Macro Outlook 2Q26

Toward a more favorable backdrop

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Below are KBSV's key macroeconomic forecasts for Vietnam in 2026:

1) **We lower our 2026F GDP growth forecast to 7.5-8.0% due to higher oil prices driving inflation and constraining monetary easing.** Nevertheless, the downside is expected to be partly offset by accelerated public investment. In addition, a more constructive outlook for exports and FDI inflows should provide incremental growth support, helping to cushion pressures from rising oil prices.

2) **Vietnam's average inflation in 2026 is projected at 4.8%, slightly above the Government's inflation target of 4.5%.** However, this level remains within a tolerable range and is unlikely to materially erode the Government's policy flexibility.

3) **USD/VND pressures should ease in 2026 relative to 2025, with the VND expected to depreciate by 2.5-3% against the USD over the year.** This outlook is supported by an anticipated moderation in the DXY in 2H26, a positive VND-USD interest rate differential, robust foreign capital inflows driven by potential market reclassification and strong high-tech FDI, as well as timely intervention by the SBV.

4) **A more pronounced decline in interest rates is anticipated in 2H26, with average rates forecast to fall by around 0.5-1.0 percentage points from current levels.** This is underpinned by strong public investment disbursement, enhanced liquidity support from the SBV as US-Iran tensions are set to ease, and expectations of further rate cuts to support economic growth toward year-end.

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I. Executive Summary

Vietnam's GDP expanded by 7.83% YoY in 1Q26, falling notably short of the Government's full-year growth target of 10%, thereby implying increased pressure on growth in the remaining quarters to meet the target. Growth was broad-based, with contributions from all three key sectors, including agriculture, forestry and fisheries; industrial and construction; and services.

KBSV projects Vietnam's GDP growth at 7.5-8.0% for 2026, around 1 percentage point below our previous forecast. The downward revision is primarily driven by the sharp rise in global oil prices, which has intensified cost-push inflationary pressures and partially constrained the room for monetary easing. Nonetheless, we expect these headwinds to be partly offset by continued acceleration in public investment and the use of the fuel price stabilization fund to contain the pass-through effects of higher energy prices. In addition, a more constructive outlook for exports and FDI inflows should provide incremental growth support, helping to cushion the impact of rising fuel prices.

Table 1. Vietnam – Key macroeconomic indicators

			KBSV forecast	
	Unit	2025	Jan	April
GDP growth	% YoY	8.02	8.5 - 8.7	7.5 - 8.0
Average CPI	% YoY	3.31	4.00	4.8
Credit growth	% YTD	19.01	15 - 17	15 - 17
Average 12M deposit interest rate	%/year	4.8 - 5.6	6.0 - 6.5	5.5 - 6.0
USD/VND exchange rate	VND	26,298	27,034 - 27,087	26,955 - 27,087

Source: KB Securities Vietnam

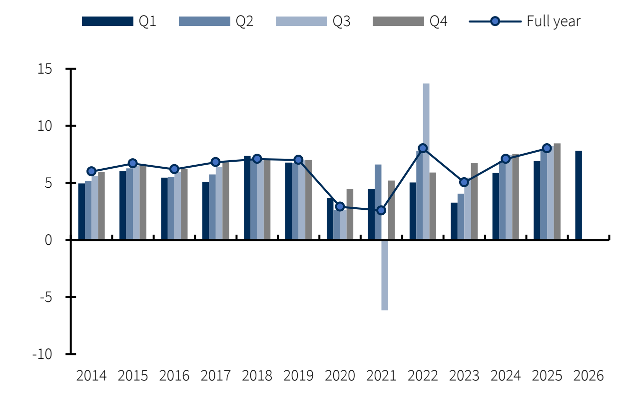
II. GDP growth

1. 1Q26 GDP growth

Vietnam's GDP growth reached 7.83% YoY in 1Q26, supported by broad-based expansion across all sectors

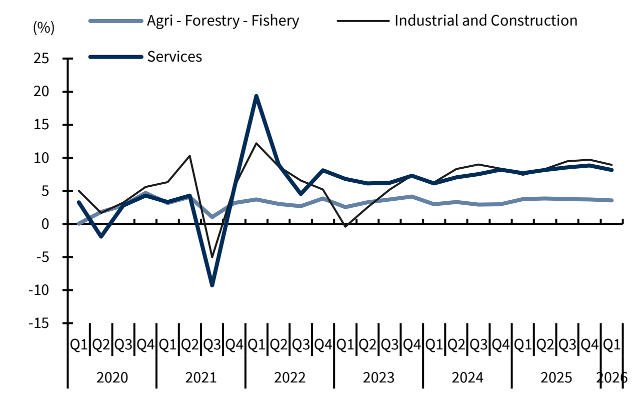
Vietnam's GDP grew by 7.83% YoY in 1Q26. Within this, agriculture, forestry and fisheries expanded by 3.58%, contributing 5.60% to the overall increase in total value added; industrial and construction grew by 8.92%, contributing 44.08%; and services rose by 8.18%, contributing 50.32%.

Fig 2. Vietnam – GDP growth by quarter (%YoY)



Source: General Statistics Office, KB Securities Vietnam

Fig 3. Vietnam – GDP growth by sector (%YoY)



Source: General Statistics Office, KB Securities Vietnam

From the demand side, consumption continued to recover at a relatively slow pace, while investment posted solid growth.

Consumption saw a relatively slow recovery

In 1Q26, total retail sales of goods and consumer services increased by 10.9% YoY; however, real growth moderated to 7.0% from 7.5% in 1Q25. Notably, the moderation in consumption growth has persisted since 2025, indicating that the recovery remains relatively subdued and has yet to gain meaningful traction.

Nevertheless, tourism maintained solid momentum, with travel services revenue increasing by 12.5% YoY in 1Q26. International arrivals reached 6.76 million, up 12.4% YoY, marking the highest first-quarter level on record.

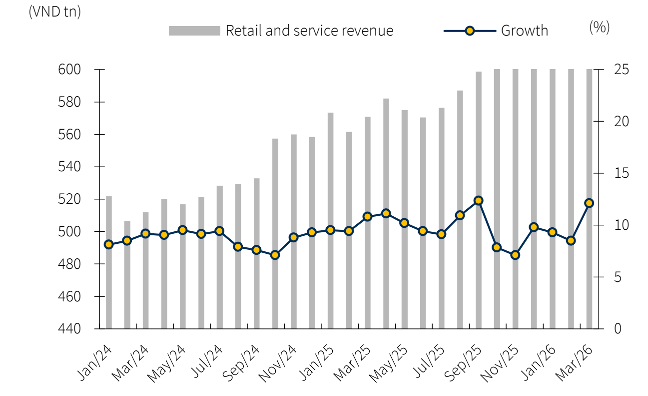
Investment growth remained solid, driven by FDI inflows and improving public investment disbursement

Total realized investment in 1Q26, in nominal terms, is estimated at VND744.7 trillion, up 10.7% YoY. The state sector contributed VND207.2 trillion (+11.6% YoY), accounting for 27.8% of the total; the non-state sector reached VND402.4 trillion (+9.8% YoY), representing 54.1%; while the foreign-invested sector recorded VND135.1 trillion (+11.8% YoY), making up 18.1%.

Registered FDI saw strong growth during the quarter, supported by large-scale high-tech projects, reinforcing Vietnam's attractiveness as a destination for global investment relocation and expansion. Total registered capital reached USD15.2 billion (+42.9% YoY), with notable commitments from major corporations including Foxconn, Samsung, and TikTok. Meanwhile, disbursed FDI amounted to USD5.41 billion (+9.1% YoY).

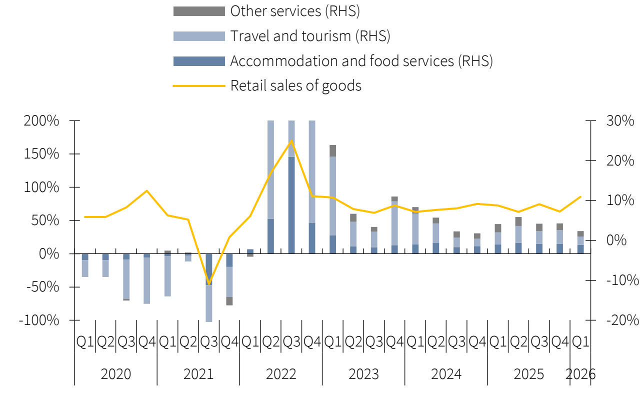
Public investment disbursement gained momentum in March 2026, with total disbursement reaching VND68,277 billion, up 92.4% YoY and 198% MoM. In 1Q26, cumulative disbursement amounted to VND110,288 billion, equivalent to 11% of the Prime Minister's assigned plan of VND1,013 trillion (versus 9.7% in the same period of 2025), representing a 37.3% YoY increase. This improvement was supported by the commencement of several large-scale projects in late 2025 and early 2026, including the Lao Cai – Hanoi – Hai Phong railway, Gia Binh Airport, and metro lines in Hanoi and Ho Chi Minh City.

Fig 4. Vietnam – Retail sales of goods & consumer services and growth (VNDtn, %YoY)



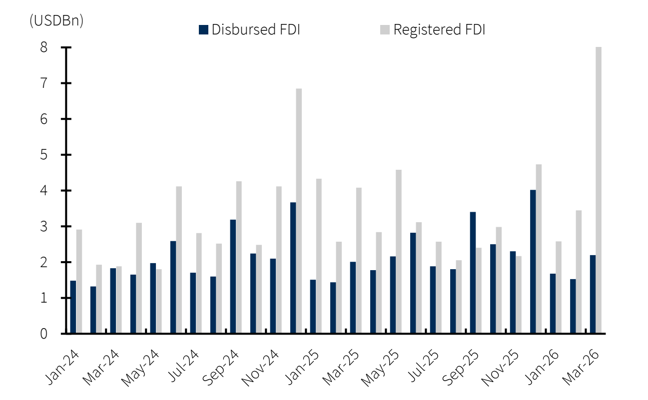
Source: General Statistics Office of Vietnam, KB Securities Vietnam

Fig 5. Vietnam – Breakdown of retail sales growth (%)



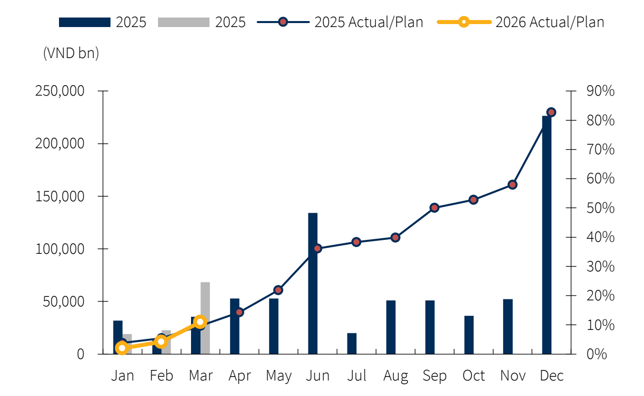
Source: General Statistics Office of Vietnam, KB Securities Vietnam
Travel service revenue grew 324% YoY / 3,831% YoY / 231% YoY in 2Q/3Q/4Q22, respectively.

Fig 6. Vietnam – Realized vs. Disbursed FDI (USDbn)



Source: General Statistics Office of Vietnam, KB Securities Vietnam

Fig 7. Vietnam – Monthly public investment disbursement rate in 2025–2026 (%)



Source: Ministry of Finance, KB Securities Vietnam

From the supply side, the industrial and construction sector, as well as the services sector, continued their growth momentum.

The services sectored witnessed impressive growth

The services sector recorded growth of 8.18% in 1Q26, contributing 50.32% to overall GDP growth. This strong performance was driven by robust consumption demand during the Lunar New Year holiday, buoyant domestic tourism activity, and a continued recovery in international visitor arrivals, which reached 6.76 million (+12.4% YoY).

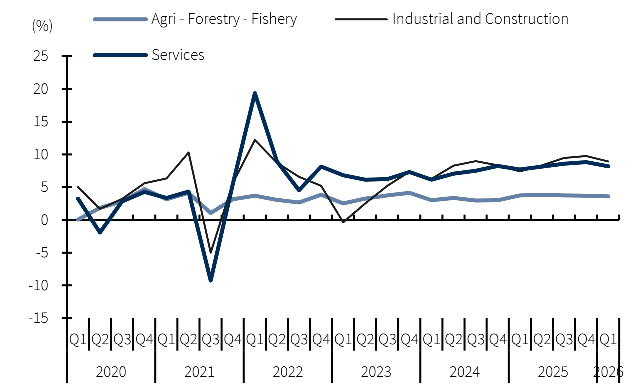
The industrial and construction sector continued strong growth

The industrial and construction sector continued to perform strongly in 1Q26, with industrial value added rising by 9.01%, contributing 38.34% to overall economic growth. Within the sector, manufacturing remained the key driver, expanding by 9.73% YoY, while the construction segment grew by 5.74% YoY.

The agriculture, forestry and fisheries sector maintained growth, supporting domestic demand and exports

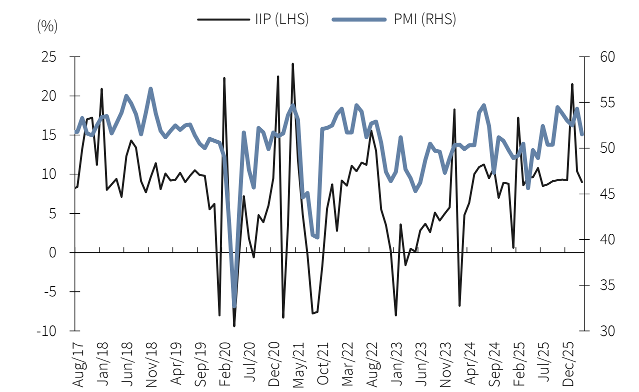
The agriculture, forestry and fisheries sector grew by 3.36% in 1Q26, contributing 4.01% to overall GDP growth. The sector maintained stable growth, supported by steady performance in perennial crops, a continued recovery in pig farming, and strong growth in aquaculture output driven by the application of science and technology.

Fig 8. Vietnam – GDP growth by sector in 1Q22–1Q26 (%)



Source: General Statistics Office of Vietnam, KB Securities Vietnam

Fig 9. Vietnam – Monthly IIP, PMI in 2022–2025 (%, point)



Source: General Statistics Office of Vietnam, KB Securities Vietnam

2. 2026F GDP growth

We project Vietnam's GDP growth at 7.5-8% for 2026

We forecast Vietnam's GDP growth in 2026 at 7.5-8.0%, around 1 percentage point below our previous projection. The revision is mainly driven by the sharp increase in global oil prices, which has intensified cost-push inflationary pressures and partially constrained the room for monetary easing. Nevertheless, we expect these negative impacts to be mitigated by continued acceleration in public investment and the use of the Fuel Price Stabilization Fund to limit the pass-through of higher energy prices. In addition, a more constructive outlook for exports and FDI inflows is expected to provide further support, partially offsetting pressures from rising oil prices.

Under the bear-case scenario, where average oil prices stay elevated above USD100/barrel for an extended period, cost-push pressures would intensify significantly, feeding into domestic inflation and weighing on consumption, production, and investment. This would not only constrain policy easing space but also exert greater pressure on economic growth in 2026. Other risks include geopolitical tensions such as the Russia-Ukraine conflict and increasingly complex geopolitical developments in Asia.

Oil prices are likely to stay elevated through 2026, even as US-Iran tensions are expected to ease in 2H26

We lean toward a scenario in which US-Iran tensions show clearer signs of de-escalation in 2H26. However, global oil supply is likely to remain relatively tight over 2026-2027, given significant damage to energy infrastructure in the Middle East. In our base case, we forecast Brent to average USD85-95/barrel in 2026 (see 2Q26 Strategy Report). This corresponds to an estimated RON95 gasoline price of around VND22,100/liter, up 10.3% versus the 2025 average, and diesel (DO) price of VND29,800/liter, up 60% versus the 2025 average, assuming the Government maintains the current level of fuel price support.

The Vietnamese Government is expected to continue utilizing the Fuel Price Stabilization Fund to mitigate the impact of elevated energy prices on the economy

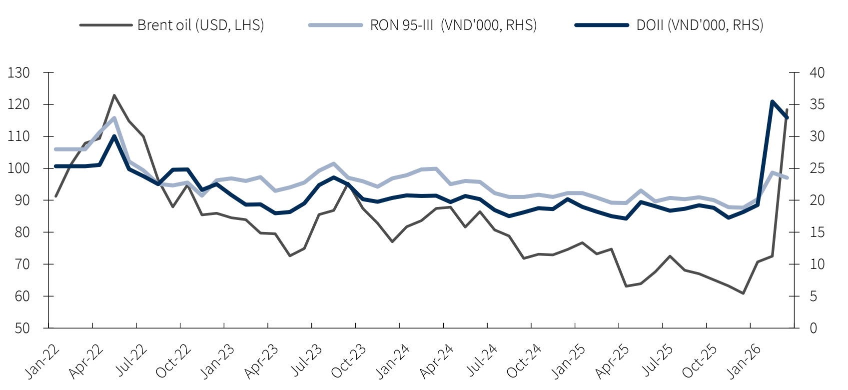
At the April 2026 National Assembly session, the Government maintained its 10% GDP growth target for 2026. Accordingly, in our base case, we expect continued use of the Fuel Price Stabilization Fund to cushion the economy against elevated energy prices.

Relative to regional peers, we assess that Vietnam retains relatively favorable fiscal space to support fuel price subsidies in 2026 (Table 10). In late March 2026, the Government added VND8,000 billion to the Fund (~USD304 million or 0.067% of 2025 GDP). The Ministry of Industry and Trade noted that, if the fund is depleted, additional budget allocations could be considered. However, this remains a short-term solution, prolonged absorption of high energy costs would place pressure on public finances.

Elevated pump prices are generating broad-based cost-push pressures, transmitted through (1) higher inflation via fuel and electricity costs feeding into transport, production, and food prices (see Section III), (2) weaker household consumption due to higher energy and food expenses and lower real income, (3) potential slowdown in private investment and FDI amid tighter financial conditions and higher uncertainty, and (4) reduced room for monetary easing. Therefore, in a scenario where subsidies are not provided and the economy fully absorbs 80-100% of global oil price increases, the impact would be material, significantly reducing the likelihood of achieving the Government's 10% growth target.

Brent crude oil prices have risen sharply, driving up domestic fuel prices in Vietnam, with RON95 gasoline increasing by 15% versus the 2025 average and diesel oil (DO II) rising by 40%, even after accounting for Government fuel price subsidies.

Fig 10. Vietnam RON95 III and DO II prices ('000 VND/liter) vs. Brent crude oil prices (USD/barrel)



Source: Bloomberg, Price Dancing, KB Securities Vietnam

Table 11. Asia – Estimated spending to offset energy price shocks across countries

	Net imports of oil and gas (% of 2024 GDP)	Government debt (% of 2025 GDP)	Fuel Price Stabilization Fund (Post-Feb 2026, USDmn)	Government fuel subsidies (% of 2025 GDP)
Laos	8	81	Limited fiscal space, no specific subsidy package	
Thailand	7	66	Fund in deficit of USD1,850 million	0.35
Cambodia	6	27	No specific subsidy package; only reductions in import duties/VAT	
Philippines	3	63	USD330 million (may be replenished)	0.07
Vietnam	2	33	USD304 million (may be replenished)	0.067
Indonesia	1	41	USD22,400 million (full-year 2026)	1.6
Malaysia	-1	65	USD992.56 million per month	2.82 If maintained at the announced monthly subsidy level
China	2	71	No specific subsidy package. However, thanks to ample reserves, domestic energy prices remained broadly stable	

Source: World Bank, KB Securities Vietnam

Public investment disbursement is expected to accelerate in 2026, as the institutional framework has been largely put in place

In 2026, Vietnam's economy is expected to face heightened external uncertainties, particularly risks of rising energy prices stemming from the US-Israel-Iran conflict. This underscores the role of public investment as a key growth driver, helping to partially offset the weakening of other growth engines.

Accordingly, we forecast public investment disbursement in 2026 to maintain solid momentum, with execution expected to reach 95% of the Prime Minister's target, equivalent to VND945,580 billion (+25% YoY). This outlook is supported by a stronger institutional foundation following administrative and regulatory reforms in 2025, as well as the commencement of several key national projects in late 2025 and early 2026, including Gia Binh Airport, the Lao Cai – Hanoi – Hai Phong high-speed railway, and metro lines in Hanoi and Ho Chi Minh City (Table 12).

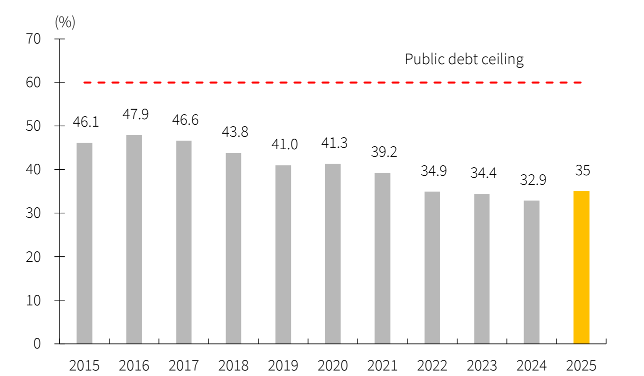
Over 2026-2030, the Government plans to allocate around VND8.51 quadrillion for development investment, 1.5 times higher than the 2021-2025 period, reflecting its strong commitment to scaling up public investment. Meanwhile, fiscal space remains relatively ample, with Vietnam's public debt-to-GDP ratio projected at around 36% by end-2025, well below the statutory ceiling of 60% set by the National Assembly (Figure 13).

Table 12. Vietnam – Key public investment projects

	Project	Total investment (USDbn)	Prior to 2025	2025	2026	2027	2028	2029	After 2030
Airport									
	Chu Lai International Airport	0.6							
	Gia Binh International Airport	5.4							
	Long Thanh International Airport (Phase 1)	4.7							
Railway									
	North-South High-Speed Railway	67.3							
		19							
	Metro Lines 3, 4, and 6	8.4							
	Lao Cai – Hanoi – Hai Phong Railway	2.5							
	Metro Line 5: Van Cao – Ngoc Khanh – Hoa Lac	2							
	Metro Line 2: Ben Thanh – Tham Luong	1.4							
Road									
	Hanoi Ring Road 5	6.5							
	12 component projects of the North-South Expressway	6.2							
	Ho Chi Minh City Ring Road 4	4.6							
	Hanoi Ring Road 4	3.7							
	Ho Chi Minh City Ring Road 3	3.2							
	Hanoi – Ha-Binh – Son La Expressway	2.5							
	Cao Bang – Bac Kan Expressway	2.5							
	Ca Mau – Dat Mui Expressway	2.2							
	Ha Tien – Rach Gia – Bac Lieu Expressway	2.1							
	Chau Doc – Can Tho – Soc Trang Expressway	1.7							
Seaport									
	Can Gio International Port	5.5							
	Lien Chieu Port, Da Nang	1.8							
	Cai Mep Logistics Center	0.5							
	Nam Do Son Port	1.1							

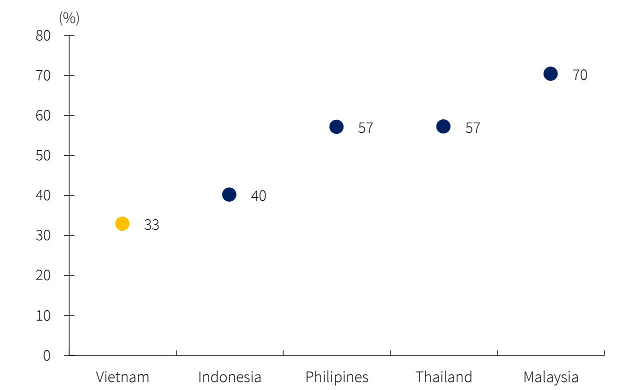
Source: KB Securities Vietnam

Fig 13. Vietnam – Government debt in 2015-2025 (%GDP)



Source: Bloomberg, KB Securities Vietnam

Fig 14. Asia – Government debt across countries in 2025 (%GDP)



Source: Bloomberg, KB Securities Vietnam

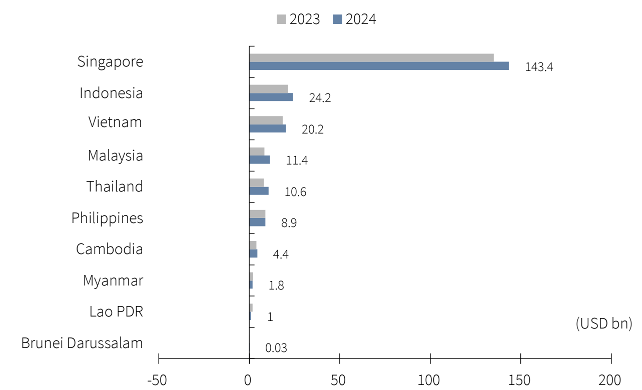
Vietnam is poised for a strong rebound in FDI inflows in 2026, underpinned by the high-tech investment cycle

In 1Q26, Vietnam recorded strong signs of a rebound in FDI inflows. Specifically, registered FDI rose by 44% YoY, while disbursed FDI hit USD5.41 billion (+9.5% YoY). Several major projects from Samsung, Foxconn, Meiko, Goertek, and Luxshare continued to expand their investments and deepen their presence in Vietnam. Notably, new inflows are no longer concentrated solely in manufacturing and assembly but are gradually shifting toward higher value-added sectors such as data centers, research and development (R&D), and printed circuit board (PCB) manufacturing (semiconductor-related) (Table 17).

Looking ahead to 2026, we expect a strong recovery in registered FDI alongside continued solid growth in disbursed FDI, primarily driven by the high-tech investment trend. We forecast registered and disbursed FDI to reach USD40.4 billion (+20% YoY) and USD30.4 billion (+10% YoY), respectively, supported by:

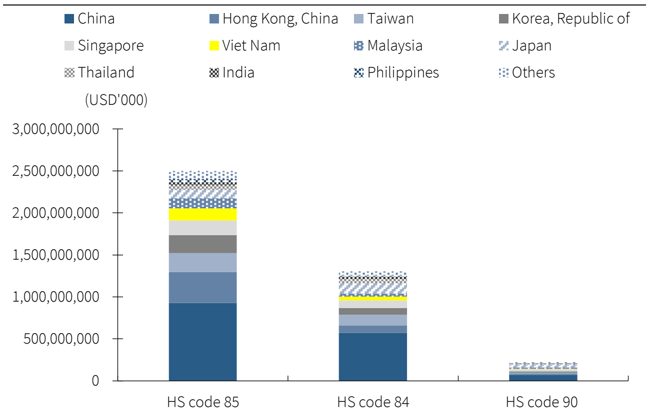
1) A global semiconductor supercycle driving capacity expansion worldwide. In this context, Vietnam is well positioned to attract investment into high-tech manufacturing, underpinned by the established presence of major global corporations such as Samsung, LG, Apple, and Intel.
2) Intensifying US-China tech rivalry and ongoing decoupling, prompting exporters to the US to accelerate supply chain diversification and shift production and orders out of China. This creates significant headroom for Vietnam to attract high-tech FDI, particularly in assembly, packaging, and testing (APT). This trend is already evident in continued investment expansion by companies such as Goertek, Luxshare, Foxconn, LG, Meiko, Intel, Marvell, and Amkor from late 2025 to early 2026.

Fig 15. Asia – Disbursed FDI in the manufacturing sector across countries (USDbn)



Source: ASEAN, KB Securities Vietnam

Fig 16. Asia – Electronics & ICT export value in 2024 across countries ('000 USD)



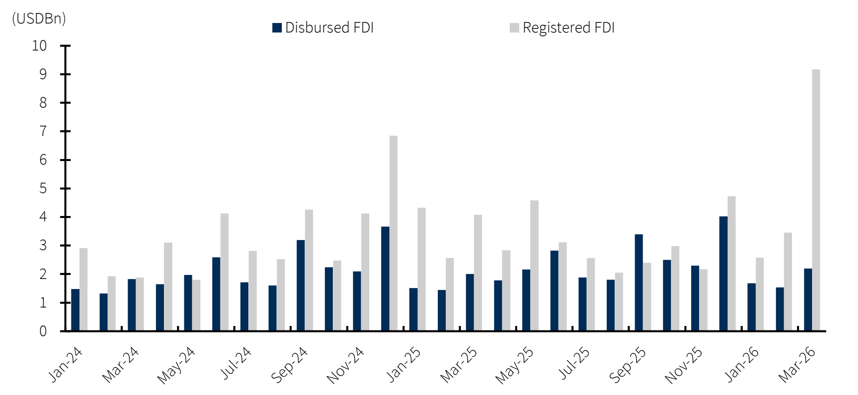
Source: International Trade Commission, KB Securities Vietnam

Table 17. Vietnam – Major FDI projects in late 2025–early 2026.

Year	Company/Consortium	Country	Project	Location	Capital size
2025	Qualcomm	United States	AI R&D Center	Hanoi, Ho Chi Minh City	Undisclosed
2025	SAP	Germany	SAP Labs Vietnam / R&D hub	Ho Chi Minh City	> EUR150 mn/ 5 years
2025	SkyeChip	Malaysia	Integrated circuit (IC) Design	Da Nang	Undisclosed
2025	IPTP Networks / AIDC DeCenter	Singapore	International AI Data Center	Da Nang	USD200 mn
2025	Victory Giant Technology	China	Semiconductors: High-tech Printed Circuit Board (PCB) Manufacturing	Bac Ninh	USD520 mn
2025	Green Precision Manufacturing Vietnam	China	Electronic Devices/Electronic Components, Semiconductors	Bac Ninh	Over USD120 mn
2025	BYD Electronics (Vietnam)	China	Electronic Devices/Electronic Components, Semiconductors	Phu Tho	Existing plant: USD366 million; additional capital undisclosed
2025	SHEMAR Power	China	Solar battery systems	Bac Ninh	Phase 1: USD90 mn Phase 2: USD100 mn
2025	Desay Group	China	Solar battery systems	Bac Ninh	Adding USD25 mn
2025	Hailide Fibers (Hong Kong)	Hong Kong (China)	Synthetic fibers	Tay Ninh	Adding USD200 mn, raising the total investment to USD335 mn
2025	Goertek Electronics Vietnam	China	Electronic Devices/Electronic Components, Semiconductors	Bac Giang	USD50 Mn
2025	Goertek	China	Supplementing capital for Multimedia Equipment Project	Bac Ninh	Adding USD130 mn
2026	Luxshare-ICT (Delayed since 2025)	China	Electronic Components, Scanners, Cameras, Wi-Fi Transmitters, Doorbells, Headphones	Nghe An	Adding USD358,5 mn, raising the total investment to USD208,5 mn
2026	Luxshare-ICT Van Trung	China	Addition of VR Equipment and Electronic Components Production Line	Bac Giang/Bac Ninh	Undisclosed
2026	AIC + KBC (Kinh Bac City Development) + Other partners	AIC, a foreign investor, partners with Vietnamese companies	AI Data Center	Tan Phu Trung Industrial Park, Ho Chi Minh City	USD2,1 bn
2026	Evolution Data Centres	Singapore	Data Center	Ho Chi Minh City High-Tech Park	USD500 mn
2026	G42 + FPT + VinaCapital + Viet Thai Group	UAE + Vietnam	Large-Scale AI Data Center Infrastructure	Ho Chi Minh City	USD2 bn
2026	Besi	Netherlands	Advanced Packaging/Production Facility	Not yet finalized	USD1 bn (under the master plan in Vietnam)
2026	Samsung Electronics	South Korea	Chip Testing and Packaging Plant	Undisclosed	Undisclosed Bloomberg suggests a potential USD4 bn
2026	Meiko Electronics	Japan	New Subsidiary for PCB Production	Phu Tho	USD50 mn
2026	G42 + FPT + VinaCapital + Viet Thai Group	UAE + Vietnam	Large-Scale AI Data Center Infrastructure	Ho Chi Minh City	USD2 bn
2026	Evolution Data Centres	Singapore	Hyperscale Data Center Campus	Ho Chi Minh City High-Tech Park	USD500 mn
2026	Foxconn	Taiwan	Electronic Devices/Electronic Components, Semiconductors	Bac Ninh	Adding USD287 mn
2026	Foxconn (Fulian Precision Technology Component)	Taiwan	Capital Supplement for Existing Facilities	Bac Ninh	Adding USD40 mn

Source: KB Securities Vietnam

Fig 18. Vietnam – Disbursed vs. Registered FDI in 2023–Mar 2026 (USDbn)



Source: General Statistics Office of Vietnam, KB Securities Vietnam

The government is working to strengthen Vietnam's position in the high-tech supply chain

To capitalize on the ongoing supply chain relocation wave and expand its role in high-tech value chains—particularly in semiconductors—the Vietnamese government is strengthening its strategic framework, priority areas, and incentive mechanisms. These efforts are reflected in Resolution 57-NQ/TW on semiconductor industry development, various financial support and innovation schemes, as well as the amended Law on High Technology, which is expected to take effect from July 1, 2026. This evolving framework is set to reinforce the legal foundation and investment incentives for Vietnam's next phase of accelerated development in high-tech, semiconductor, and power infrastructure (Table 19). In parallel, the government has outlined an ambitious roadmap for data center development, targeting an increase in total capacity from 104 MW in 2025 to 589 MW by 2030—equivalent to a 5.6x expansion and implying a CAGR of 41.4%.

At the same time, the Vietnamese government is actively promoting stronger linkages between domestic high-tech enterprises and global supply chains, particularly in semiconductors and AI, through a range of investment promotion policies and incentives (Table 19). Notably, Viettel has commenced construction of a semiconductor plant (27 ha) at Hoa Lac High-Tech Park, while FPT launched an advanced semiconductor testing and packaging plant (1.6 ha) in early 2026.

Table 19. Vietnam – The Government's policies to attract high-tech FDI

2025 policies	Contents	Key points	Effective date
Corporate Income Tax Law 2025	Exempting/reducing corporate income tax	- A 10% tax rate is applied for 30 years, with a maximum tax exemption of four years and a 50% reduction in tax payable for up to nine subsequent years. This applies to high-tech, R&D, strategic, and AI projects. - For projects not included in the priority list, the preferential tax rate is 15% for 15 years, with a maximum tax exemption of two years and a 50% reduction in tax payable for up to four subsequent years.	October 1, 2025
Decree 19/2025	Simplifying and shortening legal procedures	- The investment project licensing procedures will be simplified and accelerated. - The time for reviewing investment projects will be shortened.	January 15, 2025
Decree 239/2025	Relaxing legal requirements	- Investors who are delayed in receiving land, causing project implementation delays, will not have to go through the procedure of adjusting the investment project. - Investors can choose the Provincial People's Committee as the focal point for investment licensing procedures for projects located in the territory of two or more provinces. - The number of documents required will be decreased, and the investment licensing period will be shorter.	September 3, 2025
Decree 245/2025	Encouraging FDI enterprises to participate in the Vietnamese stock market	- The processing time for IPO listing procedures on the Vietnamese stock exchange will be shortened to 30 days.	September 11, 2025
Decree 57/2024	Breakthroughs in science, technology, and innovation development	- The investment should reach 2% of GDP for research and development (R&D) spending by 2030. - Proposed/designed income for innovation centers will be tax-exempt for a maximum of four years and a 50% reduction in tax payable for a maximum of nine subsequent years. - Organizations and individuals conducting scientific research and technological development will be exempt from civil liability when causing damage to the State. - In the 2025-2026 period, commercial banks will allocate approximately 100 trillion VND (about 20% of the Program's scale).	December 22/2024
Incentive loan package of VND500,000 billion (disbursement from 2025 - 2026)	Credit program for investment in electricity, transportation, and strategic technology infrastructure	- In the 2025-2026 period, commercial banks will allocate approximately VND100 trillion (about 20% of the Program's scale). - In the 2027-2030 period, based on the progress and credit capital needs of the projects, the remaining capital will be allocated.	2025 - 2030
Draft			
Golden visa	Attracting foreign investment and high-quality human resources	- The policy should attract investment and high-quality human resources from abroad by granting long-term residency rights (or settlement rights) to foreign experts and investors.	2026
Decree on land lease fees	Exempting/cutting industrial park rents	- AI, data center, high-tech, and semiconductor projects will be exempted from land rent for 15-22 years. - The decree should cut land rent (30%) for some other priority projects.	2026
High-tech law	Encouraging and increasing incentives to attract high-tech industries to invest in Vietnam	- The law will allow funds up to 100% of the cost of implementing scientific and technological tasks and innovation in the form of state-funded and commissioned partnerships, and public-private partnerships. - Businesses may be considered for funding, financial support, and loans from the National Fund. - Tax incentives: Individuals conducting high-tech research and development activities are exempt from income tax; preferential corporate income tax rate of 10% is applied for a period of 25 years, with a maximum tax exemption of four years and a 50% reduction in tax payable for a maximum of nine subsequent years. - The law should grant exemption from import tax for machinery, equipment, spare parts, specialized materials, documents, and scientific books and journals used directly for high-tech research and development activities. - Incentives and support for human resources: The State provides up to 100% of the training and professional development costs for individuals conducting research at the High-Tech Research and Development Center. - The interest rate subsidy for high-tech application and commercialization projects is determined at 70% of the lending interest rate.	July 1, /2026

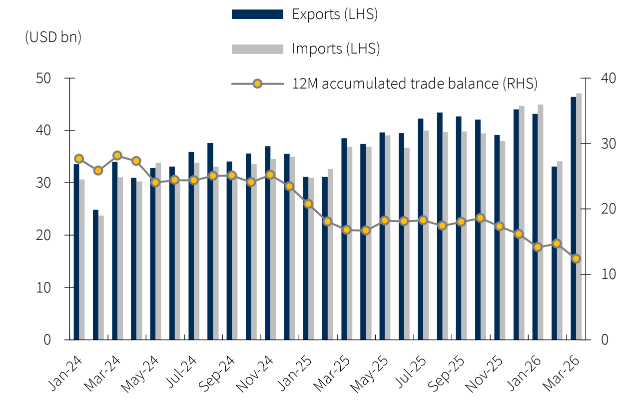
Source: KB Securities Vietnam

Exports are projected to grow 10% YoY in 2026, driven by the FDI sector

We expect the high-tech supercycle, together with ongoing expansion by major technology firms in Vietnam, to drive export growth in the medium term. Under our base-case scenario, assuming US-Iran tensions gradually ease in the latter part of 2Q26, KBSV maintains a constructive outlook for Vietnam's export prospects. Accordingly, total export turnover in 2026 is projected to reach ~USD522 billion (+10% YoY), supported by key export markets and driven largely by high-tech products such as computers, mobile phones, and electrical and electronic equipment.

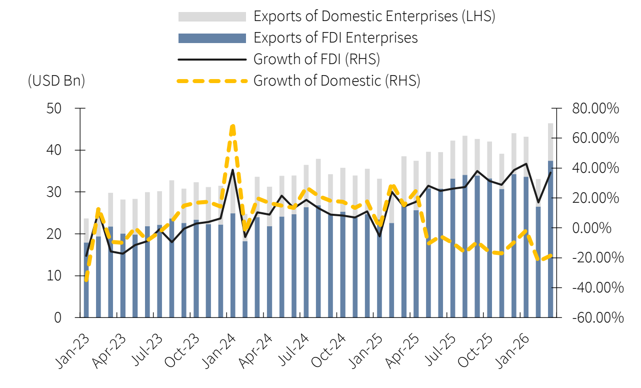
However, export growth in 2026 is expected to remain largely driven by the FDI sector, while domestic sector exports are unlikely to see a meaningful recovery. This reflects continued weak global demand and elevated tariff risks affecting traditional export categories such as agricultural products, textiles, and wood products, which remain highly dependent on imported inputs.

Fig 20. Vietnam – Exports-Imports in 2024-Mar 2026 (USDbn)



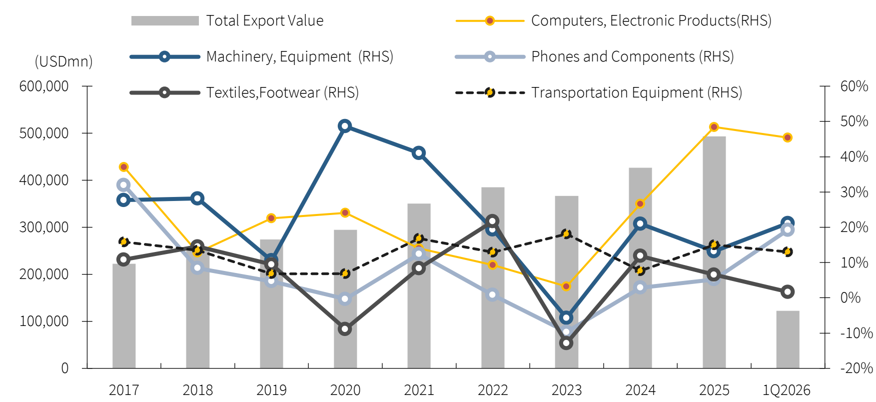
Source: General Statistics Office of Vietnam, KB Securities Vietnam

Fig 21. Vietnam – Export value and growth of domestic and FDI enterprises in 2023-Mar 2026 (USDbn, %)



Source: General Statistics Office of Vietnam, KB Securities Vietnam

Fig 22. Vietnam – Export growth by sector in 2017-1Q26 (%)



Source: General Statistics Office of Vietnam, KB Securities Vietnam

III. Inflation

1. 1Q26 inflation

1Q26 inflation was kept under the Government's ceiling

In March 2026, CPI surged to 4.65% YoY alongside spiking energy prices triggered by the conflict in the Strait of Hormuz (Brent oil price +84% YTD). Consequently, the transportation group increased by 12.85% YoY, raising headline CPI in March by 1.28ppts. Headline CPI in 1Q26 gained 3.51% YoY, and core inflation increased by 3.63% YoY, driven by:

(1) The price index of the housing, electricity, water, fuel and construction materials group rose 5.69% YoY, increasing headline CPI by 1.29ppts. In particular, the price index of housing maintenance materials soared 12.26% YoY amid higher prices of construction materials and demand for housing construction and maintenance. Housing rents inched up 6.55% YoY; and household electricity prices advanced 5.55% YoY.

(2) The price index of food and food services grew 4.55% YoY mainly due to higher demand during Tet holiday, raising headline CPI by 1.63ppts.

(3) The price index of education rose 3.21% YoY, bringing headline CPI up by 0.19ppts as a number of schools adjusted their tuition fees in the 2025-2026 school year.

2. 2026F inflation

We raised our forecast for 2026 inflation given high energy prices

In our base scenario, we expect Vietnam's headline inflation in 2026 to increase 4.8% YoY (Table 26), exceeding the Government's inflation limit (4.5%). However, this level is acceptable and does not exert significant pressure on macroeconomic stability. Therefore, we expect the Government to consider raising the inflation ceiling to 5% to achieve the 10% GDP growth target. Our higher CPI forecast was based on the prolonged high energy prices in 2026, directly pushing up the costs of the transportation and housing/construction materials groups. Furthermore, state-regulated goods and services such as education, healthcare, and utilities are likely to be adjusted more cautiously, in line with the priority of macroeconomic stability and inflation control.

Regarding risks, we note the uncertainty tied to oil prices and conflicts in the Middle East. In the negative scenario, with an average oil price forecast of USD100/barrel in 2026, we estimate Vietnam's average inflation in 2026 at 5.4% (Table 27), weighing on macroeconomic stability. Furthermore, high inflationary pressure will also narrow policy flexibility, particularly the ability to maintain low interest rates to support growth.

Rising energy prices put direct pressure on the transportation sector

As mentioned in our *Stock Market Outlook 2Q26* report, we believe global oil supply is likely to remain tight during 2026-2027, even if the Middle East tensions ease in the next one or two months. Based on this, Brent prices are expected to remain high around USD85-95 per barrel in the base case.

Assuming the government continues to use the Fuel Price Stabilization Fund to mitigate the ripple effect from energy prices on the economy, we forecast the average domestic pump prices in 2026 for RON95-III and DO 0.05S-II diesel will be VND22,100/liter and VND29,800/liter respectively, representing increases of 10.3% YoY and 60% YoY. This development will first directly hit the transportation sector, with an estimated 11% YoY increase in transportation prices in 2026, increasing headline CPI by 1.1ppts.

The housing and construction materials sector is most clearly affected by the energy shock

Rising energy prices will raise transportation and raw material costs, thereby pushing up the overall price level of construction materials. According to data from the Ministry of Construction, in March 2026, construction material prices increased sharply compared to the previous month, with cement gaining 7%, steel +2%, and paving bricks +5%. Sand, stone, and bricks saw even stronger rallies, ranging from 13.5% to 23.3%. Asphalt was the most affected item, surging 32%.

Corresponding to the above developments, the Ministry of Construction estimates that the construction costs of projects have increased from 1.91% to 8.09%, with transportation projects being the most affected with an increase of 8.09%. Technical infrastructure, housing, and industrial projects recorded lower increases at around 2%. In the base case, we estimate that the housing, electricity, water, fuel, and construction materials group could advance 7.5% YoY in 2026, thereby contributing about 1.4ppts to the headline CPI.

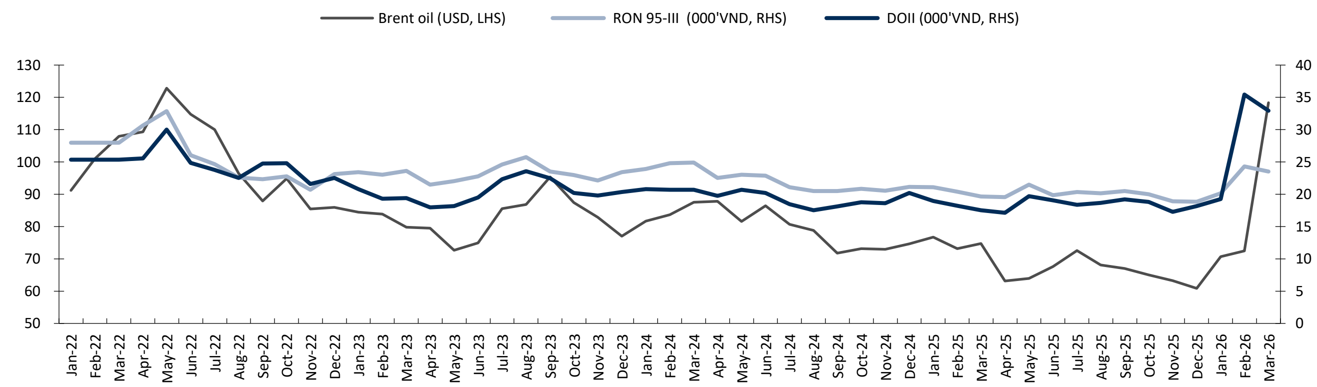
Food prices are forecast to remain stable or post modest gains

The geopolitical tensions in the Middle East have not yet sent a direct shock to the flow of domestic food trade, but it could still put upward pressure on rice prices in upcoming harvests due to higher costs related to fertilizers and logistics. However, thanks to the projected strong increase in supply from both domestic and international markets, we expect the impact from increased input costs to be partially offset.

Regarding rice prices, we expect the average domestic rice price in 2026 to increase slightly by 2-3% YoY, with the increase in input costs expected to be partially undermined by more supply. According to the Vietnam Food Association, as of April 14, 2026, domestic rice prices showed a sideways trend, while the export price of rice 5% broken recorded USD372-376/ton (-6% YoY, +2% YTD due to increased logistics costs). In addition, the Ministry of Agriculture and Environment forecasts domestic rice output in 2026 may reach 45.6 million tons (+4.7% YoY). Regarding global supply, according to FAO on April 3, 2026, global rice production for the 2025/26 crop year is projected to reach 563.3 million tons, a 2.0% YoY increase and a record high.

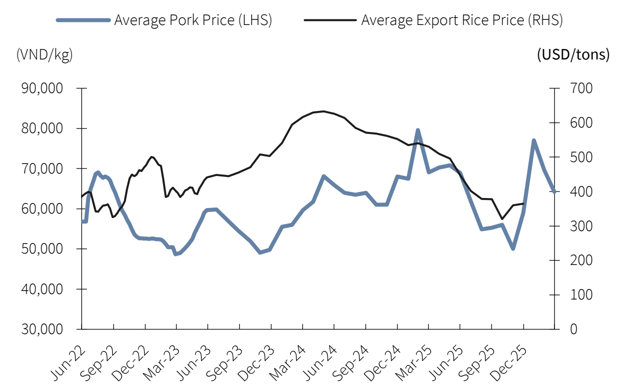
Regarding pork prices, we believe that live hog prices in 2Q26 will mostly remain stable or only increase slightly at around VND65,000/kg – VND70,000/kg, given the continued recovery of domestic supply. According to the General Statistics Office, the total pig herd nationwide grew 2.9% YoY by the end of March 2026, and the Ministry of Agriculture and Environment stated that the current pig herd size was approximately 31 million heads (+3% YoY).

Fig 23. Global, Vietnam – Brent crude & domestic oil and gas prices (USD, VND thousand)



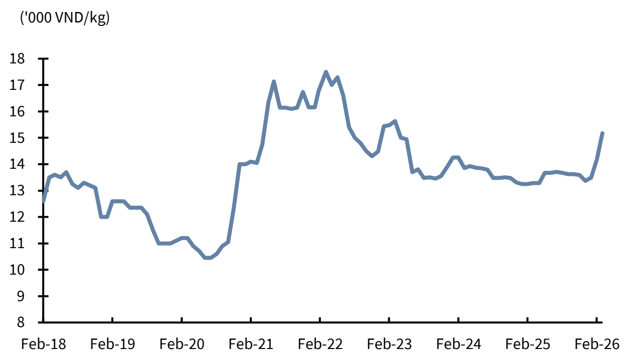
Source: Bloomberg, KB Securities Vietnam

Fig 24. Vietnam – 5% broken rice export prices, domestic liveweight hog prices (VND/kg)



Source: Bloomberg, KB Securities Vietnam

Fig 25. Vietnam – Domestic steel rebar prices (VND thousand/kg)



Source: Animal Husbandry Association, FiinPro, KB Securities Vietnam

Table 26. Vietnam – CPI Forecast in the base case (Average Brent price in 2026 at USD85-95/barrel)

	Groups	Weight (%)	+/- (% YoY)	Contribution to overall CPI (%)
1	Food and catering services			
	Food	3.67	3.0	0.1
	Foodstuff	21.28	5.0	1.1
	Catering services	8.61	5.0	0.4
2	Beverages and tobacco	2.73	3.0	0.1
3	Clothing, hats, and footwear	5.7	1.0	0.1
4	Housing, electricity, water, fuel and construction materials	18.82	7.5	1.4
5	Household appliances and equipment	6.74	2.0	0.1
6	Pharmaceutical and healthcare services	5.39	1.0	0.1
7	Transport	9.67	11.0	1.1
8	Post and telecommunications	3.14	-0.3	(0.0)
9	Education	6.17	3.2	0.2
10	Culture, entertainment, and tourism	4.55	1.8	0.1
11	Other goods and services	3.53	3.7	0.1
Total				**4.8**

Source: Bloomberg, KB Securities Vietnam

Table 27. Vietnam – CPI Forecast – Bear-case Scenario (Average Brent price in 2026 at USD100/barrel)

	Groups	Weight (%)	+/- (% YoY)	Contribution to overall CPI (%)
1	Food and catering services			
	Food	3.67	1.5	0.1
	Foodstuff	21.28	4.0	0.9
	Catering services	8.61	2.0	0.2
2	Beverages and tobacco	2.73	3.0	0.1
3	Clothing, hats, and footwear	5.7	1.0	0.1
4	Housing, electricity, water, fuel and construction materials	18.82	9.0	1.7
5	Household appliances and equipment	6.74	2.0	0.1
6	Pharmaceutical and healthcare services	5.39	1.0	0.1
7	Transport	9.67	20.0	1.9
8	Post and telecommunications	3.14	-0.3	(0.0)
9	Education	6.17	3.2	0.2
10	Culture, entertainment, and tourism	4.55	1.0	0.0
11	Other goods and services	3.53	3.7	0.1
Total				**5.4**

Source: Bloomberg, KB Securities Vietnam

IV. USD/VND exchange rate

1. 1Q26 USD/VND exchange rate

The USD/VND exchange rate is under pressure from the US-Iran war

The cooling of the USD/VND exchange rate from the end of last year continued in the first half of 1Q26 (interbank exchange rate dropped 1.6% YTD) thanks to (1) increased demand for VND before the Lunar New Year holiday, (2) remittances flowing into the country, and (3) the DXY falling to around 96-97 points. The possibility of foreign exchange intervention from the Fed to support the JPY and statements by President Donald Trump regarding tax policy triggered USD sell-offs.

However, the situation quickly reversed when geopolitical tensions in the Middle East occurred at the end of February, triggering risk-averse sentiment and causing capital to flee into safe assets such as the USD and US Treasury bonds, thereby sending the DXY higher to 99-100 points. At the same time, the sharp rise in oil prices weighed on US inflation, reducing the Fed's room for monetary policy easing, thereby putting pressure on the USD/VND exchange rate. From the time the conflict broke out until the end of the first quarter, the interbank and central USD/VND exchange rates recorded increases of VND282 and VND58 respectively.

However, compared to the high comparative base from the end of 2025, 1Q interbank exchange rate grew by a mere of 0.1% YTD, recorded at VND26,340/USD, while the central exchange rate came in at VND25,102/USD (-0.1%YTD). The State Bank of Vietnam (SBV) intervened and kept interbank interest rates at a high level (through continuous net withdrawals via the OMO channel in March) and conducting cancelled 180-day foreign exchange sales with a total foreign exchange reserve of over USD2 billion.

The unofficial exchange rate showed a similar trend

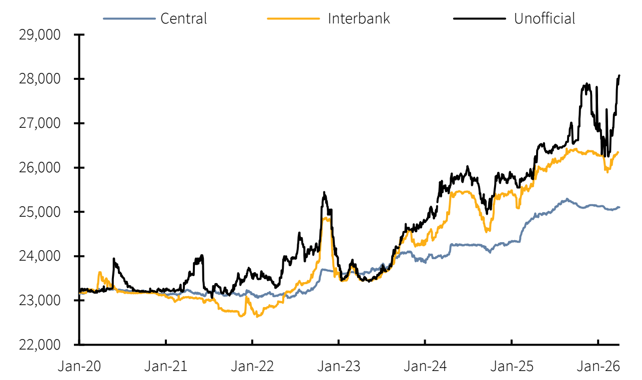
The unofficial exchange rate showed a similar trend, with stronger fluctuations due to its sensitivity to macroeconomic variables. The unofficial exchange rate reached historical peak during the last two trading sessions of 1Q, reaching VND28,080/USD (+4.7% YTD). Furthermore, the widening gap between domestic and international gold prices to VND20-30 million/ounce stimulated speculation and gold smuggling, directly pushing up the unofficial rate.

This situation is expected to gradually improve as the SBV's policies aimed at strengthening control over the gold market gradually permeate gold trading and business activities. Besides Decree 232/2025/ND-CP (effective from October 10, 2025) aiming to eliminate the state monopoly on gold bar production and expand gold imports, Decree 340/2025/ND-CP (effective from February 9, 2026) has added penalty frameworks to tighten control over related violations. In addition, the establishment of a gold exchange is still being expedited to finalize the proposal and is expected to be piloted in 2026.

NEER and REER moved in the same direction

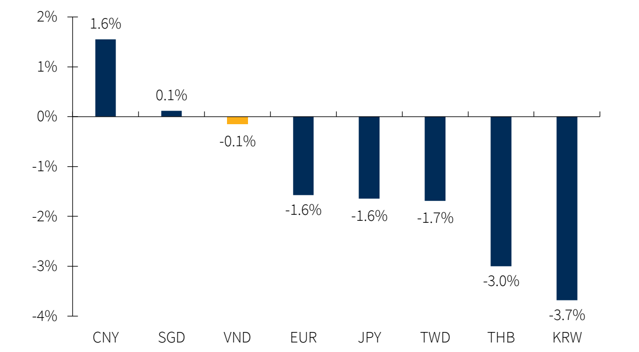
According to our calculation model, NEER is the multilateral nominal exchange rate measuring the value of the VND against a basket of eight reference currencies under the central exchange rate mechanism, and REER is the multilateral real exchange rate, an inflation-adjusted index relative to NEER. In 2Q26, the NEER recorded a slight uptrend (+1% YTD) after a sharp decline in 2025, reflecting less depreciation of the VND against its trading partners. The weakening of major counter currencies such as the EUR, JPY, and KRW stemmed from global economic concerns arising from US-Iran tensions. For the REER, the higher increase (+2.5% YTD) indicates that domestic inflationary pressure is exceeding the average of countries in the benchmark basket, thereby reducing the competitiveness of Vietnamese export goods.

Fig 28. Vietnam – USD/VND exchange rates (VND/USD)



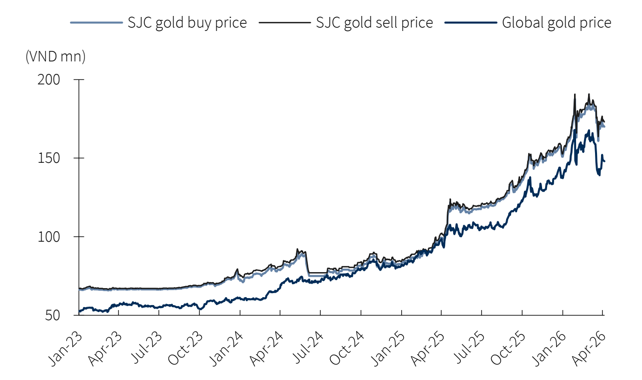
Source: Bloomberg, FiinGroup, KB Securities Vietnam

Fig 29. Global – Movements of major currencies against the USD (%)



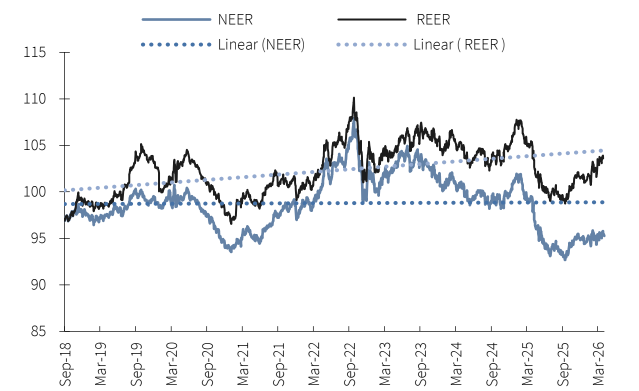
Source: Bloomberg, KB Securities Vietnam

Fig 30. Vietnam SJC gold prices vs. Global gold prices (VNDmn/tael)



Source: Bloomberg, KB Securities Vietnam

Fig 31. Vietnam – NEER, REER (point)



Source: Bloomberg, KB Securities Vietnam

2. 2026F USD/VND exchange rate

The DXY index may fluctuate and stay high before showing a clearer downtrend as the Iran war cools down

We believe the DXY index will remain in the high range of 97-102 points in the first half of 2Q26 as the Fed's policy easing space has narrowed considerably after escalating tensions in the Middle East. March 2026 data showed the US CPI reached 3.3%, growing 90bps from the previous month, clearly reflecting the strong impact of the current macroeconomic situation. At the same time, the position of the USD is strengthened by capital flows seeking safe-haven assets amidst complex war developments.

However, in the second half of 2Q26, although there may be some intermittent recovery periods, the DXY index is likely to be in a downward trend due to (1) the scenario of de-escalation of the war and the downtrend of oil prices and (2) expectations over another Fed rate cut while major central banks like the ECB and BOJ may move to an interest rate hike phase for the remainder of 2026.

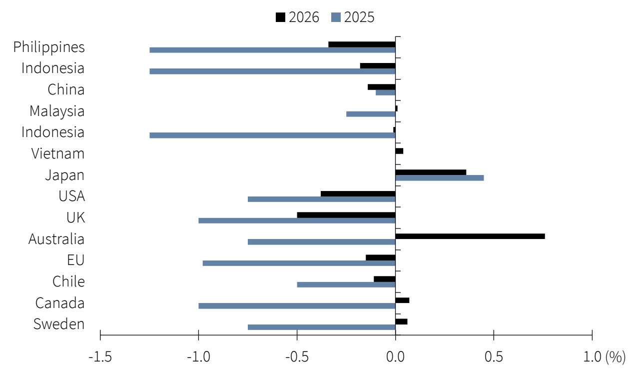
The USD/VND exchange rate is forecast to increase by 2.5-3% in 2026

In 2026, we forecast the USD/VND exchange rate to increase by 2.5-3%, lower than the 2025 increase (+3.5% YTD) as the exchange rate is supported by positive factors such as:

(1) The DXY index will tend to decline in the second half of 2026 as the war cools down (mentioned above).
(2) The VND-USD interest rate differential continues to remain positive, creating a natural barrier to speculation.
(3) The prospect of upgrading to a secondary emerging market in FTSE Russell's September 2026 stock market review will lure capital flows from international ETFs and active funds into the Vietnamese market, with the expected capital size ranging from USD3-9 billion.
(4) The recovery of FDI flows thanks to the wave of restructuring of global supply chains before the US-China trade tensions, especially the high-tech industry which is currently in the priority group for exemption from US tariffs.
(5) Timely intervention by the SBV through liquidity regulation, forward foreign exchange sales, foreign exchange swaps and other tools to stabilize the exchange rate.

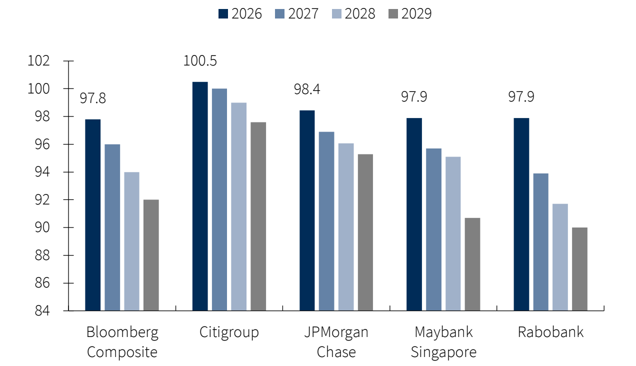
However, we believe that there are still risks that could put pressure on the USD/VND exchange rate, including (1) the forecast that gold prices may soon return to the peak of the beginning of the year (around USD5,200 - 5,400/ounce) along with increased domestic gold import demand and (2) the easing of the money supply by the SBV to lower interest rates and stimulate economic growth.

Fig 32. Global – Consensus forecast on interest rate cuts by major central banks



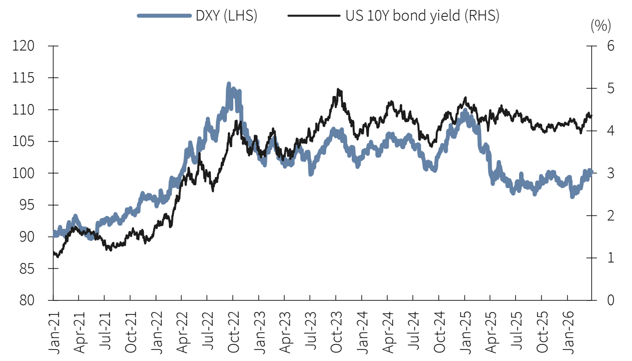
Source: Bloomberg, KB Securities Vietnam

Fig 33. Global – DXY consensus forecast



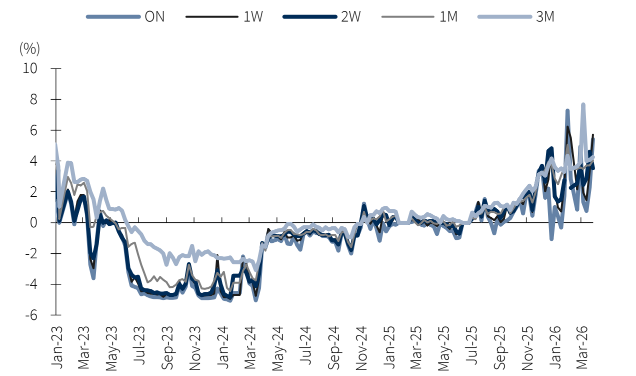
Source: Bloomberg, KB Securities Vietnam

Fig 34. US – 10Y bond yield & DXY



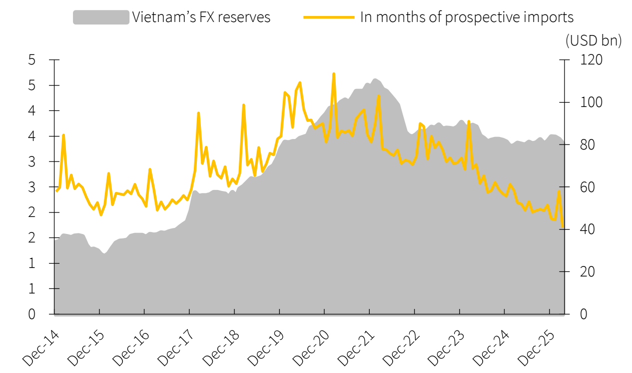
Source: World Bank, KB Securities Vietnam

Fig 35. Vietnam – VND-USD interbank interest rate gap (%)



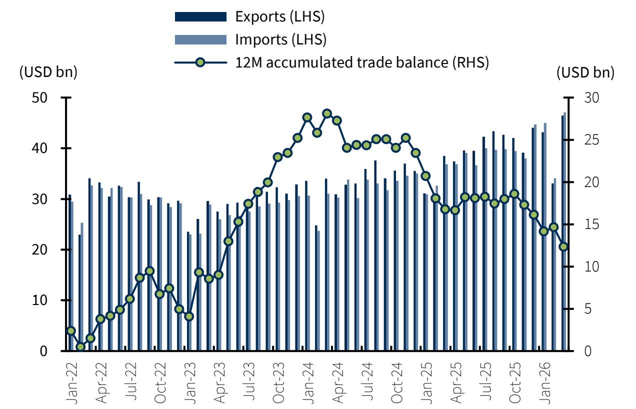
Source: General Statistics Office of Vietnam, KB Securities Vietnam

Fig 36. Vietnam – FX reserves (USDbn)



Source: World Bank, KB Securities Vietnam

Fig 37. Vietnam – Trade balance (USDbn)



Source: General Statistics Office of Vietnam, KB Securities Vietnam

V. Interest rates

1. 1Q26 interest rates

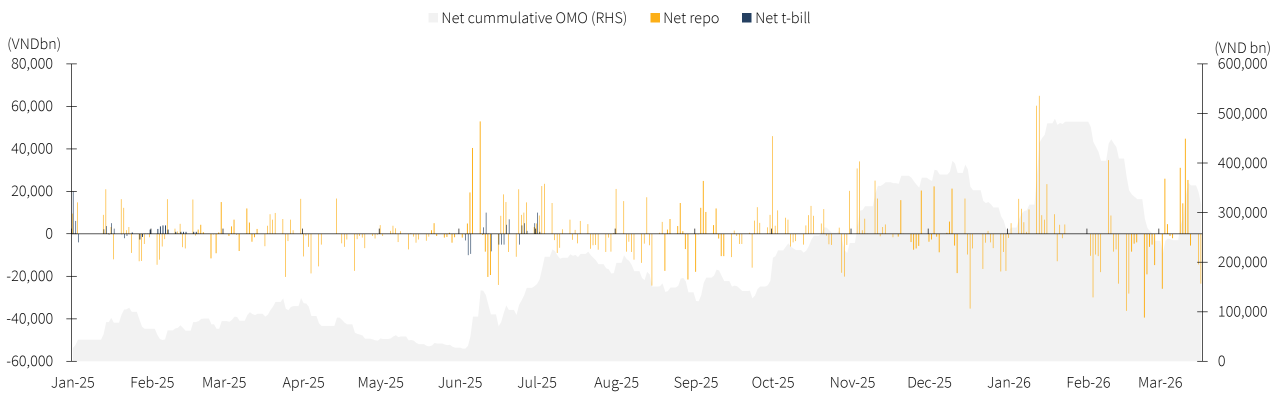
Localized liquidity shortages may occur at certain times during the first three months of 2026

1Q26 interest rates extended the increases from the previous quarter. After the banking system's liquidity shortage at the end of 4Q25 due to slow deposit growth, the pressure partly eased in 2026 thanks to improved public investment disbursement in the last few weeks of 2025, the rebound of FDI and remittances, and the cooling of the exchange rate, giving the SBV more room to loosen the money supply (the amount of outstanding OMOs at the end of January dropped to VMD240 trillion at times).

However, this state did not last long as the market still experienced localized tensions at certain times (especially before the Lunar New Year and at the beginning and end of March, when cash shortage caused interbank overnight interest rates to surge above 10%). There are two main reasons for this: (1) The demand for cash in circulation increased amid the impact of tax policies; and (2) a large amount of capital is tied up in the state budget as public investment disbursement shows signs of slowing down. In addition, the high demand for cash before Tet from people, or banks having to prepare cash to meet CAR at the end of the quarter also put pressure on system liquidity.

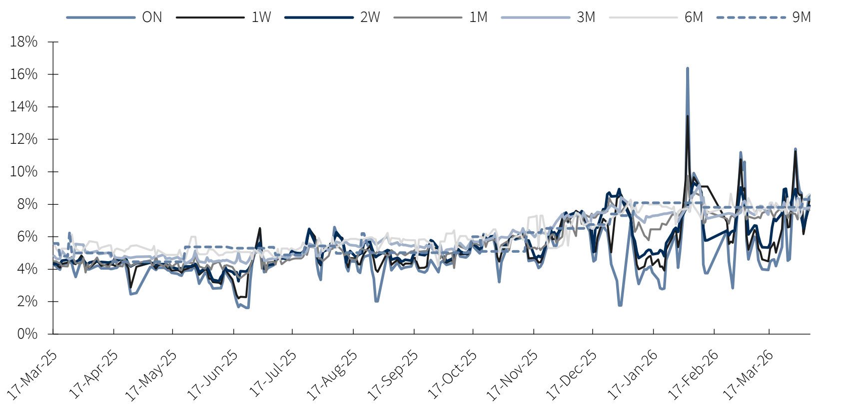
The coordinated injection and withdrawal through the OMO channel, combined with the use of foreign exchange swap operations by the SBV quickly helped to cool down interbank interest rates during these periods.

Fig 38. Vietnam – Open market operations (VNDbn)



Source: State Bank of Vietnam, KB Securities Vietnam

Fig 39. Vietnam – Interbank interest rates (%)



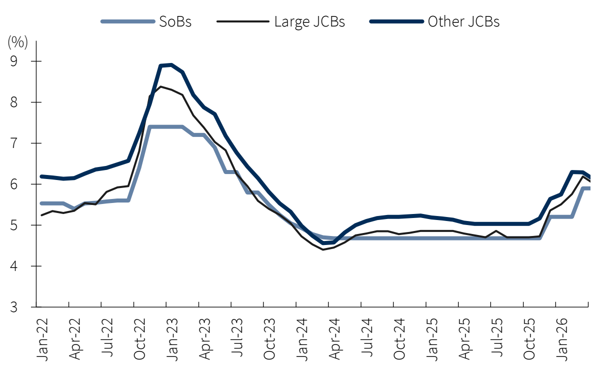
Source: State Bank of Vietnam, KB Securities Vietnam

Deposit interest rates on the interbank market continued the uptrend from 4Q25

Entering 1Q26, the deposit and lending interest rates of commercial banks extended their uptrend. The average 12M deposit interest rate of commercial banks increased by 71bps compared to the end of 2025, with state-owned banks making one adjustment of 70bps and large private commercial banks also recording an increase of approximately 100-110bps. The average medium and long-term lending interest rate of commercial banks as of the end of February 2026 also increased by 40bps compared to the average of December 2025, reaching 7.1-9.4% (according to the SBV).

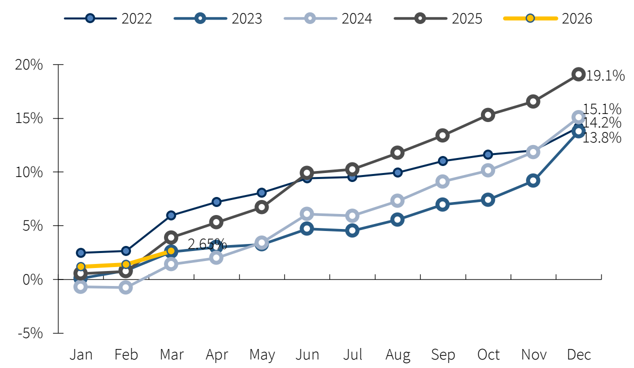
However, after the meeting between the SBV and commercial banks on monetary policy management held on the afternoon of April 9, 2026, with the goal of lowering interest rates to address the competition in capital mobilization and reduce real lending rates, many commercial banks have lowered their deposit interest rates. Accordingly, deposit interest rates of state-owned banks such as Vietcombank (VCB), VietinBank (CTG), and Agribank (AGR) recorded a decrease of 50bps for terms of 24 months or more. Private commercial banks such as Techcombank (TCB), Military Bank (MBB), VPBank (VPB), Southeast Asia Commercial Bank (SSB), and An Binh Commercial Bank (ABB), also took similar action, reducing deposit interest rates mainly for medium and long-term terms, with a decrease of about 30-50bps.

Fig 40. Vietnam – 12M deposit interest rates (%)



Source: Bloomberg, KB Securities Vietnam

Fig 41. Vietnam – Monthly credit growth in 2022-2025 (%)



Source: State Bank of Vietnam, KB Securities Vietnam

2. 2026F interest rates

Interest rates peaked at the beginning of 2Q, but a steeper fall is projected for 2H26

After the meeting on April 9, 2026, interest rates in 2Q are likely to see a slight decrease from their high levels after commercial banks agreed to cut deposit interest rates by 0.5-1% per year. Along with the Government signaling its readiness to support system liquidity (through OMO channels, foreign exchange swaps, and refinancing loans), interest rates are expected to peak in early 2Q and drop further in the second half of 2026.

In the short term, we believe that the downtrend in interest rates is not yet clear as liquidity shortage may continue in 2Q. The main reasons are:

(1) The trend of high credit growth exceeding deposit growth will not reverse in the short/medium term and will continue to put pressure on liquidity in 2Q (data shows that by the end of 1Q26, credit and deposit growth came in at 2.15% and 0.44% respectively. In absolute terms, by the end of September 2025, the difference has reached VND1.5 trillion). Besides, the net LDR of commercial banks remains high, and the LDR according to Circular 22 has almost reached the ceiling of 85%.

(2) The sentiment of holding and trading cash before changes in tax policy continues to make it difficult for banks to mobilize funds in 2Q. In addition, the disbursement of public investment is unlikely to increase sharply this quarter, which will also cause the treasury to continue to have a budget surplus. Both of these factors will narrow the flow of money back into the banking system.

(3) Complex developments in the Middle East have cast more shadows on inflation and exchange rates, leaving the SBV with little room to support liquidity for the system.

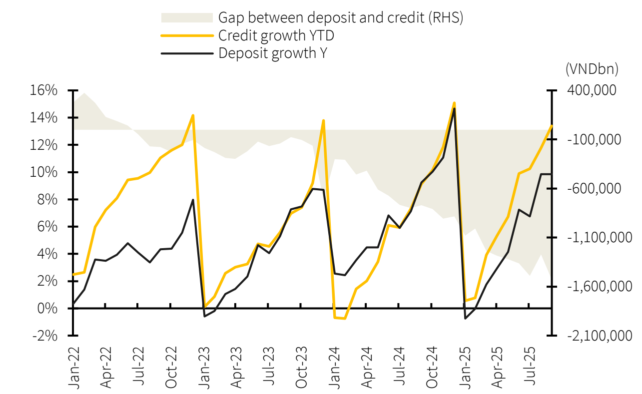
However, in 2H26, we expect the trend of cooling interest rates to be clearer, with an average reduction of about 0.5-1%/year compared to the current level thanks to: (1) abundant capital from strong disbursement of public investment capital flowing into the banking system; (2) the easing of the conflict in Iran relieves inflationary and exchange rate pressure, thereby helping the SBV to be more flexible in supporting liquidity for the banking system; and (3) many new policies will be launched in the second half of the year by the Government and the SBV to strive to achieve the 10% GDP growth target, including lowering interest rates.

Lending interest rates are expected to move in line with deposit interest rates

Following the meeting with the new Governor of the SBV, lending interest rates have only seen a decrease of 50-100bps at a few commercial banks such as AGR, Nam A Commercial Bank (NAB), and SSB. However, this decrease is mainly temporary and does not reflect a simultaneous adjustment across the entire system.

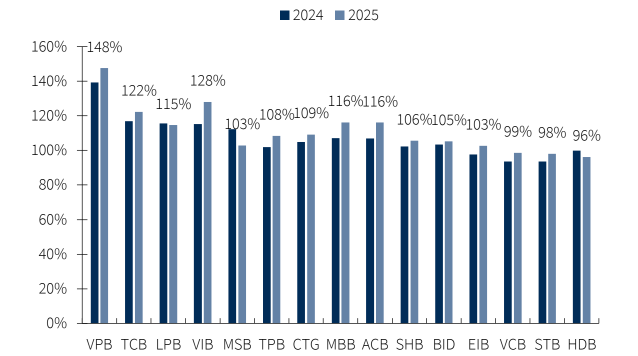
In general, we believe that lending interest rates will remain stable at the current level in 2Q mainly due to the continued high input interest rates, while banks' NIMs are currently low compared to previous years, and the risk of increased NPLs still exists. For 2H26, lending interest rates should see bigger cuts, mirroring the decrease in deposit interest rates, in order to support economic growth. Notably, this downtrend is likely to be selective, prioritizing key sectors such as exports and industrial production.

Fig 42. Vietnam – Credit & deposit growth in 2022–2025 (%)



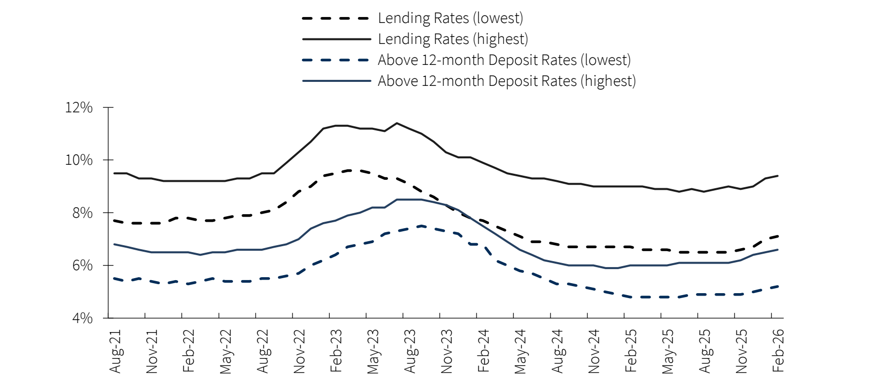
Source: State Bank of Vietnam, KB Securities Vietnam

Fig 43. Vietnam – LDR of commercial banks (%)



Source: Company reports, KB Securities Vietnam

Fig 44. Vietnam – Average medium and long-term deposit and lending interest rates (%)



Source: FiinPro, KB Securities Vietnam

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Investment ratings & definitions

Investment Ratings for Stocks
(Based on the expectation of price gains over the next 6 months)

Buy:	Neutral:	Sell:
+15% or more	+15% to -15%	-15% or more

Investment Ratings for Sectors
(Based on the assessment of sector prospects over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market