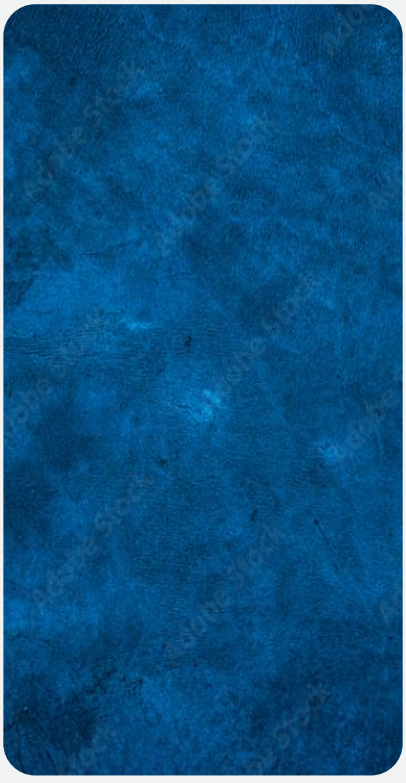
S&I Ratings

# Vietnam Macro Bulletin

## 3Q2026





October 2026

Prepared by

S&I Ratings

# Vietnam Economy Q3 2026: Strong Growth Momentum Amid a More Challenging External Environment

## Growth Remains Robust, Led by Manufacturing and Investment

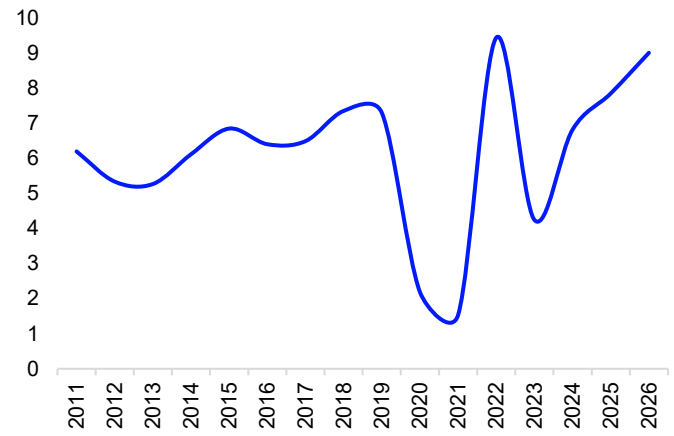
Vietnam's economy continued to accelerate during the third quarter of 2026, with GDP expanding by an estimated 9.95% year-on-year, up from 8.15% in Q1 and 8.81% in Q2. Nine-month GDP growth reached 9.01%, marking one of the strongest performances in recent years outside the post-pandemic rebound of 2022.

While headline growth remains impressive, the composition of growth suggests that economic expansion is still heavily concentrated in externally driven sectors. Industry and construction accounted for more than half of total GDP growth, whereas domestic consumption and services continued to recover at a slower pace. This indicates that exports, foreign direct investment (FDI), and infrastructure spending remain the principal drivers of economic activity.

The industry and construction sector expanded by 11.21% during the first nine months of the year, significantly outperforming services (8.69%) and agriculture (4.02%). Growth was broad-based across manufacturing, construction, and utilities, supported by strong export demand, accelerating infrastructure development, and rising energy consumption. Industrial production strengthened further in September, with the Industrial Production Index increasing 16.7% year-on-year, while growth extended beyond traditional export sectors to mining and electricity generation, suggesting a more widespread recovery across the production base.

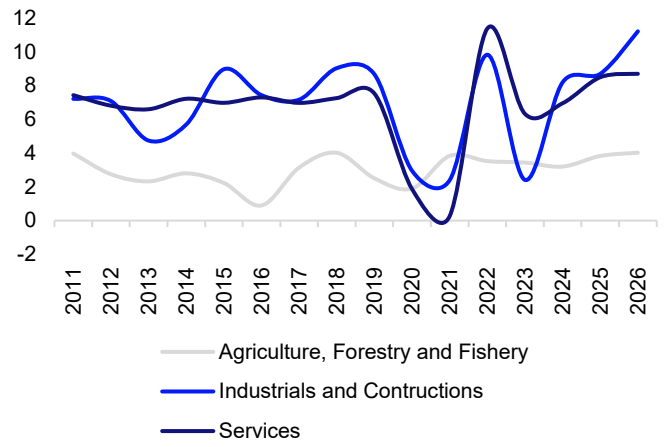
Two key factors continue to support manufacturing activity. First, exports of electronics, computers, and technology-related products remain buoyed by the global investment cycle in artificial intelligence, data centers, and semiconductor infrastructure. Second, the acceleration of domestic infrastructure projects has led to stronger demand for construction materials and electricity, benefiting steel, cement, and energy-related industries.

**9M GDP Growth in 2011 – 2026 (% YoY)**




*Source: NSO*

**9M GDP Growth by sector, 2011 – 2026 (% YoY)**




*Source: NSO*

### Trade Performance Improved as Export Growth Accelerated

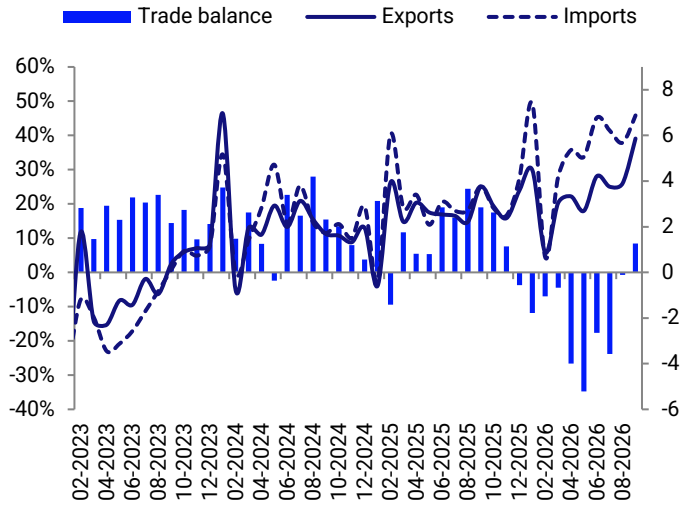
External trade became a stronger contributor to growth during the third quarter. Exports surged 39.1% year-on-year in September, reaching a record level of nearly USD 60 billion and enabling Vietnam to return to a monthly trade surplus of USD 1.27 billion after nine consecutive months of trade deficits.

The improvement reflects the transition from earlier inventory accumulation toward final export production, as imported raw materials began to convert into export output heading into the year-end peak season. Export performance also benefited from higher prices in several technology-related product categories, particularly electronic components.

Computers and related electronic products remained the dominant growth driver, accounting for 38% of total exports and more than 70% of overall export growth in September. At the same time, exports of steel, chemicals,

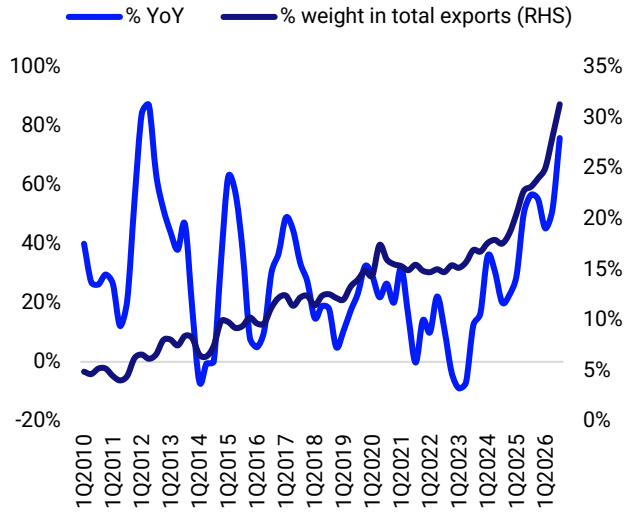
electrical cables, and transport equipment recorded strong gains, highlighting improving conditions across industrial sectors. In contrast, agricultural exports generally underperformed, with several commodity groups experiencing slower growth or contraction.

**Monthly Exports, Imports Growth and Trade balance (USD bn, RHS)**




*Source: Vietnam Customs*

**Computers and related electronic products – YoY growth and weight in total exports**




*Source: Vietnam Customs*

**Investment Continues to Underpin Economic Expansion**

Investment remained a key pillar supporting economic activity amid a still-moderate recovery in domestic demand.

Public investment disbursement accelerated substantially during the third quarter, with cumulative disbursement reaching VND642.9 trillion, equivalent to nearly 63% of the annual plan. Faster implementation of major infrastructure projects continued to generate positive spillover effects for construction activity, employment, credit demand, and private-sector investment.

FDI inflows also remained strong. Realized FDI increased by 12.1% during the first nine months of the year, while newly registered and additional FDI rose by 76.4% year-on-year, reflecting continued investor confidence in Vietnam's manufacturing and export sectors.

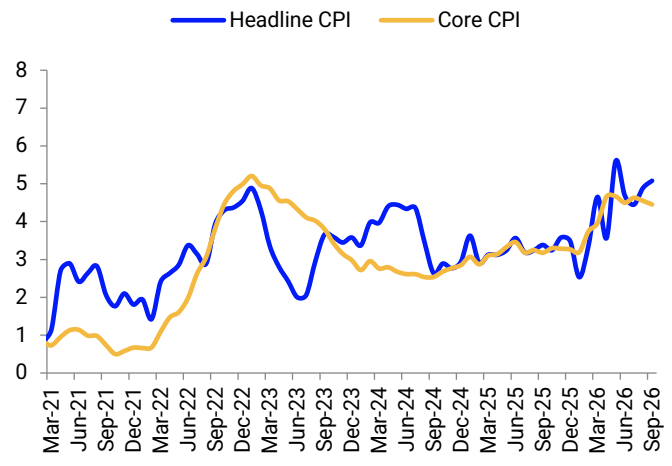
**Inflation Pressures Re-emerge While Domestic Consumption Remains Moderate**

Inflationary pressures intensified during September, with headline CPI rising 5.08% year-on-year and exceeding the 5% threshold for the first time in several months. Higher transportation costs, driven primarily by rising global energy prices and escalating geopolitical tensions in the Middle East, were the main contributor.

Although inflation remained concentrated in energy-related categories and core inflation eased slightly to 4.45%, the renewed upward trend reduces the scope for maintaining a highly accommodative monetary policy stance. Average inflation reached 4.52% during the first nine months of the year, broadly in line with the Government's inflation target.

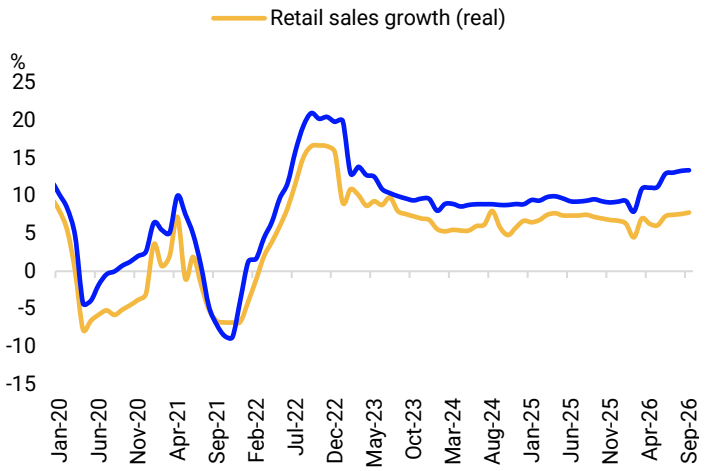
Meanwhile, domestic consumption continued to recover gradually but has yet to emerge as a major growth engine. Retail sales increased 13.4% year-on-year during the first nine months, equivalent to real growth of approximately 7.8% after adjusting for inflation. The relative underperformance of consumption compared with manufacturing and exports suggests that domestic demand remains a secondary driver of overall economic growth.

**Headline CPI and Core CPI (% YoY)**




*Source: NSO*

**Retail sales growth (% YoY)**




*Source: NSO*

**Liquidity Conditions Improve Despite Elevated Credit Demand**

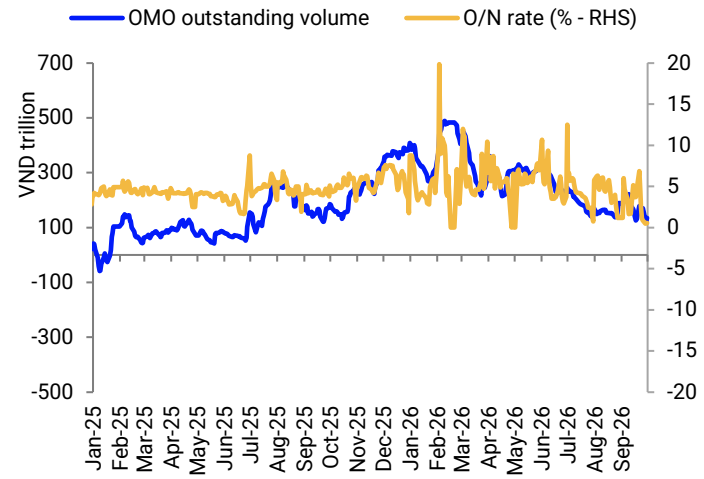
Liquidity across the banking system improved further during the quarter, allowing the State Bank of Vietnam (SBV) to continue reducing liquidity support through open market operations. Interbank rates remained low, reflecting abundant short-term liquidity conditions.

However, lending rates remained elevated as demand for financing continued to rise alongside large-scale infrastructure projects and business expansion plans. Credit growth reached 11.59% compared with the end of 2025 and 16.69% year-on-year by the end of September.

Although deposit growth continued to lag credit growth, the funding gap narrowed during the third quarter as deposit mobilization accelerated. Nevertheless, rising investment demand from both the public and private sectors is expected to keep funding requirements elevated in the coming years, reinforcing the importance of developing alternative long-term financing channels, including corporate bonds, government bonds, and international capital markets.

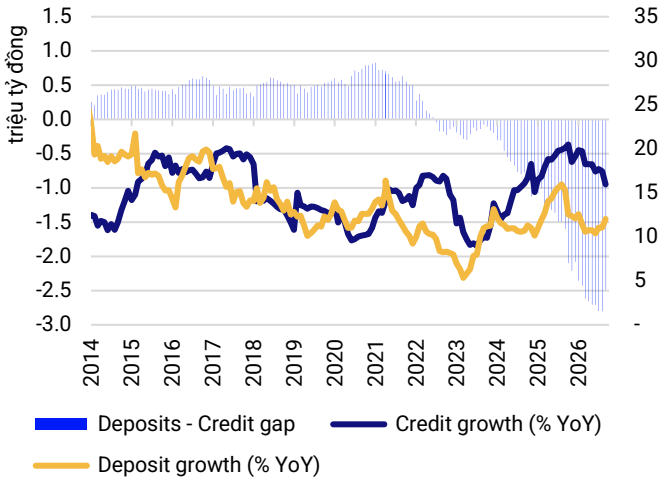
The relatively high domestic interest-rate environment, together with supportive export and FDI inflows, also contributed to exchange-rate stability. The USD/VND exchange rate remained broadly stable and slightly appreciated compared with the beginning of the year.

**OMO outstanding gradually narrowed**




*Source: SBV*

**Deposits - Credit gap narrowed but still high**




*Source: SBV*

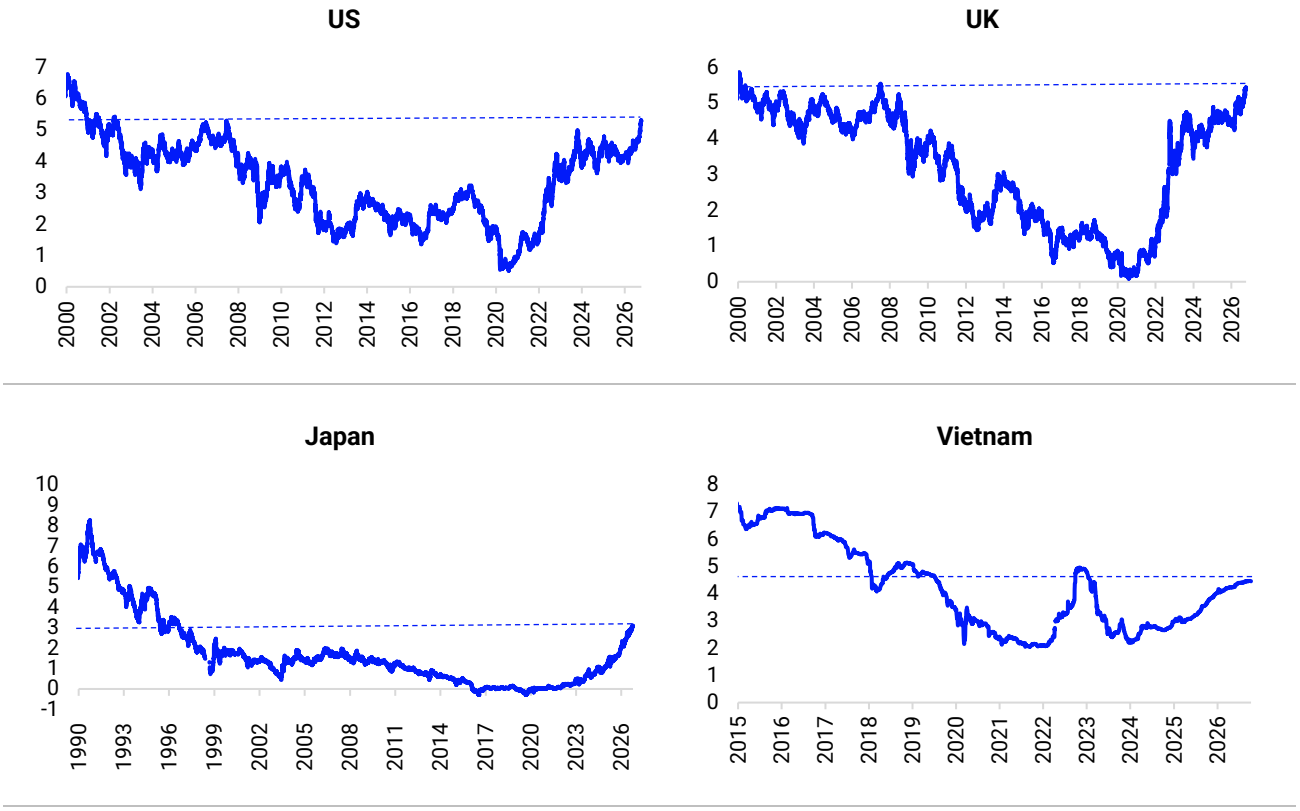
**Higher-for-Longer Global Interest Rates Create a More Challenging External Environment**

A key external development during Q3 2026 was the shift in U.S. monetary policy. At its September meeting, the Federal Reserve raised the federal funds rate by 25 basis points to 3.75%-4.00% and signaled that interest rates are likely to remain elevated for a longer period than previously anticipated.

The move marked a significant policy reversal following the easing cycle of 2024-2025 and reflected persistent inflationary pressures in the U.S. economy. At the same time, robust investment in artificial intelligence, semiconductor manufacturing, and digital infrastructure continued to support growth despite higher borrowing costs.

The prospect of slower global disinflation triggered a broad repricing across bond markets. Sovereign bond yields rose sharply worldwide, with the U.S. 10-year Treasury yield reaching 5.3%, its highest level in more than two decades. Similar upward pressure was observed across other major markets, raising financing costs globally and increasing capital flow volatility for emerging economies.

**Government Bond Yields are reaching new highs**



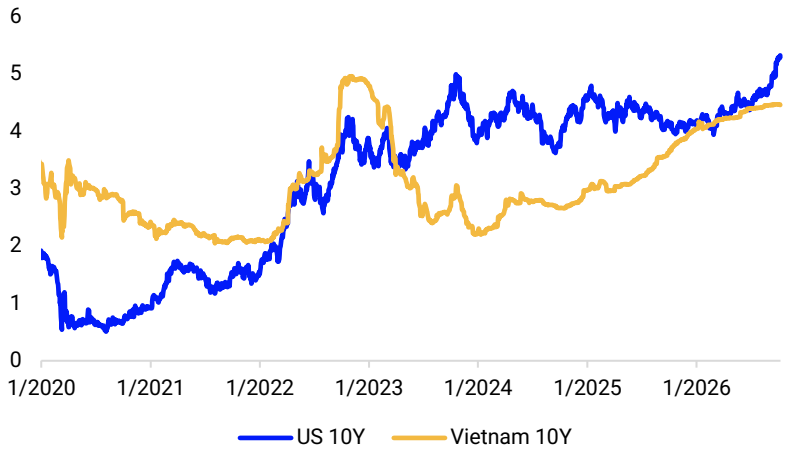

Source: Bloomberg, S&I Ratings

Against this backdrop, Vietnam's 10-year government bond yield remained around 4.45%, considerably below comparable U.S. Treasury yields. The negative yield differential primarily reflects differences in monetary policy objectives, liquidity conditions, and investor structures rather than a lower sovereign risk profile.

Although manageable in the near term, the widening yield gap may reduce the relative attractiveness of VND-denominated assets at a time when Vietnam is seeking to mobilize substantial capital to support economic development. If global funding costs remain elevated, Vietnam will increasingly need to rely on its strong growth prospects, institutional reforms, and improving sovereign credit profile to maintain competitiveness in attracting international capital.

Meanwhile, the unfavorable interest-rate differential could place additional pressure on the USD/VND exchange rate, requiring policymakers to balance growth objectives against exchange-rate stability and inflation control.

**10Y Government Bond Yield: Vietnam vs US**




Source: Bloomberg, S&I Ratings

**Conclusion**

Vietnam's economy is expected to maintain strong momentum into the final quarter of 2026, supported by manufacturing, exports, and public investment. The recent acceleration in exports, coupled with sustained infrastructure spending, should continue to underpin economic activity and support the Government's growth agenda.

However, the external environment has become less supportive. Resurgent inflation, higher-for-longer global interest rates, and rising sovereign bond yields are likely to create more challenging financial conditions. At the same time, increasing capital requirements for infrastructure development and private-sector investment will place greater demands on the financial system and domestic capital markets.

Beyond macroeconomic fundamentals, the outcome of the ongoing reciprocal trade negotiations between Vietnam and the United States remains a key external risk. While the final implications depend on the eventual agreement, the negotiations could become an important determinant of Vietnam's economic outlook over 2026-2027.

Overall, we expect Vietnam to remain among the fastest-growing economies in the region in 2026. Nonetheless, achieving the Government's 10% growth target will require exceptionally strong economic performance in the final quarter. As growth accelerates and global financial conditions tighten, policy priorities are likely to shift toward preserving a sustainable balance between growth, inflation, exchange-rate stability, and financial-system resilience.

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