

Strategic Insight

Growth driven by domestic factors

New high formation

The market continued its positive growth momentum in Jun, marking the second consecutive month of gains, primarily driven by strong capital inflows. Major indices broke through key resistance levels and formed new year-to-date highs. Notably, capital is showing a clear shift toward mid- and large-cap stocks, reflecting investors' appetite for sectors with positive growth prospects. However, signs of slight sector divergence have begun to emerge, with demand now prioritizing sectors with stable growth potential such as Consumer Staples, Materials, and Banking, while some previously favored sectors, particularly Real Estate, have come under adjustment pressure. Overall, market liquidity remains stable and continues to improve, reflecting investors' optimistic sentiment in the current phase.

Growth driven by domestic factors

Vietnam's economy shows strong momentum, with 2Q25 GDP growth reaching 7.96% and 1H25 growth at 7.52% well above market forecasts. Trade posted strong gains, as exports rose 14.4% and imports increased 17.9% YoY. However, the outlook may face pressure from new U.S. tariffs effective Aug 2025, which already affected Jun trade figures. Despite this, the 2025 outlook remains positive. The government accelerated public investment, up 19.8% YoY, while the central bank maintained low interest rates and injected liquidity to support the economy amid external challenges.

Impact of U.S. tariffs

The impact of U.S. retaliatory tariffs on Vietnam's stock market is expected to be limited due to the market's structure. Major exporters are mainly FDI firms not listed on the exchange, while key sectors like finance and real estate depend on domestic revenue. Export-oriented stocks hold a small share of market capitalization and revenue, providing a natural buffer against external trade shocks unless tariffs rise sharply.

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I. New high formation

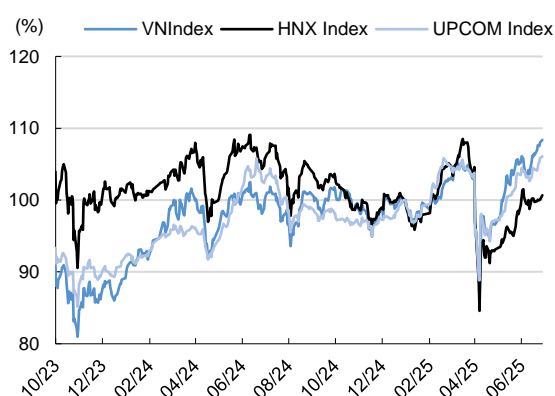
1. Sustained uptrend

All three major indices posted gains. In Jun, the market continued to exhibit a positive trend, marking the second consecutive month of growth. Notably, the VNIndex led the momentum with a 3.2% increase MoM. Following closely, the HNIIndex and UPCOMIndex also posted favorable performances, rising by 2.6% and 2.3%, respectively. The primary driver was strong capital inflows that supported the overall uptrend, enabling the indices to break through key resistance levels and establish new highs for the year.

Capital flows rotated toward mid- and large-cap stocks. By market capitalization segment, the mid-cap group (VN MID) recorded the strongest growth at 4.2% MoM, reflecting a shift in capital flow toward this group in pursuit of higher returns. This was followed by the large-cap group (VN30) and the small-cap group (VNSML), which rose by 3.7% and 0.9%, respectively.

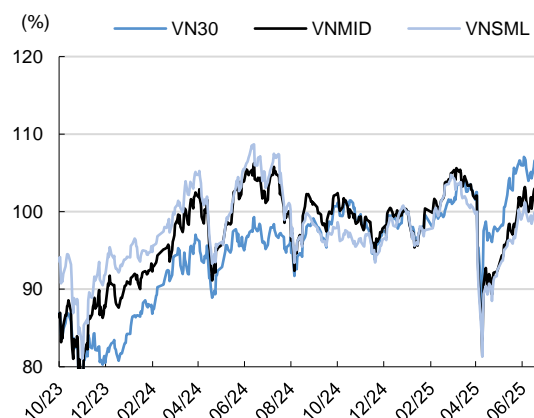
Overall, Jun marked a consolidation phase for the upward trend across major indices, with capital flows rotating toward large- and mid-cap stocks. The uptrend remained intact as the indices continued to break above major moving averages and key resistance levels, advancing into new price territories.

Figure 1. Vietnam indexes performance



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

Figure 2. Growth of key indexes of HOSE



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

2. Bright spot in the “Consumer Staples”

Market divergence was limited to a few sectors. While May witnessed a broad-based uptrend across most sectors, Jun showed signs of mild divergence, with some sectors recording strong growth while others stagnated or faced correction pressure.

Stable domestic consumption alongside a positive outlook for manufacturing recovery. Among the major large-cap sectors, Consumer Staples and Materials led the gains, reflecting stable domestic demand and a positive outlook for production recovery, with increases of 9.1% and 5.7% MoM, respectively. Following closely were the Banking, Capital Goods, and Brokerage sectors, which maintained steady growth, rising 4.2%, 2.6%, and 3.7% MoM, respectively. On the other hand, after attracting capital inflows for four consecutive months, the Real Estate sector reversed course and saw a slight decline of 0.3% compared to the previous month.

These developments indicate that the market has entered a more selective phase, with capital flows favoring sectors with strong profit potential such as Consumer Staples, Materials, and Banking. Meanwhile, profit-taking pressures have started to emerge in the Real Estate sector following its strong rally. Overall, demand remained relatively broad-based, with many sectors continuing their upward momentum, while only a few experienced clear divergence in Jun.

Table 1: Indices and Sectors performance

No.	Indices/ Sectors	Market Cap (VND tn)	Market Cap Weight (%)	Growth Rate by Month in 2025							2025 YTD
				Jun	May	Apr	Mar	Feb	Jan	Dec	
a. Market Indices											
1	VNINDEX	5931.3	84.6	3.3	8.7	(6.2)	0.1	3.2	(0.1)	1.3	8.4
2	HNX Index	312.3	4.5	2.7	5.3	(9.8)	(1.7)	7.3	(1.9)	1.2	0.7
3	UPCOM Index	767.7	10.9	2.4	6.6	(5.7)	(1.5)	5.6	(0.8)	2.5	6.1
4	VN30 Index	4080.7	58.2	3.8	8.7	(4.0)	0.5	1.4	(0.5)	2.6	10.0
b. Sectors											
1	Banks	2158.1	31.4	4.2	3.9	(7.4)	0.3	3.3	1.9	2.5	6.4
2	Others	694.6	10.1	1.2	6.2	(6.1)	(3.9)	0.1	1.2	4.1	4.7
3	Real Estate	1093.9	15.9	(0.3)	29.2	7.1	21.2	4.5	(1.6)	0.4	76.8
4	Materials	472.1	6.9	5.7	7.4	(12.2)	(4.6)	9.5	(2.5)	0.3	(0.3)
5	Food & Beverage	416.5	6.1	9.1	(0.0)	(3.7)	(2.5)	1.3	(1.5)	(0.3)	1.9
6	Utilities	293.7	4.3	1.9	8.1	(8.4)	(0.9)	1.8	(0.7)	(0.8)	0.3
7	Capital Goods	357.1	5.2	3.7	12.7	(2.4)	(1.4)	12.2	0.1	2.3	39.2
8	Financial Services	254.1	3.7	2.6	4.8	(9.9)	1.5	9.8	(2.0)	1.5	6.1
9	Transportation	277.6	4.0	0.3	9.5	(1.4)	(0.7)	(0.8)	1.5	2.2	6.4
10	Energy	156.4	2.3	7.5	5.4	(15.9)	(8.6)	5.5	1.9	(2.3)	(5.2)
11	Software & Services	184.6	2.7	2.3	6.5	(9.9)	(13.7)	(8.2)	0.4	5.2	(21.7)
12	Retailing	121.9	1.8	5.5	1.8	2.7	(1.2)	(4.2)	1.2	1.6	5.4
13	Insurance	72.5	1.1	4.9	4.4	(11.4)	(3.5)	8.6	0.5	9.0	1.1
14	Consumer Durables	53.0	0.8	1.2	14.9	(15.7)	(7.8)	0.2	(2.4)	3.5	(11.9)
15	Pharmaceuticals	45.8	0.7	(0.5)	4.7	(4.1)	(3.0)	0.9	(1.8)	3.1	(5.4)
16	Technology	9.0	0.1	30.4	1.6	(12.5)	(5.3)	4.6	(5.0)	(6.1)	5.8
17	Commercial Services	9.9	0.1	1.9	5.2	(9.1)	(6.9)	6.1	(3.2)	2.7	(5.5)
18	Automobiles	7.5	0.1	(0.3)	14.1	(19.0)	(8.2)	7.9	(5.0)	10.9	(16.3)
19	Consumer Services	164.0	2.4	6.1	1.3	(0.8)	(7.6)	11.5	(0.3)	1.7	(4.1)
20	Household Products	3.8	0.1	3.4	0.3	(7.4)	(1.0)	(1.9)	3.5	2.6	(1.9)
21	Health Care	3.6	0.1	(3.3)	2.3	(5.4)	(1.2)	(0.2)	8.7	3.9	(3.2)
22	Media & Entertainment	3.9	0.1	3.1	4.0	(11.7)	(10.1)	6.8	(9.7)	53.9	(14.3)
23	Telecommunication	2.7	0.0	(3.8)	9.3	(16.8)	(1.5)	2.3	15.1	14.2	1.7

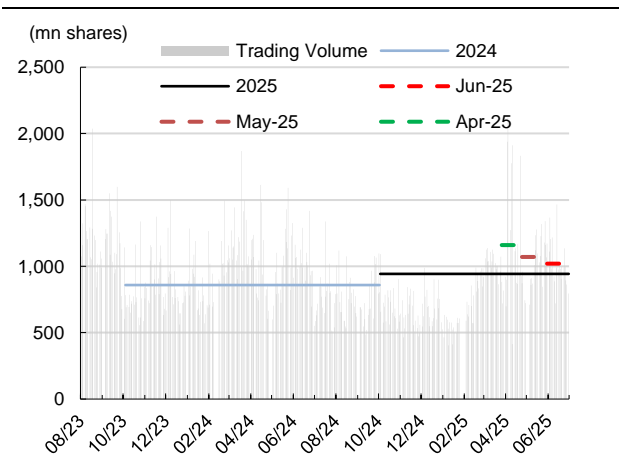
Source: Bloomberg, KIS Research

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. Liquidity remained high

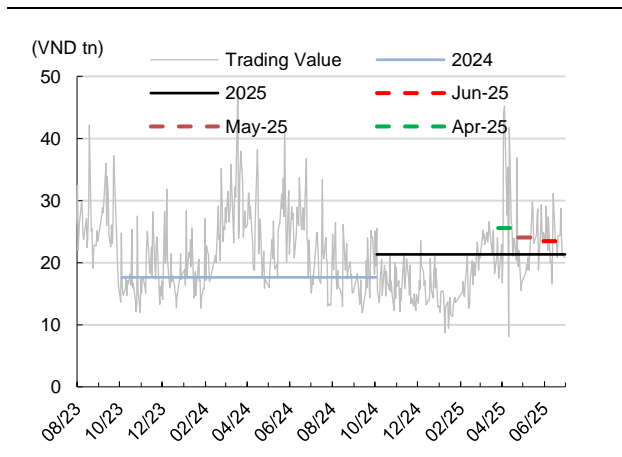
Capital inflows remained vibrant. In Jun, market trading activity showed signs of cooling. Specifically, the average monthly trading volume and value reached 1,020 million shares/VND23,463bn, respectively, down 4.7%/2.4% MoM. Despite the slight decline, liquidity remained high, indicating that demand continues to support the market's new upward trend.

Figure 3. Trading volume and Average volume in 2025



Source: FiinproX, KIS Research

Figure 4. Trading value and Average value in 2025



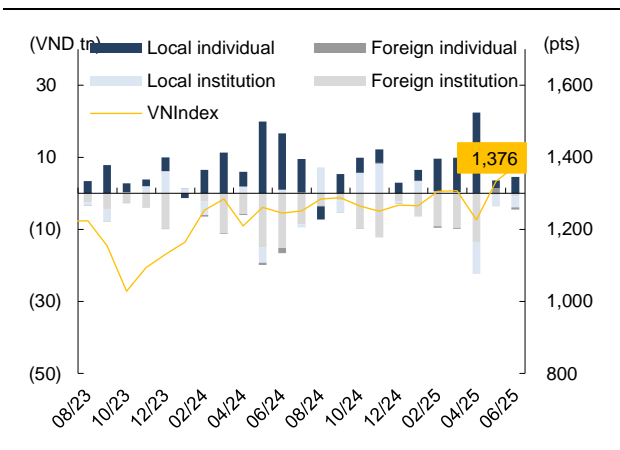
Source: FiinproX, KIS Research

4. Strong net selling pressure from foreign

Domestic individuals increased their trading activity. The trading value from this group surged to VND4,507bn, up 111.8% MoM. Meanwhile, domestic institutions continued their net selling trend, recording an outflow of approximately VND3,099bn, a slight decrease of 1.9% from the previous month. Despite the selling pressure from this group, the market's overall upward trend was maintained thanks to stable demand from domestic individual investors.

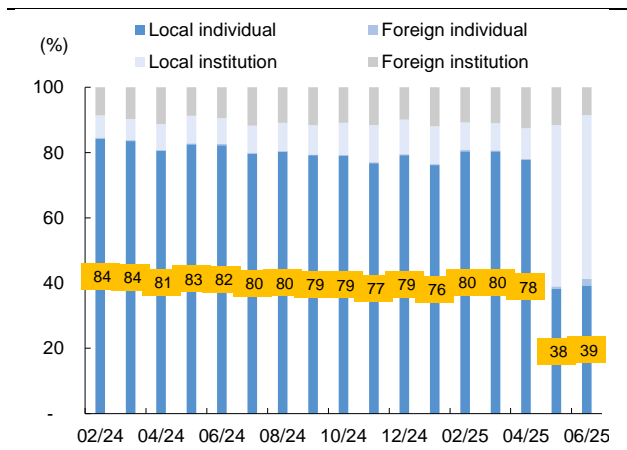
Foreign investors reversed to net selling. After strong net buying in the previous month, foreign individuals reversed to net selling, withdrawing around VND598bn. In addition, foreign institutions continued their selling momentum, with capital outflows totaling VND809bn, up 45.5% MoM.

Figure 5. Monthly net value by investor groups



Source: FiinproX, KIS Research

Figure 6. Monthly trading activity by investor groups



Source: FiinproX, KIS Research

II. Awaiting a breakthrough

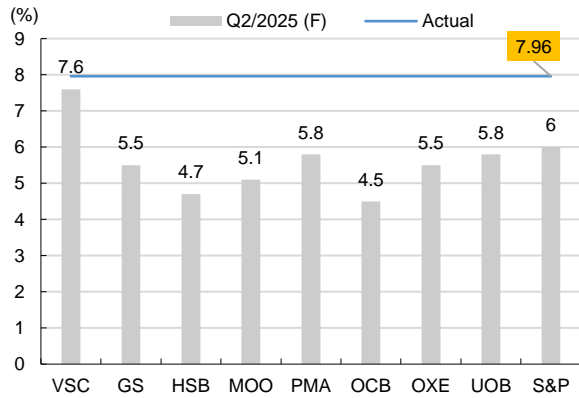
1. Growth driven by domestic factors

Vietnam's economy shows strong momentum, but challenges lie ahead. Vietnam's economy is exhibiting positive signals, with growth exceeding expectations. GDP in 2Q25 rose by 7.96% YoY, marking the second-highest quarterly growth in the 2020-2025 period, trailing only 2Q22. Notably, first-half GDP growth reached 7.52% - the highest level since 2011 - highlighting a robust economic recovery. This figure significantly outperforms forecasts from major financial institutions, which had projected 2Q25 growth in the range of 4.5% to 6%.

In addition, trade activities continued to expand impressively. In 1H25, exports totaled USD219bn (up 14.4% YoY), while imports reached USD212.20bn (up 17.9%).

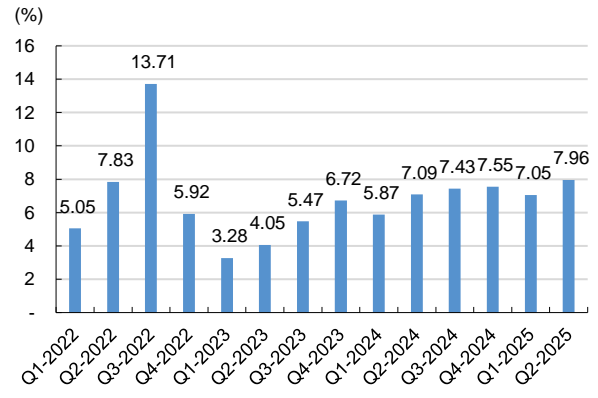
However, the outlook for the coming period may face headwinds. Global trade is expected to lose momentum as the U.S.'s new tariff policies come into effect in Aug 2025, potentially weighing on Vietnam's export and import performance. This concern is partly reflected in Jun 2025 data, where both exports and imports declined compared to the previous month (exports down 0.3% MoM, imports down 6.1% MoM). Additionally, U.S. importers appear to have stockpiled goods in advance, which could dampen demand moving forward.

Figure 7. Vietnam 2Q25 GDP growth forecast



Source: GSO, KIS Research
 Note: VSC: Vietcombank Securities Co Ltd, GS: Goldman Sachs Group, HSB: HSBC Holdings, MOO: Moody's, PMA: Pantheon Macroeconomic Advisors, OCB: Oversea-Chinese Banking Corp, OXE: Oxford Economics, UOB: United Overseas Bank, S&P: Standard & Poors

Figure 8. Vietnam's quarterly gdp growth



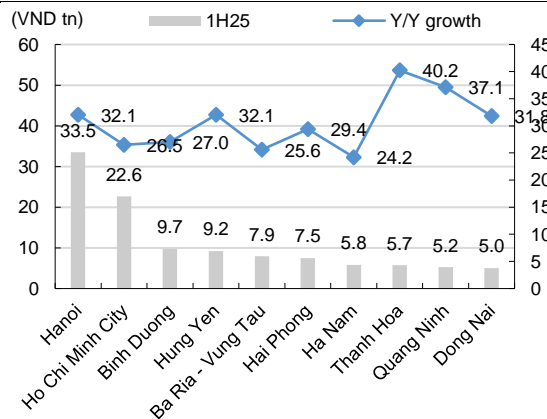
Source: GSO, KIS Research

Outlook remains positive for 2025, supported by fiscal and monetary policies.

Despite external challenges, we believe Vietnam's economy will continue to perform well in 2025, as fiscal and monetary policies are expected to offset the negative impact from export activity. The government has accelerated public investment disbursement, reaching VND291tn in 1H25 - up 19.8% YoY and equivalent to 31.7% of the full-year 2025 target. Key infrastructure projects include the North-South Expressway, Ho Chi Minh City Ring Road 3, Hanoi Ring Road 4, and Long Thanh International Airport.

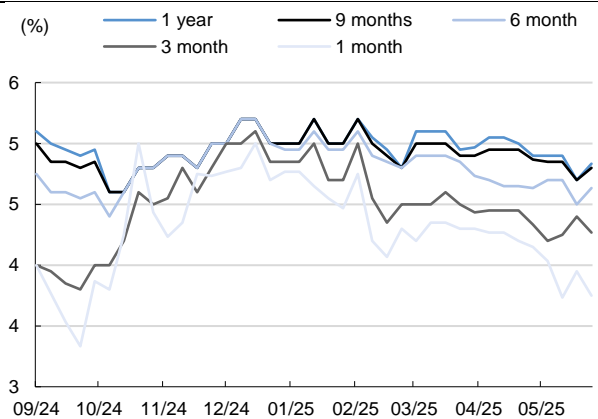
At the same time, the State Bank of Vietnam (SBV) has maintained an accommodative monetary stance, keeping policy rates low. Deposit interest rates have continued to decline since Apr 2025. In May 2025, SBV halted the issuance of central bank bills, injected liquidity through open market operations (OMO), and lowered the bill interest rate from 4% to around 3.2%.

Figure 9. Capital expenditure from the state budget



Source: GSO, KIS Research

Figure 10. Interest rates for various deposit terms



Source: Bloomberg, KIS Research

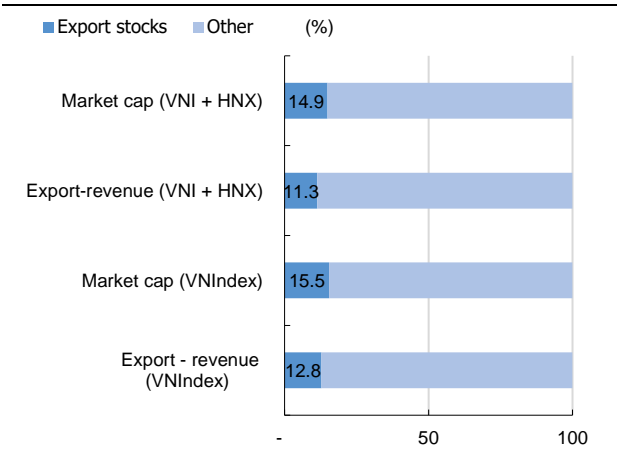
2. Impact of U.S. tariffs

Retaliatory tariffs likely to have limited impact on the stock market. Given the structure of the Vietnamese stock market, we believe the impact of retaliatory tariffs from the U.S. will be significantly contained. While Vietnam's economy is heavily reliant on exports, the key exporters are primarily foreign direct investment (FDI) enterprises - companies that are not listed on the Vietnamese stock exchange. In 2024, the FDI sector accounted for 71.3% of total export turnover (USD289bn out

of USD405bn). Therefore, unless tariffs are raised to an excessively high level, their effect on the stock market is likely to remain modest.

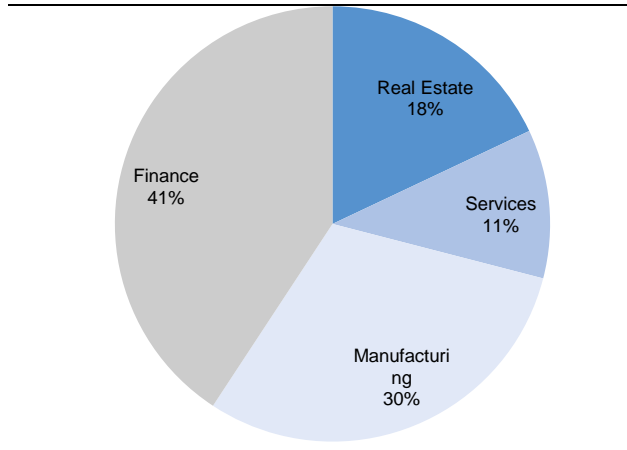
In addition, the financial sector (accounting for 41% of market capitalization) and the real estate sector (18%) hold significant weights in the market, and both primarily rely on domestic revenue. Export-oriented stocks represent only 15% of the VNIndex's market capitalization and contribute just 11% of total revenue among companies listed on the VNIndex and HNXIndex. This market structure provides a natural buffer, insulating the stock market from fluctuations in export activities caused by U.S. trade policy changes. As such, as long as the imposed tariffs on Vietnamese goods remain moderate, the overall impact on the stock market should be limited.

Figure 11. Proportion of export stocks in the VNIndex and HNXIndex



Source: Bloomberg, KIS Research
 Note: CIT: Citigroup, BOA: Bank of America Merrill Lynch, SCB: Standard Chartered, FTC: Fitch Ratings, GS: Goldman Sachs Group

Figure 12. Sector market cap in the VNIndex - HNXIndex



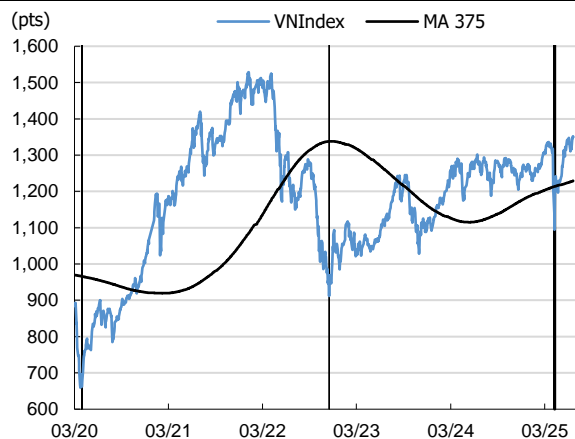
Source: GSO, KIS Research

3. Trough of the 3-year cycle

VNIndex initiates a new 3-year cycle. The VNIndex appears to follow a pattern of repeating 3-year cycles, with significant market bottoms occurring approximately every 36 months. Historically, there have been seven completed cycles. Recent indicators suggest that the index likely marked the bottom of its 8th cycle on Apr 9, 2025, when it moved above the 375-day moving average - a technical indicator often used to signal long-term trend reversals. This breakout implies that a new, 9th cycle may have commenced, with the next major low projected between Oct 2027 and Oct 2028.

A new 1-year sub-cycle has also started. Apr 9, 2025, also marks the likely beginning of a new 1-year sub-cycle within the broader 3-year cycle. Typically, the initial phase of a long-term cycle features a bullish trend. Therefore, the market is expected to continue climbing over the next 12 months, with the next 1-year bottom expected between Feb and Jun 2026. This growth phase is anticipated to have a stronger and more prolonged advance than its eventual correction. Based on the Apr 2025 low, the uptrend is likely to remain intact at least until Oct 2025, suggesting that the rally could extend for another four months or more.

Figure 13. Movement of 3-year cycle



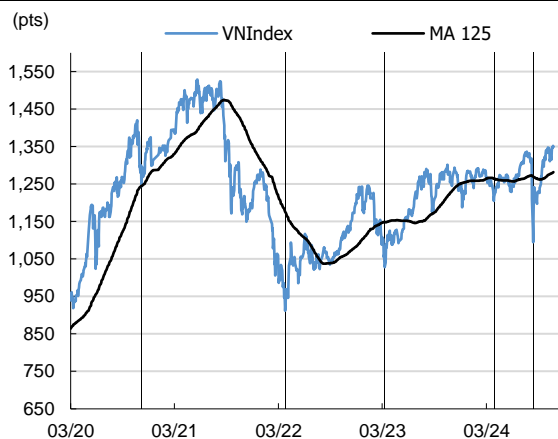
Source: KIS Research

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	09/04/2025	33
IX	09/04/2025	10/2027 -10/2026*	30-42*

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

Figure 14. 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
VIII	20	11/15/2022	10/31/2023	11
	21	10/31/2023	11/19/2024	12*
	22	11/19/2024	09/04/2025	10
IX	23	09/04/2025	02/2026- 06/2026*	10-14*

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

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