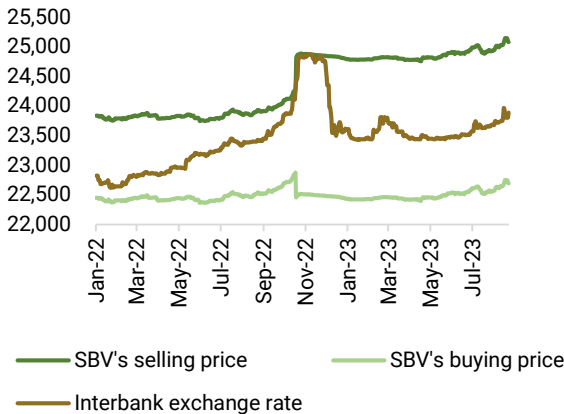
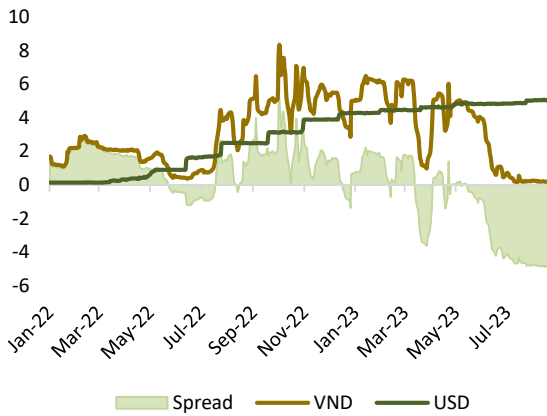


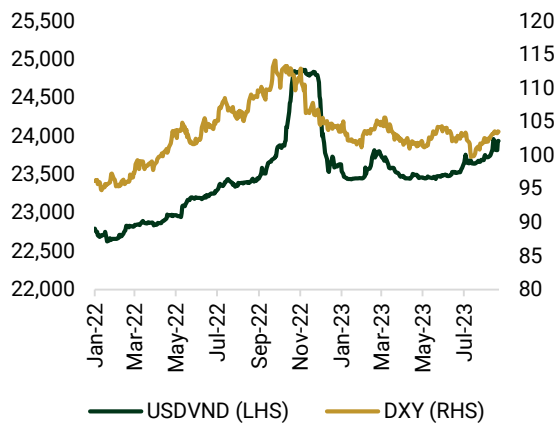
THE MOVEMENTS OF SBV'S CENTRAL RATE



THE MOVEMENTS OF OVERNIGHT VND- USD INTEREST RATE (%)



THE MOVEMENTS OF DXY AND USD/VND



	USDVND	USDJPY	USDCNY	USDMYR
%W/W	0.0%	-0.5%	-0.1%	0.5%
% M/M	1.1%	3.0%	1.4%	1.9%
% YTD	1.3%	11.4%	5.7%	5.6%

THE RISE OF USD/VND EXCHANGE RATE

The USD/VND exchange rate has exhibited significant fluctuations in August. During the initial half of the month, the exchange rate experienced a rebound, nearing the 24,000. Subsequently, it underwent a moderation due to favorable updates from equity sales of projects within the country. Nonetheless, recent indications suggest a rebound towards the end of August, attributed to outflows driven by import demands. Comparing the concluding days of July, the interbank market observed a 1.06% escalation in the exchange rate, corresponding to a 251 VND increment. The central rate has been adjusted to 23,898, marking a 0.59% upsurge, equivalent to 140 VND.

In the context of global factors, the exchange rate faces pressure due to two primary reasons: (1) The appreciation of the US dollar results from the persistent efforts of the US Federal Reserve (Fed) to elevate interest rates and keep it for the longer. (2) The Chinese economy's deterioration and the emergence of financial vulnerabilities have led to a substantial depreciation of the Chinese Yuan (CNY) in recent times. Chinese goods are cheaper and more competitive when the CNY depreciates, thereby intensifying competition not only against domestic products but also Vietnamese exports in the global market. This, in turn, has posed challenges for Vietnam government in effectively managing the exchange rate. In the year-to-date perspective, a majority of regional currencies have undergone depreciation, typically within the range of 2-4%, and the VND is no exception to this trend.

Meanwhile, within the domestic context, the State Bank of Vietnam has placed a priority on the easing of monetary policy by persistently implementing measures aimed at reducing interest rates. This has led to a deeply negative spread between VND and USD interest rate, thereby promoting the demand to buy and hold USD of import-export enterprises. Notably, the demand for USD also typically increases at the end of the year due to seasonal factors (production for global consumption at the end of the year). This phenomenon is anticipated to exert pressure on the exchange rate.

We believe that given the prevailing exchange rate pressures, the State Bank will not change its stance on the monetary easing policy. The devaluation of VND remains relatively modest compared to other currencies in the region. Nonetheless, it is expected that the State Bank will exercise a more cautious approach in its implementation of monetary policy, cautiously extending its measures aimed at boosting economic flexibility.

Conclusion:

- We forecast VND will fluctuate around 2% compared to the beginning of the year for the rest of the year.
- The uptrend of USD/VND exchange rate this year will not be able to cause the SBV to reverse their policy.