

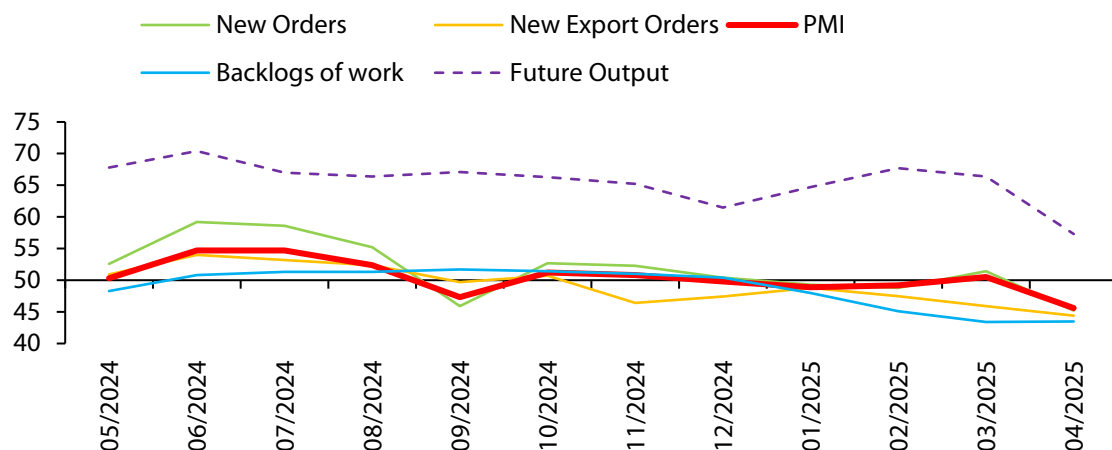
MACRO UPDATE MAY 2025

**SENTIMENT SHOWS
SHORT-TERM
IMPROVEMENT**



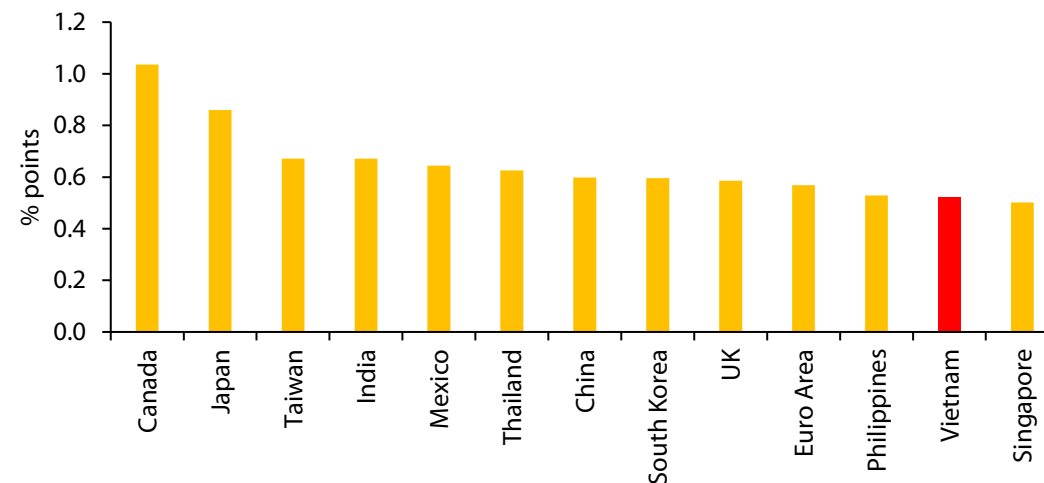
- In the context of lingering uncertainty over tariff negotiations, **Vietnam's manufacturing PMI has shown early signs of a more pessimistic outlook for future orders.**
- **In the short term, most manufacturing firms are seeking to capitalize on the 90-day tariff suspension window to accelerate production and exports.** As such, growth data for the manufacturing and export sectors in April 2025—and potentially throughout Q2—are unlikely to fully reflect the impact of upcoming trade policies.
- **Vietnam's April 2025 trade performance with its two major partners—the US and China—could pose headwinds to negotiation momentum,** even though current short-term figures largely capture front-loaded export orders during the temporary tariff suspension period.
- **Domestic consumption and foreign direct investment remained relatively resilient in April.** Consumer demand was underpinned by the continued strength of the services sector, while FDI disbursement posted only a mild decline from the previous month and remained solid on a year-on-year basis.
- Public investment accelerated in April 2025 but remained below expectations. Amid rising concerns about the potential drag on manufacturing and export-led growth from trade policy, the Government has intensified its push for public capital disbursement. **Notably, there are increasing signs of openness toward public-private partnerships in key infrastructure development projects.**
- **Resolution No. 68 on private sector development has delivered a modest sentiment boost, reinforcing domestic economic momentum.**
- Initial signals from bilateral tariff negotiations—particularly between the US and UK, and the early rounds of US–China talks—suggest a potential de-escalation in trade tensions, **which may gradually ease policy uncertainty and mitigate downside risks stemming from tariff shocks.**

A sharp decline in April PMI highlights growing uncertainty in future order outlook



Source: S&P Global, RongViet Securities

Impact of a 1-point change in the New Export Orders Index on Vietnam's export growth to the U.S. market



Source: Goldman Sachs, RongViet Securities

- **April PMI data reflected a notable slowdown**, driven by tariff shock, declining from 50.5 to 45.6. However, the reading remains well above pandemic-era lows, when the manufacturing PMI dropped to 32.7 during the nationwide lockdown in April 2020.
- The sharp decline was largely attributable to contractions in output and new order sub-indices. **New export orders saw only a mild decrease**, continuing the downtrend observed since November last year. **This suggests that the weakness in external demand is more structural rather than a direct result of tariff-related shocks.**
- According to estimates by Goldman Sachs, a 1-point decline in Vietnam's New Export Orders Index leads to a 0.5pp drop in export growth to the U.S. market. **Since the beginning of the year, the index has fallen by 3 points, implying a -1.5pp impact on Vietnam's export growth to the U.S.**

Growth across key industrial sectors

% YoY, 3MMA	11/24	12/24	01/25	02/25	03/25	04/25
Food processing	6.8	7.8	4.8	8.7	9.0	13.0
Beverage	3.0	3.4	0.8	1.4	(2.0)	3.0
Textile	16.5	18.1	14.0	15.9	15.3	20.3
Leather	17.3	20.2	16.9	21.7	18.8	20.9
Wood processing	9.1	13.4	6.5	15.3	17.9	24.0
Chemical	5.9	2.3	(3.2)	0.7	4.5	11.7
Medicine	2.2	(1.3)	(11.5)	(1.7)	0.1	11.1
Rubber, plastic	16.7	17.3	9.3	16.4	16.4	24.8
Metal production	3.4	5.1	2.1	1.7	3.1	9.2
Electronics	5.9	5.5	6.9	9.6	10.8	12.2
Motor vehicles	38.5	43.7	41.3	44.3	37.8	34.6
Other manufacturing sectors	6.5	7.7	1.6	7.6	8.9	14.2
Electricity production and distribution	5.0	5.5	2.1	4.3	4.8	7.8
IIP	7.8	7.9	5.2	8.2	8.6	12.0

Source: GSO, RongViet Securities

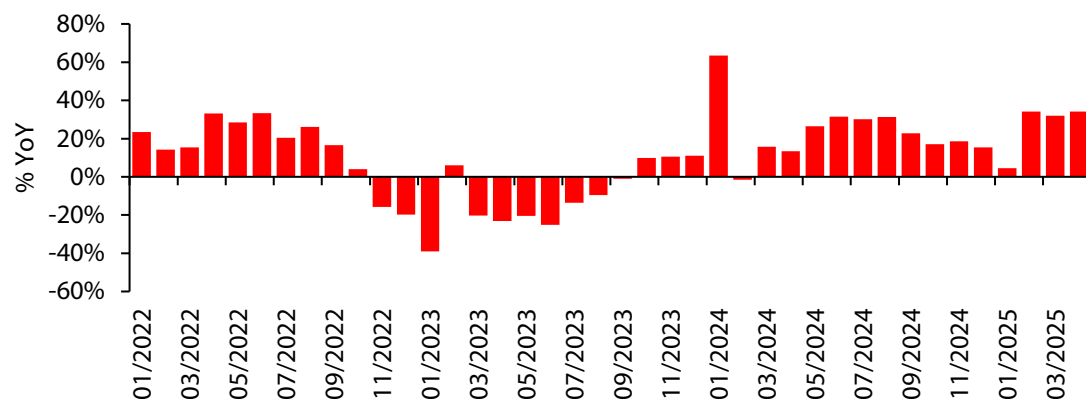
Export growth across key product categories

% YoY, 3MMA	11/24	12/24	01/25	02/25	03/25	04/25
Electronics	16.3	15.1	9.0	7.1	6.4	12.6
Textile, footwear and bags	10.5	11.0	6.8	6.0	5.7	10.4
Agriculture	21.3	20.7	10.5	7.0	4.6	12.6
Machinery	21.8	21.4	12.9	9.1	6.5	13.4
Wooden products	21.3	21.1	12.9	9.0	5.8	10.3
Steel	13.0	12.3	3.5	(4.0)	(10.4)	(8.1)
Other manufactured products	8.5	8.7	4.0	3.7	3.2	8.1
Other	10.1	10.8	7.0	7.8	8.9	13.5
Total exports	14.9	14.6	8.3	6.3	5.1	10.8

Source: GSO, RongViet Securities

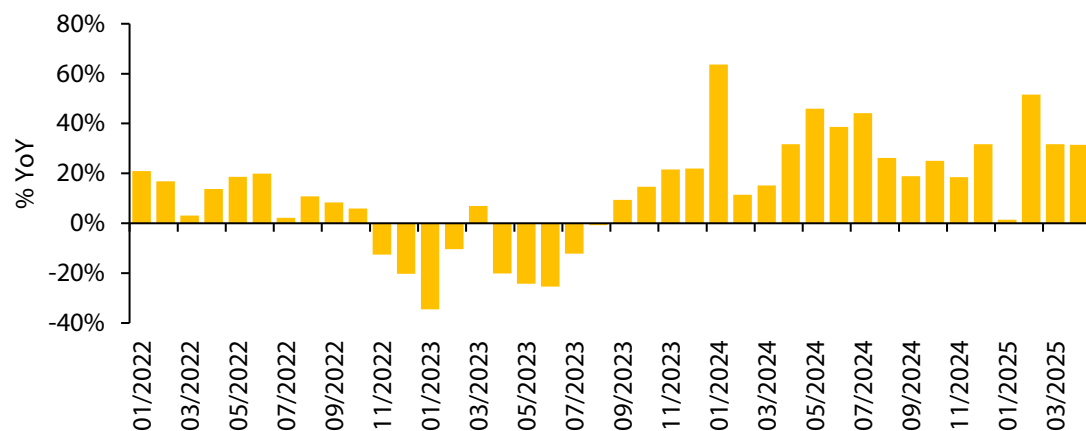
- While PMI data reflects concerns over the future of manufacturing activity, recent trends in industrial production and exports suggest that **businesses are ramping up operations to capitalize on the 90-day suspension of retaliatory tariffs during ongoing negotiations.**

Export growth to the U.S. market remained robust, up 34.2% YoY



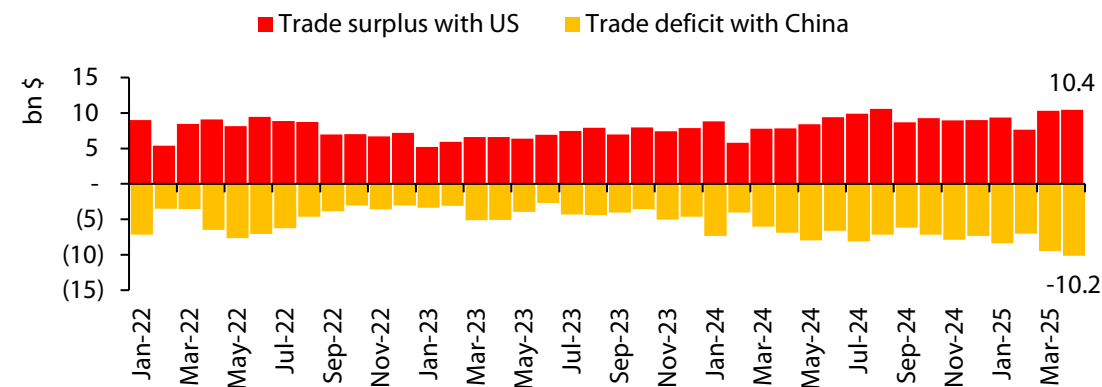
Source: Customs, RongViet Securities

Import growth from the Chinese market remained stable, rising 31.4% YoY



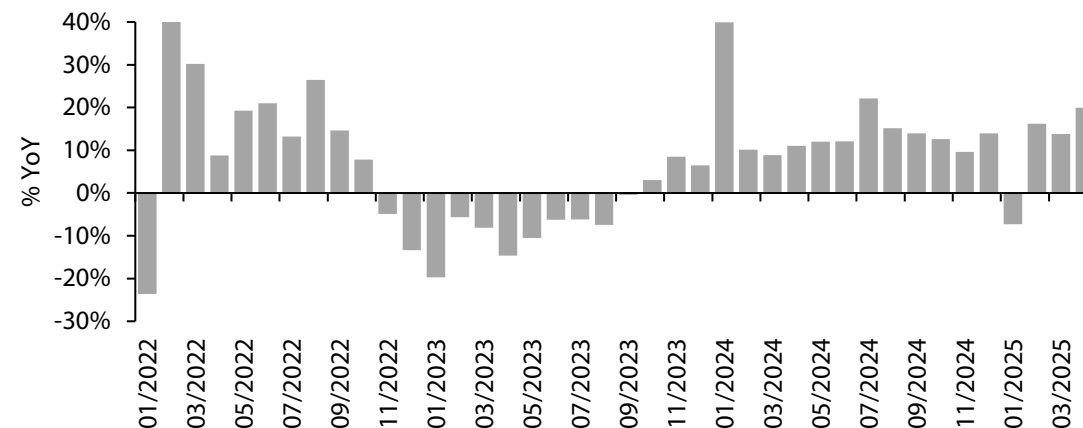
Source: Customs, RongViet Securities

Vietnam's trade balance with the U.S. and China reached a record high in April 2025



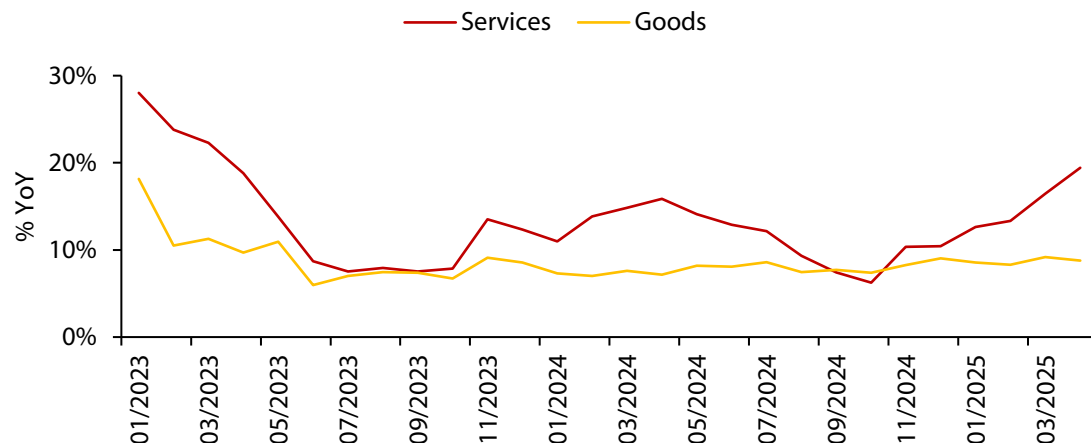
Source: Customs, RongViet Securities

Export growth to non-U.S. markets remained relatively resilient, up 19.9% YoY



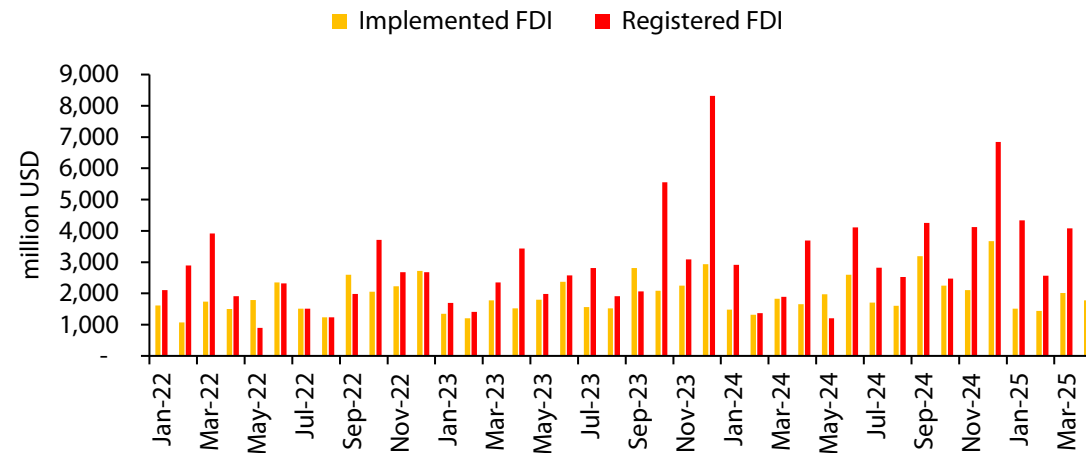
Source: Customs, RongViet Securities

Service consumption continued to improve thanks to the April 30–May 1 holiday period, while goods consumption remained stable



Source: GSO, RongViet Securities

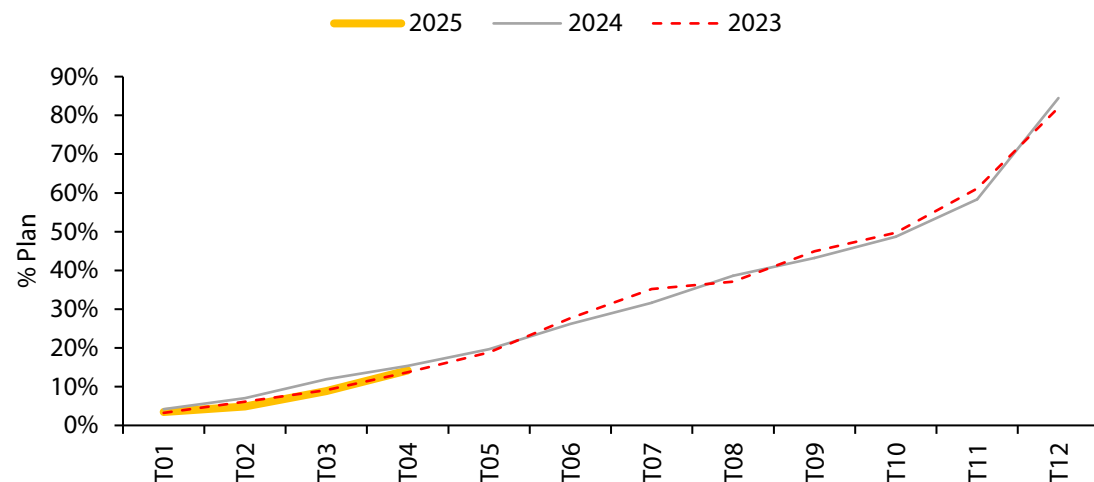
Foreign investment inflows into Vietnam have yet to reflect the impact of the tariff shock



Source: GSO, RongViet Securities

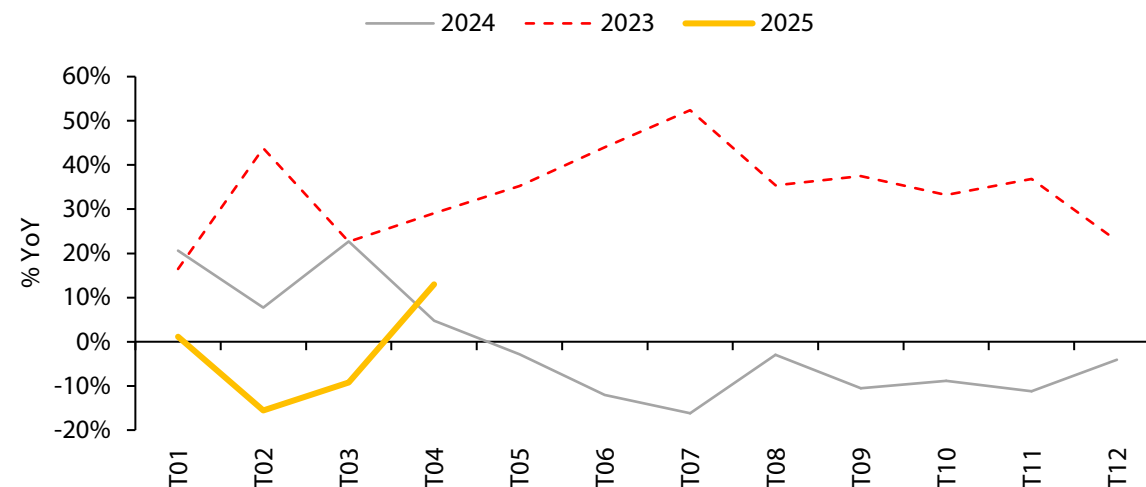
- **The April data on consumption and foreign investment has yet to fully capture the impact of the tariff shock.** Retail sales of goods and services rose by 8.8% and 19.4% YoY, respectively, with the surge in service consumption largely driven by holiday-related spending during the April 30–May 1 period. Foreign direct investment (FDI) disbursement and registrations in April 2025 reached USD 1.8 billion (+7.9% YoY) and USD 2.8 billion (-23.1% YoY), respectively.
- Since the first Trump administration, Vietnam has benefited from the China+1 manufacturing shift, as firms sought to mitigate U.S. tariff exposure. However, the Trump 2.0 administration appears more determined to close this loophole.
- Currently, **a final tariff rate of 20–25% on Vietnam is the most widely discussed scenario.** Although this rate is lower than the initial proposal announced on April 2 and still below China's, it is higher than that of other countries, which could pose a downside risk to Vietnam's future FDI inflows.

Public investment disbursement in the first four months of 2025 was roughly in line with previous years



Source: MoF, RongViet Securities

Public investment disbursement accelerated in April 2025 following a sluggish start in Q1



Source: MoF, RongViet Securities

- **Public investment disbursement accelerated in April 2025**, reaching an estimated VND 49.3 trillion—up 34.1% MoM and 89.6% YoY. This marks a significant step forward, though it still falls short of the Government's ambitious goal to disburse 100% of the capital plan assigned by the Prime Minister (VND 826 trillion, equivalent to ~7.2% of 2024 GDP and a 30% increase from 2024's actual performance).
- As of the end of Q1 2025, disbursement for national key projects totaled only VND 4.8 trillion out of the VND 87.5 trillion planned, translating to a completion rate of just 5.5%—notably lower than the overall public investment disbursement rate of ~9%.
- Amid heightened uncertainty from U.S. tariff policies that could weaken the growth momentum of manufacturing and exports, the Government has moved to accelerate public investment implementation. **There are also growing signals of openness toward public-private partnerships in key infrastructure projects, reflecting an effort to crowd in private capital to sustain long-term growth.**

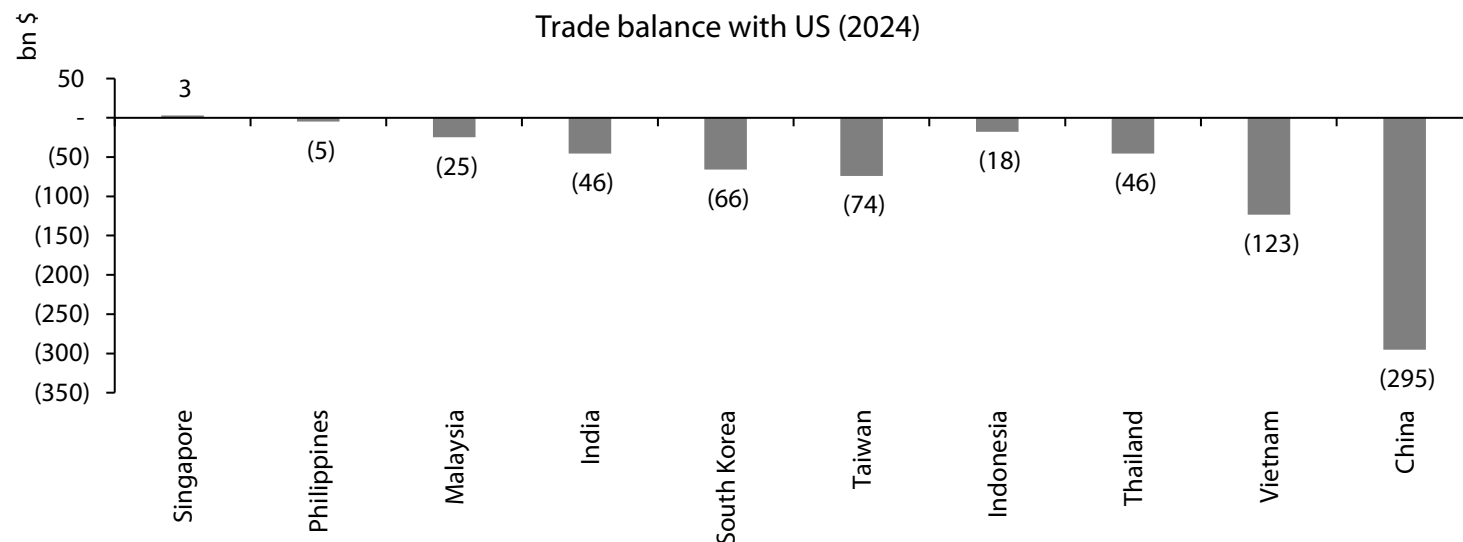
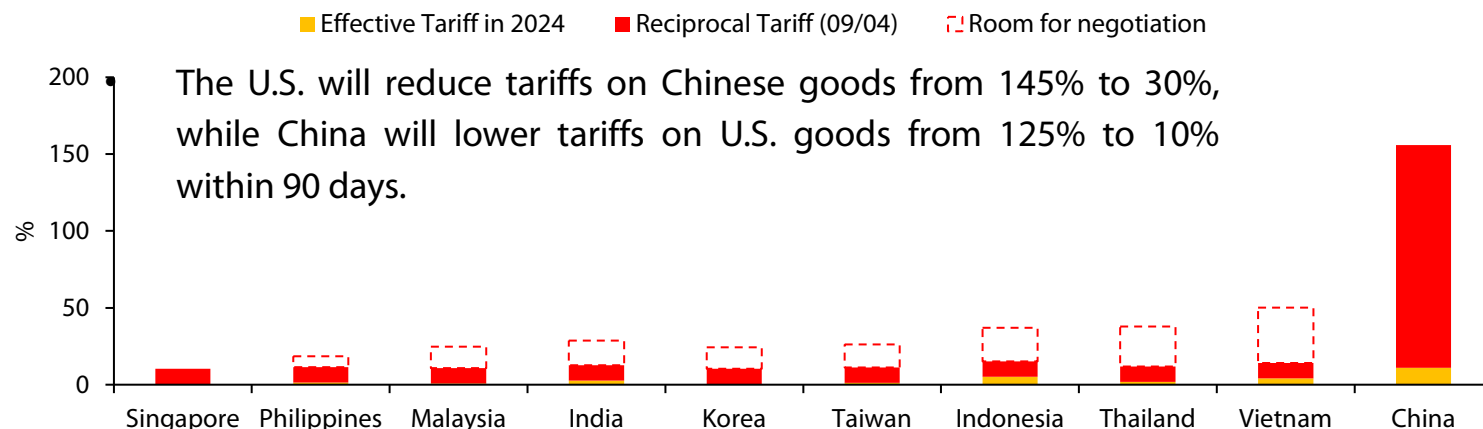
"In the past, we regarded the private sector as a component of the economy, then later as an important component. **Now, Resolution No. 68-NQ/TW marks a significant shift by affirming the private sector as the most critical driver of the national economy**"– Deputy Prime Minister Nguyen Chi Dung.

INDICATOR	Current Status	Target 2030	Target 2045
Number of enterprises	940,000	2 million	3 million
Enterprises per 1,000 people	9	20	
Enterprises deeply integrated into global value chains\	na	At least 20	Fast, strong, and sustainable development; proactive participation in global production and supply chains; high competitiveness in regional and international markets
Average GDP growth rate of the private sector	5.5%/year (avg. 2019–2023)	10-12%/year	
Contribution to state budget revenue	30% (2023)	35-40%	
Total employment	82% (2023)	84-85%	
Labor productivity growth	na	8.5-9.5%/year	
Technology capacity, innovation, digital transformation	na	Top 3 in ASEAN, Top 5 in Asia	
Contribution to GDP	52.1% (2023)	55-58%	Over 60%

Key Tasks and Policy Measures

1. Transform the mindset on the private sector's role – The State should act as a facilitator and enabler, supporting and serving private enterprises.
2. Reform institutions to respect and protect the rights of the private sector.
3. Facilitate access to essential resources such as land, capital, and high-quality human resources.
4. Promote science & technology, innovation, digital transformation, and green transition.
5. Strengthen linkages among domestic private firms and between private, state-owned, and foreign-invested enterprises.
6. Develop and scale up large and medium-sized enterprises, aiming to build regional and global private-sector conglomerates.
7. Support micro, small, and household businesses through practical and effective policies.
8. Uphold business ethics, social responsibility, and entrepreneurial spirit, while creating conditions for entrepreneurs to engage in national governance.

Negotiation room is framed around the baseline tariff rate of 10% and the retaliatory tariff levels announced on April 2



Source: Goldman Sachs, USITC, RongViet Securities

- U.S.–U.K.:** The U.K. became the first country to reach a framework agreement with the U.S., offering some early indications for how negotiations with other countries may unfold:
 - A baseline tariff rate of 10% is likely to be maintained.**
 - The final tariff level may be less important than the specifics of the agreement,** as sector- and firm-level differentiations appear to be applied.
- U.S.–China:** The initial round of discussions between the U.S. and China **marked a constructive starting point**, raising expectations for further negotiations. We believe **the trajectory of U.S.–China trade talks will be a key determinant influencing Vietnam's negotiation outcomes.**
- Negotiations with other countries are actively progressing, and the conclusion of successive bilateral agreements is expected to **gradually reduce policy uncertainty surrounding tariffs.**

MANUFACTURING AND EXPORT GROWTH SHOWS SHORT-TERM IMPROVEMENT, BUT DOWNSIDE RISKS PERSIST IN H2 2025

Selected economic indicators in the first four months vs. Full-year growth targets

% YoY	Actual Q1/25	Actual 4M2025	Target 2025	Actual 2024	2020-2024 Avg.	2022-2024 Avg.
GDP growth	6.9%	na	8.0%	7.1%	5.1%	6.8%
– Agriculture, forestry & fishery	3.7%	na	3.9%	3.3%	3.5%	3.5%
– Industry & construction	7.4%	na	9.5%	8.2%	4.5%	6.6%
– Services	7.7%	na	8.1%	7.4%	5.6%	8.1%
– Taxes & subsidies	5.0%	na	6.1%	5.7%	3.6%	4.9%
Industrial Production Index	7.8%	8.4%	9.5%	8.4%	5.2%	5.9%
Retail Sales of Goods & Services	9.9%	9.9%	12.0%	9.0%	6.3%	11.9%
Export–Import Turnover	13.8%	15.9%	12.0%	15.4%	9.2%	6.0%
Electronics Production & Imports	4.0%	5.1%	13.0%	10.1%	na	na
Public Investment	19.8%	17.7%	29.9%	-4.1%	11.2%	14.6%
Private Investment	5.5%	na	12.4%	7.7%	5.8%	6.3%
FDI	7.1%	7.3%	10.5%	9.4%	4.6%	8.8%
Inflation	3.2%	3.2%	5.0%	3.6%	3.0%	3.3%
Credit growth***	17.9%	18.2%	16.0%	15.1%	13.8%	14.3%

Source: GSO, RongViet Securities

* Exports rose by 13.0% YoY, while imports increased by 18.6% YoY in the first four months of 2025.

** Public investment data reflects estimates from GSO. According to the MoF, public investment disbursement decreased by 9.2% YoY in Q1 and increased by 13.0% YoY in the first four months of 2025.

*** Credit growth is measured as of April 15, 2025.

Date	Country	Category	Measure
Feb/2025			
01/02/2025	Canada	Immigration & Fentanyl	Imposed 10% tariff on oil and energy products, 25% on all other goods.
	Mexico	Immigration & Fentanyl	25% tariff imposed on all imported goods
	China	Immigration & Fentanyl	Additional 10% import tariff on all goods.
03/02/2025	Canada	Postponement	Tariff implementation delayed by 1 month, conditional on cooperation over border & fentanyl issues.
	Mexico		
04/02/2025	China	Immigration & Fentanyl	Officially added 10% tariff on Chinese imports.
			A 15% tariff was imposed on coal and liquefied natural gas (LNG) imported from the U.S., and a 10% tariff on crude oil, agricultural machinery, large trucks, and motor vehicles, effective from February 10, 2025.
04/02/2025	China	Retaliation	Export controls were implemented on certain rare earth elements and critical metals essential to high-tech equipment and the clean energy transition.
			An antitrust investigation was launched against Google, while several U.S. firms were added to China’s “Unreliable Entity List.”
10/02/2025	World	Steel, Aluminum	25% tariff reinstated on steel imports (effective Mar 12)
13/02/2025	World	Unidentified	A reciprocal Memorandum of Understanding (MoU) on tariffs and trade was issued.
25/02/2025	World	Copper	The Department of Commerce was requested to initiate a Section 232 investigation to determine whether copper imports pose a threat to national security.
Mar/2025			
01/03/2025	World	Wood	The Department of Commerce was requested to initiate a Section 232 investigation to assess whether imports of wood and lumber pose a threat to national security.
04/03/2025	Canada	Immigration & Fentanyl	Imposed 10% tariff on oil and energy products, 25% on all other goods.
	Mexico	Immigration & Fentanyl	25% tariff imposed on all imported goods
	China	Immigration & Fentanyl	Tariffs on all goods were raised from 10% to 20%
04/03/2025	China	Retaliation	A 10% tariff was imposed on U.S. agricultural products, including soybeans, poultry, wheat, corn, and cotton-related goods.
			An anti-dumping investigation was launched against U.S. optical fiber products.
06/03/2025	Mexico	Partial Reversal	Ten U.S. companies were added to the “Unreliable Entity List,” while 15 firms were subjected to export control measures and import bans on genetic sequencing machines.
	Canada		Revision to March 4 Tariffs: Import tariffs were waived for goods meeting USMCA rules of origin, and the 10% tariff on potash fertilizer was reduced.

Date	Country	Category	Measure
12/03/2025	World	Steel, Aluminum	Imposed a 25% import tariff on steel-related items.
	EU	Retaliation	EU is set to respond with tariffs on U.S goods worth USD 28 billion in two phases between April 1–13, 2025. Targeted products include steel, beverages (e.g., bourbon), textiles, and consumer apparel such as jeans.
	Canada	Retaliation	Canada announced a plan to impose 25% retaliatory tariffs totaling CAD 29.8 billion, including CAD 12.6 billion on steel products and CAD 14.2 billion on various consumer goods such as tools, laptops, smartphones, and sporting goods.
20/03/2025	World	Minerals	U.S has passed a law encouraging domestic exploitation and processing of strategic minerals.
25/03/2025	World	Punishment	Starting April 02, 2025, the U.S. will ban oil imports from Venezuela from any country. Entities engaging in Venezuelan oil trade will be subject to 25% import tariffs under the IEEPA.
26/03/2025	World	Auto & parts	25% import tariff on passenger vehicles will be effective April 03, 2025, with additional taxes on used vehicles implemented by May 03, 2025.
Apr/2025			
02/04/2025	World	Trade deficit	10% tariffs from April 5, 2025 for most countries, followed by additional “reciprocal” tariffs starting April 9, 2025 for countries with large trade deficits.
	China		Effective May 02, 2025, the U.S. will end tariff exemptions for low-value goods from China.
03/04/2025	World	Auto & parts	25% import tariff on passenger vehicles effective.
04/04/2025	China	Retaliation	34% reciprocal tariff on imports from U.S will come into effect on April 10, 2025. Additionally, China will: Restrict exports of rare earths including samarium, gadolinium, terbium, dysprosium, lutetium, scandium, and yttrium; Launch an antidumping investigation on U.S CT X-ray tubes; Add 11 firms to the Unreliable Entity List; Restrict exports to 15 companies and ban imports of gene sequencing machines from Illumina
09/04/2025	Global	Trade Deficit	A 10% tariff was imposed on imports from most countries, and a 145% tariff specifically on Chinese goods. These measures took effect immediately.
09/04/2025	China	Retaliation	China responded with a 125% tariff on U.S. imports, effective April 12, 2025. The government also announced no further tariff hikes, citing the current levels as unsustainable.
11/04/2025	Global	Selective De-escalation	The U.S. announced that smartphones and certain consumer electronics would be exempt from retaliatory tariffs.
17/04/2025	China	Transportation	China imposed fees on Chinese vessels docking at U.S. ports.

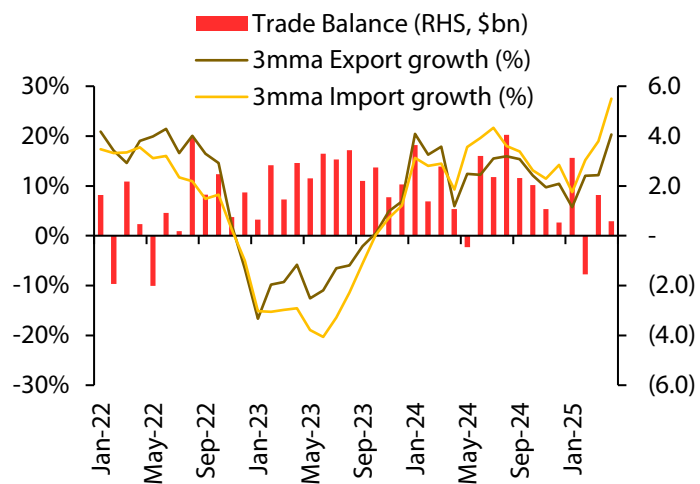
Source: RongViet Securities

Date	Country	Category	Measure
21/04/2025	Southeast Asia	Solar Panel Tariffs	Cambodia’s solar panels face tariffs up to 3,521%. Unnamed companies operating in Vietnam are subject to 395.9%, while those in Thailand and Malaysia face 375.2% and 34.4%, respectively.
26/04/2025	China	Selective De-escalation	China waived a 125% tariff increase on several U.S. imports including semiconductors and aviation parts. A 25% tariff on aluminum, steel, and related products will remain. In return, Chinese exporters benefit from credit offsets for tariffs on U.S.-bound exports. Select exporters also receive tariff refunds for the initial 3.75% levy, to be gradually reduced to 2.5% by May 2, 2027.
29/04/2025	Global	Automotive Parts / Selective De-escalation	Tariffs on auto parts exported to Canada and Mexico are being reduced. Some parts assemblers receive tariff refunds and credits to offset the 25% duty on unfinished goods. The first 3.75% duty will be gradually eliminated by 2027.
May/2025			
07/05/2025	Vietnam	Negotiation	Vietnam held its first round of negotiations with the U.S. on tariff issues.
08/05/2025	United Kingdom	Trade Agreement	The U.S. and U.K. announced a bilateral trade agreement.
10-11/05/2025	China	Negotiation	U.S.–China resumed negotiations in Geneva, Switzerland. The U.S. agreed to lower tariffs on Chinese goods from 145% to 30%, while China will reduce reciprocal tariffs from 125% to 10% over the next 90 days.

Source: RongViet Securities

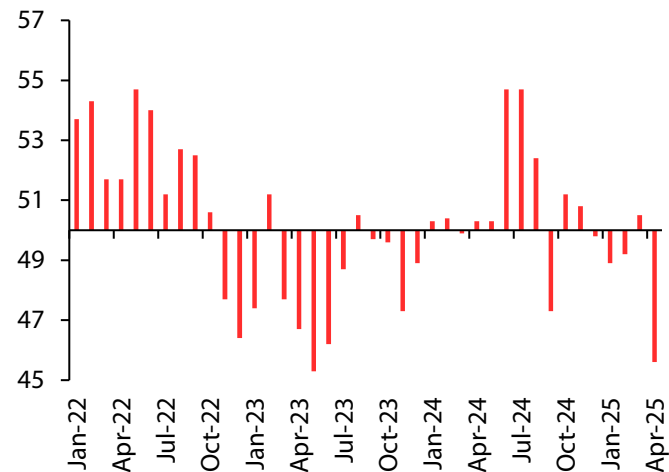
Institutional Reform	Reorganize district-level administrative units to expand provincial-level governance; streamline structures and reduce fragmentation. Review and amend Party, constitutional, and legal regulations.
Consumption	Extend deadlines for payment of value-added tax (VAT), corporate income tax, personal income tax, and land rental fees in 2025. Extend the deadline for special consumption tax payments on domestically manufactured and assembled automobiles. Expand the scope of beneficiaries eligible for VAT reductions, applicable in the second half of 2025 and throughout 2026. Develop a more open, friendly, and expansive visa policy, including the upgrade and expansion of the e-visa system.
Private Sector Development	Submit the Private Sector Development Strategy to the National Assembly in May 2025. Implement Resolution 68 on private sector development (May 2025) Reduce administrative processing time by at least 30%, cut at least 30% of business-related costs, eliminate 30% of unnecessary business conditions, and ensure 100% of administrative procedures are implemented independently of provincial jurisdictions. Study the model of "Zero-Tax Port." Promote special development policies for areas such as Van Don, Van Phong, border trade zones, and key regional economies.
Public Investment	Explore new sources of public investment including state budget, foreign aid, and development financing. Prioritize trade infrastructure development and regularly review incentives for focused investment allocation. Save 10% of recurring expenditures to boost 2025 capital for key transport projects like the Lao Cai – Hanoi – Hai Phong expressway. Ensure 2025 disbursement reaches 100% of the government's planned capital allocation.
Foreign Investment	Improve legal frameworks, incentive mechanisms, and national competitiveness to attract large-scale, high-tech FDI. Advance the development of a "National Gateway Port System."
Monetary Policy	Encourage state-owned commercial banks to participate in bad debt resolution and support restructuring of weak credit institutions to boost capital flow into the economy. Study on assigning additional credit growth targets. Develop implementation plans for a VND 500 trillion credit package focused on strategic infrastructure and digital technology investments. Monitor interest rate movements and lending behavior closely; prohibit commercial banks from increasing rates outside policy guidance. Study the deployment of a VND 100 trillion credit package for agriculture, forestry, and aquaculture. Draft a Central Resolution on national financial reform and regional financial hubs. Issuance of Decree No. 94 on the regulatory sandbox mechanism for the banking sector. Develop a pilot mechanism for regulating activities related to virtual assets and tokenized assets.
Real Estate	Remove legal barriers to allow businesses, foreigners, and workers to purchase and rent social housing. Expand credit access for first-time homebuyers under 35 years old. Study the establishment of a "National Housing Fund" to support the development of affordable housing in major urban areas, social housing, and homes for individuals under 35 years old. Apply targeted measures to resolve difficulties in large-scale real estate projects in Ho Chi Minh City, Da Nang, and Khanh Hoa.
Capital Markets	Finalize key market standards and upgrade national market classification by the end of 2025.

Trade balance



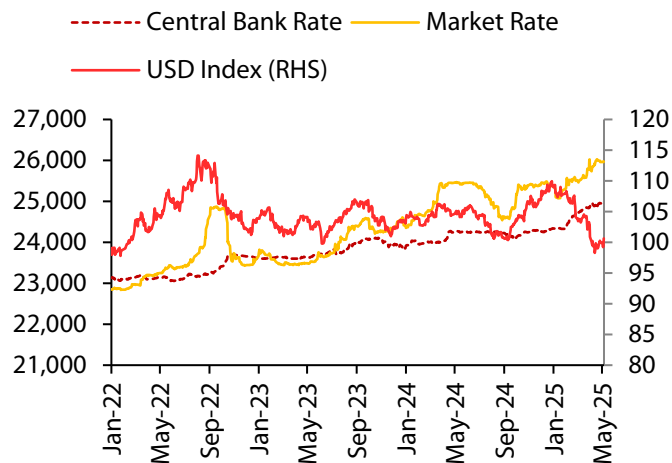
Source: Customs, RongViet Securities

Vietnam PMI Index



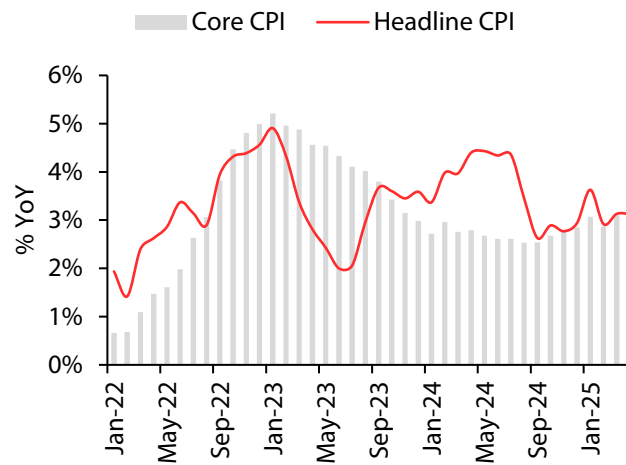
Source: S&P Global, RongViet Securities

USDVND exchange rate



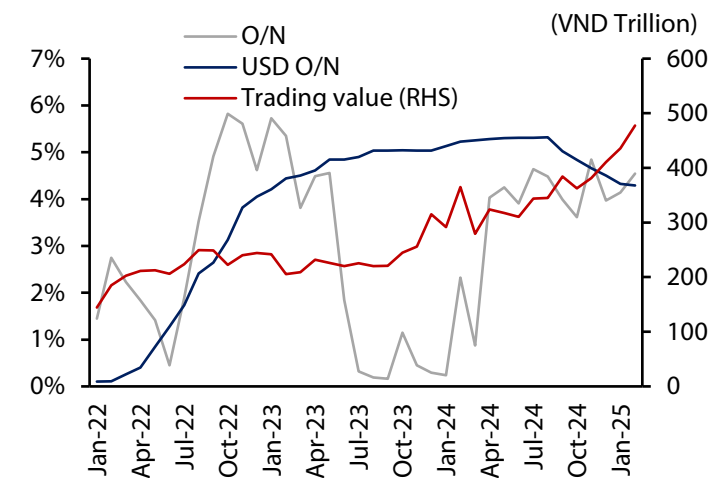
Source: Fiinpro, Bloomberg, RongViet Securities

Vietnam inflation rate



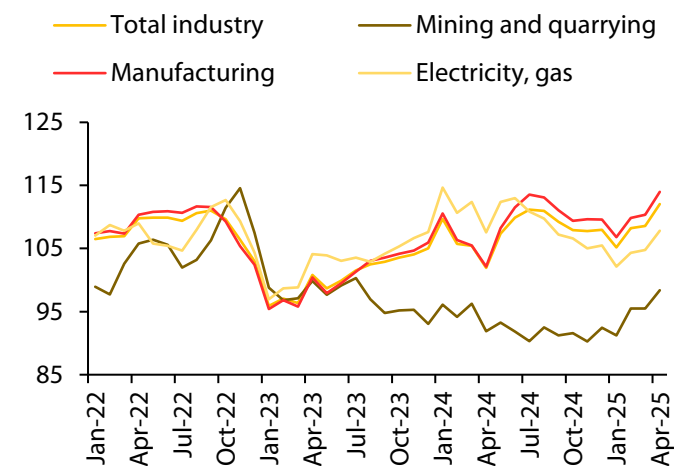
Source: GSO, RongViet Securities

Interbank interest rates



Source: SBV, RongViet Securities

3M average industrial production index



Source: GSO, RongViet Securities



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