

Macro report

May 2025: Exports to the US and imports from China in May reached the highest levels in history

Global economy – The US and China reached a tariff agreement that will pave the way for negotiations involving other countries

The US and China have reached a provisional tariff agreement, under which US import tariffs are set at 55% and Chinese's at 10%. This reflects the US's willingness to adjust tariff levels in pursuit of certain trade or political objectives. For Vietnam, we believe negotiations will be more challenging, as the criteria set forth by the US primarily aim to reduce the volume of Chinese goods entering Vietnam. In the near term, Vietnam may strengthen coordination on origin tracing to limit transshipment activities from China. However, reducing imports from China will be difficult, as these goods are input materials for many companies, most of which are FDI enterprises.

Vietnam economy – Export value to the US in May 2025 reached the highest level in history



Export - import growth is expected to accelerate throughout Q2 2025 but is projected to slow down in Q3. Manufacturing PMI and IIP have only shown a short-term recovery, driven by rising output. While registered FDI in May surged significantly compared to the same period last year (+100% YoY), driven by inflows into the Real Estate sector. Public investment disbursement increased strongly in May 2025 (+17.5% YoY), raising the 5-month disbursement rate to 24.3%, higher than the same period in 2024.

Money market – The USD/VND exchange rate remained stable in May, interbank interest rates stayed at low level

The USD/VND exchange rate remained stable in May 2025 as domestic and global macroeconomic conditions were stable and market expectations regarding the outcome of Vietnam's negotiations with the US were positive. Interbank interest rates stayed at low levels despite the SBV' net liquidity withdrawal in May, indicating abundant market liquidity. We believe exchange rate pressures will ease in the H2 2025, average deposit rates are expected to remain flat or increase slightly by around 25 bps toward year-end as credit disbursement accelerates, while average lending rates may decline slightly to support economic growth.

Global's indicators	May 25	% MoM	%YTD
Inflation (%):			
The US	2.4%	0.1%	-0.1%
EU	1.9%	-0.5%	-0.3%
China	0.3%	0.2%	0.2%
PMI (points):			
The US	48.5	0.2	-2.4
EU	49.4	0.4	1.4
China	48.3	-2.1	-1.9
Vietnam's indicators	May 25	% MoM	%YoY
CPI	3.2%	0.2%	3.2%
Manufacturing PM	49.8	4.2	-0.5
IIP	9.4%	4.3%	9.4%
Export (USD billion)	40.4	5.7%	17.0%
Import (USD billion)	39.0	5.9%	14.1%
Retail (VND trillion)	574.9	0.5%	10.2%
Public investment (VND trillion)	55.4	13.6%	17.5%
Reg. FDI (USD billion)	4.6	60.9%	100%
Money market	May 25	%MoM	%YTD
USD/VND	26,176	0.1%	2.8%

Note:

	Weaker than last term
	Better than last term

Nguyen Duc Anh

anhnd@tvs.vn

+84 24 32484820 Ext. 6417

Nguyen Van Quang

quangnv@tvs.vn

+84 24 32484820 Ext. 6420

Global economy

The US and China reached a tariff agreement that will pave the way for negotiations involving other countries.

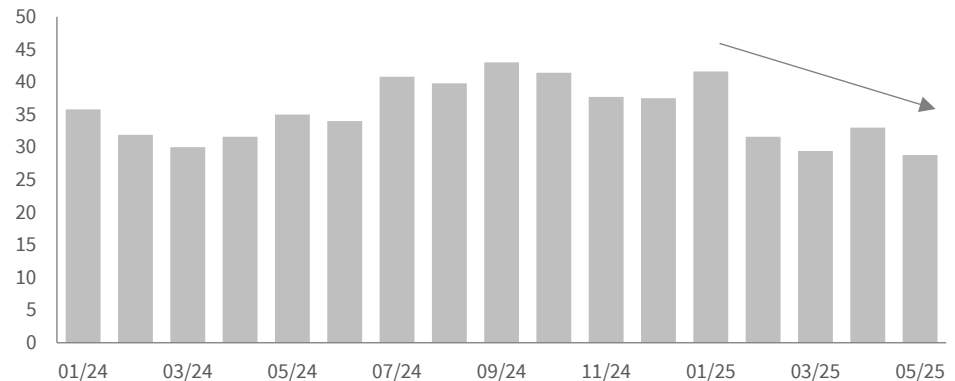
In May 2025, the US and China reached an agreement to reduce import tariffs on goods traded between the two countries. Under the deal, the US agreed to lower tariffs on Chinese imports to 30%, while China reduced tariffs on US imports to 10%. The agreement is valid for 90 days, after which both sides will reassess before making further decisions. During the June negotiation round, the US and China reached a new consensus on import tariffs. Accordingly, the US will apply a 55% tariff on imports from China, while China maintains its 10% tariff on US goods. The 55% tariff imposed by the US includes 10% retaliatory tariff applicable to all trading partners, 20% tariff previously introduced to limit fentanyl shipments into the US, and 25% tariff originally imposed on Chinese goods during former President Trump's first term. In exchange, China agreed to ease export restrictions on rare earth materials.

The US requested countries to submit their negotiation terms early in June while talks were still ongoing, which is an action that reflects the pressure on the US administration to reach agreements swiftly. According to TVS Research, after the US began imposing tariffs on Chinese goods, China's exports increased by (1) the country proactively seeking new trading partners to reduce its dependence on exports to the US and (2) countries increasing exports to avoid US reciprocal tariffs, leading to increased imports of input materials from China. This action has helped mitigate the negative impact of high US tariffs on the Chinese economy and in the long run, may reduce the effectiveness of the US's retaliatory tariff strategy that mainly targets China. According to US Secretary of Commerce Lutnick, the tariff rate imposed on Chinese goods is fixed and will not change, however, given the unpredictability of President Trump's policy, we believe this agreement is not fixed and may change in the future based on the trade situation between 2 countries.

For Vietnam, the US has proposed a set of negotiation criteria, including key provisions such as (1) reducing reliance on raw materials and components from China, (2) tightening control over the supply chain and (3) preventing transshipment of Chinese goods. TVS Research believe that reducing dependence on Chinese raw materials and components is a critical but also the most challenging condition, given that Vietnam primarily imports input materials for FDI enterprises. At present, Vietnam can coordinate with the US in implementing product traceability and minimizing transshipment activities from China. Although the proposed terms are unfavorable to Vietnam, the country can continue to take goodwill actions to move toward a trade agreement that best aligns with the interests of both nations. Such actions include (1) expanding negotiations at various governmental levels, (2) increasing both the scale and diversity of imported goods from the US and (3) reducing certain tariffs and non-tariff barriers on US products.

Figure 1: China's goods exports to the US dropped sharply after the US imposed retaliatory tariffs

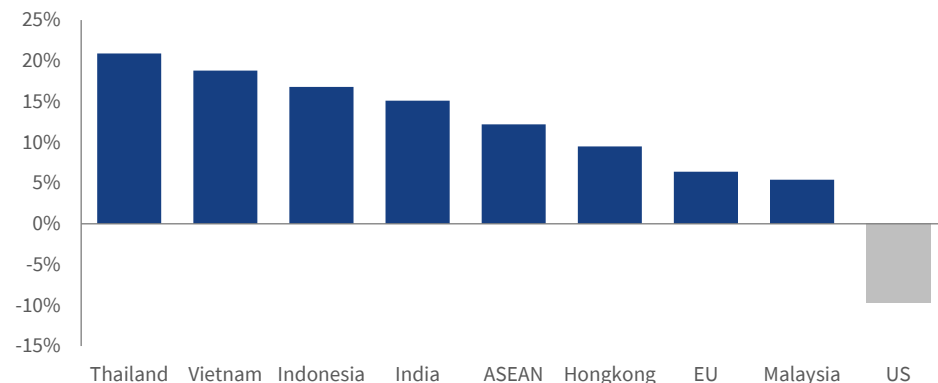
China's exports to the US [USD billion]



Source: Bloomberg, TVS Research

Figure 2: China's goods exports to other countries have gradually increased since early 2025, indicating its readiness to counter US tariff policies

Export growth to major trading partners, Jan - May 2025 [% YoY]



Source: TVS Research

A weakening consumer sector may negatively affect the US economy in Q2.

Several updated economic indicators of the US as of May 2025 are sending mixed signals. Among them, consumer activity is weakening due to the sharp increases in tariffs in April and May. According to data updated through the end of April 2025, the US Consumer Confidence Index dropped to its lowest level since July 2022, while total retail sales growth slowed in April.

We observe that the US's strong retaliatory tariffs on trading partners with mass layoffs of government employees and strict enforcement policies for immigrants have heightened American concerns over political and economic instability, as a result, they have cut back on spending and increased savings to prevent future risks.

The US CPI rebounded in May after three consecutive months of decline, beginning to reflect the negative impacts of the new tariff on the economy.

On the other hand, the labor market has remained resilient with both job creation in

May and new job postings through end of April continuing to rise. This shows that the current US labor market is not temporarily affected by the new reciprocal tax policy.

According to TVS Research, FED officials still maintain the view that interest rates will not be cut soon, as they believe the economy remains stable. However, the increase in inflation in May may partly reflect the negative impact of the new tariff policy on the US economy. Therefore, we believe the FED may have to act soon to reduce the negative effects of the new tariffs on the economy.

Figure 3: US consumer spending began to slow in April, impacted by recent shifts in domestic and foreign policy

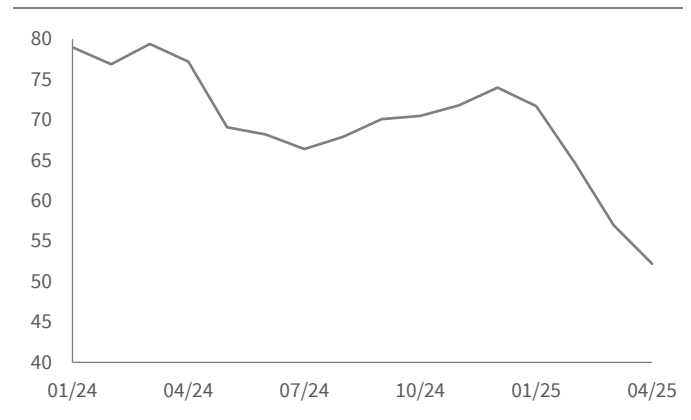
Retail sales growth by business category in the US [%]



Source: FRED, TVS Research

Figure 4: Consumer confidence index continues to decline, reflecting rising concerns about a potential US economic downturn

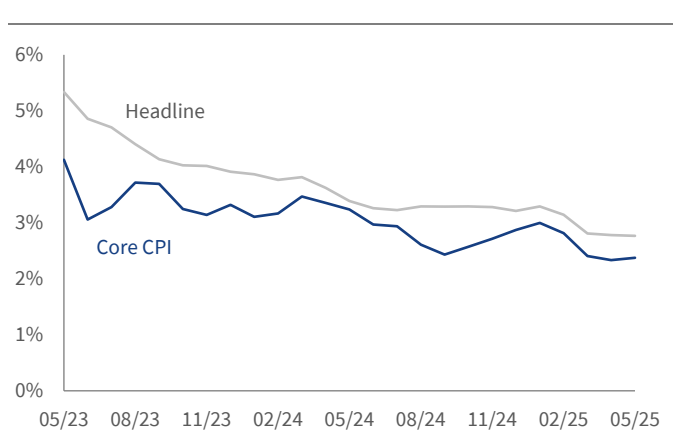
US Consumer Sentiment Index of University of Michigan [points]



Source: FRED, TVS Research

Figure 5: US inflation rebounded in May, beginning to reflect the impact of the new tariff policy

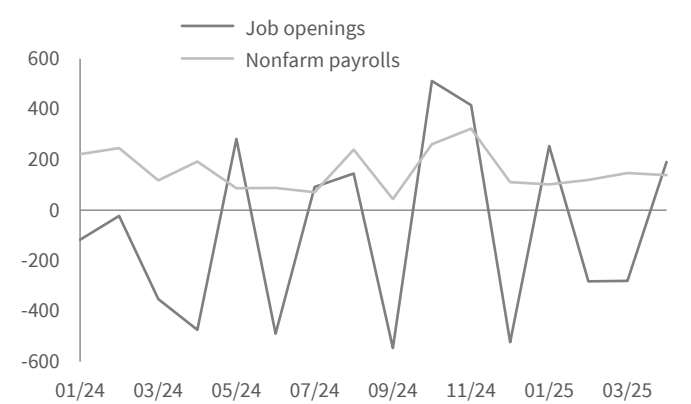
US Headline CPI and Core CPI [%]



Source: FRED, TVS Research

Figure 6: US labor market remains stable based on data updated through April 2025

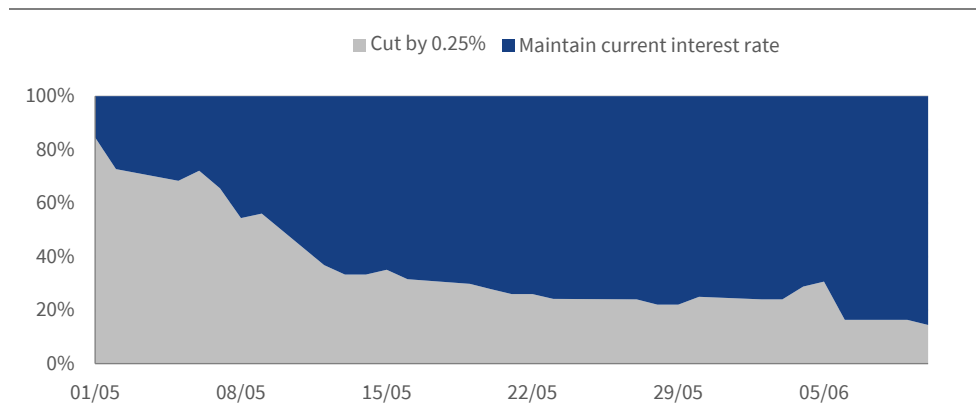
Growth in the number of unemployed people by key economic regions in the US [% YoY]



Source: FRED, TVS Research

Figure 7: Market expectations rise for the FED to keep rates unchanged in the July meeting

Market-implied FED funds rate target expectations [%]



Source: TVS Research

Vietnam economy

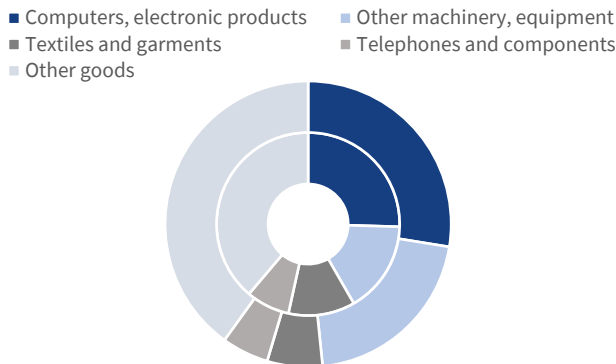
Export value continued to rise strongly in May 2025 as US companies increased their imports.

In May 2025, Vietnam's export value to the US and import value from China both reached the highest level. Export and import turnover in May stood at USD 39.6 billion (+17.0% YoY) and USD 39.0 billion (+14.1% YoY), respectively. Over the past two months April & May 2025, exports reached more than USD 77.1 billion, +18.3% YoY (the highest level in three years), imports reached USD 75.9 billion (+18.2% YoY). Of note, exports to the US in April & May amounted to USD 25.8 billion (+38% YoY), and imports from China reached USD 31.3 billion (+25.7% YoY). These figures partly showed: (1) the important role of the two largest economies currently which are the US and China to Vietnam's trade value and (2) Vietnam's dependence on imports of input materials from China, then processed and exported to the US.

TVS Research expects export turnover in June will maintain strong momentum similar to previous months and start to slow from July as exporters to the US temporarily halt production and wait for official announcements of US tariffs on Vietnam, the inventory accumulated in earlier months is likely to meet production needs through July and August.

Figure 8: Exported goods to the US and imported goods from China show a clear similarity

Share of goods exported to the US [% – inner ring] and goods imported from China [% – outer ring]



Source: General Department of Customs, TVS Research

Figure 9: Total export to the US and import from China in April & May 2025 reached the highest level on record

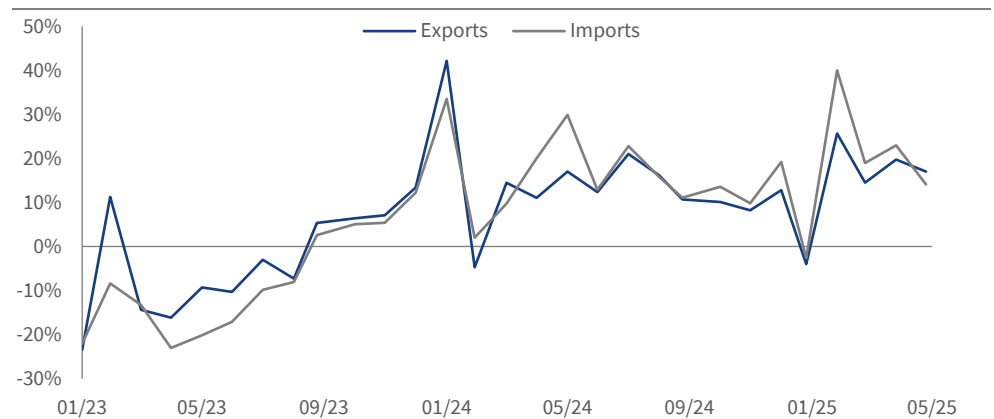
Export to the US and import from China by month, Jan 2023 – present [USD billion]



Source: General Department of Customs, TVS Research

Figure 10: Import - export value in May 2025 continued to grow strongly YoY

Monthly export - import growth, Jan 2023 - present [% YoY]



Source: General Department of Customs, TVS Research

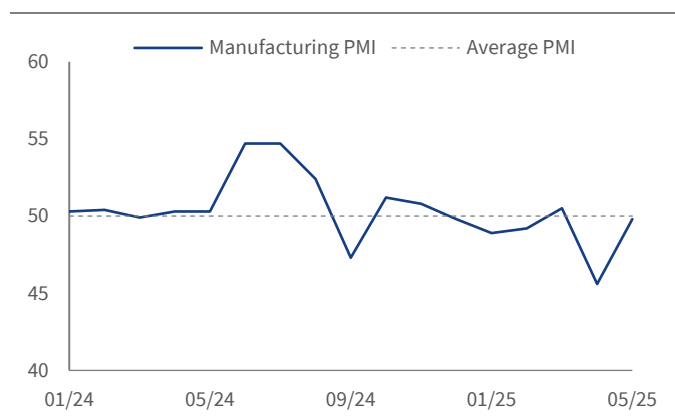
The Manufacturing PMI rebounded in May 2025, driven by a sharp increase in output.

The manufacturing sector recovered in May, the Manufacturing PMI rising by 4.2 points to 49.8, the IIP reached 9.4% YoY (+4.3% MoM). The main contributor to this improvement was a strong surge in production output in May. As previously mentioned, businesses increased their inventories to prepare for potential US tariffs, leading to a strong rise in production output in May, pushed up the PMI and IIP.

However, TVS Research believes that this recovery is only temporary because despite the rise in output, new orders have continued to decline since the beginning of 2025 and employment levels show no signs of improvement. In addition, business sentiment in May remained below the average level, reflecting concerns among firms about uncertainties surrounding Vietnam's tariff policies.

Figure 11: Vietnam's Manufacturing PMI rebounded to 49.8 in May 2025

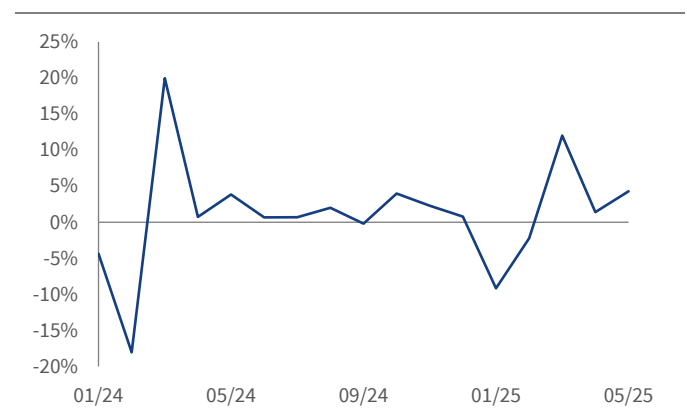
Vietnam Manufacturing PMI, Jan 2024 – present [points]



Source: S&P Global, TVS Research

Figure 12: Industrial production recovered in May 2025 compared to the previous month

Industrial Production Index (IIP), Jan 2024 – present [% MoM]



Source: GSO, TVS Research

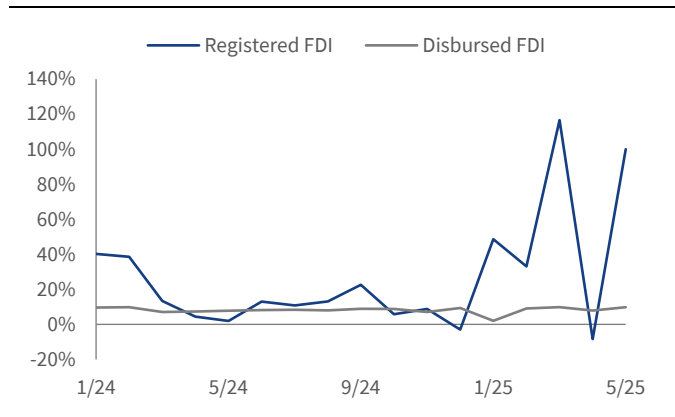
Registered FDI in the first five months of 2025 recorded impressive growth, mainly driven by increased activity in the Real Estate sector, which attracted many foreign investors.

In May 2025, total registered and disbursed FDI reached USD 4.6 billion (+100% YoY) and USD 2.2 billion (+9.8% YoY), respectively. The sharp increase in registered FDI was primarily due to a large amount of capital flowing into real estate. Notably, Hanoi attracted nearly USD 1.4 billion in registered FDI for real estate business in May (a capital adjustment project by Gamuda Land, with an increase of USD 1.1 billion).

For the first five months of 2025 as a whole, the strong rise in registered FDI was mainly supported by capital adjustments to previously licensed projects, as well as a surge in capital contributions and share purchases by foreign investors. Meanwhile, new FDI registrations declined by 13.2% YoY due to concerns about potential retaliatory tariffs that the US impose on Vietnam. In terms of sector structure, the real estate sector recorded strong growth in the first five months of 2025 (+150% YoY), supported by improvements in institutional and legal reforms in 2025. The manufacturing sector also posted solid growth (+30% YoY), but still faces major risks if the US imposes tariffs on Vietnamese exports in the coming period. We maintain our forecast that disbursed FDI in 2025 will grow by 10%, while adjusting our forecast for registered FDI to remain flat compared to 2024.

Figure 13: Registered FDI surged in May 2025, driven by capital increases in real estate projects

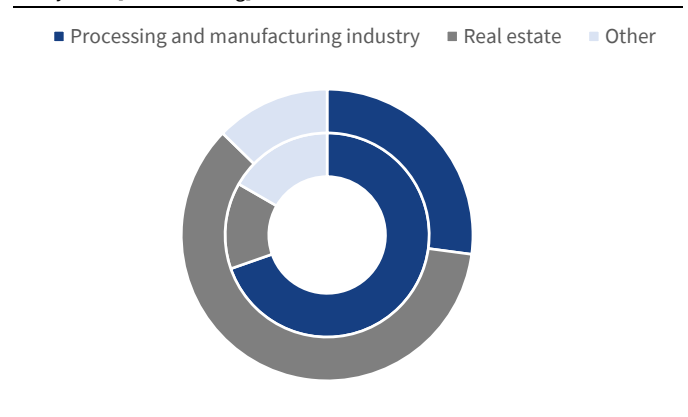
Monthly growth of registered and disbursed FDI, Jan 2024 – present [% YoY]



Source: Fiinpro-X, TVS Research

Figure 14: Real estate sector saw strong growth, accounting for the majority of registered FDI in May 2025

Structure of newly registered and adjusted FDI in May 2025 [% – outer ring] & May 2024 [% – inner ring]



Source: GSO, TVS Research

Public investment continued to accelerate in May 2025.

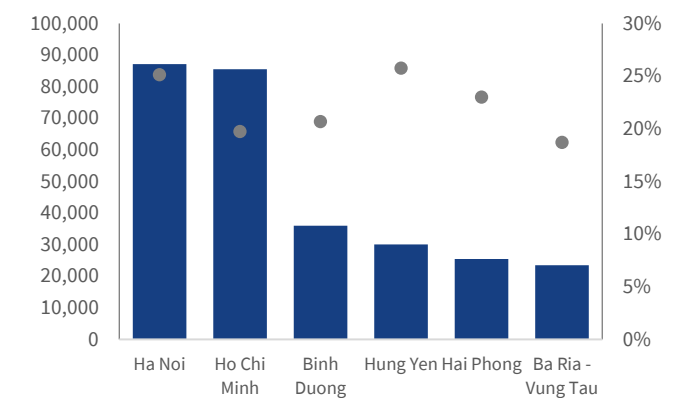
Public investment disbursement was actively promoted by ministries, sectors and localities in May, total state budget investment disbursement to May 2025 had reached VND 221,823 billion (+17.5% YoY), reached 24.3% of the annual plan (compared to 24.2% in the same period of 2024). The total planned capital, including additional allocations from local authorities, amounted to over VND 899 trillion (+45% YoY) made the disbursement rate relative to the plan was the lowest in the past five years but the absolute value of disbursed capital reached a record high.

With the government's continued push and strong commitment, we believe that

public investment in 2025 will play a key role in supporting aggregate demand through stimulating production, improving infrastructure and creating jobs. Although industrial production and import – export activity may slow due to the impact of US retaliatory tariffs in Q3, we expect public investment to offset these effects and help sustain economic growth momentum.

Figure 15: Disbursement rates in 5M in major localities such as Ho Chi Minh City and Binh Duong remained low

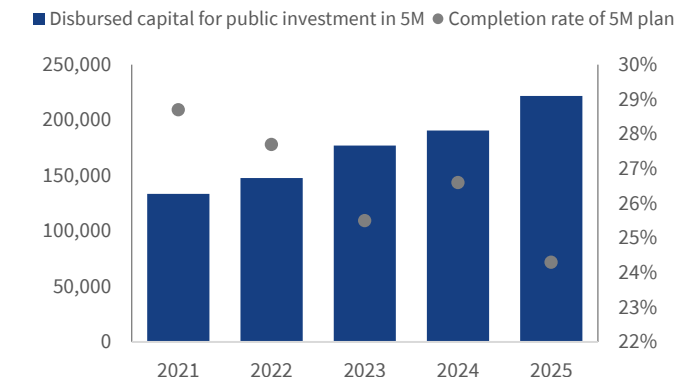
Public investment disbursement rate in 5M 2025 [% – right axis] and allocated capital to localities in 2025 [VND trillion – left axis]



Source: Ministry of Finance, GSO, TVS Research

Figure 16: Public investment disbursement in 5M 2025 reached the highest level on record

Public investment disbursement in the first 5 months, 2021 – 2025 [VND trillion – left axis] and completion rate vs. annual plan [% – right axis]



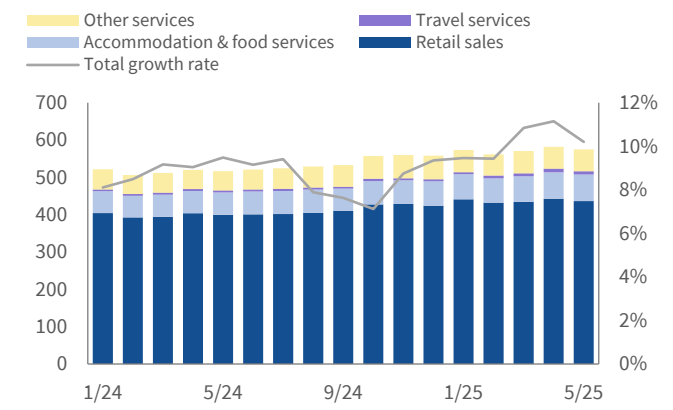
Source: Ministry of Finance, TVS Research

The retail and services sector maintained stable growth at 10.2% YoY in May 2025.

Total retail sales of goods and services rose by 10.2% YoY in May. Specifically, retail sales of goods slightly decreased than the growth rates of previous months (+8.0% YoY) while sales of travel services (+35% YoY) and accommodation & food services (+19% YoY) continued to reach positive growth. For the first five months of 2025, total retail sales and service grew by 9.7% YoY (8.8% YoY in the same period of 2024). As previously noted in our [February Macro Report](#), domestic tourism is expected to be the key driver of tourism service growth in Q2 each year, while international visitors tend to concentrate in Q1 and Q4.

Figure 17: Retail and services sector maintained stable growth in April 2025

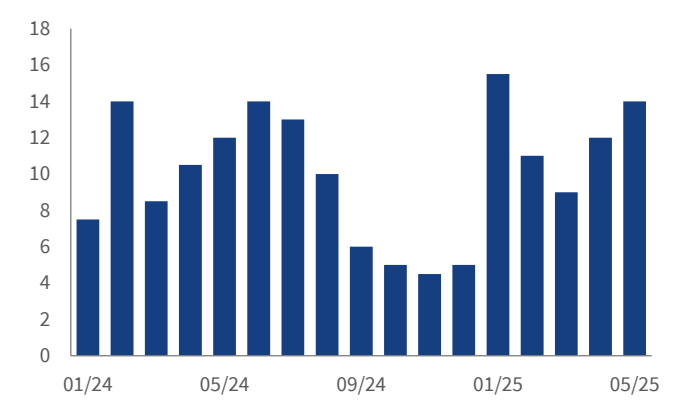
Revenue of retail and service [VND trillion – left axis] and total retail & service growth [% YoY – right axis], Jan 2024 – present



Source: FiinPro-X, TVS Research

Figure 18: Number of domestic tourists surged in May 2025

Monthly number of domestic tourists, Jan 2024 – present [million arrivals]



Source: Viet Nam National Authority of Tourism, TVS Research

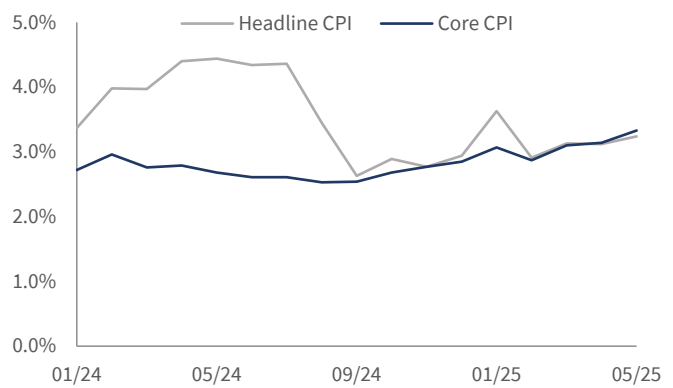
CPI in May 2025 did not change much compared to previous months, increasing 3.2% YoY.

Headline CPI in May 2025 rose by 3.2% YoY (+0.02% MoM). Among the contributors to the CPI increase in May, the Housing & Construction Materials increased by 5.7% YoY (contributing to overall CPI 1 percentage point), mainly due to rising rental prices and maintenance material costs. Additionally, though pork prices declined from the previous month, they remained highly compared to the same period last year, pushing the Food up by 4.4% YoY (contributing to overall CPI 0.9 percentage point).

As projected in our [April Macro Report](#), fuel and rice prices continued to decline thanks to ample supply (domestic fuel prices adjusting downward in line with global prices). TVS Research believe that CPI in 2025 will be controlled, stayed below 4.5% - the government's inflation target, providing more room for expansionary fiscal and monetary policies.

Figure 19: CPI in May 2025 remained stable at 3.2% YoY

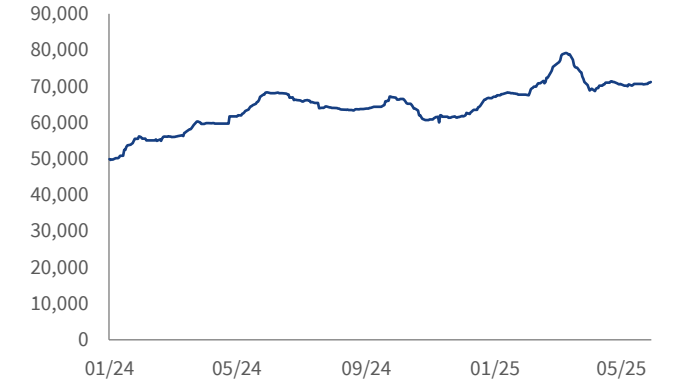
Headline and core CPI, Jan 2024 – present [% YoY]



Source: FiinPro-X, TVS Research

Figure 20: Domestic pork prices showed no signs of cooling in May 2025

Domestic pork prices, Jan 2024 – present [VND]



Source: FiinPro-X, TVS Research

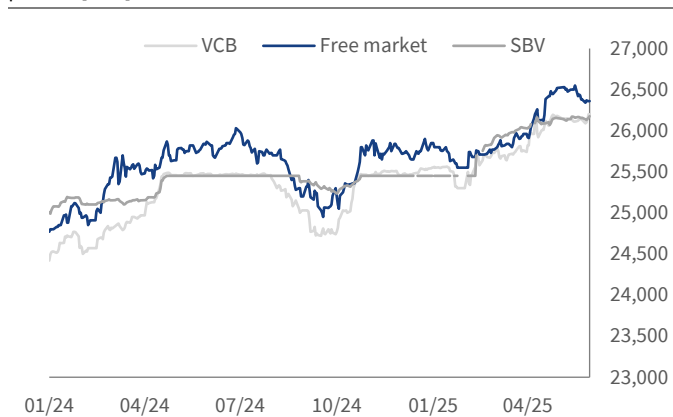
Money market

The USD/VND exchange rate remained stable in May.

The selling exchange rate announced by the SBV in May 2025 rose slightly compared to April (+0.1% MoM), averaging VND 26,151/USD. Meanwhile, the selling rate at Vietcombank also remained stable, reaching VND 26,200 at the end of May. Beside that, in May, the State Treasury conducted two foreign currency purchase operations on May 7 and May 20 with value at USD 150 million and USD 100 million, respectively, primarily to meet foreign debt repayment needs. Several factors such as steady growth in disbursed FDI, strong export value growth and improving market sentiment regarding the tariff outlook between Vietnam and the US helped ease exchange rate pressure throughout May. We believe that exchange rate pressures will decrease in the second half of 2025 as the FED is expected to cut interest rates and the supply of USD from exports, FDI inflows and remittances will help balance foreign currency demand and supply.

Figure 21: USD/VND exchange rate edged up slightly and remained stable throughout May 2025

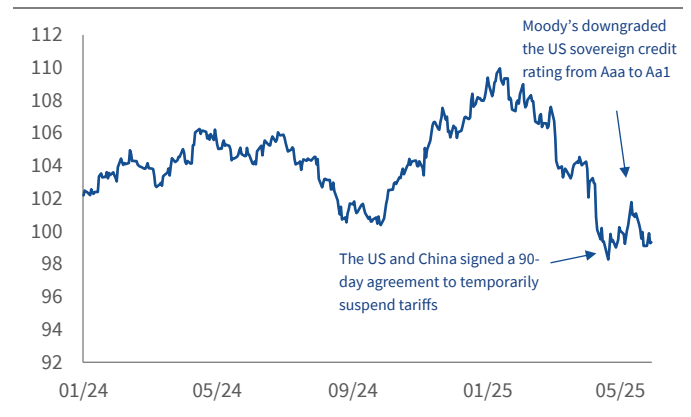
USD/VND selling rates at Vietcombank, free market and SBV, Jan 2024 – present [VND]



Source: FiinPro-X, TVS Research

Figure 22: DXY Index fell to its lowest level in the past three years

DXY Index, Jan 2024 – present [points]



Source: FiinPro-X, TVS Research

The SBV continued net withdrawals in May, interbank rates slightly declined in the second half of the month.

Overnight interbank interest rates remained low (3.8% - 4.2% throughout May). Rates were stable at around 4% during the first half of May but dropped to the lowest level of 3.1% on May 30. Despite the SBV's net liquidity withdrawal during May, interbank rates stayed low, indicating ample system liquidity. In addition, the relatively stable USD/VND exchange rate during May supported a decline in interbank rates to below 4%/year.

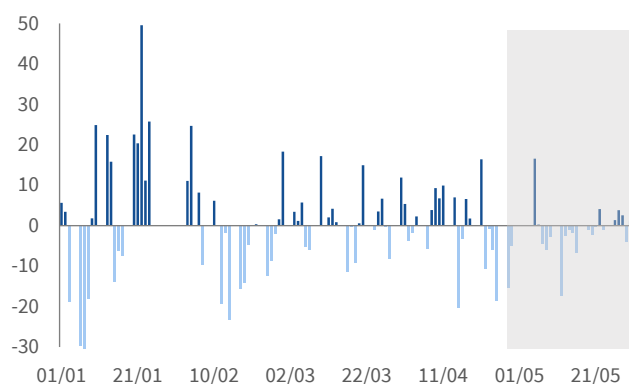
Average deposit interest rates at commercial banks remained unchanged from the previous month at an average of 5.0% for a 12-month term. Deposit rates at commercial banks continued to stay at low levels, creating favorable conditions for lending rates to support the economic growth.

Looking ahead, we expect average deposit rates to remain flat or increase slightly

about 25 basis points toward the end of the year as credit disbursement accelerates. In terms of lending rates, we believe that the current low deposit rate environment will allow the commercial banks to maintain low lending rates, even decrease slightly to support economic growth in the remainder of 2025.

Figure 23: SBV conducted net withdrawals throughout May with over VND 20 trillion

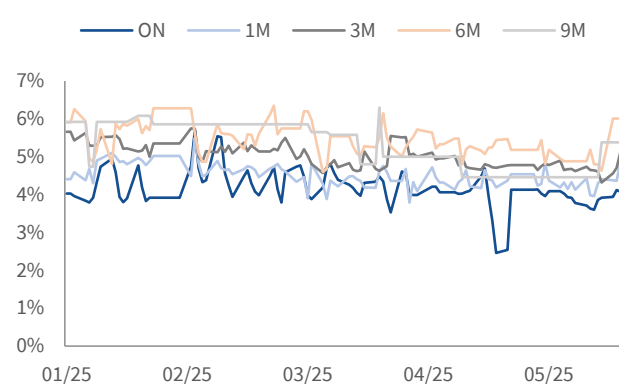
Daily net injection (withdrawal) volume, Jan 2025 – present [VND trillion]



Source: FiinPro-X, TVS Research

Figure 24: Interbank interest rates dropped sharply at the end of April, hitting the lowest level since early 2025

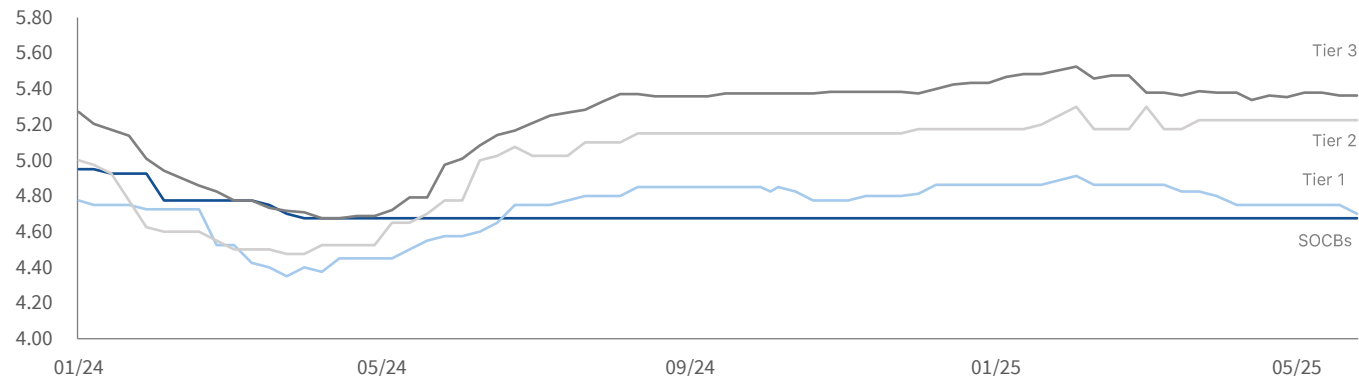
Interbank interest rates by tenor, Jan 2025 – present [%/year]



Source: FiinPro-X, TVS Research

Figure 25: Deposit interest rates at commercial banks remained unchanged in May compared to the previous month

12-month term deposit interest rates at commercial banks [%]



Source: Wifeed, TVS Research

Note: SOCBs: Agribank, BID, CTG, VCB; Tier 1: MBB, TCB, VPB, ACB; Tier 2: HDB, TPB, VIB, MSB; Tier 3: ABB, BAB, BVN, EIB, KLB, NAB, NVB, OCB, PGB, SGB, VAB, VBB

Table 1: Forecasts for Vietnam's key macroeconomic indicators

Indicator	Unit	2020	2021	2022	2023	2024	2025F
Real GDP growth	% YoY	2.9%	2.6%	8.0%	5.1%	7.1%	7.2%
Headline inflation	% YoY	3.2%	1.8%	3.2%	3.3%	3.6%	3.5%
Retail sales & services growth	% YoY	2.3%	-7.8%	22.8%	9.3%	9.3%	10.0%
Export growth	% YoY	7.0%	19.0%	10.4%	-4.5%	14.3%	11.0%
Import growth	% YoY	3.7%	26.5%	8.0%	-8.7%	16.7%	13.0%
Public investment disbursement growth	% YoY	34.7%	-7.9%	19.8%	21.2%	3.3%	40.0%
Disbursed FDI growth	% YoY	-2.0%	-1.2%	13.5%	3.5%	9.4%	10.0%
Credit growth	% YoY	13.6%	12.2%	13.6%	14.2%	15.1%	16.0%
Policy interest rate [ON]	%	4.0%	4.0%	6.0%	4.5%	4.5%	4.5%
Deposit interest rate [12-month term]	%	6.0%	5.5%	5.6%	6.5%	4.8%	5.0%
USD/VND exchange rate [annual average]	VND	23,223	22,934	23,429	23,839	25,053	25,805
Foreign exchange reserves	USD billion	94.8	109.4	86.5	89.0	80.0	84.0

Source: FiinPro-X, Bloomberg, TVS Research

Note: Deposit interest rates are based on the average rates of SOCBs: Agribank, BID, CTG, VCB; Tier 1: MBB, TCB, VPB, ACB; Tier 2: HDB, TPB, VIB, MSB

Notable economic events in June

Date	Events	Impact
2/6/2025	Vietnam releases May 2025 manufacturing PMI data	Moderate
3/6/2025	US releases May 2025 manufacturing PMI data China releases May 2025 manufacturing PMI data	Moderate
5/6/2025	The ECB releases its monetary policy	Moderate
6/6/2025	Vietnam releases key economic indicators for May 2025	High
18/6/2025	The US – FOMC meeting	Moderate
20/6/2025	China announces its loan prime rate (LPR)	Low

List of issued reports

Categories	Title	Company/Industry	Release date
Corporate bond market report	April 2025 corporate bond market update report	Corporate bond market	15/05/2025
Market report	April 2025 market report	Market	14/05/2025
Macro report	April 2025 macro report	Macro	14/05/2025
Industry report	Q1 2025 financial results	Market	09/05/2025
AGM update	2025 AGM update report	ACB	06/05/2025
AGM update	2025 AGM update report	DDV	05/05/2025
AGM update	2025 AGM update report	KDH	05/05/2025
AGM update	2025 AGM update report	PLX	05/05/2025
AGM update	2025 AGM update report	VHM	05/05/2025
AGM update	2025 AGM update report	SIP	05/05/2025
AGM update	2025 AGM update report	PVD	05/05/2025
AGM update	2025 AGM update report	NLG	05/05/2025
AGM update	2025 AGM update report	BSR	05/05/2025
AGM update	2025 AGM update report	DGW	29/04/2025

Disclaimer

This report is written and issued by Thien Viet Securities Joint Stock Company (TVS). The report is based on information gathered from sources that TVS considers reliable; however, TVS does not guarantee the accuracy and completeness of this information.

Opinions and viewpoints expressed in the report reflect the analyst's opinion at the time of issuance. These opinions do not necessarily represent the general views of TVS and may change without prior notice

The report is for informational purposes only and is not intended as an offer or solicitation to buy or sell any securities mentioned. Investors have full discretion and assume all risks in using the information and considering the opinions in the report. TVS disclaims any liability for any direct or indirect damages arising from the use of this report.

Recommendation System

The recommendations of Buy, Sell, or Hold for stocks are determined based on the expected total return, which is the sum of the difference between the target price and the current market price of the stock, plus the expected dividend yield. Specific definitions for each recommendation level are as follows:

Recommendation ratings	Defination
BUY	Expected stock total return over 1 year > 20%
HOLD	Expected stock total return over 1 year is between -10% to 20%
SELL	Expected stock total return over 1 year < -10%

Thien Viet Securities Joint Stock Company – www.tvs.vn

Ha Noi

15th floor, Harec Building
4A Lang Ha, Ba Dinh, Hanoi
Phone: +84 (24) 7300 6588
Fax: +84 (24) 3248 4821

Ho Chi Minh

9th floor, Bitexco Building Nam Long
63A Vo Van Tan, District 3, Ho Chi Minh
Phone: +84 (28) 7300 6588
Fax: +84 (28) 299 2088

Contact information

RESEARCH DEPARTMENT

Nguyen Thi Kieu Hanh

Senior Analyst
hanhntk@tvs.vn

Nguyen Duc Anh

Analyst
anhnd@tvs.vn

Pham Nguyen Long

Senior Analyst
longpn@tvs.vn

Tieu Phan Thanh Quang

Analyst
quangtpt@tvs.vn

Nguyen Van Quang

Analyst
quangnv@tvs.vn