

## Vietnam

6 October 2025

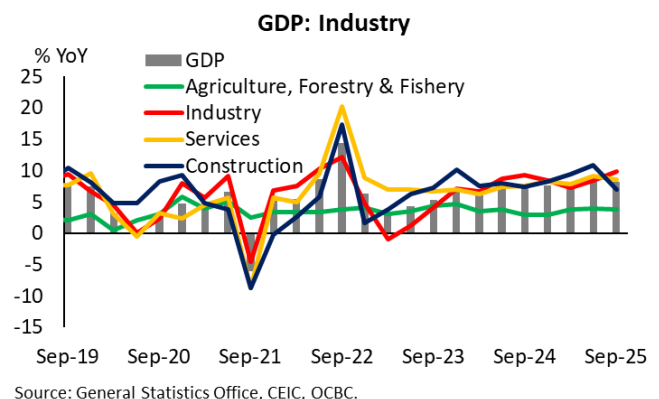
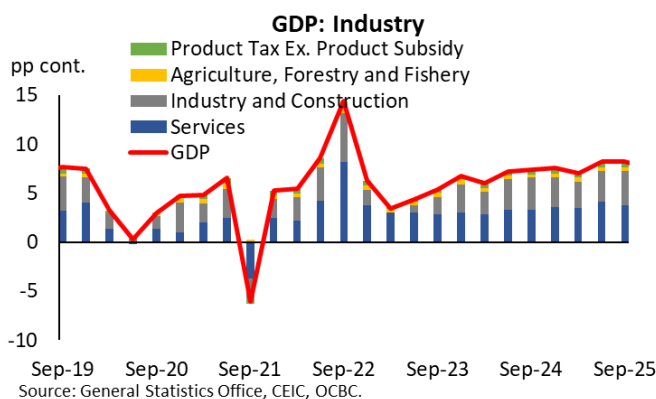
### Rockstar 3Q25 GDP growth

- The economy grew by 8.2% YoY in 3Q25 similar to 2Q25, averaging 7.8% for the first three quarters. We upgrade our full year forecast to 7.5% and 6.0% from 6.3% and 5.5% for 2025 and 2026, respectively.
- On inflation, headline CPI was 3.4% in September, taking the year-to-September CPI averaging 3.3%. We lower our full-year forecast to 3.4% from 3.7%.
- In terms of monetary policy, our base case remains for a cumulative 50bps policy rate cut in 2026.

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The economy grew by 8.2% YoY in 3Q25, matching the revised 2Q25 growth rate of 8.2% (up from the previous 8.0%) and surpassing consensus expectations of a modest slowdown (Consensus: 7.2%; OCBC: 6.9%). Growth was robust across sectors, led by a notable acceleration in industry growth (9.8% YoY in 3Q25 from 8.4% in 2Q25). This strong industrial performance more than offset the slight easing, though still solid, growth pace in construction (7.0% from 10.9%), services (8.6% from 9.1%), and agriculture, forestry & fishery (3.7% from 4.0%) sectors.



Importantly, the strong 3Q25 performance came despite the US imposing a reciprocal tariff of 20% on Vietnamese imports starting 7 August. The 3Q25 result brings the average GDP growth for 1Q–3Q25 to 7.8% YoY, outpacing the 6.9% growth recorded during the same period in 2024 and moving closer to the government's annual growth target of 8.3%–8.5%.

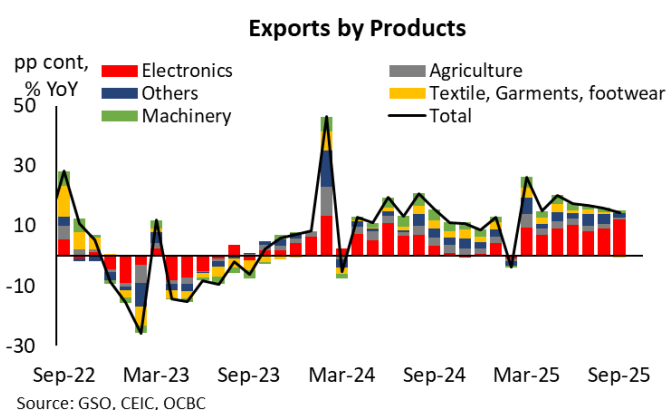
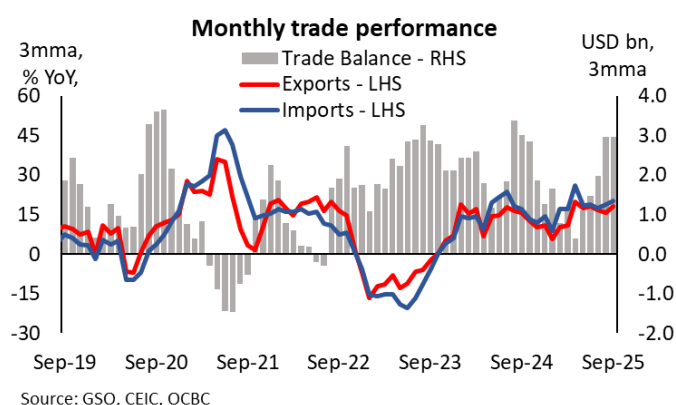
Ongoing trade negotiations with the US aimed at lowering tariff rates, alongside domestic reforms to enhance efficiency and boost growth, will provide some support to the economy. However, we believe growth is still likely to fall short of the government's target. We expect some weaknesses in the construction, services, and agriculture, forestry, and fishery sectors to weigh on growth in 4Q25, although

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the robust manufacturing sector is likely to keep the growth outlook tilted to the upside. Overall, we anticipate the 2025 growth slowdown will be more moderate than previously estimated at 7.5% compared to our earlier forecast of 6.3%, reflecting the country's ability to adapt to external shocks, with manufacturing momentum remaining robust despite the tariff headwinds.

The resilience was also reflected in the latest monthly trade data, with both exports and imports expanding at a much stronger pace than anticipated in September, defying earlier concerns of a post-tariff slowdown. Exports re-accelerated to 24.7% YoY in September from 14.5% in August, surpassing expectations (Consensus: 15.2%; OCBC: 11.3%) and marking the fastest growth since February 2025. By destination, exports to the US rose by 38.5% YoY in September, up from 18.3% in August. Similar pick-ups were seen in other key markets, including China (24.4% from 21.3%), South Korea (17.8% from 11.7%), Japan (9.9% from 3.7%), the European Union (20.7% from 5.7%), and ASEAN (3.6% from -4.7%).

By ownership, export strength continued to stem from the foreign-invested sector (38.1% YoY in September from 27.3% in August), underscoring Vietnam's growing integration in global supply chains. In contrast, the domestic sector remained weak (-9.3% YoY from -16.5%), reflecting an uneven recovery across industries. Sectorally, robust gains were observed in electronics (43.9% YoY from 36.3%) and machinery (11.6% from 8.6%), while the recovery in textiles, garments & footwear (9.3% from -4.3%) was still modest and volatile.

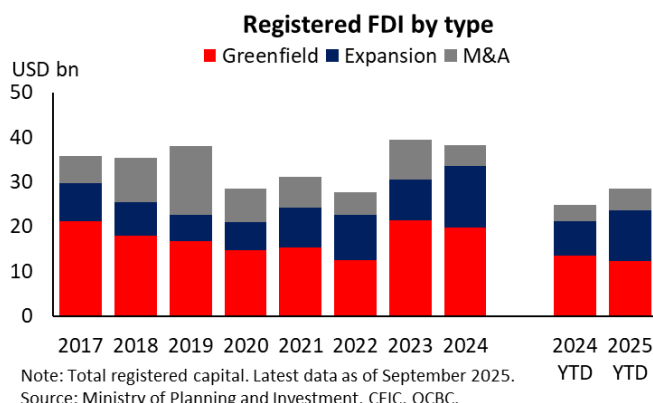
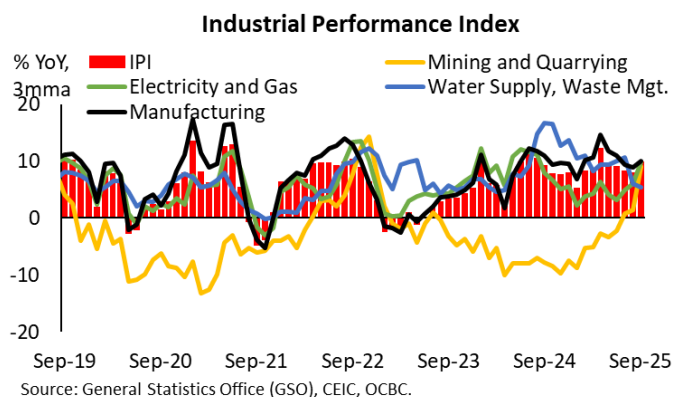


Imports also surged 24.7% YoY in September from 17.7% in August, outperforming expectations (Consensus: 16.0%; OCBC: 13.7%). The increase was driven predominantly by the foreign-invested sector (38.6% from 34.0%), which more than offset continued weakness in the domestic sector (-1.0% from -11.3%). This robust import performance suggests sustained demand for intermediate and capital goods, providing a positive signal for industrial activity heading into 4Q25.

Indeed, the Industrial Production Index (IPI) growth accelerated to 13.6% YoY in September from 8.7% in August, bringing cumulative IPI growth to 9.1% in 9M25, compared with 8.6% during the same period last year. The improvement was

broad-based, led by manufacturing (12.7% from 9.9%), mining & quarrying (22.4% from 0.1%), electricity and gas (15.4% from 6.2%), and water supply and waste management (8.7% from 0.4%).

Industrial activity is likely to maintain momentum in the near term, supported by improving business sentiment. The S&P Global Manufacturing PMI held steady at 50.4 in September, with output and purchasing activity rising and export orders showing signs of stabilization. That said, business confidence remains below the historical average, implying the improvement in sentiment still carries risks. This aligns with findings from the European Chamber of Commerce's 2Q25 survey, which showed that while 72% of European firms still recommend Vietnam as an investment destination, confidence in near-term economic stability eased from 58% to 50%, with most companies adopting a "wait-and-see" approach rather than anticipating a downturn.

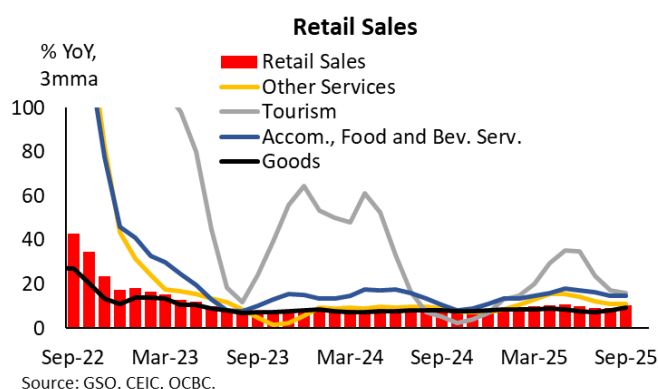
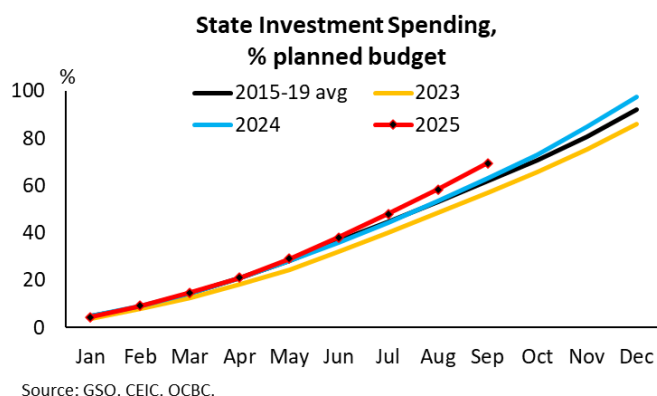


Reflecting this cautious optimism, registered FDI capital fell 43.4% YoY to USD2.4bn in September (from +27.3% or USD2.1bn in August), driven by a broad-based slowdown across greenfield (-12.2% from +36.7%), expansion (-65.2% from +8.2%), and M&A (-50.8% from +42.7%) investments. Notably, total pledged investment in manufacturing also softened, easing 1.9% YoY in September from 3.9% in the previous month. On the other hand, FDI disbursement surged 89% YoY in September to USD3.4bn, highlighting an active capital deployment phase as previously approved projects move into implementation. It also complements the rollout of 250 priority projects worth VND1.28quadrillion (~USD49bn), aimed at achieving at least 8% GDP growth in 2025 and double-digit expansion from 2026 onward, in August 2025.

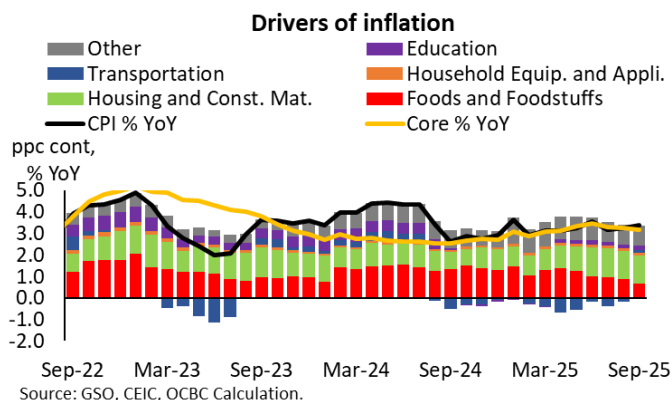
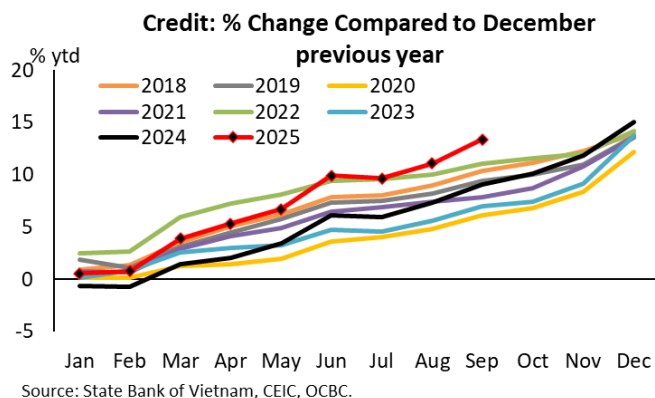
Breakdown of the newly launched 250 projects	
Transportation	59
Industrial	57
Civil & urban projects	44
technical infrastructure	36
social housing	22
Education	12
Healthcare	10
Agriculture & rural development	6
Culture & sports	3
National Defense	1

Source: Vietnam Law and Legal Forum, OCBC.

Further supporting growth prospects, Prime Minister Pham Minh Chinh on 5 October reiterated the need to accelerate public investment, advance science, technology, and digital transformation, and address administrative bottlenecks to improve policy execution. Public investment spending rose 37.1% YoY to VND87.6trn in September, bringing cumulative disbursement to VND550.1trn (~ 69.6% of the 2025 plan).

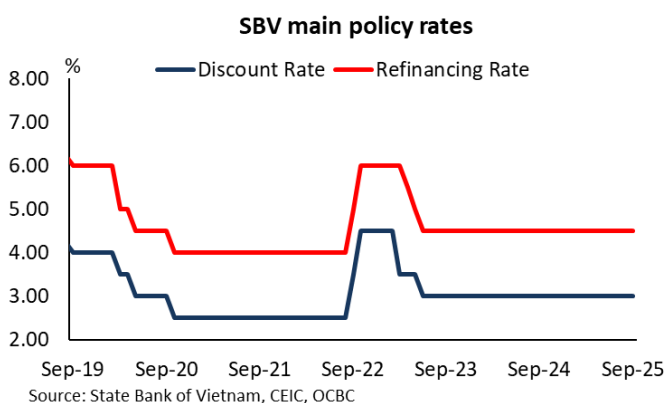
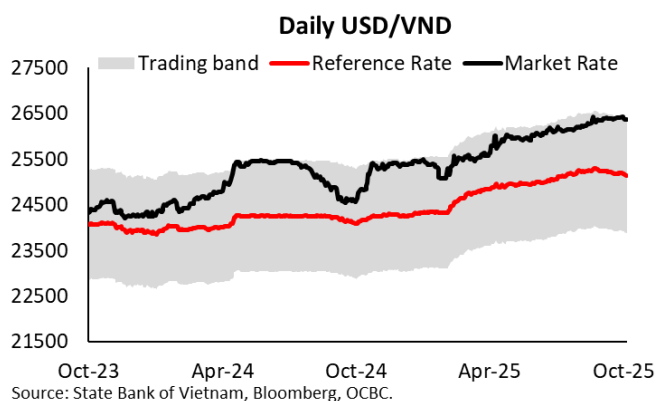


On the domestic front, retail sales growth edged up to 11.3% YoY in September from 10.6% in August, with stronger momentum in services and tourism relative to goods. Meanwhile, credit growth reached 13.4% YTD as of 29 September, compared with end-2024 levels. While the State Bank of Vietnam (SBV) initially targeted 16% credit growth for 2025, the robust outturn through September has led it to expect higher credit growth in the range of 19%–20% this year, consistent with its continued pro-growth policy stance.



On the inflation front, headline inflation edged up modestly to 3.4% YoY in September from 3.2% in August, broadly in line with expectations (Consensus: 3.4%; OCBC: 3.7%). Core inflation remained steady at 3.2%, unchanged from the previous month. The increase in transportation CPI (1.5% YoY in September vs -1.9% in August) was offset by lower food and foodstuff inflation (2.1% vs 2.6%), while most other components showed little change.

The September reading brings average headline CPI to 3.3% YoY for the first nine months of 2025, lower than 3.9% in the same period last year. With year-to-September CPI averaging 3.3%, we lower our full-year 2025 forecast to 3.4% from 3.7% previously, though potential price volatility in oil & food, as well as elevated global gold prices could still lift the year-end print.



Against this backdrop, the contained price pressures and the State Bank of Vietnam's (SBV) continued push for stronger credit growth should keep conditions supportive of further monetary policy easing. Our base case remains for a cumulative 50bps policy rate cut in 2026. The key risk to this view stems from currency weakness, as the dong has depreciated by more than 3.5% against the USD year-to-date and was last seen at 26,368 per dollar, making it one of the region's notable underperformers.

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