

# VIETNAM

FX & Rates	2Q26F	3Q26F	4Q26F	1Q27F
USD/VND	26,400	26,200	26,100	26,000
VND Refinancing Rate	4.50	4.50	4.50	4.50
Economic Indicator	2024	2025	2026F	2027F
GDP (%)	7.1	8.0	7.5	7.0
CPI (avg y/y %)	3.6	3.3	3.8	4.2
Current Account (% of GDP)	3.0	4.0	4.0	4.4
Fiscal Balance (% of GDP)	-2.5	-3.3	-4.0	-4.0

## ECONOMY

### A strong end to the year and solid start to 2026

Vietnam's real GDP surged by 8.46% y/y in 4Q25 from 8.25% y/y in 3Q25, supported by robust export performance and production despite US tariffs. The outcome exceeded Bloomberg est of 7.7% and our forecast of 7.2%, marking the strongest quarterly performance since 2009 (excluding Covid-19 distortions). For 2025 as a whole, Vietnam's economy expanded 8.02%, above our call of 7.7% but slightly below the government's target of 8.3-8.5%, which would have required an extraordinary pace of 9.7-10.5% in 4Q25.

Vietnam's outsized performance in 4Q25 was again driven by exports, which surged 19% y/y during the quarter, extending the 18.2% gain in 3Q25, despite tariff headwinds. Total exports in 2025 rose about 17% to a record high of USD 473 bn from just about USD 400 bn in 2024, though the 19% increase in imports reduced full-year trade surplus to USD 19 bn (vs USD 24 bn in 2024).

Manufacturing production saw a broad-based increase, rising 11.3% y/y in 4Q25, a faster pace compared to the 10% rise in the same period of 2024. In 2025, manufacturing output jumped by 10.5%, extending the 9.5% increase in 2024, registering its best annual performance since 2018. Data so far in 1Q26 look promising for a solid start in the year. Manufacturing Purchasing Managers' Index (PMI) rose to 54.3 points in Feb, up from 52.5 points in Jan to reach a four-month-high. In Jan 2026, Vietnam's exports rose 29.7% y/y to USD 43.2 bn, faster than expectations of 25.5% growth. Imports gained 49.2% y/y to USD 45 bn, beating the 35.5% estimate.

The trade deficit widened in Jan to USD 1.78 bn, while trade surplus with the US surged by 29% to USD 12 bn. The US remained Vietnam's biggest market in Jan 2026, accounting for 32% of its exports. Back in Oct 2025, the US and Vietnam negotiated a trade framework of 20% tariff, with Vietnam agreeing to provide preferential market access for almost all US industrial and agricultural exports to Vietnam, while the US would offer zero tariffs on some selected products. The recent US Supreme Court's decision to strike down the IEEPA-based reciprocal tariffs (link) suggests that a lower tariff of 10% would prevail instead, thus a positive development for Vietnam's exporters, at least for the next 150 days.

Outlook: Vietnam's 8.02% expansion in 2025 underlines resilient fundamentals heading into 2026. We maintain our 2026 growth forecast of 7.5% for now (projection for 1Q26: 7%), while noting risks from a high base, uncertainty around the US tariff regime (given the Supreme Court ruling and the proposed 10% global tariff), and geopolitical tensions in the Middle East that could affect oil and logistics.

## CENTRAL BANK

### SBV to hold rates steady amid resilient economic growth

Vietnam's consumer prices eased to 2.53% y/y in Jan 2026, from 3.48% in Dec 2025 and less than analyst estimates of 3.10%. The main drivers of price increases include food, housing-related items, and education.

With crude oil prices moving higher on Middle East tensions, alongside solid domestic growth prospects and ongoing VND softness, the SBV is likely to keep its refinancing rate at 4.50% for now.

That said, the duration of the Middle East military conflict and oil path are highly uncertain and unpredictable. Our base case assumes Brent crude rising to USD 90/bbl in 2Q26, before moderating toward USD 80 by end-2026. Under that scenario, the impact on Vietnam's inflation and growth should be limited. Drawing on experience from early 2022 - when crude oil prices surged to as high as USD 128/bbl after the Russia-Ukraine conflict - we estimate that every USD10 increase in Brent price added about 0.3-0.4ppt to Vietnam's headline CPI, with a transmission lag of about 2-3 months. For GDP growth, the estimated drag was about 0.6 to 0.9ppt, with a lag 2-4 quarters. Given the uncertain and complexity of the geopolitical environment, the SBV is likely to maintain a cautious stance pending clearer signals and incoming data.

## CURRENCY

### VND weakness limited as SBV band nears

The VND has retraced part of its Jan gains amid a pickup in geopolitical tensions, with USD/VND reverting higher toward 26,200 as of 3 Mar from a recent trough of 25,900 on 10 Feb. In line with broader regional trends, the prevailing global risk-off tone is expected to keep the VND on the defensive in the near term. That said, additional downside appears contained, as the currency is already trading close to the weak end of the SBV's permissible band.

Looking beyond the immediate geopolitical overhang, our medium-term outlook for the VND remains broadly stable. Key supportive factors include Vietnam's firm macroeconomic trajectory - reflected in our robust 2026 GDP growth forecast of 7.5% - alongside resilient FDI inflows, expectations that the SBV will keep its policy rate on hold at 4.5% through 2026, and the prospective reclassification of Vietnam to Emerging Market status in Sep 2026. Our updated USD/VND forecasts are at 26,400 in 2Q26, 26,200 in 3Q26, 26,100 in 4Q26, and 26,000 in 1Q27.

