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October Macroeconomic Update and Key Highlights

Key Highlights:

Vietnam's macroeconomic outlook continued to show positive improvements in the first ten months of 2026, with production, business activity, consumption, and investment all maintaining favorable growth momentum. The Industrial Production Index (IIP) increased by 12.4% YoY, the highest level recorded during the 2019–2026 period, with the manufacturing and processing sector growing by 13%. Total retail sales of goods and consumer service revenue rose by 13.5% at current prices and 7.7% after excluding price effects, reflecting continued improvements in domestic demand. Investment activity also strengthened, with public investment disbursement increasing by 19.8% YoY, realized FDI reaching USD 24.08 billion (+13.1%), and total registered FDI amounting to USD 54.85 billion (+74%). Notably, total import-export turnover exceeded the USD 1,000 billion threshold for the first time, reaching USD 1,010.6 billion (+32.3%). The trade balance recorded a second consecutive monthly surplus in October, although the cumulative trade balance for the first ten months still posted a deficit of USD 12.07 billion.

Amid persistent exchange rate and banking system liquidity pressures, the State Bank of Vietnam (SBV) continued to implement flexible monetary policy, coordinating interest rate tools, open market operations, and foreign exchange operations to stabilize the money market and support production and business activities.

2027 GDP Growth Target of 10%+

On November 7, the National Assembly approved the 2027 socio-economic development plan, targeting GDP growth of at least 10%, CPI inflation of approximately 4.5%, and GDP per capita of around USD 6,100. Notable sectoral targets include growth of 12.2% for industry and construction, 12.3% for manufacturing and processing, 9.8% for services, and 3.8% for agriculture. Total retail sales are targeted to increase by 14%, exports by 15%, and the IIP by 11.5–12.5%. Total social investment is expected to reach 36–38% of GDP, while labor productivity is targeted to grow by 8.6%. These targets reflect the Government's determination to accelerate growth through public investment, domestic consumption, exports, institutional reforms, and scientific and technological development, while continuing to prioritize macroeconomic stability and inflation control.

Vietnam's key macroeconomic indicators

Indicator	2020	2021	2022	2023	2024	2025E	*2026F*
GDP and employment							
Annual GDP growth (%)	2.87	2.55	8.54	4.98	7.04	8.02	***9.2***
GDP (USD bn)	346	370	411	433	476	514	***561***
GDP per capita (USD)	3,558	3,757	4,132	4,316	4,702	5,026	***5,453***
Public debt/GDP (%)	43.8	44.7	37.4	36.9	37	36.8	***40***
State budget deficit (% of GDP)	2.7	2.5	3.1	2.9	2.8	3.6	***5***
Total outstanding credit/GDP	115	124	125	133	136	145	***160***
Disbursed FDI/GDP (%)	5.8	5.3	5.4	5.4	5.3	5.4	***5.34***
Unemployment rate, year-end (%)	2.37	3.56	2.32	2.26	2.22	2.22	***2.23***
Trade							
Trade balance (USD bn)	19.9	3.3	12.1	28.4	24.9	20	***-16***
Imports (USD bn)	263	333	360	326	381	455	***610***
Imports (% YoY)	3.7	26.7	8	-9.2	16.7	19.4	***34***
Exports (USD bn)	283	336	372	355	406	475	***594***
Exports (% YoY)	6.9	18.9	10.6	-4.6	14.4	17	***25***
Disbursed FDI (USD bn)	20	19.7	22.4	23.2	25.4	27.6	***30***
Committed FDI (USD bn)	28.5	31.2	27.7	39.4	38.2	38.4	***60***
Production & Consumption							
Manufacturing PMI (year-end)	51.7	52.5	46.4	48.9	49.8	53.8	***51.5***
Industrial Production Index (% YoY) (year-end)	9.5	8.7	0.2	5.8	8.8	10.1	***10***
Annual nominal retail sales growth (%)	-0.9	-9.1	19.8	9.4	9	9.2	***12***
Monetary conditions and interest rates							
Policy rate (%)	4	4	6	4.5	4.5	4.5	***4.5***
Credit growth (YoY %)	12.2	13.6	14.2	13.8	15.1	19	***15***
Foreign exchange reserves (USD bn)	95	107	85	90	81	83	***85***
12-month deposit rate (%)	5.6	5.5	7.4	4.8	4.6	5.2	***7***
Deposit-rate cap (<6 months, %)	4	4	6	4.75	4.75	4.75	***4.75***
5-year government bond yield (%)	1.2	1	4.6	1.9	2.4	3.3	***4.2***
10-year government bond yield (%)	2	2.9	4.8	2.2	2.8	3.8	***4.4***
Exchange rate & Inflation							
Exchange rate (VND/USD) (year-end)	23,085	22,765	23,555	24,265	25,480	26,300	***27,000***
12-month average inflation (% YoY)	3.2	1.8	3.1	3.3	3.6	3.3	***4.5***

Source: General Statistics Office, SBV, World Bank, IMF, GTHT Research

REPORT DETAILS

Industrial production

Industrial production continued to maintain a positive growth trend in October. The Industrial Production Index (IIP) in October was estimated to increase by 2.3% MoM and 15.0% YoY. The manufacturing and processing sector recorded a 15.7% YoY increase in October; water supply, waste and wastewater management and treatment increased by 7.8%; electricity production and distribution rose by 15.7%; and mining increased by 4.9%.

For the first ten months of the year, the IIP increased by 12.4% YoY, primarily driven by the manufacturing and processing sector. Specifically, the production index of this sector rose by 13% YoY, contributing 10.2 percentage points to overall growth. Mining increased by 7.1%, contributing 1.1 percentage points; electricity production and distribution grew by 10.6%, contributing 1 percentage point; while water supply, waste and wastewater management and treatment increased by 9.2%, contributing 0.1 percentage points.

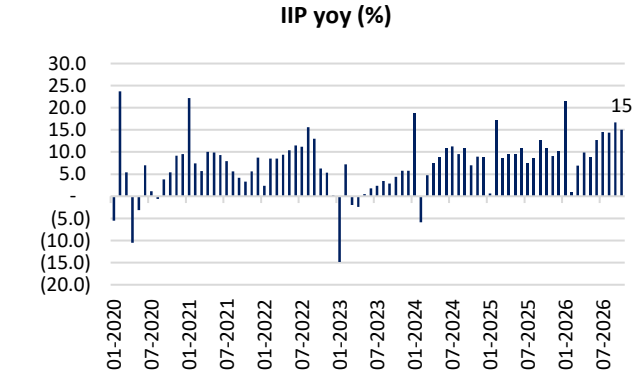
Notably, growth in the manufacturing and processing sector was not only reflected in overall performance but also across various key manufacturing industries. During the first ten months, several two-digit industrial sectors recorded strong growth, including metal production (+25.6%); beverage production (+17.5%); electronic products, computers and optical products (+15.2%); motor vehicle manufacturing (+14.6%); rubber and plastic product manufacturing (+13.6%); and food processing and manufacturing (+12.9%).

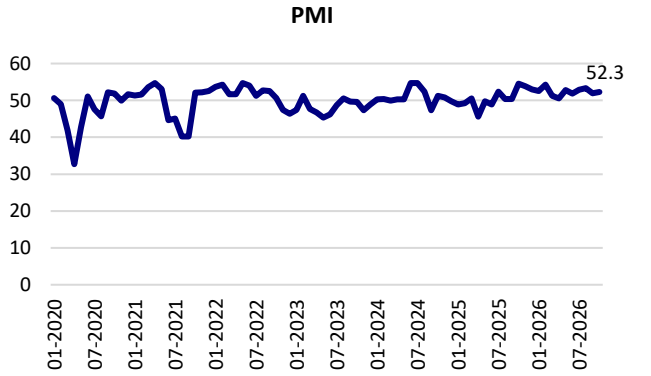
By locality, the MoM changes in the IIP in October across several major industrial hubs were as follows: Quang Ngai increased by 6.5%; Quang Ninh by 5.9%; Ho Chi Minh City by 4.9%; Hai Phong by 4.2%; Can Tho by 3.7%; Bac Ninh by 3.4%; Dong Nai by 2.4%; while Vinh Long declined by 2.3% and Da Nang decreased by 3.6%. Cumulative data for the first ten months showed that industrial production increased in 33 localities, while only Son La recorded a decline of 5% YoY.

PMI Increased from September, with the Overall Trend Remaining Positive

Vietnam's Manufacturing Purchasing Managers' Index (PMI) rose to 52.3 in October 2026 from 51.9 in September 2026, indicating a continued modest improvement in manufacturing sector conditions and extending the consecutive period of improving business conditions to 16 months.

October data showed that Vietnam's manufacturing sector continued to expand, although rising prices and supply difficulties constrained growth in certain cases.





Sources: GSO, S&P Global, GTHT RS team

Retail Sales

VND 695.5 trillion, increasing by 1.0% MoM and 14.7% YoY. For the first ten months of 2026, total retail sales of goods and consumer service revenue reached VND 6,618.9 trillion, up 13.5% YoY. Excluding price effects, growth reached 7.7%, higher than the 7.4% recorded in the same period of 2025.

In terms of composition, retail sales of goods reached VND 4,981.2 trillion during the first ten months, accounting for 75.3% of the total and increasing by 12.9% YoY. Meanwhile, service segments continued to grow at a faster pace, particularly accommodation and food services, which reached VND 847.0 trillion, up 17.0%, while travel and tourism revenue reached VND 87.5 trillion, up 18.1%. In October alone, accommodation and food services revenue and travel and tourism revenue increased by 19.5% and 21.8% YoY, respectively. This trend indicates that demand for experiential services, dining, and tourism continues to be an important driver of domestic consumption.

By locality, major tourism destinations continued to record positive growth in accommodation and food services revenue during the first ten months, including Hue (+20.3%), Da Nang (+20.2%), Quang Ninh (+20.0%), Lam Dong (+19.4%), and Khanh Hoa (+18.7%). The two major economic centers, Hanoi and Ho Chi Minh City, also maintained growth rates of 16.8% and 15.7%, respectively. Overall, improvements in tourism activities, together with trade promotion programs and entertainment events, have been supporting service revenue across many localities.

However, inflationary pressures remain a factor to monitor in assessing the purchasing power outlook. Food prices and housing, electricity, water, and fuel costs continue to put pressure on household budgets. One supportive factor for purchasing power in November is the downward trend in fuel prices toward the end of October and early November. In particular, the Government's decision to reduce the special consumption tax on gasoline to 0% from November 1, 2026, together with subsequent retail price reductions, has helped ease some transportation and travel expenses. This could support household disposable income while reducing input cost pressures for transportation and distribution businesses. However, the extent of pass-through to goods and service prices will depend on international energy price movements, exchange rates, and logistics costs in the coming period.

Regarding international tourism, Vietnam welcomed approximately 1.85 million international visitors in October, up 4.9% MoM and 7.0% YoY. For the first ten months, international arrivals reached 19.54 million, increasing by 13.8% YoY. Asia remained the largest source market, with approximately 14.61 million visitors, accounting for 74.8% of total arrivals. Meanwhile, Europe recorded 3.22 million visitors, accounting for 16.5% of the total and posting significantly stronger growth of 51.5% YoY.

By individual market, China remained the largest source market with approximately 4.39 million visitors, accounting for 22.5% of total arrivals during the first ten months, but increasing by only around 1.4% YoY. Notably, China's National Day holiday from October 1–7, combined with the Mid-Autumn Festival holiday, provided favorable conditions for outbound tourism demand among Chinese travelers. Although China remained the largest source market, its low growth rate indicates that further recovery still depends on travel demand and the competitiveness of destinations.

South Korea ranked second with 3.37 million visitors, accounting for 17.3% of total arrivals, down 6.3% YoY. The decline in South Korean visitors is also a factor to monitor, given the importance of this market to Vietnam's accommodation, aviation, food service, and retail sectors. The continued slowdown or decline in tourist arrivals from the two traditional markets, China and South Korea, raises questions about market structure, as these two

countries not only contribute tourist arrivals but also maintain extensive economic cooperation with Vietnam in other areas, including manufacturing and investment.

In the final two months of the year, we expect the year-end shopping season, demand stimulus programs, tourism demand, and festival activities to continue supporting growth in retail sales and services. In addition, lower fuel prices in early November could partially improve purchasing power and ease pressure on living costs.





Sources: GSO, GTHT RS team

FDI

Foreign direct investment (FDI) continued to surge in the first ten months of 2026. As of October 31, total registered FDI in Vietnam reached USD 54.85 billion, up 74.0% YoY, the highest level since 2009. Meanwhile, realized FDI reached USD 24.08 billion, up 13.1% YoY, also marking the highest level for the first ten months in the past five years. Notably, the growth rate of registered capital continued to significantly outpace that of realized capital, indicating a substantial improvement in prospects for attracting new investment. However, converting investment commitments into actual implementation will still require additional time.

Regarding registered FDI, 3,478 newly licensed projects were recorded, with total registered capital reaching USD 30.73 billion, up 4.7% YoY in terms of the number of projects and 2.2 times in terms of registered capital. The manufacturing and processing sector continued to lead, attracting USD 14.61 billion in registered capital, accounting for 47.5% of total newly registered capital, followed by transportation and warehousing with USD 5.15 billion, accounting for 16.7%.

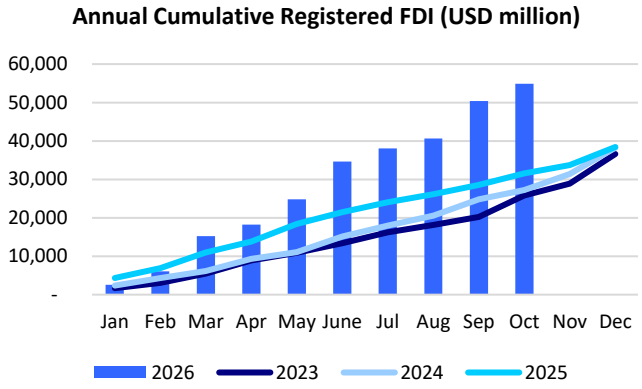
By source country, Singapore remained the largest investor with USD 9.52 billion, accounting for 31.0% of total newly registered capital, followed by South Korea with USD 5.81 billion (18.9%), Luxembourg with USD 4.99 billion (16.2%), Hong Kong (China) with USD 3.57 billion (11.6%), and China with USD 2.77 billion (9.0%).

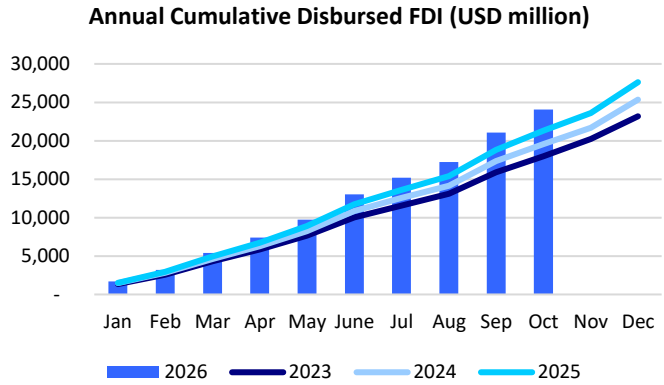
In addition, 1,079 projects licensed in previous years registered additional investment capital of USD 16.13 billion, up 33.2% YoY. Accordingly, total newly registered and adjusted capital reached USD 46.86 billion, of which the manufacturing and processing sector attracted USD 24.19 billion, accounting for 51.6%, followed by real estate business with USD 7.08 billion, accounting for 15.1%. The continued positive growth in adjusted capital indicates that existing investors remain inclined to expand their production and business operations in Vietnam.

Foreign investors also registered 2,616 capital contribution and share purchase transactions, with a total value of USD 7.99 billion, up 49.6% YoY. These capital contributions and share acquisitions continued to provide

additional funding for domestic enterprises while reflecting foreign investors' interest in investment opportunities through M&A activities.

Regarding realized FDI, the manufacturing and processing sector continued to lead in terms of investment scale, accounting for 82.9% of total realized capital, equivalent to USD 19.96 billion. This was followed by real estate business with USD 1.76 billion, accounting for 7.3%, and electricity, gas, hot water, steam, and air conditioning production and distribution with USD 785.2 million, accounting for 3.3%. The continued concentration of realized FDI in the manufacturing and processing sector highlights the ongoing importance of FDI in expanding Vietnam's production capacity, exports, and supply chains.





Sources: MoIT, GTHT RS team

Import-Export

Import-export activities continued to record strong growth, pushing total trade turnover above the USD 1,000 billion threshold for the first time. In the first ten months of 2026, total merchandise import-export turnover reached USD 1,010.55 billion, up 32.3% YoY. Of this, exports reached USD 499.24 billion, up 27.5%, while imports amounted to USD 511.31 billion, up 37.4%. Notably, the trade balance improved over the past two months, recording trade surpluses of USD 1.30 billion in September and USD 7.31 billion in October. However, due to trade deficits during the first eight months of the year, the cumulative trade balance for the first ten months still recorded a deficit of USD 12.07 billion, a significant reversal from the surplus of USD 19.49 billion in the same period of 2025.

Merchandise exports reached USD 64.67 billion in October, increasing by 8.7% MoM and 51.4% YoY. For the first ten months of 2026, merchandise export turnover reached USD 499.24 billion, up 27.5% YoY. Of this, the domestic economic sector accounted for USD 93.93 billion, up 8.2% and representing 18.8% of total exports, while the foreign-invested sector (including crude oil) reached USD 405.31 billion, up 33.0% and accounting for 81.2%. Accordingly, the FDI sector continued to play a dominant role in export growth, with a significantly higher growth rate than that of domestic enterprises.

In terms of export composition, during the first ten months of 2026, processed industrial products reached USD 452.74 billion, accounting for 90.7% of total export turnover; agricultural and forestry products reached USD 33.48 billion, accounting for 6.7%; seafood products reached USD 10.36 billion, accounting for 2.1%; and fuel and mineral products reached USD 2.66 billion, accounting for 0.5%. Among these, electronics, computers, and components remained the largest growth driver, with export turnover reaching USD 149.41 billion, up 71.0% YoY; machinery, equipment, tools, and spare parts reached USD 63.27 billion, up 30.4%; while phones and components reached USD 57.61 billion, up 18.4%. These three product groups contributed more than 54%

of total export turnover, indicating that trade growth remains significantly concentrated in industrial and high-tech products.

Notably, textiles and garments, as well as footwear, continued to record relatively slow growth, reaching USD 33.74 billion and USD 20.24 billion, up 2.2% and 1.8% YoY, respectively. Meanwhile, exports of wood and wooden products reached USD 15.01 billion, up 6.8%; seafood reached USD 10.36 billion, up 10.9%; and fruits and vegetables reached USD 8.29 billion, up 17.3%. These developments highlight divergent performance across export industries, with electronics and machinery continuing to lead growth, while several traditional export sectors remain under pressure from competition, input costs, and increasingly stringent requirements regarding rules of origin, environmental standards, and labor conditions.

Merchandise imports reached USD 57.36 billion in October, down 1.4% MoM but up 43.1% YoY. For the first ten months of 2026, merchandise import turnover reached USD 511.31 billion, up 37.4% YoY. Of this, the domestic economic sector accounted for USD 131.76 billion, up 23.0%, while the foreign-invested sector reached USD 379.55 billion, up 43.2%. Import growth continued to outpace export growth, reflecting demand for imported raw materials, components, and machinery to support production expansion, particularly in the FDI sector.

In terms of import composition, during the first ten months of 2026, capital goods reached USD 481.03 billion, accounting for 94.1% of total import turnover. Within this category, machinery, equipment, tools, and spare parts accounted for 58.5%, while raw materials and fuels accounted for 35.6%. Consumer goods reached USD 30.28 billion, representing 5.9%. Notably, imports of electronics, computers, and components reached USD 21.25 billion, up 74.4%; machinery and equipment reached USD 60.06 billion, up 21.1%; fabric reached USD 12.87 billion; plastics reached USD 11.55 billion; and petroleum products reached USD 10.24 billion. This composition indicates that imports are primarily serving production and investment needs rather than final consumption. However, dependence on imported components and raw materials remains a constraint on the ability to increase the domestic value-added content of exported goods.

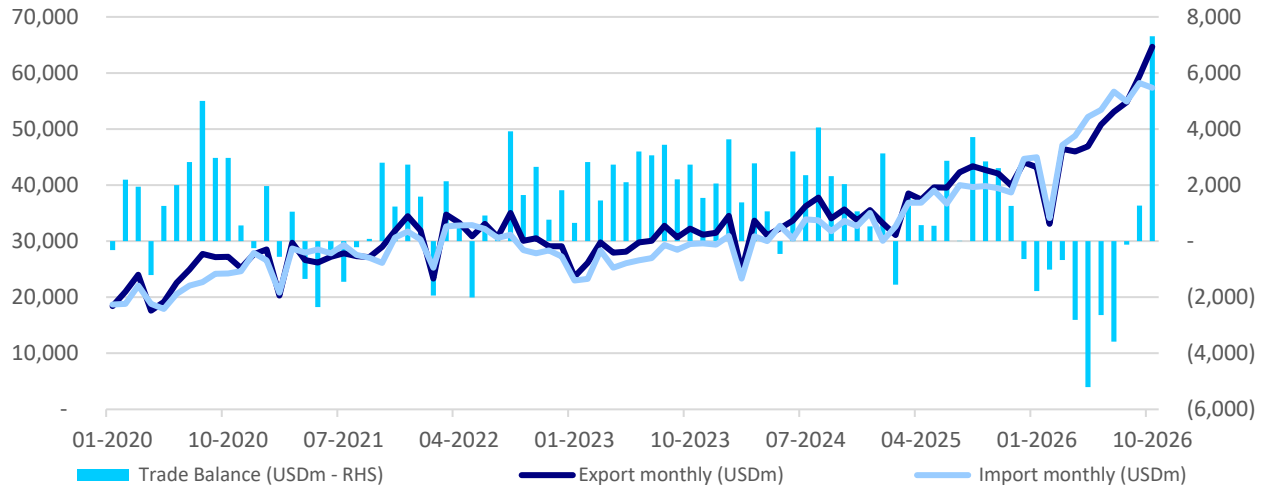
Regarding export and import markets, the United States remained Vietnam's largest export market, with turnover reaching USD 159.40 billion in the first ten months of 2026. China remained the largest import market, with turnover of USD 212.46 billion. Accordingly, Vietnam recorded a trade surplus of USD 140.10 billion with the United States, up 26.2% YoY; a surplus of USD 40.84 billion with the EU, up 26.8%; and a surplus of USD 3.42 billion with Japan, up 110.4%. Conversely, Vietnam recorded trade deficits of USD 134.94 billion with China, up 43.2%; USD 48.63 billion with South Korea, up 91.1%; and USD 16.93 billion with ASEAN, up 46.0%.

With the trade balance shifting back to a surplus in September and October, we observe signs of easing import surplus pressures in the short term. However, the cumulative trade deficit for the first ten months remained at USD 12.07 billion, while imports continued to grow faster than exports. Therefore, we believe that Vietnam's trade balance for the full year is still likely to record a deficit, although the deficit could continue to narrow if export growth remains strong and demand for imported raw materials and equipment moderates during the final two months of the year.

At the same time, we believe that risks arising from international trade policies will remain a key factor to monitor in Q4 2026 and throughout 2027–2028. In particular, the United States' trade investigation trend shows no signs of reversing, with its scope increasingly expanding to cover issues related to rules of origin, forced labor, excess capacity, and intellectual property protection. The USTR's continued extension of its intellectual property investigation into Vietnam until February 2027 indicates that the risk of additional tariff measures remains present. Meanwhile, the EU is also increasing its use of trade defense instruments, particularly against the steel, metals, and certain industrial product sectors.

Regarding the outcome of the US midterm elections, the Democratic Party's victory in both the House of Representatives and the Senate could create greater obstacles for President Donald Trump's administration in implementing its policy agenda, while increasing oversight of trade policies. However, we believe that the United States' trade protectionism and investigations into rules of origin are unlikely to change significantly in the short term, as the executive branch retains relatively broad authority over trade matters and concerns over domestic manufacturing capacity continue to receive widespread support.

In this context, Vietnam needs to continue strengthening domestic supply chains, increasing localization rates, and diversifying export markets to mitigate the risks of dependence on a limited number of major markets. In particular, stricter control over the origin of raw materials, greater supply chain transparency, and enhanced capabilities to meet international standards will become increasingly important factors in maintaining the competitiveness of Vietnamese goods in the coming period.



Sources: Vietnam Custom, GSO, GTHT RS team

Inflation

Inflationary pressures remained elevated during the first ten months of 2026, mainly driven by rising energy prices, housing costs, and food prices. However, the downward trend in international oil prices in early November, together with domestic fuel price management measures and electricity price reductions, could help contain CPI increases in the final months of the year.

The Consumer Price Index (CPI) in October 2026 increased by 0.20% MoM, 4.41% compared with December 2025, and 5.09% YoY. On average, CPI increased by 4.57% YoY during the first ten months of 2026, while core inflation rose by 4.24%. Compared with the 4.52% increase recorded in the first nine months, average inflation continued to edge higher, reflecting that price pressures remain insufficiently contained, although monthly CPI growth in October slowed significantly from 0.62% in September.

CPI developments over the first ten months indicate that upward price pressures were concentrated primarily in three major goods and services categories. Specifically, food and food services increased by 4.61%, contributing 1.65 percentage points to overall CPI growth; housing, electricity, water, fuel, and construction materials rose by 6.66%, contributing 1.51 percentage points; while transportation increased by 6.98%, contributing 0.70 percentage points, with fuel prices alone rising by 13.09%. This indicates that inflationary pressures stem not only from energy price fluctuations but also extend through housing costs, construction materials, transportation, and food prices.

Notably, in October, the transportation group increased by 2.66% MoM, contributing 0.27 percentage points to overall CPI growth. This was mainly driven by a 6.86% increase in gasoline prices and a 0.75% increase in diesel prices, reflecting the lagged pass-through of international energy price fluctuations to the domestic market. Conversely, food and food services declined by 0.24%, reducing overall CPI by 0.09 percentage points, supported by abundant domestic food supplies and cooling prices of certain products, particularly pork. Average core inflation during the first ten months stood at 4.24%, lower than headline CPI by 0.57 percentage points, indicating that fluctuations in highly volatile items such as gasoline, oil, gas, and food remained important factors driving overall inflation higher.

On the external front, tensions in the Middle East continued to pose a notable risk to global energy markets. However, recent developments indicate that pressures from international oil prices have started to ease. On November 10, 2026, Brent crude traded at around USD 90 per barrel, down approximately 23% from its six-month peak of nearly USD 118 per barrel recorded on October 30. Nevertheless, attacks targeting transportation activities around the Strait of Hormuz continued, meaning geopolitical risks cannot yet be fully ruled out. Therefore, oil prices are likely to remain highly volatile in the coming period, driven by developments in the conflict rather than establishing a stable downward trend.

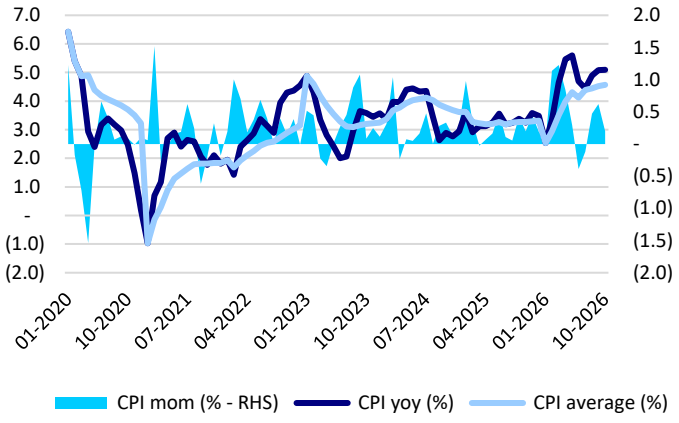
For Vietnam, international oil prices directly affect CPI through domestic retail fuel prices, while indirectly influencing transportation, logistics, industrial production, construction materials, and goods distribution costs. However, the Government has implemented several measures to reduce the pass-through of energy price fluctuations to domestic prices. Specifically, on September 30, 2026, the Government issued Resolution No. 43/2026/NQ-CP, extending preferential policies on import duties, environmental protection taxes, and value-added tax for gasoline, oil, raw materials used in gasoline production, and aviation fuel until December 31, 2026. Subsequently, on October 31, 2026, the Government issued Resolution No. 45/2026/NQ-CP, reducing the special consumption tax rate on gasoline to 0% for the period from November 1, 2026, to March 31, 2027. These policies help reduce the tax component of retail prices, thereby limiting fuel price increases and easing input cost pressures for businesses.

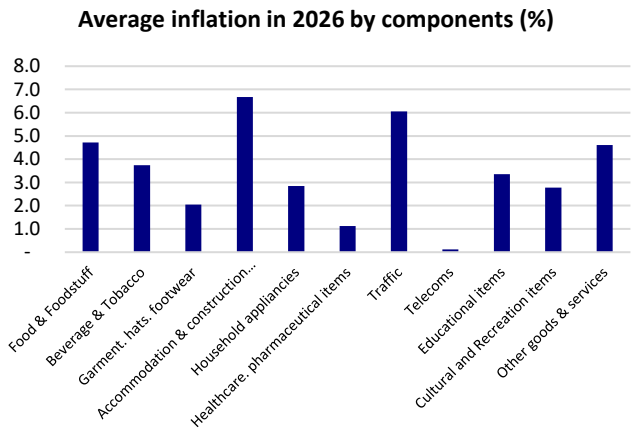
In practice, domestic fuel prices were adjusted downward in consecutive pricing rounds in early November. In the November 3 adjustment, E5RON92 gasoline prices decreased by VND 1,020/liter, E10RON95-III gasoline by VND 928/liter, and diesel by VND 1,370/liter. On November 5, E5RON92 prices declined by a further VND 2,305/liter, E10RON95-III by VND 2,075/liter, and diesel by VND 180/liter. Following these two adjustments, the maximum retail prices of E5RON92 and E10RON95-III stood at VND 20,898/liter and VND 21,156/liter, respectively. This is a positive supporting factor for November CPI, particularly through the transportation and freight cost components. However, the actual impact will depend on global oil price movements, the VND/USD exchange rate, and the domestic fuel price adjustment mechanism in subsequent periods.

In addition to fuel prices, electricity price adjustments also have a notable impact on the inflation outlook. From November 1, 2026, the average retail electricity price was reduced by 2% to VND 2,159.90/kWh (excluding VAT), pursuant to Decision No. 1305/QD-EVN dated October 30, 2026, and Decision No. 2892/QD-BCT dated October 31, 2026. The electricity price reduction could help lower household living expenses while reducing production costs for electricity-intensive businesses. Notably, given that housing, electricity, water, fuel, and construction materials contributed as much as 1.51 percentage points to average CPI growth during the first ten months, the electricity price reduction represents a meaningful supporting factor. Nevertheless, the 2% reduction in average electricity prices is unlikely to fully reverse price pressures in this category, as other components such as gas prices, construction materials, and housing repair and maintenance costs continue to trend upward.

Overall, after the first ten months of the year, inflation remains within a relatively high-risk range compared with the 4.5% target for 2026. During the final two months, the sharp decline in domestic fuel prices in early November, the reduction of the special consumption tax on gasoline to 0%, and the 2% decrease in average retail electricity prices will provide some room to contain CPI growth. However, seasonal increases in consumption and travel demand toward year-end, fluctuations in food prices and construction material costs, and the potential escalation of the Middle East conflict remain factors that could exert upward pressure.

*We believe average CPI for the full year 2026 is likely to fluctuate **around 4.5%–4.6%,** slightly exceeding the 4.5% target but remaining within a manageable range, provided that no new energy supply shocks emerge. A more notable risk lies in the possibility that accumulated input cost pressures will continue to build up and pass through to the prices of goods and services in 2027.*





Sources: GSO, GTHT RS team

Interest Rates and Exchange Rates

Exchange rate and interest rate movements in the first ten months of 2026 continued to face pressure from rising domestic capital demand, the gap between credit growth and deposit growth, as well as volatility in international financial markets.

Credit and Interest Rates

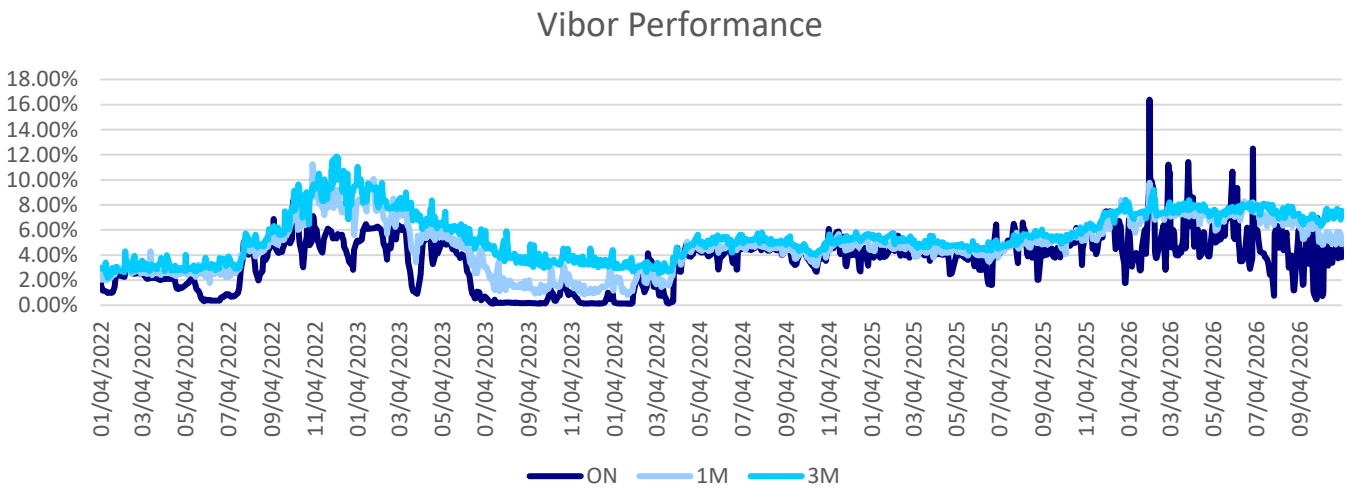
According to data from the State Bank of Vietnam (SBV), as of October 26, 2026, total system-wide credit outstanding reached approximately VND 20.8 quadrillion, up 11.94% from the end of 2025. Against the backdrop of a full-year credit growth target of around 15%, room for further growth remains in the final two months of the year. However, pressure on funding balance and system liquidity will remain key factors to monitor, particularly as credit growth continues to outpace deposit growth, although signs of a narrowing gap have emerged recently.

In response to rising interest rate pressures, the SBV issued more decisive directives in October 2026 to control funding costs across the banking system. Specifically, under Official Letter No. 9608/NHNN-CSTT dated October 18, 2026, and at a meeting with credit institutions on October 19, the SBV requested banks to reduce listed deposit rates by at least 0.5% per annum for tenors of six months or longer, while implementing measures to lower lending rates by 1.5-2% per annum for the manufacturing, business and priority sectors. Notably, under Official Letter No. 9736/NHNN-CSTT dated October 21, the SBV further requested banks to reduce average

deposit rates by at least 0.5% per annum on new transactions with tenors of six months or longer during the remaining months of 2026, compared with the average rates recorded during October 11-20.

From a market perspective, these directives indicate that the SBV is prioritizing efforts to ease funding cost pressures and curb competition for deposits among banks during the year-end peak period. However, the scope for broad-based interest rate cuts remains subject to certain constraints amid strong credit growth, expanding capital demand for investment and business activities, and persistent short-term liquidity pressures. As of now, we observe that deposit rates for 6-month to 1-year tenors at some banks have been adjusted slightly downward, but have largely remained elevated at 8%-9%. Therefore, reducing deposit rates as requested by the SBV will need to be accompanied by liquidity support measures to avoid creating funding imbalances across the system.

In addition, the prospect of interest rate increases in several major international markets, such as the US, suggests that short-term pressure on Vietnam's interest rates remains, particularly as domestic corporates have stepped up offshore borrowing (estimated to have grown by more than 50% this year), with most loan agreements carrying floating rates linked to international benchmark rates.



Source: Bloomberg Terminal, GTHT RS team

Exchange Rates

As of November 10, 2026, the central USD/VND exchange rate announced by the State Bank of Vietnam (SBV) stood at approximately VND 25,600/USD. At commercial banks, USD selling rates generally ranged between VND 25,700-25,800/USD, significantly lower than the VND 26,000-26,100/USD range recorded in October. This development indicates that exchange rate pressures showed signs of easing during the first trading sessions of November, although foreign currency demand and uncertainties in international markets remain. In addition, the interest rate differential between VND and USD, foreign currency demand for imports, and movements in the US dollar in international markets will continue to influence the exchange rate outlook in the coming period.

Against this backdrop, the SBV has introduced several notable intervention measures aimed at simultaneously supporting VND liquidity and enhancing its flexibility in managing the foreign exchange market. Specifically, on November 6, 2026, the SBV conducted a USD/VND foreign exchange swap with a 182-day tenor and a maximum size of USD 2 billion. Under this arrangement, the SBV purchased spot USD from credit institutions at an exchange rate of VND 24,399/USD and committed to selling back the equivalent amount of foreign currency after 182 days at a forward rate of VND 24,704/USD. If the full limit is utilized, this transaction could initially

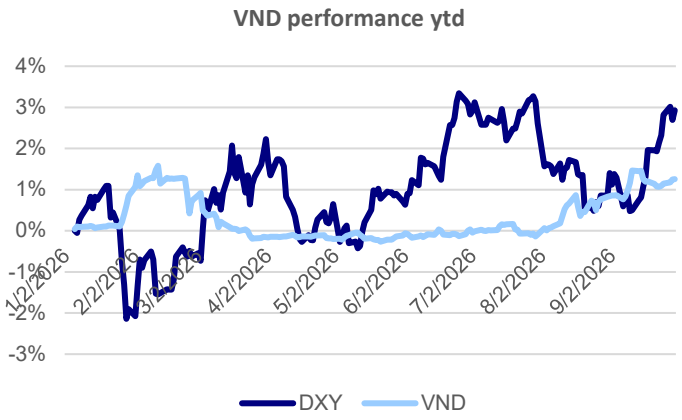
inject nearly VND 48,800 billion into the banking system. Notably, this transaction has a significantly longer tenor than previous foreign exchange swap operations in 2026, which generally had tenors ranging from 3 to 21 days. Extending the tenor to 182 days indicates that the SBV is not only addressing short-term liquidity needs but also seeking to support medium-term VND funding for credit institutions, particularly amid rising capital demand toward year-end and into early 2027. However, it should be noted that this is temporary liquidity support, as participating banks are still required to repurchase USD and repay VND upon maturity.

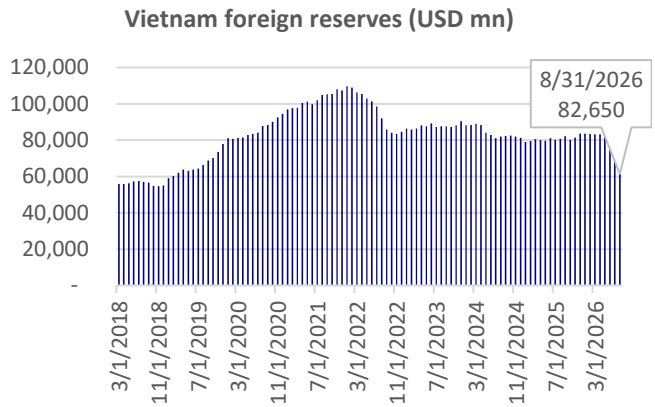
Following the swap operation, on November 10, the SBV announced a plan to conduct periodic spot USD purchases from credit institutions and foreign bank branches with positive foreign exchange positions, starting from November 11, 2026. Under this arrangement, the SBV will purchase USD every Monday and Wednesday at an intervention rate of VND 25,500/USD. The maximum purchase volume will be determined based on each institution's foreign exchange position at the end of the preceding business day, with the aim of bringing credit institutions' foreign exchange positions back to balance. Unlike the swap operation, this spot purchase arrangement does not include a commitment to resell the foreign currency at a specified point in the future.

In our view, these two measures are significant for managing system liquidity. The 182-day swap operation provides VND funding for a defined tenor, while periodic spot USD purchases allow the SBV to take a more proactive approach to injecting VND liquidity and managing banks' foreign exchange positions. In particular, purchasing spot USD at VND 25,500/USD could help the SBV increase its foreign exchange reserves while injecting additional VND liquidity into the system through foreign currency settlement.

Overall, we believe exchange rate pressures in the final months of 2026 may ease compared with the September-October period, supported by the cooling of bank exchange rates and the SBV's proactive deployment of liquidity and foreign exchange market management tools. However, risks remain, including increased foreign currency demand for imports toward year-end, FDI inflows and profit repatriation activities, as well as movements in the US dollar and the Fed's interest rate policy. Notably, Vietnam recorded a merchandise trade deficit of approximately USD 12.07 billion in the first ten months of 2026, adding further pressure to foreign currency demand, although disbursed FDI and other foreign currency supply sources continue to provide support. The recent upward trend in the US dollar's strength, as measured by the DXY Index, also suggests that it is still too early to conclude that the USD is unlikely to appreciate against the VND, particularly as the US Section 301 investigation into Vietnam has been extended until February 2027.

Regarding interest rates, we believe the SBV's decisive directives will help contain the upward trend in deposit rates in the coming period. However, room for substantial and broad-based rate cuts remains relatively limited, given persistently strong credit demand and funding balance pressures. Against this backdrop, interest rates are likely to remain relatively high in the final months of 2026 and early 2027, before potentially stabilizing as system liquidity improves.





Sources: Bloomberg Terminal, IMF, SBV, GTHT RS team

Vietnam Stock Market

In October, the VN-Index declined by 1.5% MoM, marking its second consecutive monthly decline, while liquidity continued to weaken for the fifth consecutive month. Average daily trading value on HOSE fell by 5% MoM, while the average across all three exchanges during the first ten months of the year declined by 18.5% YoY. This performance reflects cautious investor sentiment amid persistently high interest rates, increasing net selling pressure from foreign investors, and a lack of clear improvement in domestic capital flows.

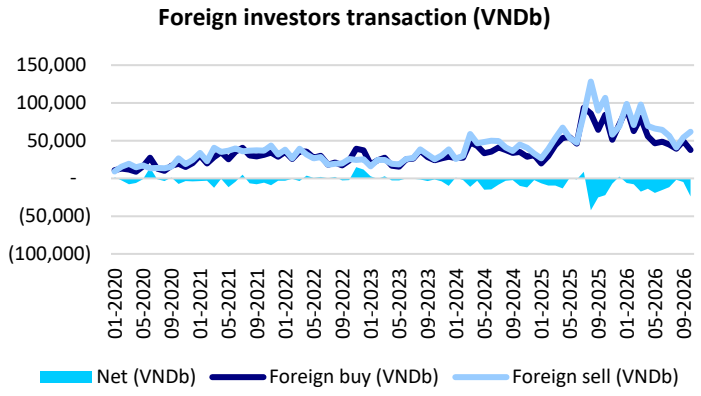
On the positive side, the overall business performance of listed companies in Q3/2026 showed an improvement, further strengthening the market's underlying fundamentals. According to aggregated data from companies that have released their financial statements, the Q3 after-tax profit of 1,159 companies reached approximately VND 242.4 trillion, up 43.8% YoY.

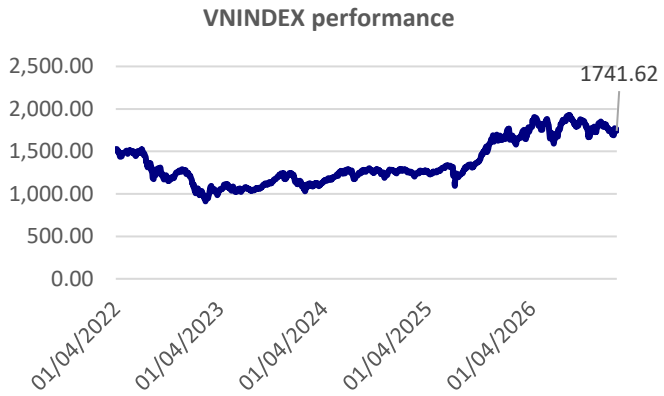
Another notable development is that net selling pressure from foreign investors has yet to show clear signs of reversal. As of mid-November 2026, cumulative net foreign selling in the Vietnamese stock market was estimated at approximately VND 123,000 billion. This amount was already close to the full-year net selling value in 2025, despite FTSE's market reclassification announcement. Notably, in October alone, foreign investors recorded net sales of approximately USD 805 million across all three exchanges, representing the largest monthly net selling value in around a year.

At present, regulators continue to accelerate measures to improve market operations, diversify investment products, and enhance the market's ability to attract international capital. Notably, the Central Counterparty (CCP) model is being prioritized, with the aim of bringing it into operation in 2027. According to VSDC's plan, the technology platform is expected to meet the requirements for implementing the new mechanisms by early March 2027. Following the completion of organizational, personnel, operational process, and system testing requirements, regulators will consider officially launching the system in Q1 or Q2/2027. The implementation of CCP is expected to help modernize clearing and settlement mechanisms, strengthen counterparty risk management, and lay the groundwork for the development of new products and services, thereby enhancing the market's competitiveness. In addition, reforms related to foreign investor accessibility, information transparency, trading infrastructure upgrades, and the development of institutional investors will also be important factors supporting the market over the medium and long term.

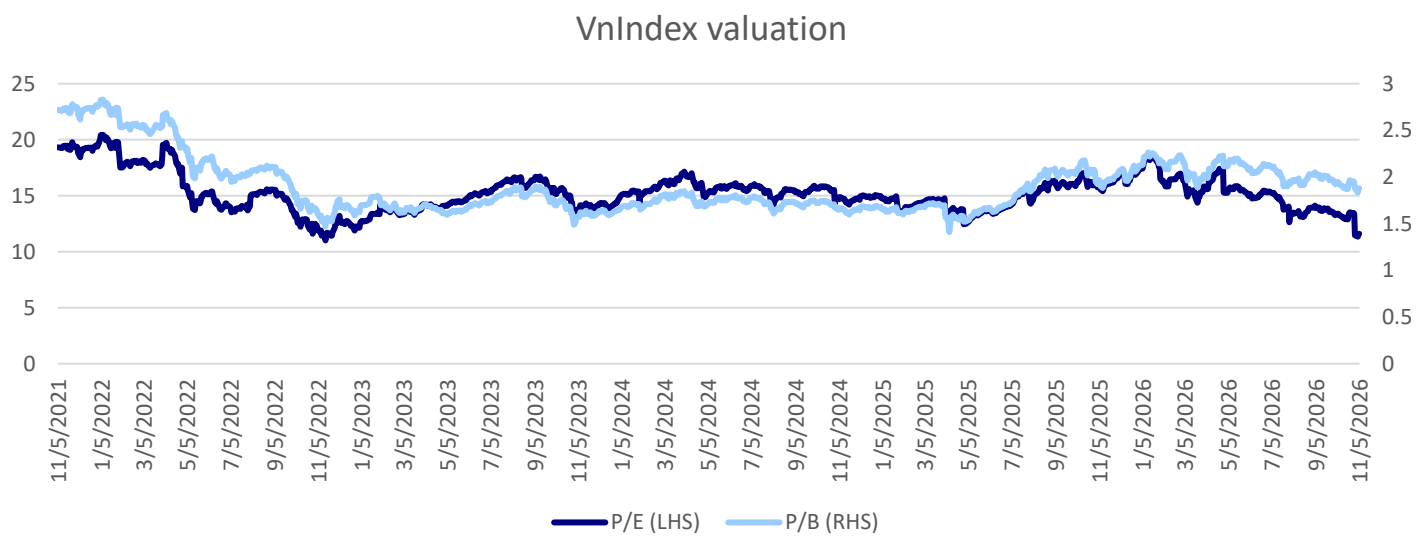
Overall, we believe the stock market is currently in a transitional phase: macroeconomic fundamentals and corporate earnings remain positive, but declining liquidity, net selling pressure from foreign investors, and high interest rates are limiting the potential for valuation expansion in the short term. As a result, the market is likely

to remain highly differentiated across sectors and stocks. Over the medium and long term, the FTSE reclassification process, CCP implementation in 2027, and reforms to market infrastructure and the legal framework will be important drivers of improved market quality, stronger institutional capital inflows, and a reinforced role for the stock market as a medium- and long-term capital mobilization channel for the economy.





Sources: Bloomberg, HOSE, GTHT RS team



Sources: Bloomberg Terminal, FiinPro, GTHT RS team

STOCK RATING

Benchmark: **VN-Index.** Investment horizon**: 6 to 18 months**

Recommendation	Definition
BUY	Expected return ≥ 15% Or the company/sector has a positive outlook
ACCUMULATE	Expected return from 5% to 15% Or the company/sector has a positive outlook
NEUTRAL	Expected return from -5% to 5% Or the company/sector has a neutral outlook
REDUCE	Expected return from -15% to -5% Or the company/sector has a less positive outlook
SELL	Expected return below -15% Or the company/sector has a less positive outlook

SECTOR RATING

Benchmark: **VN-Index** Investment horizon: **6 to 18 months**

Rating	Definition
OUTPERFORM	Average sector return exceeds the VN-Index by more than 5% Or the sector outlook is positive
NEUTRAL	Average sector return relative to the VN-Index is between -5% and 5% Or the sector outlook is neutral
UNDERPERFORM	Average sector return underperforms the VN-Index by more than 5% Or the sector outlook is less positive

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