

# MACRO UPDATE AUGUST 2025

## INVESTMENT AS A KEY DRIVER



- Manufacturing activity maintained growth in July, indicating that **tariff policies have not significantly impacted the growth of the manufacturing and export sectors as initially feared**. The key question is how much of this growth was driven by front-loading of export orders. We believe this will become increasingly evident once the new tariffs on Vietnam take effect on August 7.
- At present, **we continue to observe a wave of pre-tariff imports in the electronics segment**, as reflected in the strong growth of both imports and exports in this category. In contrast, growth in other major export categories to the US, such as textiles and garments, footwear, handbags, seafood, and wood products, has gradually moderated from the record highs seen in April.
- **The 20% reciprocal tariff on Vietnam** is broadly comparable to those imposed on its direct export competitors. At the same time, this rate **is lower than that applied to India and China, which represents a short-term positive for Vietnam's trade flows**. However, in the medium term, we assess that opportunities and risks for Vietnam will depend on (1) the definition of transshipped goods and (2) the final negotiation outcomes between the US and India/China.
- **The US imposition of tariffs on strategic products will be a key development to monitor in the period ahead**. Although the US administration has threatened to levy a 100% tariff on products containing semiconductors (~30% of Vietnam's total exports to the US in 2024), we have reason to believe the eventual impact will not be overly severe, given exemptions for companies that have, or will, invest in the US, such as Samsung and Apple, which currently account for a significant share of Vietnam's electronics export value.
- Beyond the lack of a breakthrough in domestic consumption, we also note that FDI inflows into Vietnam's manufacturing sector have slowed. This could weigh on growth prospects for next year if the definition of transshipped goods proves unfavorable for Vietnam. Against this backdrop, **the government is aggressively promoting domestic growth drivers by setting higher targets for both private and public investment**.
- Public investment disbursement in July 2025 was relatively positive, and a number of major infrastructure projects are expected to break ground in August this year.

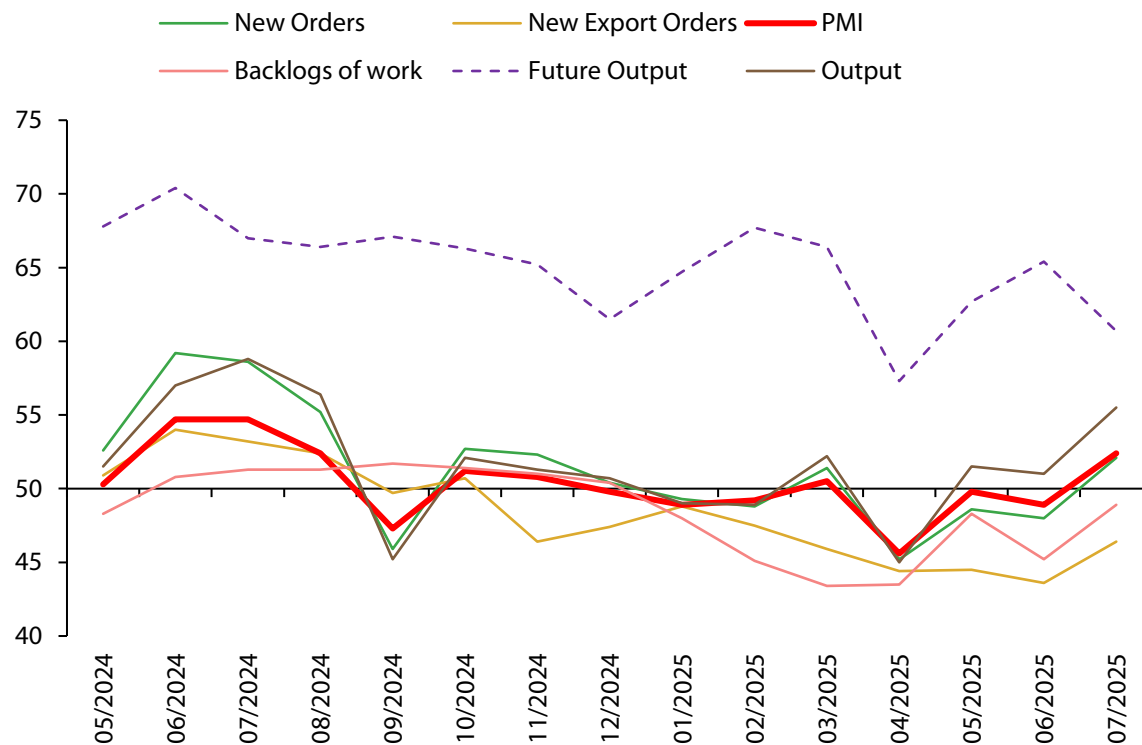
## IIP growth by sector

% YoY, 3MMA	02/25	03/25	04/25	05/25	06/25	07/25
Food processing	8.7	9.0	13.2	11.6	11.0	10.6
Beverage	1.4	(2.0)	2.5	1.7	4.9	7.7
Textile	15.9	15.3	19.4	17.0	15.9	13.8
Leather	21.7	18.8	22.1	14.7	14.2	12.0
Wood processing	15.3	17.9	22.4	10.4	6.3	5.3
Chemical	0.7	4.5	11.0	9.1	9.4	10.2
Medicine	(1.7)	0.1	9.1	(5.7)	(8.3)	(4.9)
Rubber, plastic	16.4	16.4	24.0	18.5	18.2	18.3
Metal production	1.7	3.1	10.9	16.0	16.3	13.5
Electronics	9.6	10.8	12.2	9.8	6.8	5.7
Motor vehicles	44.3	37.8	35.5	26.4	32.2	28.3
Other manufacturing sectors	7.6	8.9	14.9	8.7	6.7	3.8
Electricity production and distribution	4.3	4.8	7.0	4.1	3.1	4.6
<b>IIP</b>	<b>8.2</b>	<b>8.6</b>	<b>12.3</b>	<b>9.7</b>	<b>9.0</b>	<b>8.7</b>

Source: GSO, RongViet Securities

- Industrial manufacturing activity maintained its growth momentum in July (+9.3% YoY, in line with the previous month's increase). Notably, electricity production rebounded from a 3.9% increase in the last month to approximately 7.0% in July.
- The PMI recovered in July, rising to 52.4 points, supported by improvements in output and new orders. However, new export orders continued to contract in July, albeit at a slower pace compared to the previous month.

## Vietnam's PMI



Source: S&P Global, RongViet Securities

## Import growth from China by category

% YoY, 3MMA	02/25	03/25	04/25	05/25	06/25	07/25
Fishery	27.4	21.5	25.4	5.9	7.4	(3.9)
Agriculture	22.8	15.8	17.9	3.5	(8.6)	(14.1)
Chemical	11.9	9.5	15.9	1.0	4.4	5.9
Rubber & Plastics	39.0	34.4	43.8	30.6	31.8	31.9
Textile	18.1	18.1	23.3	12.1	5.6	4.3
Wooden products	44.5	44.1	47.4	24.9	9.8	12.4
Paper	33.0	33.3	43.5	27.5	26.9	28.3
Electronics	32.5	33.2	43.3	44.6	47.1	44.7
Steel	6.6	(2.0)	6.1	(8.0)	(5.9)	0.1
Machinery	32.8	39.6	53.7	41.1	39.5	36.7
Transport equipment	(33.9)	(7.8)	4.6	(23.5)	(26.0)	(20.0)
Others	33.9	33.5	44.1	32.9	34.6	37.1
<b>Total</b>	<b>27.7</b>	<b>28.2</b>	<b>37.9</b>	<b>29.5</b>	<b>29.9</b>	<b>29.8</b>

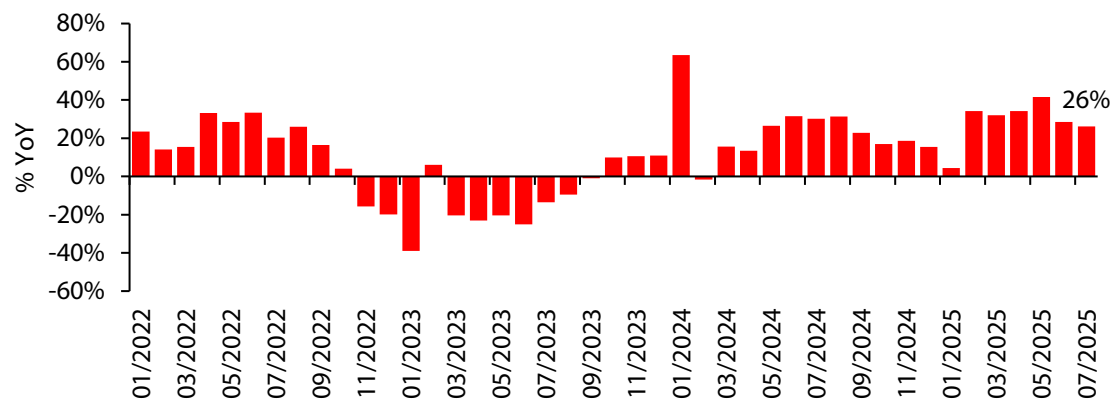
Source: GSO, RongViet Securities

## Export growth to the US by category

% YoY, 3MMA	02/25	03/25	04/25	05/25	06/25	07/25
Fishery	23.0	17.2	23.0	25.5	14.5	4.0
Agriculture	27.6	29.2	40.2	34.8	26.8	12.4
Chemical	33.3	38.0	43.2	44.5	40.0	47.3
Rubber & Plastics	39.5	36.3	36.7	33.9	35.8	42.3
Textile	15.2	16.0	21.8	20.2	19.4	13.9
Footwear	16.0	18.6	25.0	14.5	11.7	4.8
Handbag	19.1	17.6	24.1	21.1	20.4	14.7
Wooden products	18.3	18.3	21.5	14.2	11.1	11.0
Paper	30.5	32.2	35.8	28.4	26.5	29.9
Electronics	14.5	27.9	45.3	56.2	58.7	59.1
Steel	(17.8)	(21.1)	(24.7)	(20.4)	(25.0)	(23.3)
Machinery	19.4	27.4	36.9	27.9	21.7	11.2
Transport equipment	3.5	(0.1)	15.5	17.7	22.1	15.2
Others	28.2	27.0	32.9	26.5	26.9	29.9
Toys	123.2	161.0	186.5	204.3	257.0	282.6
<b>Total</b>	<b>18.0</b>	<b>23.6</b>	<b>33.5</b>	<b>34.1</b>	<b>34.0</b>	<b>31.3</b>

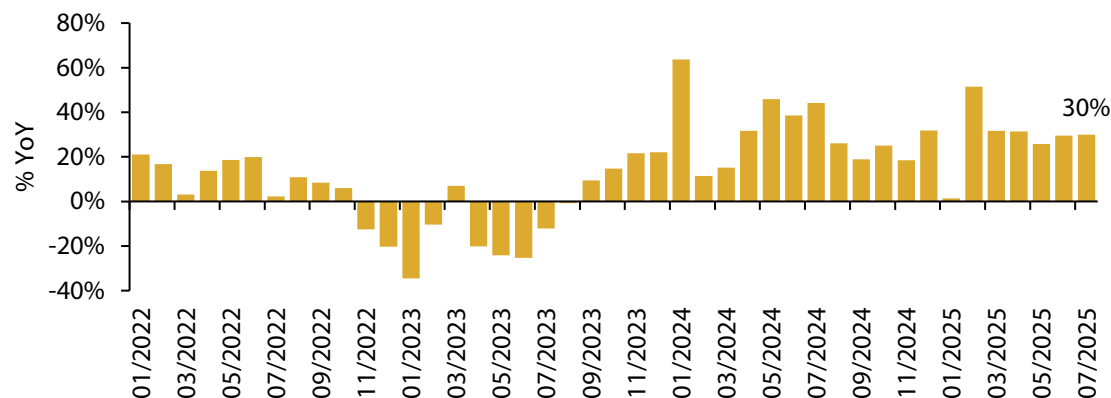
- Although imports from China and exports to the U.S. remain at high levels, a breakdown by product category shows that imports of raw materials for textiles & garments, footwear, and handbags from China and the corresponding exports of these products to the US have plateaued. In contrast, imports of inputs for electronics and exports of these products continue to grow strongly.

## Export growth to the US market has been on a downward trend since May 2025



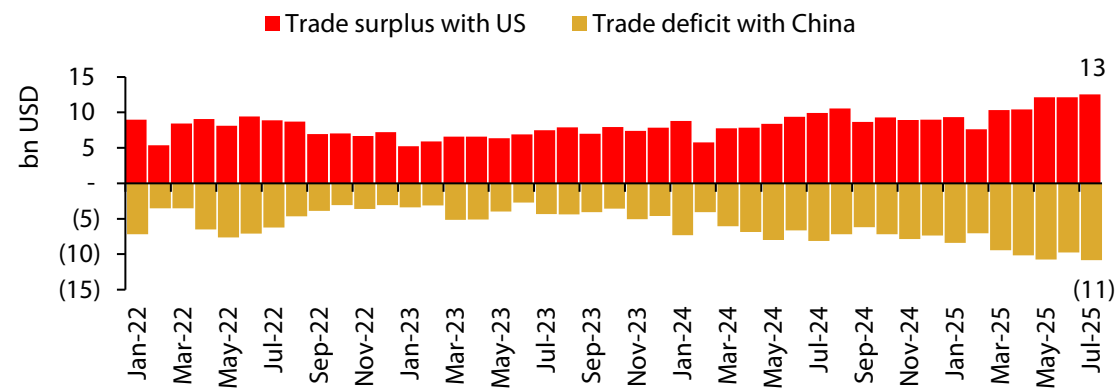
Source: Customs, RongViet Securities

## Import growth from China remains stable but shows divergence across product categories



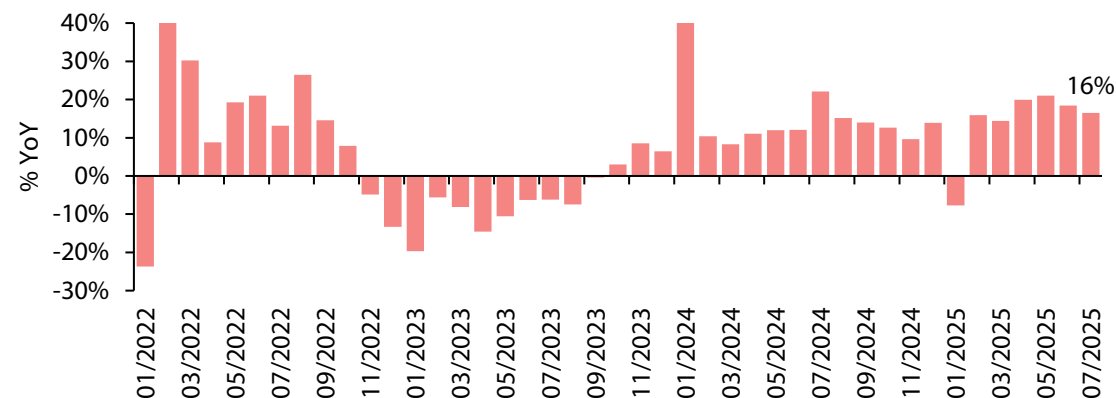
Source: Customs, RongViet Securities

## The Vietnam-US trade surplus reached a new record in July 2025



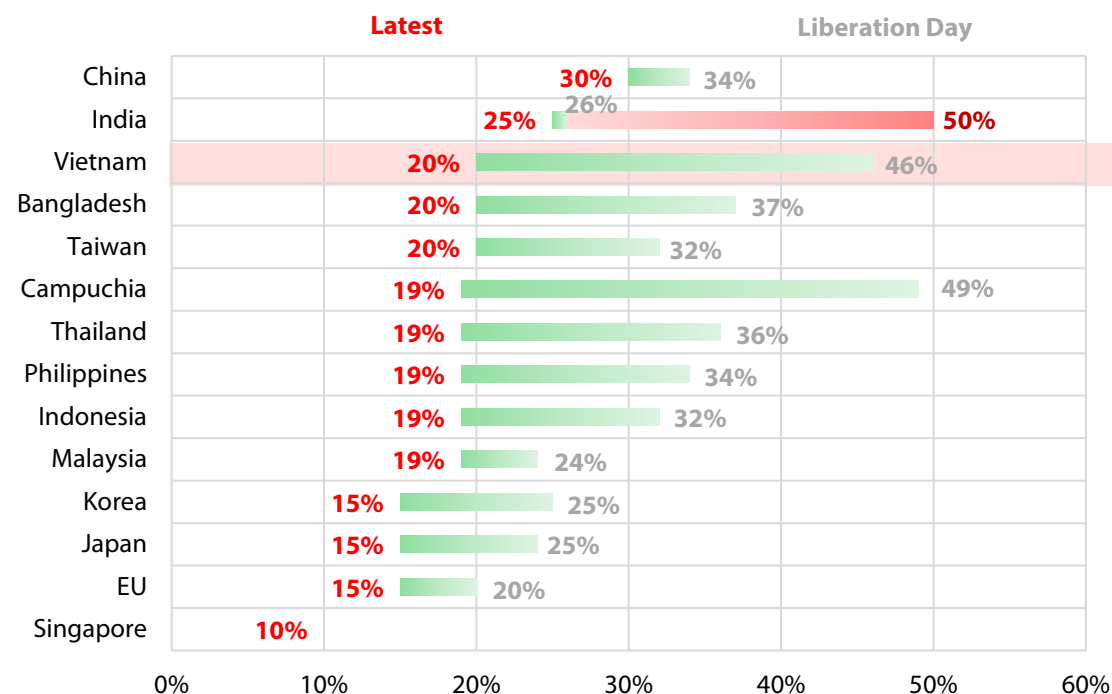
Source: Customs, RongViet Securities

## Export growth to non-US markets remain positive



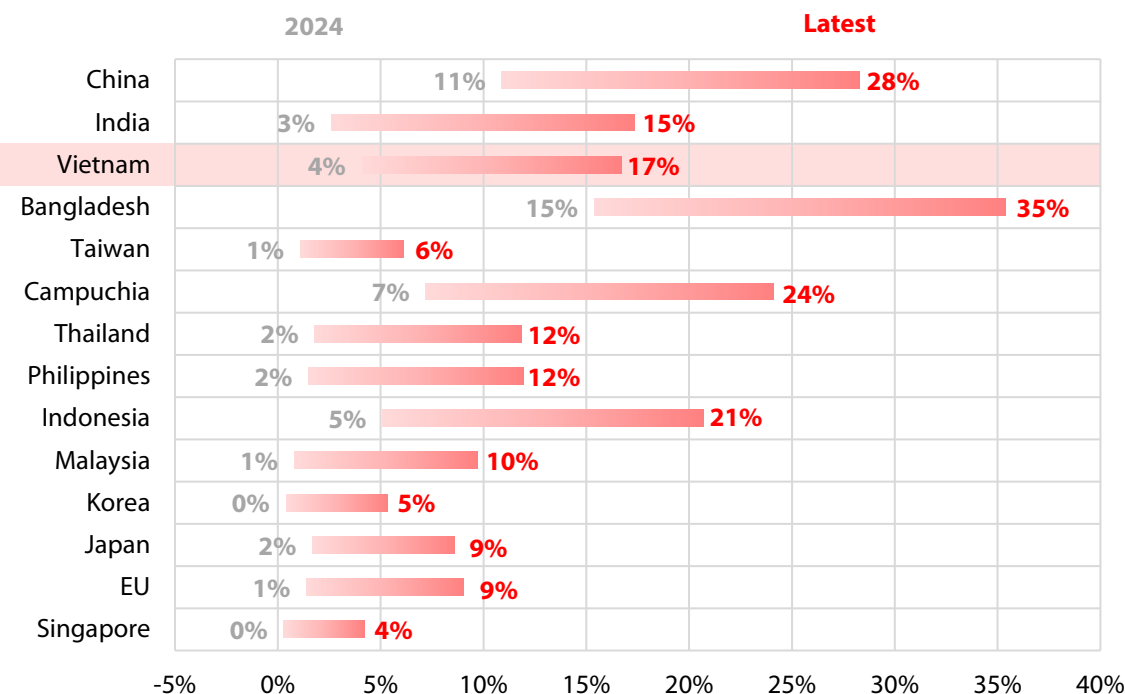
Source: Customs, RongViet Securities

## Vietnam's reciprocal tariff compared with other countries



Source: The White House, RongViet Securities, *India faces an additional 25% tariff due to its imports of Russian oil, expected to take effect on August 27*

## Vietnam's effective reciprocal tariff compared with other countries



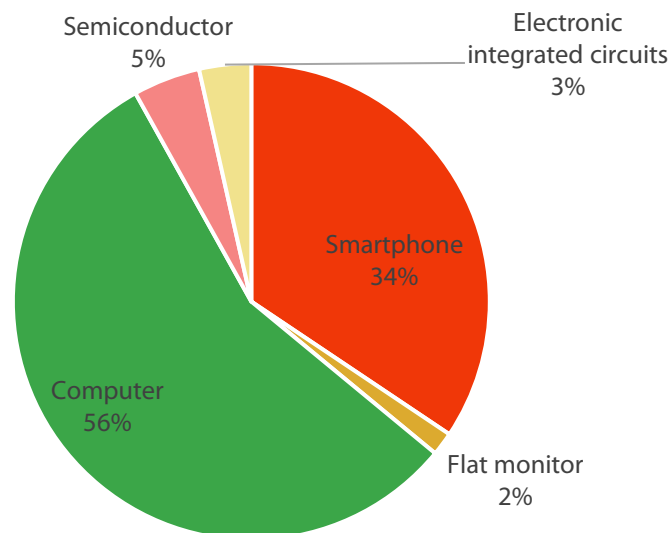
Source: The White House, Goldman Sachs, RongViet Securities, *India: based on the reciprocal tariff rate effective as of August 7, which is 25%.*

- On August 7, the US reciprocal tariffs on major global trading partners officially took effect. Vietnam's tariff rate is broadly similar to that of its regional export competitors and is lower than the rates applied to India and China<sup>1</sup>.
- This outcome is temporarily favorable for Vietnam's trade flows. However, in the medium term, Vietnam's opportunities and risks from supply chain realignment will depend on (1) the definition of transshipped goods and (2) the final negotiation outcomes between China/India and the US. In addition, the US administration's potential shift in focus from reciprocal tariffs to sector-specific tariffs under Section 232 will be an important development to monitor going forward.

<sup>1</sup> India's retaliatory tariff is 25% and is currently facing the threat of an additional 25% tariff (not yet in effect). China's retaliatory tariff is 10%, with an additional 20% tariff related to the fentanyl issue (already in effect).

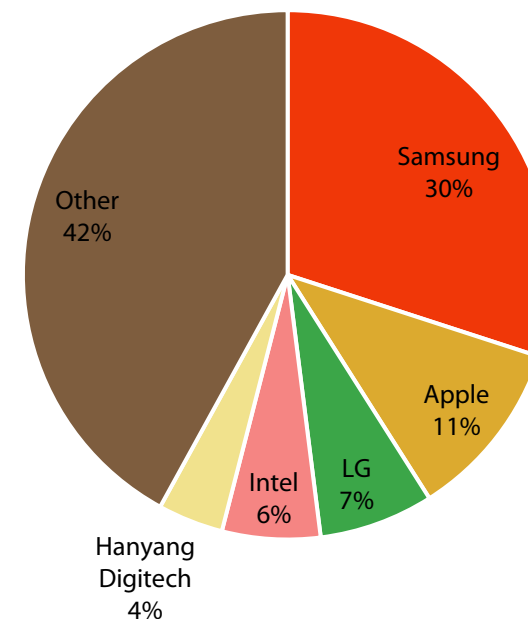


## Share of electronics exports exempted from reciprocal tariffs



Source: The White House, USITC, RongViet Securities

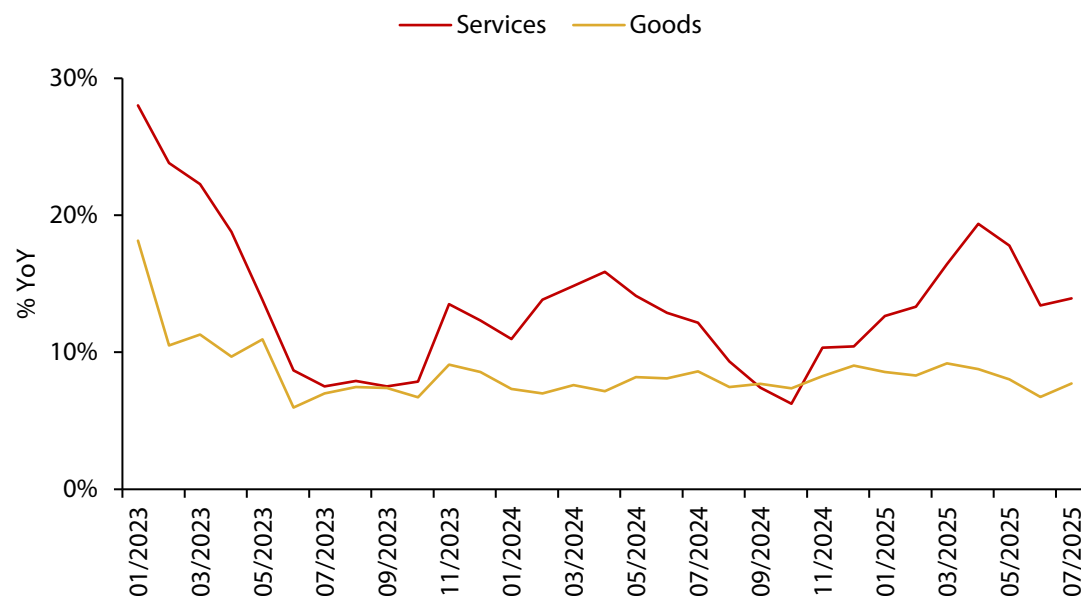
## Share of Vietnam's electronics exports by company



Source: FiinRatings, RongViet Securities

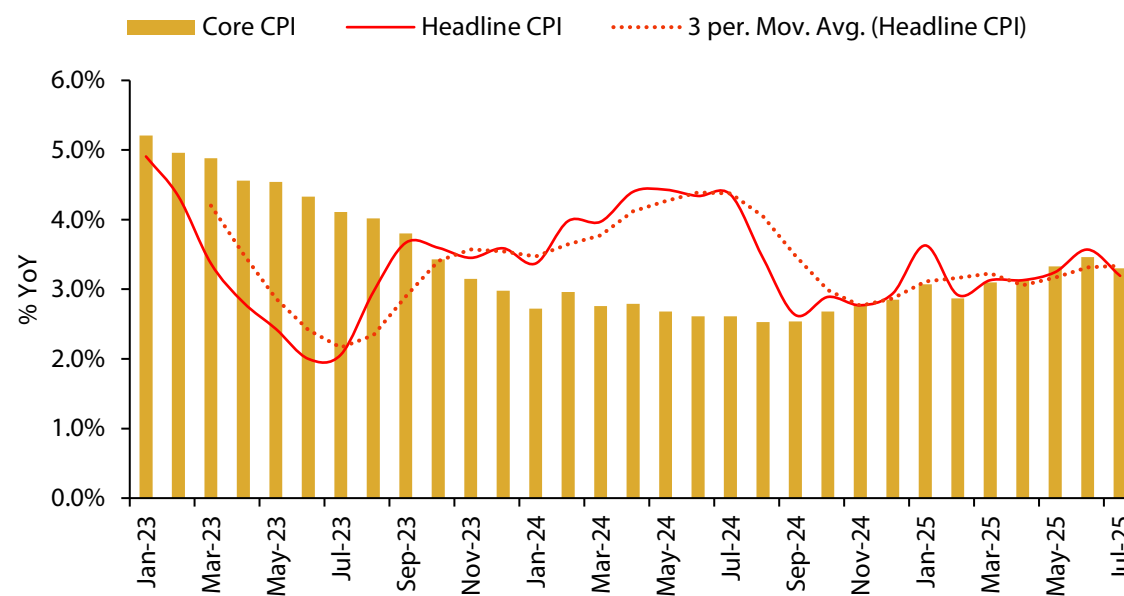
- On August 6, President Trump announced plans to impose a 100% tariff, following a Section 232 investigation, on products containing semiconductors, significantly higher than our earlier expectation of 25%. Approximately USD41 billion worth of electronics containing semiconductors (~30% of Vietnam's total exports to the US in 2024) are at risk of being subject to this proposed tariff.
- However, this tariff would exempt companies that have already invested in the US or have committed to future investments. Specifically, Apple will be exempted from tariffs on semiconductor-containing products due to its pledge to increase US investment by USD600 billion over the next four years. Other companies, such as Samsung and SK Hynix, have also secured exemptions based on their committed investments in the US.
- Currently, 60% of Samsung's phones and 25–30% of Apple's AirPods, iPads, and Apple Watch are produced in Vietnam. We expect that roughly half of Vietnam's electronics export value comes from investors likely to be exempt from the tariffs, such as Samsung, Apple, LG, and Intel.

## Retail sales growth



Source: GSO, RongViet Securities

## Vietnam's CPI

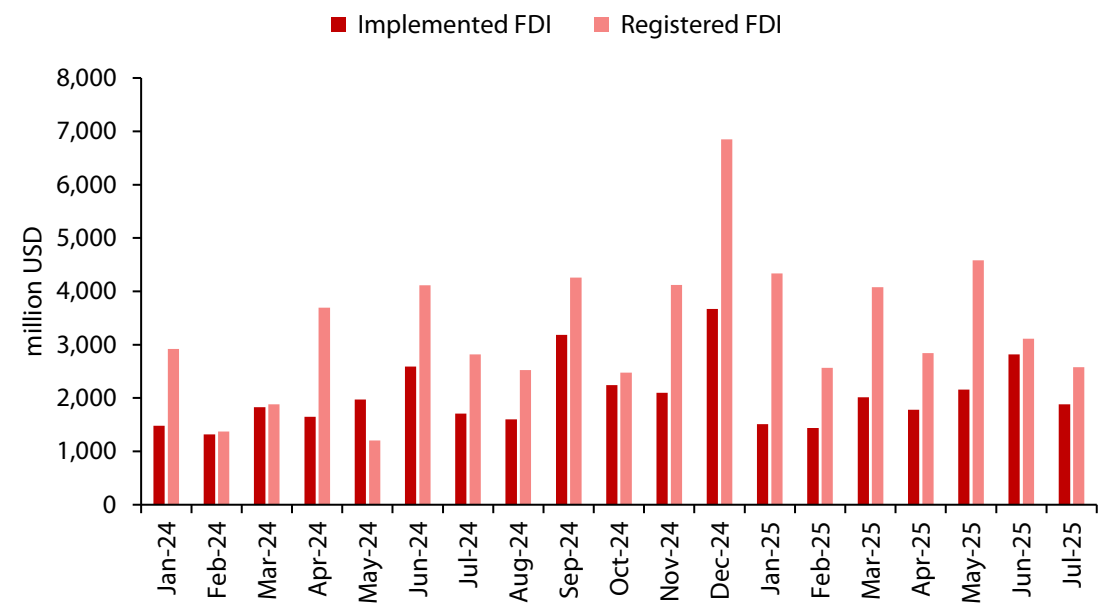


Source: GSO, RongViet Securities

- Consumption growth remained stable. Retail sales of goods and services in July 2025 rose 9.2% YoY, higher than the 8.3% increase in the previous month, thanks to a slight improvement in both goods and services consumption. Cumulatively, in the first seven months of 2025, retail sales of goods and services grew 7.1% YoY, largely unchanged from the growth rate in the first half of the year.
- Inflation was also stable in July 2025. The Consumer Price Index (CPI) inched up only 0.11% MoM, while both headline and core inflation increased by around 3.2–3.3% YoY. In the first seven months of 2025, the categories with the sharpest price increases were pharmaceuticals and healthcare services (+13.7% YoY), miscellaneous goods and services (+6.1%), and housing and construction materials (+5.9%).



## Monthly registered and disbursed FDI



Source: MoF, RongViet Securities

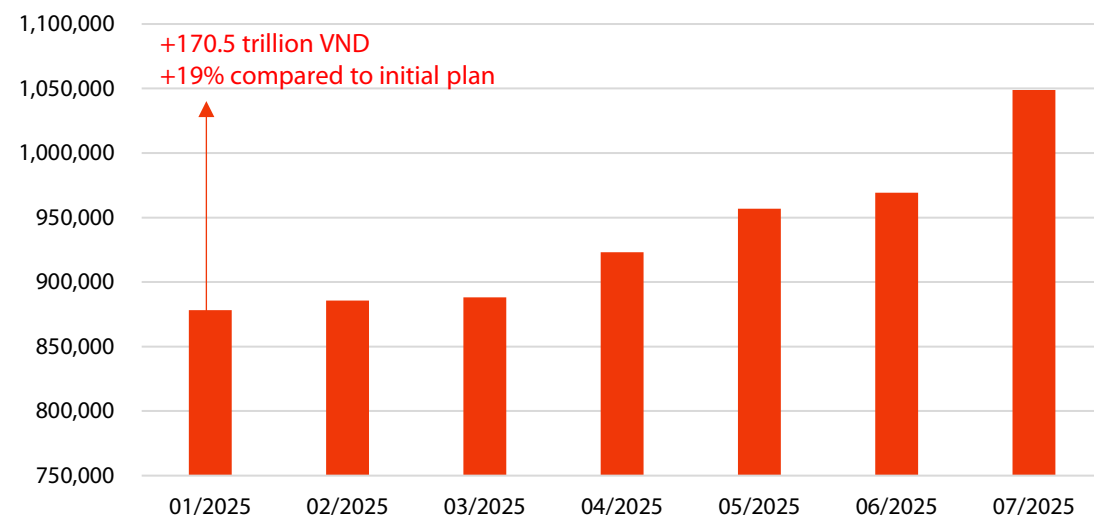
## FDI attraction by partner and sector

	Before 02/04	7M2025
<b>Newly and additional capital</b>	<b>29%</b>	<b>27%</b>
By country		
- China	47%	5%
- Other	24%	37%
By sector		
- Manufacturing	65%	-1%
- Real estate	46%	134%
- Other	-52%	27%
<b>Disbursed FDI</b>	<b>7%</b>	<b>8%</b>

Source: MoF, RongViet Securities

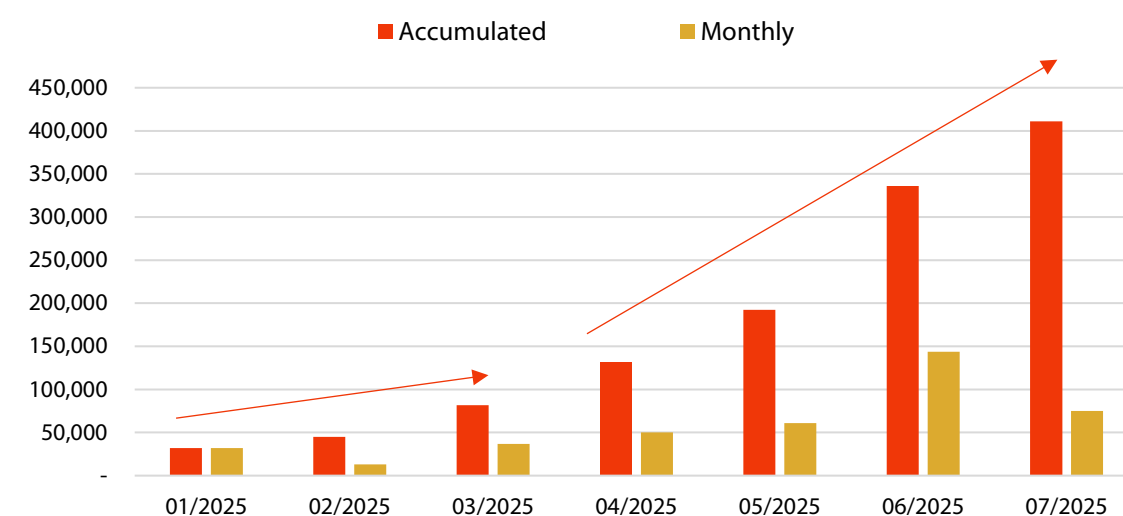
- Disbursed FDI in July 2025 increased 10% YoY but fell 33% MoM. Cumulatively, in the first seven months of 2025, disbursed FDI reached USD13.6 billion, up 8.4% YoY. For the second half of 2025, the government targets realized FDI of USD16 billion, representing a 10.3% YoY increase.
- FDI inflows in July 2025 totaled USD2.6 billion, down 8% YoY and 17% MoM. Nevertheless, in the first seven months of 2025, registered FDI maintained a strong growth rate, reaching USD24.1 billion, up 33.8% YoY.
- FDI inflows from China and into the manufacturing sector slowed significantly after the US tariff policy announcement on April 2. In contrast, FDI from other countries and into other sectors has continued to show positive growth since April 2.

## Public investment plan in 2025 (trillion VND)



Source: MoF, RongViet Securities

## Monthly public investment disbursement (trillion VND)



Source: MoF, RongViet Securities

- As of July 2025, the total public investment plan for 2025 stood at nearly VND1.05 quadrillion, an increase of VND170.5 trillion compared to the plan at the beginning of the year.
- The gradual increases in the public investment plan over the months have also raised the pressure on disbursement. The allocated capital reached VND 922 trillion (~88% of the total plan). Disbursement as of July 31 was estimated at VND411 trillion (~39% of the total plan, 45% of allocated capital), up 73% YoY. Public investment disbursement was most active in June 2025, right before the official transition to the two-tier local government system.
- The disbursement progress of key infrastructure projects has lagged behind the national average pace. Cumulatively, in the first six months of 2025, only about VND20 trillion (~20% of the plan) was disbursed. The main reasons include land clearance issues, capital plan adjustments, and incomplete investment procedures prior to fund disbursement.
- In August 2025, the government will continue to add several projects to the list of nationally significant transport infrastructure projects ([see Appendix: Additional Projects Added to the List of National Key Transport Infrastructure Projects](#)).

## 7M2025 Macroeconomic indicators compared to 2025 Target

	2025 Target (old)	2025 Target (new)	2024 Actual	Q125 Actual	Q225 Actual	1H25 Actual	7M25 Actual
GDP growth	8.0%	8.3-8.5%	7.1%	7.1%	8.0%	7.5%	na
– Agriculture, forestry & fishery	3.9%	3.9%	3.3%	3.8%	3.9%	3.8%	na
– Industry & construction	9.5%	9.8-10.1%	8.2%	7.6%	9.0%	8.3%	na
– Services	8.1%	8.5-8.6%	7.4%	7.8%	8.5%	8.1%	na
– Taxes & subsidies	6.1%	6.4-6.7%	5.7%	5.0%	5.9%	5.4%	na
Industrial Production Index	9.5%	na	8.4%	8.3%	10.3%	9.2%	8.6%
Retail Sales of Goods & Services	12.0%	na	9.0%	9.5%	9.0%	9.3%	9.2%
Export-Import Turnover <sup>1</sup>	12.0%	na	15.4%	13.8%	19.8%	16.6%	16.6%
Trade surplus (\$ billion)	30	na	25	3.2	4.5	7.7	10.2
Electricity Production & Imports	13.0%	12.5-13.0%	10.1%	4.0%	4.2%	3.0%	4.6%
Public Investment <sup>2</sup>	43.4%	55.6%	-4.1%	19.8%	19.9%	19.8%	na
Private Investment	12.4%	14.3%	7.7%	5.5%	8.9%	7.5%	na
FDI	10.5%	9.3%	9.4%	7.1%	8.8%	8.1%	8.4%
Inflation	5.0%	< 4.5%	3.6%	3.2%	3.3%	3.3%	3.3%
Credit growth <sup>3</sup>	16.0%	>16.0%	15.1%	17.9%	19.3%	19.3%	19.3%
FX USDVND <sup>4</sup>	na	na	25,551	25,740	26,300	26,300	26,380

Source: GSO, SBV, RongViet Securities, <sup>1</sup> exports grew by 15.4% and imports increased by 17.9% YoY in 7M25. <sup>2</sup> According to the GSO's estimates, actual public investment capital disbursed from the state budget, as reported by the MoF, reached over VND411 trillion by the end of July 2025, an increase of 73% compared to the same period last year. <sup>3</sup> The figures are calculated as of the end of the quarter/the end of the month. <sup>4</sup> The exchange rates from Vietcombank, at the end of the quarter, month, and year.

## APPENDIX: ADDITIONAL PROJECTS ADDED TO THE LIST OF NATIONAL KEY TRANSPORT INFRASTRUCTURE PROJECTS

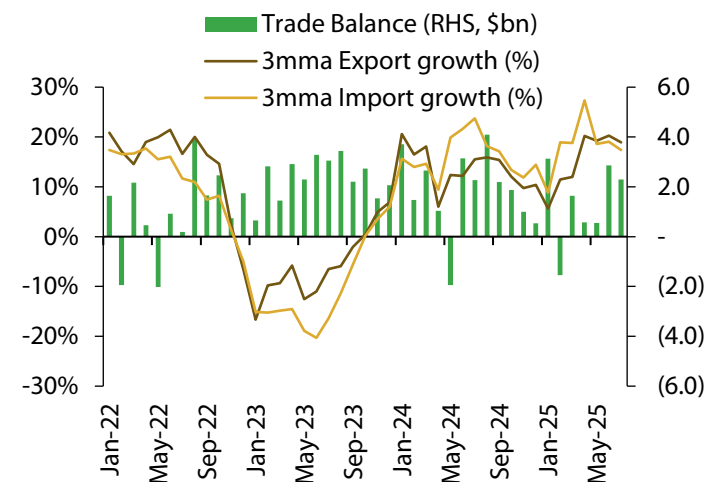
### Project list

	Total investment (VND bn)	Length (km)	Size (lane)	Break ground (Planned)	Complete (Planned)
Cho Moi – Bac Kan	5,750	28	4	03/2025	2026
Bac Kan – Cao Bang	29,900	90	4	2026	2030
Hoa Binh – Moc Chau	9,997	34	4	09/2024	2028
Vinh - Thanh Thuy	19,591	85	6	2026	2029
Cam Lo – Lao Bao	13,939	70	4	2026	2030
Quang Ngai – Kon Tum	44,355	136	4	2026	2029
Quy Nhon - Pleiku	43,734	180	4	2025	2029
Ca Mau – Dat Mui	58,900	90	4	2025	2028
Hoa Lac – Hoa Binh Upgrade	10,475	23	6	07/2025	2028
HCM – Trung Luong – My Thuan Upgrade	39,800	51	6	2024	2028
Gia Binh Airport – Ha Noi Road	89,951	41	10	2025	2026
Hon Khoai Port Connection Road	17,000	18	4	2025	2028

Source: chinhphu.vn, RongViet Securities

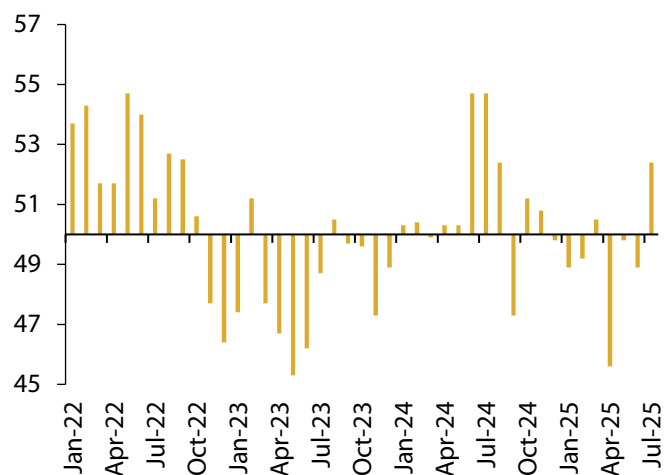
In addition, there is the project to expand and upgrade Ca Mau Airport, with a designed capacity of 1 million passengers per year, to be implemented from August 2025 to October 2026 (total investment: VND 2.4 trillion), and the Hon Khoai Port project, with a planned total investment of USD 2.5 billion.

## Trade balance



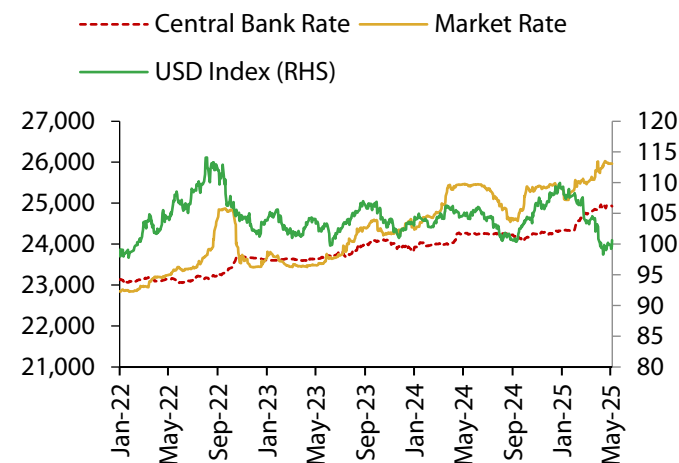
Source: Customs, RongViet Securities

## Vietnam PMI Index



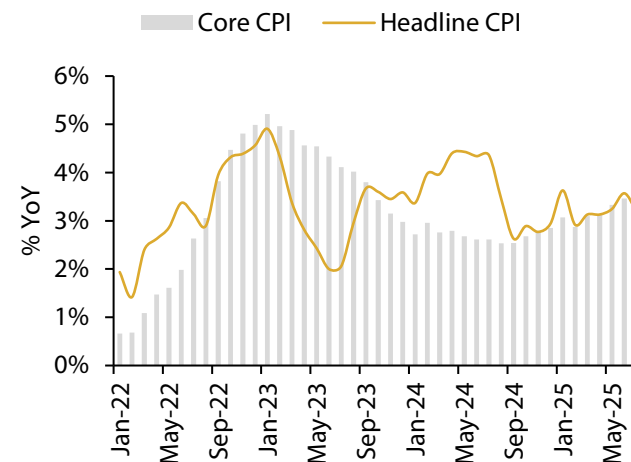
Source: S&P Global, RongViet Securities

## USDVND exchange rate



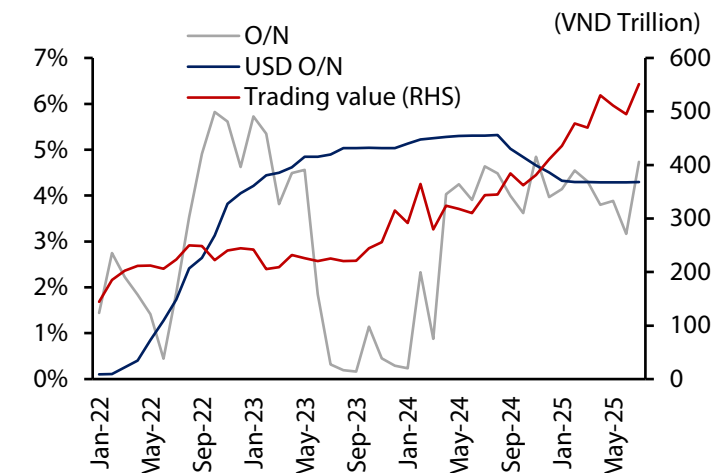
Source: Fiinpro, Bloomberg, RongViet Securities

## Vietnam inflation rate



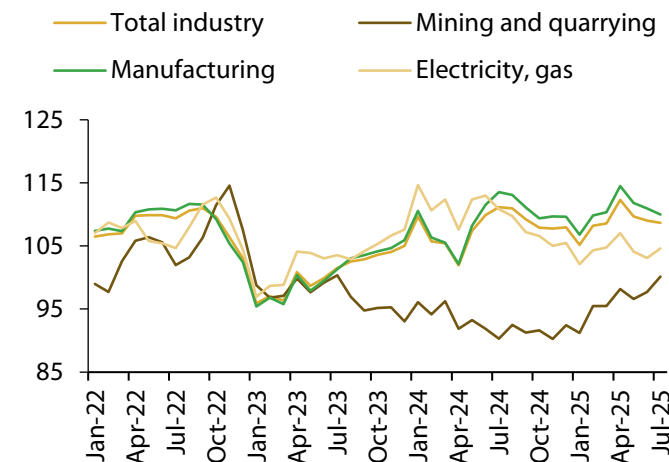
Source: GSO, RongViet Securities

## Interbank interest rates



Source: SBV, RongViet Securities

## 3M average industrial production index



Source: GSO, RongViet Securities

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