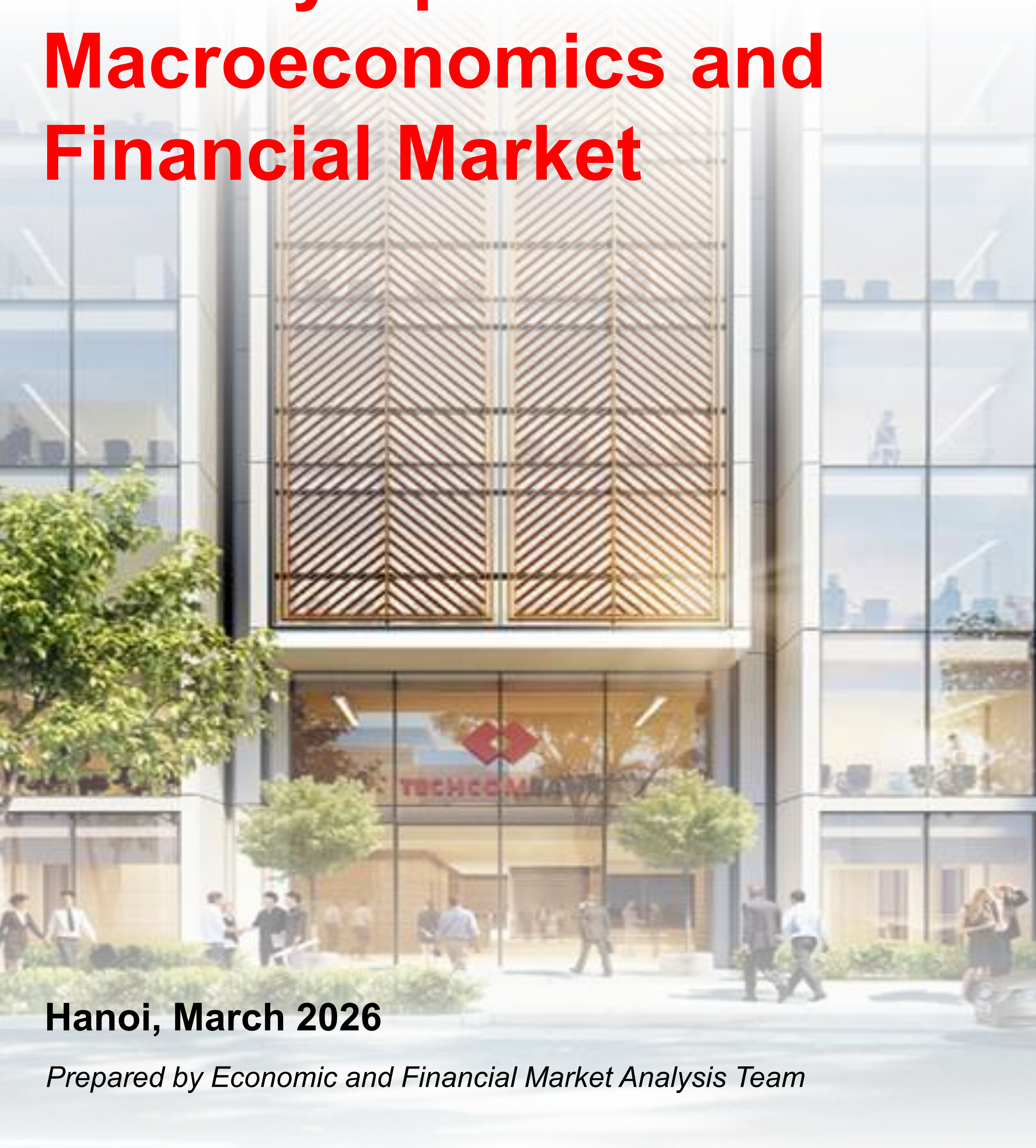
Monthly Updates on Macroeconomics and Financial Market



Hanoi, March 2026

Prepared by Economic and Financial Market Analysis Team

BE GREATER

Navigating rising risks:

Slow down to see ahead

Section 1

TECHCOMBANK

Executive Summary

World Economy:

- *The global landscape has become exceptionally complex and volatile due to the U.S-Iran conflict.*
- *Global crude oil supply remains strained by war developments, with the Strait of Hormuz - a chokepoint for approximately 20% of global oil and gas - serving as the most critical bottleneck.*
- *Consequently, crude prices have fluctuated sharply around the 100 USD/barrel and are expected to remain highly unpredictable.*
- *Tariffs continue to be a major variable under the Trump administration in 2026: following the repeal of IEEPA-related tariffs, Trump has invoked Section 122 and is expected to leverage further legal options to execute his tariff plan.*
- *Risks stemming from both tariffs and warfare may force both the Fed and the ECB into a cautious stance on interest rates. We anticipate a Fed that remains dovish, though to a lesser extent, while the ECB is likely to maintain current rates throughout 2026.*

Vietnam Economy:

- *Based on the key transmission channels of geopolitical risks, we revise our forecast for Vietnam's GDP growth in 2026 to 7.5% under the baseline scenario.*
- *Vietnam recorded a trade deficit of approximately USD 3 billion in the first two months of the year. With import demand remaining elevated and higher oil prices increasing energy import costs, Vietnam's trade surplus in 2026 is likely to narrow further.*
- *Total newly registered and adjusted FDI reached USD 5.5 billion, down 13% year on year. The outlook for new and adjusted FDI inflows may weaken amid heightened external uncertainty.*
- *Driven by higher oil prices, we revise our 2026 inflation forecast upward, with average CPI projected at around 4.5–4.7% under Scenario A (Baseline). Rising inflationary pressures are likely to weigh on domestic demand, as consumption has yet to recover sustainably.*
- *Public investment disbursement is expected to reach 90% in both scenarios, continuing to serve as a key growth pillar despite the slow disbursement pace early in the year.*
- *The exchange rate faces upward pressure amid a narrowing trade surplus and a stronger US dollar. Under the baseline scenario, we revise our forecast for the USD/VND exchange rate, with an expected appreciation of around 2.5% in 2026.*
- *System liquidity experienced temporary pressures but has gradually stabilized. Nevertheless, VND interest rates in 2026 are projected to edge higher, reflecting pressures from exchange rate dynamics, inflation, and slower deposit growth.*

Section 2

Global Economy

Uncertainty – as we noted in previous publications, has become a part in the "new normal" state of the world economy. This requires greater vigilance from readers in risk management against "Black swan" events that could strike at any time and in various forms: geopolitical shifts, trade policies, or sudden shocks in the global monetary and financial systems …

President Trump brings the next shock to global markets: US-Iran conflict erupts

The global landscape is undergoing highly complex and volatile shifts. Readers are undoubtedly following the headline-grabbing escalation: the outbreak of the U.S.-Iran conflict. On February 28, 2026, the United States and Israel launched approximately 900 airstrikes within 12 hours, neutralizing numerous military targets and high-ranking Iranian officials. This operation is the culmination of years of escalating tensions and the deadlock in nuclear negotiations throughout 2025-2026. Furthermore, realizing Iran's weakened position due to sanctions and internal instability, the U.S. and Israel identified this as a strategic window to achieve military objectives. This decision has expectedly triggered severe retaliatory waves from Iran, propelling geopolitical risk to its highest level in 20 years, surpassed only by the levels seen during the geopolitical tensions following the 9/11 event in the early 2000s.

Figure 1: Geopolitical Risk Index surges

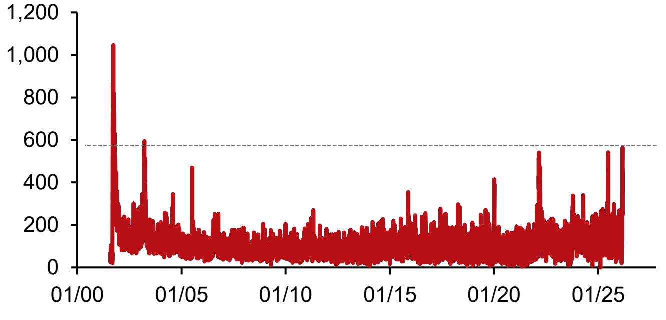
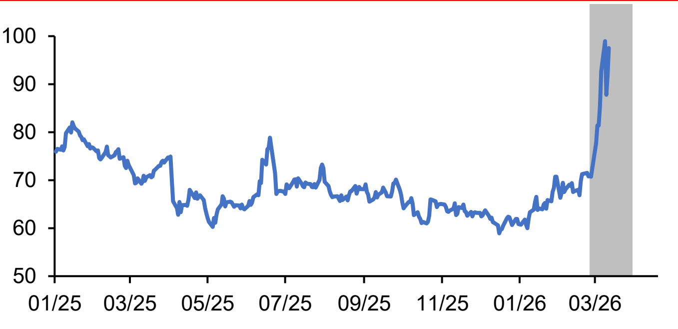


Figure 2: Volatile Brent price amid conflict



Global crude oil supply tightened the conflict developed with the Strait of Hormuz remains a critical bottleneck

The alarming geopolitical risks have transcended the military arena, spreading intense heat across global financial markets. The reason is encapsulated in two words: crude oil - the primary feedstock for essential fuels such as gasoline and diesel, which serve as critical inputs for all economic activities. The military conflict in the region has raised concerns regarding production disruptions in Iran (~3.2 million barrels per day) and neighboring areas, as they are caught in the middle of the conflict.

However, the biggest risk does not lie with individual production facilities but is concentrated at a single choke point capable of paralyzing global energy flows: the Strait of Hormuz - the route for approximately 20% of the world's crude oil and liquefied natural gas (LNG). Beyond the colossal volumes…..

Source:Caldara, Dario and Matteo Iacoviello (2022), "Measuring Geopolitical Risk," American Economic Review, April, 112(4), pp.1194-1225., TCB CIBG Research.Analysis.

Section 2

Global Economy *(Cont.)*

… The significance of the Strait of Hormuz lies in its lack of short-term alternatives: the spare pipeline capacities of Saudi Arabia and the UAE can only offset about 20% of the oil volumes passing through this corridor. By controlling the northern shore of the strait, Iran holds a strategic trump card to exert pressure on its adversaries. At the time of writing, the Strait of Hormuz remains functionally closed due to Iranian threats against maritime vessels. Should this deadlock persist, global crude oil supply will reach a "red alert" status. Recent market developments offer a stark visualization of a worst-case scenario: Brent crude prices surged, briefly approaching USD 120 per barrel - double the levels seen in early 2026 and nearing the range recorded during the 2022 Russia-Ukraine conflict. Consequently, global stock markets have entered a freefall amid widespread panic, particularly in nations heavily dependent on Middle Eastern oil, such as South Korea.

Figure 3: Number of tankers through Hormiz dropped

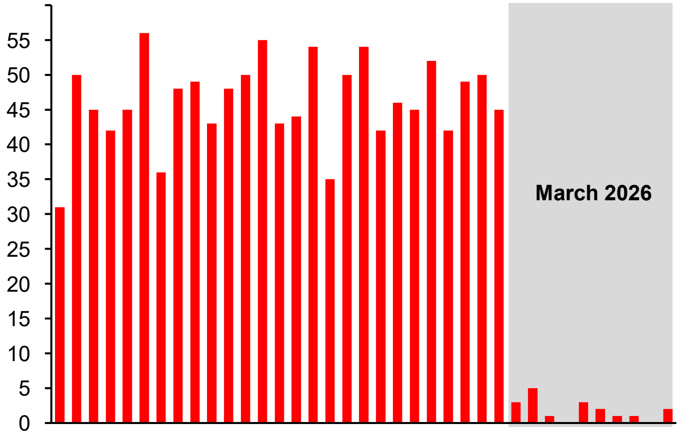
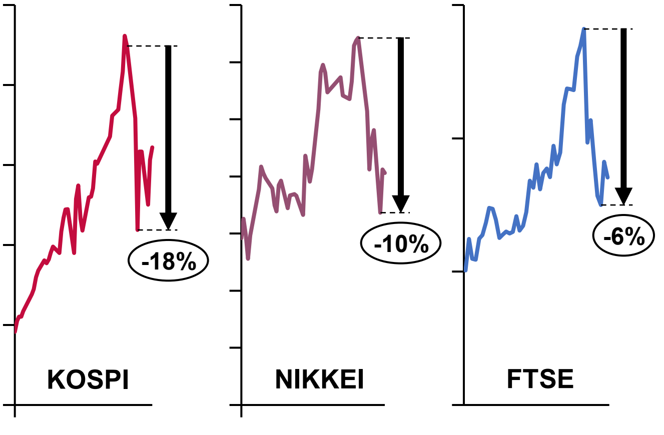


Figure 4: Some stock markets reaction



Next developments in U.S.-Iran tensions are highly unpredictable

The U.S.-Iran conflict has continuously defied expectations: following the peak of tensions on March 9, the situation briefly de-escalated. Brent crude plummeted from over USD 110 to USD 88 per barrel in a single day following President Trump's remarks on seizing control of the Strait of Hormuz to swiftly conclude the Iran campaign. However, prices surged back to the 100 USD mark soon after, following reports of Iranian attacks on several oil tankers.

Given President Trump's established track record and the inherent complexity of Iran and the Middle East, we believe that "Expect the unexpected" is the most appropriate approach. The tide could turn at any moment; both worst-case and best-case scenarios remain plausible, potentially driving oil prices to levels few can anticipate. This is a critical issue that we will closely monitor and provide updates on in the near future.

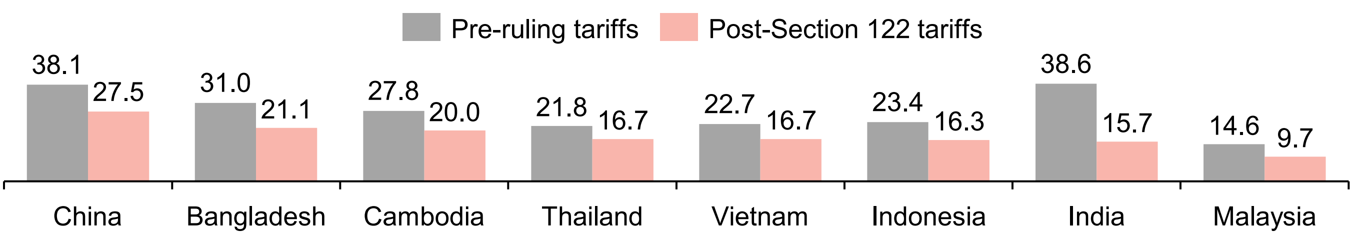
Source: The ecocomist, Vortexa, TCB CIBG Research Analysis.

Global Economy *(Cont.)*

US Supreme Court strike down IEEPA tariffs

Beyond the military conflict, tariffs represent another major variable of 2026 introduced by the Trump administration. As widely noted, immediately upon returning to the White House in early 2025, President Trump declared a national emergency, invoking the International Emergency Economic Powers Act (IEEPA) to address the illicit drug crisis and trade deficits through tariff instruments. This policy imposed a 25% tariff on goods from Mexico & Canada, and 10% on China, while establishing a reciprocal tariff mechanism with all trading partners to rebalance the balance of payments. However, on February 20, 2026, the U.S. Supreme Court issued a final ruling declaring President Trump's reciprocal tariffs unlawful, based on several key arguments: 1) Taxing authority resides solely with Congress; 2) The administration's legal interpretation was flawed; and 3) The President lacked congressional authorization, as Congress cannot delegate such powers based on ambiguous interpretations of long-standing statutes.

Figure 5: US weighted average tariff rate for selected countries *(%)*



Trump's immediate reaction demonstrates his commitment to tariff policies.

Immediately following the aforementioned ruling, Trump invoked Section 122 of the Trade Act of 1974, which authorizes the President to impose a maximum 15% tariff for a period of 150 days (extendable subject to Congressional approval) to address large and protracted balance-of-payments deficits. This move is likely to spark significant legal controversy, as Section 122 was originally designed to manage risks associated with the gold standard (abolished in 1971), given such a shaky legal foundation, it is improbable that the U.S. Congress will grant an extension. In practice, despite the statements from President Trump and Treasury Secretary Scott Bessent regarding a 15% hike, the effective tariff rate on imports remains at 10% as of March 11, 2026.

In the end, other Trump's choices for tariffs still carry too much risk

Based on the prior analysis, we believe that the constraints regarding duration, magnitude, and legal basis make Section 122 merely a short-term solution for President Trump's tariff vision. Instead, other legal instruments such as Section 201, Section 232, Section 301, and Section 338 provide the President with broader and more flexible authority to impose tariffs. Notably.....

Source: Press releases, TCB CIBG Research Analysis.

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Global Economy *(Cont.)*

… on March 11, 2026, the Trump administration announced the expansion of Section 301 investigations into China, Mexico, the EU, and a series of Asian nations, including Vietnam - aimed at replacing the recently repealed Reciprocal Tariffs.

Figure 6: Other laws that the US may deploy

	Section 201	Section 232	Section 301	Section 338
Scope	Product	Product	Country	Country
Rate & duration	4 - 8 years	No	No	max 50%
Requirement	Investigation	Investigation	Investigation	No
History	Solar cells, washers	Steel, Aluminum, ...	China	Never

Regardless of which legal options are pursued, U.S. tariffs remain unpredictable with many variables: from specific tax refund mechanisms for businesses affected by previous duties and the looming wave of global trade retaliation, to the exact timing of the 15% maximum tariff under Section 122. These are the core focus areas we will closely examine in our upcoming analyses of this challenging tariff landscape.

The Fed needs to reconsider its 2026 monetary policy given the current environment …

"'Black Swan' is a term used to describe events that are extremely rare, unpredictable, and have a devastating impact on the economy or society, yet are often rationalized after the fact as if they could have been foreseen.

In less than three weeks, a succession of "black swan" events has jolted the global economy, creating a complex matrix of inflationary scenarios fueled by the combined uncertainties of both tariffs and oil prices. This has forced central banks worldwide to seriously reassess their prior policy stances, and the Fed is certainly no exception. A number of regional Fed presidents have voiced concerns regarding a short-term inflationary spike driven by oil price movements. Notably, Neel Kashkari, President of the Minneapolis Fed and one of the 12 voting members, stated he is no longer confident in the 2026 rate-cut scenario he previously supported. Conversely, Boston Fed President Susan Collins expressed expectations that inflation could subside by year-end as the impact of tariff policies gradually wanes. Consequently, the market has become more cautious regarding interest rate expectations. This is reflected in market bets, where the anticipated number of Fed rate cuts has dropped from two to just one, some market participants are even bracing for a scenario where the Fed maintains the current target range of 3.5%–3.75% throughout the remainder of 2026.

… but the decision is far from simple, with inflation resurfacing as a highly volatile factor

Compared to our most recent assessment that inflation would stabilize amid a slowing trend in housing price appreciation, the narrative has grown more complex due to oil price variables surrounding the Strait of Hormuz and the U.S.-Iran conflict. While the U.S. may be less vulnerable to energy shocks compared to other nations, thanks to its position as ...

Source: Bloomberg, CNBC, TCB CIBG Research Analysis.

…the world's largest oil producer, the conflict is still projected to weigh on the country's prices and overall growth outlook. According to Oxford Economics' calculations, if Brent crude maintains a price of 80 USD per barrel through the second quarter of 2026, inflation could rise by approximately 0.2%. Beyond emerging inflationary pressures, unemployment figures are also complicating the Fed's upcoming decisions. According to Department of Labor data for February 2026, the U.S. lost 92,000 jobs - a dismal figure compared to the earlier forecast of a 50,000-job gain. In total, the U.S. has recorded job losses in three of the last six months, a clear sign of a weakening labor market trend. This places the Fed in a dilemma: whether to cut interest rates to bolster an economy showing evident signs of slowing, or to maintain current rates and further monitor new inflationary developments.

Figure 7: U.S. unemployment rate rose slightly

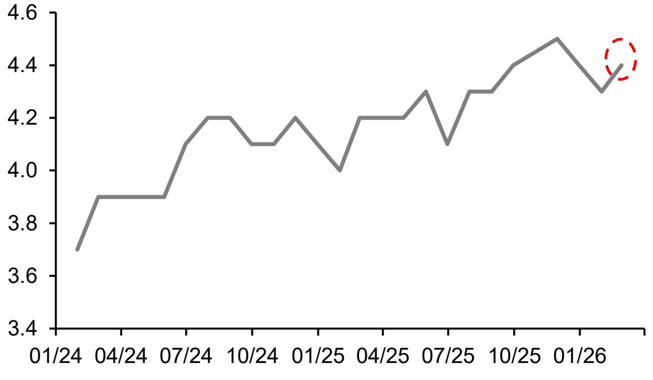
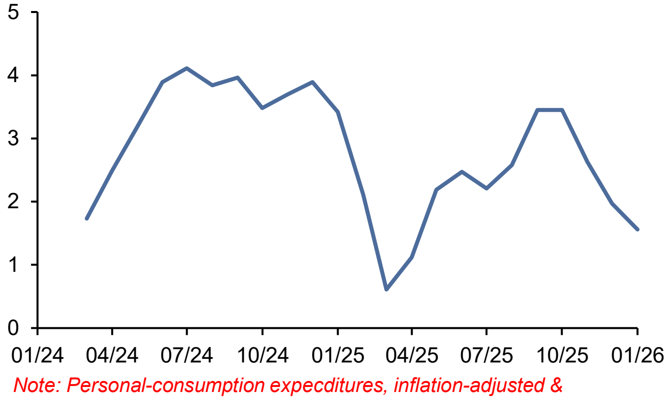


Figure 8: Slowdown in U.S. personal consumption (%)



Note: Personal-consumption expecditures, inflation-adjusted & annualized, average of last three months compared to prior three months

We still lean toward a dovish Fed in 2026, though rate cuts may be delayed

Given pressing issues such as slowing consumption, rising unemployment, and record-high public debt, alongside President Trump's clear pro-rate-cut stance, we still lean toward a dovish Fed scenario for 2026, as the U.S. economy requires a stimulus from lower rates. However, we believe the first half of 2026 remains unfavorable for this process, largely contingent on the outcome of the U.S.-Iran conflict. While President Trump continues to exert significant pressure on the Fed for immediate cuts, current oil price trends make it unlikely this demand will be met in the upcoming FOMC meeting on March 18, 2026. (FedWatch Tool data shows the probability of rates remaining unchanged in March has surpassed 99%, reflecting near-absolute market consensus). Furthermore, a prolonged conflict cannot be ruled out, which could result in no rate cuts at all in 2026 - a quagmire scenario that the Trump administration surely hopes to avoid.

Source: WSJ, Oxford Economics via WSJ, CME Fedwatch, TCB CIBG Research Analysis.

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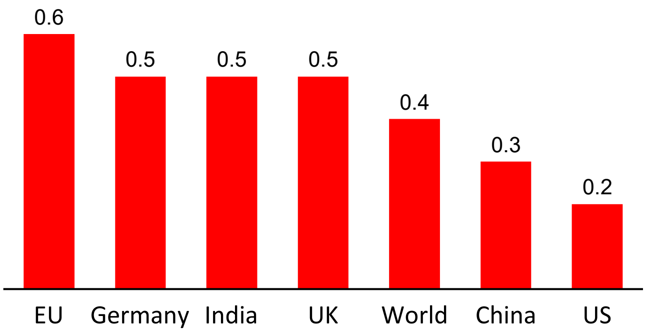
Global Economy *(Cont.)*

A period of persistently high energy price could derail EU's nascent recovery

Unlike the U.S., the EU relies heavily on imported oil and gas, a level of dependency surpassed only by South Korea and Japan among major economies. While not overly reliant on direct Middle Eastern imports, the sky-high energy prices resulting from the U.S.-Iran conflict could impact European inflation three times more than in the U.S.- approximately 0.6%, according to Oxford Economics. Given that the EU's projected GDP growth for 2026 is a modest 1-2%, the ECB will need to carefully weigh its upcoming interest rate policy. This fragility, coupled with the USD's safe-haven status amid geopolitical instability, pushed the EUR/USD down to 1.1467 on March 13, 2026 - its lowest level since August 2025. This trend is also partially reflected in the recent upward movement of the DXY.

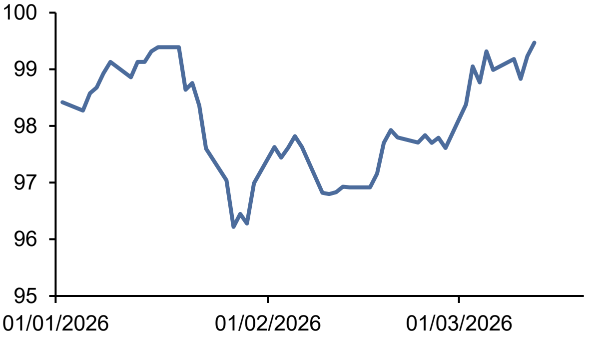
While we agree with market experts that EU inflation will not reach the extremes seen during the 2022 Ukraine conflict - thanks to supply source diversification and the shift away from fossil fuels, we believe the ECB will maintain current interest rates throughout this year. In fact, a rate hike may even be considered should the conflict become protracted.

Figure 9: U.S.-Iran conflict impacts on inflation(%)



Note: Estimates are based on the assumption that Brent crude oil averages $80/barrel in Q2 and gradually declines to $60/barrel by year-end.

Figure 10: DXY slightly improved



Source: WSJ, Oxford Economics via WSJ, CME Fedwatch, TCB CIBG Research Analysis.

Section 3

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Vietnamese Economy

Escalating geopolitical risks are exerting pressure on production activities, trade, and the ability to attract FDI inflows. In this context, oil price volatility continues to push inflation higher, leading to unfavorable movements in the exchange rate and interest rates, thereby weakening domestic demand and increasing the risk of slower economic growth in 2026.

Taking geopolitical risks into account, we construct two scenarios of varying severity to evaluate Vietnam's macroeconomic outlook

Amid rising global geopolitical risks—particularly tensions involving Iran in the Middle East—the global economic and financial outlook is facing a higher degree of uncertainty than previously anticipated. The risk of disruptions to global energy supply chains and trade flows has intensified pressures on inflation, monetary policy, and international capital movements. In response to these developments, we have revised our forecasts for several key macroeconomic and financial variables of Vietnam, based on an assessment of the principal transmission channels of geopolitical risks. The impact is expected to materialize primarily through global inflationary pressures, especially higher energy prices and transportation costs, which in turn affect production costs, consumption, exports, and domestic GDP growth momentum. In addition, movements in the US dollar, global interest rate trends, and international capital flows are likely to exert significant influence on Vietnam's financial conditions and domestic financial markets. On this basis, we construct two scenarios (A and B), corresponding to different degrees of geopolitical escalation, to assess the risks and outlook for key macroeconomic indicators, including economic growth, inflation, exchange rates, and interest rates.

Scenario A (baseline) assumes that tensions in the Middle East remain contained and do not result in widespread disruptions to global energy supply, while transportation costs remain elevated only in the short term

Scenario A (Baseline) is constructed under the assumption that tensions in the Middle East do not escalate further. The United States is assumed to be able to declare an early "victory" around March–April, while energy facilities in the Gulf region remain operational, with no widespread disruptions to energy supply. Nevertheless, maritime security risks in the Strait of Hormuz are expected to remain elevated, keeping insurance premiums and maritime shipping costs at high levels in the coming months. Under this scenario, oil prices are projected to peak at around USD 90 per barrel before gradually declining to approximately USD 65 per barrel by year-end, as geopolitical risks ease and the energy market re-establishes equilibrium. Elevated transportation costs are expected to be largely temporary, with pressures concentrated primarily in the first half of the year.

Source: TCB CIBG Research analysis

Vietnamese Economy *(Cont.)*

Scenario B (stress case) assumes a severe escalation of the conflict, resulting in oil supply disruptions and persistently elevated transportation and insurance costs

Under Scenario B (Stress case), the conflict is assumed to escalate and expand to energy infrastructure in Iran and several Gulf countries, resulting in significant disruptions to global oil supply. Energy transportation routes through the Strait of Hormuz face heightened security risks, leading to a sharp increase in insurance premiums and shipping costs, which are expected to remain elevated through the end of the year. In this scenario, oil prices could rise to around USD 120 per barrel and remain at elevated levels for several months, before gradually easing as alternative supply sources are activated and a new market equilibrium emerges. However, the adjustment process is expected to be slow, with oil prices only gradually declining toward the USD 100 per barrel range by year-end.

Figure 11: Crude oil prices under Scenario A

**Using WTI for the benchmark*

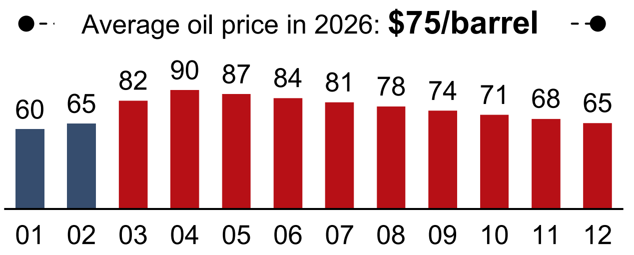
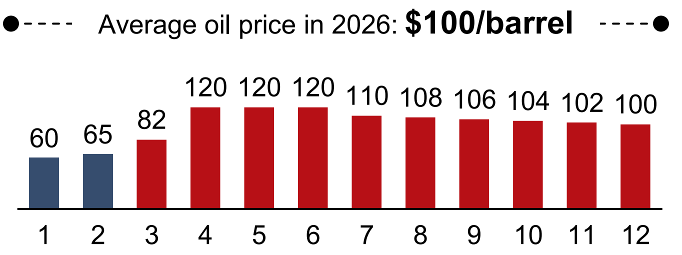


Figure 12: Crude oil prices under Scenario A

**Using WTI for the benchmark*



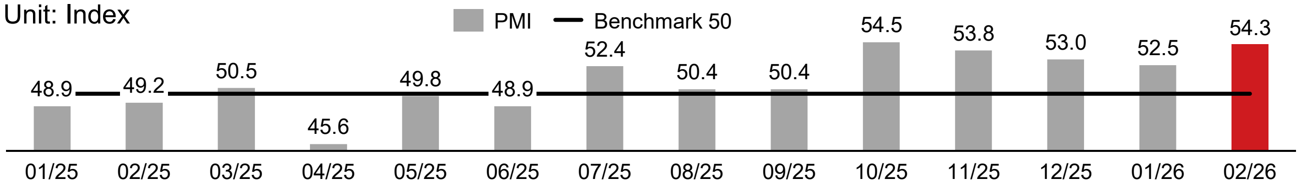
Production and exports are currently stable, but downside risks would rise amid a sharper global economic slowdown

At present, the global economy has not weakened sufficiently to exert an immediate adverse impact on Vietnam's exports, particularly as demand from the United States—Vietnam's largest export market—remains relatively resilient. Key export categories, such as electronics, which are exempt from tariffs in many cases, have also helped mitigate short-term spillovers from external risks. However, under Scenario B (Stress case), where global economic conditions deteriorate more visibly, pressures on Vietnam's export performance are expected to intensify and become more broad-based. In the first two months of 2026, the domestic manufacturing sector recorded a strong start, with the Industrial Production Index (IIP) rising by 10.4% YoY, while export and import turnover increased by 19% and 26% YoY, respectively. The Purchasing Managers' Index (PMI) reached 54.3 points in February, indicating continued improvement in business conditions and sustained business optimism. Nevertheless, export orders remained broadly flat, with no clear signs of a strong acceleration. While firms have adapted more effectively to the tariff environment and external volatility, the scope for export growth remains constrained amid heightened global uncertainties and persistent geopolitical tensions weighing on demand from key markets.

Sources: Bloomberg, TCB CIBG Research analysis

Vietnamese Economy *(Cont.)*

Figure 13: Purchasing Managers' Index (PMI)



Vietnam's trade surplus is facing increasing pressure to narrow amid elevated import demand and rising oil prices

In 2M26, Vietnam recorded a trade deficit of approximately USD 3 billion, driven primarily by a sharp increase in imports of raw materials, machinery, and equipment to support infrastructure investment and electronics manufacturing in the FDI sector. As a result, import growth has outpaced export growth. With imports expected to remain elevated, Vietnam's trade surplus in 2026 is projected to narrow significantly. At the same time, heightened geopolitical tensions in the Middle East have pushed oil prices higher, further increasing risks to the trade balance, given that Vietnam is a net importer of oil and natural gas. Based on the scenarios developed, with an average oil price of USD 75 per barrel, the trade surplus is estimated to decline by an additional USD 3 billion. Under the adverse scenario, with oil prices around USD 100 per barrel, the contraction of the trade surplus could exceed USD 5 billion.

Figure 14: Exports and imports in 2M of each year

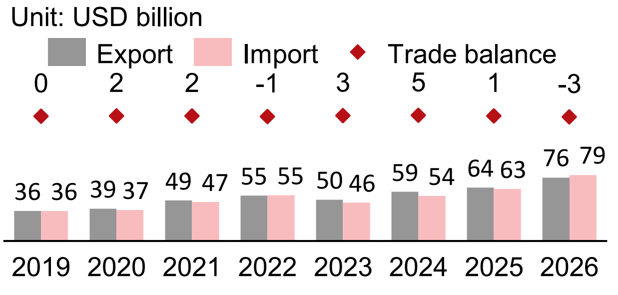
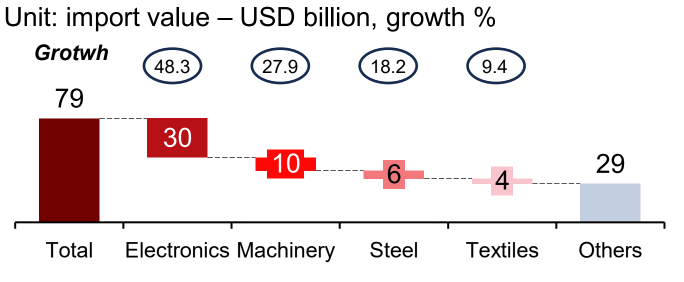


Figure 15: Import structure in 2M26



Newly registered and adjusted FDI inflows may face less favorable conditions amid heightened external uncertainty

In the near term, macroeconomic fundamentals may not yet experience pronounced adverse effects; however, foreign investor sentiment is likely to turn more cautious as geopolitical risks intensify and global growth prospects weaken. In 2M26, total newly registered and adjusted FDI reached USD 5.5 billion, representing a 13% YoY decline. The increase in newly registered FDI was largely attributable to a single large-scale project (Samsung Thai Nguyen), while other new investment commitments showed limited improvement. In contrast, FDI disbursement remained resilient, supported by projects approved in earlier periods. ***Under the baseline scenario***, the overall outlook for FDI remains broadly stable. However, heightened investor caution could weigh on newly registered FDI in 2026, while the impact on FDI disbursement is expected to materialize with a lag.

Sources: General Statistics Office (GSO), S&P Global, TCB CIBG Research analysis

Section 3

Vietnamese Economy *(Cont.)*

Vietnam's inflationary pressures are increasing in the near term, with elevated upside risks in the medium term, largely reflecting cost-push shocks from rising oil prices

In 2M26, Vietnam's inflation showed a clear upward trend, with headline CPI reaching 3.4% YoY by the end of February. This increase was driven primarily by a sharp rise in food prices during the Lunar New Year and the festive season, alongside higher costs for travel, dining, and recreational services. Demand-side pressures remained generally moderate, which helped partially contain inflationary momentum in the early months of the year. Moving into March, inflation is projected to increase by approximately 1.5% MoM and nearly 5% YoY, largely reflecting successive increases in domestic fuel prices in line with rising global oil prices amid escalating tensions related to Iran. These developments indicate a shift toward heightened short-term inflation risks, with cost-push factors—particularly energy and transportation—playing an increasingly prominent role.

Over the medium term, oil price risks are expected to materialize through two scenarios affecting CPI in 2026. In the first-round effects, higher oil prices would directly raise costs across CPI basket components, especially fuel and transportation services. ***Under the baseline scenario***, an average oil price of USD 75 per barrel is estimated to result in a 19.92% YoY increase in the fuel price index, ***while under the stress case***, with average oil prices of around USD 100 per barrel, the increase could reach as high as 53.32% YoY. In the second-round effects, rising input costs are expected to pass through to retail prices and wages, exerting upward pressure on core inflation. Nevertheless, weaker consumer demand and slower GDP growth are likely to moderate these pressures. Taking both rounds of effects into account, average CPI inflation in 2026 is projected to range between 4.5% and 4.7% under ***Scenario A (Baseline),*** and to rise to around 6.1% under ***Scenario B (Stress case).*** Under the baseline scenario, inflation of 4.7% remains below the government's target threshold of 5%.

Figure 16: Inflation

Unit: %

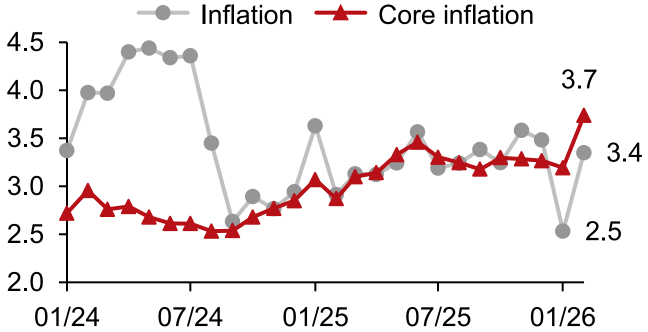
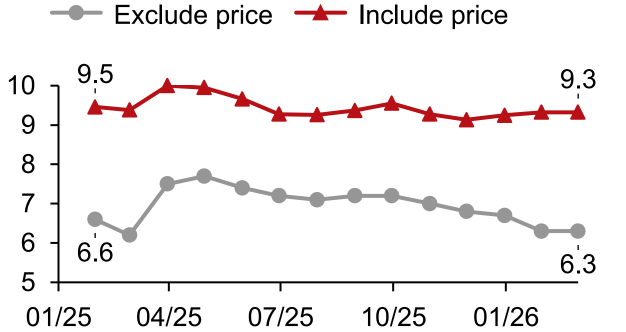


Figure 17: Total retail sales of goods and services

Unit: %



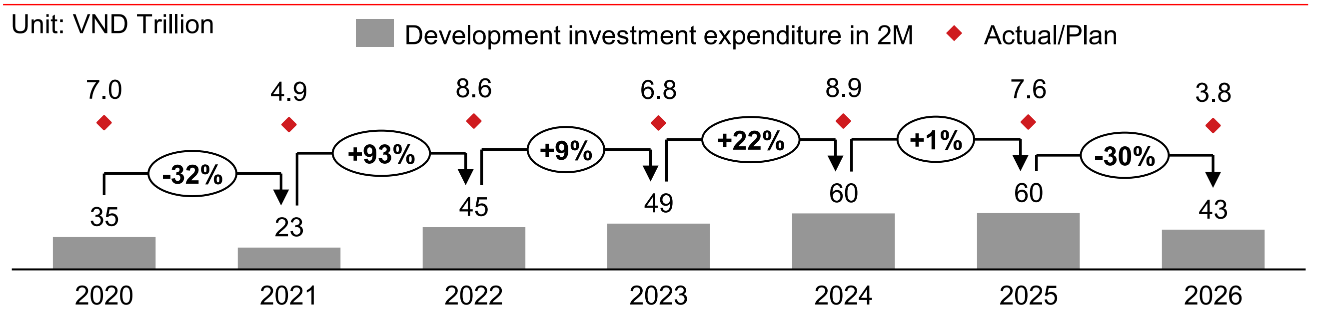
Sources: GSO, S&P Global, TCB CIBG Research analysis

Vietnamese Economy *(Cont.)*

Rising inflation risks are adding further pressure on domestic demand, which has yet to recover on a sustainable basis

Against the backdrop of rising inflation risks—particularly from higher food and energy prices—domestic demand faces increasing headwinds, especially as private consumption has yet to recover on a truly sustainable basis. Recent data indicate that total retail sales of goods and services increased by only 6.3% YoY in February, significantly lower than the same period last year, underscoring still-weak domestic consumption momentum. In contrast, tourism activity has shown more positive signals, with tourism revenues rising by 14% YoY and international arrivals increasing by 18% YoY in 2M26. However, this improvement has not yet been sufficient to generate strong spillover effects on broader domestic consumption. Looking ahead, geopolitical tensions in the Middle East may continue to exert indirect pressure on consumption through higher inflation and a slowdown in global economic growth. ***Under Scenario A (Baseline),*** the impact on tourism is expected to be limited, given that visitors from the Middle East account for a relatively small share of total international arrivals to Vietnam. By contrast, ***under Scenario B (Stress case),*** where inflation rises sharply and travel costs increase, both domestic consumption and tourism demand could face more pronounced negative effects.

Figure 18: Development investment expenditure in the first two months across years



Public investment disbursement is expected to reach 90% in both scenarios, supporting growth despite a slow start.

In 2M26, the pace of public investment disbursement remained low, reaching only around 3.8% of the 2026 annual budget estimate. According to the Ministry of Finance, this was mainly due to the fact that many projects are still in the process of completing investment procedures, detailed capital allocation, or facing bottlenecks related to land clearance. In addition, the late timing of the 2026 Lunar New Year disrupted construction activities, resulting in limited progress in work completion, verification, and payment during the early months of the year. Nevertheless, amid heightened uncertainty surrounding consumption and export-led growth, and given the government's long-term growth objective of around 10%, public investment remains virtually the key …

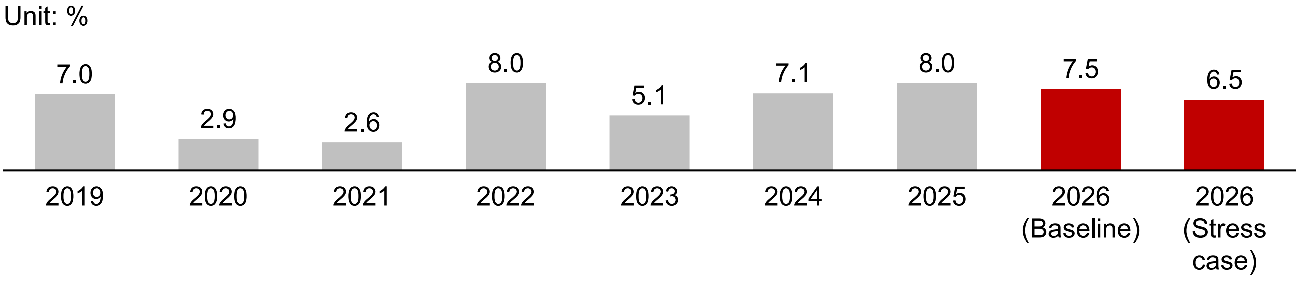
Sources: GSO, TCB CIBG Research analysis

Section 3

Vietnamese Economy *(Cont.)*

… remaining driver to anchor economic growth. Accordingly, under both analytical scenarios, we maintain our assumption regarding the pace of public investment disbursement, with the expectation that the full-year disbursement rate will reach at least 90% of the approved plan. This assumption serves as a baseline, reflecting the government's determination to utilize public investment as a key pillar of economic growth; however, the current pace implies that disbursement pressures will be heavily concentrated in the latter months of the year.

Figure 19: GDP growth by years



We revise our outlook for Vietnam's GDP growth in 2026 under two scenarios

Taking into account the macroeconomic variables discussed above—including rising inflationary pressures, the slow recovery of domestic demand, external risks, and the role of public investment as a key growth anchor—we revise our forecast for Vietnam's GDP growth in 2026 under two scenarios. ***Under Scenario A (Baseline)***, GDP growth is projected at 7.5%, lower than our previous forecast. ***Under Scenario B (Stress case),*** where downside risks propagate more forcefully across multiple macroeconomic channels, GDP growth could slow to around 6.5%.

Figure 20: USDVND rate and central rate

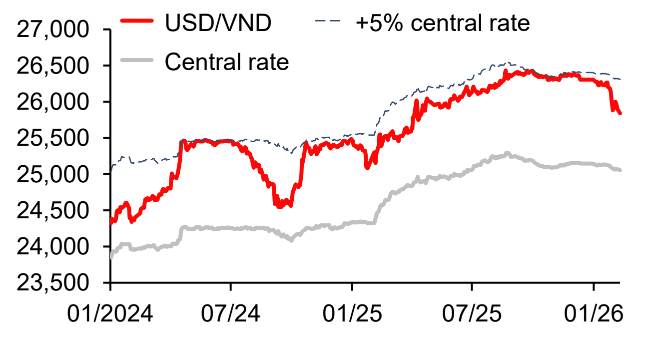
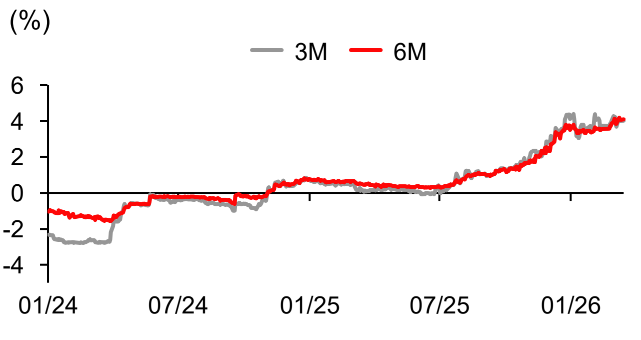


Figure 21: Swap rate



The exchange rate is facing upward pressure amid a narrowing trade surplus, a stronger US dollar, and escalating geopolitical risks

In early March, the USD/VND exchange rate briefly rose to around 26,300, equivalent to an increase of approximately 0.8% compared with the end of the previous month. Upward pressure on the exchange rate has been driven mainly by stronger demand for US dollars for import payments, in a context where Vietnam recorded a trade deficit of around USD 3 billion. In addition, the US dollar index (DXY) increased by roughly 1% amid…

Sources: GSO, Reuters, State Bank of Vietnam (SBV), TCB CIBG Research analysis

Vietnamese Economy *(Cont.)*

… heightened geopolitical uncertainty and more cautious global market sentiment, thereby exerting further pressure on the exchange rate.

Under the baseline scenario, the average USD/VND exchange rate is projected to appreciate by 2.5% over the course of 2026.

Against the backdrop of escalating geopolitical tensions, we revise upward our forecast for the average appreciation of the VND/USD exchange rate to 2.5% for the full year ***under Scenario A (Baseline).*** This revision is underpinned by three main factors. First, US inflation is expected to remain elevated amid rising energy prices, which could prompt the Federal Reserve to deliver fewer interest rate cuts or even delay the easing cycle, thereby supporting the strength of the US dollar and the DXY index. Second, the risk of a narrowing trade surplus continues to weigh on the balance of payments, as demand for imported raw materials, machinery, and petroleum products remains strong at elevated costs, while export prospects may become less favorable should demand in key partner markets weaken. Third, heightened geopolitical tensions could adversely affect foreign investor sentiment, potentially slowing FDI and portfolio inflows (FII), while increasing profit repatriation rather than reinvestment. ***Under Scenario B (Stress case),*** where upside risks intensify more sharply, the USD/VND exchange rate could face stronger appreciation pressures, with the exchange rate potentially increase by around 4%, although the probability of this scenario is currently assessed to be low.

Figure 22: Fiscal balance in the first two months

Unit: VND Trillion

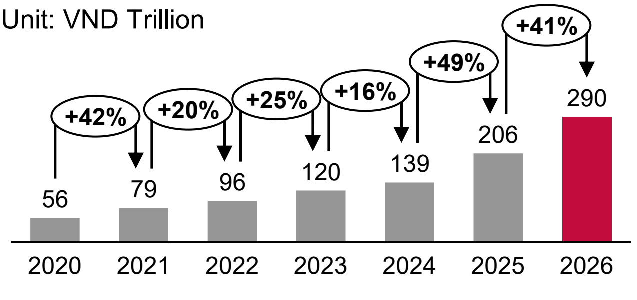
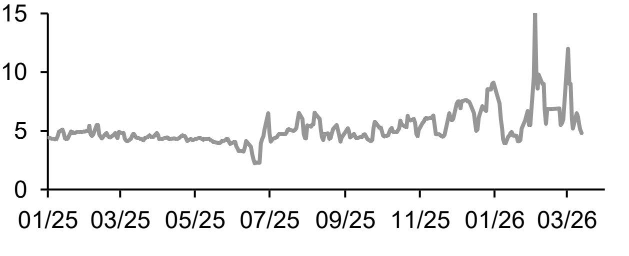


Figure 23: 1-week interbank interest rate

Unit: %



Short-term liquidity pressures, public investment expected to drive liquidity improvement toward year-end

As noted in our previous monthly report, the fiscal surplus remained exceptionally high, which, combined with seasonal cash withdrawals ahead of the Lunar New Year, temporarily pushed VND liquidity in the banking system into a tight position. This development led interbank interest rates to spike above 10% at certain points. At the same time, credit growth reached 1.4% as of 26 February, significantly outpacing deposit growth, which we estimate at only around 0.3% year-to-date, thereby adding further pressure on system-wide liquidity. In the short term, the State Bank of Vietnam…

Sources: GSO, Reuters, SBV, TCB CIBG Research analysis

Vietnamese Economy *(Cont.)*

… (SBV) has been providing liquidity support relatively effectively through policy tools such as open market operations (OMO) and foreign-exchange swap transactions, helping to mitigate the risk of prolonged liquidity stress. Over the medium term, we expect public investment disbursement to continue accelerating. As budgetary funds are channeled back into the economy through government spending, banking system liquidity is projected to improve markedly in the latter quarters of the year.

Interest rate levels are higher due to pressures stemming from the USD/VND exchange rate and inflation

In addition to the factors discussed above, the outlook for VND interest rates in 2026 is facing notably stronger upward pressures compared with previous projections. First, pressures on the USD/VND exchange rate are expected to intensify as the US dollar remains strong amid heightened geopolitical risks, prompting the State Bank of Vietnam (SBV) to intervene to stabilize the exchange rate, thereby exerting upward pressure on VND interest rates. Second, elevated inflation risks—particularly in the context of volatile energy and commodity prices—are likely to narrow the scope for monetary policy easing. Third, deposit growth is expected to slow, while credit demand and overall financing needs of the economy remain elevated, increasing funding cost pressures across the banking system. Against this backdrop, we revise our outlook for VND interest rates in 2026 under two scenarios. ***Under Scenario A (Baseline),*** the six-month VND deposit rate for joint-stock commercial banks is projected to rise to around 6.5%, an increase of approximately 0.8 percentage points compared with the end of the previous year. ***Under Scenario B (Stress case),*** where exchange rate pressures persist for longer and inflationary pressures intensify further, VND interest rates could increase to around 7.1%, corresponding to an upward adjustment of about 1.4 percentage points from end-2025 levels. This reflects a tighter monetary environment amid slowing deposit growth while capital demand remains high.

Nguồn: GSO, Reuter, SBV, Phân tích của TCB CIBG Research

Section 4

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Appendix

Updates on macroeconomics and financial market in the world

Indicators	Country	Unit	2025	2025										2026	
				03	04	05	06	07	08	09	10	11	12	01	02
Tăng trưởng GDP thực	US	%, YoY, Quarterly	2.3 (Q3)	2.0			2.1			2.3					
	Eurozone	%. YoY. Quarterly	1.3	1.6			1.5			1.6			1.3		
	China	%. YoY. Quarterly	5.0	5.4			5.2			4.8			4.5		
	Japan	%. YoY. Quarterly	1.1 (Q3)	1.8			2.0			1.1					
CPI	US	%. YoY. Monthly	2.7	2.4	2.3	2.4	2.7	2.7	2.9	3.0		2.7	2.7	2.4	2.4
	EU	%. YoY. Monthly	2.1	2.2	2.2	1.9	2.0	2.0	2.0	2.2	2.1	2.1	2.0	1.7	
	China	%. YoY. Monthly	0.1	-0.1	-0.1	-0.1	0.1	0.0	-0.4	-0.3	0.2	0.7	0.8	0.2	1.3
	Japan	%. YoY. Monthly	3.2	3.6	3.6	3.5	3.3	3.1	2.7	2.9	3.0	2.9	2.1	1.5	
Fed funds target rate		%. End of month	3.75	4.5	4.5	4.5	4.5	4.5	4.5	4.25	4.00	3.75	3.75	3.75	3.75
DXY		Index. Monthly Average	100.8	104.1	100.7	100.0	98.4	97.9	98.3	97.7	98.8	99.7	98.6	98.3	97.4
USD/CNY		Index. Monthly Average	7.2	7.25	7.30	7.21	7.18	7.17	7.17	7.12	7.12	7.11	7.04	6.97	6.91
10Y UST Yields		%. Monthly Average	4.3	4.3	4.3	4.42	4.38	4.38	4.26	4.12	4.05	4.09	4.14	4.21	4.12
WTI Oil price		USD/barrel. Monthly Average	64.7	67.9	63.0	60.1	67.33	67.24	64.02	63.5	60.1	59.5	57.9	60.3	64.5

Updates on macroeconomics and financial market in Vietnam

Indicators	Unit	2025	2025										2026	
			03	04	05	06	07	08	09	10	11	12	01	02
Real GDP growth	%. Quarterly. YoY	8.0	7.05			8.19			8.25			8.46		
IIP	%. Monthly. YoY	9.23	8.60	8.85	9.41	10.83	8.54	8.90	13.59	10.44	10.76	10.10	21.5	0.96
Headline CPI	%. Monthly. YoY	3.3	3.13	3.12	3.24	3.57	3.19	3.24	3.38	3.25	3.58	3.48	2.53	3.35
Retail sales growth	%. Monthly. YoY	9.2	11.0	11.1	10.2	8.3	9.2	10.6	11.3	7.2	7.1	9.8	9.3	9.3
Registered FDI	USD billion. Monthly	31.4	3.1	2.5	3.6	2.7	1.8	1.7	2.0	2.5	1.4	3.8	2.4	3.2
Disbursed FDI	USD billion. Monthly	27.6	2.0	1.8	2.2	2.8	1.9	1.8	3.4	2.5	2.3	4.0	1.7	1.1
Trade exports	USD billion. Monthly	475.0	38.6	37.5	39.9	39.6	42.6	43.5	42.8	42.3	39.1	44.9	43.2	33.2
Trade imports	USD billion. Monthly	455.0	36.9	36.9	39.0	36.6	40.1	39.7	39.9	39.5	38.2	45.4	45.0	34.4
Trade balance	USD billion. Monthly	20.0	1.7	0.6	0.9	3.0	2.6	3.8	2.8	2.7	1.0	-0.5	-1.8	-1.2
Deposit growth	%. YTD		2.5	3.8	5.5	8.6	8.0		10.8					
Credit growth	%. YTD		3.9	5.3	6.7	9.9	10.2	11.8	13.9	15.3	16.9			
10Y Government bond yields	%. Monthly Average	3.4	2.97	3.04	3.08	3.17	3.26	3.43	3.57	3.73	3.85	3.98	4.09	4.10
1W Interbank rate	%. Monthly Average	4.9	4.5	4.4	4.2	3.7	4.9	5.1	4.8	5.2	5.6	7.2	5.1	8.1
6M Deposit rate*	%. Monthly Average	4.7	4.5	4.5	4.5	4.6	4.6	4.6	4.7	4.7	4.9	5.5	6.0	6.0
USD/VND	Monthly Average	26,027	25,547	25,882	25,959	26,089	25,151	26,294	26,398	26,347	26,349	26,332	26,219	26,014

Updated full-year forecasts for Vietnam

Indicators	Unit	2025	2025										2026		Forecast
			03	04	05	06	07	08	09	10	11	12	01	02	2026
Real GDP growth	%	8.0	7.05			8.19			8.23			8.46			7.5
Headline CPI	%. YoY. Average	3.3	3.13	3.12	3.24	3.57	3.19	3.24	3.38	3.25	3.58	3.58	2.53	3.35	4.5-4.7
Deposit growth	%. YTD		2.5	3.8	5.5	8.6	8.0		10.8						14.3
Credit growth	%. YTD		3.9	5.3	6.7	9.9	10.2	11.8	13.9	15.3	16.9				17.0
USD/VND	Average	26,027	25,547	25,882	25,959	26,089	26,151	26,294	26,398	26,347	26,349	26,332	26,219	26,014	26,688
10Y Government bond yields	%, 10Y, Average	3.4	2.97	3.04	3.08	3.17	3.26	3.43	3.57	3.73	3.85	3.98	4.09	4.10	4.31
1W Interbank rate	%. Average	4.9	4.5	4.4	4.2	3.7	4.9	5.1	4.8	5.2	5.6	7.2	5.1	8.1	6.0

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

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