

Unlocking dormant capital to accelerate private-led growth



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Macroeconomics:

- ▶ Credit growth reached 6.5% in the first five months of 2025, far outpacing the 3.4% over the same period in 2024, signalling strong continued demand
- ▶ Private sector sentiment continued to improve with firms re-engaging with state-led projects, supported by reforms prioritising fines over legal action
- ▶ Bottlenecks tied to over \$235bn in 2,200 stalled projects, equal to 50% of GDP, are being addressed, with legislative resolutions due in October

Stock Market:

- ▶ The Vietnam Index rebounded by 9.1% in TR\$ terms, reversing the Liberation Day-driven 7.7% sell-off in April, as retail sentiment recovered strongly
- ▶ The real estate sector led the charge as developers responded to legal clarity and signs of project approvals
- ▶ Combined daily liquidity stayed elevated at \$927mn and the new KRX trading remained stable, with foreign investors becoming net buyers of \$18.9mn for the first time in over a year

CHARTS OF THE MONTH

PMI Bounces Back in May



Exports Climb to New Highs



Monthly Insights

Vietnam is undergoing one of its most ambitious reform phases in recent history. Since the start of the year, a series of high-level policy initiatives led by the Politburo have begun to take effect. These include four key Resolutions (57, 59, 66, and 68) addressing innovation, regional development, institutional reform, and private sector expansion, respectively. Together, they form the foundation of a new strategic agenda focused on three priorities: promoting private enterprise, reducing inefficiencies, and accelerating public investment. It is not just the ambition of the reforms but also the pace of reform that stands out, which is more akin to corporate restructuring than government process.

To support these reforms, the government has issued Resolutions 198 and 139 to encourage greater private sector involvement in national infrastructure. Major Vietnamese conglomerates have already responded. THACO and Vingroup have proposed investment in the North-South high-speed railway, Hoa Phat Group has committed to supplying steel rails, and FPT is pledging support for workforce development and chip design. These responses mark a notable shift in sentiment as the private sector begins to re-engage with state-led initiatives after a prolonged period of hesitancy. The government has also revised its approach to economic violations, prioritising administrative penalties and restitution based on economic harm, with judicial proceedings reserved for more severe cases, which we believe will further improve sentiment and encourage the private sector to become increasingly active.

At the project level, a comprehensive review of stalled and underutilised investments has been completed. Proposals are to be submitted to the Politburo and National Assembly to resolve legal and procedural bottlenecks affecting more than 2,200 stalled projects. These projects represent approximately \$235bn in registered capital and span around 347,000 hectares. This latent stock of incomplete investments, equivalent to nearly 50% of Vietnam's GDP, has been a persistent drag on capital efficiency. It also helps explain the disconnect between strong credit growth and weaker money supply expansion, as significant volumes of lending have been absorbed by delayed or low-productivity projects. Ministries and agencies have been instructed to continue reviewing and amending relevant regulations, with legislative action expected in the October 2025 National Assembly session and implementation to follow in the coming months.

Until global conditions allow for further monetary easing, fiscal policy will be the main growth driver in 2025. Despite transitional challenges linked to administrative consolidation, public investment disbursement reached 24.1% of the annual target by the end of May, ahead of the 20.3% pace over the same period last year. The Prime Minister has instructed full disbursement of the approximately \$32bn public investment budget by year-end. The government has also signalled its willingness to mobilise additional domestic and foreign capital for large-scale national infrastructure projects, even if doing so pushes debt levels closer to official thresholds.

These policies represent a decisive shift in economic strategy, beyond incremental reform and baseline growth. The government is transitioning to a new development model anchored by private sector expansion, backed by legislative overhaul, and reinforced by accelerated public investment. The aim is to achieve more sustainable and ambitious GDP growth well above the previous 5.5-6.5% average, more reflective of the country's potential. If executed effectively, these reforms could unlock a sizeable pool of idle capital and channel it into productive use, but slow implementation or partial delivery could prolong inefficiencies and weaken credit allocation.

Key Indicators

Item	Unit	2020	2021	2022	2023	2024E	2025F
GDP	\$bn	346.6	366.1	408.8	430.0	476.3	529.5
Real GDP Growth	%	2.9	2.6	8.0	5.1	7.1	8.0
Services Growth	%	2.5	1.2	10.0	6.9	7.4	8.9
Agriculture Growth	%	2.8	2.9	3.4	2.6	3.3	5.5
Ind'l and Const'n Growth	%	3.3	4.1	7.8	3.5	8.3	8.7
Retail Sales Growth	%	2.6	-3.8	10.2	8.3	9.0	9.4
Prices							
CPI (Average YoY)	%	3.2	1.8	3.2	3.3	3.6	4.2
Money, FX and Interest Rates							
Money Supply M2	%	14.5	8.9	6.2	12.5	12.7	14.5
Average Lending Rate	%	8.6	8.5	13.7	8.7	8.4	8.4
5-yr VGB	%	1.1	0.9	4.7	1.6	1.4	1.9
VND : \$	\$1	23,085	22,800	23,550	24,250	25,450	26,500
External Sector							
Trade Balance	\$bn	19.9	3.3	12.4	28.0	24.4	18.8
Current Account	\$bn	15.1	-7.8	-1.5	17.4	20.7	14.6
Current Account / GDP	%	4.3	-2.1	-0.4	4.0	4.4	2.8
FDI Registered	\$bn	28.5	38.5	27.7	36.6	35.0	31.0
FDI Disbursement	\$bn	20.0	19.8	22.4	23.2	25.4	23.1
FX Reserves	\$bn	98.0	106.5	85.0	89.0	80.0	75.0
Public Debt Fiscal Balance							
External Debt	\$bn	130.1	138.8	141.2	138.0	140.3	151.0
Government	\$bn	49.0	47.9	48.8	44.4	44.5	47.8
Enterprises (incl. FDI)	\$bn	81.1	90.9	92.4	93.6	95.8	103.2
External Debt (% GDP)	%	37.5	37.9	34.5	30.3	30.3	30.1
Fiscal Balance (% GDP)	%	-3.9	-4.0	-4.0	-3.6	-3.6	-4.2

All forecasts are Dragon Capital estimates

Key Stock Market Data

	HSX		HNX		UPCoM		Total	
	31-May-24	31-May-25	31-May-24	31-May-25	31-May-24	31-May-25	31-May-24	31-May-25
Market cap (\$m)	202,082	220,286	13,163	13,527	58,190	54,488	273,435	288,301
Number of stocks	394	391	317	307	878	889	1,589	1,587
Number of large cap stocks (> \$400m)	77	77	10	12	18	16	105	105
Stocks with no room for foreigners	60	62	92	98	257	280	409	440
Market cap of stocks with no room (\$m)	11,257	19,858	1,849	2,737	20,865	20,631	33,972	43,225
Share of Market Cap with No Room (%)	5.6	9.0	14.0	20.2	35.9	37.9	12.4	15.0

Top 25 Companies by Market Cap

No	Company	30-May Price (VND)	Price YTD (%)	Mkt Cap (\$m)	Wt in VNI (%)	PER			PBV			Yield		
						2023 (x)	2024 (x)	2025E (x)	2023 (x)	2024 (x)	2025E (x)	2023 (%)	2024 (%)	2025E (%)
1	Vietcombank	56,400	-7.5	18,125	8.20	15.6	17.3	14.8	2.7	2.6	2.0	-	-	-
2	Vingroup	98,400	142.7	14,471	6.60	79.1	13.0	32.0	1.5	1.1	2.5	-	0.4	-
3	Vinhomes	77,600	94.0	12,259	5.60	5.6	5.2	8.1	1.0	0.8	1.3	-	0.4	-
4	BIDV	36,000	-4.1	9,722	4.40	15.2	13.5	12.2	2.1	1.9	1.6	0.1	-	-
5	Techcombank	30,450	23.5	8,274	3.80	6.2	8.4	9.2	0.8	1.2	1.3	-	3.0	2.3
6	Airports Corporation VN	97,800	-22.3	8,189	-	22.1	29.1	20.7	2.9	4.6	2.9	-	-	-
7	Vietinbank	38,300	1.3	7,910	3.60	8.5	8.9	7.8	1.2	1.4	1.2	-	-	-
8	FPT	116,500	-23.6	6,638	3.00	20.4	31.3	20.2	4.8	7.5	4.9	2.4	1.5	2.2
9	Hoa Phat Group	25,750	-3.4	6,335	2.90	24.3	14.2	10.4	1.6	1.5	1.3	-	-	1.9
10	PV Gas	65,000	-4.6	5,857	2.70	14.2	15.7	14.4	2.5	2.6	2.4	4.1	8.7	5.4
11	Military Bank	24,350	11.6	5,715	2.60	4.7	6.1	6.2	1.0	1.2	1.1	2.3	2.1	-
12	VP Bank	17,950	-4.0	5,478	2.50	14.1	9.4	7.7	1.0	1.0	0.9	5.2	5.2	3.9
13	Masan Consumer	127,500	-28.9	5,156	-	7.6	23.7	16.1	2.1	17.3	7.6	0.4	12.4	3.5
14	Vinamilk	54,900	-10.3	4,413	2.00	16.3	15.2	15.0	4.1	4.0	3.7	5.8	6.2	7.9
15	ACB	21,100	-2.1	4,169	1.90	5.5	6.7	6.1	1.2	1.3	1.1	3.6	3.4	1.7
16	LienViet Post Bank	31,800	9.2	3,654	1.70	6.7	8.9	10.2	1.1	2.0	1.9	-	-	-
17	Mobile World	62,100	1.8	3,532	1.60	370.4	24.0	15.8	2.7	3.2	2.9	1.2	0.8	1.6
18	Masan Group	62,000	-11.4	3,430	1.60	229.0	50.4	24.7	3.6	3.3	2.8	0.3	1.7	0.3
19	Vietnam Airlines	37,650	31.4	3,207	1.50	neg	8.4	9.1	neg	neg	11.2	1.1	0.4	-
20	Sacombank	40,700	10.3	2,951	1.30	6.8	6.9	6.4	1.2	1.3	1.2	-	-	-
21	HD Bank	21,700	-14.9	2,917	1.30	5.6	7.0	5.2	1.3	1.6	1.1	4.3	3.3	-
22	Becamex IDC	60,600	-14.5	2,412	1.10	26.5	33.6	28.8	3.5	3.7	3.6	1.3	1.4	-
23	Sabeco	48,750	-12.2	2,405	1.10	18.3	16.8	18.3	3.0	3.1	3.1	4.2	6.5	10.3
24	Vincom Retail	27,500	60.3	2,403	1.10	12.0	9.5	13.3	1.4	0.9	1.3	-	-	-
25	Binh Son Refining	17,300	-24.1	2,063	0.90	6.5	112.0	31.1	1.0	1.3	1.0	3.8	3.1	4.1

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