

Strategic Insight

The start of a new uptrend

The market posted a positive recovery

In Apr, the market maintained positive performance despite the impact of the long holiday period, which partly weakened liquidity. Growth momentum mainly came from large-cap stocks and leading sectors such as Real Estate and Banking, indicating that cash flows remained concentrated in pillar stocks with strong fundamentals.

Rate cut expectations

The State Bank of Vietnam is unlikely to cut interest rates in the near term, preferring instead to guide credit institutions toward lower lending costs indirectly. Monetary easing is further constrained by persistent exchange rate pressures, rising oil prices, and inflationary trends - making a hold on policy rates the most probable outcome.

Market valuations remain attractive

Despite the VN-Index approaching its all-time high, the rally is concentrated in Vingroup stocks (~28% of market cap), masking broader undervaluation. Around 70% of tracked stocks trade below intrinsic value with 15%+ upside potential. Strong 1Q26 fundamentals - 21% revenue growth and ~60% profit surge - support revaluation, with Real Estate, Banking, Construction, and Securities offering the most compelling medium-to-long-term opportunities.

The second 1-year cycle

Vietnam's equity market is governed by 1-year and 3-year cycles, both bottoming in Apr 2025. The second 1-year cycle is now underway, with its trough expected between Jan and May 2027, a peak from Sep 2026 onward, and the 3-year cycle peak potentially coinciding.

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I. The market posted a positive recovery

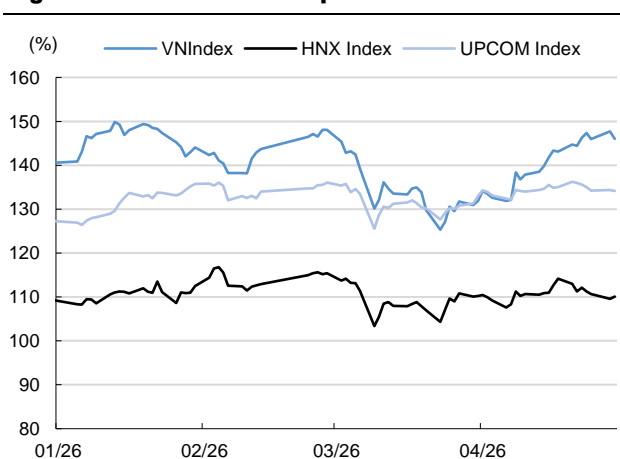
1. Demand returned

The VNIndex recorded a strong breakout. In Apr, despite the impact of the extended holiday period that partly disrupted trading activities, the market still maintained positive performance as the VNIndex recorded strong growth of 10.7% compared to the previous month, indicating that buying demand remained present and investor sentiment gradually improved after the previous volatile period. On the other hand, the HNXIndex and the UPCOMIndex only posted slight declines of 0.1% and 0.6%, respectively, during the month.

Cash flows concentrated in large-cap stocks. In terms of market capitalization, the large-cap segment (VN30) stood out with a strong gain of 10.6% during the month, showing that cash flows were mainly concentrated in market-leading stocks. Meanwhile, mid-cap (VN MID) and small-cap (VNSML) stocks recorded less positive performance, declining slightly by 0.1% and 1.1%, respectively, compared to the previous month. This development reflected investors' preference for stocks with strong fundamentals, high liquidity, and leading market positions amid continued cautious sentiment.

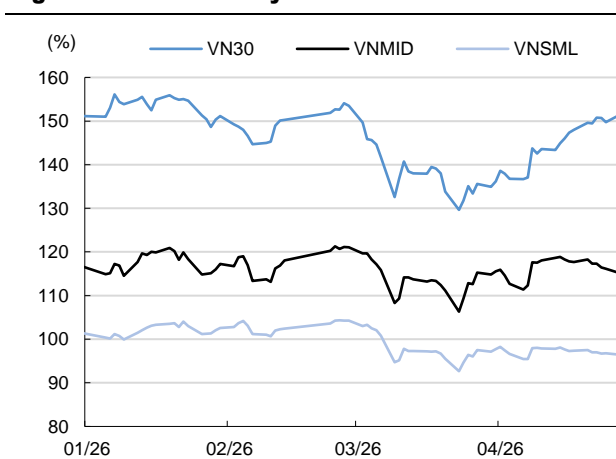
Overall, the market showed a relatively positive recovery in Apr despite liquidity being affected by the holiday factor. In addition, the strong growth of VNIndex and large-cap stocks indicated that cash flows still played a supportive role for the market while also reflecting gradually improving investor confidence. However, the divergence among index groups and market-cap segments suggested that the market still needed broader cash flow participation for the uptrend to become more sustainable in the next phase.

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. Real Estate continued to remain in the spotlight

Cash flows concentrated in major sectors. In Apr, the market recorded clear divergence among sectors as cash flows tended to concentrate in several

leading stock groups, while many other sectors continued to face correction pressure. Most notably, the Real Estate sector posted an outstanding gain of 46.0% during the month, reflecting strongly improving buying demand and the sector's leading role in the market's overall trend. In addition, the Transportation and Banking sectors also maintained positive performance, rising 6.2% and 2.8%, respectively, compared to the previous month.

Selling pressure increased in several sectors. On the other hand, some sectors recorded less positive performance as selling pressure increased significantly. Among them, the Energy and Insurance sectors posted the sharpest declines during the month, falling 10.8% and 9.4%, respectively, reflecting investors' cautious sentiment amid fluctuations in commodity prices and concerns over the sectors' earnings outlook. In addition, the Consumer Discretionary and Household Products sectors both recorded declines of 4.5%, indicating that cash flows tended to move away from consumption-related and short-term growth stocks.

Overall, market performance in Apr reflected clear divergence among sectors rather than broad-based gains across the market. Cash flows were mainly concentrated in leading sectors, particularly Real Estate and Banking, while many other sectors continued to face correction pressure and lacked recovery momentum. This reflected investors' highly selective sentiment and also suggested that the market's current uptrend remained heavily dependent on the ability of key sectors to maintain their strength.

Table 1: Indices and Sectors performance

No.	Indices/ Sectors	Market Cap (VND tn)	Market Cap Weight (%)	Growth Rate by Month in 2026							2026 YTD
				Apr	Mar	Feb	Jan	Dec	Nov	Oct	
a. Market Indices											
1	VNINDEX	7341.1	85.8	10.7	(10.9)	2.8	4.5	5.5	3.1	(1.3)	5.7
2	HNX Index	376.7	4.4	(0.1)	(4.5)	2.6	(3.6)	(4.3)	(2.2)	(2.7)	(0.2)
3	UPCOM Index	837.6	9.8	0.8	(2.2)	0.2	1.5	1.7	4.9	3.7	6.1
4	VN30 Index	5119.4	59.8	10.6	(11.3)	1.6	4.5	5.5	2.0	1.2	1.6
b. Sectors											
1	Banks	2697.4	31.5	2.8	(9.2)	(1.6)	2.6	2.8	(2.0)	(4.6)	1.5
2	Others	604.2	7.1	(1.0)	(0.6)	0.9	1.1	1.7	0.7	6.6	13.1
3	Real Estate	2867.4	33.5	46.0	(14.6)	12.5	14.5	19.7	19.7	3.3	26.2
4	Materials	570.1	6.7	1.7	(10.2)	5.5	(2.6)	(2.7)	(2.3)	(1.4)	10.8
5	Food & Beverage	637.5	7.5	(0.2)	(4.4)	(5.1)	0.1	(0.3)	2.1	(1.3)	(7.1)
6	Utilities	342.5	4.0	(3.2)	(17.3)	(2.7)	11.8	8.1	1.5	0.4	1.2
7	Capital Goods	419.8	4.9	(3.6)	0.6	2.5	0.2	1.0	1.4	4.5	(5.8)
8	Financial Services	574.4	6.7	0.3	(9.8)	6.7	(0.3)	(0.7)	(3.5)	(11.9)	(0.5)
9	Transportation	335.2	3.9	6.2	(10.7)	5.1	(5.5)	(5.1)	(0.0)	11.8	(3.6)
10	Energy	256.5	3.0	(10.8)	(14.7)	23.2	4.8	3.9	(1.5)	0.9	25.4
11	Software & Services	134.5	1.6	0.8	(19.2)	(10.7)	(0.6)	(1.3)	(6.6)	11.3	(19.6)
12	Retailing	170.7	2.0	1.0	(9.8)	0.9	7.8	7.7	(3.1)	7.2	(1.7)
13	Insurance	92.3	1.1	(9.4)	(0.6)	9.3	9.9	6.0	4.4	(1.8)	5.2
14	Consumer Durables	61.0	0.7	(4.5)	(9.4)	0.1	2.0	2.0	(2.5)	8.4	4.2
15	Pharmaceuticals	46.7	0.5	(2.9)	(1.5)	0.5	2.5	3.2	(0.4)	1.9	(0.6)
16	Technology	11.5	0.1	(3.3)	(9.6)	3.7	(7.7)	(8.9)	9.1	(2.0)	8.1
17	Commercial Services	9.8	0.1	1.9	(8.5)	2.2	(2.5)	(2.6)	(0.1)	0.9	(2.5)
18	Automobiles	7.4	0.1	(3.1)	0.3	0.9	(2.9)	(2.5)	3.2	(5.0)	(3.5)
19	Consumer Services	167.2	2.0	2.6	(0.3)	(9.5)	(4.0)	(0.7)	22.7	(3.8)	(8.9)
20	Household Products	3.4	0.0	(4.5)	(7.7)	(0.9)	(0.9)	(1.4)	1.6	(7.9)	(6.4)
21	Health Care	2.6	0.0	(2.3)	(14.2)	(3.9)	(2.0)	(2.5)	(9.7)	(2.6)	(15.5)
22	Media & Entertainment	3.3	0.0	(2.4)	(13.2)	(0.1)	2.4	1.5	(4.1)	(8.4)	(15.3)
23	Telecommunication	2.2	0.0	(3.2)	(1.3)	5.3	(0.3)	0.0	(3.3)	(2.0)	(5.8)

Source: Bloomberg, KIS Research

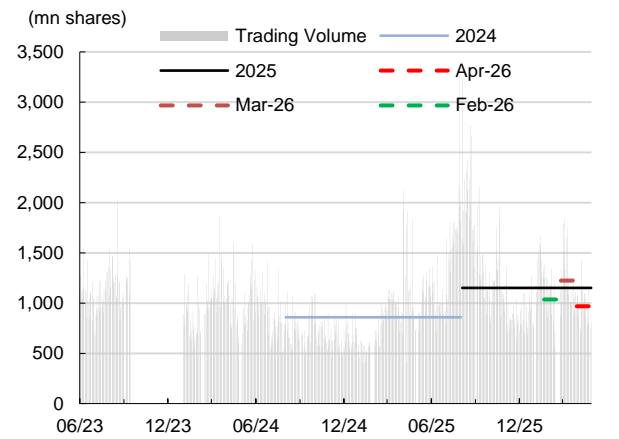
Note: Classification according to GICS with Level II: Industry Group; and Based on statistics of all listed shares on 3 exchanges, HOSE, HNX, and UPCOM

3. Liquidity was affected by the long holiday period

Cash flows turned somewhat cautious. In Apr, market liquidity recorded a significant decline due to the impact of the holiday period, with both average

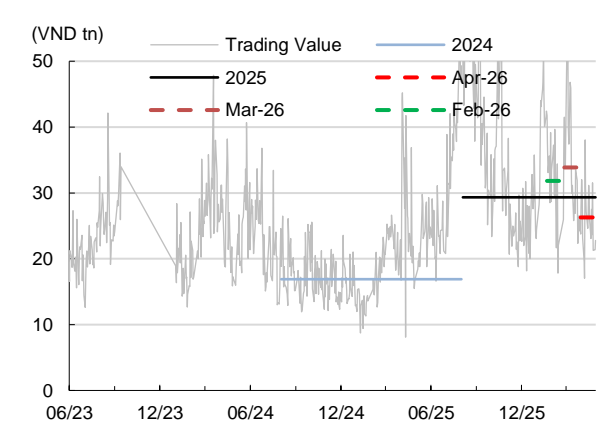
trading volume and value decreasing. Specifically, average monthly trading volume and value reached 968 million shares / VND26,275bn, down 23.6%/32.0%, respectively, compared to the previous month. Nevertheless, the market still maintained its upward momentum, indicating that buying demand remained present and the positive trend had not been broken. This development implied that although investor sentiment became somewhat cautious during the holiday period, cash flows still provided a certain level of support to the market.

Figure 3. Trading volume and Average volume in 2026



Source: FiinproX, KIS Research

Figure 4. Trading value and Average value in 2026

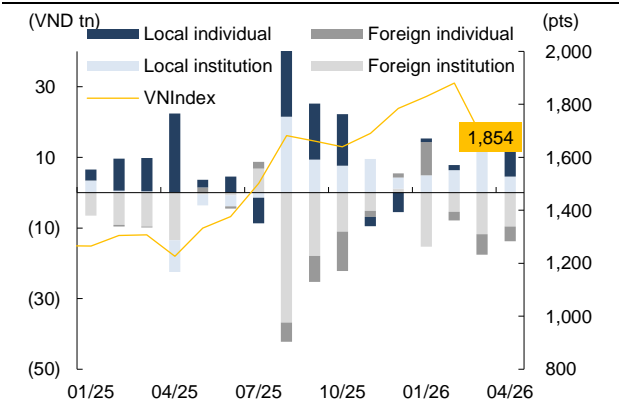


Source: FiinproX, KIS Research

4. Domestic retail investors recorded strong net buying

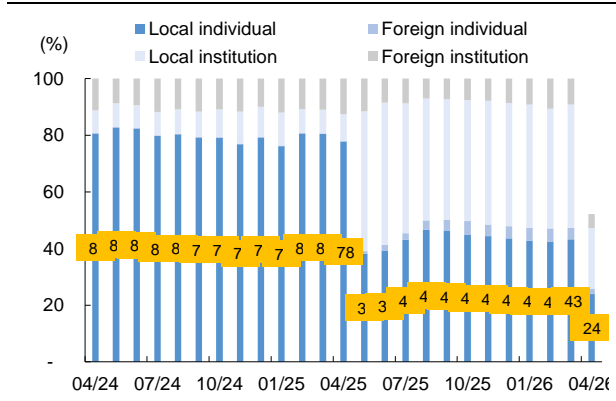
Domestic retail investors maintained their net buying streak. During Apr, domestic retail investors extended their net buying streak to four consecutive months. Specifically, total net inflows during the month reached VND9.1tn, surging 215.0% compared to the previous month. Meanwhile, domestic institutional investors still recorded net buying activity, though it cooled down significantly. Specifically, total inflows reached VND4.5tn, sharply down 68.8% from the previous month.

Figure 5. Monthly net value by investor groups



Source: FiinproX, KIS Research

Figure 6. Monthly trading activity by investor groups



Source: FiinproX, KIS Research

Selling pressure from foreign institutional investors eased. After two consecutive months of net buying, foreign individual investors reversed to net selling, with total net outflows reaching VND2.4tn. On the other hand, foreign

institutional investors continued their net selling trend, with net outflow reached VND5.4tn; however, the selling pressure eased significantly, declining 64.6% compared to the previous month.

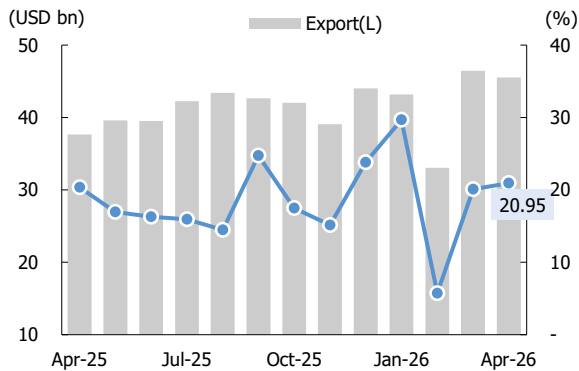
II. The first 1-year cycle bottom

1. Stable growth amid mounting inflation pressures

Vietnam's economic outlook in the near term presents a distinctly two-sided picture, with positive growth drivers intertwined with risks that warrant close monitoring.

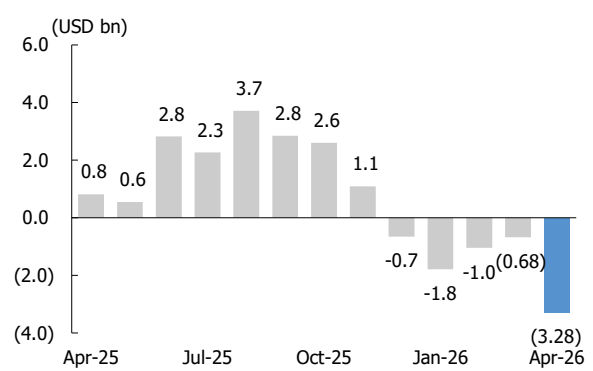
On the favorable side, industrial production continues to expand strongly, with the Industrial Production Index (IIP) up nearly 10% YoY, while retail sales growth of 12% reflects still-solid domestic demand. Notably, foreign direct investment (FDI) maintains its positive momentum - disbursed capital rose by nearly 12%, and cumulative registered capital for the first four months of 2026 surged 32%, signaling that foreign investor confidence in Vietnam's business environment remains well-supported.

Figure 7. Vietnam monthly exports



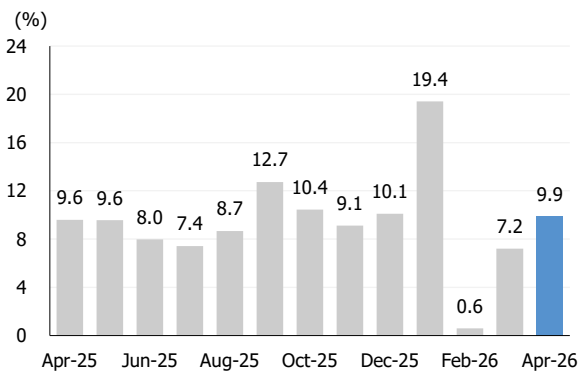
Source: NSO, KIS Research

Figure 8. Vietnam's monthly trade balance



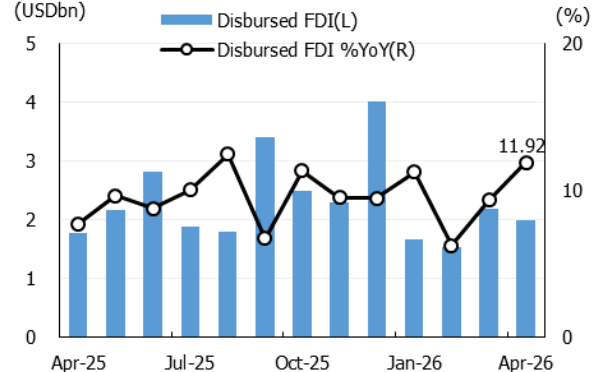
Source: NSO, KIS Research

Figure 9. IIP % YoY by month



Source: NSO, KIS Research

Figure 10. Monthly disbursed FDI



Source: NSO, KIS Research

However, several macroeconomic risks have become increasingly apparent and may put pressure on growth in the coming quarters. Inflation has exceeded the Government's target, with the Consumer Price Index (CPI) up 5.46% YoY,

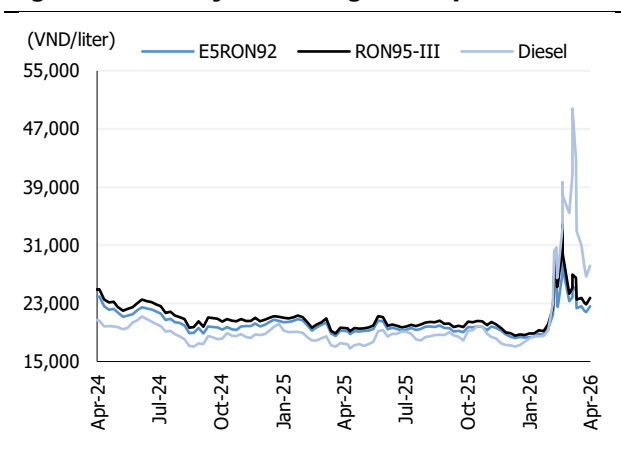
driven primarily by elevated global energy prices and rising housing costs. The trade balance recorded a deficit of USD3.28bn despite an impressive 21% rise in exports, while the Purchasing Managers' Index (PMI) fell to a seven-month low of 50.5 - a signal that new orders have begun to contract amid record-high input costs. Keeping inflation under control and preserving export competitiveness will be the central policy challenges that the Government must prioritize in the period ahead.

2. Oil price cooling prospects amid middle east geopolitical instability

The prospect of lower oil prices in the near term depends largely on the progress of diplomatic negotiations surrounding the US-Iran conflict, which has a direct bearing on global energy supply. One encouraging signal is that economic pressure is pushing both sides to seek a diplomatic way out: rising oil prices, combined with resource exhaustion after 40 days of conflict, give both the United States and Iran an incentive to pursue an agreement - one that could stabilize their domestic economies and help ease tension in global energy markets.

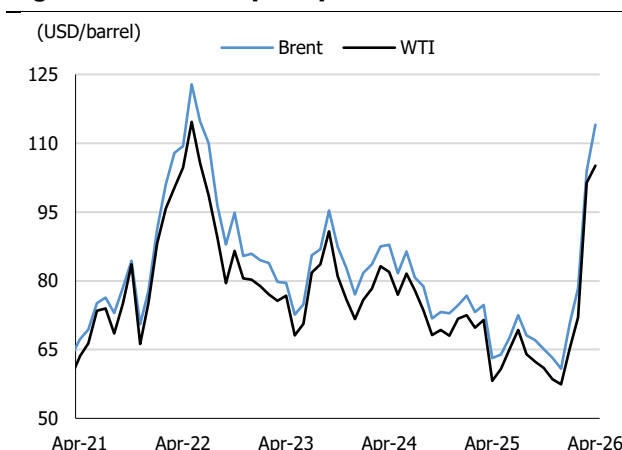
However, the path to a substantive deal remains fraught with obstacles, making a sharp near-term decline in oil prices unlikely. The most significant barrier lies in a fundamental security disagreement: Israel insists on the complete dismantlement of Iran's nuclear capabilities, while Tehran regards this demand as an absolute red line. In addition, the presence of proxy armed groups such as Hezbollah represents a variable that could derail negotiations at any moment. The most plausible scenario, according to current assessments, is a interim agreement aimed at maintaining a ceasefire and reopening the Strait of Hormuz - sufficient to bring oil prices down modestly, but unlikely to deliver lasting stability to energy markets.

Figure 11. Monthly domestic gasoline price



Source: Bloomberg, KIS Research

Figure 12. Global oil price performance



Source: Bloomberg, KIS Research

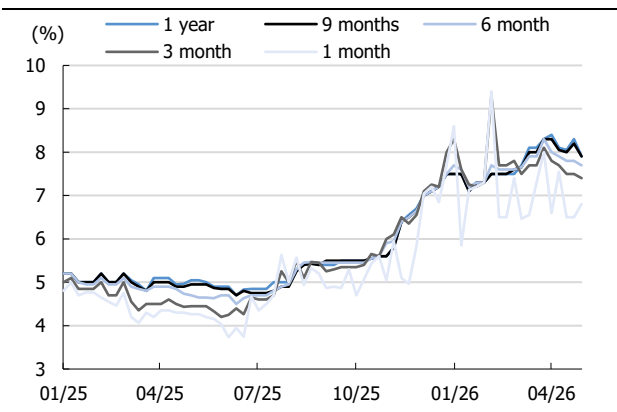
3. Rate cut expectations

In the current economic environment, the prospect of interest rate cuts from the State Bank of Vietnam (SBV) remains fairly limited. The SBV pursues a "flexible and proactive" monetary policy, with the prevailing tendency to hold rates steady

or make only marginal adjustments. Rather than cutting its policy rates directly, the SBV focuses on directing credit institutions to reduce operating costs in order to keep lending rates at low levels - an indirect approach that supports businesses in accessing capital more easily.

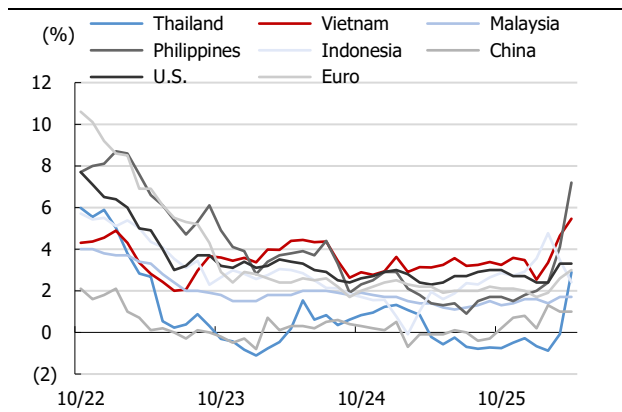
Nevertheless, the SBV's room to ease monetary policy has narrowed due to a number of risk factors. Exchange rate pressure persists, as the domestic currency faces headwinds from international market volatility and geopolitical tensions in the Middle East, causing the USD/VND rate to edge higher in the early months of the year. At the same time, elevated oil prices have contributed to an upward trend in inflation, creating an additional barrier to any rate cut decision. As a result, the most likely near-term scenario is that the SBV keeps its policy rates unchanged, while continuing to rely on administrative tools to manage the cost of capital across the banking system.

Figure 13. Term deposit interest rates by maturity



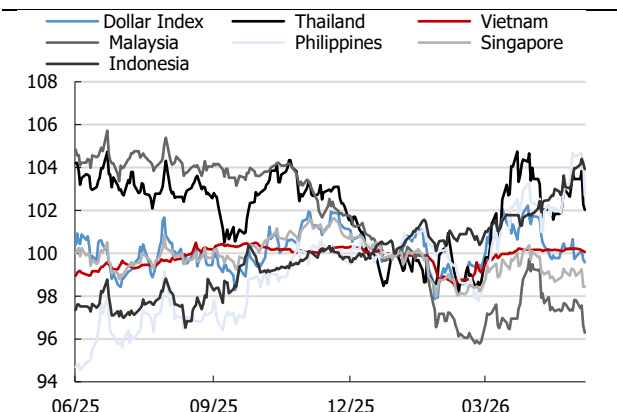
Source: Bloomberg, KIS Research

Figure 14. Inflation rates across selected countries



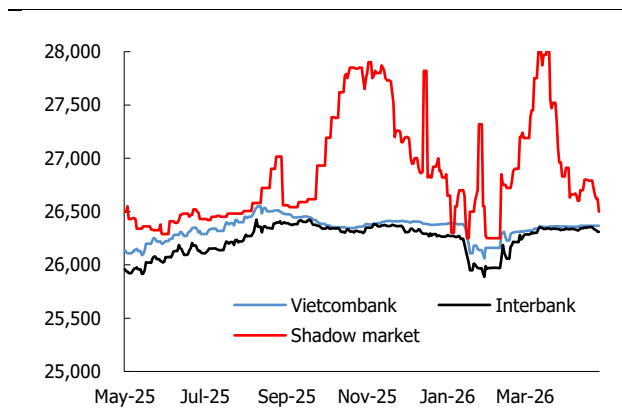
Source: Bloomberg, KIS Research

Figure 15. Exchange rates of regional currencies



Source: Bloomberg, KIS Research

Figure 16. USDVND by market



Source: Bloomberg, KIS Research

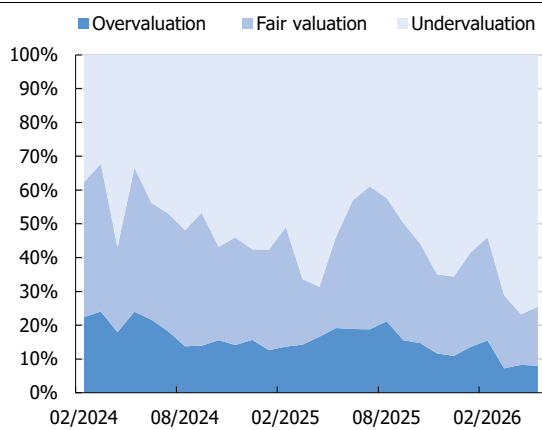
4. Market valuations remain attractive

Although the VN-Index has recently returned to test its all-time high, the rally has been driven largely by the Vingroup family of stocks (VHM, VIC, VRE, VPL) - which account for approximately 28% of total market capitalization. This creates an uneven picture, with the broader market still in undervalued territory. According to data from financial institutions, roughly 70% of tracked stocks trade

below their intrinsic value, with remaining upside potential exceeding 15% - a significant discount relative to underlying fundamentals.

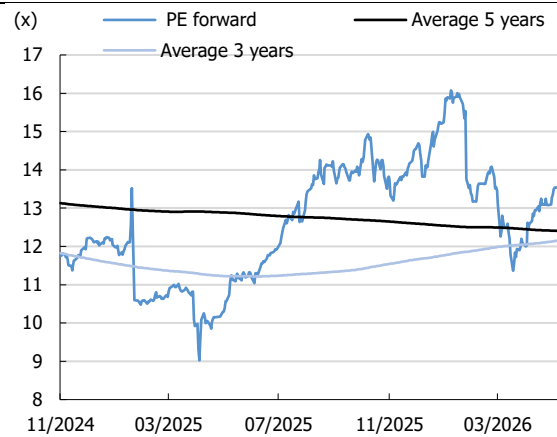
On a positive note, corporate business fundamentals show clear improvement, providing a solid foundation for revaluation expectations. Revenue in 1Q26 grew 21% YoY while net profit surged nearly 60%, indicating that the underlying health of listed companies is substantially stronger than current share prices reflect. The most undervalued sectors at present include Real Estate, Banking, Construction and Materials, and Securities - these are also the areas likely to offer compelling investment opportunities over the medium to long term as the market gradually converges toward the true intrinsic value of its constituents.

Figure 17. Number of stocks currently undervalued



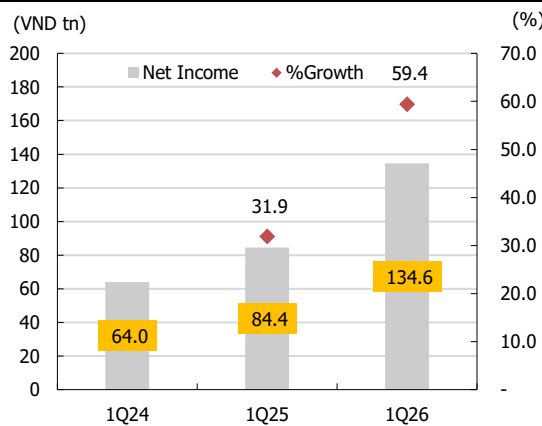
Source: Fidana.vn, KIS Research

Figure 18. Vietnam PE forward



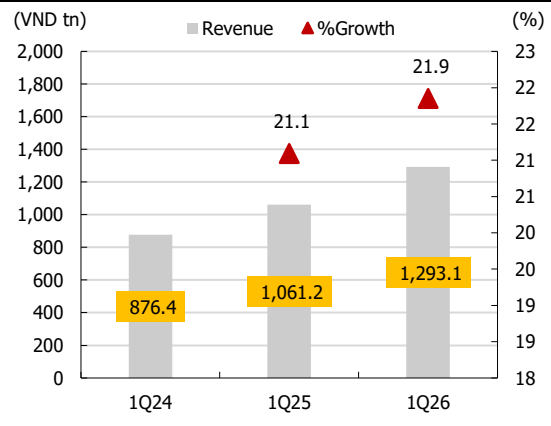
Source: Bloomberg, KIS Research

Figure 19. Net Income growth in 2026



Source: Fidana.vn, KIS Research

Figure 20. Revenue growth in 2026



Source: FiiiproX, KIS Research

5. The second 1-year cycle

Vietnam's equity market follows two distinct cyclical patterns: a shorter 1-year cycle and an extended three-year cycle. The low point observed in Apr 2025 holds exceptional importance, serving as a pivotal bottom for both patterns at once. This Apr 2025 nadir initiated the present three-year cycle, suggesting ongoing expansion in the years ahead, with the cycle's final trough expected to materialize between Oct 2027 and Oct 2028.

Figure 21. Movement of 1-year cycle



Source: KIS Research

The VN-Index has crossed above its 125-period moving average, confirming that the low recorded on Mar 23, 2026 represents the trough of the first one-year cycle. This implies that the first 1-year cycle has now concluded - a cycle that began at the Apr 2025 low and ended at the Mar 23, 2026 low. Accordingly, the second 1-year cycle has commenced.

Based on the formation of the second 1-year cycle, our forecasts are as follows:

- The uptrend from the Mar 2026 low is expected to extend at least through Sep 2026, with a cycle peak anticipated to form from Sep 2026 onward.
- The 3-year cycle peak may also emerge from Sep 2026 onward.
- The trough of the second 1-year cycle is likely to occur within the Jan–May 2027 timeframe.

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 -10/2028*	30-42*

*Expected period to form the 3-year cycle year
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
	23	09/04/2025	23/03/2026	11
IX	24	23/03/2025	01/2027- 05/2027*	10-14*

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

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