Vietnam's economy radiates optimism

- Trade activities maintained stable growth momentum alongside positive recovery signals from the manufacturing sector upon entering the final quarter of the year.
- Deposit rates at private banks inched up slightly since early October.
- We anticipate the economy staying on track, heading toward 8.4% GDP growth in Q4, thereby pushing full-year GDP above 8%.

Manufacturing entered Q4 with positive recovery signals

Export turnover in October increased 17.5% yoy, while import turnover increased 16.8% yoy. In the first 10 months of 2025, exports and imports increased 16.2% and 18.6%, respectively, bringing the trade surplus to USD 19.56bn. Industrial production activities grew positively with the industrial production index (IIP) in October increasing 10.8% yoy. Likewise, the manufacturing PMI rose to its highest level since July 2024, reaching 54.5 in October thanks to a strong increase in new orders and output amid improving customer demand.

Adverse weather conditions curbed domestic consumption

Total retail sales of goods and consumer service in October rose slightly by 0.2% mom and by 7.2% yoy - the lowest level in the past year - owing to the impact of harsh weather conditions that disturbed trade and service activities. For the first 10 months of 2025, total retail sales and consumer service grew 9.3% yoy (+7.0% excluding price factors).

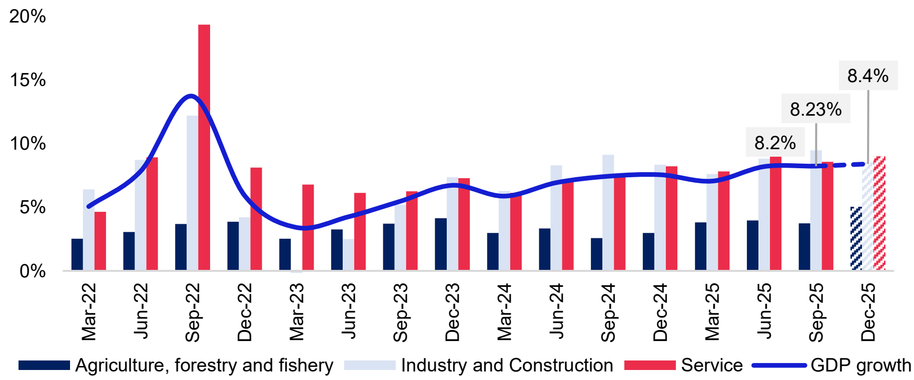
Deposit rates edged up in early 4Q

In October, several private commercial banks adjusted deposit rates upward, pushing the average 12-month term deposit rate across commercial banks to 5% - up 15 bps from the start of the year. The upward movement in deposit rates at the start of 4Q was mainly due to seasonal factors, as banks increase capital mobilization to meet the typically sharp year-end surge in credit demand.

We expect the 2025 GDP growth to reach 8% - 8.1%

Despite tariff risks and the impacts of natural disasters, Vietnam still maintained very positive economic results in the first 10 months of the year with: robust export growth (+16.2% yoy), solid FDI disbursement (+8.8% yoy), substantial public investment disbursement (+27.8% yoy), and a surge in international tourist arrivals (+21.5% yoy). Meanwhile, inflation remained under control despite strong credit growth (as of Oct 30, credit growth has increased by 15% compared to the end of 2024). Against this backdrop, we expect GDP to grow strongly by 8.4% - 8.8% in 4Q, driven by accelerating public investment disbursement and manufacturing recovery, thereby pushing 2025 full-year GDP growth to 8.0% - 8.1%.

Figure 1: GDP growth in sectors (yoy%)



Source: NSO, MBS Research

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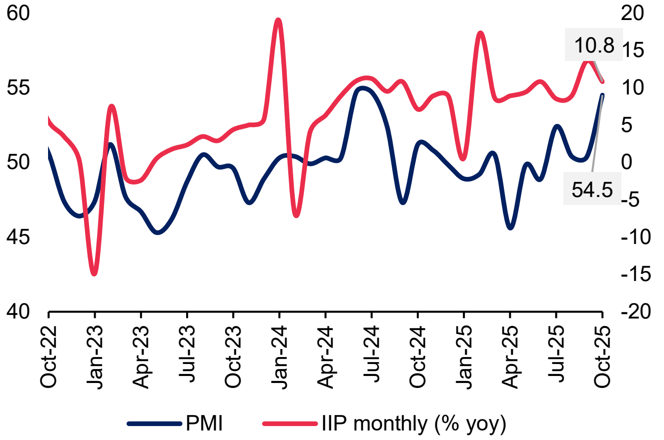
Vietnam's economy radiates optimism

The manufacturing sector showed positive recovery signals upon entering Q4

Industrial production maintained positive growth in October, with the IIP edging up by 2.4% mom and 10.8% yoy. In which, the manufacturing industry grew by 11.4% yoy, amid a gradually stabilizing tariff situation that helped new orders rebound, thereby prompting manufacturers to continue increasing output. Industries that experienced strong production growth during the month include: Manufacture of basic metals (+28.7% yoy); manufacture of other non-metallic mineral products (+22.2% yoy); manufacture of coke & refined petroleum products (+20.7% yoy). For 10M25, industrial production grew by 9.2% yoy. In which, the manufacturing sector witnessed the highest growth of 10.5%, higher than the 9.6% growth recorded in the same period last year.

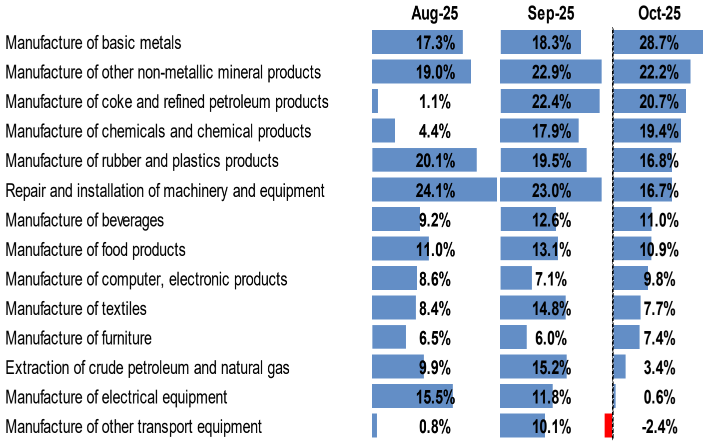
Likewise, the PMI index continued to stay above the 50-point threshold for the fourth consecutive month, reaching 54.5 in October - the highest level since July 2024 - indicating a significant improvement in the manufacturing sector's health amid strong increases in output and new orders. Notably, new export orders rose for the first time in over a year. In this context, business sentiment improved to a 16-month high as manufacturers expect new orders to continue rising in the coming period. On the pricing front, input cost inflation accelerated in October and was the strongest since July 2024, driven by rising raw material prices and supply shortages. As a result, output prices increased at the fastest pace since June 2022.

Figure 2: Vietnam's PMI manufacturing and IIP (% yoy)



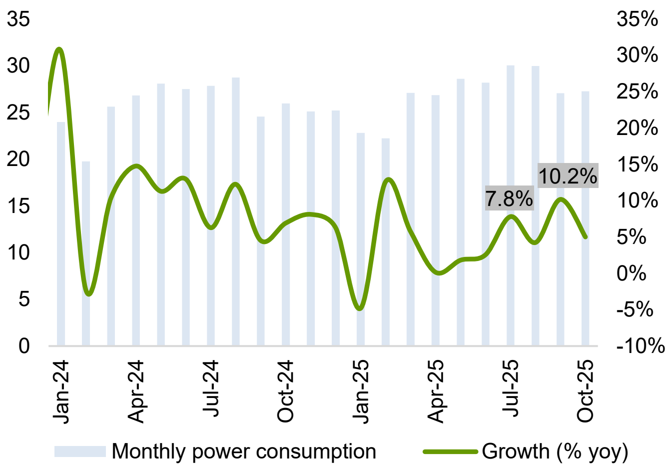
Source: NSO, MBS Research

Figure 3: Change in IIP in sectors monthly (% yoy)



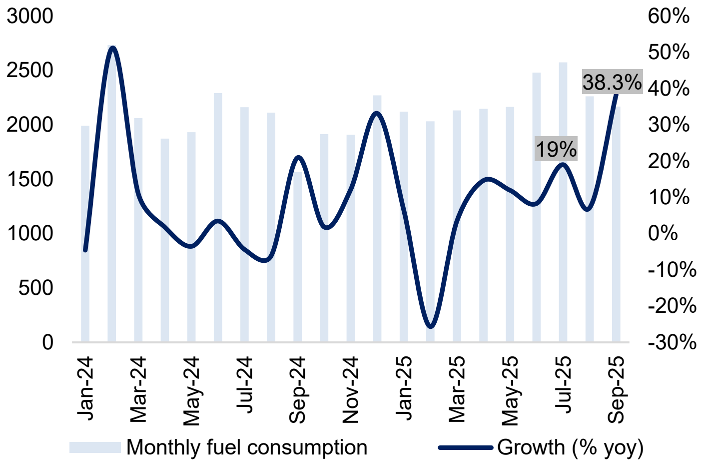
Source: NSO, MBS Research

Figure 4: Monthly power consumption (Billion kWh)



Source: EVN, MBS Research

Figure 5: Monthly fuel consumption (Thousand tons)



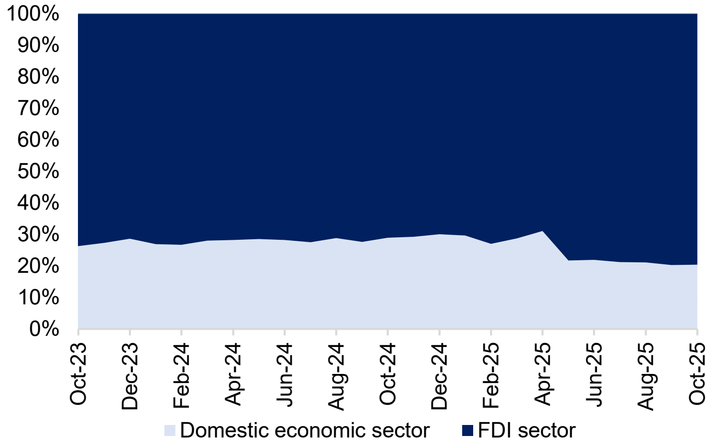
Source: MOIT, MBS Research

Trade activities heading toward a new record

Export turnover in October was amounted to USD 42.05bn (-1.5% mom). Notably, shipments to the U.S., Vietnam's largest market, fell 2.2% compared to September, marking the third consecutive monthly drop. Notably, several key products recorded the largest declines, including: phones all of kinds and their parts (-15.2% mom); textiles & garments (-7% mom).

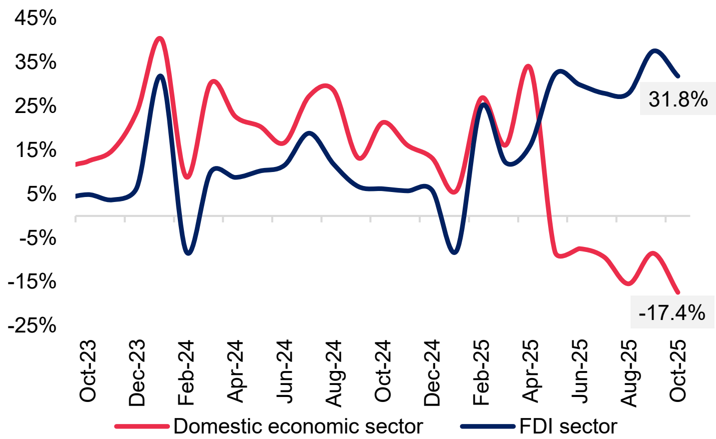
However, compared to the same period last year, exports marked a year-on-year increase of 17.5%, driven by strong growth in several key categories, including: toys, sports equipment & their parts (+180% yoy); electronic goods, computers & their parts (+65.6% yoy); cameras, camcorders & their components (+23.5% yoy). Of which, the export value from the foreign-invested sector reached nearly USD 33.5bn (+31.8% yoy), accounting for 80% of the total export turnover in the month. Meanwhile, the domestic economic sector recorded negative growth for the sixth consecutive month, with a decline of 17.4% in October, and an export value of USD 8.6bn, making up 20% of the total export turnover.

Figure 6: Composition of Vietnam's exports by enterprise type



Source: NSO, MBS Research

Figure 7: Monthly export growth by enterprise type (% yoy)



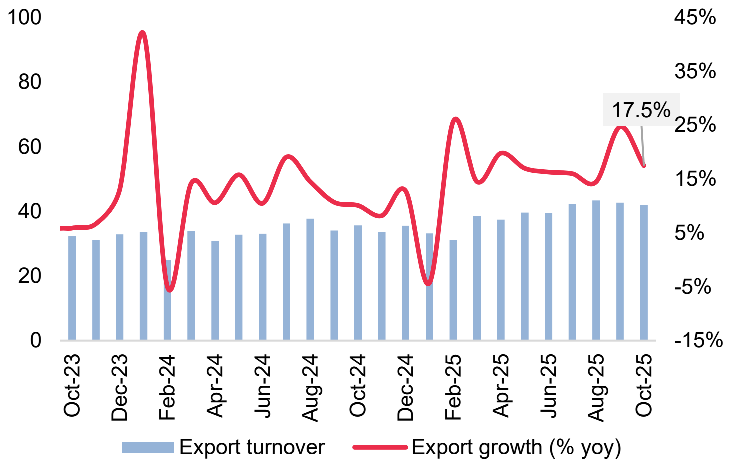
Source: NSO, MBS Research

Cumulatively, in 10M25, export turnover reached USD 391bn (+16.2% yoy), with notable increases in items such as: Toys, sports equipment & parts (+139.7% yoy); electronics, computers & components (+47.9% yoy); electrical wire and cable (+25.4% yoy). On the other hand, some commodities experienced sharp declines, including iron & steel (-29.1% yoy); rice (-24.7% yoy); plastic materials (-14.5% yoy).

In terms of export markets, the U.S. remained Vietnam's largest export market, with an estimated turnover of USD 126.2bn (+27.6% yoy). Subsequently, this brought Vietnam's trade surplus with the U.S. in the first 10 months of 2025 to USD 111bn. Export turnover to China also showed positive signs, reaching USD 57bn (+13.8% yoy) - significantly higher than the 2.1% growth recorded in the same period last year. Meanwhile, exports to the EU increased by 8.3% yoy to USD 46.5bn.

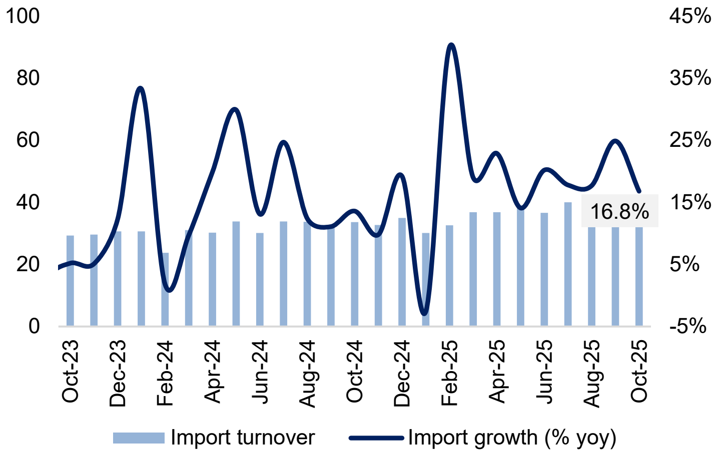
On the import side, October's turnover dipped by 1% mom to an estimated USD 39.45bn (+16.8% yoy). This resulted in total imports of 10M25 reaching USD 371.44bn (+18.6% yoy). China remained Vietnam's largest import partner, accounting for 40.6% of total imports, with imports valued at USD 150.9bn (+28.1% yoy). Besides, imports from the U.S. also witnessed significantly growth of 23.8% yoy, reaching USD 15.2bn. During this period, four product groups exceeded USD 10bn in import value, accounting for 52.7% of total imports, including: electronics, computers & components (+39.1% yoy); machinery, instrument & accessory (+24.5% yoy); plastic materials (+7.8% yoy); fabrics (+1.7% yoy).

Figure 8: Vietnam's monthly export turnover (USD bn)



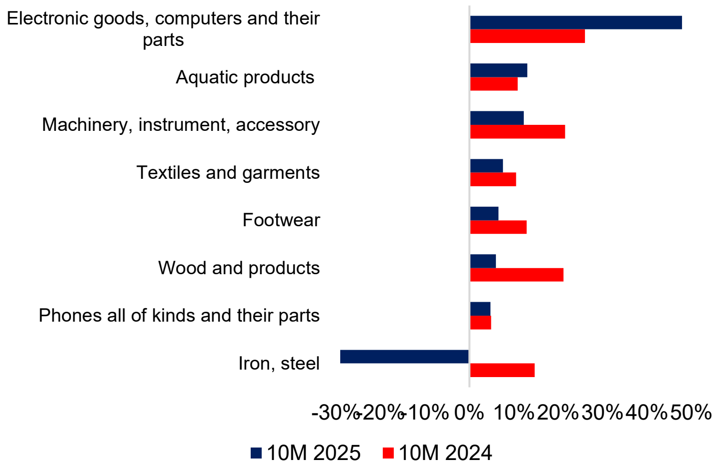
Source: NSO, MBS Research

Figure 9: Vietnam's monthly import turnover (USD bn)



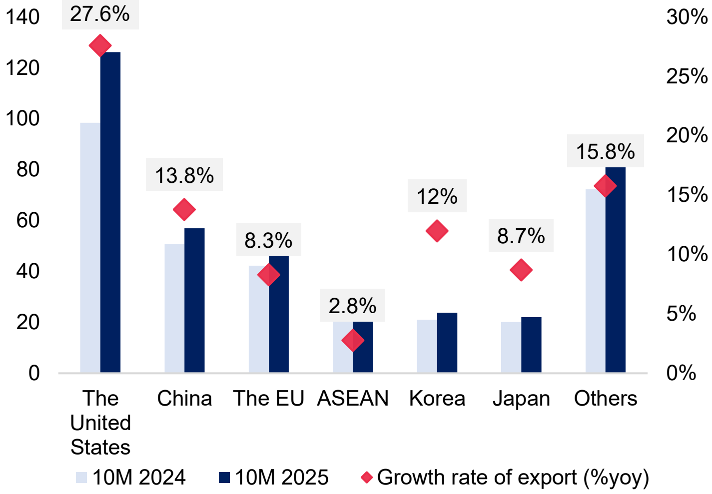
Source: NSO, MBS Research

Figure 10: Growth of major export products in 10M25 (%yoy)



Source: NSO, MBS Research

Figure 11: Export market of Vietnam in 10M25 (USD bn)



Source: NSO, MBS Research

Despite volatile global trade conditions, Vietnam's export activities still achieved impressive growth of 16.2% in the first 10 months of the year. Against this backdrop, the Ministry of Industry and Trade estimates that total import-export turnover this year could reach a new record of USD 900bn.

Based on the impressive results in the first 10 months of the year, **we forecast that exports will increase by 15% - 17% in 2025**. This is supported by signs of a slight recovery in international demand, as the S&P PMI report shows that new export orders in October increased for the first time in over a year. Additionally, the easing of tariff tensions is expected to create a more stable environment for trade activities in the coming period. Thus, export activities are projected to remain robust in the final two months of the year, especially as this is the peak export season. However, tariff-related risks have not been fully eliminated, as the U.S. has yet to provide clear definitions for "transshipment goods."

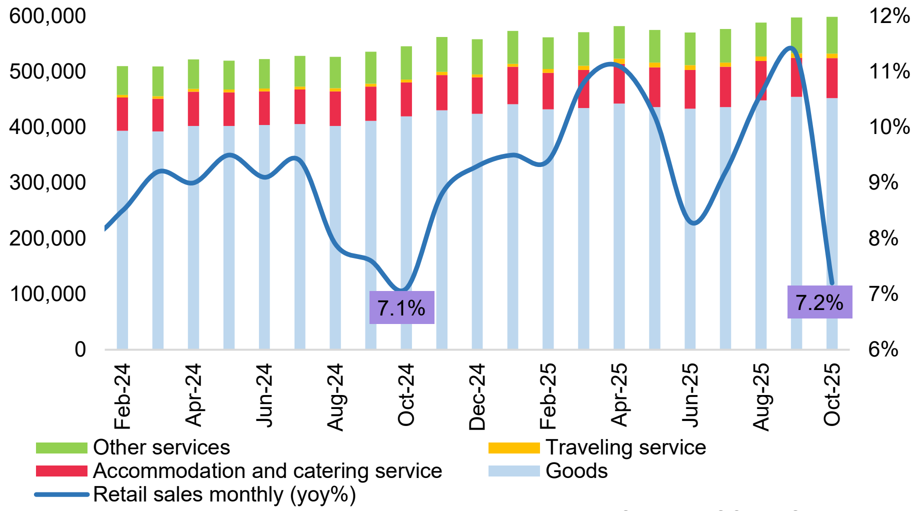
On the import side, activities from key markets such as China, South Korea, etc. are expected to remain stable through the end of the year. This, combined with the continued increase in import value from the U.S. - as Vietnam is likely to continue boosting imports of U.S. goods with tariff rates approaching ~0% to demonstrate goodwill in narrowing the trade surplus with this nation - will drive the growth momentum of import turnover this year. Based on these factors, **we estimate imports will surge by 17% - 18% in 2025**. Consequently, the trade surplus for 2025 is projected to reach approximately USD 25bn.

Adverse weather conditions tamed domestic consumption

In October, total retail sales of goods and services inched up slightly by 0.2% mom and by 7.2% yoy – the lowest growth rate in a year. The slowdown in domestic consumption occurred amid a series of consecutive storms hitting the country in October, causing widespread flooding in many areas. As a result, this disrupted goods transportation systems as well as commercial and service activities.

For 10M25, total retail sales of goods and services increased by 9.3% (+7% excluding price factors). In which, retail goods sales grew 8% yoy, slower than pre-pandemic levels, reflecting cautious consumer spending on goods. In contrast, service consumption remained a bright spot with accommodation & catering revenue up 14.6% and tourism revenue surging 19.8% yoy. The robust recovery in the service sector was significantly driven by international tourism. In the first 10 months of 2025, Vietnam welcomed nearly 17.2 million visitors (+21.5% yoy).

Figure 12: Retail sales of consumer goods and services (Billion VND)



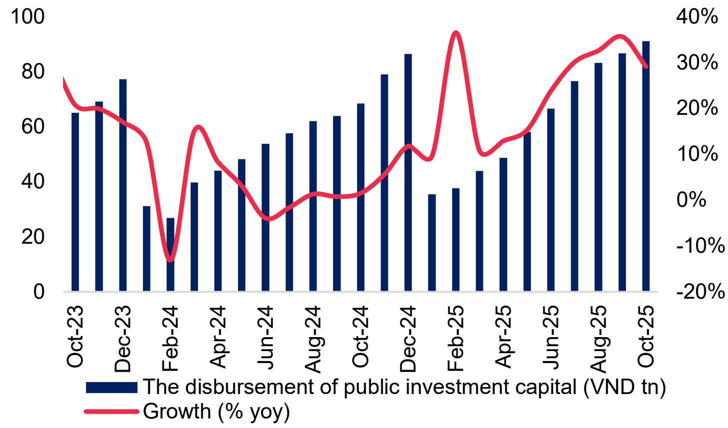
Source: NSO, MBS Research

Intense pressure to accelerate public investment disbursement in the remaining two months

In October, the newly registered FDI inflow was flat compared to the same period last year, while disbursed FDI increased by 11.6% yoy. For 10M25, newly registered FDI amounted to nearly USD 14.07bn (-7.6% yoy), while disbursed FDI rose by 8.8% to USD 21.3bn, marking the highest disbursed FDI for the first ten months in the past five years. Of which, the processing and manufacturing sector lured USD 17.68bn (accounting for ~ 83%), real estate sector attracted USD 1.5bn (accounting for ~ 7%), and utilities received about USD 671.9mn (accounting for ~ 3.2%). Accordingly, the total registered foreign investment capital in Vietnam for the first ten months of 2025 was estimated at USD 31.52bn (+15.6% yoy).

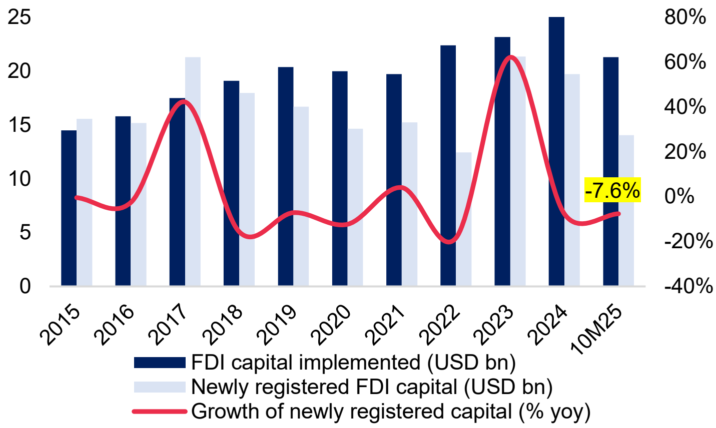
Disbursed state investment increased by 29.1% yoy to VND 91tn in October. For 10M25, disbursed state investment amounted to VND 640.2tn (+27.8% yoy), fulfilling 63.1% of the 2025 plan. Therefore, pressure to disburse public investment remains extremely high, with only two months left until the end of the year and more than VND 400tn is waiting to be disbursed.

Figure 13: Growth of realized investment capital from State budget



Source: NSO, MBS Research

Figure 14: Growth of foreign investment capital



Source: NSO, MBS Research

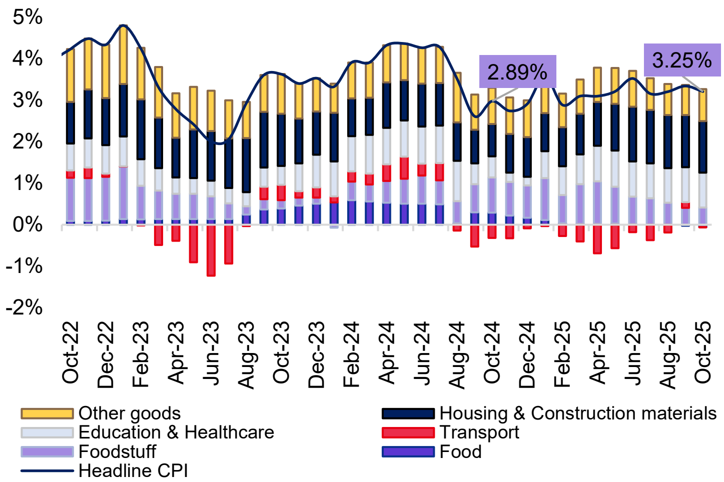
Inflation cooled down in October

CPI in October rose by 0.2% mom and 3.25% yoy – cooling from 3.4% in September - primarily thanks to a sharp 16% yoy drop in pork prices and a 2.4% yoy decline in domestic fuel prices in line with global trends. In contrast, key upward contributors to CPI included: (1) The housing and construction materials index climbed 6.8% yoy, with housing maintenance materials (such as sand and construction stone) surged by 10% amid supply shortage, and electricity prices went up by 11.1% yoy following EVN's price adjustment in May 10. (2) Medicine and healthcare services surged 12.6% yoy, fueled by adjusted healthcare service prices.

On average, CPI surged by 3.27% yoy in 10M25, while core inflation rose by 3.2%. Key factors contributing to the increase in the average CPI include: (1) A sharp 9.4% surge in pork prices in the first half of the year due to supply shortages caused by disease outbreaks. (2) A 7.1% yoy increase in electricity prices following EVN's price hike in October 2024 and May 2025. (3) A 13.5% yoy increase in medicine and healthcare services index driven by adjusted healthcare service prices. Overall, inflation is currently under control. However, the average CPI remains below the Government's target of 4.5 - 5%, mainly supported by a 9.8% yoy decline in domestic gasoline & oil prices.

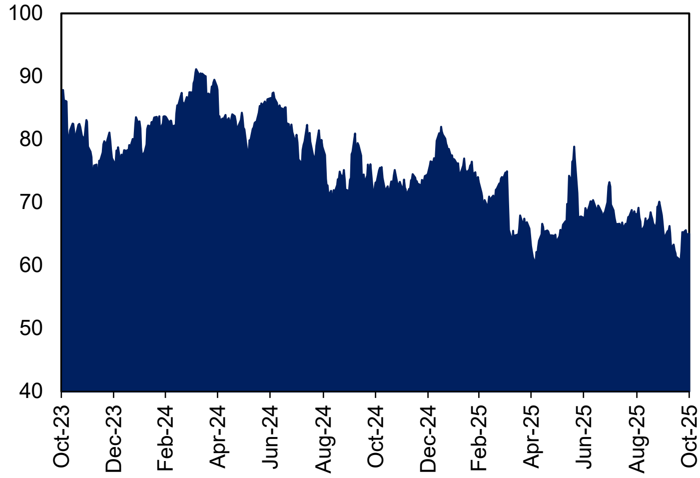
Hence, we expect the average CPI for 2025 to increase by 3.5% yoy - lower than the government's target of 4.5% - 5%, based on the following factors: Global oil prices expected to fluctuate around 70 USD/barrel in 2025 due to a weak demand-supply balance. Food price pressures are expected to ease due to ample rice supply; however, the impact may be limited as the decline in rice prices could be partially offset by surging pork prices. Besides, educational price pressures are expected to cool moderately thanks to the nationwide tuition fee exemption for all students from preschool to high school in the 2025 - 2026 academic year. However, retail electricity prices are expected to continue rising this year as the supply of low-cost electricity sources declines, forcing EVN to shift its focus toward developing new power sources under Power Plan 8, which prioritizes renewable energy - a higher-cost alternative requiring significant capital investment. Additionally, construction steel prices are expected to inch up by 3% in 2025, driven by higher construction demand and the Ministry of Finance's anti-dumping tax measures.

Figure 15: Contribution of commodity groups to CPI growth (%)



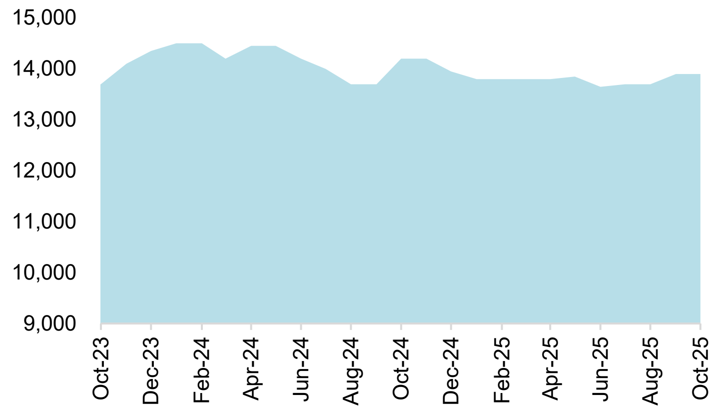
Source: NSO, MBS Research

Figure 16: Brent crude oil price (USD/Barrel)



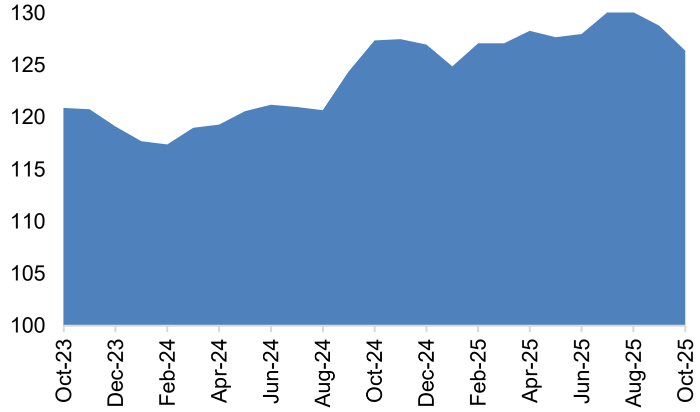
Source: Bloomberg, MBS Research

Figure 17: Steel price (Mn VND/ton)



Source: MBS Research

Figure 18: FAO food price index



Source: FAO, MBS Research

Deposit rates edged up in early 4Q

The overnight interbank rate hit 6.1% before easing to 4.5% by month-end

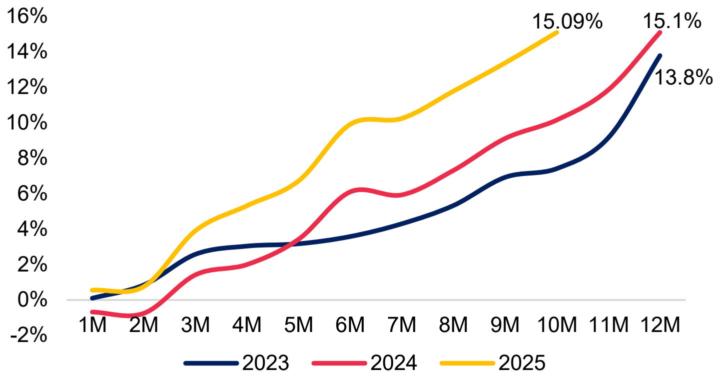
In the first half of the month, the SBV consistently conducted net withdrawals of over VND 58.3 trillion. Subsequently, this drove the overnight interbank rate up from 4.3% at the start of the month to a two-month high of 6.1% on Oct 22, signaling tighter liquidity conditions. Amid this, the SBV conducted a net injection of VND 46 trillion on the same day—marking the third-largest daily injection this year—and actively resumed liquidity injections until month-end. In total, the SBV injected over VND 283.8 trillion through the open market operation (OMO) channel at a 4% interest rate for tenors ranging from 7 to 91 days, while the total matured OMO capital was over VND 244.5 trillion. Cumulatively, the SBV injected a net amount of over VND 39.3 trillion. Therefore, the overnight rate cooled to 4.5% by month-end, while rates for tenors ranging from one week to one month fluctuated between 5% and 5.2%.

Deposit rates edged up in early 4Q

Among 18 banks we monitored, six raised deposit rates in October. In which, LPB is currently offering the highest 12-month rate at 6.1%/year. The upward movement in deposit rates at the start of 4Q was mainly due to seasonal factors, as banks increase capital mobilization to meet the typically sharp year-end surge in credit demand. According to the SBV, as of Oct 30th, credit growth has increased by 15% compared to the end of 2024, and is projected to reach 19% - 20% by year-end.

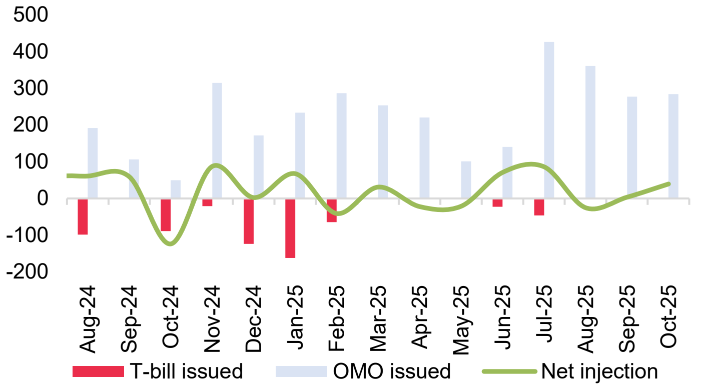
By the end of October, the average 3-month deposit rate at private banks reached 4.1%. The average 12-month deposit rate for this group hovered at 5.3%. Meanwhile, the rate for state-owned banks still held steady at 4.7%. Consequently, the average 12-month deposit rate of commercial banks increased by 15bps since the beginning of the year, reaching 5% as of end-October.

Figure 19: Credit growth (% ytd)



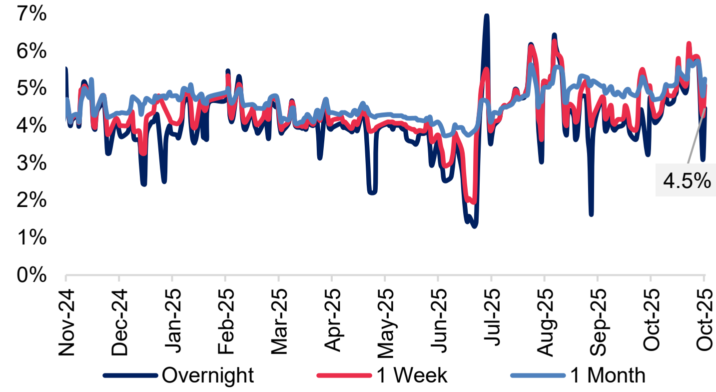
Source: Bloomberg, MBS Research

Figure 20: SBV's Open Market Operation (Liquidity) [VND tn]



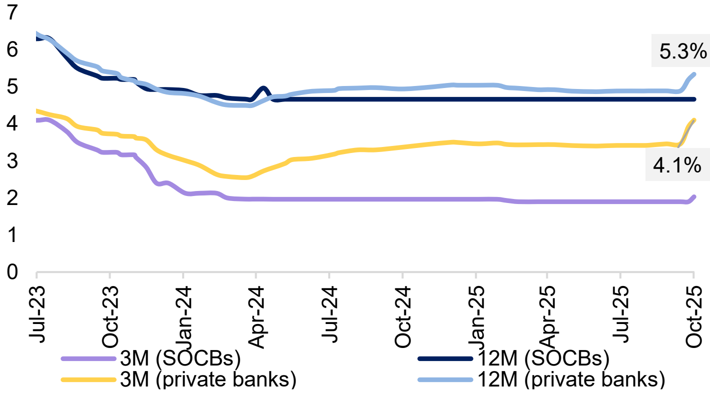
Source: SBV, MBS Research

Figure 21: Interbank overnight lending rate (%)



Source: Bloomberg, MBS Research

Figure 22: Commercial banks deposit rate (%)



Source: Bloomberg, MBS Research

Forex pressure is expected to be alleviated if the Fed continues rate cuts

The market anticipates the Fed to deliver one more rate cut in December

The DXY faced downward pressure since early October as the U.S. government shutdown overshadowed economic outlook and delayed the release of key indicators such as non-farm payrolls and retail sales. Additionally, ADP's report showed that private-sector employment fell by 32,000 jobs in September, marking the steepest drop since March 2023. Consequently, the Fed cut rates by 25bps for the second time this year, bringing the policy rate range down to a three-year low of 3.75% - 4%.

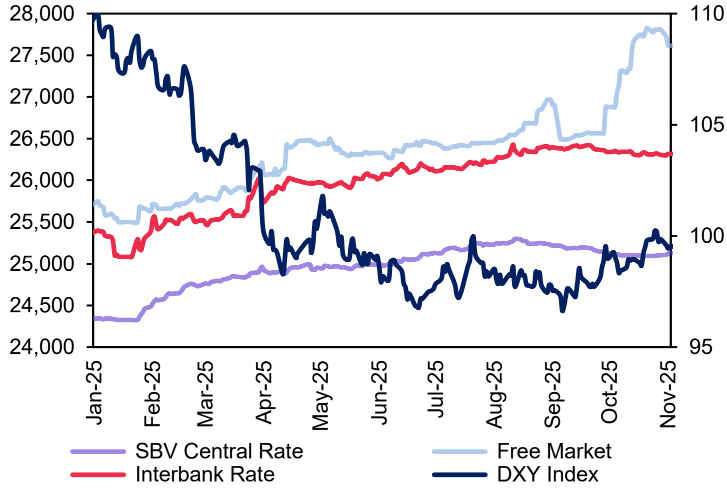
Nevertheless, the Greenback rebounded by month-end, reaching 99.48 (+1.8% mom), supported by the Yen's depreciation as markets anticipated potential large-scale economic stimulus from Japan's new government. Besides, the Euro also weakened following the resignation of France's Prime Minister less than a month after taking office, heightening political uncertainty in the Eurozone's second-largest economy. Moreover, Fed Chair Powell's remarked that another rate cut in December was "not a foregone conclusion" helped strengthen the Dollar. According to the CME FedWatch Tool, the market is currently pricing in a 63% probability that the Fed will continue cutting interest rates in December - significantly lower than the 92% at the beginning of October.

Interbank exchange rate cooled in October and has been stabilizing since early November

Forex pressure has been showing signs of easing, as the interbank rate by the end of October had fallen 0.5% from its peak and has remained relatively stable in the first half of November. Currently, the interbank exchange rate stands at 26,318 VND/USD (+3.4% ytd). The domestic currency was partly supported by a positive VND - USD interest rate gap, as interbank rates hovered above 4% throughout the month and even peaked at 6.1% on Oct 22nd. Additionally, during the month, the SBV also intervened by conducting two rounds of USD sales through 180-day cancellable forward contracts to banks with negative foreign currency positions at a fixed price of 26,550 VND/USD, thereby somewhat alleviating pressure on the exchange rate. Along with that, the central exchange rate by the end of October had fallen 0.8% from its peak, before rising slightly again in the first half of November. Currently, the central rate stands at 25,129 VND/USD (+3.2% ytd). Meanwhile, the free-market exchange rate, after surging 4.7% in October, has begun to reverse and decline. It now stands at 27,615 VND/USD (+7.2% ytd).

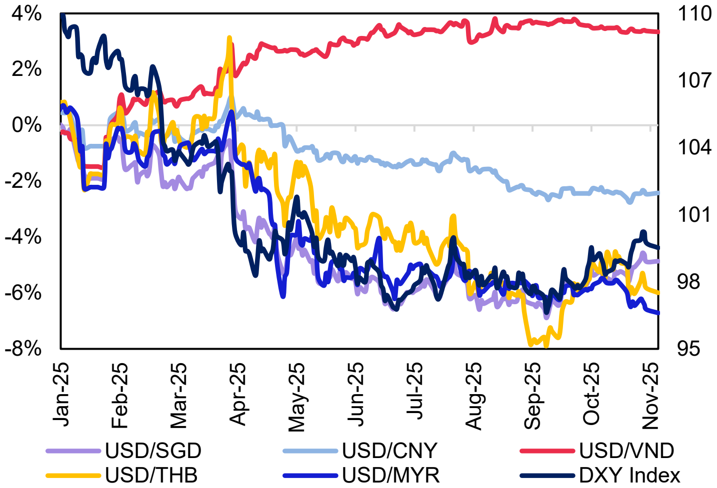
The Fed's rate cuts in September and October, coupled with expectations of an additional 25bps cut in December (totaling 75bps for the year), will help ease exchange rate pressure toward year-end. At the same time, it will also create more room for the SBV to maintain a low interest rate environment to promote economic growth.

Figure 23: USD/VND exchange rate



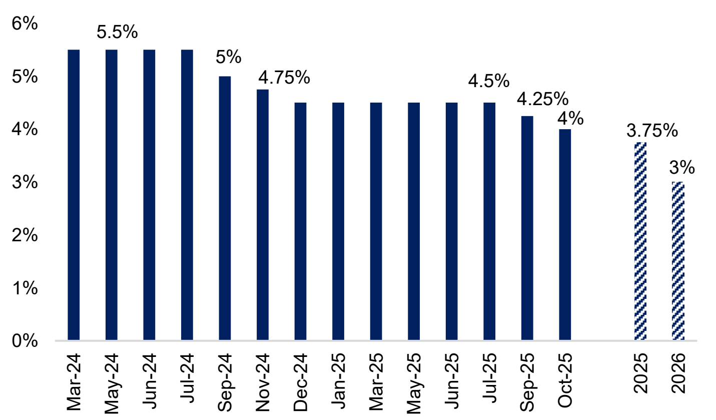
Source: Bloomberg, MBS Research

Figure 24: Regional currencies performance against USD



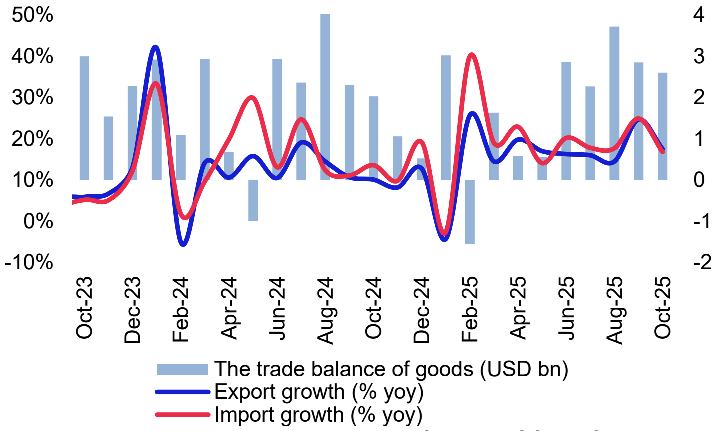
Source: SBV, Bloomberg, MBS Research

Figure 25: Fed cut rates by 25bps in Oct, bringing the interest rate range to 3.75% - 4% amid mounting risks to the labor market



Source: Bloomberg, MBS Research

Figure 26: Import-export growth and monthly trade



Source: NSO, MBS Research

MBS

Vietnam's economic indicators

Economic indicators	2019	2020	2021	2022	2023	2024	2025F
1. GDP, population & income							
Nominal GDP (USDbn)	310.1	334.3	346.6	366.1	430	476.3	512 - 514
Real GDP growth (%)	7.02	2.91	2.58	8.02	5.05	7.09	8 - 8.1
Exports of goods and services (% yoy)	8.1	6.5	19	10.6	-4.4	14.3	15 - 17
Imports of goods and services (% yoy)	7	3.6	26.5	8.4	-8.9	16.7	17 - 18
GDP per capita (USD)	3,267	3,491	3,586	3,756	4,163	4,700	5,000
2. Fiscal policy (%GDP)							
Government debt	49.2	51.5	39.1	34.7	34	34	35
Public debt	55.9	43.1	38	39.5	37	37	37
Foreign debt	47.1	47.9	38.4	36.8	37.2	33	34
3. Financial indicators							
USD/VND exchange rate (by year-end)	23,173	23,115	22,986	23,623	24,305	25,485	26,230-26,420
Inflation rate (%)	2.8	3.2	1.8	3.15	3.25	3.63	3.5
Credit growth (%)	18.7	18.2	13.9	12.1	13.5	15.1	19 - 20
12-month deposit rate	7.2	6.8	5.8	8.5	5	5.1	4.8
Trade balance (USD bn)	9.9	19.1	4	11.2	28	24.77	25
Goods: Exports (USD bn)	263	281	336	371	355.5	405.5	466.4 - 474.5
Goods: Imports (USD bn)	253	262	332	360	327.5	380.8	445.5 - 449.3

DISCLAIMER

MBS INVESTMENT RECOMMENDATION

Stock rating

Our investment recommendations are based on the expected profitability of the stock, calculated as the sum of (i) the percentage difference between target price and market price at the time of publication, and (ii) expected dividend yield. Unless otherwise stated in the report, investment recommendations have an investment horizon of 12 months.

ADD	The stock can generate a profitability of 15% or more
HOLD	The stock can generate a profitability of between -15% and 15%
REDUCE	The stock can generate a loss of 15% or more

Sector rating

POSITIVE	Industry stocks have Add recommendations on a weighted market capitalization basis
HOLD	Industry stocks have Hold recommendations on a weighted market capitalization basis
NEGATIVE	Industry stocks have Reduce recommendations on a weighted market capitalization basis

ABOUT MBS

Founded in May 2000 by the Military Commercial Joint Stock Bank (MB), MB Securities Joint Stock Company (MBS) is one of the first six securities companies in Vietnam. After years of development, MBS has grown into one of the premier brokerage houses in the country. In two consecutive years between 2009 and 2010, MBS leads the brokerage house in terms of market share on both Hanoi Stock Exchange (HNX) and HCMC Stock Exchange (HOSE) and continuously ranked among the Top 5 of market share at both stock exchanges.

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