

MACRO UPDATE JULY 2026

MAINTAINING GROWTH MOMENTUM AMID COOLING INFLATION

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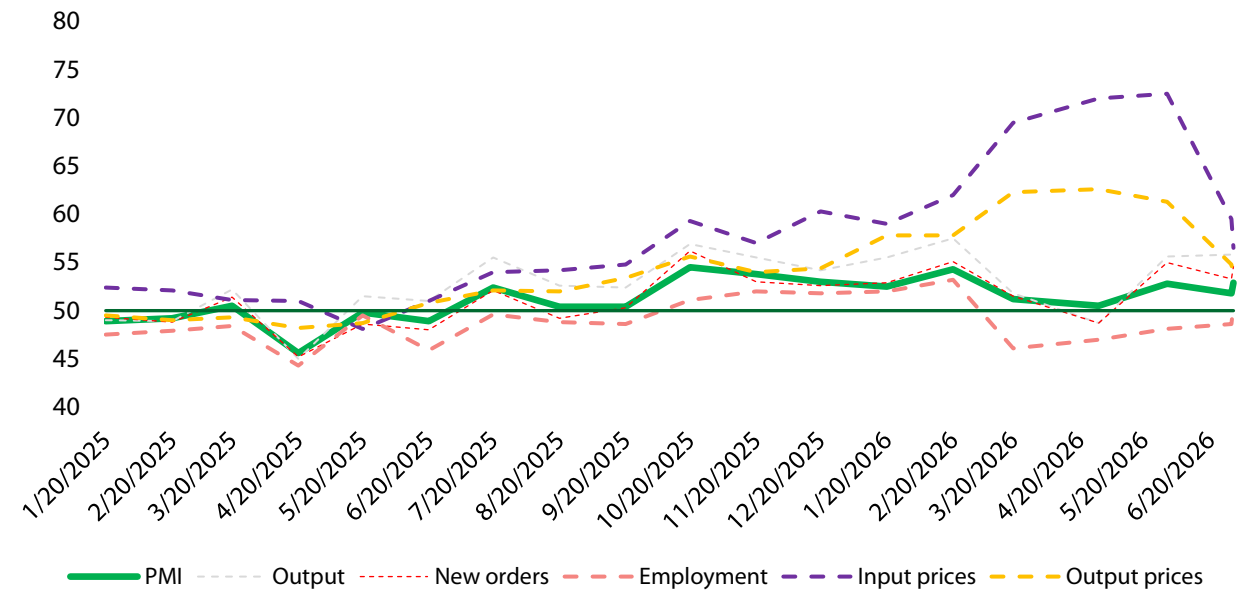
- **Overall, through the first 7 months of 2026, the manufacturing growth picture has been more positive, partly reflecting the easing of inflationary pressure.** Despite fuel and oil costs remaining high, the recent downward trend in oil prices has helped businesses partially save on costs. As a result, the growth rate of both input costs and output prices has slowed to the lowest level since September 2025. This is consistent with recent inflation trends, as the Consumer Price Index (CPI) in July 2026 reversed course, falling 0.12% MoM (mainly due to a 4.35% decrease in domestic gasoline prices).
- However, for the first 7 months of 2026, the average CPI increased by 4.39% year-on-year, and compared to the 5% management target, inflationary pressure remains present. Looking at total retail sales of goods and consumer services, the 7-month cumulative revenue at current prices is estimated at \$182,232,000,000, up 13.1% year-on-year, but when excluding price factors, the growth reached 7.5% (compared to 7.3% in 6M2026). In general, while demand has improved, it remains weak, and inflation factors continue to dominate growth levels.
- Total import-export turnover of goods in the first 7 months of 2026 reached \$659.58 billion, up 28.1% year-on-year. Exports maintained a growth momentum of 21.7%, but imports grew faster at 34.8%. This growth rate disparity caused the trade balance to shift to a trade deficit of \$20.52 billion. This intersects with the momentum of orders, as manufacturers ramped up purchases of input materials in July, recording the strongest growth rate in nearly four and a half years, primarily driven by increased demand for raw materials, machinery, and goods for production and investment activities. July also saw the FDI sector's trade balance shift to a deficit (approximately \$60 million), mainly due to imports of components and electronics, which further caused the overall trade balance to maintain a deficit (since December 2025) and increase in scale.
- FDI disbursement progress continues to be a macroeconomic bright spot. Realized FDI in the first 7 months reached \$15.2 billion, up 11.8% year-on-year, the highest for the same period in the last 5 years. As noted in our previous reports, FDI remains a pillar supporting growth in the second half of the year, amid persistent geopolitical risks and Vietnam's continued advantage from the "China +1" strategy regarding tariff risks.
- Regarding public investment disbursement, with more than half of the 2026 capital plan still to be disbursed in the final 5 months, the pressure to meet the 100% disbursement target is significant. However, the results achieved in the first 7 months show that there is still room for acceleration. If bottlenecks regarding land clearance, material sources, investment procedures, and implementation organization continue to be resolved in a timely manner, along with the effective use of new management tools such as disbursement scoring and public disclosure of results, public investment will continue to play its role as an important driver of economic growth in 2026.
- Additionally, the Trump Administration's Section 301 tariffs (forced labor) officially took effect immediately after the old tariff policy expired. Although Vietnam is in the group subject to a 12.5% tariff, the outlook for exports and FDI attraction is forecast to remain positive thanks to solid foundations and timely policy responses. However, the differentiation in the impact of tariffs on product groups will also affect Vietnam's export turnover to the U.S.; therefore, future tariff negotiations, diversification of export markets, and leveraging FTAs are important factors supporting exports and imports as a growth pillar for the economy.

Growth of the production index of some key industrial sectors

% YoY	02/26	03/26	04/26	05/26	06/26	07/26
Food processing	4,6	12,5	10,6	9,8	11,9	13,0
Beverage	8,2	12,6	15,6	12,8	16,6	20,3
Textile	1,9	6,4	12,8	9,5	13,0	10,1
Leather	-4,8	4,0	2,3	3,4	5,8	4,5
Wood processing	1,3	-1,6	7,1	18,8	18,7	16,4
Chemical	3,3	21,8	24,8	8,4	4,0	4,0
Medicine	-18,0	-9,3	7,1	23,2	29,6	19,4
Rubber, plastic	-3,9	5,6	12,1	15,0	15,3	14,2
Metal production	30,3	8,7	14,8	21,3	27,3	29,4
Electronics	4,3	14,2	11,9	17,8	14,9	10,0
Motor vehicles	-3,8	12,5	23,6	21,9	20,5	14,9
Other manufacturing sectors	4,1	7,3	11,5	12,8	9,0	11,6
Electricity production and distribution	-1,3	4,6	10,9	8,5	16,6	12,5
IIP	0,6	7,2	9,9	8,8	12,7	14,5

Source: Ministry of Finance, RongViet Securities

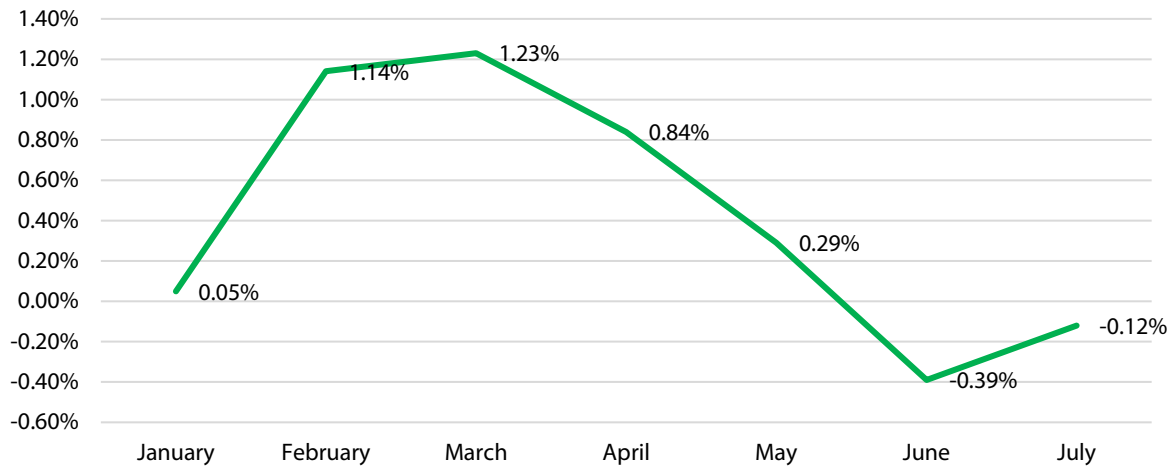
Vietnam's Manufacturing PMI



Source: S&P Global, RongViet Securities

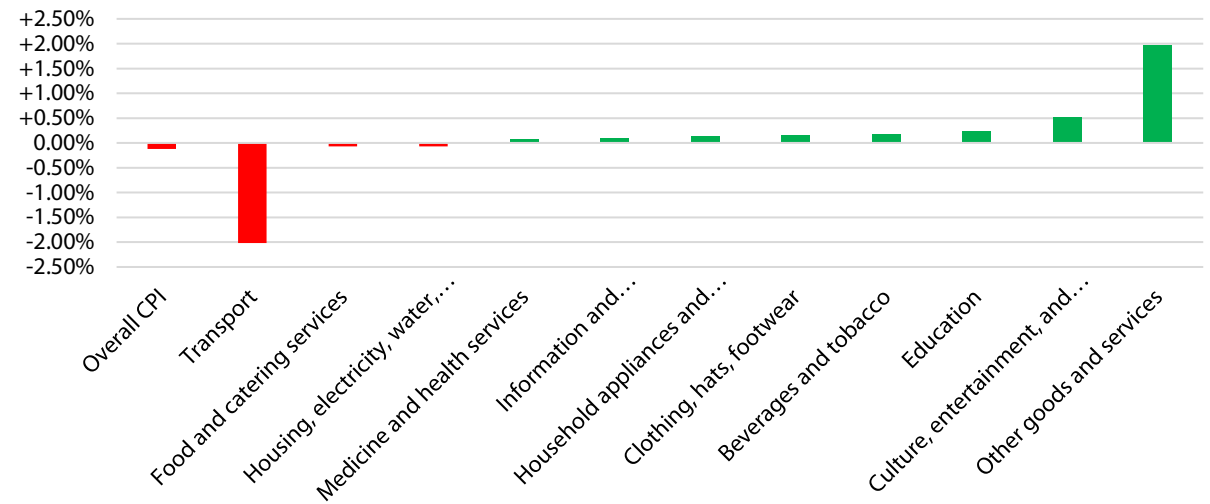
- The Industrial Production Index (IIP) in July is estimated to have increased by 1.2% month-on-month and 14.5% year-on-year. In the first 7 months of 2026, the IIP increased by 11.4% year-on-year, the highest 7-month growth rate compared to the same period in many years.
- The Vietnam Manufacturing Purchasing Managers' Index (PMI) released by S&P Global reached 52.9 points in July, a significant increase from 51.8 points the previous month, indicating continued improvement in the health of the manufacturing sector. Notably, new export orders increased at the fastest rate since July 2024, contributing to the boost in total new orders and reflecting positive signals from international market demand.
- **The manufacturing growth picture is more positive, partly reflecting the easing of inflationary pressure.** A fuel and oil costs remaining high, the recent downward trend in oil prices has helped businesses partially save on costs. As a result, the growth rate of both input costs and output prices has slowed to the lowest level since September 2025. However, supply chain disruptions persist, continuing to put pressure on production and business activities.
- In parallel with the growth in orders, **manufacturers also ramped up purchases of input materials in July, recording the strongest growth rate in nearly four and a half years.** Increased purchasing activity is mainly to meet production demand, while some businesses are proactively stockpiling materials for future orders.

Overall CPI growth/decline rate by month in 2026 compared to the previous month



Source: Ministry of Finance, RongViet Securities

CPI growth rate in July compared to the previous month



Source: Ministry of Finance, RongViet Securities

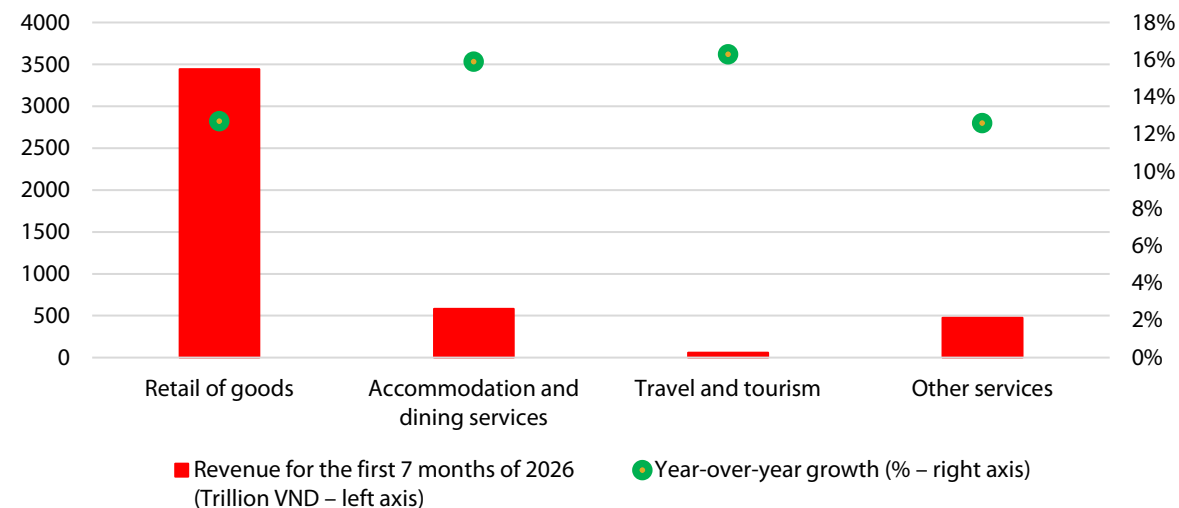
- The Consumer Price Index (CPI) in July 2026 decreased by 0.12% month-on-month. Among these, the transport group saw the sharpest decline of 2.02%, pulling the overall CPI down by 0.20 percentage points. This was due to the impact of global price adjustments, with domestic gasoline prices falling 4.35% and diesel oil falling 9.18%.
- The food and catering services group decreased by 0.07%, pulling the overall CPI down by 0.03 percentage points as abundant agricultural supply helped food prices fall 0.50% and foodstuffs fall 0.07%. Conversely, **dining out services edged up 0.12% due to summer consumption demand** (however, the "sticky price" effect still "lingers" as we have previously noted).
- In the first 7 months of 2026, the average CPI increased by 4.39% year-on-year. The main drivers pushing the 7-month CPI higher came from 3 core groups. The housing, electricity, water, fuel, and construction materials group increased the most at 6.72% (contributing 1.53 percentage points to the overall CPI). The food and catering services group increased by 4.77% (contributing 1.71 percentage points to the overall CPI). The transport group increased by 5.01%, contributing 0.50 percentage points to the overall CPI.
- Regarding core inflation, this index increased by 0.33% in July compared to the previous month. On average, in the first 7 months of 2026, core inflation increased by 4.19%. The increase in core inflation is lower than the average overall CPI (4.19% vs. 4.39%), reflecting the true nature: highly volatile items such as energy prices (gasoline, gas) and fresh food pushed the overall CPI higher, but these uncertain factors were excluded when calculating core inflation.
- In general, inflationary pressure in the second half of the year remains present as the Government continues to implement growth-promoting policies such as boosting public investment and expanding credit; at the same time, it is implementing the roadmap to correctly and fully account for the prices of some public services in the health and education sectors and adjusting the base salary from July 1. Therefore, price stabilization management in the final months of the year needs to be flexible, focused, and harmonized with monetary policy.

Growth of retail sales of goods and services (year-on-year)



Source: Ministry of Finance, RongViet Securities

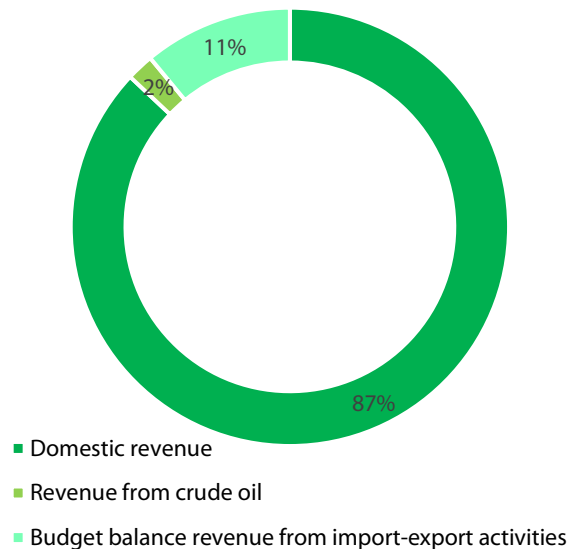
Structure by industry group and year-on-year growth



Source: Ministry of Finance, RongViet Securities

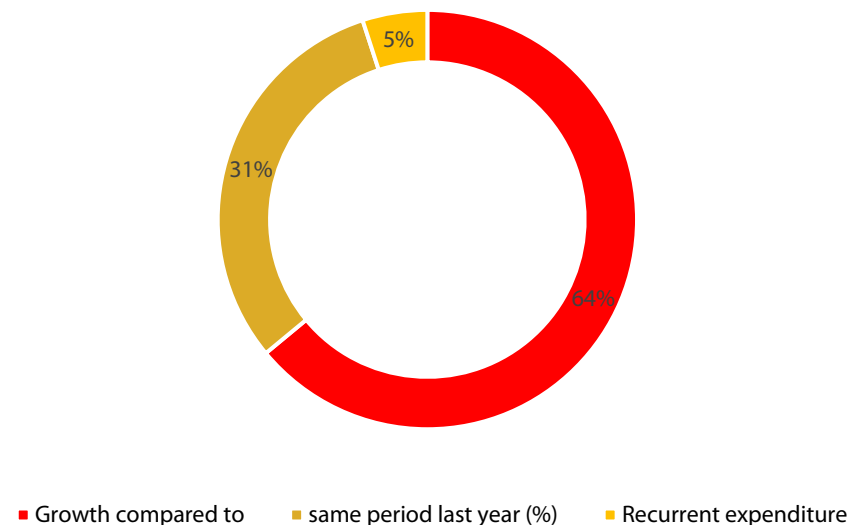
- Total retail sales of goods and consumer service revenue in July 2026 reached VND 669.1 trillion, up 0.9% from June 2026 and 14.5% year-on-year. Growth momentum came from the recovery of most product groups. Specifically, retail revenue of wood and construction materials increased by 1.8% compared to June and 22.8% year-on-year; notably, revenue of the jewelry, precious metals, and gemstone group in July decreased by 1.6% compared to June due to the impact of a "confidence shock" in the domestic jewelry market. However, cumulatively for the first 7 months, revenue for this group still increased by 12.7% compared to the same period in 2025.
- Cumulatively for the first 7 months of 2026, total retail sales of goods and consumer service revenue at current prices is estimated at VND 4,555.8 trillion, up 13.1% year-on-year. Excluding price factors, the growth reached 7.5% (compared to 7.3% in 6M2026).
- In general, the economy's demand improved in July; however, this growth level is still dominated by price factors and does not yet reflect a clear recovery. Therefore, in the final 5 months of the year, policies to stimulate consumption, tax exemptions and reductions, and raising the taxable revenue threshold for business households will be factors supporting demand.

Structure of State budget revenue in the first 7 months of 2026



Source: Ministry of Finance, RongViet Securities

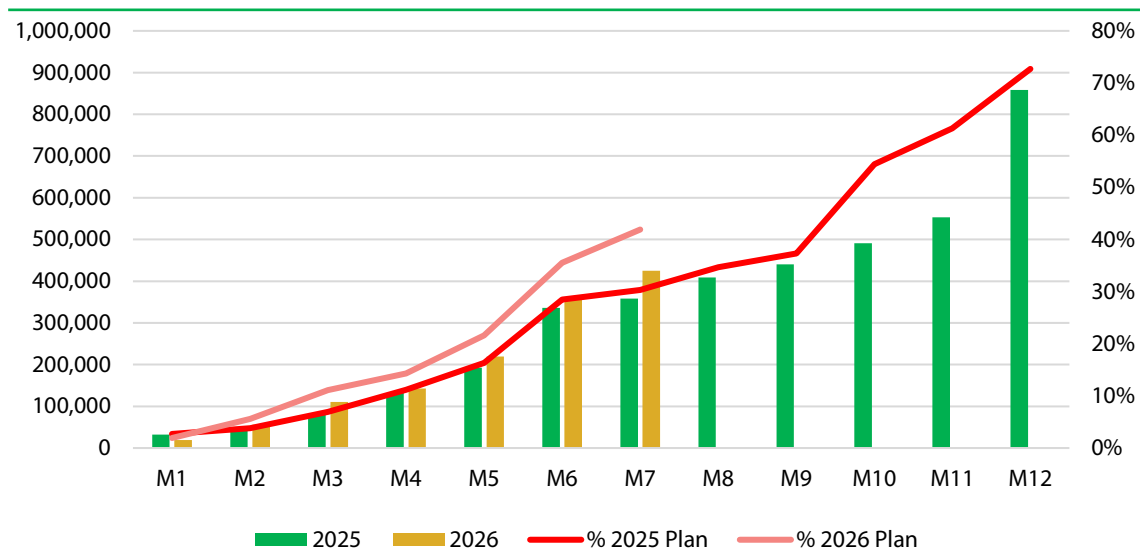
Structure of State budget expenditure in the first 7 months of 2026



Source: Ministry of Finance, RongViet Securities

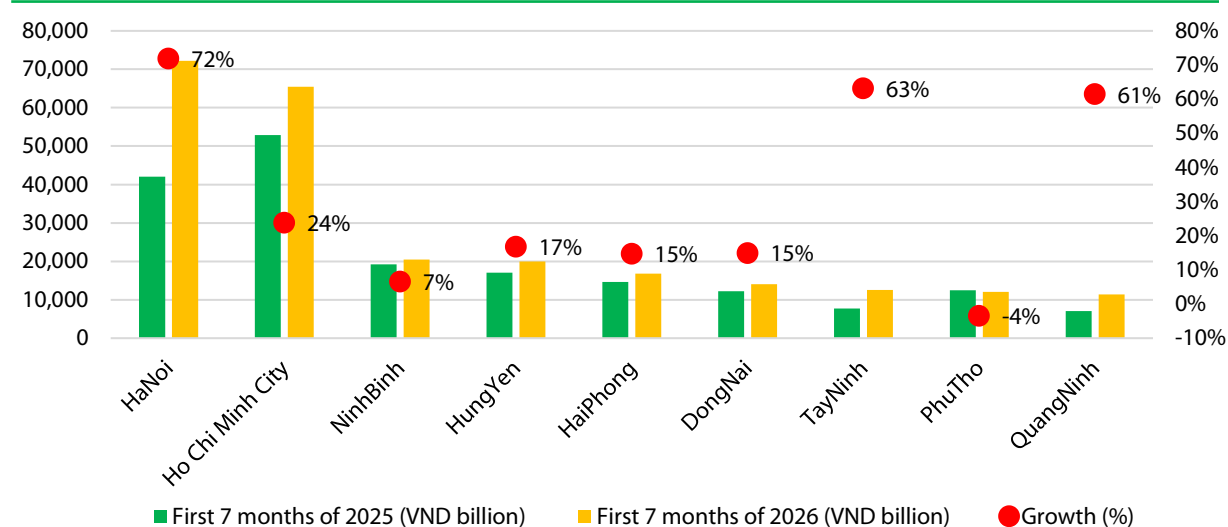
- Total State budget revenue in July is estimated at VND 259.7 trillion. Cumulative total State budget revenue for the first 7 months of 2026 is estimated at VND 1,834.6 trillion, reaching 72.5% of the annual estimate and increasing 16% year-on-year. In particular, domestic revenue plays a key role, estimated at VND 228.3 trillion. Cumulative domestic revenue for the first 7 months of 2026 is estimated at VND 1,587.5 trillion, reaching 72.2% of the annual estimate, accounting for 86.5% of total State budget revenue, and increasing 16% year-on-year.
- Total State budget expenditure in July is estimated at VND 215.4 trillion. In the first 7 months of 2026, State budget expenditure is estimated at VND 1,364.3 trillion, reaching 43.2% of the annual estimate and increasing 7.7% year-on-year.
- In general, the budget revenue-expenditure situation is positive, with the balance leaning towards a budget surplus. This reflects that the Treasury Account balance is currently abundant and creates room to regulate idle budget resources to the banking system to support liquidity.
- However, to support the economy, the Ministry of Finance will propose several policies on tax exemptions, reductions, and deferrals. These policies will contribute to supporting demand for the economy, in sync with the State Bank's system liquidity support policies.

Monthly public investment disbursement scale in 2026 (billion VND)



Source: Ministry of Finance, RongViet Securities

Public investment disbursement in some localities



Source: Ministry of Finance, RongViet Securities

- As of July 31, 2026, the whole country had disbursed VND 425.312 trillion in public investment capital, reaching 41.9% of the plan assigned by the Prime Minister. Compared to the same period last year, the disbursement result increased by 3.6 percentage points and was higher by nearly VND 86.8 trillion in absolute value. Disbursement progress continues to improve in the context that public investment is still identified by the Government as one of the important drivers promoting economic growth.
- With more than half of the 2026 capital plan still to be disbursed in the final 5 months, the pressure to meet the 100% disbursement target is significant. However, the results achieved in the first 7 months show that there is still room for acceleration. If bottlenecks regarding land clearance, material sources, investment procedures, and implementation organization continue to be resolved in a timely manner, along with the effective use of new management tools such as disbursement scoring and public disclosure of results, public investment will continue to play its role as an important driver of economic growth in 2026.
- Strong public investment disbursement is one of the factors supporting liquidity for the banking system, thereby contributing to cooling the interest rate environment, but the multi-dimensional impact on the exchange rate and the economy's capital absorption capacity needs to be considered.

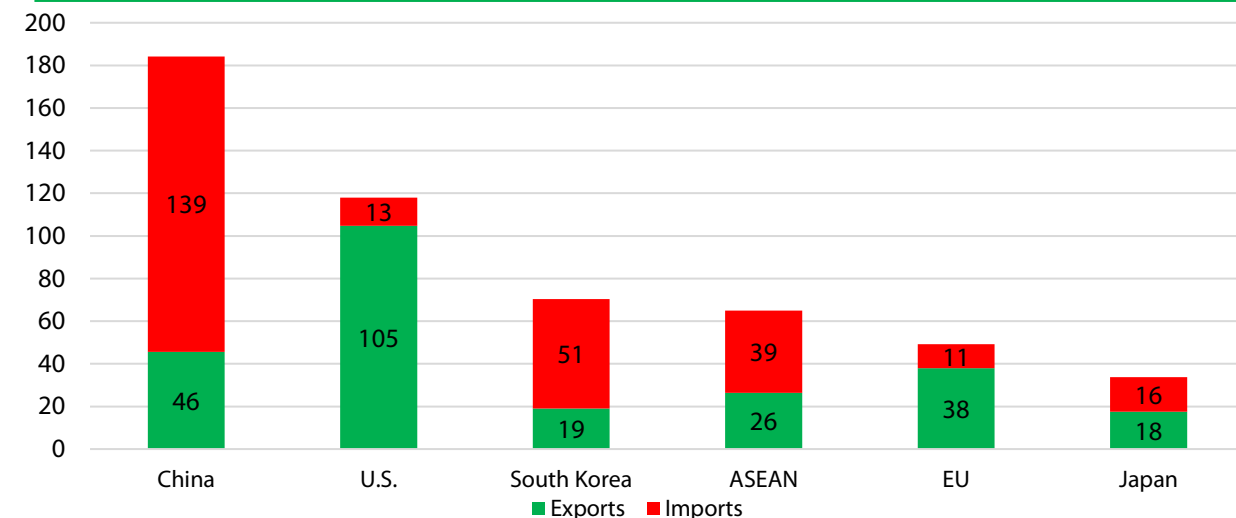
- In 7M2026, total import-export turnover of goods reached \$659.58 billion, up 28.1% YoY. Exports maintained a growth momentum of 21.7%, but imports grew faster at 34.8%. This growth rate disparity caused the trade balance to shift to a trade deficit of \$20.52 billion, primarily driven by increased demand for raw materials, machinery, and goods for production and investment activities.
- Regarding exports, turnover in July 2026 reached \$53.08 billion, up 4.5% MoM. Both economic sectors contributed to this result, with the domestic economic sector reaching \$10.27 billion, up 2.7%, and the FDI sector reaching \$42.81 billion, up 5.0%. In 7M2026, total export turnover of goods reached \$319.53 billion, up 21.7% YoY. The FDI sector continued to affirm its key role by contributing \$255.89 billion, accounting for 80.1% of total export turnover and increasing 26.4%. Meanwhile, the domestic economic sector reached \$63.64 billion, accounting for 19.9% and growing at 5.8%.
- Import activity also recorded a significant increase. Specifically, import turnover of goods in July 2026 reached \$56.67 billion, up 6.1% MoM. In particular, the FDI sector reached \$42.87 billion, up 9.3%; the domestic economic sector reached \$13.8 billion, down 2.8%. In 7M2026, import turnover reached \$340.05 billion, up 34.8% YoY. The domestic economic sector contributed \$92.14 billion, up 24.1%, while the FDI sector reached \$247.91 billion, up 39.2%. A notable point is that the FDI sector's trade balance in July shifted to a slight deficit (about \$60 million), which further caused the overall trade balance to maintain a deficit of a larger scale.
- Regarding markets, the U.S. remains Vietnam's largest export market with a turnover of \$104.7 billion. China is Vietnam's largest import market with a turnover of \$138.6 billion.

Overview of Vietnam's import-export situation in July 2026

	This month (\$ Billion)	% vs. previous month	% vs. same period	Cumulative YTD (\$ Billion)	% YoY
Total Import-Export	109.75	5.3%	33.0%	659.58	28.1%
Exports	53.08	4.5%	25.0%	319.53	21.7%
Domestic	10.27	2.7%	14.0%	63.64	5.8%
FDI	42.81	5.0%	27.9%	255.89	26.24%
Imports	56.67	6.1%	41.4%	340.05	34.8%
Domestic	13.80	-2.8%	23.7%	92.14	24.1%
FDI	42.87	9.3%	48.2%	247.91	39.2%
Trade Balance	-3.59			-20.52	

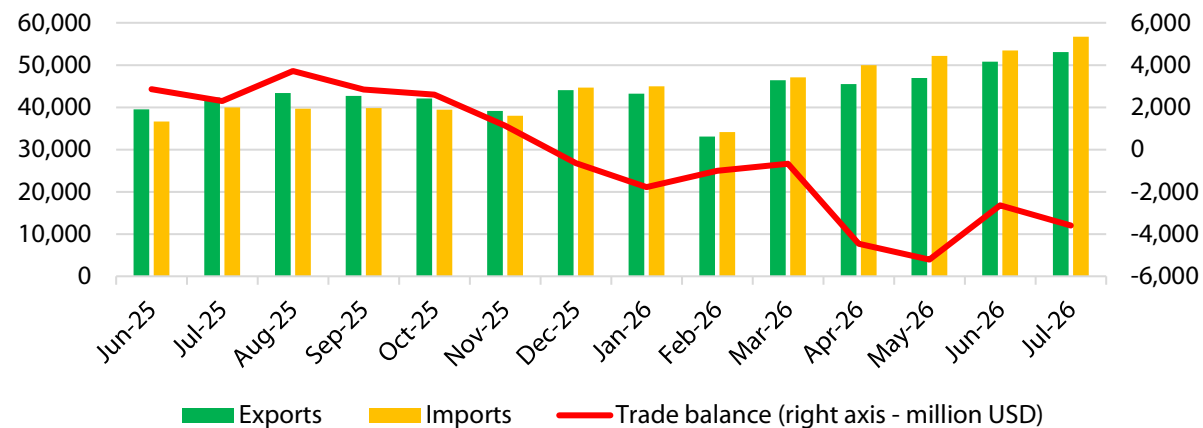
Source: Ministry of Finance, RongViet Securities

Major import and export markets for goods in the first 7 months of 2026 (\$ billion)



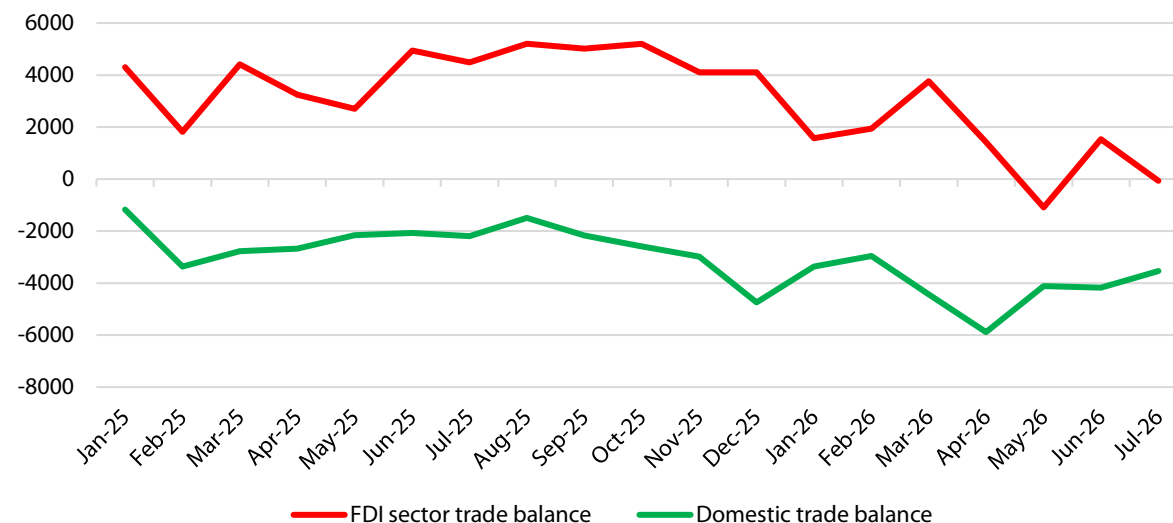
Source: Ministry of Finance, RongViet Securities

Monthly imports, exports, and trade balance (\$ billion)



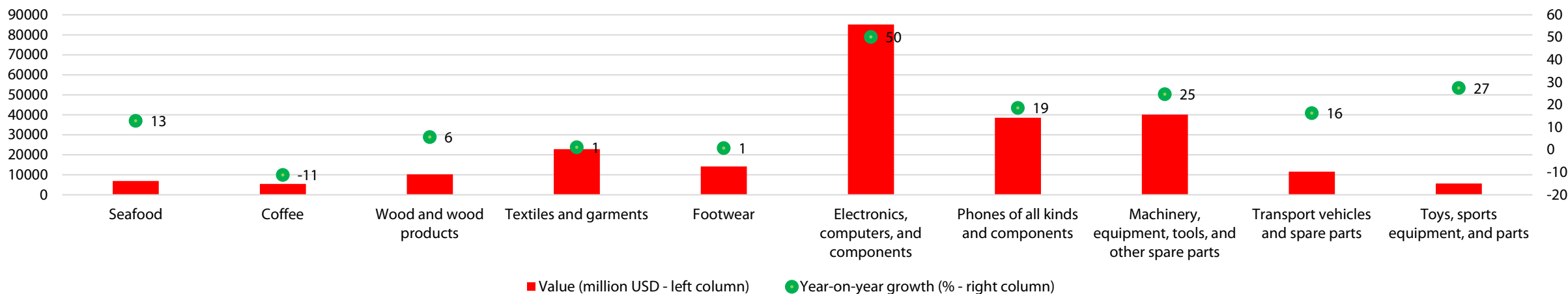
Source: Ministry of Finance, RongViet Securities

Monthly trade balance by region (million USD)



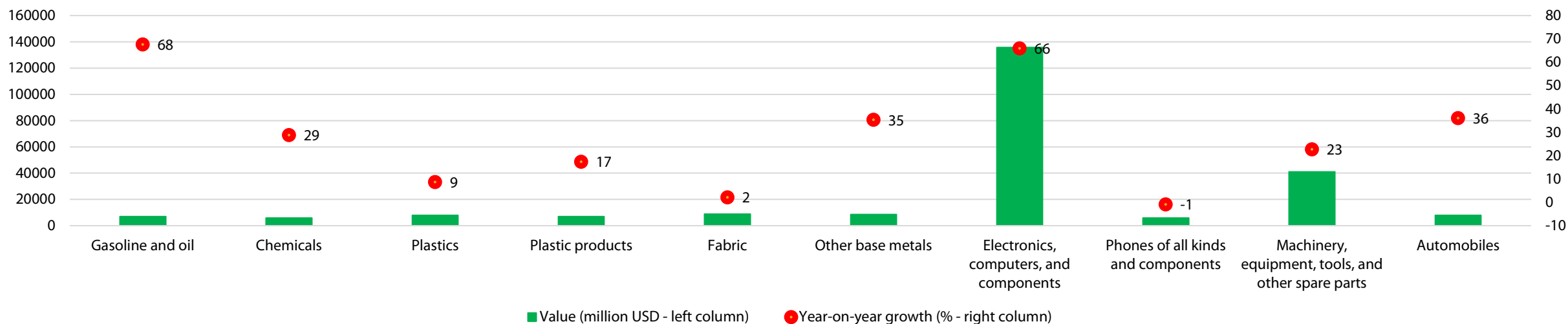
Source: Ministry of Finance, RongViet Securities

Top 10 major export items of Vietnam in the first 7 months of 2026



Source: Ministry of Finance, RongViet Securities

Top 10 major import items of Vietnam in the first 7 months of 2026



Source: Ministry of Finance, RongViet Securities

- It is necessary to break down each product group to see where the trade deficit comes from. If the export-import value of electronics, computers, and components is excluded from the total export-import turnover, then in 7M2026, Vietnam only imported \$204.248 billion and exported \$234.358 billion, corresponding to a trade surplus of over \$30 billion.

Thus, the main cause of the trade deficit lies in the electronics, computer, and component group, but these imports are not for domestic consumption, but to serve global market demand. Specifically, we do not rule out the possibility that FDI enterprises are increasing imports to stockpile and meet production demand ahead of the (ongoing) upward trend in RAM and chip prices in the global market. Additionally, we believe it is highly likely that FDI enterprises assess the global trade picture (U.S.-China or U.S.-EU trade wars) as having many unpredictable variables, so they have increased imports to stockpile, potentially accepting higher costs to ensure production is not interrupted.

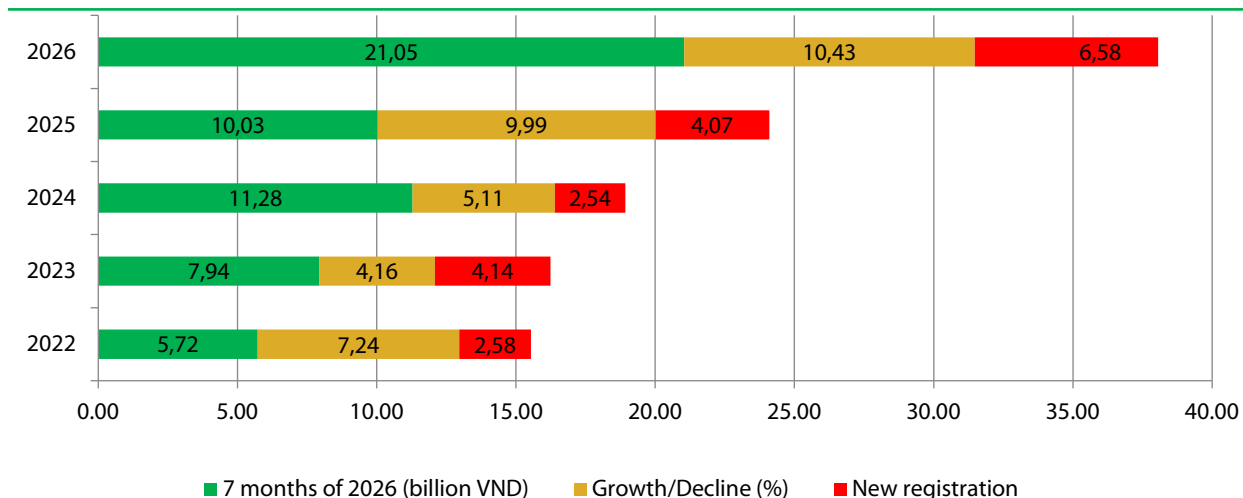
- Furthermore, in the first 7 months of this year, the export growth rate of the two key groups, textiles and footwear, only increased by 1.1% and 0.7% respectively, significantly lower than the growth rate of raw material imports (cotton, yarn, fabric, leather, accessories). In the context of rising labor costs due to regional minimum wage increases and Vietnam still primarily engaging in processing, these two strategic export items have reached a threshold and are gradually slowing down.
- Improving the trade balance and reducing the trade deficit requires more fundamental policies. In addition to continuing to diversify export markets, the most important thing is to improve the quality of goods exported to the 6 key markets: the U.S., EU, Japan, Korea, China, and ASEAN. Furthermore, strengthening the connection and transfer of science and technology between FDI and domestic enterprises is key; the fact that the FDI sector accounts for an overwhelming proportion of export turnover is not a problem, as it includes a large contribution from the domestic enterprise sector.

Realized FDI in the first 7 months of 2022-2026 (\$ billion)



Source: Ministry of Finance, RongViet Securities

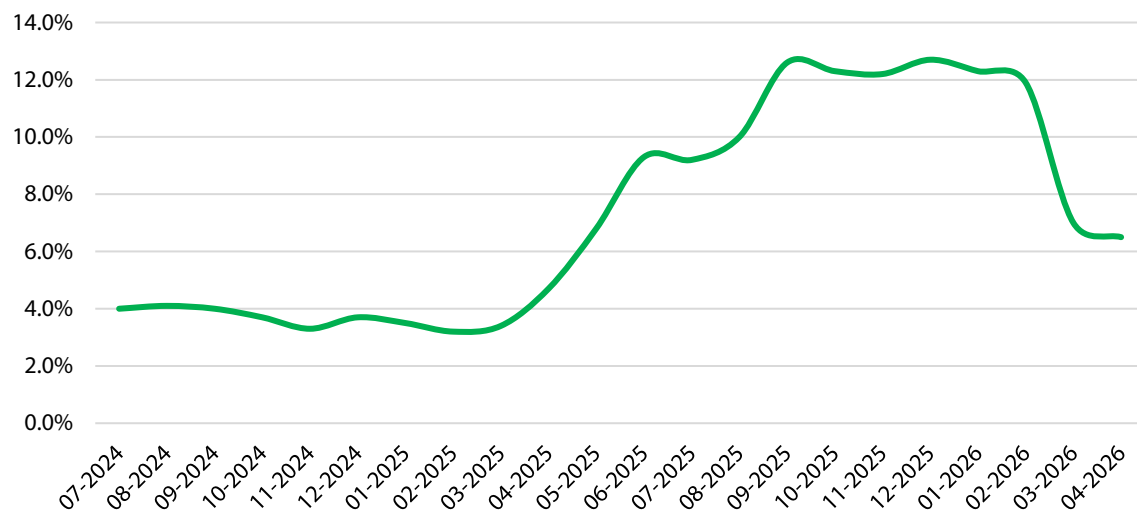
FDI capital in the first 7 months of 2022-2026 (\$ billion)



Source: Ministry of Finance, RongViet Securities

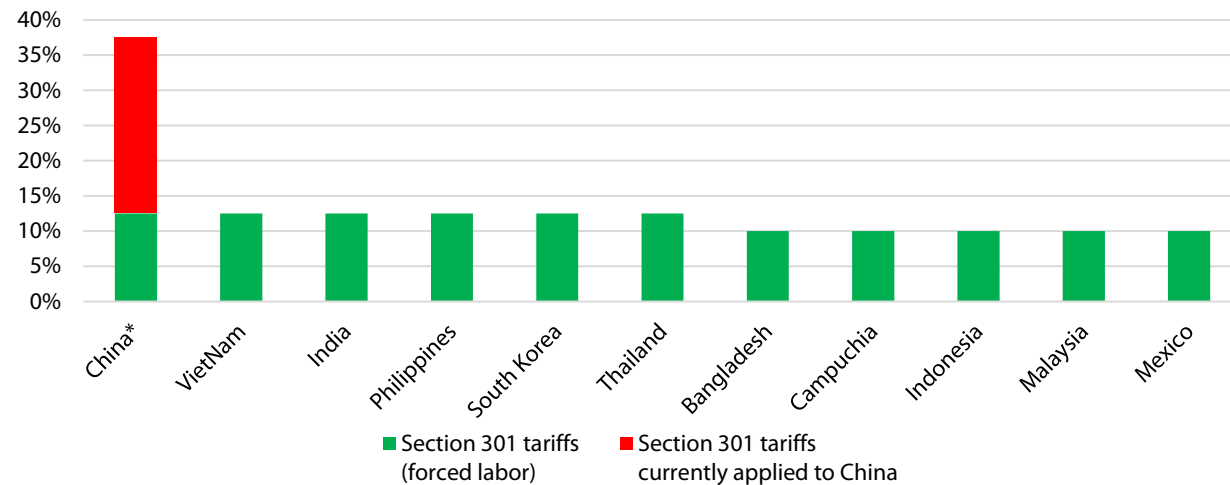
- As of July 31, total registered FDI capital into Vietnam, including new licenses, adjustments, and capital contributions/share purchases, reached \$38.06 billion, up 58% YoY.
- The biggest driver comes from new registered capital. In the first 7 months, the whole country had 2,429 projects licensed with a total capital of \$21.05 billion, up 7.8% in the number of projects but 2.1 times higher in capital scale compared to the same period, showing that the average value per project continues to rise.
- The processing and manufacturing industry continues to be a "magnet" for foreign capital, attracting \$11.58 billion, accounting for 55% of total new registered capital. The electricity, gas, and water production and distribution sector ranked second with \$3.13 billion, equivalent to 14.9%.
- By investment partner, Singapore continues to lead with \$7.5 billion, accounting for 35.6% of total new registered capital. South Korea ranked second with \$5.61 billion, followed by Hong Kong (China) at \$2.91 billion and China at \$1.73 billion.
- FDI disbursement progress also continues to set a new milestone, with realized FDI in the first 7 months estimated at \$15.2 billion, up 11.8% YoY, the highest for the same period in the last 5 years. As noted in our previous reports, FDI remains a pillar supporting growth in the second half of the year, amid persistent geopolitical risks and Vietnam's continued advantage from the "China +1" strategy regarding tariff risks.

U.S. average tariff rate trends



Source: Bloomberg, RongViet Securities compilation

Section 301 Tariffs (forced labor): Vietnam compared to some countries



Source: USTR, RongViet Securities compilation. Note: China's current Section 301 tariff level is shown at 25% currently applied to related items. Does not include MFN tariffs, Section 232 tariffs, and other specific tariffs by item.

- On July 24, the new tariff level (Section 301) applied to 60 trading partners to replace the Trump Administration's 10% temporary tariffs officially took effect immediately after the old tariff policy expired. Accordingly, the U.S. will impose tariffs from 10% to 12.5% on goods from 60 economies on the grounds of controlling forced labor. Vietnam, along with China, Japan, and South Korea, belongs to the group subject to the 12.5% tariff. Although Vietnam is in the group subject to the 12.5% tariff, the outlook for exports and FDI attraction is forecast to remain positive thanks to solid foundations and timely policy responses.
- However, it should be noted that what the U.S. Trade Representative (USTR) requires for the 10% tariff level is a mechanism to ban imports at the border. If this can be done, Vietnam will eliminate the 2.5 percentage point disadvantage and return to the same tariff level as the region. Therefore, Vietnam has officially issued regulations strictly prohibiting the import of goods produced by forced labor under Decree No. 292/2026/ND-CP issued on July 22, 2026. The decree was issued after the U.S. had finished its investigation. Therefore, it is highly likely that the U.S. will adjust the tariff level applied to Vietnam from 12.5% down to 10% in the short term, and both sides will complete the recognition through a Reciprocal Trade Agreement.
- In that scenario, the impact on the Vietnamese economy is assessed as not high, for 4 reasons: First, the difference to be borne is only 2.5 percentage points and is likely only temporary before being adjusted to 10%. Second, even when applied at 12.5%, Vietnam still maintains an 8-10 point advantage over China - the biggest competitor - so the "China + 1" shift logic is not reversed. Third, Vietnam's competitiveness is mainly based on productivity, infrastructure, and supply chain depth, not a few percentage points of tariff difference, as evidenced by the fact that Vietnam still leads the market share of textiles into the U.S. despite higher tariffs than some other countries. Fourth, most of the final tariff impact is shared between U.S. importers, retailers, and consumers, rather than being pushed entirely onto Vietnamese exporters. The real risk to watch lies elsewhere: the possibility of expanding Section 232 and the 301 investigation into "excess capacity" targeting 16 countries and the investigation into intellectual property.

Indicator	2026 Target	Q1.2026	Q2.2026	7M2026
GDP Growth	$\geq 10\%$	7.83%	8.39%	na
Industrial Production Index (IIP)	$> 10\%$	9%	11.2%	11.4%
Retail sales, goods and services	13-15%	10.9%	13.9%	13.1%
Import-export turnover	15-16%	23%	31.2%	28.1%
Public Investment Disbursement Rate	95-100%	11%	35.5% (calculated for 6 months)	41.9%
FDI Attraction (\$ billion)	45-50	15.2 (up 43% yoy)	34.65 (calculated for 6 months, up 61% yoy)	38.06 (up 58% yoy)
Inflation	5% (+- 0.5%)	3.51%	5.25%	4.39%
Credit Growth	15%	3.18%	7.41% (calculated for 6 months)	8.38%

Source: Ministry of Finance, RongViet Securities

In general, the economic indicators set by the Government are on the right track and the possibility of achieving this year's plan is quite high (except for public investment, which is still slow despite an improved disbursement speed). However, to achieve double-digit growth, important drivers such as exports, consumption, and investment must have more spectacular acceleration in the context of international challenges and macroeconomic stability remains a key task.

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