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Market Strategy

October 2026

**SELECTIVE ACCUMULATION
AHEAD OF A NEW RECOVERY**

VNDIRECT



Market Performance: VN-Index corrects, breaking below the 1,780 support level

Following a strong recovery in August, the VN-Index corrected in September, falling to 1,768.62, down 3.5% MoM. The correction came amid rising selling pressure, weaker liquidity and increasingly cautious investor sentiment. Key factors weighing on the market in September included:

- **Profit-taking after the strong August rally:** The VN-Index gained nearly 100 points in August, triggering increased profit-taking in September. Meanwhile, expectations of FTSE reclassification had been partly priced in, limiting further upside momentum in the short term.
- **Foreign investors turned net sellers:** Following the completion of FTSE-related transactions, foreign capital quickly reversed into net selling, adding pressure on large-cap stocks and overall market sentiment.
- **Fed rate hike:** The Fed's 25-bp rate hike to 3.75–4.00% increased the relative attractiveness of USD-denominated assets, reducing the appeal of risk assets in emerging markets.
- **Elevated oil prices heightened inflation concerns:** Geopolitical tensions kept oil prices elevated, increasing input cost pressures and inflation risks while reinforcing expectations of a prolonged high-rate environment.
- **Unfavorable domestic rates and liquidity conditions:** Deposit rates remained under pressure amid strong credit demand to support the double-digit economic growth target, while weaker market liquidity limited the market's ability to absorb increased selling pressure.

Investment compass for October: Selective accumulation ahead of a new recovery

- The Vietnamese stock market is likely to remain volatile in October as liquidity has yet to improve and investor sentiment remains cautious amid external uncertainties. The VN-Index may continue to test and consolidate around lower support levels as selling pressure and portfolio rebalancing are gradually absorbed. However, downside risks are expected to remain contained, supported by positive earnings prospects in 2H26 and valuations that have corrected to attractive levels. Accordingly, corrections toward strong support levels could present opportunities for selective accumulation ahead of a potential recovery in 4Q26. We recommend considering gradual accumulation as the VN-Index consolidates around 1,700–1,730, with a focus on companies with strong fundamentals, positive earnings growth prospects, healthy liquidity and the potential to attract institutional capital.

Based on technical indicators and fund-flow developments, we identify two scenarios for the market in October:

- **Bottoming and consolidation (Base case):** The VN-Index holds the 1,716–1,730 support zone and trades within the 1,720–1,800 range, assuming the Fed keeps interest rates unchanged. The 3Q26 earnings season is expected to provide strong support. A weekly close above 1,800 could confirm a short-term bottom and open the way for a rebound toward 1,830–1,860.
- **Further correction scenario:** If the Fed raises interest rates by another 25bps in October, continued net selling by foreign investors could put further pressure on the market, pushing the VN-Index below its August low and toward 1,650–1,660. However, discounted valuations and positive 3Q26 earnings prospects should help limit the downside.

Our conviction stocks for October include VPB, FRT and NT2

Macro Recap

September 2026

VNDIRECT

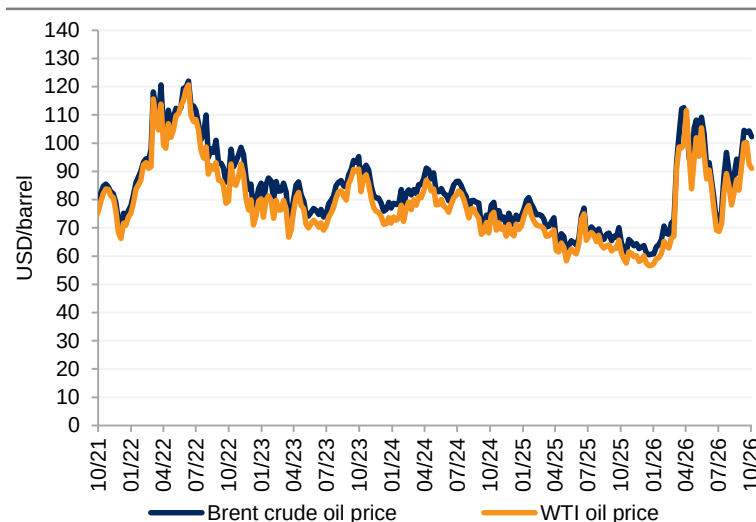
Growth accelerates, Vietnam's economy remains resilient amid global tightening



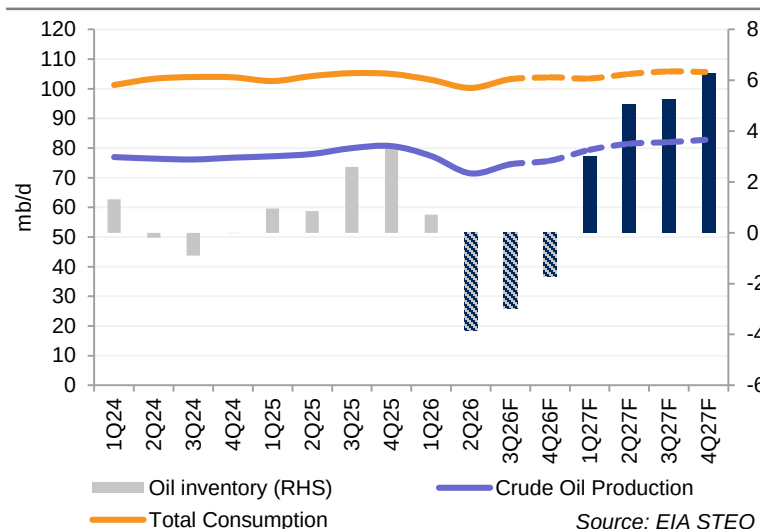
Middle East tensions remain uncertain and more prolonged than expected

Oil prices ease slightly after a sharp rally to multi-month highs, as initial signs of renewed US-Iran dialogue emerge and supply conditions improve

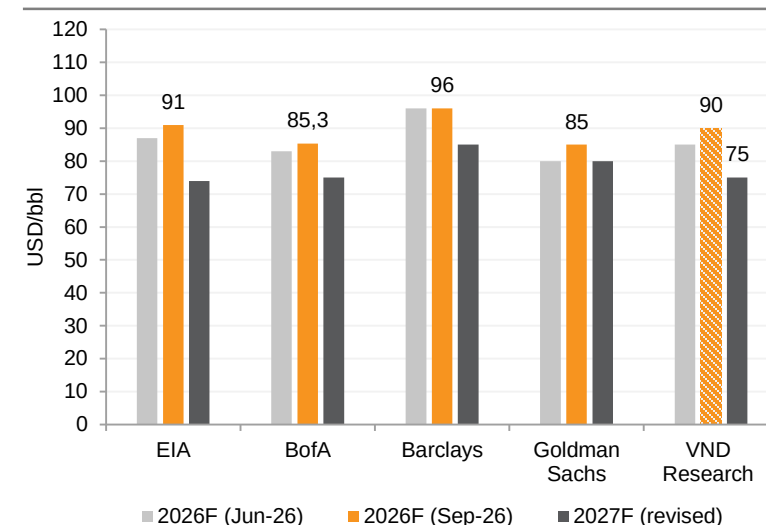
Brent returned to USD100/bbl in September amid attacks on oil infrastructure



Global oil inventories are expected to remain in net drawdown in 4Q26 due to ongoing supply disruptions



Major institutions raise their 2026 Brent forecasts as supply disruption risks persist for longer than expected

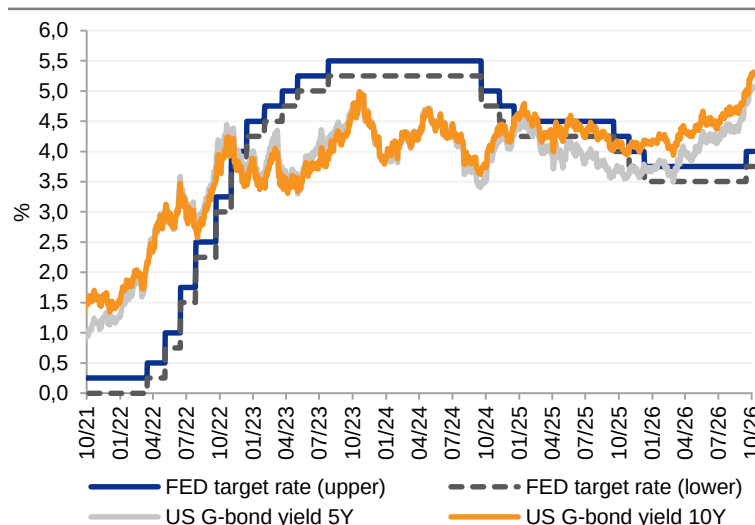


- **US-Iran tensions have yet to reach a resolution, but both sides have sent initial signals of renewed dialogue since the MOU broke down in August**, while improving prospects for actual Middle East supply have helped ease oil prices toward the end of the month. In September, US-Iran talks showed initial signs of resuming on the sidelines of the UNGA, with Iran proposing a seven-day plan to gradually reopen the Strait of Hormuz in exchange for the US easing its blockade and sanctions. Although President Trump rejected the proposal on September 27, mediation channels through Qatar remained open and Iran said the exchanges were becoming more substantive. Against this backdrop, Brent remained above USD100/bbl for most of September.
- **Major institutions have raised their oil price forecasts**, with most major institutions including EIA, BofA, Barclays and Goldman Sachs revising up their 2026 Brent forecasts from their June updates. The revisions reflect a broader assessment that the risk of prolonged supply disruptions in the Middle East is higher than initially expected, with current 2026 Brent forecasts mostly in the USD85-95/bbl range, up ~5-10% from previous estimates.
- Heading into October, Brent could ease toward USD90-100/bbl rather than remain above USD100/bbl as it did for most of September, as US-Iran negotiations have yet to produce a concrete agreement but improving supply signals have provided some relief to market sentiment. The key upside risk is a renewed attack on remaining oil infrastructure or a broader military escalation, which could increase the risk of further supply disruptions.

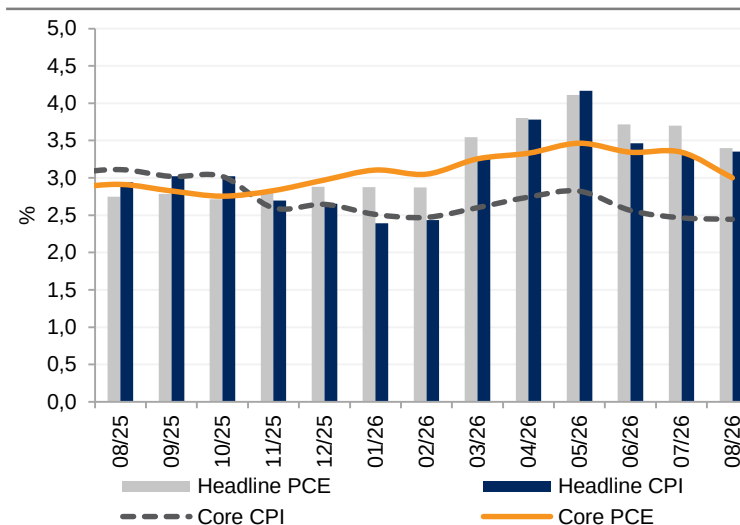
Fed raises rates for the first time in three years: Is another hike in October too soon?

The rate hike reflects persistent inflation risks, while softer core PCE in August has significantly reduced the probability of another hike in October

US Treasury yields continued to rise after Fed's rate hike, reaching multi-year highs



US August inflation data came in softer than expected, PCE inflation moderating further...



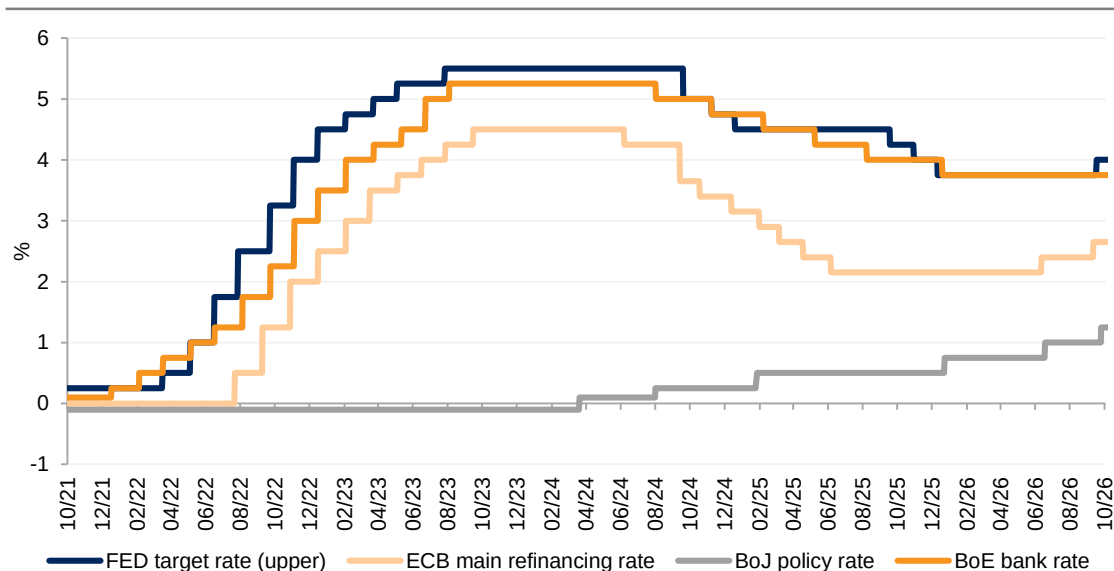
...bringing market expectations for an October rate hike down significantly

	CME FEDWATCH TOOL - CONDITIONAL MEETING PROBABILITIES							
MEETING DATE	375-400	400-425	425-450	450-475	475-500	500-525	525-550	550-575
10/28/2026	81.7%	18.3%	0.0%	0.0%	0.0%	0.0%		
12/9/2026	18.6%	67.3%	14.1%	0.0%	0.0%	0.0%	0.0%	0.0%
1/27/2027	11.8%	49.4%	33.7%	5.2%	0.0%	0.0%	0.0%	0.0%
3/17/2027	3.6%	23.3%	44.6%	24.9%	3.6%	0.0%	0.0%	0.0%
4/28/2027	2.1%	15.1%	35.7%	33.1%	12.5%	1.5%	0.0%	0.0%
6/9/2027	1.2%	9.7%	27.2%	34.2%	21.0%	6.0%	0.6%	0.0%
7/28/2027	1.0%	8.2%	24.1%	32.9%	23.3%	8.7%	1.6%	0.1%
9/15/2027	0.9%	7.0%	21.5%	31.5%	24.9%	11.1%	2.7%	0.4%
10/27/2027	0.8%	6.8%	20.8%	31.0%	25.2%	11.7%	3.1%	0.5%
12/8/2027	1.2%	7.7%	21.5%	30.6%	24.3%	11.1%	2.9%	0.4%

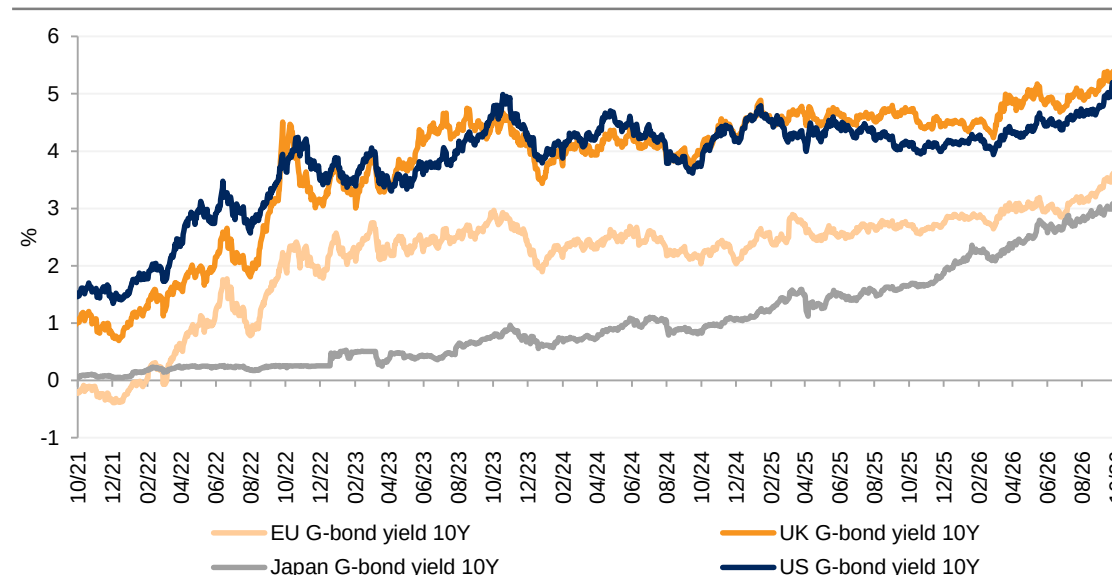
- **US economic data released in September pointed to a more favorable inflation trend than expected, while labor market conditions weakened.** August CPI remained at 3.4% YoY, while core CPI eased to 2.4% YoY from 2.5%. Notably, core PCE inflation in August, released on September 30, fell to 3.0% YoY from 3.3% in July, while the MoM increase was 0.2% (below forecast: +0.3%). Meanwhile, nonfarm payrolls increased by 46,000 in September, well below expectations, while the unemployment rate rose to 4.2% from 4.1%.
- In our [report on the Fed's rate hike](#) by 25bps to 3.75–4.00% at its September 15–16 meeting, we assessed the impact as moderate, as the move had been largely anticipated by markets, while the impact on Vietnamese equities should remain limited if the Fed delivers only one more hike this year rather than entering a stronger and more prolonged tightening cycle. The dot plot showed that 16 of 18 FOMC members expected at least one more hike in 2026, taking the policy rate to 4.00–4.25%. However, [New York Fed President John Williams said on September 29 that there was “no need to rush”](#), suggesting another hike was more likely in December than October. Softer-than-expected core PCE data released the following day reinforced this view, with the probability of rates remaining unchanged in October rising to ~80% from ~30% a week earlier.
- September CPI and PPI, due in mid-October, will be key data points ahead of the Fed's October decision. A hotter-than-expected CPI, particularly due to elevated oil prices amid continued US-Iran tensions, would raise the probability of an October hike. Conversely, softer-than-expected inflation, as seen in August core PCE, would give the Fed more room to keep rates unchanged.

Major central banks resumed rate hikes in September, against a global bond yield environment that had already remained elevated for years due to fiscal pressures, while oil price shock is further amplifying this pre-existing trend

Fed, ECB and BoJ all raised rates in September, reversing the easing trend that had prevailed since 2024–2025



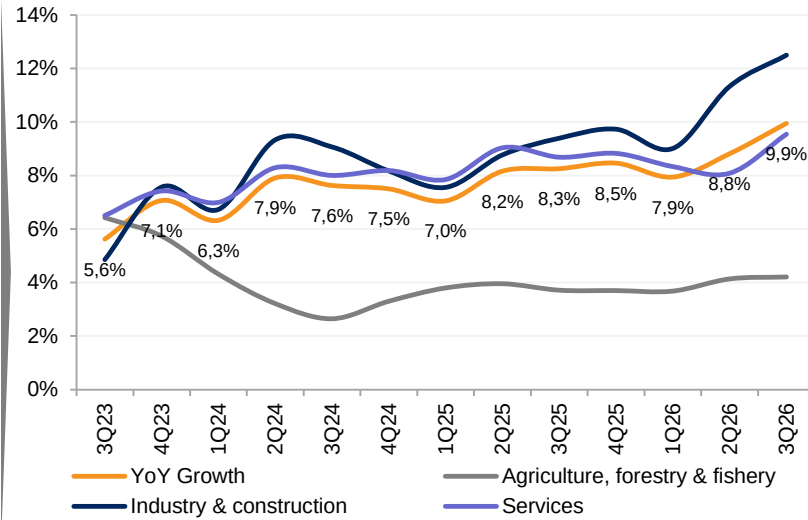
Sovereign bond yields across developed markets are rising at their fastest pace in years



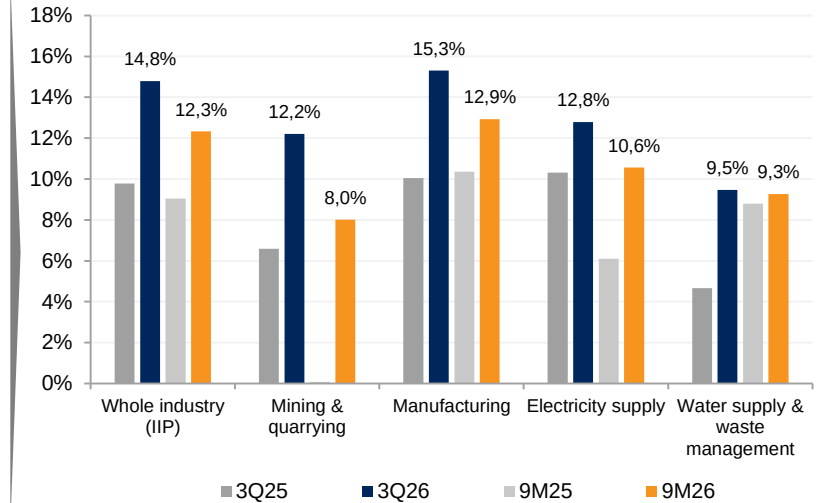
- **Rate hikes by the Fed, ECB and BoJ in mid-September came against a global sovereign bond yield environment that had already remained elevated for years before the oil price shock.** US 10Y Treasury yields stood at ~5.3%, UK 10Y Gilt yields at ~5.4%, German 10Y Bund yields at ~3.5% and Japanese 10Y JGB yields at ~3.0%, all at multi-year highs. Persistent fiscal pressures, higher sovereign bond issuance and QT have pushed term premiums higher, increasing government borrowing costs and debt-servicing burdens as public debt remains elevated following the COVID-19 pandemic. The oil price shock has further amplified this trend, prompting central banks to shift from waiting for easing to tightening again, with both term premiums and short-term rate expectations rising.
- **For emerging markets, a prolonged period of elevated global yields creates simultaneous pressure on capital flows, exchange rates and funding costs.** Higher “risk-free” yields increase USD/EUR borrowing costs, reduce fiscal policy headroom and raise the discount rate applied to EM equities, putting pressure on valuations and their ability to attract capital, particularly in economies that remain highly dependent on external funding.

Vietnam's economy continues to "defy" external headwinds, with growth accelerating in 3Q26

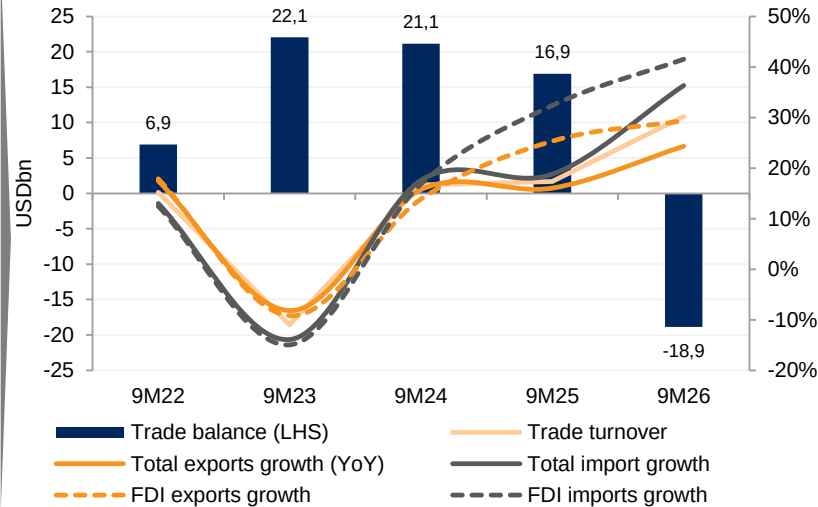
GDP growth accelerated to 9.95% YoY in 3Q26, bringing 9M26 growth to 9.01%, driven by industry and construction (+12.50% YoY, contributing 51.6%).



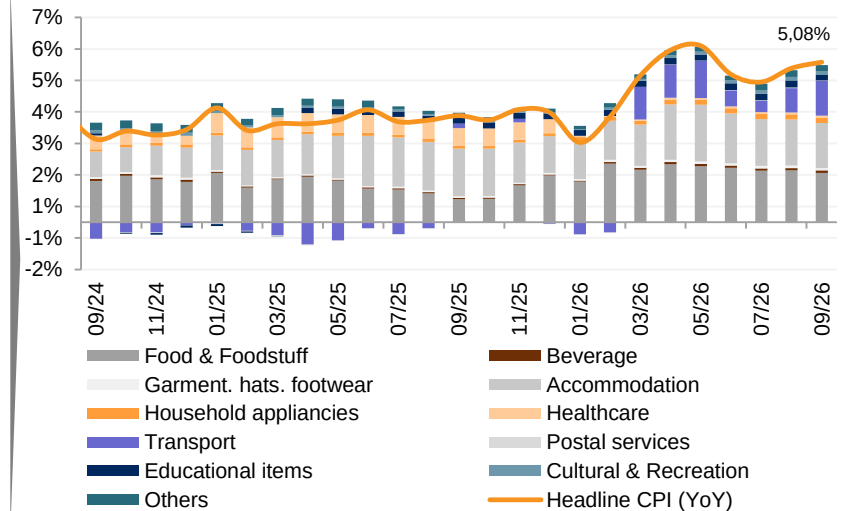
IIP increased 12.3% YoY in 9M26, the highest 9M growth in several years, driven by manufacturing (+12.9% YoY). September PMI stood at 51.9, down from 53.3 in August.



Total trade turnover reached USD888bn in 9M26 (+30.4% YoY). Trade balance posted a USD1.3bn surplus in September, reversing the USD100mn deficit in August, as exports (+8.5% MoM), faster than imports (+6.0% MoM).



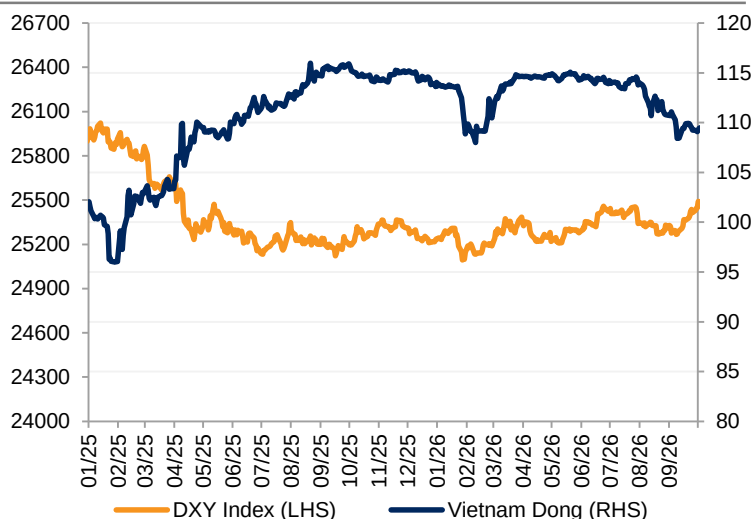
September CPI rose 0.62% MoM and 5.08% YoY. Transport prices increased 3.97% MoM (+0.40ppt to headline CPI). Average CPI rose 4.52% YoY in 9M26, slightly exceeding National Assembly's 4.5% target for the first time this year.



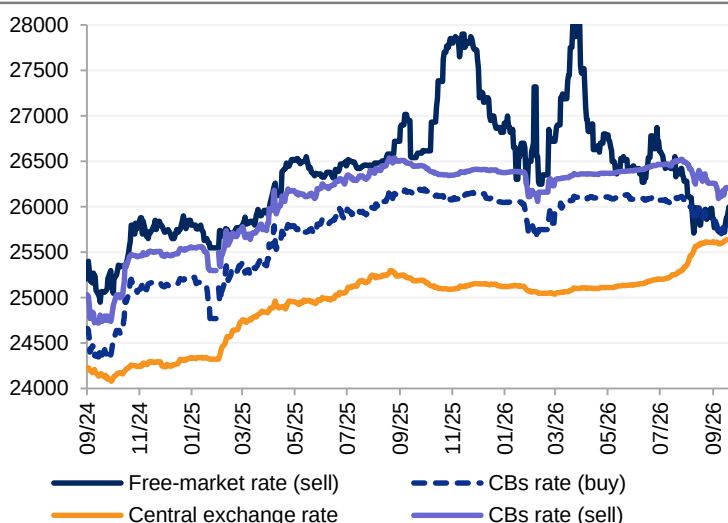
The VND held firm despite heightened global pressures

Persistently high VND interest rates and improving foreign currency inflows continued to support the VND

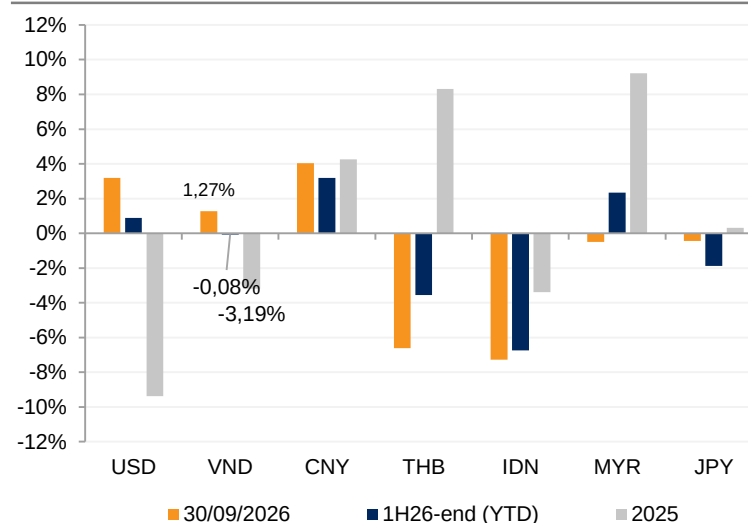
DXY was supported by the Fed's decision to hike rate in September



VND did not face significant pressure despite the Fed raising interest rate



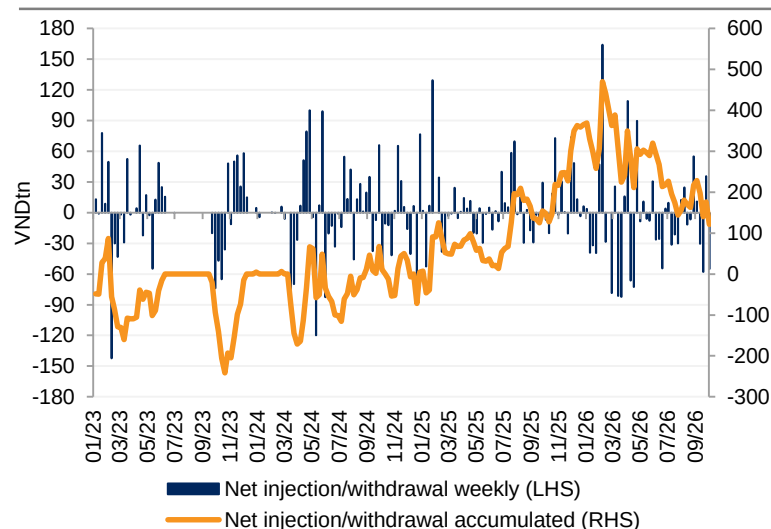
Regional currencies performance against USD



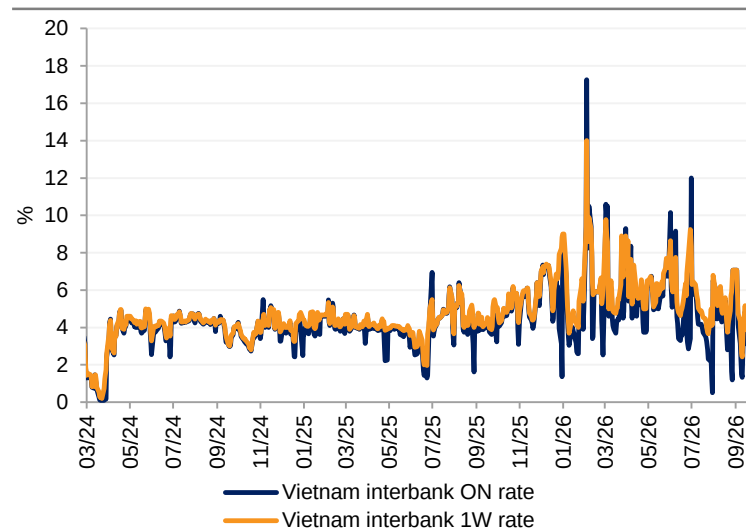
- **The US dollar regained strength in September after weakening in August.** The DXY trended higher throughout the month, following Federal Reserve's latest policy rate hike. As of September 30, the DXY stood at 101.45 (+1.03% MoM; +1.05% YTD). The rebound in the USD reflected a shift in market expectations as persistent geopolitical risks increased the chance that the Fed would need to raise interest rates to contain near-term inflation pressures. Nevertheless, based on the Fed's September projections, the market currently expects only one more additional rate hike in 2026, making it unlikely for the USD to strengthen as sharply as it did in late 2024 and early 2025.
- **The USD/VND exchange rate remained stable within a narrow range in September despite pressure from the Fed's rate hike and a stronger US dollar.** As of September 30, the interbank USD/VND exchange rate stood at VND25,960/USD (-0.44% MoM; -1.27% YTD). Commercial bank USD buying and selling rates declined by VND30 from the previous month to VND25,760 - VND26,170/USD, while the unofficial-market rate also fell by ~VND60 to VND25,960-VND26,080/USD. The relative stability of the VND was supported by domestic interest rates remain elevated with no signs of easing and FX currency inflow has improved, driven by a trade surplus and continued strong realized FDI.
- **However, exchange-rate risks remain and warrant close monitoring.** Because Brent oil price is staying above 100 USD/barrel amid ongoing tensions in the Middle East, there remains a possibility that the Fed could continue raising rates beyond a single additional hike, potentially evolving into a longer-term tightening cycle. Such a scenario would exert significant pressure on the USD/VND exchange rate in the medium and long term.

The SBV adopted a flexible approach, utilizing FX swaps to preserve market confidence

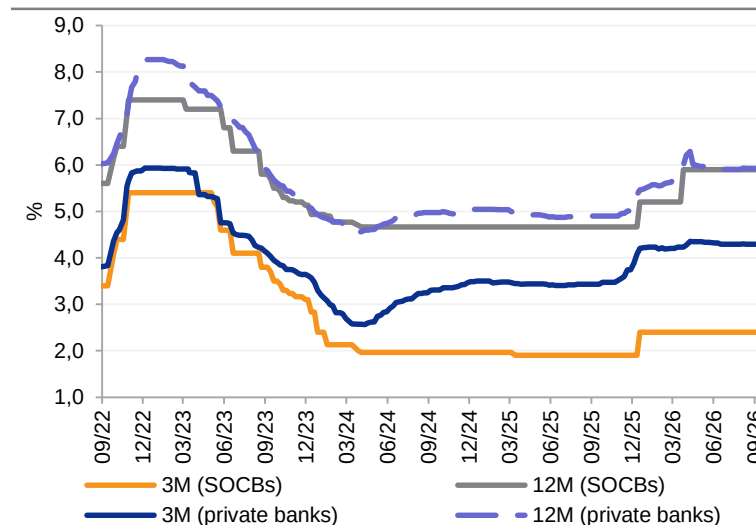
OMO liquidity withdrawal offset by FX swap support



Short-term interbank rates remained more stable at quarter-end compared with Q2



Average 12-month deposit rates go up slightly as deposit growth gradually caught up with credit growth



- **The State Bank of Vietnam (SBV) remained proactive in managing liquidity conditions to preserve market stability toward the end of the third quarter.** In September, the SBV withdrew a net VND87tn (USD3.4bn) through open market operations (OMO), reducing outstanding OMO balances to VND150tn (USD5.8bn) as of September 30. On the other hand, SBV conducted several short-term FX swap transactions with commercial banks, including USD2bn (seven-day tenor) on September 21, USD1bn (seven-day tenor) on September 25, and USD 1bn (three-day tenor) on September 28, to provide temporary liquidity support during the quarter-end reporting period.
- **Interbank interest rates remained relatively stable throughout September.** Average overnight interbank rates stood at 3.36% a year, down 115bps MoM, while one-week rates averaged 4.94%, down 58bps MoM. Liquidity demand peaked during the quarter-end period, with overnight and one-week rates surging to 6% and 7% in the week ending of September before quickly easing back to around 3.0% and 3.5%, respectively, in early October. The SBV's recent actions suggest an increasing emphasis on supporting system liquidity and economic growth, particularly as the VND exchange rate remains broadly stable.
- **On the primary market, deposit rates edged higher in the second half of September.** As of September 30, the average 12-month deposit rate reached 5.97%, up 6bps from the end of the previous month, indicating that funding pressure within the banking system remains elevated as banks seek to meet their credit growth targets. As of September 23, total deposits were estimated to have increased by 9.59% YTD, while system-wide credit growth reached 10.37% YTD

Stock Market Highlights

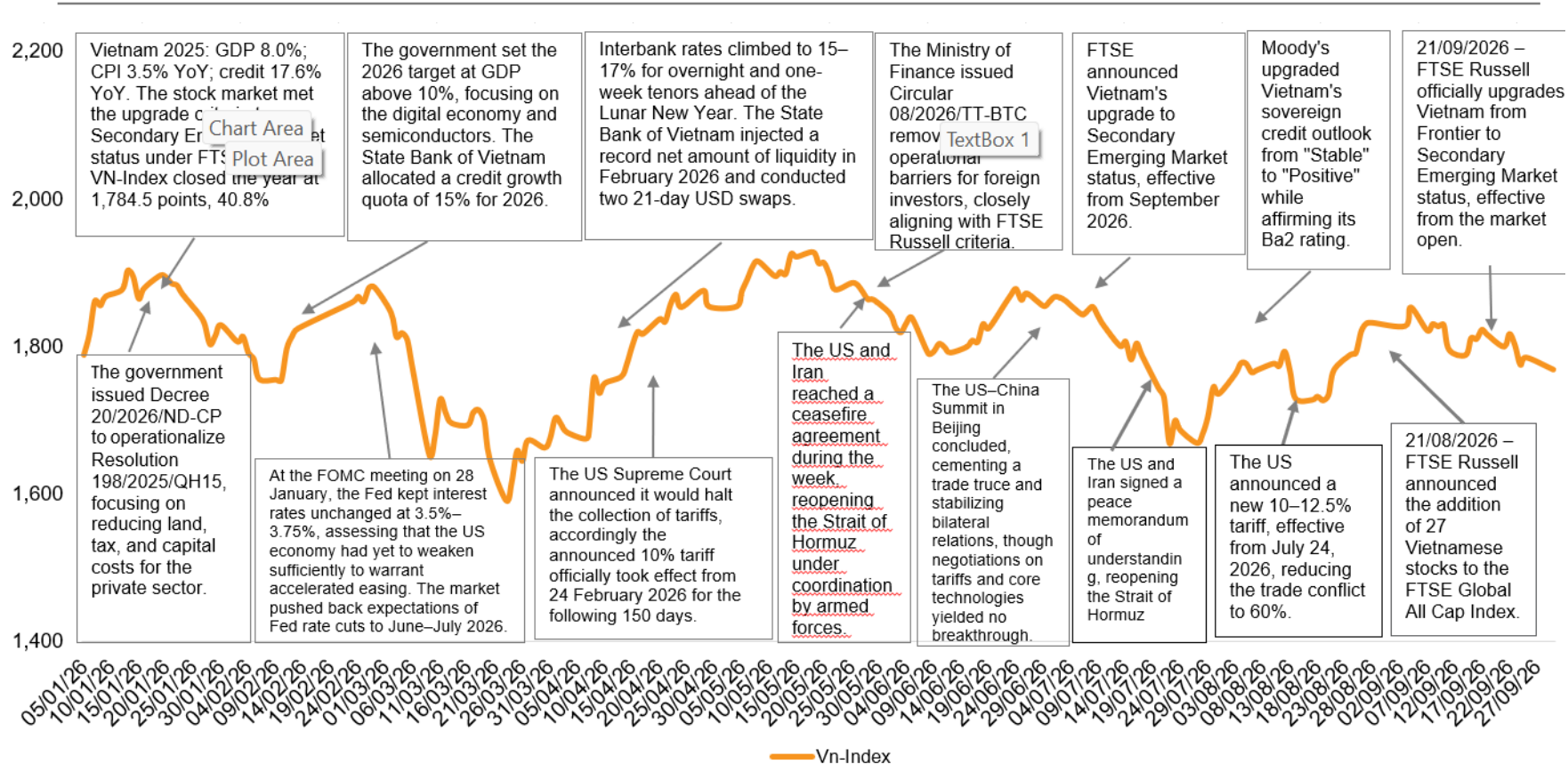
September 2026

VNDIRECT

VN-Index corrects, losing the 1,780-point support level



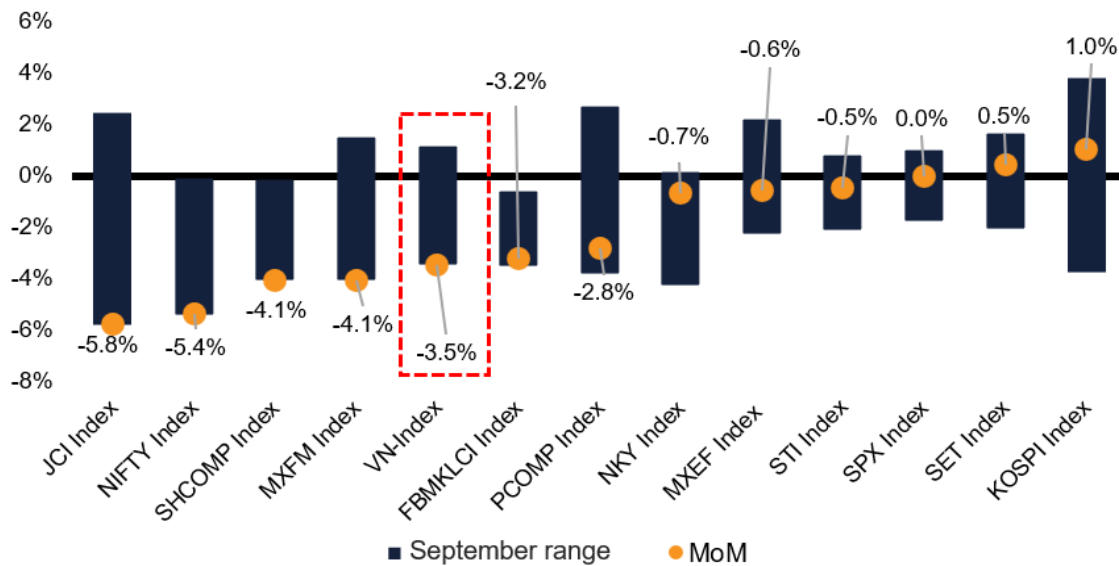
VN-Index fell 3.5% MoM, closing September at 1,768.62 points



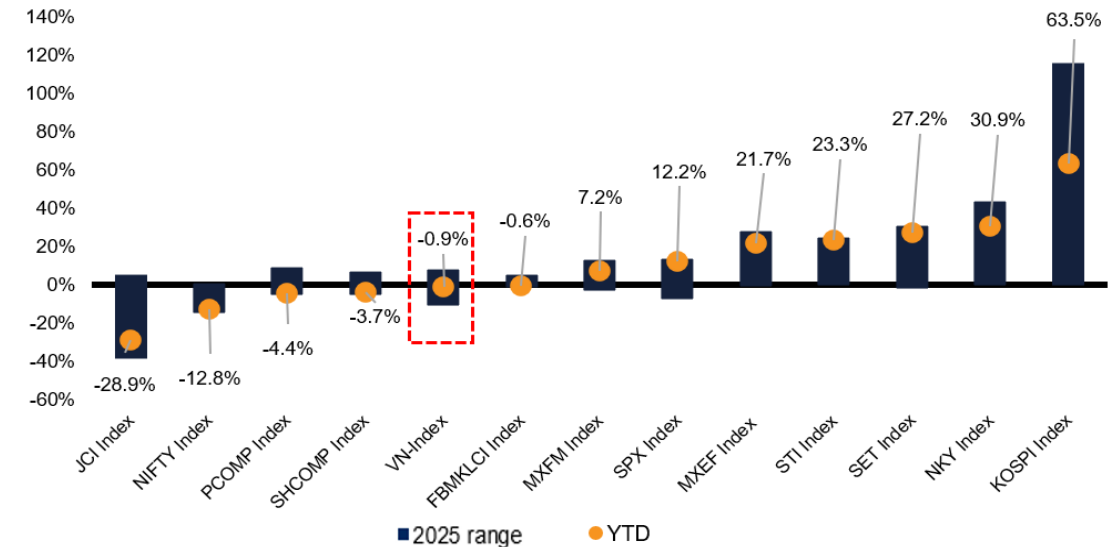
The VN-Index closed September 2026 down 3.5% MoM, as selling pressure increased amid weakening capital flows and more cautious investor sentiment. The key factors affecting the market in September 2026 were:

- **Profit-taking pressure following the strong rebound:** The VN-Index gained nearly 100 points in August, intensifying profit-taking pressure in September, while expectations of the FTSE upgrade had already been partly priced in, reducing short-term upside momentum.
- **Foreign investors returned to net selling:** After completing FTSE-related trades, foreign capital flows quickly reversed to net selling, adding pressure on large-cap stocks and market sentiment.
- **The Fed raised its policy rate:** The Fed's 0.25 percentage point rate hike increased the appeal of USD-denominated assets, thereby reducing the relative attractiveness of risk assets in emerging markets.
- **Elevated oil prices heightened inflation concerns:** Geopolitical tensions kept oil prices elevated, increasing input cost pressure and inflation risk, thereby reinforcing expectations of a prolonged high interest rate environment.
- **Domestic interest rates and capital flows remained unfavorable:** Deposit rates came under pressure amid strong credit demand, while market liquidity declined, leaving demand insufficient to absorb selling pressure.

The VN-Index fell 3.5% in September, ranking ninth out of the 13 monitored markets



The VN-Index's YTD performance fell to -0.9%, ranking ninth out of the 13 monitored markets



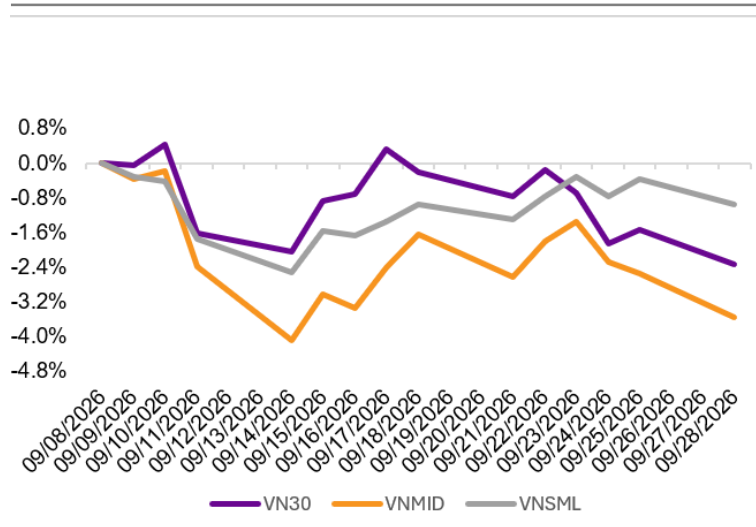
- **In September 2026, the VN-Index fell 3.5% MoM, ranking ninth out of the 13 tracked markets.** Global markets diverged markedly during the month as rising US Treasury yields and expectations that the Fed would maintain a tighter policy stance for longer weighed on risk appetite, while US–Iran tensions and elevated oil prices continued to heighten inflation concerns. South Korea (+1.0%) and Thailand (+0.5%) were among the gainers, while Indonesia (-5.8%), India (-5.4%) and China (-4.1%) recorded sharp declines. Only two of the 13 tracked markets posted positive performance. In Vietnam, profit-taking pressure following the strong rebound in August, weakening liquidity and continued foreign net selling drove the VN-Index lower, even though Vietnam was officially upgraded by FTSE Russell to Secondary Emerging Market status effective September 21.
- **On a YTD basis, the VN-Index fell 0.9%, ranking ninth out of the 13 tracked markets,** down from +2.7% at end-August 2026 but still outperforming China (-3.7%), the Philippines (-4.4%), India (-12.8%) and Indonesia (-28.9%). South Korea continued to lead with +63.5%, followed by Japan (+30.9%) and Thailand (+27.2%). This indicated that the September correction erased most of the gains achieved in August, bringing the VN-Index back close to its level at the start of the year. However, the FTSE upgrade taking official effect in September continued to provide a foundation for attracting international capital flows over the medium term, although its impact on capital flows and the market in the short term remained limited.

	1M (%)	3M (%)	YTD (%)	Weight (%)	EPS 2025 (% YoY)	P/E	P/E 5Y Avg	P/B	P/B 5Y Avg	ROE	Beta
Insurance	12.05%	12.09%	23.00%	0.8%	35.8%	13.59	15.17	1.71	1.76	13.27%	0.81
Energy	7.61%	13.01%	46.46%	5.0%	42.1%	11.60	15.48	2.13	1.99	22.00%	0.82
Media	3.59%	-15.81%	-29.43%	0.0%	158.6%	48.47	27.83	0.89	1.05	2.30%	0.77
Chemicals	1.58%	-8.28%	-9.32%	0.7%	-43.6%	9.03	12.77	1.42	1.68	16.55%	0.67
Travel and Leisure	1.26%	-8.86%	-16.41%	3.6%	26.2%	44.78	30.24	4.63	3.92	7.98%	0.95
Personal Care, Drug and Grocery Stores	0.44%	-8.60%	-25.96%	0.0%	146.2%	10.36	11.14	1.65	1.91	18.38%	0.56
Utilities	-1.58%	-3.03%	2.11%	1.6%	4.7%	10.47	13.96	1.50	1.54	18.71%	0.58
Industrial Goods and Services	-1.96%	-8.71%	-8.22%	4.9%	33.2%	13.55	15.61	2.35	2.54	20.68%	0.86
Banks	-2.38%	-5.91%	-0.33%	30.2%	14.0%	10.87	10.32	1.64	1.64	18.02%	0.88
Construction and Materials	-2.46%	-10.34%	-15.53%	1.9%	7.5%	22.50	27.57	1.93	1.99	15.51%	0.81
Health Care	-2.47%	-5.18%	-12.47%	0.4%	4.5%	17.96	18.09	2.56	2.59	15.60%	0.50
Food, Beverage and Tobacco	-2.87%	-2.06%	-6.25%	8.6%	0.0%	18.86	23.69	4.25	4.51	24.63%	0.74
Real Estate	-3.20%	1.58%	24.49%	31.0%	-70.3%	59.07	58.69	7.31	5.02	17.24%	1.41
Technology	-3.58%	-3.36%	-24.03%	1.6%	41.5%	12.04	16.28	2.90	3.90	26.41%	0.83
Retail	-4.22%	-7.47%	-18.31%	3.4%	-34.3%	13.13	19.13	2.79	3.23	29.32%	0.96
Automobiles and Parts	-4.36%	-9.54%	-15.78%	0.0%	21.4%	31.56	27.70	1.48	1.50	5.14%	0.52
Basic Resources	-5.74%	-7.01%	-8.36%	0.3%	84.5%	19.34	26.04	0.84	0.88	4.92%	0.69
Telecommunications	-7.89%	-28.32%	-34.54%	0.0%	64.6%	120.55	15.57	0.94	1.02	2.81%	0.52
Financial Services	-10.51%	-16.38%	-13.80%	5.5%	10.3%	18.08	18.40	1.96	1.75	14.20%	0.94
Consumer Products and Services	-15.86%	-32.54%	-35.26%	0.4%	25.6%	15.37	13.78	1.97	1.98	17.75%	0.77

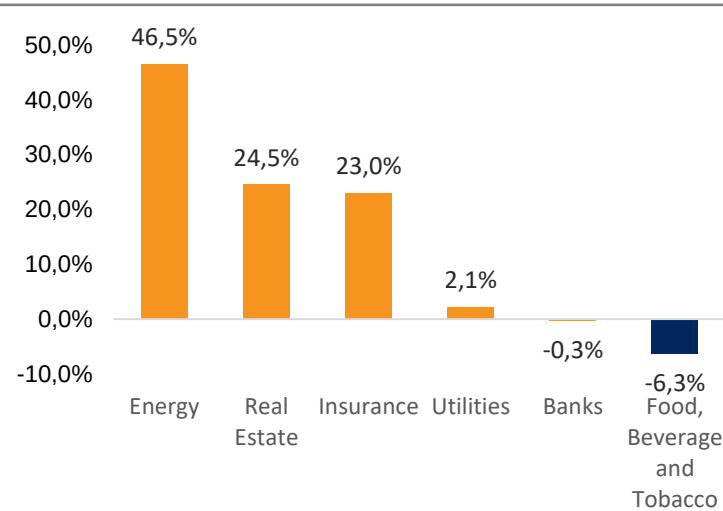
- **September 2026 sector performance was weaker, with only six of the 20 sectors posting gains.** Insurance led with a +12.1% gain, followed by Energy (+7.6%), Media (+3.6%), Chemicals (+1.6%), Travel & Leisure (+1.3%) and Personal Care, Drug & Grocery Stores (+0.4%). In contrast, Consumer Products & Services (-15.9%), Financial Services (-10.5%) and Telecommunications (-7.9%) were the three sharpest decliners of the month, indicating that correction pressure spread considerably further than in August.
- **September 2026 showed capital flows diverging sharply and rotating into defensive sectors and beneficiaries of commodity price movements,** while most sectors came under correction pressure. Insurance (+12.1%) and Energy (+7.6%) stood out among the gainers, while Real Estate (-3.2%), Retail (-4.2%), Technology (-3.6%) and Financial Services (-10.5%) all weakened. Notably, Real Estate declined during the month despite accounting for around 31.0% of market capitalization, creating a significant drag on the index. With 14 of the 20 sectors losing ground and market-wide liquidity continuing to weaken, the VN-Index correction in September was broader-based and capital flows had yet to form a strong enough leading driver following the August recovery.

Correction pressure broadened, with mid-caps weakening more sharply in September

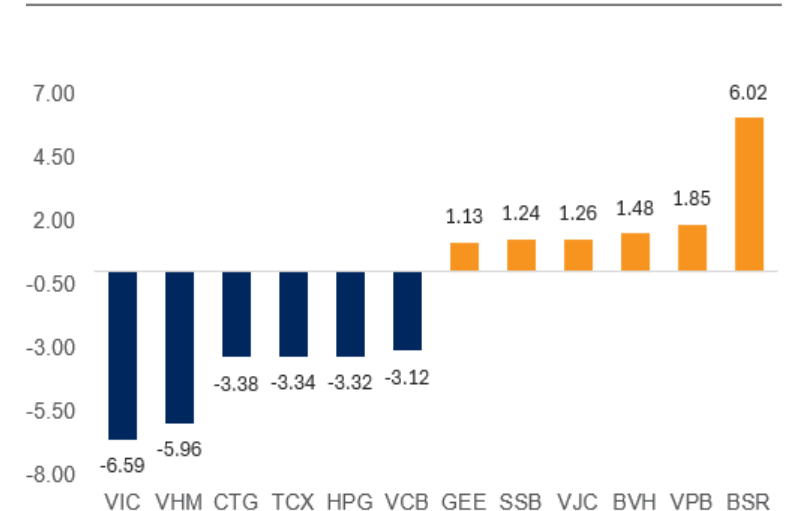
September 2026 performance by market-cap group vs start of month



Best-performing sectors YTD 2026



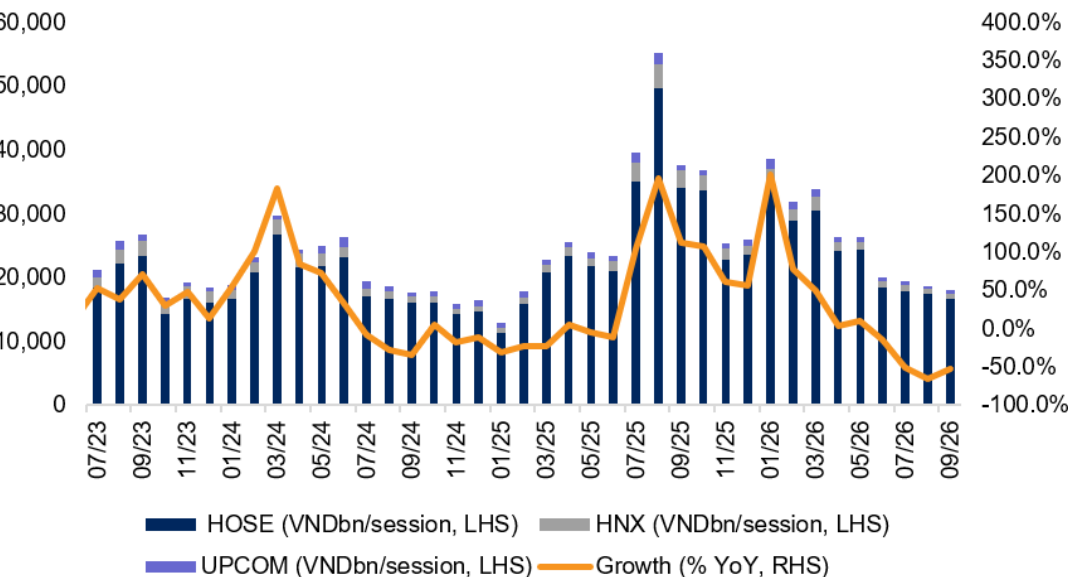
Top stocks impacting the VN-Index in September 2026



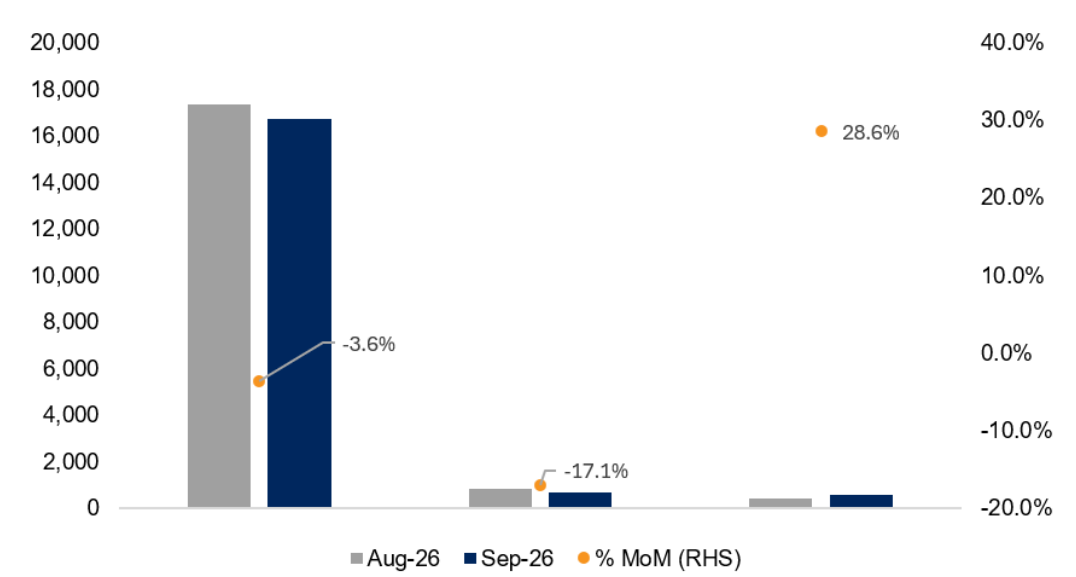
- **VN30 fell 2.3% in September 2026, outperforming VNMID (-3.6%)** but lagging VNSML (-1.0%), indicating that correction pressure was concentrated in mid-caps while large- and small-caps held up more steadily. Capital flows remained cautious overall as liquidity continued to weaken, foreign investors extended their net selling to a ninth consecutive month, and the market had yet to attract strong new inflows after Vietnam was officially upgraded by FTSE Russell on September 21.
- **On a YTD basis, Energy led with a 46.5% gain**, followed by Real Estate (+24.5%), driven mainly by a handful of large-caps such as VIC and VHM, while most other stocks in the sector underperformed. Insurance rose 23.0% and Utilities edged up 2.1%. On the downside, Banks were nearly flat (-0.3%) and Food, Beverage & Tobacco fell 6.3%.
- **In September 2026, Oil & Gas was the largest positive contributor to the VN-Index**, while the Vingroup stocks exerted the greatest drag on the index.

September 2026 liquidity continued to weaken as capital flows on HoSE and HNX stayed cautious

Average daily trading value in September 2026 was about VND18.0tn (USD679.2mn) per session, down 3.5% MoM



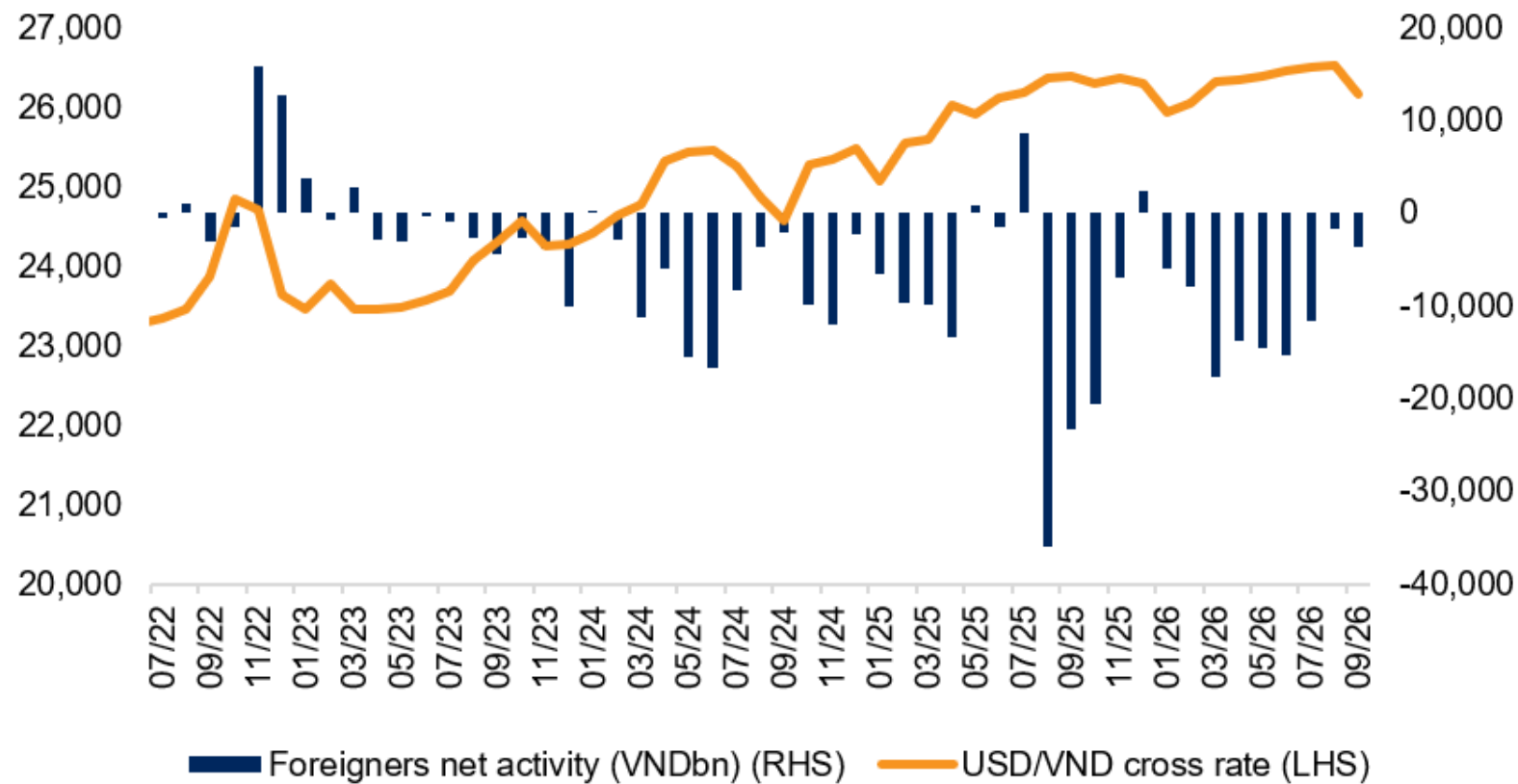
Liquidity weakened on HoSE and HNX, while UPCoM improved 28.6%



- **Market-wide average daily trading value in September 2026 reached approximately VND18.0tn (USD679.2mn) per session, down 3.5% from August 2026 (VND18.7tn/USD705.7mn per session).** By exchange, HoSE averaged around VND16.8tn (USD632.2mn) per session (-3.6% MoM), HNX fell to about VND716bn (USD27.0mn) per session (-17.1%), while UPCoM rose to roughly VND568bn (USD21.4mn) per session (+28.6%). The decline in liquidity, concentrated on HoSE and HNX, indicated that capital flows generally remained cautious in September.
- **Liquidity continued to weaken, indicating that capital flows had yet to return amid the market correction in September.** Trading value on HoSE kept falling and stayed significantly below earlier periods of active trading, while the increase on UPCoM was not enough to offset the weakness on the two main exchanges. This showed that investors remained cautious in the face of market volatility, foreign net selling pressure and external macro factors, even though the FTSE upgrade formally took effect during the month.

In September 2026, foreign investors net sold for a ninth consecutive month with the scale widening again, while the USD/VND rate eased to 26,160

Foreign investors net sold VND3.54tn (USD133.6mn) in September 2026, up 115.4% MoM



- Foreign investors net sold VND3.54tn (USD133.6mn) in September 2026, up 115.4% from VND1.64tn (USD62.0mn) in August 2026, marking a ninth consecutive month of net selling since the start of 2026 and indicating that foreign selling pressure picked up again. The heavier selling reflected the fact that upgrade expectations had already been partly priced into foreign trading ahead of the official reclassification on September 21 (net selling had narrowed in August), while new inflows were not yet strong enough to offset profit-taking and portfolio rebalancing after Vietnam formally moved to Secondary Emerging Market status on September 21.
- In addition, a less favorable global financial environment weighed on flows into emerging markets as US Treasury yields held above 5%, the USD strengthened again and expectations grew that the Fed would keep rates higher for longer.

Key events to watch in October 2026

Date	Country	Key macro event	Expected impact
October 3, 2026	Vietnam	Q3 2026 GDP and 9M26 socio-economic report	The most important domestic data release early in the month. The General Statistics Office is scheduled to publish Q3 and 9M26 GDP on October 3, together with CPI, IIP, retail sales, investment and trade figures. If growth stays solid, the data could reinforce corporate earnings expectations and support market sentiment; weaker-than-expected growth could sap the VN-Index's recovery momentum.
October 14, 2026	US	September 2026 CPI release	CPI remains the key data point ahead of the FOMC meeting at month-end. August CPI rose 3.4% YoY, while the Fed raised rates by 25bp in September. If September CPI stays elevated, expectations of further Fed tightening could build, pushing US Treasury yields and the DXY higher and weighing on the USD/VND rate and foreign capital flows. A cooler print would ease pressure on emerging markets.
October 27-28, 2026	US	October 2026 FOMC meeting	The most important monetary policy event of the month. The Fed raised rates by 25bps at its September meeting to 3.75%-4.00%, with economic growth still firm and inflation still high. If the Fed hikes again or keeps a hawkish message, US yields and the DXY could stay elevated, pressuring the USD/VND rate and foreign capital flows. A signal of a pause would support risk appetite in emerging markets.
October 2026	Global	US-Iran ceasefire negotiations	Talks between the US and Iran will directly affect geopolitical risk in the Middle East and global oil price volatility. A final agreement would cool tensions and ease pressure on oil prices and global inflation. If the talks drag on or fail, higher geopolitical risk could push oil prices and the DXY up, weighing on exchange rates and capital flows in emerging markets.

Market Outlook

October 2026

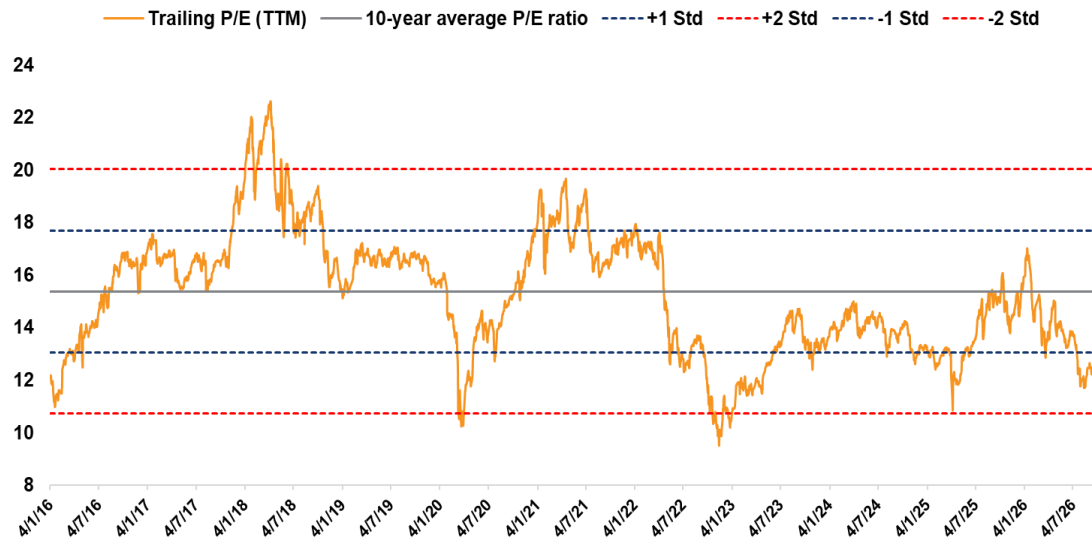
VNDIRECT

Selective accumulation ahead of a new recovery



The VN-Index's 12-month trailing P/E declined to 12.05x, reaching an attractive valuation range relative to its historical levels

The VN-Index's trailing P/E remained below its 10-year average

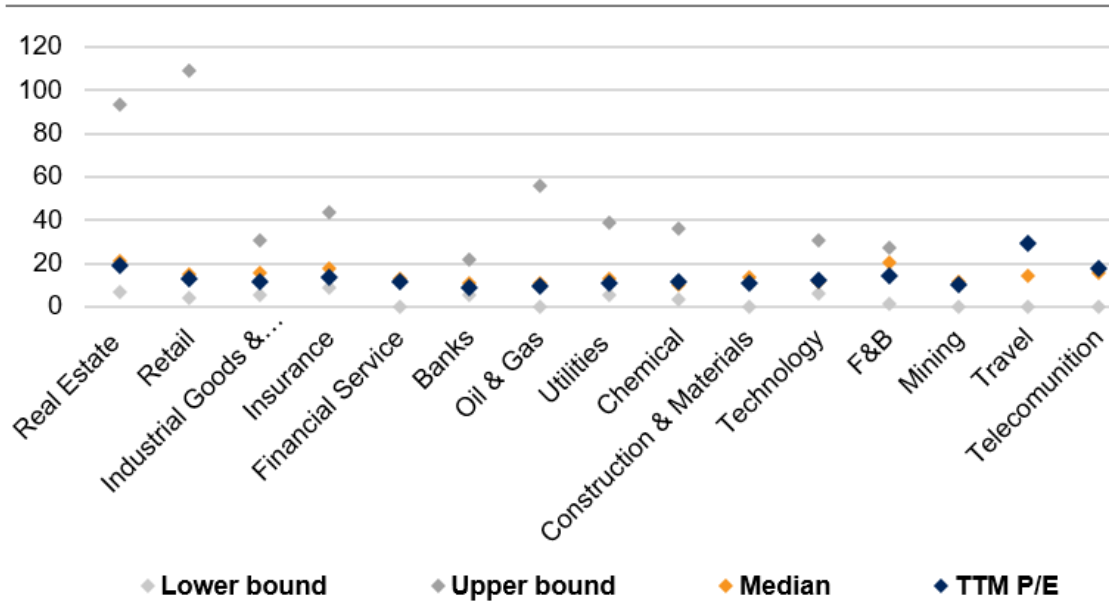


VN-Index valuation is attractive compared with other markets (data as of September 30, 2026)

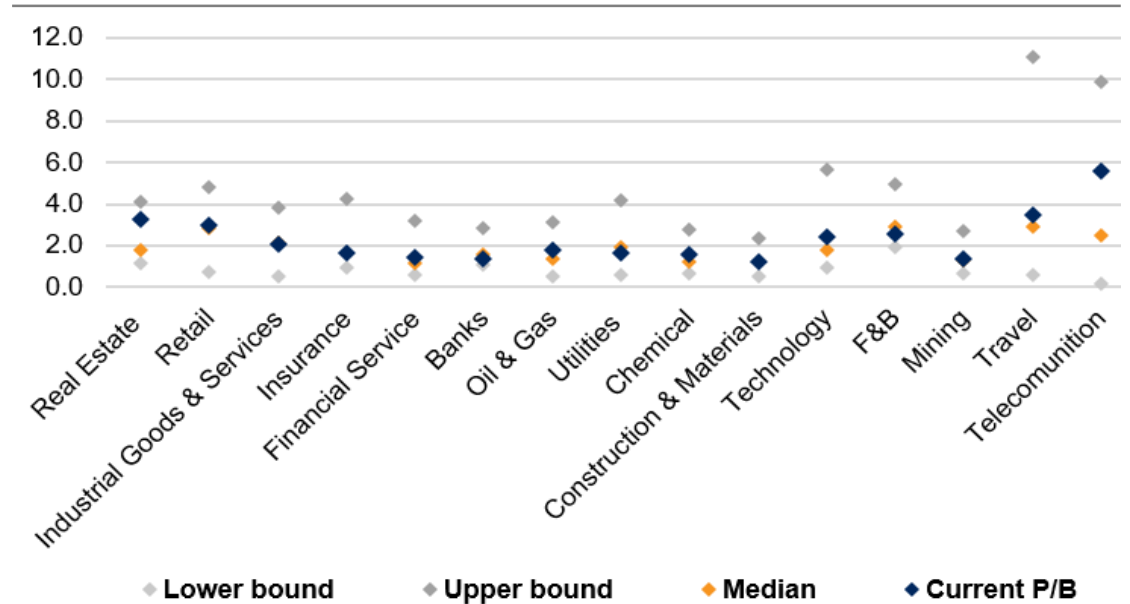
	TTM P/E	Current P/B	TTM P/E vs 10-year average		P/B vs 10-year average	
Taiwan	26.64	4.20	1.5x		2.1x	
S&P500	26.24	5.59	1.1x		1.5x	
India	22.43	3.14	0.7x		0.9x	
Japan	21.20	2.90	0.8x		1.0x	
Singapore	19.41	1.78	1.3x		1.5x	
Turkey	17.39	1.03	1.8x		0.8x	
Morocco	17.28	3.05	0.5x		1.1x	
China	16.70	1.51	1.1x		0.9x	
MSCI EM	15.93	2.41	1.1x		1.4x	
Malaysia	14.35	1.54	0.9x		0.9x	
Indonesia	13.40	1.63	0.7x		0.7x	
MSCI FM	12.52	1.96	1.0x		1.1x	
Korea	12.51	1.69	0.6x		1.3x	
Vietnam	12.05	1.98	0.8x		0.9x	
Egypt	9.54	2.51	0.9x		1.3x	
Philippines	8.50	1.16	0.5x		0.6x	
Pakistan	7.53	1.50	0.7x		0.9x	

- Following the September correction, the VN-Index's 12-month trailing P/E declined to 12.05x, from 12.46x at the end of August. Notably, excluding the Vingroup group (VIC, VHM, VRE and VPL), the VN-Index's 12-month trailing P/E stood at only around 10.07x, representing a low valuation range relative to historical levels and the earnings growth outlook of listed companies.
- In addition to attractive valuations, earnings growth prospects for 2H26 and 2027 remain key supportive factors for the market. Assuming the VN-Index remains around current levels, the index's forward P/E is expected to stand at 11.7x and 11.5x following the release of 3Q26 and 4Q26 earnings, respectively, both significantly below historical valuation levels. However, attractive valuations are necessary to attract long-term capital but may not be sufficient to trigger a strong re-rating. To stimulate bottom-fishing flows and improve investors' risk appetite, the market needs clearer macro catalysts, including a moderation in oil prices to ease inflationary pressures, improved system liquidity, stable or lower interest rates, and positive developments in bilateral trade negotiations between Vietnam and the United States.

HoSE sector TTM P/E relative to the 10-year median and historical valuation range (x)



HoSE sector P/B relative to the 10-year median and historical valuation range (x)



- Valuations across sectors listed on HoSE remain divergent when compared with their respective 10-year median levels. Nevertheless, the current TTM P/B ratios of many sectors remain below or close to their 10-year medians, suggesting that market valuations are still relatively reasonable amid the improving earnings growth outlook for listed companies.
- Notably, the current P/E ratios of most sectors remain below their 10-year median levels, suggesting that many sectors are still trading at attractive valuations. This provides a basis for identifying investment opportunities in companies with solid fundamentals, positive growth prospects, and the ability to sustain business performance in the period ahead.

2026E VN-Index P/E and P/B based on market-wide earnings growth assumptions for 2026

	Present September 30, 2026	Forward P/E and P/B of the VN-Index for 2026 based on market earnings growth			
		25%	27%	29%	31%
P/E (x)	12.05	11.68	11.49	11.28	11.09
P/B (x)	1.98	1.92	1.89	1.85	1.82
VN-Index (pts)	1,768.62				

VN-Index valuation matrix based on P/E multiples and market earnings growth in 2026

		The market earnings growth in 2026 (% YoY)			
		25%	27%	29%	31%
VN- Index P/E in 2026	11.0x	1,666	1,693	1,725	1,754
	12.0x	1,818	1,847	1,882	1,914
	13.0x	1,969	2,001	2,039	2,073
	13.5x	2,045	2,078	2,117	2,153
	14.0x	2,121	2,155	2,196	2,233
	15.0x	2,272	2,309	2,352	2,392
	15.3x*	2,317	2,355	2,399	2,440

* 10-Year Average P/E of the VN-Index

- In October, the Vietnamese stock market is likely to remain volatile as liquidity has yet to meaningfully improve, while investor sentiment remains cautious amid external uncertainties. Inflationary pressures could intensify as global oil prices rise again and remain elevated, while geopolitical tensions in the Middle East show no clear signs of easing. These factors could heighten concerns over the global interest-rate and economic growth outlook, continuing to weigh on domestic market sentiment.
- The VN-Index may continue to test and consolidate around lower support levels, gradually absorbing selling pressure and portfolio rebalancing activities. However, we expect the market's downside to remain limited, supported by positive corporate earnings prospects in the final two quarters of the year and more attractive valuations following the recent correction. Accordingly, pullbacks toward strong support levels could provide opportunities for selective accumulation ahead of a potential 4Q26 recovery.
- Against this backdrop, investors should maintain a flexible trading strategy, with a focus on risk management and avoiding chasing rallies. Gradual accumulation could be considered as the VN-Index corrects and consolidates around 1,700–1,730, with a preference for companies with strong fundamentals, healthy liquidity, positive earnings growth prospects and the potential to attract capital from ETFs and institutional investors.



VN-Index daily chart



- Following a strong recovery in August, the VN-Index underwent a correction in September, falling below the 1,780 support level.
- Combining technical analysis with capital flow trends, we set out two scenarios for the market in October:
- **Base case – Bottoming and consolidation (70% probability):** The VN-Index holds the 1,716–1,730 support zone, corresponding to the August low, and trades within the 1,720–1,800 range. The 3Q26 earnings season is expected to provide support. A weekly close above 1,800 would confirm a short-term bottom and pave the way for a recovery toward 1,830–1,860. This scenario assumes the Fed does not signal further rate hikes at its October meeting.
- **Further correction scenario (30% probability):** If the Fed raises interest rates by another 25bps at its October meeting, continued net selling by foreign investors could add further pressure on the market. The VN-Index could then break below the August low and fall toward the 1,650–1,660 support zone, corresponding to the July low. However, significantly discounted valuations and positive 3Q26 earnings prospects should help limit the market's downside.

Conviction stocks

October 2026

Carefully select investment opportunities



VPB

Stock information:

Target Price	VND30,500
Upside	32.6%
Dividend Yield	1.7%
TSR	34.3%
Market Cap (mUS\$)	8,841
3M ADTV (mUS\$)	17.2
Foreign room (mUS\$)	516
P/E TTM	9.4
P/B Current	1.3
ROE	13.5%

Financial summary (VND)	12-25A	12-26F	12-27F	12-28F
Net profit growth (YoY)	52.3%	30.0%	22.6%	18.1%
Credit growth (YoY)	36.2%	35.0%	35.0%	30.0%
NIM	5.57%	5.2%	5.2%	5.3%
CASA ratio	14%	11%	12%	12%
NPL ratio (consolidate)	3.3%	3.5%	3.8%	3.9%
LLR	55.4%	51.0%	48.0%	48.5%
ROAE	14.6%	16.0%	16.9%	17.1%

Investment thesis:

Strong credit growth, but funding costs weigh on NIM

We expect VPB to sustain credit growth of around 35%, driven by the corporate and SME segments, particularly real estate, manufacturing, and wholesale and retail trade. In retail banking, loan growth should recover, supported by household business lending, auto loans and year-end seasonality. However, the bank's loan-to-deposit ratio (LDR) is already approaching the regulatory ceiling (6M26 LDR: 84.5%), keeping funding needs elevated. We therefore expect VPB to maintain competitive deposit pricing, which will put pressure on funding costs. We forecast NIM to contract by 40bps, from 5.6% in 2025 to 5.2% in 2026.

The ecosystem continues to drive Non-II growth

We forecast non-interest income (Non-II) to grow 18.6% in 2026 and 23% in 2027, led by insurance and bond advisory and issuance. With a diversified financial ecosystem and a sizeable capital base, VPB is well positioned to cross-sell across its member companies' customer bases, boosting fee income from insurance, securities and other financial services.

Asset quality is stable, but risks remain

Although VPB's NPL ratio has remained flat at 3.3% YTD, we remain cautious on the bank's asset quality as: 1) this stability largely reflects a denominator effect from rapid loan growth, while the absolute NPL balance has increased 21% YTD; 2) real estate-related loans account for 36% of total loans (of which real estate business lending accounts for 22%), leaving the portfolio sensitive to elevated interest rates; and 3) risks from loans disbursed during the rapid credit expansion of 2025–2026 may gradually emerge. We therefore forecast the NPL ratio to rise to 3.5% by end-2026 and 3.8% by end-2027, driving provision expenses up 20% and 35%, respectively.

Capital raising plan strengthens the capital buffer and supports growth

VPB plans a private placement of over 624 million shares to a foreign investor in 4Q26. The deal remains under negotiation, and the issue price has yet to be disclosed. Upon completion, the new capital would significantly improve the CAR, strengthening the capital buffer and providing VPB with headroom to sustain high credit growth in 2027–2028.

FRT

Stock information:

Price MoM (%)	2.6%
Price YoY (%)	21.9%
Target Price	186,000
Upside	26.3%
Dividend Yield	0%
Market Cap (USDmn)	1,008
3M ADTV	52.7
Foreign room (USDmn)	153.2

Financial overview	2024	2025	2026F	2027F	2028F
Net revenue growth	25.9%	27.4%	24.2%	10.3%	9.2%
EPS growth	-191.9%	100.3%	56.5%	28.6%	25.0%
Gross margin	18.9%	19.6%	20.0%	20.4%	20.8%
Net margin	0.8%	1.6%	2.1%	2.4%	2.7%
P/E (x)	73.7	29.4	17.9	13.9	11.1
P/B (x)	12.2	5.6	4.3	3.3	2.5
ROAE	18.1%	26.1%	27.1%	26.6%	25.6%
Net debt / Equity	3.5	1.7	1.8	1.2	0.7

Investment thesis:

Greater emphasis on business transparency

Tighter regulatory oversight of pharmaceutical origin and quality is supporting market share gains by modern pharmacy chains, with Long Chau, the market leader, well positioned to benefit the most. In the consumer electronics segment, Vietnamese consumers are increasingly opting for genuine products from established and reputable retailers, which should also support market share gains for electronics and appliance chains such as FPT Shop.

Long Chau maintains its leading position

Pharmacy chain: Long Chau continues to capitalize on its sustainable competitive advantages, which have strengthened over time, including its market-fit strategies, technology adoption, extensive retail experience, and economies of scale. We therefore expect Long Chau to maintain its market-leading position.

Vaccination centers (VCs): Competition from industry peers has intensified, while Long Chau slowed its network expansion in 1H26. While further monitoring is needed, we believe the VC business still offers growth potential, supported by Long Chau's retail expertise, business agility, and supplier relationships leveraged from its pharmacy network.

We forecast Long Chau's combined pharmacy and VC revenue to deliver a 2025–2030 CAGR of 14.3%, significantly outperforming the industry average of 5.0% p.a.

FPT Shop continues to reap the benefits of restructuring

FPT Shop's strategy of focusing on improving operating efficiency of its existing stores has translated into solid operating results in 1H26. We expect FPT Shop to maintain this strategy through at least 2H26, thereby contributing to FRT's overall growth. We forecast FPT Shop's revenue to achieve a 2025–2030 CAGR of 5.4%, slightly higher than the 4.5% p.a. CAGR recorded over the previous five years.

NT2

Stock information:

			2024	2025	2026F	2027F
Target price	VND28.900	Revenue growth	-6.9%	33.9%	17.9%	-0.5%
Upside	25.4%	EPS growth	-82.5%	1263.5%	-6.3%	9.0%
Dividend yield	7.0%	Gross margin	0.9%	15.7%	13.0%	13.7%
TSR	32.4%	Net profit margin	1.4%	14.2%	11.3%	12.4%
Market cap (USDmn)	231.9	P/E (x)	72.8	6.2	6.6	6.1
3MADTV (USDmn)	0.4	Rolling P/B (x)	1.4	1.4	1.3	1.1
Foreign Room (USDmn)	90.9	ROAE	2.0%	23.3%	19.3%	18.5%
TTM P/E	5.1	Net debt to equity	1.1	0.9	0.9	0.7

Investment thesis:

El Niño extends the supportive dispatch environment into 1H27

The El Niño weather phenomenon is expected to strengthen into early 2027, while NSMO forecasts electricity generation and imports to rise 12.3% YoY in 2H26. Higher demand and weaker hydrology should support gas-fired generation, allowing NT2 to maintain favorable dispatch through 1Q27. We raise our 2026/27 output forecasts to 4.0/4.1 billion kWh, up 30.6%/0.8% YoY, with 2H26 output expected to rise 10.4% YoY.

Additional domestic gas supply mitigates fuel shortage risk

Gas supply in Southeast Vietnam is improving with new sources from the Nam Con Son and Cuu Long basins. In 2026–27, incremental supply from Thien Nga–Hai Au and Hai Thach–Moc Tinh is equivalent to ~13% of existing regional supply capacity; from 2028, this could rise to ~30% once Su Tu Trang 2B reaches full production. This additional supply is meaningful relative to NT2’s own gas demand and should materially reduce fuel shortage risk while supporting stable plant operation.

Higher financial income strengthens the earnings outlook

With ~VND4.73tn (USD181mn) of cash and short-term financial investments as of end-2Q26, equivalent to 44% of total assets, NT2 has a sizeable deposit base to benefit from elevated interest rates. We forecast net financial income to increase 105%/29% YoY in 2026/27, contributing ~16%/19% of PBT, thereby providing meaningful support to earnings over 2026–27.

Discounted valuation and attractive dividends offer an accumulation opportunity

NT2 is currently trading at a P/B of 1.1x, well below its five-year average of ~1.5x, following a 27% correction from its March 2026 peak. Meanwhile, we forecast 2026 net profit at VND1.06tn (USD40.5mn), still high relative to historical levels, before returning to 9.0% YoY growth in 2027. We forecast cash dividends of VND1,500/2,000 per share in 2026/27, implying dividend yields of ~7.0%/9.3% at the current share price. With valuation already discounted, earnings remaining at a high level and an attractive dividend profile, we see a compelling accumulation opportunity at current levels.

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THANK YOU!

