



Market Strategy

May 2025

**THE CALM BEFORE THE
US-VIETNAM TARIFF TALKS**

VNDIRECT



Summary

Market Performance: Tariff turmoil rattled market sentiment

The VN-Index plummeted 5.9% in April, largely attributed to the 46% US reciprocal tariffs on Vietnamese goods. Vietnam's stock market experienced a sharp decline early in the month following the tariff shock but partially recovered later as the US paused tariffs for 90 days, set a 10% rate for 75 partners, including Vietnam, and Vietnam took proactive steps to negotiate lower tariffs with the US.

The 90-day tariff pause spurred recovery across sectors, with some posting substantial gains, even surpassing prior losses. The Real Estate sector outperformed, propelled by Vingroup-affiliated equities VHM (+21.4% MoM) and VIC (+15.5% MoM). VIC's AGM revealed ambitious 2025 targets, including projected revenue of VND300tn (USD11.4bn) (+56% YoY) and net profit of VND10tn (USD380mn) (+90% YoY). For VHM, the CEO affirmed a commitment to the ongoing development of large-scale urban projects, commencing with the Vinhomes Green Paradise development launched on April 19, 2025, in Can Gio, HCMC. Vinpearl's listing is scheduled for May, while VinFast aims for 200,000 domestic EV sales (40% share). The Retail sector grew 4.3% MTD, mainly thanks to VRE's 19.1% MoM surge. In contrast, the Banking sector experienced a 2.6% YTD decline, following a positive 6.1% gain in 1Q25. This April downturn can be attributed to both Government-mandated interest rate stability and broader negative sentiment stemming from global tariff uncertainties. Despite these headwinds, the sector's robust 1Q25 EPS growth of 14.3%, coupled with a fair P/B valuation and projected 16% credit growth, supports a positive long-term outlook.

Market Outlook: The calm before the US-Vietnam tariff talks

Market earnings saw robust double-digit growth in 1Q25, with overall profit surging 22.6%, reflecting an improving business climate and stronger domestic demand. Electricity (+223.9% YoY) and Real Estate (+134.4% YoY) led net profit gains, fueled by a low base effect and the upward trajectory of economic growth. In contrast, Oil & Gas suffered a 63.8% YoY earnings decline, weighed down by a nearly 9% drop in average oil prices compared to 1Q24.

Market valuation is attractive. The VN-Index P/E valuation is currently attractive, trading at a 22% discount to the five-year average. Despite headwinds from US reciprocal tariffs, we expect EPS growth for companies listed on HOSE to rise by 12-17% in 2025, depending on tariff scenarios. This supports our forecast of the VN-Index's forward P/E in 2025 ranging from 10.5 to 11.0x.

In the short term, we expect the VN-Index to fluctuate between 1,200 and 1,280 as investors await clearer signals from the upcoming US-Vietnam trade negotiations, scheduled to begin on May 7. A decisive breakthrough above strong resistance at 1,270-1,280 will likely depend on the negotiations yielding favorable outcomes, particularly securing a reciprocal tariff for Vietnam below 20%—a substantial reduction from the initial 46% proposal—or in the scenario where the State Bank of Vietnam implements a policy rate cut to support the economy. Given this backdrop, **short-term investors should maintain a balanced stock allocation and limit leverage.**

Conversely, if the index retreats to the support zone around 1,200-1,220 points, investors may consider fresh allocations and increasing stock holdings. Our conviction stocks for May include TCB, MBB and CTD.

We maintain three market scenarios for 2025, as outlined in last month's strategy report, with the VN-Index target ranging from 1,230 to 1,520. The outcome will largely depend on the results of US-Vietnam tariff negotiations, the number of rate cuts by the Fed and the State Bank of Vietnam (SBV), as well as FTSE's upcoming market classification review in September.

Macro Recap

April 2025

VNDIRECT

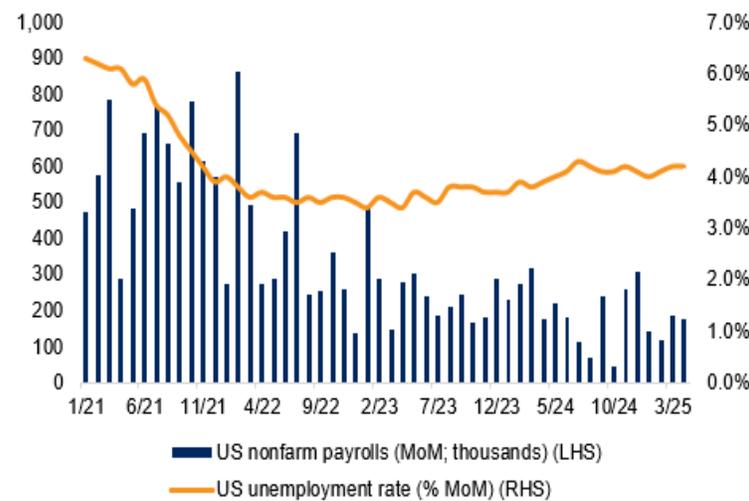
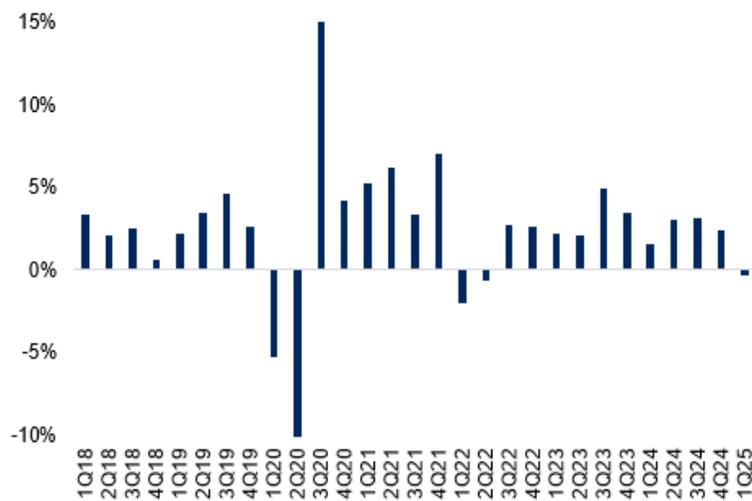
Global Economies Unleash Stimulus Initiatives amid Tariff Clouds



US economy went into reverse in 1Q25 due to soaring imports...

...yet the unemployment rate remained steady at 4.2% in April

Fed held rates steady in May while noting risks of higher unemployment and stagflation



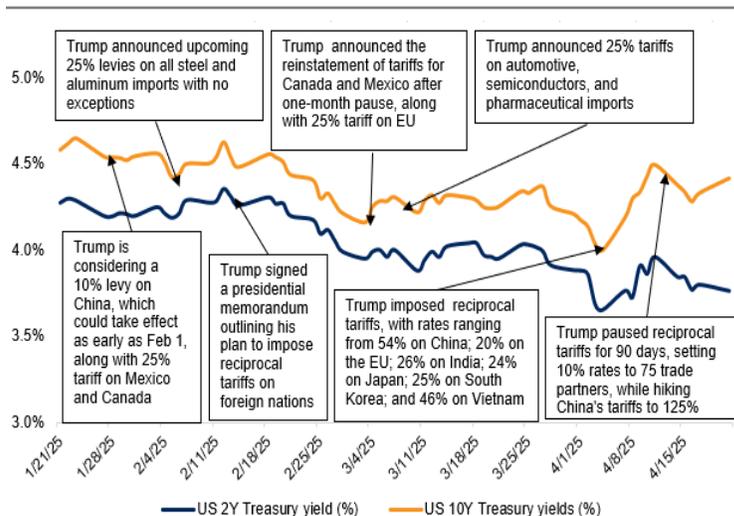
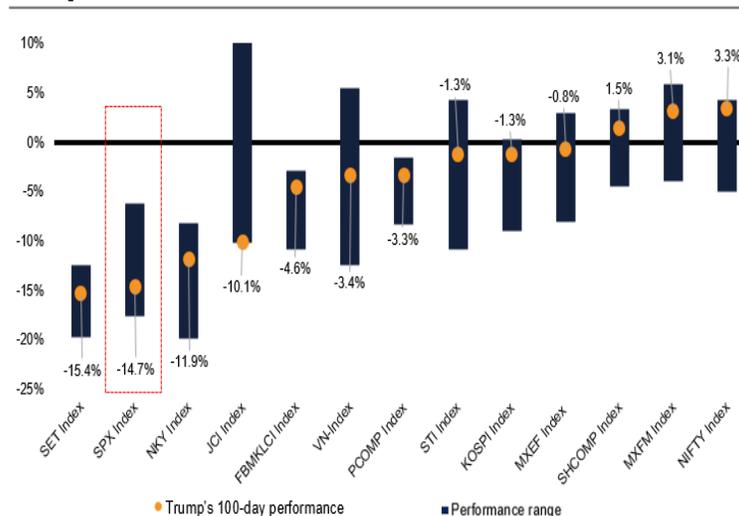
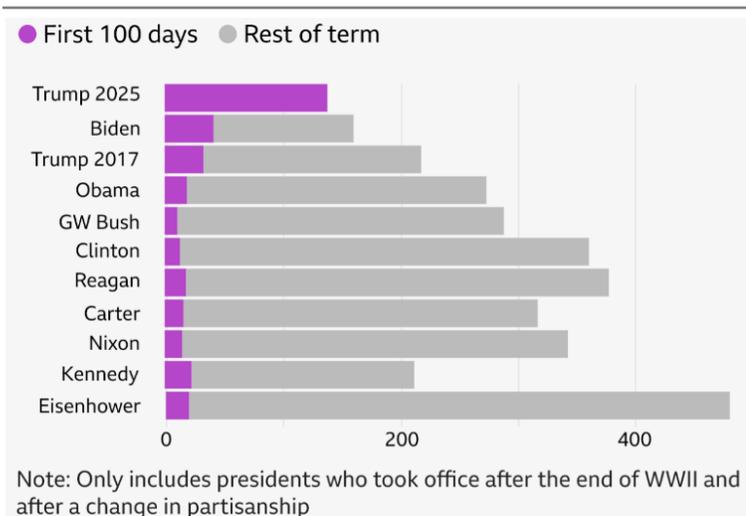
MEETING DATE	CME FEDWATCH TOOL - CONDITIONAL MEETING PROBABILITIES									
	200-225	225-250	250-275	275-300	300-325	325-350	350-375	375-400	400-425	425-450
5/7/2025					0.0%	0.0%	0.0%	0.0%	3.8%	96.2%
6/18/2025	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.3%	34.3%	64.5%
7/30/2025	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.9%	23.8%	54.9%	20.5%
9/17/2025	0.0%	0.0%	0.0%	0.0%	0.0%	0.7%	20.6%	50.5%	25.3%	2.9%
10/29/2025	0.0%	0.0%	0.0%	0.0%	0.5%	13.2%	39.4%	34.6%	11.2%	1.1%
12/10/2025	0.0%	0.0%	0.0%	0.3%	9.3%	31.4%	36.1%	18.4%	4.2%	0.3%
1/28/2026	0.0%	0.0%	0.1%	3.7%	17.6%	33.2%	29.4%	13.0%	2.7%	0.2%
3/18/2026	0.0%	0.1%	1.7%	9.7%	24.4%	31.5%	22.3%	8.6%	1.6%	0.1%
4/29/2026	0.0%	0.4%	3.3%	12.8%	25.9%	29.6%	19.5%	7.1%	1.3%	0.1%
6/17/2026	0.1%	1.2%	5.8%	16.2%	26.8%	27.0%	16.2%	5.6%	1.0%	0.1%
7/29/2026	0.2%	1.8%	7.1%	17.6%	26.9%	25.6%	14.9%	5.0%	0.9%	0.1%
9/16/2026	0.4%	2.2%	8.0%	18.4%	26.8%	24.7%	14.0%	4.7%	0.8%	0.1%
10/28/2026	0.5%	2.5%	8.5%	18.7%	26.7%	24.2%	13.6%	4.5%	0.8%	0.1%
12/9/2026	0.4%	2.0%	7.1%	16.4%	24.9%	24.8%	16.0%	6.5%	1.6%	0.2%

- **Front-loading tamped down growth.** US 1Q25 real GDP contracted 0.3% QoQ (vs +2.4% in 4Q24) due to a surge in import volumes and a contraction in government expenditures, offsetting positive contributions from private investment, consumer spending, and exports. It's crucial to note that this figure represents real GDP, and remains subject to subsequent revisions. On a brighter side, April non-farm payrolls increased to 177,000, exceeding forecasts, with the unemployment rate stable at 4.2%.
- **Mounting recession risks from policy-induced uncertainty rather than inherent weakness within the economy itself.** JPMorgan recently revised its recession probability upward to 60% from 40%, citing disruptive US policies as a significant headwind, with the potential for amplified effects via retaliatory measures. Rather than premature conclusions solely based on one quarter with declining GDP growth, our analysis suggests awaiting further clarity from upcoming US trade negotiations with key partners and the evolving US tariff landscape to gain a more definitive assessment of US economic trajectory. Ultimately, the future performance of the US economy will be significantly determined by Trump's policies and the Fed's monetary policy management.
- **In May, the Fed kept held rates unchanged at 4.25%-4.50%, as expected,** while noting rising risks of higher unemployment and stagflation. Fed Chair Powell downplayed preemptive rate cuts, stressing a data-dependent approach as usual. Current market expectations indicate the Fed will hold rates steady through June, with three cuts commencing in July 2025.

Trump holds the record for the fastest issuance of executive orders among post-WWII US presidents

Despite Trump's claims of "unbridled success" for his initial 100 days, financial markets have exhibited a contrary response

US Treasury yields have risen amid a bond-sell-off

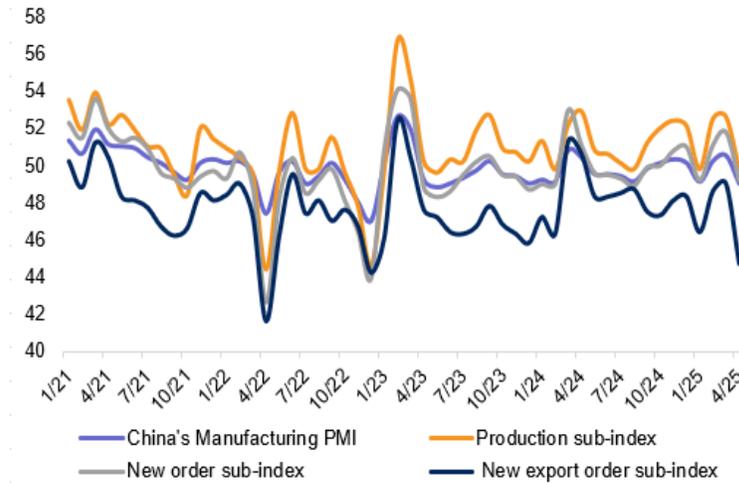
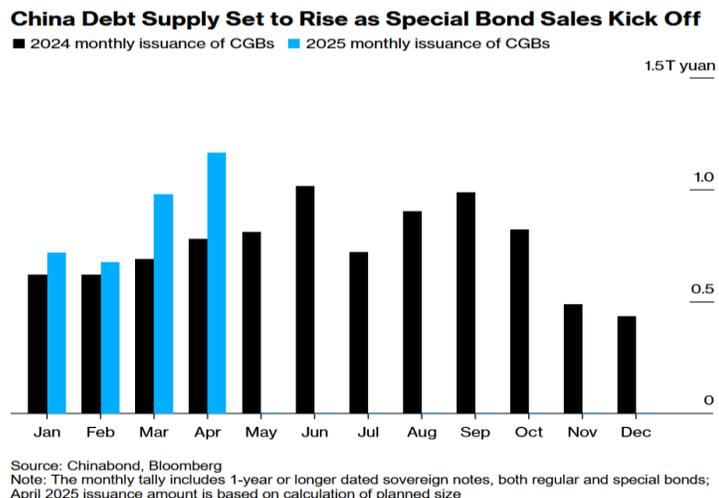
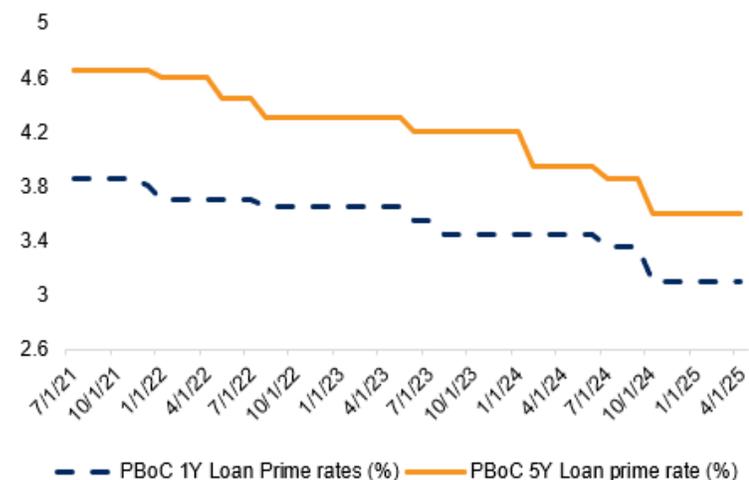


- **The past 100 days - a departure from traditional norms.** The initial 100 days of Trump's second term as US president was marked by a disruptive and extensive deployment of executive orders, challenging established geopolitical norms. Some of Trump's most shocking proposals included substantial reductions in federal employment, the commencement of a large-scale deportation program, threats of the annexation of Canada, just to name a few. Deserving of special mention, of course, is the imposition of Trump's sweeping reciprocal tariffs, aiming at reshaping world trade order. This has triggered a broad-based market sell-off, with the S&P500 falling near 15% within the first 100 days in his second term, representing the second worst performance among our tracked indices. Concurrently, we have observed a flight to safe-haven assets, with gold prices surging amid a backdrop of a weakening greenback. More worryingly, US Treasury yields witnessed a substantial spike within a week of the US "Liberation Day", indicative of a substantial bond sell-off on increased risk premium to compensate for the mounting uncertainty surrounding US policies. Exacerbating the existing fragility of the global order, the ongoing retaliation between the US and China continues to escalate.
- **The next 100 days - out of the tariff storm and into the trade deal fog.** With the 90-day pause, the focus now rests on the upcoming trade talks. To prevent further a dampening of market sentiment, the ongoing diplomatic push by US trading partners, and Trump's willingness, will be imperative. Only when Trump demonstrates a commitment to negotiate can the likelihood of near-term recessionary risks be mitigated. Reports that the US or China, or both, have signaled a willingness to halt further retaliation and initiate trade talks, are preliminary positive signs that we are carefully observing.

PBoC held monetary stance firm, keeping rates steady since Oct 2024...

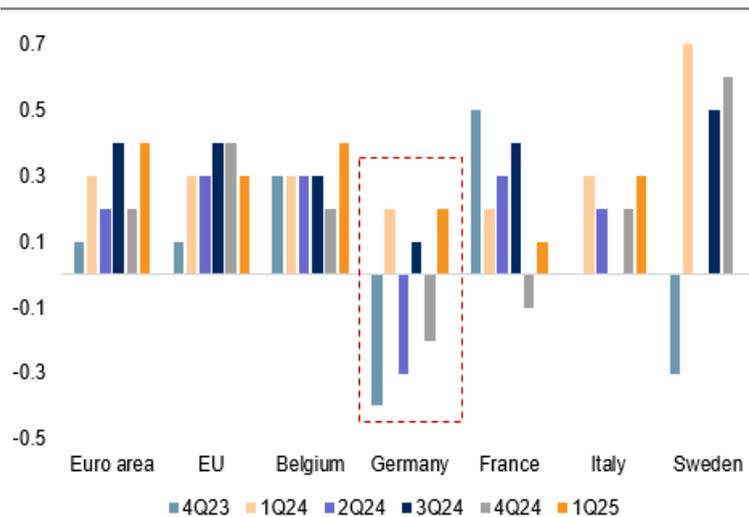
...while the MoF actively implemented fiscal measures...

... to mitigate the tariff pinch, as China's manufacturing PMI plunged to near a two-year low in April

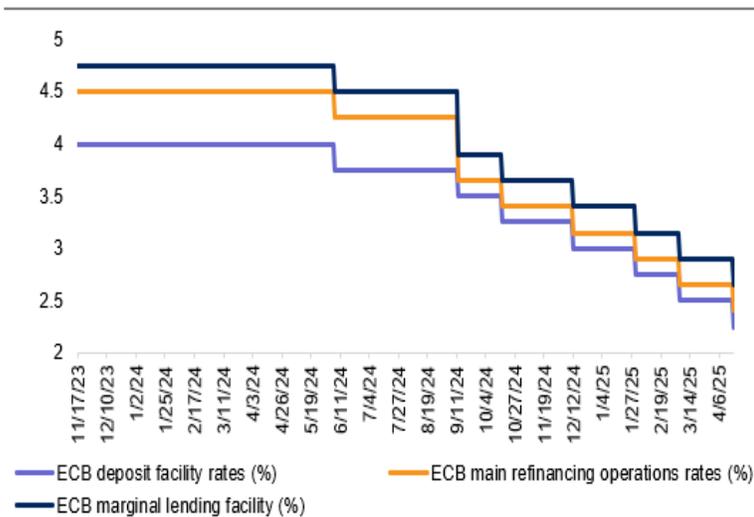


- **PBoC pumped the brakes.** LPRs were held unchanged for a sixth consecutive month on April 20 following robust 1Q25's GDP growth of 5.4%. While deflation and tariff threats have underscored the need for more easing, robust 1Q growth lessened the urgency for immediate rate cuts, and currency stability concerns may prompt PBoC to defer action pending a Fed rate cut.
- **Beijing deploys special bond sales.** Chinese MoF issued 165 billion Yuan in five-year special sovereign bonds on April 24, its first of an expected three batches totaling 286 billion Yuan (USD39bn) for this year. This first batch is strategically allocated for capital injections into state-owned banks facing margin compression amid prevailing global economic headwinds, including the US's threatened 145% tariffs on Chinese goods that pose a significant challenge to achieving the stated 5% GDP growth objective for 2025.
- **China's exports rose 1.5% YoY in April (vs -7.5% YoY in March) and imports increased by 8.4%, a reversal from the 1.9% decrease in March.** Regarding trade activity with the US, imports from the US grew by 9% YoY in April, while exports to the US saw a nearly 3% YoY decrease. Overall, as Beijing ramped up support to bolster the economy, a rebound in both exports and imports offered an encouraging signal of improved demand. While this hints at the potential effectiveness of recent policy interventions, we remain cautious regarding the sustainability of China's trade outlook, especially with the ongoing uncertainty surrounding China-US trade policy, tamping down China's manufacturing PMI to 49.0, with new export orders falling to 44.7 in April.

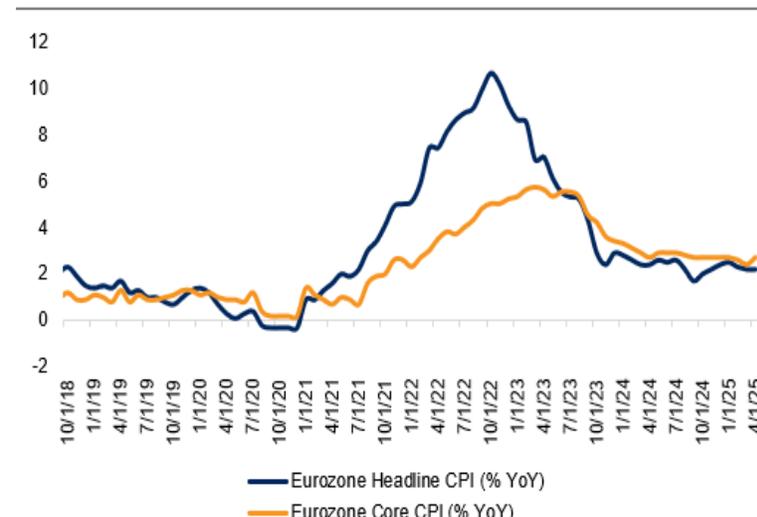
The bloc's largest economy, Germany, saw growth rebound



ECB continued to cut rates by 25bp in April

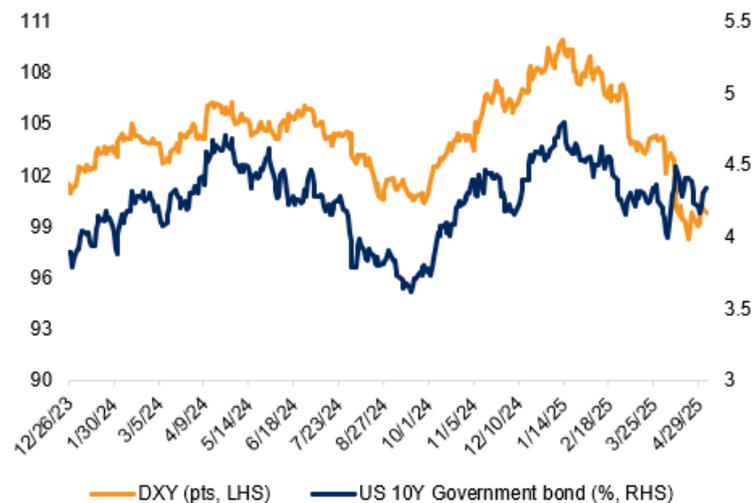


Slightly hotter-than-expected Eurozone inflation was due to Easter, leaving room for further cuts

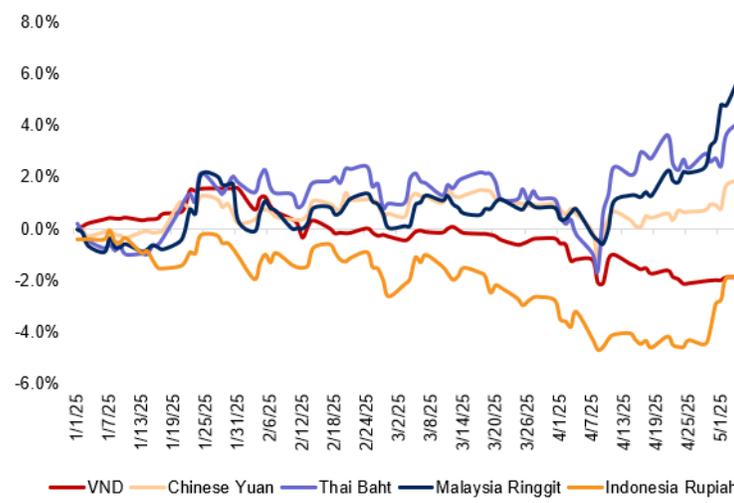


- **1Q GDP growth provided relief.** 1Q25 witnessed stronger-than-anticipated expansion within the eurozone, registering 0.4% QoQ growth (vs +0.2% forecast), marking the fifth consecutive quarter of expansion, suggesting an encouraging rise across the bloc. Within the G20, Ireland demonstrated exceptional outperformance, posting GDP growth of 3.2% QoQ, while Germany, EU's powerhouse, successfully rebounded 0.2% from a 0.2% contraction in 4Q24.
- **The ECB remained cautiously dovish.** A widely anticipated 25-bp rate cut was executed in April, bringing the key deposit facility rate to 2.25% (from its mid-2023 peak of 4%). In line with the prompt rate cut, ECB's policy statement explicitly cited a "deteriorated outlook for growth owing to trade turmoil", and President Lagarde, in her subsequent press conference, characterized the outlook as "clouded by exceptional uncertainty". Despite this, Lagarde also delivered a measured but optimistic stance when addressing 1Q growth, stating that the bloc "has been resilient against global shocks". We view President Lagarde's statement as a cautiously dovish tone. Should disinflation trends persist (unchanged at +2.2% YoY in April), this would afford the ECB continued room to pursue easing credit conditions.
- **ReArm Europe - A historic shift.** European Commission President Ursula von der Leyen indicated in early March that EU defense spending initiatives, aka ReArm Europe, could round up to EUR800bn (USD841bn). Germany also approved a significant fiscal package of increased defense expenditures, leading the bloc for the sake of boosting its growth. Globally, despite in varied forms, we are noticing a clear push for increased stimulus. This reflects overarching vigilance across economies for the heightened risks that Trump 2.0 might unleash to reshape the global order.

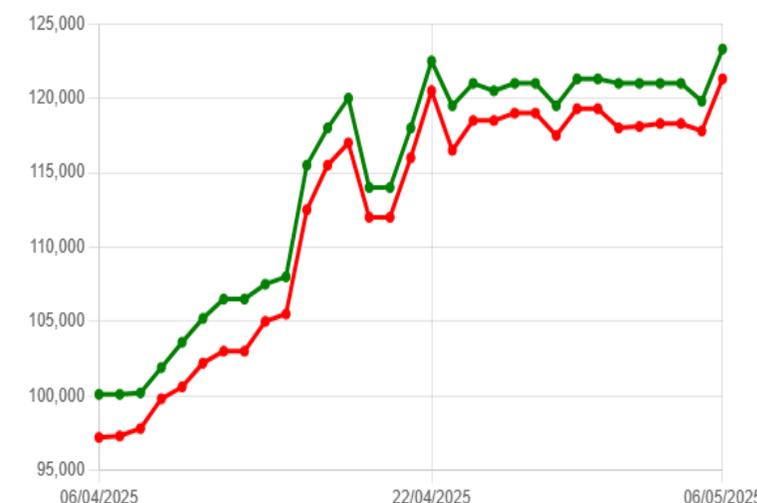
While the DXY has plunged to a three-year low, the US 10Y Treasury yield continued its upward trajectory



Most regional currencies appreciated substantially due to DXY weakness, with the VND, Rupiah as outliers

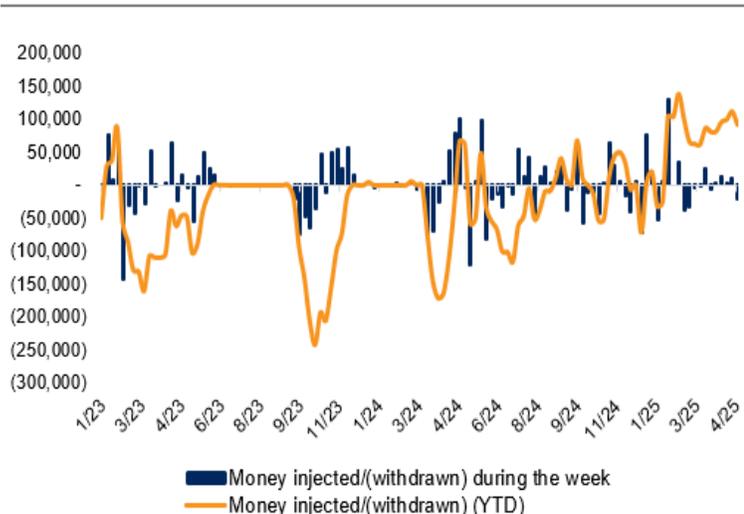


SJC gold bid price, SJC gold ask price

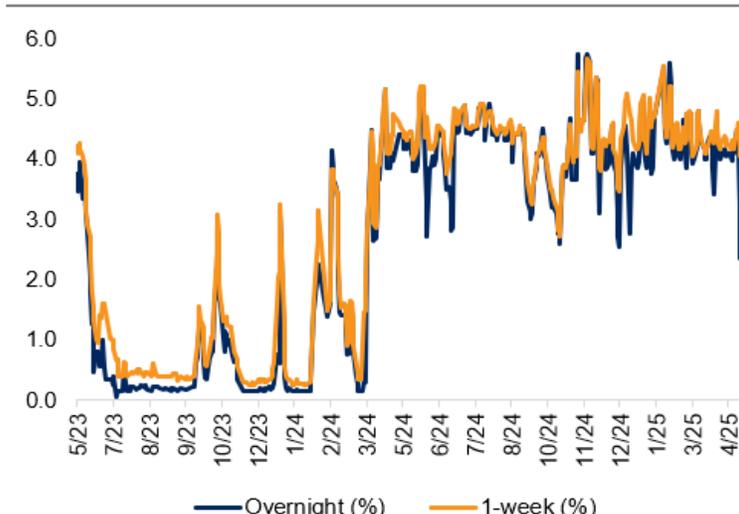


- **The VND came under increasing depreciation pressure against the USD despite a weakening DXY.** This was due to: 1) persistent USD demand from the State Treasury, exceeding USD1bn YTD; and 2) elevated USD demand to finance a robust YoY increase in imports, which grew 18.6% YoY in 4M25. While the VND's depreciation remained contained below 2% for the majority of April, the last few days witnessed heightened pressure, with the VND devalued 2.11% against the greenback by April 25. This coincides with a widening USD-VND interest rate differential, stemming from a drop in ON interbank rates to 2.35%.
- **In contrast to the VND's depreciation against the USD, several regional currencies, including the Chinese Yuan, Thai Baht, and Malaysian Ringgit, have exhibited significant appreciation amid the falling DXY.** While the SBV progressively adjusted its central FX rate upward to VND24,938/USD by May 6 (+2.4% YTD), reflecting its will to accept a higher devaluation, other regional currencies appreciated dramatically, posing risks to their export competitiveness. Consequently, April witnessed the Hong Kong Monetary Authority (HKMA) purchase USD6bn to tamp down the Hong Kong dollar appreciation.

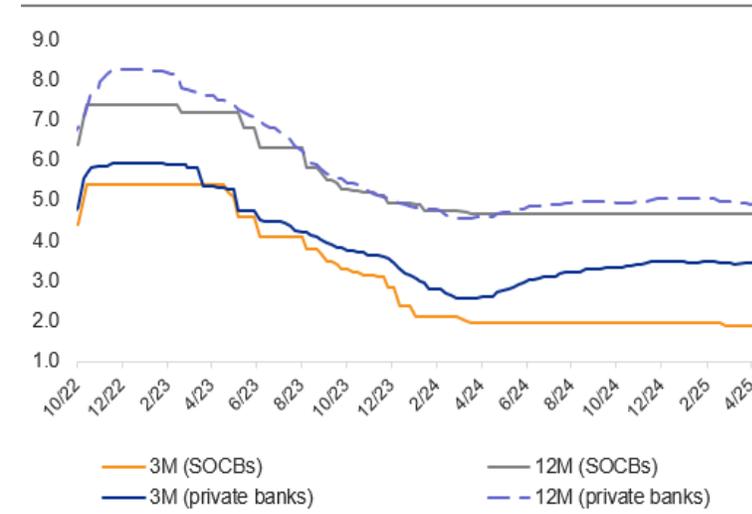
The SBV net injected VND91.7tn (USD2.5bn) via OMO channel by April



ON interbank rates plummeted to 2.35% on April 25 on abundant liquidity



Deposit rates continued to soften



- **OMO withdrawal toward the final week of April resulted in declining YTD net injection via OMO channel.** Amid ample system liquidity, evidenced by the sharp decline in ON interbank rates to 2.35% on April 25, the SBV moderated its deployment of the mortgage lending channel toward the end of April. Consequently, maturing OMO papers exceeded new offers, reducing the YTD OMO balance to VND91.7tn (USD2.5bn) by April 25. With this, ON interbank rates rebounded to 4.05%/year by April 29.
- **The decline in deposit rates persisted throughout April.** As of April 25, the average 12M deposit rates of commercial banks edged down further to 4.80%/year, down 0.01% pts MoM (vs -0.04% in March), and down 0.06% YTD. Concurrently, according to the latest data reported by the Prime Minister, average lending rates at commercial banks have eased to 6.34%/year by April 10, a 60-bp reduction from the end of 2024. This ongoing moderation in deposit and lending rates aligns with the Government's mandate early on in the year.

Market Recap

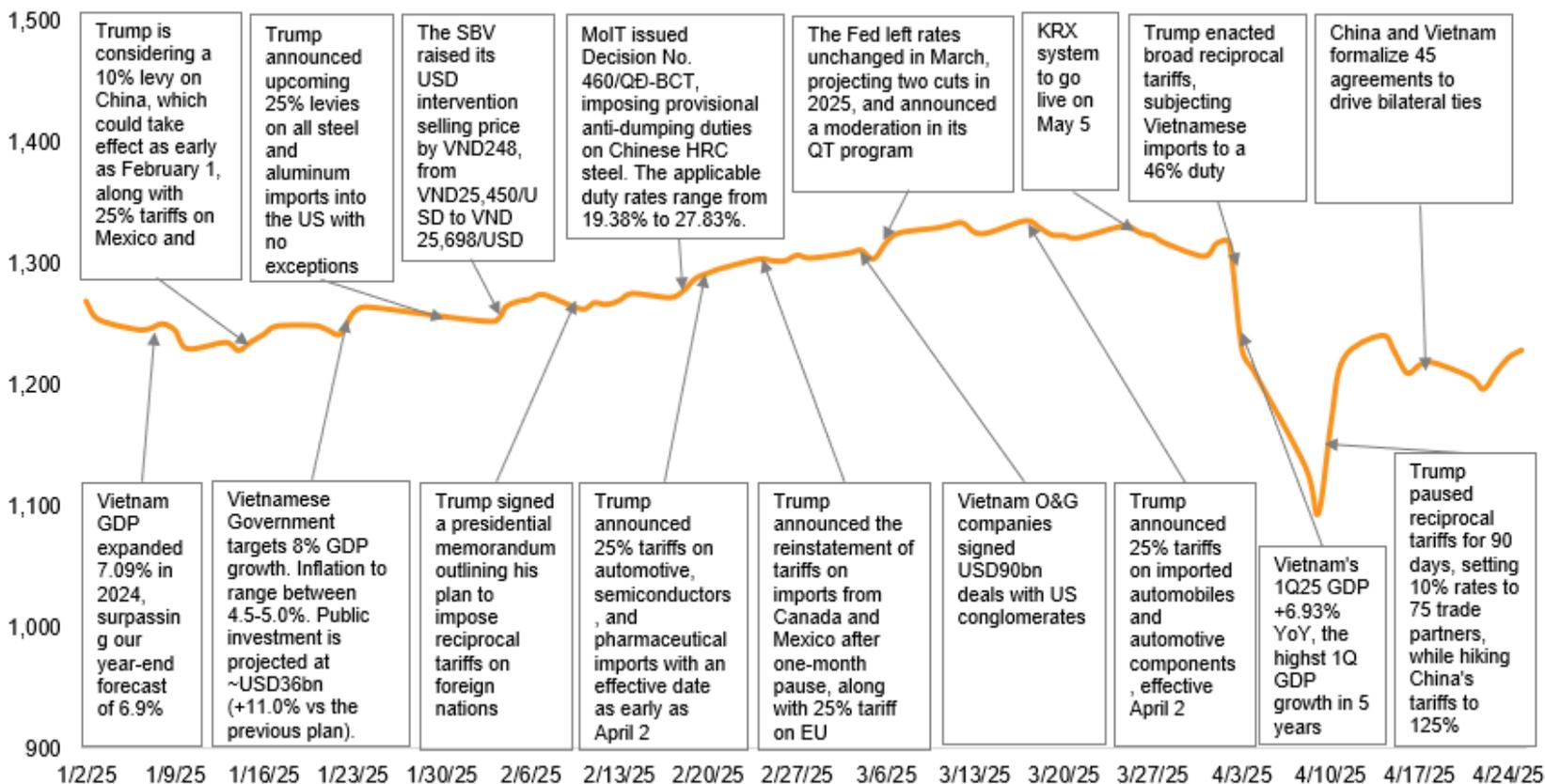
April 2025

VNDIRECT

Tariff Turmoil Rattled Market Sentiments



The VN-Index plummeted 5.9% in April, largely attributed to the 46% US reciprocal tariffs on Vietnamese goods



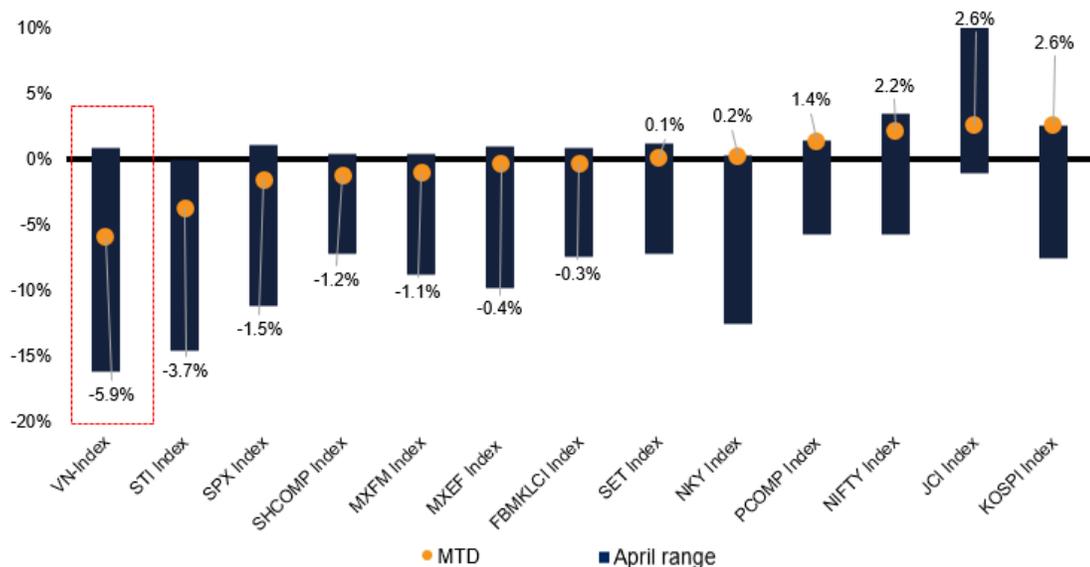
The VN-Index has taken a drubbing, plunging 16% MTD on April 9, its lowest level since Nov 23, due to:

- The US levied 46% reciprocal tariffs on Vietnamese exports, raising concerns regarding the outlook for Vietnam’s exports, FDI, and its ambitious 8% GDP target.
- The ongoing retaliation between the US and China amplified recessionary fears.
- Vietnam will remain under the watchlist for a second EM status via the FTSE Russell.
- The USD/VND exchange rate soared to VND26,002 as of April 25, +2% YTD.

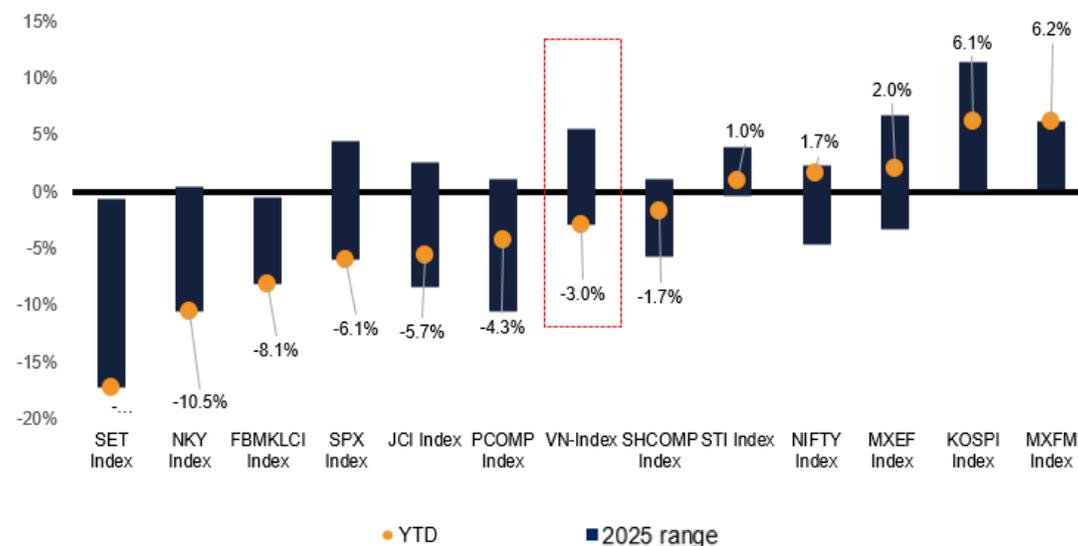
Despite this, the VN-Index received some tailwinds that facilitated a rebound and consolidation above the 1,200 level leading up to the 50th anniversary of Reunification Day, including:

- Vietnam's 1Q25 GDP registered 6.93% YoY, the highest 1Q growth in five years
- Trump paused tariffs for 90 days, setting 10% rates for 75 partners, and later signaled reduced, but not eliminated, tariffs on China.
- Vietnam initiated direct trade negotiations with the US Department of Commerce, highlighted by a positive virtual dialogue.

As Vietnam is among the economies facing the highest reciprocal tariff, the VN-Index witnessed the steepest drop among global indices in April



Even with a 3% YTD decline, the VN-Index demonstrated greater resilience compared to some regional peers



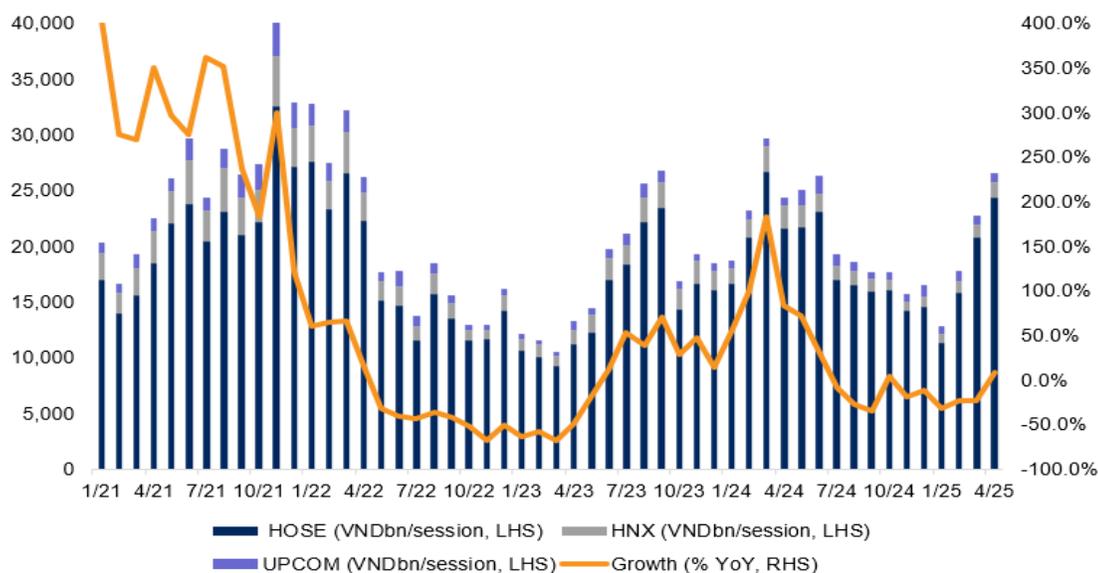
- **In April, the VN-Index fell 5.9%, underperforming its frontier peers, due to Trump’s 46% reciprocal tariffs imposed on Vietnam.** Vietnam was not the exception, as April witnessed a broad downturn across global markets, following Trump’s imposition of significant duties, such as 145% on China (total tariff), 20% on EU, 26% on India, 24% on Japan, and 25% on South Korea. Intriguingly, South Korea and Indonesia rebounded 2.6% MTD thanks to: 1) the chronic undervaluation of Korea stock markets; and 2) the Indonesian market, following a temporary 30-minute trading halt on April 8, rebounded sharply since then, fueled by optimism surrounding the US’s 90-day tariff pause and rumors that the U and China might de-escalate their tariffs on each other.
- **April's market decline erased the VN-Index's YTD gains, resulting in a 3.0% YTD loss, largely attributed to higher reciprocal tariffs compared to regional countries, raising concerns regarding Vietnam's export prospects, FDI inflows, and its ambitious 8% GDP target.** In contrast, the MXFM index led performance in 4M25 with a 6.2% gain, followed by the KOSPI Index and MXEF Index, while the S&P 500 experienced a 6.1% decline. This divergence suggests a capital flight away from US equities due to growing "Trumprecession" anxieties, as tariffs threaten consumer sentiment and income, potentially causing stagflation and recession without sufficient Government intervention to counter retaliation.

	1M (%)	3M (%)	YTD (%)	Weight(%)	1Q25 EPS (%) YoY)	P/E	P/E 5Y Avg	P/B	P/B 5Y Avg	ROE	Beta
Automobiles and Parts	-23.04%	-23.65%	-27.30%	0.08%	-75.83%	11.79	15.23	1.09	1.63	12.07%	0.95
Banks	-9.25%	-4.12%	-2.57%	39.70%	25.76%	9.3	10.11	1.6	1.73	18.55%	0.98
Basic Resources	-17.98%	-8.67%	-12.62%	0.49%	-37.96%	23.52	21.56	0.76	1.02	3.59%	1.09
Chemicals	-10.47%	-11.17%	-14.96%	1.51%	3.45%	14.57	17.08	1.95	2.41	16.95%	1.16
Construction and Materials	-5.17%	-2.34%	-2.35%	2.93%	14.58%	20.72	26.87	1.85	2.05	12.74%	1.02
Consumer Products and Services	-19.12%	-23.49%	-25.10%	0.83%	-10.69%	16.69	25.32	1.78	2.47	16.14%	0.96
Energy	-14.98%	-15.62%	-16.92%	4.70%	7.34%	27.12	19.46	1.81	2.17	11.90%	1.02
Financial Services	-11.63%	0.76%	-0.93%	3.75%	32.78%	18.27	19.75	1.59	1.92	9.56%	1.25
Food, Beverage and Tobacco	-10.81%	-6.77%	-9.26%	9.70%	-6.51%	35.55	44.81	2.58	2.98	14.47%	1.01
Health Care	-6.45%	-7.23%	-8.49%	0.74%	11.49%	19.46	19.19	2.31	2.47	13.28%	0.75
Industrial Goods and Services	-3.10%	7.88%	9.07%	7.03%	9.42%	16.02	20.03	2.03	1.97	12.93%	1.02
Insurance	-10.91%	-6.45%	-7.98%	0.92%	12.80%	14.69	15.25	1.45	1.44	10.49%	1.01
Media	-22.87%	-19.51%	-29.24%	0.05%	250.46%	13.51	23.11	1.15	1.13	8.63%	0.97
Personal Care, Drug and Grocery Stores	-8.24%	-9.11%	-13.45%	0.04%	-36.45%	8.27	11.42	2	2.39	22.15%	0.9
Real Estate	12.38%	35.40%	33.78%	15.70%	6.78%	35.13	39.7	1.66	1.52	10.60%	0.95
Retail	4.28%	8.95%	7.62%	3.38%	43.12%	24.53	36.65	3.54	3.8	14.32%	1.04
Technology	-14.96%	-26.23%	-25.98%	3.54%	6.02%	19.85	25.25	4.89	6.15	26.64%	1.06
Telecommunications	-12.20%	-16.07%	-4.39%	0.06%	532.98%	17.45	38.91	1.23	1.12	7.20%	0.8
Travel and Leisure	2.63%	4.47%	-0.78%	2.35%	-30.76%	21.51	104.77	2.83	3.34	8.64%	1.06
Utilities	-1.69%	0.75%	-1.03%	2.53%	-25.23%	21.32	24.76	1.72	1.75	7.03%	0.76

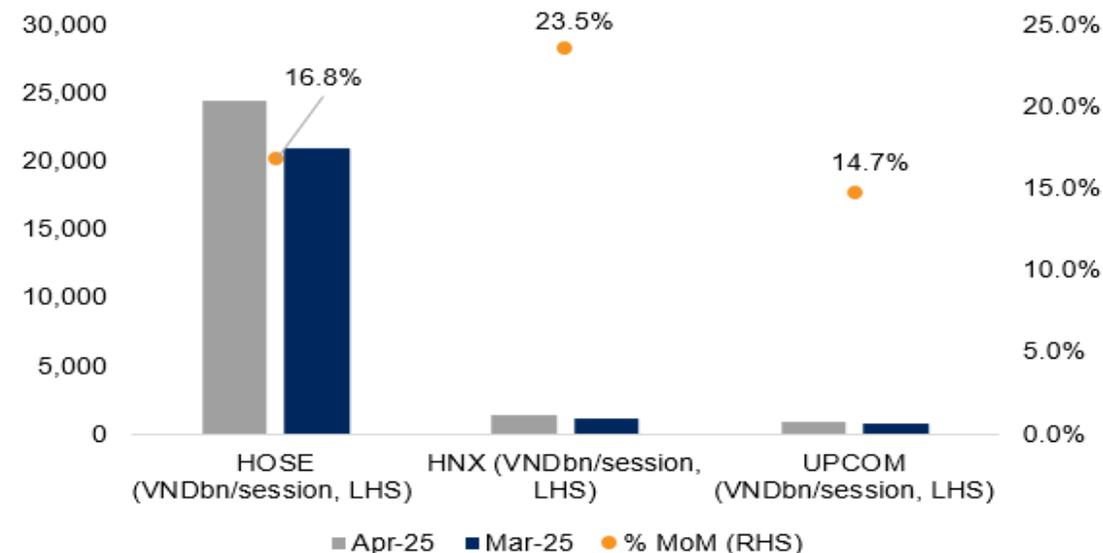
- **The 90-day tariff paused spurred a recovery across various sectors, with many experiencing gains exceeding prior losses and some rising substantially.** The Real Estate sector outperformed, propelled by Vingroup-affiliated equities VHM (+21.4% MoM) and VIC (+15.5% MoM). VIC's AGM revealed ambitious 2025 targets, including projected revenue of VND300tn (USD11.4bn) (+56% YoY) and a net profit of VND10tn (USD380mn) (+90% YoY). For VHM, the CEO affirmed a commitment to ongoing development of large-scale urban projects, commencing with the Vinhomes Green Paradise development launched on April 19, 2025, in Can Gio, HCMC. Vinpearl's listing is scheduled for May, while VinFast aims for 200,000 domestic EV sales (40% share). The Retail sector grew 4.3% MTD, mainly thanks to VRE's 19.1% MoM surge. VRE aims for a record VND4.7tn (USD178.6mn) net profit in 2025 (+15% YoY) and expects positive 1Q results of a 10% YoY net profit increase.
- **YTD, the Real estate sector also led with a 33.8% surge.** In contrast, the Banking sector experienced a 2.6% YTD decline, following a positive 6.1% gain in 1Q25. This April downturn can be attributed to both Government-mandated interest rate stability and broader negative sentiment stemming from global tariff uncertainties. Despite these headwinds, the sector's robust 1Q25 EPS growth of 14.3%, coupled with a fair P/B valuation and projected 16% credit growth, supports a positive long-term outlook.

Corresponding with substantial swings in market movements, liquidity exhibited marked MoM growth of 17.1%

Average trading value increased 17.1% MoM to VND26.6tn/session (USD858.8mn) in April



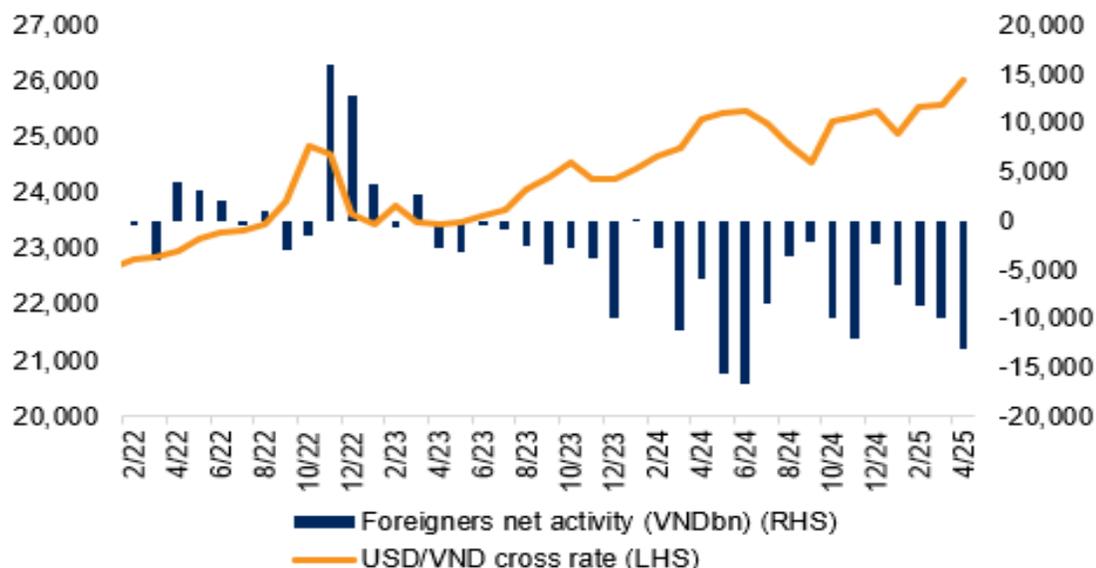
Liquidity boomed across all three bourses



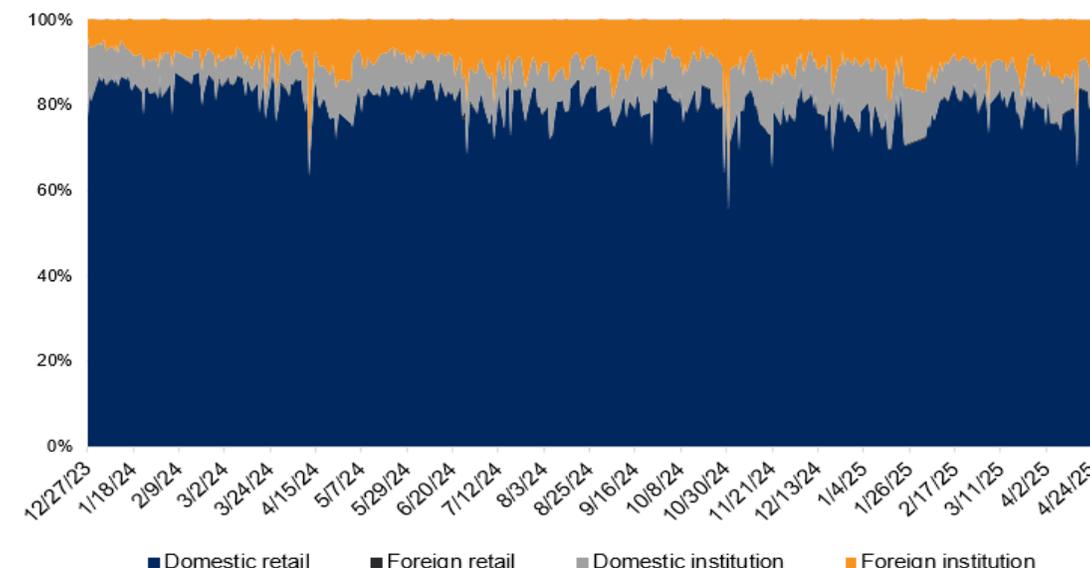
- **April 2025 saw a turnaround in liquidity, ending a five-month period of YoY decreases with a significant 9.1% YoY increase.** On a monthly basis, the average trading value on the three bourses increased 17.1% to VND26.6tn (USD858.8mn), including HOSE: VND24.4tn (USD927.2mn), +16.8% MoM; HNX: VND1.4tn (USD53.2mn), +23.5% MoM, and UPCOM: VND828bn (USD31.5mn), +14.7% MoM.
- **Market liquidity surged in anticipation of Trump's "Liberation Day".** Following the imposition of reciprocal tariffs on April 2, the HoSE exchange experienced unprecedented trading volumes of VND39.5tn (USD1.5bn) and VND42.2tn (USD1.6bn) on April 3 and 4, respectively. This spike in liquidity reflected widespread market panic and substantial sell-offs, resulting in a sharp decline of over 100 points in the VN-Index within two days. Subsequently, the announcement of a 90-day tariff pause triggered another liquidity surge, reaching VND38.1tn (1.5bn) in the HoSE on April 11. Liquidity then stabilized at around VND20.0tn (USD760mn) toward the end of April, as investors evaluated management commentary from AGMs and 1Q earnings reports, leading up to the 50th anniversary of Reunification Day.

Net foreign capital outflows reached highest level since June 2024

Foreign investors net sold VND13.2tn (USD501.6mn) in April 2025



The proportion of foreign transactions rose to 12.7% from 11.1% in March



- **Foreign investors net sold VND13.2tn (USD501.6mn) in April, reaching the highest selling level since June 2024, in line with the broader market swing.** This brought cumulative net selling value YTD to VND39.1tn (USD1.5bn) ending April (vs VND19.9tn/USD756.2mn in 4M24). The proportion of foreign transaction value increased to 12.7% from 11.1% in March.
- **Heightened concerns stemming from the US's aggressive 46% reciprocal tariffs on Vietnam, coupled with prevailing high US interest rates and mounting FX headwinds, have intensified foreign capital flight.** In the three trading sessions immediately following the tariff announcement, foreign investors net sold VND8.2tn (USD311.6mn) amid concerns regarding the potential dampening effect on Vietnam's macroeconomic fundamentals and listed companies' earnings. Subsequent to this initial sell-off, foreign investors briefly returned to net buying, totaling VND271bn (USD10.3mn). April's foreign trading sell-off was also marked by a significant VND4.4tn (USD167.2mn) net sale of VIC via a put-through transaction on April 17. On a slightly positive note, the latter half of April witnessed modest net buying sessions during the prevailing net selling trend, reflecting a cautiously optimistic sentiment of foreign investors amid proactive and flexible diplomatic engagements between Vietnam and the US aimed at mitigating the tariff impact.

Market Outlook

May 2025

VNDIRECT

The Calm Before the US-Vietnam Tariff Talks



The VN-Index staged a partial recovery from a slump induced by the US tariff shock



- After the shock of the US reciprocal tariffs, the VN-Index partially recovered by the end of April, establishing a temporary balance at 1,200-1,230 points—about 8% lower than its level before the tariffs were announced. This reflects market caution regarding the negative impact on Vietnam’s exports and employment in the manufacturing sector.
- **In the short term, we expect the VN-Index to fluctuate between 1,200 and 1,280** as investors await clearer signals from the upcoming US-Vietnam trade negotiations, scheduled to begin on May 7. A decisive breakthrough beyond strong resistance at 1,270-1,280 will likely depend on the negotiations yielding favorable outcomes, particularly securing a reciprocal tariff for Vietnam below 20%—a substantial reduction from the initial 46% proposal—or in the scenario where the State Bank of Vietnam implements a policy rate cut to support the economy.
- Given this backdrop, **short-term investors should maintain a balanced stock allocation and limit leverage.** Conversely, if the index retreats to the support zone around 1,200-1,220 points, investors may consider fresh allocations and increasing stock holdings.

Earnings in 1Q25 saw double-digit growth

Overall market profit increased by 22.6% in 1Q25 (data includes more than 961 companies, accounting for 95.6% of the total market capitalization that have released financial reports)

Market	% released 1Q25 results to sector market cap	1Q25 net revenue growth	1Q25 net profit growth	Contribution to market's 1Q25 NP growth	4Q2024 NP growth	2024 NP growth
Market	95.6%	18.4%	22.6%		28.7%	17.9%
Electricity	97.5%	14.8%	223.9%	1.6%	-18.4%	-29.2%
Real Estate	96.6%	216.2%	134.4%	14.2%	69.6%	-1.3%
Personal & Household Goods	72.8%	4.0%	62.0%	0.2%	135.3%	87.2%
Chemicals	96.7%	21.7%	44.6%	0.9%	-20.1%	14.5%
Retail	97.6%	8.3%	36.2%	0.6%	124.8%	151.1%
Construction & Materials	82.2%	13.1%	25.6%	0.4%	64.2%	57.5%
Technology	97.7%	14.8%	23.1%	0.4%	32.1%	25.6%
Insurance	70.7%	2.9%	18.4%	0.2%	15.9%	3.4%
Banks	100.0%	9.3%	14.3%	6.9%	18.4%	16.1%
Utilities	97.2%	8.3%	9.8%	0.3%	-11.7%	-7.5%
Health Care	97.2%	4.5%	7.1%	0.0%	4.9%	-6.5%
Food Producers	92.8%	0.9%	4.8%	0.2%	30.0%	20.4%
Industrial Metals	97.2%	9.3%	2.1%	0.1%	-0.2%	119.4%
Industrial Transportation	98.1%	12.6%	-1.0%	0.0%	55.1%	20.5%
Financial Services	96.2%	5.4%	-7.7%	-0.2%	-15.8%	16.8%
Industrial	84.2%	9.0%	-9.2%	0.0%	103.9%	105.3%
Beverages	99.1%	-8.7%	-14.0%	-0.1%	10.7%	5.0%
Automobiles & Parts	100.0%	11.5%	-15.2%	-0.2%	35.5%	13.6%
Travel & Leisure	98.7%	5.8%	-17.2%	-0.7%	(*)	(*)
Support Services	50.5%	-6.5%	-27.1%	0.0%	273.3%	75.3%
Forestry & Paper	77.3%	13.2%	-35.5%	-0.1%	23.0%	3.2%
Telecommunications	99.9%	17.7%	-57.8%	-1.0%	260.8%	166.1%
Oil & Gas	98.7%	-0.5%	-63.8%	-1.6%	-69.6%	-62.2%
Mining	99.3%	-7.3%	(*)	0.7%	(*)	(*)
Real estate excluded VHM and VEF		237.8%	129.1%			

(*) Recorded losses in the compared quarter

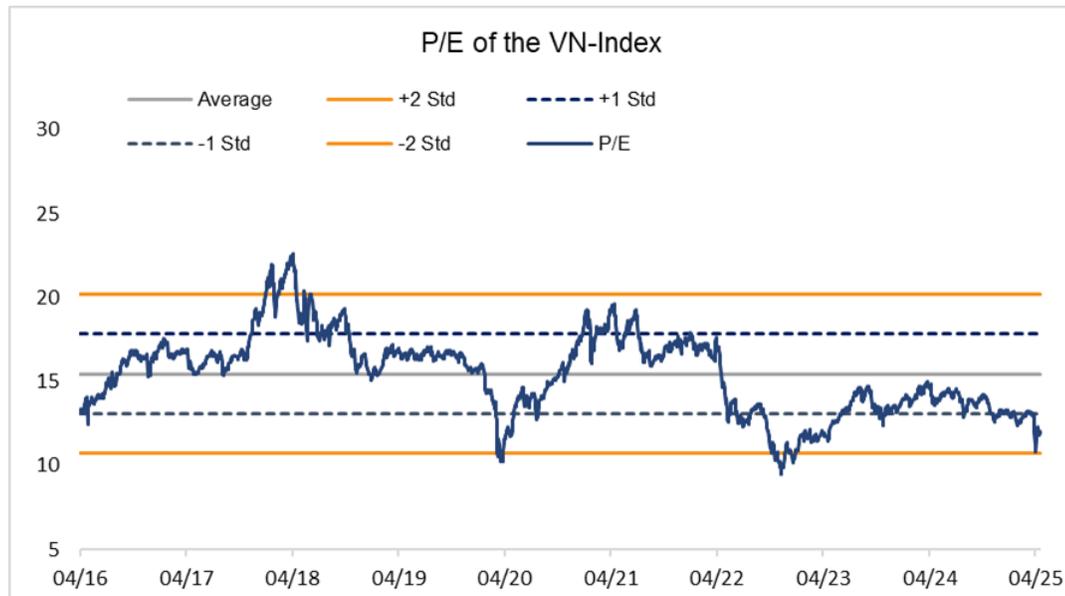
As of May 5, 961 listed companies on the three stock exchanges, accounting for 95.6% of total market capitalization, have announced their financial results for 1Q25 with a 22.6% increase in net profit growth for the overall market.

- Among these sectors, Electricity (+223.9% YoY) and Real Estate (+134.4% YoY) saw the strongest net profit (NP) growth in 1Q25 thanks to a low base effect as well as a strong recovery of the economy.
- The Personal & Household Goods sector rose by 62% due to a boost in exports aimed at avoiding imposed tariffs.
- On the contrary, Oil & Gas has shown a decline in earnings (-63.8% YoY) primarily due to a nearly 9% drop in average oil prices in 1Q25 compared to 1Q24. This had a negative impact on stocks with selling prices directly linked to oil prices, such as BSR, PLX, and OIL.
- Overall, the earnings picture remained strong with double-digit growth.

The VN-Index's trailing P/E was 12.0x, an 22% discount to its ten-year average. We forecast VN-Index's forward P/E in 2025 to be around 10.5-11.0x based on our 2025 EPS growth forecast of 12-17% for companies listed on HOSE.

The VN-Index's trailing P/E dropped to -2 standard deviations before partially recovering, resembling trends seen during COVID-19 and the SCB incident

The valuation of VN-Index is quite attractive compared to other markets (data as of April 25, 2025)



	TTM PE	Current PB	TTM P/E vs. 5-year average	P/B vs. 5-year average
India	25.0	3.8	0.9x	1.1x
S&P500	23.5	4.7	1.0x	1.1x
Turkey	19.0	1.1	2.5x	0.8x
Japan	17.4	1.8	0.7x	0.9x
Indonesia	15.5	1.8	0.7x	0.9x
Thailand	15.2	1.1	0.8x	0.7x
China	14.9	1.3	1.0x	0.9x
MSCI EM	14.9	1.8	1.0x	1.0x
Malaysia	14.0	1.4	0.8x	0.9x
Vietnam	13.6	1.6	0.8x	0.8x
Singapore	12.2	1.2	0.8x	1.1x
Philippines	10.9	1.3	0.6x	0.8x
Egypt	7.0	1.9	0.8x	1.0x
MSCI FM	5.0	0.9	0.5x	0.6x

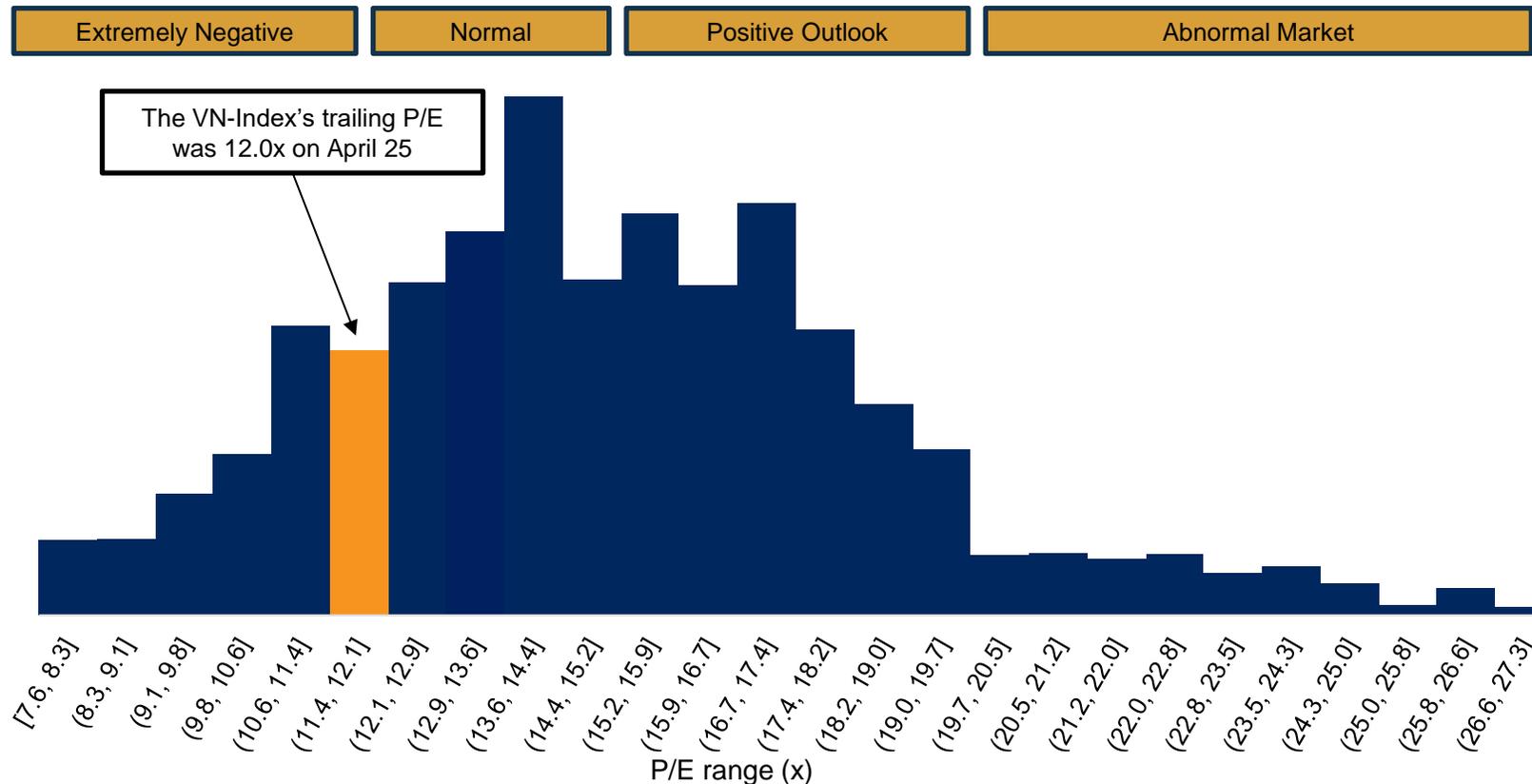
Note: Vietnam P/E re-stated on an IFRS basis.

- ❖ **Market P/E is now attractive.** The VN-Index P/E valuation is currently attractive, trading at a 22% discount to the five-year average. Despite headwinds from US reciprocal tariffs, we expect EPS growth for companies listed on HoSE to rise by 12-17% in 2025, depending on tariff scenarios. This supports our forecast of the VN-Index's forward P/E in 2025 ranging from 10.5 to 11.0x.
- ❖ **P/B multiple is also attractive.** The VN-Index looks cheap in terms of P/B valuation with a current P/B of 1.6x (21.5% discount to the five-year average).

Due to reciprocal US tariffs, the VN-Index is trading at low valuation levels

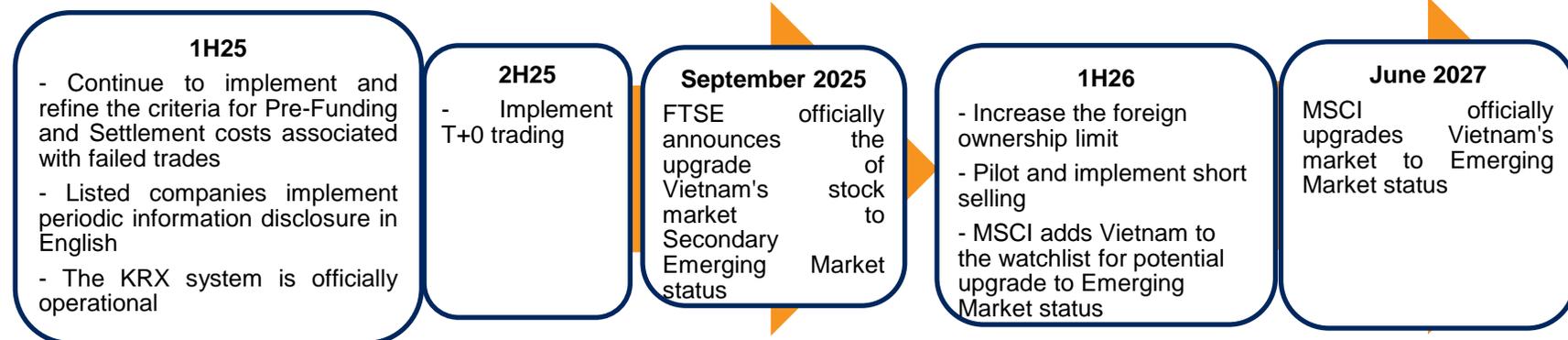
The market closed at 1,226.3 points on April 25, with a trailing P/E of 12.0x.

Over its 24-year history, the VN-Index has rarely seen P/E valuations below 12, a level indicative of deeply negative market sentiment



- Assuming 12-17% EPS growth in 2025, depending on the reciprocal tariff scenario, we project the VN-Index's forward P/E to range between 10.5x and 11.0x, aligning with historically low valuation levels as illustrated in the left chart.
- Catalysts such as successful tariff negotiations or Vietnam's stock market being upgraded to FTSE Secondary Emerging Market status could drive a valuation rerating from current lows.

Rating Agencies	Criteria that Vietnam needs to improve to be upgraded to an emerging market
FTSE	<ul style="list-style-type: none"> - Pre-Funding criteria: The implementation mechanism has been issued, and securities firms are currently deploying it. Awaiting additional real data and FTSE's evaluation. - Settlement costs associated with failed trades: The implementation mechanism is established, and securities firms are actively executing it. Awaiting additional real data and FTSE's evaluation.
MSCI	<ul style="list-style-type: none"> - The foreign ownership limit (FOL) level - Foreign "room" level - Equal rights for foreign investors - Foreign exchange market liberalization level - Information flow - Clearing and settlement - Possibility of off-exchange transactions - Stock lending - Short selling



- The KRX system was officially launched on May 5, 2025, marking the beginning of a new era with advanced trading solutions. Accordingly, many new products and services will be developed, facilitating foreign investors' participation in the market and supporting the process of upgrading Vietnam's stock market.
- In the FTSE's periodic upgrade assessment report for March 2025, although FTSE evaluated that Vietnam's two criteria regarding the "Settlement Cycle (DVP)" and the "Settlement – costs associated with failed trades" are restricted and still unmet, FTSE has recognized Vietnam's progress in implementing the non-prefunding model. FTSE has indicated that it will continue to monitor and provide an assessment during its periodic upgrade review in September 2025.
- With a strong commitment to achieving stock market upgrade goals and building a sustainable capital market, we believe that state regulatory authorities will continue to develop mechanisms to meet the remaining upgrade criteria set by MSCI. We expect the remaining MSCI upgrade criteria to be fulfilled in 2026, and Vietnam will be officially upgraded to Emerging Market status during MSCI's regular review in June 2027.

2025 forecast: Tremendous uncertainty driven by outside events

We uphold our market forecast scenarios as outlined in last month's strategic report, given the lack of meaningful progress in tariff negotiations between the US and its key priority partners, including Vietnam. The ongoing uncertainty underscores the cautious stance investors may adopt while awaiting more definitive developments.

	Upside Scenario	Neutral Scenario	Downside Scenario
Reciprocal tariffs	Reciprocal tariffs applied to Vietnam below 20%	Reciprocal tariffs applied to Vietnam between 20-30%	Reciprocal tariffs applied to Vietnam between 30-46%
Fed	Four to five rate cuts of 25 basis points each.	Two to three rate cuts of 25 basis points each	Less than two rate cuts in 2025.
SBV	50 basis points of rate cuts	25 basis points rate cut	No rate cuts
FTSE's upgrade	Secondary emerging market status announced at September meeting	Secondary emerging market status announced at September meeting	No upgrade
Earnings Growth	16-17% EPS growth based on our bottom-up forecast	14% EPS growth based on our bottom-up forecast	12% EPS growth based on our bottom-up forecast
2025 closing P/E Ratio	13.0x trailing EPS	12.2x trailing EPS	11.0x trailing EPS
VN-Index 2025 forecast	Closes at 1,520 (market gain of 20%)	Closes at 1,400 (market gain of 10%)	Closes at 1,230 (market gain of -3%)

Conviction stocks

May 2025

Curated Opportunities



CTD | [\(4Q24 Earnings Flash\)](#)

Stock information:

Price MoM (%)	11.7%
Price YoY (%)	-8.0%
Target Price (VND)	101,700
Upside (%)	23.7%
Dividend Yield (%)	0.0%
Market cap (USDmn)	317.5
3MADTV (USDmn)	4.8
Foreign Room (USDmn)	99.9

	06-24A	06-25E	06-26F	06-27F
Revenue growth (%)	30.8%	19.2%	3.4%	9.1%
Gross margin (%)	3.4%	3.8%	4.0%	4.1%
EBITDA margin (%)	0.8%	2.3%	2.3%	2.5%
Net profit growth (%)	358.1%	48.4%	5.8%	3.1%
Net D/E (%)	-29.5%	-27.2%	-21.1%	-18.5%
P/B (x)	0.9	0.8	0.8	0.7
P/E (x)	24.6	16.6	15.7	15.2
ROE (%)	3.6%	5.1%	4.9%	4.8%

Investment thesis:

Consistent backlog and contract wins ensure future stability

CTD secured VND16.8tn (USD659mn) worth of new contracts in 1H24/25, completing 58.7% of its full-year target. Total backlog at end-1H stood at VND35tn (USD1.4bn), with repeat sales projects constituting 70% of the total, reflecting strong trust and enduring partnerships. This solid backlog highlights CTD's ability to sustain growth and maintain long-term stability.

Residential construction to reclaim key revenue role in FY24-26

The residential property market is on a recovery path, supported by regulatory easing and increased project approvals. CTD is well-positioned to benefit, leveraging strategic partnerships and a robust project pipeline to drive growth, with residential revenue expected to grow 21.8% YoY to VND13.3tn (USD522mn) in FY24/25 before slightly declining 0.3% YoY to VND13.27tn (USD520mn) in FY25/26.

Industrial contract value to stay resilient amid short-term market uncertainties

The industrial property construction segment is set to expand steadily in FY25-26, driven by Vietnam's regulatory incentives and trade liberalization efforts, despite short-term uncertainties. We forecast CTD's industrial construction revenue to reach VND10.5tn (USD412mn) in FY24/25, and VND11.2tn (USD438mn) in FY25/26.

Rising contribution of infrastructure projects to total earnings

CTD is poised to benefit from Vietnam's accelerating public investment, which is driving higher contractor workloads. The transition to mandatory online bidding from 2025 enhances transparency and competition, benefiting well-established players like CTD. We forecast CTD's infrastructure revenue to surge 377.7% YoY to VND1.0tn (USD39mn) in FY24/25 and grow by 22.3% YoY in FY25/26.

Bad debt recovery to bolster investor sentiment

Management anticipates exceeding its bad debt recovery target of VND100bn (USD3.9mn) in FY24/25. With provisions already set aside, bad debts are unlikely to impact CTD's future profit recognition. However, any recovery could provide an unexpected earnings boost, enhancing investor sentiment toward the stock.

MBB | (1Q25 Earnings Flash)
Stock information:

Price MoM (%)	-0.8%
Price YoY (%)	25.2%
Target Price (VND/share)	28,600
Upside	20.7%
Dividend Yield	1.8%
Market Cap (USDmn)	5,562
3M ADTV (USDmn)	19.8
Foreign Room (USDmn)	52.2

Financial summary (VND)	12-24A	12-25E	12-26F	12-27F
Net interest income (YoY)	6.4%	22.9%	22.1%	24.9%
Non-interest income (YoY)	65.4%	10.3%	8.2%	3.9%
Provision expenses (YoY)	57.3%	25.8%	32.1%	24.6%
Pre-tax profit (YoY)	9.6%	17.5%	14.0%	18.6%
Loan growth	27.1%	26.0%	25.0%	22.2%
NIM	4.1%	4.2%	4.1%	4.2%
CASA ratio	38.0%	37.0%	36.8%	36.8%
NPLs / Gross loans	1.6%	1.6%	1.6%	1.5%
Group 2 loans / Gross loans	1.6%	1.4%	1.3%	1.3%
ROAE	22.1%	21.5%	20.3%	20.2%

Investment thesis:
Strong loan growth driven by public investment and retail recovery

We expect MBB's FY25 loan growth to reach 26%, driven by strong public investment and retail recovery. Accelerating public investment will boost corporate loan demand, particularly in infrastructure, benefiting MBB due to its high corporate loan exposure and strong ties to SOEs and military-affiliated businesses. Retail lending is also set to expand, supported by social housing programs and Vietnam's 12% retail sales growth target, driving mortgage and consumer loan demand.

NIM expansion is supported by loan mix shift and stable funding

We expect MBB's NIM to rise by 7bps to 4.15% in FY25, driven by a shift toward higher-yielding SME and retail loans and strong securities returns. Although a projected CASA drop to 37.0% and greater reliance on term deposits may increase funding costs, MBB's Viettel ecosystem and military-affiliated customer base should help keep costs stable.

Non-II growth driven by trading income and modest fee expansion

We expect MBB's Non-II to grow 10.3% YoY in FY25, driven by a 19.4% expansion in its investment book amid active bond issuance. Fee income is projected to rise modestly by 5% YoY, supported by a mild bancassurance recovery and higher settlement and cash activities. MBB's strong ecosystem and credit disbursement will boost cross-selling, particularly in non-life insurance. Additionally, MBB's partnerships with F88, Viettel Store, and its involvement in public projects will drive transaction volumes, cash management, and payment fee income.

Bad debt will decrease amid economic recovery

We expect MBB's FY25 NPL ratio to decline slightly, supported by an improved economic outlook despite some reclassified restructured debts. Government efforts to resolve real estate and renewable energy challenges along with Vietnam's robust economic growth in FY25 will ease NPL pressures. With full provisioning for Cir02 debts, MBB will manage asset quality through stable write-offs and high bad debt recovery. Thus, the FY25 credit cost ratio will remain at 1.37% to boost LLR to 101%.

Stock information:

Price MoM (%)	-5.6%
Price YoY (%)	15.1%
Target Price (VND/share)	29,800
Upside	14.6%
Dividend Yield	2.8%
Market Cap (USDmn)	7,065
3M ADTV (USDmn)	16.7
Foreign room (USDmn)	-

Financial summary	12-23A	12-24A	12-25E	12-26F
Net profit (yoy)	-10.7%	19.5%	17.0%	41.1%
Credit growth	21.6%	20.7%	15.9%	20.1%
NIM	4.01%	4.21%	4.26%	5.08%
CASA ratio	39.9%	37.4%	39.0%	40.0%
NPLs / Gross loans	1.2%	1.1%	0.9%	0.9%
LLR	102.1%	113.9%	143.8%	138.6%
ROAE	14.8%	15.6%	15.9%	18.8%
P/B	0.83	0.83	0.97	0.81

Investment thesis:
Real estate exposure to continue driving loan growth in 2025

We project TCB's credit growth to reach 15.9% YoY in FY25, in line with the assigned credit quota. Despite lower growth than FY24, momentum remains supported by real estate. Mortgage loans made up 30.4% and property-related corporates 39.1% of total loans in 2024. With recovering demand across housing and construction segments, TCB is well-positioned to capture stable loan growth from both individual and corporate borrowers.

Lower lending rates to weigh on NIM in the near term

We expect NIM to decline to 4.3% in FY25, 40bps lower than our prior forecast. TCB is maintaining low lending rates to support economic recovery, limiting pricing power despite rising COF. The narrowing AY-COF spread will compress margins, especially in 1H25. While mortgage-led long-term loan growth provides some cushion, we expect NIM to recover only gradually as pricing discipline returns in the second half.

Stronger balance sheet to support declining credit cost

Credit cost is forecast to ease to 0.68% in FY25, down from 0.71% in FY24 and 0.73% in our earlier forecast. The NPL ratio should improve to 0.91% (FY24: 1.12%), with LLR rising to 143.8% (FY24: 113.9%). Easing pressure reflects improved borrower repayment capacity amid a recovering property sector. Provisioning will remain disciplined, but lower NPL formation should reduce write-offs and support earnings quality.

Valuation remains attractive given higher ROE in 2025

TCB trades at 1.16x trailing P/B, offering a 4.2% discount to the sector average, with a ROE of 15.6%. Despite trimmed earnings growth, the bank remains fundamentally strong. Robust provisioning, stable NIM, and consistent real estate loan demand underpin our positive long-term view. ROE should stay elevated in FY25, supporting an attractive valuation for medium- to long-term investors.

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RECOMMENDATION FRAMEWORK

Stock Ratings	Definition:
Add	The stock's total return is expected to reach 15% or higher over the next 12 months.
Hold	The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
Reduce	The stock's total return is expected to fall below negative 10% over the next 12 months.
<p><i>The total expected return of a stock is defined as the sum of the:(i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.</i></p>	

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