

# Strategic Insight

## Expectation of a breakout signal

### From caution to expectation

In Jan, the stock market began with a downward trend before recovering toward the end of the month. Meanwhile, mid-cap stocks saw a modest uptick, whereas large-cap and small-cap stocks came under selling pressure. From a sector perspective, Banking, Telecommunications, and Health Care sustained positive performance, while highly cyclical sectors such as Real Estate, Materials, and Brokerage faced profit-taking pressures.

### Impact of the Trade War

The trade war escalated as President Donald Trump announced new tariffs on Canada, Mexico, and China, effective Feb 2025. While tariffs on Canada and Mexico were delayed, China faced immediate retaliation, raising global concerns. However, the Vietnamese stock market remains indirectly affected. Vietnam is not a direct target, and its key exports remain untaxed such as textiles, footwear, electronics, and agricultural goods. Additionally, export-oriented businesses are mostly unlisted, with financial and real estate sectors dominating the VNIndex, limiting the impact on market performance.

### Medium-term accumulation continues

The VNIndex is in a mid-term accumulation phase, consolidating within 1,180–1,300 points. We expect a breakout above 1,300 could signal a bullish trend toward 1,400–1,450, based on improving liquidity. The one-year cycle suggests a continued uptrend into mid-2025, with a potential peak between May–Nov 2025.

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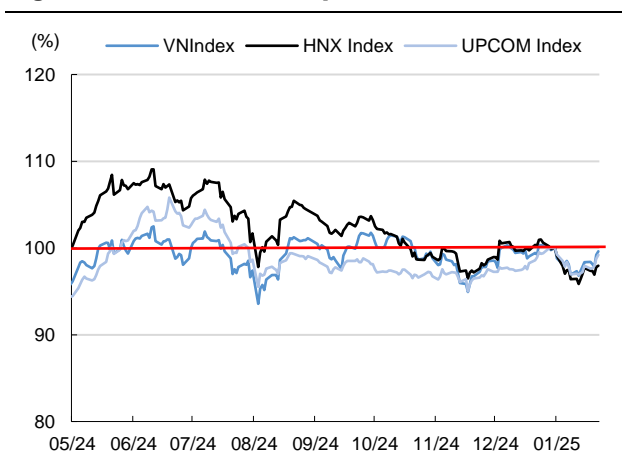
# I. From caution to expectation

## 1. Adjustment and recovery

In Jan, the stock market began with a downward trend that persisted through the first half of the month, followed by a rebound toward month-end. By the close of Jan, the VNIndex edged down by 0.1%, essentially trading sideways due to investor sentiment being affected by the long Tet holiday at the end of Jan. This pattern suggests that while investor sentiment was initially somewhat cautious, the late-month recovery helped bolster confidence in a more positive outlook for Feb.

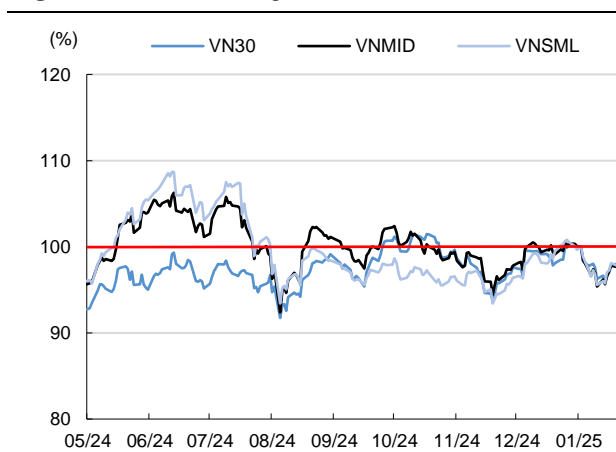
Additionally, both the HNXIndex and UPCOMIndex faced relatively notable downward pressure, declining by 1.9% and 0.8%, respectively, during the month. Large-cap stocks and small-cap stocks also encountered downward pressures, posting losses of 0.5% and 2.05%, respectively. In contrast, mid-cap stocks diverged from the broader market trend, registering a 0.37% increase in Jan.

**Figure 1. Vietnam indexes performance**



Source: FiinproX, KIS Research  
Note: start of 01/25 = 100

**Figure 2. Growth of key indexes of HOSE**



Source: FiinproX, KIS Research  
Note: start of 01/25 = 100

## 2. Sector divergence

From a sector-based perspective, the Banking sector maintained a relatively optimistic position, recording a positive gain in Jan. Meanwhile, the Telecommunications and Health Care sectors performed well, posting increases of 15.1% and 8.8%, respectively. Following these were Household Products and Transportation, increasing by 3.9% and 1.9%, respectively.

In contrast, most other sectors experienced selling pressure as investors sought to take profits ahead of the upcoming extended Lunar New Year holiday. Highly cyclical sectors such as Real Estate and Materials encountered notable selling activity early in the month, with declines of 1.6% and 2.6%, respectively. The Brokerage sector also faced headwinds, registering a 2.0% drop in Jan.

**Table 1: Indices and Sectors performance**

No.	Indices/ Sectors	Market Cap (VND tn)	Market Cap Weight (%)	Growth Rate by Month in 2025							2025 YTD
				Jan	Dec	Nov	Oct	Sep	Aug	Jul	
<b>a. Market Indices</b>											
1	VNINDEX	5304.9	75.1	(0.1)	1.3	(1.1)	(1.8)	0.5	2.6	0.5	(0.4)
2	HNX Index	306.3	4.3	(1.9)	1.2	(0.8)	(3.6)	(0.8)	0.9	(0.9)	(2.1)
3	UPCOM Index	1457.0	20.6	(0.8)	2.5	0.4	(1.3)	(0.3)	(0.9)	(2.5)	(0.8)
4	VN30 Index	3727.4	52.7	(0.5)	2.6	(2.0)	(1.0)	1.6	2.5	1.6	(0.4)
<b>b. Sectors</b>											
1	Banks	2133.0	30.2	1.9	2.5	(2.1)	(0.7)	3.1	2.8	4.8	1.7
2	Others	1457.9	20.6	1.1	4.0	9.8	5.5	(3.2)	(1.9)	(9.4)	0.8
3	Real Estate	677.8	9.6	(1.6)	0.4	(0.6)	(2.6)	0.5	5.5	(0.1)	(1.5)
4	Materials	483.2	6.8	(2.6)	0.2	(1.5)	(2.5)	1.4	(0.2)	(3.2)	(3.1)
5	Food & Beverage	431.9	6.1	(1.5)	(0.3)	(0.6)	(2.3)	(1.4)	2.5	1.8	(2.0)
6	Utilities	293.3	4.1	(0.7)	(0.8)	(0.4)	(3.4)	(6.5)	1.9	0.3	(0.9)
7	Capital Goods	318.4	4.5	0.0	2.3	(0.2)	(2.7)	(0.3)	(0.4)	(1.7)	(0.5)
8	Financial Services	233.1	3.3	(2.0)	1.6	(5.1)	(5.8)	1.6	5.9	(4.5)	(1.9)
9	Transportation	261.0	3.7	1.9	2.4	9.9	3.5	(0.8)	0.8	(9.5)	0.4
10	Energy	177.7	2.5	1.8	(2.2)	(5.1)	(8.7)	(2.5)	3.9	6.9	0.9
11	Software & Services	226.6	3.2	0.4	5.3	6.3	1.1	(0.6)	4.3	(1.9)	0.7
12	Retailing	121.7	1.7	1.4	1.6	(6.6)	(2.1)	(2.9)	8.1	1.1	1.6
13	Insurance	74.2	1.0	0.5	9.1	7.5	1.5	(5.2)	(0.4)	(3.8)	(0.6)
14	Consumer Durables	62.0	0.9	(2.4)	3.6	0.0	(3.0)	(2.4)	2.2	1.4	(2.3)
15	Pharmaceuticals	46.6	0.7	(1.4)	3.1	6.0	(1.7)	3.1	(1.2)	8.3	(2.2)
16	Technology	9.7	0.1	(5.0)	(6.1)	0.3	(7.3)	(0.8)	3.5	(2.8)	(7.3)
17	Commercial Services	10.5	0.1	(3.2)	2.7	13.1	1.9	1.1	(3.8)	0.6	(1.2)
18	Automobiles	8.1	0.1	(5.4)	9.9	3.5	(9.9)	(4.6)	(2.1)	(6.7)	(6.9)
19	Consumer Services	6.9	0.1	(0.5)	2.0	(1.5)	(1.9)	(2.4)	(3.2)	(5.6)	(1.2)
20	Household Products	4.0	0.1	3.9	2.4	(5.8)	(5.5)	(1.8)	(6.3)	7.2	4.0
21	Health Care	3.8	0.1	8.8	3.8	(5.8)	1.6	(3.2)	1.3	(3.3)	5.7
22	Media & Entertainment	4.4	0.1	(9.5)	53.2	3.1	9.8	0.4	(4.4)	2.2	(8.6)
23	Telecommunication	3.0	0.0	15.1	14.2	0.0	2.4	4.7	(2.4)	(3.1)	15.4

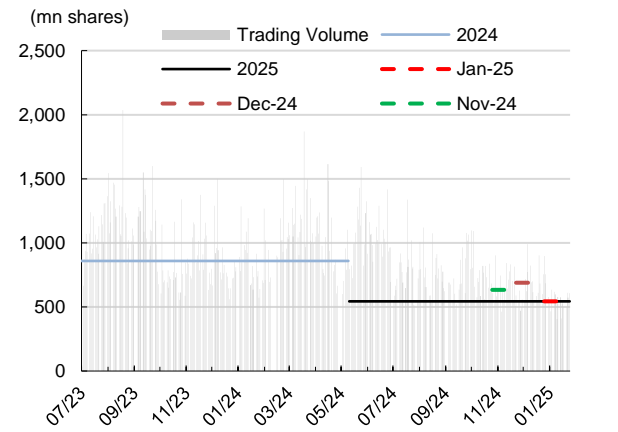
Source: Bloomberg, KIS Research

Note: Classification according to GICS with Level II: Industry Group; and Based on statistics of all listed shares on 3 exchanges, HOSE, HNX, and UPCOM

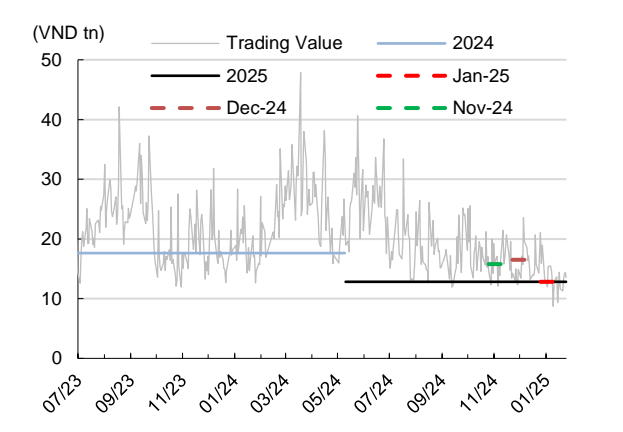
### 3. Declining liquidity

In Jan, liquidity recorded a notable drop compared to the previous month. Specifically, the average monthly trading volume and value stood at 689 million shares/VND12,825bn, marking decreases of 21%/22%, respectively, MoM. This trend reflects investors' caution in anticipation of the extended Lunar New Year holiday.

Moreover, this downturn can be attributed to apprehension over macroeconomic instability, particularly political factors such as the official inauguration of President Donald Trump. These elements had a substantial impact on investment decisions, prompting investors to adopt a more cautious stance in their trading activities.

**Figure 3. Trading volume and Average volume in 2025**

Source: FiinproX , KIS Research

**Figure 4. Trading value and Average value in 2025**

Source: FiinproX , KIS Research

## II. Growth expectations

### 1. Impact of the trade war

**The trade war has begun to escalate.** Specifically, on Feb 1, 2025, President Donald Trump announced the imposition of additional tariffs on goods from Canada, Mexico, and China. In detail, goods from Canada and Mexico will be subject to an additional 25% tariff, except for "energy or energy resources" from Canada, which will face a 10% tariff. Meanwhile, goods from China will be subject to an additional 10% tariff.

Although the implementation of additional tariffs on goods from Canada and Mexico was postponed by one month following discussions between national leaders, the tariffs on Chinese goods took effect on Feb 4, 2025. In response, China declared that it would retaliate against the U.S. tariff measures.

Another significant move by the Trump administration was the announcement of a 25% tariff on all imported steel and aluminum products, with no exemptions for any country, including key allies such as Canada, Brazil, and Mexico.

These developments have raised concerns about the escalation of the trade war between the U.S. and other nations, particularly China.

**Indirect Impact on the Vietnamese Stock Market.** The effects of current and future U.S. tariff policies on Vietnam could be substantial. However, at present, the negative impact of these policies may be limited and indirect.

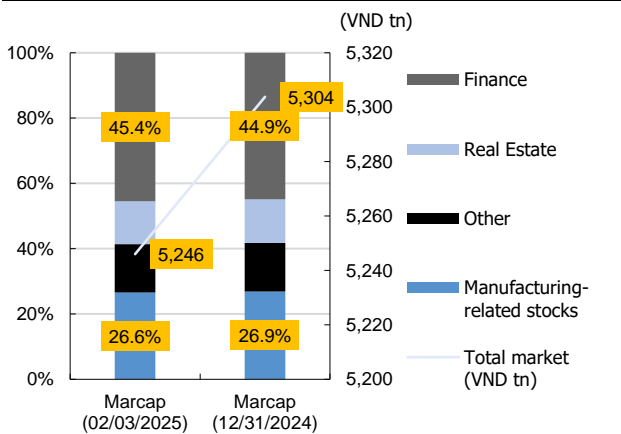
Firstly, under the current U.S. tariff policies, Vietnam is not on the list of countries directly affected but rather experiences indirect consequences. As a result, the impact is expected to be moderate. Moreover, Vietnam has not been a top priority in the application of U.S. trade policies and has not been included in the list of countries subject to additional tariffs. Key export products from Vietnam, such as textiles, footwear, electronics, and agricultural goods, have not yet been subjected to tariffs, minimizing the impact on trade activities.

Secondly, while export-oriented businesses play an important role in Vietnam's economy, most of them are not listed on the Vietnamese stock market. Specifically, foreign direct investment (FDI) enterprises accounted for 71.3% of Vietnam's total export value in 2024 (USD289bn/USD405bn). However, since these enterprises

are typically unlisted on the Vietnamese stock market, the influence of export fluctuations on the stock market remains insignificant.

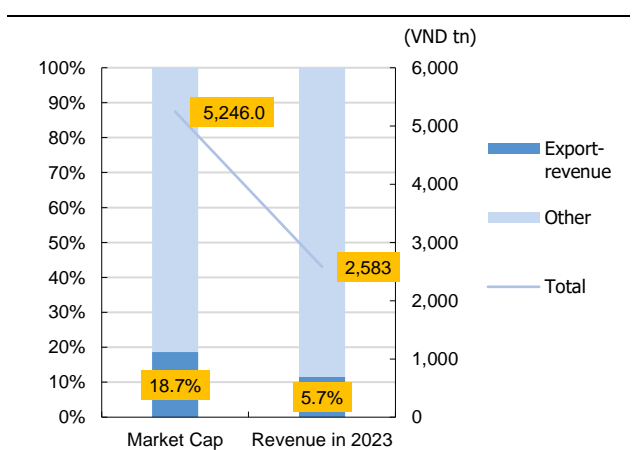
The financial sector (including banking, securities, and insurance) and real estate sector constitute a major portion of the stock market. Specifically, the financial sector accounts for approximately 45% of the VNIndex's market capitalization, while real estate makes up 13%. These industries primarily generate revenue from the domestic market. Additionally, the group of export-oriented stocks (approximately 64 stocks) represents only 18.7% of the VNIndex's total market capitalization, while their export revenue accounts for merely 5.7% of the total revenue of companies in the VNIndex. This indicates that fluctuations in export activities have a limited impact on the VNIndex's performance.

**Figure 5. Proportion of manufacturing stocks in the VNIndex**



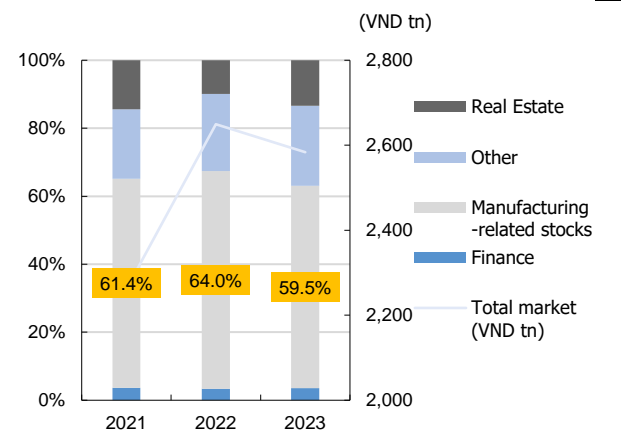
Source: FiinproX, KIS Research  
Note: start of 01/25 = 100

**Figure 6. Proportion of export stocks in the VNIndex**



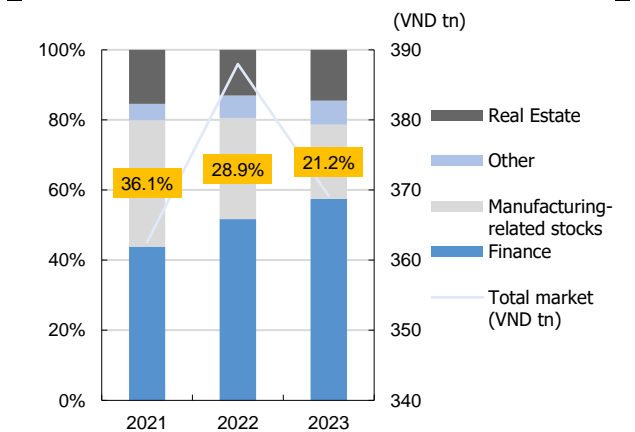
Source: FiinproX, KIS Research  
Note: start of 01/25 = 100

**Figure 7. Proportion of manufacturing stock revenue in the VNIndex**



Source: FiinproX, KIS Research  
Note: start of 01/25 = 100

**Figure 8. Proportion of manufacturing stock profit in the VNIndex**



Source: FiinproX, KIS Research  
Note: start of 01/25 = 100

Although the current U.S. tariff policies have a limited direct impact on the Vietnamese stock market, indirect effects could still influence investor sentiment. Specifically, U.S. trade policies may lead to an appreciation of the USD against other currencies, thereby exerting pressure on the VND/USD exchange rate. This could affect economic activities, including those of listed companies. Furthermore, the escalation of the trade war could negatively affect investor confidence, making them more cautious about the market outlook. While this concern may be largely psychological, it could still generate unexpected market volatility.

## 2. Medium-term accumulation continues

**Mid-term accumulation phase.** The VNIndex has been in a consolidation phase, moving within a confined range with an upper limit of 1,300 points and a lower boundary of 1,180–1,200 points, forming a rectangular accumulation pattern. The medium-term trend will be shaped by whether the index can break out of this range. If it surpasses 1,300 points, it would confirm a bullish trend, whereas a decline below 1,180–1,200 points would indicate a bearish shift. The expected price movement, determined by the height of the rectangle pattern, suggests a potential fluctuation of approximately 120 points in either direction. Given the favorable macroeconomic outlook, the index is more likely to breach the 1,300-point mark, aiming for a target range of 1,400–1,450 points. Moreover, the improvement in liquidity following the recovery trend since mid-Jan 2025 is also an important signal indicating the potential for the index to surpass the resistance level.

**Figure 9. Mid-term accumulation, rectangle pattern**



Source: KIS Research

**One-year uptrend cycle.** The VNIndex follows a recurring three-year cycle, with a major bottom forming approximately every 36 months. Historically, the index has completed seven such cycles and is currently in its eighth cycle, which began with a low point in Nov 2022. Each three-year cycle typically consists of three sub-cycles, each lasting around one year. In this ongoing eighth cycle, the first sub-cycle occurred from Nov 2022 to Oct 2023.

For the second sub-cycle, a potential bottom could form in either (1) Aug 2024 or (2) Nov 2024. The latter scenario is more probable, as it aligns with the usual 12-month interval between consecutive bottoms, spanning from Oct 2023 to Nov 2024. In contrast, the first scenario would imply a shorter nine-month gap, a pattern more typical of the final sub-cycle rather than the earlier ones. If Nov 2024 marks the bottom of the second sub-cycle, the third sub-cycle's low could occur between Sep 2025 and Jan 2026.

Given the favorable macroeconomic outlook and long-term accumulation trends, the current one-year cycle is expected to be bullish. This suggests that the cycle's peak will likely take place in the latter half, specifically between May and Nov 2025. As a result, the market is anticipated to maintain its upward trajectory in the first half of 2025.

**Figure 10. Movement of 3-year cycle**



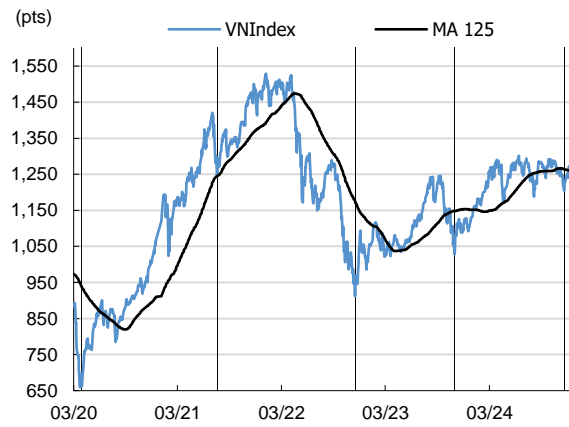
Source: KIS Research

**Table 2. Bottom and duration of 3-year cycle**

No. of 3-year cycle	Start bottom	End bottom	Duration (Months)
I	10/24/2003	08/02/2006	33
II	08/02/2006	02/24/2009	30
III	02/24/2009	01/06/2012	34
IV	01/06/2012	12/17/2014	35
V	12/17/2014	07/11/2018	42
VI	07/11/2018	03/24/2020	20
VII	03/24/2020	11/15/2022	31
VIII	11/15/2022	05/2025 -05/2026*	30-42*

\*Expected period to form the 3-year cycle year  
Source: KIS Research

**Figure 11. Movement of 1-year cycle**



Source: KIS Research

**Table 3. Bottom and duration of 1-year cycle**

No. of 3-year cycle	No. of 1-year cycle	Start bottom	End bottom	Duration (Months)
V	13	12/17/2014	01/21/2016	13
	14	01/21/2016	12/06/2016	10
	15	12/06/2016	07/11/2018	19
VI	16	07/11/2018	01/03/2019	5
	17	01/03/2019	03/24/2020	14
VII	18	03/24/2020	07/19/2021	15
	19	07/19/2021	11/15/2022	15
	20	11/15/2022	10/31/2023	11
VIII	21	10/31/2023	11/19/2024*	12*
	22	11/19/2024*	09/2025- 01/2026*	10-14*

\*Expected period to form the 1-year cycle year  
Source: KIS Research

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