

## **MACRO UPDATE SEP 2025**

# **FDI-LED GROWTH PERSISTS POST-NEW TARIFFS**



- It has been more than a month since the US imposed a 20% tariff on Vietnamese goods. **Vietnam's export growth to the US market has remained relatively strong, though the pace has moderated compared to the previous month.** The sustained export momentum is a positive driver for growth; however, **the strength in exports has been concentrated in the FDI sector and in electronics, rather than stemming from the domestic sector.**
- Over the past two months, **the manufacturing industrial production index (IPI) has continued to post solid growth, though revised figures are typically about 2 percentage points lower than the preliminary estimates.** In August, the IPI rose 8.9% YoY, while the PMI stood at 50.4, roughly in line with its long-term average. This suggests that **Vietnam's manufacturing activity is unlikely to expand further in the coming months.**
- **Goods consumption accelerated in August 2025.** However, in 8M2025, retail sales of goods and services have not changed significantly compared with the trend in the first half of the year. In September, the government disbursed roughly VND10.7 trillion for holiday gifts to citizens on the occasion of National Day (September 2). The program was equivalent to only 0.1% of GDP and 0.2% of total retail sales of goods and services, thus, its impact was negligible.
- In last month's macroeconomic update, we highlighted investment as a key growth driver. **Although public investment disbursement showed signs of slowing, public investment expenditure still recorded a strong increase (+49% YoY).** At the same time, **credit growth continued to accelerate, and FDI disbursement improved slightly in August 2025.** For the remaining four months of the year, in order to meet the target of disbursing 100% of the plan assigned by the Prime Minister, **total public investment disbursement is projected at around VND450 trillion, equivalent to an average of VND113 trillion per month.**
- **Despite substantial fiscal space, increasing borrowing and issuing government bonds (GBs) in 2025 has faced practical challenges.** The government recently set a ceiling of more than VND815 trillion for borrowing in 2025, about VND20 trillion lower than the borrowing plan submitted to the National Assembly in October last year. In reality, the government had borrowed only about VND212 trillion (~26% of the plan) in the first half of 2025. Meanwhile, government bond issuance slowed in Q3 2025, with cumulative issuance in the first eight months reaching nearly VND239 trillion (on par with the same period last year and fulfilling 48% of the annual plan).

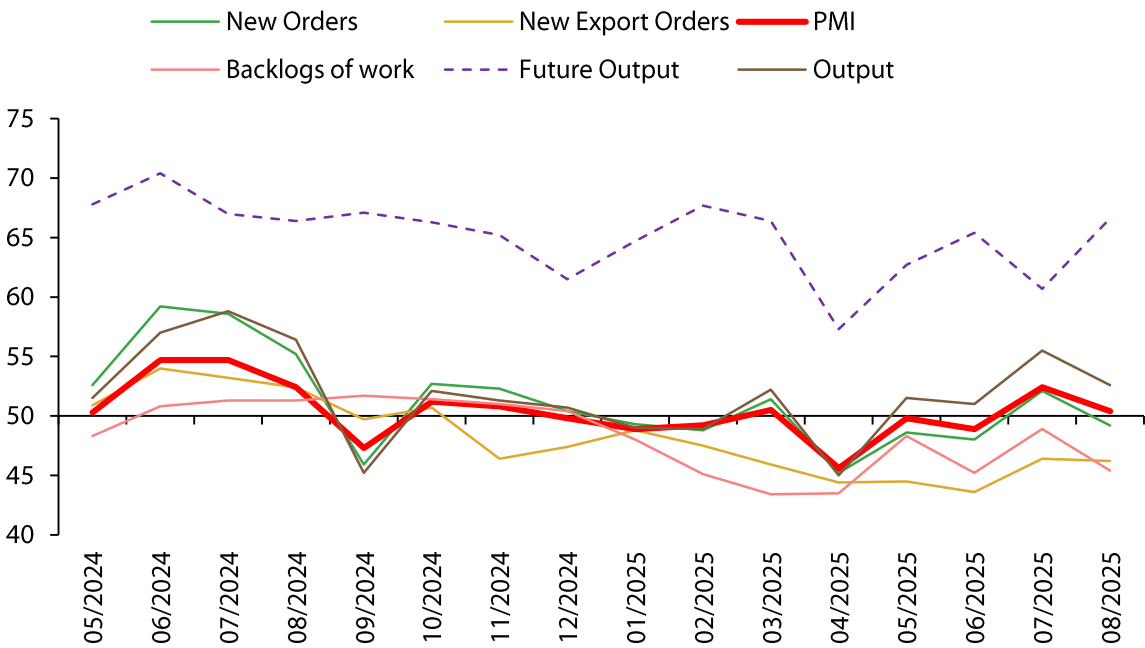
IIP growth by sector

% YoY, 3MMA	03/25	04/25	05/25	06/25	07/25	08/25
Food processing	9.0	13.2	11.6	11.0	10.6	9.9
Beverage	(2.0)	2.5	1.7	4.9	4.4	5.8
Textile	15.3	19.4	17.0	15.9	14.8	11.5
Leather	18.8	22.1	14.7	14.2	10.3	8.1
Wood processing	17.9	22.4	10.4	6.3	5.1	6.2
Chemical	4.5	11.0	9.1	9.4	8.9	7.0
Medicine	0.1	9.1	(5.7)	(8.3)	(3.5)	2.6
Rubber, plastic	16.4	24.0	18.5	18.2	18.6	19.0
Metal production	3.1	10.9	16.0	16.3	14.6	12.3
Electronics	10.8	12.2	9.8	6.8	4.5	4.2
Motor vehicles	37.8	35.5	26.4	32.2	27.1	22.5
Other manufacturing sectors	8.9	14.9	8.7	6.7	4.7	4.6
Electricity production and distribution	4.8	7.0	4.1	3.1	4.9	6.0
IIP	8.6	12.3	9.7	9.0	8.3	8.1

Source: GSO, RongViet Securities

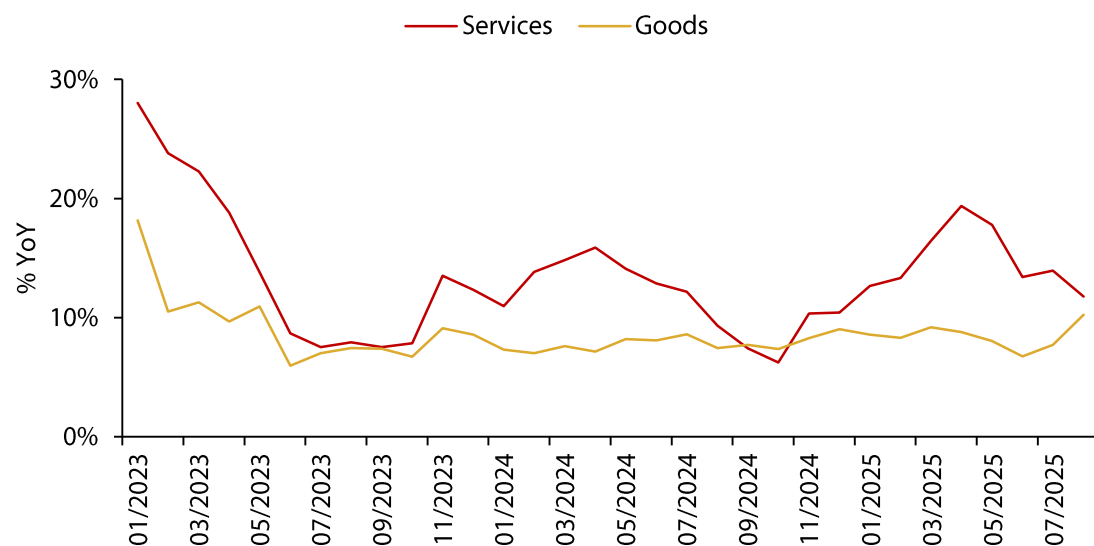
- Manufacturing industrial production grew by 9.5% YoY in August 2025, higher than the revised figure of 7.6% in July. **The growth momentum across most industries has been gradually weakening**, with positive performance sustained only in a few sectors such as rubber, plastics, and motor vehicle manufacturing.
- The PMI retreated from 52.4 in July to 50.4 in August.** The improvement in orders seen in July proved unsustainable, as both new orders and export orders contracted in August. Nonetheless, stronger expectations for future output and ongoing growth in current production helped keep the PMI above the 50-point threshold.

Vietnam's PMI



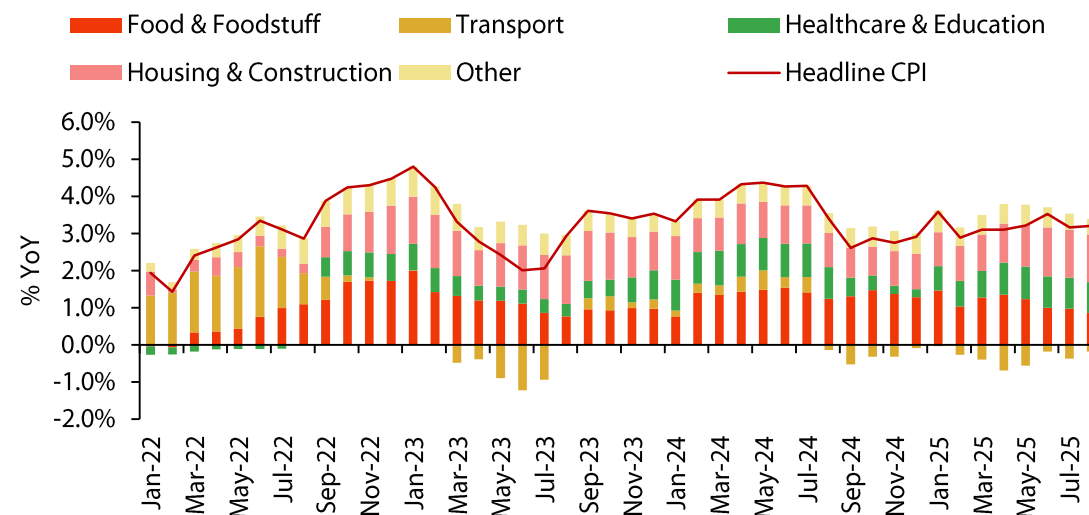
Source: S&P Global, RongViet Securities

## Retail sales growth



Source: GSO, RongViet Securities

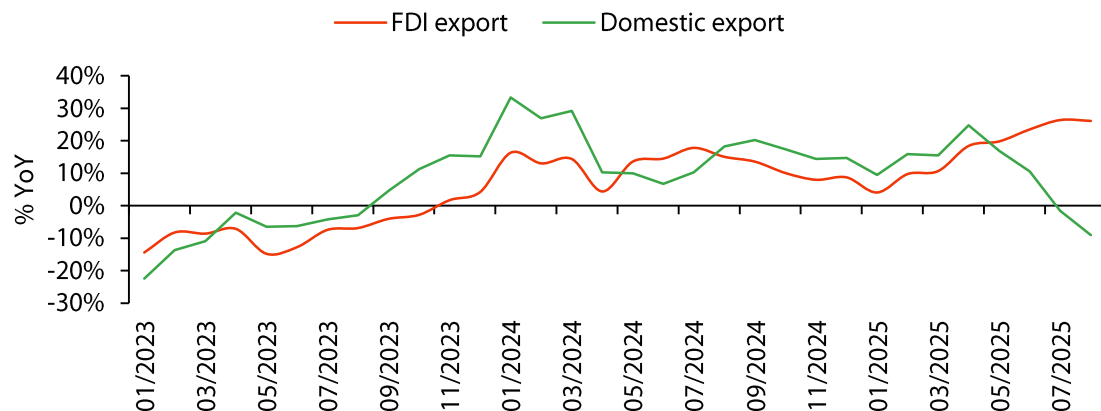
## Vietnam's CPI breakdown



Source: GSO, RongViet Securities

- **Goods consumption growth improved in August.** Retail sales of goods rose 10.3% YoY, higher than the 7.7% growth recorded in the previous month. Meanwhile, retail sales of services increased by only 11.8%, down from 13.9% in July. Although August data showed some improvement, cumulative retail sales of goods and services in the first eight months of 2025 grew by 9.4% YoY, broadly unchanged from the pace in 1H2025.
- **Goods price inflation remained largely stable, in contrast with the rising trend in gold and the USD.** The consumer price index (CPI) rose by only 0.05% MoM in August, as declines in pork and fuel prices offset increases in housing rents, household electricity tariffs, education services, and back-to-school goods. Headline inflation in August stood at 3.2% YoY, unchanged from the previous month, while gold and USD prices surged by 48.6% and 4.4% YoY, respectively.

## Export growth by sector



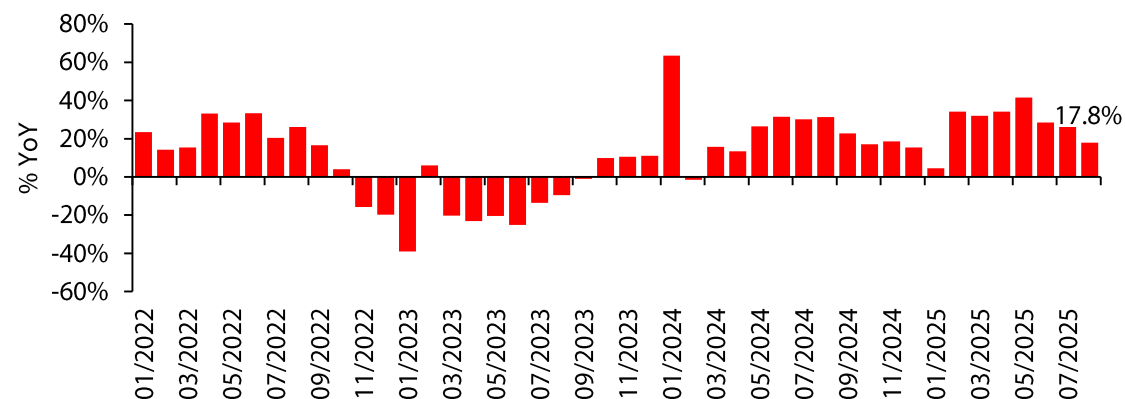
Source: GSO, RongViet Securities

- **Vietnam's trade activity has shown a certain degree of resilience following the imposition of new US tariffs.** However, this resilience has been driven primarily by the FDI sector and electronics exports.
- Export growth reached 14.8% YoY in August, up 2.6% MoM. Within this, the FDI sector exports rose 27.3% YoY (+2.7% MoM), while the domestic sector exports fell by 15.7% YoY.
- Exports to the US increased 18.3% YoY in August, lower than the 26% growth recorded in the previous month. Shipments to the US remained strong in categories such as electronics, toys, chemicals, plastics, and rubber.

## Export growth to the US by category

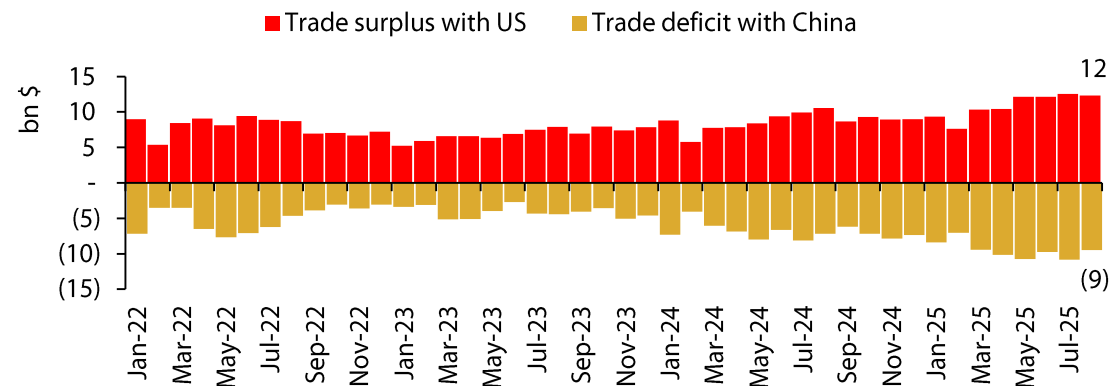
% YoY, 3MMA	03/25	04/25	05/25	06/25	07/25	08/25
Fishery	17.2	23.0	25.5	14.5	4.0	(13.3)
Agriculture	29.2	40.2	34.8	26.8	12.4	(12.9)
Chemical	38.0	43.2	44.5	40.0	47.3	40.7
Rubber & Plastics	36.3	36.7	33.9	35.8	42.3	31.5
Textile	16.0	21.8	20.2	19.4	13.9	6.9
Footwear	18.6	25.0	14.5	11.7	4.8	2.2
Handbag	17.6	24.1	21.1	20.4	14.7	7.9
Wooden products	18.3	21.5	14.2	11.1	11.0	2.0
Paper	32.2	35.8	28.4	26.5	29.9	24.6
Electronics	27.9	45.3	56.2	58.7	59.1	57.8
Steel	(21.1)	(24.7)	(20.4)	(25.0)	(23.3)	(28.4)
Machinery	27.4	36.9	27.9	21.7	11.2	2.7
Transport equipment	(0.1)	15.5	17.7	22.1	15.2	9.1
Others	27.0	32.9	26.5	26.9	29.9	24.9
Toys	161.0	186.5	204.3	257.0	282.6	272.3
<b>Total</b>	<b>23.6</b>	<b>33.5</b>	<b>34.1</b>	<b>34.0</b>	<b>31.3</b>	<b>25.4</b>

## Export Growth to the US Slows but Remains High



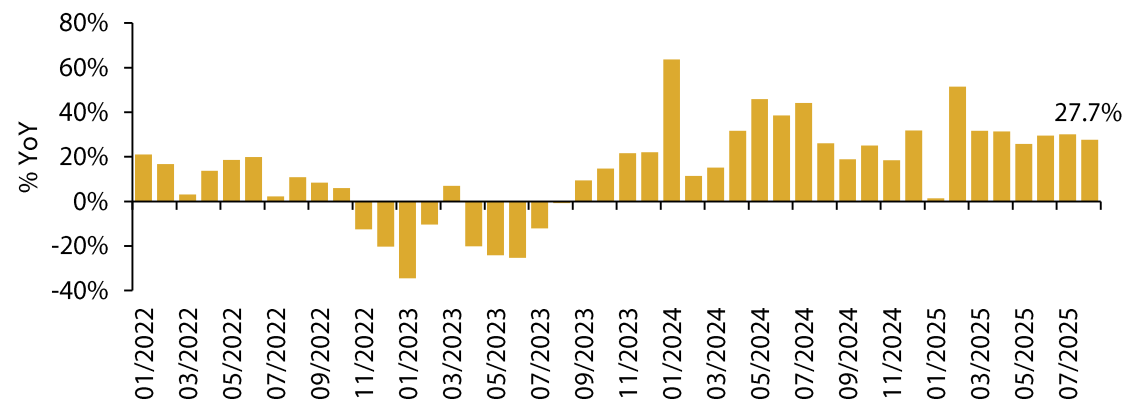
Source: Customs, RongViet Securities

## Vietnam-US Trade Surplus Up 27% YoY in 8M2025



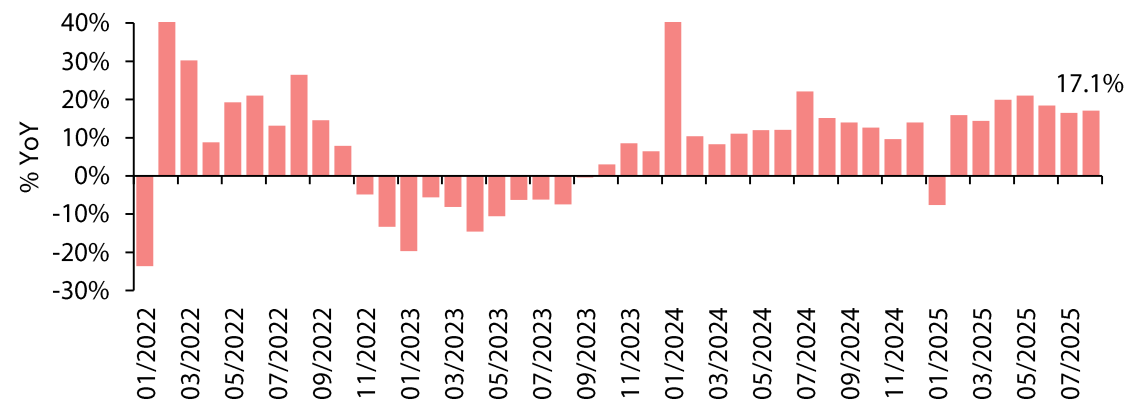
Source: Customs, RongViet Securities

## Import Growth from China Stable at +27.5% YoY in 8M2025



Source: Customs, RongViet Securities

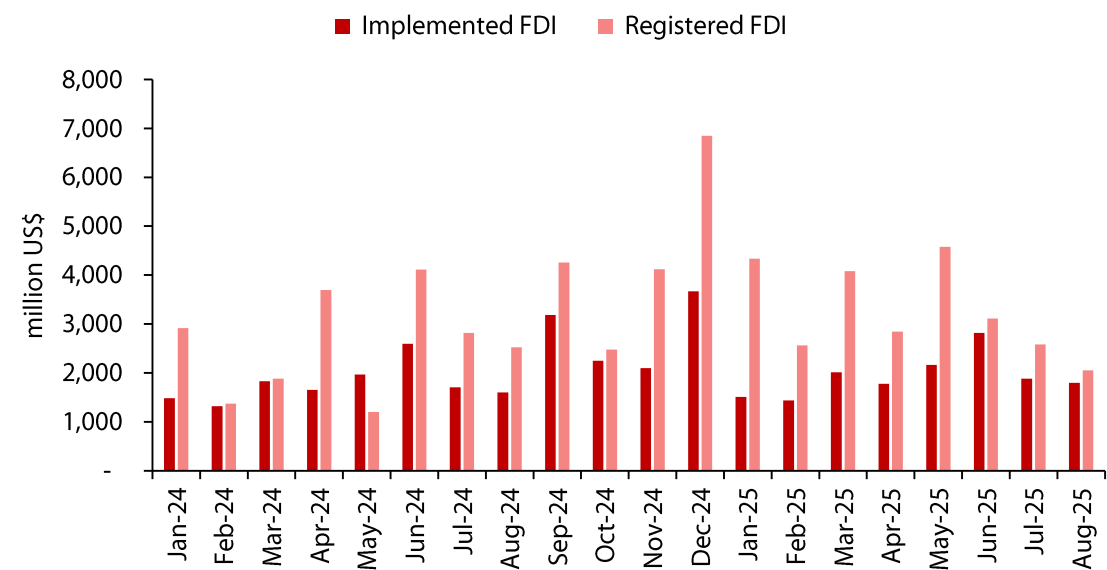
## Export Growth to Non-US Markets Strong at +15% YoY in 8M2025



Source: Customs, RongViet Securities



## Monthly registered and disbursed FDI



Source: MoF, RongViet Securities

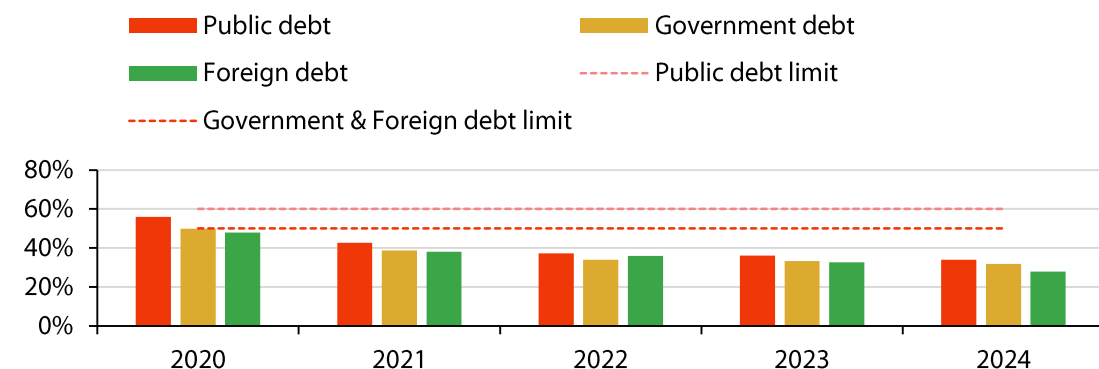
## FDI attraction by partner and sector

	Before 02/04	7M2025
Newly and additional capital	29%	22%
By country		
- China	47%	3%
- Other	24%	31%
By sector		
- Manufacturing	65%	0%
- Real estate	46%	95%
- Other	-52%	97%
Disbursed FDI	7%	9%

Source: MoF, RongViet Securities

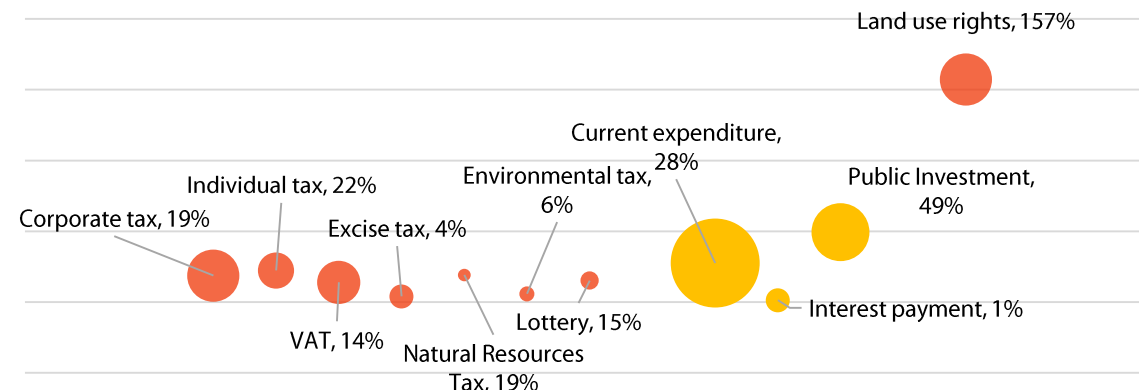
- **Realized FDI in August 2025 rose 12.5% YoY but declined 4.3% MoM.** Cumulatively, in the first eight months of 2025, FDI disbursement reached USD 15.5 billion, up 8.8% YoY, of which the manufacturing sector accounted for USD 12.6 billion.
- **FDI inflows in July 2025 totaled USD2.1 billion, down 18.8% YoY and 20.5% MoM.** Cumulatively, registered FDI reached USD26.1 billion in 8M2025, up 27.4% YoY. Registered FDI into manufacturing stood at USD15.3 billion (+7.7% YoY). Excluding capital contributions and share purchases, registered and additional FDI in this sector amounted to USD13.6 billion, broadly unchanged from the same period last year.
- Notable FDI projects in August included Luxshare-ICT (Bac Ninh, USD 300 million), GE Vernova (Hai Phong, USD 207 million), and Hailide Fibers (Tay Ninh, USD 200 million).

## Vietnam Debt/GDP ratio



Source: MoF, RongViet Securities

## The State Revenue/Expenditure growth in 8M2025

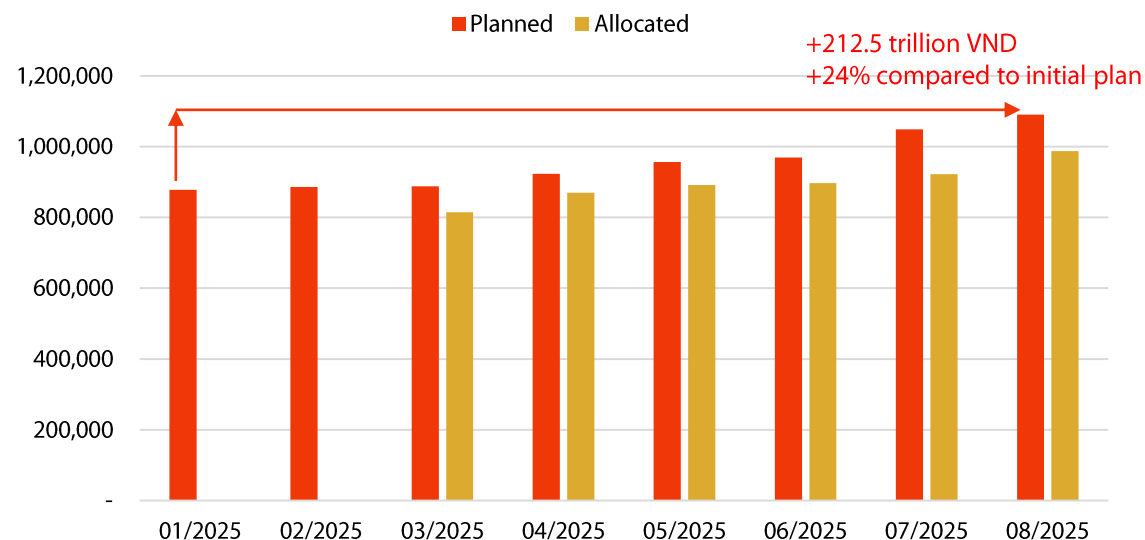


Source: MoF, RongViet Securities

- **The newly released national public debt report shows that the public debt-to-GDP ratio declined to just 34% at end-2024, well below the statutory ceiling of 60%** (with a warning threshold of 55%). Government debt and external debt stood at 31.8% and 27.9% of GDP, respectively, both below their respective ceilings of 50% (warning threshold: 45%).
- **With substantial fiscal space, the government recently set a ceiling of more than VND815 trillion in borrowing for 2025**, around VND20 trillion lower than the plan submitted to the National Assembly in October last year. In reality, only about VND212 trillion (~26% of the plan) was borrowed in 1H2025. Meanwhile, government bond issuance showed signs of slowing in Q3 2025, with cumulative issuance in 8M2025 reaching nearly VND239 trillion (broadly flat YoY increase and fulfilling 48% of the annual plan).
- Despite significant funding needs for development investment, **the budget position remains relatively comfortable**, with an 8M2025 fiscal surplus of VND290 trillion, contrasting with the full-year deficit target of VND471.5 trillion. At the same time, the government aims to increase revenue by 25% compared with the approved plan, to nearly VND2.5 quadrillion in 2025 (~31% increase over the 2024 outturn). Budget revenue in 8M2025 was estimated at VND1.7 quadrillion, up 28.5% YoY, suggesting that **the government's revenue target is achievable**.

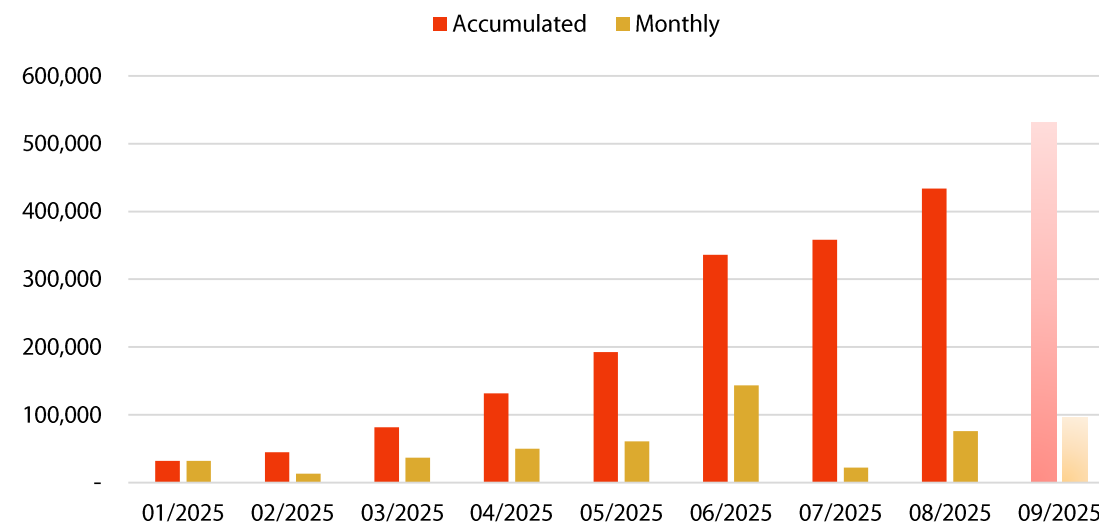


## Public investment plan in 2025 (trillion VND)



Source: MoF, RongViet Securities

## Monthly public investment disbursement (trillion VND)



Source: MoF, RongViet Securities

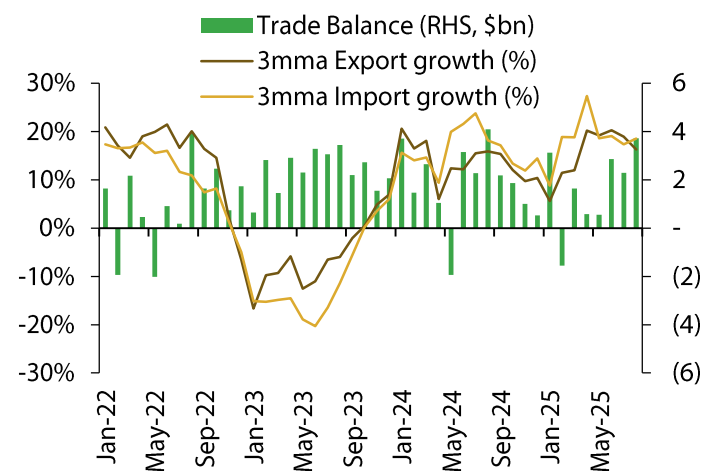
- **Public investment disbursement slowed significantly in July, with only VND22 trillion disbursed.** According to estimates from the Ministry of Finance, disbursement accelerated again in August, rising by approximately VND76 trillion. Cumulatively, in the 8M2025, public investment disbursement was estimated at VND434 trillion, equivalent to about 40% of the annual plan and up roughly 49% YoY.
- The government has set a target of disbursing an additional VND97 trillion in September, which would bring total disbursement in 9M2025 to VND531 trillion (~60% of the Prime Minister's assigned plan).
- **For the remaining four months of 2025, in order to fully meet the government's disbursement target, public investment disbursement is projected at around VND450 trillion, averaging VND113 trillion per month.**

## 8M2025 Macroeconomic indicators compared to 2025 Target

	2025 Target (old)	2025 Target (new)	2024 Actual	Q125 Actual	Q225 Actual	1H25 Actual	8M25 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%	8.5%
Retail Sales of Goods & Services	12.0%	na	9.0%	9.5%	9.0%	9.3%	9.4%
Export-Import Turnover <sup>1</sup>	12.0%	na	15.4%	13.8%	19.8%	16.6%	16.3%
Trade surplus (\$ billion)	30	na	25	3.2	4.5	7.7	14.0
Electricity Production & Imports	13.0%	12.5-13.0%	10.1%	4.0%	4.2%	3.0%	4.3%
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%	8.8%
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%	19.9%
FX USDVND <sup>4</sup>	na	na	25,551	25,740	26,300	26,300	26,502

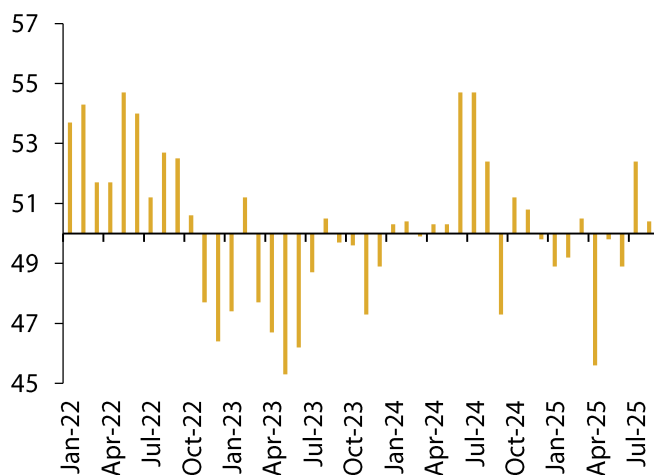
Source: GSO, SBV, RongViet Securities, <sup>1</sup> exports grew by 14.8% and imports increased by 17.9% YoY in 8M25. <sup>2</sup> According to the GSO's estimates, actual public investment capital disbursed from the state budget, as reported by the MoF, reached over VND434 trillion by the end of August 2025, an increase of 49% 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.

## Trade balance



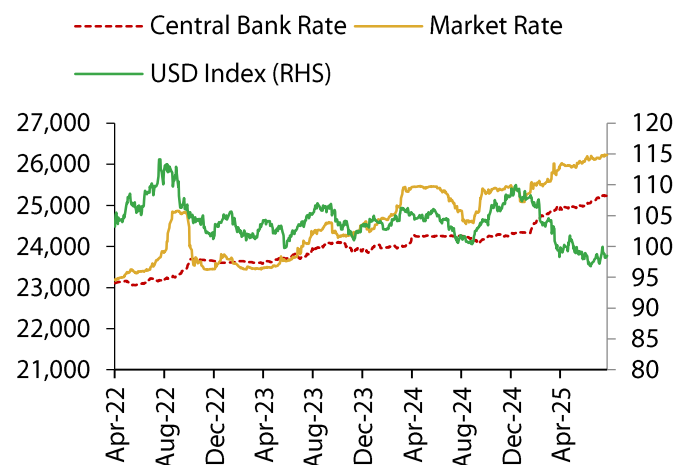
Source: Customs, RongViet Securities

## Vietnam PMI Index



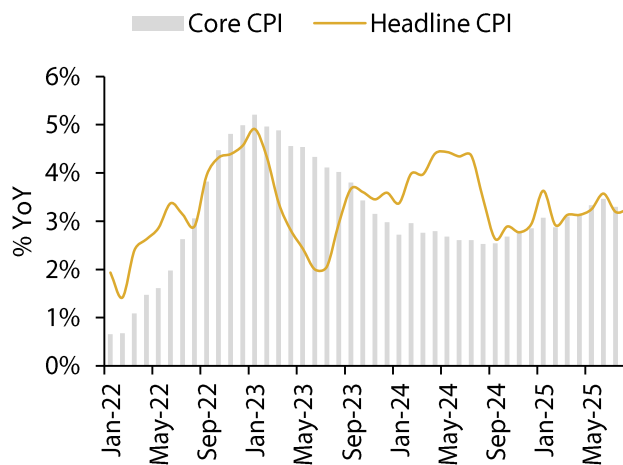
Source: S&P Global, RongViet Securities

## USDVND exchange rate



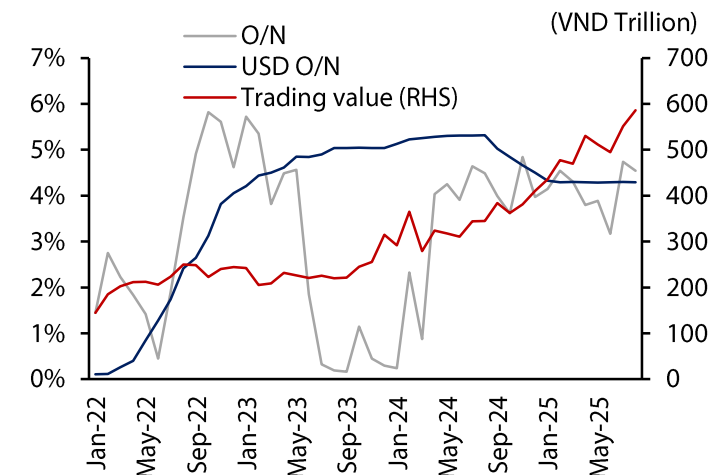
Source: Bloomberg, RongViet Securities

## Vietnam inflation rate



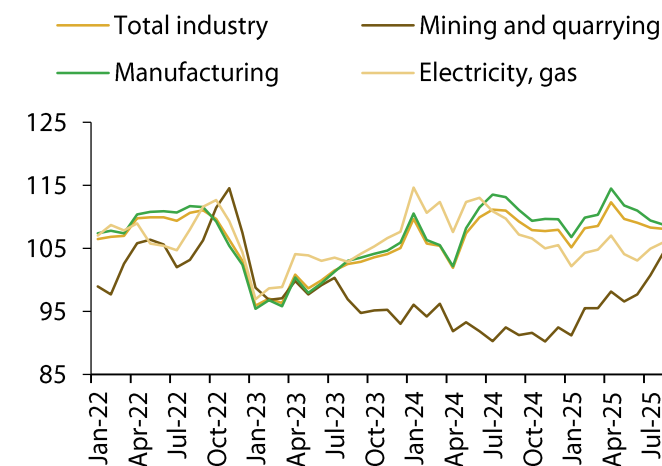
Source: GSO, RongViet Securities

## Interbank interest rates



Source: SBV, RongViet Securities

## 3M average industrial production index



Source: GSO, RongViet Securities

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