

Vietnam Outlook | 2H2025

Seeking Alpha in an unstoppable bull market

July 2025



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A vertical stack of several coins, likely Euro coins, is shown on the left side of the slide. The coins are stacked on top of each other, with the top coin clearly visible. The background is a blurred mix of colors, including green, red, and blue, suggesting a financial or market theme.

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Global Outlook | 2H2025

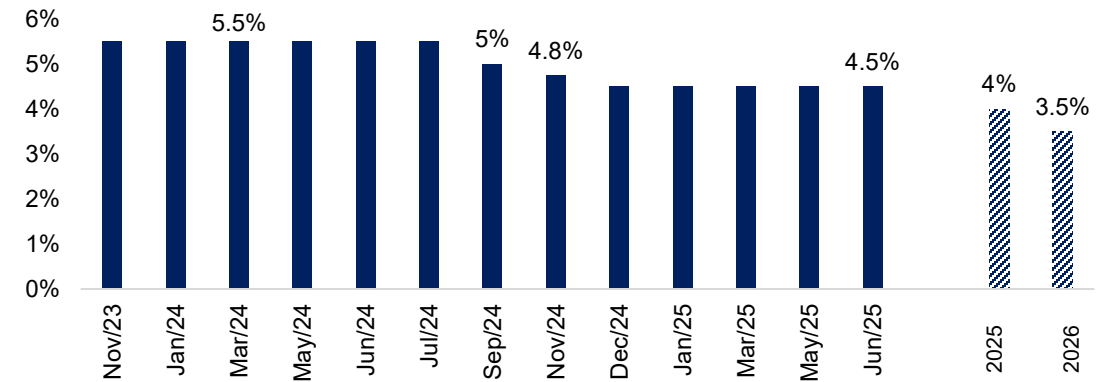
Key global trends & Vietnam market implication

- The market focus will shift from tariff to rate cut possibility in 2H25
- Emerging markets are beneficiaries of a weakening USD
- The U.S. equity market is expected to weaken in 2H25 but tech stocks are likely to get back center stage
- Gold prices are expected to continue rising sharply, while oil prices are likely to move sideways

The market focus will shift from tariff to rate cut possibility in 2H25

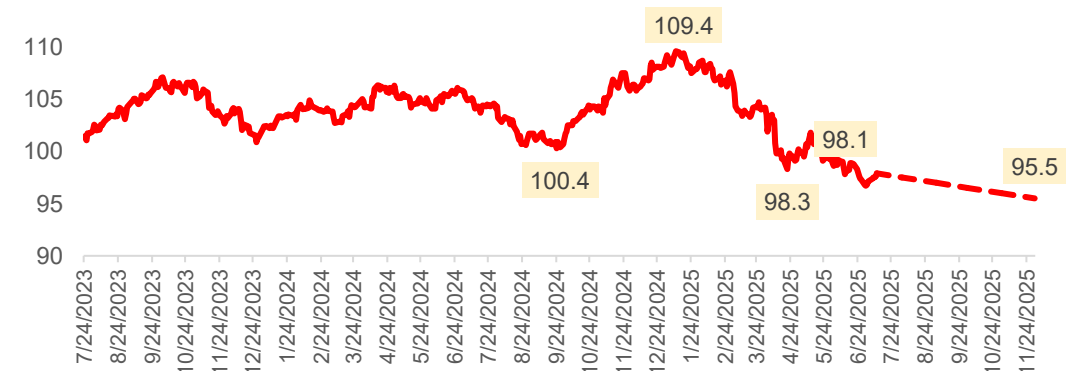
- **United States:** Economic growth is projected to slow in the second half of 2025, with GDP expected to rise just 1.5%, down from 2.8% in 2024. However, recent mixed economic data has made the rate-cut outlook more uncertain. Statistics indicate that recent tariffs have had a limited impact on U.S. prices overall, at least on a broad scale. Meanwhile, the total number of new jobs has consistently exceeded expectations. The June FOMC dot plot also reveals divisions among Fed members on the timing and scale of potential rate cuts
- **The market expects the FED to implement two rate cuts totaling 50 basis points** in September and December 2025, bringing the policy rate down to 4% by year-end
- **The DXY is forecast to continue weakening**, potentially falling below 96, driven by President Trump's controversial policies and an ambitious fiscal agenda expected to push the federal debt ratio (currently at 124% of GDP) higher and widen the budget deficit from 6.4% to 6.9% of GDP. Investment flows are moving away from USD-denominated assets, undermining the dollar's traditional safe-haven status. The EU and emerging markets are attracting returning capital as the USD loses strength.
- **China:** 2Q2025 growth beat expectations despite trade tensions with the U.S., with GDP rising 5.2% in Q2 and 5.3% for H1 overall. In May 2025, the PBOC cut interest rates by 10 bps and lowered the reserve requirement ratio by 50 basis points as part of broader efforts to protect the economy from U.S. tariffs. Investors are closely watching whether China will signal additional stimulus measures at the upcoming Politburo meeting in late July.

The market expects the FED to deliver two rate cuts totaling 50 basis points in Sep and Dec 2025



Source: CMEFedWatch, MBS Research

DXY has fallen 10.3% ytd and is expected to continue weakening



Source: Bloomberg, MBS Research

Emerging markets are beneficiaries of a weakening USD

- History shows that a weaker U.S. dollar has often catalyzed emerging markets - a pattern that now appears to be returning. The recent dollar decline has given central banks in emerging and Asian economies room to cut interest rates, supporting growth amid global trade uncertainty.
- Emerging-market equities are expected to remain attractive in 2H25, supported by recovering macroeconomic momentum and gradually stabilizing inflation. As U.S. outperformance fades, India and ASEAN economies are emerging as key beneficiaries of global supply chain realignment and USD weakness.
- Following persistent net outflows since early 2024, foreign indirect investment (FII) flows began reversing toward Asia and emerging markets - including Vietnam - from May 2025. As of early June, approximately USD 400mn had flowed into Vietnam's stock market.

After continuous net outflows since early 2024, investment flows began shifting toward Asia and emerging markets - including Vietnam - from May 2025 (unit: USD mn)

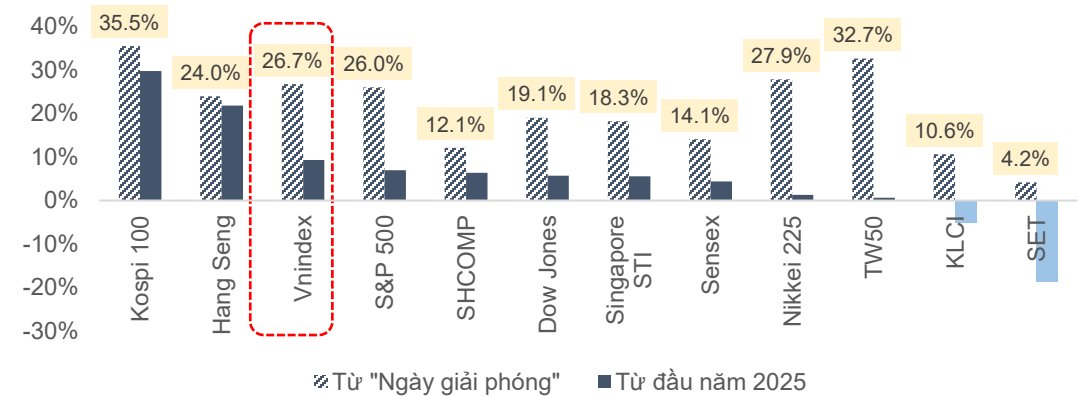
Week	7/10/2025	7/3/2025	6/26/2025	6/19/2025	6/12/2025	6/5/2025	5/22/2025	5/29/2025	5/15/2025	5/7/2025	4/25/2025	4/17/2025	4/10/2025	4/3/2025	2/27/2025	3/20/2025	3/13/2025	3/6/2025
Japan	4235	4503	-3589	3286	1244	2333	4907	2170	3020	1936	4963	7271	12308	-3006	-6954	-12151	-1490	-4702
Korea	712	-337	-1355	257	1796	1804	-244	228	690	426	-92	-913	-2938	-4456	-2155	1472	-1513	-201
India	434	139	-815	-53	626	-445	-800	841	128	688	1535	1263	-1585	-124	-986	-464	-235	-1156
Indonesia	-144	-143	-6	-109	51	-288	94	91	274	-113	-69	-1260	-337	196	-446	-290	-117	21
Taiwan	1074	2810	4836	-238	2248	-1264	748	-447	2837	1866	1177	-1740	-492	-815	-3109	-590	-3797	-3774
Malaysia	-98	73	-26	-85	-55	-68	-83	-133	346	78	47	-84	-414	-22	-140	-209	-239	-129
Thailand	23	-43	140	-184	8	-30	76	-138	-97	164	-268	13	-31	-17	-155	-118	-245	-171
Vietnam	212	130	1	17	10	6	-17	-62	150	43	19	-189	-85	-234	-59	-116	-56	-22
Phillipines	-14	43	-20	-62	-14	10	-34	-266	4	23	-3	7	-66	-15	-24	22	33	4

Source: Bloomberg, MBS Research

The U.S. equity market is expected to weaken in 2H25 but tech stocks are likely to get back center stage

- Global equity markets have rallied strongly since the tariff shock on April 2, 2025, despite ongoing tensions in the Middle East.
- The sharp recovery in U.S. Equities is primarily driven by expectations of FED rate cuts and strong earnings outperformance from leading technology stocks.
- However, institutions remain cautious on the S&P 500 in the second half of 2025, citing concerns over fiscal deficits and weakening USD-denominated assets.
- In ASEAN, Thailand's stock market is down 18% year-to-date, mainly due to domestic political instability.

Global equity markets enjoyed V-shaped recovery since “Liberation Day”. Vietnam is currently among the Top3 best performers



- U.S. technology stocks, represented by the Mag-7 group (Apple, Microsoft, Amazon, Alphabet, Meta, Nvidia, and Tesla), fell sharply in 1Q2025 as Deep Seek emerged as a low-cost AI model competitor. They then staged a strong rebound from April onward as earnings results for the sector exceeded expectations.
- U.S. tech stocks, especially AI-related themes, are expected to maintain strong growth in the second half of 2025. Alphabet, Microsoft, and Amazon plan to invest a combined USD 250 billion in AI-related infrastructure in 2025. The Middle East is also planning to invest around USD 100 bn in AI development projects over the next three years.

CNBC's Mag-7 Index performance over the past year

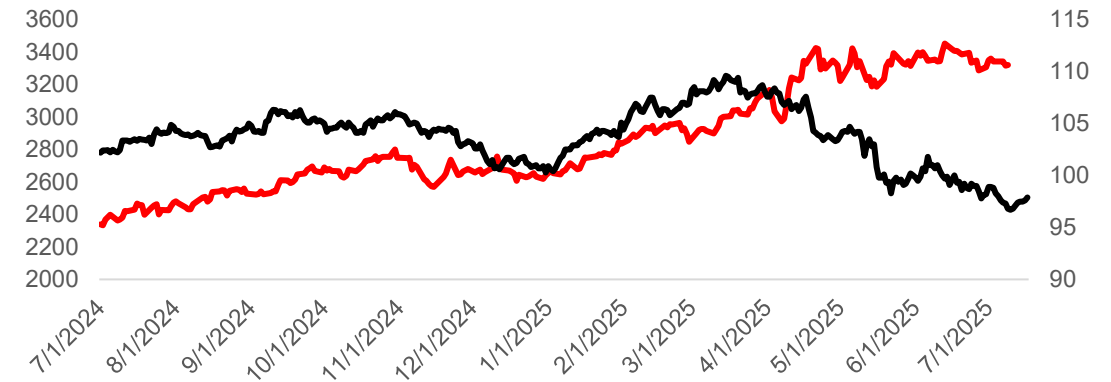


• Source: Bloomberg, MBS Research

Gold prices are expected to continue rising sharply, while oil prices are likely to remain relatively stable

- Gold prices have risen 26% since the start of the year. This rally has been supported by strong demand from central banks and ETFs amid macroeconomic and geopolitical uncertainty, as well as concerns over USD depreciation. In 1Q25, central banks purchased 244 tons of gold, while ETFs recorded net purchases of 227 tons.
- Many forecasts project gold prices to reach approximately USD 3,800/oz by 4Q25, with the potential to reach USD 4,000 in 1H26.
- In the first half of 2025, oil prices were generally caught between geopolitical tensions in the Middle East and weak demand as major economies like the U.S. and China saw subdued recoveries under the weight of the trade war. Brent crude averaged USD 67.9/bbl, 12% lower than the 2024 average.
- We forecast oil prices to remain broadly flat at an average of around USD 70/bbl in the second half of 2025**, based on factors including (1) persistent Israel–Iran conflict tensions, and (2) ample supply as OPEC+ increases production.

Gold price and USD index performance over the past year



Since the start of the year, Brent crude has averaged USD 67.9/bbl, 12% lower than the 2024 average



Source: Bloomberg, MBS Research



Viet Nam Macro Outlook |

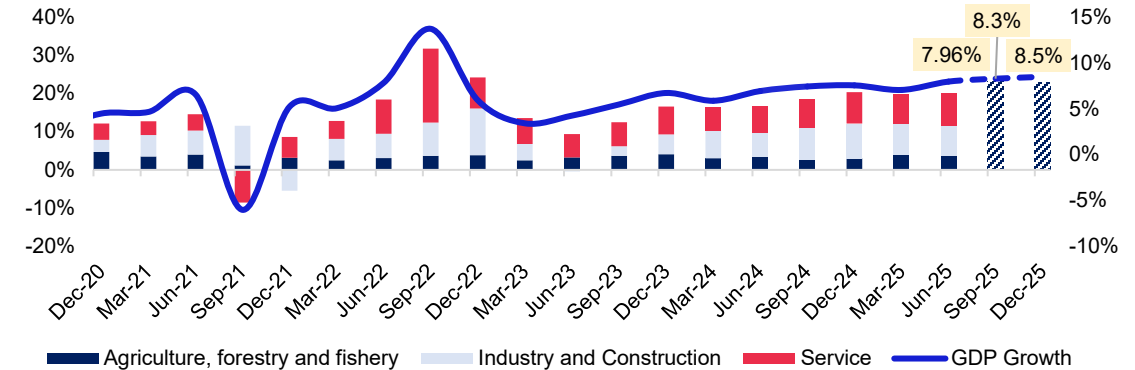
Ignite the new growth engines

- Vietnam completed most key economic targets despite external challenges
- A comprehensive country “strategic restructuring” for a new era of growth
- Export growth will slow in the second 6 months due to the need to adapt to new U.S. tariff policies
- Public and private investment will play a pivotal role in achieving annual economic targets
- An accommodative monetary policy will continue to be maintained to meet growth objectives

Vietnam completed most key economic targets despite external challenges

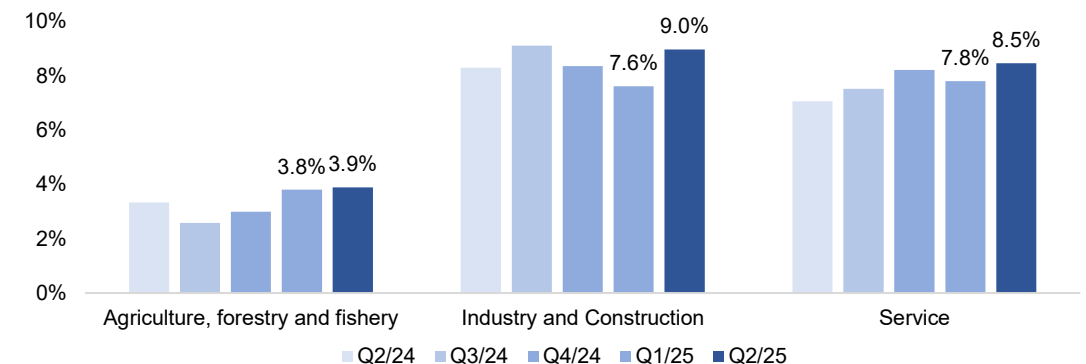
- Despite global fluctuations, Vietnam's economy started 2025 impressively, with GDP growth in Q1 and Q2 reaching 7.05% and 7.96% yoy, respectively. GDP for the first half of 2025 grew by 7.52%, marking the highest growth rate for the same period in nearly 20 years.
- In 1H25, the industry and construction sector grew by 8.3%, contributing 42.2% to the overall economic growth. This positive growth was mainly driven by: processing and manufacturing industries (+10.1% yoy), electricity production (+4.2% yoy), and construction (+9.6% yoy) – the highest growth compared to the same period in the years from 2011 to 2025. Conversely, the mining sector declined by 4.3% yoy.
- The service sector grew by 8.1% yoy in 1H25, contributing 52.2% to GDP. Meanwhile, the agriculture, forestry, and fisheries sector grew by 3.8%, contributing 5.6% to GDP.
- Despite various external headwinds especially the reciprocal tariffs threat, the economy continues to show strong economic tailwinds in 1H25 with positive trade surplus of USD 7.63bn, robust FDI disbursement reaching USD 11.72bn (+8.1% yoy), an acceleration of public investment disbursement with VND 268.1tn (+24.3% yoy).
- The government still stands firm on 8% GDP growth target for this year despite global economic hurdles. Accordingly, the target for GDP growth in Q3 and Q4 will be 8.3% and 8.4% respectively.

Quarterly GDP growth by sectors (% yoy)



Source: GSO, MBS Research

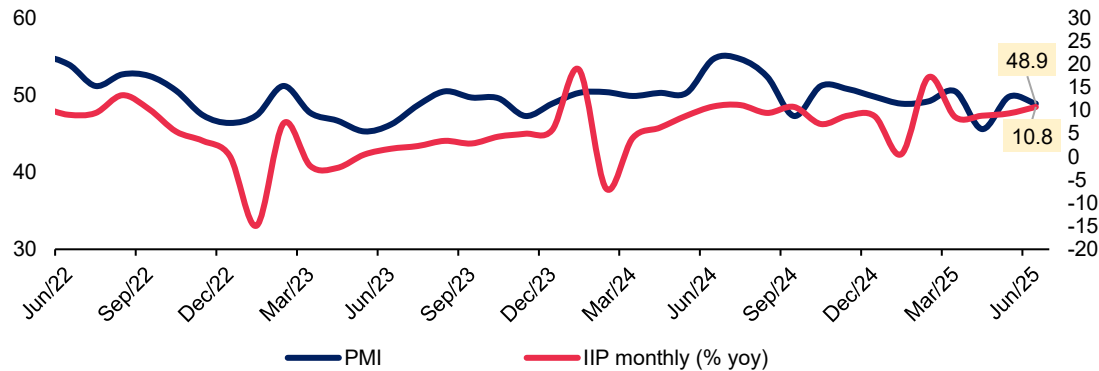
Quarterly GDP growth by sector (% yoy)



Source: GSO, MBS Research

A challenging start for Vietnam's Industrial production

Vietnam's manufacturing PMI and IIP (% yoy)



Source: GSO, MBS Research

- The manufacturing sector in the first six months of the year was quite subdued, with 5 out of 6 months recording PMI results below the 50 no-change mark. Notably, April's PMI fell to a two-year low of 45.6 points due to tariff turmoil. By June, the PMI stood at 48.9 points, amid an eighth consecutive month of declining export orders, with the sharpest drop in the past two years.
- 6M25: electricity consumption increased by 2.7%, while gasoline and oil consumption decreased by 4.5%.
- Vietnam's industrial production has continuously maintained growth momentum since the beginning of the year. For 6M25, the IIP expanded by 9.2%, stronger than the 7.7% seen last year. Notably, manufacturing surged by 11.1% yoy, driven by: manufacture of motor vehicles (+31.5% yoy); leather and related products (+17.1% yoy); rubber and plastics products (+17% yoy); wearing apparel (+15.1% yoy); and transport equipment (+14.1% yoy). Conversely, mining declined by 3% yoy.

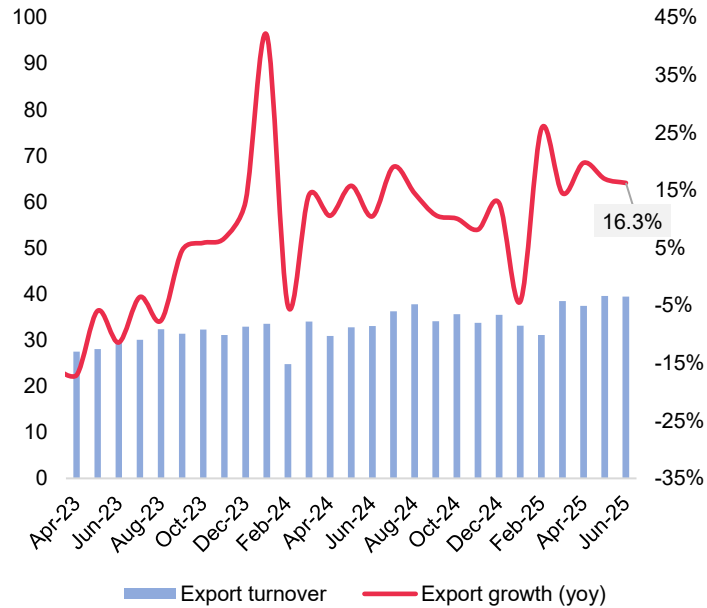
Monthly change of Index of Industrial Production (IIP) by category (% yoy)

Sector	Jan	Feb	Mar	Apr	May	Jun	1H25
WHOLE INDUSTRY	0.6	17.2	8.6	8.9	9.4	10.8	9.2
Mining	-10.4	0.4	-3.9	-4.2	1.2	2.8	-3.0
Manufacturing	1.6	19.97	10.2	10.8	11	12.1	11.1
Food processing	2.1	17.15	10.3	10.4	9.5	13.1	10.8
Aquacultural products	-1.5	14.9	13.5	11.5	13.1	10.2	9.0
Milk processing	4.8	14.4	3.2	5.9	6.2	9.6	5.4
Feed processing	-1.6	16.9	10.4	9.9	8.8	13.9	10.6
Beverage processing	-0.1	9.24	0.1	6.3	6.2	8	1.9
Garment & textiles	4.2	30.78	9.2	11.7	10.1	9.8	9.2
Leather products	10.3	42.4	15.1	13.4	13.7	17	17.1
Wood & wooden products	-0.6	36.95	5.0	12.8	7.6	4.3	10.6
Paper & paper products	-3	26.03	7.8	8.5	6.1	13.9	9.7
Coke and petroleum products	-5.8	-3.28	30.6	47.2	5	0.04	10.2
Chemical products	-8.4	16.22	7.0	11.1	9.1	8.4	6.8
Fertilizer	6.3	7.2	11.0	7.1	11.8	7.6	11.8
Rubber & plastics products	-2.2	32.43	12.4	18.6	17.2	19.9	17.0
Medicine	-29.1	18.12	7.6	-2.4	-10.2	-10.2	-7.5
Metal	-2.1	2.73	3.3	15.3	19.9	18	11.0
Computer, electronics products	3.8	15.61	11.2	8.3	8.3	9.3	9.8
Electrical equipment	-11.5	9.64	-3.8	-18.6	-9.5	11.9	1.1
Machinery & Equipment	-9.9	24.51	11.3	-1.2	2.1	6.2	6.6
Motor vehicles	33.8	76.07	18.4	27.6	27.1	34.9	31.5
Electricity & gas supply	0.4	9.88	6.7	4.6	3.3	5.9	4.5
Water treatment	9.2	13.92	9.2	7.6	11.3	14.3	11.3

Source: GSO, MBS Research

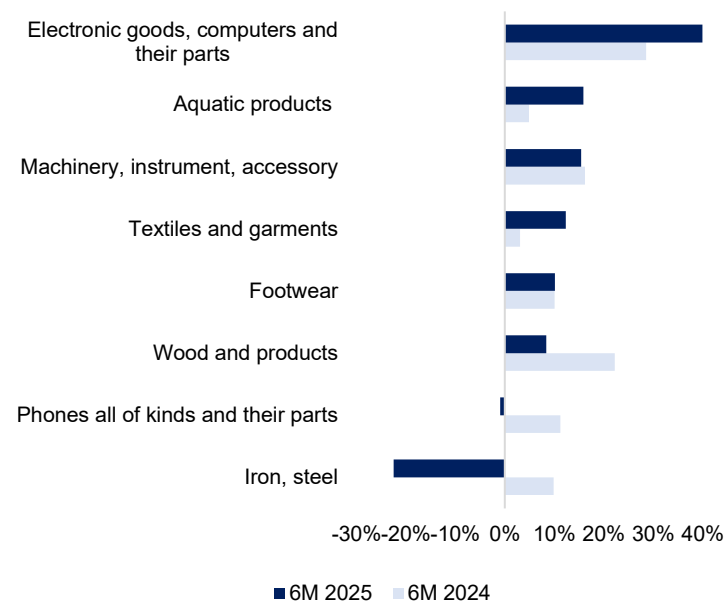
Export: 6M25 exports surged by 14.4% yoy mainly driven by the US and EU, whilst China remained subdued

Exports turnover by monthly (USD bn)



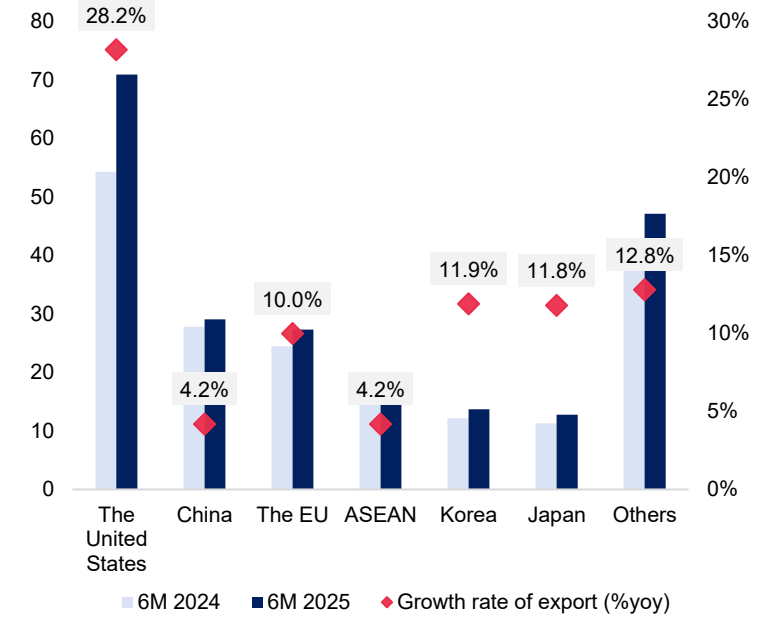
• Source: GSO, MBS Research

Growth of key exports products (% yoy)



• Source: GSO, MBS Research

Growth and value by export market in 6M25 (USD bn)

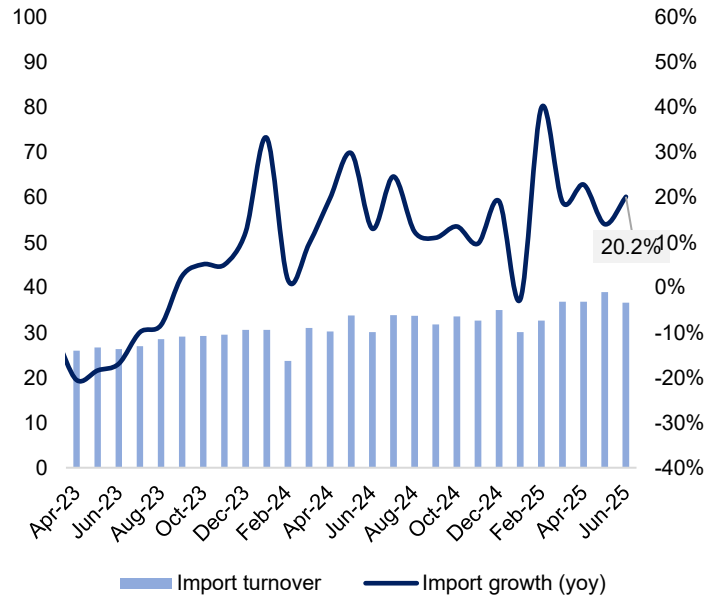


• Source: GSO, MBS Research

- For 6M25, Vietnam's export turnover has accumulated to USD 219.83bn (+14.4% yoy), relatively flat compared to the same period last year. Key export products grow robustly, including toys, sports equipment (+103.4%); electronic goods & computers (+40%); iron & steel products(+31.6%); electrical wire & cable (+26.9%) and rubber (+16.2%). Notably, iron & steel export dipped by 22.5% yoy to USD 3.7bn. Exports of domestic enterprises grew by 9.4% yoy, accounting for 26.5%, meanwhile, exports of FDI expanded by 16.4%, accounting for 73.5%.
- In terms of export markets: The U.S grew strongly at 28.2% yoy with an export turnover of USD 70.9bn. Exports to the E.U also experienced strong growth of 10% yoy while exports to China inched up by 4.2% yoy. Exports to Japan accelerated to USD 12.8bn, reflecting a 11.8% yoy growth.

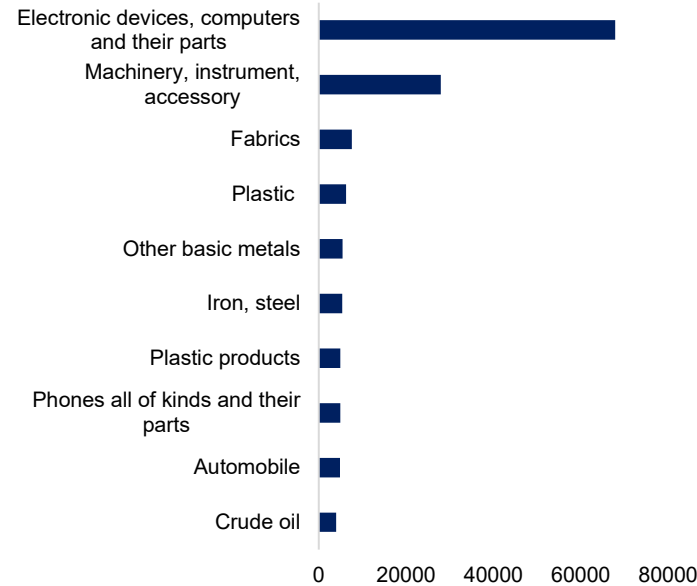
Import: 6M25 imports grew by 18% yoy as businesses ramped up imports to front-load materials amid tariff uncertainties

Imports have been maintaining double-digit growth since Feb 2025



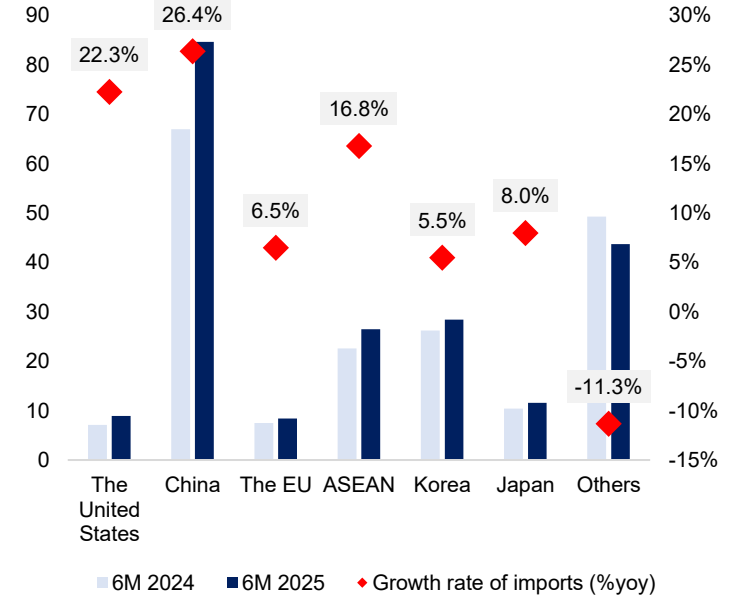
• Source: GSO, MBS Research

Top import products in term of value in 6M25



• Source: GSO, MBS Research

Growth and value by import market in 6M25 (USD bn)



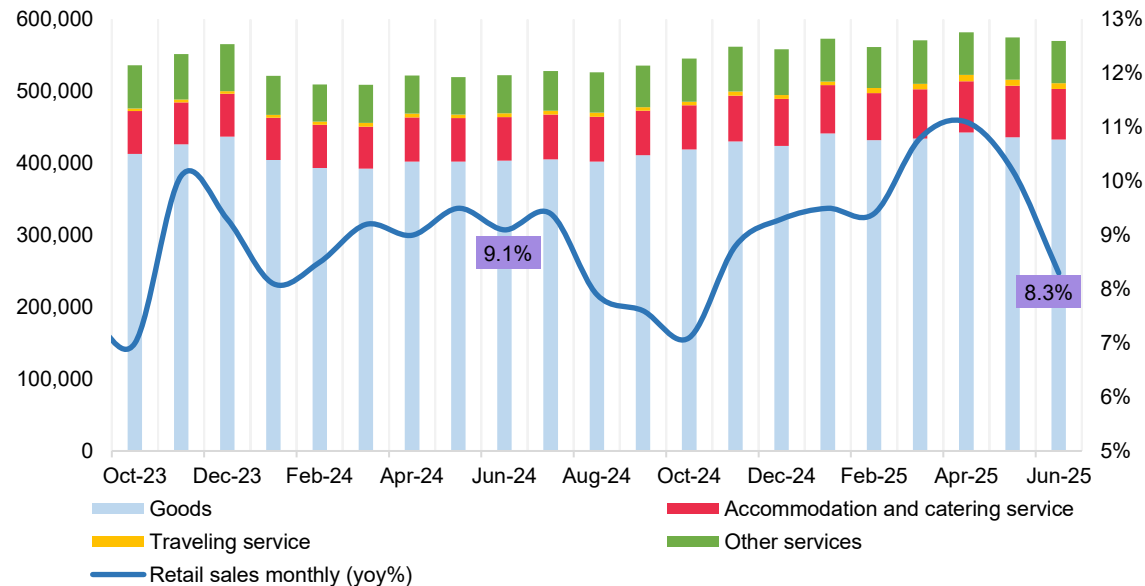
• Source: GSO, MBS Research

- For 6M25, imports rose by 17.9% yoy as business ramped up imports to front-load materials amid tariff uncertainties. Besides, it is also reflect the effort in narrowing the trade surplus with the US with imports from the US surged by 22.3% to USD 8.9bn – the highest value in 6M in the period of 2020 – 2025. Consequently, Vietnam enjoyed a trade surplus of USD 7.63bn in 6M25, significantly lower than that of USD 11.63bn in 6M24. Top import products are: electronic devices (USD 67.9bn, +37.2% yoy), machinery (USD 28bn, +24.4% yoy), fabrics (USD 7.5bn, +3.5% yoy), and plastics (USD 6.2bn, +12.8% yoy).
- China continued to be Vietnam's largest import market (accounting for 40% of total import turnover), followed by South Korea (13.4%), ASEAN (12.5%) and Japan (5.5%).

Domestic consumption is on a recovery trend but slower than expected

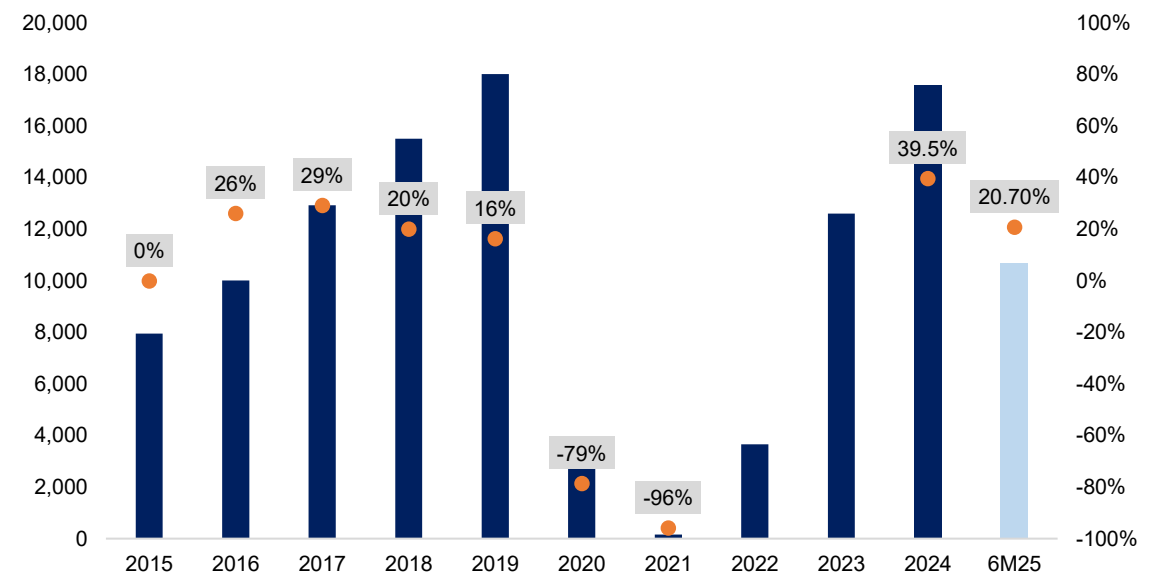
- For 6M25, the total retail sales increased 9.3% and 7.2% yoy (excluding the price factor). Of which, retail revenue from goods rose by 7.9% yoy, equivalent to the growth rate of the same period in 2024 but lower than the pre-pandemic period. According to the GSO, this indicates a trend of tightened consumer spending on goods; at the same time, consumption patterns are shifting from quantity to quality, particularly following intensified efforts to combat smuggling, commercial fraud, counterfeit, and imitation goods.
- Tourism remains a bright spot, with nearly 10.7mn international visitors to Vietnam, up 20.7% yoy. This significantly contributed to a 14.7% yoy increase in revenue from accommodation and dining services.
- We expect domestic consumption to improve to 9% - 9.5% in the second half of the year, driven by: (1) low interest rates; (2) a positive recovery in production; and (3) the extension of the 2% VAT reduction until the end of 2026, with an expanded scope of eligible sectors including transportation, logistics, goods, and information technology services

Retail sales of consumer goods and services over the same period last year (VND tn)



Source: GSO, MBS Research

International visitors to Vietnam ('000s arrivals)



Source: GSO, MBS Research

Comprehensive country “strategic restructuring” for a new era of growth

Restructure central and local government

- Reduce the number of ministries from 18 to 14 and consolidate provinces/cities from the current number to 34. Eliminate district-level administrative units. The goal is to reduce administrative procedures by at least 30%, increase budget revenue, and cut recurrent expenditures.
- In 1H25, State budget revenue reached 1,332.3 tn VND, equivalent to 67.7% of the estimate, up 28.3% yoy. Total budget expenditure is estimated at 1,102.1 tn VND, equivalent to 43.2% of the estimate, up 38.5% yoy. The budget surplus will create room for fiscal policies in the upcoming period.

Resolution 68-NQ/TW on Private sector economic development

- Objectives for 2030: 2 million active enterprises, with at least 20 large enterprises participating in global value chains. The private sector achieves an average annual growth rate of approximately 10–12%, contributing about 55–58% to GDP.
- Objectives for 2045: At least 3 million active enterprises, proactively participating in global production and supply chains with high competitiveness regionally and internationally. Contributing over 60% to GDP.

Resolution 57 on science, technology, innovation, & digital transformation

- 2% GDP for research and development (R&D).
- Objectives for 2030: Rank among the top 3 countries in Southeast Asia and top 50 globally in digital competitiveness and e-government development indices; among the top 3 in Southeast Asia for AI research and development.
- Objectives for 2045: Digital economy reaches at least 50% of GDP, among the top 30 countries globally in innovation and digital transformation.

Policies set to take effect soon

- Resolution 154/NQ-CP dated May 31, 2025 emphasizes the continued promotion of public investment disbursement, strengthening the recovery of overdue tax debts, implementing digital transformation and electronic invoices, and striving to increase state budget revenue in 2025 by over 15%; implementing a 10% reduction in recurrent expenditures to supplement development investment capital.
- On July 3, 2025, Prime Minister Phạm Minh Chính requested the SBV to study a roadmap to remove administrative tools in managing credit growth, also known as the “credit ceiling.”
- Detailed guidelines on the conditions for seizing collateral assets of credit institutions after Decree 9 was legislated in June 2025.
- A roadmap to reduce the volume of gasoline and oil-powered vehicles in major urban areas.
- A draft amendment to Decree 24/2012 on gold market management, abolishing the monopoly on gold bar production.

Export growth will slow down in the last six months of the year due to the need for time to adapt to new U.S. tariff policies

The 20% tariff rate helps Vietnam maintain its export competitive advantage

- On July 3, Vietnam became the first Southeast Asian country to reach a tariff agreement with the United States, with a 20% tariff rate for Vietnamese goods and 40% for transshipped goods, effective from August 1, 2025. This tariff rate is generally lower than initially announced on April 2, and it is a positive signal as competing exporting countries currently face higher tariffs.
- In return, Vietnam will reduce tariffs to 0% for most goods imported from the U.S.
- However, we believe export growth will slow in the last six months of the year due to: (1) reduced demand after U.S. importers stockpiled goods before the tariff deadline in early July; (2) the need for time to establish clear definitions for certain goods, such as regulations on the origin of “transshipped goods.”
- This also serves as an incentive for Vietnamese enterprises to increase the localization rate of component and material sourcing, promote the development of the domestic supporting industry, and engage more deeply in global supply chains.
- Conversely, we believe that the 0% tariff reduction and increased imports from the U.S. to narrow the trade deficit between the two countries will put pressure on the USD/VND exchange rate in the near future.

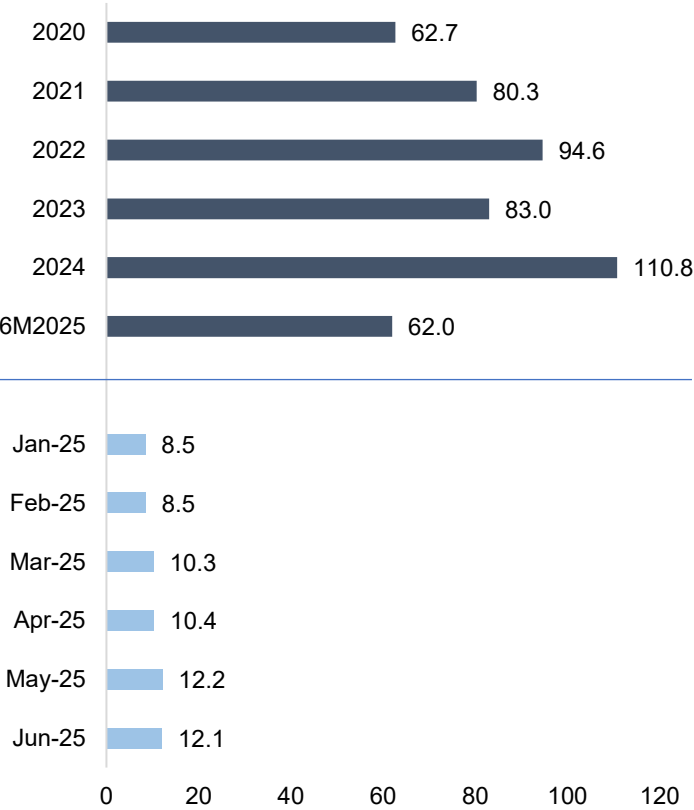
Update on Applicable Tariff Rates for Countries Competing with Vietnam in Exports as of July 9

Country	Import Market Share into the U.S.	Tariff rates announced on April 2	Tariff rates announced on July 9	Assessment
China	13%	55%		A competing partner with Vietnam in key product categories such as wood products, textiles and garments, chemicals, automobiles, and electronics
Vietnam	4%	46%	20%	
Taiwan	4%	32%		A competitor to Vietnam in products such as electronics
India	3%	27%		A competitor in attracting FDI
Thailand	2%	37%	36%	A competitor in attracting FDI in the region, and also in exporting agricultural products such as rubber, sugar, etc
Malaysia	2%	24%	25%	A competitor in attracting FDI in the region
Brazil	1%	10%	50%	A competitor to Vietnam in agricultural products such as rubber, coffee, sugar, etc
Indonesia	<1%	32%	32%	A competitor in attracting FDI in the region, and also in exporting products like rubber, electric vehicles, metals, etc
Philippines	<1%	18%	20%	A competitor in attracting FDI in the region, and also in exporting electronic components, machinery, etc
Cambodia	<1%	49%	36%	A competitor in garments and footwear
Bangladesh	<1%	37%	35%	
Pakistan	<1%	30%		
Sri Lanka	<1%	44%	30%	
Kazakhstan	<1%	27%	25%	A competitor in chemical exports

• Source: CNBC, MBS Research compiled

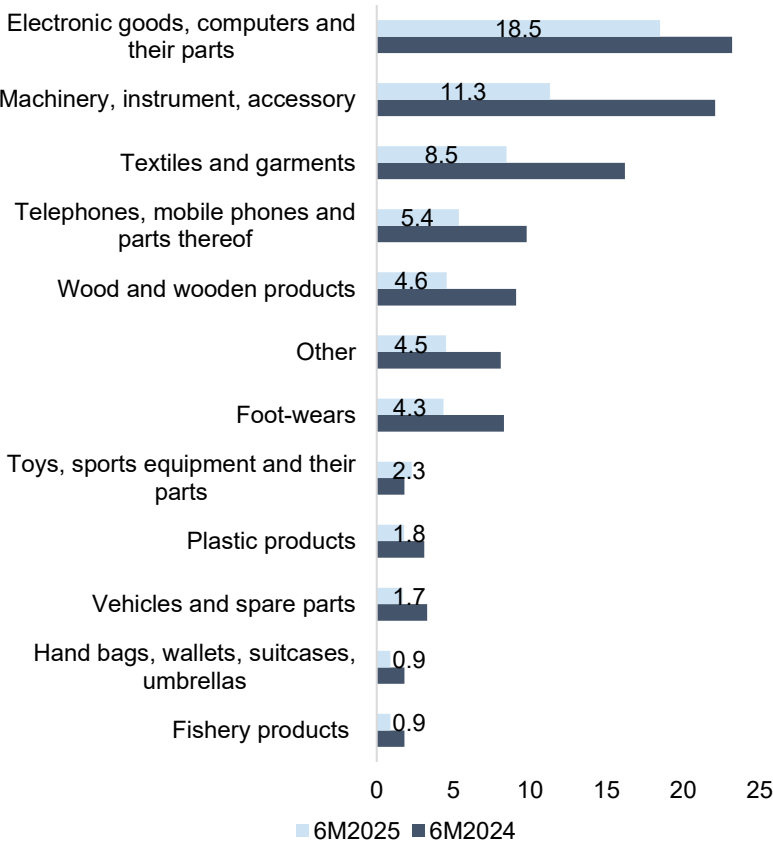
U.S. Tariff Policy: Vietnam needs to increase imports from the U.S. to narrow the widening Vietnam – U.S. trade surplus

The Vietnam - U.S. trade surplus widened in 2Q25 due to a surge in exports ahead of the tariff implementation (USD bn)



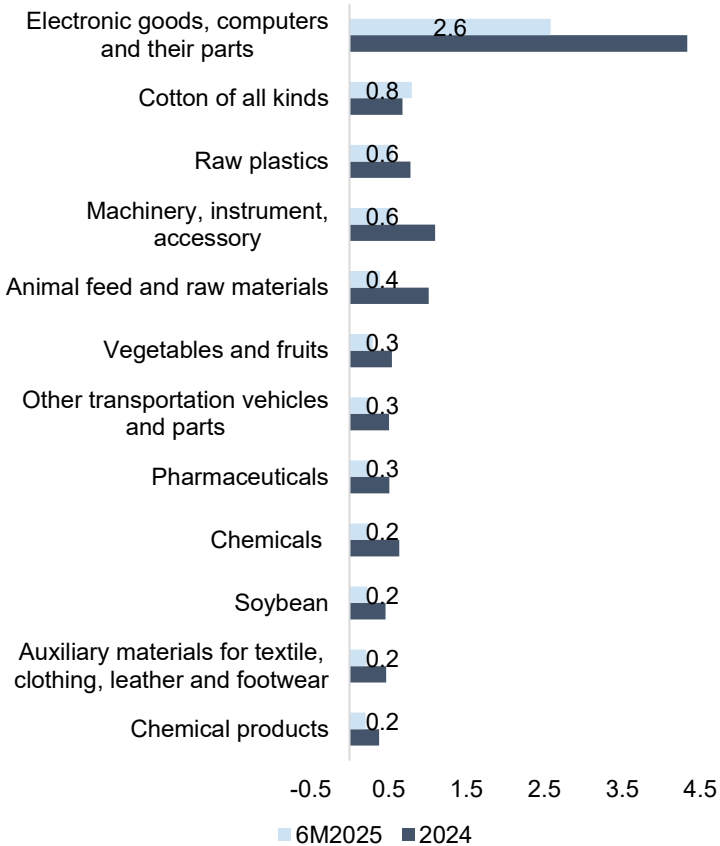
Source: GSO, MBS Research

Top export products to the U.S. market, accounting for 91% of total export value (USD bn)



Source: GSO, MBS Research

Top imported products from the U.S., accounting for 74% of total import value (USD bn)

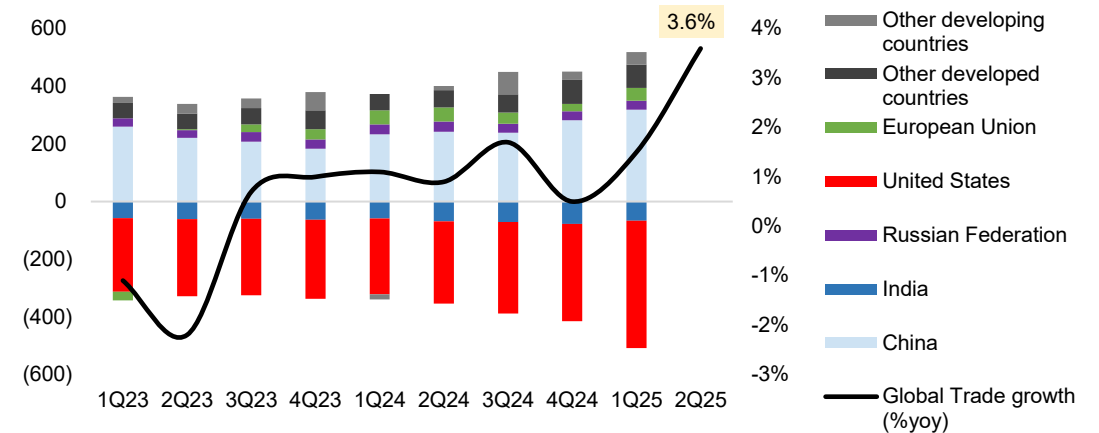


Source: GSO, MBS Research

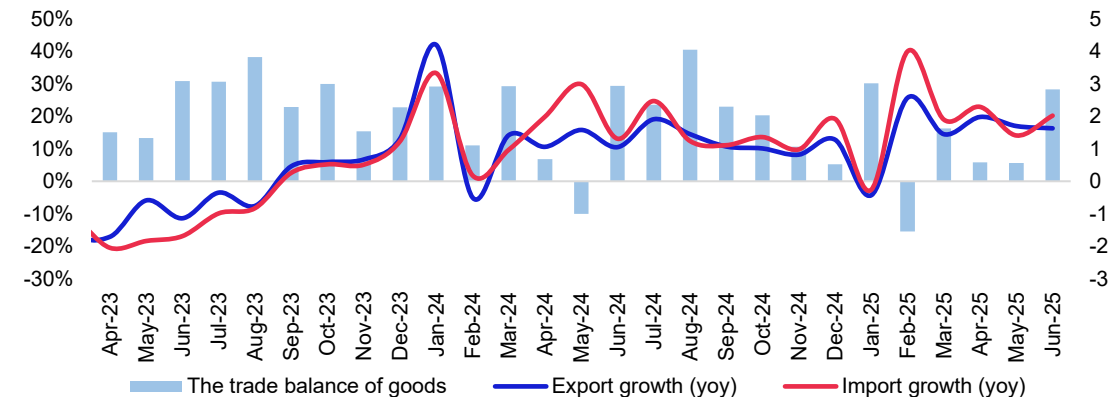
Export growth will soften in the 2H25 as it will take time to adapt the new U.S. tariff policies

- Despite ongoing geopolitical conflicts in the Middle East, global merchandise trade value surged by 3.6% in 2Q2025. This growth was primarily driven by: rising prices for traded goods (contributing ~2.5 percentage points), and an increase in trade volume (accounting for the remaining 1%).
- The U.S. trade deficit continued to widen, rising by 31% QoQ to USD 442 bn. Vietnam is now the United States' third-largest trade deficit partner, following only China and the European Union.
- According to UNCTAD, global merchandise trade faces significant headwinds in the second half of 2025 amid escalating Middle East tensions, slowing global growth, and the introduction of new U.S. tariff policies that are reshaping global trade dynamics.
- We forecast that Vietnam's export growth will slow to just 4% - 6% in 2H25, as exporters will need time to adapt to the new tariff regime. **For the full year, export growth is projected at 9% - 10%.**
- On the import side, shipments from China - which account for 40% of Vietnam's total imports - are expected to decelerate due to tighter rules on origin verification and the potential imposition of higher tariffs. However, this is likely to be offset by a strong 22% surge in imports from the U.S. during 1H25, which we expect to maintain momentum. As a result, **we estimate import growth at 12% for 2H25 and 15% for the full year.**
- Consequently, **Vietnam's trade surplus in 2025 is expected to narrow significantly to USD 4 - 8 bn**, down from USD 24.8 bn in 2024. This shrinking surplus will likely add pressure on the exchange rate in the coming period.

Global merchandise trade growth (% yoy) and Trade balances of major economies (USD bn)



Vietnam enjoyed a trade surplus of USD 7.63bn in 6M25

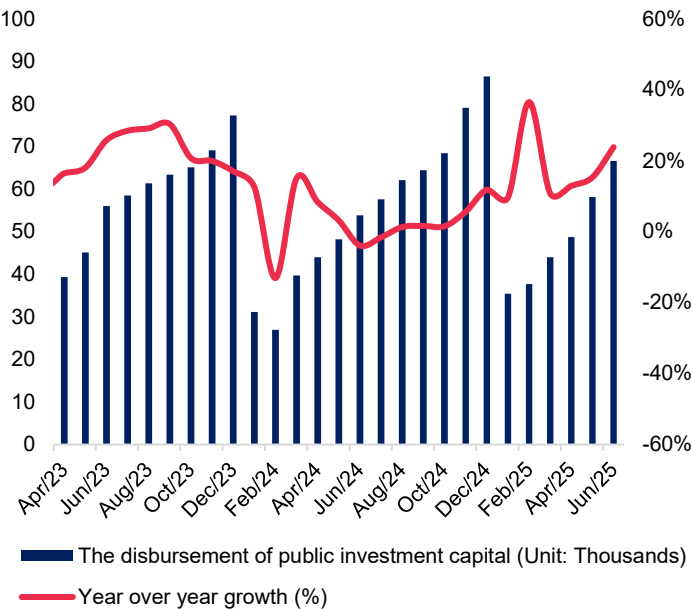


Source: GSO, MBS Research, UNCTAD

Public investment will play a pivotal role in achieving the annual economic targets

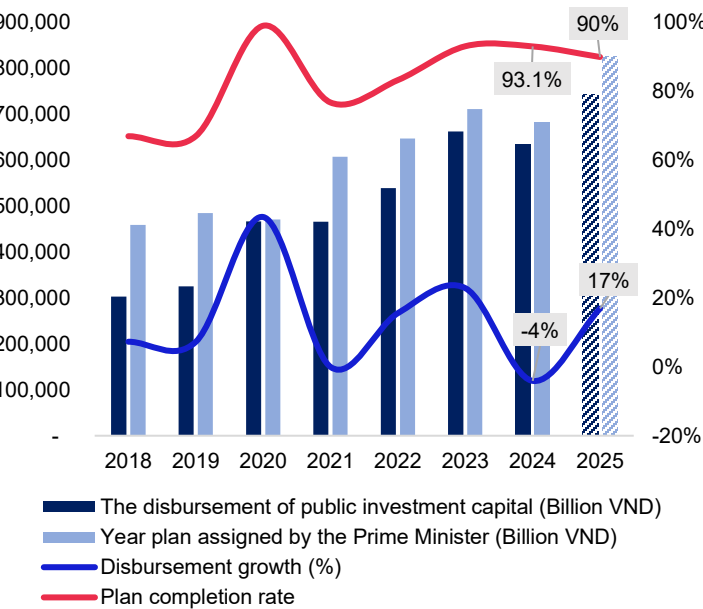
- According to the Ministry of Finance, public investment disbursement reached approximately VND 268.1tn in the first half of 2025, up 42.3% yoy, completing 29.6% of the annual target. In June 2025, the Government issued 28 decrees aimed at decentralizing and delegating authority within the two-tier local government system. These legal frameworks are expected to empower ministries, sectors, and localities to take greater initiative in implementing public investment, especially in areas undergoing administrative restructuring. To date, 16 new expressways have been completed, bringing the total national expressway length to 2,268 km. Additionally, key infrastructure such as the connecting road and Terminal T3 have come into operation, while construction of 52 other strategic projects is being expedited.
- Recognizing public investment as a key driver of economic growth, the Prime Minister in May called on ministries and localities to make concerted efforts to fully disburse the 2025 public investment budget. Approximately VND 630tn is expected to be disbursed in the second half of the year.

Disbursed public investment picked up pace since the beginning of 2025



• Source: GSO, MBS Research

Completion rate of investment disbursement for the 2019 –2024 period and the plan for 2025



• Source: MOF, MBS Research

Key public investment projects in 2025-2026

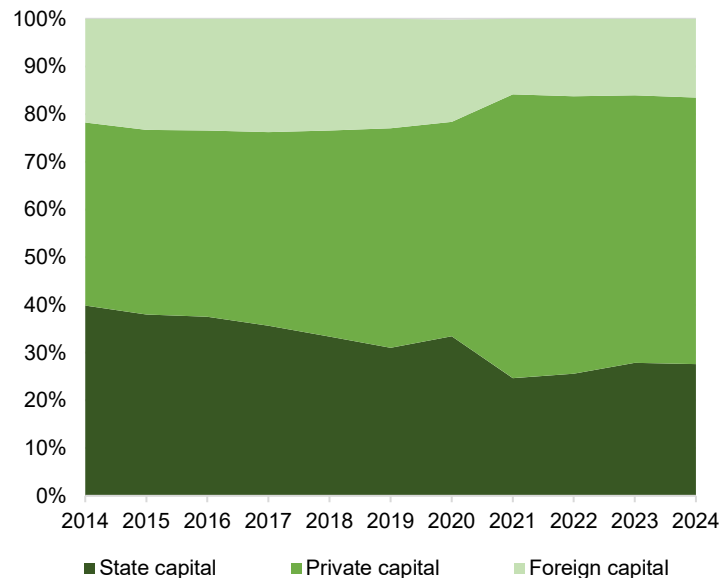
No.	Project	Length (km)	Total investment (VNDbn)	Time of construction					
				2024	2025	2026	2027	2028	After 2028
1	The North – South Express (Phase 2)	729	146,990						
2	Ring Road 4 (HN)	36	85,813						
3	Long Thanh Airport (Phase 1)	2668	109,000						
4	Ring Road 3 (HCM)	76	75,400						
5	North-South high-speed railway	1,541	1,713,548						

• Source: MOT, MBS Research

Private investment expected to be “unlocked” by Resolution 68

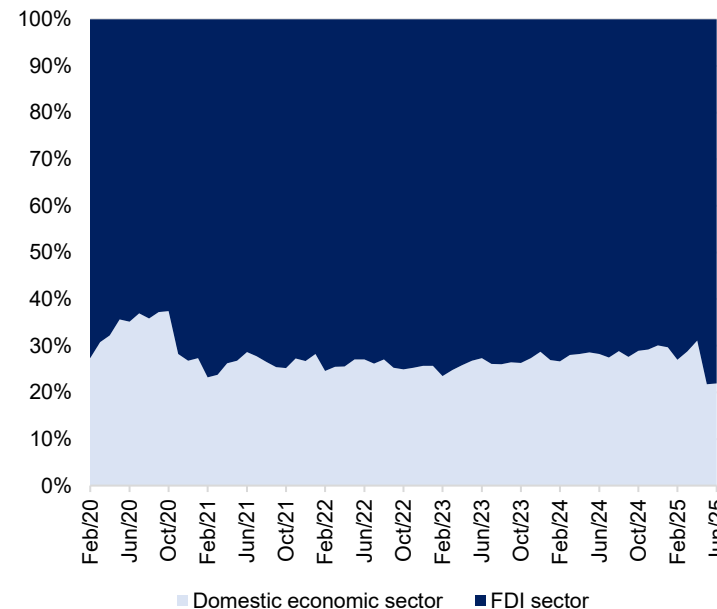
- Private investment in 2Q25 was amounted to VND 493.1bn (+8% yoy) – marking the highest disbursed amount in 2Q to date, indicating that domestic businesses' confidence is strengthening, supported by low lending rates and government's support.
- The private sector, with over 940,000 enterprises and 5mn business households, contributes ~50% of GDP, >30% of state budget revenue, and employs 82% of the workforce. However, it faces barriers limiting its scale and competitiveness against the FDI sector, as seen in the export turnover structure where FDI's share grows while the domestic sector's declines.
- Resolution 68 on private sector development is expected to establish a level playing field, enabling private enterprises to access key resources such as land, technology, finance, and major infrastructure projects. The policy is anticipated to "unlock" growth potential from the private sector in the near future.

Private sector contributes ~60% of the total investment capital



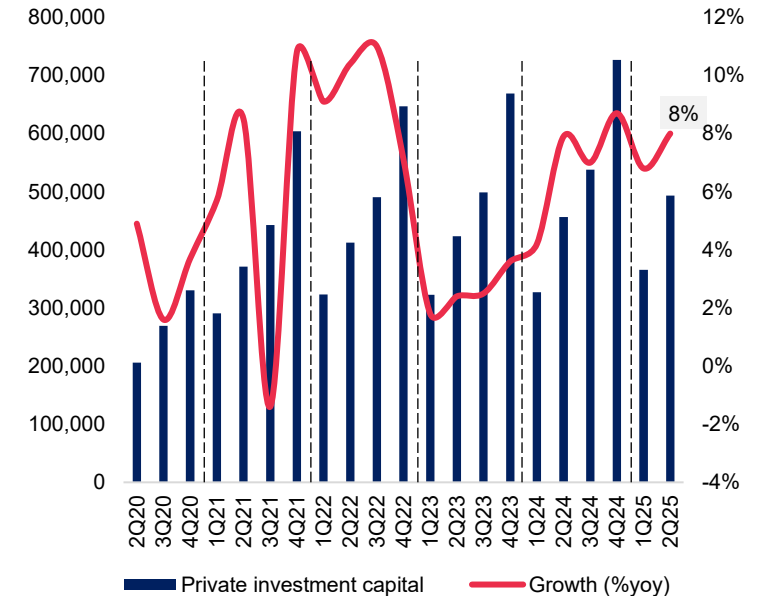
• Source: GSO, MBS Research

The FDI sector significantly contributes to export turnover



• Source: GSO, MBS Research

Private investment in 2Q25 set an all-time record high for second quarters

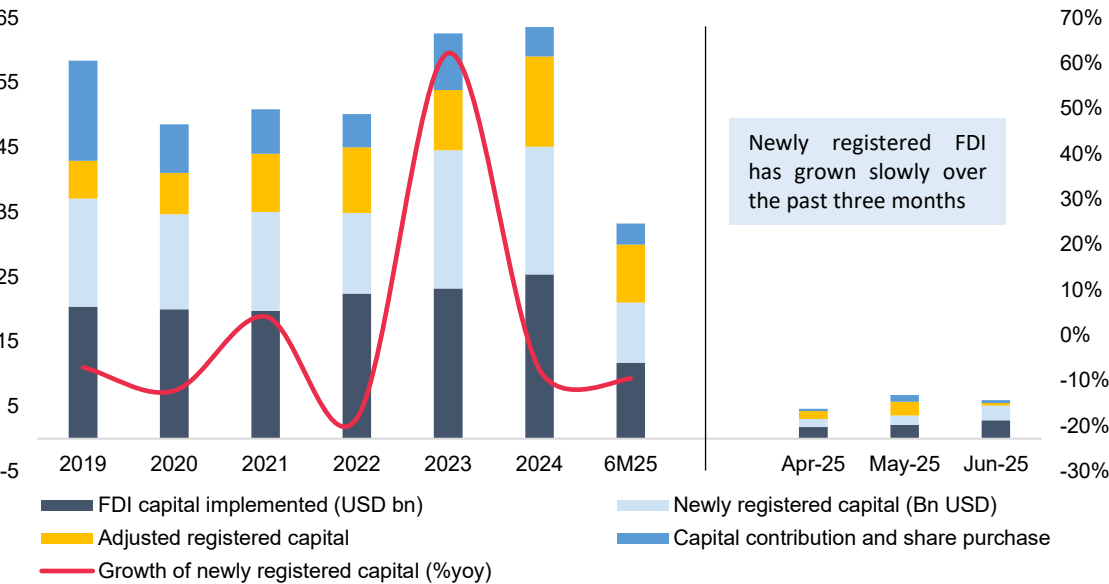


• Source: GSO, MBS Research

Strong FDI inflows in 1H25 but likely weakening in upcoming time

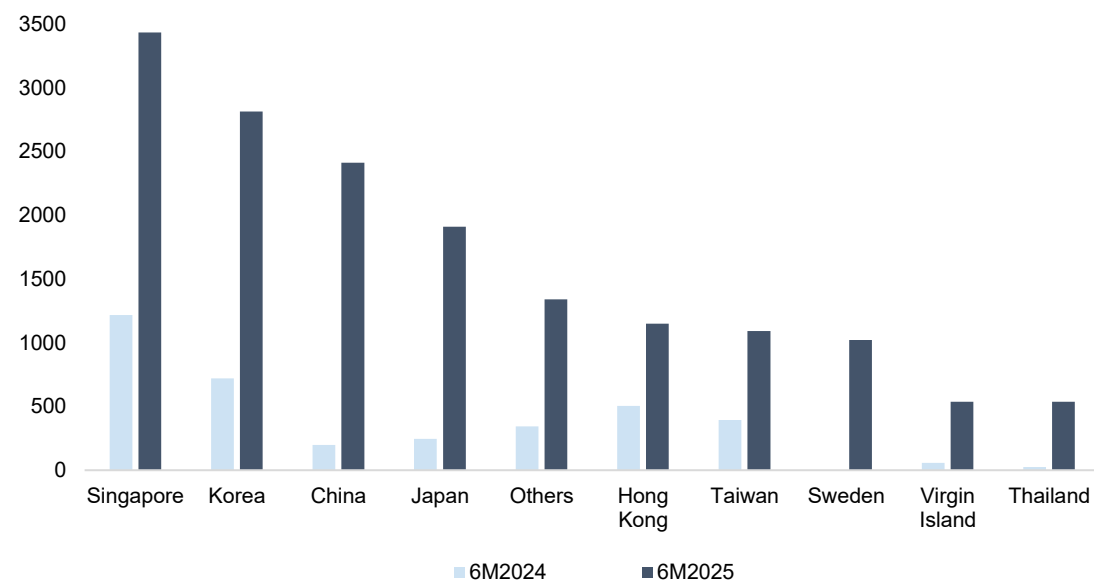
- As of June, total realized FDI capital reached USD 11.7bn (+8.1% yoy), marking the highest level in the past five years. However, newly registered FDI capital declined by 9.6% yoy to USD 9.29bn, due to investor concerns over new U.S. tariff policy changes that could reshape global trade flows. The majority of newly registered FDI capital in the first six months of 2025 came from Singapore, China, and Japan.
- Hanoi led in attracting FDI with USD 3.7bn (2.8 times higher than the same period last year), followed by Bac Ninh with USD 3.15bn (+7.1% yoy), and Ho Chi Minh City with USD 2.7bn (2.2 times higher than the same period last year). The processing and manufacturing industry led with USD 10.6bn, up 8.1% yoy, accounting for 58% of total registered investment capital. Real estate ranked second with nearly USD 5.2bn, making up 24% of total registered investment capital, more than double the amount recorded in the same period last year.

Implemented FDI accelerated in 6M25 with an increase of 8.1% yoy



• Source: GSO, MBS Research

Newly registered FDI by country in 6M25 (USD mn)

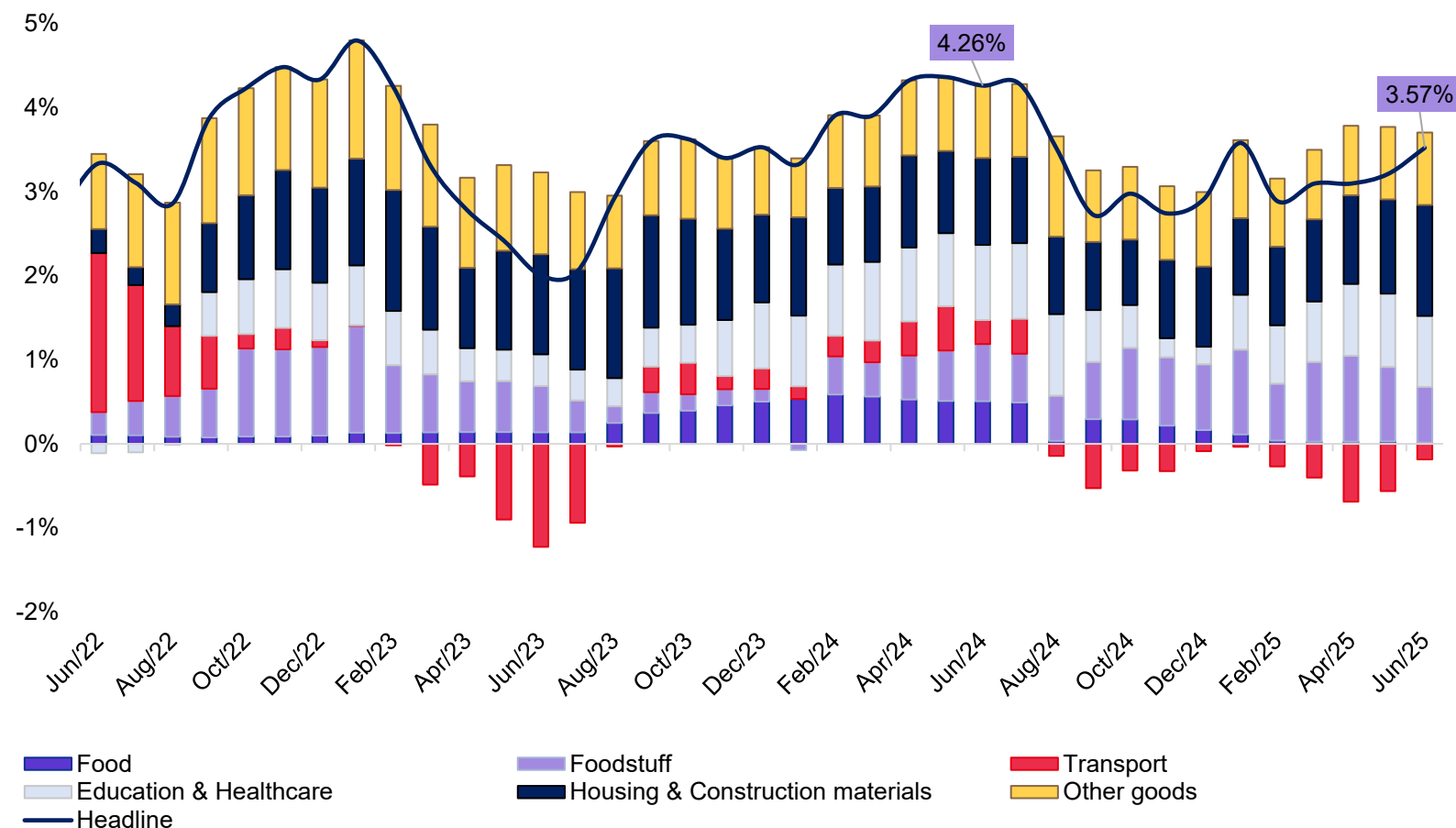


• Source: GSO, MBS Research

CPI and core inflation surged by 3.3% yoy and 3.2% yoy in 6M25, respectively

- CPI started the year at 3.6%, then has been on the verge of declining to hover around 3% from then until May before rising again in June. The CPI increased by 3.6% yoy in June, with a cumulative rise of 3.3% yoy for the first six months of 2025 - still well-controlled below the Government's target of 4.5% – 5%. Meanwhile, core CPI rose by 3.2% yoy.
- Key factors attributed for the increase of 6M25 CPI included: a sharp 12.8% rise in pork prices due to supply shortages; a 5.5% yoy increase in electricity prices due to rising electricity demand and EVN's price hike in October 2024 and May 2025; a 13.9% yoy increase in the price index of medicines and medical services fueled by adjusted healthcare service prices. In contrast, the inflationary uptrend slowed thanks to: a 12.6% yoy decline in gasoline and oil prices and a 0.5% decrease in the postal and telecommunications group.

Monthly CPI by category (% yoy)

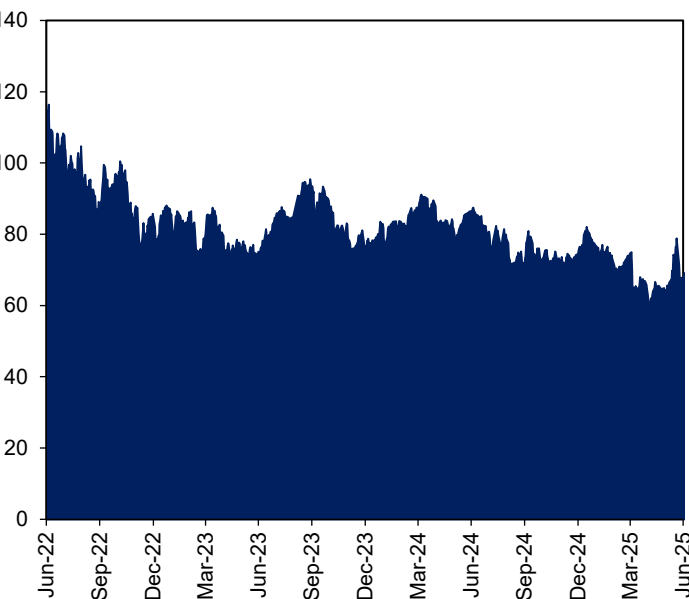


• Source: GSO, MBS Research

We expect inflation to stabilize at 3.5%, providing room for easing monetary policy

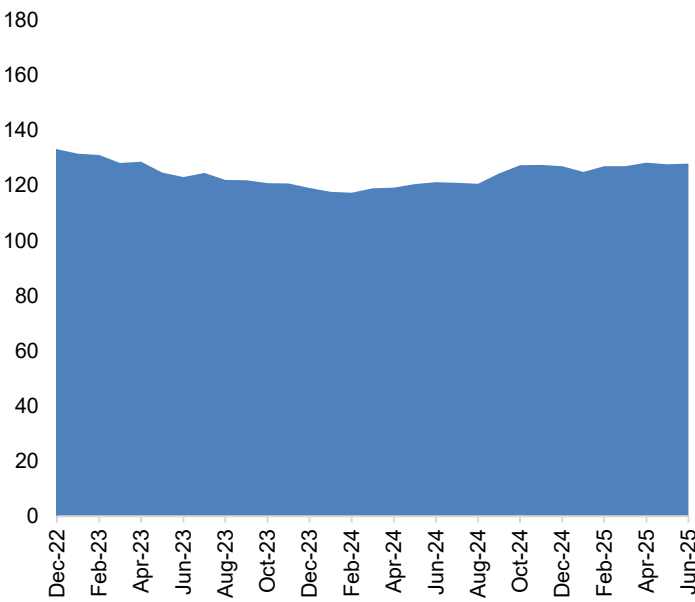
- For 2025, we expect CPI likely to increase by 3.5% yoy thanks to: Global oil prices expected to fluctuate around 70 USD/barrel in 2025, lower than the 77 - 82 USD/barrel range in 2024 due to a weak demand-supply balance. Food price pressures are expected to ease due to ample supply following India's removal of its rice export ban; however, the impact may be limited as the decline in rice prices could be partially offset by surging pork prices which is expected to surge by 10% yoy in 2025.
- Downside risks in 2H25 include: electricity prices are expected to continue rising this year; steel prices are expected to inched up by 3% yoy to reach 14.3mn VND/ton driven by higher construction demand and the Ministry of Finance's anti-dumping tax measures; geopolitical conflicts and US potential policy shift could lead to supply chain disruptions and drive-up commodity prices.

Brent crude oil price (USD/Barrel)



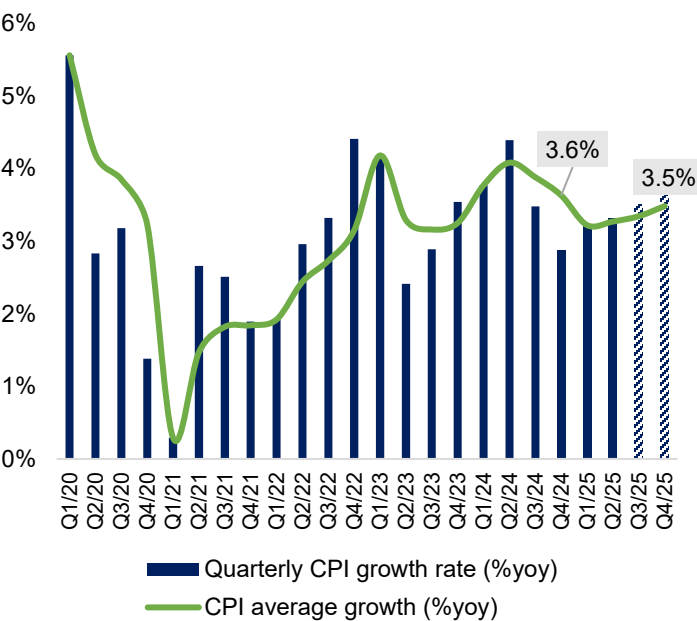
• Source: Bloomberg, MBS Research

FAO food price index



• Source: Bloomberg, MBS Research

Quarterly CPI growth rate & MBS Research's forecast

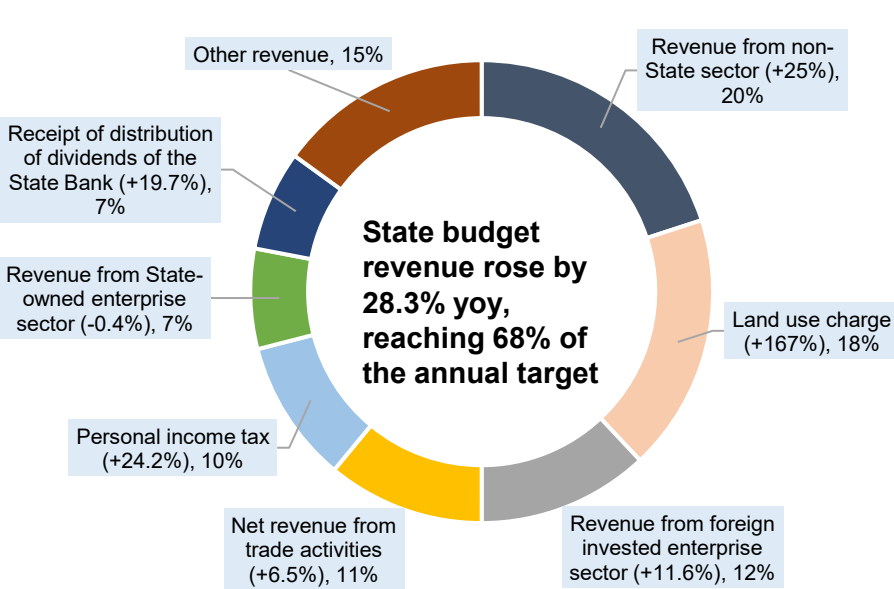


• Source: GSO, MBS Research

State budget surplus creates room for expansionary fiscal policy

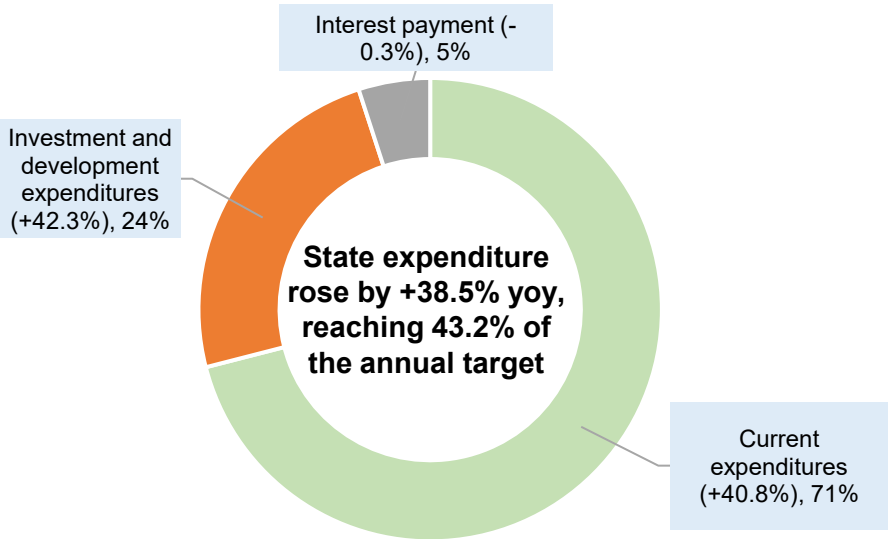
- Total State budget revenue was estimated at VND 1,332tn, up 28% yoy, fulfilling 68% of the annual target. Notably, revenue from the non-state economic sector increased by 25% yoy, accounting for 20% of total budget revenue. Revenue from land use rights surged by 167% yoy, contributing 18% of total revenue, thanks to the proactive efforts by local authorities in land valuation, compensation, site clearance, and land auctions.
- Budget expenditure was estimated at VND 1,102tn, up 38.5% yoy, equivalent to 43.2% of the planned estimate. Development investment spending was notably accelerated, estimated at VND 268tn, marking a sharp increase of 42.3% yoy. Recurrent expenditure rose by 40.8%, accounting for 71% of total spending.
- According to the plan, the budget deficit in 2025 is projected at around VND 471tn, equivalent to approximately 3.8% of GDP. By the end of 2025, public debt is expected to reach 36 - 37% of GDP, and government debt around 34 - 35% of GDP.

Breakdown of State Budget Revenue in 6M25



• Source: MOF, MBS Research

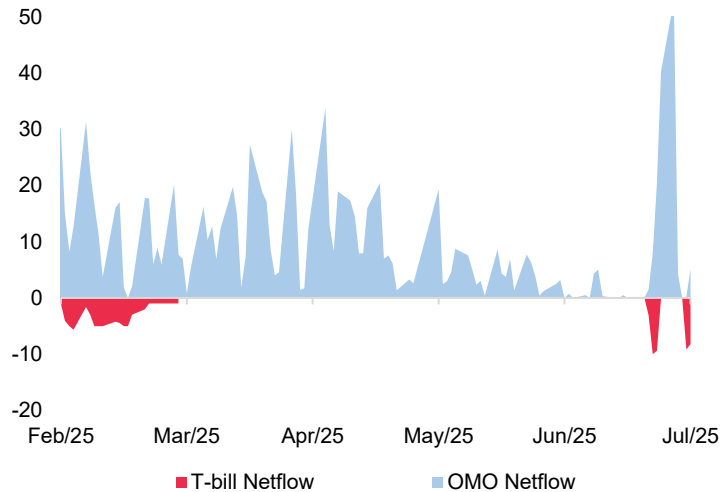
Breakdown of State Budget Expenditure in 6M25



• Source: MOF, MBS Research

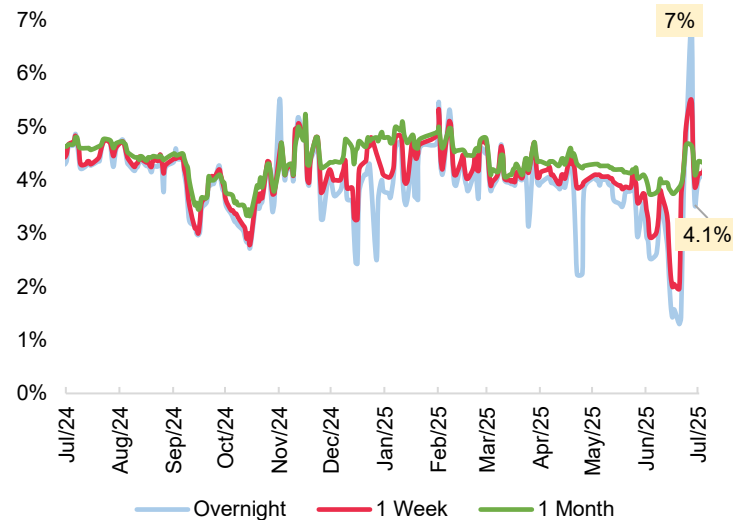
Accommodative monetary policy will continue to be maintained to support growth objectives

The SBV has conducted continuous net injections since March, pushing interbank interest rates to their lowest level in over a year. In June, the SBV slightly withdrew liquidity through the T-bill channel to reduce exchange rate pressures



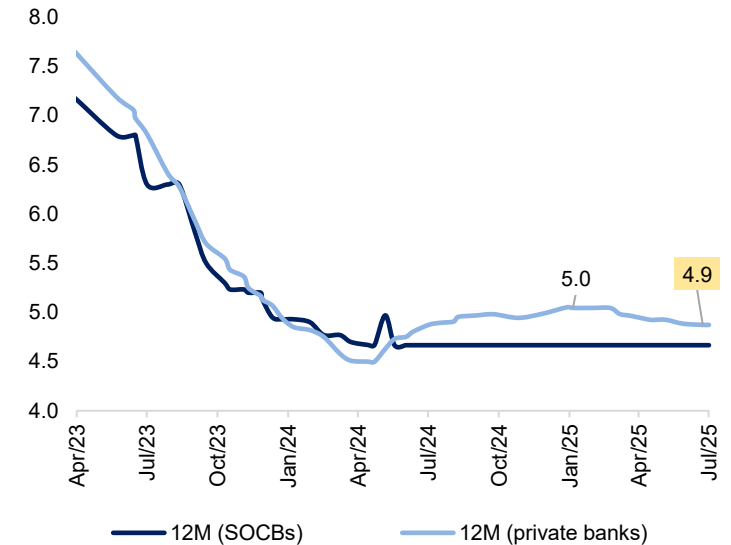
• Source: GSO, MBS Research

Despite strong credit growth since April, ample system liquidity drove interbank interest rates down to 1.3% - the lowest level in over a year - before rebounding in early July



• Source: SBV, MBS Research

We forecast that the average 12-month deposit rate at private commercial banks could decline by an additional 20bps to 4.7% in the second half of the year



• Source: SBV, MBS Research

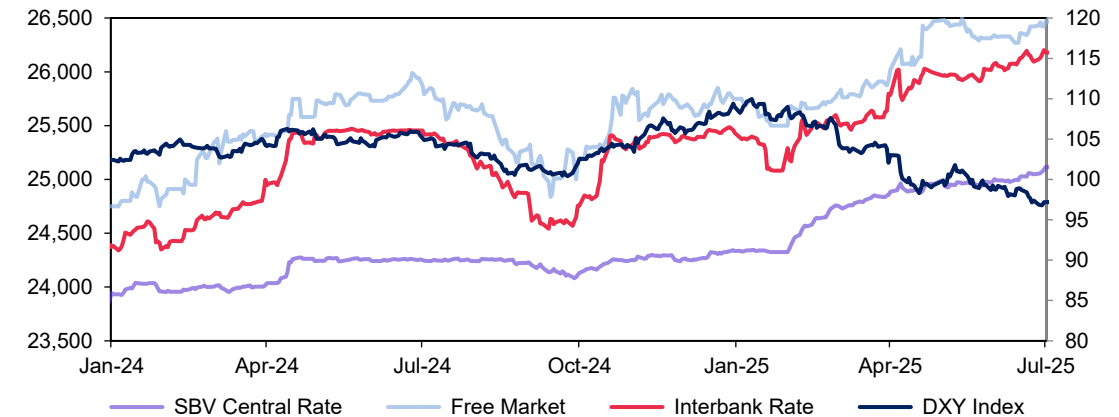
- Credit growth accelerated from April and reached approximately 10% by the end of June - significantly higher than the 3.6% - 6% range recorded during the same period in 2023 - 2024. However, abundant system liquidity has driven interbank interest rates down to 1.3%, the lowest level in over a year. Meanwhile, the average 12-month deposit rate at private commercial banks edged down by 10bps to 4.9%.
- With the U.S. Federal Reserve expected to cut interest rates by 50bps in the second half of the year, the USD - VND interest rate gap is likely to narrow. In its early-July press briefing, the SBV clearly emphasized its commitment to maintaining the relative attractiveness of the VND, while also lowering lending rates to support economic growth targets.
- Given these factors, we forecast that the average 12-month deposit rate at commercial banks will decline by an additional 20bps to 4.7% by the end of 2025.

We expect the 2025 average exchange rate to fluctuate in the range of 26,600 – 26,750 VND/USD

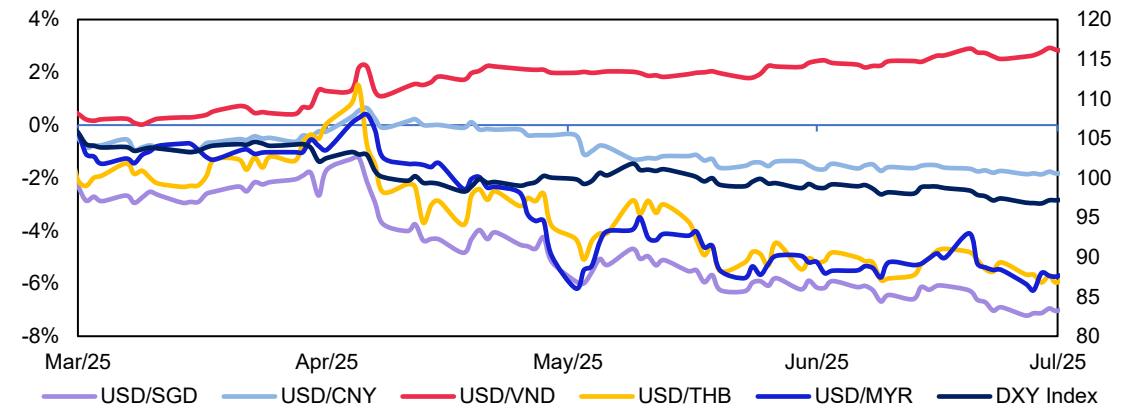
Despite a weaker DXY, the exchange rate remains a key risk to watch in 2H25

- Since April, the USD has begun a series of depreciations amid pressures from tariff chaos, heightening risks to economic growth. However, the exchange rate heatwave persists due to domestic market pressures: (1) Domestic interest rates have moved in the opposite direction, as the Vietnamese Government and the SBV require keeping rates low to support economic growth. (2) A narrower trade surplus (-34.4% yoy), with imports surging by 18% yoy while exports grew at a slower pace of 14.4%. (3) Increased foreign currency demand from the State Treasury, with 10 USD purchase bids from commercial banks since the start of the year, totaling nearly USD 1.9bn (almost matching the USD 2.08bn purchased throughout last year).
- As of early July, exchange rate surged to 26,193 VND/USD (+3% ytd) despite the 12% drop from 2025's peak of the DXY.
- In this context, the exchange rate is expected to remain high due to domestic pressures, including: (1) Persistent USD-VND interest rate differential despite the FED cutting rates to 4%. (2) Higher import demand due to 0% tariffs on U.S. goods. Conversely, exports will slow, narrowing the trade surplus. (3) Slower FDI inflows awaiting clearer tariff information. (4) Domestic-global gold price gap amid rising gold prices.
- Accordingly, we expect the average exchange rate in 2025 to range between 26,600 - 26,750 VND/USD, reflecting a 4.5% - 5% increase compared to the beginning of the year.

VND has depreciated by 3% ytd versus the USD



The VND has underperformed significantly compared to other regional currencies since the beginning of the year



Source: Bloomberg, MBS Research. Data as of 4/7/2025

We expect the economy to expand by 7.9% - 8.1% in 2025, driven by accelerated public investment and a rebound in private sector investment

- We expect Vietnam to maintain its momentum of sustainable growth across all aspects in the remaining time of the year, supported by new drivers from both public and private investment.
- While exports are projected to slow in 2H25 due to adjustments to new tariff conditions, this will be partially offset by supportive fiscal policy and low interest rates that help drive domestic consumption recovery.
- The budget surplus recorded in the first half of the year also provides room for expanded fiscal policy in the near term.
- Decisive governance measures - such as institutional reform, streamlining the administrative apparatus, and transitioning development models - will create space for medium- and long-term growth.
- However, potential risks remain, including: (1) Policy volatility under President Trump, which could impact exports and FDI inflows. (2) Although the government is prioritizing growth and maintaining the attractiveness of the VND, exchange rate pressures from potential "black swan" events could force a reversal in monetary policy, limiting the growth outlook.

Summary of economic forecasts

Economic indicators	2018	2019	2020	2021	2022	2023	2024	2025F
1. GDP, population & income								
Nominal GDP (USDbn)	281.3	310.1	334.3	346.6	366.1	430	476.3	512 - 514
Real GDP growth (%)	7.08	7.02	2.91	2.58	8.02	5.05	7.09	7.9 - 8.1
Export of goods and services (% yoy)	13.8	8.1	6.5	19	10.6	-4.4	14.3	9 - 10
Import of goods and services (% yoy)	11.5	7	3.6	26.5	8.4	-8.9	16.7	15.0
GDP per capita (USD)	2992	3267	3491	3586	3756	4163	4,700	5,000
2. Fiscal policy (%GDP)								
Government debt	49.9	49.2	51.5	39.1	34.7	34	34	35
Public debt	55	55.9	43.1	38	37.4	37	37	37
Foreign debt	46	47.1	47.9	38.4	36.1	37.2	33	34
3. Financial indicators								
USD/VND exchange rate	23180	23228	23115	23145	23612	24353	25,058	26,600 - 26,750
Inflation rate (%)	3.5	2.8	3.2	1.8	3.15	3.25	3.63	3.5
Credit growth (%)	17.1	18.7	18.2	13.9	12.1	13.7	15.08	17 - 18
Average 12-month deposit rate	7	7.2	6.8	5.8	8.5	5.9	5.1	4.7
Trade balance (USD bn)	7.2	9.9	19.1	4	11.2	28	24.8	4.2 - 8.2
Goods: Exports (USD bn)	244	263	281	336	371	355.5	405.5	442 - 446.08
Goods: Imports (USD bn)	237	253	262	332	360	327.5	380.8	437.9
Foreign reserve (USD bn)	55	78	94	109	86	95	80	84

• Source: GSO, MBS Research

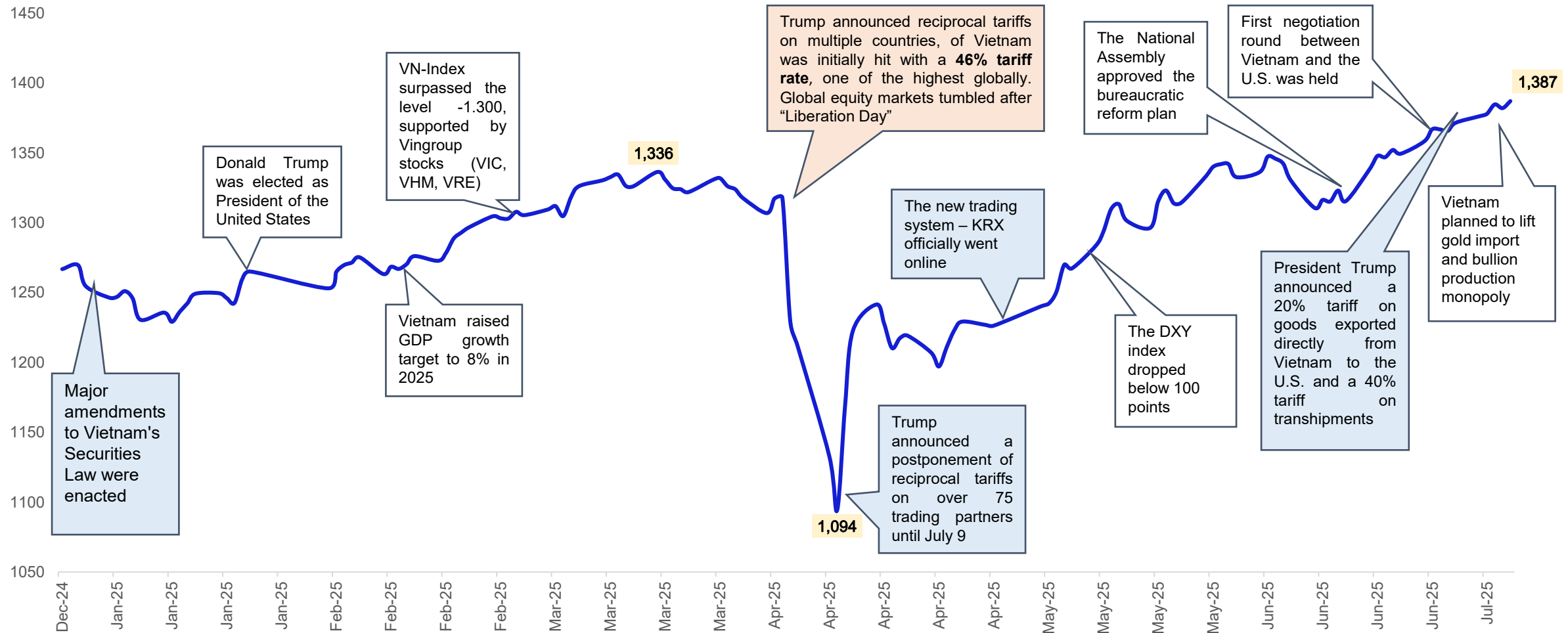


2

Vietnam Market Outlook | Challenge the new heights

- We expect market earnings growth of 17%/16% yoy in 2025–26 in base-case scenario
- Key trends will shape Vietnam's equity market in the upcoming time
- We lift our 2025 VN-Index forecasts to 1,500–1,540 level

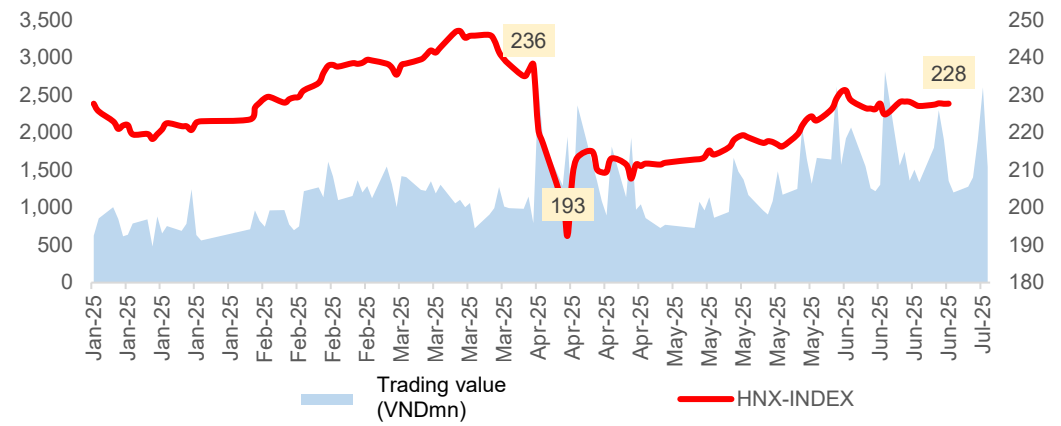
After bottoming out at 1,094 post-Liberation Day in Apr, the VN-Index staged a strong recovery, nearing the 1,400–1,450 threshold by early-Jul



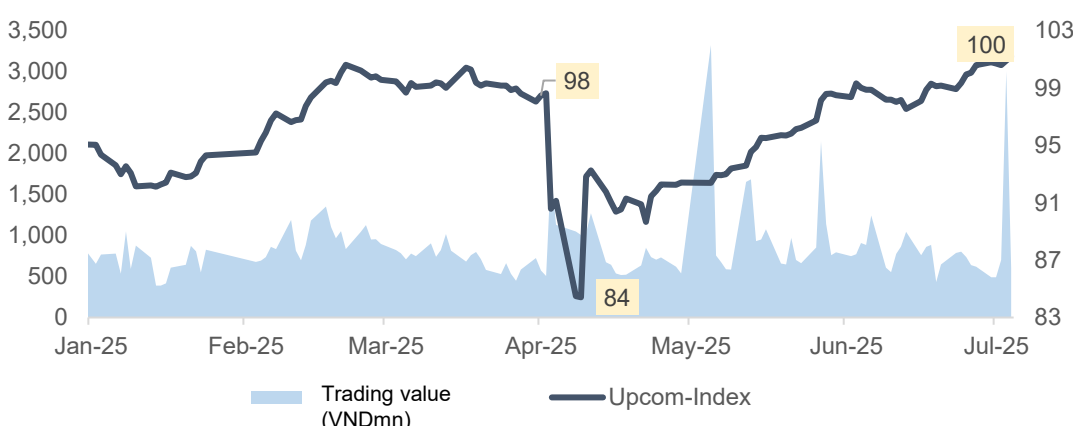
• Source: FiinPro, MBS Research. Data as at 04 Jul 2025

HNX and UPCoM Market Performance in 1H2025

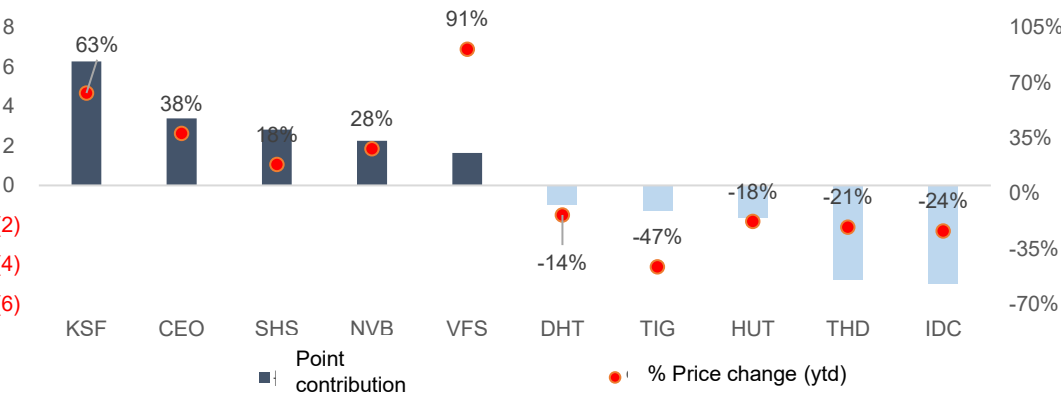
The HNX Index is up 2.1% year-to-date, supported by stocks such as KSF, CEO, SHS, NVB, and VFS



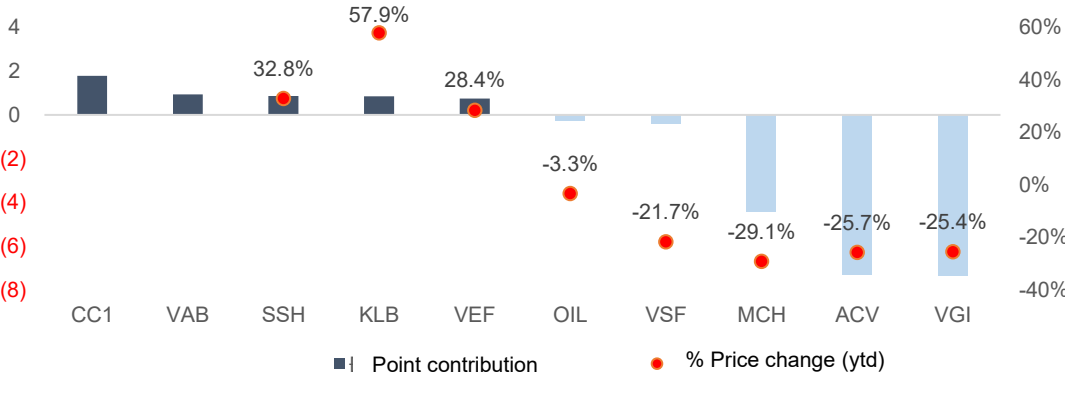
Meanwhile, the UPCOM Index rose 6.5% year-to-date, driven by CC1, VAB, SSH, KLB, and VEF



Top contributors to HNX performance year-to-date



Top contributors to UPCOM performance year-to-date

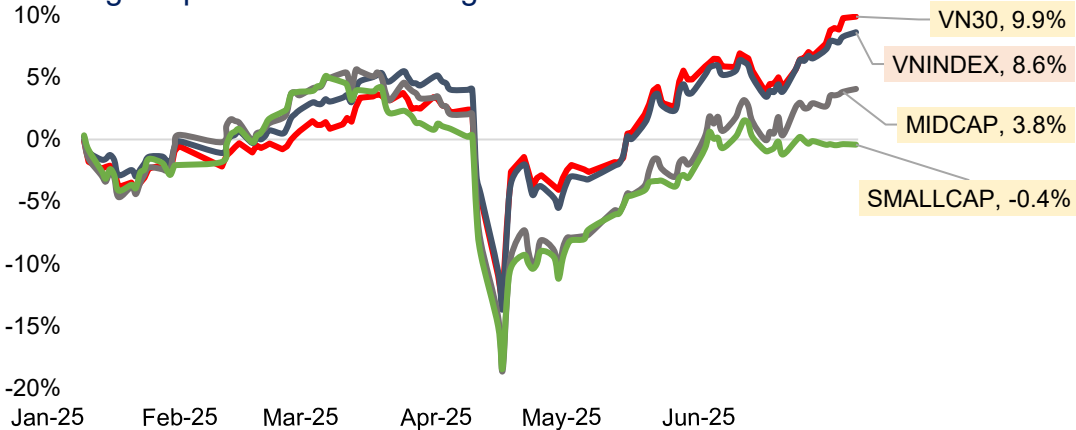


Source: FiinPro, MBS Research. Data as at 04 Jul 2025

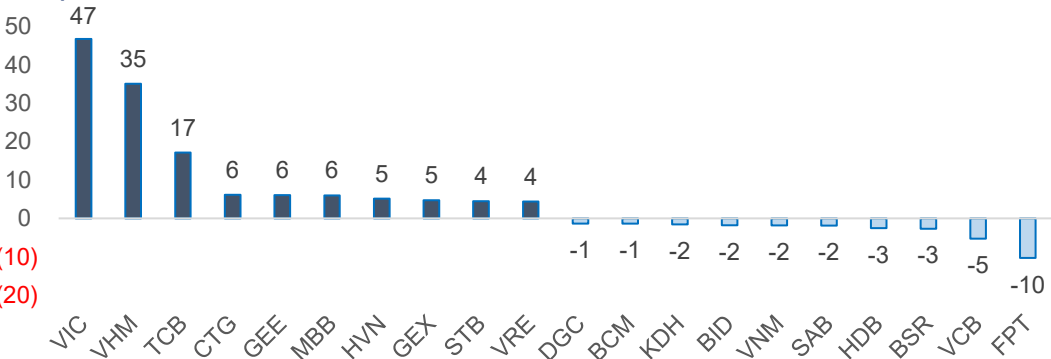
Source: FiinPro, MBS Research. Data as at 04 Jul 2025

In 1H25, the VN-Index's advance was primarily driven by a limited number of stocks, with gains not yet distributed across the market

Performance (%) of market-cap segments' indices since the start of the year. Mid- and small-cap stocks have continued to lag, with some even declining despite the VN-Index's gains

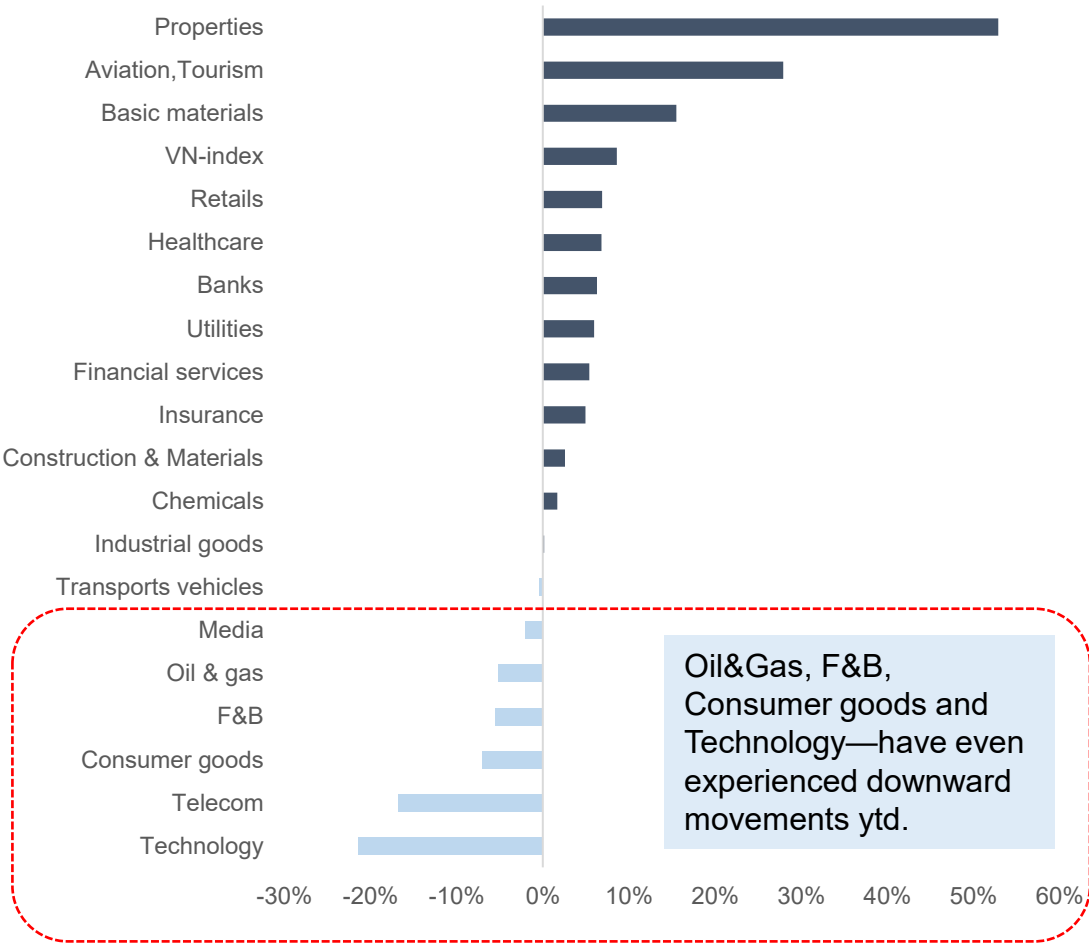


Contribution of select large-cap stocks to VN-Index gains since the start of the year, with the VIC group adding 86 points out of the index's 118-point increase



Source: FiinPro, MBS Research. Data as at 04 Jul 2025

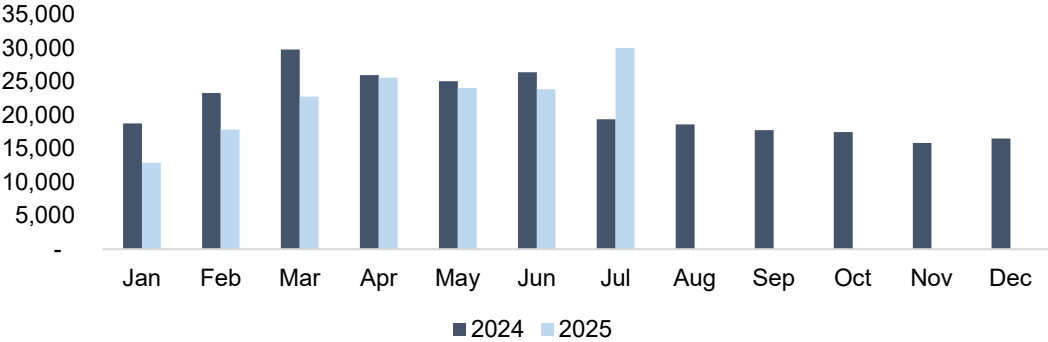
Sector performance (%). Among that Properties, Aviation, and basic materials have posted the strongest gains ytd



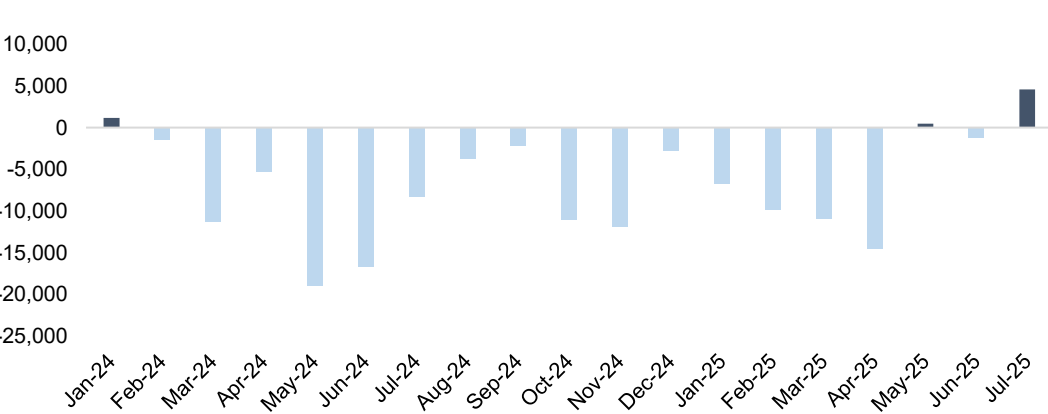
Source: FiinPro, MBS Research. Data as at 04 Jul 2025

Strong capital inflows into the stock market since April as the VN-Index reached attractive valuation levels

In contrast to 2024, liquidity was weak in 1Q25 and only surged from April onward. Strong inflows returned in early July, with daily trading value exceeding VND 30 trillion in several sessions.

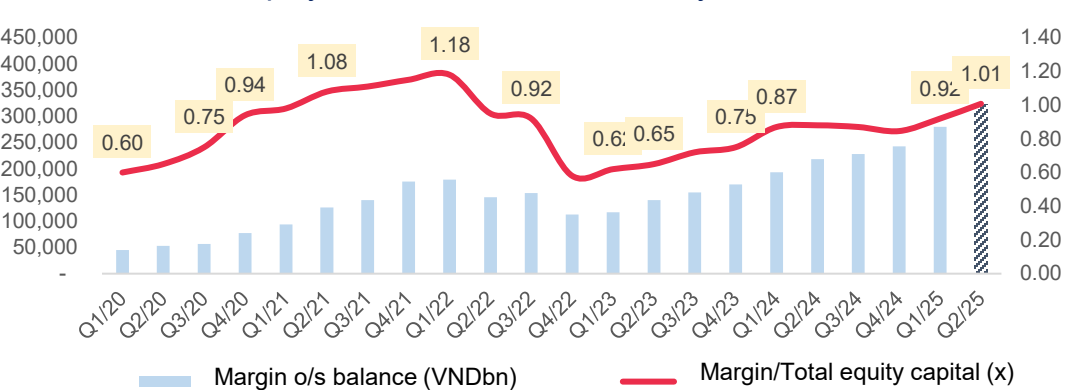


Foreign investors have sustained net selling since early 2024, with the pace of outflows decelerating from April 2025. A net outflows of VND 38.2 trillion (~USD 1.4 billion) has been recorded in 6M25

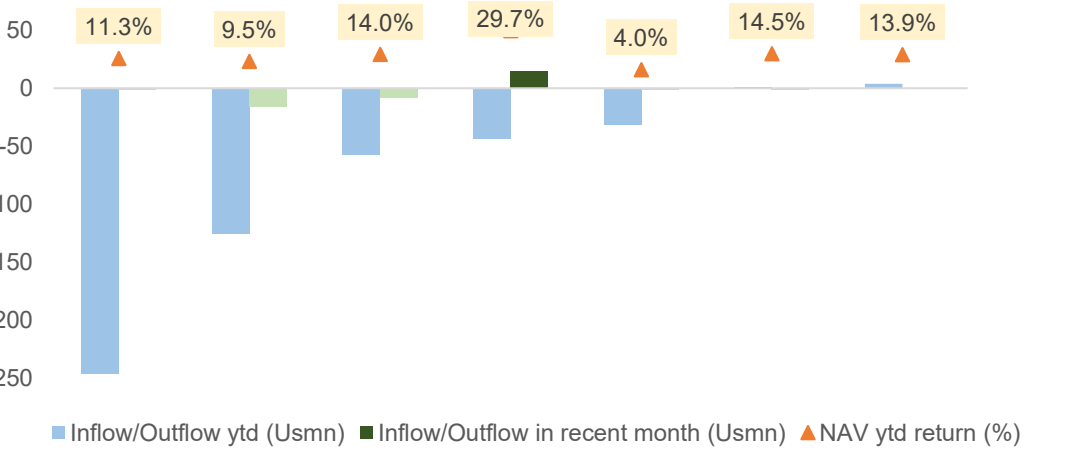


• Source: FiinPro, MBS Research. Data as of 04 Jul 2025

We estimate market-wide margin debt rose sharply in 2Q25, though the overall Debt/Equity ratio remains at a relatively safe level



Since the start of the year, approximately USD 283 million has been withdrawn from Vietnam-focused ETFs



• Source: FiinPro, MBS Research. Data as of 04 Jul 2025

Accelerating earnings growth in 2H25F provides solid support for market’s upward momentum, pace of growth depends on the reciprocal tariff scenarios

- On July 1st, President Trump announced export tariffs to the U.S. of 20% on domestically produced goods from Vietnam, and 40% on transshipping goods. The reciprocal tariff scenarios hinge on how the U.S. defines transshipping goods. In our view, the base case assumes that the U.S. defines transshipping goods as those with a localization rate below 35%, referencing several FTAs the U.S. has signed with other countries. Higher localization thresholds under the U.S. definition of transshipment would represent more adverse scenarios for Vietnam, and vice versa.

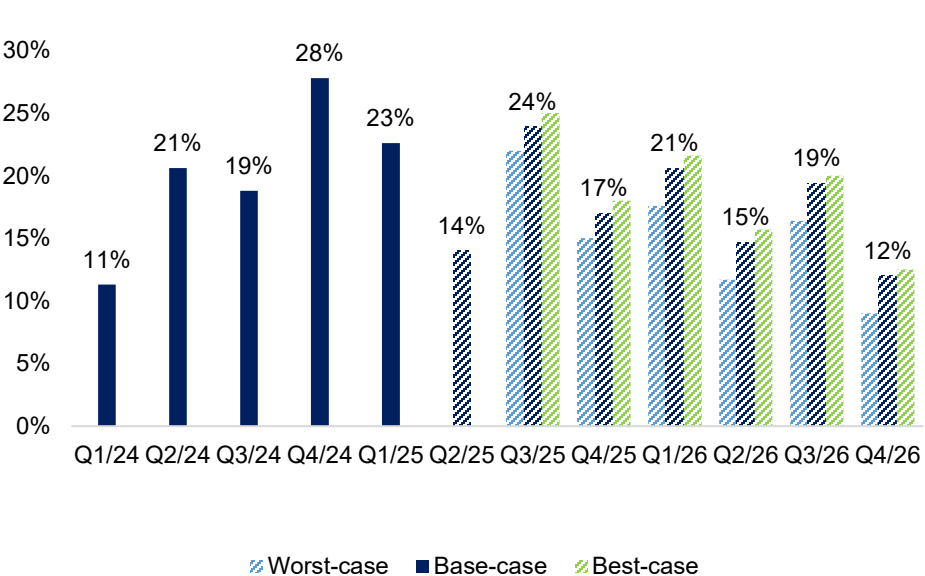
Earnings growth sensitivity of listed companies to reciprocal tariff scenarios

	Worst-case scenario	Base-case scenario	Best-case scenario
Definition of localization ratio for transshipping goods			
Assessment	<ul style="list-style-type: none">< 50%Nearly all export categories are affected (accounting for 90% of total export volume), except for the agriculture sector. Among listed companies, the logistics, industrial park (IP), textile & garment, industrial export, and consumer goods sectors are hit the hardest.Additionally, a sharp depreciation in the local currency could limit the room for monetary easing in 2H25 and into 2026, potentially driving up corporate borrowing costs and weighing on overall market earnings.	<ul style="list-style-type: none">< 35%Some companies in the machinery and equipment manufacturing sector (accounting for around 15% of total export volume) are affected. Among listed companies, the logistics and industrial park (IP) sectors may experience mild impacts.	<ul style="list-style-type: none">< 10%The impact on listed companies and Vietnam’s monetary policy is negligible. Vietnam’s export sectors still have opportunities to remain competitive against other countries.
Market earnings growth forecast	<ul style="list-style-type: none">2025: 15%2026: 13%	<ul style="list-style-type: none">2025: 17%2026: 16%	<ul style="list-style-type: none">2025: 19%2026: 17%

Accelerating earnings growth in 2H25F provides solid support for market’s upward momentum, pace of growth depends on the reciprocal tariff scenarios

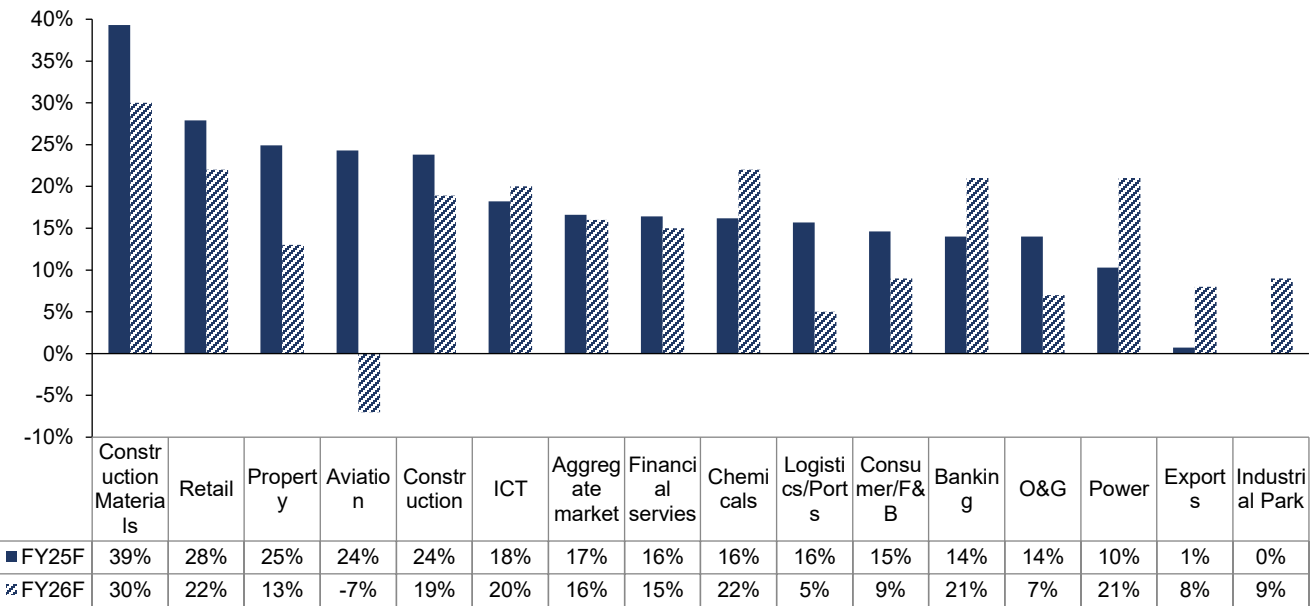
- Following a 23% yoy growth in 1Q25, we forecast total market earnings to increase by 14% yoy in 2Q25, and by 24% and 17% in 3Q25 and 4Q25, respectively, under the base-case reciprocal tariff scenario. The key drivers of market earnings improvement in 2025 are expected to come from domestic fundamentals and internal demand, supported by solid earnings growth in the banking sector (+14% yoy), building materials (+39% yoy), retail (+28% yoy), and real estate (+25% yoy).
- In base-case scenario, we expect market earnings to grow by 17%/16% yoy in 2025–26**, driven by domestic market momentum. In the optimistic scenario, earnings growth could be higher at 18%/17% yoy. In contrast, under the adverse scenario, growth could decelerate more sharply, with earnings rising only 15%/13% yoy, as most export categories are negatively affected. Additionally, a sharp depreciation of the local currency could limit monetary easing capacity from H2 2025 onward and raise corporate borrowing costs.

Earnings growth is expected to pick up in 2H25, though the magnitude will be contingent upon the U.S. reciprocal tariff scenarios



Source: Fiinpro, MBS Research forecast

In the base-case scenario, we forecast total market earnings to grow by 17% yoy in 2025 and 16% yoy in 2026, supported by internal strength and domestic market dynamics



Source: Fiinpro, MBS Research forecast

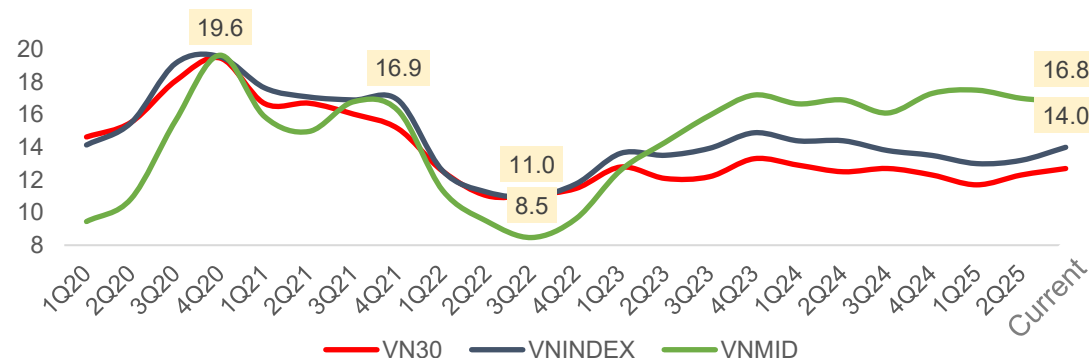
Key trends will shape Vietnam's securities market in the upcoming times

	Key trends	Market implication	Stocks in focus
Global	<ul style="list-style-type: none"> The market expects the Fed to cut its policy rate by a total of 50bps in 2025. The DXY remains weak. 	Investment capital is expected to shift into emerging markets, including Vietnam. The net selling trend of foreign investors is likely to reverse sharply, focusing mainly on large-cap stocks.	<ul style="list-style-type: none"> Large-cap stocks with available foreign ownership room
	<ul style="list-style-type: none"> US-China trade tensions are unlikely to ease. Geopolitical conflicts persist. 	This remains a risk affecting global and Vietnamese securities market growth.	
Vietnam	<ul style="list-style-type: none"> Expansionary monetary policy will likely be maintained, supporting growth of over 8% in the second half of the year. 	A low-interest-rate environment continues to support domestic capital flows into the securities market. Credit growth and improved funding costs will help listed companies expand production	<ul style="list-style-type: none"> Banks Residential real estate Insurance, Securities
	<ul style="list-style-type: none"> Accelerating public investment, expanding mechanisms for private sector, with a focus on tech innovation under Resolutions 57 and 68 	Leading private enterprises will have equal access to key resources such as land, technology, finance, and major infrastructure projects. The Ministry of Transport estimates USD 200 billion is needed for transportation projects by 2023, with railways and metro systems making up about 75%.	<ul style="list-style-type: none"> Large-cap leading companies Infrastructure, Technology
	<ul style="list-style-type: none"> New policy packages will be implemented rapidly and decisively 	Examples include gold market regulation, credit room removal for commercial banks, and restrictions on fossil-fueled vehicles in major cities. These are notable moves that may affect various sectors, positively or negatively.	
	<ul style="list-style-type: none"> Prospect of FTSE Emerging Market upgrade in September 2025 	Historically, market upgrades have led to better valuations and liquidity. We estimate that Vietnam's securities market could receive around 1% of the total USD 85 billion in passive funds tracking the FTSE EM Index	<ul style="list-style-type: none"> Large-cap stocks with available foreign ownership room Securities
	<ul style="list-style-type: none"> Pressure on VND depreciation persists 	This poses a major risk to the stock market, as the SBV may reverse its monetary policy to prioritize short-term exchange rate stability. VND depreciation could also affect the return of foreign capital to the market.	

We lift our 2025 VN-index forecasts to 1,500–1,540 level

- As of July 4, 2025, the VN-Index is trading at 14x trailing P/E, above the 3-year average of 13.5x, but still 17% below the 3-year peak of 16.9x reached in 4Q2021. The valuation of the VN30 index (which is heavily weighted toward banks) stands at 12.7x P/E — around 3% higher than its 3-year average of 12.3x, yet still well below its peak of 15x in 4Q21. This suggests that overall market valuation, particularly among large-cap stocks, remains attractive in light of earnings growth and the potential market upgrade.
- At present, the VN-Index has surpassed our initial full-year forecast of 1,400–1,420, mainly due to strong performance from a few large-cap stocks. Excluding their impact, the index would still be trading around 1,350–1,380.
- In 2H2025, we expect capital flows to broaden toward large-cap stocks that have not yet seen sharp price increases, thanks to attractive valuations and improving earnings outlooks.
- Under our base-case scenario, with 17% earnings growth for listed companies and a target valuation of 13.5x–13.8x P/E, **we expect the VN-Index to reach 1,500–1,540 level toward year-end.**
- In a more optimistic scenario — where U.S. tariff policies have less impact than expected and foreign inflows accelerate on the back of upgrade prospects — we project market earnings growth of 19% with a forward P/E of 13.5x–14x. **VN-Index might reach the 1,580 level toward year-end.**

P/E performances of the VN-Index, VN30, and VNMIDcap Indices



MBS Research 's 2025 VN-index forecasts

	Current	Worse case	Base case	Best case	2026
Market earnings forecasts (%)		15%	17%	19%	16%
P/E	13.6				
Low	11.2	12.5	13.2	13.0	12.0
Median	12.6	13.0	13.5	13.5	12.5
High	14.0	13.5	13.8	14.0	13.0
Vnindex	1,387				
Low	1,094	1,169	1,473	1,476	1,554
Median		1,215	1,507	1,533	1,619
High	1,387	1,262	1,540	1,589	1,683

• Source: FiinPro, MBS Research. Data as at 04 Jul 2025



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Investment Strategy |

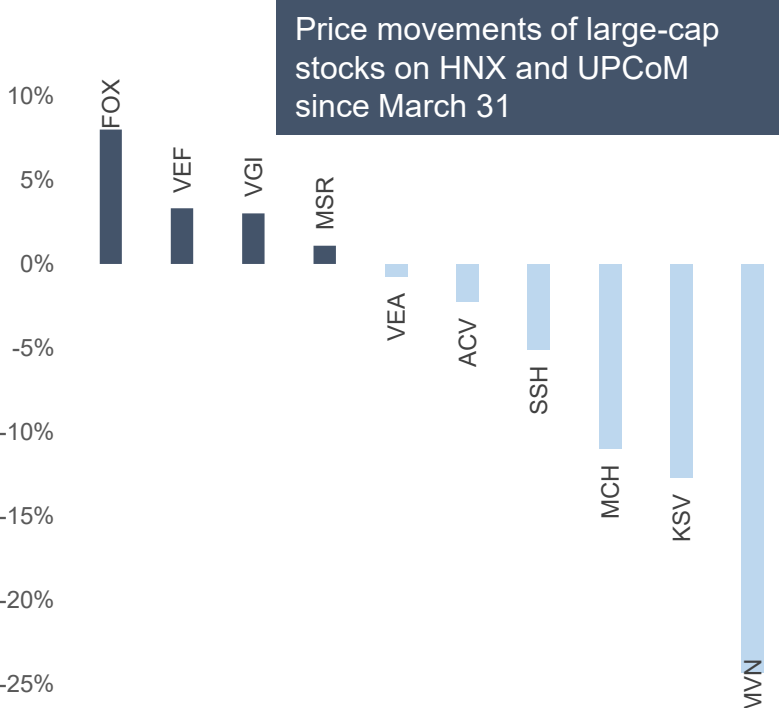
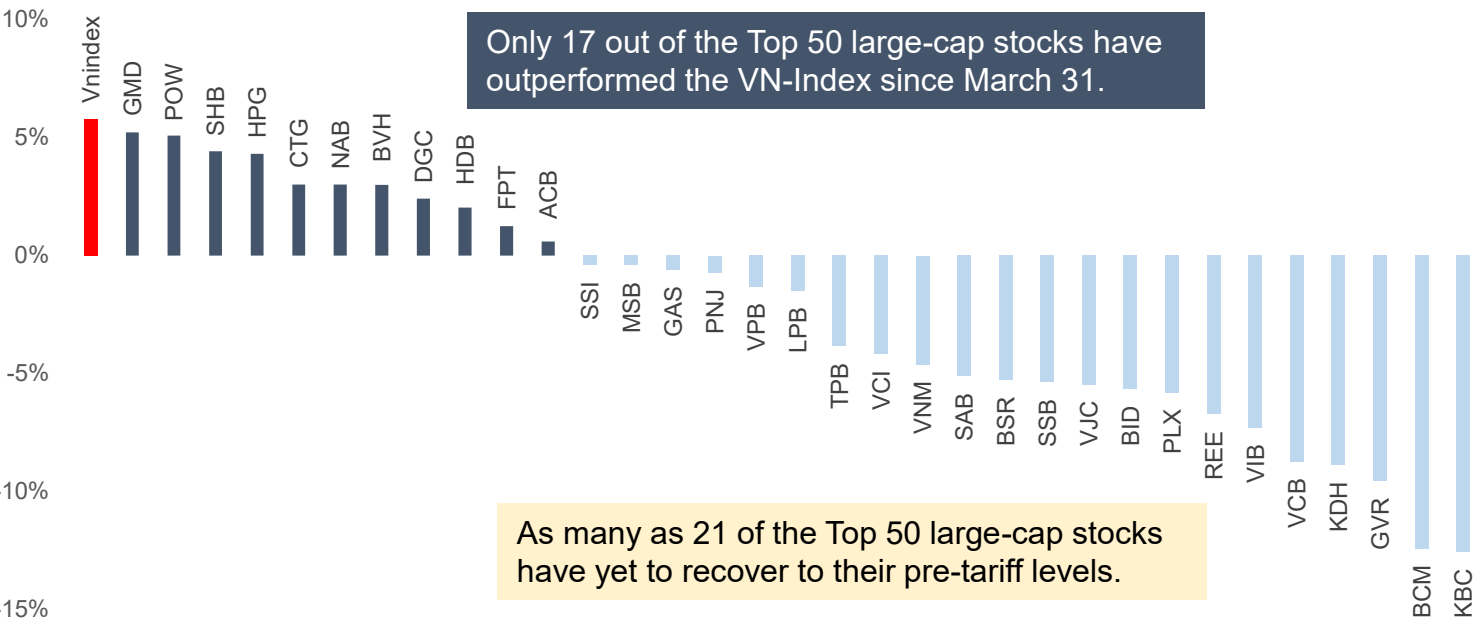
Seeking Alpha in an unstoppable bull market

- We believe that large-cap stocks will remain the market's focal point in the final months of 2025.
- 8 key investment themes for 2H2025
- 22 top picks for 2H2025–2026

Large-caps still take the center-stage in the 2H25

- Given that the U.S. tariff policies announced for Vietnam are more favorable compared to competing countries, and the outlook for Vietnam’s market upgrade has become clearer, we expect a strong reversal in foreign net selling in 2H2025. Foreign inflows are likely to concentrate on large-cap stocks with sufficient foreign ownership room.
- Although the VN-Index has rebounded by over 300 points since the April 2 event, the rally has yet to broaden across the market. Specifically, only 12 out of the top 50 largest-cap stocks have outperformed the VN-Index since March 31, while around 9 have underperformed. Nearly half of the Top 50 stocks have yet to recover to their pre-tariff announcement levels.

Price movements of Top50 large-cap stocks from March 31 (before the tariff shock) to July 4, 2025



• Source: FiinPro, MBS Research. Data as at 04 Jul 2025

We suggest 8 winning investment themes for the 2H25

	Investment themes	Stockpicks
1	Residential real estate shows positive improvement thanks to aggressive implementation of solutions to remove project bottlenecks Local governments have actively implemented solutions for land valuation, compensation, site clearance, and land auctions since late 2024, with land use fee collections rising sharply by 167%. Low interest rates are also boosting housing demand.	KDH, NLG
2	Infrastructure development: accelerating public and private investment <ul style="list-style-type: none"> According to the Ministry of Transport, Vietnam needs USD 200 billion for transport infrastructure projects by 2030, with railways and metro systems accounting for USD 150 billion. Year-to-date public investment disbursement reached VND 268 trillion (~30% of the annual plan). The remaining disbursement potential in 2H2025 is about VND 500 trillion. 	CTR, VCG, HHV, HPG, HSG
3	Expansionary monetary policy supports banking and financial services Expansionary monetary policy in both Vietnam and globally will facilitate capital flows in financial markets, lower funding costs, and stimulate credit demand. Banks and financial services companies are expected to benefit during this period.	VCB, CTG, VPB
4	Technological innovation and digital economy push <ul style="list-style-type: none"> Resolution 57 marks a comprehensive push for Vietnam's IT and tech sectors, with key goals such as allocating 2% of GDP to R&D and aiming to be in the top 3 in Southeast Asia and top 50 globally in digital competitiveness by 2030. 	FPT, CTR
5	Rising electricity demand amid industrial recovery and fossil-fuel vehicle restrictions	HDG, PC1, PVS, GAS
6	LNG import demand is expected to rise sharply amid the green energy transition. At the same time, Vietnam continues its efforts to narrow the trade deficit with the U.S. by increasing imports of certain goods from the U.S. Companies like GAS and POW are expected to benefit from both LNG import and power plant development..	GAS
7	Return of foreign capital supported by FTSE EM upgrade prospects <ul style="list-style-type: none"> Large-cap stocks with available foreign ownership room and securities companies will be among the key beneficiaries. 	Large-cap stocks with available foreign ownership room
8	Consumer businesses will benefit from the recovery in domestic consumption, along with stricter regulations on product origin.	MWG, VNM, PNJ

Our top picks for 2H25 - 26

No	Stocks	Market cap	Target price	Upside (%)	PE		PB		Earnings growth (%)		ROE%	
		(VNDbn)	(VND/share)		2025	2026	2025	2026	2025	2026	2025	2026
1	CTG	229,298	55,000	28.8%	7.1	6.2	1.2	1.0	12.8%	14.6%	17.9%	17.6%
2	VCB	487,971	72,500	24.1%	13.1	11.8	2.0	1.8	5.1%	11.6%	16.7%	16.1%
3	VPB	148,761	26,200	38.7%	7.4	5.5	0.9	0.8	26.3%	33.6%	13.3%	15.5%
4	FPT	181,459	145,000	18.4%	19.4	16.1	4.2	3.4	19.0%	20.5%	23.6%	23.9%
5	KDH	30,031	39,000	31.3%	30.7	28.4	1.6	1.6	20.8%	7.8%	4.6%	4.6%
6	NLG	15,076	45,500	16.2%	21.6	21.1	1.5	1.5	34.8%	2.5%	4.6%	4.5%
7	DGC	38,737	128,600	29.1%	11.5	9.3	6.7	5.9	13.2%	23.6%	24.40%	26.90%
8	GMD	25,422	75,000	28.1%	15.7	14.2	1.8	1.6	8.6%	10.3%	14.80%	15.60%
9	HPG	189,200	32,000	39.1%	11.8	9.0	1.6	1.5	41.7%	31.0%	15.1%	18.9%
10	HSG	10,930	20,700	16.9%	11.7	8.8	0.9	0.8	58.0%	42.0%	7.5%	10.1%
11	VCG	16,000	30,000	32.7%	4.1	10.7	0.9	1.0	320%	-60.0%	27.5%	10.8%
12	HHV	6,040	15,000	20.0%	11.2	10.1	0.8	0.7	20.0%	18.0%	4.5%	5.1%
13	CTR	11,634	120,000	18.0%	22.1	16.4	4.8	4.9	5.1%	9.5%	27.7%	27.1%
14	HDG	9,508	31,200	23.3%	11.1	7.9	1.4	1.2	174.8%	42.8%	14.0%	17.2%
15	PC1	7,774	28,500	31.1%	14.0	10.7	1.0	0.9	20.2%	31.1%	7.5%	8.6%
16	GEG	5,840	20,000	22.7%	10.7	10.0	0.9	0.9	456%	-7.4%	8.2%	8.0%
17	GAS	155,553	84,500	28.6%	13.4	12.5	2.3	2.1	9.3%	7.0%	18.0%	17.3%
18	PVS	15,391	43,000	33.5%	13.2	11.0	1.1	1.1	7.8%	15.4%	8.4%	9.3%
19	PVD	11,201	27,000	34.0%	16.0	14.1	0.7	0.6	-0.3%	13.6%	4.3%	4.7%
20	VNM	120,799	76,000	31.5%	12.8	11.9	3.4	3.4	1.0%	5.0%	26.4%	28.4%
21	MWG	98,032	81,600	23.1%	19.1	15.5	3.1	3.0	37%	23.0%	17.10%	18.3%
22	PNJ	27,945	99,900	20.8%	13.0	11.5	2.2	1.9	2.0%	13.0%	18.0%	18.0%

• Source: FiinPro, MBS Research. Data as at 04 Jul 2025

Our top picks for 2H25 - 26

	Stocks	Target price (VND/share)	Investment theme
Banks	CTG	55,000	<ul style="list-style-type: none"> We expect credit growth to reach over 15% during 2025–2026, supported by accelerated infrastructure development from both public and private sector investment. Asset quality remains stable, with the NPL ratio maintained at 1.4% and the LLR ratio improving to 155% by end-2025. Net profit is projected to grow by 13%-15% yoy over 2025–2026. Currently, CTG is trading at 1.3x 2025 P/B and 1.1x 2026 P/B, in line with the sector average. With ROE forecast above 17.5% during this period and a solid asset quality, we believe CTG deserves a target valuation of 1.6x P/B.
	VCB	72,500	<ul style="list-style-type: none"> Year-to-date, VCB's share price has declined by 4%, underperforming both the VN-Index (+9%) and the banking sector (+8.7%). We recommend an ADD on VCB, supported by: (1) the stock is trading at an attractive valuation of 2.4x P/B, which is 20% below its 3-year historical average, (2) credit growth is forecast to reach approximately 15% over the next two years, supporting average net profit growth of 8.7% during the same period, (3) the bank's plan to issue 6.5% of charter capital through a private placement is expected to strengthen its CAR.
	VPB	26,200	<ul style="list-style-type: none"> We expect VPB's net profit to grow strongly by 26%/33% in 2025/2026, driven by three key factors: (1) consumer finance has likely passed its most challenging phase, (2) credit provisioning expenses are expected to remain stable as asset quality improves, and (3) NIM is forecast to remain resilient without significant decline. Currently, VPB is trading at 0.9x 2025 P/B. For a bank with such robust earnings growth prospects over the next two years, we believe the current below-book valuation offers an attractive entry point.
Technology	FPT	145,000	<ul style="list-style-type: none"> Resolution 57 is not merely a political declaration but represents a comprehensive catalyst, paving the way for Vietnam's IT sector and domestic technology enterprises. Within this context, FPT is expected to be a direct beneficiary. Following a significant market correction, FPT is currently trading at a 2025 P/E of approximately 19.4x, below its 3-year average of 20.4x. This valuation is also lower compared to peers in India's technology sector, whose average 2025 P/E stands around 24x. Thus, the current price offers an attractive entry point for long-term investment, supported by a projected net profit CAGR of 20% during 2025–27 and sustainable growth potential driven by the rising trend of artificial intelligence (AI).

Our top picks for 2H25 - 26

	Stocks	Target price (VND/share)	Investment theme
Technology	CTR	120,000	<ul style="list-style-type: none"> The Information and Communications Infrastructure Master Plan approved on 11 January 2024 targets 5G coverage for 99% of the population by 2030. Together with Government Decree 57 dated 22 December 2024 - focused on advancing science, technology, and digital transformation - these initiatives form Vietnam's strategic priorities for the coming years. As the country's leading telecommunications and technology group, Viettel will play a central role in the national digital-transformation drive. Viettel Construction (CTR), its subsidiary, is poised to benefit directly from the expansion of digital infrastructure. CTR currently trades at an EV/EBITDA multiple of 11x—below its two-year average of roughly 15x and the sector average of 15.6x, while maintaining robust ROE.
	PC1	28,500	<ul style="list-style-type: none"> PC1 stands to benefit from increased workload in transmission lines and RE development through 2030, in alignment with the Revised PDP8. The company is expanding its generation portfolio with two small hydropower plants Bao Lac A (30MW), Thuong Ha (13MW) and targets to scale its RE capacity to 800MW over the 2025-30 period. Net profit to grow at a 38% CAGR over 2025-27, driven by real estate segment. The company is currently developing the Thap Vang residential project and is preparing to break ground on the 200-hectare Nomura 2 IP by the end of 2025. PC1 also holds a stake in Western Pacific, an associate company with multiple ongoing property handovers, including Yen Phong IIA and Yen Lenh.
Power	HDG	31,200	<ul style="list-style-type: none"> Net profit is projected to grow at a strong CAGR of 50% over 2025–27, primarily driven by the handover of Charm Villa Phase 3 (~108 units). In 2025, the hydropower portfolio is also expected to recover, supported by favorable weather conditions. Risks related to the Hong Phong 4 project have largely been priced in during 2024, providing a clean slate for earnings growth starting in 2025. On the generation development front, the company is currently implementing two small hydropower projects Son Linh, Son Nham, as well as the 50MW Phuoc Huu wind power project. It also continues to pursue the 80MW Binh Gia wind farm in Lang Son, aiming to double its total generation capacity by 2030.
	GEG	20,000	<ul style="list-style-type: none"> GEG ranks second among listed companies by total RE installed capacity, currently reaching 672MW. In 2025, the company plans to expand further with the Duc Hue 2 solar project (48MW), while preparing for investment in the VPL2 Ben Tre wind farm (30MW). GEG is also actively exploring approximately 1GW of additional RE projects through 2030. With regulatory mechanisms for renewable energy projects being increasingly liberalized, the company is well-positioned to benefit significantly from Vietnam's accelerating clean energy transition. Net profit in 2025 is projected to surge by 456% yoy, driven by the official tariff for the Tan Phu Dong 1 wind power and a substantial reduction in financial cost pressures.

Our top picks for 2H25 - 26

	Stocks	Target price (VND/share)	Investment theme
Residential Properties	NLG	45,500	<ul style="list-style-type: none"> NLG is expected to benefit from ongoing legal reforms in the real estate market through several key channels: (1) Selling prices may trend upward in line with the provincial merger process, as NLG holds projects in several new administrative centers (Long An, Cần Thơ, and Hồ Chí Minh City) and is not impacted by increased land use fees; (2) Legal procedures are accelerating at key projects, notably Izumi City (which has been approved for adjustment in 1/500 masterplan following the revised zoning plan for Subzone C4 in Đồng Nai) and Paragon Đại Phước. Additionally, NLG plans to divest a 15% stake in Izumi City, which is expected to generate approximately VND 200 bn in financial profit in 2025.
	KDH	39,000	<ul style="list-style-type: none"> KDH is expected to benefit in the near term from several favorable factors: (1) Product selling prices may rise following the provincial merger, as HCMC is anticipated to become a new mega-urban area; (2) The company has already completed most of its land use fee payments prior to the sharp increase in land price valuations. In 2025, KDH's earnings will be supported by the handover of the remaining units at The Privia, alongside the launch and initial handover of low-rise products at two projects: Clarita and Emeria (Gladia). These projects were launched in early July 2025. In 2026, we expect continued handovers from these two projects, along with initial contributions from The Solina project, which is anticipated to accelerate its legal procedures, complete infrastructure works, and commence sales by the end of 2025.
Chemicals	DGC	128,600	<ul style="list-style-type: none"> We believe DGC's business operations will achieve robust growth in 2025-26 due to: (1) Yellow phosphorus (P4) prices are expected to rebound starting in 4Q2025 as the semiconductor market recovers, combined with China's ongoing restrictions on P4 exports, (2) DGC is focused on exporting to East Asian markets, where selling prices are 13.2% higher than in India, (3) DAP/MAP fertilizer prices are anticipated to remain elevated as Russia extends its fertilizer export restrictions until the end of November 2025 and (4) the Nghi Son project is set to commence operations from 2Q2026, providing a new growth impetus. Consequently, we project DGC's net profit to increase by 13.2% in 2025 and 23.6% in 2026. Given DGC's inclusion in the VN30 index during the July review, we anticipate DGC will experience a direct uplift.
Seaports	GMD	75,000	<ul style="list-style-type: none"> We project GMD's core business revenue to grow robustly by 3.5% yoy in 2025 and 10.6% yoy in 2026. This is primarily driven by a 10% increase in handling fees from 4Q2025, continued volume growth from new service routes, and the development of transportation infrastructure in the Bien Hoa – Vung Tau area, which will attract more cargo to the Cai Mep Thi Vai deep-water port. We forecast GMD's net profit to increase by 8.6% yoy in 2025 and 10.3% yoy in 2026. While GMD's current P/E of 18.7x is in line with its 5-year average, its P/B still stands at 1.9x, representing a 13.6% discount to its 5-year average.

Our top picks for 2H25 - 26

	Stocks	Target price (VND/share)	Investment theme
Infrastructure development	VCG	30,000	<ul style="list-style-type: none"> VCG is top beneficiaries of the ongoing public investment upcycle, with major national projects such as the North–South Expressway and Long Thanh International Airport. These projects are expected to drive VCG’s construction backlog growth by 8% and 7% yoy in 2025 and 2026, respectively. Net profit is forecast to grow by 36% and 19% yoy in 2025 and 2026, mainly driven by strong performance in the construction and real estate segments. The expected divestment of the Cat Ba Amatina project could contribute a one-off gain of around VND 2,500 billion. VCG’s financials have improved thanks to asset restructuring, including exits from Van Ninh Port and Vimeco.
	HHV	15,000	<ul style="list-style-type: none"> HHV is set to benefit from strong public investment, thanks to currently working on key expressway sections like Dong Dang–Tra Linh and Quang Ngai-Hoai Nhon, and will gain from the North–South Expressway expansion during 2025–2030. Net profit is expected to grow 21% in 2025 and 11% in 2026, supported by a 20% increase in traffic volume as new roads open. Backlog is forecast to grow 8%/7% over the same period on the back of new contracts. The stock is trading at an attractive valuation, with P/B at 0.8x and P/E at 7.5x, both below past cycle averages.
Steel	HPG	32,000	<ul style="list-style-type: none"> HPG stands to benefit from improving demand for rebar and HRC, driven by domestic market growth. Total sales volume is projected to grow 19%/24% in 2025–2026, mainly thanks to a 50% yoy increase in HRC output from Dung Quat 2. Net profit is forecast to rise 42%/31% yoy, driven by higher sales volume and improved gross margins. HPG is currently trading below its fair value, with a P/B of 1.6x, lower than the steel cycle average of 2.0x.
	HSG	20,700	<ul style="list-style-type: none"> We expect both domestic and export prices of hot-dip galvanized steel (HDG) to recover from 2025. The anti-dumping duty on HDG enabling HSG to gain market share. We forecast HSG’s market share to increase to 30%/31% in 2025–2026 (from 29% in 2024). Net profit is projected to grow 32%/52% yoy, driven by volume growth of 6%/8% and gross margin improvement of 0.4/0.6 percentage points, supported by anti-dumping protection. The stock is trading in line with its historical cycle average at P/B of 0.9x vs. 1.1x, and its 2025F P/E is estimated at 9.0x, slightly below the past two-cycle average of 10x.

Our top picks for 2H25 - 26

	Stocks	Target price (VND/share)	Investment theme
Oil & gas	GAS	84,800	<ul style="list-style-type: none"> Domestic gas output from existing fields is declining, while remaining reserves are priced relatively high. Therefore, distributing and utilizing liquefied natural gas (LNG) is essential to ensure national energy security and fulfill targets under PDP8. GAS's LNG output is expected to surge from 2026, once Thi Vai Terminal completes its capacity expansion, doubling its current throughput. LNG import demand is projected to reach 20–22 million tons/year to support Vietnam's gas-fired power roadmap. The introduction of LNG power pricing frameworks and prioritization of renewable energy will be key long-term themes supporting GAS's earnings outlook in coming years. We forecast GAS's net profit to grow by 9.6% in FY25F and 7.0% in FY26F. The stock is trading at P/E 14.9x and P/B 2.5x, both lower than its 5-year averages of P/E 17.3x and P/B 3.1x
	PVS	43,000	<ul style="list-style-type: none"> Decree 40 and 146 accelerate project approval processes, especially for fields like Lac Da Vang, Su Tu Trang, and Block B - O Mon, which is expected to significantly boost PVS's M&C (EPCI and maintenance) activities. In 2026, the FSO at Lac Da Vang operated by the PVS–Yinson Holdings Berhad joint venture is also scheduled to be completed and put into operation, contributing positively to PVS's earnings. We forecast PVS's net profit to grow by 7.8%, 15.4%, and 5.7% during FY25-27F, driven mainly by the M&C segment amid an urgent need to bring new upstream projects into operation to meet domestic fuel demand and new EPCI contracts in offshore wind. The key risk in 2025 lies in potential delays to the Block B project, though we consider this risk low given the solid progress of EPCI#1 and EPCI#2 packages.
	PVD	27,000	<ul style="list-style-type: none"> Regional demand for jack-up rigs is expected to remain high during 2025F–2026F, driven by upstream oil and gas projects rolled out by national oil companies (NOCs). We expect PVD's average day rate to stay stable at USD 94,800/day for both 2025F and 2026F. Rig utilization is projected to stay above 90%, supporting upstream drilling-related earnings. PVD's net profit is forecast to fluctuate by -0.3% in 2025F and grow 13.6% in 2026F, with the new jack-up rig serving as the key growth catalyst. PVD stock is trading at P/E 16.1x and P/B 0.7x, significantly below its 5-year adjusted averages of P/E 139.2x and P/B 0.8x.

Our top picks for 2H25 - 26

	Stocks	Target price (VND/share)	Investment theme
Consumer	MWG	81,600	<ul style="list-style-type: none"> For 2025F-26F, we estimate net profit to reach VND 5,094 bn and VND 6,273 bn, up 37% and 23% yoy, respectively, mainly driven by: (1) During the recovery phase, thanks to regained market share and sales promotion programs stimulating consumer purchases, the TGDD & DMX chains are focusing on improving revenue/store (+8%/+10% yoy) and gross margin (+2pts%/0pts%), which will help TGDD & DMX chains' net profit grow by 18% and 25% yoy; (2) BHX is accelerating its coverage expansion (+420 new stores), with more than 50% of new stores located in new areas, achieving average revenue per store of VND 1.8 bn/month, thereby helping BHX's net profit increase fourfold yoy.
	PNJ	99,900	<ul style="list-style-type: none"> In 2025F-26F, we estimate net profit to grow by 2%/13% yoy, mainly due to: (1) Challenges in raw materials and weak demand may make the retail jewelry market difficult in 2025, with this trend possibly extending into 1H2026. As a result, the retail store network is projected to grow by only 4%/5% yoy. (2) Gross margin is expected to improve by 3 pts%/0 pts% yoy thanks to changes in product structure and ongoing efforts to optimize costs. Additionally, the draft Decree 24/2012/ND-CP, which is expected to be approved, will pave the way for the development of Vietnam's jewelry gold market, as companies will be allowed to import jewelry gold after more than 12 years of restriction. This creates strong growth potential for PNJ in the mid-long term Currently, PNJ is attractively valued, trading at a 2025 P/E of 13.2x, lower than its 3-year average P/E of 16.8x, with growth potential assessed positively for both the domestic and export markets in the mid-long term.
	VNM	76,000	<ul style="list-style-type: none"> The difficulties in domestic consumption are expected to be offset in 2H2025 when (1) the distribution system operates stably, and (2) VNM pushes the development of new product lines to become the leader of trends in Vietnam's dairy market, resulting in a significant yoy increase in its product portfolio. As a result, domestic market revenue is estimated to grow by 5% yoy, while net profit is forecasted to remain flat yoy. In 2026, the downward trend in imported raw milk prices is expected to slightly improve the gross margin by 0.5pts% yoy. Combined with an estimated 5% yoy increase in revenue, this should lead to a 6% yoy growth in net profit. Currently, VNM is trading at a 2025 P/E of 12.6, which is lower than the 3-year average P/E of 16.0, and offers an attractive dividend yield of ~6.5%. With stronger growth prospects following its brand repositioning phase in 2H2023, VNM demonstrates stable long-term potential in both the medium and long term.

DISCLAIMER



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MBS INVESTMENT RECOMMENDATION

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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