News Insight & Recap

August 2025

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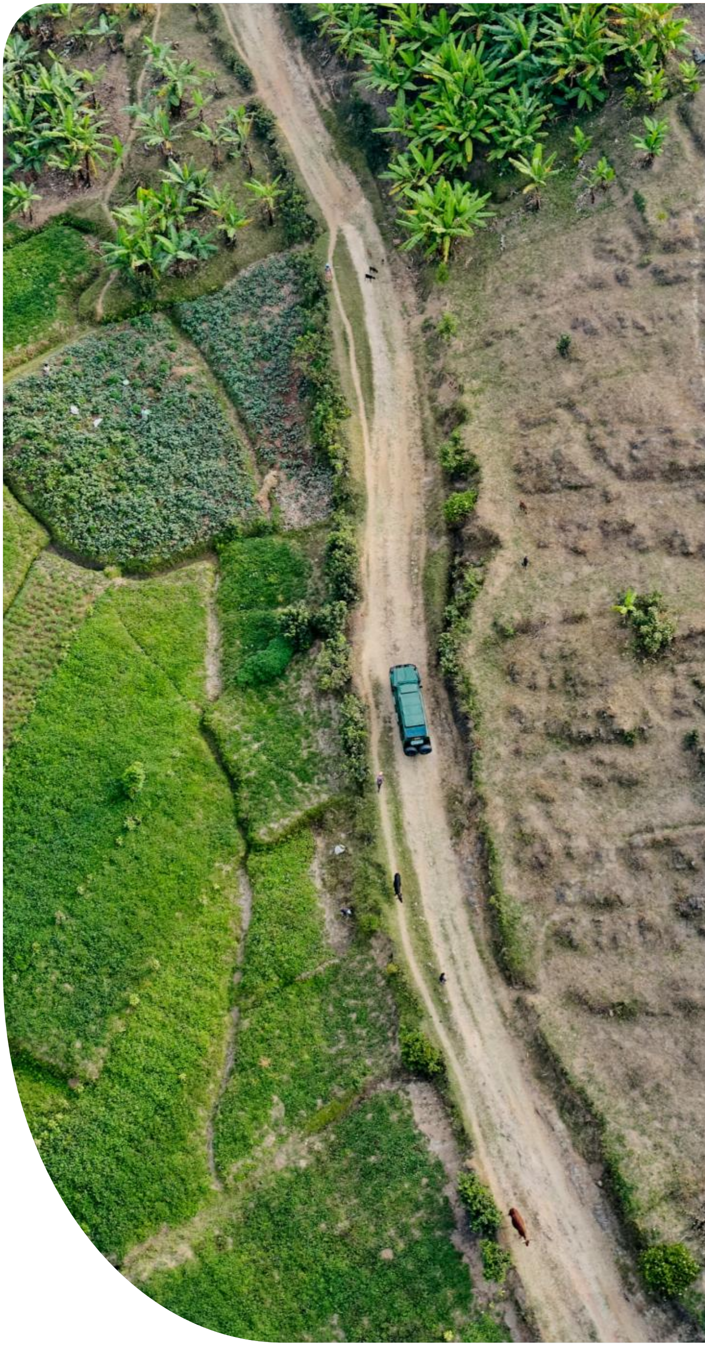

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GRANT THORNTON INSIGHTS

Vietnam's economy in August maintained steady growth, with manufacturing output and exports continuing to expand and inflation broadly under control. This stability is encouraging, yet the underlying picture shows uneven progress. Bottlenecks in public investment, an over-reliance on imported inputs, and uncertainties in asset markets such as gold and real estate highlight vulnerabilities that could weigh on the pace and quality of recovery if not addressed. The challenge is no longer simply sustaining growth but ensuring that it is balanced and durable.

Looking forward, the outlook for Vietnam's economy in 2025 rests on how quickly the country can convert cyclical resilience into more durable growth drivers. The World Bank's upward revision of the 2025 forecast to 6.6% reflects solid confidence in domestic consumption and a gradual export recovery but sustaining that trajectory will require more than external demand or temporary stimulus. The government's plan to amend and streamline the Investment Law, aiming to cut investor costs and processing times by around 30%, points to a recognition that efficiency and predictability are now as critical as low-cost advantages. This initiative, together with broader reform plans, if carried forward persistently, could enable Vietnam to not only manage near-term risks but also move up the value chain and strengthen its position as a competitive production and investment hub in the region.

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1. WORLD BANK PROJECTS VIETNAM'S GDP GROWTH AT 6.6% IN 2025

The World Bank recently revised its forecast for Vietnam's GDP growth in 2025 to 6.6%, up from the previous projection of 5.8%. The latest figure is forecasted with expectations of resilient domestic demand and gradual recovery in exports. The organization highlighted that inflation is anticipated to remain under control, averaging around 3.5% next year, while fiscal consolidation and improved public investment disbursement will provide additional momentum. However, the World Bank raised concerns about the external headwinds, including slower global growth and trade tensions, which could weigh on the outlook for Vietnam's economy in 2025. Structural reforms, particularly in the financial sector and state-owned enterprises, were emphasized as key to sustaining long-term growth. Advancing green growth, building human capital, and diversifying trade were also recommended.

(Source: Vietnam Economic Times)

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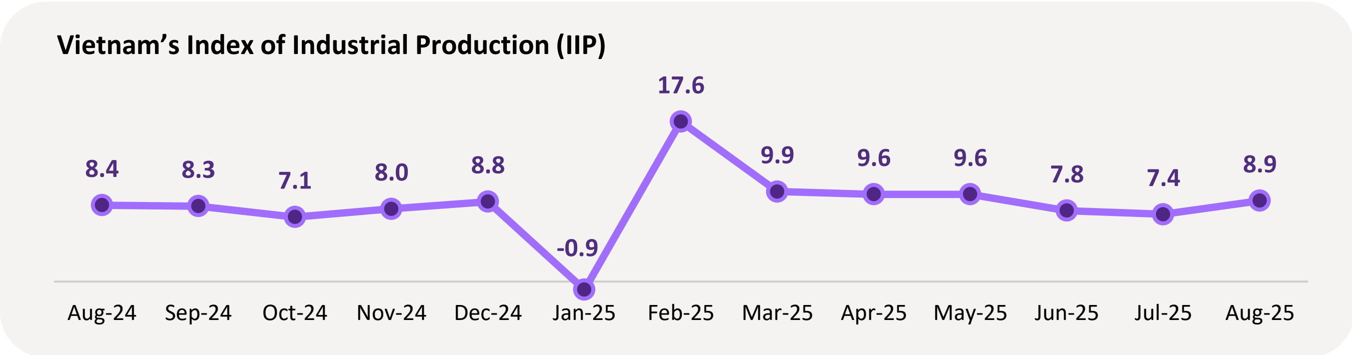
2. INDUSTRIAL OUTPUT STRENGTHENS BUT PMI STILL POINTS TO UNCERTAINTY

According to the National Statistics Office (NSO), Vietnam's Index of Industrial Production (IIP) expanded 8.9% year-on-year in August 2025, marking the fastest growth in three months. The increase was fueled by solid manufacturing activity, particularly in electronics, textiles, and machinery, alongside a rebound in mining output. However, performance remained uneven across regions, with some industrial hubs facing slower expansion due to logistics constraints and labor shortages.



(Source: The Investor)

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2. INDUSTRIAL OUTPUT STRENGTHENS BUT PMI STILL POINTS TO UNCERTAINTY (CONT.)

The upturn in IIP aligned with the latest S&P Global Purchasing Managers' Index (PMI), which stood at 50.4 in August, down from 52.4 in July but still indicating marginal improvement. Output continued to rise, yet new orders, especially export orders, contracted, reflecting weaker global demand. Employment also fell for the eleventh straight month as firms adjusted to excess capacity. Input costs increased at the fastest pace this year due to material shortages, tariffs, and higher transportation costs, resulting in many businesses raising selling prices. While cost pressures remain a concern, business confidence improved to a six-month high, with firms cautiously optimistic about demand recovery in the coming months. However, analysts, warned that sustaining momentum will require a rebound in external markets and easing of supply chain constraints.

(Source: Vietnam Investment Review, S&P Global)

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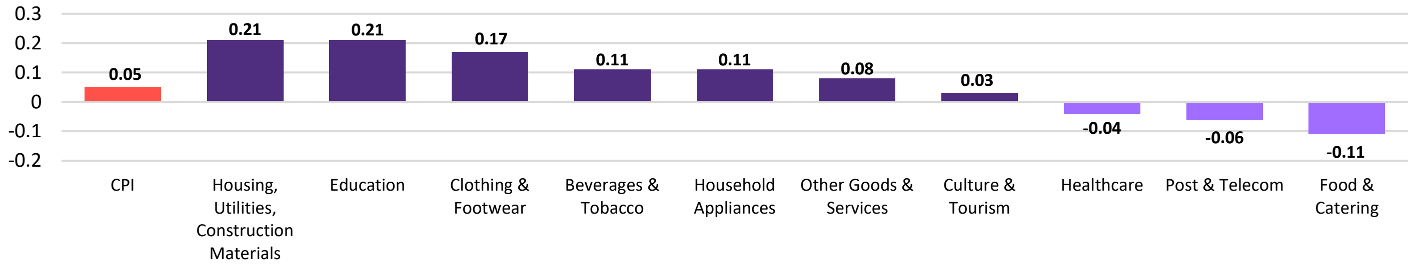
3. VIETNAM CPI EDGES UP IN AUGUST BUT INFLATION PRESSURES REMAIN CONTAINED

Vietnam's Consumer Price Index (CPI) rose 0.05% month-on-month and 3.24% year-on-year in August 2025, increasing modestly from July. The main contributors were higher housing rentals and dining out, while fuel prices and education-related expenses provided partial offsets to CPI growth. The State Bank of Vietnam (SBV) continued to closely manage currency stability, reportedly selling U.S. dollar forwards to smooth volatility amid global dollar strength. Economists noted that while inflationary pressures remain contained, exchange rate dynamics and imported costs could pose challenges in the coming months.

Month-on-month CPI Growth/Decline Rate in August 2025



(Source: VietnamPlus, Vietnamnews)

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4. TRADE SURPLUS NARROWS AS IMPORTS SURGE FASTER THAN EXPORTS

Over the January–August period, Vietnam recorded total trade turnover of USD597.93 billion, with exports at USD305.96 billion, up 14.8% year-on-year, and imports at USD291.97 billion, rising 17.9% year-on-year, resulting in a cumulative trade surplus of USD13.99 billion. Although the trade surplus was sustained, the figure is noticeably lower than last year's eight-month record of USD19.07 billion. Notably, manufactured goods made up the bulk of export value, while on the import side, raw materials and machinery continued to dominate.

Exports	Total trade volume	Imports
USD305.96 billion	USD597.93 billion USD13.99 bil in trade surplus	USD291.97 billion

(Source: VietnamPlus)

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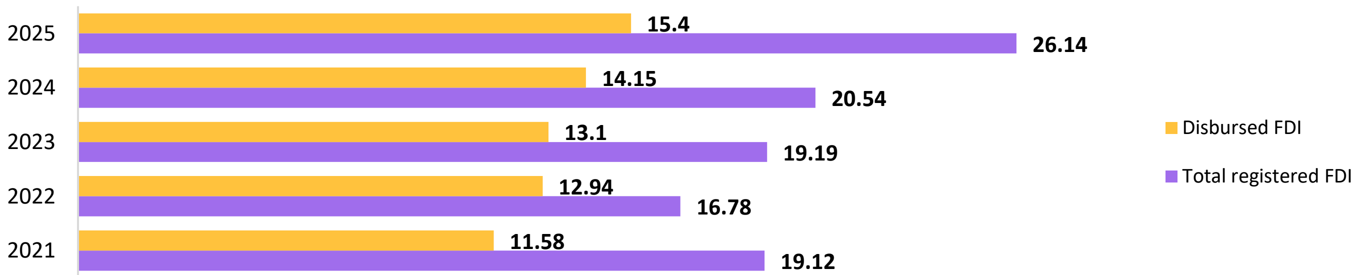
5. FDI DISBURSEMENT HITS FIVE-YEAR HIGH IN EIGHT MONTHS

Foreign direct investment (FDI) into Vietnam remained resilient in the first eight months of 2025, recording USD26.14 billion, a 27.3% increase from the same period in 2024. Disbursed capital stood at USD15.4 billion, up 8.8% year-on-year, marking the highest level for this period in five years. Specifically, foreign investors registered USD11.03 billion in new projects, down 8.1% year-on-year, while capital for existing projects rose 85.9% to USD10.65 billion and capital contributions and share purchases climbed 58.8% to USD4.46 billion.

Eight-month FDI into Vietnam from 2021–2025 (USD billion)



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(Source: Vietnam Economic Times)

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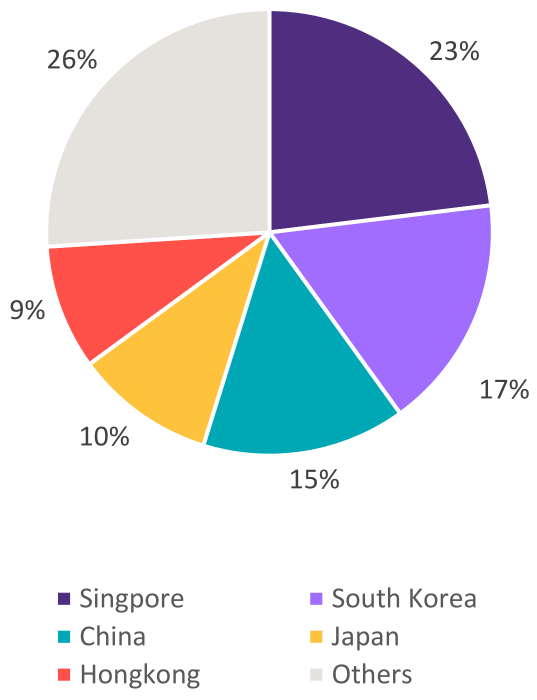
5. FDI DISBURSEMENT HITS FIVE-YEAR HIGH IN EIGHT MONTHS (CONT.)

By sector, manufacturing continued to take the lead, attracting the majority of newly registered FDI capital with USD6.53 billion in the first eight months of 2025, accounting for 59.2% of the total. Real estate ranked second with USD2.37 billion (21.5%), while other sectors combined received USD2.13 billion (19.3%). Among the key sources of FDI in the first eight months of 2025, Singapore took the lead with USD4.52 billion (23% of the total), followed by South Korea, China, Japan, and Hongkong. Other countries contributed USD5.10 billion.

Sources of FDI registered capital into Vietnam in 8-month 2025 (USD billion)



(Source: Vietnam Economic Times)

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6. TOURISM SURGES WITH 14 MILLION INTERNATIONAL ARRIVALS IN EIGHT MONTHS

According to The Vietnam National Authority of Tourism (VNAT), Vietnam welcomed nearly 14 million international visitors between January and August 2025, up 21.7% compared with the same period last year. China, South Korea, and ASEAN countries were the top sources of tourists, collectively accounting for more than half of total arrivals. The recovery in tourism has provided a significant boost to the services, retail, F&B, and hospitality sectors. Strong demand was also evident in domestic aviation, with airlines reporting rising passenger volumes on both international and domestic routes. Authorities noted that targeted visa reforms and expanded flight connections have supported the momentum. With the year-end holiday season approaching, industry observers expect further gains but note that infrastructure capacity and service quality will be key to sustaining growth.

(Source: Vietnamnews)

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7. PUBLIC INVESTMENT DISBURSEMENT FALLS SHORT OF TARGET

Vietnam's Ministry of Finance (MoF) reported that by the end of August, public investment disbursement reached just 39.9% of the full-year plan, equivalent to about 46% of the Prime Minister's assigned target. The government had set a goal of disbursing at least 60% of the annual plan by the end of the third quarter, underscoring the gap in execution. Major bottlenecks include slow site clearance, administrative delays, and difficulties in project preparation. Authorities has pledged stronger measures to accelerate progress, including simplifying procedures and enhancing accountability of local officials. Timely disbursement is seen as critical for supporting growth, given the role of infrastructure investment in boosting aggregate demand and private sector confidence.

(Source: VietnamPlus)

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8. PRIME MINISTER MOVES TO STABILIZE GOLD AND REAL ESTATE MARKETS

In late August, Prime Minister Pham Minh Chinh directed the State Bank of Vietnam (SBV) and relevant agencies to take stronger measures to stabilize the domestic gold market. The move came amid persistent volatility, with gold prices rising by about VND10 million per tael over a two-week period and maintaining a premium of nearly VND20 million compared with international prices. The Prime Minister emphasized the need to curb speculation and ensure transparency in trading activities, while also tasking ministries with reviewing challenges in the real estate sector. Despite some recovery signs, the sector was assessed as still underperforming due to legal bottlenecks and financial constraints. These actions underscore the government's broader effort to maintain macroeconomic stability and confidence in key markets.

(Source: Vietnamnews)

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9. VIETNAM TO STREAMLINE INVESTMENT LAW, CUT INVESTOR COSTS BY 30%

The Ministry of Finance (MoF) is finalizing amendments to the Investment Law, set for National Assembly review in October, aimed at cutting red tape and lowering investor costs. The draft proposes streamlining or abolishing certain approval steps, limiting central-level approval to projects with significant environmental, security, or large-scale impacts, and further decentralizing authority to localities, including for foreign-invested sectors such as afforestation, betting, and offshore wind power. According to experts, the reforms could reduce administrative processing time, compliance costs, and business conditions each by around 30%, accelerating project implementation and improving the investment climate. Critics also point out that existing requirements, such as proof of two years of financial statements, hinder new private enterprises, highlighting the need for a more enabling framework.

(Source: Vietnam Investment Review)

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10. READY-BUILT FACTORIES DRIVE VIETNAM'S INDUSTRIAL PROPERTY MARKET

Vietnam's ready-built factory (RBF) market is emerging as a key driver of industrial growth. In the first half of 2025, 410 out of 759 new manufacturing projects (54%) opted to lease RBFs instead of building on land, marking the first time leased facilities surpassed land deals. According to Cushman & Wakefield, total RBF supply reached 11 million sq.m by Q2 2025 with occupancy exceeding 85%, concentrated in Ho Chi Minh City, Dong Nai, Bac Ninh, and Hai Phong. Experts pointed out that leasing reduces project timelines by 12 to 18 times and cuts upfront costs by 70-80%. Monthly rental rates range from USD4 to USD6 per sq.m in the North and USD5 to USD7 per sq.m in the South, providing a more cost-effective option for investors. These benefits make RBFs attractive for industries with rapid market cycles, such as electronics, packaging, and medical equipment, offering the flexibility to scale production quickly and efficiently.

(Source: Vietnamnet)

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