Macro Outlook 4Q25

Led by homegrown drivers

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KBSV gives some key forecasts on Vietnam's economy in 2025 as follows:
We revised the GDP growth forecast for 2025 up to 8.0% (compared to the previous projection of 7.6-7.8%) with the expectation that the Government will continue bolstering homegrown drivers, especially public investment, consumption stimulation, and private business support. Meanwhile, external drivers, with major focus on export activities, are expected to maintain stable growth in 4Q25.
The biggest risk to Vietnam's economy at present is the uncertainty about the 40% tax rate on “transshipped” goods, which may exert effects from 2026.

Our headline inflation forecast remained at 4% for the whole of 2025, under the 4.5% cap set by the Government. Despite the impacts from exchange rate pressure, electricity price adjustments in May 2025, and expected food price increases (pork, vegetable prices, and the like) in the last quarter of 2025, inflation is poised to be well controlled as the prices of foodstuff (rice), gasoline, and other commodities are forecast to drop or stay flat.

We believe that the State Bank of Vietnam (SBV) can curb the VND depreciation under 4% by selling foreign exchange reserves forward and maintaining high interbank interest rates to keep the USD-VND interest rate differential positive. In addition, there are some supportive factors ahead of the 2025-end, including (1) the weaker USD given the Fed rate cut roadmap and (2) more foreign currency supply on the domestic market thanks to accelerated exports and more remittances at the end of 4Q25.

System liquidity is no longer abundant due to credit outpacing mobilization, while exchange rate pressure persists. We believe that the deposit interest rate level may post modest gains. Joint-stock commercial banks are projected to raise deposit interest rates by 20-30bps for terms ranging 6-12 months, while the group of state-owned banks will maintain stable interest rates mainly for administrative purposes. Lending interest rates may witness slight increases in 4Q but still within an acceptable range so as not to reverse the trend of loosening monetary policy.

Contents

I. Executive summary 3

II. GDP growth 4

1. 9M25 GDP growth 4
2. 2025F GDP growth 7

III. Inflation 13

1. 9M25 inflation 13
2. 2025F inflation 13

IV. USD/VND exchange rate 16

1. 9M25 USD/VND exchange rate 16
2. 2025F USD/VND exchange rate 18

V. Interest rates 19

1. 9M25 interest rates 19
2. 2025F interest rates 21

I. Executive Summary

9M25 GDP grew by 7.85% from the 2024 same period, approaching the full-year target of 8% GDP growth set by the Government. The positive growth was attributable to all three sectors, agriculture, forestry and fishery; industrial production – construction; and services.

We raised the GDP growth forecast for 2025 to 8.0% (vs 7.6-7.8% in the previous report), expecting that the Government will focus on promoting domestic growth drivers through easing fiscal and monetary policies. Meanwhile, external drivers, especially export activities, should maintain stable growth in 4Q25.

Table 1. Vietnam – Key macroeconomic indicators

		KBSV forecasts			
	Unit	January 2025	April 2025	July 2025	October 2025
GDP growth	% YoY	7.00	6.00	7.60 - 7.80	7.8 - 8.0
Average CPI	% YoY	4.00	4.00	4.00	4.00
Credit growth	% YTD	16	16	18-20	18-20
Average 12M deposit interest rate	%/year	5.38	5.5-6	5.5-6	5.8-6.2
USD/VND exchange rate	VND	26,000	26,500	26,500	26,500

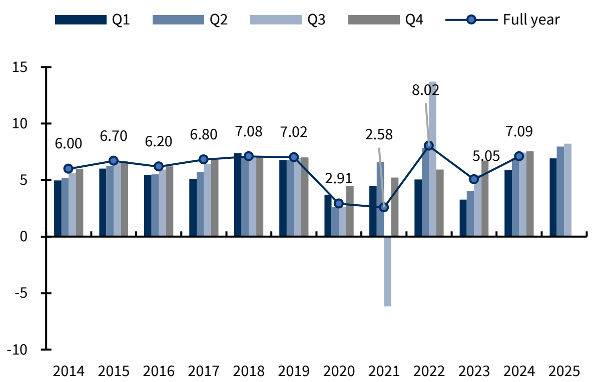
Source: KB Securities Vietnam

II. GDP growth

1. 9M25 GDP growth

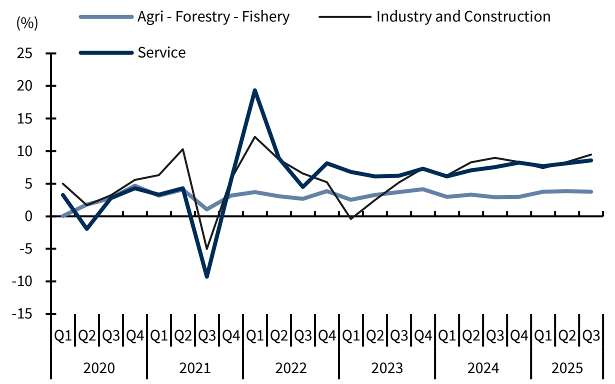
GDP grew 8.23% YoY in 3Q25 alone and 7.85% YoY in 9M25, only lower than the growth rate of 9.44% in 9M22 in the period 2011–2025. The growth was contributed by all three sectors: agriculture, forestry and fishery; industrial production – construction; and services.

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 and investment maintained a positive trend in 3Q25.

Consumption continues to recover

The rebound in spending during the National Day holiday and strong domestic tourism demand in 3Q boosted total retail sales. Total retail sales of goods and consumer services in 3Q are estimated at VND1,759.1 trillion (+2.6% QoQ/10.1% YoY). The relevant figure in 9M25 hit VND5,176.0 trillion, increasing 9.5% YoY.

Investment capital recorded healthy growth thanks to the momentum from FDI capital flows while the disbursement of public investment slowed down

Total social investment capital reached VND1,100.1 trillion in 3Q (+13.3% YoY) and VND2,701.8 trillion in 9M25 (+11.6%).

FDI disbursement in Vietnam recorded impressive speed thanks to projects registered before the Trade war 2.0. In 3Q, disbursed FDI came in at USD7.08 billion (+4.7% QoQ/+8.9% YoY). However, registered FDI capital witnessed a steep fall, recording USD7.02 billion (–33% QoQ/ –26.8% YoY), reflecting concerns over the trade war. In 9M25, registered and disbursed FDI respectively touched USD28.5 billion (+15.2%) and USD18.8 billion (+8.5%).

The disbursement rate of public investment in 3Q25 has decelerated compared to the previous quarter and the same period last year. According to the Ministry of Finance, the disbursement of planned capital in 2025 came in at VND121,829 billion (-49% QoQ/ -34% YoY), which could be explained by:

(1) The switch to two-tier local government

The local government experienced significant changes from July 1, 2025, switching from three tiers (province, district, and commune) to two tiers (province and commune). This has posed temporary difficulties in the operation and staff arrangement for infrastructure investment projects. The lack of accountants also made many units unable to open accounts at the State Treasury.

(2) Unpredictable weather

In 3Q25, Vietnam suffered from many typhoons, including four consecutive ones in September. Of that, storm No. 10 caused great damage to the country.

(3) Capital allocation

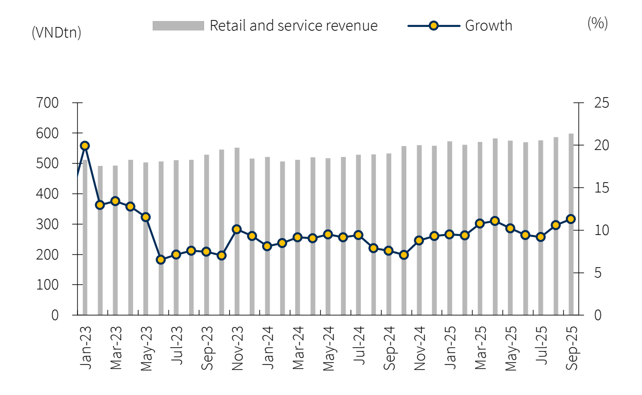
Some projects have been completed, but the capital used is less than the total investment, so they need more time to take procedures to transfer the rest of allocated capital to other projects.

For example, the North-South expressway projects in the East (VND3,000 billion in investment capital) has been completed, and it is completing procedures to transfer the unused capital to the Lao Cai - Hanoi - Hai Phong railway project. The Ministry of Finance expected that after the additional capital is completed, the disbursement speed of this railway project will be accelerated, helping to improve the overall disbursement rate for the Ministry of Construction.

(4) Some other issues

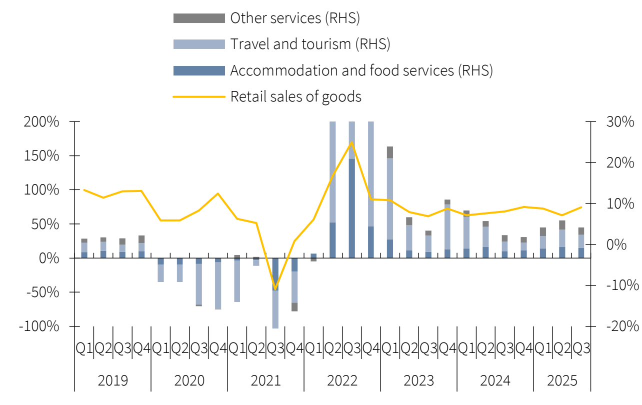
Some persisted issues are related to legal procedures, calculating land prices according to the new Land Law, and site clearance work.

Fig 4. Vietnam – Retail sales of goods & services (VNDtn)



Source: General Statistics Office, KB Securities Vietnam

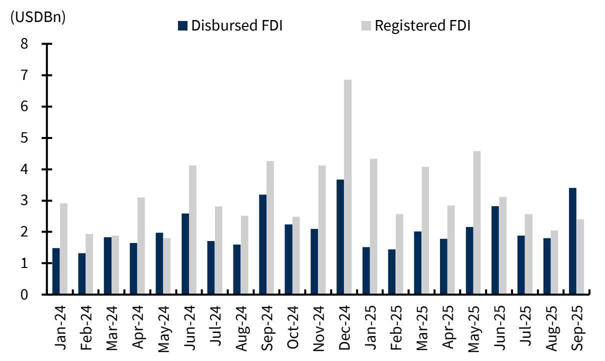
Fig 5. Vietnam – Retail sales of goods & services breakdown



Source: General Statistics Office, KB Securities Vietnam

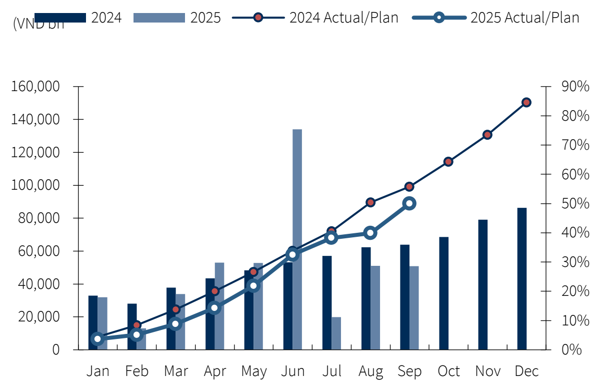
** Note: Travel service revenue growth in 2Q/3Q/4Q 2022 is 324% YoY/3,831% YoY/231% YoY respectively*

Fig 6. Vietnam – Total FDI inflows (USDbn)



Source: General Statistics Office, KB Securities Vietnam

Fig 7. Vietnam – Disbursement of public capital (VNDbn, %)



Source: Ministry of Finance, KB Securities Vietnam

From the supply side, the industrial production, construction and service sectors maintained growth momentum.

Service sector achieved impressive growth

The service sector rose 8.56% YoY in 3Q, contributing 48.55% to the total added value of the entire economy. In 9M25, it recorded a growth rate of 8.49%, contributing 51.59%. The increase in consumer and travel demand during the National Day holiday and the sharp increase in the number of foreign visitors have boosted trade and service activities, strongly bolstering the growth of this sector. In 9M25, the foreign tourist arrivals reached 15.1 million, an increase of 21.5% YoY.

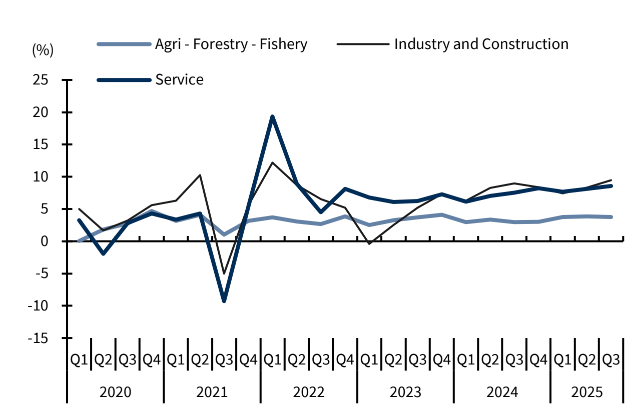
The industrial production and construction sector maintained strong growth

The industrial production and construction sector continued to thrive in 3Q with the total industrial value increasing by 9.46%, contributing 46.41% to the overall growth of the economy. In 9M25, the sector posted 8.69% growth, contributing 43.05%. Of that, the processing and manufacturing industry maintained its leading role with an increase of 9.92% YoY, and the construction industry grew 9.33% YoY.

The agriculture, forestry and fishery sector growth met domestic and export consumption

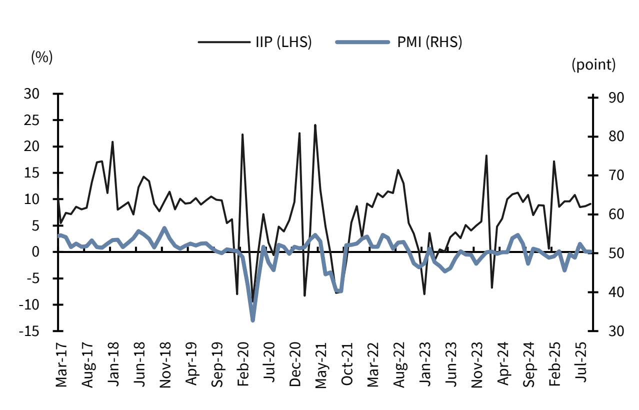
The agriculture, forestry and fishery sector gained 3.74% in 3Q, adding 5.04% to the total added value of the entire economy. In 9M25, it recorded 3.83% growth, contributing 5.36%.

Fig 8. Vietnam – GDP growth across sectors (%)



Source: General Statistics Office of Vietnam, KB Securities Vietnam

Fig 9. Vietnam – IIP & PMI (%)



Source: General Statistics Office of Vietnam, KB Securities Vietnam

2. 2025F GDP growth

KBSV raised GDP growth forecast for 2025 to 8.0%

We revised the GDP growth forecast for 2025 up to 8.0% (compared to the previous projection of 7.6-7.8%) with the expectation that the Government will continue to focus on bolstering homegrown drivers, especially public investment, consumption stimulation, and private business support. Meanwhile, external drivers, especially export activities, are expected to temporarily maintain a stable growth in 4Q25.

The biggest risk to Vietnam's economy at present is the uncertainty about the 40% tax rate on "transshipped" goods, which may exert effects from 2026. In addition, global geopolitical risks should also be noted, especially the tensions between Russia vs Ukraine and Israel vs Iran, which could trigger fluctuations in energy prices, logistics costs, and global capital flows.

Obstacles from the government apparatus should be removed to accelerate large public projects

We believe the main factors leading to the slow disbursement of public investment capital in 3Q25 are mostly objective reasons related to changes in the local government apparatus and unpredictable weather as mentioned above.

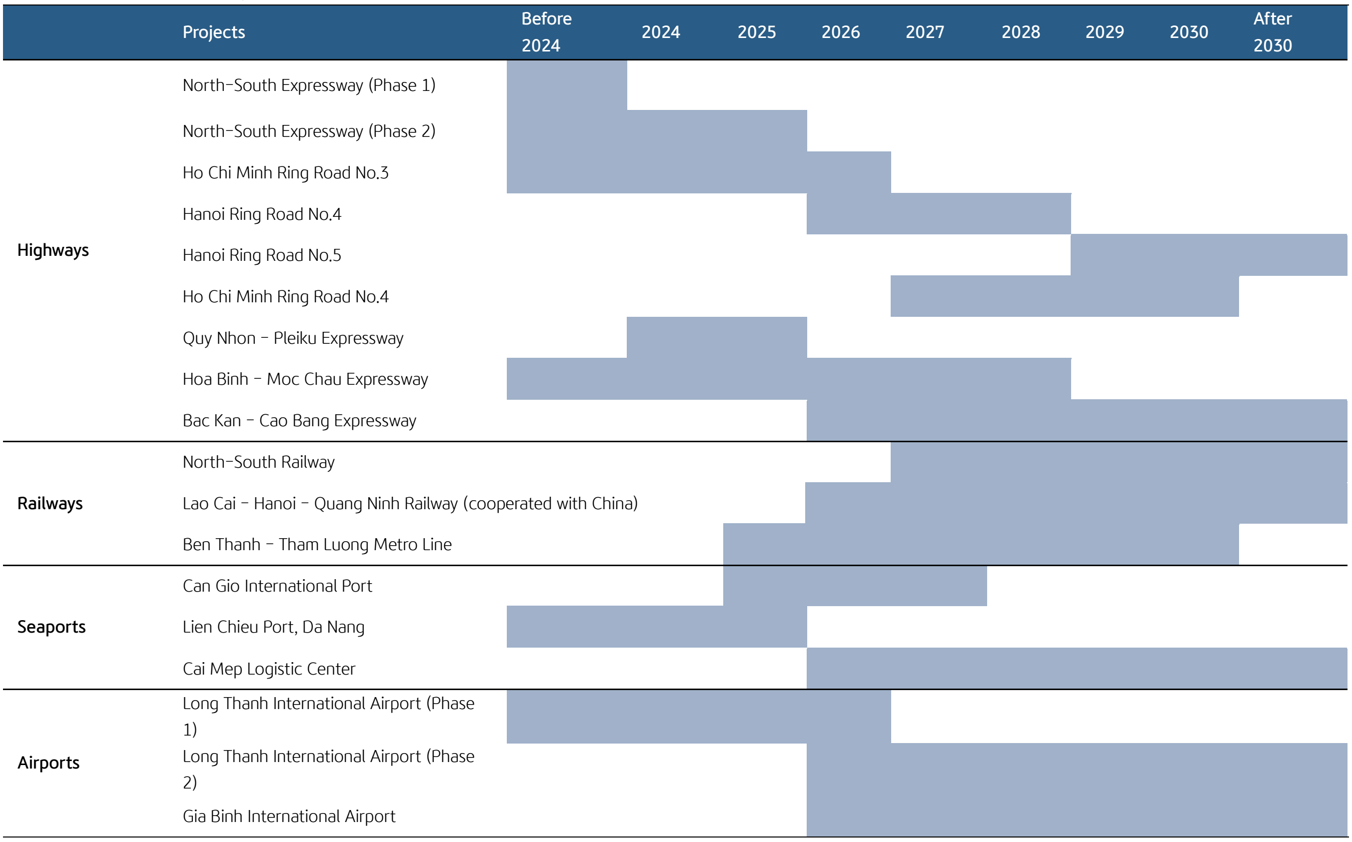
However, we hope that public investment disbursement should be accelerated again in 4Q to return as the key economic driver for the whole year of 2025. KBSV forecasts the disbursement rate for full year will reach 75-80% of the Prime Minister's plan, equivalent to about VND640 trillion in disbursed capital, based on the following assumptions:

(1) The biggest obstacles related to the restructuring of the state apparatus should be removed with the government's efforts.

(2) The peak of the rainy and stormy season in Vietnam (July – October) has passed, creating favorable conditions for the implementation of construction work.

(3) A number of key projects in the 2026 – 2030 period have entered the disbursement phase:
- Lao Cai – Hanoi – Hai Phong highway project (VND203,231 billion): The site clearance progress is being ramped up for construction in December 2025.
- Gia Binh Airport (VND195,124 billion): Construction started in August 2025, the construction of connecting roads and site clearance are being ramped up.
- Other projects like Long Thanh International Airport, North-South Expressway Phase 2, metro lines in Hanoi and Ho Chi Minh City are also speeding up.

Table 10. Vietnam – Key public investment projects



Source: KB Securities Vietnam

Consumption should be stimulated to boost economic growth

Consumption contributes about 60% to Vietnam's economic growth structure (according to World Bank). For the last quarter of the year, we expect consumption to record an 11-12% YoY growth, contributing 6.9ppts to GDP, given:

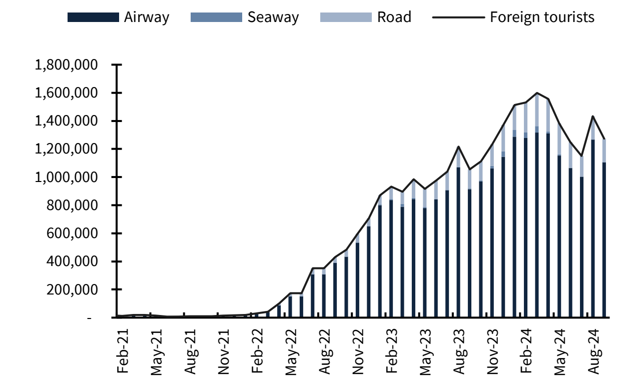
(1) Positive contribution from the service and tourism sector

9M25 foreign tourist traffic to Vietnam reached more than 15.4 million arrivals (+21.5% YoY), contributing VND 69.6 trillion (+20.5% YoY) to tourism revenue. We expect this trend to continue in the peak shopping, tourism and festival season in the last quarter of the year.

(2) **Increasing income while people's savings are at a high level**
According to World Bank estimates, Vietnam's average income per capita by 2Q25 reached VND8.2 million/month (+6.8% YoY). In addition, gross domestic savings also increased to 36.4% in 2024, compared to 32.8% in 2019. Therefore, we expect consumers to start increasing their spending as confidence is strengthened thanks to Vietnam's positive economic growth.

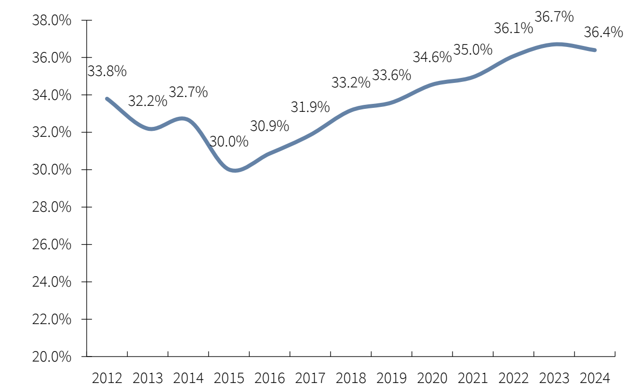
(3) **Spillover effects from the recovery of the housing/financial markets**
On the one hand, the "wealth effect" makes people increase spending when asset values increase. On the other hand, post-purchase expenses such as painting and furniture purchases may also surge. Statistics showed post-purchase expenses account for about 13.5% of the total input costs of commercial real estate properties.

Fig 11. Vietnam – Global tourist traffic (thousand tourists)



Source: General Statistics Office of Vietnam, KB Securities Vietnam

Fig 12. Vietnam – Saving rates over the years (%)



Source: General Statistics Office of Vietnam, KB Securities Vietnam

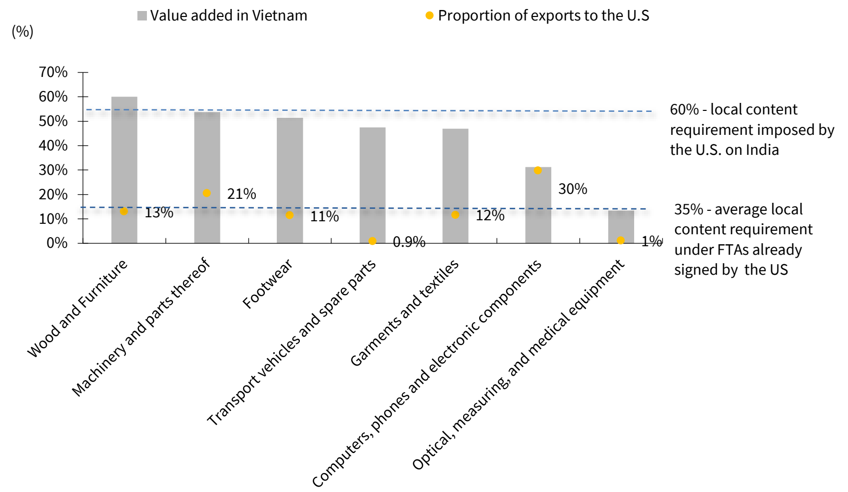
The risks from Trade war 2.0 may be pushed back to 2026

We note that the risk from the US 40% tax rate on transshipped goods remains uncertain and may hit the Vietnam economy. However, we believe that the deadline for the tariff imposition will be delayed until the end of 2025 because:

(1) **The deadline will be delayed to lower the impact on the US economy**. Currently, the average tariff into the US has increased to 16.3% by the end of August 2025, and the US PCE is forecast to go up 3.2% by the end of the year. According to the Fed's 2018 study, if the average tariff into the US increases by 5%, the GDP will decrease by 0.7%, and inflation will inch up 0.4%. Therefore, in the context of the US economy slowing down and the labor market weakening, we expect the US will postpone the 40% tax rate imposition to limit the adverse impacts on the economy.

(2) **Negotiations on the required localization rate between the US and its trading partners have not brought specific results**. The Trump administration has had negotiations on the rate with India and Thailand (the US requested a localization rate of around 60%). However, these negotiations have not reached an agreement.

Fig 13. Vietnam – Value added in total export turnover in 2024 (%)



Source: ITC, Vietnam Inter-sectoral balance sheet (GSO), OECD, KB Securities Vietnam

** Note: Estimated figures may be affected by differences between commodity statistics of organizations and the impact of error when estimating the proportion of imports used for domestic final consumption and for export.*

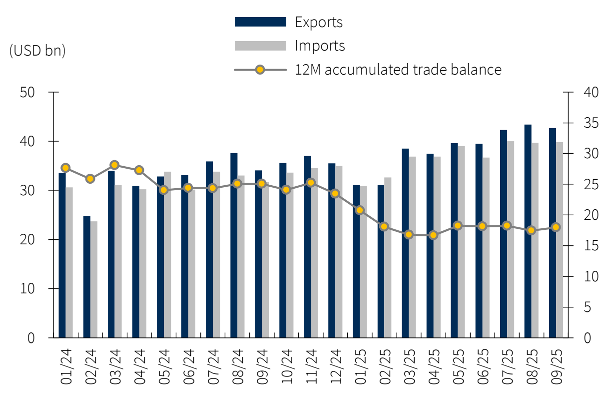
Exports will continue to benefit from the shift of orders in the short term

Despite the tariff risks, Vietnam's exports still recorded positive numbers in 3Q25. Total export turnover hit USD128.57 billion (+18.4% YoY), of which the contribution from the US market was VND41,880 billion (accounting for 33%, increasing 27% YoY). We believe this is partly due to the shift of orders from China to Vietnam. Apple has transferred a number of orders for products such as headphones, Ipad, and Macbook to Vietnam, India and Thailand.

In addition, according to statistics at the largest US seaports (Table 16), the total volume of imported goods through the port all recorded a decrease, with the import volume from China decreasing the most while orders to other alternative markets such as Vietnam, India and Thailand increasing.

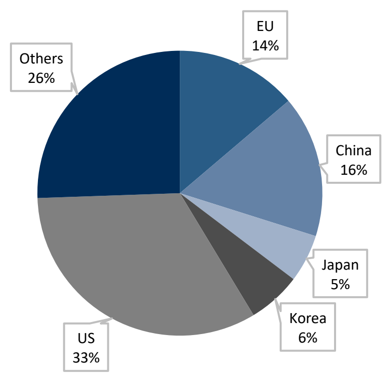
Therefore, we expect Vietnam's exports to the US in 4Q25 to be stable, while still benefiting from the shift of orders from China and the risk of tariffs on transshipped goods being delayed to 2026. For the whole year of 2025, we maintain our expectation that Vietnam's exports will grow by 15% YoY.

Fig 14 Vietnam – Export/import turnovers (USDbn)



Source: General Statistics Office of Vietnam, KB Securities Vietnam

Fig 15. Vietnam – Major export markets in 3Q25 (%)



Source: General Statistics Office of Vietnam, KB Securities Vietnam

Table 16. US – Total import volume at major seaports (TEU)

	Los Angeles Port		Long Beach Port		New York and New Jersey Port		Northwest Seaport Alliance	
Timeline (2025)	Total volume	% YoY	Total volume	% YoY	Total volume	% YoY	Total volume	% YoY
January	483,975	10%	484,874	43%	378,632	11%	108,343	35%
February	413,269	1%	383,067	12%	356,918	7%	104,652	28%
March	386,593	2%	397,775	25%	381,791	8%	109,900	18%
April	439,884	5%	437,196	16%	386,727	11%	105,370	-8%
May	356,364	-9%	314,540	-12%	382,217	-8%	81,642	-21%
June	470,598	10%	361,779	-17%	347,112	-5%	94,464	-27%
July	544,231	8%	481,554	7%	420,131	-1%	97,863	4%
August	504,971	-1%	455,325	-3%	416,009	5%	93,003	-5%
September	460,320	-8%	403,474	-6%	-	-	105,932	-22%

Source: KB Securities Vietnam

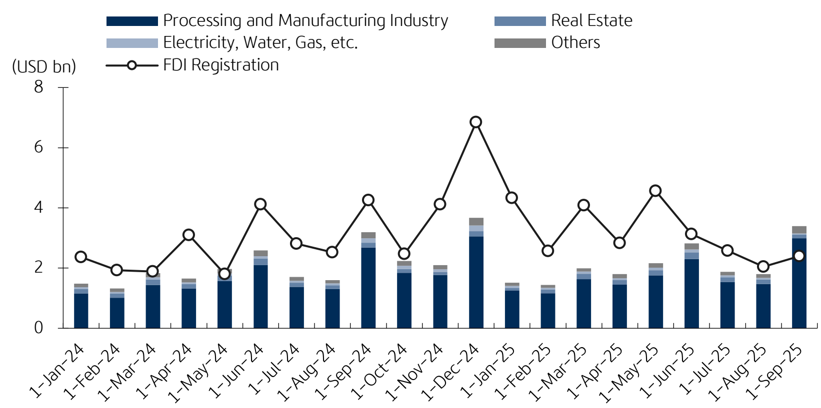
FDI inflows are likely to slow in the short term despite a positive long-term outlook

We maintain our cautious stance on the short-term outlook for FDI inflows in 4Q2025 and throughout 2026. Registered FDI capital has declined sharply since April 2025 (Figure 17), coinciding with the escalation of Trade War 2.0. Should this downward trend persist, disbursed FDI may lose momentum from late 2025 to early 2026, as the pipeline of new projects — the key driver of future disbursements — continues to contract. In addition, most export-oriented FDI projects targeting the US market have adopted a wait-and-see approach, pending Washington's final decision on the proposed 40% tariff on transshipment goods, before committing to further expansion.

In the longer term, however, we observe encouraging signals for Vietnam amid the current geopolitical uncertainty, particularly following Apple's latest strategic moves that reinforce confidence in Vietnam's FDI prospects. In October 2025, Apple announced plans to expand its manufacturing partnerships in Vietnam, positioning the country as a key production hub (according to Bloomberg). Notable developments include:

1) New product initiatives: Apple plans to develop smart home devices such as indoor security cameras, central control displays for home appliances, and desktop robots. The project will be executed in partnership with BYD in Vietnam, with commercial launches targeted for 2027.
2) Supplier expansion: Major Apple suppliers are ramping up local investment. Goertek plans to invest an additional USD130 million to expand its Bac Ninh facility during 2025-2027, while Decay Group intends to raise its total investment in Bac Ninh to over USD25 million

Fig 17. Vietnam – Disbursed FDI by sector and registered FDI (USDbn)



Source: Ministry of Planning and Investment, KB Securities Vietnam

III. Inflation

1. 9M25 inflation

In 3Q2025, headline CPI rose 3.27% YoY, mainly driven by higher prices in several key categories: pharmaceuticals and healthcare services (+12.69% YoY); Housing, water, electricity, gasoline, and construction materials (+6.98%); education (+3.13%); other goods and services (+2.93%); and food and food services (+2.52%).

Headline inflation grew 3.27% YoY in 9M2025, with core inflation up 3.19% YoY. Major contributors were:

1) The housing, water, electricity, gasoline, and construction materials group rose 6.14%, adding 1.16 percentage points (ppts) to overall CPI. Within this group, electricity prices surged 7.05% due to higher consumption demand and EVN's adjustments to the average retail electricity price on October 11, 2024, and May 10, 2025.
2) The food and food services group increased 3.30%, contributing 1.11pp to overall CPI.
3) The pharmaceuticals and healthcare services group jumped 13.48%, pushing CPI up by 0.73pp, following the price adjustment under Circular No. 21/2024/TT-BYT issued by the Ministry of Health on October 17, 2024.
4) The transportation group declined 2.9%, reducing overall CPI by 0.28pp, as fuel prices dropped 10.63%.

2. 2025F inflation

We maintain our projection for Vietnam's headline inflation in 2025 at 4.0% YoY, below the Government's 4.5% target

We maintain our forecast for Vietnam's headline inflation in 2025 at 4.0% YoY, staying below the Government's target cap of 4.5%. Despite upward pressures from exchange rate volatility, higher food prices (particularly pork and vegetables) in 4Q2025, and the electricity price adjustment in May 2025, inflation is expected to remain well-contained. This is supported by expectations of moderating or stable prices for key commodities such as rice and gasoline.

Oil prices should extend downtrend amid rising global inventories

According to the latest report from the International Energy Agency (IEA), global crude oil supply in September 2025 increased by 760 thousand barrels per day (bpd) to reach 108 million bpd, while demand grew at a slower pace, rising by 750 thousand bpd. Global oil inventories continued to climb by 17.7 million barrels in August 2025, reaching 7,909 million barrels — the highest level in four years. This has been the primary factor behind the continued downward trend in oil prices. The IEA projects that Brent crude prices will average USD64 per barrel in 4Q2025, USD2 lower than the agency's previous quarterly forecast.

Rice prices are expected to gain further

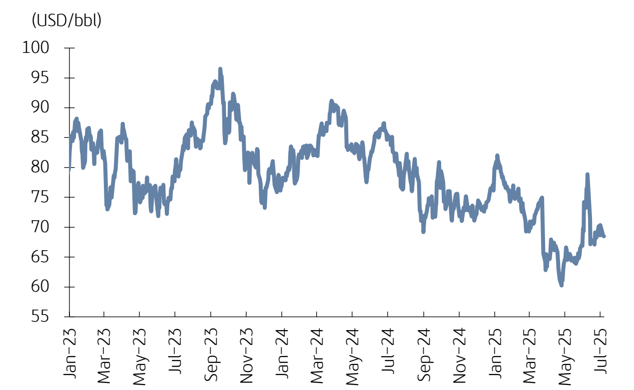
The average export price of rice continued its downward trend in 3Q2025, reaching USD373.6 per ton, down 31% YoY and 1.1% QoQ. Looking ahead to 4Q2025, we maintain our view that rice prices will remain on a declining trajectory, driven by: (1) weaker import demand from the Philippines—Vietnam's largest rice export market—which is expected to reduce total imports to below 4.5 million tons in 2025, compared to the USDA's earlier projection of 5.4 million tons; and (2) India's removal of its export ban on non-basmati white rice, which is likely to intensify downward pressure on global rice prices.

Food prices will likely return to an upward trend in 4Q2025

Live hog prices have come under pressure amid a sharp increase in supply, as many farmers were forced to sell early to mitigate losses from the worsening spread of African swine fever (ASF). As of October 22, 2025, the average price had declined to around VND52,000/kg, down 25.7% from the April peak, thereby significantly easing inflationary pressures during 2Q and 3Q2025. However, moving into 4Q2025, the market may face a potential supply shortfall, as strong sales in the previous quarter have depleted inventories, while herd restocking remains constrained by persistent ASF outbreaks. This could drive live hog prices back into an upward trajectory.

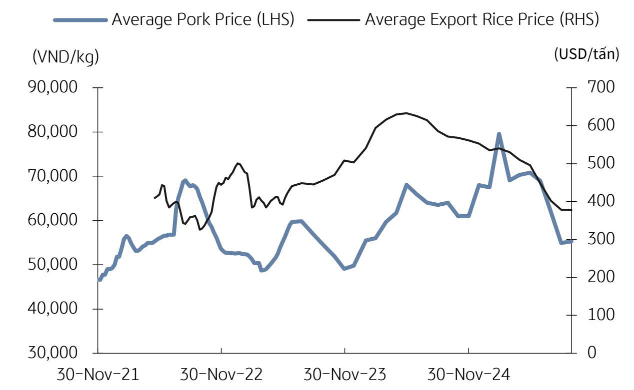
Moreover, with severe storms concentrated in 3Q in the North and expected to impact the Central and Southern regions in 4Q, prices of other food items—particularly vegetables and fruits—are projected to increase sharply in the final quarter of 2025.

Fig 18. Global – Brent crude oil prices (USD/barrel)



Source: Bloomberg, KB Securities Vietnam

Fig 19. Vietnam – Average live hog and export rice prices (VND/kg, USD/ton)



Source: General Statistics Office of Vietnam, KB Securities Vietnam

Table 20. Vietnam – 2025F headline CPI

	Groups	Weight (%)	+/- (% YoY)	Contribution to overall CPI (%)
1	Food and food services			
	Cereals	3.67	3.0	0.1
	Foodstuffs	21.28	5.0	1.1
	Food away from home	8.61	5.0	0.4
2	Beverages and tobacco	2.73	3.0	0.1
3	Clothing, hats, and footwear	5.7	3.0	0.2
4	Housing, water, electricity, gasoline, and construction materials	18.82	5.0	0.9
5	Household equipment and utensils	6.74	4.0	0.3
6	Pharmaceuticals and healthcare services	5.39	3.0	0.2
7	Transport	9.67	1.6	0.2
8	Post and telecommunications	3.14	1.0	0.0
9	Education	6.17	5.0	0.3
10	Culture, entertainment, and tourism	4.55	1.7	0.1
11	Others	3.53	5.0	0.2
Total				**4.0**

Source: KB Securities Vietnam

IV. USD/VND exchange rate

1. 9M25 USD/VND exchange rate

SBV interventions and the Fed's first rate cut helped stabilize the interbank exchange rate

The interbank exchange rate maintained its upward momentum in 3Q2025, extending the trend observed since the start of the year, albeit with occasional bouts of volatility. The interbank USD/VND rate at times reached 26,424 (+3.7% YTD), driven by: (1) capital outflows as foreign investors net sold on the stock market and FDI enterprises repatriated profits; (2) increased USD demand during the peak import season in 3Q; and (3) the SBV's accommodative monetary stance, which rendered the VND relatively less attractive.
In response to mounting foreign exchange pressures, the SBV intervened twice, selling a total of USD2.9 billion in August and October 2025. These actions temporarily alleviated exchange rate tensions by meeting elevated USD demand, particularly as the State Treasury stepped up foreign currency purchases to service bond obligations.

Beyond direct interventions during episodes of heightened volatility, the SBV also conducted flexible open market operations (OMO) to regulate liquidity and preserve a narrow USD-VND interest rate differential. Meanwhile, the US Federal Reserve implemented its first rate cut of the year in September, with two additional cuts expected by year-end. Consequently, the exchange rate stabilized toward the end of 3Q and into 4Q, standing at VND26,342/USD—equivalent to a 3.4% YTD appreciation in the USD.

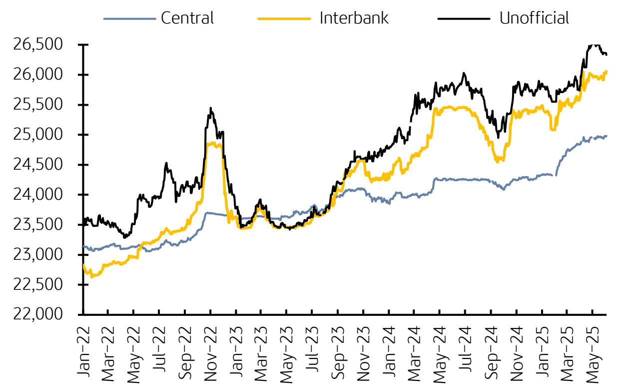
The unofficial exchange rate volatility was heightened by rising gold prices and stronger safe-haven demand

By the end of 3Q2025, the unofficial USD/VND exchange rate had risen to around VND26,620/USD, marking a 3% increase year to date. However, volatility remained elevated in recent months, with the rate at times surging by as much as 6% YTD, driven by a sharp rally in domestic gold prices, which exceeded VND140 million per tael and widened the gap between domestic and international prices. This divergence indirectly pressured the informal foreign exchange market, as illegal gold imports increased to exploit the arbitrage opportunity. In addition, domestic investors have increasingly shifted capital into short-term safe-haven assets such as USD and USDT, creating a broader "flight-to-safety" effect.
To stabilize the gold market over the long term, the Government has directed the SBV to implement several structural measures, including lifting the state monopoly on SJC gold bar production, allowing eligible institutions to produce, import, and export gold bars (under Decree 232, effective October 1, 2025) and considering the establishment of a national or centralized gold trading exchange in the near term.

The NEER and REER showed signs of stabilization as the pace of VND depreciation moderated

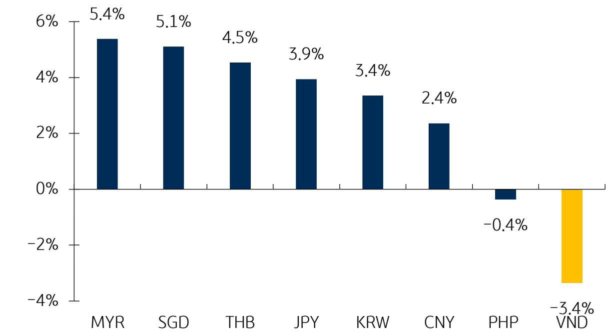
According to our model estimates, the Nominal Effective Exchange Rate (NEER)—which measures the value of the Vietnamese dong (VND) against a basket of eight reference currencies under the central exchange rate mechanism—and the Real Effective Exchange Rate (REER)—the inflation-adjusted counterpart of the NEER—continued to weaken modestly in 3Q2025. As of end-3Q2025, the NEER had declined 6.8% YTD, showing little change from the previous quarter. The relative depreciation of the VND against major currencies was largely driven by slower FDI disbursement, as investors awaited further clarification on transshipment tariff provisions under the new trade policy. Meanwhile, the REER recorded a larger drop of 7.0% YTD (down an additional 0.2% from 2Q2025), suggesting that Vietnam's export goods have become increasingly price-competitive. The slower pace of decline in both NEER and REER during 3Q indicates a gradual stabilization in overall exchange rate dynamics.

Fig 21. Vietnam – USD/VND exchange rates



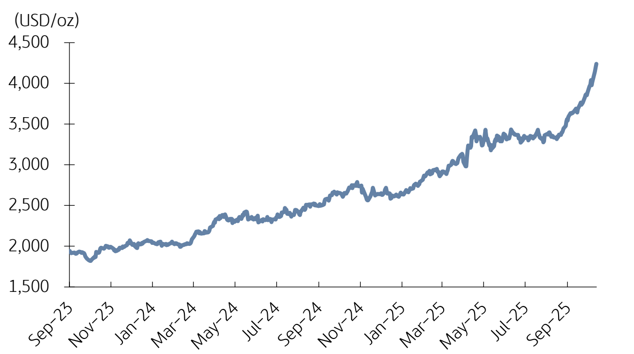
Source: Bloomberg, Fiingroup, KB Securities Vietnam

Fig 22. Global – Movements of major currencies vs. the USD



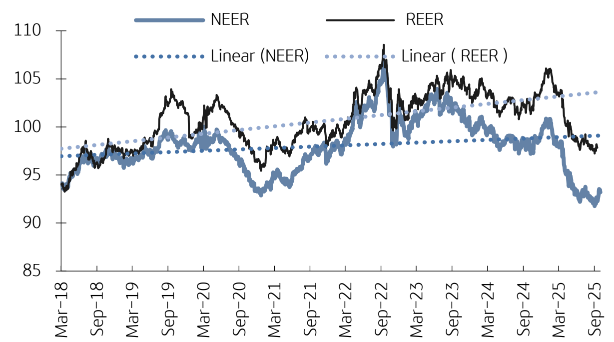
Source: Bloomberg, KB Securities Vietnam

Fig 23. Global – Gold price movement (USD/ounce)



Source: Bloomberg, KB Securities Vietnam

Fig 24. Vietnam – NEER, REER movement



Source: Bloomberg, KB Securities Vietnam

2. 2025F USD/VND exchange rate

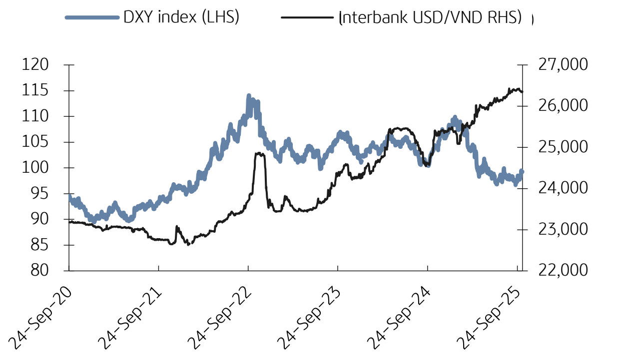
The USD/VND exchange rate is expected to rise by no more than 4% in 2025

Our 2025F USD/VND exchange rate forecast remains unchanged from the previous report, with the expectation that the rate will not increase by more than 4% from end-2024 levels. In the short term, the exchange rate may experience temporary bouts of pressure due to heightened foreign-currency demand, stemming from capital withdrawals by foreign institutional investors (FIIs), profit repatriation by FDI enterprises, and USD purchases by both the State Treasury and exporting firms. However, through the end of 2025, we believe the SBV will be able to contain exchange rate fluctuations within a 4% range, supported by timely foreign-exchange forward interventions, when necessary, and the maintenance of elevated interbank interest rates to preserve a positive USD-VND interest rate differential. In addition, several favorable external factors are expected to provide support toward year-end, including: (1) a weaker USD, as the US Federal Reserve continues its rate-cutting cycle; and (2) improved domestic foreign-currency supply, driven by stable export performance and a seasonal rise in remittance inflows during 4Q2025.

The Fed's first rate cut eased pressure on the exchange rate and provided the SBV with greater flexibility to sustain its accommodative stance

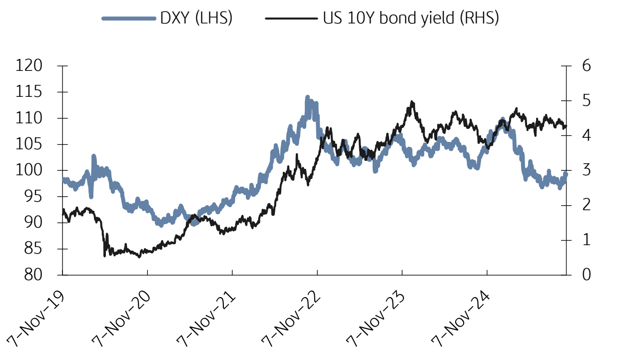
The Fed's first rate cut of the year in September slightly eased pressure on the USD/VND exchange rate and signaled a clearer pivot toward monetary easing in the coming months. As highlighted in our 4Q2025 Strategy Report, we expect the Fed to deliver two additional 25-basis-point cuts before year-end, driven by: (1) a softening US labor market in recent months; and (2) a slowing economic outlook, as consumer spending comes under pressure from President Trump's tariff policies. These developments provide the SBV with greater policy flexibility to manage the exchange rate and sustain an accommodative monetary stance, keeping interest rates low to support domestic economic growth and credit expansion in the final months of 2025.

Fig 25. Vietnam – Interbank USD/VND exchange rate vs. DXY



Source: Bloomberg, KB Securities Vietnam

Fig 26. US – 10Y bond yield vs. DXY



Source: Bloomberg, KB Securities Vietnam

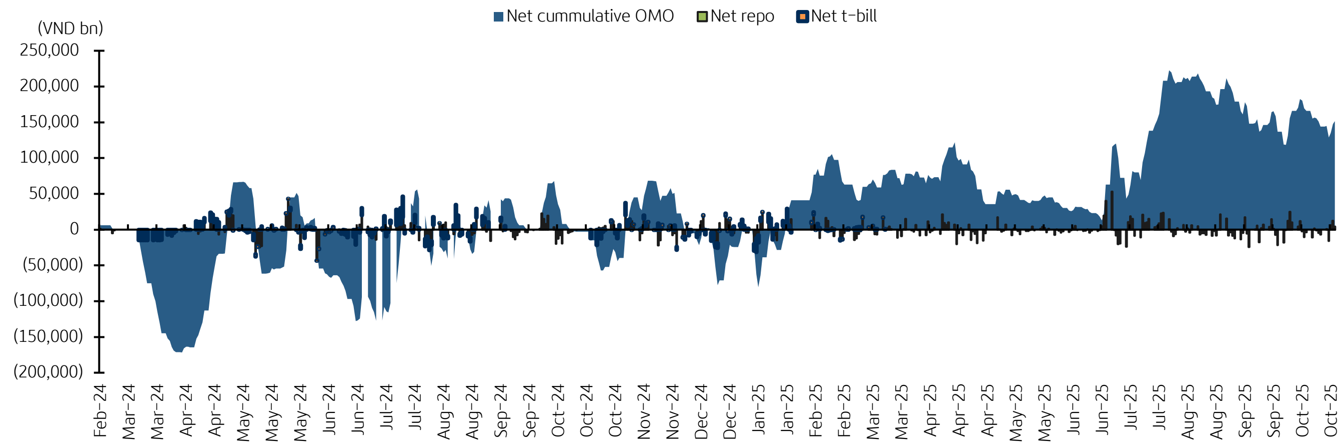
V. Interest rates

1. 9M25 interest rates

Interbank rates continued to stay elevated, averaging 4-5.5%

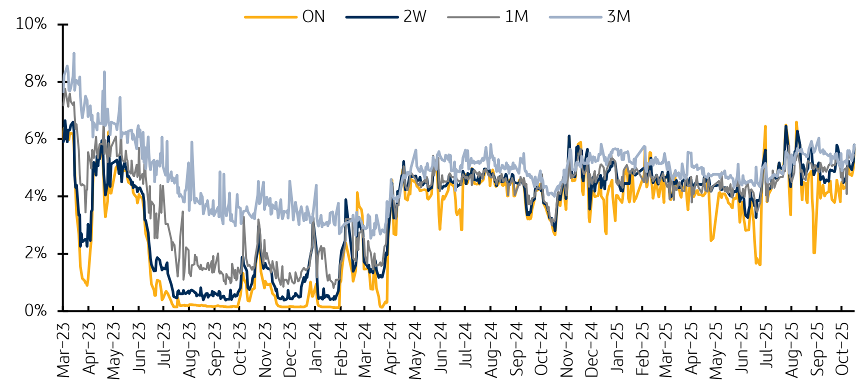
In 3Q2025, the SBV continued to flexibly manage interbank interest rates while ensuring ample system liquidity. Following a period of liquidity injections primarily through the open market operation (OMO) channel, the SBV resumed Treasury bill issuance from late 2Q, with a moderate volume of approximately VND46.8 trillion in July and tender rates ranging from 3.4% to 3.5%.
At the same time, the SBV maintained net liquidity injections via repo operations with tenors of 7-28 days at stable rates around 4%, supporting commercial banks amid strong credit demand.
The average interbank overnight rate hovered around 4.56%, occasionally rising to 6.6% due to seasonal factors and temporary liquidity reserve needs, before easing and stabilizing within the 4-5.5% range. These developments underscore the SBV's proactive and flexible liquidity management, which helped maintain system-wide stability throughout the quarter.

Fig 27. Vietnam – Open market operations



Source: State Bank of Vietnam, KB Securities Vietnam

Fig 28. Vietnam – Interbank interest rates (%)

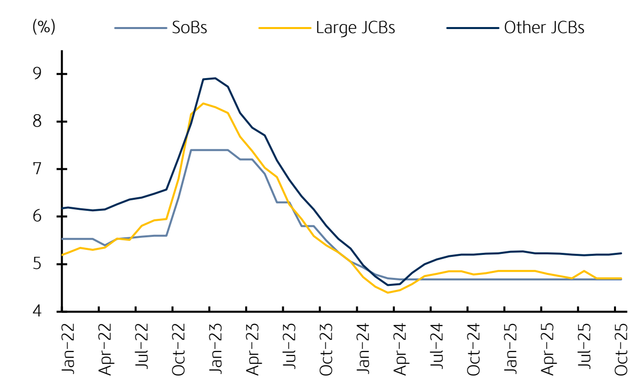


Source: State Bank of Vietnam, KB Securities Vietnam

Customer deposit interest rates have inched up at several banks whereas lending rates have eased at a slower pace and begun to level off

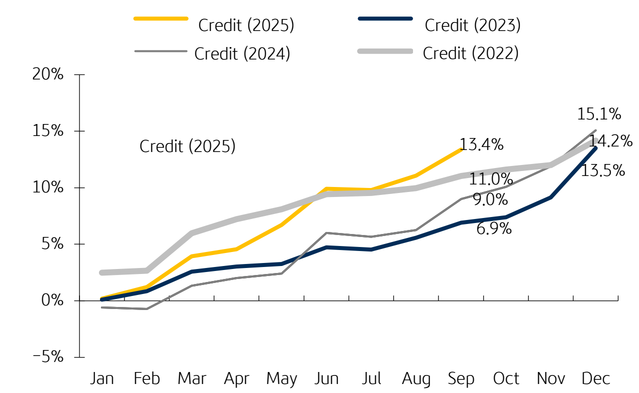
Bank credit grew 13.4% YTD as of end-September 2025 — the strongest pace in recent years — while deposit growth lagged behind at 9.7% YTD. Under the SBV's accommodative policy stance, the overall interest-rate environment remained broadly stable, with liquidity injections supporting growth objectives through: (1) a 50% reduction in the required reserve ratio for banks taking over weak credit institutions; and (2) net injections via the interbank market (Market 2). Nevertheless, several banks recorded credit growth exceeding 20% in the first nine months, which could place upward pressure on deposit rates, as anticipated in our previous report. Indeed, deposit rates at banks such as VPB, TPB, and EIB edged higher in July. The average 12-month deposit rate among state-owned banks (SoBs) and large joint-stock commercial banks (JCBs) remained stable, while that of smaller JCBs rose modestly, by about 3 bps from the previous quarter. Conversely, the average lending rate declined to 6.54% per year as of September 30, 2025, down 40 bps from end-2024. Lending rates have remained low and stable, helping businesses and households maintain access to affordable credit.

Fig 29. Vietnam – 12M deposit interest rates (%)



Source: Bloomberg, KB Securities Vietnam

Fig 30. Vietnam – Bank credit growth (%)



Source: State Bank of Vietnam, KB Securities Vietnam

2. 2025F interest rates

Deposit rates may increase slightly but will likely stay low

The SBV is expected to maintain a low-interest rate environment through the remainder of 2025, in line with the Government's target of achieving GDP growth above 8%. However, as system liquidity tightens—with credit growth outpacing deposit growth and occasional exchange rate pressures—deposit rates are likely to edge slightly higher, particularly amid stronger credit demand in 4Q2025. That said, overall deposit rates should remain low, comparable to or even below COVID-era levels, consistent with the SBV's accommodative policy stance. Specifically, JCBs may raise 6-12-month deposit rates by 20-30 bps, while SoBs are expected to keep rates stable, reflecting their policy-oriented role in guiding market rates.

Lending rates are likely to move upward alongside deposit rates

Based on our observations, lending rates across many banks have plateaued in recent months following a period of sharp declines earlier in the year. Maintaining low borrowing costs for an extended period has been instrumental in supporting Vietnam's economic recovery over the first three quarters of 2025, particularly across the manufacturing, consumer, and real estate sectors. However, lending rates appear to be approaching their bottom, as: (1) The domestic economy shows clear signs of improvement; (20 Deposit rates have begun to edge higher amid stronger year-end funding demand; and (3) Banks' net interest margins (NIMs) have narrowed significantly.
Consequently, lending rates may edge up slightly in 4Q2025, although any increase is expected to remain modest and aligned with the SBV's accommodative monetary stance, ensuring that the overall easing trend remains intact.

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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