

Exchange rate continues to ease steadily

- The overnight interbank interest rate reached a one-month low of 1.2% on 27 August, before rebounding to 7% by month-end, primarily due to seasonal factors.
- The average 12-month deposit rate across commercial banks is currently hovering at 8.4% (+2.59 percentage points YTD).
- The USD/VND interbank exchange rate continued to ease for the fourth consecutive month, reaching 26,083 VND/USD by month-end (-0.7% YTD).

The USD/VND exchange rate eased for the fourth consecutive month

DXY edged down in August as Fed hike hoopla cooled

The DXY index generally traded within a narrow range of 99 - 100 throughout August, ending the month at 99.19 (-0.7% mom). The decline was primarily driven by weaker-than-expected US economic data. Specifically, the July employment report unexpectedly signaled a weakening labor market, with employment falling by 23,000 jobs, compared with market expectations for an increase of around 80,000. Meanwhile, July retail sales also fell short of expectations, declining 0.6% mom. At the same time, inflationary pressures showed signs of easing, with core CPI rising 2.5% yoy, down from 2.6% in June, while core PCE remained broadly unchanged from June at 3.3% yoy. Against this backdrop, market expectations for a Fed rate hike in September have fallen to around 50%, a sharp decline from approximately 70% at the beginning of August. Besides, on 19 August, the US Treasury announced that it would double the size of its buybacks of longer-dated Treasury securities in an effort to curb the rise in bond yields. US Treasury yields had increased significantly over the preceding two months, particularly at the long end of the curve, amid concerns over the country's substantial public debt burden. The 30-year Treasury yield reached a 19-year high of 5.34% on 18 August, while the 10-year yield remained elevated at a 19-month high of 4.75%. Following the US Treasury's announcement, Treasury yields immediately declined by 6 - 9 bps, thereby exerting further downward pressure on the DXY.

The USD/VND exchange rate eased for the fourth consecutive month

The depreciation of the US dollar, coupled with a sharp 97% mom reduction in the Vietnam's trade deficit in August, supported a further easing of the USD/VND exchange rate during the month. Specifically, the interbank exchange rate stood at 26,083 VND/USD at the end of August (-0.7% YTD), down 0.8% mom - marking its fourth consecutive monthly decline. Meanwhile, the free-market exchange rate declined more sharply by 1.5% mom to 25,875 VND/USD (-3.9% YTD). Despite the global gold price rebounding to its highest level since early May in August, fluctuating around USD 4,600/ounce (+14% compared to end-July) amid weaker US Treasury yields and a softer DXY, the free-market exchange rate continued to decline for the second consecutive month. This was supported by the narrower domestic - international gold price gap, as improved enforcement against gold smuggling helped contain domestic gold prices. At the beginning of the year, the gap between domestic and global gold prices had widened to as much as VND 20 - 30 million/tael; however, it has now narrowed to approximately VND 7 - 8 million/tael. In contrast, the central rate rose 1% mom to 25,610 VND/USD (+0.9% YTD).

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Although the domestic currency has remained relatively resilient in recent months, we believe the USD/VND exchange rate will continue to face upward pressures in the coming months, as the USD is expected to remain supported by oil prices. Global oil prices rebounded to above USD 90/barrel in August, amid the continued persistence of geopolitical tensions in the Middle East. In addition, the possibility of a Fed rate hike later this year remains on the table, as August employment data, released on 7 September, pointed to an improving labor market and eased concerns over a slowdown in the US economy. This could provide the Fed with greater room to raise interest rates should inflationary pressures remain persistent. Furthermore, risks stemming from US tariff policies could also exert additional pressure on the USD/VND exchange rate. Conversely, the VND is expected to retain support from: (1) elevated domestic interest rates; (2) resilient FDI inflows; and (3) expectations of a gradual narrowing in the trade deficit as imported intermediate inputs accumulated during the first half of the year are converted into finished goods ahead of the peak production and export season toward year-end. Taking these factors into account, we expect the USD/VND exchange rate to fluctuate in the range of 26,800 - 27,000 (corresponding to a 2% – 2.8% increase compared to the beginning of the year) by the end of 2026.

The upward trajectory of deposit rates supports an improvement in deposit mobilization

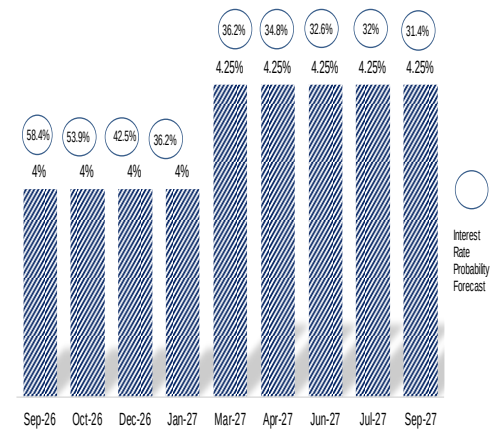
The overnight interbank rate hit a one-month low of 1.2% before rebounding to 7% at the end of the period due to seasonal factors

After two consecutive months of net liquidity absorption, the SBV resumed net liquidity injection in August. Specifically, during the month, the SBV injected nearly VND 232.7tn through the OMO channel, more than twice the amount in July, with maturities ranging from 7 to 91 days at an interest rate of 4.5%. Meanwhile, OMO maturities amounted to nearly VND 168tn. As a result, the SBV conducted a net injection of more than VND 64.7tn during the month, bringing outstanding OMO balances in the banking system to over VND237.2tn (+38% mom). The SBV's net liquidity injection helped the overnight interbank interest rate maintain a steady downward trend from the beginning of the month, reaching a one-month low of 1.2% on 27 August. By the end of the month, however, the overnight rate reversed sharply, rising to 7%, its highest level since late June. This increase was considered largely seasonal, as liquidity pressures tend to intensify ahead of extended public holidays. As of 4 September, the overnight rate had eased back to 4.4%. For 1-week to 1-month tenors, interest rates stood at around 6.8% - 7% at the end of August, while the 6-month rate ended the month at 8.05%.

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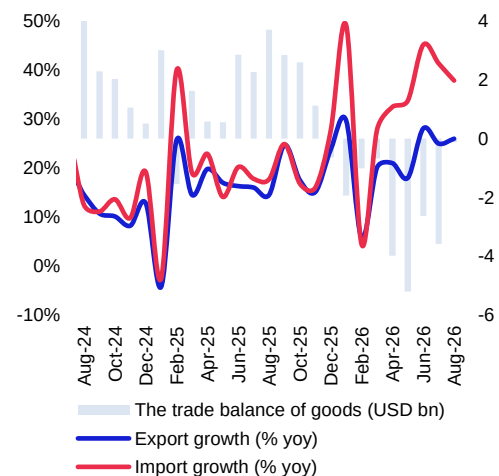
The upward trend in deposit rates continued in August, with 7 out of the 16 banks we track raising their deposit rates by 0.1 - 0.5 percentage points across 6 – 24-month tenors. Supported by the elevated interest-rate environment, deposit mobilisation continued to improve and outpaced credit growth in August. As of 18 August, system-wide credit outstanding increased 0.2% from end-July, while deposits rose by as much as 1%. Nevertheless, the gap between credit growth and deposit mobilisation remained evident, as system-wide credit outstanding increased 9.2% from end-2025, compared with only 7.37% growth in deposits. Hence, this continued to exert some pressure on the deposit rates. Based on our

Market currently prices in a 58% probability of a Fed rate hike at the September meeting



Source: CME Fedwatch Tool, MBS Research

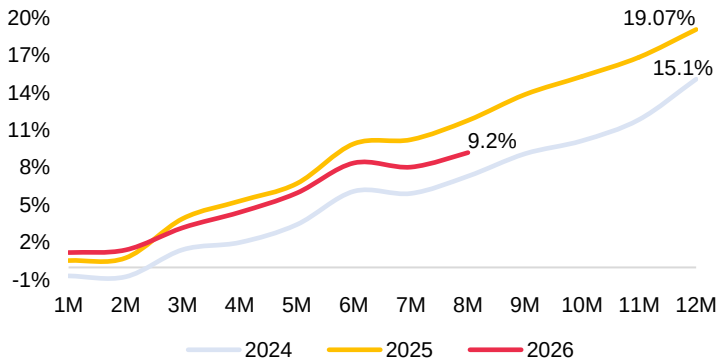
Import-export growth and monthly trade balance



Source: NSO, MBS Research

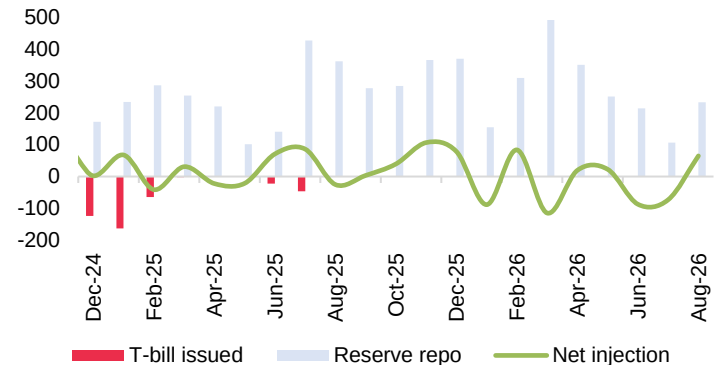
survey of prevailing preferential deposit-rate programmes, the highest 6-month deposit rate stood at 9.1% at end-August for online deposits of VND500mn. For the 12-month tenor, SHB offered the highest rate at 9.1% per annum. The average 12-month deposit rate for Tier-1 Banks rose by 1bps from the end of July to 8.35% (+259bps compared to the beginning of the year). Meanwhile, the average 12-month rate for Tier-2 banks rose by 25bps during the month to 8.45% (+259bps YTD). Overall, the average 12-month deposit rate across commercial banks stood at 8.4% by the end of August (+259bps YTD).

Figure 1: Credit growth (% YTD)



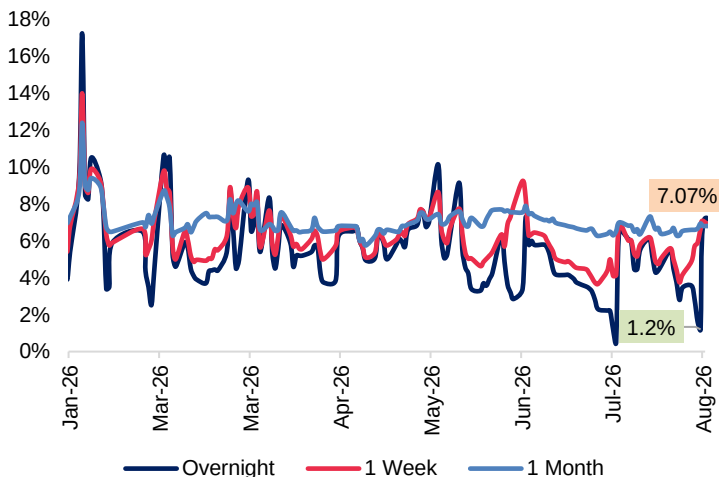
Source: SBV, MBS Research

Figure 2: SBV's Open Market Operation (Liquidity) [VND tn]



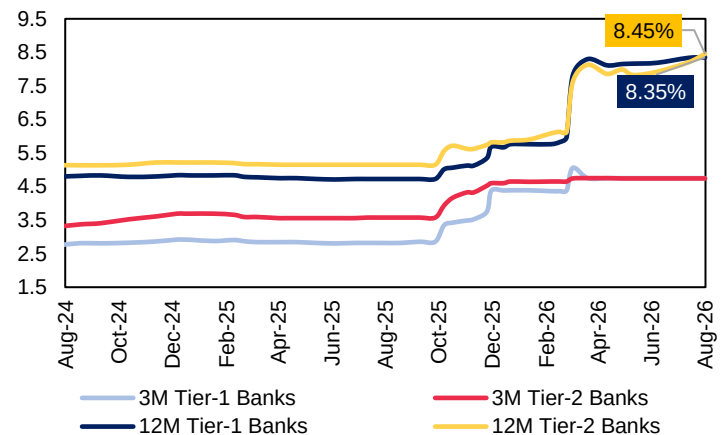
Source: SBV, MBS Research

Figure 3: Interbank lending rate in tenors (%)



Source: Bloomberg, MBS Research

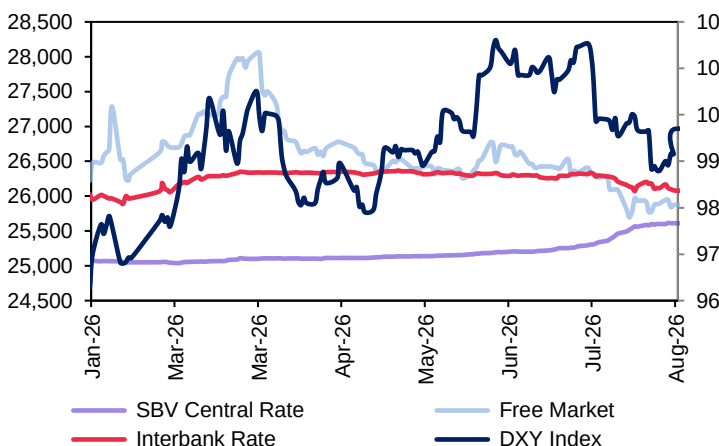
Figure 4: Commercial banks deposit rate (%)



*Tier-1 Banks: BID, CTG, VCB, MBB, VPB, TCB, ACB, SHB
*Tier-2 Banks: STB, HDB, LPB, VIB, TPB, NAB

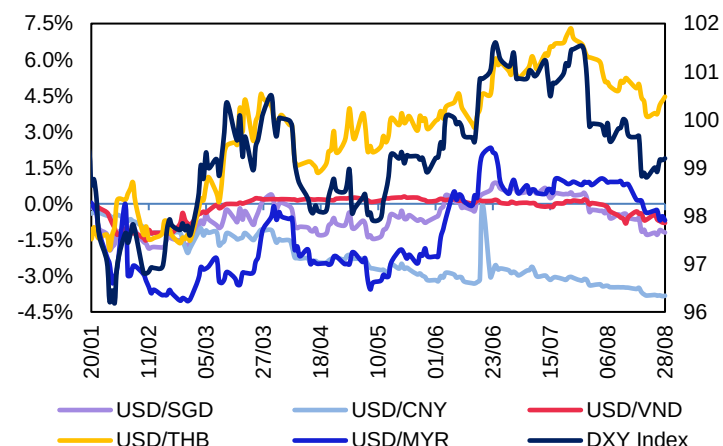
Source: Banks, MBS Research

Figure 5: VND/USD exchange rate



Source: Bloomberg, MBS Research

Figure 6: Regional currencies performance against USD



Source: Bloomberg, MBS Research

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Stock rating

Our investment recommendations are based on the expected profitability of the stock, calculated as the sum of (i) the percentage difference between target price and market price at the time of publication, and (ii) expected dividend yield. Unless otherwise stated in the report, investment recommendations have an investment horizon of 12 months.

ADD	The stock can generate a profitability of 15% or more
HOLD	The stock can generate a profitability of between -15% and 15%
REDUCE	The stock can generate a loss of -15% or more

Sector rating

POSITIVE	Industry stocks have Add recommendations on a weighted market capitalization basis
HOLD	Industry stocks have Hold recommendations on a weighted market capitalization basis
NEGATIVE	Industry stocks have Reduce recommendations on a weighted market capitalization basis

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Founded in May 2000 by the Military Commercial Joint Stock Bank (MB), MB Securities Joint Stock Company (MBS) is one of the first six securities companies in Vietnam. After years of development, MBS has grown into one of the premier brokerage houses in the country. In two consecutive years between 2009 and 2010, MBS leads the brokerage house in terms of market share on both Hanoi Stock Exchange (HNX) and HCMC Stock Exchange (HOSE) and continuously ranked among the Top 5 of market share at both stock exchanges.

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