

## Gold Market Policy Turns – A New Gateway for Manufacturing and Retail?

Anh Tran - [anh.tnl@vdsc.com.vn](mailto:anh.tnl@vdsc.com.vn)

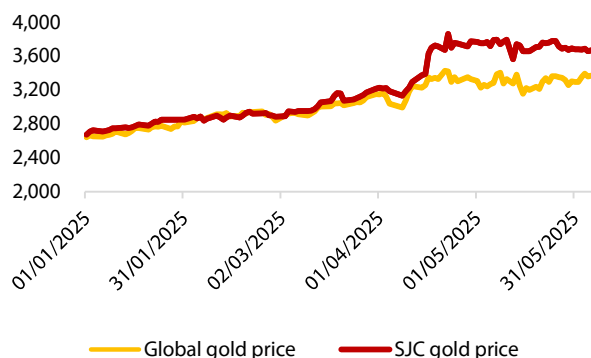
- Vietnam's gold market has recently become more vibrant than ever, driven not only by global changes but also by the Vietnamese Government's newly proposed gold market management policies at the end of May. These proposals are strategic, focused, and long-term in nature - marking a shift in mindset and approach with the aim of tightening control over the gold market, curbing speculation, and repositioning gold as a true financial asset. These changes are expected to have a meaningful impact on the supply of input materials for jewelry manufacturers and retailers, especially given growing concerns over securing sufficient production reserves.
- In the first half of 2025, gold prices repeatedly hit new record highs, leading to a significant increase in the price gap between domestic and international gold, peaking at an estimated 16.2%. Despite this, local demand for gold as a store of value remained strong, driven by expectations of further price increases. Recently, however, this gap has started to narrow, reflecting positive shifts in both policy and market supply - demand dynamics.
- Alongside optimism for a more transparent information and trading mechanism, and a stable supply of raw materials for jewelry producers, we believe the biggest remaining "bottleneck" lies in market trust - a constraint that will take time to gradually "ease".

**Notable volatility in the gold market has been seen in 1H2025. Gold prices repeatedly reached new record highs at certain points, the gap between domestic and international gold prices tended to widen. However, recent records have shown early signs of improvement, with this price gap beginning to narrow.**

Vietnam's gold market has become more dynamic than ever, driven not only by global events but also by the Government's newly proposed gold market management policies announced at the end of May. These proposals are strategic, focused, and long-term in nature - marking a shift in both mindset and regulatory approach. Their goals are to tighten control over the gold market, reduce speculation, and reposition gold as a proper financial asset. These measures are also expected to significantly impact the supply of raw materials for jewelry manufacturers and retailers.

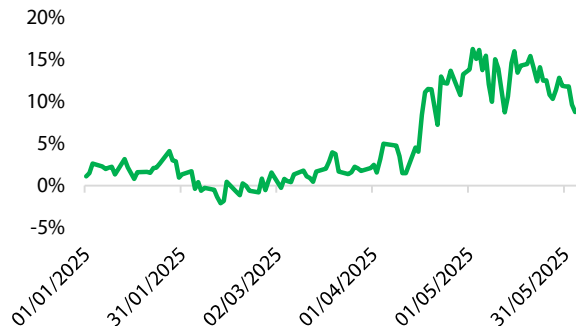
Over the past few months, domestic gold prices have surged rapidly and remained well above international levels. A notable instance of this occurred in mid-April 2025, when the price gap between Vietnam and the global market jumped from 4% to as much as 8 - 11% within just two days. This widening gap persisted until late May 2025, when early signs of narrowing began to appear.

**Figure 1: Volatility in Global vs. Vietnam gold price**



Source: RongViet Securities

**Figure 2: Gold price gap - Global vs. Vietnam**



Although the narrowing gap between global and domestic gold prices has only been observed over a short period, it nonetheless reflects a positive signal - suggesting that the market is responding to the Government's recent strategic and focused proposals to "reform" the gold market.

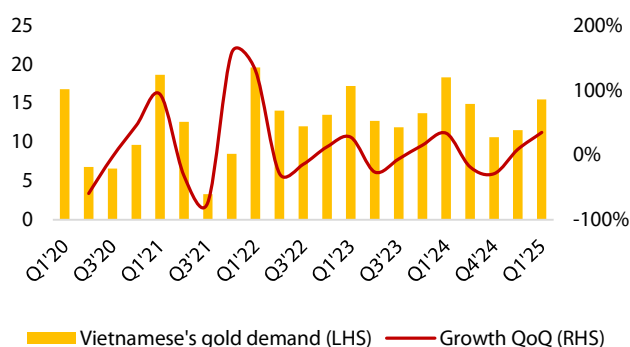
Persistently high domestic gold prices have made gold trading increasingly difficult. Market transactions have been viewed as lacking transparency, while jewelry manufacturers have faced significant challenges in sourcing raw gold and gold bars at reasonable volumes and input prices.

### Gold demand diverges: Vietnam eases, Southeast Asia picks up

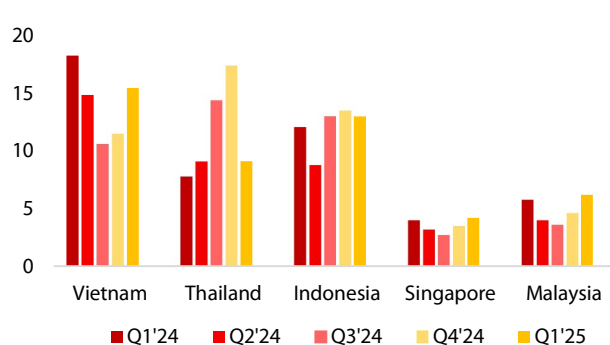
Vietnam's gold market demand has shown sharp quarterly fluctuations and is currently moving in the opposite direction to other countries in the region. Gold demand in Vietnam typically peaks in the first quarter of each year, coinciding with the Lunar New Year shopping season and heightened global price volatility - highlighting the strong seasonal patterns in local gold accumulation behavior. However, Q1/2024 saw a 15% decline compared to the previous quarter, mainly due to a prolonged shortage of gold bars supply in the domestic market.

In contrast to Vietnam's "cooling" trend, Southeast Asia has recently experienced a mild recovery in gold demand. Thailand in particular has emerged as a bright spot in the regional gold market, with gold demand rising sharply by 16.7% in Q1 2025, according to the World Gold Council. This reflects a growing trend of viewing gold as a safe-haven asset amid continued global economic uncertainty. Despite the recent decline, as of Q1 2025 Vietnam's gold demand remains higher than that of other countries in the region.

**Figure 3: Vietnamese's demand for gold bars**



**Figure 4: Gold demand among regional countries**



Sources: World Gold Council, RongViet Securities

The Government's recent moves to tighten oversight of gold market aim to ensure greater stability in terms of volume, quality, and pricing. Several policy proposals are expected to have a positive impact on the overall gold market, particularly on the jewelry manufacturing and retail segments.

Among the proposed solutions, we note several key recommendations that could significantly affect the market and businesses:

- (1) Gradual and controlled removal of the State's monopoly on branded gold bullion, potentially allowing licensed enterprises to participate in gold bar production;
- (2) Controlled expansion of gold import rights to enhance supply transparency and flexibility;
- (3) Positioning Vietnam as a regional hub for the manufacture and export of high quality jewelry;
- (4) Developing attractive alternative investment channels to mobilize gold holdings from the public;
- (5) Maintaining macroeconomic stability to help strengthen public confidence in the Vietnamese dong;
- (6) Establishing a centralized, transparent information and data system for the Vietnamese gold market.

We believe that the "realization" of these proposals is essential to the long-term objective of stabilizing the gold market, narrowing the domestic - international gold price gap, and reducing speculative behavior through a more transparent, market-based mechanism. In the medium to long term, these reforms represent meaningful progress for the jewelry manufacturing and retail industry. With a stable and sufficient legal supply of gold material, businesses would become less reliant on small-scale, fragmented sourcing, which carries inherent risks in terms of price, quantity, quality, and origin.

**Jewelry manufacturing and retail may benefit from a more regulated gold market - But a key bottleneck remains**

A more stable and well-regulated gold market could bring meaningful benefits to Vietnam's jewelry manufacturing and retail sectors. Notably, promoting alternative investment channels could ease the flow of capital into gold bullion and encourage consumers to shift towards products with more practical utility.

However, we believe that a fundamental bottleneck still exists which will take time to gradually unlock. Over the past decades, gold has been widely viewed by Vietnamese people as a safe and reliable store of value that is less prone to depreciation compared to other investment options. This mindset has led to a pattern of wealth accumulation, with people more inclined to buy than sell, regardless of market volatility.

A critical challenge lies in shifting public sentiment: Can deeply rooted beliefs about gold as the most reliable means of preserving wealth be transformed - and, if so, through what mechanisms? The effectiveness of any gold mobilization strategy will largely depend on how these questions are addressed. Concrete mechanisms to implement the above mentioned strategies are still under considered and must be carefully tailored to today's market conditions. This is particularly important given gold's unique role in Vietnam's cultural, economic, and consumer landscape.

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## OPERATING NETWORK

### HEADQUARTER IN HO CHI MINH CITY

Floors 1-8, Viet Dragon Tower, 141 Nguyen Du, Ben Thanh Ward, District 1, Ho Chi Minh City

**T** (+84) 28 6299 2006 **E** info@vdsc.com.vn  
**W** www.vdsc.com.vn **Tax code** 0304734965

### HANOI BRANCH

10<sup>th</sup> floor, Eurowindow Tower, 2 Ton That Tung, Kim Lien Ward, Dong Da District, Hanoi

**T** (+84) 24 6288 2006  
**F** (+84) 24 6288 2008

### NHA TRANG BRANCH

7<sup>th</sup> floor, 76 Quang Trung, Loc Tho Ward, Nha Trang City, Khanh Hoa

**T** (+84) 25 8382 0006  
**F** (+84) 25 8382 0008

### CANTHO BRANCH

8<sup>th</sup> floor, Sacombank Tower, 95-97-99, Vo Van Tan, Tan An Ward, Ninh Kieu District, Can Tho City

**T** (+84) 29 2381 7578  
**F** (+84) 29 2381 8387

### VUNGTAU BRANCH

2<sup>nd</sup> floor, VCCI Building, 155 Nguyen Thai Hoc, Ward 7, Vung Tau City, Ba Ria – Vung Tau Province

**T** (+84) 25 4777 2006

### BINH DUONG BRANCH

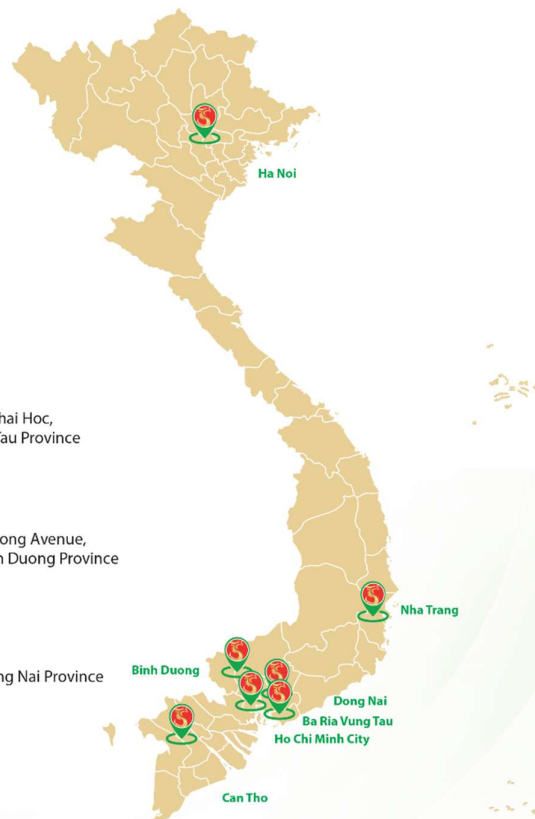
3<sup>rd</sup> floor, Becamex Tower, 230 Binh Duong Avenue, Phu Hoa Ward, Thu Dau Mot City, Binh Duong Province

**T** (+84) 27 4777 2006

### DONG NAI BRANCH

8<sup>th</sup> floor, TTC Plaza, 53-55 Vo Thi Sau, Quyet Thang Ward, Bien Hoa City, Dong Nai Province

**T** (+84) 25 1777 2006



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