Vietnam Macroeconomic Update – August 2026

Vietnam's resilient economic momentum underscores the country's adaptability and capacity to navigate external headwinds

Vietnam's economic growth keeps strong momentum in the first seven months 2026, with GDP expanding 8.39% YoY in 2Q2026 and 8.18% YoY in first half 2026, marking the strongest first-half growth in 15 years. The performance exceeded most forecasts, underscored by resilient domestic demand, accelerating international tourist arrivals and the government's continued commitment to public investment. Industry remained the key growth engine, supported by robust manufacturing and construction activity, with the sector expanding 9.86% YoY in 1H2026. The services sector also kept solid momentum, growing 8.09% YoY over the period.

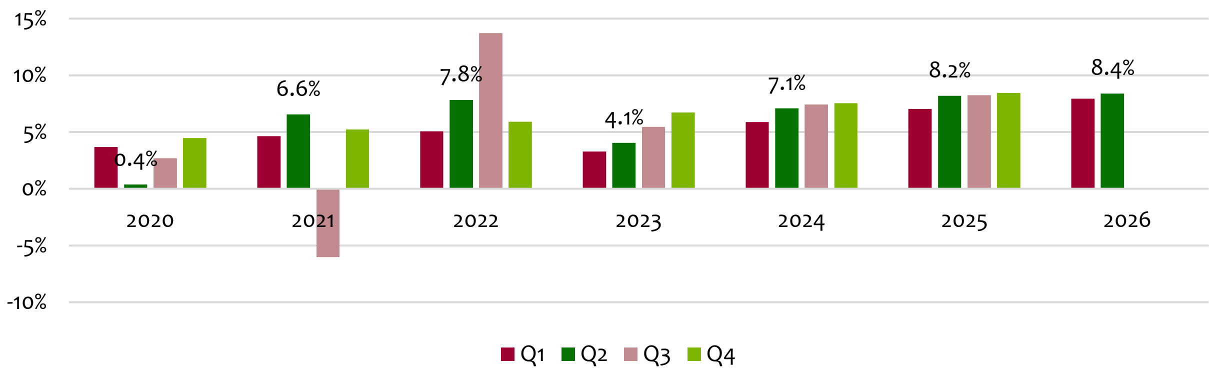
Vietnam's trade activity accelerated amid US tariff uncertainty

Vietnam's trade activity remained robust in the first seven months, with total trade value rising 33.0% YoY, supported by strong growth across both export and import flows. Exports reached USD319.5 billion, an increase of 21.7% YoY. Meanwhile, imports accelerated strongly, rising 34.8% YoY to USD340.1 billion.

The strong growth in imports resulted in a USD20.5 billion trade deficit in 7M2026, reversing the trade surplus recorded in the corresponding period last year. The widening deficit primarily reflected the faster expansion of import demand relative to exports.

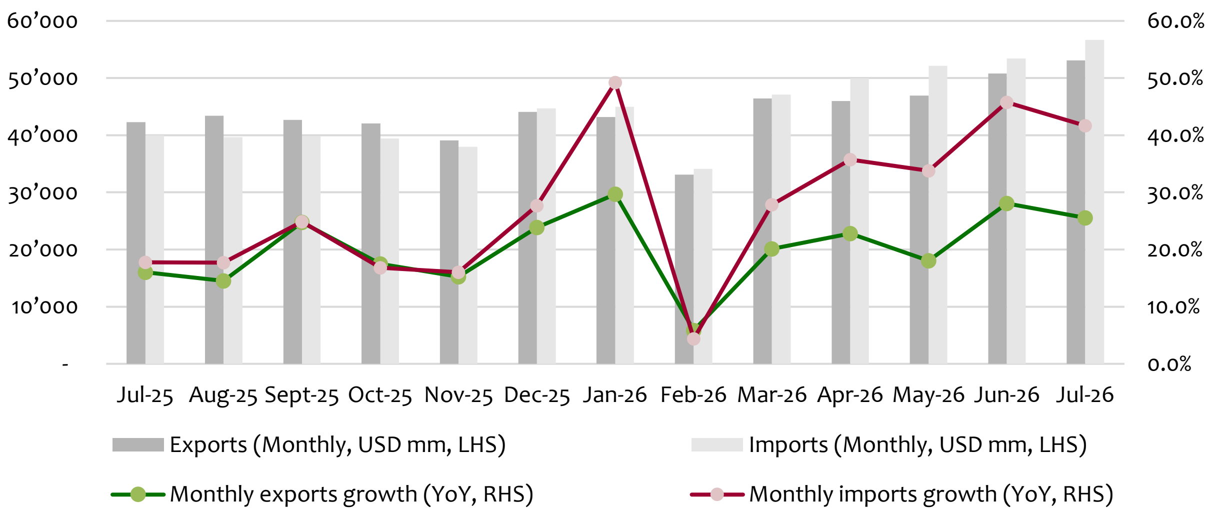
The widening deficit in domestic sector was driven by two key factors. First, renewed cost pressures from higher input prices and supply-chain disruptions have contributed to a sharper increase in material import costs. Second, stronger import demand from domestic enterprises serving the foreign-invested sector has further supported import growth, reflecting the increasing integration between domestic suppliers and FDI-led manufacturing activities. Additionally, some key goods, such as electronic devices, computers and equipment, witnessed strong import growth, while exports have not picked up at the same pace. This situation creates a foundation for export growth in the coming quarters

Figure 1: Quarterly GDP growth



Source: General Statistics Office of Vietnam (GSO) as of 30 June 2026

Figure 2: Monthly trade activities

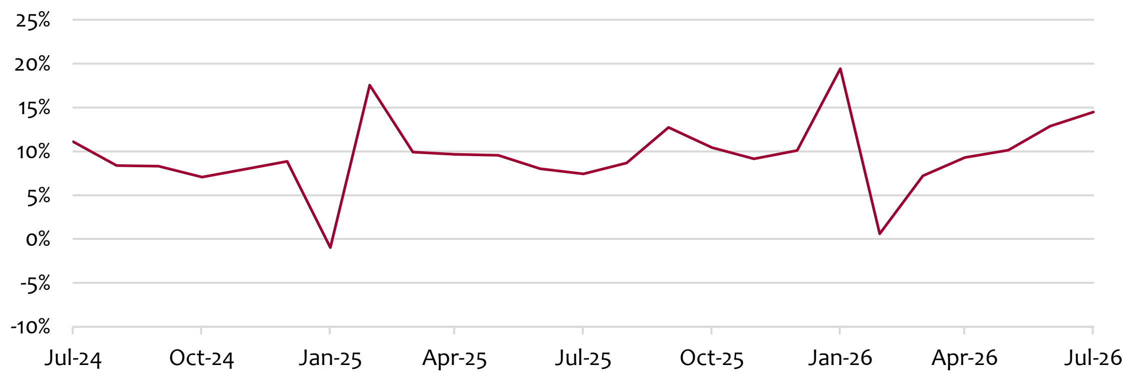


Source: National Statistics Office of Vietnam (NSO) as of 31 July 2026

Industrial production sustained a strong growth trajectory

Vietnam's industrial production gained further traction in the first seven months, with the Industrial Production Index (IP) increasing 14.5% YoY in July, equivalent to 1.2% MoM and marking the strongest monthly expansion of the year. The acceleration was primarily driven by the manufacturing sector, which expanded 15.0% YoY, reinforcing its position as the key contributor to overall industrial growth.

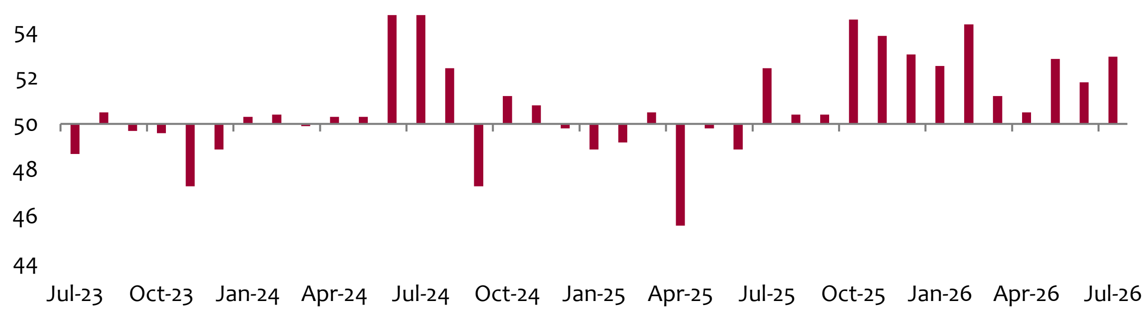
Figure 3: Industrial Production index (monthly, YoY)



Source: GSO as of 31 July 2026

Consistent with the strong IP performance, the S&P Global Vietnam Manufacturing Purchasing Managers' Index (PMI) remained at 52.9 in July, staying above the 50-point threshold for the 13th consecutive month since July 2025. The sustained expansionary PMI points to improving business sentiment and a constructive outlook for manufacturing activity, supporting expectations for continued production growth in the coming months despite persistent global uncertainties.

Figure 4: S&P Vietnam Manufacturing PMI



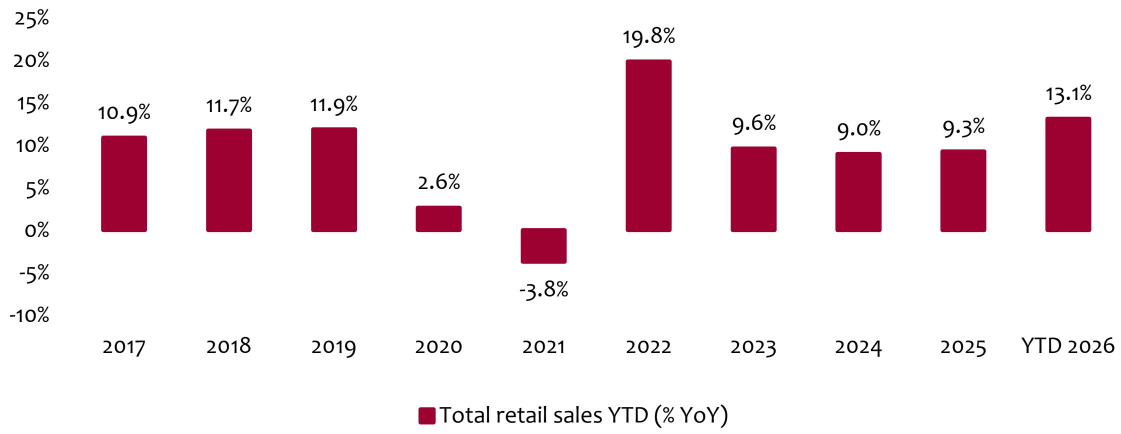
Source: S&P Global as of 31 July 2026

Domestic consumption gained further traction, supported by robust retail activity and tourism enhancements

Domestic consumption maintained strong momentum in July, with total retail sales advancing by 14.5% YoY. This marked the fifth consecutive month of double-digit expansion, underscoring the sustained recovery in domestic consumption and the broadening momentum across key consumer segments.

In the first seven months, total retail sales rose 13.1% YoY, accelerating from 9.3% a year ago and marking the strongest YTD growth since 2023. The broad-based recovery in consumption, alongside sustained double-digit growth in retail activity, points to strengthening domestic demand and improving consumer momentum.

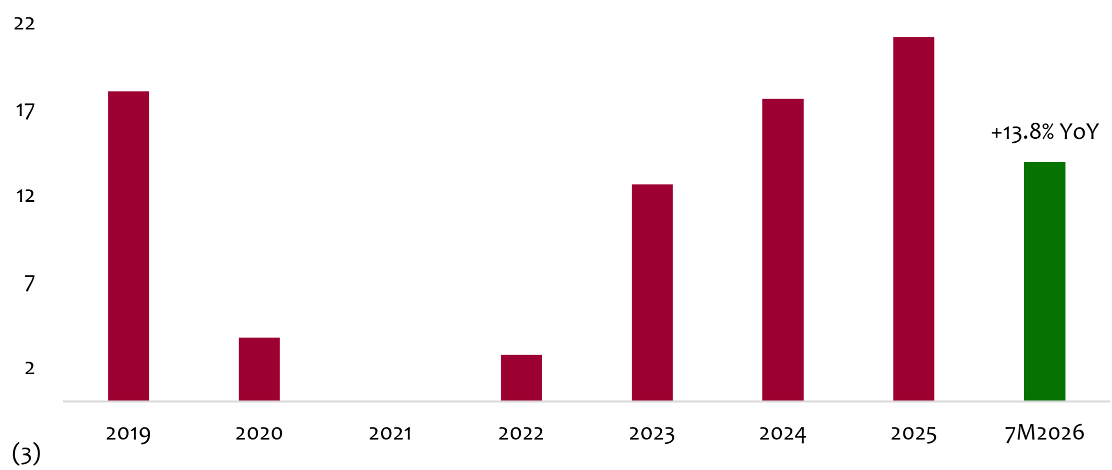
Figure 5: Retail sales (YTD, % YoY)



Source: GSO as of 31 July 2026

Tourism remained a pivotal driver for the recovery in domestic consumption. International tourist arrivals increased 6.6% YoY in July, supported by stronger inbound flows from the US and Europe. International arrivals reached 13.9mn, up 13.8% YoY and equivalent to 142% of the level recorded in the same period of 2019, the pre-Covid period.

Figure 6: Vietnam's International Tourists (in mn people)



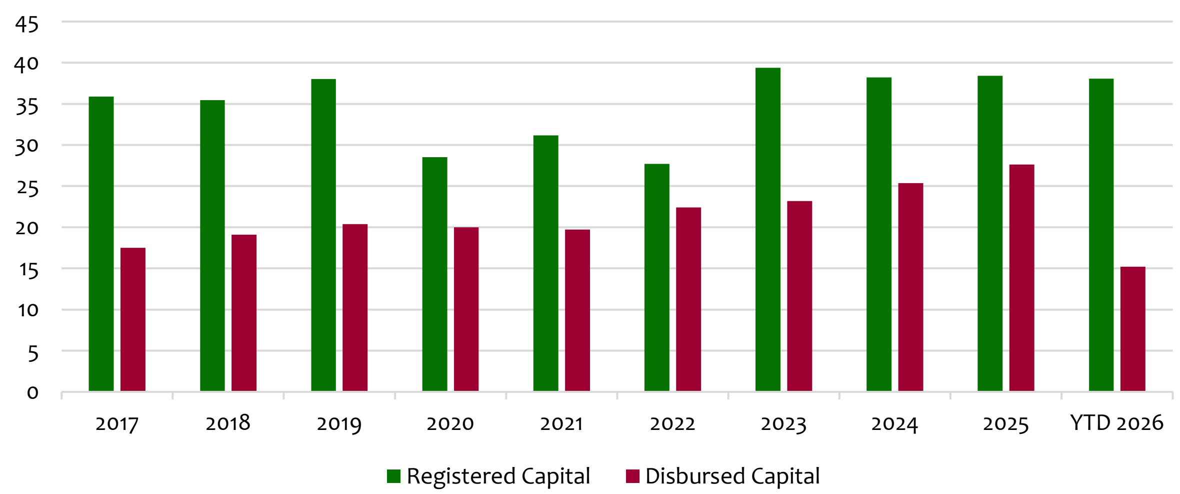
Source: GSO as of 31 July 2026

FDI inflows continued to demonstrate resilience

FDI inflows remained robust despite a challenging global environment and tariff measures under the Trump administration. Disbursed FDI reached USD15.2 bn, up 11.8% YoY in 2026. Registered FDI surge by 58.0% YoY to USD38.1bn, a record high number in terms of absolute number and growth. The newly commitment FDI has been more than double size of last year, +109% YoY, driven by strong inflows into the manufacturing sector and in light with growth of number of projects.

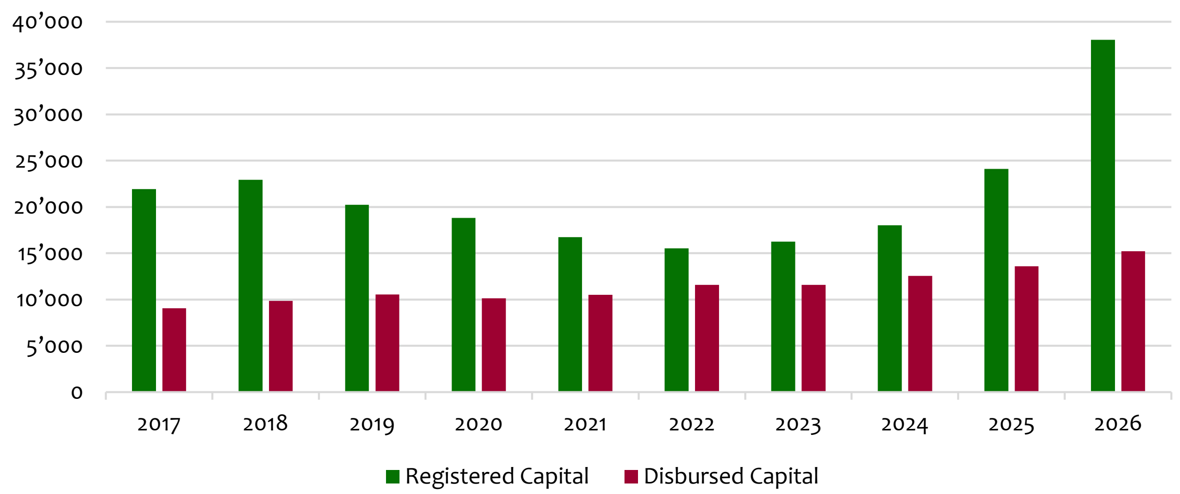
FDI inflows were primarily driven by capital from Singapore and East Asia - notably South Korea, China, Japan, and Hong Kong, underscoring Vietnam's strengthening position as a regional manufacturing and supply chain hub.

Figure 7: Registered and disbursed FDIs (USD bn)



Source: GSO as of 31 July 2026

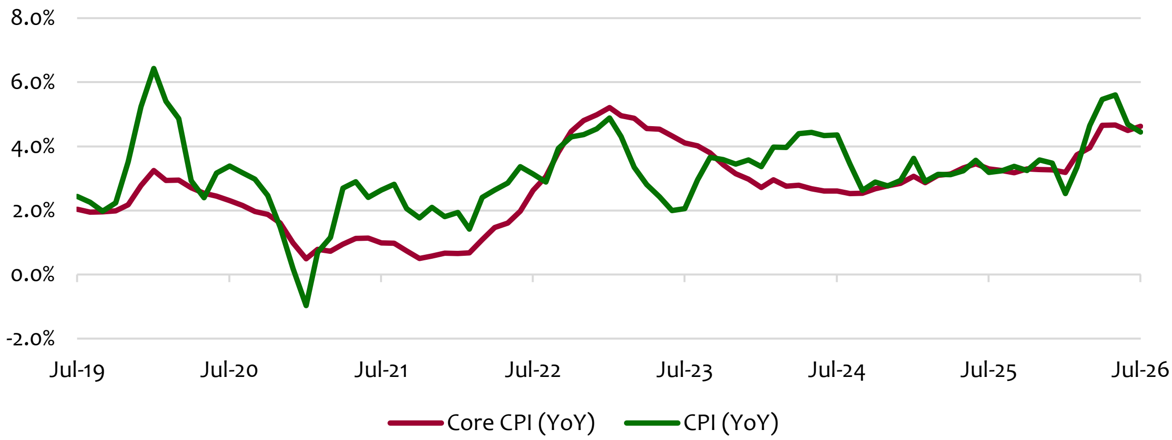
Figure 8: Accumulative registered and disbursed FDIs



Headline inflation extended its downward trend

Headline CPI moderated to 4.45% YoY in July down from 4.69% in June, marking the second consecutive month of easing and bringing average inflation to 4.39% YoY. The moderation was primarily driven by lower transport costs, which declined 2.02% MoM in July. The decline largely reflected a 4.35% MoM reduction in domestic fuel prices following several rounds of price cuts. Food and foodstuff prices also contributed to the moderation in headline inflation, declining 0.5% MoM in July.

Figure 9: Headline CPI and Core CPI



Source: GSO as of 31 July 2026

Fiscal and Monetary Coordination: Policy support expected to strengthen toward year-end

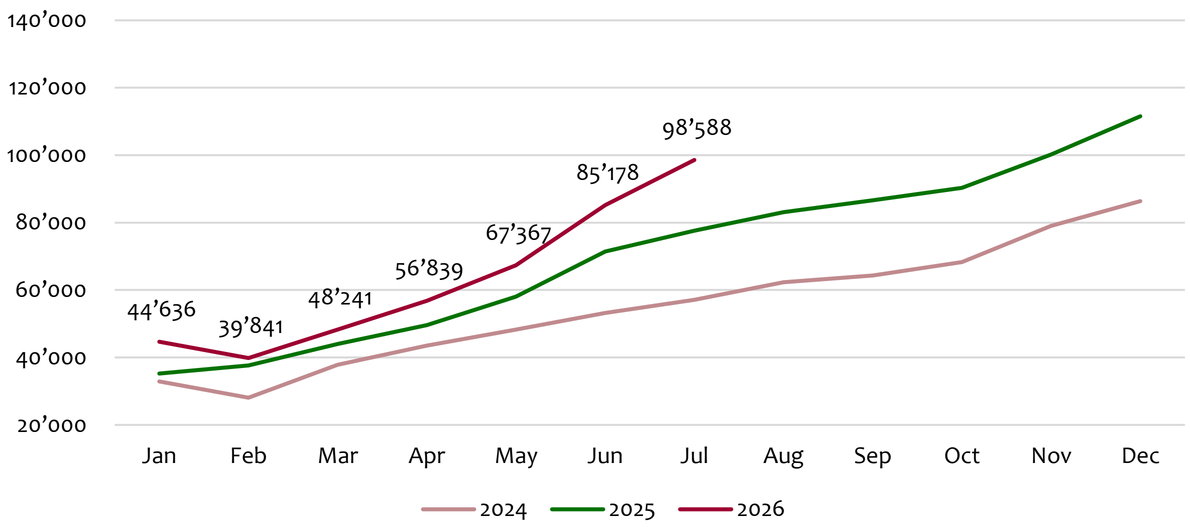
Regulatory easing to expand liquidity headroom. Vietnam is entering a period of higher growth, fueled by an extensive public investment pipeline, which is driving strong demand for capital. Against this backdrop, the financial system has experienced periodic bouts of tight liquidity. Encouragingly, the government has introduced targeted regulatory adjustments to improve banks' funding capacity, including raising the maximum share of short-term funds permitted for medium- and long-term lending and excluding 50% of State Treasury deposits from the loan-to-deposit ratio (LDR) calculation. It is also considering placing a greater share of State Treasury deposits with commercial banks rather than state-owned banks to release further liquidity.

These measures should provide greater liquidity headroom for the financial and banking system, enabling it to accommodate rising capital and credit demand in the coming quarters.

Public investment to provide a stronger year-end impulse. Following an 18.4% YoY increase in 2026, public investment disbursement is expected to accelerate towards year-end, in line with the seasonal pattern of budget execution and project implementation. The stronger fiscal impulse should support infrastructure and construction activity while improving liquidity circulation as government spending flows through the economy.

All in all, stronger public investment execution and accommodative liquidity management should provide meaningful drivers to reinforce growth momentum towards year-end.

Figure 10: Vietnam Public Investment Disbursement (Monthly, VND bn)



Source: GSO as of 30 July 2026

Vietnam Macro Key Indicators

Macro indicators	2021	2022	2023	2024	2025	2026F
Population and GDP						
Population (avg., mn)	98.5	99.5	100.4	101.3	102.3	102.9
Nominal GDP (USD bn)	363.8	409.6	429.7	476.3	514.0	579.2
Real GDP growth (%)	2.6	8.0	5.1	7.1	8.0	8.2
Trade and Service growth (%)	1.1	10.0	6.4	7.3	8.6	8.9
Agricultural growth (%)	2.9	3.4	3.6	3.2	3.8	3.5
Industrials and construction growth (%)	4.3	7.8	4.5	8.2	9.0	9.2
Total retail sales growth (%)	-9.1	21.5	10.4	9.0	9.2	12.5
Prices						
Consumer price inflation (year-end)	1.9	4.5	3.5	2.9	3.5	4.5
Money, FX & Interest rates						
Credit growth (avg.,% YoY)	13.6	14.5	13.7	15.1	19.0	15.0
Broad money supply M2 (avg.,% YoY)	10.7	6.2	12.5	10.7	17.0	15.0
Avg. 12M deposit rate (%)	5.5	7.0	6.8	4.9	5.2	6.2
Avg. lending rate (%)	7.0	7.4	8.2	7.8	8.1	9.1
5-yr VGB yields (year-end, %)	1.0	4.7	1.7	2.4	2.9	4.0
USD/VND (year-end)	22,825	23,610	24,260	25,480	26,300	26,826
USD/VND (avg.)	22,948	23,218	23,935	25,045	26,000	26,520
Foreign Trade						
Total trade of goods(USD bn)	656.7	716.9	681.1	786.3	930.0	1092.3
Total trade (% GDP)	180.5	175.0	158.5	165.1	180.9	188.6
Total exports (USDbn)	336.2	371.3	354.8	405.5	475.0	546.3
Exports growth (%, YoY)	18.9	10.5	-4.4	14.3	17.1	15.0
Total imports (USDbn)	320.5	345.6	326.3	380.8	455.0	546.0
Imports growth (%, YoY)	27.2	7.8	-5.6	16.7	19.5	20.0
Trade balance of goods (USD bn)	15.7	25.7	28.5	24.8	20.0	0.2
FDI, Balance of Payment						
Current-account balance (USD bn)	-8.2	-1.1	25.7	27.7	33.1	16.7
Current-account balance (% of GDP)	-2.2	-0.3	6.0	5.8	6.4	2.9
Personal remittance (USD bn)	12.5	19.0	19.0	19.0	19.0	19.0
FDI registered (USD bn)	31.2	27.7	39.4	38.2	38.4	38.4
FDI disbursement (USD bn)	19.7	22.4	23.2	25.4	27.6	29.8
BOP (USD bn)	14.3	-22.7	5.6	-9.2	3.9	-4.5
BOP (% GDP)	3.9	-5.6	1.3	-1.9	0.8	-0.8
Grand official reserves (USD bn)	109.7	87.0	92.6	83.4	87.3	82.8
Fiscal Policy, Solvency indicators						
External debt (USD bn)	139.5	144.7	140.5	151.5	179.9	208.5
External debt (% GDP)	38.1	35.9	32.7	31.8	35.0	36.0
Public debt (USD bn)	154.6	151.1	154.7	161.5	181.4	208.5
Public debt (% GDP)	42.5	36.9	36.0	33.9	35.3	36.0
External public debt (USD bn)	53.5	47.5	44.7	40.5	53.5	60.2
External public debt (% GDP)	14.7	11.6	10.4	8.5	10.4	10.4
Public investment (USD bn)	19.7	22.2	26.4	26.0	33.7	42.3
Public investment (% GDP)	5.4	5.4	6.1	5.4	6.6	7.3
Fiscal balance (USD bn)	-5.1	3.3	0.9	8.3	9.6	-17.4
Fiscal balance (% GDP)	-1.4	0.8	0.2	1.7	1.9	-3.0

Source: Vietnam GSO, Ministry of Finance, Fiinpro-X, Forecasted by VNHAM