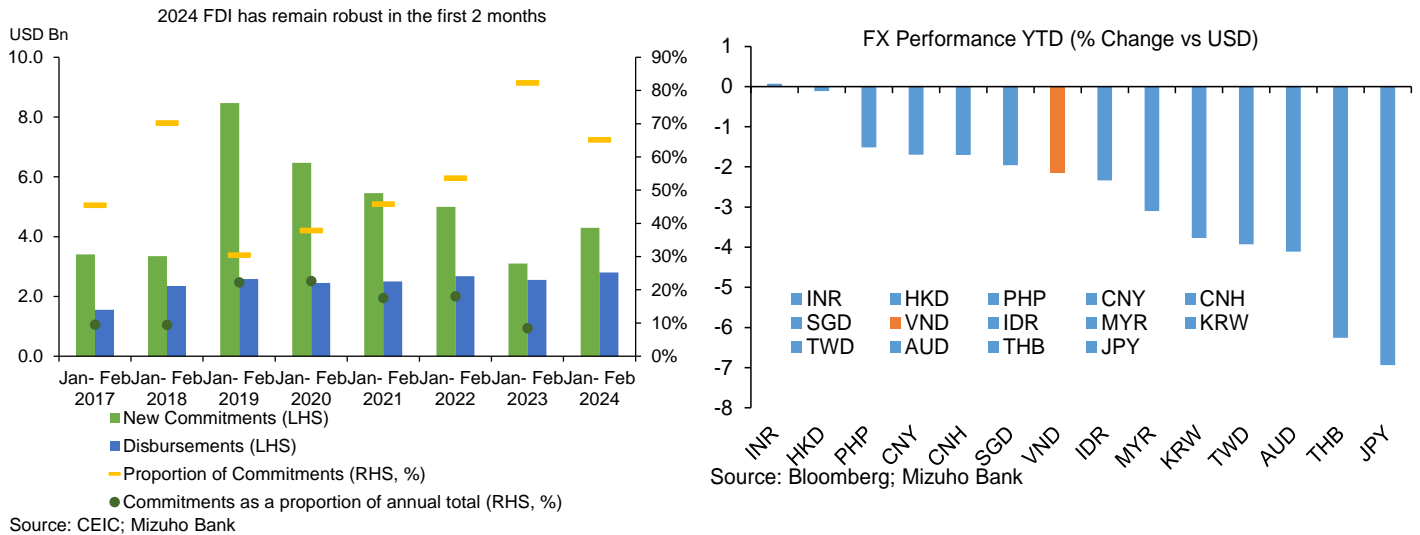


Vietnam: The Long and Short of Political Uncertainty



- In Vietnam, **President Vo Van Thuong has resigned on violating party regulations** and this marks the shortest tenure for the country's second most powerful post behind the **Communist Party Chief held by Nguyen Phu Trong**.
- This represents a loss of a succession candidate to Trong who has been subjected to speculation of health concerns especially given his reported hospitalisation in January 2024.
- The on-going political troubles have often been related to corruption stemming from the languishing property/real estate sector. Admittedly, while FDI commitment appears unaffected for now, persistence of bureaucratic inaction due to political fears may hinder actual business spending.
- As for the VND, its **depreciation YTD remains in line with that of regional peers driven by the broad USD trends** rather than a reflection of domestic woes.
- Nonetheless, prolonged political uncertainty could hinder pace of FDI inflows and **associated magnitudes of VND recovery prospects in 2024**.
- More importantly, the bigger longer term worry is that political uncertainty weighs on efforts to backstop and assist the real estate and manufacturing sector recovery.
- Furthermore, this raises the risks of sporadic episodes of capital stresses in financial markets. (See [Mizuho Flash: Vietnam: Bonds That Bind, 30 January 2024](#))

FX Forecasts	Mar 24	Jun 24	Sep 24	Dec 24	Mar 25	Jun 25
USD/VND	24000 - 25000 (24700)	24300 - 25200 (24800)	24600 - 25200 (24700)	24400 - 24900 (24500)	24200 - 24800 (24400)	24200 - 24800 (24400)

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