

MACRO UPDATE
October 2025

**STABLE MACROECONOMIC BACKDROP
FOSTERS GROWTH MOMENTUM**

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KEY TAKEAWAYS ON MONTHLY ECONOMIC DATA

SPOTLIGHT

Economic data for October 2025 indicates that key growth drivers remain intact. Year-to-date (YTD) credit growth exceeded 15%, and public investment disbursement increased by 15.6% YoY (VND464tn, fulfilling 51.7% of the Prime Minister's target). Meanwhile, other drivers, such as consumption and export activities, are showing signs of moderation.

- Retail sales decelerated significantly in October, recording +7.2% YoY (vs. +11.3% YoY in September) and 0.2% MoM.** This was primarily driven by a 0.4% MoM decline in goods retail sales, while both the services and tourism retail segments also experienced a slight moderation. The impact of tariffs is becoming increasingly apparent and substantial.
- Exports from domestic enterprises contracted by 17.4% YoY (10M25: +0% YoY),** particularly for products not on the US tariff exemption list, such as rice, petroleum products, timber, textiles & garments, and iron & steel. In the first 10 months of 2025, Vietnam recorded a trade surplus of 19.56bn USD (vs. 23.28bn USD in 10M24), with export growth at 16.2% YoY and import growth at 18.6% YoY.
- Manufacturing activity continued to improve in October, with the Manufacturing PMI reaching 54.5 (September: 50.4).** The Index of Industrial Production (IIP) registered 2.4% MoM and 10.8% YoY, driven notably by metals production (10M25: +13.8% YoY) and automotive manufacturing (10M25: +23.5% YoY). Export order volumes also improved in October, supporting total manufacturing orders and employment levels. We expect manufacturing activity to gain further momentum in 2026; notably, business confidence, according to the S&P Global survey, has reached a 16-month high.
- FDI inflows remained stable during the first 10 months of the year, with total registered capital reaching 31.52bn USD (+15.6% YoY) while total disbursed FDI capital reached approximately 21.3bn USD (+8.8% YoY).** We maintain our perspective that Vietnam will continue to attract strong FDI inflows as impacts of trade war would gradually moderate in 2026. This outlook is supported by the lack of significant deviation in US reciprocal tariffs applied to Vietnam compared to its Southeast Asian peers, and the persistence of the "China + N" trend as manufacturers continue to diversify their supply chains.

MACRO INDICATORS

Monthly Data	Oct-2025	MoM	YoY	YTD
PMI	54,5	-	-	-
Industrial Production (YoY) (IIP)	-	+2.4%	+10.8%	+9.2%
Retail Sales of Goods and Services (Trillion VND)	598	+0.2%	+7.2%	+9.3%
Export Value (Bn USD)	42,0	-1.5%	+18.0%	+16.8%
Import Value (Bn USD)	39,4	-1.0%	+17.4%	+17.5%
Trade Balance (Bn USD)	2,6	-8.5%	+28.0%	-18.8%
Disbursed FDI (Bn USD)	2,5	+22.3%	+11.6%	+8.8%
Registered FDI excluding Capital Contribution (Bn USD)	2,47	+33.9%	+3.6%	+11.0%
Disbursement of public investment (Tn VND)	91,0	+5.1%	+34.1%	+27.8%

KEY TAKEAWAYS ON MONETARY POLICIES

SPOTLIGHT

Amidst strengthening growth momentum, the State Bank of Vietnam (SBV) continues to maintain an accommodative monetary policy with a neutral interest rate environment. The exchange rate and inflation have simultaneously been held stable, consistent with macroeconomic stability objectives.

- Inflation remains contained below the government's target (average CPI of 4.5% in 2025).** Specifically, the October CPI registered a 0.2% MoM and 3.25% YoY increase, primarily attributable to stable petroleum prices. Core CPI reached 3.2% YoY, and the average CPI for 10M25 stood at 3.27% YoY.
- Regarding the overall monetary policy orientation, **the SBV maintained the outstanding volume on the open market operations (OMO) channel at approximately VND230-240tn, with a 4% base rate**, combined with proactive liquidity injections and withdrawals on the interbank channel.
- In the context of accelerating credit demand in 2025, **a shortfall in funding mobilized from Market 1 (deposits from residents and institutions) has further highlighted the role of the SBV and the State Treasury (STV) in monitoring banking system liquidity.** This is particularly evident through deposit auctions at the state-owned commercial banks (where the average STV deposit balance is approximately VND400tn), which indirectly impacts interbank rates. The overnight rate has averaged around 5% and at times touched the 6.0% level.
- Looking ahead to the final months of 2025 and the 1H26, we expect deposit and lending rates to continue their upward trend.** This trend has already been forming over the past two months as credit demand continues to accelerate into the year-end. This is particularly pronounced for commercial banks, which face rate competition simultaneously in both Market 1 and Market 2.
- The higher interest rate environment also supports an improvement in swap rates, with the overnight VND-USD interest rate differential now reaching nearly 2%** (the 1-year tenor recorded 2.5% on November 7). This contributed to a moderation in exchange rate pressure in October, with YTD depreciation at approximately 3.1% (at Vietcombank). Nonetheless, the exchange rate on the free market exhibited strong volatility, recording nearly 8% YTD depreciation, reflecting significant short-term demand for foreign currency.

MACRO INDICATORS

Monthly Data	Oct-2025	MoM	YoY	YTD
Consumer Price Index (CPI)	-	+0.20%	+3.25%	+3.27%
USDVND Exchange rate*	26,347	-0.37%	+3.52%	+3.11%
USDVND Exchange rate on the free market**	27,780	+0.20%	+3.25%	+7.67%
Refinancing rate	4.50%	+0 ppt	+0 ppt	+0 ppt
OMO Interest rate (Monthly Avg.)	4.00%	+0 ppt	+0 ppt	+0 ppt
Overnight Interbank Interest rate (Monthly Avg.)	4.94%	+0.7 ppt	+1.3 ppt	+1 ppt

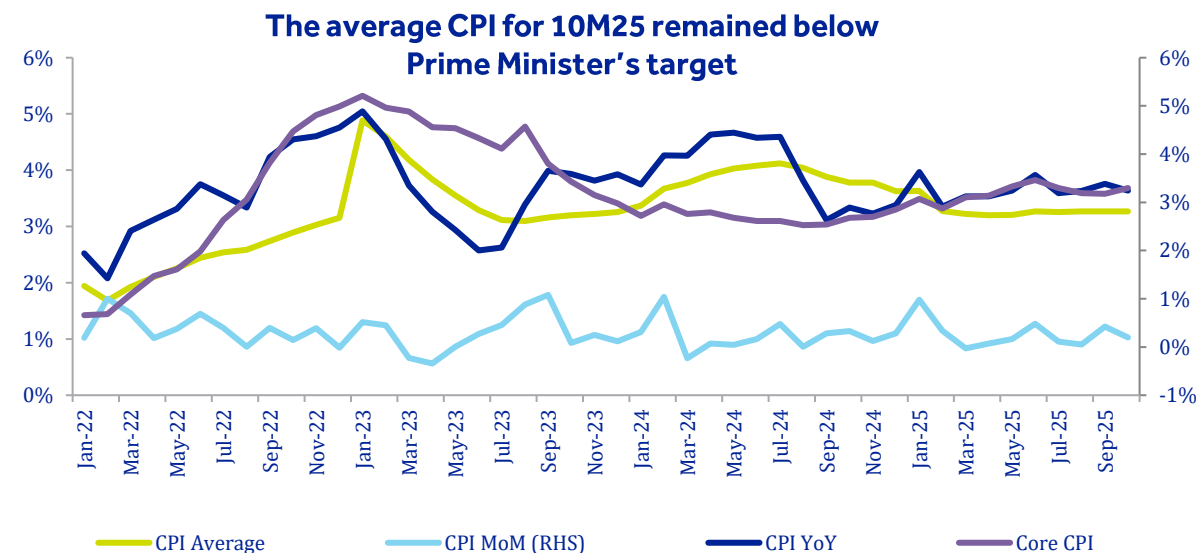
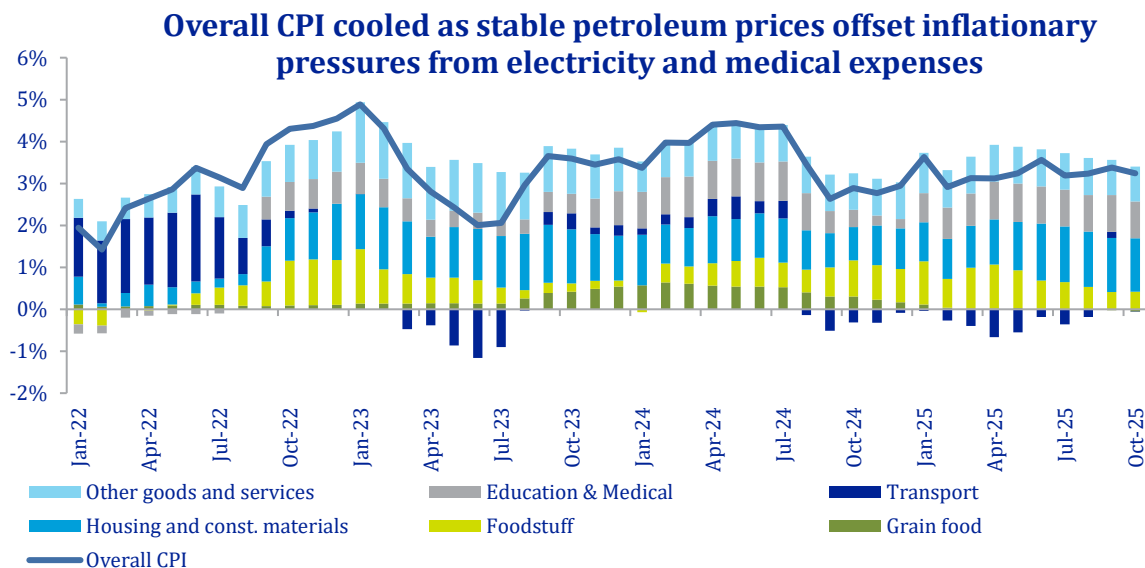
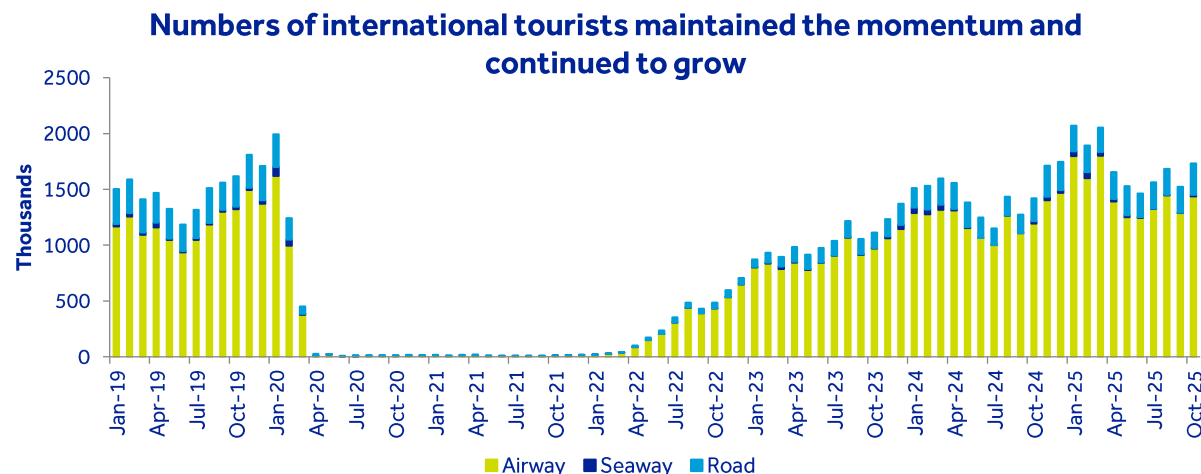
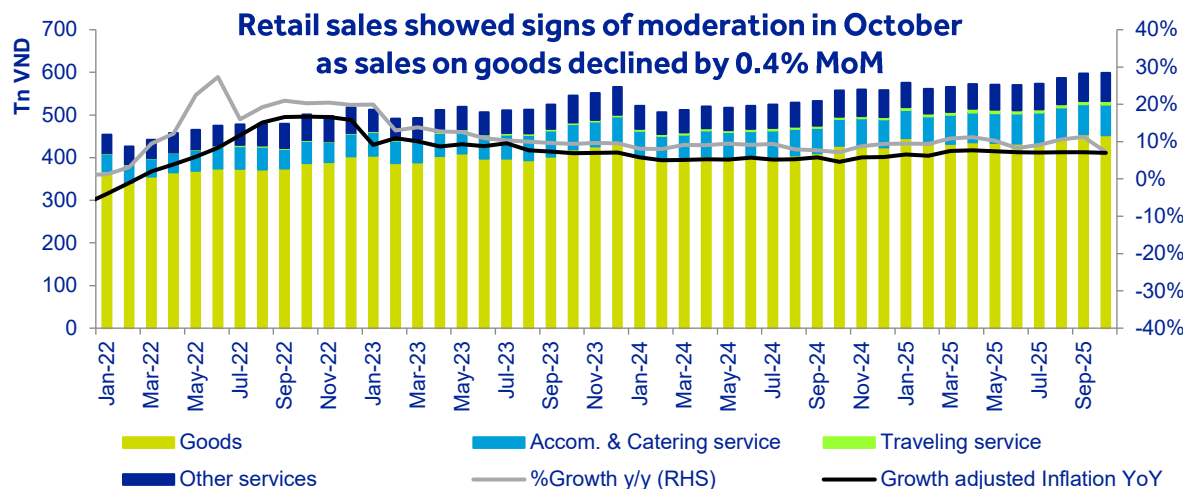
*Ask rate by Vietcombank on 10/31/2025
**Average bid-ask rate on 10/31/2025

Domestic consumption moderates while inflation remains stable

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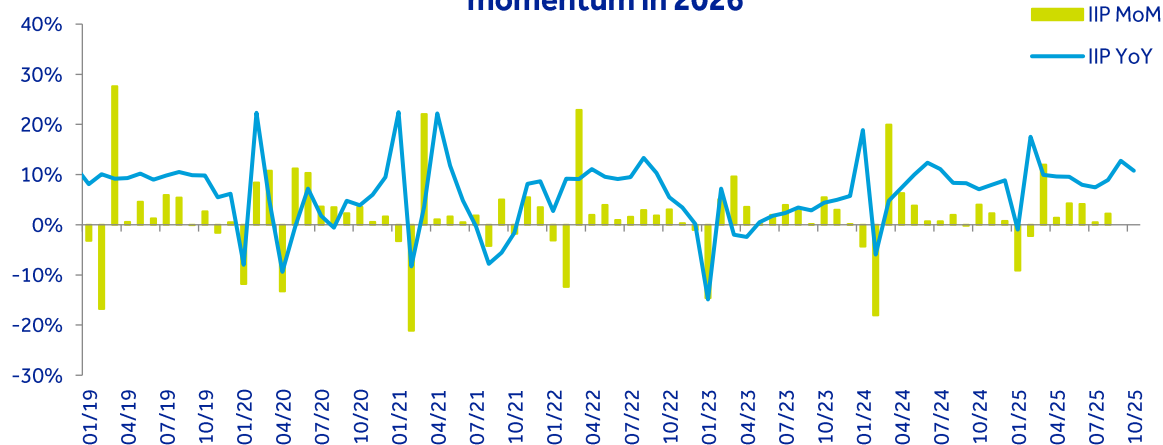
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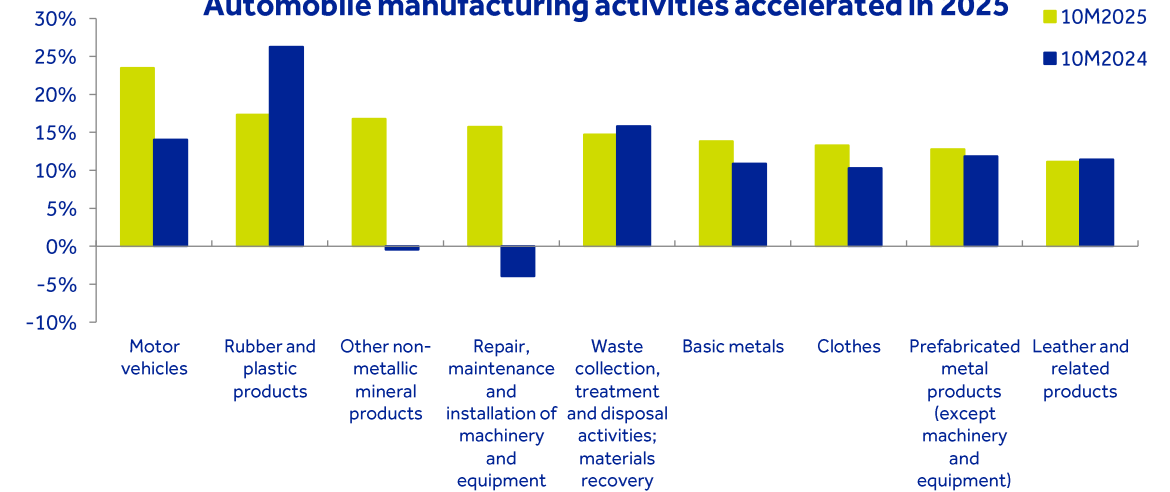
Manufacturing activity strengthens as tariff risks ease

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Manufacturing activities remained stable, expecting to regain the momentum in 2026

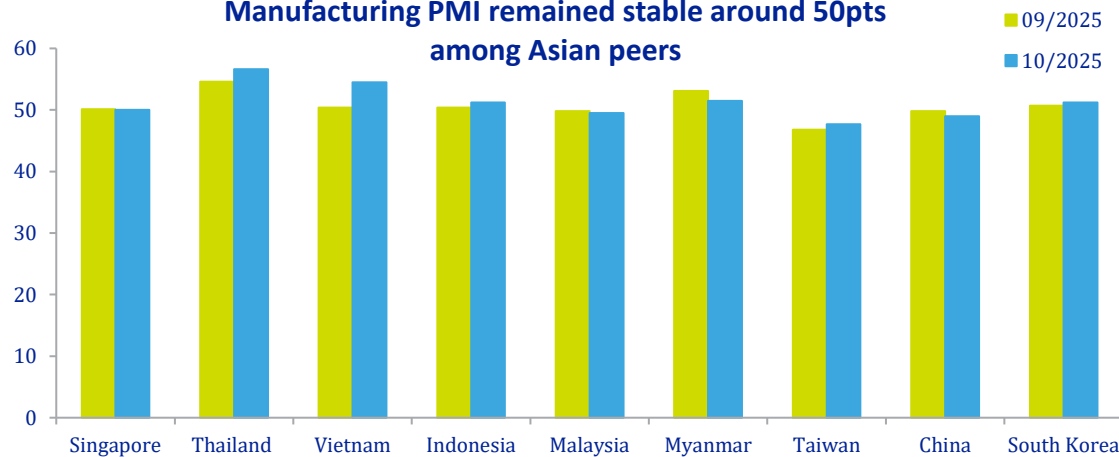


Automobile manufacturing activities accelerated in 2025

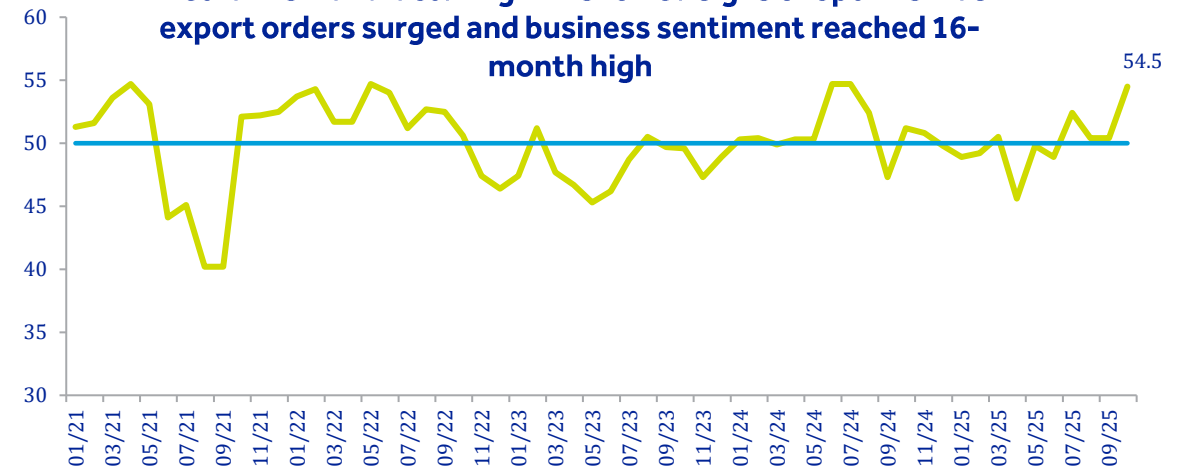


Source: GSO

Manufacturing PMI remained stable around 50pts among Asian peers



Vietnam's Manufacturing PMI showed signs of optimism as export orders surged and business sentiment reached 16-month high



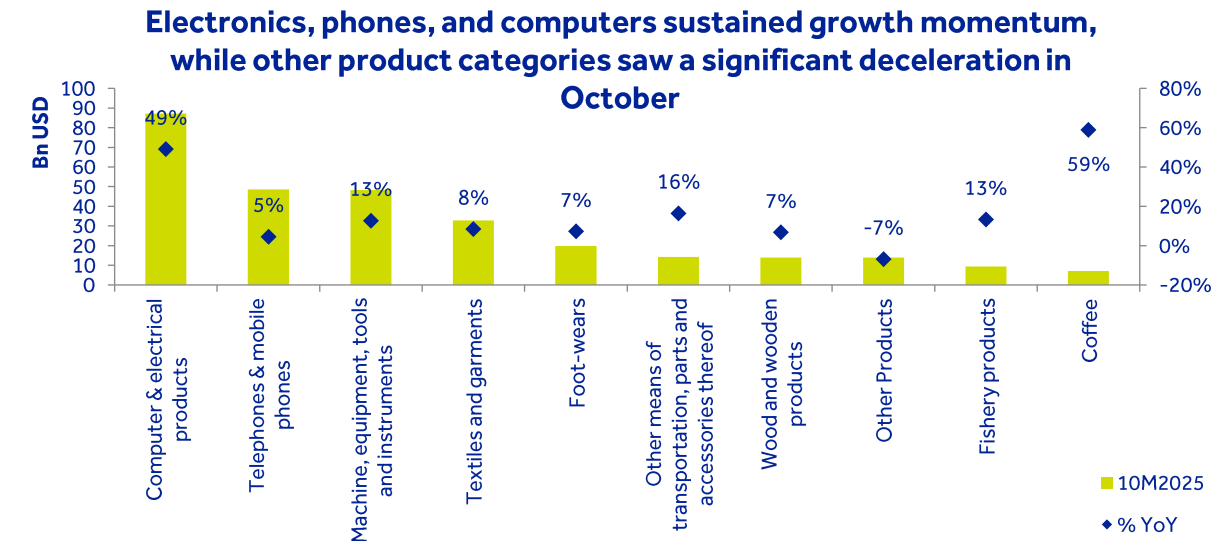
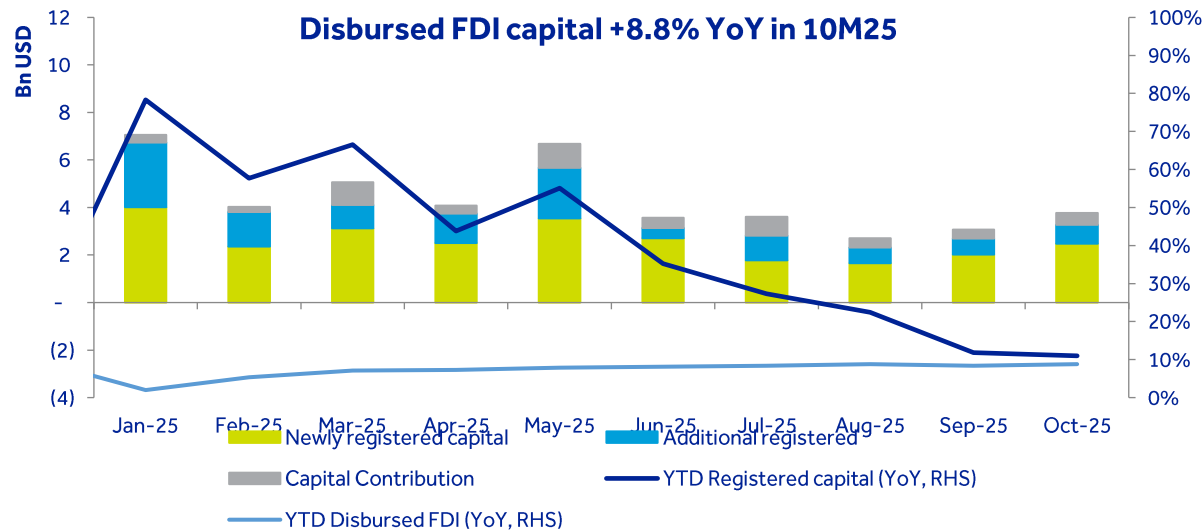
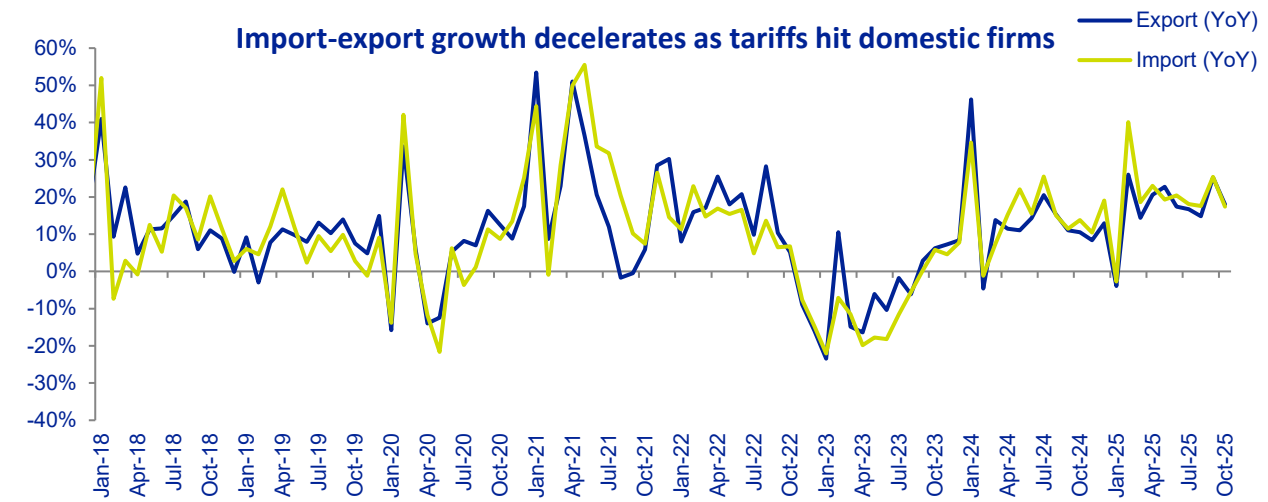
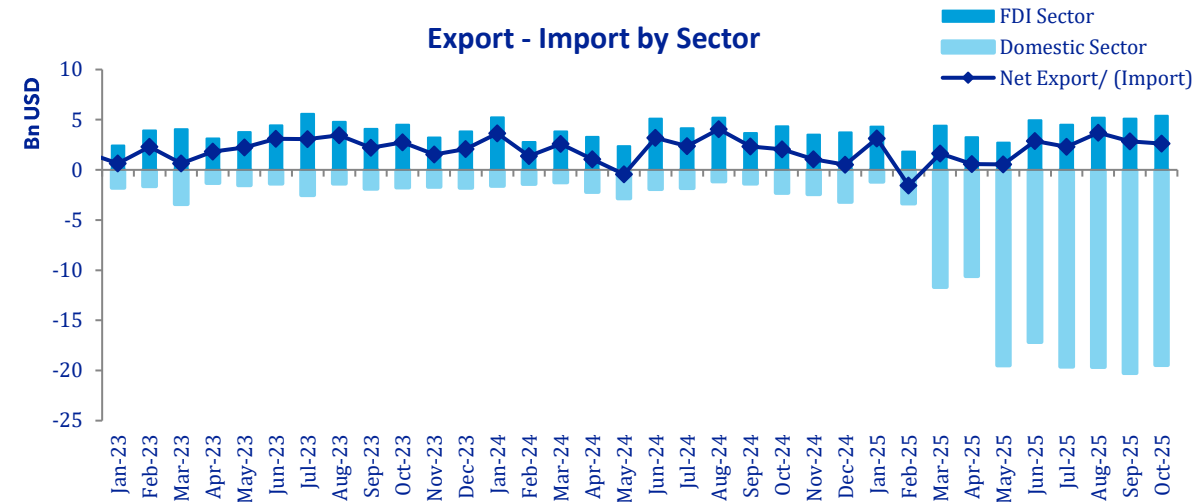
Source: S&P Global

Impact of reciprocal tariffs starts to emerge

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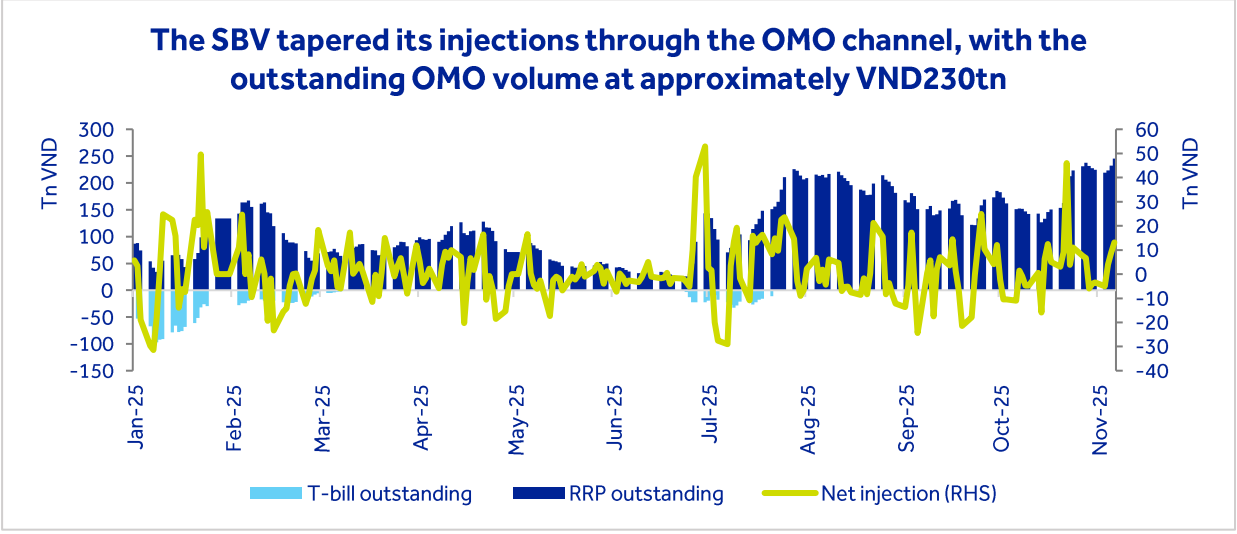
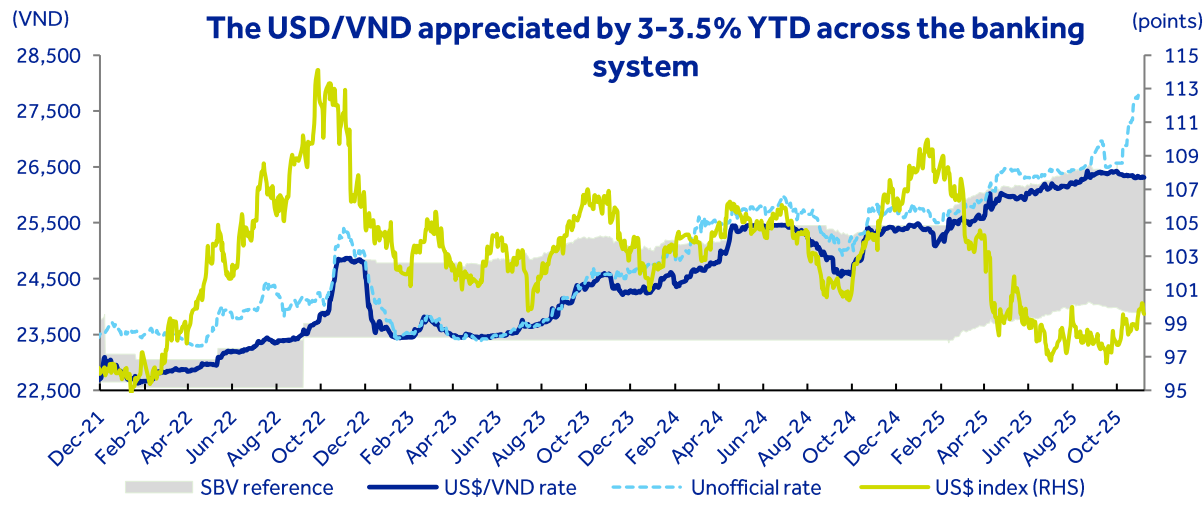
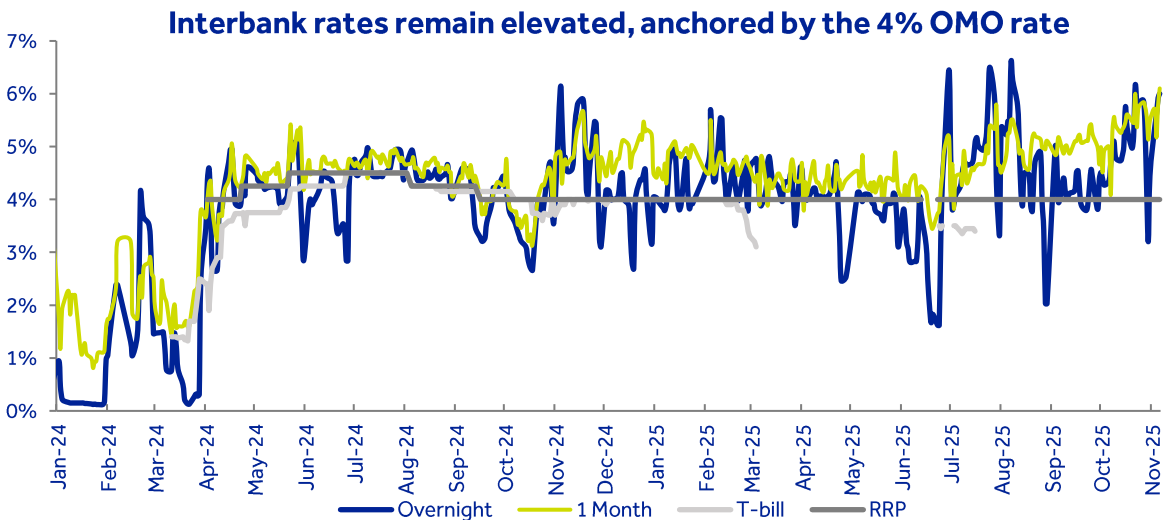
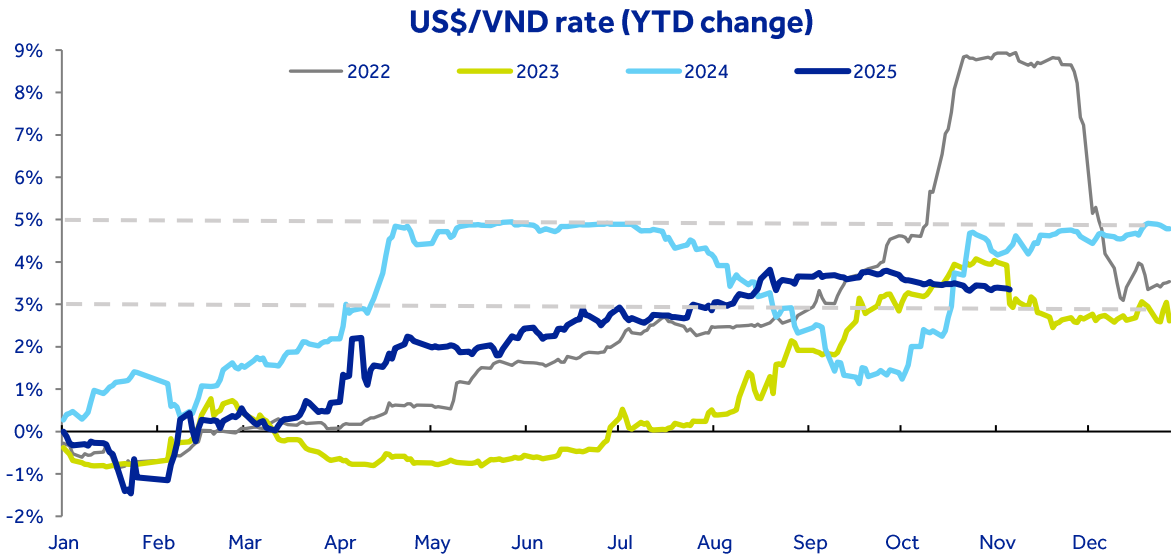


Source: GSO

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Expecting upward pressure in the interest rate environment

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Source: SBV, FiinPro, ACBS

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VIETNAM-KEY MACRO INDICATORS

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Monthly data	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25
Industrial Production (YoY)	7.1%	8.0%	8.8%	-1.0%	17.6%	9.9%	9.6%	9.6%	8.0%	7.4%	8.9%	12.7%	10.8%
Purchasing Managers Index	51.20	50.80	49.80	48.90	49.20	50.50	45.60	49.80	48.90	52.40	50.40	50.40	54.50
Retail Sales (YoY)	8.5%	8.8%	9.3%	9.5%	9.4%	10.8%	11.1%	10.2%	8.3%	9.2%	10.6%	11.3%	7.2%
Consumer Price Index (MoM)	2.7%	2.7%	2.9%	3.1%	2.9%	3.1%	3.1%	3.3%	3.3%	3.3%	3.2%	3.2%	3.3%
Consumer Price Index (YoY)	2.9%	2.8%	2.9%	3.6%	2.9%	3.1%	3.1%	3.2%	3.6%	3.2%	3.2%	3.4%	3.2%
Export Value (% YoY)	10.5%	8.4%	12.9%	-3.9%	26.0%	14.4%	20.6%	22.7%	17.4%	16.7%	14.8%	25.2%	18.0%
Import Value (% YoY)	13.8%	10.4%	19.0%	-2.7%	40.1%	18.6%	23.0%	19.3%	20.4%	18.1%	17.6%	25.4%	17.4%
Trade Balance (BnUSD)	2.03	1.07	0.52	3.13	-1.55	1.63	0.58	0.55	2.86	2.29	3.72	2.85	2.60
Disbursed FDI (BnUSD)	2.24	2.10	3.67	1.51	1.44	2.01	1.78	2.16	2.82	1.88	1.80	3.40	2.50
Registered FDI excluding Capital Contribution (BnUSD)	2.39	3.74	6.37	4.01	2.36	3.12	2.50	3.54	2.71	1.78	1.66	2.02	2.48

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