

MACRO UPDATE

March 2026

**SOLID EXPANSION
AMID EXTERNAL HEADWINDS**

Research & Market Strategy Department

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KEY TAKEAWAYS ON MONTHLY ECONOMIC DATA

SPOTLIGHT

March 2026 macroeconomic data indicates the ongoing conflict in the Middle East is transmitting directly into domestic inflation, consumption, and industrial production. Vietnam recorded solid real GDP expansion in 1Q26. Maintaining this growth trajectory through FY2026 will test the economy against secular headwinds, specifically inflationary pressures, foreign exchange dynamics, and moderating external demand.

- **Real GDP expanded +7.83% YoY in 1Q26, accelerating from +7.07% in 1Q25.** The industry and construction sector served as the primary catalyst, growing +8.92% and contributing 44.1% to the expansion. This outperformance was underpinned by manufacturing (+9.73%) and robust public investment disbursement within the construction segment (+8.36%).
- **Headline inflation breached the government's 4.5% target.** The CPI advanced +4.65% YoY and +1.23% MoM, driven by fuel price pass-through following the US and Israeli airstrikes on Iran in late February and the subsequent Strait of Hormuz closure on March 1. Core CPI concurrently accelerated, reflecting persistent consumer price pressures and the secondary transmission of energy costs into essential goods.
- **Retail sales data suggests a prospective moderation in real consumption.** Retail sales reached VND638.6tn (+12.1% YoY) in March, bringing the 1Q26 cumulative total to VND1,902tn (+10.9% YoY). The March acceleration reflects standard post-Tet normalization. Service sector revenues, particularly in tourism, face near-term headwinds as elevated oil prices are projected to translate into higher aviation and transportation fares, which will likely weigh on Q2 demand.
- **Industrial output expanded, yet forward-looking indicators point to a cooling cycle.** The 1Q26 Index of Industrial Production (IIP) rose +9.0% YoY. March IIP grew +6.9% YoY and +18.8% MoM on post-Tet resumption. Conversely, the Manufacturing PMI narrowed to 51.2, its lowest reading since September 2025. Output growth moderated to a mid-2025 low, new export orders contracted relative to February, and input costs registered their steepest increase since April 2022 due to sustained high petroleum prices.
- **Trade deficit widened as firms front-loaded capital goods.** Trade balance recorded a US\$0.68bn deficit in March, extending the cumulative 1Q26 deficit to US\$3.64bn. This represents a shift from the US\$3.57bn surplus recorded in 1Q25. This structural change stems from foreign direct investment (FDI) enterprises accelerating capital goods imports for a new capacity expansion cycle, while export recovery among domestic firms remains subdued.
- **Registered FDI inflows expanded, supported by large-scale projects and M&A activity.** Total registered capital for 1Q26 reached US\$15.2bn (+42.9% YoY), a definitive reversal from the -12.6% contraction recorded in 2M25. Newly registered capital totaled US\$10.23bn (2.4x YoY), and capital contributions via share purchases reached US\$2.66bn (2.3x YoY). Disbursed FDI rose +9.0% YoY to US\$5.41bn.

MACRO INDICATORS

Monthly Data	Mar-2026	MoM	YoY	YTD
PMI	51.2	-	-	-
IIP (YoY)	-	+18.82%	+6.90%	+9.00%
Retail Sales (Tn VND)	638.5	+0.88%	+12.05%	+10.90%
Export Value (Bn USD)	46.43	+40.47%	+20.10%	+19.08%
Import Value (Bn USD)	47.11	+38.15%	+27.83%	+27.00%
Trade Balance (Bn USD)	-0.68	+35.26%	-141.4%	-209%
Disbursed FDI (Bn USD)	2.20	+43.79%	+9.45%	+9.07%
Registered FDI (Bn USD)	9.17	+165.8%	+24.74%	+38.43%
Disbursement of public investment (Tn VND)	48.75	+22.37%	+11.56%	+13.99%

KEY TAKEAWAYS ON MONETARY POLICIES

SPOTLIGHT

As of March 23, credit expansion reached approximately 2.15% YTD, significantly outpacing deposit growth of 0.44% YTD. This widening funding gap sustains persistent pressure on interbank liquidity.

- **The deposit-loan divergence in March underscores structural constraints within the interbank market (Market 2).** Commercial banks are increasingly utilizing short-term liquidity instruments—interbank borrowing, open market operations (OMO), and State Treasury deposits—to bridge structural shortfalls in long-term (>12 months) funding.
- State Treasury deposit balances surpassed VND600tn by late March, nearing the placement limits at state-owned commercial banks (SOCBs). Concurrently, OMO balances sustained near VND350tn, while CITAD (interbank payment system) balances held at approximately VND400tn. Given that total system reserve requirements hover around VND300tn, aggregate nominal liquidity appears sufficient; however, systemic reliance on Market 2 funding for structural needs has intensified.
- **This maturity mismatch—deploying short-term liabilities to fund long-term assets—exposes the interbank channel to periodic rate volatility during cyclical liquidity crunches, such as quarter-end settlements, tax collection deadlines, or pre-holiday periods.** Consequently, these systemic funding constraints establish a floor for retail deposit and lending rates, limiting the potential for near-term downward adjustments in Market 1.
- Inflationary pressures stemming from March petroleum price volatility present a primary risk to monetary policy for FY2026. Domestic inflation previously exhibited stickiness in the consumer services sector, an effect that had been temporarily mitigated by favorable year-over-year fuel price base effects.
- Conversely, foreign exchange stabilization provided a constructive counterbalance in March. The State Bank of Vietnam (SBV) intervened via 6-month forward USD sales, effectively anchoring the currency. This intervention mitigates near-term downside risks and establishes a macroeconomic foundation for potential monetary accommodation in 2H26, contingent on a broader disinflationary impulse.
- **Looking toward 2H26, interest rates will likely remain elevated relative to the FY2025 baseline.** Core funding structures within the banking sector continue to lag accelerating credit demand. Validating the timeline and magnitude of any prospective rate cuts necessitates close monitoring of deposit rate pricing among SOCBs and major private banks over the coming quarters, alongside forward guidance from the SBV.

MACRO INDICATORS

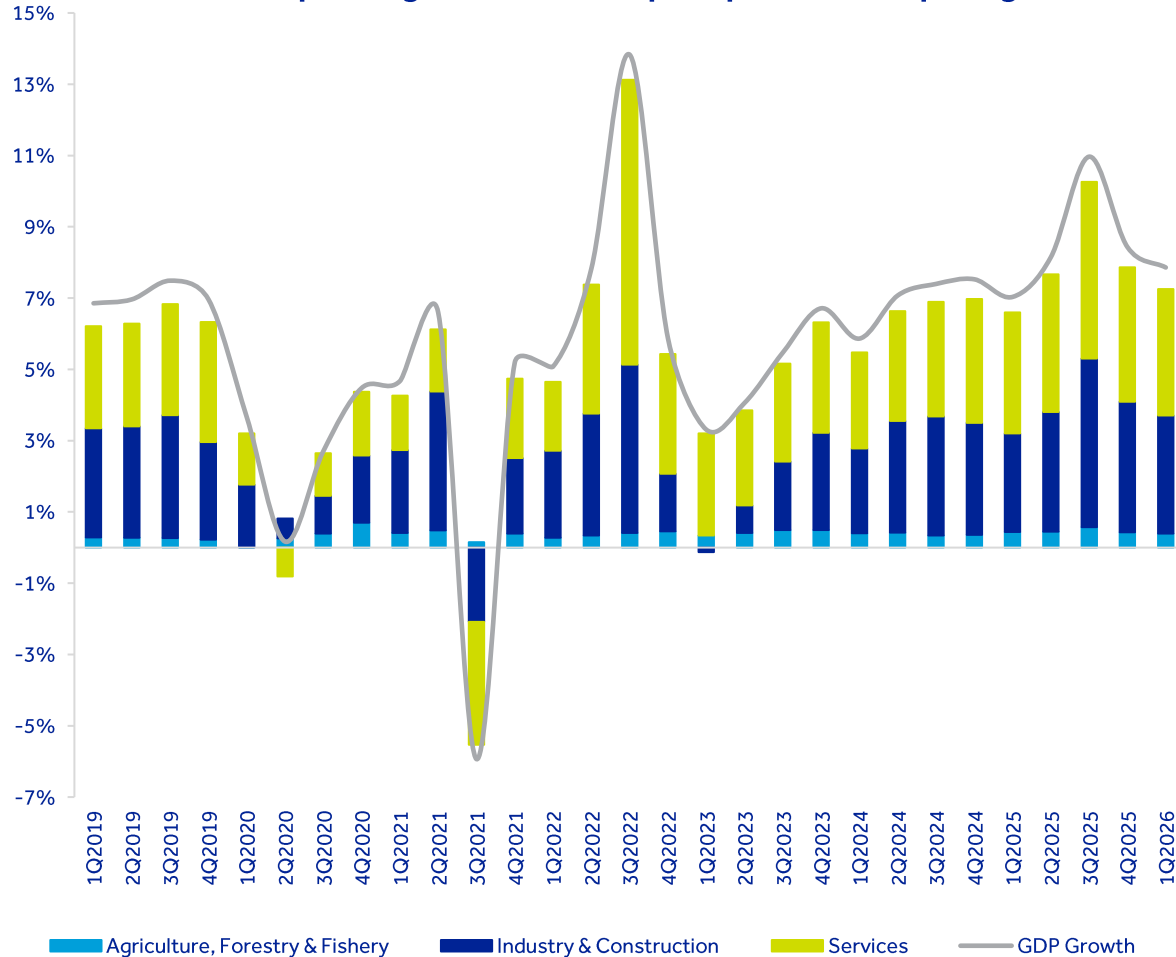
Monthly Data	Mar-2026	MoM	YoY	YTD
CPI	-	1.23%	4.65%	3.51%
Core CPI	-	0.82%	3.74%	3.47%
USDVND Exchange rate*	26,357	0.48%	2.40%	-0.08%
USDVND on the free market**	28,080	5.09%	8.29%	4.70%
Refinancing rate	4.50%	+0 ppt	+0 ppt	+0 ppt
OMO Interest rate (Monthly Avg.)	4.50%	+0 ppt	+0 ppt	+0 ppt
ON Interbank Interest rate (Monthly Avg.)	6.32%	-0.73 ppt	+2.01 ppt	+0.44 ppt

*Ask rate by Vietcombank on 03/31/2025

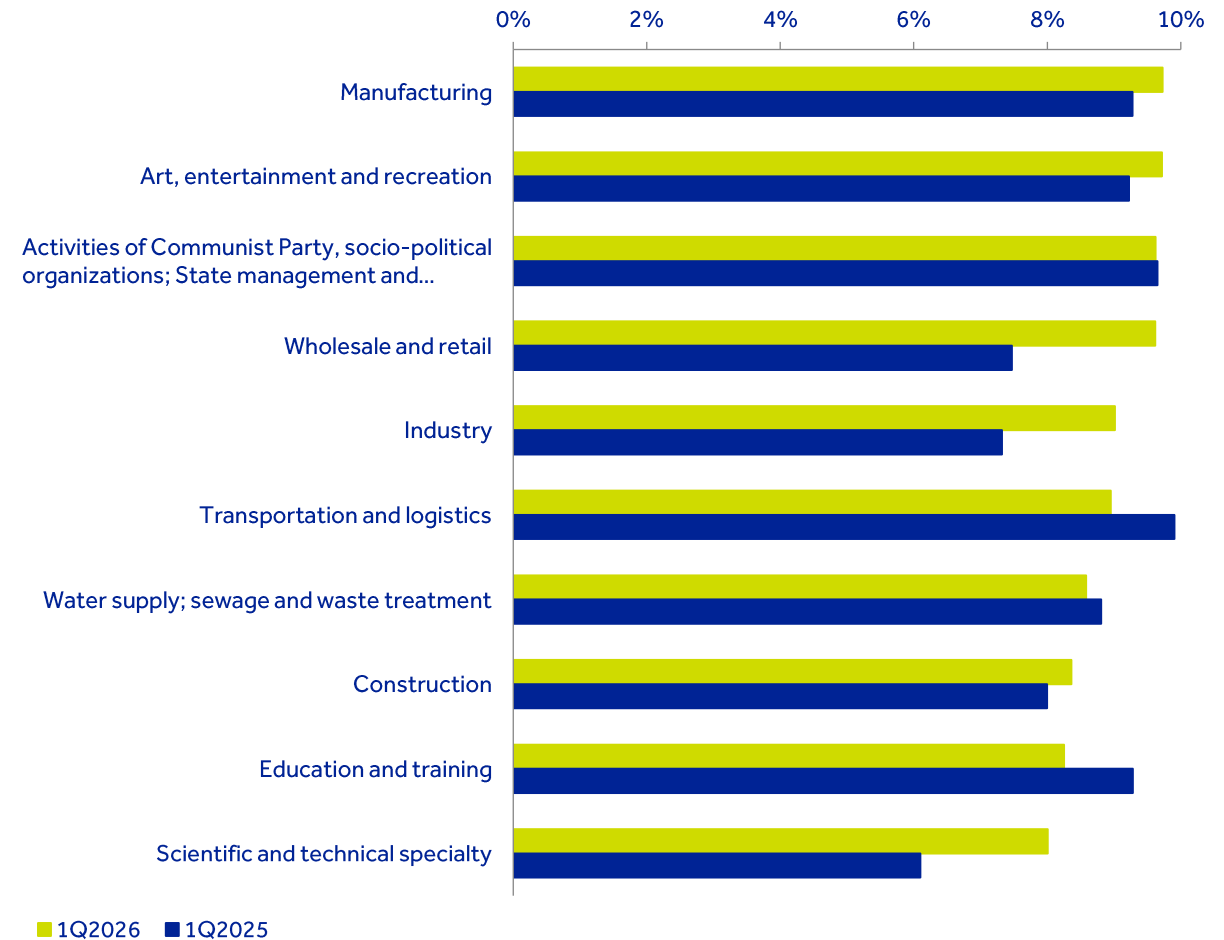
**Average bid-ask rate on 03/31/2025

CONSTRUCTIVE START, YET SUSTAINING GROWTH TRAJECTORY WILL TEST RESILIENCE AGAINST EXTERNAL HEADWINDS

Vietnam recorded a +7.83% YoY expansion in 1Q26 — the highest first-quarter growth since the post-pandemic reopening



GDP Growth by Sector

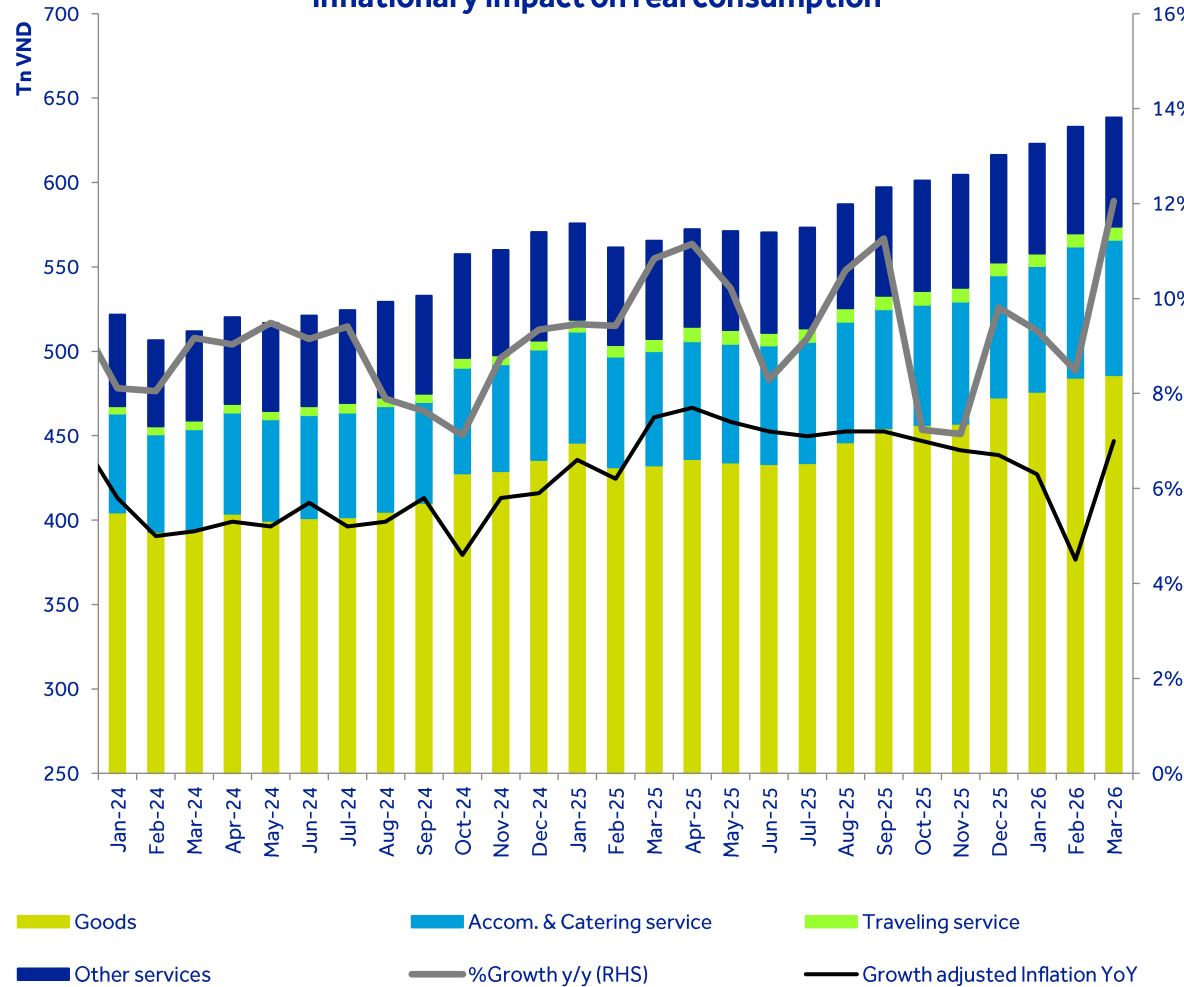


Source: GSO

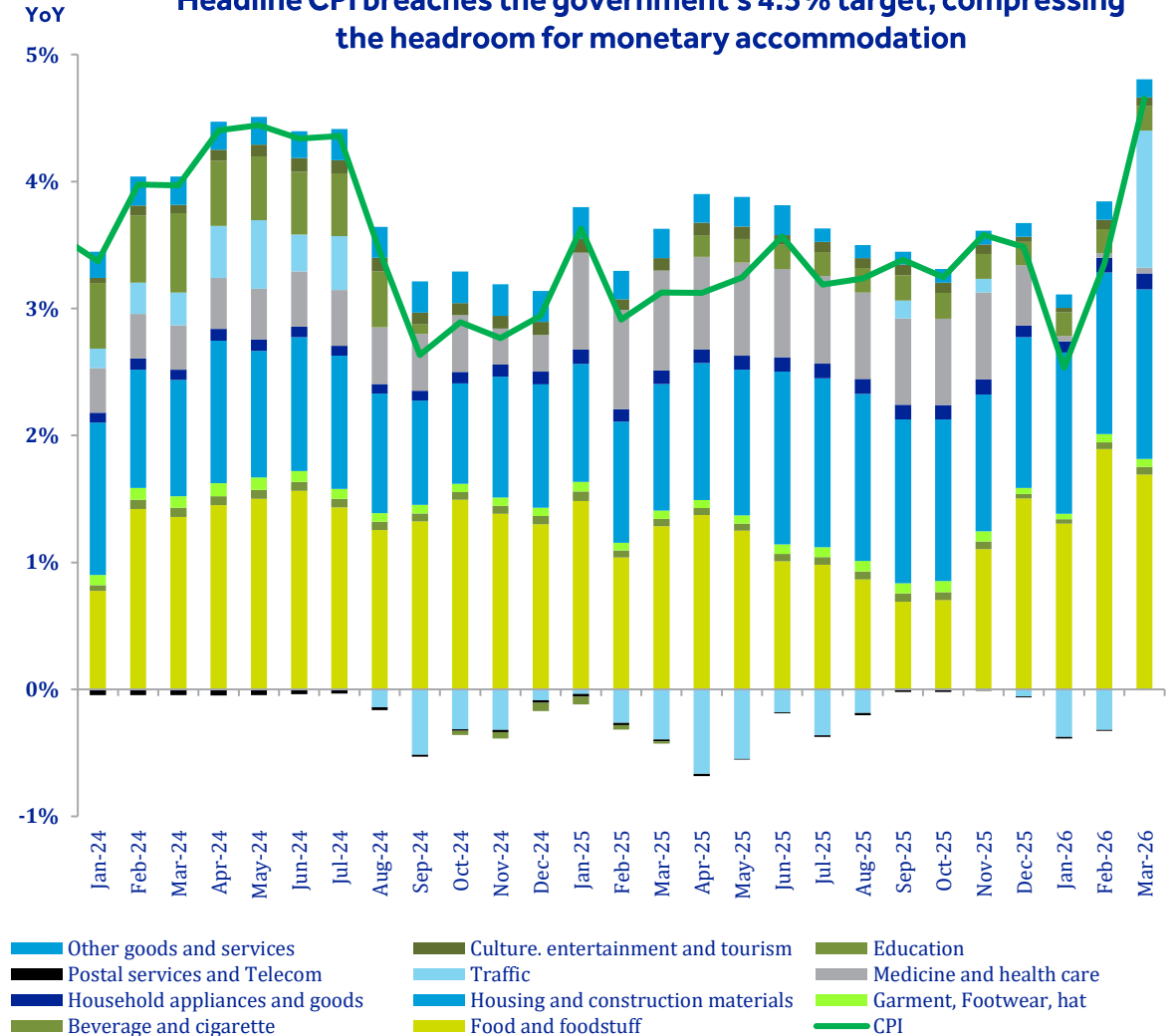
Source: GSO

TOURISM REVENUE PROJECTED TO MODERATE AS ELEVATED FUEL PRICES PASS THROUGH TO TRANSPORTATION COSTS

Nominal retail sales growth remains insufficient to fully offset the inflationary impact on real consumption



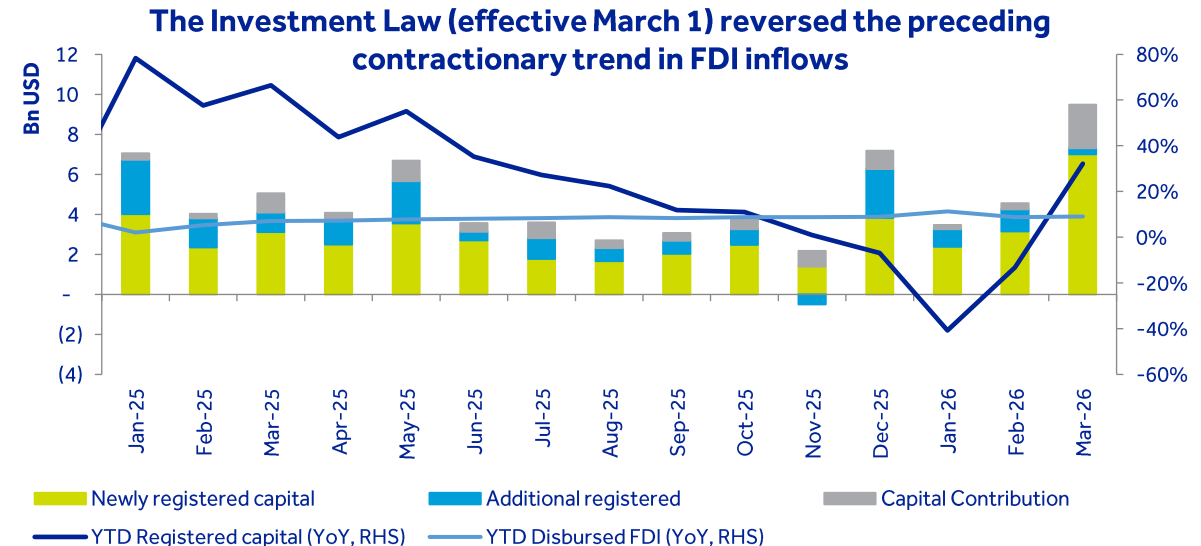
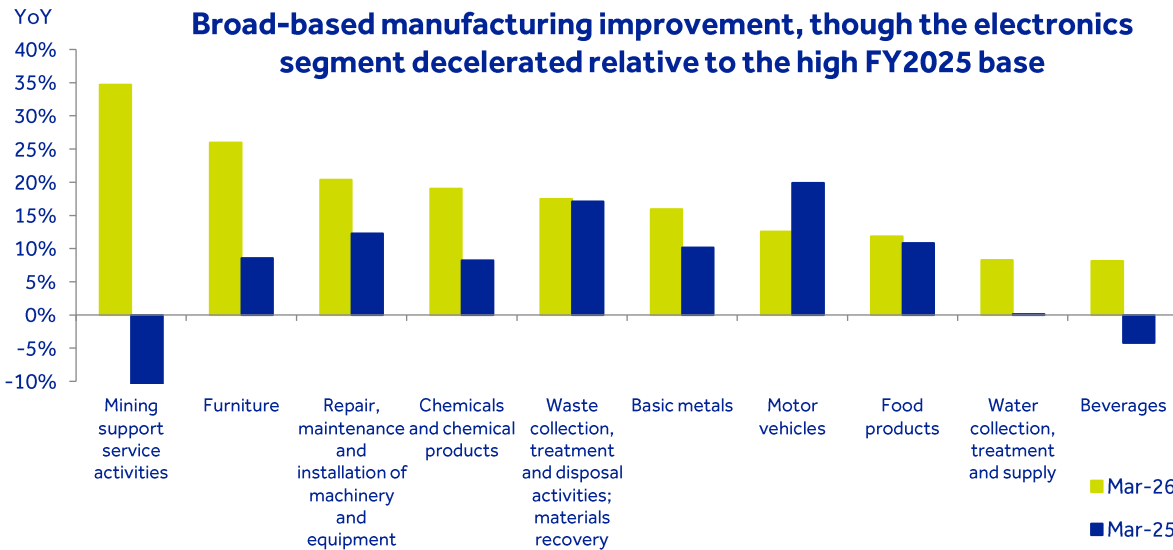
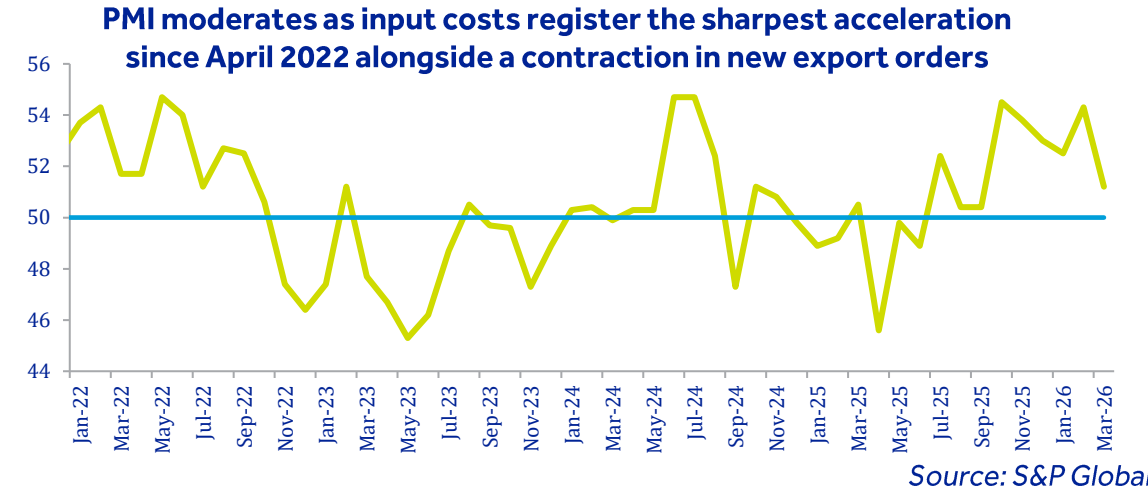
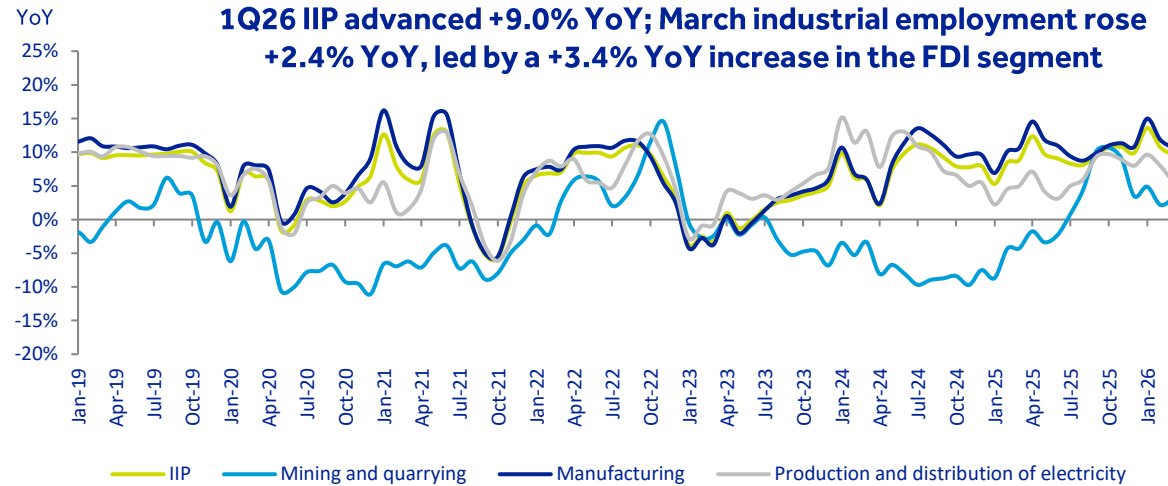
Headline CPI breaches the government's 4.5% target, compressing the headroom for monetary accommodation



Source: GSO

Source: GSO

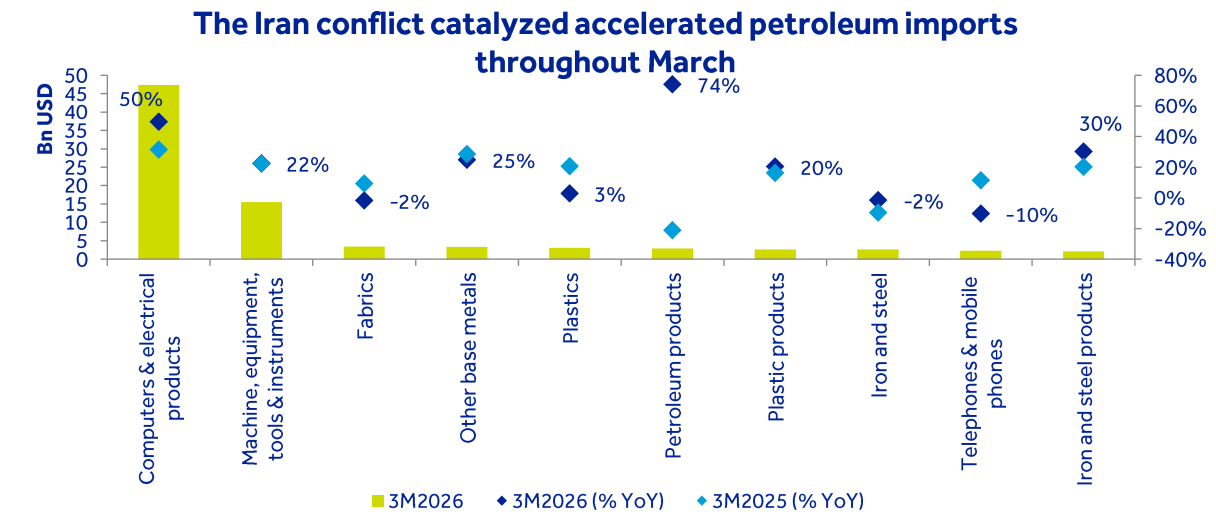
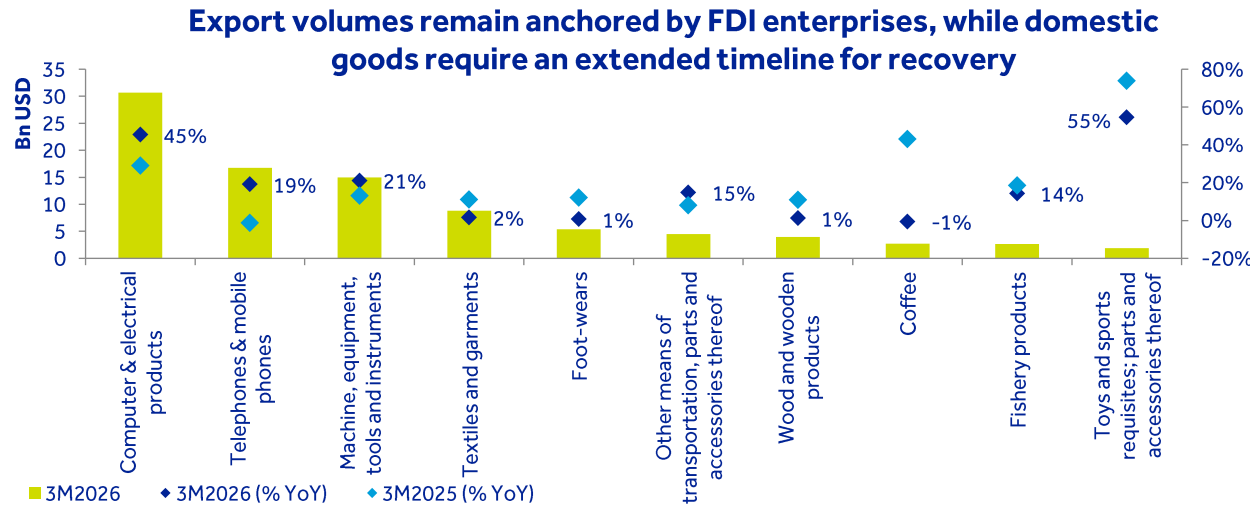
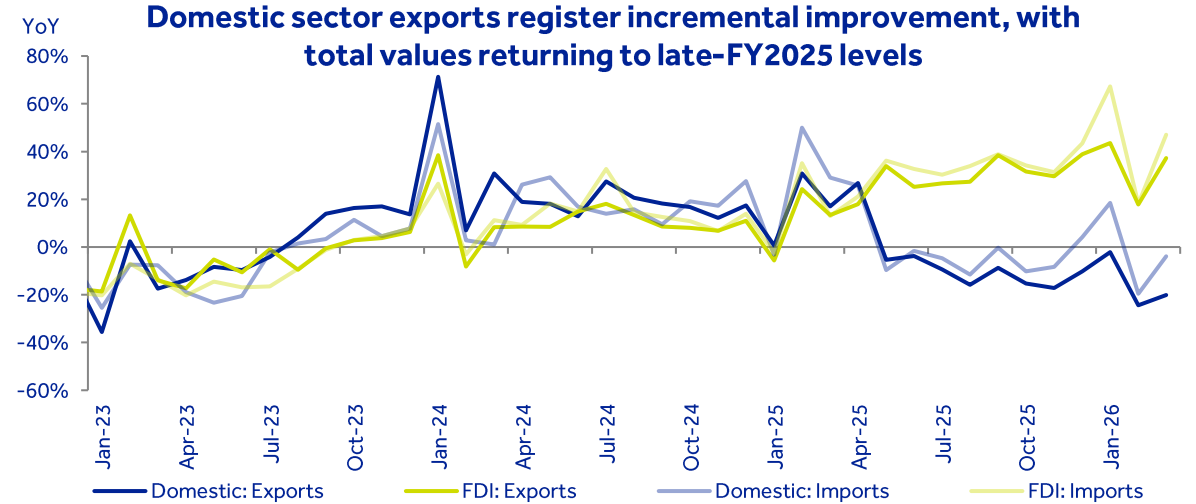
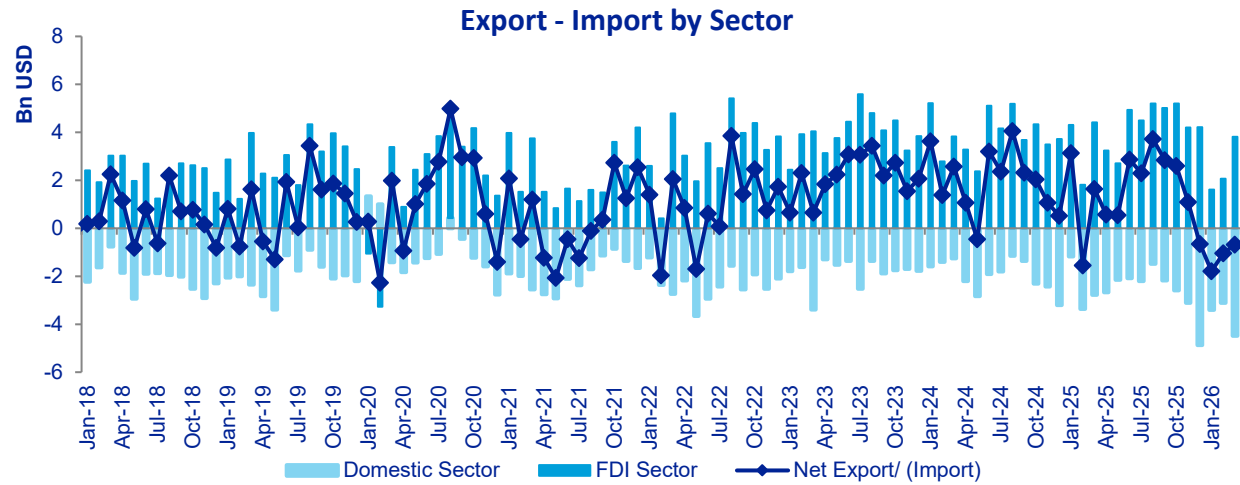
SUSTAINED RECOVERY UNDERPINNED BY THE FDI SECTOR



Source: GSO

Source: GSO

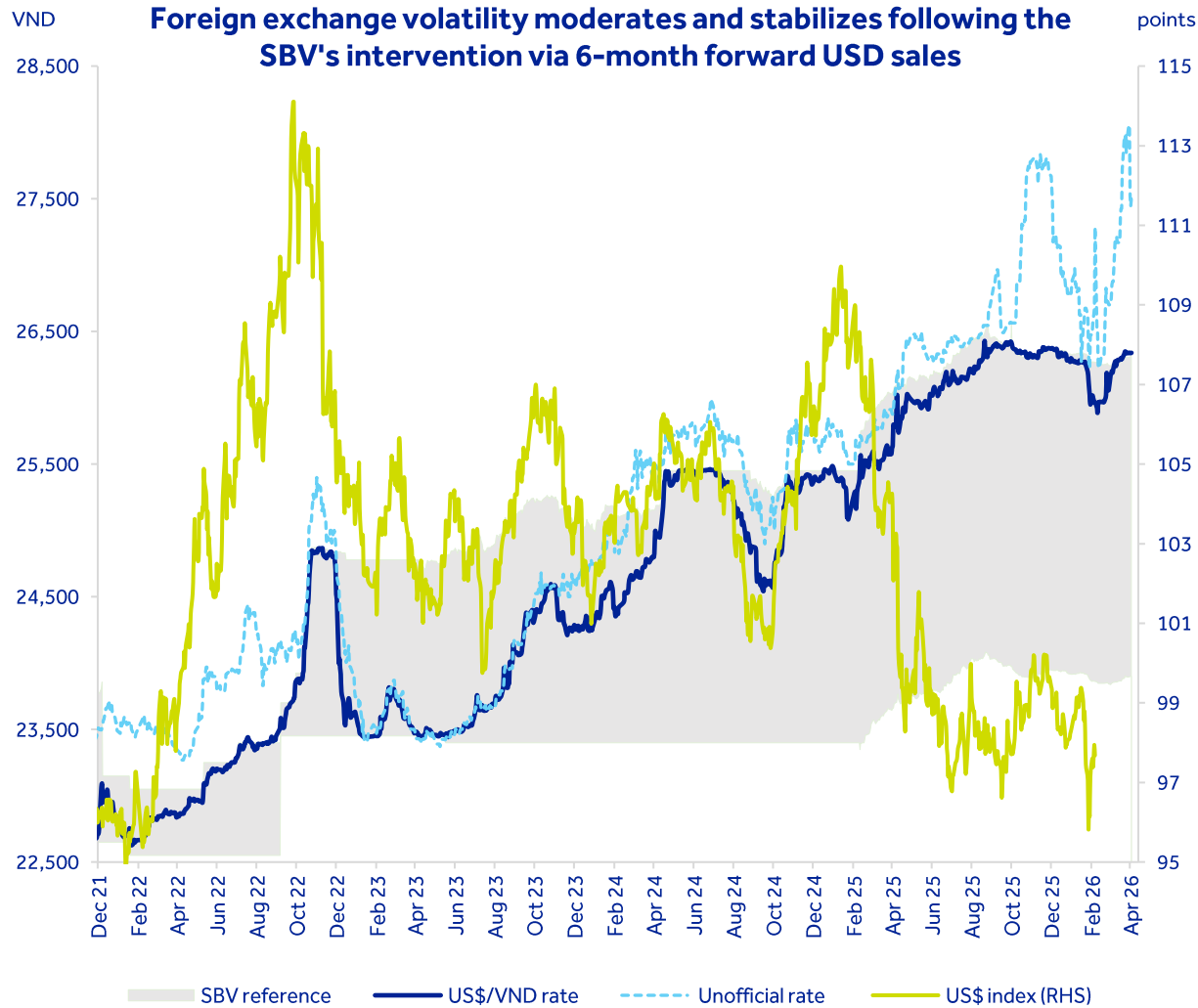
STRUCTURAL DEFICIT PERSISTS AS FIRMS FRONT-LOAD RAW MATERIAL IMPORTS FOR NEW PRODUCTION CYCLES



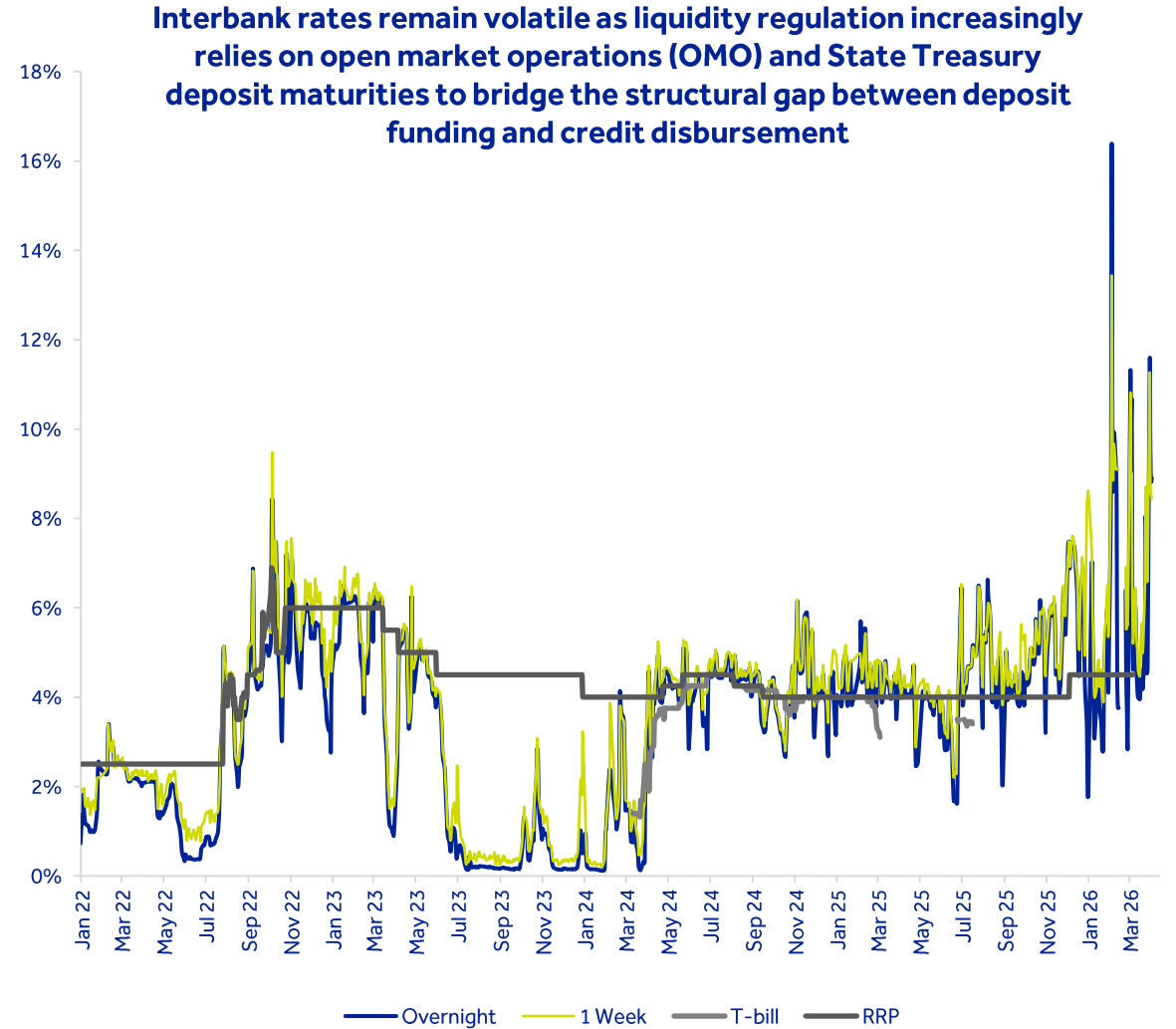
Source: GSO

Source: GSO

INTEREST RATES PROJECTED TO REMAIN ELEVATED AMID WIDENING DEPOSIT-LOAN DIVERGENCE



Source: SBV, FiinPro, ACBS



Source: SBV, FiinPro, ACBS

VIETNAM-KEY MACRO INDICATORS

Monthly data	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26
Industrial Production (YoY)	9.92%	9.64%	9.56%	7.98%	7.43%	8.90%	12.74%	10.80%	9.13%	10.10%	21.54%	0.60%	6.90%
Purchasing Managers Index	50.50	45.60	49.80	48.90	52.40	50.40	50.40	54.50	53.80	53.00	52.50	54.30	51.20
Retail Sales (YoY)	10.84%	11.15%	10.22%	8.28%	9.16%	10.59%	11.27%	7.23%	7.15%	9.81%	9.32%	8.48%	12.05%
Consumer Price Index (YoY)	3.13%	3.12%	3.24%	3.57%	3.19%	3.24%	3.38%	3.25%	3.58%	3.48%	2.53%	3.35%	4.65%
Core Consumer Price Index (YoY)	3.10%	3.14%	3.33%	3.33%	3.33%	3.19%	3.18%	3.30%	3.28%	3.21%	3.19%	3.74%	3.96%
Export Value (% YoY)	29.11%	25.71%	-9.69%	-1.62%	-4.65%	-11.48%	-0.21%	-10.23%	-8.36%	4.10%	30.13%	6.26%	20.58%
Import Value (% YoY)	13.05%	21.23%	36.17%	32.75%	30.25%	33.92%	38.85%	34.13%	31.29%	43.36%	49.61%	4.42%	27.76%
Trade Balance (BnUSD)	1.63	0.58	0.55	2.86	2.29	3.72	2.85	2.60	1.09	-0.66	-1.78	-1.05	-0.68
Disbursed FDI (BnUSD)	2.01	1.78	2.16	2.82	1.88	1.80	3.40	2.50	2.30	4.02	1.68	1.53	2.20
Registered FDI exl Cap. Cont.(BnUSD)	3.12	2.50	3.54	2.71	1.78	1.66	2.02	2.48	1.40	3.82	2.38	3.16	7.00
Disbursed investment from State budget (Tn VND, YTD)	116.88	165.57	221.82	301.81	378.29	463.21	549.13	640.16	735.15	850.69	44.64	84.48	133.23

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