



Research Department

research@gtjas.com.vn

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Vietnam Macro Update – May 2026

Key Highlights:

Vietnam's economy maintained positive growth momentum in the first five months of 2026, with key drivers coming from industrial production, domestic consumption, and investment inflows. Although global energy prices were affected by heightened tensions in the Middle East, domestic price levels remained broadly under control, providing a favorable environment for economic activities. Specifically:

- The average Consumer Price Index (CPI) in the first five months increased by 4.31% year-on-year, with CPI in May rising by 0.29% month-on-month and 5.6% year-on-year. This indicates that inflationary pressure remains present, although it has not yet posed a significant risk to macroeconomic stability.
- Domestic consumption continued to be a bright spot, as total retail sales of goods and consumer service revenue increased by 11.2% year-on-year in the first five months of the year.
- In the production sector, the Index of Industrial Production (IIP) rose by 9.1% year-on-year in the first five months, with the manufacturing and processing sector — the main growth driver of the economy — recording an increase of 9.5%.
- International trade activities continued to expand strongly, with export turnover increasing by 19.5% and import turnover rising by 30.8% year-on-year. However, the significantly higher growth rate of imports led to a trade deficit of approximately USD 13.8 billion in the first five months. Nevertheless, this development partly reflects stronger demand for imported machinery, equipment, and raw materials for production amid rising investment and manufacturing activities.
- Foreign direct investment (FDI) inflows remained a bright spot for the economy. Total registered FDI reached USD 24.8 billion, up 34.9% year-on-year, while disbursed FDI stood at USD 9.7 billion, up 9.6%. This shows that Vietnam continues to maintain strong appeal in global investors' supply chain relocation and capital allocation strategies.
- In addition, public investment disbursement reached approximately USD 7.8 billion, up 11.8% year-on-year and completing 18.4% of the annual plan. The improved pace of disbursement continued to play an important role in driving economic growth, supporting infrastructure construction activities, and creating spillover effects across various related sectors.



REPORT DETAILS

Industrial Production

*Domestic production remained positive, with the Index of Industrial Production (IIP) in May estimated to increase by 3.3% month-on-month and 8.8% year-on-year. In particular, the manufacturing and processing sector rose by 9.0% year-on-year; water supply, waste and wastewater management and treatment activities increased by 8.7%; electricity production and distribution grew by 8.5%; and the mining sector expanded by 6.0%. Notably, production activities remained uninterrupted in May as Vietnam experienced the first severe heatwave of the year. Against this backdrop, the authorities still ensured relatively **stable electricity system operations**, despite system load continuously reaching new peaks in the final days of May.*

In the first five months of 2026, the IIP increased by 9.1% year-on-year, compared with an 8.8% increase in the same period of 2025, marking the highest growth rate for the first five months of the year over the past four years. Of this, the manufacturing and processing sector rose by 9.5%, compared with 10.9% in the same period of 2025, contributing 7.4 percentage points to the overall increase; the mining sector increased by 5.5%, compared with a 4.1% decline in the same period of 2025, contributing 0.9 percentage points; electricity production and distribution grew by 7.6%, compared with 4.2% in the same period of 2025, contributing 0.7 percentage points; and water supply, waste and wastewater management and treatment activities rose by 9.5%, compared with 10.8% in the same period of 2025, contributing 0.1 percentage points. More specifically, several key industrial products recorded year-on-year increases, including motorcycles, up 36.0%; automobiles, up 26.7%; processed seafood, up 21.6%; rolled steel, up 21.5%; refined sugar and beer, both up 14.4%; and chemical paint, up 14.3%. In contrast, some products recorded declines, including NPK compound fertilizer, down 6.8%; monosodium glutamate, down 6.0%; leather footwear, down 5.7%; and coal, specifically clean coal, down 4.7%.

Vietnam's Manufacturing Purchasing Managers' Index (PMI) in May 2026 recovered to 52.8 points, from 50.5 points in April. A key bright spot was the notable recovery in new orders, which reached the highest level in three months after a slight decline in April. The increase in new orders also helped manufacturing output record a significant expansion.

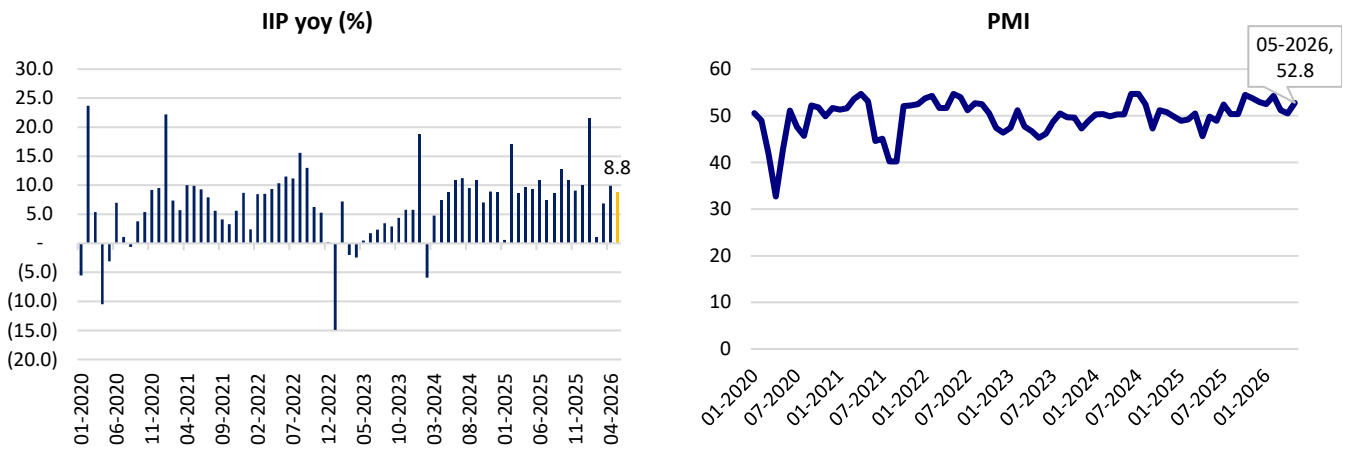
However, according to S&P Global, growth momentum partly stemmed from customers' efforts to build up inventories amid geopolitical tensions, while input cost pressures continued to rise at the fastest pace in 15 years. The increase in orders did not entirely reflect a natural recovery in market demand. The report indicated that, to some extent, the rise in new orders reflected customers' efforts to increase safety inventories due to concerns over the impact of a prolonged conflict in the Middle East.

Alongside growth signals, enterprises are facing a severe cost challenge. The pace of input cost inflation continued to accelerate in the middle of the second quarter, marking the fourth consecutive increase and reaching the fastest rate since April 2011. According to the survey, fuel, oil, and transportation were the main factors driving up input costs.

At the meeting reviewing the economic performance in the first five months of the year and outlining directions for the period ahead, in order to ensure the high growth target for 2026, Minister of Finance Ngo Van Tuan noted that continued focus should be placed on industry, consumption, and agriculture as areas to be further leveraged for growth. He also emphasized several potential risks that could affect production activities in 2026, including *"the impact of El Niño, extreme weather, heatwaves, drought and saltwater intrusion, floods, and so on; as well as high costs of fertilizers and agricultural inputs."*



These are highly sensitive factors that will require careful management and close coordination among ministries and agencies in the period ahead.



Source: General Statistics Office of Vietnam, S&P Global, GTJA RS team

Retail Sales

Total retail sales of goods and consumer service revenue in May 2026 recorded positive growth, estimated to increase by 11.8% year-on-year. In the first five months of 2026, total retail sales of goods and consumer service revenue rose by 11.2% year-on-year.

Specifically, total retail sales of goods and consumer service revenue at current prices in May 2026 were estimated at VND 647.1 trillion, up 0.5% month-on-month and 11.8% year-on-year. In particular, several product groups continued to maintain an upward trend, such as wood and construction materials, which increased by 1.1% month-on-month and 12.3% year-on-year, supported by favorable weather conditions, accelerated construction progress, and higher material prices during the peak season. In addition, accommodation and food services increased by 4.2% month-on-month and 15.4% year-on-year; travel and tourism services rose by 5.4% MoM and 15.4% YoY; while other service categories increased by 1.9% MoM and 10.8% YoY.

In the first five months of 2026, total retail sales of goods and consumer service revenue at current prices were estimated at VND 3,185 trillion, up 11.2% year-on-year, or 6.1% excluding price factors, compared with a 7.2% increase in the same period of 2025. Specifically:

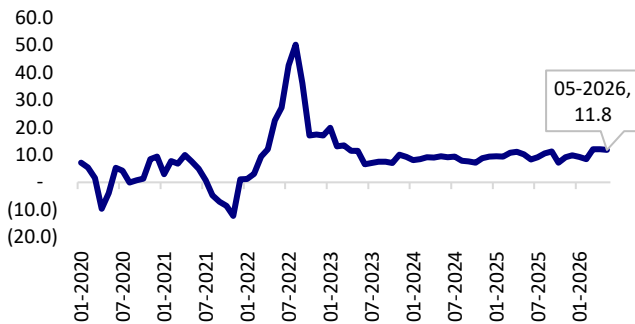
- **Retail sales of goods** in the first five months of 2026 were estimated at VND 2,418.1 trillion, accounting for 75.9% of the total and increasing by 11.1% year-on-year. In particular, revenue from petroleum products rose by 12.7% year-on-year; garments increased by 10.2%; food and foodstuffs rose by 9.6%; household appliances, tools, and equipment increased by 7.5%; cultural and educational products rose by 5.6%; and other goods increased by 17.6%.
- **Revenue from accommodation and food services** in the first five months of 2026 was estimated at VND 400.4 trillion, accounting for 12.6% of the total and increasing by 13.3% year-on-year. Revenue in the first five months of 2026 recorded year-on-year increases in several localities, including An Giang, up 24.4%; Ninh Binh, up 19.2%; Da Nang, up 18.9%; Hue, up 18.6%; Quang Ninh, up 18.5%; Hai Phong, up 14.6%; Can Tho, up 13.1%; Ho Chi Minh City, up 10.3%; and Hanoi, up 9.2%.



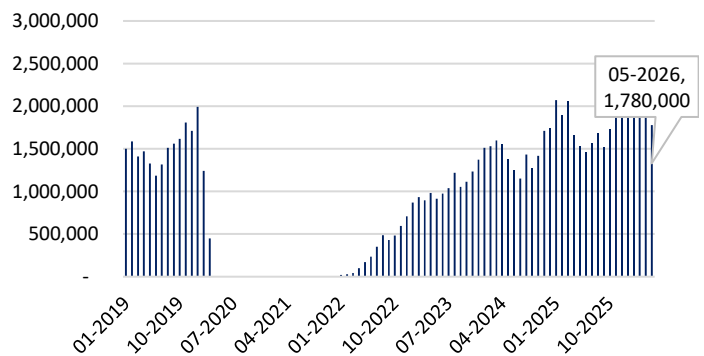
- Revenue from travel and tourism services** in the first five months of 2026 was estimated at VND 40.6 trillion, accounting for 1.3% of the total and increasing by 12.2% year-on-year. This was supported by a combination of optimized visa policies, effective promotional and stimulus campaigns, and increasingly high-quality tourism services, which helped attract both domestic and international tourists.

International arrivals to Vietnam in May were estimated at nearly 1.8 million, up 16.5% year-on-year, bringing the total number of international arrivals in the first five months to 10.6 million, the highest level ever recorded for the same period in previous years. With this result, Vietnam’s tourism industry has achieved 42% of its target of welcoming 25 million visitors this year, playing an important role in the country’s goal of achieving double-digit economic growth this year.

Growth in total retail sales of goods and services yoy (%)



International tourist arrivals



Source: General Statistics Office of Vietnam, GTJA RS team

Foreign Direct Investment

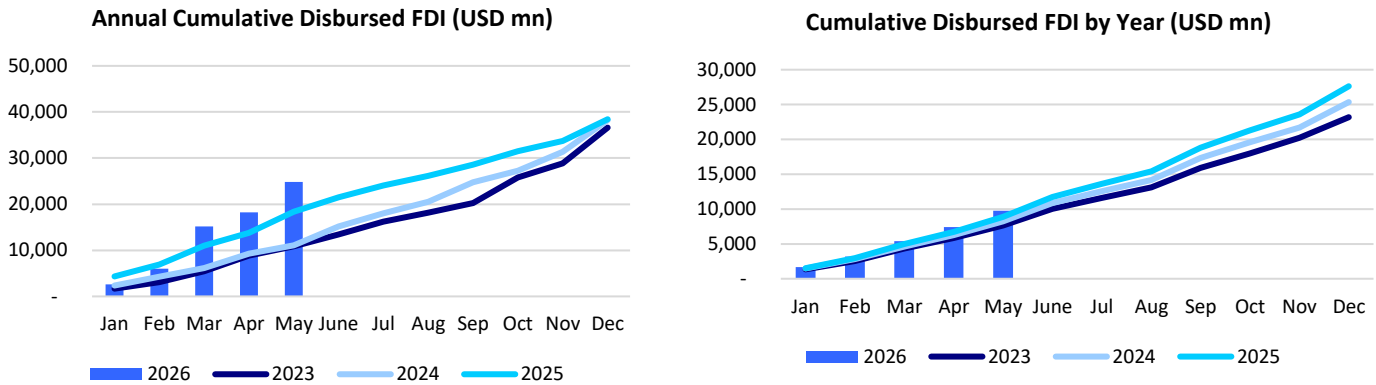
Investment inflows from foreign investors into Vietnam continued to record positive results, with total registered FDI in the first five months of this year reaching USD 24.81 billion, up 34.9% year-on-year. Total disbursed FDI continued to remain at the highest level in the past five years. Many large-scale projects by Samsung and SK from South Korea, and BYD from China, were licensed in Thai Nguyen, Nghe An, Tay Ninh, among others.

Specifically, newly registered capital included 1,576 licensed projects with total registered capital of USD 14.84 billion, up 1.7% year-on-year in terms of the number of projects and 2.1 times higher in terms of registered capital. Of this, the manufacturing and processing industry recorded newly licensed registered capital of USD 9.64 billion, accounting for 65% of total newly registered capital; electricity, gas, water supply, and air conditioning production and distribution reached USD 2.45 billion, accounting for 16.5%; while the remaining sectors reached USD 2.75 billion, accounting for 18.5%.

Regarding disbursed capital, FDI disbursement in Vietnam in the first five months of 2026 was estimated at USD 9.75 billion, up 9.6% year-on-year. This continued to be the highest level of disbursed foreign direct investment for the first five months of the year over the past five years. Of this, the manufacturing and processing industry reached USD 8.06 billion, accounting for 82.7% of total disbursed FDI; real estate business reached USD 716.5 million, accounting for 7.3%; while the production and distribution of electricity, gas, hot water, steam, and air conditioning reached USD 356.6 million, accounting for 3.7%.



Among the 58 countries and territories with newly licensed investment projects in Vietnam in the first five months of 2026, Singapore was the largest investor with USD 6.8 billion, accounting for 45.9% of total newly registered capital; followed by South Korea with USD 4.22 billion, accounting for 28.4%; China with USD 1.79 billion, accounting for 12.1%; Japan with USD 712.6 million, accounting for 4.8%; Hong Kong, China, with USD 397.3 million, accounting for 2.7%; and the Netherlands with USD 380.3 million, accounting for 2.6%.



Source: Ministry of Planning and Investment, GTJA RS team

Exports and Imports

Total merchandise export and import turnover in May 2026 reached USD 99.07 billion, up 3.2% month-on-month and 25.8% year-on-year.

Specifically, exports in May 2026 reached USD 46.93 billion, up 2.1% from the previous month. Of this, the domestic economic sector reached USD 9.05 billion, down 4.1%, while the foreign-invested sector, including crude oil, reached USD 37.88 billion, up 3.6%. Compared with the same period last year, merchandise export turnover in May 2026 increased by 18.0%, with the domestic economic sector rising by 3.5% and the foreign-invested sector, including crude oil, increasing by 22.0%.

On the other hand, merchandise imports in May 2026 reached USD 52.14 billion, up 4.3% month-on-month. Of this, the domestic economic sector reached USD 13.17 billion, down 10.8%, while the foreign-invested sector reached USD 38.97 billion, up 10.7%. Compared with the same period last year, merchandise import turnover in May 2026 increased by 33.8%, with the domestic economic sector rising by 22.2% and the foreign-invested sector increasing by 38.2%.

In the first five months of 2026, total merchandise export and import turnover reached USD 445.12 billion, up 25.0% year-on-year, with exports increasing by 19.5% and imports rising by 30.8%.

Regarding the structure of export commodity groups in the first five months of 2026, processed industrial goods reached USD 193.71 billion, accounting for 89.8%; agricultural and forestry products reached USD 15.79 billion, accounting for 7.3%; aquatic products reached USD 4.67 billion, accounting for 2.2%; and fuels and minerals reached USD 1.49 billion, accounting for 0.7%.

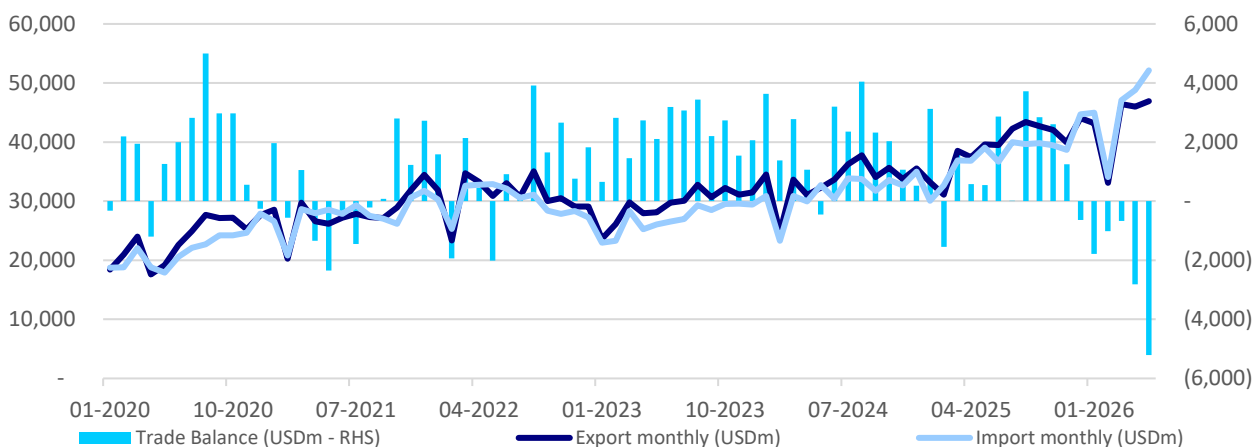
Meanwhile, in terms of the import commodity structure in the first five months of 2026, production inputs reached USD 215.99 billion, accounting for 94.1%. Within this group, machinery, equipment, tools, and spare parts accounted for 55.7%, while raw materials, fuels, and other inputs accounted for 38.4%. Consumer goods reached USD 13.47 billion, accounting for 5.9%.



Regarding merchandise export and import markets in the first five months of 2026, the United States was Vietnam’s largest export market, with turnover reaching USD 69.6 billion. China was Vietnam’s largest import market, with turnover reaching USD 92.6 billion.

Notably, after 10 consecutive years of trade surpluses from 2016 to 2025, Vietnam’s merchandise trade balance reversed into a trade deficit of USD 13.8 billion in the first five months of 2026. There are several reasons for this development, including the impact of the Middle East conflict, which disrupted supply chains and pushed energy prices higher, contributing to an increase in the import value of energy products. In addition, rising oil prices drove up the prices of input materials such as chemicals, plastics, and steel, contributing to a wider trade deficit in these commodity groups. More importantly, FDI enterprises, particularly those in the electronics and computer components sectors, also stepped up imports of raw materials and components for production and inventory accumulation amid the risk of further price increases. At the same time, positive FDI disbursement and rising investment demand for digital transformation, science, and technology have boosted imports of machinery, equipment, and high-tech components.

The outlook for exports and imports in the final months of the year will depend largely on global economic developments, energy prices, geopolitical conditions, and the outcome of trade negotiations among major economies, including the progress of tariff negotiations with the United States.



Source: Vietnam Customs, General Statistics Office of Vietnam, GTJA RS team

Inflation

Inflation continued to climb in May, as the Middle East conflict affected most commodity groups. CPI in May increased by 5.6% year-on-year, higher than the 5.5% recorded in April, and marked the second-highest level in 10 years, after only the Covid period.

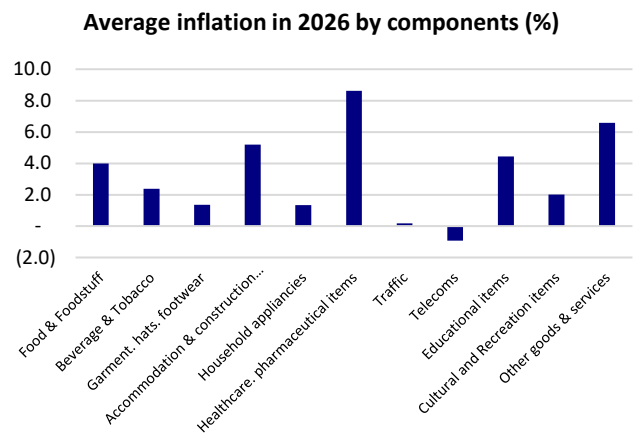
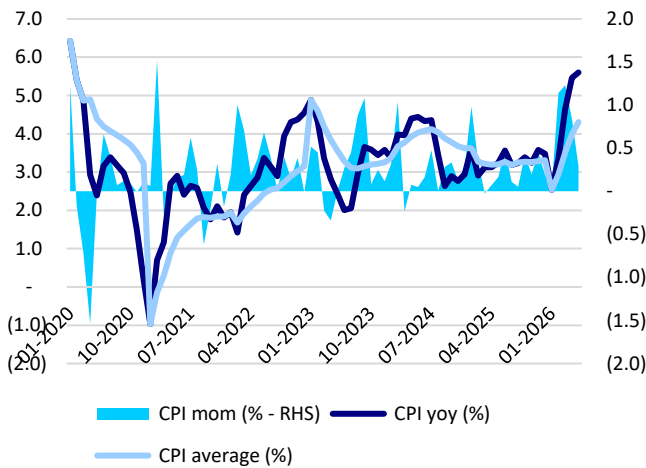
Specifically, commodity groups with notable increases included: (1) transportation, up 12.5% YoY, higher than the increases recorded in March and April; (2) housing and construction materials, up 8.2%, affected by rising demand in the real estate cycle and expanded public investment; and (3) food services outside the home, up 8.4% YoY, indirectly affected by rising fuel and food prices.

Given the significant impact of the Middle East conflict since it broke out in late February, domestic fuel prices have been managed at a relatively low level compared with the region, playing an important role in stabilizing domestic prices, production activities, and the macroeconomic environment.



Nevertheless, it should be noted that the Middle East conflict has shown no clear signs of truly coming to an end, and price pressures may become more intense in the period ahead. Against this backdrop, the Ministry of Finance recommended that adjustments to electricity, education, and healthcare prices in 2026 should be carefully calculated to avoid creating a cumulative impact on the overall price level. At the same time, price management should be strengthened to prevent sudden price hikes during peak seasons and the rainy and stormy period.

At present, **we maintain our 2026 inflation assessment at 4.5–5.0%**, and will update our forecast based on new developments in the goods and services markets, as well as policy actions by regulatory authorities.



Source: General Statistics Office of Vietnam, GTJA RS team

Interest Rates and Exchange Rates

Overall, interbank interest rates, as well as deposit and lending rates for customers, have all increased during this period, reflecting both seasonal and fundamental factors. Preliminary data for the first five months of the year show a large gap between credit growth and deposit growth. Deposit rates continued to remain anchored at around 7.5%–8.0% for the one-year tenor, while interbank rates rose sharply across several tenors, approaching 8% and reaching their highest levels since early April 2026.

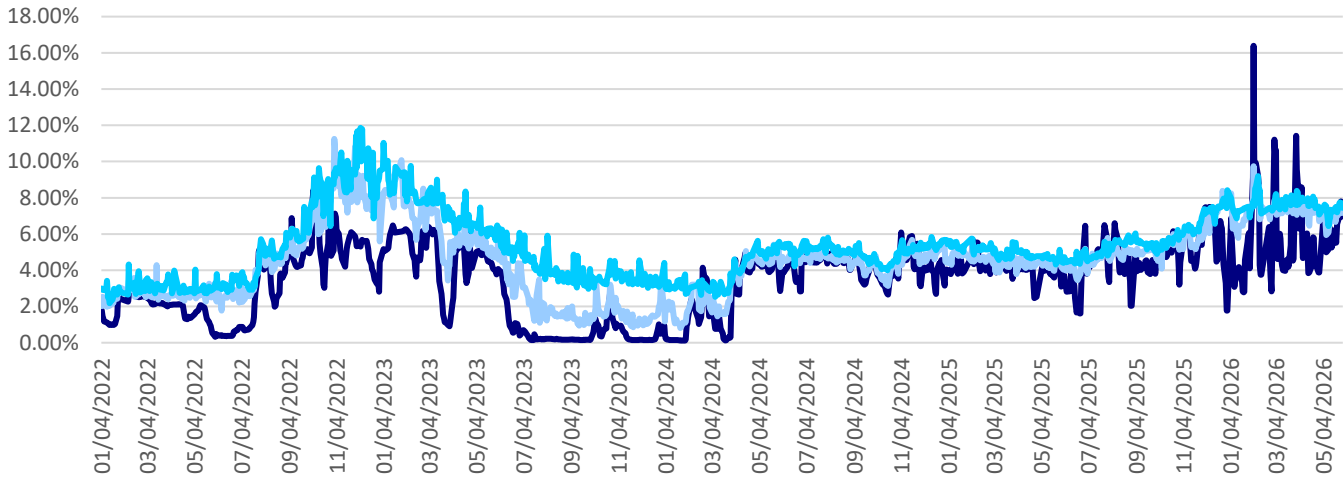
The rise in interest rates reflects both structural and short-term factors. Recently, TABInsight, the research arm of the group that owns The Asian Banker, assessed the structure of credit and deposit growth among the world’s 1,000 largest banks during the 2022–2024 period and highlighted that a large imbalance between these two indicators has appeared most notably in Vietnam and Saudi Arabia. This is an issue that has existed for several years and has recently attracted increasing attention from economists as well as regulatory authorities in Vietnam.

In terms of short-term factors, Vietnam’s state budget is currently recording a large surplus, causing a significant amount of liquidity to be held in Treasury accounts at the State Bank of Vietnam, thereby leading to a shortage of money in circulation. Nevertheless, as public investment projects are disbursed in the period ahead, this liquidity will be released into circulation and help ease the liquidity shortage.

Overall, the interest rate issue cannot be resolved in the short term, especially as Vietnam’s economy is aiming for double-digit growth milestones. It is entirely possible that interest rates will continue to rise slightly in the coming period before stabilizing again thanks to regulatory measures.



Vibor interest



Source: Bloomberg Terminal, GTJA RS team

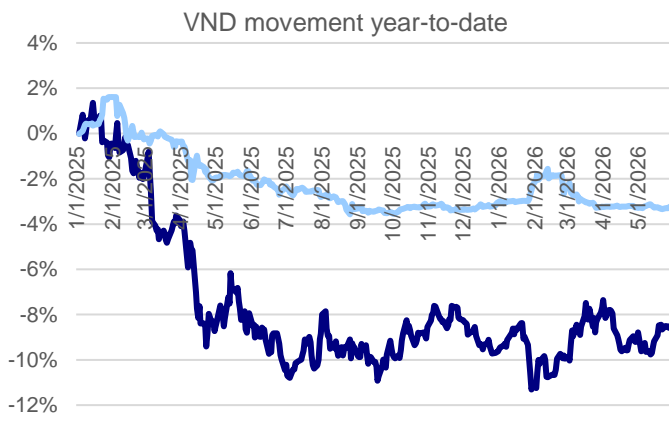
Exchange Rate

The USD/VND exchange rate remained relatively stable over the past month despite the impact of rising prices and a stronger U.S. dollar. May is also a highly seasonal period, and maintaining exchange rate stability plays an important role in supporting domestic investment, trade, and production activities.

However, given the elevated inflation data and the highest trade deficit in 10 years, we note the risks to the exchange rate in the coming months, especially in the context of the Middle East conflict lasting much longer than expected and Vietnam requiring a large amount of foreign currency for crude oil imports.

Nevertheless, there are still positive signals and expectations. For example, the trade balance is expected to become more stable in the coming months after a period of high accumulation of input materials for production activities, as well as due to the time lag between output production and export realization.

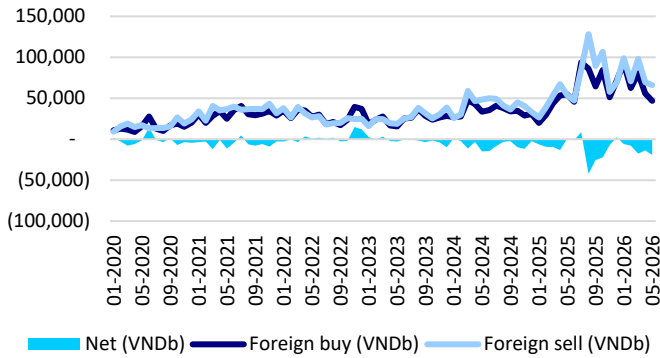
In assessing exchange rate developments for the full year 2026, we still lean toward a depreciation scenario of 3%–5% and will continue to update our view regularly as new information becomes available. **hật khi có thông tin mới.**



Source: Bloomberg Terminal, IMF, GTJA RS team



Foreign investors transaction (VNDb)

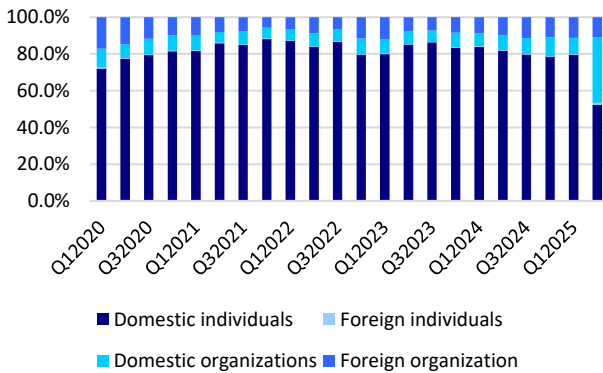


VNIndex

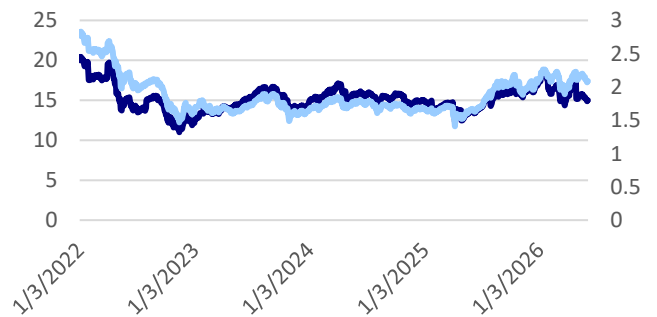


Source: Bloomberg, Ho Chi Minh Stock Exchange, GTJA RS team

The localized liquidity shortage in the banking system is expected to continue affecting stock market movements in the period ahead. We recommend that investors remain patient and wait for opportunities in stock groups that are expected to record solid earnings growth in 2026, while their valuations adjust to more reasonable levels.



Vnindex Valuation



Source: Bloomberg, Ho Chi Minh Stock Exchange, GTJA RS team



COMPANY RATING DEFINITION

Benchmark: VN – Index.

Time Horizon: 6 to 18 months

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

minhnk@gtjas.com.vn

(024) 35.730.073- ext:706

Trần Thị Hồng Nhung

Director

nhungtth@gtjas.com.vn

(024) 35.730.073 - ext:703



CONTACT	HEAD OFFICE HANOI	BRANCH Ho Chi Minh City
Consultation phone: (024) 35.730.073	P9-10, Tầng 1, Charmvit Tower	3rd Floor, No. 2 BIS, International Square, Ward 6, District 3, Ho Chi Minh City
Phone to place an order: (024) 35.779.999	Telephone: (024) 35.730.073	Telephone: (028) 38.239.966
Email: info@gtjas.com.vn Website: www.gtjai.com.vn	Fax: (024) 35.730.088	Fax: (028) 38.239.696