



VIETNAM MACRO UPDATE

18 March 2026

Interest rates and inflation were upward

Production maintained growth momentum thanks to domestic drivers

Because February coincided with the Lunar New Year, production activities were less active than the same period last year. The Industrial Production Index (IIP) in February 2026 increased by only 1.0% YoY and decreased by -18.4% MoM. In 2M2026, the IIP increased by 10.4% YoY. Strong growth in the first two months of the year was seen in paper manufacturing (+20.4% YoY), chemicals (+20.1%), other non-metallic mineral products (+33.1%), and motor vehicles (+20.3%)...

The PMI in February reached 54.3 points, up nearly 2 points from 52.5 in January. Increased production, driven by demand, led to increased labor recruitment and procurement activities. Strong domestic demand continued to drive up total orders despite weakening export orders. Vietnam recorded a trade deficit for the third consecutive month since December 2025. Exports in February 2026 reached 33.06bn USD (-23.7% MoM and +5.7% YoY) and imports reached 34.1bn USD (-24.6% MoM and +4.4% YoY). For the first two months of 2026, Vietnam's trade deficit reached 2.98bn USD.

Domestic consumption remained positive

Total retail sales of goods and consumer service revenue in February 2026 increased by 8.48% YoY, and the cumulative two-month increase was 7.93% YoY. Tourism continued to be a driving force. Revenue from accommodation and food services increased by 9.7% YoY in February 2026, and revenue from travel and tourism increased by 13.8% YoY. In February 2026, the number of tourists visiting Vietnam reached 2.2 million, an increase of 17.7% YoY.

Inflation surged due to Lunar New Year

The headline CPI increased by 3.35% YoY in February 2026. For the first two months, the headline CPI increased by 2.94% YoY. Consumer demand and stockpiling of food for the Lunar New Year increased significantly. The cost of eating out during the Tet holiday (Year-end and New Year celebrations) also increased, leading to the high CPI of the food and foodstuff group in February 2026 at 5.28% YoY. This is the highest monthly increase since 2024. The last time this group saw such a high increase was in January 2023, which coincided with the Lunar New Year.

In the first two months of the year, the CPI for the transportation group decreased by 3.48% YoY. However, with the escalating tensions between the US and Israel and Iran, inflation in this group was likely to rise. World oil prices on 12 March 2026 approached 100 USD/barrel, an increase of over 40% in one month. The sudden and sharp rise in oil prices could lead to higher prices for related goods due to increased transportation costs. The upward trend in the food and foodstuff group is likely to continue. The food and foodstuff group accounts for a large proportion of the CPI, a 1% increase in this group contributes nearly 0.3% to the overall increase.

Interest Rates Trend Upward

Interbank market interest rates experienced unusual fluctuations in early February and March. At the beginning of February, overnight interbank interest rates rose near 17% due to internal reasons of the sector preceding the Lunar New Year. Subsequently, rates gradually decreased to around 4% by the end of February. However, in early March, concerns about inflation caused by the US-Israel and Iran conflicts led to another increase of over 10% in overnight interbank interest rates. These rates then returned to 4-5% in the following days. Given the unpredictable outcome of the US-Israel and Iran conflicts, interest rates may remain at a higher level than in 2025, at 5-6%, due to expectations of high inflation in the near future.

Macro indicators - 2/2026

Economic indicators	02/26	01/26	12/25	11/25	10/25	09/25	08/25	07/25	06/25	05/25	04/25	03/25	02/25
CPI (YoY)	3.35%	2.53%	3.48%	3.58%	3.25%	3.38%	3.24%	3.19%	3.56%	3.24%	3.12%	3.13%	2.91%
CPI (MoM)	1.14%	0.05%	0.19%	0.45%	0.20%	0.42%	0.05%	0.11%	0.48%	0.16%	0.07%	-0.03%	0.34%
PMI	54.30	52.50	53.00	53.80	54.50	50.40	50.40	52.40	48.90	49.80	45.60	50.50	49.20
IIP (YoY)	1.0%	19.4%	10.1%	10.8%	10.8%	13.6%	8.7%	7.4%	8.0%	9.6%	9.6%	9.9%	17.2%
IIP (MoM)	-18.4%	0.2%	2.2%	2.3%	2.4%	0.1%	2.2%	0.5%	4.1%	4.3%	1.4%	12.0%	-2.2%
Retail (YoY)	8.5%	8.2%	9.8%	7.1%	7.2%	11.3%	10.6%	9.2%	8.3%	10.2%	11.1%	10.8%	9.5%
Export (USD bn)	33.06	43.30	44.05	39.95	42.11	42.88	43.49	42.40	39.84	39.70	37.74	38.57	31.17
Import (USD bn)	34.10	45.24	44.69	38.70	39.63	39.91	39.79	40.04	36.72	39.02	36.84	36.87	32.67
Balance of trades (USD bn)	-1.05	-1.94	-0.64	1.25	2.49	2.97	3.70	2.36	3.12	0.69	0.90	1.69	-1.50
Acc. Disbursed FDI (USD bn)	3.21	1.68	27.62	23.60	21.30	18.80	15.40	13.60	11.72	8.90	6.74	4.96	2.95
Acc. Registered FDI (USD bn)	6.03	2.58	38.42	33.69	31.52	28.54	26.14	24.09	21.51	18.40	13.82	10.98	6.90
Public Investment (VND trillion)	38.89	44.64	111.54	100.21	90.28	87.56	83.13	77.57	71.47	58.06	49.61	43.97	37.70
Credit growth (YTD)	n.a	n.a	19.07%	16.85%	15.31%	13.86%	11.78%	10.24%	9.91%	6.72%	5.32%	3.91%	0.76%
Deposit growth (YTD)	n.a	n.a	n.a	n.a	n.a	11.53%	9.89%	8.75%	9.32%	5.91%	4.50%	2.99%	1.35%
Overnight interbank rate	4.70%	5.09%	1.77%	5.40%	4.45%	4.38%	2.03%	3.35%	6.45%	3.1%	2.54%	4.02%	4.59%
Average deposit rate at SOCBs	5.20%	5.20%	5.20%	4.68%	4.68%	4.68%	4.68%	4.68%	4.68%	4.68%	4.68%	4.68%	4.68%
10Y Government bond yield	4.12%	4.06%	4.03%	3.89%	3.82%	3.62%	3.55%	3.32%	3.21%	3.11%	3.07%	2.97%	3.09%
VND/USD exchange rate	26,680	26,450	26,750	27,650	27,760	26,490	26,650	26,380	26,370	26,260	26,420	25,860	25,670

Source: GSO, SBV, FiiPro-X, Shinhan Securities Vietnam



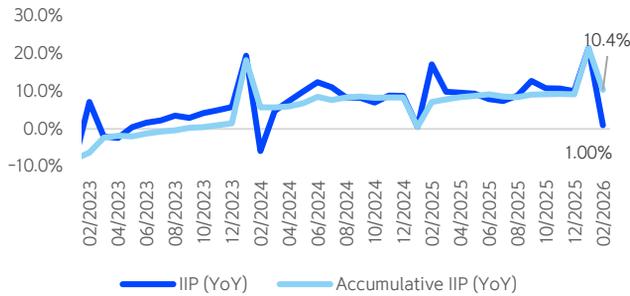
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Shinhan Securities Vietnam Co., Ltd.
Niên Nguyễn – Associate Manager
☎ (84-8) 6299-8000

Production – Consumption

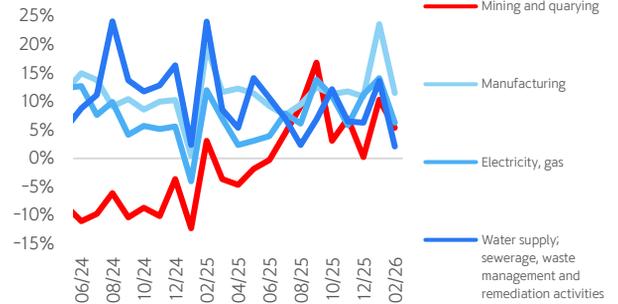
In February 2026, the Industrial Production Index (IIP) grew by 1.0% YoY (-18.4% MoM). The lower YoY growth is due to the Lunar New Year falling in February this year, compared to January last year. In 2M2026, the IIP grew by 10.4% YoY. During this period, the manufacturing sector experienced the strongest growth at 11.5% YoY. Some high-growth subsectors are paper manufacturing (+20.4% YoY), chemical manufacturing (+20.1%), manufacturing of other non-metallic mineral products (+33.1%), and motor vehicle manufacturing (+20.3%)...

Index of Industrial production (IIP)



Source: GSO, Shinhan Securities Vietnam

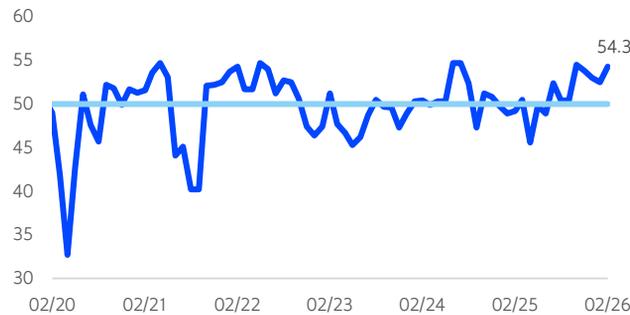
IIP by sub-sectors



Source: GSO, Shinhan Securities Vietnam

The PMI index reached 54.3 points in February 2026, up from 52.5 points in January 2026. Despite sluggish exports due to global economic concerns, domestic manufacturing continued to grow strongly. Production output increased at the fastest rate since 2025. Orders also increased rapidly thanks to aggregate domestic demand. The increase in demand and production led to a positive outlook in the labor employment and purchasing activities. However, finished goods inventories decreased slightly as products were shipped to customers.

Purchasing managers' index (PMI)



Source: S&P Global, Shinhan Securities Vietnam

PMI summary

New orders	Increase
Production	Increase
Inventories	Decrease
Purchasing	Increase
Employment	Increase
Business confidence	Increase

Source: S&P Global, Shinhan Securities Vietnam

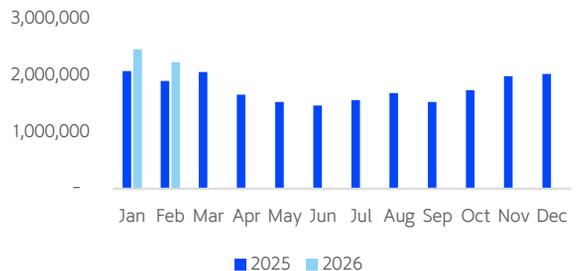
Total retail sales of goods and consumer service revenue increased by 8.5% YoY in February 2026 and by 1.5% MoM. In 2M2026, total retail sales of goods and consumer service revenue increased by 7.9%. Retail sales of goods increased by 8.8% YoY; accommodation and food services increased by 9.7%; and travel services increased by 13.8%. The number of tourists visiting Vietnam reached 2.2 million, an increase of 17.7% YoY and a decrease of -9.2% MoM. For the first two months of the year, total tourist arrivals to Vietnam increased by 18.1% YoY.

Total retail sales growth



Source: GSO, Shinhan Securities Vietnam

Foreign tourist (pax)

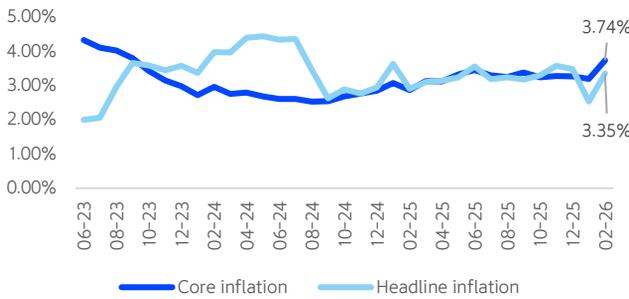


Source: GSO, Shinhan Securities Vietnam

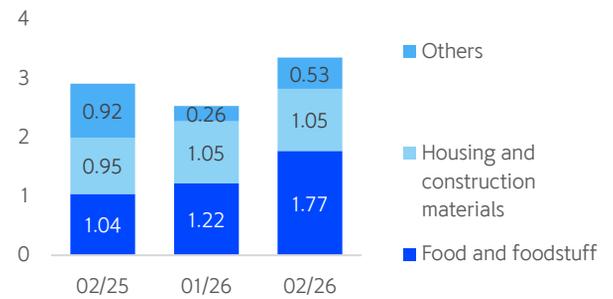
Inflation

In February 2026, the headline CPI increased by 3.35% YoY. After excluding food, energy, and state-managed items such as healthcare and education, core inflation increased by 3.74% YoY. Headline inflation was lower than core inflation due to a decrease in the transportation group, which fell by 3.2% YoY. In 2M2026, the headline CPI grew by 2.94% YoY, and core inflation grew by 3.47% YoY. The food and services group increased by 5.28% YoY, contributing 1.77 points to the overall CPI increase in February. The housing, electricity, water, fuel, and building materials group increased by 5.6% YoY, contributing 1.05 points to the overall increase.

Monthly Consumer price index (YoY)



CPI component in February 2026 (% YoY)

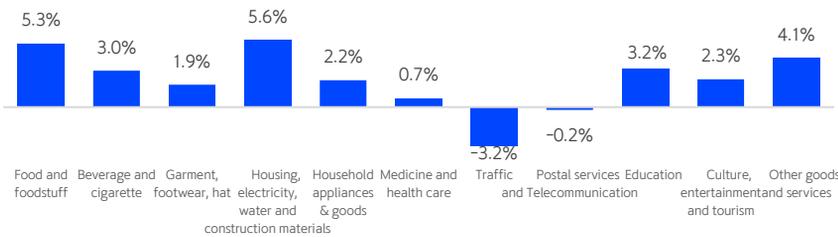


Source: GSO, Shinhan Securities Vietnam

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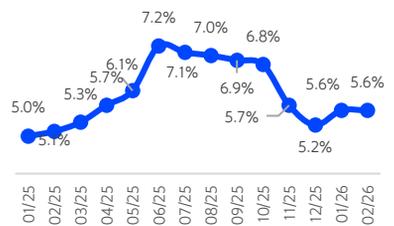
In February 2026, the three groups with the highest increases were (1) food and foodstuff (+5.3% YoY); (2) housing, electricity, water and building materials (+5.6% YoY) and (3) other goods and services (+4.1% YoY). Consumer demand and stockpiling, preparing food for the Lunar New Year, increased significantly. The demand for food and drinks during the Tet holiday (Year-end and New Year) also caused prices of eating out to increase. The housing, electricity, water and building materials group grew significantly but the rate of increase remained stable compared to the previous month. The other goods and services group saw a sharp increase due to the high prices of jewelry and beauty services during the year-end preparations for Tet.

February 2026 CPI growth by components (YoY)



Source: GSO, Shinhan Securities Vietnam

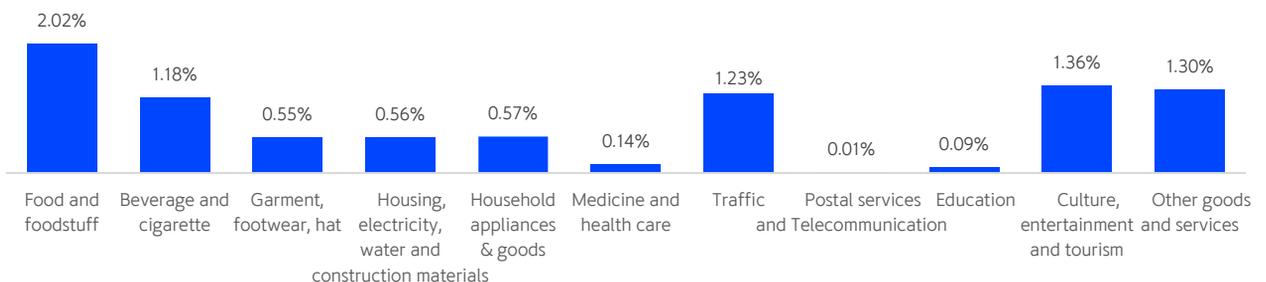
CPI of housing and construction material group (% YoY)



Source: GSO, Shinhan Securities Vietnam

According to MoM, the three groups with the strongest increases are (1) Food and foodstuff, (2) Culture, entertainment and tourism, and (3) Other goods and services. Groups (1) and (3) increased for the reasons mentioned above. More specifically, items used extensively during Tet (Lunar New Year) had high increases such as pork prices increasing by 7.43% MoM, poultry meat increasing by 2.58%, and prices outside the home increasing by 1.84%. Haircutting and shampooing services increased by 4.27% MoM, and jewelry increased by 8.23%. Group (2) also increased due to demand from Tet, such as the price of ornamental plants and flowers increasing by 9.51%; movie and music tickets increasing by 2.32%...

February 2026 CPI growth by components (MoM)

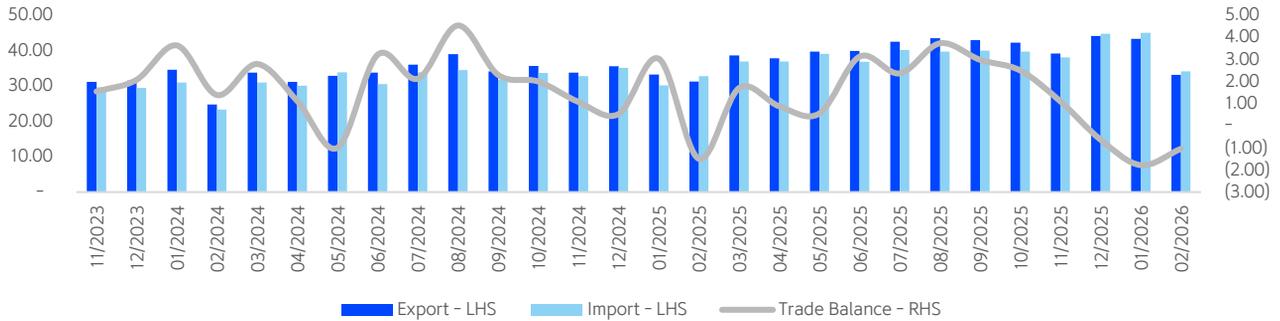


Source: GSO, Shinhan Securities Vietnam

Trading – Investment

Vietnam's exports in February 2026 reached 33.06bn USD (-23.7% MoM and +5.7% YoY). Imports reached 34.1bn USD (-24.6% MoM and +4.4% YoY). The trade deficit in February 2026 was 1bn USD. In 2M2026, Vietnam's trade deficit reached 2.98bn USD. The US remains Vietnam's largest export market with 23.8bn USD, and China is Vietnam's largest import market with 31.9bn USD.

Total trading turnover (USD bn)



Source: GSO, Shinhan Securities Vietnam

The US services PMI fell to 51.7 points in February 2026 from 52.7 points in January 2026. This decline reflects challenging trade conditions in 2026. A decrease in domestic and export demand, coupled with unfavorable weather conditions in some US states, has impacted the services sector. Optimism about business conditions has also diminished due to concerns about US government policy. Labor-intensive industries related to tourism and leisure are facing labor shortages, high input costs, and declining consumer confidence.

US service PMI



Source: S&P Global, Shinhan Securities Vietnam

EU GDP growth rate (% - QoQ)

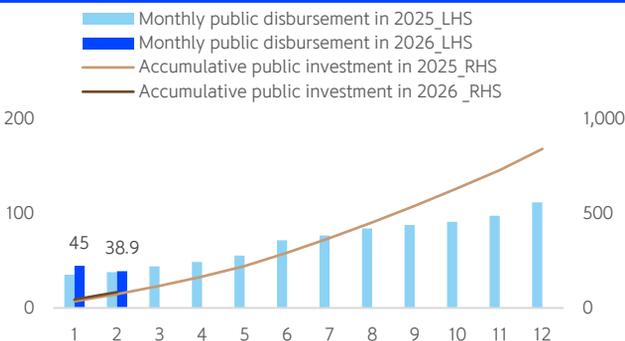


Source: EuroStat, Shinhan Securities Vietnam

In February 2026, public investment reached 38.9tn VND, a 3% YoY increase and 9.4% of the annual plan. In 2M2026, public investment totaled 83.5tn VND, an 11.5% YoY increase.

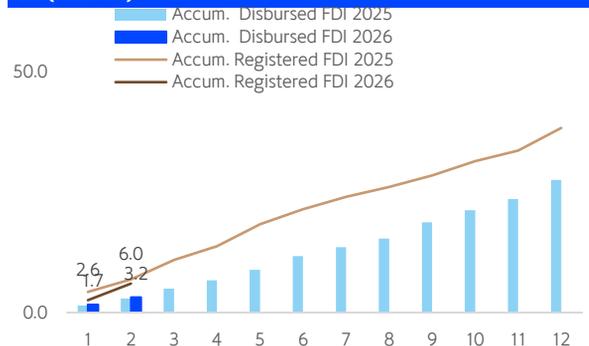
In February 2026, disbursed FDI reached a high level with a value of 1.53bn USD, a 6.25% YoY increase and registered FDI reached 3.45bn USD, a 34.2% YoY increase. In 2M2026, registered FDI reached 3.2bn USD (+8.8% YoY) and disbursed FDI 6bn USD (-12.7% YoY).

Public investment (VND trillion)



Source: GSO, Shinhan Securities Vietnam

FDI (USD bn)



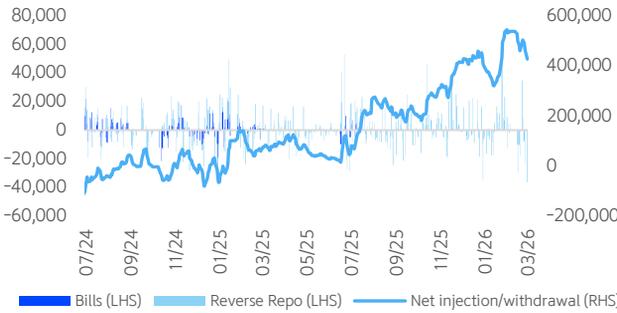
Source: Fiiipro, Shinhan Securities Vietnam

Money market

After a volatile first three days of February, with overnight interbank interest rates rising at one point to 17%, interest rates cooled down to around 4% by the end of the month. During February, the State Bank of Vietnam (SBV) injected a net VND 88 trillion through open market operations.

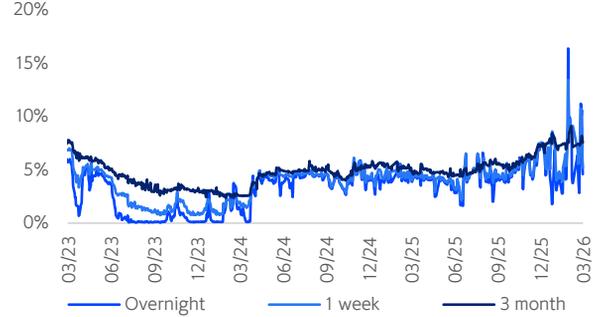
Due to concerns about the impact of the US-Israel and Iran conflicts on exchange rates and interest rates, in the early days of March, interbank interest rates once again exceeded 10% for the first three days (March 2nd, 3rd, and 4th) before returning to 4-5% in the following days. The effects of the conflicts raised concerns about rising inflation in the near future, potentially leading to market-wide interest rates gradually remaining at a high level of 5-6%.

Open market operation (VND billion)



Source: SBV, FiinPro, Shinhan Securities Vietnam

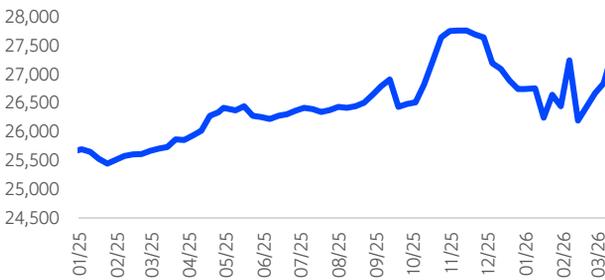
Interbank interest rate



Source: SBV, FiinPro, Shinhan Securities Vietnam

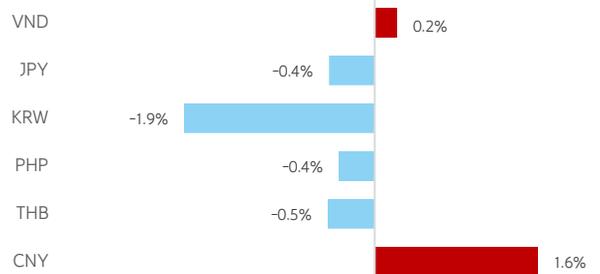
The VND/USD exchange rate on the free market experienced continuous ups and downs. At the beginning of February, due to unusual developments in the interbank interest rate market, the VND/USD exchange rate surged from 26,450 to 27,250 VND/USD, a 3% increase. Afterwards, things cooled down, and the rate fell below 26,200 during the Lunar New Year week before returning to 26,680 at the end of February. Concerns about the impact of the US-Israel and Iran conflicts caused the exchange rate to rise again to 27,150 VND/USD in the first week of March.

VND/USD exchange rate on free market



Source: Fiinpro, Shinhan Securities Vietnam

YTD depreciation against USD in some countries until 10/03/2026



Source: Bloomberg, Shinhan Securities Vietnam estimate

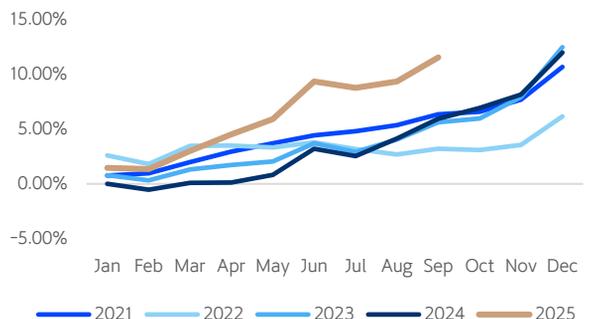
In 2026, the State Bank of Vietnam (SBV) aims for a 15% credit growth rate for the entire system. It particularly emphasizes strict control over credit growth rates for risky sectors and the real estate sector in 2026.

Credit growth rate (YTD)



Source: SBV, FiinPro, Shinhan Securities Vietnam

M2 money supply growth (YTD)



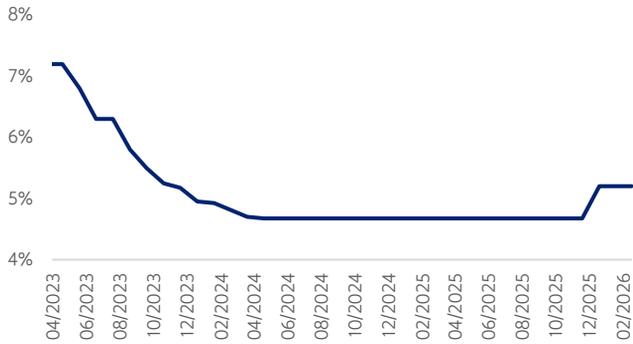
Source: SBV, FiinPro, Shinhan Securities Vietnam

Money market

The average 12-month deposit interest rate of state-owned commercial banks in February 2026 remained at 5.2%, the same as in December last year.

The average lending interest rate at the end of the year, January 2026, was 8.15%, an increase of 30bps compared to December 2025. The average savings interest rate for 6-12 month terms in January 2026 also increased, remaining at 5.55%, an increase of 20bps compared to December 2025.

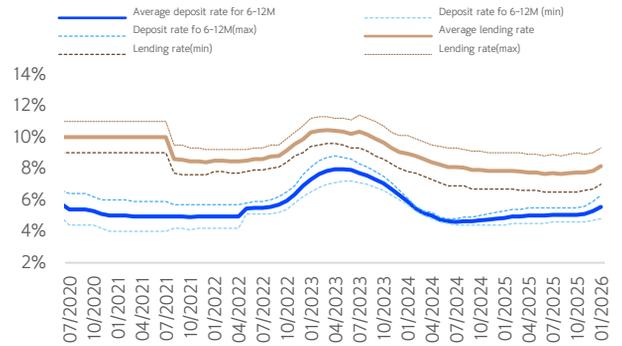
12M term deposit rate at SOCBs



Source: FiiinPro, Shinhan Securities Vietnam

SOCBs: Average 12M deposit rate at Vietcombank, Agribank, BIDV and VietinBank

Lending – deposit rates



Source: SBV, FiiinPro, Shinhan Securities Vietnam

Average rate is an average of max and min rates

SEOUL

Shinhan Securities Co., Ltd
Shinhan Investment Tower
70, Youido-dong, Yongdungpo-gu,
Seoul, Korea 150-712
Tel : (82-2) 3772-2700, 2702
Fax : (82-2) 6671-7573

NEW YORK

Shinhan Investment America Inc.
1325 Avenue of the Americas Suite 702,
New York, NY 10019
Tel : (1-212) 397-4000
Fax : (1-212) 397-0032

HONG KONG

Shinhan Investment Asia Ltd.
Unit 7705 A, Level 77
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong
Tel : (852) 3713-5333
Fax : (852) 3713-5300

INDONESIA

PT Shinhan Sekuritas Indonesia
30th Floor, IFC 2, Jl. Jend. Sudirman Kav.
22-23, Jakarta, Indonesia
Tel : (62-21) 5140-1133
Fax : (62-21) 5140-1599

SHANGHAI

Shinhan Investment Corp.
Shanghai Representative Office
Room 104, Huaneng Union Mansion No.958,
Luijiazui Ring Road, PuDong, Shanghai, China
Tel : (86-21) 6888-9135/6
Fax : (86-21) 6888-9139

HO CHI MINH

Shinhan Securities Vietnam Co., Ltd.
18th Floor, The Mett Tower, 15 Tran Bach Dang,
Thu Thiem Ward, Thu Duc City, HCM City, Vietnam
Tel : (84-8) 6299-8000
Fax : (84-8) 6299-4232

HA NOI

Shinhan Securities Vietnam Co., Ltd.
Hanoi Branch
2nd Floor, Leadvisors Building, No. 41A Ly Thai To,
Ly Thai To Ward, Hoan Kiem District,
Hanoi, Vietnam.
Tel : (84-8) 6299-8000



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