

6 October 2025

Global Markets Research

Research Alert

Vietnam: Unexpected pick-up in 3Q GDP growth

3Q GDP growth staged a surprised pick-up to 8.2% y/y; fastest growth in three years
2025 GDP growth target upgraded to 8.3-8.5%; driven by manufacturing & services
SBV to maintain rates; prioritising economic growth & lending to priority sectors

Summary

Economic data released all beat forecast. Notably, 3Q GDP growth accelerated to 8.2% y/y in 3Q from 8.0% y/y in 2Q. This marked its strongest growth in three years, bringing YTD growth to 7.9%. With this, the Government is also stepping up efforts to achieve its ambitious GDP growth target of 8.3–8.5% for 2025.

Details

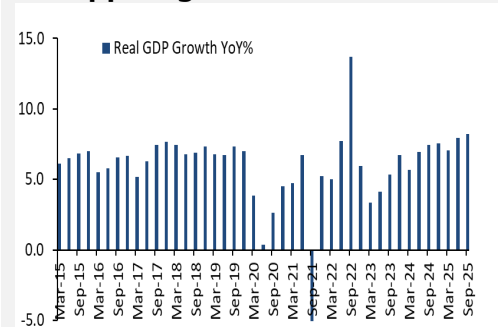
The services industry continued to account for the largest share of GDP and remained robust at 8.6% y/y during the quarter (2Q: 9.1% y/y), driven by a surge in transport & warehousing as well as wholesale, retail & auto services. Industry and construction sectors also accelerated (9.5% y/y vs 8.8% y/y), with the manufacturing sector alone growing by 10.0% (2Q: 10.3% y/y).

On the demand side, available data showed that retail sales and industrial production accelerated to 11.3% y/y and 13.6% y/y in September (Aug: 10.6% y/y and 8.9% y/y), while exports grew more than expected by a double-digit rate of 24.7% y/y (Aug: 14.5% y/y). Notably, exports to the US remained robust at 38.5% y/y. Meanwhile, inflation remains mild, below the government's target of 4.0-4.5% but matched consensus forecast at 3.4% y/y in September (Aug: 3.2% y/y) driven by higher prices for non-public education services, food prices and housing maintenance materials.

Outlook

The 3Q GDP growth is commendable despite hits from severe weather disruptions which included 8 storms notably Typhoon Bualoi (estimated VND16.5 trillion in damage) and as such, we opine that 2025 GDP growth will likely come close or match government's upgraded GDP growth target of 8.3-8.5% (Bloomberg consensus: 6.9%; IMF: 5.2%).

Figure 1: Manufacturing and services sector remained robust to support growth



Source: Bloomberg

Figure 2: Sustained double-digit growth for exports despite the 20% tariff



Source: Bloomberg

The outlook going forward is heavily dependent on the outcome of continuous trade negotiations with the US and is constrained by elevated global uncertainty on trade policies and economic environment.

A further escalation in global trade tensions or a tightening of global financial conditions could further weaken exports and investment, with a UNDP report estimating that US' 20% tariff could risk slashing by up to one-fifth of Vietnam's exports to the US. That said, we opine that risks to this remains low at this juncture and that Prime Minister Pham Minh Chinh's export target of 12% this year (YTD: 16.0%) remains achievable given the still sturdy demand from the US, likely cushioned by Vietnam's relative cost competitiveness.

Domestically, escalating natural disasters may worsen in the final months of the year, while financial stress and asset bubble risks have been flagged after the strong credit (end Sept: 13.4% y/y; SVB projection: 19-20%) expansion recently. In this regard, while Deputy Governor Pham Thanh Ha has recently said that the State Bank of Vietnam (SBV) will prioritise economic growth and refocus lending on priority sectors such as agriculture and SMEs rather than lending to risky sectors to prevent non-performing loans from rising.

On the upside, expedited and synchronous implementation of many infrastructure projects and fiscal measure to boost consumption could boost growth not only in 4Q but also for the medium-term. Amid robust growth and still mild inflationary policy, we opine that the SBV will likely maintain policy rates unchanged at 4.50%.

Figure 3: Still solid domestic demand to cushion impact from the external uncertainties



Source: Bloomberg

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email: HLMarkets@hlbb.hongleong.com.my

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.