



WORLD ECONOMY



VIETNAM ECONOMY



SBS' COMMENTARY

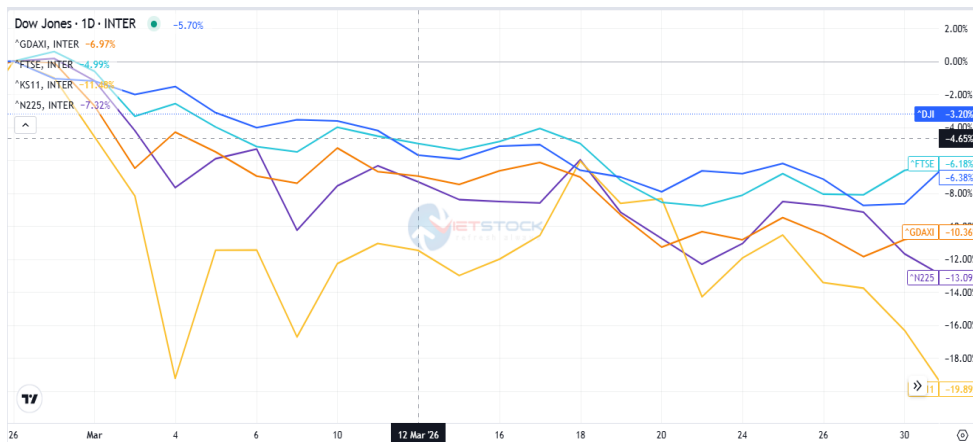
## WORLD ECONOMY

In Q1 2026, the global economy continued to face a highly uncertain environment. The most prominent development was the escalation of tensions in the Middle East, which heightened the risk of supply chain disruptions, drove energy prices sharply higher, and created renewed inflationary pressure. At the same time, instability in trade policy, natural disasters, and climate change remained persistent headwinds to global growth. That said, some reports suggest that the global economy still retained part of the growth momentum carried over from 2025, with foreign direct investment and the ongoing shift toward technology manufacturing serving as key supporting drivers.



Source: tradingeconomics.com

Risk-off sentiment became increasingly visible across global financial markets in March 2026. Major equity indices posted notable declines, with the Dow Jones down 5.38%, the DAX down 10.28%, the FTSE 100 down 6.73%, the KOSPI down 19.08%, and the Nikkei 225 down 13.23%. This suggests that the geopolitical shock quickly spilled over into expectations for global growth and inflation.

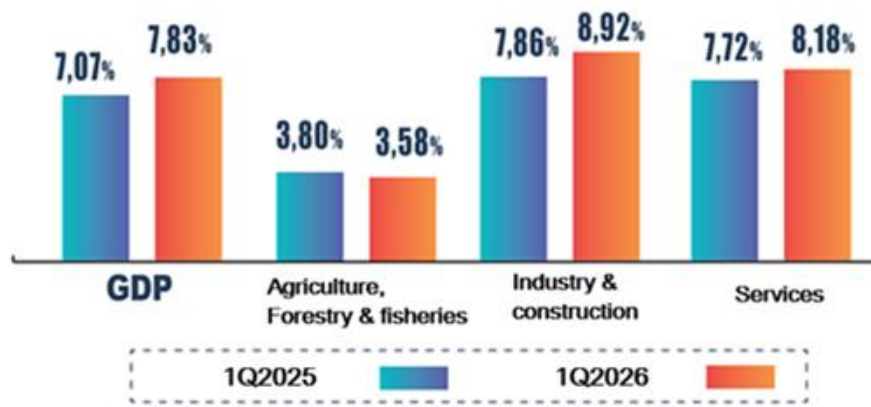


Source: vietstock.vn

## VIETNAM ECONOMY

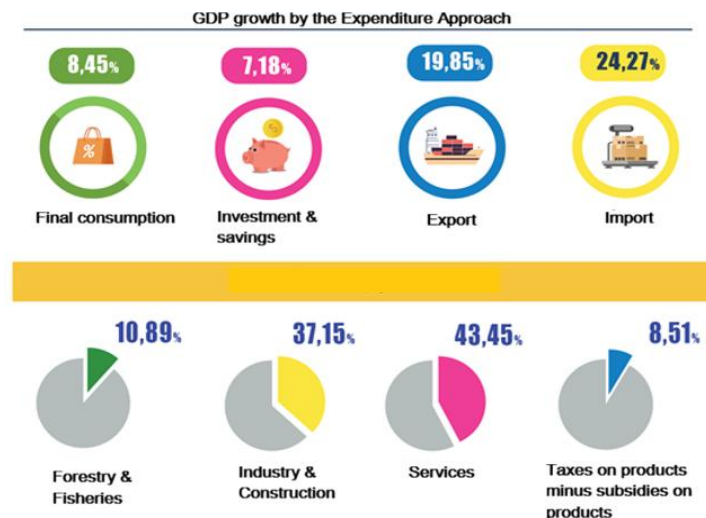
### GDP'S GROWTH

Vietnam's economy maintained relatively strong growth momentum in Q1 2026, with GDP estimated to expand by 7.83% year-on-year. However, this figure remained below the 9.1% target for the first quarter and also below the trajectory required to achieve the full-year growth target of 10%, implying that growth acceleration in the remaining quarters will be critical.



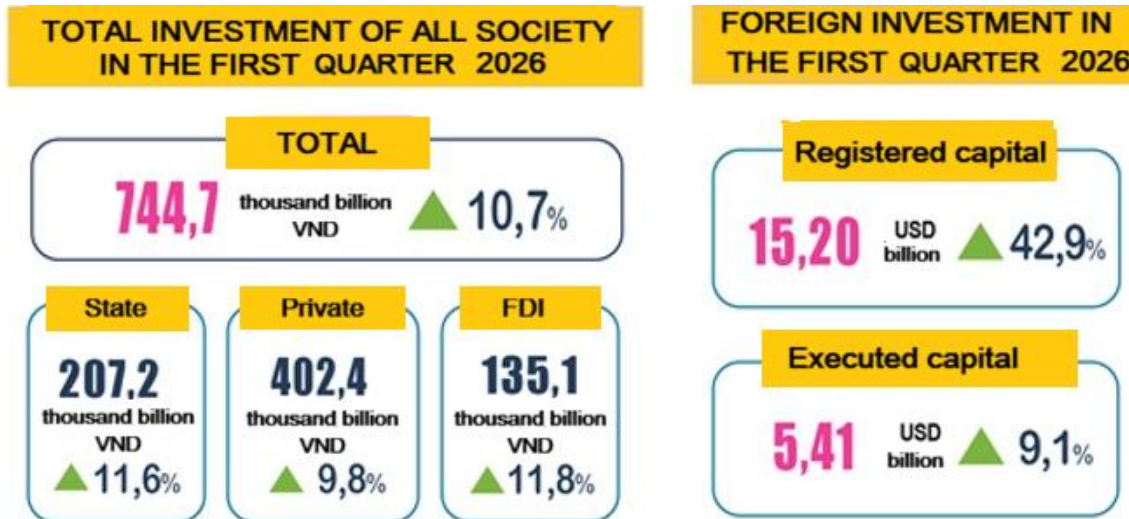
Source: General Statistics Office of Vietnam

From a growth composition perspective, final consumption rose 8.45%, while gross capital formation increased 7.18%. Meanwhile, imports grew by 24.27%, significantly outpacing export growth of 19.85%. This indicates that domestic demand and investment activity are still recovering, but it also reflects strong demand for imported inputs and growing short-term pressure on the trade balance.



Source: General Statistics Office of Vietnam

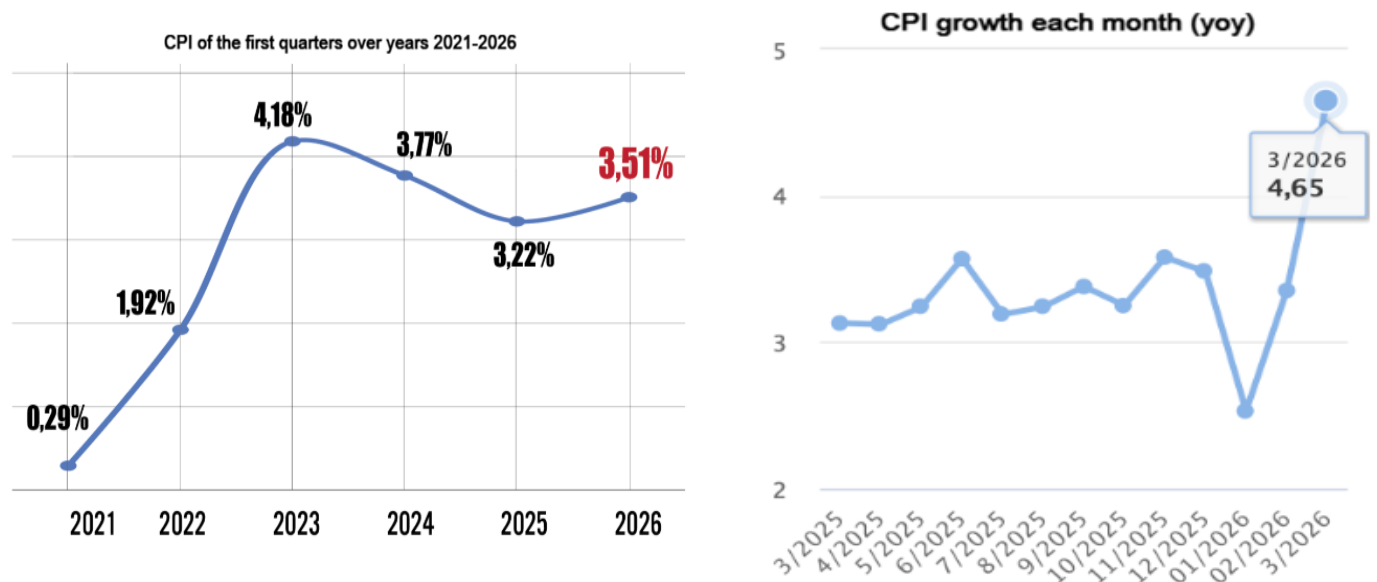
In terms of supplementary growth drivers, total realized social investment in Q1 rose 10.7%, including increases of 11.6% in the state sector, 11.8% in the FDI sector, and 9.8% in the non-state sector. Public investment disbursement in Q1 reached VND 110.288 trillion, equivalent to 11% of the plan assigned by the Prime Minister and up VND 30 trillion, or 44.6%, year-on-year. This confirms that public investment remains a key pillar supporting economic growth.



Source: General Statistics Office of Vietnam

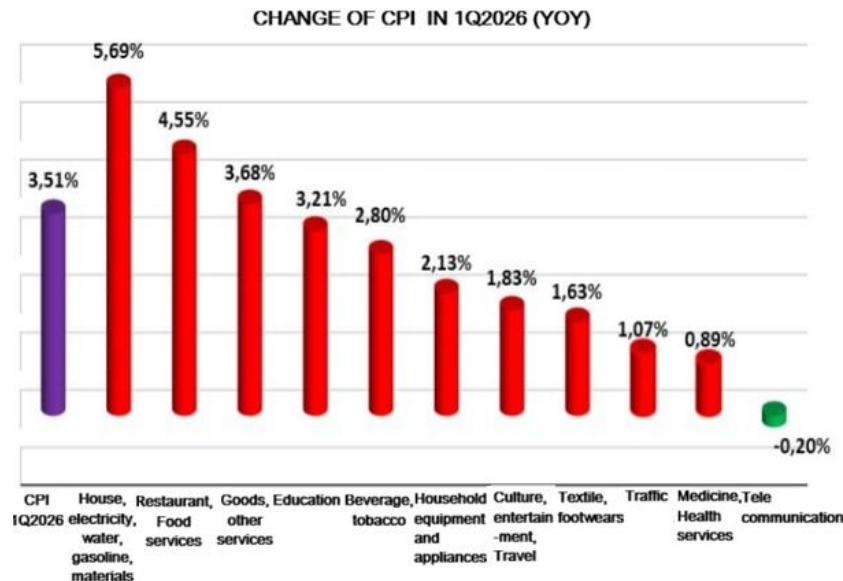
## INFLATION

Inflationary pressure became more evident toward the end of Q1. According to the General Statistics Office, CPI in March 2026 increased by 4.65% year-on-year, with transportation up 10.8% and food-related categories up 4.7%. This was the highest level recorded since early 2025 and also the highest March reading in several years. On average, CPI in Q1 2026 rose 3.51% year-on-year.



Source: General Statistics Office of Vietnam

The main drivers stemmed from the oil price shock and rising input costs following the outbreak of conflict in the Middle East, which increased the risk of imported inflation. Beyond energy, price pressure also spread to housing, utilities, construction materials, and food, suggesting that inflation is no longer merely localized but is beginning to broaden across the economy.

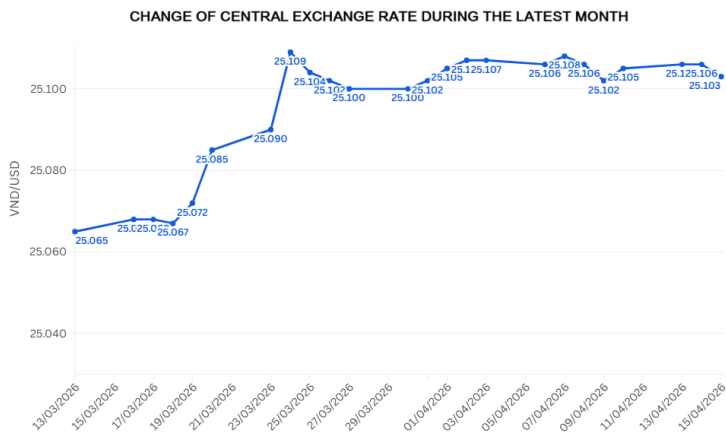


**Source:** General Statistics Office of Vietnam

However, although inflation remains elevated, it is still broadly within a manageable range. At the same time, the government has introduced a range of support measures for households and businesses, including reducing preferential import tariffs on gasoline from 10% to 0% and on oil products from 7% to 0%; providing a VND 8 trillion advance to the Petroleum Price Stabilization Fund; and cutting environmental taxes. In addition, the Ministry of Finance has implemented exemptions for various charges and administrative fees across the aviation, maritime, inland waterway, and railway sectors to support transportation companies facing margin pressure from higher fuel costs amid escalating tensions in the Middle East. Given these policy efforts, we believe inflationary pressures are likely to ease in 2Q2026.

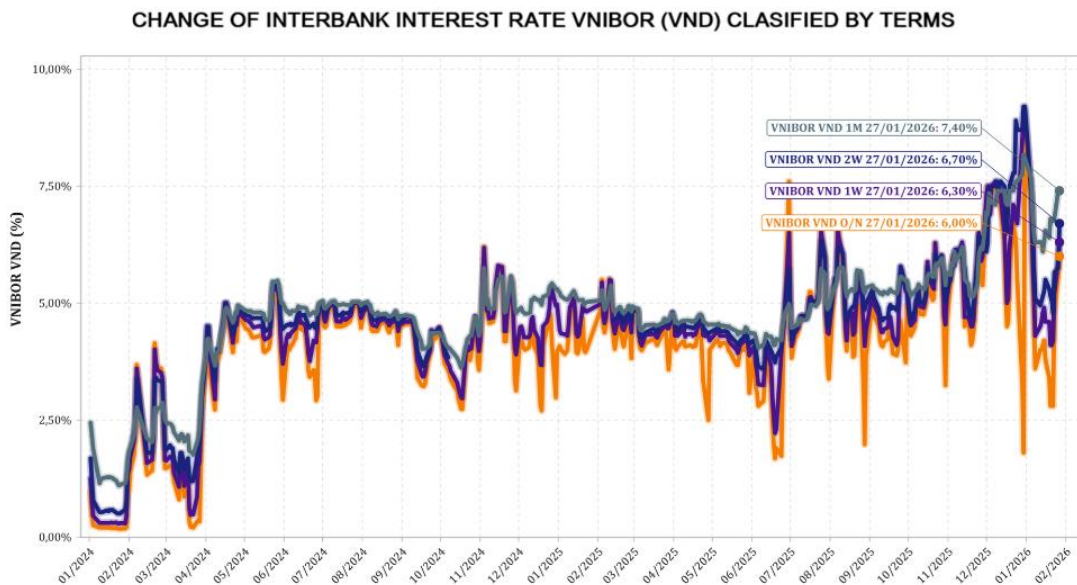
## EXCHANGE RATE & INTEREST RATES

In March 2026, the USD/VND exchange rate came under significant upward pressure. The main drivers were the stronger US dollar in international markets, safe-haven demand amid geopolitical instability, and rising foreign currency demand to support imports, particularly energy imports. In the unofficial market, the exchange rate exceeded VND 27,000/USD, even approached or surpassed VND 28,000/USD.



Source: [Thitruongtaichinh.tie.vn](http://Thitruongtaichinh.tie.vn)

At the same time, interest rates also showed an upward trend. Deposit rates at the end of March moved higher again, with the Big 4 banks raising 12-month deposit rates from around 5.2% to 5.9%, while some smaller banks pushed long-term deposit rates up to 8.5%–9.0% per annum, and in some cases as high as 10% per annum. Overnight rates in the interbank market remained frequently above 5% and at times exceeded 10%, reflecting that system liquidity is no longer as abundant as before.



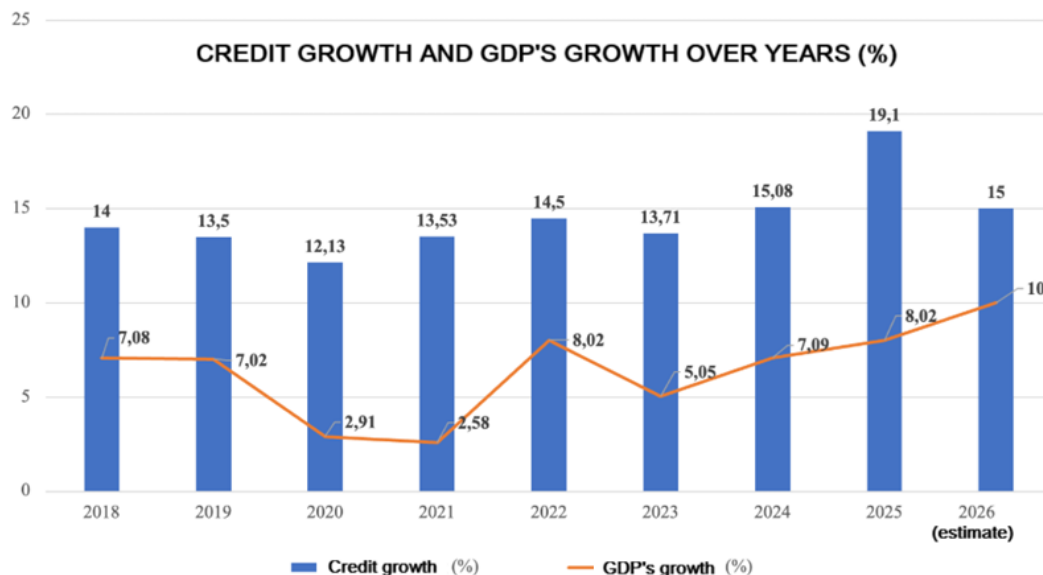
Source: [Nguoiquansat.vn](http://Nguoiquansat.vn)

In terms of monetary operations, the State Bank of Vietnam intervened rather cautiously during most of March, with net liquidity injections via OMO only appearing toward the end of the month at a scale of around VND 30 trillion. This suggests that the central bank continues to prioritize a balance between liquidity support and exchange-rate stabilization in an increasingly sensitive environment.

In addition, the State Bank of Vietnam held a meeting with commercial banks on April 9, 2026, and directed them to lower both deposit and lending rates in order to support businesses and households. Looking ahead, we expect interest rates to avoid the sharp increases seen in 1Q2026, supported by the State Bank’s timely intervention and policy guidance.

## CREDIT GROWTH

Although the Government and the State Bank of Vietnam have shown a tighter stance on credit growth in 2026, credit growth still reached 2.15% as of March 24, 2026, compared with the beginning of the year, only slightly below the 2.28% recorded in the same period last year. Deposit growth at credit institutions was just 0.44%, lower than the 1.23% increase seen in the same period of 2025. This indicates that credit growth has been significantly outpacing deposit mobilization, creating liquidity pressure for banks and forcing commercial lenders to raise both deposit and lending rates. In other words, while credit has not yet meaningfully flowed into the real economy, the cost of capital has already risen, creating a mismatch in which financing costs increase ahead of any meaningful growth support.



Source: [Nhishopkinhdoanh.vn](http://Nhishopkinhdoanh.vn)

From a policy perspective, the central bank continues to allocate credit in a cautious and selective manner, while maintaining tight control over lending to risky sectors such as real estate. The State Bank's full-year credit growth target for 2026 is around 14%–15%, with credit quotas allocated on a quarterly basis. Since Q1 is typically a slow credit growth period, stronger acceleration is expected from Q2 onward.

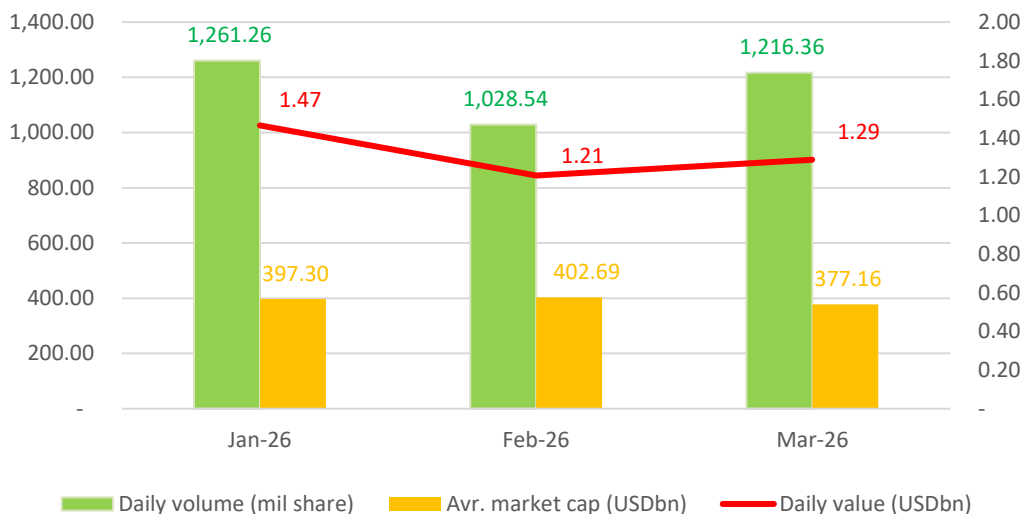
## EQUITY MARKET

Vietnam's stock market went through a highly volatile first quarter. As of the end of March 2026, the VN-Index closed at 1,674.5 points, down 10.9% from the end of February and 6.2% from the beginning of the year. This marked a sharp correction following the strong rally earlier in the year, mainly driven by the geopolitical shock in the Middle East, rising oil prices, concerns over imported inflation, pressure from higher interest rates and exchange rates, and continued foreign net selling.

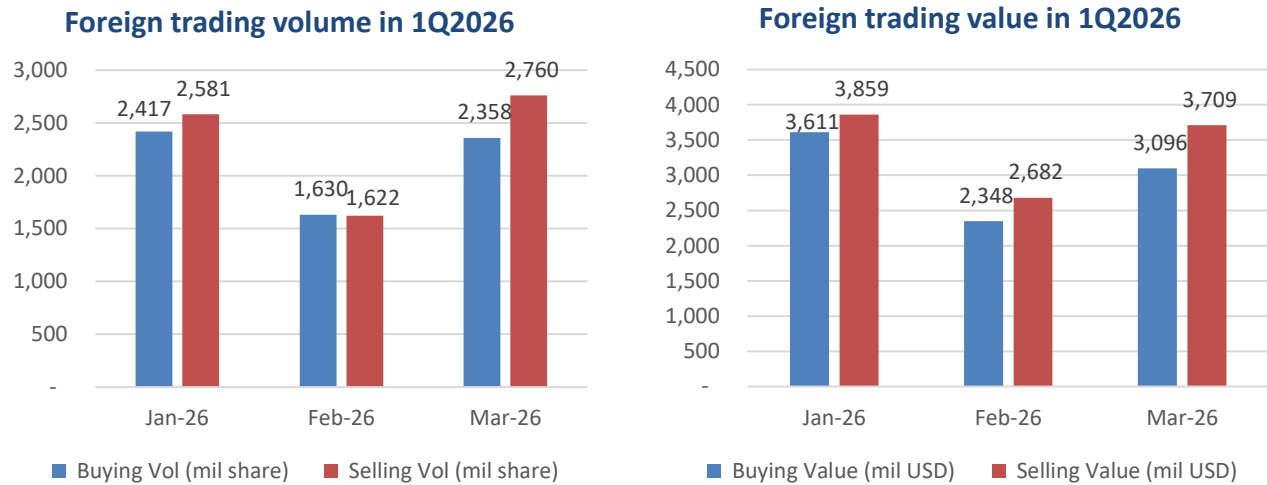


Despite the sharp decline in the index, market liquidity remained relatively robust. Average daily trading value across all three exchanges in March reached approximately USD 1.29 billion, higher than the previous month, while HSX alone recorded around USD 1.16 billion per day. However, total market capitalization declined from USD 402.69 billion at the end of February to USD 377.16 billion by the end of March, reflecting a meaningful correction in equity prices.

Daily trading of Vietnam stock market in 1Q2026



Foreign investors continued to post strong net selling in March, with total net outflows of approximately USD 613 million across the market. In terms of valuation, the VN-Index’s trailing 12-month P/E ratio fell from 16.9x to 15.2x by the end of March, indicating that market valuations have become less demanding following the correction. This improves the market’s medium-term attractiveness, particularly in the context of Vietnam’s market upgrade by FTSE.



In the short term, the market is likely to remain volatile due to geopolitical risks and oil price fluctuations, but the medium-term outlook has not yet shifted into a structural downtrend. Key supporting factors include still-solid GDP growth, the likelihood of credit reacceleration from Q2 onward, and expectations of capital inflows following FTSE Russell’s official market upgrade. The upgrade could potentially attract around USD 1.67 billion of passive inflows over multiple quarters, providing additional support for sentiment and medium-term liquidity.

## SBS' COMMENTARY

Overall, Vietnam’s macro backdrop in 1Q26 remained constructive, albeit with more pronounced pressures than in the previous year. GDP growth stayed robust, while public investment disbursement and FDI inflows continued to provide key support to the economy. That said, achieving the full-year growth target remains highly challenging, as inflation, the exchange rate, and interest rates all came under greater pressure toward the end of the first quarter.

The key issue to watch is the growing mismatch between economic growth dynamics and monetary conditions. While the economy still requires additional credit expansion to support domestic demand and private investment, the room for further policy easing is becoming increasingly constrained by imported inflationary pressures and exchange-rate volatility. As a result, the outlook for 2Q26 will depend significantly on whether geopolitical tensions begin to ease, energy prices are brought under control, and public investment disbursement accelerates more meaningfully.

For the equity market, 1Q26 saw a sharp correction, but this has not materially undermined the medium-term outlook. Market liquidity remained relatively resilient, valuations have become more attractive, and the market-upgrade story continues to serve as an important structural catalyst. Nevertheless, in the near term, the market is likely to remain highly sensitive to macro variables, particularly oil prices, inflation, the exchange rate, and interest rates.

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