

## Domestic fundamentals hold firm as markets reprice global risk



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### Macroeconomics:

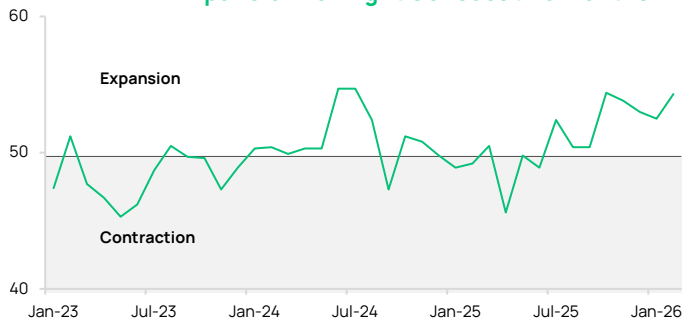
- ▶ Macro conditions remained stable with CPI averaging 2.9% YoY, preserving policy flexibility, with realised FDI reaching \$3.2bn YTD (+8.8% YoY).
- ▶ Manufacturing momentum strengthened, with PMI rising to 54.5 and IIP expanding 10.4% YoY YTD, reinforcing continued industrial expansion.
- ▶ Retail sales grew 7.9% YoY as domestic demand held steady and business confidence reached a 41-month high.

### Stock Market:

- ▶ The VN-Index rose 2.4% in USD terms, bringing YTD returns to 6.4%, supported primarily by strong domestic investor participation.
- ▶ Market liquidity remained resilient despite the holiday period, with combined average daily trading value of \$1.2bn/day, down slightly from \$1.5bn in January.
- ▶ Industrial and policy-linked sectors attracted investor attention as manufacturing expansion and reform momentum supported sentiment.

## CHARTS OF THE MONTH

PMI In Expansion For Eight Consecutive Months



Inflation Remains Well Contained



## Monthly Insights

February's data suggests Vietnam's growth momentum remains intact despite seasonal distortions around the Lunar New Year. Industrial activity and business sentiment continued to strengthen, while inflation remained contained, preserving policy flexibility. However, global markets, including Vietnam, have since experienced a sharp increase in volatility following the escalation of the Iran conflict in early March, shifting near-term investor sentiment even as Vietnam's underlying macro trajectory remains on track.

Industrial activity remained a key pillar of growth. The Index of Industrial Production (IIP) rose 1.0% YoY in February, bringing YTD growth to 10.4% YoY, led by manufacturing and processing at 11.5%. Business sentiment also strengthened, with PMI rising to 54.5 and business confidence reaching a 41-month high, signalling that firms are seeing sustained demand and may be preparing for further expansion. Inflation remained well contained, with CPI averaging 2.9% YoY for the first two months, preserving policy flexibility and supporting stable financial conditions.

Domestic demand also remained firm. Retail sales and services revenue increased 7.9% YoY in the first two months, with February alone rising 8.5% YoY. Seasonal spending during the Tet holiday supported activity in apparel, accommodation, food services, and travel, underpinning the continued recovery of services and steady household consumption.

Investment and external activity continued to support growth. Total trade turnover reached \$155.7bn YTD, up 22.2% YoY, with exports rising 18.3% YoY to \$76.36bn. Import demand also remained firm, reflecting continued purchases of intermediate goods and production inputs as industrial activity expanded, which suggests manufacturers remain confident in near-term order flow. Realised FDI disbursement reached \$3.21bn YTD, up 8.8% YoY, with manufacturing continuing to attract the majority of foreign capital. Fiscal dynamics remained supportive, with state budget revenue reaching approximately \$22.9bn in the first two months of 2026, up 13.1% YoY, helping preserve room for continued growth-supportive spending.

Equity markets were relatively stable during the shorter trading month. With only 15 trading sessions due to the holidays, the VN-Index recorded a gain of 2.4% MoM in USD terms. Liquidity eased slightly to \$1.2bn around the holiday period but remained healthy relative to historical averages, supported primarily by domestic participation. Foreign investor activity was mixed, although intermittent net-buying sessions continued to appear. Investor attention remained focused on companies linked to industrial expansion and structural policy themes, while state-owned enterprises (SOEs) continued to attract interest following the government's reform agenda under Resolution 79. That pattern suggests investors are still rewarding areas of the market most closely tied to cyclical recovery and policy execution.

In summary, February's data reinforces the resilience and breadth of Vietnam's growth trajectory. Manufacturing remains the anchor of expansion, while services activity, consumption, and investment flows continue to strengthen. If industrial momentum persists and inflation remains contained, policy conditions should remain supportive, allowing the equity market's focus to shift increasingly toward earnings delivery and the gradual return of foreign investor participation. That said, the escalation of tensions in the Middle East introduces external risks and potential volatility, particularly through energy prices, global risk sentiment, and FX pressures, which we will continue to monitor closely.

## Key Indicators

Item	Unit	2021	2022	2023	2024	2025E	2026F
GDP	\$bn	366.1	408.8	430.0	476.3	514.0	561.8
Real GDP Growth	%	2.6	8.0	5.1	7.1	8.0	9.3
Services Growth	%	1.2	10	6.9	7.4	8.6	9.5
Agriculture Growth	%	2.9	3.4	2.6	3.3	3.8	4.0
Ind'l and Const'n Growth	%	4.1	7.8	3.5	8.3	9.0	10.5
Retail Sales Growth	%	-3.8	10.2	8.3	9.0	9.2	10.0
<b>Prices</b>							
CPI (Average YoY)	%	1.8	3.2	3.3	3.6	3.3	4.0
<b>Money, FX and Interest Rates</b>							
Money Supply M2	%	8.9	6.2	12.5	12.7	15.0	12.5
Average 12M Deposit Rate	%	6.0	8.0	5.0	5.0	5.8	6.3
5-yr VGB	%	0.9	4.7	1.6	1.4	3.3	3.5
VND:\$	\$1	22,800	23,550	24,250	25,450	26,300	27,310
<b>External Sector</b>							
Trade Balance	\$bn	3.3	12.4	28.0	24.4	20.0	25.0
Current Account	\$bn	-8.1	1.4	25.8	30.5	34.5	40.0
Current Account / GDP	%	-2.2	0.3	6.0	6.4	6.7	7.1
FDI Registered	\$bn	38.5	27.7	36.6	35.0	38.4	41.9
FDI Disbursement	\$bn	19.8	22.4	23.2	25.4	27.6	30.1
FX Reserves	\$bn	106.5	85.0	89.0	80.0	78.0	80.0
<b>Public Debt, Fiscal Balance</b>							
External Debt	\$bn	138.8	141.2	138	140.3	151.0	168.54
Government	\$bn	47.9	48.8	44.4	44.5	47.8	50.0
Enterprises (incl. FDI)	\$bn	90.9	92.4	93.6	95.8	103.2	118.54
External Debt (% GDP)	%	37.9	34.5	30.3	30.3	29.4	30.0
Fiscal Balance (% GDP)	%	-4.0	-4.0	-3.6	-3.6	-4.2	-4.0

All forecasts are Dragon Capital estimates

## Key Stock Market Data

	HSX		HNX		UPCoM		Total	
	28-Feb-25	28-Feb-26	28-Feb-25	28-Feb-26	28-Feb-25	28-Feb-26	28-Feb-25	28-Feb-26
Market cap (\$mn)	212,872	338,967	15,078	18,061	60,241	57,149	288,191	414,177
Number of stocks	392	403	310	302	889	845	1,591	1,550
Number of large cap stocks (>\$400mn)	77	91	11	12	19	21	107	124
Stocks with no room for foreigners	66	62	94	107	274	314	434	483
Market cap of stocks with no room (\$mn)	26,707	22,994	3,270	2,998	24,458	27,861	54,435	53,853
Share of Market Cap with No Room (%)	12.5	6.8	21.7	16.6	40.6	48.8	18.9	13.0

## Top 25 Companies by Market Cap

No	Company	28-Feb Price (VND)	Price YTD (%)	Mkt Cap (\$m)	Wt in VNI (%)	PER			PBV			Yield		
						2024 (x)	2025 (x)	2026E (x)	2024 (x)	2025 (x)	2026E (x)	2024 (%)	2025 (%)	2026E (%)
1	Vingroup	172,000	1.4	50,888	15.00	13.0	97.2	112.2	1.1	8.8	8.2	0.4	0.2	-
2	Vietcombank	64,900	12.9	20,820	6.10	17.2	15.7	15.4	2.6	2.1	2.1	-	0.8	-
3	Vinhomes	108,000	-12.9	17,031	5.00	5.2	12.4	9.9	0.8	2.2	1.5	0.4	0.2	-
4	BIDV	47,900	23.1	12,913	3.80	13.3	11.9	13.5	1.8	1.6	1.8	-	1.2	-
5	Viettel Global Investment	110,000	55.4	12,855	-	49.1	23.1	26.0	8.0	5.3	-	0.4	1.9	-
6	Vietinbank	38,250	7.0	11,406	3.40	8.8	8.9	8.2	1.4	1.6	1.4	-	0.9	-
7	PV Gas	107,900	49.0	9,996	2.90	15.2	15.7	21.3	2.6	2.6	3.9	8.7	2.9	3.6
8	Techcombank	36,250	3.9	9,862	2.90	8.1	10.1	9.0	1.2	1.5	1.4	3.0	2.9	2.3
9	VP Bank	28,950	1.0	8,819	2.60	9.4	9.5	7.0	1.0	1.4	1.2	5.2	1.8	4.3
10	MB Bank	28,500	12.6	8,814	2.60	6.0	7.8	7.3	1.2	1.5	1.4	2.1	1.0	-
11	Hoa Phat Group	28,800	9.1	8,487	2.50	14.2	13.1	9.5	1.5	1.6	1.5	-	-	1.7
12	Airports Corporation VN	53,300	9.0	7,331	-	29.1	18.0	17.2	4.6	2.5	2.2	-	-	-
13	Masan Consumer	141,000	-21.1	7,008	2.10	23.0	34.8	24.9	16.7	12.8	9.9	12.4	1.2	2.6
14	FPT Corporation	92,900	-3.0	6,076	1.80	30.7	18.5	15.2	7.4	4.5	3.6	1.5	2.8	2.8
15	Binh Son Refining	31,200	93.8	5,998	1.80	112.0	15.5	30.3	1.3	1.3	2.6	3.1	-	1.4
16	Vinpearl	83,500	-11.4	5,749	1.70	-	149.4	15.5	-	4.6	-	-	-	-
17	Techcom Securities	63,500	35.1	5,635	1.70	23.8	19.1	20.7	3.5	2.5	2.9	1.3	-	-
18	Vinamilk	68,200	11.4	5,472	1.60	14.5	15.2	15.5	3.8	4.2	4.6	6.2	8.8	6.4
19	HD Bank	27,950	-5.9	5,371	1.60	7.0	9.0	7.0	1.6	2.0	1.2	3.3	-	-
20	Mobile World	93,100	5.3	5,249	1.50	23.6	18.6	15.0	3.2	4.0	3.4	0.8	1.1	1.1
21	LienViet Post Bank	43,050	3.0	4,938	1.50	8.9	10.9	9.9	2.0	2.6	2.1	-	6.0	-
22	ACB	24,550	2.3	4,842	1.40	6.7	8.0	6.8	1.3	1.3	1.1	3.4	3.6	1.5
23	Sacombank	65,500	12.9	4,741	1.40	6.9	18.4	19.2	1.3	1.8	1.9	-	-	-
24	Masan Group	79,000	2.6	4,386	1.30	50.4	27.1	23.7	3.3	3.1	2.9	1.7	0.8	1.5
25	Vietjet Air	175,800	-15.9	3,993	1.20	38.6	53.3	41.1	3.2	4.6	4.4	0.1	-	-

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