24). With that, 9M25 implemented state capital completed 55.7% of the year's plan (slightly higher than the 55.1% rate in 9M24), implying a substantial remaining investment amount for the rest of the year.

Meanwhile, according to the Ministry of Finance (MoF), public investment disbursement soared 43.1% YoY to VND440.4tn (USD16.7bn), completing 50% of the PM's plan (a fulfillment rate of 45.3% in 9M24).

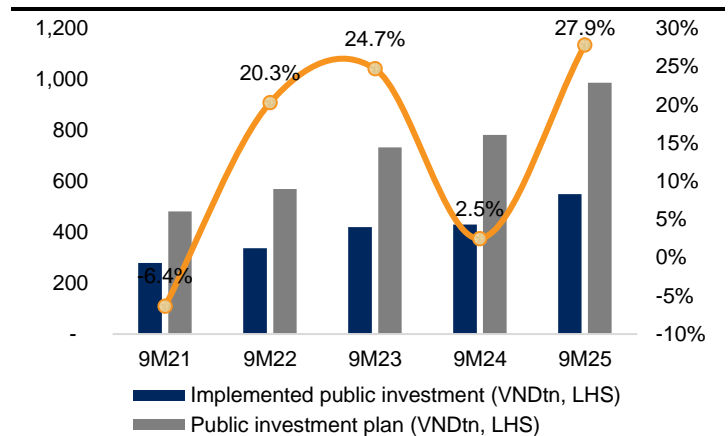
For 2026-2030, the MoF projects that total invest capital from the State budget will reach ~VND8,510tn (USD322bn), consisting of VND8,310tn (USD315bn) for public investment. This plan represents a sharp increase of 156% compared to the previous five-year plan for 2021 – 2025 of ~VND3,300tn (USD126bn). Accordingly, the public debt to GDP ratio is expected to rise 2.6 percentage points annually from its current ~34% of GDP to 47% by 2030, below the public cap target of 60%. The Government plans to cap the number of projects at under 3,000, aiming to concentrate capital on key infrastructure and enhance investment efficiency, rather than dispersing funds across a wide array of smaller projects.

Figure 18: Public investment



Source: NSO, VNDIRECT RESEARCH

Figure 19: Implemented public investment growth



Source: NSO, VNDIRECT RESEARCH

Figure 20: List of key public investment and public-private partnership projects

Projects	Total investment (USDbn)	Estimated construction progress									
		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031-2035
I. Expressway & Ring Road											
Twelve sub-projects of North-South Expressway East	5.8										
HCMC Ring Road No.3	3.0										
Hanoi Ring Road No. 4	3.4										
Chau Doc - Can Tho -Soc Trang Expressway	1.8										
Khanh Hoa - Buon Ma Thuat Expressway	0.9										
Bien Hoa-Vung Tau Expressway	0.7										
Hoa Binh - Moc Chau Expressway	0.4										
North-South Expressway West, section Gia Nghia-Chon Thanh	1.0										
HCMC- Moc Bai Expressway	0.8										
HCMC Ring Road No. 4 (phase 1)	4.8										
II. Railway & Metro											
North-South High-Speed Railway	67.3										
Lao Cai - Hanoi - Hai Phong Railway (connect with China)	11.6										
Metro Ben Thanh - Tham Luong (HCMC)	1.9										
Metro Nam Thang Long - Tran Hung Dao (Hanoi)	1.4										
Hanoi Station - Hoang Mai (Hanoi)	1.6										
III. Port											
Can Gio International Transshipment Port (7 phases)*	4.5										
IV. International Airport											
Long Thanh International Airport (phase 1)	4.5										
Total	115.2										
Note: <div><div></div> Under construction <div></div> Plan</div>											

Source: VNDIRECT RESEARCH

State revenue hits 98% of annual target

According to the MoF, total state budget revenue in 9M25 surged 30.5% YoY to reach ~VND1,926tn (USD73.0bn), equivalent to 97.9% of the annual target. This strong performance was driven by effective fiscal and monetary policies aimed at supporting businesses, stimulating economic growth, and enhancing revenue generation. Revenue management efforts were also strengthened, including tax base expansion, improved oversight of taxable entities and sources, and accelerated digital transformation.

- Of total budget revenue, domestic revenue contributed VND1,653tn (USD62.6bn) or 85% of the total budget, fulfilling 99.1% of the annual target and rising 35.1% YoY. According to an NSO report, real estate-related revenue improved due to several factors, including a recovering property market, robust economic growth, accelerated public investment, and effective implementation of the 2024 Land Law and Directive No. 124/CD-TTg. Furthermore, corporate income tax collection performed well, as businesses completed four out of five scheduled payments, and gains from real estate transfers increased.
- Budget revenue from import-export activities also grew 13.0% YoY to VND234.6tn (USD9.6bn), fulfilling 99.8% of the annual target.
- Meanwhile, revenue from crude oil declined by 15.9% YoY to VND37.1tn (USD1.4bn), meeting 69.7% of the annual target amid falling global crude oil prices.

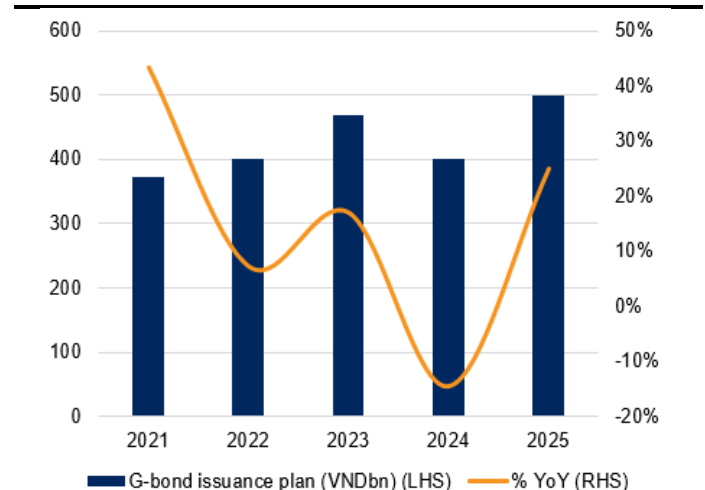
On the expenditure side, total state budget spending stood at VND1,635tn (USD61.9bn), equivalent to 63.4% of the annual plan and up 31.4% YoY. In particular, current expenditures, which made up 68% of total State spending, rose 29.9% to reach VND1,113tn (USD45.5bn), fulfilling 69.7% of the plan. State budget for development & investment soared 43.1%, reaching VND440tn (USD16.7bn) and 55.7% of the plan. Meanwhile, expenses for interest payments decreased slightly by 3.3% YoY to VND75.6tn (USD2.9 bn), completing 68.4% of the plan.

Figure 21: State budget

Unit: VNDtn	9M25	% of annual plan	% YoY
Budget revenue	1,926.0	97.9%	30.5%
Domestic revenue	1,653.2	99.1%	35.1%
Revenue from crude oil	37.1	69.7%	15.9%
Revenue from export-import	234.6	99.8%	13.0%
Budget expenditures	1,634.8	63.4%	31.4%
Current expenditures	1,113.0	69.7%	29.9%
Investment & development	440.4	55.7%	43.1%
Interest payment	75.6	58.4%	-3.3%
Budget balance	291.2		

Source: MOF, VNDIRECT RESEARCH

Figure 22: G-bond issuance (unit: VNDtn)



Source: BLOOMBERG, VNDIRECT RESEARCH

As a result, the state budget recorded a surplus of VND291.2tn (USD11.bn) in 9M25. On July 6, the Prime Ministry issued Dispatch 104/CD-TTg, requiring the State budget in 2025 to strive to exceed the annual plan by at least 20% to support expanding fiscal expenditures.

In 9M25, the MoF reported that the volume of Government bonds issued reached VND238.7tn (USD9.4bn), fulfilling 47.7% of the full-year plan of VND500tn (USD19.7bn).

Trade held up better than expected despite tariffs

Vietnam posted USD17.8bn trade surplus in 9M25

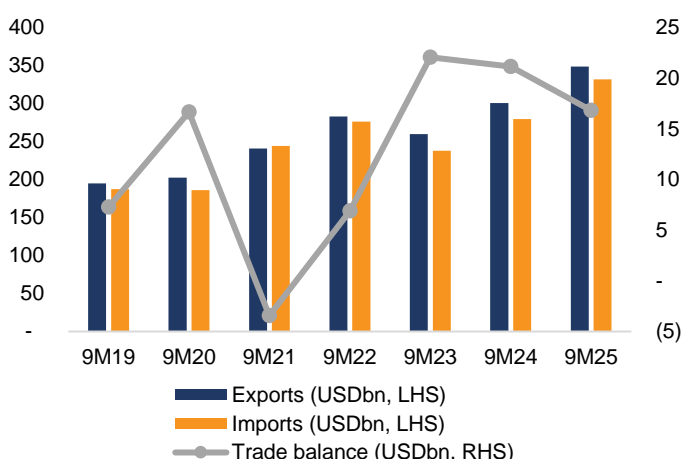
According to Vietnam Customs, Vietnam's export and import turnover in September reached USD42.7bn (-1.7% MoM and 24.7% YoY) and USD39.8bn (+0.4% MoM and 24.9% YoY), respectively. This result suggests that trade activities remained strong despite a full month under the new tariff regime. In 9M25, exports and imports came in at USD348.7bn (+16.0% YoY) and USD332.0bn (+18.8% YoY), respectively, resulting in a trade surplus of USD17.8bn vs USD21.1bn in 9M24.

Exports remained robust without front-loading effects

September's export growth of 24.7% was even stronger than rates recorded in the previous three months, when demand for inventory stocking surged during the 90-day tariff delay by the US. Clearer tariff policies, with rates applied to Vietnam (20% on average) remaining relatively competitive compared to other trading partners, have helped some Vietnamese businesses secure additional international orders. According an S&P Global report in September, export orders continued to decline, but the pace of decline has slowed to the weakest level in the past 11-month downturn.

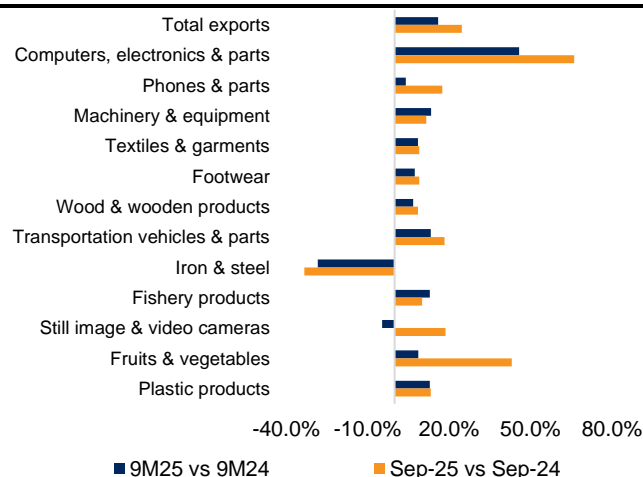
This strength was largely attributed to the FDI sector, which accounted for nearly 70% of Vietnam's exports, while domestic exporters seemingly faced more pressure to adjust to the shifting tariff landscape. FDI-led exports soared 38.6% YoY in September and 18.8% YoY in 9M25. The robust demand was fueled primarily by the relocation of production and orders from China to Vietnam, further cementing Vietnam's position as a key node in global supply chain diversification. Domestic-sector exports continued to lag, falling 8.5% YoY in September for a fifth consecutive month.

Figure 23: Vietnam's exports and imports



Source: Vietnam Customs, VNDIRECT RESEARCH

Figure 24: Top export products in terms of value



Source: Vietnam Customs, VNDIRECT RESEARCH

Among top export product groups in 9M25, exports of Electronic goods, computers & components (USD77.5bn; +45.9% YoY) and Machinery & equipment (USD43.0bn; +13.5% YoY) were robust while exports of Telephones, mobile phones and parts (USD43.6bn; +4.1% YoY), Textiles & garments

(USD29.7bn; +8.6% YoY) and Footwear (USD16.1bn; +7.4% YoY) were more moderate.

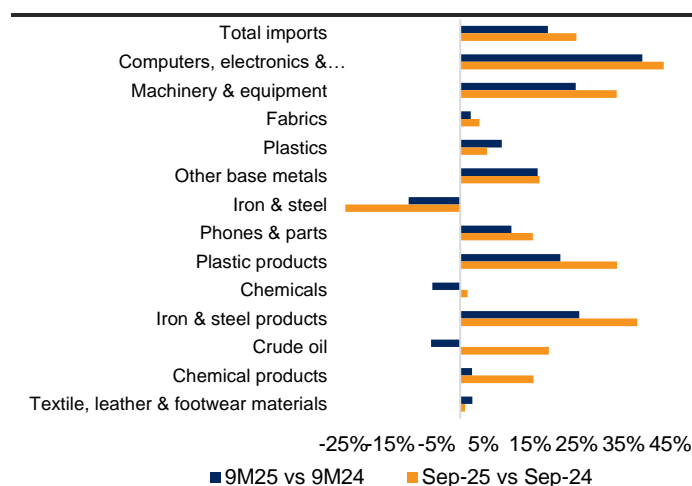
Regarding major trading partners, the US continued to be Vietnam's largest export destination at USD112.8bn (+27.7% YoY), resulting in a trade surplus of USD99.1bn (+28.3% YoY). The EU ranked second with a trade surplus of USD28.8bn (+11.8% YoY), followed by Japan with USD1.5bn (-26.2% YoY). On the other hand, Vietnam had the largest trade deficit with China (USD84.8bn, +40.2% YoY), South Korea (USD23.0bn, +2.4% YoY) and ASEAN (USD10.6bn, +65.4% YoY).

Input-driven imports stay robust; recovery of consumer goods holds

Vietnam's imports also stayed firm through September with value rising 24.9% YoY to USD39.8bn (+0.4% MoM). This sustained momentum reflects strong demand for input materials to support both export-oriented production and domestic consumption. For 9M25, Vietnam's imports increased 18.8% YoY to US\$314bn, mostly driven by production-related goods with total value of USD311bn, accounting for 93.8% of total imports. In particular, imports of Machinery, equipment, tools, and spare parts accounted for 52.5% and imports of Raw materials, fuels, and inputs made up 41.3%. Meanwhile, consumer goods totaled USD20.7bn, representing 6.2% of total imports.

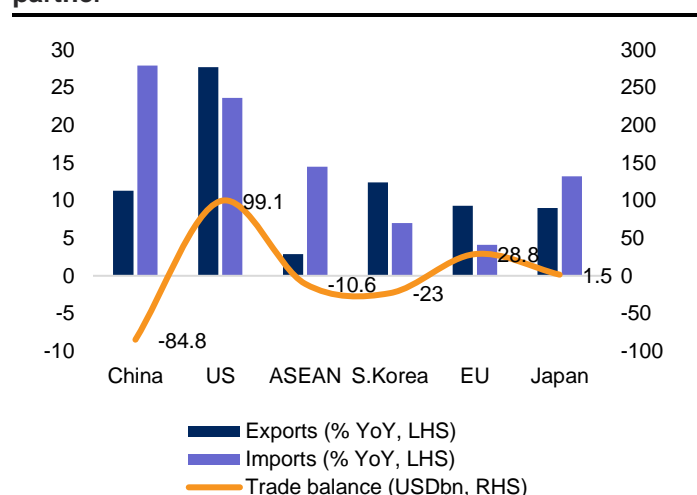
In 9M25, the top five import groups were computers, electrical products, spare parts, and components (USD110.0bn; +39.0% YoY); machines, equipment, tools, and instruments (USD44.3bn; +24.7% YoY); fabrics (USD11.3bn; +2.3% YoY); plastics (USD9.4bn; +8.9% YoY); and phones & parts (USD8.2bn; +11% YoY).

Figure 25: Top import products in terms of value



Source: Vietnam Customs, VNDIRECT RESEARCH

Figure 26: 9M25 imports and exports by trading partner



Source: Vietnam Customs, VNDIRECT RESEARCH

Buoyed by an upbeat trade performance in 3Q25 and a milder-than-expected impact from tariff shocks, we revise our 2025 export and import growth forecasts upward to 15.5% YoY (from 12.0%) and 17.6% YoY (from 16.0%), respectively, resulting in a projected trade surplus of USD20.8bn (up from USD16.5bn).

The agreed tariff framework between Vietnam and the US has solidified Vietnam's status as a strategic manufacturing hub in Asia, with a highly competitive 20% rate for Vietnamese-origin goods—well below China's 55% and other regional benchmarks. Favorable tariff positioning and resilient FDI

prospects, underpinned by Vietnam's long-term competitiveness, should continue to support the overall trade outlook.

That said, we still anticipate a modest slowdown in trade activity heading into 4Q25 and through 2026. This reflects our expectation of a more pronounced impact from Trump-era tariffs, increased US scrutiny over transshipment-linked goods, and a slightly softer global trade environment amid intensifying US-China tensions and broader geopolitical instability.

In its latest Global Trade Outlook and Statistics, the World Trade Organization (WTO) sharply downgraded its 2026 forecast for global merchandise trade volume growth to just 0.5%, from 1.8% previously (August estimate). The WTO also expects global GDP growth to ease slightly from 2.7% in 2025 to 2.6% in 2026. Meanwhile, the IMF projects global economic growth at 3.1% in 2026, down marginally from 3.2% in 2025.

Inflation, FX pressure rose, but are under control

September CPI rises on education and food prices

Vietnam's Consumer Price Index (CPI) in September rose by 0.42% MoM, 3.61% YTD, and 3.38% YoY. The increase was primarily driven by higher prices in non-public education services and food prices.

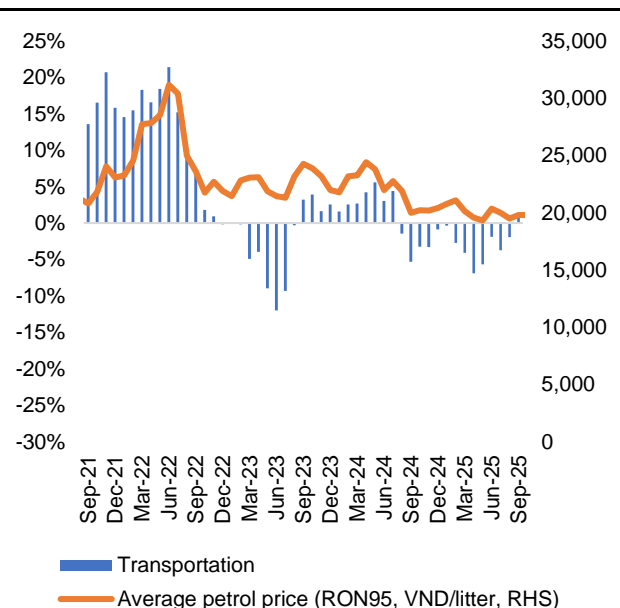
- The education category recorded a 2.22% rise, contributing 0.14 percentage points to the overall CPI increase. This was due to tuition adjustments at private schools for the 2025–2026 academic year. Additionally, prices of school supplies also rose during the back-to-school season.
- The food and catering services category increased by 0.41%, adding 0.14 percentage points to the overall CPI. Within this group, food prices rose by 0.49%, contributing 0.11 percentage points to the CPI; and dining out services increased by 0.39%, reflecting higher demand during the National Day and Vu Lan holidays. In contrast, grain prices edged down by 0.01%, supported by a 0.13% decline in the rice price index.

Figure 27: Vietnam's CPI increased 3.38% YoY in September 2025

	Weight (%)	MoM	YoY	9M25 avg. (YoY)
Headline CPI	100%	0.42%	3.38%	3.27%
Food & Foodstuffs	33.56%	0.41%	2.06%	3.30%
Food	3.67%	-0.01%	-0.72%	0.69%
Foodstuffs	21.28%	0.49%	1.93%	3.59%
Eating outside	8.61%	0.39%	3.57%	3.72%
Beverage & Tobacco	2.73%	0.12%	2.35%	2.21%
Garment & footwear	5.70%	0.07%	1.41%	1.26%
Accommodation & construction materials	18.82%	0.41%	6.87%	6.14%
Household appliances	6.74%	0.10%	1.69%	1.63%
Healthcare.	5.39%	0.03%	12.62%	13.48%
Transport	9.67%	0.58%	1.46%	-2.90%
Postal & Telecom	3.14%	0.04%	-0.62%	-0.47%
Education	6.17%	2.22%	3.24%	1.81%
Cultural & Recreation	4.55%	-0.13%	1.84%	1.97%
Other goods & services	3.53%	0.22%	2.88%	5.37%
Core CPI	100%	0.20%	3.18%	3.19%

Source: NSO, VNDIRECT RESEARCH

Figure 28: Falling oil prices supported inflation control



Source: NSO, VNDIRECT RESEARCH

Overall, YTD inflation averaged 3.3%, staying below the Government's 4.5–5.0% target range. **We maintain our full-year forecast at 3.3% YoY for 2025.**

For the coming year, we expect more inflationary pressure driven by: 1) upcoming adjustments in electricity, water, and coal tariffs to better reflect production costs; 2) rising construction material costs amid accelerating public investment; 3) strengthening domestic demand buoyed by expansionary fiscal policy; and 4) lingering geopolitical uncertainty.

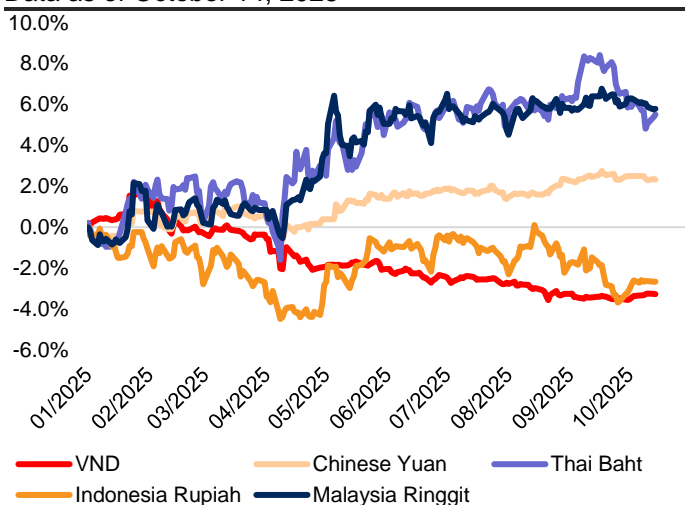
That said, our projection remains below the Government target of 4.5%. We expect these upward pressures to be mitigated by overall stable food & foodstuff prices (accounting for 36% of CPI basket) and a lower global crude oil price outlook. According to the latest forecast in October 2025, the US Energy Information Administration (EIA) projected that the Brent crude spot price will average USD68.6 per barrel in 2025 and USD52.2 per barrel in 2026. A sharp decline of 24% YoY driven by growing global oil supply and inventories.

FX: Fed rate cuts to reduce FX headwinds

DXY index bounced back following the Fed's September meeting

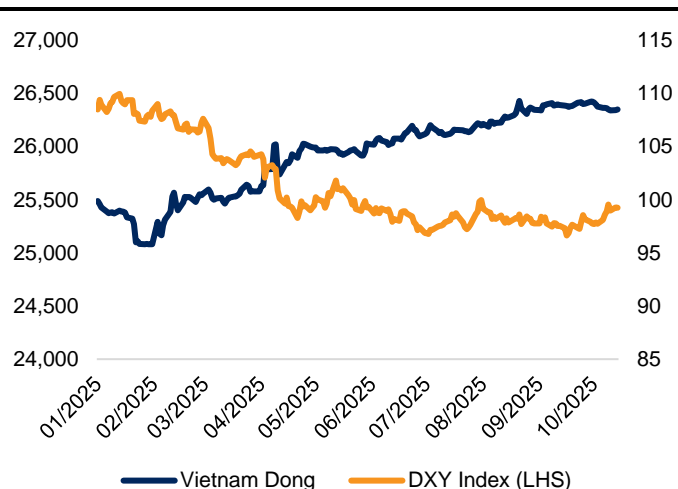
Despite the Fed rate cut on September 19, the DXY index regained strength after hitting its 2025 low just before and after the Fed's decision. September's rate cut had already been priced in while the outlook for the US interest rate path remained conservative.

Figure 29: Selected currency performance against USD
Data as of October 14, 2025



Source: BLOOMBERG, VNDIRECT RESEARCH

Figure 30: USD/VND exchange rate vs Dollar Index (DXY)
Data as of October 14, 2025



Source: BLOOMBERG, VNDIRECT RESEARCH

The greenback's gains were supported by the more-resilient-than-expected economic outlook of the US and by increasing safe-haven demand as political tensions escalated. In the September meeting, the Fed upgraded GDP growth forecasts for 2025 and 2026 to 1.6% and 1.8%, respectively, from 1.4% and 1.6% previously. The unemployment rate is projected to decline to 4.4% in 2026 and 4.3% in 2027, down from 4.5% in 2025. Inflation forecasts remain unchanged, with headline PCE at 3.0% and core PCE at 3.1% by end-2025, suggesting inflation will stay above the Fed's 2% target through 2027.

In addition, the US Government has shut down for more than two weeks since October 1, 2025. The closure has disrupted the flow of key economic data on the job market and inflation, which may delay future Fed decisions.

Meanwhile, other major currencies stayed under pressure, amplifying the dollar's relative strength. Particularly, the Euro was dragged down by political instability in France while the Yen was under pressure as Japan's new leadership favors monetary easing.

FX pressures picked up but eased following the SBV's intervention

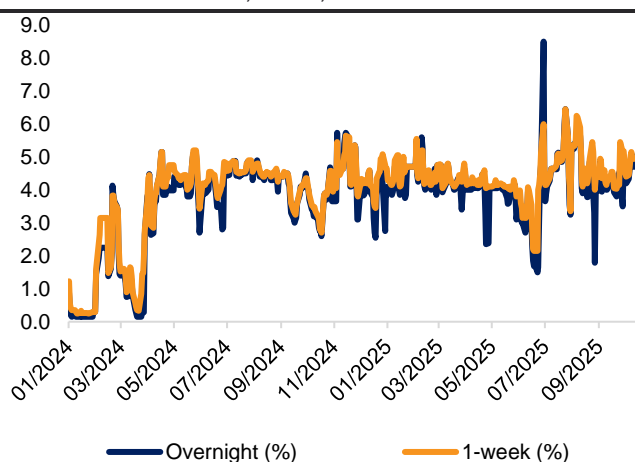
The USD/VND exchange rate climbed above 25,400 right after the Fed meeting. In response, the SBV announced it would sell USD via 180-day cancellable forward contracts at VND26,550/USD to banks with short USD positions. This was the SBV's second FX sale after ~USD1.6bn sold in late August. Also, the SBV withdrew ~VND42.4tn (USD1.6bn) via the OMO market in the first half of October, lifting the ON interbank rate to 4.5% - 5.0% and narrowing the USD – VND interest rate gap.

After the intervention, the VND/USD rate fell back to ~VND26,350 as even the DXY continued to extend its upward trend. As of October 14, 2025, the VND/USD exchange rate stood at VND26,350, marking a VND depreciation of 3.5% YTD against the USD.

For the remainder of the year, FX pressure remains a notable concern. However, we expect the exchange rate to be managed around current levels (a 3.5% VND depreciation for the whole year). The CME FedWatch Tool indicates a 95% chance of a rate cut in October and 83% in December, which would lower the US target range to 3.5–3.75%. Easing monetary policy should curb the DXY rally and narrow the interest rate differential in favor of the VND, helping to reduce speculative demand and foreign currency hoarding. Additionally, we expect USD inflows to increase toward year-end, supported by Vietnam's potential equity market upgrade, strong FDI disbursements, a widening trade surplus, and seasonal remittance inflows.

Figure 31: ON interbank rates normalize amid abundant liquidity (unit: %)

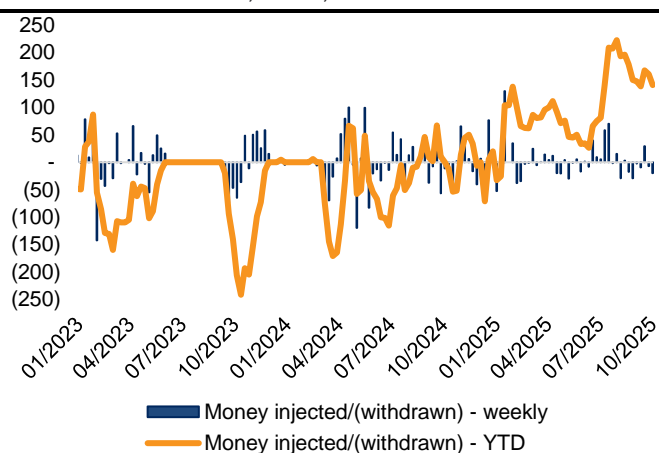
Data as of October 14, 2025, unit: %



Source: Bloomberg, VNDIRECT RESEARCH

Figure 32: SBV's net withdrawals (injections) via OMO market

Data as of October 14, 2025, unit: VNDtn



Source: Bloomberg, VNDIRECT RESEARCH

Monetary policy: Rates stayed stable, supporting economic growth

According to the State Bank of Vietnam (SBV), the credit growth of the whole economy reached 13.4% YTD as of the end of September. Credit growth could reach 19–20% by year-end with capital flows continuing to prioritize production, business activities, key sectors, and targeted credit programs.

In the OMO market, the SBV net injected VND33tn (USD1.37bn) in the second half of September to support system liquidity but then net withdrew VND52tn (USD1.97bn) in the first half of October to absorb the VND supply and reduce depreciation pressure on the dong. Through October 15, the SBV net injected VND132tn (USD5.0bn) YTD vs only VND26tn (USD993mn) for the full-year 2024. This reflects the SBV's flexible policy management and its commitment to maintaining an accommodative monetary stance aimed at ensuring system liquidity and supporting credit expansion amid a strong recovery in capital demand across the economy.

As of October 10, the average deposit rate across the commercial banks we monitor stood at 4.78% per annum, roughly stable during the past three months. At state-owned commercial banks (SOCBs), rates stayed unchanged at 1.9% for three-month deposits and 4.67% for 12-month deposits. At private commercial banks, 12-month deposit rates at private commercial banks held at 4.9% while three-month rates edged up by 4 bps MoM to 3.47%. The pick up mainly occurred at small banks, reflecting mounting pressure on certain banks to secure funding to meet regulatory liquidity requirements.

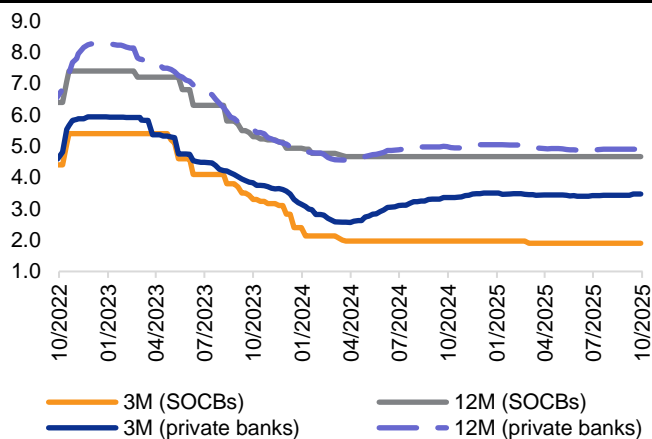
The Fed's expected rate cut to 3.5%–3.75% by the end of 2025 should ease exchange rate pressures and provide the SBV with greater flexibility to maintain its accommodative monetary stance and support economic growth. Therefore, we maintain our view that deposit rates will remain broadly stable across commercial banks with a pick up at selected banks having liquidity pressures driven by stronger credit demand at year-end.

Figure 33: Vietnam's 10Y government bond yield



Source: Bloomberg, VNDIRECT RESEARCH

Figure 34: Deposit interest rates at private banks held at ~4.9% per annum



Source: Commercial banks, VNDIRECT RESEARCH

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RECOMMENDATION FRAMEWORK

Stock Ratings

Definition:

Add	The stock's total return is expected to reach 15% or higher over the next 12 months.
Hold	The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
Reduce	The stock's total return is expected to fall below negative 10% over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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