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Vietnam Macroeconomic Commentary: April 2025

President Donald Trump's April 2nd announcement of unexpectedly severe 46% “reciprocal tariffs” on Vietnamese exports to the US, followed by a 90-day “pause” initiated a week later, triggered a significant surge in exports from Vietnam. This export rush, which we anticipated in our recent [webinar](#), markedly influenced Vietnam’s economy during April.

Prior to these announcements, the consensus expectation of approximately 10% tariffs on Vietnamese goods meant there was no significant pre-emptive rush to import “Made in Vietnam” products into the US. This contrasted with other Asian economies, where US customers front-loaded purchases to avoid tariffs, causing export surges. Vietnam’s export growth to the US remained steady, ranging between 15-20% year-on-year (YoY) for six months, before accelerating to 32% YoY in March as news of the impending tariffs began to circulate.

This export momentum continued into April, with a 33% YoY increase, as US firms expedited purchases ahead of the 90-day pause expiry. Consequently, factory production accelerated from 9.5% YoY in the first three months of 2025 (3M25) to 10.1% YoY for the year-to-April (4M25). New export orders plunged, however, reflecting tariff uncertainty. The new export sub-index of Vietnam’s Purchasing Manager’s Index (PMI), which began its decline in mid-2024—a trend we have previously noted as initially driven by US retailers' inventory cycles—continued its downward trajectory.

The sustained fall in the new export orders sub-index (from 45.9 in March to 44.4 in April), alongside the persistently low “backlog of work” sub-index (43.5 in April), act as strong negative leading indicators for manufacturing performance later this year. These trends are now beginning to impact factory employment, which is a lagging indicator, because companies typically delay workforce reductions for as long as possible.

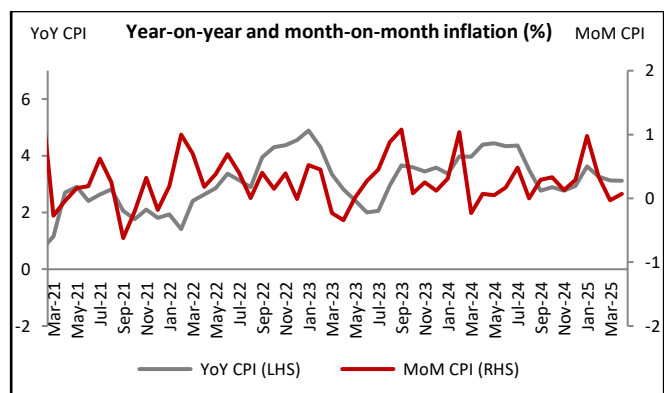
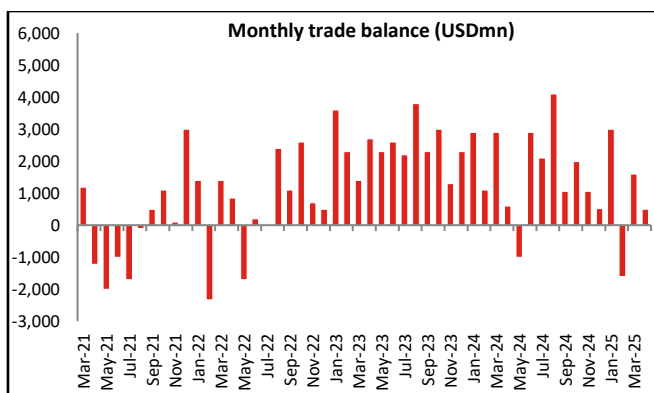
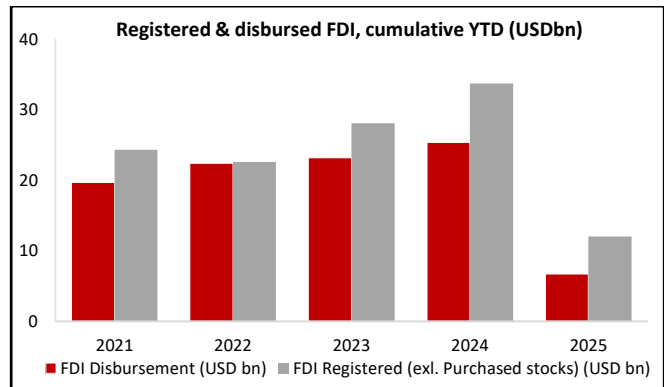
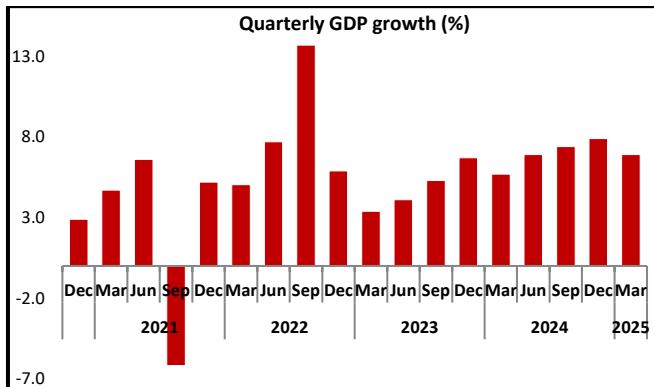
The PMI's employment sub-index fell sharply from 48.4 in March to 44.3 in April, falling to a level essentially unseen post-COVID recovery. Cumulatively, these factors led to a plunge in the headline PMI from 50.5 in March to 45.6 in April. The anticipated slowdown in manufacturing later in 2025, combined with the indirect effects of weaker consumption due to a softening labour market outlook, underpins our forecast: we expect these tariff impacts to reduce Vietnam’s GDP growth by approximately one percentage point this year, resulting in estimated GDP growth of 6-6.5%.

Despite these headwinds, several mitigating factors are at play. Negotiations between Vietnamese and US trade officials are underway as of the publication of this report, positioning Vietnam among the first countries to engage in such discussions with the US. Furthermore, the Vietnamese Government is taking increasingly decisive steps to bolster the economy, including structural reforms (which we discussed in this recent [report](#)) and the recently announced “Resolution 68” measures regarding the private sector, which we will analyse in our next Insights report.

Importantly, the tariff-related uncertainties have not yet derailed the ongoing improvement in consumer sentiment and consumption that began in mid-2024. Real retail sales growth edged up from 7.5% YoY in 3M25 to 7.7% YoY in 4M25.

Finally, concerns over a potential US/global economic slowdown, largely driven by trade uncertainty, have contributed to a 20% decline in global oil prices since mid-January. This, in turn, has helped contain inflationary pressures in Vietnam. CPI inflation was well-managed at 3.1% YoY in April, with domestic retail petrol prices down over 20% YoY.

Macroeconomic Charts



Macroeconomic Indicators

	2024	Apr-25	YTD	YOY ¹
GDP growth (%)	7.1		6.9	
Inflation (%) ²	3.6	3.1	3.2	
FDI commitments (USD bn)	33.7	2.5	12.0	33.2
FDI disbursements (USD bn)	25.4	1.8	6.7	7.3
Imports (USD bn)	380.8	36.9	136.6	18.6
Exports (USD bn)	405.5	37.4	140.3	13.0
Trade surplus/(deficit) (USD bn)	24.8	0.6	3.8	
Exchange rate (USD/VND) ³	25,485	25,970	25,970	

Sources: GSO, Vietnam Customs, MPI, Bloomberg

Note:

1. FDI and trade data is YTD y-o-y; GDP growth data is latest quarter y-o-y
2. Monthly y-o-y change; year-to-date is monthly average change in CPI per GSO
3. BBG-USD/VND Spot Exchange rate

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