

MACRO UPDATE 1ST QUARTER 2026

**FIRM IN OBJECTIVES,
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AND TACTICS**

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- **Despite the initial fallout from the Middle East conflict, Vietnam’s GDP growth remained resilient in Q1 2026, expanding by 7.83% YoY, the strongest first-quarter performance since 2011.** Growth momentum was broad-based across all three major sectors of the economy. Notably, the services sector emerged as the largest contributor, accounting for 50.32% of overall growth with an expansion of 8.18%. This outperformance was driven by a strong Lunar New Year consumption season and a robust recovery in international tourist arrivals. Serving as the second key growth pillar, the industrial and construction sector grew by 8.92%, contributing 44.08% to headline GDP growth. The most notable highlight was the manufacturing sector, which continued to act as the key engine of the economy with an impressive growth rate of 9.73%. At the same time, the construction sector posted growth of 8.4%, supported by efforts to accelerate public investment disbursement from the very beginning of the year. That said, this pace of expansion still fell short of expectations, given that construction is viewed as one of the critical drivers in achieving the country’s 2026 growth target.
- **The economic impact of provincial and municipal administrative mergers is also becoming increasingly evident,** particularly through the benefits of expanded development space. Several newly merged localities recorded double-digit growth, including Ninh Binh at 11.63%, Hai Phong City at 11.21%, Hung Yen at 10.43%, and Bac Ninh at 9.82%, positioning themselves as new growth poles. Meanwhile, Ho Chi Minh City, the country’s economic locomotive, continued to maintain a high contribution to overall growth, contributing 22.94 percentage points, broadly in line with 22.75 percentage points in the same period last year.
- **On the inflation front,** CPI rose by 4.65% YoY in March 2026, bringing the average increase for the first three months of the year to 3.51%. Notably, core inflation averaged 3.63%, exceeding the headline CPI average. Inflation dynamics in March were significantly affected by the energy price shock, which made the transportation group the largest contributor to CPI growth, surging by as much as 12.85% MoM.
- **The Index of Industrial Production (IIP) in Q1 2026** was estimated to increase by 9.0% YoY, compared with 8.3% in Q1 2025, indicating that the recovery is broadening in scale. Meanwhile, the March 2026 PMI stood at 51.2, marking the ninth consecutive month above the 50-point threshold. However, we believe three developments in the PMI report warrant close monitoring: first, input costs rose sharply, pushing output prices up at the fastest pace since April 2011; second, the growth of output and new orders slowed materially; and third, supplier delivery times lengthened to the greatest extent in four years. The Middle East conflict is creating strong spillover effects on Vietnam’s manufacturing sector, driving up input costs and forcing output prices to rise at the fastest rate since April 2011.
- **In Q1 2026, growth in total social investment disbursement improved markedly from the same period last year,** thereby making an important contribution to overall economic expansion. The main drivers came from a recovery in the private sector and the FDI sector, while the state sector saw a slight moderation relative to its average trend. More specifically, implemented FDI in Q1 2026 reached USD 5.41 billion, up 9.1% YoY and marking the highest first-quarter disbursement level in the past five years. Public investment disbursement in Q1 2026 reached approximately VND 110.3 trillion, equivalent to 11% of the plan assigned by the Prime Minister. Compared with the same period last year, this represented a notable improvement in both absolute value and implementation ratio, reflecting the government’s determination to push public investment early in the year.
- **Total import-export turnover in Q1 2026 reached** USD 240.5 billion, up 23% YoY. However, the trade balance shifted into a deficit of USD 3.64 billion, in contrast to the trade surplus of USD 3.57 billion recorded in Q1 2025. Within this, exports from the foreign-invested sector, including crude oil, reached USD 98.46 billion, up 33.3% YoY and accounting for a dominant 80.1% share. In contrast, the domestic economic sector recorded a sharp 16.6% decline in export value to USD 24.47 billion.
- Against an increasingly complex and fast-changing global backdrop, the new government has acted decisively to stabilize the macroeconomy and maintain a reasonable growth trajectory. **Economic scenarios are all oriented toward achieving growth that is higher than or at least equivalent to 2025, while also cautiously factoring in the impact of the Middle East conflict.** Under the **base-case scenario, GDP growth this year is targeted at 8.5% or higher,** with inflation kept under control in line with the National Assembly’s target. Traditional growth drivers such as FDI and public spending remain central, while new growth drivers, including digital transformation and science and technology development, are expected to play a more prominent role.

Macroeconomic indicators for Q1/2026 compared to the annual plan

	2026 Target	2025 Actual	03M26 Actual
GDP growth	10.00%	8.02%	7.83%
– Agriculture, forestry & fishery	3.70%	3.78%	3.58%
– Industry & construction	12.00%	8.95%	8.92%
– Services	10.00%	8.62%	8.18%
– Taxes & subsidies	9.00%	6.22%	7.08%
Industrial Production Index	12-14%	9.20%	8.98%
Retail Sales of Goods & Services	13-15%	9.25%	10.91%
Export-Import Turnover ¹	15-16%	18.25%	23.00%
Trade surplus (\$ billion)	20.00	20.1	(3.62)
Electricity Production & Imports	8.5 - 14.1%	6.70%	6.25%
Public Investment ²	95 - 100%	72.7%	9.34%
Private Investment	na	8.40%	9.84%
FDI	na	8.95%	9.07%
Inflation	4.50%	3.43%	3.51%
Credit growth ³	15.00%	19.07%	2.15%
FX USDVND ⁴	na	26.298	26.357

Source: GSO, SBV, RongViet Securities. ¹ exports grew by 19.1% and imports increased by 27.0% YoY in 3M2026. ² According to the GSO's estimates. actual public investment capital disbursed from the state budget. as reported by the MoF. reached over VND 110.3 trillion as of 31 Mar 2026. The figures are calculated as of the end of the quarter. ³ The exchange rates from Vietcombank. at the end of the quarter. month. and year.

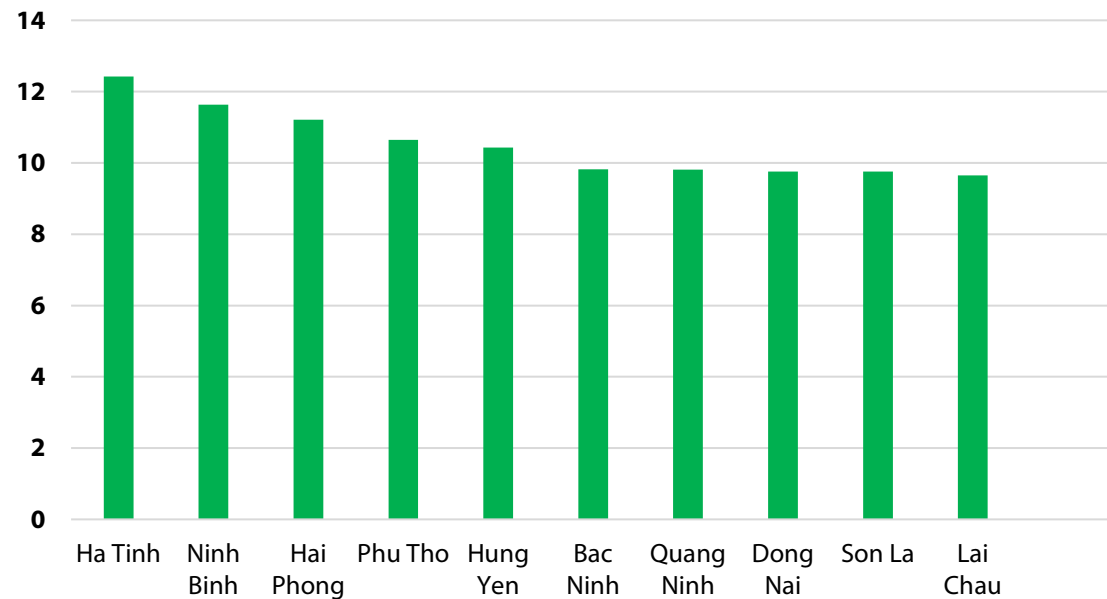
- **Vietnam's GDP grew by 7.83% YoY in Q1 2026**, accelerating from revised 7.07% growth rate recorded in Q1 2025. This marked the strongest first-quarter expansion since 2011.
- The key growth driver was industrial manufacturing, which expanded by 9.73% YoY and remained the largest contributor to overall GDP growth, adding 2.3 percentage points, up from 2.1 percentage points in the same period last year. By contrast, the transportation and accommodation & food services sectors recorded slower growth than a year earlier, at 8.9% and 7.5%, respectively, compared with 10.4% and 10.2% in Q1 2025. In our view, this may reflect the early impact of the Middle East conflict on the domestic economy.
- Retail trade posted solid growth of 9.6% YoY, contributing 1.0 percentage point to headline GDP growth and ranking as the second-largest contributor after manufacturing. Meanwhile, mining, financial services, and real estate grew by 5.4%, 7.7%, and 4.7%, respectively, all improving from their Q1 2025 growth rates of -6.2%, 6.3%, and 4.4%. These sectors contributed 0.1, 0.4, and 0.2 percentage points, respectively, to Q1 GDP growth.
- On public investment, the construction component of GDP suggests that growth in Q1 was less robust than in the same period last year, although it improved relative to Q4 2025. Specifically, construction grew by 8.4% YoY, lower than the 9.3% recorded in Q1 2025. This could place additional pressure on public investment disbursement in the coming quarters, especially as public investment remains one of the key pillars supporting the government's ambitious 2026 growth target.

Vietnam's GDP by selected economic sectors

	1Q25	2Q25	3Q25	4Q25	1Q26	1Q25	2Q25	3Q25	4Q25	1Q26
	% YTD					% contribution to GDP growth				
Economic growth	7.0	8.2	8.2	8.2	7.8	7.0	8.2	8.2	8.2	7.8
Agriculture	3.8	4.0	3.7	3.7	3.6	0.4	0.4	0.4	0.4	0.4
Mining	(6.2)	(2.6)	7.8	7.8	5.4	(0.2)	(0.1)	0.2	0.2	0.1
Industrial production	9.4	10.3	10.0	10.0	9.7	2.1	2.4	2.4	2.4	2.3
Construction	9.3	10.9	7.9	7.9	8.4	0.5	0.7	0.6	0.6	0.5
Retail	7.4	8.5	9.0	9.0	9.6	0.7	0.8	0.8	0.8	1.0
Transportation	10.4	11.0	10.7	10.7	8.9	0.6	0.7	0.6	0.6	0.6
Accommodation & food services	10.2	9.7	10.5	10.5	7.5	0.3	0.2	0.3	0.3	0.2
Financial services	6.3	7.1	7.7	7.7	7.7	0.3	0.4	0.4	0.4	0.4
Real estate	4.4	4.4	5.2	5.2	4.7	0.1	0.1	0.2	0.2	0.2
Others	7.3	10.0	8.2	8.1	72.3	2.1	2.5	2.4	2.4	2.3

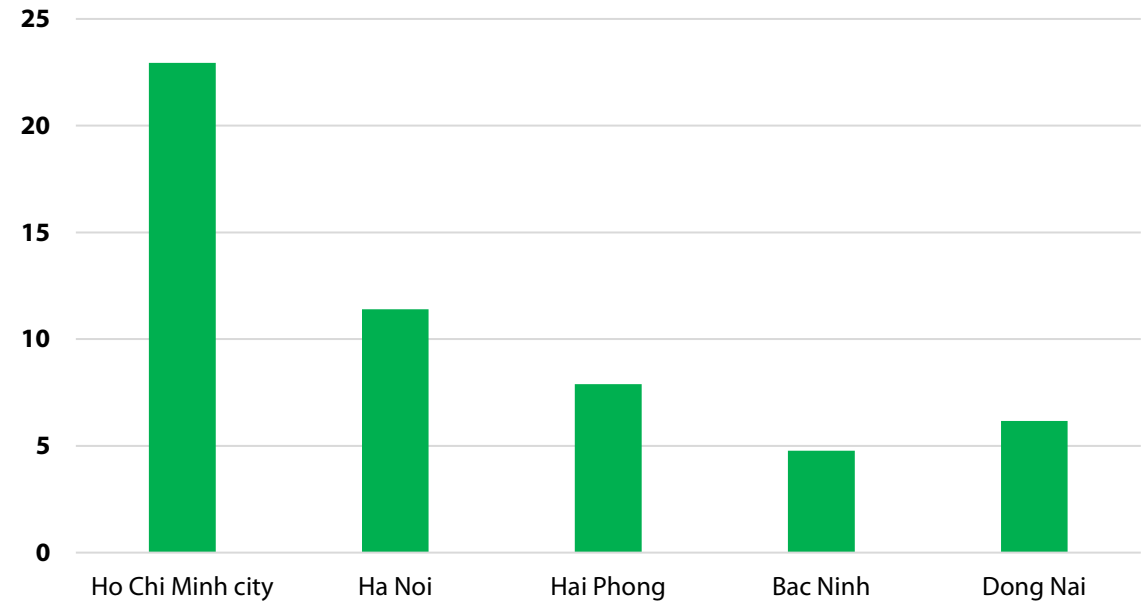
Source: GSO, RongViet Securities

Top 10 localities with the highest GRDP growth (%)



Source: MoF, RongViet Securities

Top 5 provinces/cities contributing the most to national GDP growth (%)



Source: MoF, RongViet Securities

- Economic growth across Vietnam’s 34 provinces and centrally governed cities remained broadly positive. Nationwide, four localities recorded double-digit growth, while ten localities posted growth rates approaching the 10% mark. Ha Tinh led the country with GRDP growth of 12.42%, followed by Ninh Binh at 11.63%, Hai Phong City at 11.21%, Hung Yen at 10.43%, and Bac Ninh at 9.82%.
- Key economic centers such as HCMC and Hanoi, as well as major industrial hubs such as Dong Nai, continued to make substantial contributions to overall national growth. Specifically, HCMC contributed 22.94% to total GDP growth, followed by Hanoi at 11.4%, Hai Phong at 7.89%, Dong Nai at 6.16%, and Bac Ninh at 4.77%.
- In addition, the 2025 provincial and municipal mergers are increasingly showing clear economic benefits through the expansion of development space. Provinces and cities such as Ninh Binh, Hai Phong, Phu Tho, and Hung Yen all recorded strong growth, with double-digit expansion in Q1 2026. Meanwhile, post-merger Ho Chi Minh City achieved growth of 8.27%, marking its highest same-period growth rate in the past five years. In our view, this continues to provide an important source of momentum and a structural advantage for provinces and cities to sustain growth in the coming quarters, reinforcing their role as new growth poles in support of the country’s ambitious 2026 growth target.

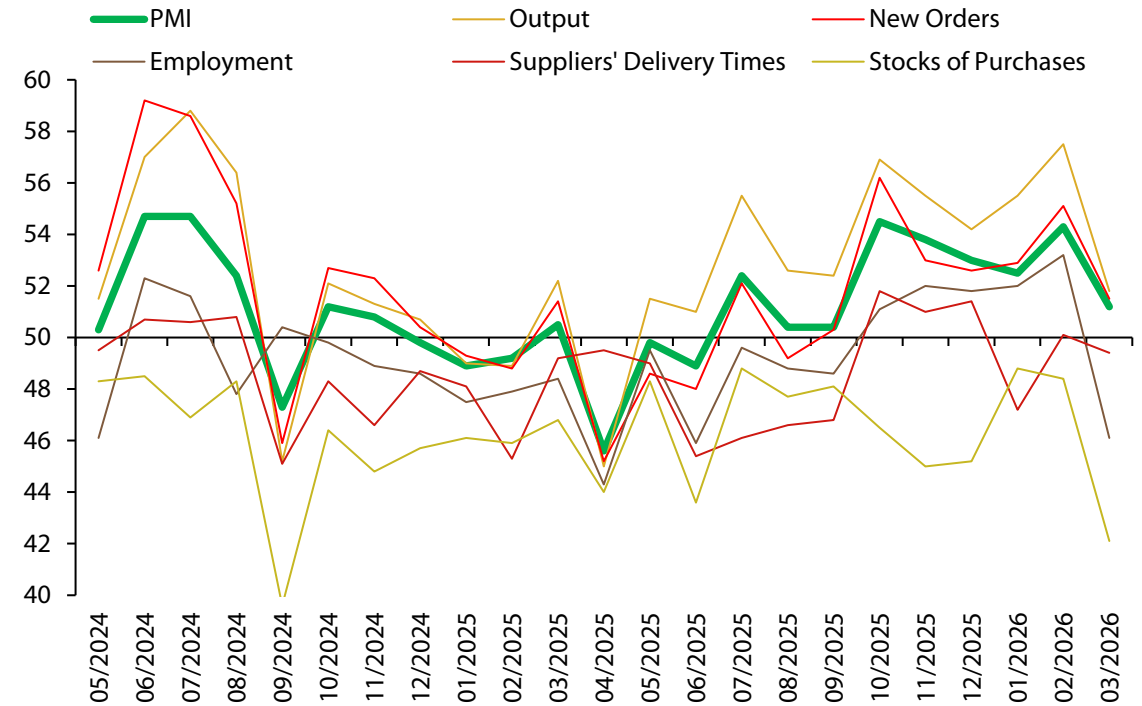
Growth of key industrial production indices

% YoY	10/25	11/25	12/25	01/26	02/26	03/26
Food processing	9.6	12.9	15.7	19.8	4.6	11.9
Beverage	11.0	4.8	8.1	26.3	8.2	8.1
Textile	6.9	5.5	7.3	17.5	1.9	6.7
Leather	8.6	6.8	9.8	15.4	-4.8	4.1
Wood processing	8.2	3.3	2.2	21.4	1.3	-0.3
Chemical	23.4	29.3	21.7	32.6	3.3	19.0
Medicine	-19.2	41.5	31.5	21.8	-18.0	-8.4
Rubber, plastic	14.3	8.3	10.6	21.9	-3.9	1.4
Metal production	31.3	27.5	16.2	24.0	30.3	15.9
Electronics	15.9	9.5	13.6	-0.8	4.3	6.6
Motor vehicles	4.2	4.3	25.5	34.2	-3.8	12.6
Other manufacturing sectors	9.9	7.9	5.8	17.9	4.1	1.4
Electricity production and distribution	9.2	3.6	11.2	16.7	-1.3	4.6
IIP	10.4	9.1	10.1	19.4	0.6	6.9

Source: GSO, RongViet Securities

- **In March 2026, the Index of Industrial Production (IIP) rose 18.8% MoM and 6.9% YoY**, reflecting the continued recovery in manufacturing activity and still-stable export demand. For Q1 2026 as a whole, IIP is estimated to have increased by 9.0% YoY, compared with 8.3% in Q1 2025, indicating that the recovery momentum is broadening in scale. Within this picture, several sectors posted particularly strong growth relative to the same period last year, including chemicals, metal production, motor vehicle manufacturing, and food processing, which expanded by 19.0%, 15.9%, 12.6%, and 11.9%, respectively.
- Meanwhile, **March 2026 PMI came in at 51.2**, marking the ninth consecutive month above the 50 threshold, although this was also the lowest reading in the past six months. In our view, three key takeaways stand out. First, input costs rose sharply, pushing output prices up at the fastest pace since April 2011. Second, growth of output and new orders slowed materially. Third, supplier delivery times lengthened to the greatest extent in four years. Overall, Middle East conflict is generating meaningful spillover effects on Vietnam's manufacturing sector, driving up input costs and forcing selling prices to rise at the fastest rate since April 2011.

Vietnam's Manufacturing PMI



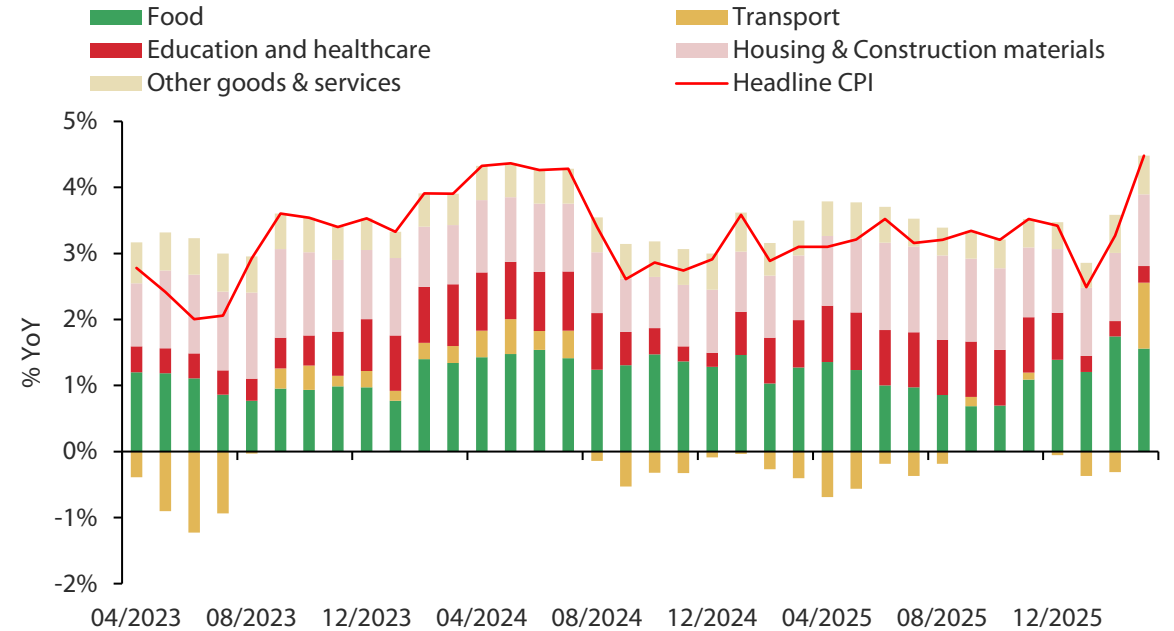
Source: S&P Global, RongViet Securities

Retail sales growth (% YoY)



Source: GSO, RongViet Securities

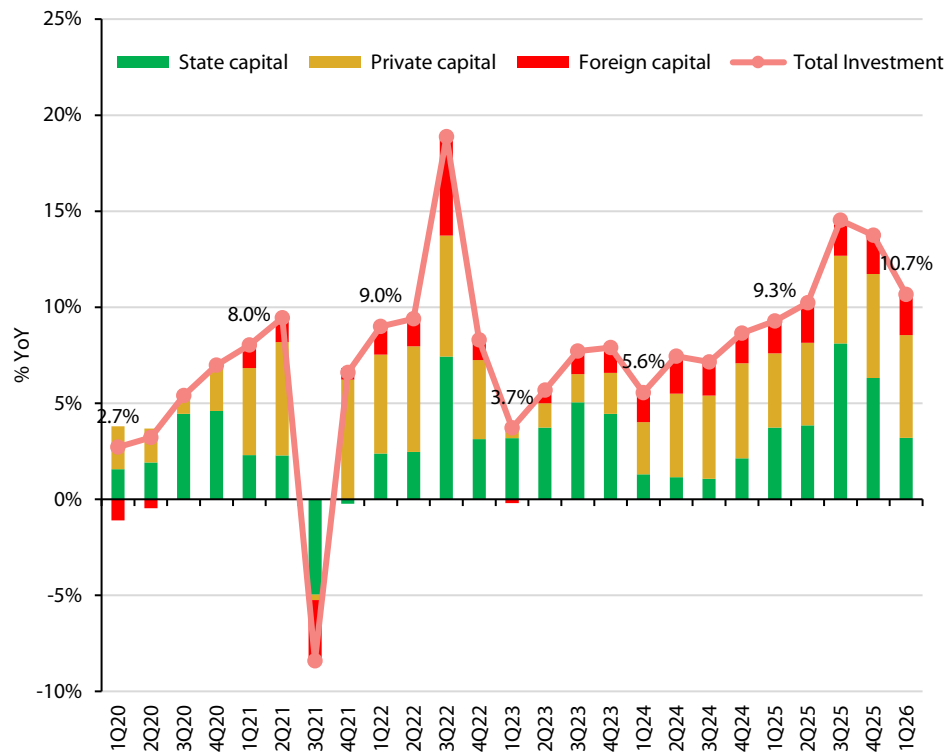
Vietnam's CPI



Source: GSO, RongViet Securities

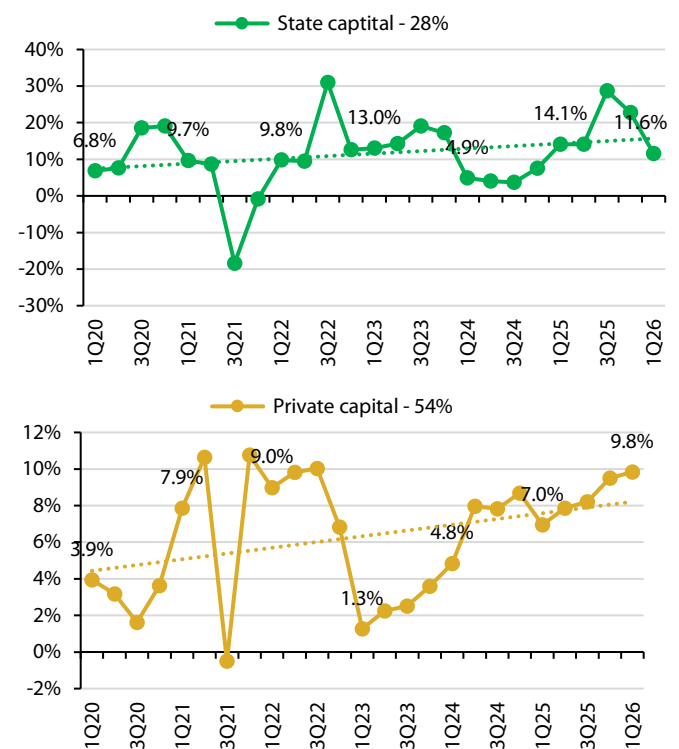
- In 1Q26, total retail sales of goods and consumer service revenue reached VND 1,894.5 trillion, up 11.2% YoY. Excluding price effects, real growth came in at 7.0%, suggesting that while domestic demand remained resilient versus previous months, it has yet to deliver the stronger breakout initially expected. Rising price pressures have eroded part of households' real purchasing power, while consumer sentiment has generally remained cautious, particularly for non-essential spending categories.
- On inflation, CPI rose 4.65% YoY in March 2026, bringing the average increase for the first three months of the year to 3.51%. Notably, average core inflation reached 3.63%, higher than the average headline CPI figure. March inflation dynamics were significantly affected by the energy price shock, with the transportation category becoming the largest contributor to CPI growth after rising as much as 12.85% MoM. In contrast, the food category declined by 1.41% MoM, mainly due to post-Tet seasonality as food demand normalized and supply conditions improved. In our view, this suggests that current inflation pressures remain primarily cost-push in nature, especially driven by fuel prices and transportation costs.

Growth in total social investment capital and contribution by sector

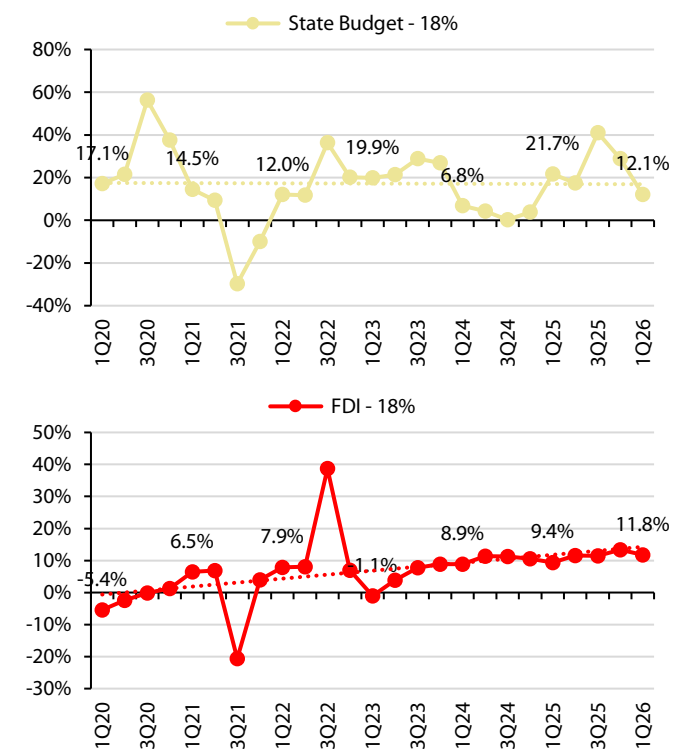


Source: GSO, RongViet Securities

Investment growth by sector

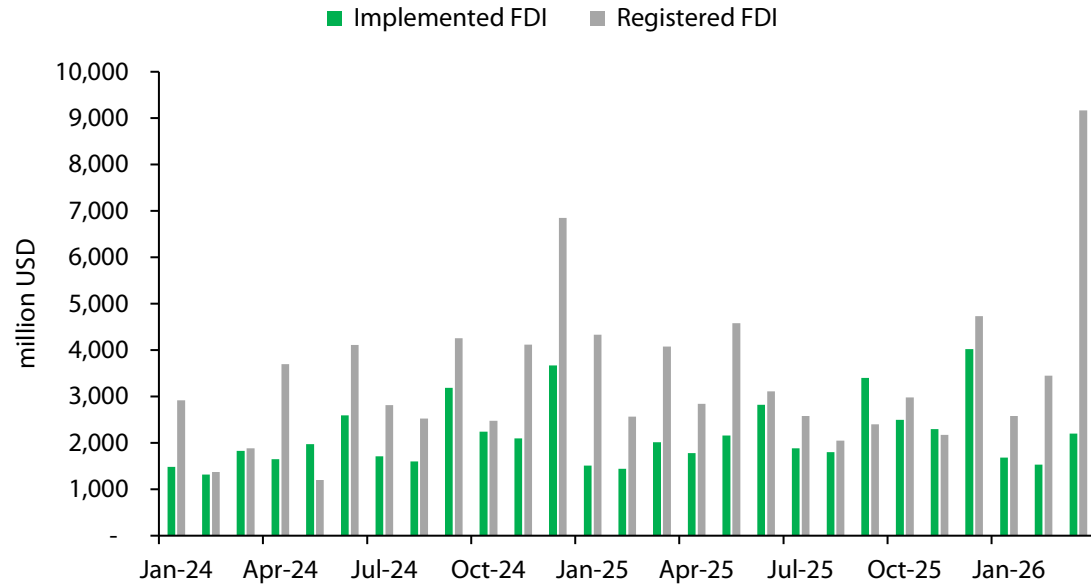


Source: GSO, RongViet Securities



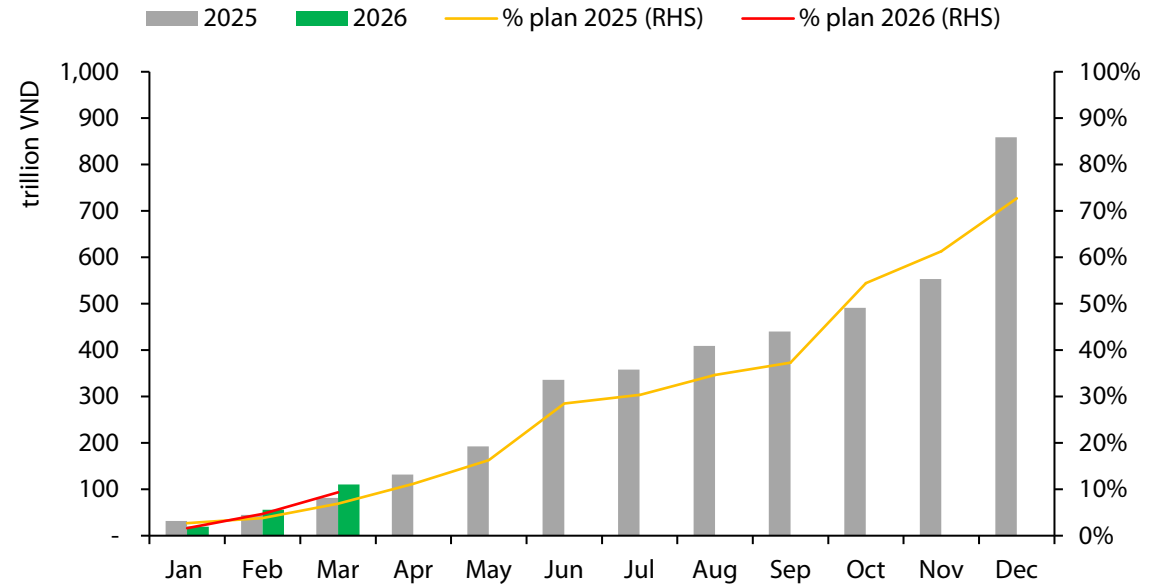
- In 1Q26, growth in disbursed total social investment improved meaningfully from the same period last year, rising 10.7% YoY versus 9.3% YoY previously, thereby making an important contribution to overall economic growth. The key drivers came from the recovery of the private sector and the FDI sector, while the state sector recorded a slight moderation relative to its average trend.
- Looking ahead, we expect the investment pillar to gain stronger momentum if public investment disbursement is accelerated to stay aligned with the full-year plan. On the supporting side, the ongoing recovery of the private sector following Resolution 79, together with sustained foreign capital inflows driven by the Government’s FDI attraction strategy, should continue to provide an important foundation for growth in the coming quarters.

Monthly registered and disbursed FDI



Source: GSO, RongViet Securities

Monthly public investment disbursement (trillion VND)



Source: MoF, RongViet Securities

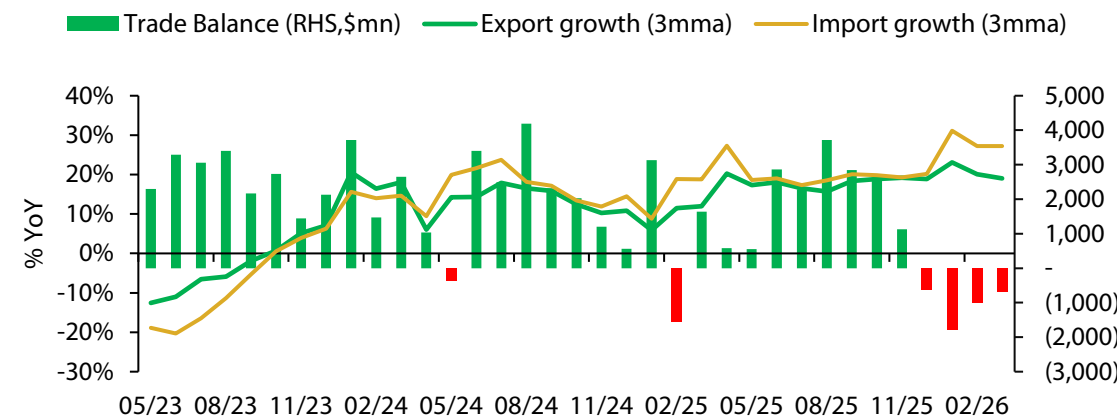
- Implemented FDI in 1Q26 reached USD 5.41bn, up 9.1% YoY and marking the highest first-quarter disbursement level in the past five years, suggesting that foreign investors’ confidence in Vietnam’s manufacturing environment remains resilient. The FDI picture looks even more encouraging when including newly registered capital, which totaled USD 9.17bn in March alone, up 2.2x YoY. Notable projects included YADEA’s electric motorbike project in Bac Ninh (Phase 1: USD 100mn), POSCO Future M’s artificial graphite cathode material plant in Thai Nguyen (USD 250mn), the AI data center project in Ho Chi Minh City by AIC, Kinh Bac and international partners (USD 2.1bn), and Cooler Master’s investment plan (USD 3bn by 2029). In our view, these projects highlight Vietnam’s rising ability to attract higher value-added, technology-intensive capital inflows, supporting the medium-term formation of production and technology clusters with meaningful spillover effects.
- Public investment disbursement in 1Q26 reached approximately VND 110.3tn, equivalent to 11% of the plan assigned by the Prime Minister. Compared with the same period last year, this represented a notable improvement in both absolute value and execution ratio, reflecting the Government’s early-year efforts to accelerate public investment. That said, given the large scale of the 2026 public investment plan, the current pace is still relatively slow, implying significant disbursement pressure for the remaining quarters. Even so, we believe disbursement momentum could improve in the coming months as the new Government becomes fully operational and pushes more decisively toward its high-growth objective.

Total trade turnover in 1Q26 reached USD 249.3bn, up 23.1% YoY. However, trade balance shifted into a deficit of USD 3.64bn in 1Q26, reversing from a surplus of USD 3.57bn in the same period of 2025. In near term, demand in key export markets such as US and EU has remained relatively stable, while exports to China have recovered positively. In addition, many export orders delivered in 1Q26 were based on previously signed contracts and therefore have not yet been immediately affected by geopolitical volatility. Higher commodity prices also provided support to export turnover in value terms. Meanwhile, the shift to a trade deficit mainly reflects stronger imports of machinery, equipment, and production inputs. In our view, this also suggests that businesses are proactively increasing inventory buffers to mitigate the risks of supply chain disruptions and energy price volatility.

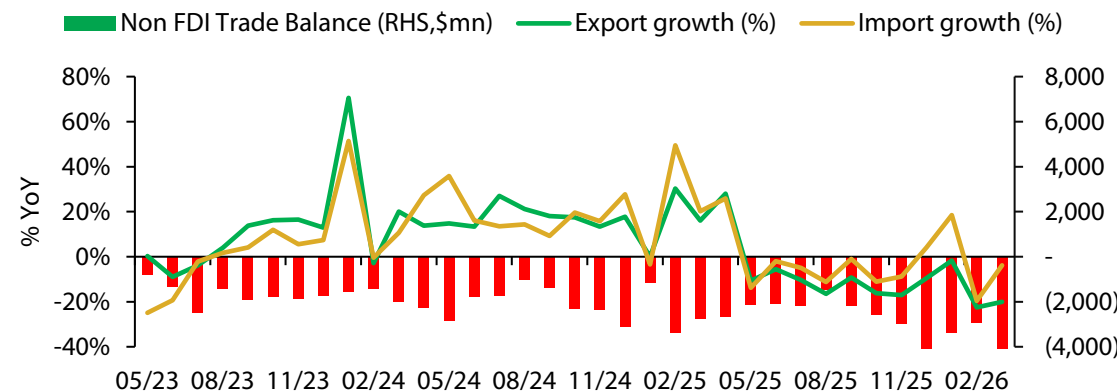
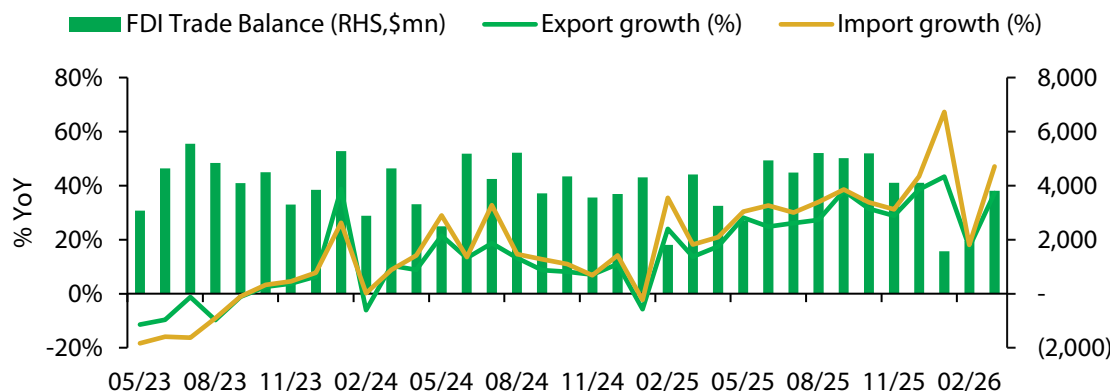
Vietnam's trade overview in March 2026

	This month (USD bn)	% mom	% yoy	YTD (USD bn)	% yoy
Total trade	93.5	39.2%	24.1%	249.3	23.1%
Exports	46.4	40.3%	20.6%	122.8	19.4%
Domestic	9.0	-14.8%	-20.1%	25.2	-14.7%
FDI	37.5	32.6%	37.3%	97.6	33.0%
Imports	47.1	38.2%	27.8%	126.5	26.9%
Domestic	13.4	-1.6%	-3.8%	36.2	-2.3%
FDI	33.7	44.2%	47.1%	90.3	43.7%
Trade balance	-0.7			-3.6	

Monthly trends in exports, imports, and trade balance (2023–2026)



Monthly trends in exports, imports, and trade balance of the FDI & the domestic sector (2023–2026)



Source: Vietnam Customs, RongViet Securities

Vietnam's economic scenarios amid the Middle East conflict

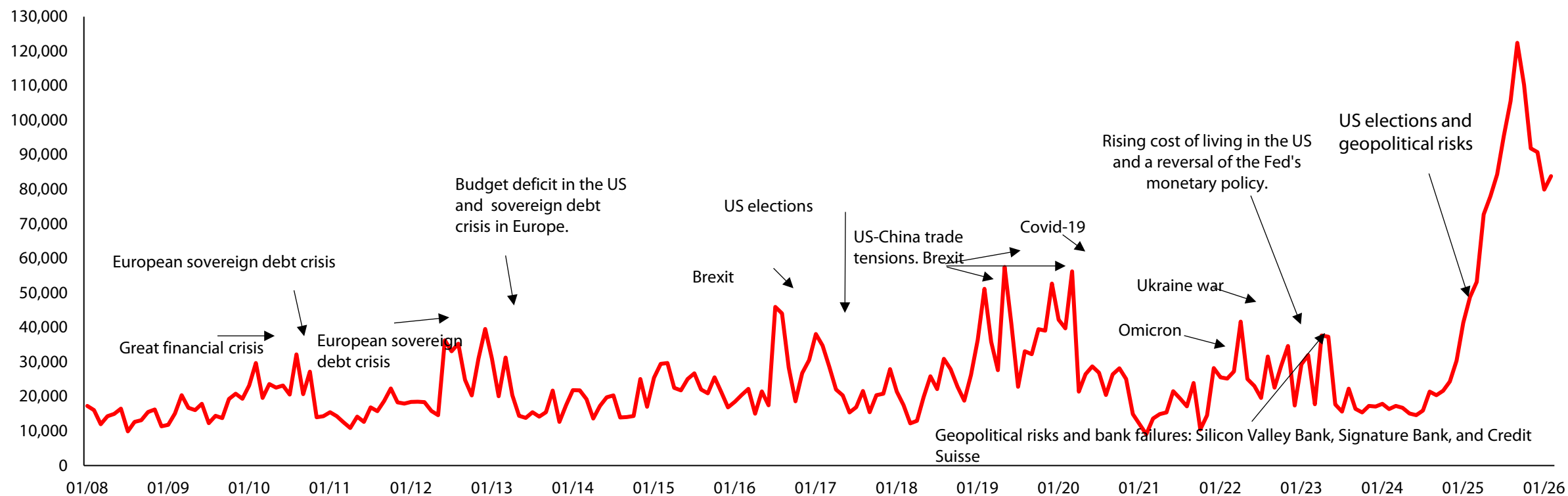
Indicator	Bullish Scenario (c.15% probability)	Base Scenario (c.80% probability)	Bearish Scenario (c.5% probability)
Assumptions	Conflict ends within 6–8 weeks ; the Strait of Hormuz is blocked for 6–8 weeks	Signs of broader spillover across the Middle East, lasting 3–6 months ; the Strait of Hormuz is disrupted for more than 2 months	Conflict broadens across the region with greater intensity, including destruction of infrastructure, and persists throughout 2026 ; the Strait of Hormuz is disrupted for more than 6 months
Average Brent price in 2026	Rises rapidly to USD 90–120/bbl or higher in the short term, before easing to USD 70–75/bbl . Full-year average at around USD 73–80/bbl (+15% YoY vs. 2025 average)	Could rise to USD 115–130/bbl in the short term, before easing to USD 85–95/bbl . Full-year average at around USD 90/bbl (+25–28% YoY vs. 2025 average)	Could surge above USD 150–165/bbl , before moderating to around USD 100–105/bbl . Full-year average at around USD 95–110/bbl (+35–45% YoY vs. 2025 average)
Average domestic fuel prices in 2026 (vs. 2025 average)	+5–10%	+15%	Above 20%
Net exports	Down 0.5–0.8% vs. 2025	Down 1.2–1.5% vs. 2025	Sharper decline, with logistics costs rising materially
FDI inflow growth	Largely unaffected, still maintaining solid growth (above 5%) vs. 2025	Affected, but still posting 3–5% growth vs. 2025	More negative impact, with FDI growth likely to weaken materially
Inflation (average CPI)	3.5–4.0%	4.0–4.5%	≥4.6%
Exchange rate	Kept within a fluctuation range of around 3% or lower	Maintained at around +3.5%	Larger volatility, potentially exceeding 5%
GDP growth	Could still achieve the Government's 10% growth target	Could fall short of the 10% target by 0.5–1.0 percentage point	Could fall short of the 10% target by more than 1.5 percentage points

Source: RongViet Securities



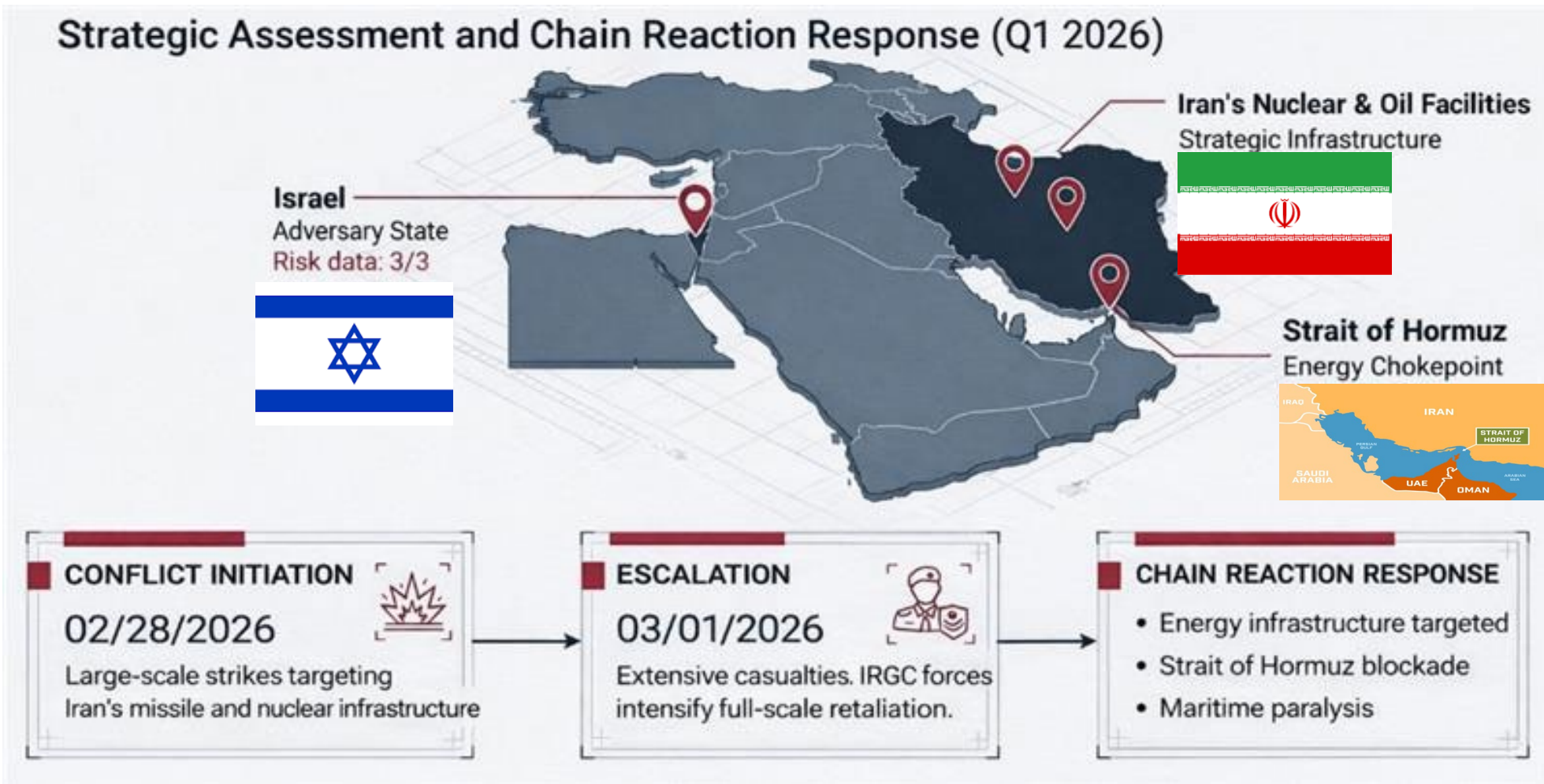
- On February 28, 2026, the United States and Israel launched a large-scale military campaign against Iran. As of April 6, 2026, the conflict remains tense in a state of “fighting while negotiating,” with conflicting statements from both sides. This development has pushed the global environment into a state of high uncertainty, especially in financial markets, as oil prices remain at unusually elevated levels.
- However, both the U.S. and Iran face internal constraints related to fiscal conditions, economic structure, and political pressure, meaning the room for escalation is not unlimited. At the same time, international diplomatic pressure, particularly from China, has increased the political costs of extreme scenarios such as closing the Strait of Hormuz.
- Based on historical experience, the most direct impact of such conflicts is typically a short-term energy shock. However, the reaction of financial markets this time indicates a broader spillover effect, reflected in selling pressure in bond markets, elevated commodity prices, rising inflation expectations, and increased macroeconomic policy uncertainty.
- For the global macroeconomy, persistently high oil prices over an extended period will push up the general price level of goods and services, exert direct pressure on inflation and interest rates, thereby weakening growth—especially in economies with high trade openness and heavy dependence on energy imports from the Middle East. For Vietnam, the negative impacts are most evident in rising fuel prices, increased foreign currency demand for energy imports, thereby putting pressure on exchange rates, interest rate levels, and economic growth.
- The timing and manner of the conflict’s end remain highly unpredictable due to the interplay of multiple factors, including internal political structures, economic pressures, and bilateral and multilateral diplomatic channels. Accordingly, the baseline scenario with higher probability is that high-intensity conflict will persist for another 3–4 months before gradually de-escalating as the costs of war rise sufficiently to force the parties back to the negotiating table, or as the U.S. declares that it has achieved key strategic objectives and reduces its involvement, while Iran, proxy forces, and Israel temporarily suspend military activities. Under this scenario, oil prices are likely to remain in the range of \$80–90 per barrel, significantly higher than the 2025 average, while the risk of renewed conflict persists.

Global Instability Index as of 2026 (from 2008 to 01/2026)

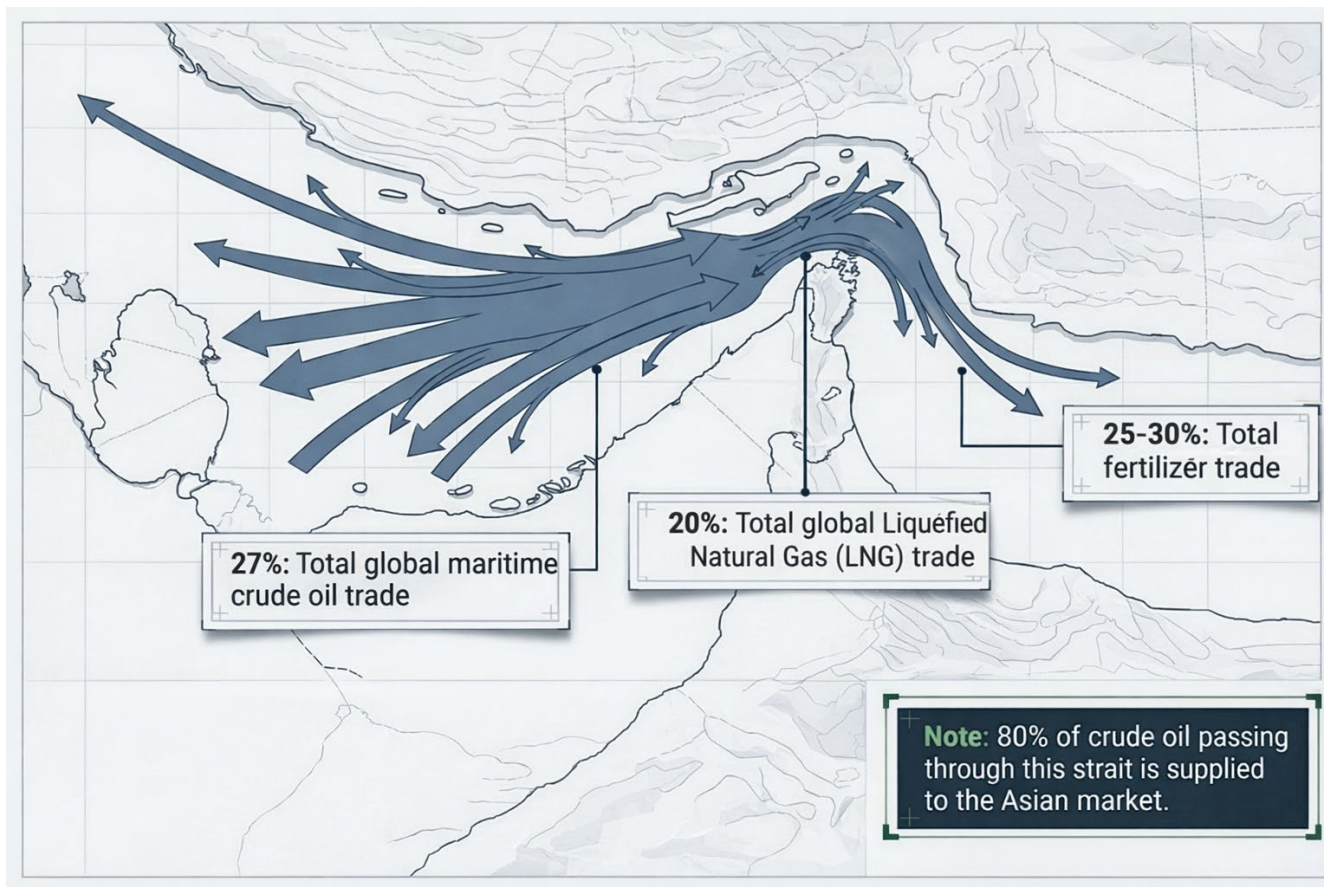


Source: Compiled by Rong Viet Securities

- Vietnam has effectively stabilized fuel prices, maintained macroeconomic stability, and sustained growth momentum amid complex geopolitical conflicts.
- Global instability has also risen sharply, particularly after the US presidential election in 2024, reflecting growing pessimism over geopolitical risks and tariff conflicts that are expected to heighten global uncertainty.



- Although the US and Israel have succeeded in eliminating Supreme Leader Ali Khamenei, and the US President has declared that Iran has been significantly weakened and that the war will end soon, we believe the stated objectives remain highly difficult to achieve.
- In particular, the prospect of toppling Iran's current theocratic regime and replacing it with a more pro-Western government appears unlikely, even over the medium term. The key reason is that the Islamic Revolutionary Guard Corps (IRGC) continues to control the military, security apparatus, and much of Iran's economic structure, while there is currently no meaningful domestic counterweight.



- Oil prices experienced significant volatility during this period, at one point nearly exceeding USD 120/bbl, before easing somewhat after President Trump stated that the war could end soon and the International Energy Agency (IEA), together with the United States, released strategic reserves. Meanwhile, the prospect of ending the conflict through diplomacy, particularly via concessions from Iran, remains highly limited. On 26 March 2026, the US announced a 10-day pause in attacks on Iran's energy facilities to create room for negotiations. However, both the US and Iran have continued to pursue a strategy of "tit-for-tat" escalation while negotiating simultaneously," seeking to exert political and economic pressure in order to force the other side to accept more favorable terms at the negotiating table.
- At the same time, Saudi Arabia has accelerated efforts to reroute exports in order to reduce reliance on the Strait of Hormuz. Crude oil exports from Yanbu port, located on Saudi Arabia's Red Sea coast, rose to around 5 million barrels/day, doubling within just two weeks. This increase comes as Saudi Arabia's 746-mile East-West pipeline is currently operating at full capacity of roughly 7 million barrels/day. **Thanks to the sharp rise in exports from Yanbu, Saudi Arabia was able to offset around 45% of the oil export volume from the Persian Gulf that was disrupted during March.** Notably, before the war broke out, exports from this port were only around 1 million barrels/day in January and February.



US

- Facing financial pressure (public debt ratio reaching 122% of GDP)
- Risk of inflation, economic recession
- Political pressure from the midterm elections in November 2026
- Tariff policies have not yet achieved clear results



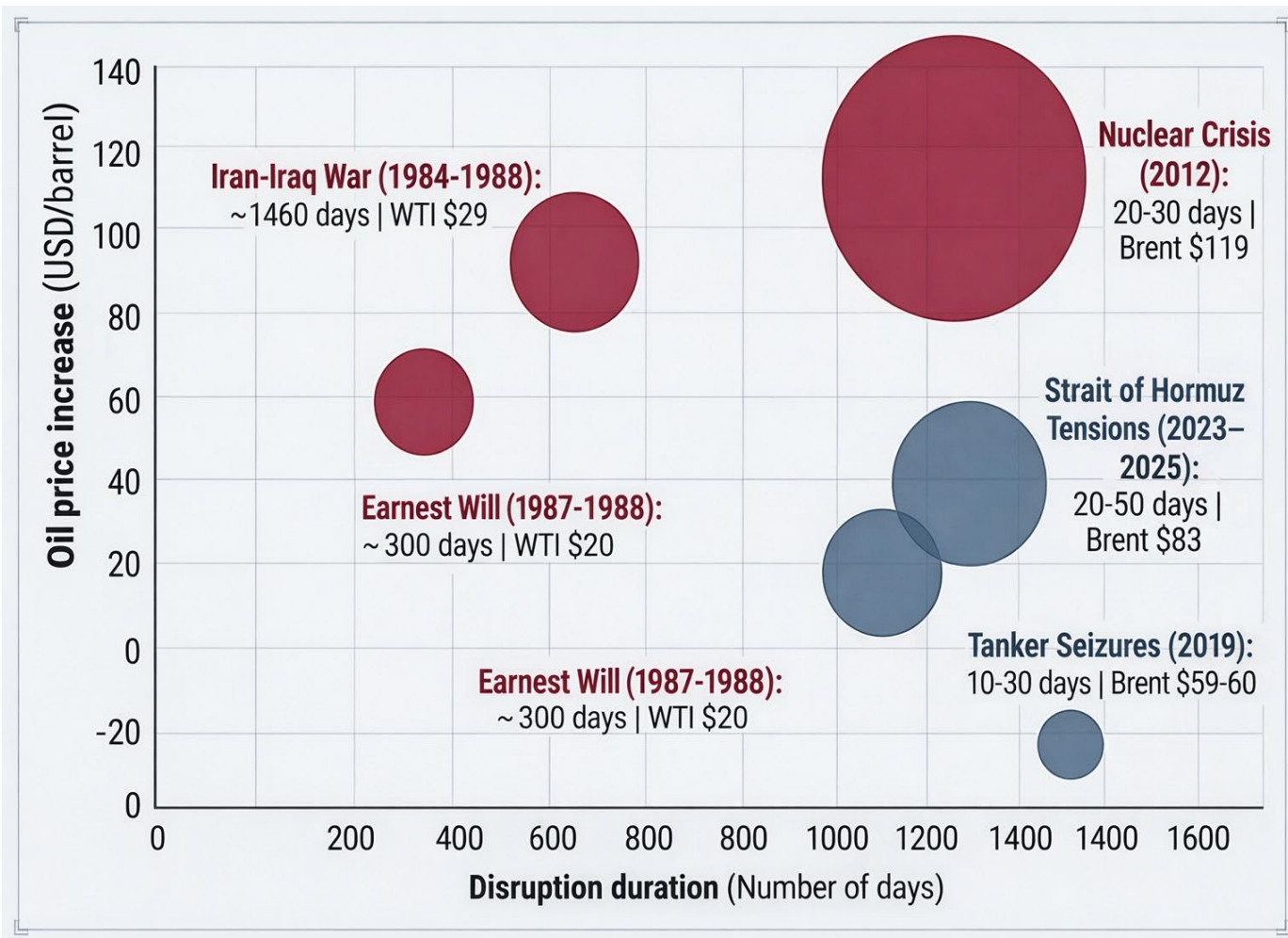
IRAN

Energy infrastructure

- Facing difficulties in energy infrastructure without alternative pipelines to the Strait of Hormuz,
- Limited crude oil storage capacity (only enough to sustain 26–52 days)

Fiscal pressure

- The economy depends up to 80% on hydrocarbon revenues and has a prolonged fiscal deficit
- If oil and gas revenues are severely disrupted, budget revenues could decline significantly, potentially widening the budget deficit to 10–12.7% of GDP annually.



Source: RongViet Securities summarized, the circle represents the level of oil price fluctuation during the event.

- The Strait of Hormuz, with its strategic importance, is often prioritized for negotiation to avoid prolonged disruptions.
- The diplomatic and economic **pressure from China**, countries dependent on energy imports from the Middle East (Japan, Thailand), and the high determination of the Trump administration suggest that any disruption in the Strait of Hormuz may not last long.

Impact on goods and services:

- The prices of coal, iron, steel, cement, especially crude oil, natural gas, and fertilizers are the three commodities facing the highest risk of price increases, as the Middle East accounts for a very large share of the total global supply.
- Precious metals such as gold, silver, and palladium will rise in price because they serve as safe-haven assets amid increased geopolitical conflict (especially gold, with a trading volume soaring to 361 billion USD/day - Bloomberg).
- Shipping costs will increase due to rising fuel prices, longer shipping routes (to avoid conflict zones), and higher insurance premiums.



Impact on inflation and growth:

- **Impact on inflation:** The oil price shock from the Iran war is creating significant inflationary pressure globally. According to the IMF, every 10% increase in energy prices in a year will push global inflation up by an additional 0.4 percentage points.
- **Impact on global growth:** According to ChathamHouse, if oil prices remain around 100 USD per barrel throughout this year, global GDP growth could decrease by 0.25 to 0.4 percentage points.
- Major Asian economies such as Japan and South Korea will be severely affected due to their heavy dependence on energy supplies from the Middle East.
- In the U.S., where the economy is already under pressure from tariff policies and a weakening labor market, high energy prices will further reduce consumer purchasing power—a factor contributing to about 70% of GDP. Meanwhile, the FED's rate cut path will also be severely impacted due to unchanged inflation expectations.

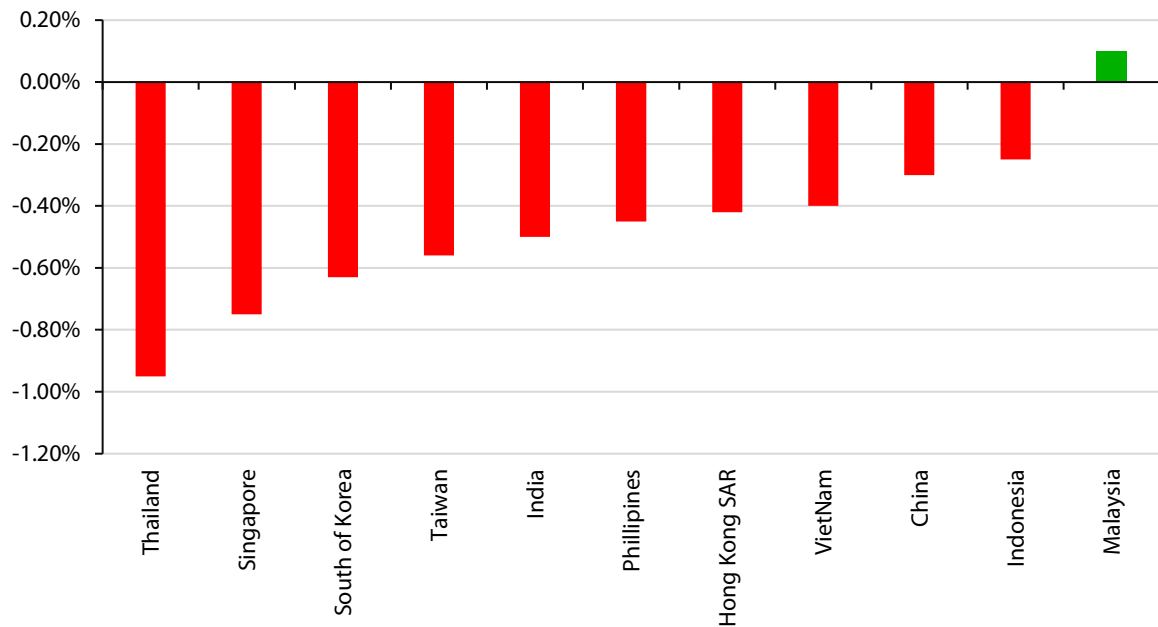


Impact on the Vietnamese economy:

- It puts pressure on inflation, exchange rates, and interest rates (in the context of high interest rates in the economy), thus negatively affecting macroeconomic balances.
- Domestic purchasing power and consumption tend to decrease due to the rise in essential goods prices driven by fuel costs, and FDI flows may become cautious in disbursing funds to markets dependent on fuel imports like Vietnam.
- It erodes growth drivers such as public investment (due to the recalculation of investment costs and budget proposals).

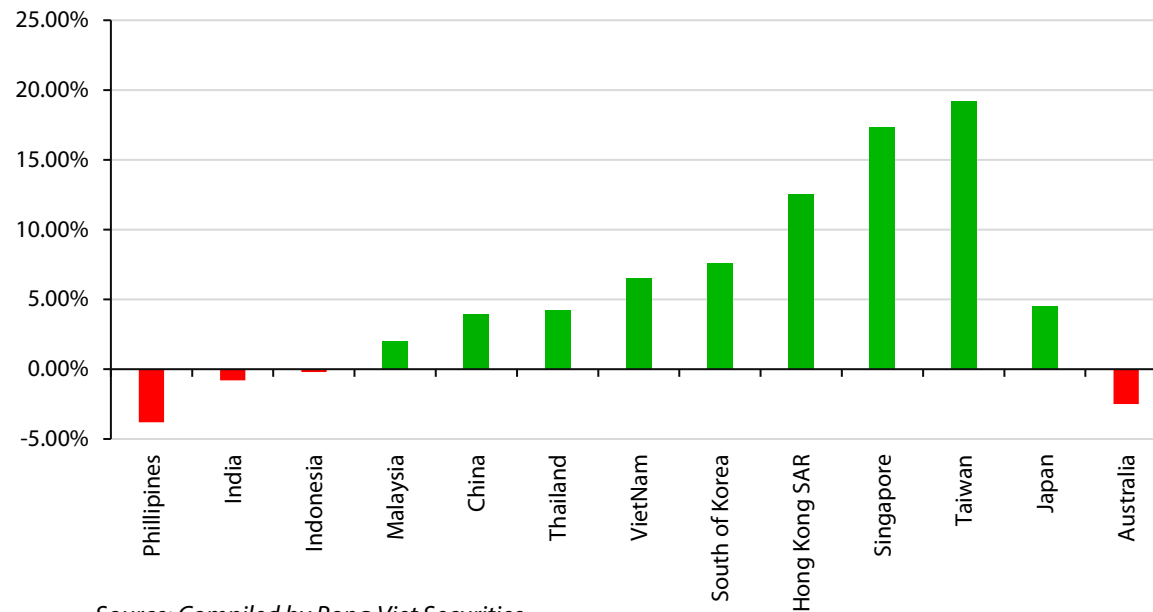
The combination of these factors could reduce GDP growth.

Changes in the current account balance if Brent oil prices increase by 10 USD/barrel (% GDP, 03/4/2026)



Source: Compiled by Rong Viet Securities

Current account balance to GDP ratio (% , 2025)

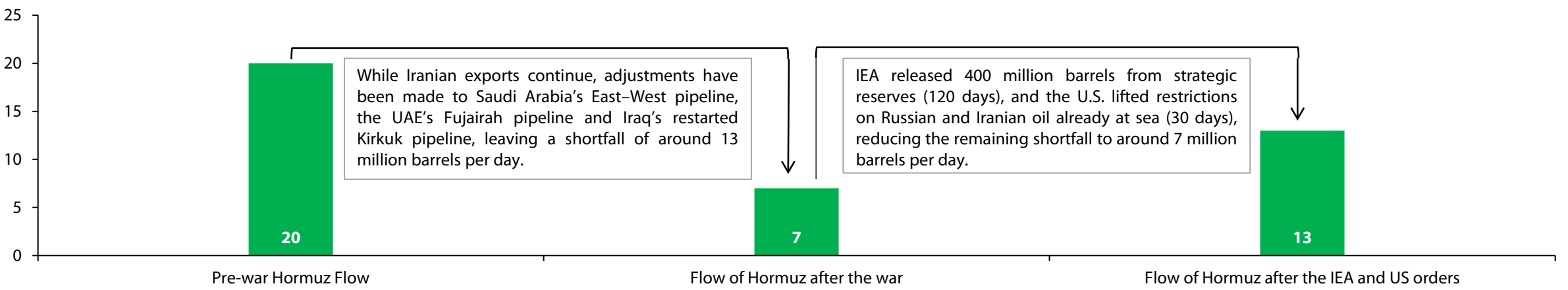


Source: Compiled by Rong Viet Securities

- The Iran war has caused negative shocks to Asia's current accounts through increased energy import costs, weakened trade balances, and volatile capital flows.
- The surge in oil and gas prices has increased trade deficits for importing countries, particularly Thailand, Singapore, South Korea, Vietnam, etc., despite inventory reserves.
- The agricultural trade balance has also worsened due to higher costs for fertilizers, fuel, and transportation.
- **VietNam** is a highly open economy, and if the war continues and oil prices remain high, achieving the goal of stabilizing and growing GDP in 2026 will face many challenges.

OIL PRICES ARE CURRENTLY BEING ANCHORED BY TEMPORARY INTERVENTION MEASURES

Before the conflict, approximately 20 million barrels of oil per day (bpd) were transported through the Strait of Hormuz, accounting for around one-fifth of global consumption. However, not all of this supply has been lost. Iranian oil continues to be shipped, and Saudi Arabia has redirected exports via the East-West pipeline to the Red Sea. Meanwhile, the IEA has agreed to release 400 million barrels, and the US has permitted Russian and Iranian oil currently at sea to enter the market. The shortfall is estimated at nearly 7 million bpd in total (around 6% of global demand).



Source: IEA, JODI-Oil World Database, RongViet Securities. Data as of Mar 31, 2026

The current supply shock is reducing global oil demand by 6%. Under the base-case elasticity scenario, with the conflict lasting 1–6 months, oil prices are currently fluctuating around USD 102 per barrel. However, once the IEA and U.S. measures expire, oil prices could surge to around USD 128 per barrel...

	Price elasticity of demand for oil	Time horizon	Required price level to rebalance demand		
			-6%	-10%	-13%
Low elasticity	-0.05	A few weeks	141	192	230
Base-case elasticity	-0.1	1-6 months	102	128	147
High elasticity	-0.2	6-24 months	83	96	106

Source: Bank J. Safra Sarasin, RongViet Securities.

Summary of scenarios about conflict resolution and oil prices

Scenario	Assumptions on Conflict Duration	Oil Price Scenario	Probability Arguments
Positive Scenario (Low Probability ~ 15%)	All parties agree to negotiate and reach an agreement within 6-8 weeks.	Brent oil prices drop to approximately \$75-80/barrel by late April and continue to decline as Gulf countries restore production capacity.	This scenario requires consensus from both sides, which currently seems unlikely given the hardline stances of President Trump and the new Iranian leadership.
Base Case (High Probability ~ 80%)	High-intensity conflict continues for 3-4 months before tapering off as both sides face mounting pressure and agree to negotiate, OR the U.S. declares victory (including control over Iranian oil or the Strait of Hormuz) and withdraws troops while Iran (including proxies in Lebanon and Yemen) and Israel temporarily suspend military activities.	With the geopolitical risk premium maintained throughout 2026 and potentially longer, oil prices are likely to be anchored at least \$20-25/barrel higher than pre-war forecasts, equivalent to an average Brent price of \$85-95/barrel .	However, note that in this scenario, conflict between Iran, the U.S., and Israel will not fully cease. Occasional military skirmishes may still occur in the Gulf region, creating cycles of escalation and de-escalation, maintaining high regional instability.
Negative Scenario (Low Probability ~ 5%)	High-intensity conflicts persist for over 6 months, potentially throughout all of 2026, with bombings and missile strikes devastating each other's economic infrastructure.	The global energy market faces a severe shock, potentially pushing oil prices above \$150/barrel , leading to a financial crisis	In this case, diplomatic pressure from China and Saudi Arabia would be the key deterrents to prevent a total collapse.

Source: Compiled by Rong Viet Securities



- Vietnam is fundamentally still an economy dependent on imported energy; therefore, a prolonged oil supply shock would directly affect growth targets. In that context, increasing strategic crude oil reserves to 75–80 days by 2030 should be considered a substantive budget priority, rather than remaining merely a planning orientation. Economically, the cost of long-term stockpiling—including capital costs, storage, and maintenance—can still be significantly lower than the losses caused to the economy by a prolonged supply disruption.
- International experience shows that this is a feasible direction. China approved its national reserve program in 2003, completed Phase 1 in 2008, Phase 2 in 2011, and by 2025 has built a buffer exceeding 120 days of reserves. A notable point is that China’s strategy is highly flexible: it takes advantage of periods of low oil prices to optimize procurement costs, thereby both reducing national energy costs and strengthening energy security. For Vietnam, increasing domestic reserves, and also considering a regional reserve-sharing mechanism within the ASEAN+3 framework based on a collective contribution model, would be suitable in the context of countries outside the IEA.
- The Vietnamese government has made prompt policy responses to cool fuel prices (fiscal policy group: releasing the Price Stabilization Fund, reducing various taxes including excise tax, allocating budget funds to the Price Stabilization Fund) and stabilize the exchange rate under pressure from rising foreign currency demand (monetary policy group: liquidity management in the open market, selling 180-day non-cancellable forward foreign exchange, maintaining a positive swap position).
- In terms of short-term management, the government has responded relatively quickly to cool fuel prices and stabilize the exchange rate. On the fiscal side, tools such as releasing the Price Stabilization Fund, reducing taxes/fees, and supporting the fund’s budget have helped ease the pass-through pressure from oil prices. On the monetary side, the State Bank of Vietnam has used instruments such as liquidity regulation in the open market (OMO), selling 180-day non-cancellable forward foreign exchange, and maintaining a positive swap position to reduce external pressure. These measures have initially been effective, reflected in the fact that the VND depreciated relatively modestly compared to the region and that average CPI in Q1 2026 increased by 3.51% year-on-year.
- However, if the conflict drags on, policy space will significantly narrow. With a still-thin fuel reserve buffer and increasingly clear fiscal constraints, the ability to stabilize energy prices will be difficult to sustain over time, leading to rising inflation risks. At the same time, monetary policy management currently partly relies on supportive narratives such as the story of market upgrading or an international financial center; if these expectations weaken, the policy challenge will become more difficult, and balances such as deposit–credit mobilization may deteriorate. In other words, the current policy response is fast, decisive, and effective in the short term, but maintaining macroeconomic stability while also achieving double-digit growth targets this year remains a very significant challenge.



Dependence on imports:

- Dependence on imports: Vietnam imports about two-thirds of its crude oil and 70% of its LPG
- Notably, Kuwait accounts for nearly 80% of Vietnam's total crude oil imports, and all of this cargo must pass through the Strait of Hormuz, creating a very high risk of supply disruption.



Status of oil refineries:

- BSR (Dung Quat): Remains stable as 65–70% of crude oil comes from domestic sources and imported sources that do not pass through the Strait of Hormuz
- NSRP (Nghì Son): Faces high risk due to 100% dependence on crude oil from Kuwait



Distribution system:

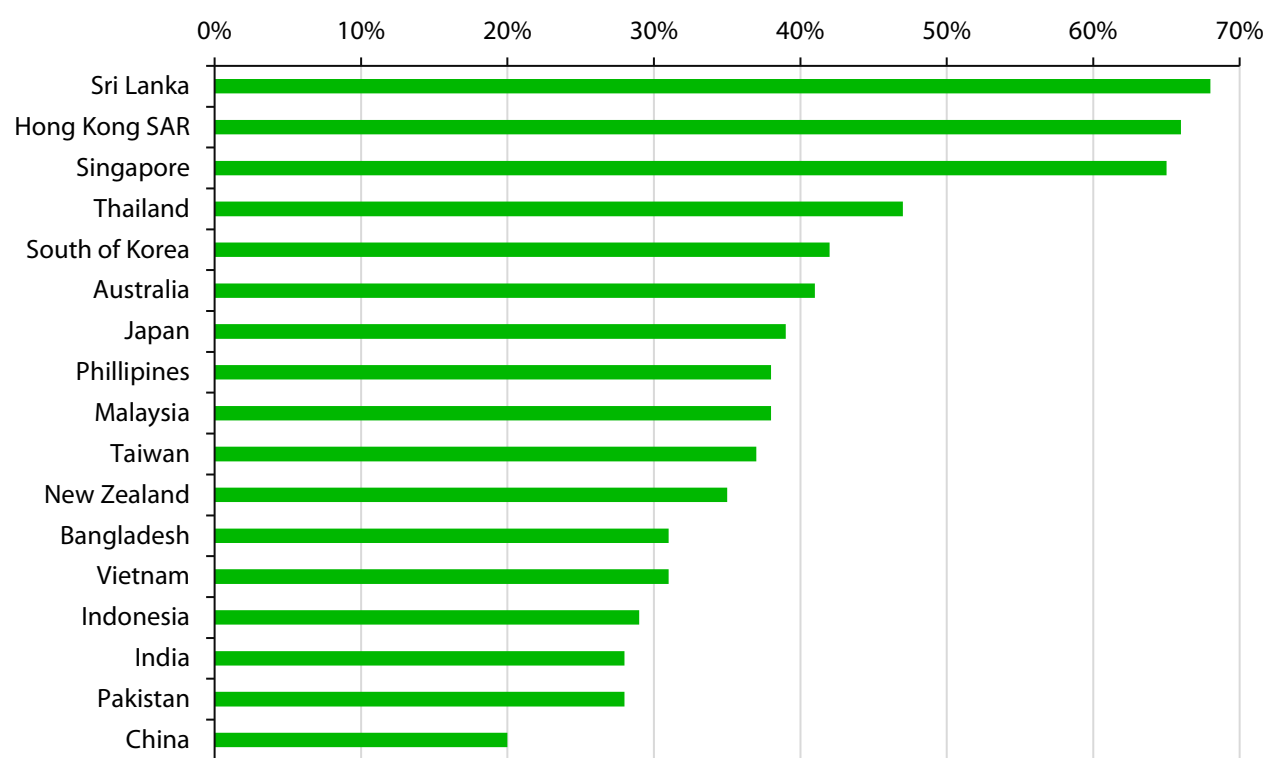
- Petrolimex and PV Oil have ensured sufficient supply for March and April
- If NSRP is disrupted, Vietnam could increase imports of products from South Korea, Japan, and Singapore but would have to face higher prices and transportation costs

Total oil reserves of Asian countries

Country	Fuel reserves (number of days)
Japan	254
South Korea	208
China	120
Taiwan	100
Phillipines	60
Thailand	60
Australia	30-37
Malaysia	30
India	25
Indonesia	21-25
VietNam	20
Singapore	N/A

Source: Bloomberg, RongViet Securities

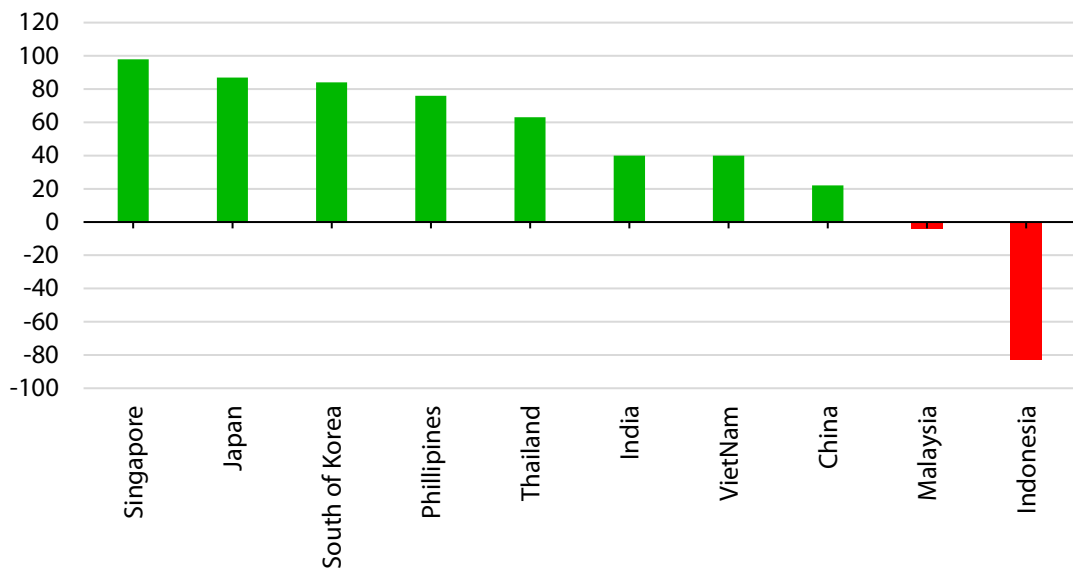
Oil share in total energy consumption (% , 2024)



Source: Bloomberg, RongViet Securities

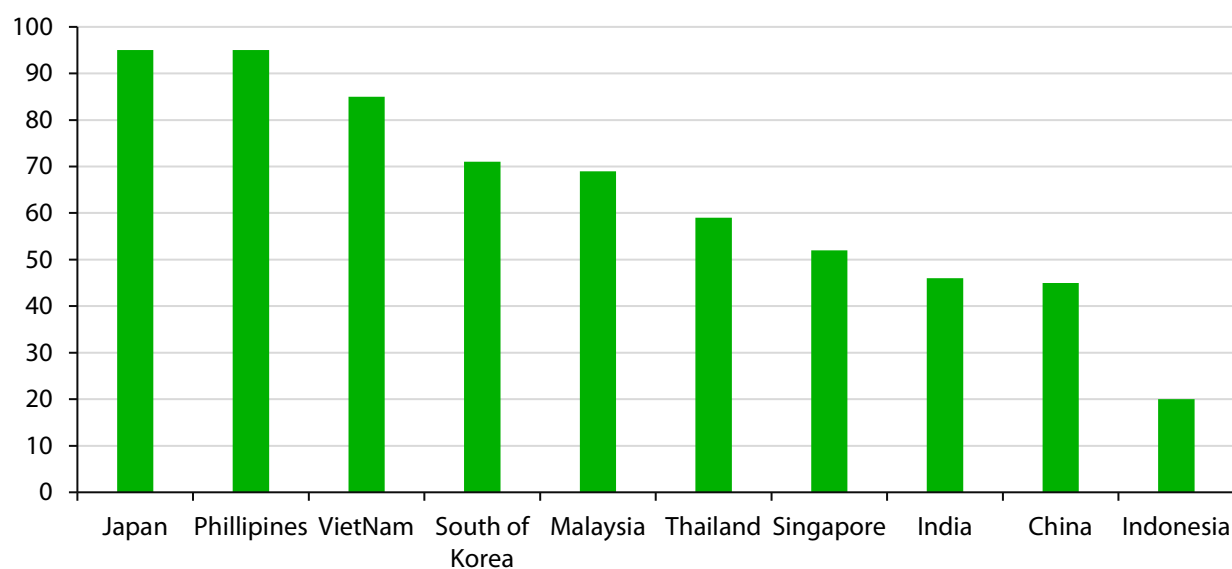
- Asia’s crude oil reserves have become the region’s main line of defense against a blockade of the Strait of Hormuz. Japan and South Korea maintain the strongest reserves, with total stocks sufficient for more than 200 days of use.
- China holds the world’s largest strategic reserves, enough for 120 days at current consumption rates.
- However, emerging economies such as Vietnam and India are facing severe pressure as their reserves are only sufficient for less than 30 days.

Dependence on Imported Energy Sources (% , 2023)



Source: Bloomberg, RongViet Securities

Share of Oil Imports from the Middle East in Total Oil Imports (% , 2024)



Source: Bloomberg, RongViet Securities

- Asia is considered the region most heavily affected due to its significant dependence on imported energy, much of which passes through the Strait of Hormuz, a key shipping route currently disrupted.
- Japan, a country that relies on 93% of its oil imports through this route, has seen a sharp rise in gasoline prices within just a month. The government has had to release both private sector reserves and national oil stockpiles to stabilize the market.
- South Korea is also under significant pressure, importing about 70% of its oil and 20% of its liquefied natural gas from the Middle East. Its government has raised the cap on coal-fired electricity production, increased nuclear power output, and is considering resuming oil imports from Russia to ensure supply.
- Meanwhile, China, despite being the largest importer through the Strait of Hormuz, has shown better resilience due to its abundant strategic reserves and increasing share of renewable energy, which now accounts for about 30% of its electricity mix.
- Vietnam, with its considerable dependence on oil imports from the Middle East, faces significant pressure on domestic fuel prices due to the prolonged conflict.

Political Commitment to “Double-Digit Growth”

- 2026 – the first year of the 2026-2030 five-year plan – makes ensuring a reasonable growth rate crucial.
- At the same time, the implementation of Central Committee Resolutions No. 68, 57, and 79 on digital transformation, the private sector, and the state-owned economy will serve as a foundation for the economy in the context of a rapidly changing and complex international environment.

Government Policy Response

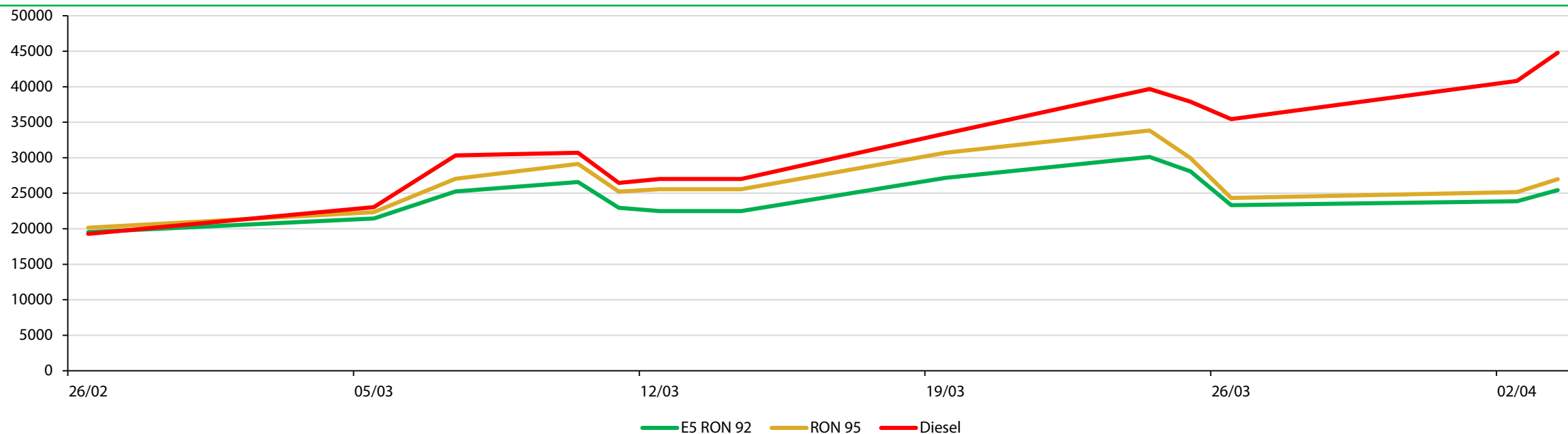
- Fiscal policy group: releasing funds from the Price Stabilization Fund, reducing various taxes including excise tax, and allocating budget to the Price Stabilization Fund.
- Monetary policy group: stabilizing the exchange rate under pressure from increased foreign currency demand (regulating liquidity in the open market, selling 180-day forward foreign currency with cancellation).
- Diplomatic efforts to mobilize international oil and gas sources.
- Promoting green transition and building strategic reserves.

However, the most important task is ensuring macroeconomic stability in the face of greater uncertainty rather than focusing heavily on GDP growth.

Challenges intertwined with opportunities

- Energy self-sufficiency: Conflicts drive domestic oil and gas exploration, investment in LNG infrastructure, and strategic reserves
- Attracting FDI: Vietnam has the opportunity to attract FDI flows shifting from high-geopolitical risk regions thanks to its stable socio-political environment
- Tourism market share: Vietnam can become a safe alternative destination for international tourists wary of instability in the Middle East or other conflict zones

Fuel prices at the price adjustment periods of the inter-ministerial committee of Finance - Industry and Trade (unit: thousand/liter, from 02/2026-04/2026)

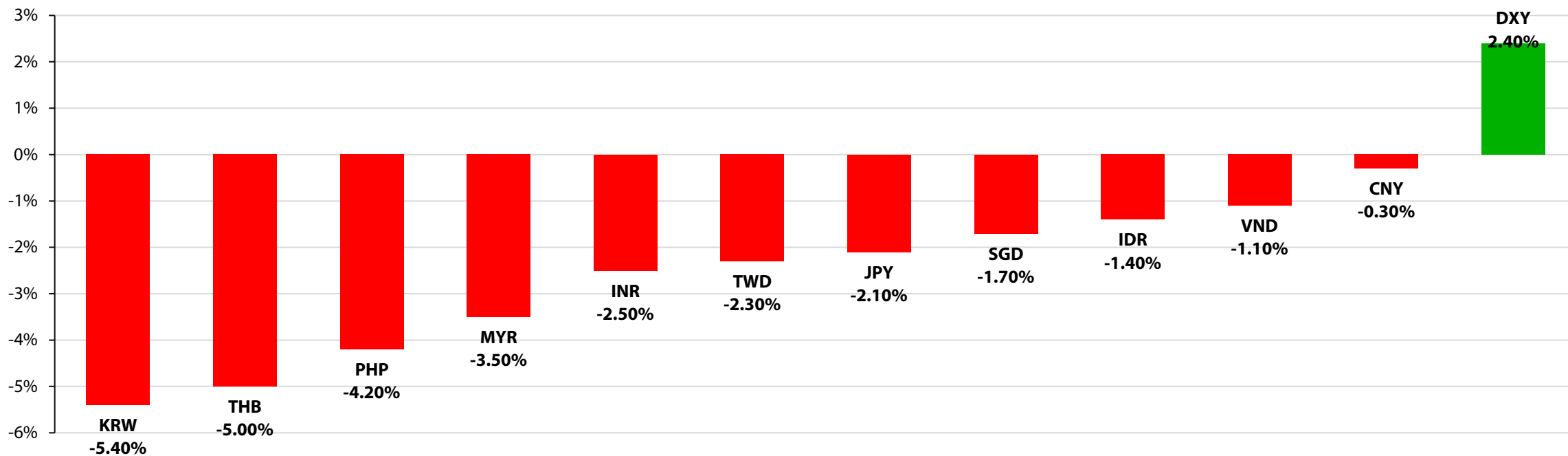


Source: Ministry of Industry and Trade, Rong Viet Securities Company (compiled)

- Given the fluctuations in global oil prices and the VND/USD exchange rate, and in accordance with current regulations and government directives, the Petroleum Price Stabilization Fund has been continuously disbursed since the price adjustment period of March 10, 2026, to support the reduction of domestic fuel price increases.
- In this context, Prime Minister Pham Minh Chinh signed Decision No. 483 dated March 27, supplementing 8,000 billion VND from the 2026 **state budget** expenditure estimate (other budget expenditures) from the increased central budget revenue in 2025 for the Ministry of Industry and Trade to temporarily advance to the **Petroleum Price Stabilization Fund** as requested by the Ministry of Finance.
- In addition, the Government also adjusted the environmental protection tax rate for gasoline (excluding ethanol), diesel, and aviation fuel to 0 VND/liter; gasoline, diesel, and aviation fuel are exempt from value-added tax declaration and payment but are eligible for input value-added tax deduction. The excise tax rate on all types of gasoline is 0%. This reduction results in a decrease in budget revenue of 7,200 billion VND per month.

Central Bank	Policy Response
India (RBI)	The Reserve Bank of India (RBI) issued new regulations on the Net Open Position (NOP-INR) limit, capped at \$100 million, to curb arbitrage speculation. Effective from April 10
South Korea (BOK)	<p>Government to impose a cap on foreign-currency bond issuance by the National Pension Service (NPS) limiting it to a certain proportion of the fund's overseas investments, announced on Mar 26.</p> <ul style="list-style-type: none"> • NPS to raise its strategic hedging ratio over the long term to help stabilize the fragile won, exact ratio has yet to be determined. • Conduct an emergency buyback of 5t won (\$3.3b) in sovereign bonds to curb volatility, two tranches: 2.5t won on Mar 27 and Apr 1. • FSS ordered the immediate implementation of a 100t won market stabilization program in response to market uncertainty.
VietNam (SBV)	New intervention on Mar 24 offering 180-day USD forward contracts with cancellation rights at VND 26,850/USD, significantly higher than the spot rate of VND 26,360/USD.
China (PBoC)	<p>Effective on Mar 2, reduce the foreign exchange risk reserve ratio for forward foreign exchange sales from 20% to 0%.</p> <p>As of Mar 23, China to maintain supportive monetary policy stance, continue to implement a moderately loose monetary policy, and has neither the need nor the intention to gain trade advantages through currency depreciation.</p>
Singapore (MAS)	<p>On Mar 2, MAS "closely monitoring developments related to the Middle East, Singapore's FX and money markets are functioning normally, S\$NEER remains within its appreciating policy band, and ready to respond to risks to medium-term price stability if needed."</p> <p>Announced on Mar 27, MAS and SBMA to strengthen Singapore's position as a trusted gold trading center serving the Asia-Pacific region.</p>
Thailand (BOT)	<p>BoT has sought to contain baht strength via limiting baht-denominated gold transactions to a daily limit of THB 50mn per person per platform, effective 1 March.</p> <p>BOT and BOJ renewed the Bilateral Local Currency Swap Arrangement for a further three-year period until 30 Mar 2029.</p>
Japan (BOJ)	<ul style="list-style-type: none"> • Continue JGB Purchase Reduction (cut down by around JPY400b for 1Q26). • BOJ to act "on all fronts" on Mar 23 and prepare to take "decisive action" on Mar 27, as speculative moves in crude oil futures affect FX market.
US (FED)	U.S. dollar significantly strengthened reaching a 10-month high around Mar, the U.S. Treasury has not intervened, instead to leverage its safe-haven strength and targeted sanctions against Iran's "shadow fleet" to disrupt oil revenues

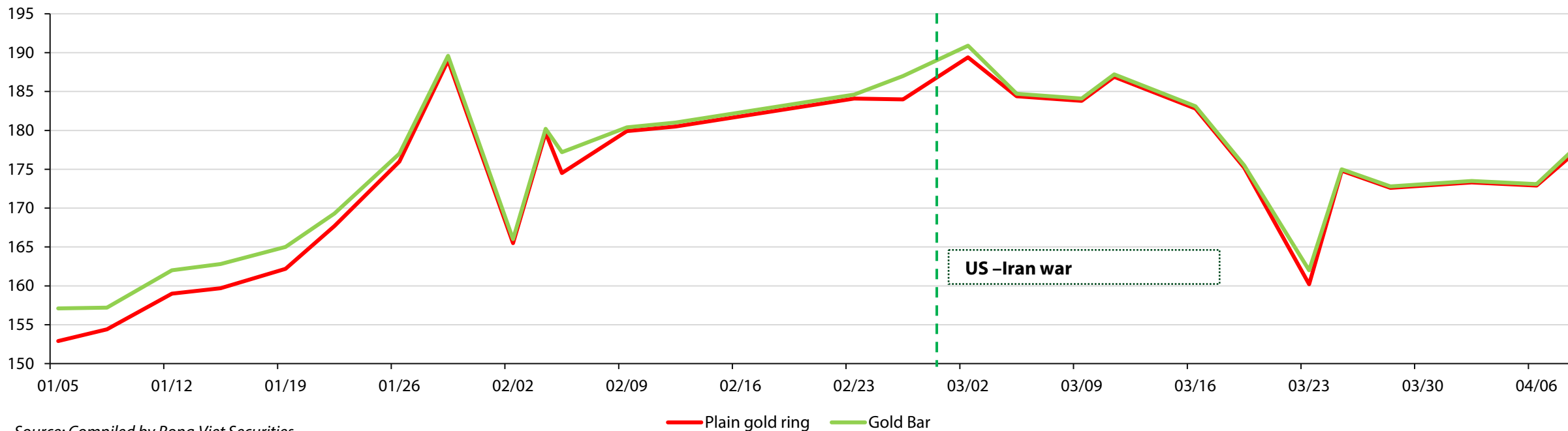
Source: Compiled by Rong Viet Securities



Source: Compiled by Rong Viet Securities

- With escalating hostilities and an unpredictable outcome, coupled with an unfavorable macroeconomic environment, central banks have implemented policy responses to maintain stability in the foreign exchange market.
- Accordingly, the State Bank of Vietnam has deployed various measures to regulate liquidity in the open market, including the sale of 180-day foreign currency forward contracts with cancellation clauses or maintaining a positive swap strategy (interest rate on the exchange between VND and USD) to stabilize the exchange rate. This helps prevent excessive fluctuations in the VND, avoiding shocks to a highly open economy like Vietnam.

Prices of SJC gold bars and plain gold rings sold on the domestic market from the beginning of the year to date (unit: million/ounce)



Source: Compiled by Rong Viet Securities

- Amid rising geopolitical risks and accelerating inflation, which asset is typically expected to increase in value? The familiar answer is gold. However, this usual scenario does not seem to be repeating this time. Despite escalating tensions in the Middle East and increasing risks to the global economy, gold prices have declined sharply. The first reason lies in the appreciation of the US dollar. In a context where crude oil prices are rising, a stronger USD typically exerts downward pressure on gold prices, which are denominated in USD on international markets. The second factor is that the outlook for interest rate cuts by the Federal Reserve this year has become less favorable, as inflation risks are resurging following the sharp increase in oil prices.
- However, looking at the actions of major central banks, such as the Federal Reserve expanding its balance sheet through short-term U.S. Treasury financing, or the People’s Bank of China accumulating gold for 17 consecutive months, suggests that in the long term, gold remains a “safe haven,” and its price is likely to continue rising over time

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