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Monthly Updates on Macroeconomics and Financial Market

Hanoi, November 2025

Prepared by Economic and Financial Market Analysis Team

BE GREATER

Global and Vietnam Macroeconomic and Financial Market Outlook for 2026

Section 1

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Executive Summary

Global Economy:

- *Persistent uncertainty surrounding global policy and geopolitical developments is expected to continue weighing on the world economy in 2026.*
- *Despite October retail sales data signaling a rebound ahead of the holiday season, we remain cautious on U.S. economic growth in 2026 as both supply and demand exhibit notable risks. Household expectations for income growth have fallen to their lowest level in a decade amid a wave of corporate layoffs. In addition, contracting manufacturing activity points to a challenging year ahead for the U.S. economy.*
- *The EU economy is likely to face headwinds similar to those in the U.S. While household consumption is expected to support growth in 2026 as living costs ease and unemployment remains low, tariff-related pressures on export prospects—particularly in the pharmaceutical sector—pose significant downside risks for the region.*
- *The recent trade agreement with the U.S. has somewhat alleviated pressure on China's export sector. However, economic growth in 2026 is projected to slow compared to 2025, as the property market shows little sign of recovery, weighing on domestic consumption.*

Vietnam Economy:

- *We forecast Vietnam's economic growth in 2026 at around 7.8% under the base scenario. Although lower than the government's target of 10%, our projection remains the most optimistic compared to international organizations.*
- *The public investment plan for 2026 is VND 1.1 quadrillion, up 30% from the 2025 plan.*
- *We expect infrastructure investment under the public-private partnership model to be a key growth driver in 2026.*
- *Total consumer spending in GDP is projected to remain stable at 8–10%.*
- *Export growth is expected to stay in double digits, led mainly by FDI enterprises.*
- *FDI disbursement will maintain steady growth.*
- *Inflation is forecast to remain stable in 2026, within 3.5–4.0%.*
- *The VND/USD exchange rate is expected to rise by 2.0–2.5% in 2026.*
- *Six-month deposit rates at the eight largest commercial banks are projected to increase by an additional 50 basis points during the year.*

Section 2

Global Economy

Global policy and geopolitical uncertainty is expected to remain a key headwind for the world economy in 2026. In the U.S., both supply and demand conditions are deteriorating, with consumer sentiment at multi-year lows and manufacturing activity contracting. Europe faces similar challenges as tariff risks weigh on corporate confidence, while in China, recent trade agreements with the U.S. ease some pressure on exports, but domestic demand remains subdued amid a sluggish property market.

The global economic outlook for 2026 appears less optimistic, as we see more risks than opportunities.

As 2025 comes to an end, volatility and uncertainty are expected to persist well into 2026. Although monetary easing by global central banks next year will provide support for consumption and businesses, most major institutions forecast that global economic growth in 2026 will be slower than in 2025. We concur with these projections, as we identify three key risks that could weigh heavily on the outlook: (1) Economic, political, and trade policy uncertainty remains elevated, with both the World Uncertainty Index and World Policy Uncertainty Index staying high amid a backdrop of protectionism becoming a strategic stance for major economies such as the United States and China; (2) Geopolitical risks, despite recent agreements on war and trade, could escalate further as the Russia-Ukraine conflict continues and tensions in the Middle East may resurface at any time; and (3) The disruptions of 2025 have created significant negative impacts on consumer sentiment and corporate investment decisions, particularly among exporters, as global trade growth in 2026 is projected to be much weaker than in 2025, as highlighted in our previous report.

Figure 1: Global economic growth forecast

Unit: % year-over-year (YoY)

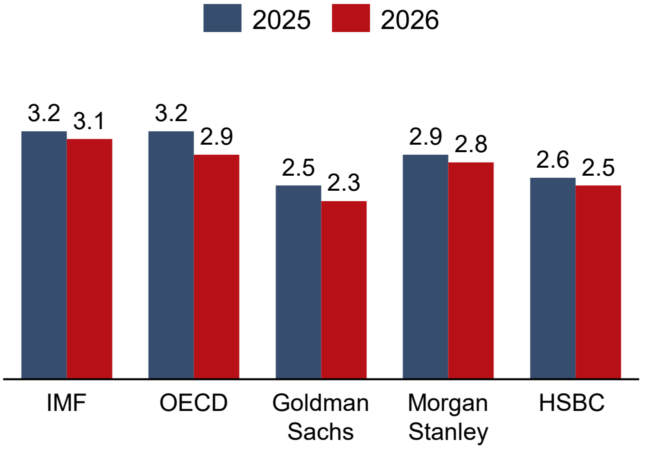
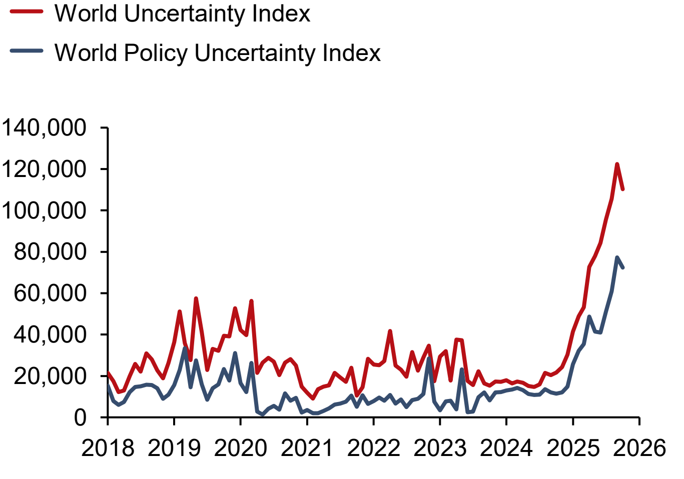


Figure 2: World Uncertainty Index



Sources: World Uncertainty Index, Reports from institutions, Press research, TCB CIBG's Research analysis

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Global Economy (Cont.)

Figure 3: US's consumer sentiment index

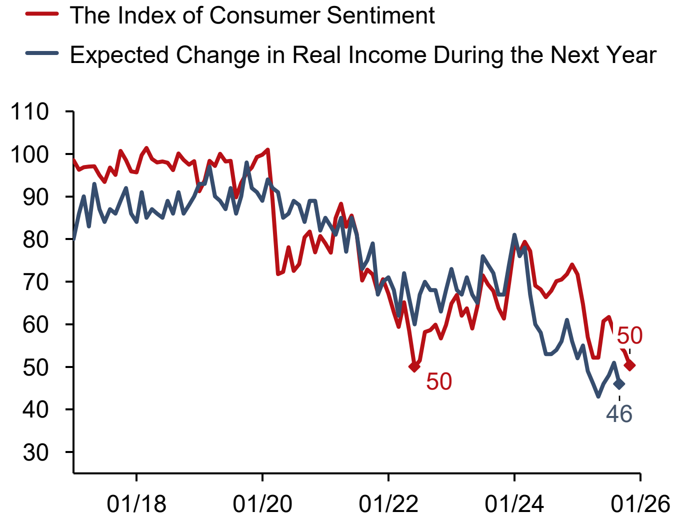
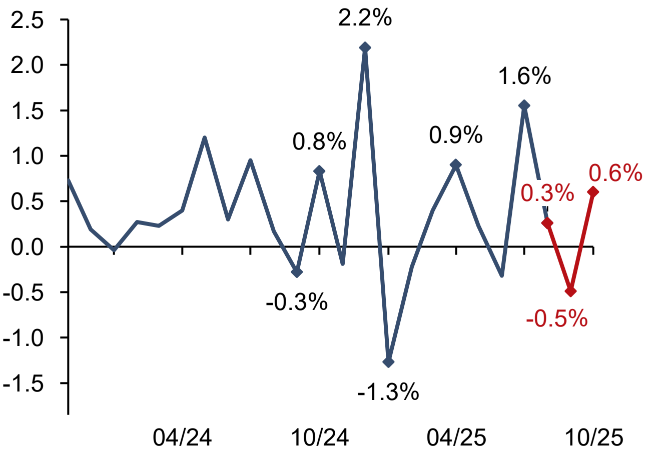


Figure 4: US' core retails sales growth

Unit: % YoY, data from CNBC and NRF



U.S. economic growth in 2026 is expected to face downside risks as consumer purchasing power may weaken and manufacturing activity remains fragile.

As of now, the U.S. economy continues to show a certain degree of resilience, with core retail sales—tracked by the National Retail Federation (NRF) and CNBC—recovering in October, rising 0.6% month-over-month (MoM). This reflects that American consumers are still spending as the largest holiday season of the year approaches. However, in our view, the growth outlook for the world's largest economy remains exposed to significant risks from both supply and demand sides. **On the demand side**, U.S. households have recently expressed concerns about their financial situation. The index measuring expectations for income growth over the next 12 months (surveyed before the U.S. government shutdown) has fallen to its lowest level since 2015, amid persistent uncertainty surrounding trade policies that are expected to continue impacting corporate operations, and consequently employment and wages. This is further evidenced by the recent deterioration in U.S. labor market conditions. According to the Challenger report by Gray & Christmas, displaced workers may face considerable difficulty finding new jobs as the number of openings is projected to remain limited. Specifically, as of October 2025, U.S. companies announced hiring plans for approximately 488,000 positions, while layoff plans reached 1.1 million positions. Notably, more than 42% of these layoffs were attributed by companies to economic volatility, signaling that with an uncertain growth outlook for 2026, workforce reductions are likely to persist, exerting downward pressure on household income.

Note: 1: Only publicly available data is considered
Sources: University of Michigan, the US's National Retail Federation, Gray & Christmas, TCB CIBG's Research analysis.

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Global Economy (Cont.)

Figure 5: Planned Layoffs vs. New Hiring

Unit: '000 jobs, data from Gray & Christmas

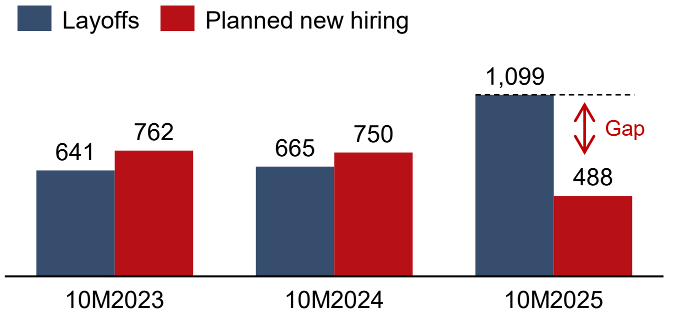
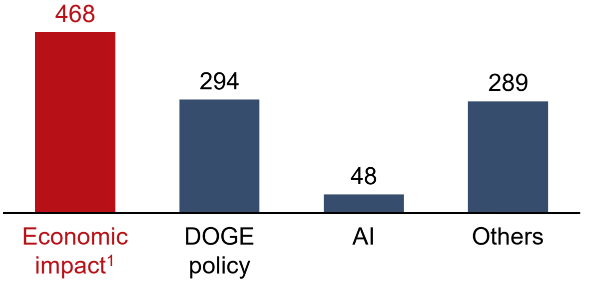


Figure 6: Reasons for Layoffs

Unit: '000 jobs, YTD 10 months of 2025



On the supply side, we believe the economic outlook remains challenged. The services sector shows some positive signs, with ISM Services PMI rising to 52.4, supported by strong new orders and stable business activity. In contrast, manufacturing continues to struggle, as ISM Manufacturing PMI in the U.S. has declined for eight consecutive months, reaching 48.7 in October 2025. Sub-indices for new orders and employment in manufacturing have also contracted, signaling further headwinds for the sector. Against these risks and signs of deceleration on both supply and demand, we, along with most global institutions, expect U.S. economic growth to slow in 2026.

Figure 7: US's growth forecast

Unit: % YoY, compiled from various reports

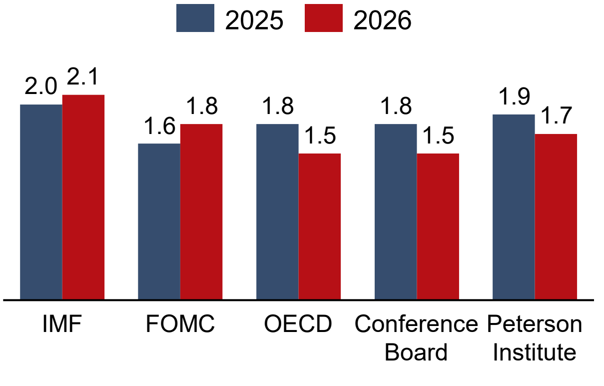
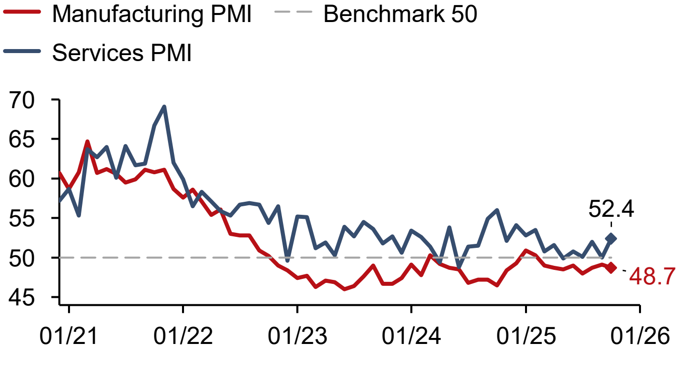


Figure 8: US ISM services and manufacturing PMI

Unit: Point



U.S. inflation is expected to remain under pressure in 2026.

We expect tariff effects to increasingly show up in inflation data as cost pass-through to selling prices gradually accelerates. The Fed's latest Beige Book reinforces this view. Specifically, most firms—particularly retailers of apparel and electronics—are either delaying the pass-through of tariff-related costs until the new year or hesitating due to concerns…

Note: 1: Including reasons related to market/economic conditions, business closures, and cost-cutting requirements.
Sources: Refinitiv, Gray & Christmas, Reports from institutions, Press research, TCB CIBG's Research analysis

Global Economy (Cont.)

…over consumer price sensitivity, suggesting room for price increases remains. In addition, proposals for new tariffs on pharmaceuticals and semiconductors could be implemented next year, further raising their costs. As a result, we see U.S. inflation remaining under upward pressure through 2026.

Figure 9: US tariff applies to the World

Unit: % weighted average, data from WTO

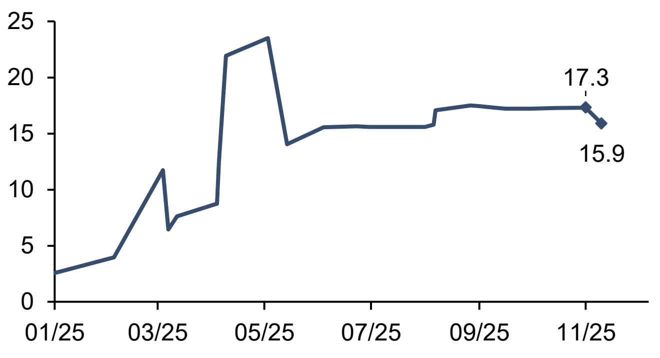
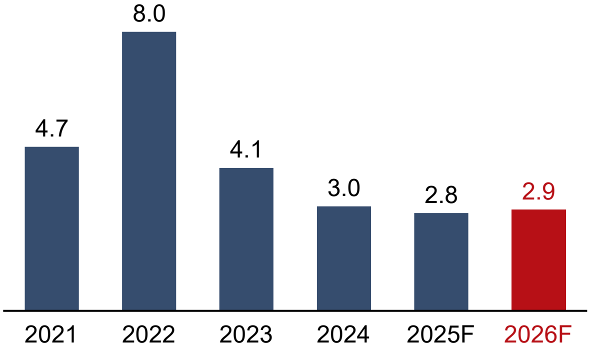


Figure 10: US's average CPI

Unit: % YoY, data from Bloomberg

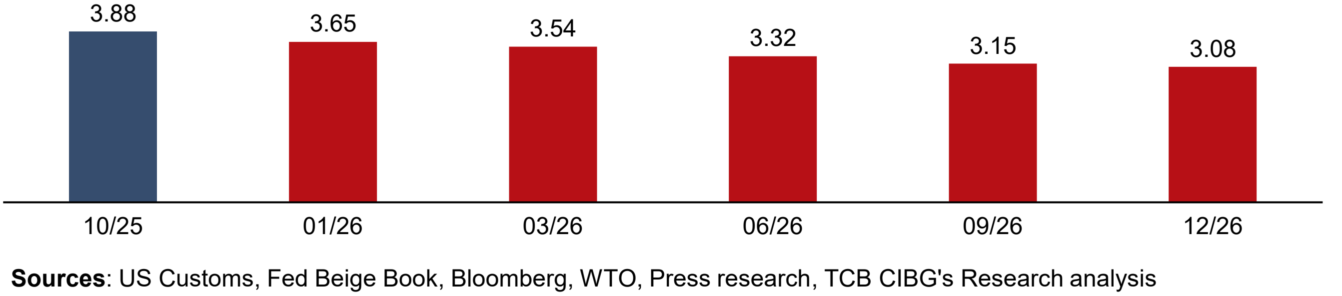


We expect the Fed to cut rates at least once in 2026.

Following the September 2025 meeting, the Fed signaled its intention to cut rates once in 2026, while markets are pricing in three to four cuts next year. In our view, the Fed is likely to deliver at least one cut in 2026 for two key reasons. **First**, although inflation is expected to remain elevated, a weakening labor market could prompt the Fed to consider an additional cut. **Second**, the White House is perceived to favor lower rates. With a new Fed Chair to be appointed in May 2026 alongside two potential additional seats on the Board (Stephen Miran, who will be reappointed in January, and a possible replacement for Lisa Cook if dismissal efforts succeed), policy decisions could lean more toward easing. Therefore, we expect the Fed to cut rates at least once next year.

Figure 11: Implied Fed Fund Rates

Unit: %, Data from interest rate futures on the market, as of November 17, 2025.



Sources: US Customs, Fed Beige Book, Bloomberg, WTO, Press research, TCB CIBG's Research analysis

Global Economy (Cont.)

In the EU, we see consumption as the main driver supporting growth next year…

Although the European economy (EU) posted solid growth in Q3 2025, reaching 1.3% YoY (compared to just 0.9% YoY in Q3 2024), supported by Spain's tourism recovery and France's aircraft and pharmaceutical exports benefiting from the absence of tariffs, we believe the region's economic outlook for 2026 carries more risks than opportunities. Starting with the upside, consumption is expected to be the main driver sustaining positive growth versus 2025 for three key reasons: (1) Uncertainty, while still elevated, has eased following the trade agreement between the EU and the U.S., suggesting consumers are less concerned about the economic outlook, which could lower savings rates and boost spending. This is evident in the October consumer confidence index, which reached its highest level in eight months; (2) Unemployment is currently at a historic low and is projected to decline further next year due to demographic factors reducing labor supply; and (3) Living costs—particularly electricity and gas prices—are expected to moderate, benefiting from strong investment in renewable energy in recent years and increased gas supply from the U.S., Canada, and Qatar, thereby reducing pressure on household spending across the region.

Figure 12: EU's unemployment rate

Unit: %, data from ECB

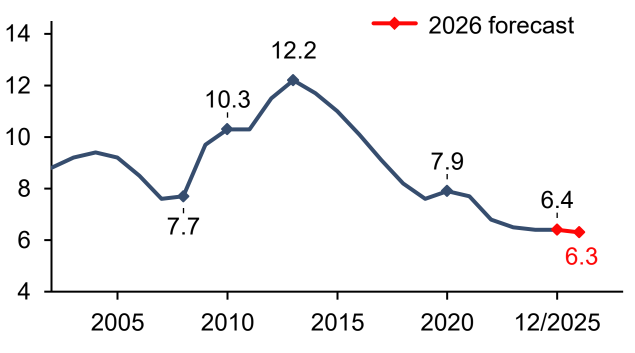
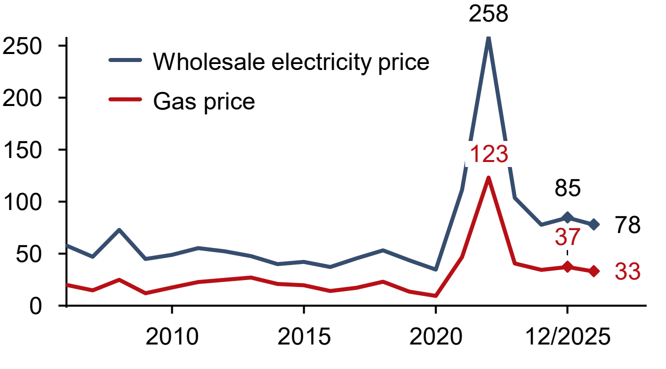


Figure 13: EU's energy prices

Unit: EUR/MWh, data from ECB



However, the risks to the EU's economic growth outweigh the opportunities.

However, we see greater downside risks to EU growth in 2026 for two main reasons. **First,** the impact of tariffs will weigh negatively on the region's export outlook. Specifically, the U.S.-EU agreement sets a maximum tariff cap of 15% on most goods from the bloc, excluding pharmaceuticals and semiconductors. These two categories currently face a 0% tariff but could rise by 15% in 2026 once the U.S. completes its Section 232 investigation—a significant risk given that pharmaceutical exports alone account for roughly 20% of EU exports to the U.S...

Sources: Refintiv, ECB, EC, Press research, TCB CIBG's Research analysis

Global Economy (Cont.)

...**Second,** investment in production and business activities next year may remain subdued due to: (1) The EU industrial confidence index, while slightly improving in October, has remained negative since February 2023, signaling persistent pessimism among firms; (2) The HCOB PMI for new export orders declined for the fourth consecutive month in October 2025; and (3) Elevated uncertainty amid the ongoing Russia-Ukraine conflict, suggesting that businesses in the region may adopt a cautious stance toward new investment decisions, thereby limiting their contribution to GDP growth next year. Overall, most global institutions share the view that Europe's economic growth in 2026 will face significant challenges.

Figure 14: Industrial confidence index

Unit: Point

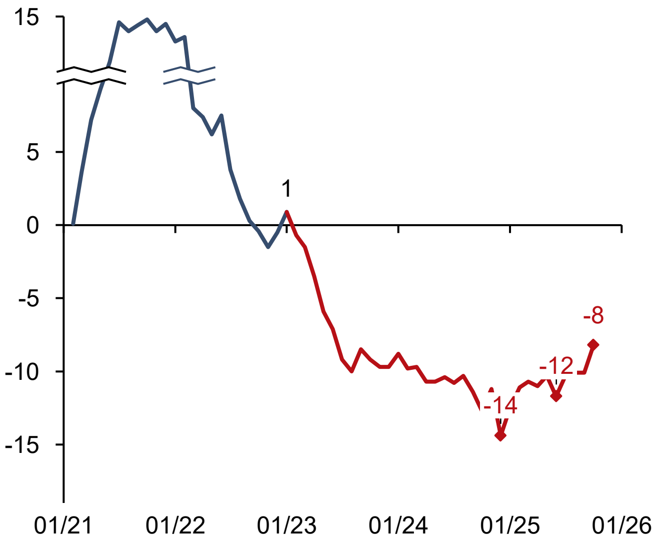
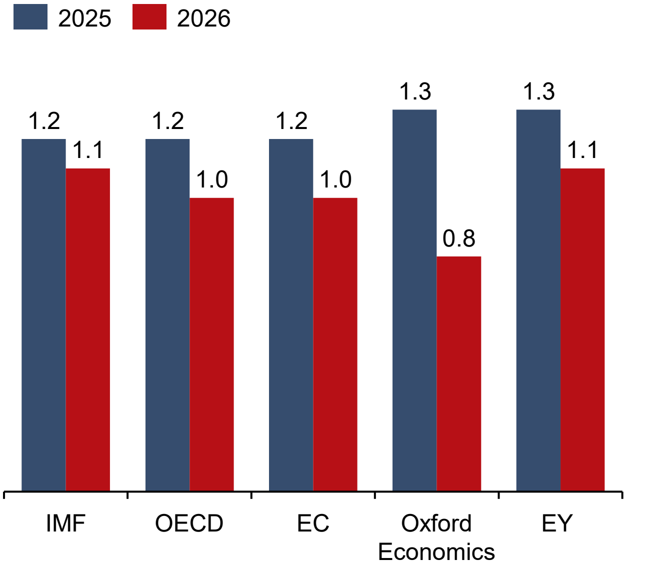


Figure 15: EU growth forecast

Unit: % YoY



ECB is expected to cut interest rates one more time in 2026.

We believe the ECB is likely to deliver one additional rate cut in 2026 for two key reasons. **First**, the euro area economy is projected to grow above 1% next year rather than experiencing a growth shock, leaving limited incentive for the ECB to ease further to support activity. **Second**, inflation—including both headline and core—currently hovers near the ECB's 2% target and could even fall below that level as (1) most of the planned retaliatory tax hikes across the region have been shelved; and (2) oil prices, along with electricity and natural gas prices, are expected to decline in 2026 (as we analyzed earlier). The policy rate curve implied by interest rate futures indicates one rate cut in 2026.

Sources: ECB, EC, Trading Economics, Reports from institutions, TCB CIBG's Research analysis

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Global Economy (Cont.)

Figure 16: EU CPI

Unit: %, data from Bloomberg

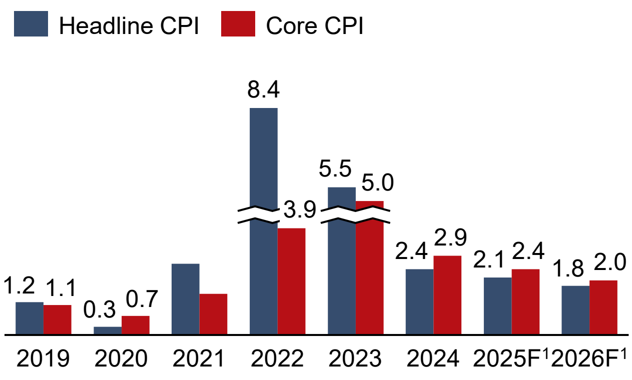
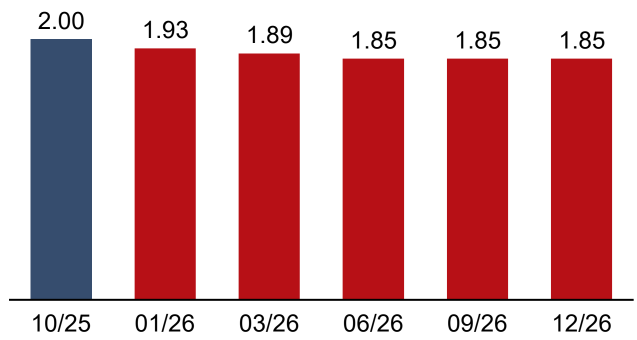


Figure 17: ECB policy rate

Unit: %, Implied by interest rate futures

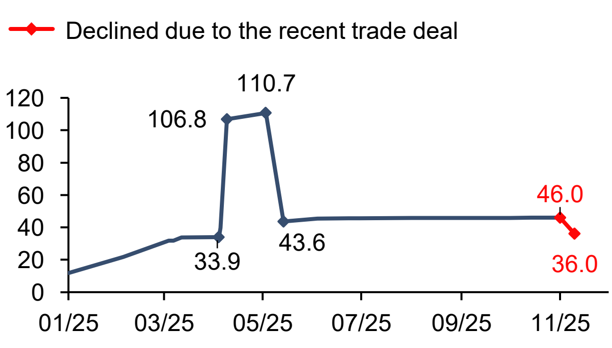


For China, economic growth next year is expected to face less pressure compared to forecasts made prior to November…

The recent agreement between the U.S. and China has helped ease trade tensions between the two countries. Under the deal, the U.S. reduced tariffs on Chinese fentanyl to 10%, in exchange for the normalization of rare earth exports from the world's second-largest economy, which had previously been restricted. This is a positive signal, as Goldman Sachs recently revised its 2026 growth forecast for China to 4.8%, up from 4.3% before the early-November trade agreement. Another supportive factor is the consumer credit cost reduction program, effective from September 2025 through August 2026. Under this scheme, households will receive interest subsidies on a portion of their loans—up to approximately $420 per person—for consumption purposes. At the same time, the government's five-year strategy emphasizes "raising the share of household consumption in GDP," suggesting further policy efforts aimed at stimulating domestic demand.

Figure 18: US' tariff rates on China's goods

Unit: % weighted average, data from WTO



China's new 5-year strategy[2]

Cagtegory	'21-'25 period	'26-'30 period
Nhu cầu nội địa/tiêu dùng	Broad orientation toward expanding domestic demand as a key GDP driver	• Continued emphasis on domestic demand • Target to "significantly" raise the share of consumption in GDP
Industrial production and technology	Strong emphasis on innovation, with electric vehicles (EVs) and high-tech sectors as core pillars	• Full technological self-sufficiency (AI, hydrogen, etc.) identified as a strategic goal • EVs no longer highlighted as the primary pillar

Note: 1: F = Forecast; 2: Include only the key highlights; for further details, please refer here.
Sources: Refinitiv, ECB, Chinese government, Press research, TCB CIBG's Research analysis

Global Economy (Cont.)

...However, significant risks remain, as the trade agreement with the U.S. and recent stimulus measures are not sufficient to ensure that China's economy in 2026 will outperform this year.

While China's economy shows some encouraging signs for the year ahead, we believe these factors remain fragile. **First**, although the recent trade agreement has eased pressure on Chinese exports, overall tariff levels on Chinese goods remain significantly higher than those faced by other manufacturing hubs in Asia, suggesting competitive headwinds persist. October export data also signals weakness, with export growth declining for the first time in eight months—down 1.1% YoY—amid continued negative growth in shipments to the U.S. since February and insufficient offset from other markets. **Second**, we remain cautious on China's domestic demand outlook for 2026. Consumer sentiment has yet to show meaningful improvement, as reflected in October retail sales rising only 2.9% YoY—the fifth consecutive month of slowing growth and the longest deceleration streak since 2021. This underscores the limited impact of 2025 policy measures aimed at boosting consumption and stabilizing the property market. Indeed, housing remains under pressure, with October data showing the sharpest monthly decline in home prices across 70 medium and large cities since the start of the year—down roughly 0.5% MoM.

Figure 19: US tariff on selected countries

Unit: % weighted average, as of November 10

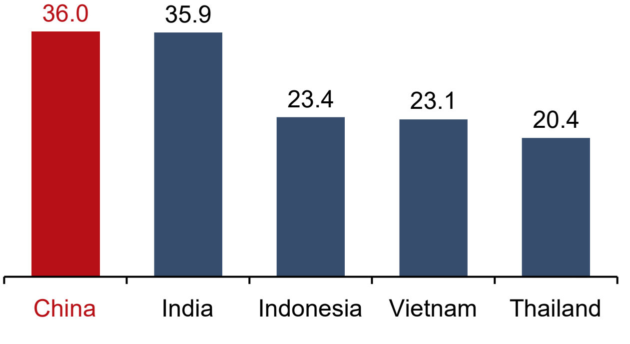
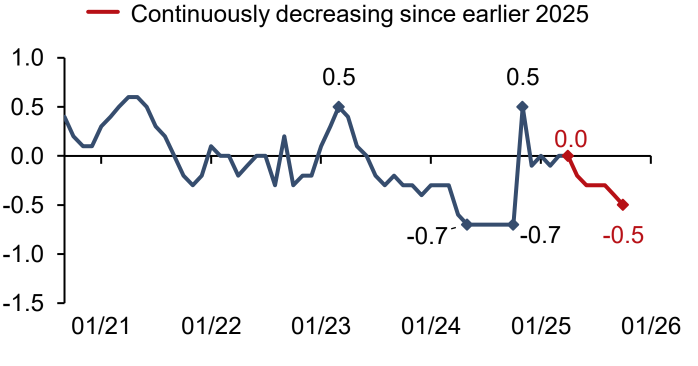


Figure 20: China's housing price changes

Unit: % MoM, 70 large-and-medium cities



Third, China's investment and manufacturing activity show little sign of a meaningful rebound over the next year. Fixed asset investment in manufacturing expansion posted the weakest cumulative growth in five years over the first ten months of 2025, while the new orders component of the PMI recorded its sharpest decline since December 2023. This reflects ongoing risks of further contraction in production and business activity through 2026, amid soft domestic demand and persistent external headwinds. Overall, based on the above analysis, we believe China's…

Sources: Chinese government, WTO, Trading Economics, TCB CIBG's Research analysis

Global Economy (Cont.)

...economic outlook for 2026 carries more downside risks than upside opportunities.

Figure 21: China's PMI new orders

Unit: Point

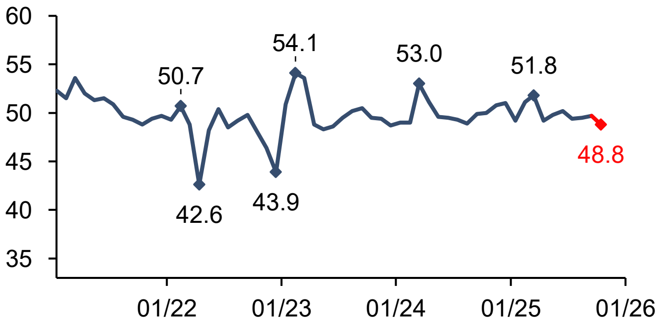


Figure 22: China's fixed asset investment

Unit: % YTD YoY 10M, manufacturing sector

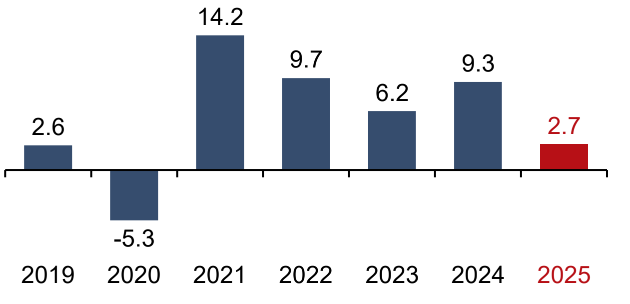
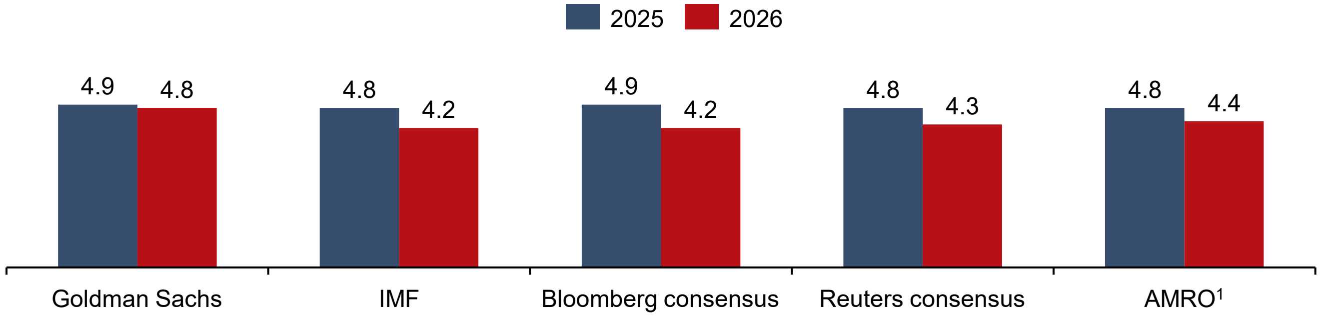


Figure 23: China growth forecast

Unit: % YoY, Data was released before the early-November trade agreement (except for Goldman Sachs).



Note: 1: ASEAN+3 Macroeconomic Research Office (AMRO)
Sources: Macro micro, Trading Economics, Refinitiv, Bloomberg, AMRO, TCB CIBG's Research analysis

Section 3

Vietnamese Economy

We forecast Vietnam's GDP growth in 2026 at 7.8%, driven by infrastructure investment, improved domestic consumption, sustained FDI inflows, and export advantages from favorable tariffs. However, risks remain, such as slowing global growth, ongoing trade wars, and persistent geopolitical tensions. The Vietnamese dong is expected to continue depreciating against the USD, though with less pressure. Deposit interest rates are projected to rise by 50 basis points

The economic growth target for 2026 is set at 10%, with inflation controlled at 4.5%

The National Assembly has set a target for Vietnam's GDP growth in 2026 at around 10%, while keeping inflation under control at 4.5%. This is a highly ambitious goal that requires significant efforts from the entire economy along with comprehensive reform programs. To achieve this target, we believe it is essential to accelerate public investment disbursement combined with very strong private investment growth, estimated at around 30% (at current prices), to create a major boost for economic expansion. Resolution 68-NQ/TW, issued in 2025, has paved the way for greater private sector participation in economic activities, aiming for private investment to account for about 60% of total social investment by 2030. In addition, according to IMF, comprehensive reforms—including expanding the scale and improving the efficiency of public investment, accelerating the privatization of state-owned enterprises—could contribute an additional 1 to 2.2 percentage points to GDP growth during the 2026–2030 period.

Figure 24: Annual GDP growth

(%)

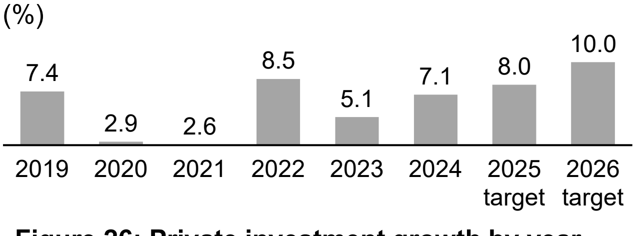


Figure 26: Private investment growth by year

(CIBG TCB Research estimate, %)

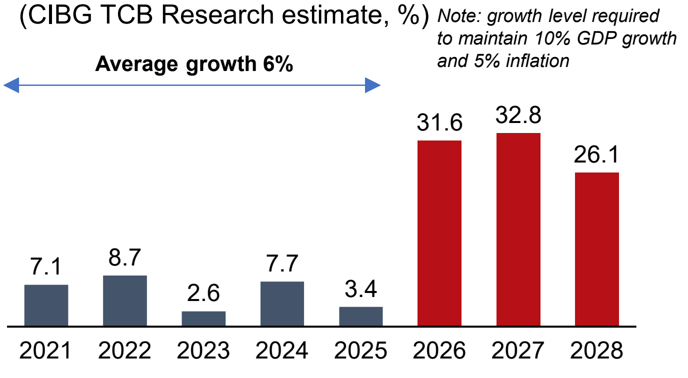


Figure 25: Chương trình cải cách toàn diện

(IMF)

Reform	Simulation Scenario
Expand scale of public investment	Increase total by 11.5% of GDP during 2025–2030
Improve efficiency of public investment	Increase from 69% to 84% by 2030 (matching ASEAN-5 average)
Accelerate SOE privatization	Collect 0.5% of GDP from privatization annually
Increase labor force participation rate	Increase by 0.5 percentage points each year
Improve tax efficiency	Improve VAT and PIT efficiency by 5 percentage points and 8 percentage points (from 70% to 35%)
Reduce credit market distortions	Reduce distortions to raise private investment to 24% of GDP (average of EM Asia)

Sources: General Statistics Office (GSO), Ministry of Finance (MOF), IMF ,TCB CIBG Market Research analysis.

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Vietnamese Economy *(Cont.)*

Public investment, particularly infrastructure investment through public–private partnership models, will be the main growth driver for 2026 and for the next five-year period

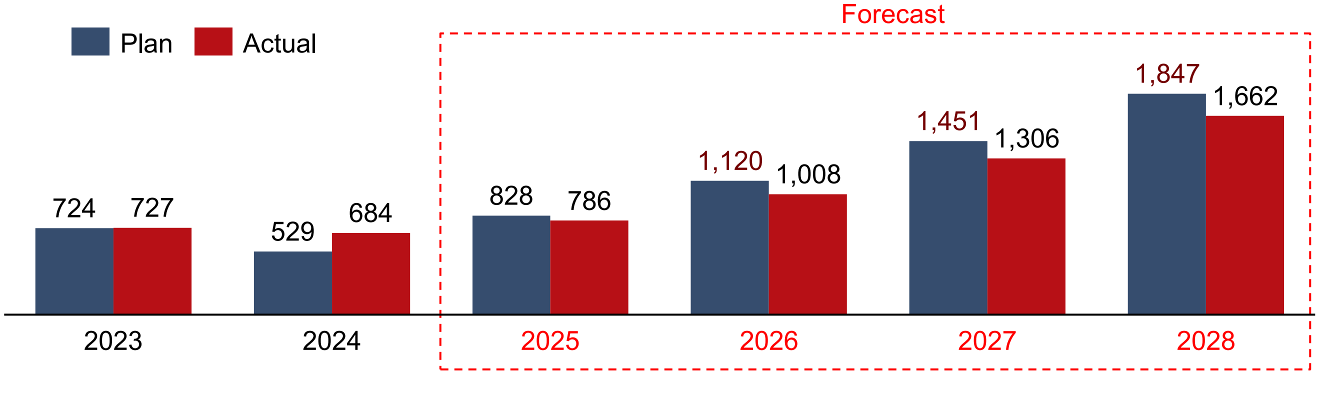
In the first 10 months of 2025, public investment disbursement reached approximately VND 490 trillion, up sharply by 37% year-on-year and fulfilling 55% of the annual plan. In October alone, disbursement was VND 46 trillion, an improvement compared to the previous two months but still below expectations. The main reasons for delays include difficulties in land clearance, disruptions caused by implementing the two-tier local government model, and fluctuations in material prices that increase costs and extend project timelines. Although completing the 2025 plan remains a major challenge, we expect the disbursement rate could reach around 95%, thanks to strong government directives to resolve current bottlenecks.

In addition, Resolution 68 paves the way for public–private partnerships in key infrastructure projects, driving long-term economic growth

For 2026, the public investment plan exceeds VND 1.1 quadrillion, up 30% from 2025, continuing to serve as the main driver of economic growth. Ratios of public debt/GDP, government debt/GDP, and external debt/GDP remain below regulatory ceilings, providing favorable room for expansion. In addition, Resolution 68-NQ/TW paves the way for public–private partnerships in key infrastructure projects, helping mobilize private capital and fostering long-term economic growth. According to IMF estimates, the large scale of public investment combined with improved disbursement efficiency could contribute an additional 0.7 percentage points to GDP growth in 2026, and even up to 1 percentage point in subsequent years. Notably, completing the two-tier local government model to ensure uninterrupted project management is expected to accelerate disbursement. However, some risks remain, including land clearance obstacles, material price volatility, and supply chain disruptions.

Figure 27: Investment Disbursement

(VND Trillion)

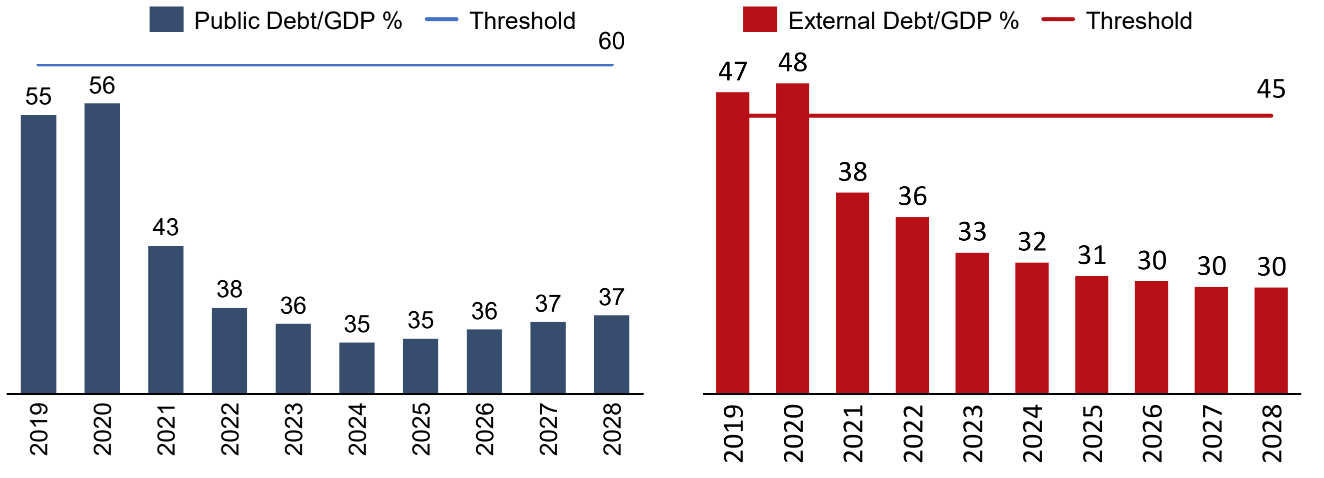


Sources: General Statistics Office (GSO), MOF, TCB CIBG Market Research analysis.

Vietnamese Economy *(Cont.)*

Figure 28: National debt indicators compared to permitted thresholds

(%, CB CIBG Research estimates)



Consumer spending is projected to remain stable within the range of 8–10% in 2026

In October, spending showed slight weakness as retail sales of goods and services grew 7.2% year-on-year, down from 11.3% in the previous month. Chinese tourist arrivals have slowed for four consecutive months, mainly due to China's strong push for domestic tourism through policies such as rural tourism development, issuing vouchers across various regions, and launching 10 national tourism clusters, which resulted in 5 billion domestic trips in the first nine months, up 18% year-on-year. Additionally, global trade tensions have affected income and consumer sentiment, prompting people to prioritize domestic travel. Nevertheless, Vietnam continues to strengthen efforts to attract Chinese visitors by increasing flight routes and organizing promotional programs in Beijing at the end of October, aiming to remain a top destination for Chinese tourists.

Looking ahead, consumption is expected to improve, particularly in 2026, supported by ongoing and upcoming policies. The extension of VAT reduction from 10% to 8% and the expansion of visa-free countries are currently boosting demand. Notably, personal income tax reform, expected to be approved by the end of 2025, will reduce the number of tax brackets from seven to five, adjust family deductions, and introduce additional deductions for medical and education expenses. These changes will increase disposable income and stimulate consumer spending. Consequently, the share of total consumer spending in GDP is expected to remain around 8%.

Sources: GSO, MOF, TCB CIBG Market Research analysis.

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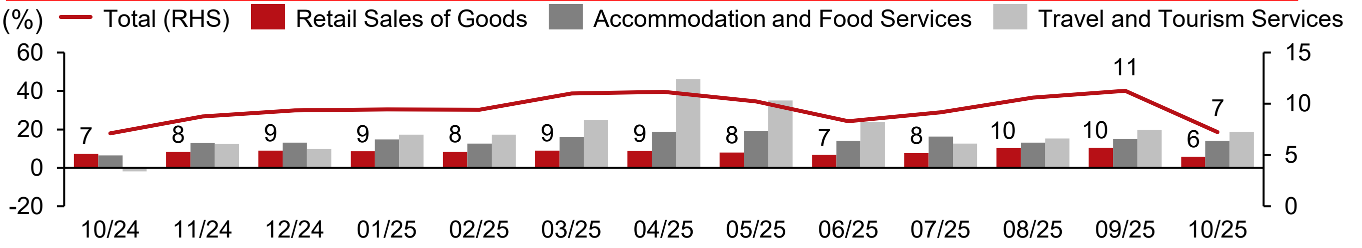
Vietnamese Economy *(Cont.)*

Figure 29: Retail Sales Growth of Goods & Services



Export growth is expected to remain in double digits, driven mainly by foreign-invested enterprises (FDI)

Exports in 10M2025 grew by 19% year-on-year. Notably, exports to the U.S. and China recorded strong increases in September and October, primarily due to peak season demand for computers and electronic components. In contrast, traditional export categories such as textiles, footwear, and wooden products only maintained modest growth of around 5–10% year-on-year in recent months, mainly due to tariff impacts and declining orders in these sectors, especially from Q4 2025. With solid growth momentum since the beginning of the year, we maintain our forecast for 2025 exports to rise by about 15%.

In 2026, although trade tensions have eased compared to early 2025, Vietnam's exports still face risks: (1) global economic slowdown, (2) uncertainty in global investment and consumption due to trade wars and geopolitical risks, (3) increasing competition in markets outside the U.S., and (4) unresolved issues regarding U.S. criteria for identifying transshipped goods. However, we forecast exports in 2026 will continue to grow at double-digit rates. First, computer and electronic component products are expected to grow strongly by 15–20% year-on-year, as demand remains stable and major corporations such as Samsung, LG, Foxconn, and Luxshare expand projects in Vietnam during 2024–2025; when new factories come online in 2026, export volumes will rise significantly. Second, traditional products such as textiles and wooden goods are expected to maintain growth of 5–10%, despite weaker global demand, as Vietnam benefits from lower U.S. tariffs compared to China and India. Additionally, from a corporate perspective, although exports are expected to maintain growth as mentioned, we remain concerned about domestic enterprises. For six consecutive months since Vietnam was warned of potential tariff imposition in April, exports and imports of this group have continued to decline. This trend may not reverse in 2026 as global economic volatility persists, putting pressure on domestic production and recovery capacity of local businesses.

Sources: GSO, MOF, TCB CIBG Market Research analysis.

Vietnamese Economy *(Cont.)*

Figure 30: Monthly Export Growth

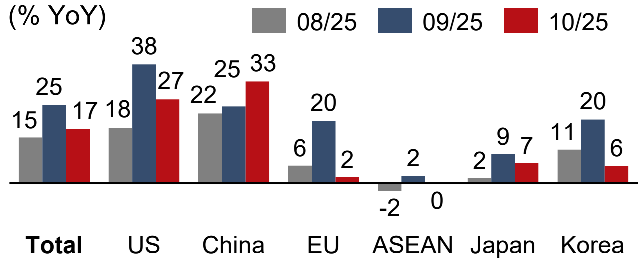


Figure 31: Monthly Import Growth

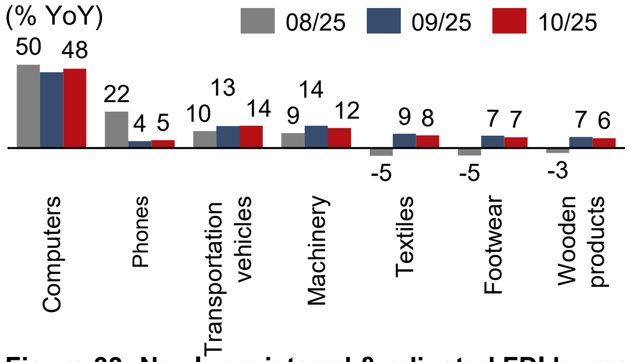


Figure 32: Newly registered & adjusted FDI in 10M

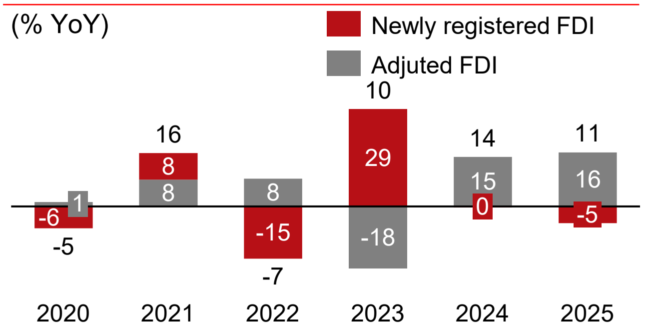
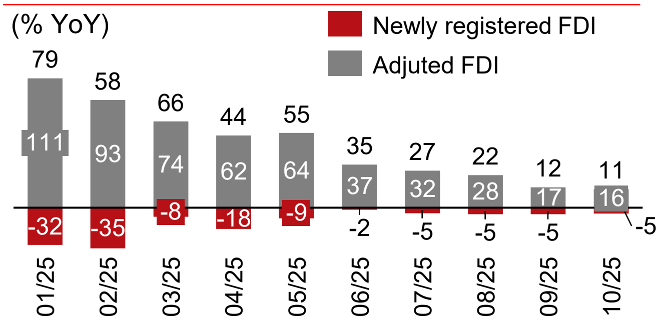


Figure 33: Newly registered & adjusted FDI by month



FDI disbursement is expected to maintain stable growth

In the first 10 months of 2025, total newly registered and adjusted FDI increased by 11% year-on-year, with notable interest from Korean and Chinese investors. Remarkably, newly registered FDI in the real estate sector surged by 20% year-on-year, in line with the vibrant market as primary apartment sales in Hanoi and Ho Chi Minh City also rose 20% year-on-year in the first nine months. However, in the past three months, the pace of new and adjusted FDI registrations has slowed, particularly with the absence of large-scale projects over USD 1 billion as investors pause to assess opportunities and risks. According to the OECD, global companies are scaling back or delaying investments in emerging markets in 2025 due to concerns over geopolitical instability, tariff policies, and trade protection measures from the U.S. and EU. Notably, Vietnam’s adoption of Pillar 2 has rendered previous tax incentives for global enterprises with revenues over EUR 750 million ineffective, while no new compensatory policies have been introduced, leading major corporations to postpone new investments until clearer policies emerge. With total registered FDI clearly decelerating recently, we are concerned that disbursed FDI growth will also struggle to accelerate in 2026–2027. Based on our calculations, the impact of registered FDI on disbursed FDI typically takes about 3 to 5 quarters.

Sources: GSO, PMI, TCB CIBG Market Research analysis.

Vietnamese Economy *(Cont.)*

In 2026, we expect FDI disbursement into Vietnam to maintain positive growth, driven by three key factors. First, Vietnam continues to uphold a stable geopolitical environment, increasingly improving compared to regional competitors. Second, U.S. requirements to reduce imports of raw materials from China create opportunities for Vietnam to attract a new wave of FDI into raw material production and strengthen domestic supply chains to mitigate dependency risks. Third, the government is implementing strong support policies, including establishing the Investment Support Fund for high-tech enterprises (Decree 182/2024), providing 50–70% financial support for machinery, equipment, and R&D for SMEs (Decree 205/2025), along with attractive tax incentives for FDI firms in IFCs and FTZs such as corporate income tax of 10% for 30 years or 0%, personal income tax exemption until 2030, one-stop administrative mechanisms, and free profit repatriation. These factors, combined with the global supply chain relocation trend, will be key drivers boosting FDI inflows into Vietnam.

Figure 34: Large-scale registered FDI projects in 2025

Project	Investor	Amount (USD billion)	Sector
Samsung Display	Korea	1.8	Manufacturing
Yen So Park Construction	Maylaysia	1.2	Real estate
Polyester Fabric Recycling	Sweden	1.0	Manufacturing
Nam Thang Long New Quarter Ha Noi City	Singapore	0.8	Real estate
Smc Manufacturing	Japan	0.5	Manufacturing
Southern Vietnam Petrochemical Complex	Thailand	0.4	Manufacturing
C2 New Urban Area - Gamuda	Maylaysia	0.4	Real estate
Build Le Trong Tan New Urban Area	Singapore	0.4	Real estate
Mega Textile	Singapore	0.4	Manufacturing
Berjaya Residential & commercial (Handico12)	Cayman Islands	0.3	Real estate
Luxshare-Ict (Bac Ninh)	China	0.3	Manufacturing

We forecast Vietnam's GDP growth in 2026 at 7.8%

Based on the analysis of each growth driver for Vietnam's economy in 2026 above, we assess that achieving economic growth above 10% would be highly challenging, though not impossible, if there is an extraordinary effort to expand fiscal policy. However, given significant external challenges, we temporarily project Vietnam's economic growth at around 7.8% under the base scenario. Although this is

Sources: GSO, PMI, TCB CIBG Market Research analysis.

lower than the government's target of 10%, our forecast remains among the most optimistic and positive compared to international organizations. Once again, with a year full of volatility and many unexpected factors in both positive and negative directions, we expect our growth forecast to be adjusted more frequently than usual in the coming year.

Figure 35: Growth Forecasts by Organizations

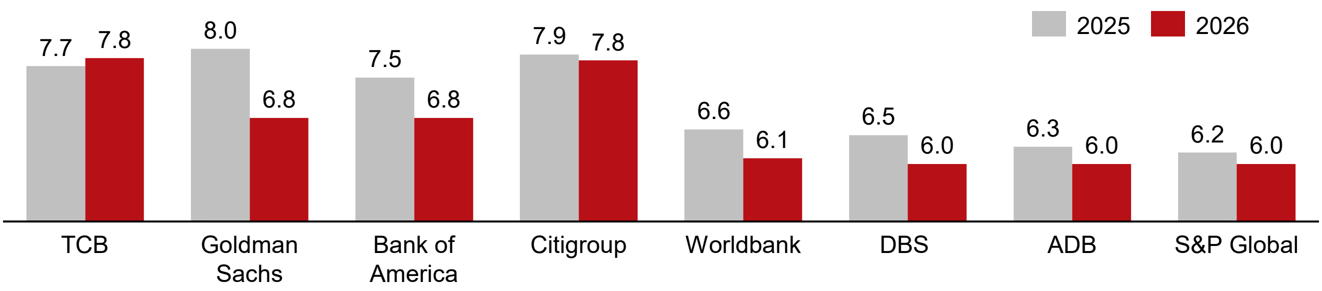
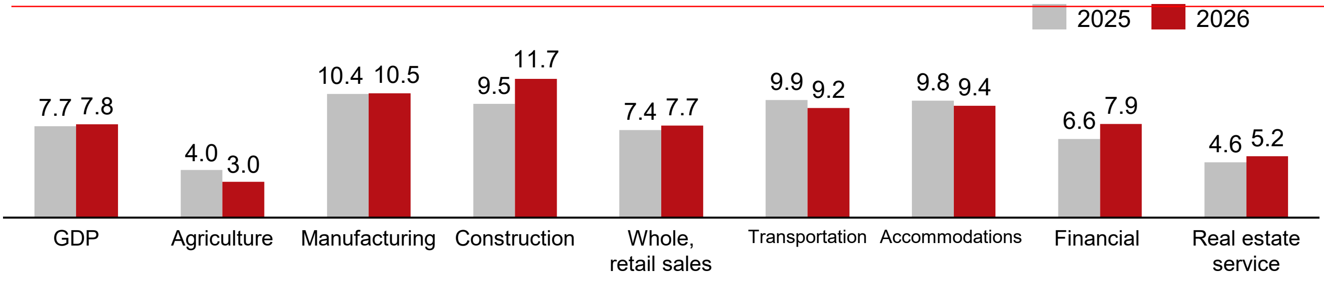


Figure 36: Growth of Economic Sectors



We forecast inflation to remain stable in 2026, within the range of 3.5–4.0%

In October, the Consumer Price Index (CPI) rose slightly by 0.2% month-on-month and 3.3% year-on-year, mainly driven by higher food prices in areas directly affected by floods after storms and rising education service costs at non-public schools. Moving into November, storms and flooding in Central and Southern Vietnam may continue to put pressure on food prices, while other categories such as pork and fuel are expected to remain stable. After factoring in the impact of natural disasters in our forecast model, we maintain our full-year CPI forecast for 2025 at 3.3–3.5%.

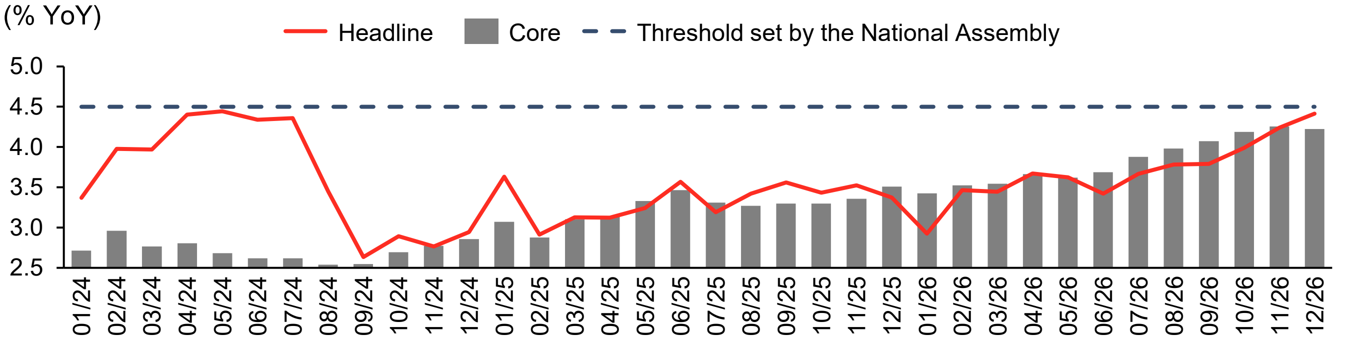
For 2026, inflation is projected to remain stable within the range of 3.6–4.0%, supported by factors such as pork prices staying steady at 75,000–80,000 VND/kg, WTI oil averaging USD 63 per barrel according to Bloomberg, which will not create significant inflationary pressure, and electricity prices possibly rising by 10%, while other

Sources: GSO, PMI, TCB CIBG Market Research analysis.

Vietnamese Economy *(Cont.)*

state-controlled goods remain stable. With GDP growth expected at 7–8%, we believe the economy will not overheat, avoiding a sharp increase in core inflation. Overall, inflation in 2026 is expected to stay below the government's target threshold.

Figure 37: Headline CPI and Core CPI



We forecast the VND/USD exchange rate to increase by 2.0–2.5% in 2026

In October, the USD/VND rate fluctuated within a narrow range of 26,300–26,350. We maintain our view that the exchange rate will ease toward year-end, supported by strong remittance inflows and an interbank VND–USD interest rate spread that remains at a reasonable level, avoiding pressure on the currency. Accordingly, the average USD/VND rate is expected to rise by 3.5% in 2025.

For 2026, we project the average USD/VND rate to increase slightly by 2–2.5%, driven by several factors. First, trade surpluses and export revenues are concentrated among FDI enterprises, while domestic firms have yet to show clear recovery; thus, an overall goods surplus may not translate into a strong current account surplus as before. Second, accelerated public investment disbursement and infrastructure projects next year will increase imports of machinery and raw materials, raising foreign currency demand. Third, foreign currency flows remain under pressure due to partial execution of forward contracts worth USD 4.5 billion in 2025. Support for the exchange rate will largely come from external factors such as sentiment from a weakening USD and widening interest rate differentials as the Fed is expected to cut rates. Additionally, we have high expectations for IFC projects in Da Nang and Ho Chi Minh City and for the stock market upgrade, which should attract more foreign capital. Meanwhile, changes in gold management under new

Sources: GSO, PMI, TCB CIBG Market Research analysis.

Vietnamese Economy *(Cont.)*

regulations (Decree 232/2025/NĐ-CP) will help reduce pressure on the exchange rate by narrowing the gap between global and domestic gold prices. Overall, depreciation pressure on the VND is expected to gradually ease in the coming years.

Figure 38: VND – USD swap curve

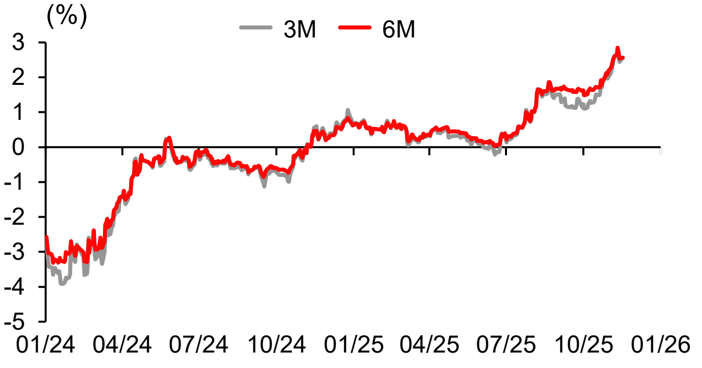
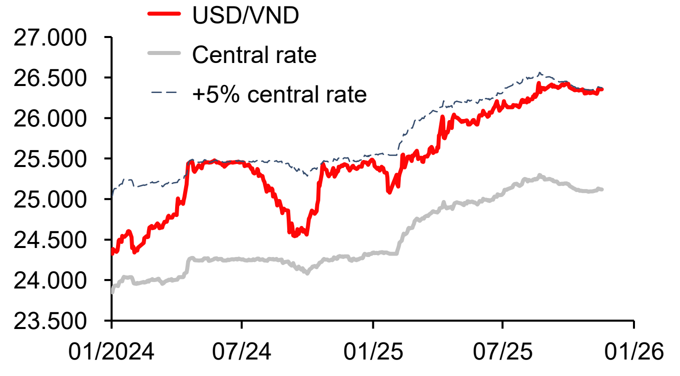


Figure 39: USDVND exchange rate and central rate



We forecast that the 6-month deposit rate of G8 will increase by an additional 50 basis points in 2026

According to the SBV, as of the end of October, credit growth reached 15.1% year-to-date (YTD) — the highest level in many years, reflecting the positive recovery of the economy and strong capital demand from businesses. Meanwhile, deposit growth, although improved compared to previous years, remains significantly slower than credit growth, mainly because the budget surplus of over VND 300 trillion has withdrawn part of the liquidity from the economy. As a result, banks have been forced to raise deposit rates amid interbank rates remaining firm to maintain a positive interest rate spread with the USD. Based on our calculations, the 6-month deposit rate of the eight largest joint-stock commercial banks has increased by 34 basis points this year and still has room to rise by another 6–10 basis points by year-end.

Looking ahead to 2026, with the National Assembly's growth target higher than this year (10% versus 8%), although we forecast economic growth at around 7.8%, credit growth is expected to reach about 17%. The continued faster pace of credit growth compared to deposits in 2026 will likely push deposit rates up by about 50 basis points under our base scenario. The key determinant in our forecast will largely depend on the speed and scale of public investment disbursement, specifically how much the state budget deficit will widen in 2026. In the

Sources: SBV, Bloomberg, Reuters, TCB CIBG Market Research analysis.

Vietnamese Economy *(Cont.)*

case of strong budget disbursement, stable inflation as projected, and the Fed cutting rates as expected, the SBV may even have room to lower policy rates to support economic growth, meaning deposit rates may not rise as sharply as we currently forecast.

Figure 40: Credit and deposit growth

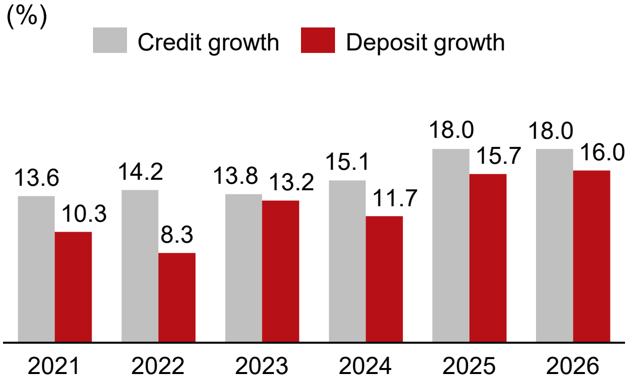
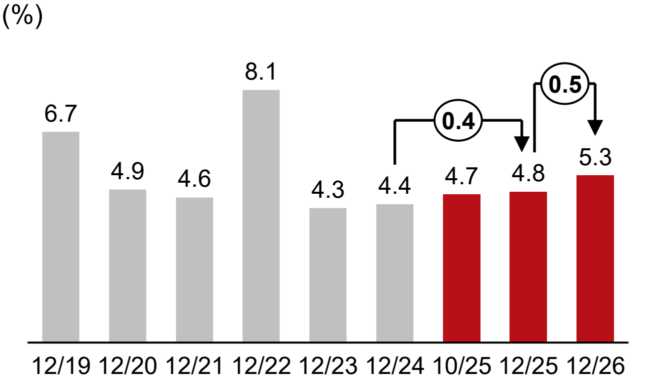


Figure 14: Average 6-month deposit interest rate of G8*



Sources: Refinitiv, SBV, TCB CIBG Market Research analysis.
Note: *6M rate of G8 bank, including TCB, MBB, VPB, VIB, TPB, ACB, STB, MSB

Section 4

Appendix

Updates on macroeconomics and financial market in the world

Indicators	Country	Unit	2024	2024			2025									
				10	11	12	01	02	03	04	05	06	07	08	09	10
Real GDP Growth	US	%, YoY, Quarterly	2.8			2.5			2.0			2.0				
	Eurozone	%. YoY. Quarterly	0.7			1.2			1.5			1.4				
	China	%. YoY. Quarterly	5.0			5.4			5.4			5.2				
	Japan	%. YoY. Quarterly	0.1			1.2			1.6			1.2				
CPI	US	%. YoY. Monthly	2.9	2.6	2.7	2.9	3.0	2.8	2.4	2.3	2.4	2.7	2.7	2.9		
	EU	%. YoY. Monthly		2.0	2.2	2.4	2.5	2.4	2.2	2.2	1.9	2.0	2.0	2.0	2.2	2.1
	China	%. YoY. Monthly	0.2	0.3	0.2	0.1	0.5	-0.7	-0.1	-0.1	-0.1	0.1	0.0	-0.4	-0.3	0.2
	Japan	%. YoY. Monthly	2.7	2.3	2.9	3.6	4.0	3.7	3.6	3.6	3.5	3.3	3.1	2.7		
Fed funds target rate		%. End of month	4.5	5.00	4.75	4.50	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.25	4.00
DXY		Index. Monthly Average	104.2	103.3	105.9	107.2	108.6	107.3	104.1	100.7	100.0	98.4	97.9	98.3	97.7	98.8
USD/CNY		Index. Monthly Average	7.2	7.09	7.21	7.28	7.30	7.27	7.25	7.30	7.21	7.18	7.17	7.17	7.12	7.12
10Y UST Yields		%. Monthly Average	4.21	4.09	4.4	4.4	4.6	4.5	4.3	4.3	4.42	4.38	4.38	4.26	4.12	4.05
WTI Oil price		USD/barrel. Monthly Average	75.76	71.56	69.5	69.7	75.1	71.2	67.9	63.0	60.1	67.33	67.24	64.02	63.5	60.1

Updates on macroeconomics and financial market in Vietnam

Indicators	Unit	2024	2024			2025									
			10	11	12	01	02	03	04	05	06	07	08	09	10
Real GDP growth	%. Quarterly. YoY	7.0			7.55			7.05			8.19			8.23	
IIP	%. Monthly. YoY	8.35	7.02	7.95	8.84	0.61	17.06	8.60	8.85	9.41	10.83	8.54	8.90	13.59	10.80
Headline CPI	%. Monthly. YoY	3.6	2.89	2.77	2.94	3.63	2.91	3.13	3.12	3.24	3.57	3.19	3.24	3.38	3.25
Retail sales growth	%. Monthly. YoY	9.5	7.1	8.8	9.3	9.5	9.4	10.0	9.9	9.7	9.3	9.3	9.4	9.5	9.3
Registered FDI	USD billion. Monthly	33.7	2.4	3.7	6.4	4.0	2.4	3.1	2.5	3.6	2.7	1.8	1.7	2.0	2.5
Disbursed FDI	USD billion. Monthly	25.4	2.2	2.1	3.7	1.5	1.4	2.0	1.8	2.2	2.8	1.9	1.8	3.4	2.5
Trade exports	USD billion. Monthly	405.5	35.9	34.3	35.6	33.2	31.1	38.6	37.5	39.9	39.6	42.6	43.5	42.8	42.3
Trade imports	USD billion. Monthly	380.8	33.4	33.3	35.1	30.1	32.7	36.9	36.9	39.0	36.6	40.1	39.7	39.9	39.5
Trade balance	USD billion. Monthly	24.8	2.5	1.0	0.5	3.1	-1.7	1.7	0.6	0.9	3.0	2.6	3.8	2.8	2.7
Deposit growth	%. YTD		6.8	7.9	11.7	-0.5	0.6	2.5	3.8	5.5	8.6				
Credit growth	%. YTD		10.2	11.9	15.1	0.6	0.8	3.9	5.3	6.7	9.9	10.2			
10Y Government bond yields	%. Monthly Average	2.7	2.67	2.74	2.88	3.03	2.88	2.97	3.04	3.08	3.17	3.26	3.43	3.57	3.73
1W Interbank rate	%. Monthly Average	3.7	3.81	4.99	4.50	4.6	4.8	4.5	4.4	4.2	3.7	4.9	5.1	4.8	5.2
6M Deposit rate*	%. Monthly Average	4.1	4.4	4.4	4.4	4.4	4.5	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4
USD/VND	Monthly Average	25,068	25,058	25,373	25,423	25,323	25,437	25,547	25,882	25,959	26,089	25,151	26,294	26,398	26,347

Updated full-year forecasts for Vietnam

Indicators	Unit	2024	2024			2025										Forecast 2025	Forecast 2026
			10	11	12	01	02	03	04	05	06	07	08	09	10		
Real GDP growth	%	7.0			7.55			7.05			8.19			8.23		7.68	7.80
Headline CPI	%. YoY. Average	3.6	2.89	2.77	2.94	3.63	2.91	3.13	3.12	3.24	3.57	3.19	3.24	3.38	3.25	3.3	3.8
Deposit growth	%. YTD		6.8	7.9	11.7	-0.5	0.6	2.5	3.8	5.5						15.7	16.0
Credit growth	%. YTD		10.2	11.9	15.1	0.6	0.8	3.9	5.3	6.7	9.9	10.2				18.0	18.0
USD/VND	Average	25,068	25,058	25,373	25,423	25,323	25,437	25,547	25,882	25,959	26,089	26,151	26,294	26,398	26,347	26,008	26,632
10Y Government bond yields	%, 10Y, Average	2.7	2.67	2.74	2.88	3.02	2.88	2.97	3.04	3.08	3.17	3.26	3.43	3.57	3.73	3.3	3.9
1W Interbank rate	%. Average	3.7	3.81	4.99	4.50	4.6	4.8	4.5	4.4	4.2	3.7	4.9	5.1	4.8	5.2	4.6	4.5

Note: *6M rate of G8 bank, including TCB, MBB, VPB, VIB, TPB, ACB, STB, MSB
Sources: GSO, Vietnam Customs, VBMA, Reuters, TCB CIBG Market Research analysis

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