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Economy
Monthly

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Economic Flash

Seasonal lull amid mounting geopolitical risks

Trade activity decelerates due to Tet holiday

According to the NSO's February report, Vietnam's trade activity recorded a seasonal slowdown due to the Lunar New Year holiday. Export value reached USD33.06bn, up 5.74% YoY (-23.46% MoM). Similarly, imports rose by 4.40% YoY (-24.17% MoM) to USD34.10bn, resulting in a trade deficit of USD1.05bn. Trade activity saw a seasonal slowdown, yet actual performance surged significantly on the back of a resilient manufacturing recovery. Nevertheless, the outlook faces potential volatility from shifting U.S. tariff policies and escalating global geopolitical tensions.

Industrial production decelerates

In February, Vietnam's industrial production (IIP) grew modestly by 1.0% YoY, reflecting the Lunar New Year holiday and a high base from the previous year, which also contributed to the slowdown across most key industrial sectors.

CPI increases significantly

According to the Socio-Economic Situation Report, Vietnam's headline CPI rose noticeably in February across most consumption categories, largely reflecting stronger demand during the Lunar New Year holiday. Looking ahead, inflation risks could re-emerge amid escalating geopolitical tensions, which may push global commodity prices higher through energy price transmission channels. If prolonged, these pressures could also weigh on the global economy and create additional uncertainty for Vietnam's inflation outlook.

Vietnam economic indicators

	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Corr.
Disbursed FDI %YoY	6.8	11.4	9.5	9.5	11.3	1.5	-0.16
Retail sales %YoY	11.0	7.7	7.7	7.8	7.7	8.5	-0.16
Export %YoY	24.7	17.5	15.1	23.8	29.7	5.7	-0.05
Import %YoY	24.9	16.8	16.0	27.7	49.2	4.4	0.04
Trade balance (USD bn)	2.8	2.6	1.1	-0.7	-1.8	-1.0	-0.03
CPI %MoM	0.4	0.2	0.5	0.2	0.1	1.1	-0.03
Credit %YoY	20.1	20.3	19.9	17.9	NA	20.2	-0.23
USDVND %MoM	0.2	-0.4	0.2	-0.6	-1.0	0.3	-0.3
PMI (pts)	50.4	54.5	53.8	53.0	52.5	54.3	-0.09
VNINDEX return (%)	-1.2	-1.3	3.1	5.5	2.5	2.8	1.00

Source: SBV, NSO, Bloomberg, KIS
[1] Correlation to VNINDEX's monthly return;
Green = acceleration; yellow = deceleration; red = contraction.

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I. Trade activity decelerates due to Tet holiday

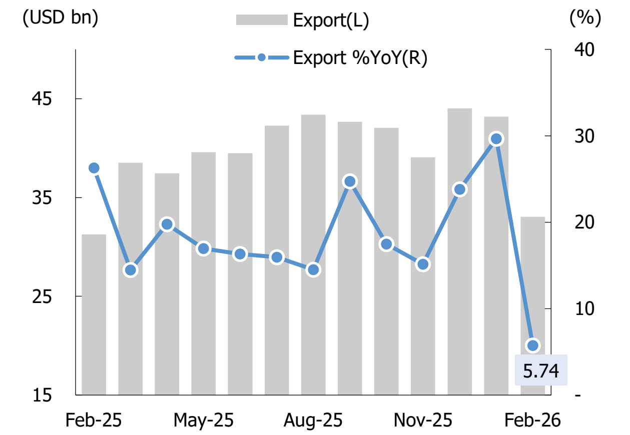
Trade momentum remains resilient despite Tet holiday impact

According to the NSO's February report, Vietnam's trade activity recorded a seasonal slowdown due to the Lunar New Year holiday. Export value reached USD33.06bn, up 5.74% YoY (-23.46% MoM). Similarly, imports rose by 4.40% YoY (-24.17% MoM) to USD34.10bn, resulting in a trade deficit of USD1.05bn.

However, this deceleration was notably milder than the 25% reduction in working days caused by the extended holiday. By excluding this "holiday effect," our calculations indicate that actual export growth accelerated sharply by 40.98% YoY. This robust performance was underpinned by a steady buildup of new orders from previous months. Furthermore, the latest PMI report showed that manufacturing output surged to a 19-month high, while stable new export orders signal sustained growth potential.

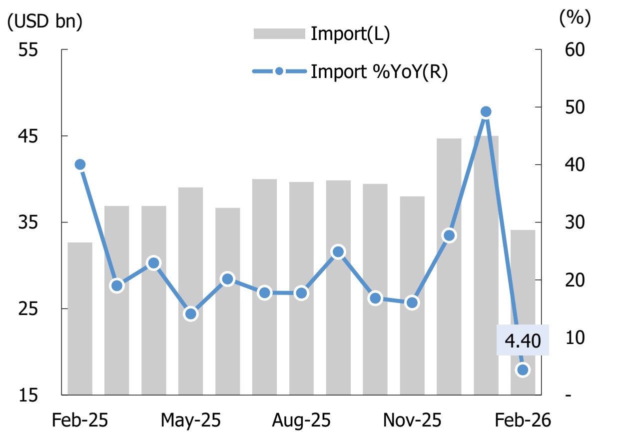
Despite this domestic strength, the trade outlook faces volatility from two global factors. First, following the court's invalidation of Section 301 reciprocal tariffs, the Trump administration immediately imposed a 10% tariff under Section 122, with a potential hike to 15%. Although this rate is lower than the previous reciprocal tariff for Vietnam, a deeper tariff reduction for China could create short-term headwinds as China regains market share in the U.S. Secondly, escalating tensions involving Israel, the U.S., and Iran continue to drive up commodity prices and shipping costs, potentially dampening global demand. Consequently, Vietnam's trade values are expected to fluctuate in response to these complex global macroeconomic shifts.

Figure 1. Vietnam monthly exports



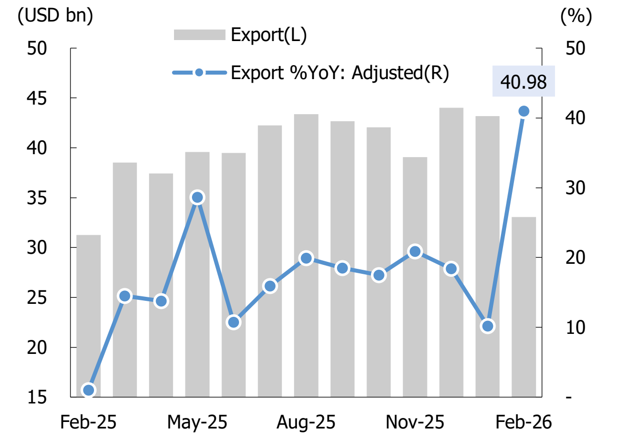
Source: NSO, Vietnam Custom, KIS

Figure 2. Vietnam monthly imports



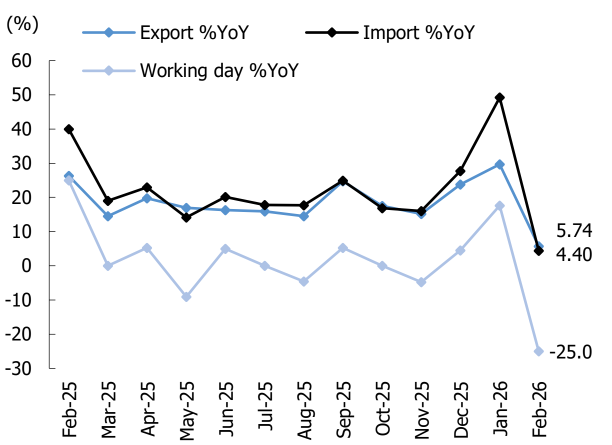
Source: NSO, Vietnam Custom, KIS

Figure 3. Vietnam monthly exports: adjusted



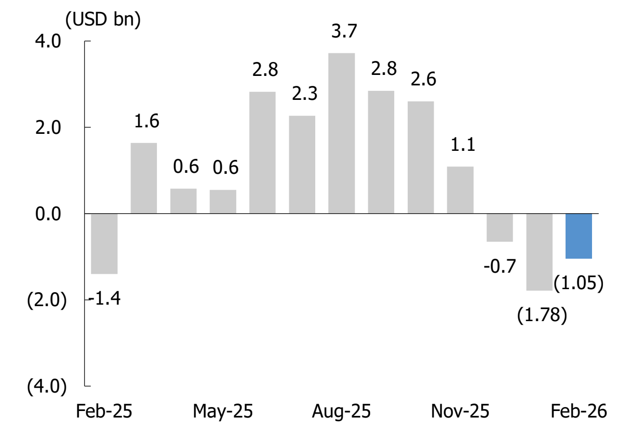
Source: NSO, Vietnam Custom, KIS
Note: we adjust the impact of the change in number of working days by the fomular of (1+actual rate of change) = (1+adjusted rate of change)*(1+working day%YoY).

Figure 4. Vietnam's working day growth



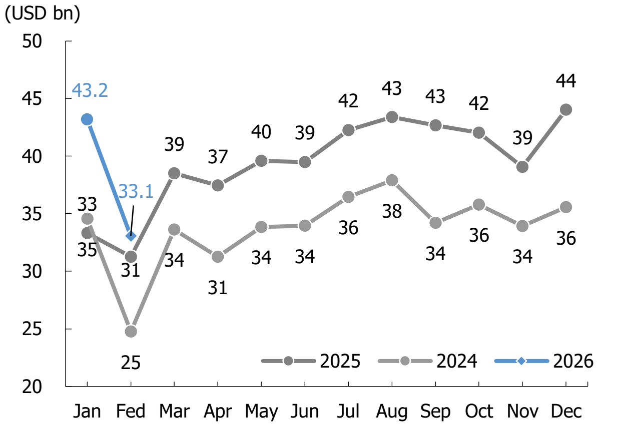
Source: NSO, Vietnam Custom, KIS

Figure 5. Vietnam's trade balance



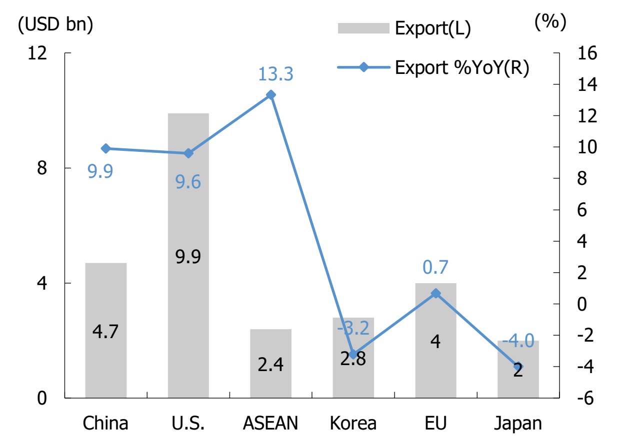
Source: NSO, Vietnam Custom, KIS

Figure 6. Monthly export value



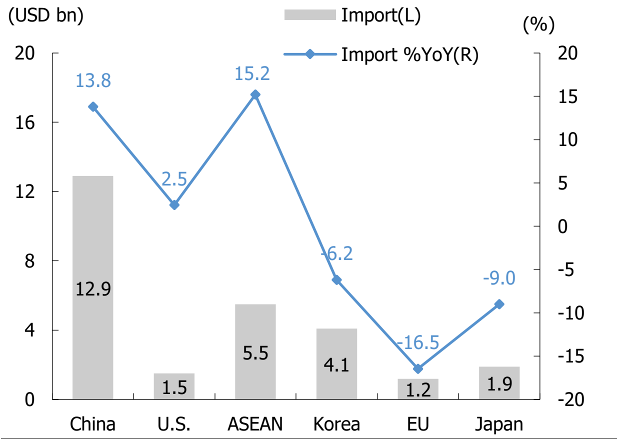
Source: NSO, Vietnam Custom, KIS

Figure 7. February's export breakdown by market



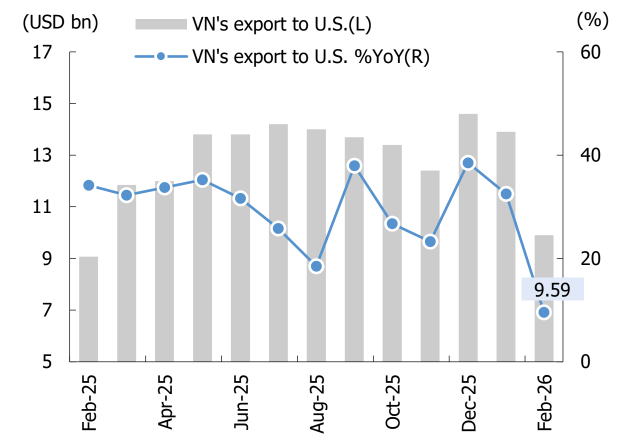
Source: NSO, Vietnam Custom, KIS

Figure 8. February's import breakdown by market



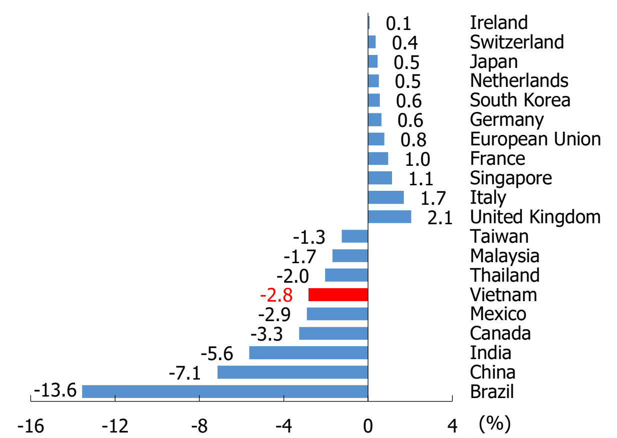
Source: NSO, Vietnam Custom, KIS

Figure 9. Vietnam's export value to U.S.



Source: NSO, Vietnam Custom, KIS

Figure 10. Tariff changes by country under the 15% global tariff



Source: NSO, Vietnam Custom, KIS

Table 1. Movements of notable export products

Product	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26
Computers, electric products & parts	66.2	65.6	53.3	46.7	57.6	25.0
Telephones, mobile phones & spare parts	17.5	10.9	5.8	11.1	17.3	25.0
Machines, equipments, tools, instruments	11.6	2.7	5.5	28.1	40.2	0.3
Textiles and garments	9.1	-1.5	-2.7	8.5	1.8	-0.6
Footwear	9.1	-0.6	-4.0	4.4	7.8	-10.0
Other means of transportation & spare parts	18.5	15.0	12.3	21.8	29.0	-3.6
Wood & wooden products	8.6	-0.9	0.7	6.0	12.5	-6.4
Fishery products	10.1	13.5	8.0	9.3	30.7	7.9
Coffee	61.1	51.6	44.4	38.0	39.5	-33.0
Still image & vdo cameras	18.8	23.5	34.7	31.2	31.1	7.4
Iron & steel	-33.3	-37.3	-26.1	3.3	7.0	-3.6
Plastic products	13.4	6.1	2.5	7.7	20.6	-7.6

Source: NSO, KIS
Green = acceleration; yellow = deceleration; red = contraction

A deeper dive into the export basket reveals the deceleration was broad-based. NSO figures show that 35 out of 38 primary export categories recorded lower growth compared to the previous month. On the import side, where the deceleration was similarly widespread, affecting 41 out of 46 major items.

Table 2. Top Vietnam's export items by contributors

	Items	Value (USDmn)	Growth YoY (%)	Share in total export (%)	Contribution (%)
Best	Computers, electric products & parts	8,105	24.96	24.52	5.18
	Telephones, mobile phones & spare parts	5,485	25.02	16.59	3.51
	Yarn	257	48.39	0.78	0.27
	Toys, sports req part, access	439	21.34	1.33	0.25
	Fishery products	707	7.94	2.14	0.17
	Still image & vdo cameras	571	7.41	1.73	0.13
	Vegetables and fruits	351	11.95	1.06	0.12
	Other base metals & products	362	8.97	1.10	0.10
	Handbags, purses, suitcases & umbrellas	288	10.43	0.87	0.09
	Furniture exclude wood	260	9.35	0.79	0.07
Worst	Coffee	672	-33.03	2.03	-1.06
	Footwear	1,414	-10.03	4.28	-0.50
	Rubber	141	-36.91	0.43	-0.26
	Rice	285	-20.58	0.86	-0.24
	Wood & wooden products	969	-6.37	2.93	-0.21
	Iron & steel products	353	-12.79	1.07	-0.17
	Other means of transportation & spare parts	1,243	-3.59	3.76	-0.15
	Petroleum products	32	-55.11	0.10	-0.12
	Plastic products	459	-7.58	1.39	-0.12
	Manioc and manioc products	99	-26.34	0.30	-0.11

Source: NSO, KIS

Table 3. Top Vietnam's import items by contributors

	Items	Value (USDmn)	YoY (%)	Share in total import (%)	Contribution (%)
Best	Electronic, computer and spare parts	13,043	25.36	38.25	8.08
	Machines, equipments, tools, instruments	4,047	6.67	11.87	0.77
	Petroleum products	721	40.83	2.11	0.64
	Maize	304	145.40	0.89	0.55
	Other petroleum products	246	84.68	0.72	0.35
	Liquefied petroleum gases	175	174.29	0.51	0.34
	Wheat	270	41.99	0.79	0.24
	Iron & steel products	571	16.07	1.68	0.24
	Soy beans	133	68.03	0.39	0.16
	Automobiles	839	6.28	2.46	0.15
Worst	Iron & steel	680	-34.77	2.00	-1.11
	Crude oil	481	-39.43	1.41	-0.96
	Plastics	758	-28.55	2.22	-0.93
	Animal fodders & materials	258	-48.01	0.76	-0.73
	Telephones, mobile phones & spare parts	601	-27.34	1.76	-0.69
	Pharmaceutical products	213	-40.95	0.62	-0.45
	Cotton	162	-46.26	0.47	-0.43
	Chemicals	569	-13.48	1.67	-0.27
	Fishery products	169	-34.25	0.49	-0.27
	Other base metals	842	-8.11	2.47	-0.23

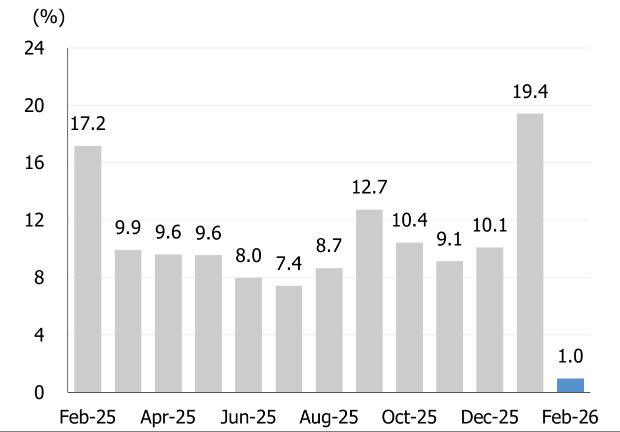
Source: NSO, KIS

II. Industrial production decelerates

Industrial production decelerates ahead of Lunar New Year

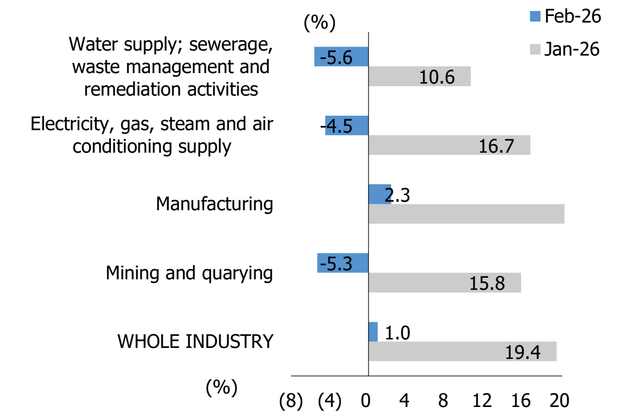
In February, Vietnam's IIP recorded a modest growth of 1.0% YoY as the Lunar New Year occurred, coupled with a high base from the previous year.
Across key sectors, except for manufacturing which still recorded a growth of 2.3% YoY, all other components slowed compared to the same period. In particular, WSWMR (water supply, waste management, and remediation activities), MQ (mining and quarrying), and EGSA (electricity, gas, steam, and air conditioning supply) recorded declines of 5.6%, 5.3%, and 4.5% respectively.

Figure 11. Monthly IIP %YoY



Source: NSO, KIS

Figure 12. Movements of 1st-leveled sectors



Source: NSO, KIS

Despite the modest growth in IIP during February amid the Lunar New Year holiday, the latest S&P Global Vietnam Manufacturing PMI pointed to stronger underlying manufacturing momentum. The headline PMI rose to 54.3 from 52.5 in January, reaching a four-month high and signaling the eighth consecutive month of improving business conditions. The expansion was supported by faster increases in output and new orders, alongside continued rises in employment and purchasing activity.

However, export demand remained relatively subdued, reflecting lingering volatility in external markets. At the same time, stronger demand for inputs pushed supplier prices higher, resulting in the fastest rise in input costs since June 2022 and prompting firms to increase selling prices. While the survey indicates solid demand and improving confidence among manufacturers, rising cost pressures and supply constraints may continue to pose challenges to sustaining momentum in the months ahead.

Table 4. Movements of notable products

Product	25-Sep	25-Oct	25-Nov	25-Dec	26-Jan	26-Feb
Beer	14.6	8.7	5.1	7.2	23.5	15.3
Clothes	16.2	15.9	13.3	16.2	23.8	-2.7
Crude steel, iron	14.2	20.4	26.0	3.5	13.5	7.0
Leather footwear	26.8	9.3	9.3	14.6	20.6	0.0
Mobile phone	2.0	2.0	1.7	5.2	-6.1	-5.4
Petroleum	23.2	19.4	17.7	-5.2	8.4	2.1
Phone accessories	-8.1	11.3	14.0	11.7	92.7	-20.4
Steel bars and corners	25.0	21.1	-0.8	-4.6	15.7	23.9
Steel coil	35.6	36.8	33.4	7.1	38.0	10.3
Television	25.1	13.3	18.6	86.5	-10.0	-9.1
Whole industry	12.7	10.4	9.1	10.4	19.4	1.0

Source: NSO, KIS

In February 2026, growth momentum across major product categories weakened markedly, mirroring the Lunar New Year holiday effect and high base from the prior year that weighed heavily on headline IIP. Of the 10 tracked segments, only 5 posted YoY gains, with just one showing acceleration: steel bars and corners rebounded strongly to 23.9% from 15.7%.

Conversely, several key categories lost significant pace or turned negative: clothes slipped into contraction at -2.7% from 23.8%, phone accessories plunged to -20.4% from 92.7%, television deepened its decline to -9.1% from -10.0%, mobile phones worsened to -5.4% from -6.1%, leather footwear stagnated at 0.0% from 20.6%, and steel coil slowed sharply to 10.3% from 38.0%. Crude steel and iron eased to 7.0% from 13.5%, while petroleum held modest growth at 2.1% from 8.4%.

Overall, the broad-based slowdown across most segments underscores the pronounced seasonal drag from Lunar New Year factory closures and holiday timing, reinforcing near-term caution for industrial momentum despite the underlying resilience signaled in the PMI survey.

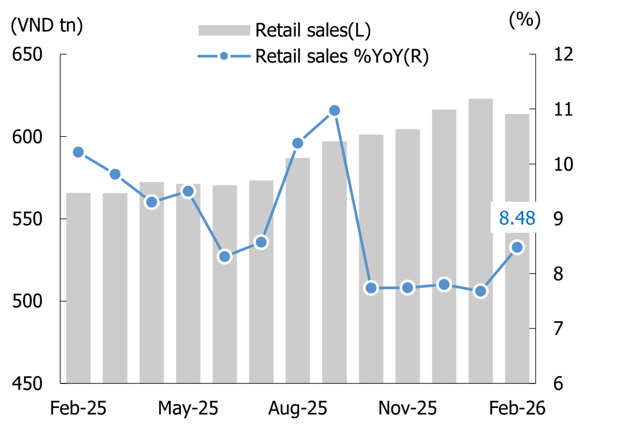
III. Retail sales rose strongly

Domestic consumption surges as festive demand and tourism break out

In February, total retail sales of goods and consumer services reached VND613.70tn, up 8.48% YoY. The retail goods segment continued its robust trajectory, accelerating to 8.77% YoY (+2.01ppts MoM), largely driven by the peak shopping season for the Lunar New Year. Meanwhile, the service sector remained a vital growth pillar; accommodation & catering rose by 9.70% YoY (+1.78ppts MoM), while travel services maintained high growth at 13.80% YoY (+0.24ppts MoM), reflecting the strong trend of spring travel and festival-goers.

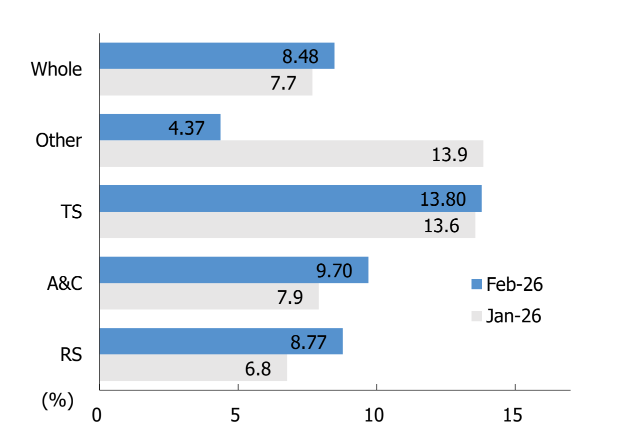
The consumption base was further bolstered by a recovering labor market, with the industrial employment index rising 0.22% MoM and 3.97% YoY, ensuring stable household income and encouraging people to spend more comfortably during the holidays. Notably, international tourism remained a bright spot with 2.2mn arrivals (+17.66% YoY), as foreign visitors flocked to Vietnam to experience the traditional festive atmosphere. Looking ahead, while goods consumption may slow down slightly after the holidays, the ongoing spring festival season and spiritual tourism are expected to keep the service sector active in the coming month.

Figure 13. Monthly retail sales



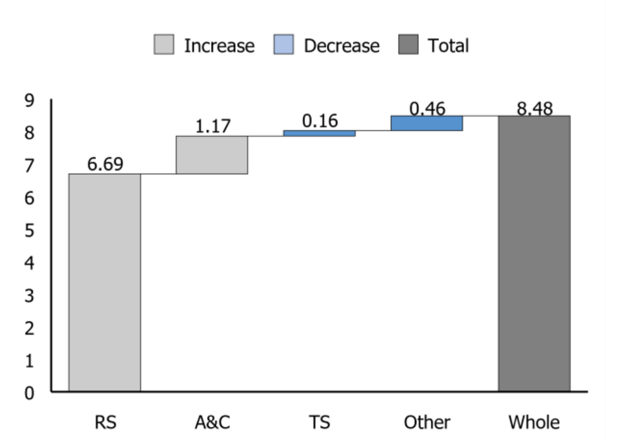
Source: NSO, KIS

Figure 14. Monthly retail sales by component



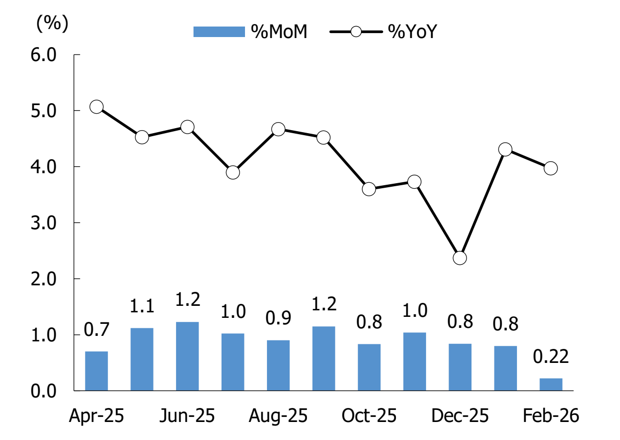
Source: NSO, KIS

Figure 15. Components contribution to total retail sales(ppts)



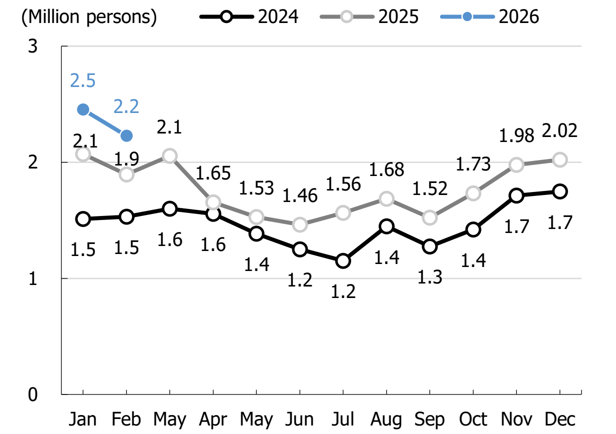
Source: NSO, KIS

Figure 16. Industrial labor employed index (LEI)



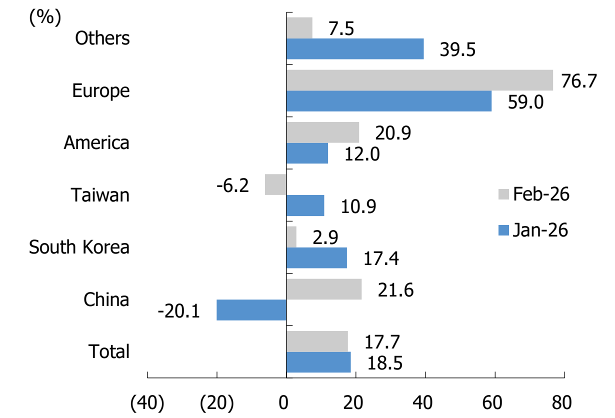
Source: NSO, KIS

Figure 17. Total international arrivals by month



Source: NSO, KIS

Figure 18. % YoY in international arrivals by country



Source: NSO, KIS

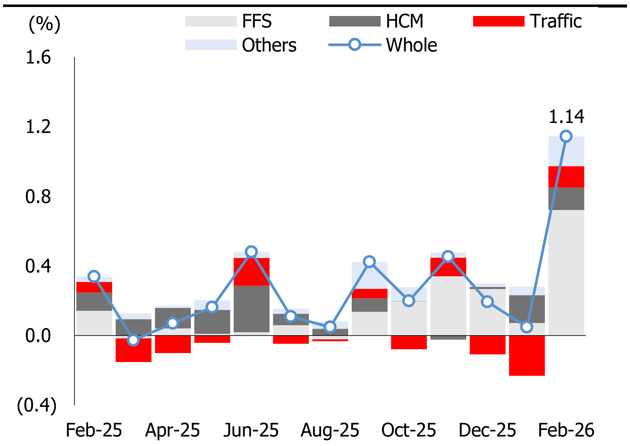
IV. CPI increases significantly

CPI rose notably as prices of most goods and services increased amid Lunar New Year demand

According to the NSO, headline CPI rose by 1.14% MoM (3.35% YoY) in February, mainly reflecting stronger consumption ahead of the Lunar New Year holiday. On average, core inflation reached 3.19% YoY, remaining below the government's target.

Specifically, all commodity and service groups in the CPI basket recorded price increases amid stronger Tet-related demand. Among them, the FFS (Food and Foodstuff) category posted the sharpest rise, increasing 2.02% MoM and contributing 72bps to the overall CPI increase, largely driven by stronger demand for rice and processed food products, while pork prices surged by 7.43%. Meanwhile, the Traffic category rose by 1.23% MoM, contributing 12bps to the overall CPI, mainly due to higher travel demand during the Lunar New Year holiday.

Figure 19. Monthly CPI change and its contributor



Source: NSO, KIS

Table 5. Monthly CPI change by item

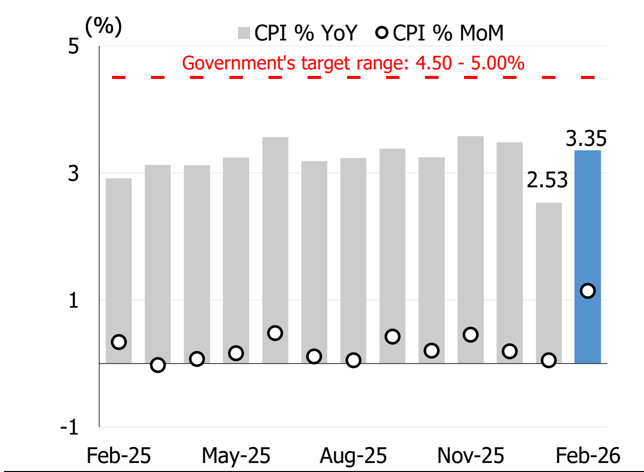
Item	Weight (%)	% MoM	% YoY
Food and foodstuff	35.82	2.02	5.28
Beverage and cigarette	2.73	1.18	3.03
Garment, footwear, hat	5.70	0.55	1.87
Housing and construction materials	18.82	0.56	5.60
Household appliances and goods	6.74	0.57	2.23
Medicine and healthcare	5.39	0.13	0.74
Traffic	9.67	1.23	-5.33
Postal services & telecommunication	3.14	0.01	-0.42
Education	6.17	0.09	3.21
Culture. Entertainment, and tourism	4.55	1.36	2.31
Other goods and services	3.53	1.30	4.10
Whole	**100.00**	**1.14**	**3.35**

Source: NSO, KIS

Figure 20. Monthly CPI change and its contributor (bps)

Source: NSO, KIS

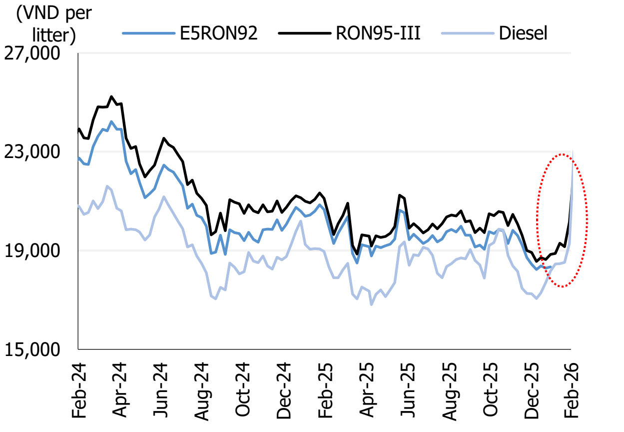
Figure 21. CPI and government's target



Source: NSO, KIS

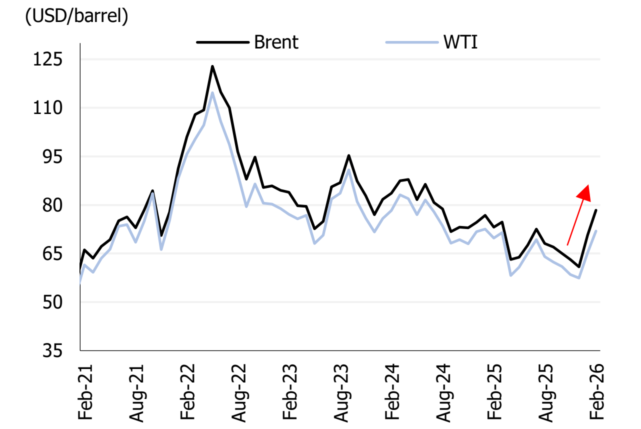
Inflationary pressure during the month largely reflected the seasonal surge in consumption ahead of the Lunar New Year and typically tends to normalize afterward. However, risks remain present amid renewed external shocks stemming from geopolitical tensions in the Middle East. The escalating conflict involving Iran, the U.S., Israel, and other regional actors has intensified concerns over the outlook for global energy prices. In turn, if these tensions persist, higher energy costs could trigger cost-push inflation, potentially exerting adverse effects on economic activity and business operations in the months ahead.

Figure 22. Monthly domestic gasoline price



Source: MOIT, KIS

Figure 23. Global oil price performance



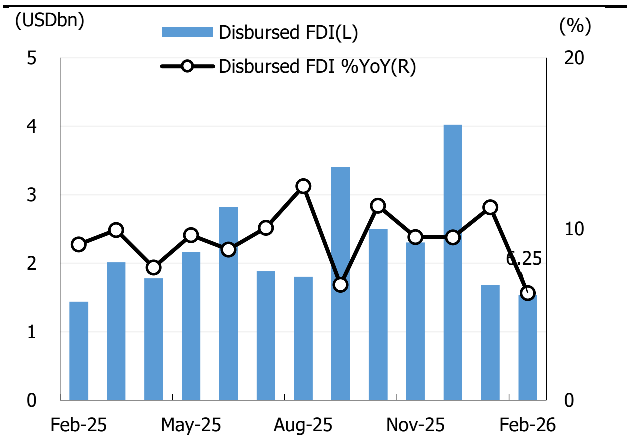
Source: Bloomberg, KIS

V. FDI activity picks up

FDI activity strengthens with gains in both disbursed and registered capital

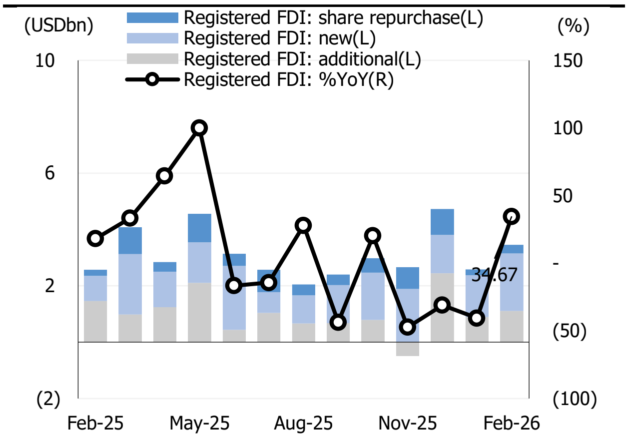
In February, disbursed FDI reached USD1.53bn, rising 6.25% compared to the same period last year. This brought the cumulative disbursed capital in the first two months of 2026 to USD3.21bn, up 8.81% YoY. Meanwhile, registered FDI recorded an increase this month, up 34.67% YoY to USD3.45bn. However, the cumulative registered capital in 2M26 showed a decline, totaling USD6.03bn, down 12.61% YoY.

Figure 24. Monthly disbursed FDI



Source: NSO, KIS

Figure 25. Monthly registered FDI



Source: NSO, KIS

By structure, newly registered capital reached USD3.54bn, up 61.64% YoY; additional capital registration reached USD1.99bn, down 52.39% YoY; and capital contributions and share purchases totaled USD0.50bn, down 5.72% YoY. By sector, manufacturing continued to dominate FDI inflows, attracting around USD4.40bn, accounting for roughly 73.0% of total registered capital, including newly registered, additional capital and equity purchases. Wholesale and retail trade, including motor vehicle and motorcycle repair, followed with about USD0.50bn (8.2%), while other sectors collectively received approximately USD1.13bn (18.8%).

Regarding the origin of newly registered FDI in the first two months of 2026, South Korea emerged as the largest investor with USD1.34bn, accounting for 37.8% of total newly registered capital. It was followed by Singapore with USD1.10bn (31.1%), China with USD0.52bn (14.8%), Japan with USD0.17bn (4.8%), Hong Kong with USD0.14bn (4.0%), the United States with USD0.09bn (2.4%), and Samoa with USD0.07bn (1.9%).

Table 6. Notable projects in 2026

Project	Sector	Origin country	Registration value (USDbn)	Location	Month
HAOHUA Vietnam	Manufacturing	China	0.40	Dong Nai	Feb
PCB - Meiko Electronics	Manufacturing	Japan	0.15	Phu Tho	Jan
BHFLEX Vina	Manufacturing	South Korea	0.14	Phu Tho	Jan

Source: KIS

Table 7. Notable deals in February 2026

#	Deal Type	Target Company	Acquirer Company	Status
1	INV	Phoenix Robotix Pvt Ltd	YourNest Venture Capital, IvyCap Ventures Advisors Pvt Ltd, Big Capital JSC	Completed
2	M&A	Skinetiq JSC	Marico Ltd	Pending
3	M&A	Barun Vina JSC	TheVentures Co Ltd	Completed

Source: Bloomberg, KIS
Note: JV – Joint Venture; INV – Investment; M&A: Merger & Acquisition

Macro scorecard

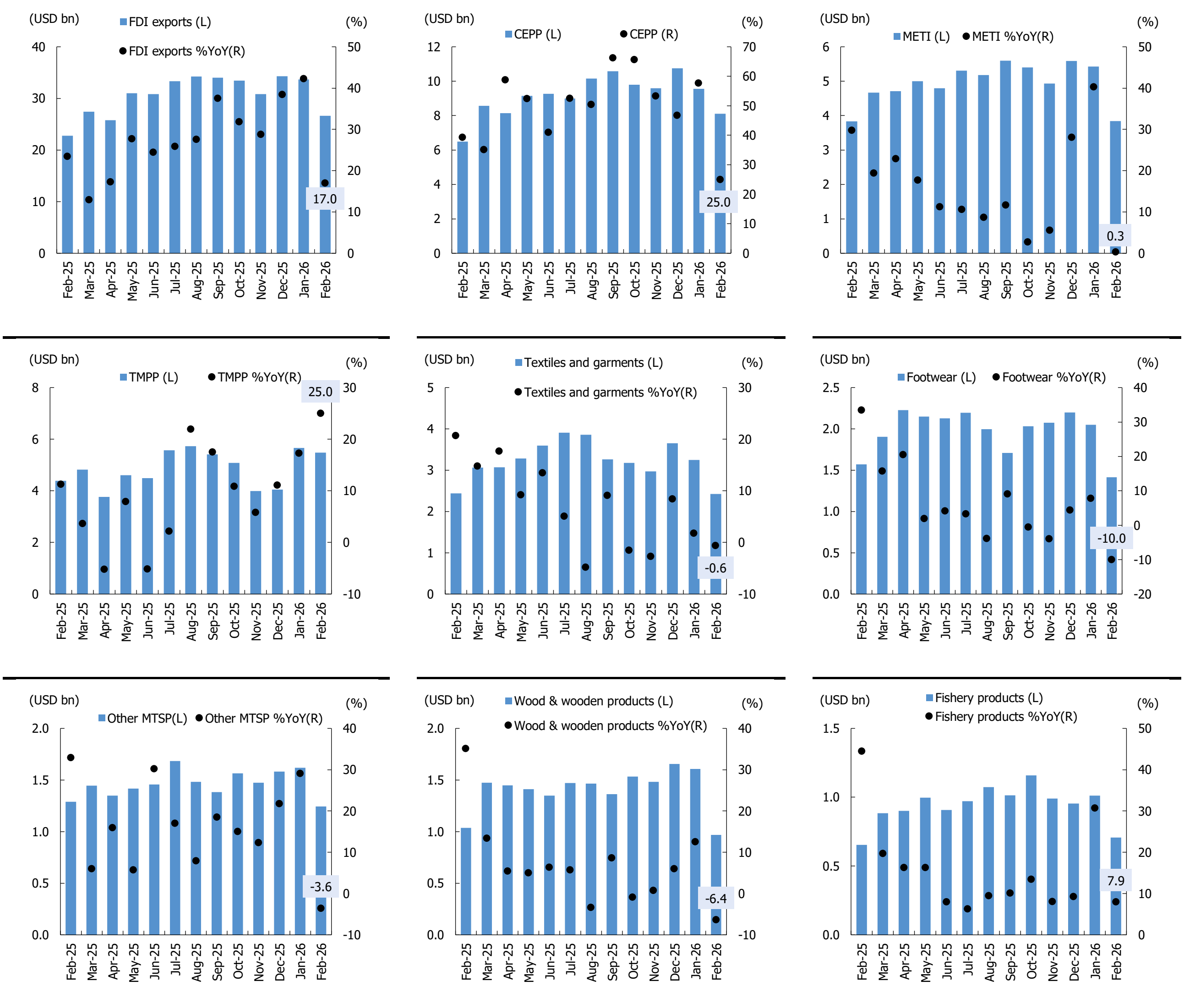
	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	1Q25	2Q25	3Q25	4Q25	2022	2023	2024	2025
Real GDP growth (%)						7.05	8.16	8.25	8.46	8.54	4.98	7.04	8.02
Registered FDI (USD bn)	2.98	2.17	4.73	2.58	3.45	10.98	10.54	7.02	9.88	27.72	36.61	38.23	38.42
GDP per capita (USD)										4,110	4,285	4,700	5,026
Unemployment rate (%)						2.20	2.22	2.21	2.22	2.32	2.26	2.24	2.22
Export (USD bn)	42.05	39.07	44.03	43.19	33.06	102.84	110.62	118.38	126.3	371.85	355.5	405.5	475.0
Import (USD bn)	39.45	37.98	44.69	44.97	34.10	99.68	118.83	120.19	123.1	360.65	327.5	380.8	455.01
Export growth (%)	17.48	15.15	23.81	29.67	5.74	10.64	10.62	18.38	19.96	10.61	-4.4	14.3	17.00
Import growth (%)	16.83	16.04	27.69	49.22	4.40	17.03	18.83	20.19	21.28	8.35	-8.9	16.7	19.40
Inflation (%)	3.25	3.58	3.48	2.53	3.35	3.22	3.31	3.27	3.44	3.15	3.25	3.63	3.31
USDVND	26,315	26,372	26,225	25,950	26,030	25,565	26,121	26,427	26,296	23,650	23,784	25,386	26,296
Credit growth (%)	20.25	19.94	17.87	#NA	20.18	16.3	17.48	19.61	17.87	14.2	13.7	13.8	17.87
10Y gov't bond (%)	3.95	4.03	4.19	4.18	4.25	3.06	3.34	3.76	4.19	5.08	2.39	2.94	4.19

Source: NSO, Bloomberg, FIA, IMF

Note: Credit growth update by 24 December

Appendix

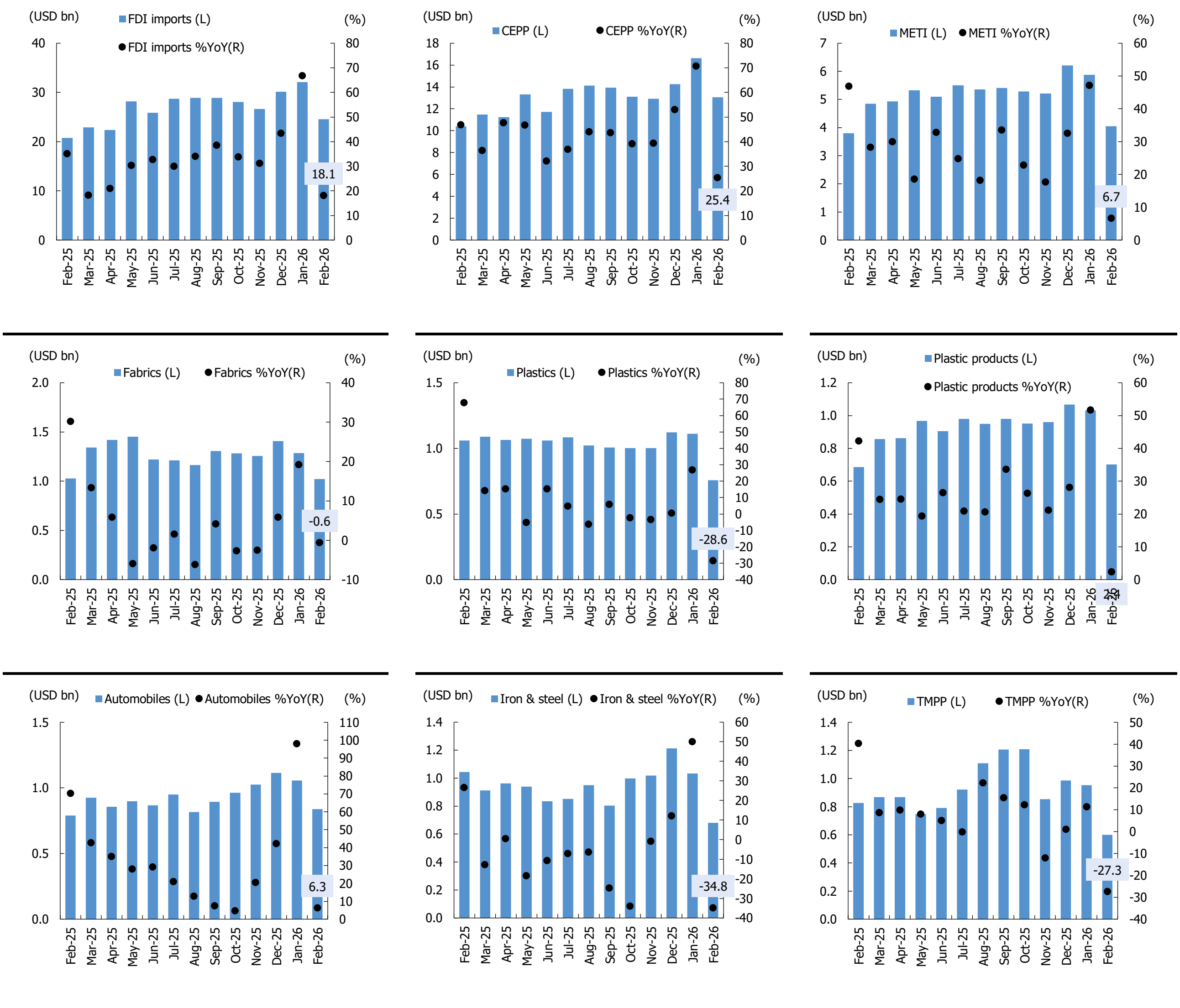
Figure 1. Performances of major export products by month



Source: KIS, NSO

Note: CEPP: Computers, electric products & parts; METI: Machines, equipments, tools, instruments; TMPP: Telephones, mobile phones & spare parts; Other MTSP: Other means of transportation & spare parts.

Figure 2. Performances of major import products by month



Source: KIS, NSO
Note: CEPP: Computers, electric products & parts; METI: Machines, equipments, tools, instruments; TMPP: Telephones, mobile phones & spare parts.

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