

# Economic Perspectives

## Trump's inauguration: What to expect?

### Trump's inauguration: Unveiling policies

President Trump's return centers on bold actions in trade, energy, and immigration. While many believed these tariffs would take effect immediately upon his inauguration, they were not enacted on day one—a move that suggests they may serve more as a negotiating tool than a permanent fixture. To combat inflation, he declared a national energy emergency, boosted domestic oil production, withdrew from the Paris Climate Accord, and reversed green-energy policies. On immigration, Trump designated cartels as terrorist organizations, pledged record deportations, reinstated the “remain in Mexico” policy, and declared illegal immigration a national emergency.

### Implications for Vietnam

Trump's delay in implementing trade-related executive orders during his inauguration offers temporary relief to U.S. trading partners, including Vietnam. Over the long term, Vietnam's export activities are expected to maintain steady growth, driven by competitive labor costs, a strategic location, and a strong commitment to international trade and cooperation. In the FX market, developments during Trump's inauguration, coupled with the SBV's proactive measures and robust pre-Tet remittance inflows, are likely to ease upward pressure on the USDVND in the near term. As a result, we predict the exchange rate to remain stable through the last trading week before Lunar New Year.

### Vietnam economic indicators

	24-Jul	24-Aug	24-Sep	24-Oct	24-Nov	24-Dec	Corr. <sup>1</sup>
FDI %YoY	9.5	5.3	13.2	7.6	-6.7	25.2	-0.16
Retail sales %YoY	8.6	8.4	7.1	9.4	8.4	9.3	-0.18
Export %YoY	20.2	15.2	10.7	10.1	8.2	12.9	-0.16
Import %YoY	25.0	14.7	11.1	13.6	9.8	19.2	-0.07
Trade balance (USD bn)	2.4	4.0	2.3	2.0	1.1	0.5	-0.11
CPI %MoM	0.48		0.29	0.33	0.13	0.29	-0.06
Credit %YoY	15.3	15.7	16.1	16.6	15.8	13.8	-0.23
USDVND %MoM	-0.81	-1.48	-1.24	2.91	0.25	0.55	-0.39
PMI (pts)	54.7	52.4	47.3	51.2	50.8	49.8	-0.25
VNINDEX return (%)	0.7	2.6	0.8	-1.8	-1.0	-1.1	1.00

Source: SBV, GSO, Bloomberg, KIS

Notes Green = acceleration; yellow = deceleration; red = contraction.

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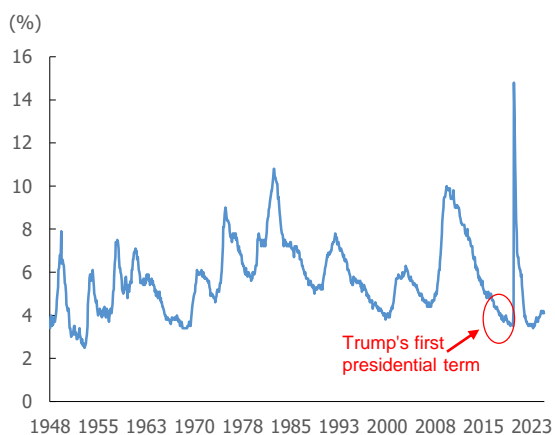
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# I. The next U.S. president: new but old

Donald J. Trump, the 47th President of the United States, born on June 14, 1946, in New York City, USA, is renowned not only for serving as the 45th President but also as a successful businessman. He is the head of The Trump Organization, a multifaceted conglomerate operating across sectors such as real estate, hospitality, golf courses, entertainment, and branding. Trump is known for his bold leadership style and groundbreaking policies, centered on national interests and the "America First" doctrine.

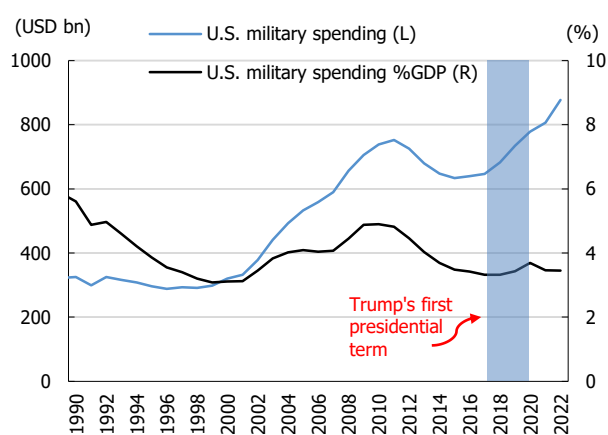
**During his first term, Donald Trump achieved significant accomplishments by prioritizing economic growth, strengthening national security, and reforming trade policies.** His administration enacted the largest tax cuts in recent history through the Tax Cuts and Jobs Act (2017), driving robust economic expansion and lowering unemployment rates to historic lows, particularly among African-American and Hispanic communities. In defense and security, Trump increased military spending, bolstered U.S. armed forces, and made substantial progress in the fight against the ISIS terrorist organization. Simultaneously, his administration pursued an assertive trade policy, implementing measures to counteract China's unfair trade practices and replacing the North American Free Trade Agreement (NAFTA) with the United States-Mexico-Canada Agreement (USMCA), which provided tangible benefits to American workers and businesses.

**Figure 1. U.S. Unemployment Rate**



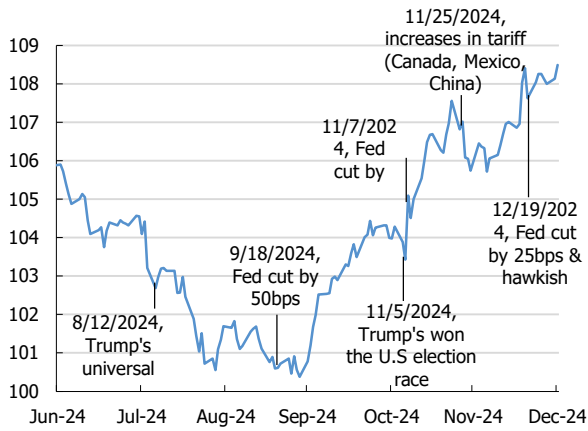
Source: Fred, KISVN

**Figure 2. U.S. Military Spending**



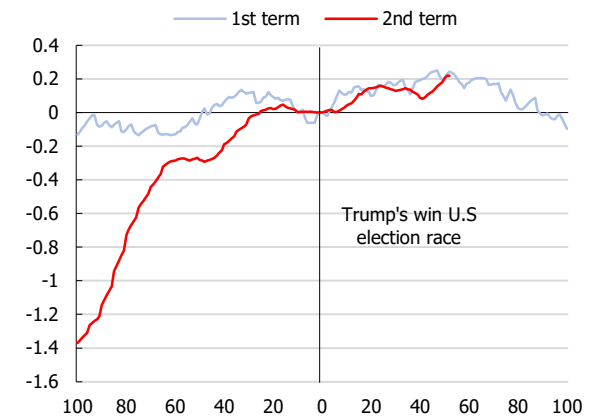
Source: Macrotrend, KISVN

**Figure 3. Trump's influence USD after re-elected**



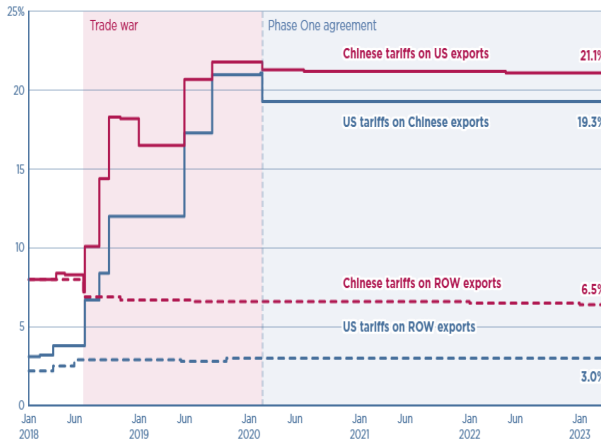
Source: Bloomberg, KISVN

**Figure 4. U.S political risk is higher as Trump's return**



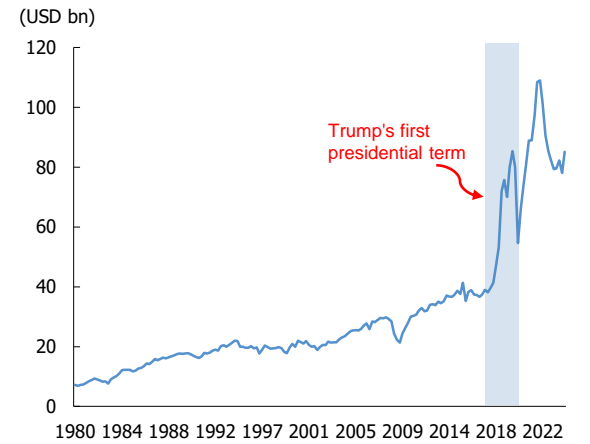
Source: Bloomberg, KISVN

**Figure 5. US-China tariff rates toward each other and rest of world (ROW)**



Source: PIIE, KISVN

**Figure 6. Federal government current tax receipts: Customs duties**



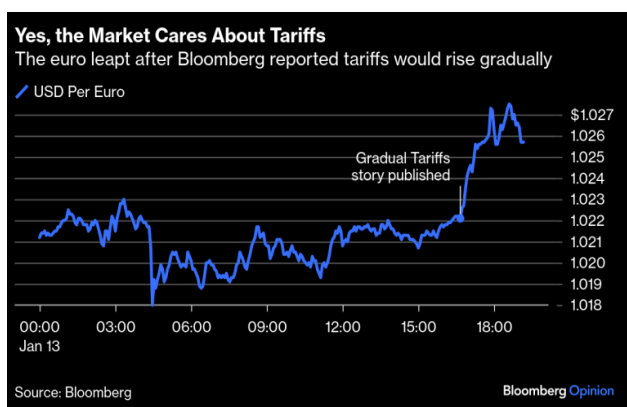
Source: Fred, KISVN

## II. Trump's inauguration: unveiling policies

One key issue the global market continues to watch in President Trump's return is his trade policy, particularly the proposed "universal tariff." As part of his 2024 campaign, he indicated plans to apply tariffs to all imports entering the United States, with especially high duties on China.

While many believed these tariffs would take effect immediately upon his inauguration, they were not enacted on day one—a move that suggests they may serve more as a negotiating tool than a permanent fixture. By delaying their implementation, the administration has fueled speculation that it aims to draw major trading partners—especially Canada, Mexico, and China—back to the table. A recent phone call between Trump and President Xi, reportedly covering trade tensions, immigration matters, and technology restrictions, appears to support this view. Analysts predict that, if used judiciously, the universal tariff threat could bolster the United States' leverage in future talks, allowing for more favorable terms while keeping inflationary pressures in check. Additionally, Trump's team—led by Scott Bessent—is reportedly exploring a "gradual tariff plan," which could further mitigate inflation risks and ease trade tensions among key nations.

**Figure 7. Market react on gradual tariffs news**



Source: Bloomberg, KIS

**Figure 8. China still remains as one of largest exporter into U.S**

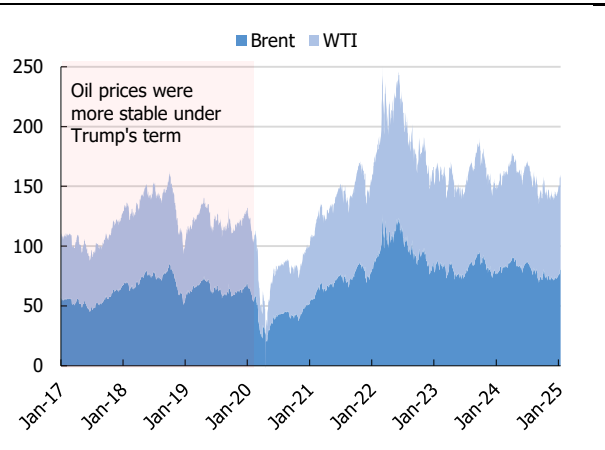


Source: Bloomberg, KIS

Observing that high energy costs are a leading driver of U.S. inflation, President Trump declared a national energy emergency on his first day in office, aiming to boost domestic production and reduce dependence on foreign oil. In tandem, he withdrew the United States from the Paris Climate Accord and rolled back several green-energy measures enacted under the previous administration. Among these reversals were the removal of electric-vehicle purchase incentives and stricter requirements on renewable energy sources. Trump underscored his commitment to strengthening U.S. dominance in oil exports, arguing that increased supply would help stabilize energy prices and thus temper inflation.

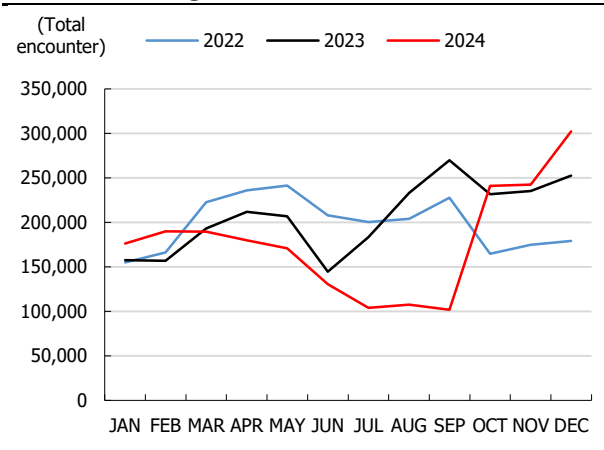
**Immigration enforcement also took center stage.** Citing illegal immigration at the U.S.-Mexico border as a national emergency, President Trump designated criminal cartels as terrorist organizations and moved to block citizenship for children born on U.S. soil to parents living in the country illegally—an order that is likely to face significant legal challenges. Shortly after the inauguration, border authorities shut down the CBP One entry program that had allowed scheduled appointments for migrants, leaving many stranded. Trump pledged to reinstate his earlier “remain in Mexico” policy, forcing asylum seekers to await U.S. court decisions outside American borders. He also pledged record deportations of criminal offenders, asserting that “all illegal entry will immediately be halted, and we will begin the process of returning millions of criminal aliens.”

**Figure 9. Oil prices low and more stable in Trump's term**



Source: Bloomberg, KIS

**Figure 10. U.S. immigrants at the Southern Border continue to surge.**



Source: U.S. Border Patrol, KIS

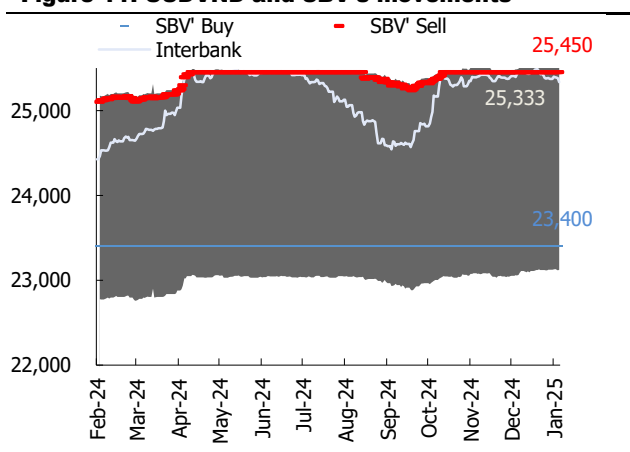
### III. Implications for Vietnam

**Trump’s delay in signing executive orders related to trade policies in the inauguration provides U.S. trading partners, including Vietnam, a short relief.** This move can be considered as less aggressive than his earlier rhetoric, such as proposing 25% additional tariffs on imports from Mexico and Canada, such as imposing 25% additional tariffs on imported goods from Mexico and Canada. It could open for potential trade negotiations to resolve disagreements, although the likelihood changed modestly, and alleviates concerns related to a pessimistic global trade outlook.

**In the long term, Vietnam’s exports are poised for steady growth despite potential global tariff hikes.** The country’s comparative advantages, including competitive labor costs, strategic location, and the strong commitment to international trade and cooperation, position it to capture a larger share in U.S. and global markets. Additionally, the strengthening of U.S.–Vietnam diplomatic ties, particularly through the Comprehensive Strategic Partnership, lays a solid foundation for consistent growth in bilateral trade and investment

**Developments during Trump’s inauguration are likely to support easing pressure on the USDVND in the short term.** This is particularly important as a significant amount of cancellable forward contracts SBV offered to its counterparties are set to mature on 23 January, 2025. In the efforts to stabilize the value of the dong, Vietnam’s central bank undertook actions to shift demand to right before the Tet, aligning with the seasonally high remittance. The USDVND has slightly declined over the past three weeks, reflecting the impact of recent decisions, despite a significant rise in the DXY. The easing of global trade tension after the inauguration is likely to lower the value of the greenback, leading to a positive sentiment for the value of the dong. Hence, USDVND is expected to be stable at least in the last trading week before Tet as banks are less likely to exercise those forward contracts.

**Figure 11: USDVND and SBV’s movements**



Source: Bloomberg, KIS

**Figure 12: Weekly change of USDVND and peers**

	Regime	1W25	2W25	3W25	2025YTD
DXY	U.S. Dollar Index	0.88	0.64	-0.28	0.79
USDCNY	Managed floating	0.35	0.15	-0.10	0.35
EURUSD	Floating	-1.13	-0.62	0.28	-0.80
USDJPY	Floating	-0.39	0.30	-0.91	-0.60
USDKRW	Floating	0.00	0.03	-0.95	-0.99
USDSGD	Basket-band-crawl	0.86	0.09	-0.23	0.18
USDTHB	Floating	1.03	0.35	-0.35	1.07
USDVND	Managed floating	-0.09	-0.22	-0.15	-0.61

Source: SBV, Bloomberg

Note: Green = appreciation; yellow = appreciate at slower pace; red = depreciation

## Macro scorecard

	24-Aug	24-Sep	24-Oct	24-Nov	24-Dec	1Q24	2Q24	3Q24	4Q24	2021	2022	2023	2024
Real GDP growth (%)						5.66	6.93	7.43	7.55	2.58	8.02	5.05	7.09
Registered FDI (USD bn)	2.53	4.26	2.48	4.12	6.85	6.18	9.01	9.59	13.44	31.15	27.72	36.61	38.23
GDP per capita (USD)										3,725	4,110	4,285	4,479
Unemployment rate (%)						2.24	2.29	2.23	2.22	3.22	2.32	2.26	2.24
Export (USD bn)	37.59	34.05	35.59	33.73	35.53	93.06	98.2	108.6	105.9	335.7	371.85	355.5	405.5
Import (USD bn)	33.06	31.76	33.60	32.67	35.00	84.98	94.0	99.7	101.9	331.1	360.65	327.5	380.8
Export growth (%)	14.54	10.70	10.09	8.16	12.85	16.98	13.59	15.82	11.46	18.74	10.61	-4.4	14.3
Import growth (%)	12.38	11.06	13.56	9.81	19.23	13.88	20.65	17.19	14.91	25.9	8.35	-8.9	16.7
Inflation (%)	3.45	2.63	2.68	2.77	2.94	3.77	4.39	3.48	2.87	1.84	3.15	3.25	3.63
USD/VND	24,860	24,093	25,282	25,346	25,386	24,786	25,458	24,093	25,386	22,790	23,650	23,784	25,386
Credit growth (%)	15.7	16.1	16.2	15.8	13.8	12.5	15.3	16.1	13.8	13.61	14.2	13.7	13.8
10Y gov't bond (%)	2.83	2.66	2.70	2.76	2.94	2.59	2.81	2.66	2.94	2.11	5.08	2.39	2.94

Source: GSO, Bloomberg, FIA, IMF

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