MACRO ECONOMIC UPDATES-SECOND QUARTER 2026

WORLD ECONOMY

VIETNAM ECONOMY

SBS' COMMENTARY

1. WORLD ECONOMY

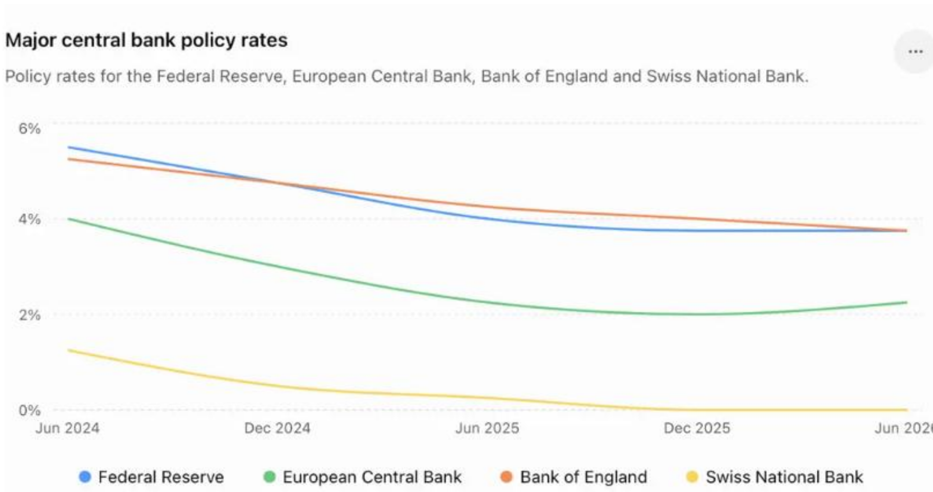
The global economy in the first half of 2026 continued to experience complex developments, with global growth facing numerous difficulties and challenges. Geopolitical tensions and the outbreak of conflicts in the Middle East (particularly the Strait of Hormuz) during the first half of the year created an energy shock, exacerbating the risks of supply chain disruptions and driving international shipping freight rates higher. However, from the second half of June 2026, tensions showed clear signs of cooling down after the involved parties reached a ceasefire agreement and signed a Memorandum of Understanding (MoU) to reopen the strait. This supply recovery caused global Brent crude oil prices to plunge sharply from their peak (approximately 90–120 USD/barrel) to fluctuate around the 68–72 USD/barrel threshold by the end of the month.

Source: https://tradingeconomics.com/commodity/brent-crude-oil

Persistently high global inflationary pressures have compelled major central banks to continue implementing monetary tightening policies. The US Federal Reserve (FED) decided to maintain interest rates in the 3.5%–3.75% target range during its June 2026 meeting but issued a hawkish stance, leading the market to forecast that the agency will hike rates at least once more by the end of 2026 or early 2027. This expectation propelled the Dollar Index (DXY) to maintain a steady upward momentum, hitting a one-year peak of 101.61 on June 24 before anchoring at the 100.86–101.19 mark at the end of the month.

Source: https://www.tradingview.com/

In other nations, the People's Bank of China (PBOC) continued to cut interest rates to support growth, while the European Central Bank (ECB), the Bank of England (BOE), and the Bank of Japan (BOJ) maintained their rate-hiking cycles. The OECD forecasts that global inflation in 2026 will reach 4% and economic growth will only achieve 2.8%. Furthermore, the trend of international trade protectionism (typified by the US preparing to impose new tariffs under Section 301) remains a significant uncertainty risk affecting export-dependent countries.

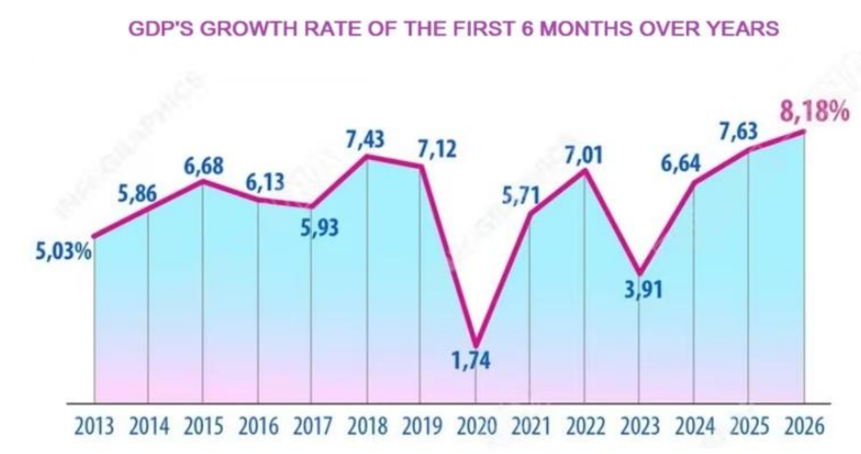


Source: www.goldavenue.com

2. VIETNAM ECONOMY

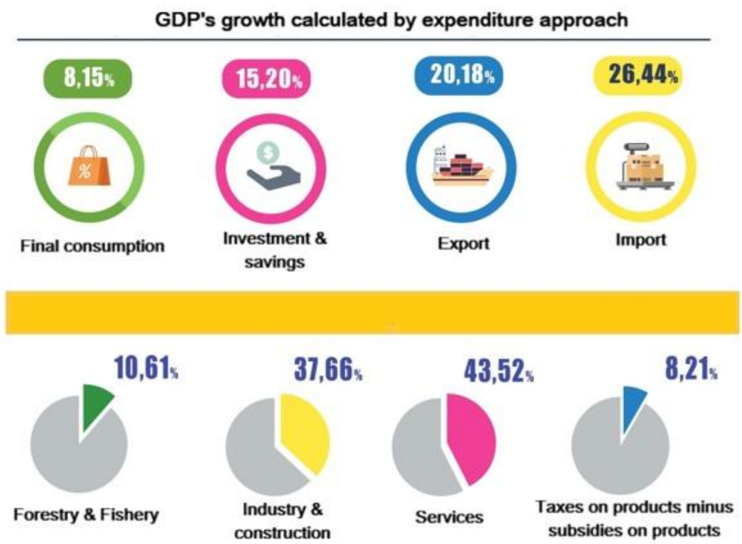
2.1 GDP GROWTH, INVESTMENT, AND INTERNATIONAL TRADE

Despite an unfavorable international context, Vietnam's Gross Domestic Product (GDP) in the first half of 2026 recorded a robust breakthrough, expanding by **8.18%** year-over-year (YoY). This marks the most positive first-half growth rate since 2011.



Source: infographics.vn

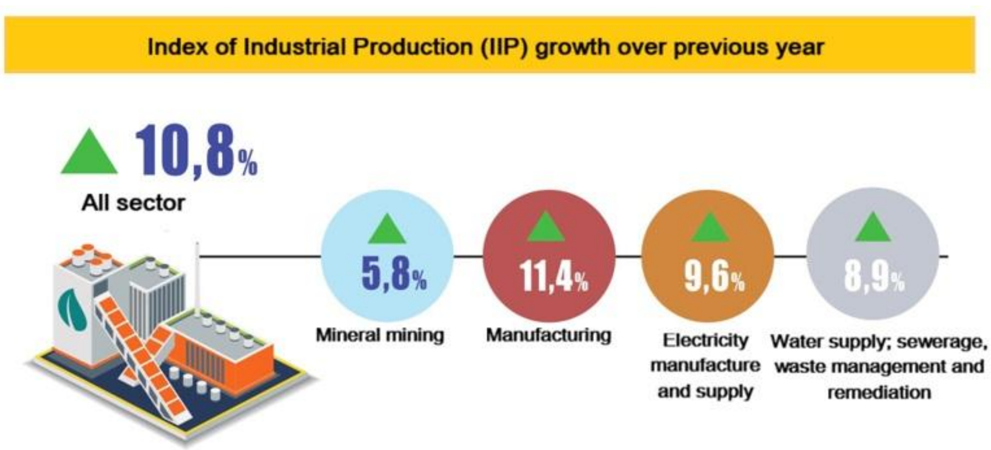
The growth trend continued to expand sequentially, with each quarter outperforming the previous one; specifically, Q1 GDP reached **7.94%** (upwardly revised from previous figures) and Q2 GDP accelerated sharply to **8.39%**.



Source: General Statis Office of Vietnam

Breaking down by economic sectors in the first half of 2026:

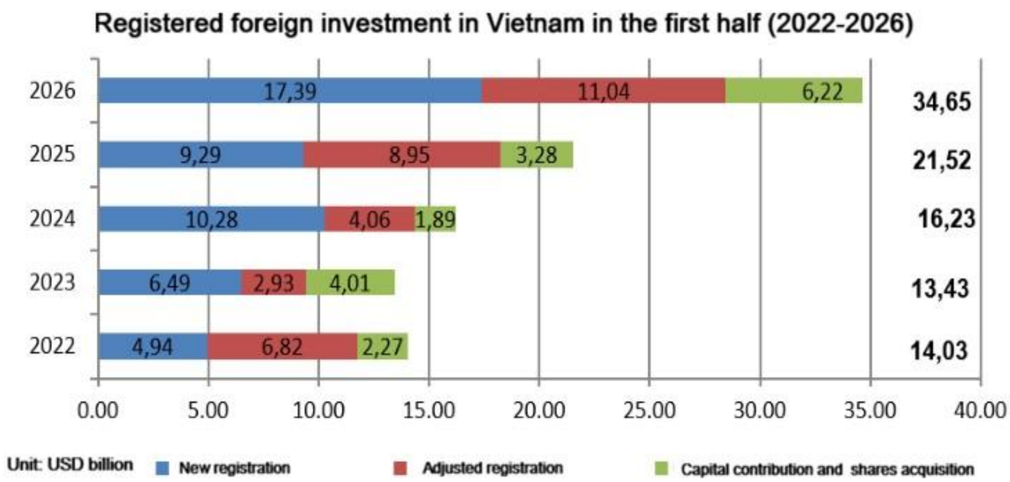
- The agriculture, forestry, and fishery sector maintained steady growth at **3.87%**, contributing approximately **5.66%–5.7%** to the overall increase in the economy's total value added.
- The industry and construction sector surged by **9.81%**, continuing to serve as the primary growth engine by contributing **47.20%** to the overall expansion. Within this sector, the manufacturing and processing industry grew cumulatively by **11.4%** (or **10.23%** in constant prices), contributing the lion's share to the sector's total surplus value. The Index of Industrial Production (IIP) in the first six months was estimated to increase by **10.8%** YoY, recording the strongest first-half growth rate since 2019.

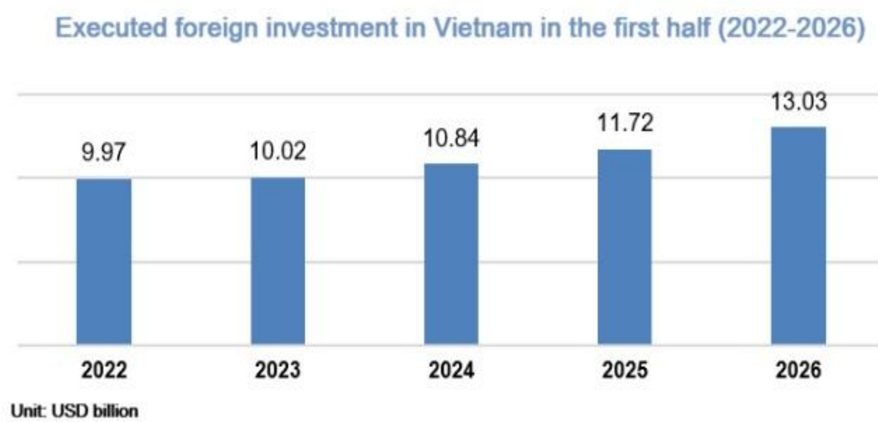


Source: General Statis Office of Vietnam

- The services sector exhibited solid growth at **8.09%**, contributing **47.14%** to the overall momentum, driven by improved domestic purchasing power and vibrant tourism and transportation activities. Total retail sales of consumer goods and services in the first half of the year reached **3,889.5 trillion VND**, up **12.9%** YoY. International arrivals to Vietnam touched the **12.25 million** mark, an increase of **14.9%**.

Total social investment activities maintained their vibrant momentum: Total realized social investment capital in the first half was estimated at **1,807.8 trillion VND**, an increase of **12.9%**. Foreign Direct Investment (FDI) attraction continued to be a major bright spot, with total registered capital reaching **34.65 billion USD** (**+61.0%** YoY) and disbursed capital hitting a five-year high for the first half, touching **13.03 billion USD** (**+11.2%** YoY).

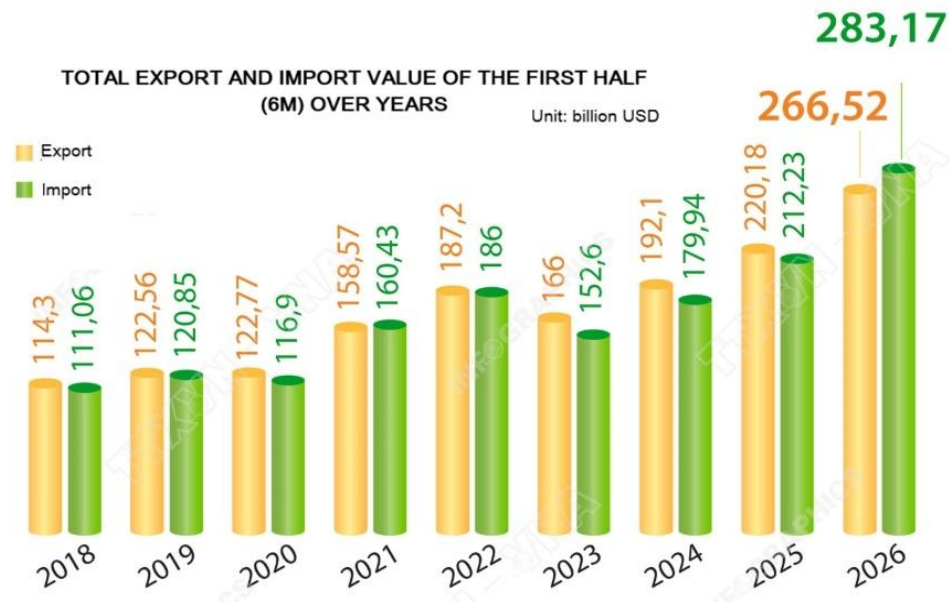




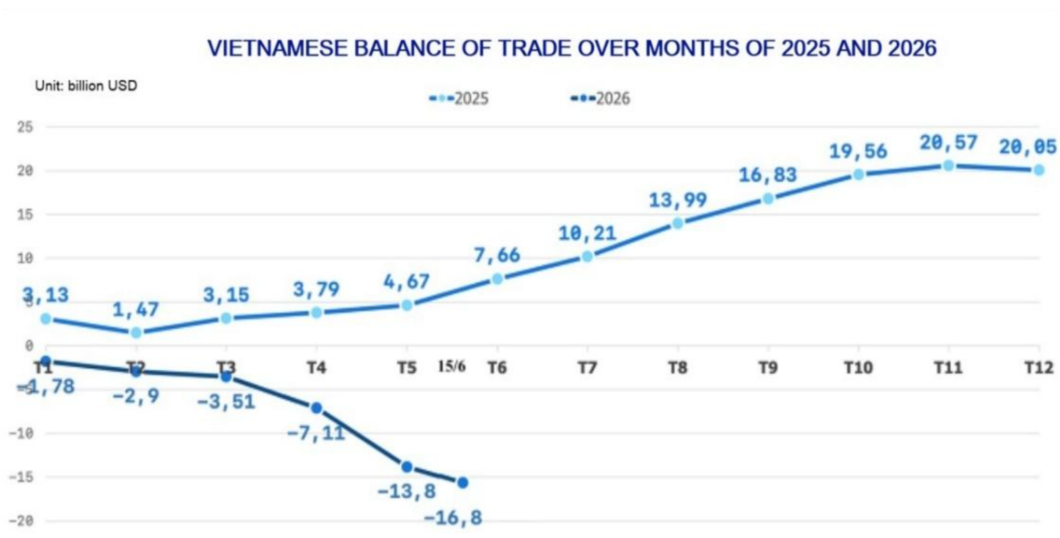
Sources: https://vneconomy.vn/

Realized investment capital from the State sector reached **508.3 trillion VND** (**+12.5%**). Specifically, nationwide public investment disbursement reached nearly **357 trillion VND** (as of June 30, 2026), achieving **35.5%** of the target assigned by the Prime Minister. Compared to the same period in 2025, the disbursed capital increased by **38.362 trillion VND**. The accelerating trend is becoming increasingly evident: while disbursement volume in April was only around **34 trillion VND**, it rose to approximately **75 trillion VND** in May, and reached an impressive **137.6 trillion VND** in June alone. This represents a very strong surge, indicating that many projects have entered their peak construction phases, generating substantial volumes of acceptance and payment.

However, the economy is facing enormous trade deficit pressures: Total import-export turnover in the first six months was estimated at **549.69 billion USD** (**+27.1%** YoY); of which exports accounted for **266.52 billion USD** (**+21.0%**) and imports reached **283.17 billion USD** (**+33.4%**), leading to a trade deficit of up to **16.65 billion USD** (a stark contrast to the trade surplus of **7.95 billion USD** in the same period of 2025).



Source: https://infographics.vn/



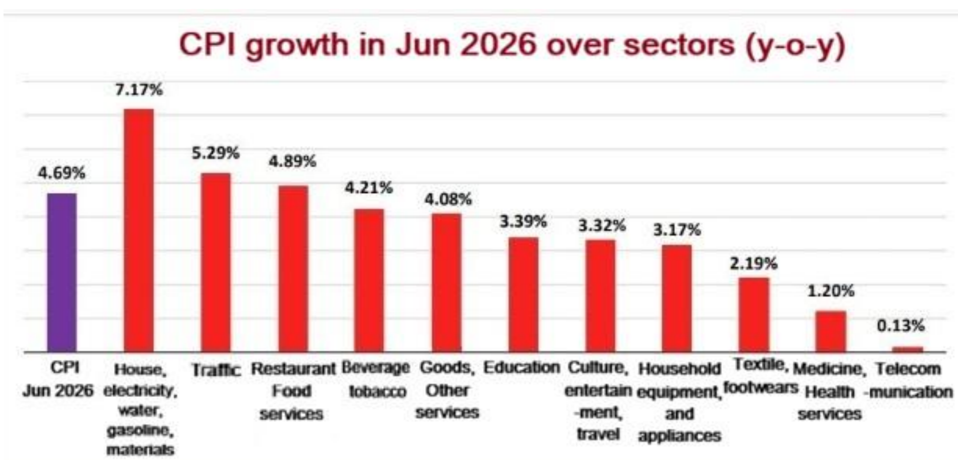
Source: Department of Customs, vietnambiz.vn

2.2 INFLATION

Average inflationary pressure in the first half of 2026 remained elevated. The average Consumer Price Index (CPI) for the first six months of 2026 increased by **4.38%** YoY, closely approaching the target ceiling of approximately **4.5%** set in the Government's Resolution No. 01. Average core inflation for the six-month period rose by **4.12%**. Notably, average inflation in Q2/2026 surged by **5.25%** YoY, breaching the control ceiling and recording the strongest Q2 increase in the past decade.

Source: https://www.qdnd.vn, https://thitruongtaichinhtiente.vn/

The primary drivers of first-half inflation stemmed from the food and catering services group (**+4.79%** YoY, with pork prices alone rising **4.85%**), the housing and construction materials group (**+6.72%** YoY due to higher residential electricity and water costs, alongside elevated prices of bricks, sand, and stone), and the transportation group (**+5.23%** YoY driven by rising fuel prices). In addition, corporate input production costs were eroded as the industrial producer price index increased by **4.18%** and the raw materials and fuels price index rose by **5.40%**.



Source: https://thitruongtaichinhtiente.vn/

However, inflation recorded a discernible month-over-month (MoM) cooling down, with the June 2026 CPI declining by **0.39%** MoM, marking the first deflationary month of the year. This was primarily attributed to deep downward adjustments in domestic petroleum prices in tandem with global crude prices (gasoline down

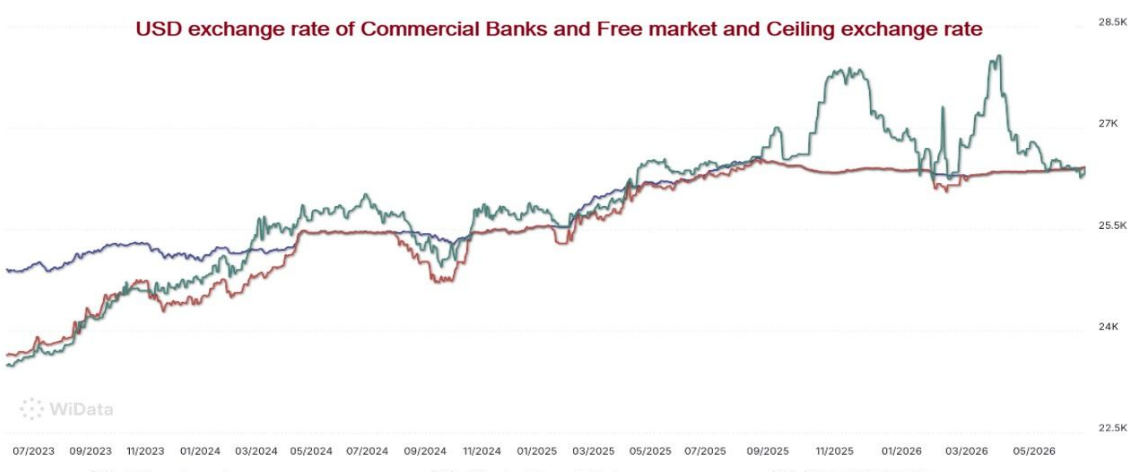
10.05%, diesel down **10.63%** MoM), which enabled the transportation component to drag down the overall index by **0.48 percentage points**. Domestic jewelry prices also fell sharply by **8.01%** MoM, mirroring the decline in global gold prices. Conversely, residential electricity (**+2.0%** MoM) and residential water (**+0.56%** MoM) prices continued to climb due to intense heatwave pressures. Compared to the same period last year, the June 2026 CPI rose by **4.69%**.

Source: https://thitruongtaichinhtiente.vn/

2.3 EXCHANGE RATE & INTEREST RATES

2.3.1 USD/VND Exchange Rate:

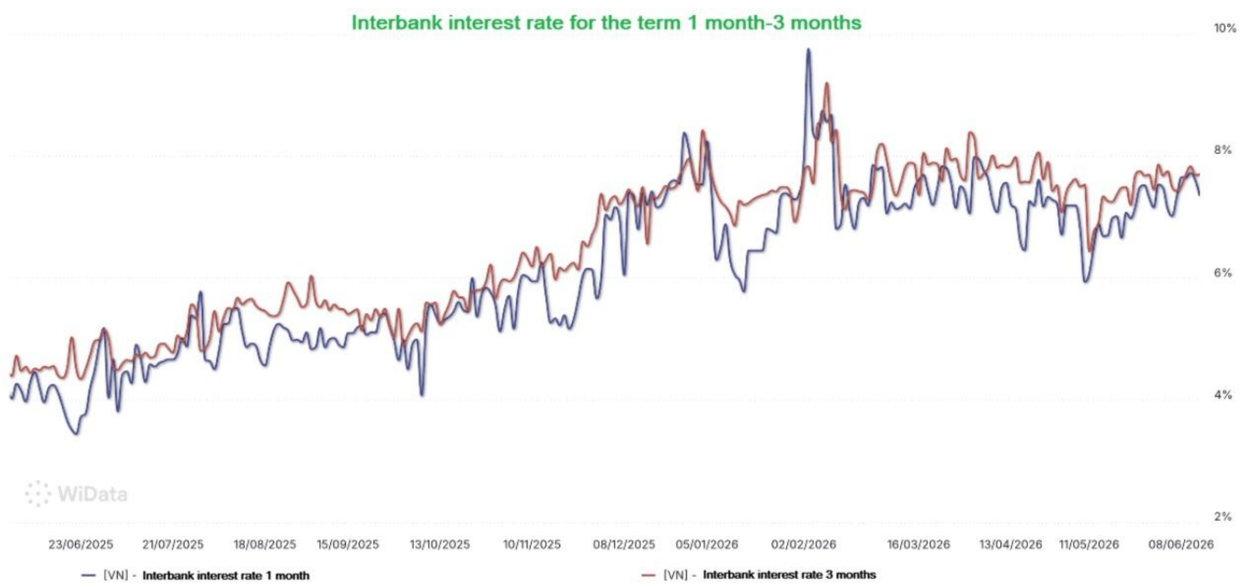
In the face of the strong recovery of the international USD, the USD/VND exchange rate began to tick up again in June following two months of stability. Nevertheless, the interbank exchange rate was kept fairly stable thanks to the high domestic interest rate environment and positive FDI inflows. Throughout June, the interbank exchange rate fluctuated around **26,290–26,343 VND/USD** and closed the month at **26,310 VND/USD** (an increase of approximately **0.15%** year-to-date). The central exchange rate settled at **25,206 VND/USD** (**+0.3%** YTD), while the free-market exchange rate rose slightly to hover around **26,650–26,710 VND/USD**. It is forecasted that foreign exchange pressure stemming from the trade deficit will cause the exchange rate to depreciate by approximately **1.5%–2.8%** by the end of 2026.



Source: WiGroup, https://vneconomy.vn/

2.3.2 Interest rate

- ✓ **Interbank Market (Market 2):** In June, the State Bank of Vietnam (SBV) executed a net withdrawal of approximately **86.9 trillion VND** via Open Market Operations (OMO) to support macroeconomic stability. The interbank overnight interest rate maintained a relatively steady downward trajectory from **10.1%** at the beginning of the month to a four-month low of **2.85%** on June 26. However, towards the final trading sessions of the month, seasonal quarter-end liquidity pressures (as enterprises increased payments to prepare financial statements) caused overnight rates to reverse course and spike sharply to **7.25%–12.49%**. The 1-week term rate reached **8.35%** (or an average of **6.47%–6.48%** depending on the timing), while longer tenors from 1 to 3 months fluctuated between **7.9%** and **8.2%**. The SBV also activated foreign exchange swap (FX Swap) operations with a scale of **1 billion USD** to inject VND liquidity.

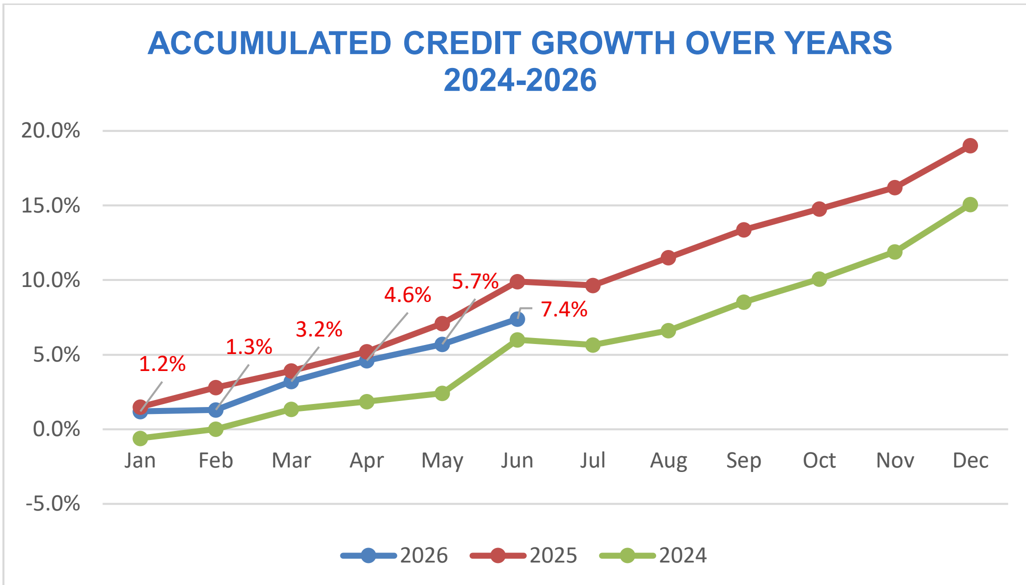


Source: WiGroup, https://vneconomy.vn/

- ✓ **Residential Market (Market 1):** The upward momentum of deposit interest rates at commercial banks began to show signs of stalling and decelerating in June. Rate hikes were no longer broad-based, appearing only sporadically among mid-sized commercial banks (**+0.1** to **0.5 percentage points**). As of the end of June, the system's average 12-month deposit rate stood at **8.4%** (**+259 basis points** YTD), with Tier-1 banks averaging **8.3%** and Tier-2 banks at **8.52%**. The interest rate environment remained elevated due to tight liquidity persisting from Q1 and credit growth outpacing deposit mobilization. Experts anticipate that the deposit rate curve has peaked and will commence a gradual descent beginning in early Q4/2026.

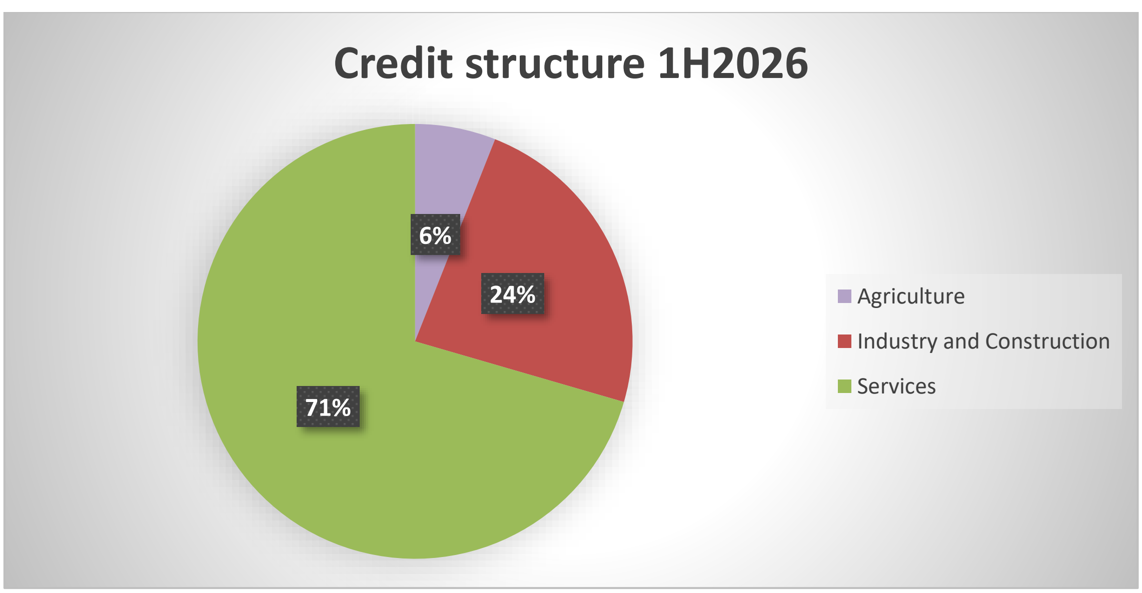
2.4 CREDIT GROWTH

Liquidity across the banking system remained under pressure as the gap between outstanding loan growth and deposit mobilization widened. By the end of June 2026, system-wide credit growth was estimated at **7.4%–7.41%** YTD, significantly lower than the same period in 2025 (**9.9%** YTD). Meanwhile, economy-wide capital mobilization merely edged up by a modest **5%–5.05%** YTD, pushing the sector's pure Loan-to-Deposit Ratio (LDR) to historical highs.



Source: SBV

Credit flows are being directed by policymakers heavily into production and business sectors, agriculture, social housing, and key infrastructure projects. Corporate lending recorded solid growth (**+5.1%** YTD), reflecting a trend of expanding medium- and long-term investments, whereas retail lending suffered from high interest rates and grew sluggishly (**+1.5%** YTD). Outstanding loans for real estate and construction expanded notably (**+11.7%** YTD) due to positive developments in untangling project legalities.



Source: SBV

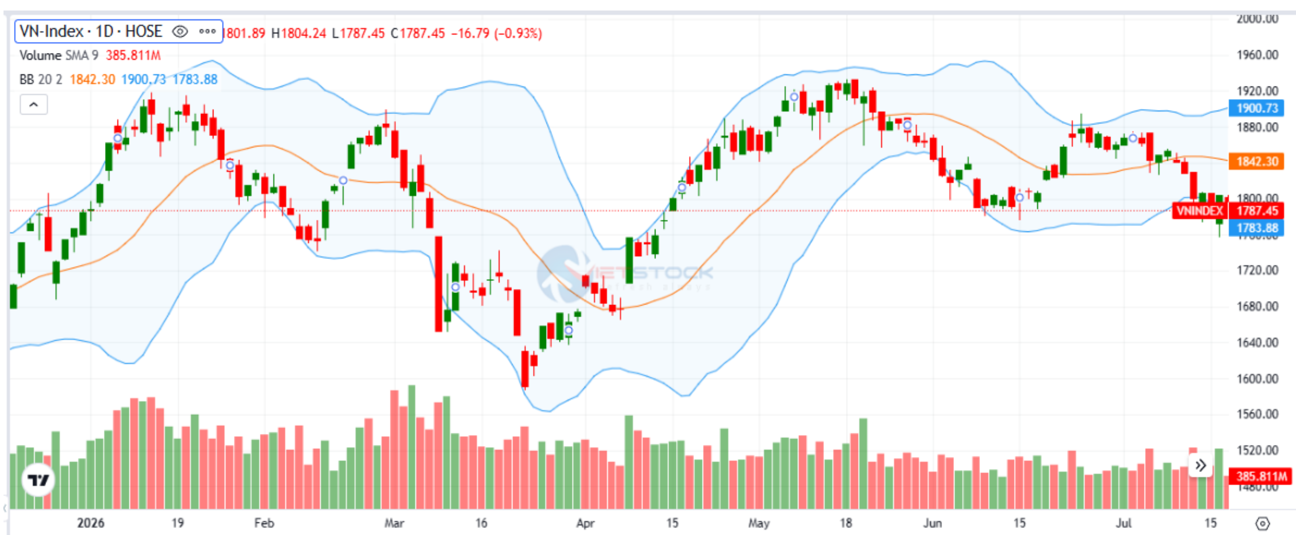
State-owned commercial banks and the cohort of commercial banks undergoing restructuring (such as VPB, HDB) continued to act as the locomotives driving credit growth. To unblock the liquidity "bottleneck" and facilitate capital flows, the SBV implemented three critical technical easing measures in June 2026:

- Raising the ceiling ratio of short-term funds used for medium- and long-term loans from **30%** back to **40%** (applying Circular 25/2026/TT-NHNN).
- Modifying the LDR calculation method to include an additional **20%** of State Treasury term deposits.
- Exempting 18 major projects of core private conglomerates from conventional credit quotas.

It is projected that full-year sector-wide credit will meet the growth target of **15%–17.9%**.

2.5 EQUITY MARKET

VN-Index Performance: During the first half of 2026, the Vietnamese stock market exhibited volatile, sideways movements. Over the first six months, the VN-Index recorded a modest point increase of **4.2%** compared to year-end 2025 (the VN-Index closed at **1,784.49 points** on December 31, 2025, and **1,860 points** on June 30, 2026). Regarding liquidity, total trading value on the Ho Chi Minh Stock Exchange (HOSE) increased by **20.6%**, while total trading volume declined by **8.2%** compared to the same period (H1 2025). This figure indicates that the bulk of trading in the first half of 2026 was concentrated in high-value, large-cap stocks (primarily the Vingroup constellation).

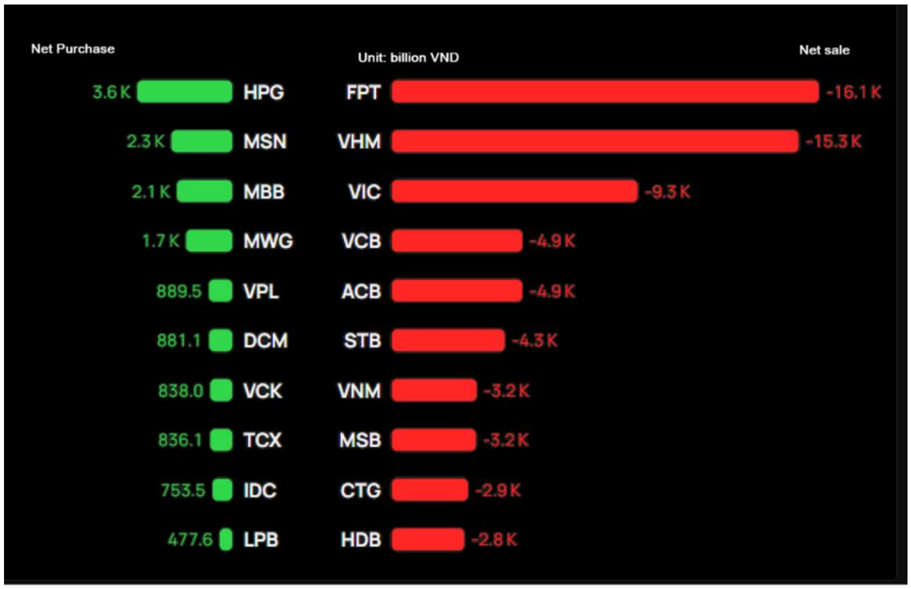


Source: vietstock.vn

Details for June 2026: The VN-Index declined marginally by **0.2%** over the month. In the first half of the month, the index corrected downwards by **3.9%** to its lowest level since February 2025, driven by heavy net selling pressure from foreign investors and a cautious sentiment rippling from global equities; two major stocks, VIC and VHM, plummeted (dropping **7.5%** and **11.1%**, respectively), exerting direct downward pressure on the index. However, the second half of the month witnessed an impressive recovery trajectory (**+3.8%**). The recovery momentum was largely propelled by the green across the Banking (**+2.0%**), Financial Services (**+1.9%**), and Real Estate (**+1.8%**) sectors. Notably, Vingroup-affiliated stocks broke out strongly

(VIC **+12.5%**, VHM **+9.4%**) following news that the VinSpeed-Vinhomes consortium won the EPC bid for 5 metro projects in Hanoi worth over **1.3 quadrillion VND**, resonating synergistically with the US-Iran peace agreement.

Foreign Transactions: Foreign investors were net sellers for the 6th consecutive month, with a net outflow of **581.8 million USD** across all three exchanges in June (heaviest net selling in VHM, VPB, and TCB; net buying in VIC, POW, and MWG). For the entirety of H1 2026, foreign investors net sold a staggering **3.1 billion USD** in the Vietnamese market.



Source: doanhnhanvn.vn

Valuation and Outlook: At the end of June, the VN-Index traded at a trailing P/E of **15.1x**, lower than its 5-year average (**16.1x**). If evaluated using an "adjusted P/E" (excluding the valuation anomalies of the Vingroup cluster), the market's P/E stood at merely **11.2x**, equivalent to the historical troughs of 2020 and 2022. Expectations point to the VN-Index climbing to the **1,950–2,033 point** range by year-end, bolstered by optimistic Q2 earnings results, cooling inflation, and the narrative of an upgrade to FTSE Russell's Secondary Emerging Market status in September 2026. Key risks to monitor include the US's proposed **12.5%** tariff under Section 301 and a prolonged trade deficit situation.

Source: Vina capital

3. SBS' COMMENTARY

Overall Assessment: Vietnam's macroeconomic data for June and the first half of 2026 portrays an exceptionally impressive growth picture, with GDP surpassing **8%**, marking the most positive first-half outcome in the past decade. The underlying domestic economic fundamentals have noticeably improved, fueled by the robust breakout in industrial production, a record-breaking wave of high-quality FDI registration and disbursement, accelerating public investment in June, and an organic recovery in consumer services purchasing power. The macroeconomy remains fundamentally stable, with major balances firmly secured.

Risk Signals to Monitor: Vietnam's growth trajectory is still subjected to braking pressures from several macroeconomic stability variables:

- Evident inflationary pressure as the average CPI edges close to the Government's **4.5%** target, coupled with residential electricity and water establishing new price levels during the severe heatwave season.
- The trade balance remains in a continued cumulative deficit of up to **16.65 billion USD** as enterprises ramp up raw material imports to defend their supply chains, exerting indirect pressure on the balance of payments and the foreign exchange market in the medium term.
- Tightening banking system liquidity due to loan growth vastly outpacing capital mobilization, driving real deposit rates higher and shrinking the headroom for monetary policy easing.
- The domestic Small and Medium Enterprise (SME) sector continues to face severe headwinds amidst an ongoing screening process, evidenced by a record high number of enterprise dissolutions and market exits (**23,980** enterprises completed dissolution procedures, a **94.7%** YoY surge).

Outlook for H2 2026: The Vietnamese economy is projected to sustain its positive growth trend, underpinned by momentum from high-tech FDI inflows, a warming domestic consumer sector post-wage-reform (effective July 1, 2026), and the expedition of mega public investment projects. Although the Government's **11.9%** growth target for the last six months is incredibly challenging, the solid macroeconomic foundation will support full-year GDP reaching approximately **8.0%–8.2%**. This context dictates that policymakers must continue to prioritize flexible and prudent solutions, aiming for a harmonious balance between the objectives of driving high growth and controlling macroeconomic stability risks.

DISCLAIMER

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