

Economic Update

Economy extends expansion amid external headwinds

- IIP rose 9.2% YoY in 4M26, mainly driven by manufacturing activity (+9.9%)
- CPI rose 5.46% YoY, led by housing and services categories

Growth momentum continued, supported by production and investment

Despite rising input cost pressures, production activity remained firm as April IIP rose 9.9% YoY, improving from 7.2% in March, supported by the ongoing investment cycle and infrastructure expansion. On the investment side, FDI remained a key growth pillar, with registered FDI in 4M26 reaching USD18.2bn (+32.0% YoY), concentrated mainly in manufacturing and high-technology sectors. Meanwhile, implemented public investment increased 10.6% YoY, while credit growth reached 4.64% YTD as of April 30 (+18.3% YoY), indicating that demand for investment capital and production expansion remained robust. We expect these drivers to continue to underpin growth in coming quarters, particularly amid a still uncertain external environment.

Trade activity accelerated, trade balance posted USD7.0bn deficit in 4M26

Total import-export turnover in April was estimated at USD94.3bn (+26.7% YoY), while cumulative 4M26 import growth rose 28.7% YoY, continuing to outpace export growth (+19.7%). We expect exports to gradually improve in coming quarters, supported by the global electronics cycle and resilient US import demand. At the same time, the current wave of machinery and raw material imports is expected to support production activity and IIP in 2H26 as imported inputs are gradually translated into actual production capacity.

Inflation pressures began to broaden

CPI rose 5.46% YoY, the highest level since February 2020, while core CPI accelerated to 4.66% YoY from 3.96% in March. Price pressures broadened beyond transportation into core categories such as Food services (+8.25%) and Housing, electricity, water and fuels (+7.95%). Overall, the trend remained broadly in line with our base-case scenario outlined in a [previous report](#), which expected inflation pressures to stay elevated in Q2 before gradually easing toward year-end. We believe that if oil prices and logistics costs remain elevated, the risk of CPI remaining around or above 5.0% in the near term could increase further, thereby exerting pressure on domestic demand and growth prospects.

Rising prices began to weigh on real purchasing power

Cost pressures started to transmit more visibly into final consumption. Retail sales rose 11.1% YoY in April, but increased only 6.3% after excluding price effects, suggesting that nearly half of current growth came from higher prices rather than real consumption. Meanwhile, tourism revenue and non-essential spending categories started to lose momentum. In our view, if inflation pressures persist without timely policy support from the Government, domestic consumer demand could weaken further, affecting growth prospects in the coming period.

Key indicator		
	1Q25	1Q26
GDP Growth YoY	7.1%	7.8%
Industrials	7.6%	8.9%
Services	7.8%	8.2%
Agriculture	3.8%	3.6%
	Mar-26	Apr-26
Retail Sales YoY	11.7%	12.2%
Foreign Arrivals (mn)	2.08	2.03
Exports YoY	20.1%	21.6%
Imports YoY	27.8%	32.5%
Trade Bal. (USDmn)	(0.67)	(3.28)
PMI	51.2	50.5
IIP YoY	7.2%	9.9%
Implemented FDI YoY	9.1%	9.8%
Public Investment YoY	9.7%	8.2%
CPI YoY	4.65%	5.46%
USD/VND	26,340	26,357
Refinancing Rate	4.5%	4.5%
Discount Rate	3.0%	3.0%
Credit Growth YTD	1.04%	4.42%
G-Bond Yields (VBMA)		
5-Year	4.07%	4.05%
10-Year	4.23%	4.24%

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Figure 1: Key macro indicators and trends

	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	Trend
PMI	45.6	49.8	48.9	52.4	50.4	50.4	54.5	53.8	53	52.5	54.3	51.2	50.5	Neutral
IIP	9.6	9.6	8.0	7.4	8.7	12.7	10.4	9.1	10.1	21.5	0.6	7.2	9.9	Positive
Exports (YoY)	19.8	17.0	16.3	16.0	14.5	24.7	17.5	15.1	23.8	29.7	5.7	20.1	21.6	Positive
Imports (YoY)	22.9	14.1	20.2	17.8	17.7	24.9	16.8	16.0	27.7	49.2	4.4	27.8	32.5	Positive
Trade balance (USDbn)	0.7	0.8	2.8	2.3	3.7	2.8	2.6	1.1	-0.6	-1.8	-1.0	-0.7	-3.3	Positive
CPI (YoY)	3.1	3.2	3.6	3.2	3.2	3.4	3.2	3.6	3.5	2.5	3.4	4.7	5.5	Negative
Core CPI (YoY)	3.1	3.3	3.5	3.3	3.2	3.2	3.3	3.3	3.3	3.2	3.7	4.0	4.7	Negative
Retail sales cumulative (YoY)	8.3	8.1	7.9	7.7	8.0	8.2	8.1	7.9	8.0	8.1	10.2	10.9	11.1	Neutral
International visitors (mn)	1.7	1.5	1.5	1.6	1.7	1.5	1.7	2.0	2.0	2.5	2.2	2.1	2.0	Neutral
Cumulative registered FDI (YoY)	39.9	51.2	32.6	33.8	27.4	15.2	15.6	7.3	0.5	-40.5	-12.6	38.4	32.0	Positive
Cumulative disbursed FDI (YoY)	7.3	7.9	8.1	8.4	8.8	8.5	8.8	8.9	9.0	11.3	8.8	9.1	9.8	Positive

Source: GSO, VNDIRECT RESEARCH

Inflation

Inflation pressures broadened further across the economy

Inflation rose above 5% YoY, the highest since February 2020. CPI increased 0.84% MoM and 5.46% YoY in April, while core CPI rose 0.88% MoM and 4.66% YoY. Notably, our estimates show CPI excluding health and education increased 1.34% MoM, indicating broad-based inflationary pressures beyond administratively managed price groups. Inflation diffusion strengthened as most CPI components recorded monthly increases.

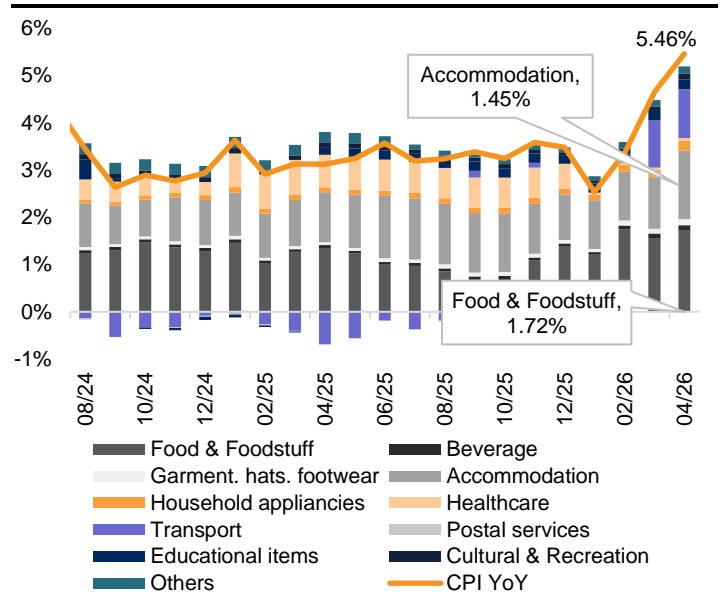
Cost pass-through to households continued to intensify, particularly in housing, utilities and services. Housing and construction materials group led with a 2.59% MoM increase and 7.95% YoY in April, reflecting higher costs of fuel, electricity and construction materials driven by elevated input energy prices. Meanwhile, food and food services rose 0.58% MoM and 5.20% YoY, while out-of-home dining increased sharply by 1.94% MoM and 8.30% YoY. This pattern suggests firms and household businesses continued to pass higher input costs, driven by fuel and transportation expenses, to end consumers. In contrast, transport prices declined 0.81% MoM due to fuel tax reduction measures, but still increased 11.08% YoY, continuing to exert upward pressure on production costs, logistics and freight.

Figure 2: Inflation pressures intensified further in April

	Weight (%)	MoM	YoY	4M26 avg. (YoY)
Headline CPI	100%	0.84%	5.46%	3.99%
Food & Foodstuffs	34%	0.58%	5.20%	4.71%
Food	4%	0.67%	2.06%	0.37%
Foodstuffs	21%	0.00%	4.51%	4.93%
Eating outside	9%	1.94%	8.30%	6.12%
Beverages	3%	0.85%	4.21%	3.15%
Garments, footwear	6%	0.52%	2.29%	1.79%
Accommodation	19%	2.59%	7.95%	6.25%
Household appliances	7%	0.78%	3.14%	2.38%
Healthcare items	5%	0.13%	1.11%	0.94%
Transport	10%	-0.81%	11.08%	3.48%
Postal	3%	0.17%	0.24%	-0.09%
Educational items	6%	0.08%	3.37%	3.25%
Culture & Recreation	5%	0.63%	2.71%	2.05%
Others	4%	0.64%	4.52%	3.89%
Core CPI	100%	0.88%	4.66%	3.89%

Source: GSO, VNDIRECT RESEARCH

Figure 3: CPI composition by month

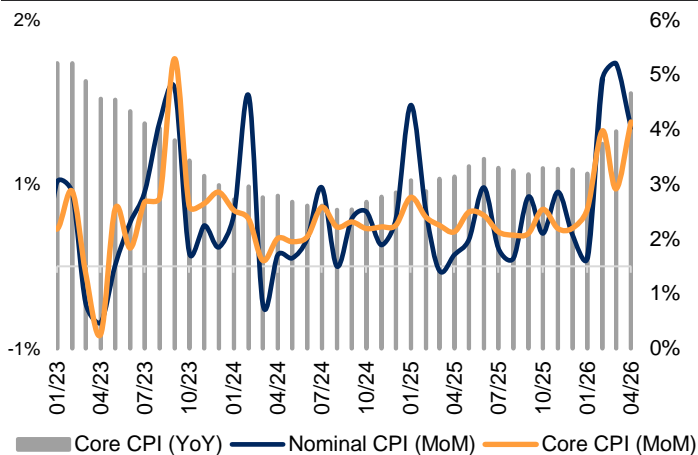


Source: GSO, VNDIRECT RESEARCH

Inflation control objective faces rising challenges as Hormuz tensions persist. While average CPI in 4M26 increased 3.99% YoY, remaining below the National Assembly's 4.5% threshold, CPI in May moved close to 5.5% amid broad-based price pressures across goods and services as discussed above. This indicates that maintaining price stability is becoming increasingly challenging.

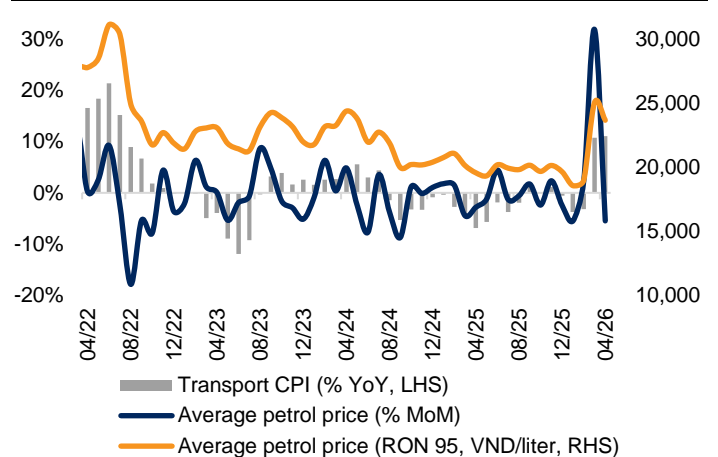
Outlook: Price pressures are unlikely to ease in the near term if Brent oil remains around USD100 per barrel. Input costs for firms and household businesses are expected to stay elevated, with continued pass-through to end consumers. As a result, CPI in the remaining months of Q2 is likely to stay above 5%, reflecting persistent inflation risks, which could weigh on domestic demand and growth prospects in the period ahead.

Figure 4: Core CPI rose 4.66% YoY, reflecting persistent pressure



Source: GSO, VNDIRECT RESEARCH

Figure 5: Transport CPI eased slightly MoM, remained elevated YoY



Source: VNDIRECT RESEARCH

Industrial Production

Production remained resilient amid rising cost pressures

Industrial production remained broadly resilient in April despite a less favorable external backdrop. Cumulative 4M26 IIP rose 9.2% YoY, higher than +8.4% in the same period last year. After seasonal volatility in February, IIP gradually recovered, rising 7.2% YoY in March and further accelerating to 9.9% YoY in April.

Growth momentum continued to be driven by investment-linked industries. Manufacturing expanded 9.9% YoY in 4M26, led by chemicals (+20.6%), basic metals (+18.7%) and motor vehicles (+17.0%). Steel output rose 17.0% YoY, consistent with stronger construction activity and public investment disbursement. In contrast, export-oriented labor-intensive sectors showed signs of moderation. Textiles slowed from 23.0% YoY in January to 7.6% in April, while leather products eased from 15.4% to 4.4%, reflecting softer external demand amid renewed inflation pressures and rising export competition.

Figure 6: Monthly and cumulative IIP growth

April IIP rose 9.9% YoY, while 4M26 IIP increased 9.2% YoY. Manufacturing remained the main driver, growing 10.0% and 9.9%, respectively

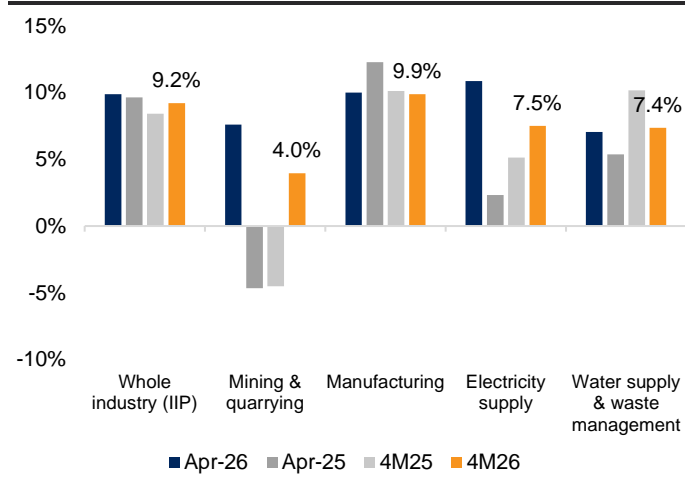
Month, % YoY	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
Whole industry (IIP)	9.6	9.6	8.0	7.4	8.7	12.7	10.4	9.1	10.1	19.4	0.6	7.2	9.9
Mining & quarrying	-4.7	-1.9	-0.3	4.4	0.1	16.8	6.1	4.1	0.2	15.8	-4.0	2.1	7.6
Manufacturing	12.3	11.5	9.2	7.6	9.9	12.5	11.0	10.5	10.9	20.3	1.2	7.9	10.0
Electricity supply	2.3	3.1	3.9	7.9	6.2	13.9	9.2	3.6	11.2	16.7	-1.3	4.6	10.9
Water supply & waste management	5.4	14.1	10.6	7.1	0.4	6.8	7.8	2.1	6.3	10.6	1.0	11.2	7.1
YTD, % YoY	4M25	5M25	6M25	7M25	8M25	9M25	10M25	11M25	12M25	1M26	2M26	3M26	4M26
Whole industry (IIP)	8.4	8.8	9.2	8.6	8.5	9.1	9.2	9.3	9.2	19.4	10.4	9.0	9.2
Mining & quarrying	-4.5	-3.4	-3.0	-2.7	-1.1	0.1	-0.1	0.8	0.5	15.8	5.4	4.7	4.0
Manufacturing	10.1	10.8	11.1	10.3	10.0	10.4	10.5	10.6	10.5	20.3	11.5	9.7	9.9
Electricity supply	5.1	4.2	4.5	4.6	4.9	6.1	6.8	6.5	6.7	16.7	6.3	6.3	7.5
Water supply & waste management	10.2	10.0	11.3	10.4	9.1	8.8	9.0	8.4	7.8	10.6	2.1	7.8	7.4

Source: GSO, VNDIRECT RESEARCH

Mining returned to positive growth, with cumulative 4M26 rising 4.0% YoY compared to -4.6% in the same period of 2025. Electricity production and distribution increased 10.9% YoY in April, the highest level since the beginning of the year, bringing 4M26 growth to 7.5% YoY. Overall, mining and electricity indicators added further support to the broad-based recovery in industrial activity.

Figure 7: IIP by sector

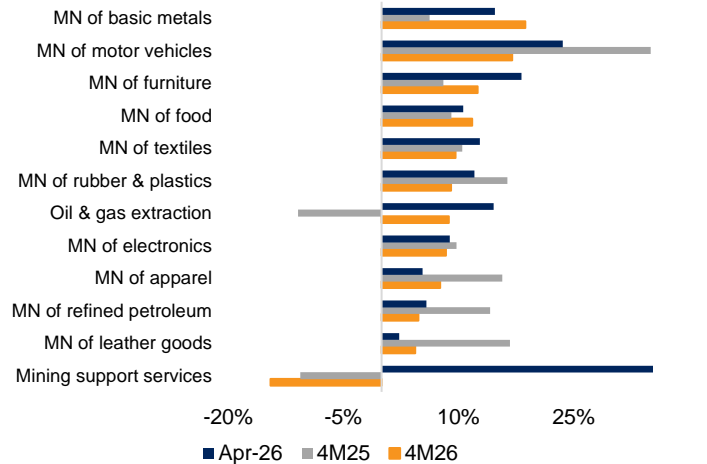
Mining (+4.0% YoY) returned to growth in April



Source: GSO, VNDIRECT RESEARCH

Figure 8: IIP by sub-sector

Basic metals and motor vehicles continued to record strong growth in 4M26



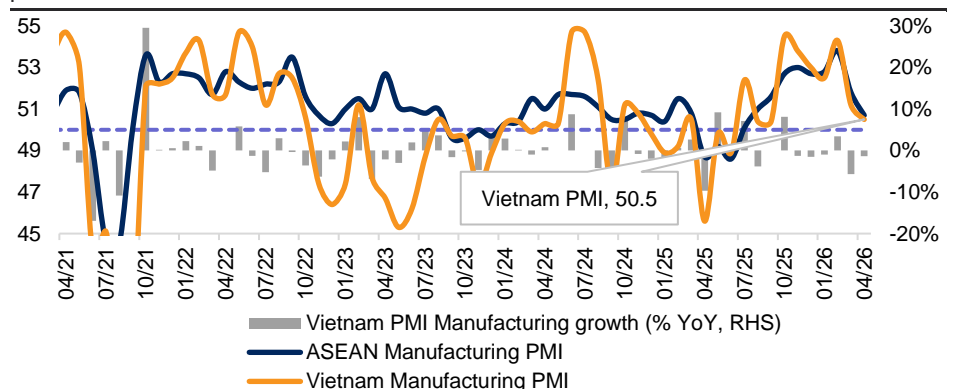
Source: GSO, VNDIRECT RESEARCH

However, leading indicators are sending a more cautious signal, particularly in orders and cost pressures. Vietnam manufacturing PMI fell to 50.5 in April, the lowest in seven months, extending the sequential decline from 54.3 in February and 51.2 in March. More importantly, new orders contracted for the first time in eight months, as export demand came under pressure from elevated logistics and transportation costs. According to S&P Global, input cost inflation accelerated at the fastest pace in nearly 15 years, driven by higher fuel, oil and shipping costs linked to Middle East supply disruptions. Manufacturers responded by raising output prices at the fastest pace since April 2011.

Business sentiment also weakened in April, falling to the lowest level since September 2025 amid concerns over geopolitical tensions, rising input costs and a less stable demand outlook.

Figure 9: Vietnam and ASEAN Manufacturing PMI

New orders declined for the first time in eight months. Output prices rose at the fastest pace since 2011.



Source: S&P Global, VNDIRECT RESEARCH

The divergence between resilient IIP and weakening PMI, particularly in new orders, warrants close monitoring in the coming months. While production remains supported by existing backlogs, the recent surge in imports of machinery, components and raw materials also reflects capacity expansion demand, especially in the FDI sector, which could support production and IIP in 2H26 as these investments gradually translate into actual capacity.

Assessment: The manufacturing sector remains in an expansionary phase, supported by domestic investment, construction and production demand. However, risks are tilted to the downside from weaker external orders, particularly if global consumption softens under persistent energy-driven inflation. Rising input costs may also reduce the sustainability of the current expansion as firms continue to pass through higher costs into selling prices, potentially weighing on both domestic and external demand in coming quarters.

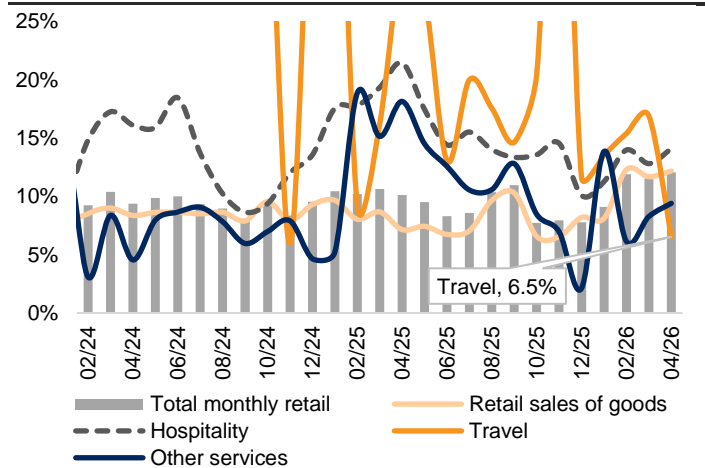
Retail Sales

Consumption expanded, though largely driven by rising prices

Domestic consumption maintained double-digit growth in April, though the improvement was driven mainly by higher prices. Total retail sales rose 12.1% YoY in April, slightly above 11.2% in March and the ~9% pace seen earlier this year. However, most of the acceleration reflected rising price levels rather than stronger real demand.

Figure 10: Monthly retail sales growth

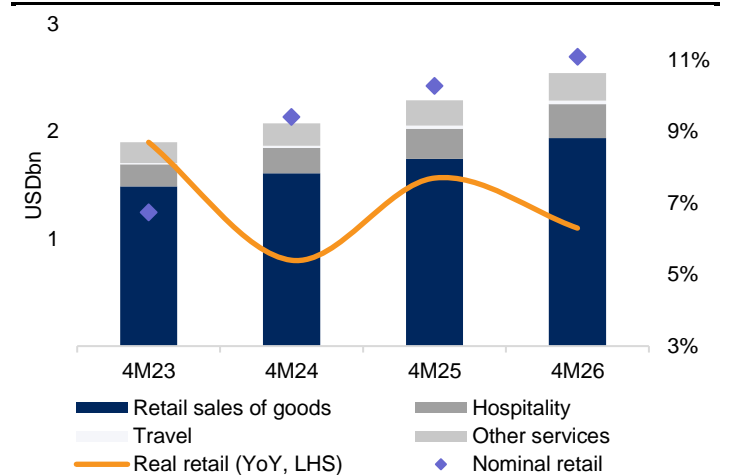
Growth in tourism and travel services slowed to 6.5% YoY in April (March: 16.9%)



Source: GSO, VNDIRECT RESEARCH

Figure 11: Cumulative retail sales growth

Growth remained concentrated in retail goods (+12.2%) and accommodation services (+14.1%)



Source: GSO, VNDIRECT RESEARCH

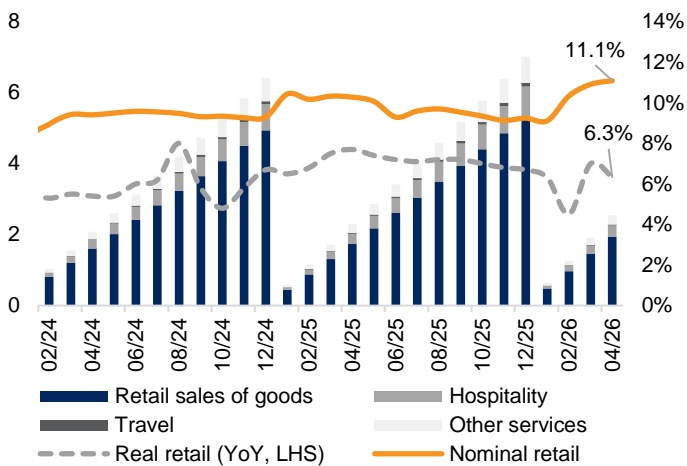
The gap between nominal and real retail growth continued to widen. Cumulative retail sales in 4M26 rose 11.1% YoY at current prices, slightly above 10.3% in the same period last year. However, after adjusting for inflation, real growth reached only 6.3%, implying that nearly half of current retail growth came from higher prices rather than stronger consumption volumes. Real retail growth also slowed from 7.0% in 1Q26 and remained below the ~9% average recorded before the COVID-19 pandemic, suggesting domestic demand has yet to fully recover to its potential level.

Consumption patterns also showed a clearer divergence between essential and discretionary spending. Growth remained concentrated in retail

goods and accommodation & food services, with retail goods sales rising 12.2% YoY in April while accommodation and food services increased 14.1%. In contrast, tourism and travel revenue rose only 6.5% YoY, the slowest pace since the start of the year, bringing cumulative 4M26 growth for the sector to 12.1% (4M25: +16.7%). As highlighted in our previous report, elevated fuel and transportation costs continued to weigh directly on travel demand and discretionary household spending.

Figure 12: Cumulative nominal vs real growth

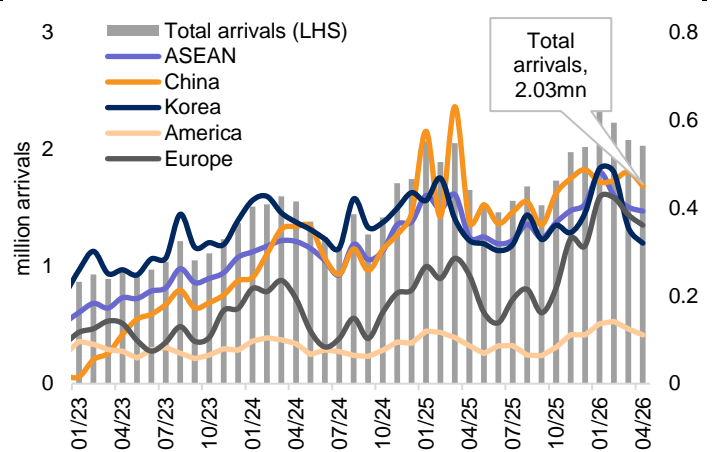
Real retail sales rose 6.3% YoY, widening the gap with nominal growth to ~5% pts



Source: GSO, VNDIRECT RESEARCH

Figure 13: International arrivals to Vietnam

International arrivals rose 22.8% YoY in April, led by China, (+22.1%) while arrivals from South Korea fell 1.9%



Source: GSO, VNDIRECT RESEARCH

Assessment: Inflation pressures increasingly weighed on real purchasing power beneath still-strong nominal consumption data. Nearly half of current retail growth reflected price effects, while April CPI accelerated sharply and PMI input costs recorded the fastest increase in almost 15 years. In our view, inflation pass-through to end consumers has become increasingly visible. If inflation remains elevated while income growth fails to keep pace, household purchasing power will likely weaken more noticeably in coming quarters, even if headline retail sales continue to post strong growth.

Trade

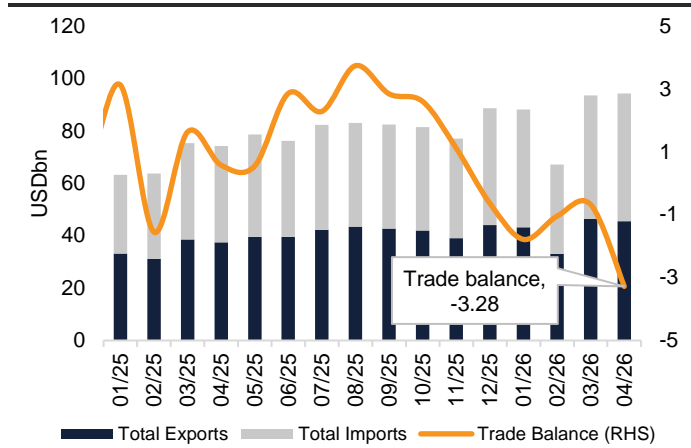
Trade turnover continued to expand in April

Production and investment demand remained resilient despite persistent external uncertainties, including supply chain disruptions and tariff risks. Total trade turnover reached an estimated USD94.3bn in April (+26.7% YoY), up from USD74.3bn (+21.3%) in April 2025. Exports rose 21.0% YoY while imports accelerated faster at 32.5%, resulting in a trade deficit of roughly USD3.3bn during the month.

Cumulatively, imports in 4M26 increased 28.7% YoY, continuing to outpace export growth of 19.7%, reflecting still-strong demand for production and investment inputs in the early part of the year. As a result, the trade balance recorded a USD6.8bn deficit in 4M26.

Figure 14: Monthly trade balance

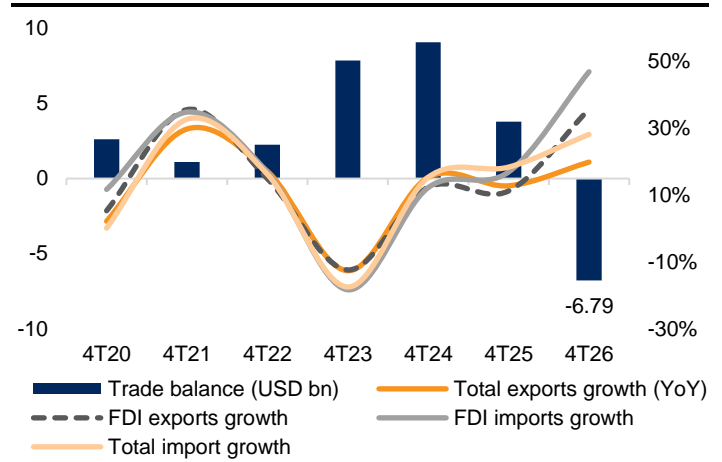
April trade balance recorded a USD3.3bn deficit



Source: Vietnam Customs, VNDIRECT RESEARCH

Figure 15: Cumulative export-import growth

4M26 imports (+28.7%) continued to outpace exports (+19.7%)



Source: Vietnam Customs, VNDIRECT RESEARCH

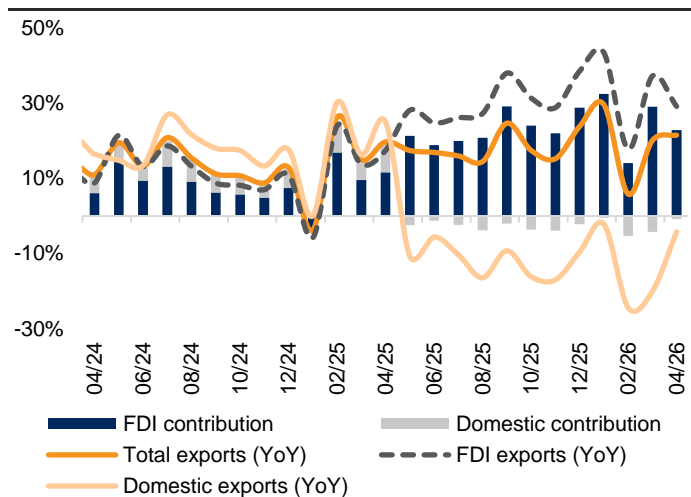
Exports improved, growth drivers remained supportive

Exports continued to expand in April, though growth moderated from the previous month. Export turnover reached an estimated USD45.5bn (-2.0% MoM, +21.0% YoY), driven mainly by the FDI sector (+29.2% YoY), while the domestic sector declined 4.2%. Cumulative exports in 4M26 reached roughly USD168.5bn (+19.7%). The FDI sector remained the key contributor, accounting for around 80.5% of total exports (+25.8%), while the domestic sector rose 4.0%.

Export value of electronics and consumer goods continued to improve. In 4M26, exports of electronics, computers and components reached roughly USD43.6bn (+49.1% YoY), remaining the largest export category, followed by phones and components at USD21.5bn (+21.1%) and machinery and equipment at USD20.6bn (+20.5%). On a monthly basis, export values for electronics and consumer-related goods rebounded in March and April after a temporary slowdown in February due to seasonal effects. Historical data also showed electronics and technology products contributed more significantly to overall export growth since 2Q25, reinforcing expectations for continued strength in global demand for technology products in 2026.

Figure 16: Sector contribution to export growth

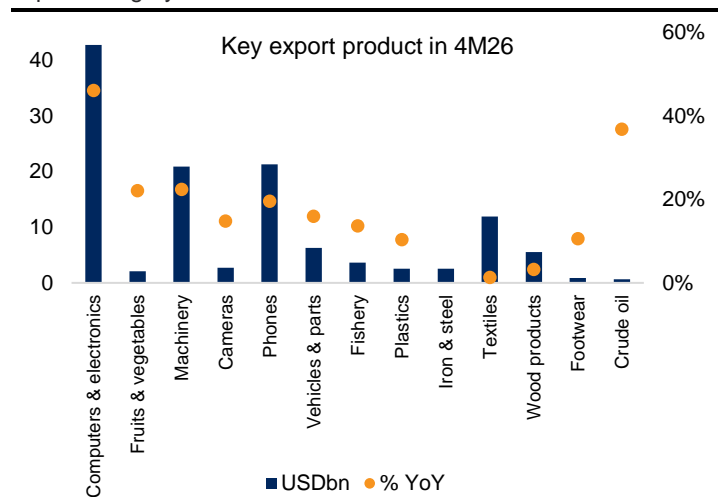
The FDI sector remained the main driver of exports



Source: Vietnam Customs, VNDIRECT RESEARCH

Figure 17: Export growth by product category

Computers, electronics and components remained the leading export category



Source: Vietnam Customs, VNDIRECT RESEARCH

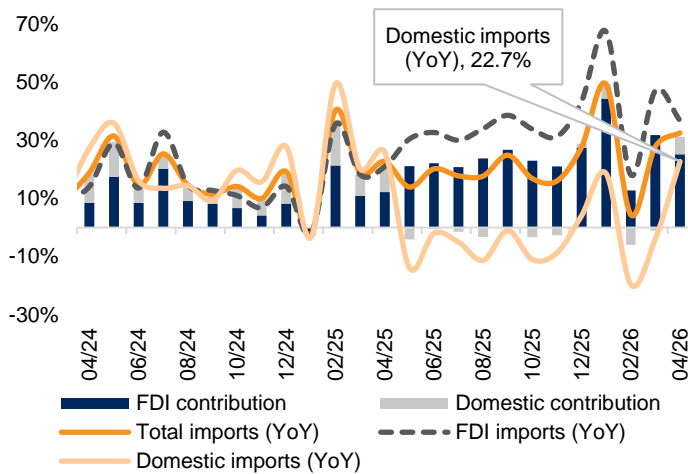
By market, the US remained Vietnam's largest trading partner in 4M26 with total trade turnover reaching an estimated USD61.1bn (+24.6%), including a trade surplus of roughly USD46.9bn (+24.4% YoY). Compared with the same period last year, dependence on the US market continued to deepen as both export turnover and trade surplus expanded sharply. Meanwhile, the EU maintained a solid surplus of around USD14.2bn (+6.7%), while Japan recorded a smaller surplus of roughly USD500mn, down 28.0% YoY.

Imports surged as production and investment demand expanded

Imports reached an estimated USD48.8bn in April (+3.6% MoM and +32.5% YoY). The FDI sector continued to lead import growth (+36.8% YoY), while the domestic sector also rebounded strongly (+22.7%), suggesting import recovery gradually broadened beyond the FDI sector ahead of the peak export season in 2Q26-3Q26. Cumulative imports in 4M26 reached roughly USD175.6bn (+28.7% YoY), exceeding export growth (+19.7%).

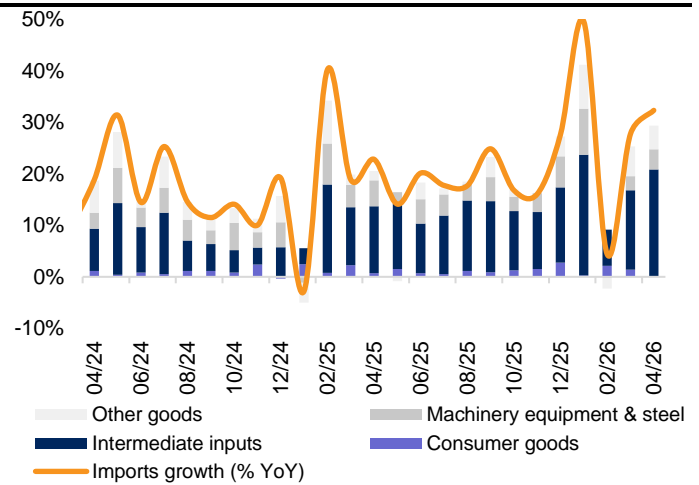
The FDI sector remained the primary driver of import growth, though domestic firms began contributing again. Based on our estimates, the domestic sector contributed ~6 percentage points (ppts) to April import growth, improving significantly from -1.1 ppt in March and -5.9 ppts in February. However, import momentum still relied heavily on the FDI sector, which contributed around 25.2 ppts to overall growth (March: 31.7 ppts).

Figure 18: Sector contribution to import growth
Imports by domestic firms expanded in April (+22.7% YoY)



Source: Vietnam Customs, VNDIRECT RESEARCH

Figure 19: Import growth by product category
Intermediate goods contributed the most (+20.9 ppts)



Source: Vietnam Customs, VNDIRECT RESEARCH

Import composition continued to reflect an ongoing industrial production cycle. Based on our calculations, intermediate goods including electronics, components, machinery and textile materials contributed the most to April import growth at ~20.9 ppts (+50.1% YoY), while machinery, equipment and steel products added another 3.9 ppts (+21.6%). This remained consistent with current trends in industrial production and domestic investment expansion.

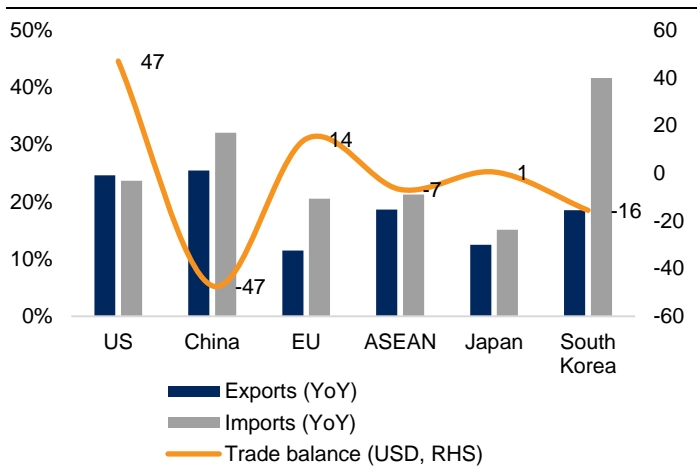
Export outlook remained supported by stable external demand

The US remained Vietnam's largest export market in 4M26 with a trade surplus of roughly USD46.9bn (+24.4% YoY), while Vietnam recorded a trade deficit of around USD46.4bn with China (+33.4%).

The resilience of the US economy continued to provide key support for Vietnam's export outlook. US GDP rose 2.0% QoQ in 1Q26 (1Q25: -0.6%). Although household consumption moderated amid higher prices and energy

costs, leading indicators remained relatively supportive, with manufacturing ISM staying above the expansion threshold, April retail sales rising 4.9% YoY (March: 4.0%) and labor market conditions remaining stable (April nonfarm payrolls: +115,000 jobs, unemployment rate: 4.3%). These indicators suggested US domestic demand broadly remained resilient. In addition, the implementation of IEEPA import tariff refunds from May could provide further support for consumption demand in coming quarters.

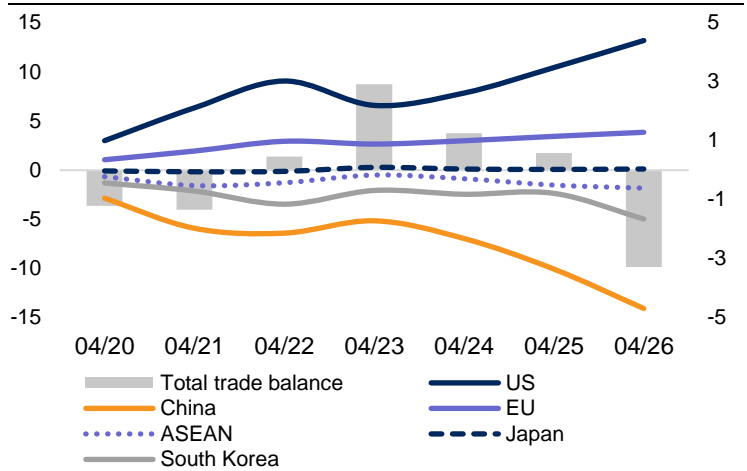
Figure 20: Trade balance by market in 4M26



Source: Vietnam Customs, VNDIRECT RESEARCH

Figure 21: Trade balance by market in April 2026

The trade surplus with the US widened further, mirroring the expanding deficit with China



Source: Vietnam Customs, VNDIRECT RESEARCH

Assessment: The continued trade deficit mainly reflected strong demand for production inputs, particularly from the FDI sector across electronics, components, machinery and raw materials. Alongside sustained momentum in FDI registrations and disbursement, we expect exports and manufacturing activity to reaccelerate during the peak export season in 2Q26-3Q26, supporting industrial production and gradually improving the trade balance in coming quarters.

Export prospects remained relatively constructive, supported by resilient US consumption demand and the ongoing global electronics cycle. However, external risks warrant close monitoring as the US's 10% universal tariff under Section 122 is scheduled to expire in July 2026 while trade scrutiny toward surplus economies such as Vietnam has yet to ease. In our view, measures related to Section 301, anti-circumvention investigations and rules-of-origin enforcement will remain key variables in coming months, particularly for the domestic export sector. In the near term, these developments may encourage firms to accelerate shipments, though they do not materially alter the broader export outlook.

State Budget & Public Investment

Budget revenue remained resilient, execution pressure persisted

Economic activity and domestic revenue sources remained relatively stable in 4M26. Cumulative state budget revenue reached VND1,114tn (USD42.3bn, +15.2% YoY), of which domestic revenue totaled around VND991.0tn (USD37.6bn, +17.4% YoY), remaining the key driver of budget

growth amid still-resilient nominal production, trade and consumption activity. Total state budget expenditure reached around VND668.0tn (USD25.4bn, +11.6% YoY), resulting in a cumulative budget surplus of roughly VND445.8tn (USD16.9bn, +21.1% YoY), helping preserve relatively stable fiscal space for growth-supportive policies in coming quarters.

Domestic revenue continued to account for the majority of budget collections. According to the General Department of Taxation, revenue managed by tax authorities reached around VND1,006tn (USD38.2bn, +16.7% YoY), accounting for more than 90% of total domestic revenue. Revenue from land-related activities reached roughly VND161tn (USD6.1bn, +6.4% YoY), suggesting land transactions remained active despite uneven collection progress across localities due to legal bottlenecks. Crude oil revenue totaled nearly VND17.0tn (USD600mn, -4.9% YoY) despite average oil prices reaching around USD80.7/barrel, USD10.7 above budget assumptions. According to Customs data, crude oil import volume in April fell 7.7% MoM but rose 23.2% YoY, which is estimated to reduce state budget revenue by around VND1.0tn (USD39.1mn). Meanwhile, reductions in environmental protection tax and fuel-related taxes to 0%, aimed at easing input cost pressures, were estimated to lower budget revenue by roughly VND8.6tn-VND11.0tn (USD326.4-417.5mn) during March-June 2026. Revenue from import-export activities reached around VND105.4tn (USD4.0bn, +0.4% YoY), while taxable export turnover rose to roughly USD61.0bn (+24.3% YoY). However, the budget revenue completion ratio reached 44.0%, lower than 49.2% in the same period of 2025 due to significantly higher revenue targets for 2026.

Tax sector continued to play a central role in national revenue mobilization during 2026-2030

Under the National Assembly’s plan, total state budget revenue for 2026-2030 is projected at VND16,400tn (USD622.4bn), of which tax authority-managed revenue is expected to account for around VND14,600tn (USD554.1bn), equivalent to ~90% of total revenue and 1.8x the 2021-2025 period. For 2026 alone, the tax sector was assigned a revenue target of VND2,242tn (USD85.1bn). Over the medium term, the digital economy, e-commerce and cross-border transactions are expected to become increasingly important growth drivers for fiscal revenue, alongside the modernization of tax administration through big data, AI and real-time risk management.

Figure 22: Cumulative budget revenue and expenditure

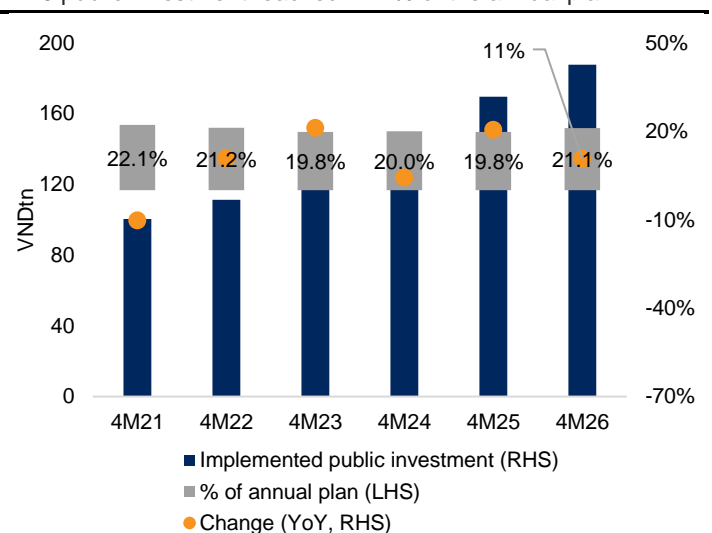
Domestic revenue remained relatively resilient (+17.4% YoY)

Unit: VNDbn	4M26	% of 2026 plan	% YoY
Budget revenue	1,114.0	44.0%	15.2%
Domestic revenue	991.0	45.0%	17.4%
Revenue from crude oil	17.0	39.5%	-4.9%
Revenue from ex-import	105.4	37.9%	0.4%
Budget expenditures	668.2	21.2%	11.6%
Current expenditures	471.0	26.0%	10.8%
Invest & development	153.2	13.7%	16.4%
Interest payment	43.0	35.5%	5.4%
Budget balance	445.8		21.1%

Source: MoF, VNDIRECT RESEARCH

Figure 23: Public investment disbursement

4M26 public investment reached 21.1% of the annual plan



Source: MoF, VNDIRECT RESEARCH

Public investment accelerated to support growth momentum

Public investment execution remained positive in 4M26. Total state budget investment reached around VND187.5tn (USD7.1bn, +10.6% YoY), equivalent to 21.1% of the annual plan. Meanwhile, public investment disbursement totaled roughly VND144.3tn (USD5.5bn, +12.3% YoY), equivalent to 14.2% of the Prime Minister’s target, slightly below 14.6% in the same period of 2025 due to a larger 2026 capital plan and continued bottlenecks related to capital allocation, land clearance and construction material supply. Still, double-digit disbursement growth suggested the Government continued prioritizing public investment as a key growth-support tool.

Assessment: Resolving legal bottlenecks, land clearance delays and implementation procedures will likely remain the key policy focus in coming months as pressure to complete the 2026 investment plan continues to rise. The Government is accelerating reviews of delayed projects, strengthening central-local coordination and mobilizing more private investment to support growth. In our view, fiscal space remains relatively stable, though public investment momentum in 2H26 will depend largely on the pace of resolving implementation bottlenecks at the local level.

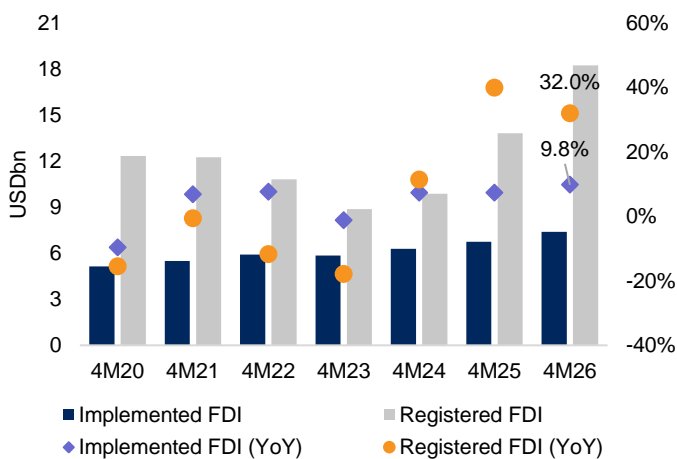
Foreign Investment

FDI inflows remained resilient, policy focus shifting toward high-quality capital

FDI continued to serve as a key driver of manufacturing and exports. Realized FDI in 4M26 reached USD7.4bn (+9.8% YoY), while registered capital rose to USD18.2bn (+32.0%), driven by newly registered capital of USD12.2bn (2.0x YoY) following several large-scale projects licensed in March. Capital contribution and share acquisition activity also accelerated, with cumulative value reaching USD2.9bn (+61.7% YoY), including nearly USD1.9bn in April alone. Overall, foreign investor sentiment toward Vietnam remained constructive amid ongoing supply chain diversification and the global technology cycle.

Figure 24: Cumulative registered and realized FDI

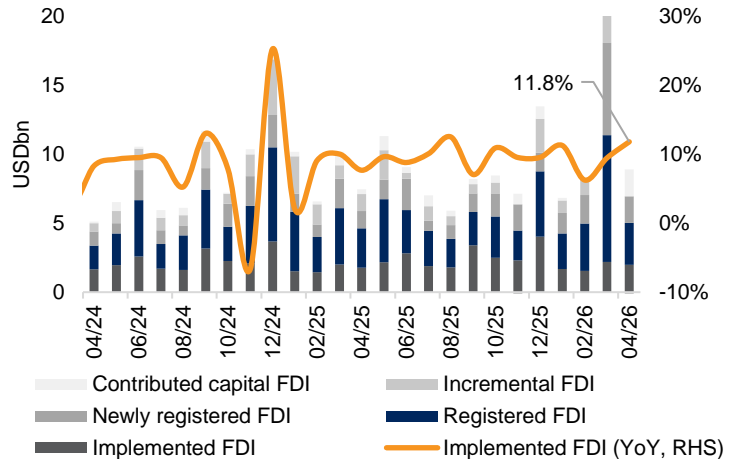
4M26 registered FDI reached USD18.2bn (+32.0%) supported by several large-scale projects



Source: MPI, VNDIRECT RESEARCH

Figure 25: Monthly FDI breakdown

Capital contribution and share acquisition rebounded in April, reaching nearly USD1.9bn



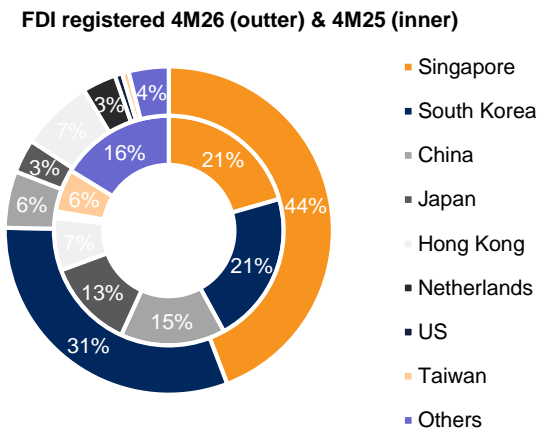
Source: MPI, VNDIRECT RESEARCH

FDI inflows continued to concentrate in northern industrial provinces linked to the electronics supply chain. In 4M26, Thai Nguyen led with around USD6.1bn in newly registered and adjusted capital, followed by Nghe An (USD2.3bn) and Bac Ninh (USD1.3bn and 117 new FDI projects). By sector, manufacturing remained dominant with USD10.5bn, accounting for 68.6% of total newly registered and adjusted capital. The trend continued to reinforce the growing role of northern Vietnam in regional electronics and manufacturing supply chains.

Singapore and South Korea remained the two largest investors in Vietnam and key drivers of the current high-tech FDI wave. In 4M26, Singapore led with around USD6.7bn in registered and adjusted capital, accounting for roughly 44% of total registered FDI, while South Korea reached around USD4.7bn, focused mainly on energy, electronics, semiconductors and high technology. Meanwhile, China led in the number of new FDI projects with 410 projects, reflecting continued relocation of manufacturing and supply chains into Vietnam.

Figure 26: FDI inflows structure by country

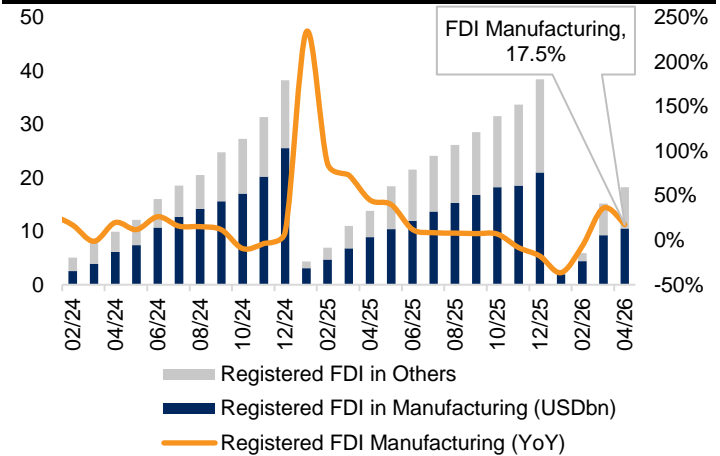
Singapore led in registered capital while China led in project count in 4M26



Source: MPI, VNDIRECT RESEARCH

Figure 27: FDI inflows structure by sector

Manufacturing attracted USD10.5bn, accounting for 68.6% of total registered capital



Source: MPI, VNDIRECT RESEARCH

Assessment: We believe Vietnam’s FDI strategy is entering a clearer transition phase, shifting from broad-based capital attraction toward priority sectors, particularly high technology, with deeper integration between the FDI sector and domestic enterprises. Policy focus is no longer centered solely on maximizing project quantity, but increasingly on strengthening linkages between foreign-invested and local firms, allowing Vietnam to move deeper into regional value chains. In coming months, we expect FDI inflows to remain resilient and increasingly concentrated in high-tech sectors, supported by ongoing global supply chain restructuring and continued institutional reforms, business environment improvements and infrastructure upgrades.

Exchange Rate

FX pressures persisted as external risks remained elevated

Since mid-April, USD/VND remained relatively stable despite modest USD weakness in global markets. During the period, the DXY index declined from around 99 to 98, while USD/VND fluctuated around VND26,340-26,350/USD, slightly higher than end-April levels of around VND26,330-26,340/USD. Since

the start of the year, the VND depreciated around 0.2% against the USD as of May 15, remaining relatively resilient compared with regional peers such as the THB (-3.6%) and IDR (-5.5%).

FX pressure mainly stemmed from domestic foreign currency demand and still-weak USD supply-demand dynamics. Import growth (+28.7% YoY in 4M26) continued to outpace exports (+19.7%), pushing the trade balance into a deficit of around USD7.1bn in 4M26.

At the same time, April CPI rose 5.46% YoY, the highest since 2020, while PMI input costs continued to surge, adding pressure on inflation expectations and the exchange rate. Meanwhile, US Treasury yields returned to the 4.4%-4.5% range since early May, supporting USD strength expectations and weighing on Asian currencies. On the other hand, resilient FDI inflows, with registered capital reaching around USD18.2bn (+32.0% YoY) and realized capital at USD7.4bn (+9.8% YoY), together with the tendency of FDI firms to retain earnings domestically to benefit from improved VND yields, helped support FX liquidity and stabilize the exchange rate.

Figure 28: YTD regional currency performance against USD

VND depreciation (-0,22%) remained lower than regional peers such as the THB (-3.6%) and IDR (-5.5%)

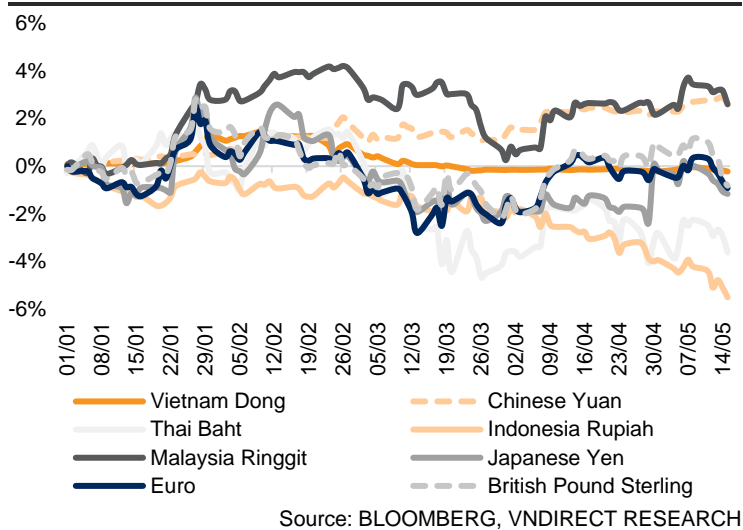
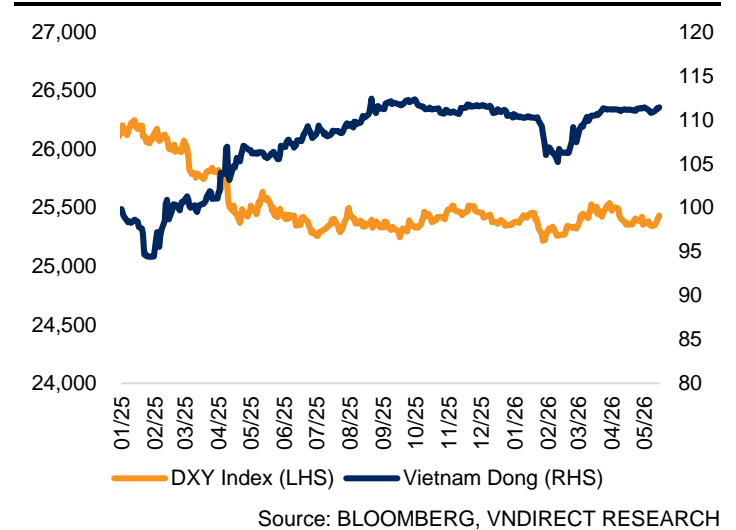


Figure 29: USD/VND exchange rate

As of May 15, USD/VND fluctuated around 26,350 (April average: 26,330)



Assessment: We expect FX supply conditions to improve in coming quarters, supported by strong FDI disbursement, accelerating exports and rising offshore borrowing activity by domestic banks and corporates. These factors should help stabilize the exchange rate and provide the SBV with greater flexibility in monetary policy management, maintaining a reasonable interest rate environment while supporting stronger economic growth in 2H26.

Figure 30: Key macroeconomic forecasts 2026–2027

Indicator	Unit	2018	2019	2020	2021	2022	2023	2024	2025E	2026F	2027F
Nominal GDP	USDbn	310	334	347	366	413	434	476	514	562	613
Real GDP growth	% YoY	7.5	7.4	2.9	2.6	8.5	5.1	7.1	7.9	8.8	9.0
GDP per capita	USD	3,222	3,441	3,534	3,704	4,148	4,323	4,717	5,026	5,504	5,966
Export growth	% YoY	13.3	8.4	6.9	18.9	10.6	-4.6	14.4	17.0	11.0	12.0
Import growth	% YoY	11.8	6.9	3.7	26.7	8	-9.2	16.7	19.4	11.5	12.0
Trade balance	USDbn	6.9	10.9	18.9	3.3	12.3	28.4	24.9	20.1	20.0	22.4
FDI (implemented)	USDbn	19.1	20.4	20	19.7	22.4	23.2	25.4	27.6	29.8	32.2
Current account balance	USDbn	5.8	12.2	15.1	-7.2	-1.1	25.8	28	20.6	22.5	24.5
Current account to GDP	% of GDP	1.9	3.6	4.3	-2	-0.3	6	5.9	4.0	4.0	4.0
FX reserves	USDbn	55	78	95	109	88	93	84	84.0	82.0	87.0
FX reserves to GDP	% of GDP	17.8	23.3	27.4	29.8	21.2	21.5	17.7	16.3	14.6	14.2
Import coverage	months	2.8	3.7	4.3	3.9	2.9	3.4	2.6	2.0	1.8	1.7
CPI (period average)	% YoY	3.5	2.8	3.2	1.8	3.2	3.3	3.6	3.3	3.8	4.0
Credit growth	% YoY	13.9	13.6	12.2	13.6	14.2	13.8	15.1	19.0	19.0	18.0
Credit to GDP	% of GDP	103	106	114	123	124	132	136	149	163	176
M2 growth	% YoY	12.4	14.8	14.7	10.7	6.2	12.5	12.3	16.0	16.0	15.0
Refinancing rate	%	6.25	6	4	4	4	4.5	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	5.2	5.7	5.7
Government bond 10Y (year-end)	%	5.1	3.4	2.4	2.1	2.1	2.2	3.0	4.0	4.5	4.5
Exchange rate (interbank; year-end)	USD/VND	23,175	23,173	23,098	22,826	22,826	24,267	25,485	26,298	26,955	27,495
Public debt	% of GDP	46.0	43.0	44.0	43.0	42.7	36.0	34.0	36 - 37	37.0	38.0

Source: VNDIRECT RESEARCH, GSO, SBV, MoF

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

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