



Research Department  
[research@gtjas.com.vn](mailto:research@gtjas.com.vn)  
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## Vietnam Macro Update – January 2026

### ***Key Highlights:***

- Vietnam's economy recorded several positive developments, particularly in industrial production and tourism.
- However, certain risk factors remain, including signs of moderation in FDI inflows, rising inflationary pressures, and a shift in the composition of tourist arrivals, with a decline observed among key target markets.
- The equity market posted gains in January. Nevertheless, in the short term, multiple factors are constraining further upside momentum. The Vietnamese stock market is approaching a critical inflection point. At present, upward momentum is likely to remain capped by foreign investors taking profit, while domestic investors are constrained by the prevailing high interest rate environment.
- On the other hand, once the market reclassification process is completed and new investors finalize their assessment, allocation planning, and capital deployment strategies—alongside the State Bank of Vietnam's completion of liquidity management measures—we expect renewed strong upward cycles in the Vietnamese stock market, positioning Vietnam as a newly recognized member of the FTSE-classified emerging markets universe.



## DETAILED ANALYSIS

**Industrial production** in January 2026 recorded a strong year-on-year increase of 21.5% compared to January 2025. While this reflects a positive signal for the economy, caution is warranted when interpreting the data due to base effects. The Lunar New Year in 2025 fell between late January and early February, disrupting production activities at the end of January last year. In contrast, the 2026 Lunar New Year occurs in mid-February, allowing production activities in the first month of the year to remain relatively robust, though a moderation in the subsequent month is highly likely.

On a year-on-year basis, Manufacturing continued to be the most dynamic sector, expanding by 23.6%, exceeding the overall industrial growth rate of 21.5%. In contrast, Mining recorded the slowest growth at 10.3% in January. Electricity production and distribution rose by 14.1%, followed by Water supply and waste management, which increased by 13.6%. Currently, Manufacturing plays a dominant role in Vietnam's industrial structure, accounting for an estimated over 90% of the total Industrial Production Index (IIP) weighting. Electricity production contributes roughly 5%, Mining approximately 4%, with the remainder attributed to water supply and waste treatment.

Within the Manufacturing sector, several industries posted notable growth rates, including Motor vehicle production (+36.6%), Basic metals (+35.4%), Chemicals and chemical products (+35.2%), and Paper and paper products (+31.9%). Beverage production also recorded solid growth (+26.1%), while Tobacco products expanded by 25.6%, both exceeding the sector's average. The strong performance is partly attributable to the proactive expansion of domestic enterprises into automobile manufacturing, led by VinFast and followed by Thaco, making the robust industrial growth largely predictable.

However, the production of Electronics, computers, and optical products grew at a more modest pace of 20.9%. Given that this segment represents a core area for major Korean FDI corporations such as Samsung and LG, the relatively slower expansion may warrant close monitoring.

In the Mining sector, Hard coal and lignite mining recorded the highest growth at 10.9%, followed by Crude oil and natural gas extraction (+6.2%) and Metal ore mining (+6.0%).

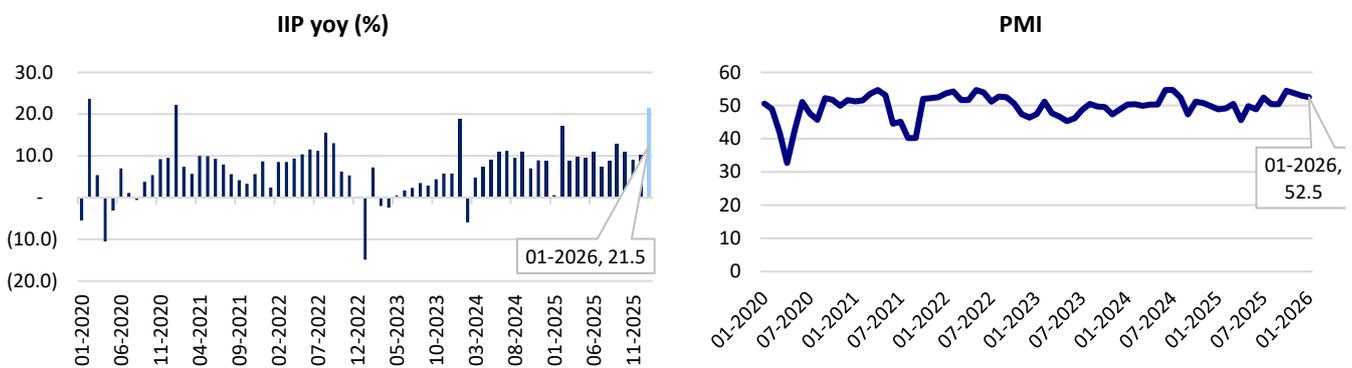
Meanwhile, growth in Electricity production and distribution remained moderate compared to the overall industrial pace, which also deserves attention. In previous years, Vietnam experienced power supply constraints due to grid bottlenecks and delays in large-scale energy projects. Although the government is actively negotiating and preparing for nuclear power development, coal-fired power is likely to remain the primary energy source in the coming years, with nuclear power expected to contribute additional supply only toward the end of this decade.

The Manufacturing PMI remained in expansionary territory at 52.5 in January. This indicates continued optimism among enterprises regarding short-term order flows and production prospects. According to S&P Global, output, new orders, and employment all expanded at a solid pace, with job creation reaching its highest level in 19 months. This suggests that firms are resuming hiring after a prolonged period of caution amid global economic uncertainties.

On the other hand, the PMI has declined for three consecutive months since the beginning of Q4/2025. This suggests that underlying pressures are gradually building across global supply chains in general, and Vietnam’s manufacturing activity in particular.

The year 2026 is set to witness several key global events, including the U.S. midterm elections and the announcement of China’s new Five-Year Development Plan. These developments have the potential to trigger structural shifts in global economic dynamics in the period ahead.

In addition, manufacturers have expressed concerns over rising input material costs. Should international volatilities intensify further, inflationary pressures could re-emerge as a significant burden for Vietnam’s manufacturing sector in the coming months.



Source: General Statistics Office (GSO), S&P Global, GTJA Research Team

**Total retail sales** in January expanded by 9.3% year-on-year, slightly lower than the 9.8% recorded in the previous month. Accordingly, total retail sales of goods and services reached VND 632.4 trillion in January, showing early signs of moderation. Excluding price effects, real retail sales growth stood at 6.3%, marginally below the 6.5% recorded in the same period last year.

The share of goods retail sales edged up to 77.1% of total retail turnover, compared to 75.5% in December 2025. This segment grew by 9.3%, broadly in line with the overall retail sector’s performance during the month.

Accommodation and food services showed a more noticeable slowdown, expanding by only 9.4%, compared to the double-digit growth typically recorded in previous months. Travel and tourism services rose by 14%, down from 18% in the preceding month. Overall, the retail sector is exhibiting signs of softer momentum, likely reflecting weaker household spending amid elevated interest rates and tighter financial market liquidity in recent periods.

International tourist arrivals to Vietnam increased by 12.3% year-on-year in January 2026. However, the growth trajectory has been gradually moderating, declining from nearly 50% at the beginning of 2025 to around 20% toward the end of the year. The majority of visitors (73.5%) continued to originate from Asia, followed by Europe at 17.3%.

Within Asia, China and South Korea remained the two largest source markets, accounting for 18.7% and 20.0% of total arrivals, respectively. Cambodia emerged as the third-largest contributor at 9.1%.

potentially influenced by recent domestic tensions in that country. Taiwan, India, and Japan accounted for 4.1%, 3.6%, and 3.4% of total arrivals, respectively.

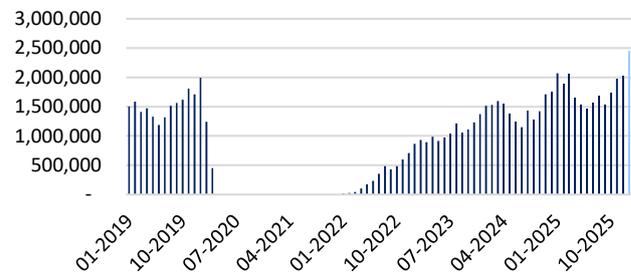
In January, Chinese tourist arrivals declined by 21.1% year-on-year, allowing South Korea to become the largest source market for Vietnam. In contrast, South Korean arrivals rose by 17.4%, after having declined by approximately 8% throughout 2025. Cambodia recorded the highest growth rate among Asian markets, surging by 122.7%.

Within Europe, Russia remained the largest source market, accounting for nearly one-third of total European arrivals. It also posted the strongest growth among European countries, with arrivals increasing by 195% in January.

Total Retail Sales of Goods and Services Growth  
(YoY, %)



International Tourist Arrivals



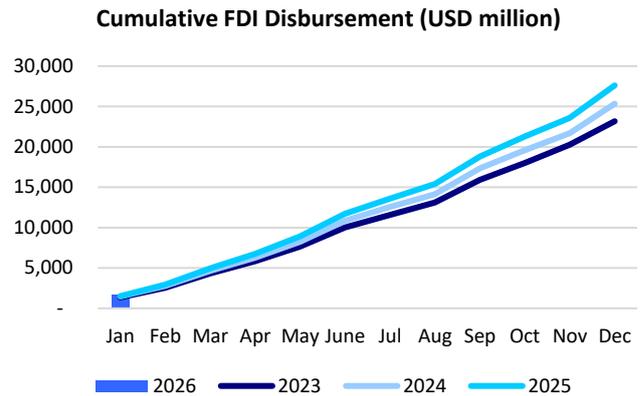
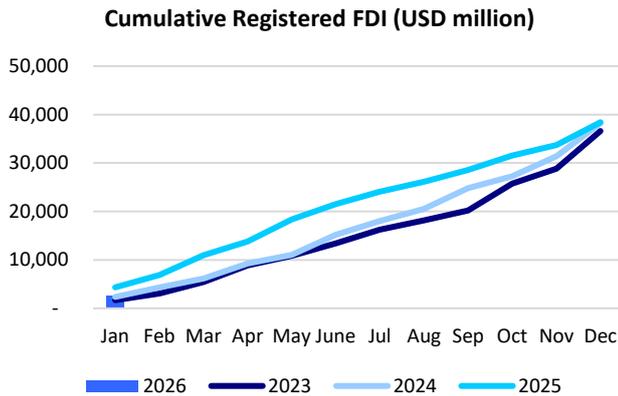
Source: General Statistics Office (GSO), GTJA Research Team

**Total registered FDI** in January amounted to USD 2.58 billion, representing a 40% year-on-year decline compared to January 2025. Despite this sharp contraction, the registered FDI data require a longer observation period before drawing firm conclusions, as investment registration activities are often affected by the Lunar New Year holiday season.

Of the 40% decline, the majority stemmed from additional capital registered for existing projects, which fell to USD 889 million from USD 2,725 million in the same period last year, as well as from capital contributions and share purchases, which decreased to USD 203 million from USD 323 million year-on-year.

In contrast, newly registered FDI projects reached USD 1,489 million, up from USD 1,287 million in January 2025. Notably, new project registrations had declined by approximately 12.2% over the full year 2025, suggesting that January 2026 figures reflect certain positive signals relative to the same period last year.

Meanwhile, FDI disbursement in the first month of the year totaled USD 1,680 million, up 11.3% year-on-year. This growth rate significantly exceeds the 7–8% range commonly observed during 2024–2025, representing another encouraging sign for FDI attraction and capital realization. Nevertheless, it remains premature to confirm the emergence of a sustained upward trend.

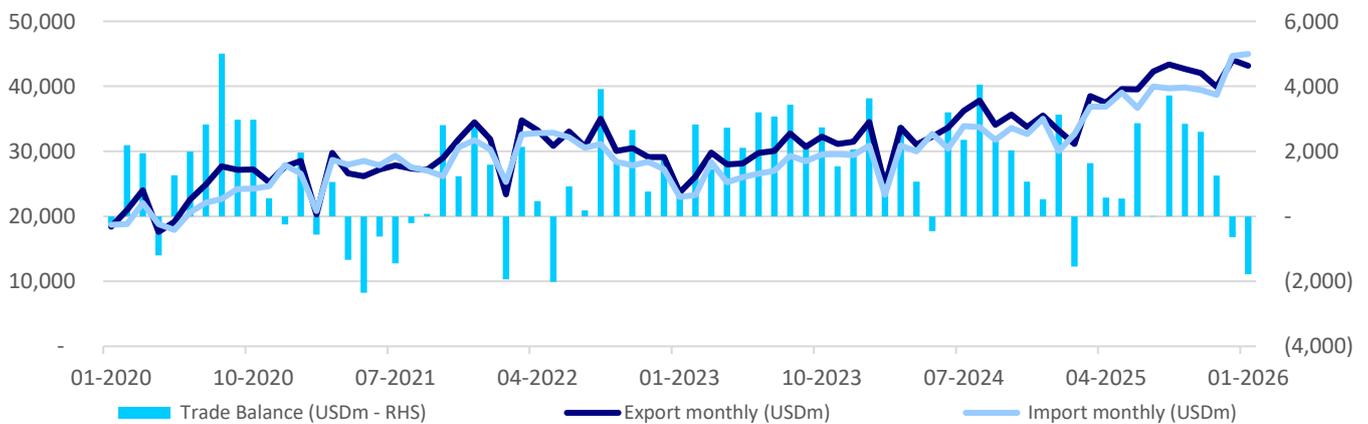


Source: Ministry of Planning and Investment (MPI), GTJA Research Team

**Vietnam’s trade activities** were also affected by the timing of the Lunar New Year, resulting in significant volatility in export–import data compared to the same period in 2025. Nevertheless, global trade tensions have shown signs of easing in recent months. Several countries, including France, Canada, and Germany, appear to be setting aside prior disagreements in favor of more constructive trade relations with China. This development suggests that global trade prospects may continue to improve in 2026.

In January, Vietnam’s exports reached USD 43,190 million, posting a strong year-on-year growth of 30.1%. Meanwhile, imports surged by 49.6% to USD 44,974 million. As a result, Vietnam recorded a trade deficit of USD 1,784 million in January. Compared to 2025 patterns, such a deficit is not unusual, as the 2025 Lunar New Year fell between late January and early February, leading to a trade deficit of USD 1,550 million in February 2025.

However, concerns remain as Vietnam’s annual trade surplus has gradually narrowed over recent years—declining from USD 28 billion in 2023 to USD 24 billion in 2024 and further to USD 20 billion in 2025—despite total trade turnover expanding by approximately 37% over the same two-year period. This raises questions as to whether the FDI sector, which typically generates 1.5–2 times Vietnam’s annual trade surplus, may be experiencing a slowdown or undergoing structural adjustments in its export orientation.



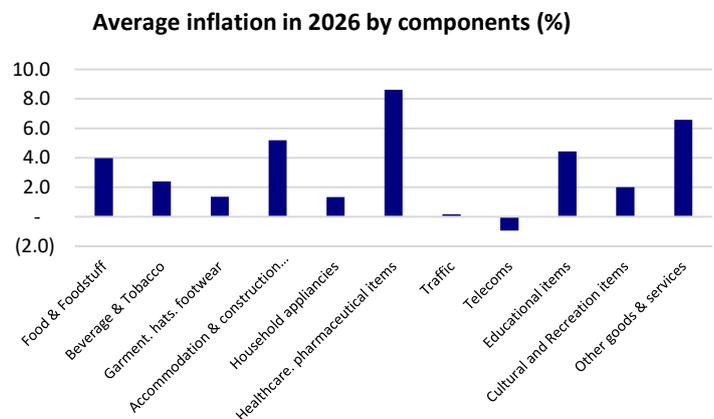
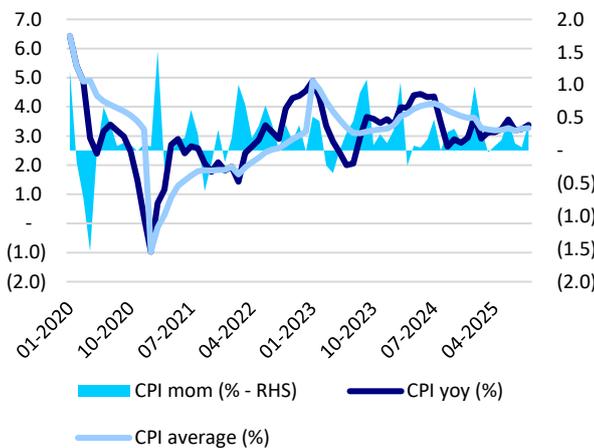
Source: Vietnam Customs, General Statistics Office (GSO), GTJA Research Team

**Inflation** in January remained well contained, despite volatility stemming from oil price fluctuations, new import–export regulations, and heightened pre-Lunar New Year consumption demand. In January, the CPI rose by 2.53% year-on-year, marking one of the lowest increases observed in recent months.

Compared to previous periods, the Medical services and pharmaceuticals category recorded a modest increase of 0.92%, significantly lower than the double-digit growth (above 10%) seen throughout 2025, as earlier price adjustments have largely been absorbed by the market. Meanwhile, Housing and construction materials continued to post the highest increase at 5.6% year-on-year, although this represents a moderation from the 7%+ levels recorded in 2025. Food and foodstuff inflation also eased slightly, declining from 4.2% year-on-year in December to 3.64% in January, though still remaining above the 2025 average of approximately 3%.

Vietnam has set an inflation target of below 4.5% for 2026. According to scenarios outlined by the Ministry of Finance, average inflation could reach around 4.6% under certain conditions. However, this outlook remains contingent upon both external and domestic factors.

We assess that inflation in 2026 will likely range between 4.0% and 4.5%, reflecting the opposing forces of growth-supporting measures—such as accelerated public investment disbursement and demand stimulus—against the moderating effects of a proactive and flexible monetary policy framework.



Source: General Statistics Office (GSO), GTJA Research Team

**Credit and deposit growth in 2025** showed solid momentum, with total credit expanding by 19.01% for the year. Meanwhile, deposit growth was estimated at approximately 16.8% in 2025, helping to narrow the credit–deposit gap from its peak shortfall in June 2025.

However, the previously elevated imbalance continued to exert considerable pressure on the financial system, contributing to episodes of sharply rising short-term interest rates toward the end of 2025.

This pressure has been reflected in the rapid increase in both deposit and lending rates across the banking system. Many institutions reported that 12-month deposit rates have become commonly

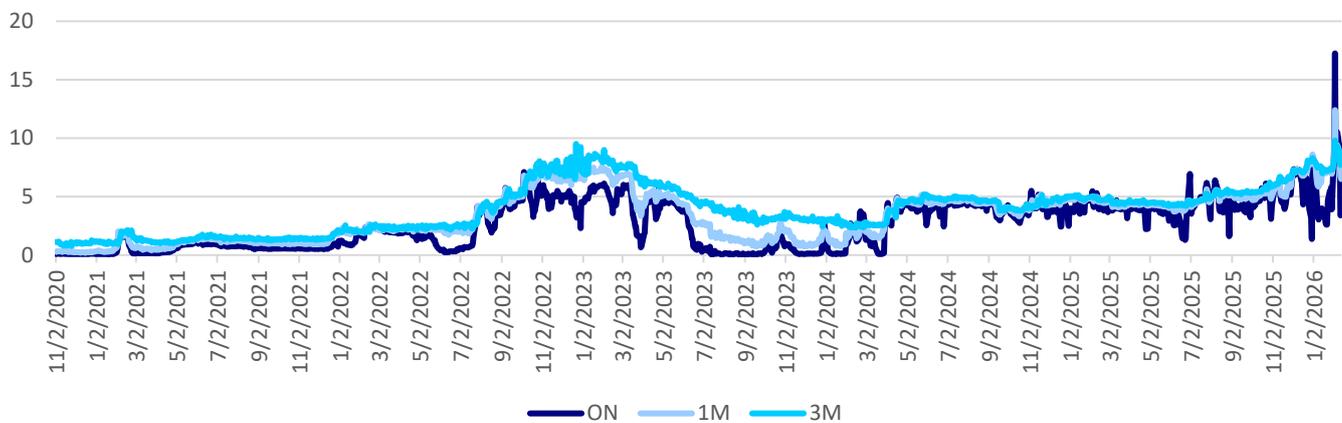


anchored in the 7–8% range. At the same time, real estate lending rates have been adjusted upward to 10–15%, with prevailing levels around 13%.

In 2026, the State Bank of Vietnam (SBV) has proactively introduced new regulatory measures. The central bank targets full-year credit growth of approximately 14.1%, while deposit growth is projected to reach around 16.3%, which would further alleviate the credit–deposit imbalance.

If sustained, the current interest rate environment could help moderate liquidity pressures and prevent a recurrence of the acute funding tensions observed previously. Nevertheless, maintaining this balance remains a significant challenge, given that Vietnam’s economy has grown accustomed to an extended period of accommodative monetary policy and low interest rates.

VNIBOR Interest Rate Movements (%)



Source: Bloomberg Terminal, GTJA RS team

In January, **the exchange rate** dynamics reflected a recovery of the Vietnamese dong (VND) alongside a weakening U.S. dollar (USD). On a month-to-date basis, the VND appreciated by approximately 1.3% against the beginning of the year, while the USD depreciated by 1.2% against a basket of major currencies.

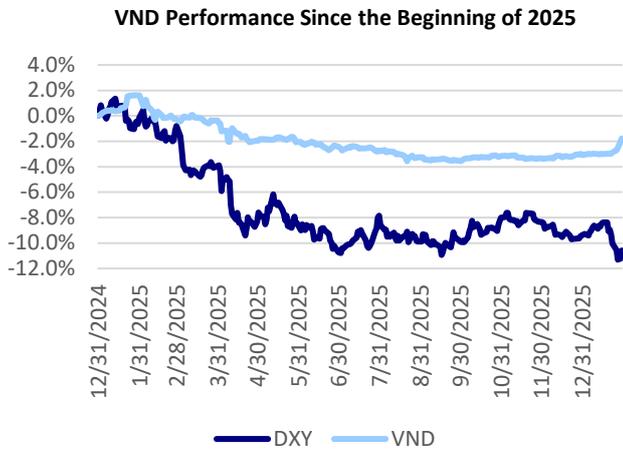
The seasonal appreciation of the VND ahead of the Lunar New Year is not unusual, as strong remittance inflows during this period typically help offset increased import demand prior to the holiday.

However, foreign exchange reserves appear to have remained largely unchanged, likely hovering around USD 80–82 billion, as the State Bank of Vietnam (SBV) did not accumulate additional foreign currency from the market in January. This pattern has persisted over the past three years and warrants attention, given that during the 2012–2022 period, foreign currency purchases in January typically accounted for roughly 50% of total annual reserve accumulation.

With VND interest rates continuing to remain elevated, short-term exchange rate pressures are likely to be contained. Nevertheless, foreign exchange reserves are becoming increasingly modest relative to the scale of imports, while global geopolitical uncertainties could trigger episodes of unexpected currency depreciation this year.



At present, we expect the VND to depreciate by approximately 2–3% over the course of the year, assuming no material “black swan” events occur.



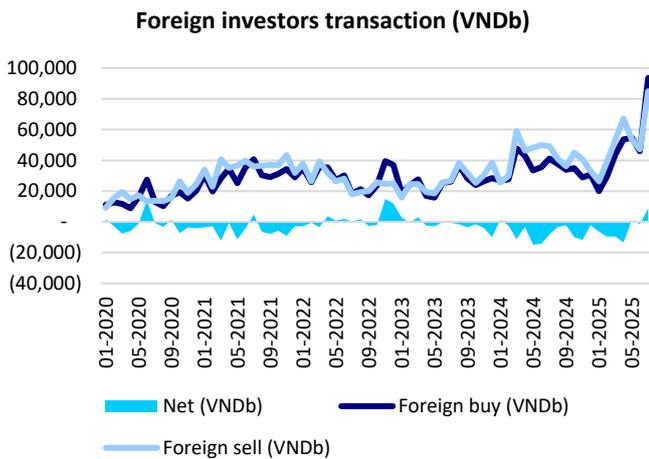
Source: Bloomberg Terminal, IMF, GTJA RS team

### Stock market

Following a modest net buying position in December, foreign investors returned to net selling in January, offloading more than VND 5,000 billion on the Vietnamese stock market. This development may be consistent with Vietnam’s anticipated upgrade to FTSE Secondary Emerging Market status by year-end, prompting investors who have achieved favorable returns during the pre-upgrade phase to take profits and reallocate capital in line with their strategic mandates.

Several institutional investors that have long accompanied Vietnam’s market development throughout its frontier-to-emerging transition have also announced partial divestment plans for 2025 and 2026. Notably, Vietnam Enterprise Investments Limited (VEIL), managed by Dragon Capital, repurchased approximately 10% of its outstanding fund certificates (estimated at around USD 200 million) from investors in January. The fund is expected to conduct one to two additional buyback rounds of similar size later this year.

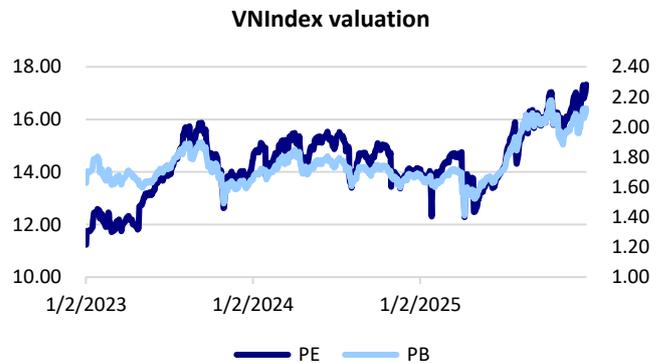
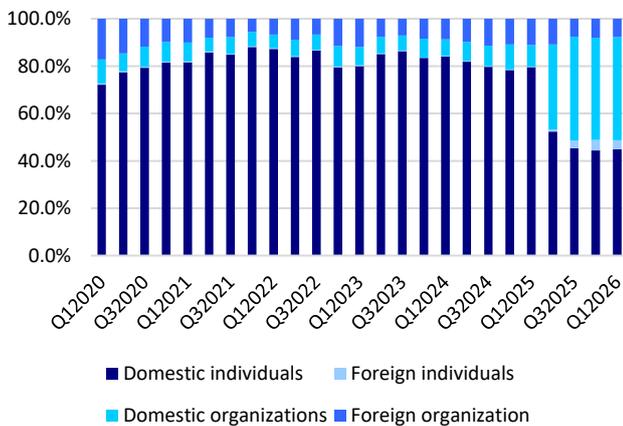
Looking ahead, Vietnam’s equity market is likely to experience more dynamic capital flows, with heightened inflows and outflows in the coming periods. Nevertheless, once short-term volatilities subside, the market could be well positioned to enter a more sustainable growth phase, offering long-term value creation opportunities for investors.



Source: Bloomberg, Ho Chi Minh Stock Exchange (HOSE), GTJA Research Team

The Vietnamese stock market is currently approaching a critical inflection point. At present, upward momentum is likely to remain constrained by profit-taking pressure from foreign investors, while domestic participation continues to be limited by the prevailing high interest rate environment.

Conversely, once the market reclassification process is finalized and new investors complete their due diligence, portfolio allocation planning, and capital deployment strategies—alongside the State Bank of Vietnam’s liquidity management adjustments—the market could enter renewed strong upward cycles. In this context, Vietnam’s equity market, as a newly recognized member of the FTSE-classified emerging markets universe, may unlock a new phase of robust and sustained growth.



Source: Bloomberg Terminal, FiiPro, GTJA Research Team

**COMPANY RATING DEFINITION**

Benchmark: VN – Index.

Time Horizon: 6 to 18 months

Rating	Definition
<b>Buy</b>	Relative Performance is greater than 15% Or the Fundamental outlook of the company or sector is favorable
<b>Accumulate</b>	Relative Performance is 5% to 15% Or the Fundamental outlook of the company or sector is favorable
<b>Neutral</b>	Relative Performance is -5% to 5% Or the Fundamental outlook of the company or sector is neutral
<b>Reduce</b>	Relative Performance is -15% to -5% Or the Fundamental outlook of the company or sector is unfavorable
<b>Sell</b>	Relative Performance is lower than - 15% Or the Fundamental outlook of the company or sector is unfavorable

**SECTOR RATING DEFINITION**

Benchmark: VN – Index

Time Horizon: 6 to 18 months

Rating	Definition
<b>Outperform</b>	Relative Performance is greater than 5% Or the Fundamental outlook of the sector is favorable
<b>Neutral</b>	Relative Performance is -5% to 5% Or the Fundamental outlook of the sector is neutral
<b>Underperform</b>	Relative Performance is lower than -5% Or The Fundamental outlook of the sector is unfavorable

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GUOTAI JUNAN VIETNAM RESEARCH DEPARTMENT

**Nguyễn Kỳ Minh**

Chief Economist

[minhmk@gtjas.com.vn](mailto:minhmk@gtjas.com.vn)

(024) 35.730.073- ext:706

**Trần Thị Hồng Nhung**

Deputy Director

[nhungtth@gtjas.com.vn](mailto:nhungtth@gtjas.com.vn)

(024) 35.730.073 - ext:703



LIÊN HỆ	TRỤ SỞ CHÍNH HÀ NỘI	CHI NHÁNH TP. HCM
Điện thoại tư vấn: (024) 35.730.073	P9-10, Tầng 1, Charmvit Tower	Tầng 3, Số 2 BIS, Công Trường Quốc Tế, P. 6, Q. 3, Tp.HCM
Điện thoại đặt lệnh: (024) 35.779.999	Điện thoại: (024) 35.730.073	Điện thoại: (028) 38.239.966
Email: <a href="mailto:info@gtjas.com.vn">info@gtjas.com.vn</a>	Fax: (024) 35.730.088	Fax: (028) 38.239.696
Website: <a href="http://www.gtjai.com.vn">www.gtjai.com.vn</a>		