

## Vietnam enters H2 with strong growth, market at record highs



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### Macroeconomics:

- ▶ The government raised the GDP growth target to 8.3–8.5%, with credit disbursement up 10.2% YTD, the strongest 7M performance in over a decade.
- ▶ Manufacturing momentum builds as PMI reaches 52.4, the highest in almost a year, while inflation remains contained at 3.1% YoY.
- ▶ Public investment disbursement rose 25.5% YoY, while FDI disbursement climbed 8.3% YoY, signalling strong domestic and foreign capital momentum.

### Stock Market:

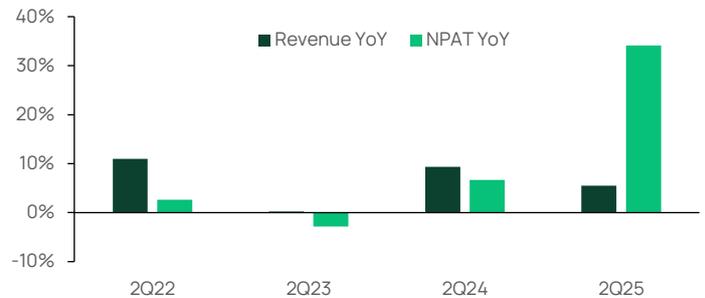
- ▶ The Vietnam Index surged 8.9% MoM in July (TR\$) to a three-year high of 1,502 points, supported by strong domestic retail participation.
- ▶ Liquidity reached record highs, with average daily turnover above \$2.1bn and a single-day peak exceeding \$3.0bn in early August.
- ▶ Q2 corporate earnings were up 34.1% YoY, prompting a FY25 earnings growth forecast upgrade from 13.8% to 20.1% for our Top 80 universe.

## CHARTS OF THE MONTH

**Liquidity Surges to Record High**



**Strongest Quarterly Earnings in Three Years**



## Monthly Insights

Vietnam's economy maintained strong growth momentum in July, extending its solid H1 performance. The government increased its 2025 GDP growth target to 8.3–8.5%, signalling confidence in its economic outlook. Manufacturing momentum strengthened, with the Purchasing Managers' Index (PMI) rising to 52.4, the highest in almost a year, driven by new orders and output growth, although export orders remained subdued. Credit disbursement rose 10.2% YTD by end-July, the strongest seven-month performance in over a decade. The State Bank of Vietnam (SBV) maintained an accommodative monetary policy stance, injecting record liquidity through open market operations to keep interest rates low amid rising credit demand. Inflation was well maintained despite such strong growth, with CPI up 3.1% YoY in July, while public investment disbursements increased 25.5% YoY in 7M25. Foreign direct investment (FDI) disbursement reached \$13.6bn in 7M25, up 8.3% YoY, highlighting sustained investor interest both at home and abroad.

The equity market rallied strongly in July, with the Vietnam Index (VNI) surging 8.9% MoM in USD terms to a three-year high, closing the month at 1,502 points. Liquidity was exceptionally high, with average daily trading value surpassing \$2.1bn and a single-day record of over \$3.0bn in early August. Mid-caps outperformed, supported by aggressive retail participation as margin lending reached record levels.

By early August, 97% of VNI-listed companies had reported 2Q25 earnings, with market-wide profit after tax up 34.1% YoY, marking the strongest quarterly growth since 1Q22. Among Dragon's Top 80 coverage, 39% beat and 40% met our quarterly profit forecasts, producing one of the highest beat-to-miss ratios in three years. By sector, Financials posted a 16.9% profit increase, led by banks benefiting from credit growth and improved asset quality, and brokerages from strong margin lending and proprietary trading income. Most notably, real estate earnings rose 69.0%, supported by earnings recoveries and asset revaluations among residential developers, and strong results from leading industrial property players. Manufacturing and services each recorded net profit growth above 45% YoY. While profit growth was broad-based, 36% of Q2 earnings came from non-recurring income, and revenue growth was more modest at 6.1% YoY. Strong H1 results prompted an upgrade to our FY25 float-adjusted Top 80 net profit growth forecast from 13.8% to 20.1%, with 52% of the revision from core earnings and the remainder from one-off recovery income and project transfers in banking and real estate.

Regulatory reforms continued at pace. The SBV issued Circular 14/2025, setting out the phased removal of credit growth quotas and bringing capital adequacy requirements in line with Basel III standards. Concurrently, proposed revisions to the Land Law would roll back several 2024 amendments, improving conditions for developers. These include setting land prices by the state rather than the market, which could lower land-use costs, and introducing greater flexibility around project approvals, land reclamation, and land-use rights payments. Furthermore, the proposed real estate tax has been deferred for further review.

Overall, the broader outlook remains positive. Despite external challenges like the US tariffs, Vietnam's resilience is underscored by steady credit expansion, stable inflation, strong public investment, and FDI inflows. Investor sentiment will likely stay upbeat, especially if macro conditions and corporate earnings continue on their trajectory. Nonetheless, given that the market has witnessed one of the sharpest increases over the last three years, it could become sensitive to negative geopolitical news and any surprise developments surrounding the global trade outlook.

## 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
<b>Prices</b>							
CPI (Average YoY)	%	3.2	1.8	3.2	3.3	3.6	4.2
<b>Money, FX and Interest Rates</b>							
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
<b>External Sector</b>							
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
<b>Public Debt Fiscal Balance</b>							
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-Jul-24	31-Jul-25	31-Jul-24	31-Jul-25	31-Jul-24	31-Jul-25	31-Jul-24	31-Jul-25
Market cap (\$m)	202,675	247,777	13,013	15,463	59,228	55,052	274,915	318,293
Number of stocks	395	390	314	305	876	888	1,585	1,583
Number of large cap stocks (> \$400m)	71	81	10	13	18	20	99	114
Stocks with no room for foreigners	59	66	93	101	262	288	414	455
Market cap of stocks with no room (\$m)	17,181	34,864	1,904	2,678	20,749	21,414	39,834	58,955
Share of Market Cap with No Room (%)	8.5	14.1	14.6	17.3	35.0	38.9	14.5	18.5

## Top 25 Companies by Market Cap

No	Company	31-Jul Price (VND)	Price YTD (%)	Mkt Cap (\$m)	Wt in VNI (%)	PER			PBV			Yield		
						2024 (x)	2025E (x)	2026E (x)	2024 (x)	2025E (x)	2026E (x)	2024 (%)	2025E (%)	2026E (%)
1	Vietcombank	60,200	-1.3	19,196	7.80	17.3	15.8	14.2	2.6	2.2	1.9	-	-	-
2	Vingroup	105,500	160.2	15,395	6.20	13.0	34.5	34.2	1.1	2.7	2.5	0.4	-	-
3	Vinhomes	90,000	125.0	14,107	5.70	5.2	9.3	8.1	0.8	1.5	1.3	0.4	-	-
4	BIDV	37,850	0.8	10,142	4.10	13.5	12.7	11.2	1.9	1.6	1.4	-	-	-
5	Vietinbank	45,900	21.4	9,406	3.80	8.9	9.1	7.8	1.4	1.4	1.2	-	-	-
6	Techcombank	34,000	37.9	9,167	3.70	8.4	10.2	8.3	1.2	1.5	1.3	3.0	2.0	2.5
7	Airports Corporation VN	100,300	-20.3	8,332	-	29.1	22.8	20.4	4.6	3.0	2.6	-	-	-
8	VP Bank	25,800	38.0	7,812	3.20	9.4	10.7	8.5	1.0	1.2	1.1	5.2	2.8	3.5
9	Hoa Phat Group	24,950	12.3	7,308	3.00	14.2	11.7	8.8	1.5	1.5	1.3	-	1.7	1.7
10	FPT	104,000	-20.9	6,761	2.70	31.0	21.0	17.6	7.5	5.0	4.2	1.5	2.2	2.5
11	MB Bank	27,450	25.8	6,392	2.60	6.1	6.6	5.5	1.2	1.2	1.0	2.1	-	-
12	PV Gas	67,700	-0.6	6,053	2.40	15.7	15.0	14.7	2.6	2.5	2.4	8.7	5.2	5.2
13	Vinamilk	61,200	-0.1	4,881	2.00	15.2	16.7	15.9	4.0	4.1	4.3	6.2	7.1	7.1
14	Asia Commercial Bank	23,000	6.7	4,509	1.80	6.7	6.7	5.8	1.3	1.2	1.0	3.4	1.5	1.7
15	Masan Consumer	105,100	-40.2	4,238	-	23.2	14.2	13.0	16.9	6.4	5.3	12.4	4.3	4.3
16	Masan Group	72,500	3.6	3,980	1.60	50.4	27.6	21.8	3.3	3.1	2.7	1.7	1.7	1.7
17	LienViet Post Bank	34,200	17.5	3,899	1.60	8.9	11.0	10.0	2.0	2.0	1.7	-	-	-
18	Vietnam Airlines	32,800	45.3	3,898	1.60	8.4	11.1	13.1	neg	12.4	6.7	0.4	-	-
19	Mobile World Group	65,300	8.6	3,684	1.50	23.6	16.2	12.3	3.2	3.0	2.5	0.8	1.5	1.6
20	Sacombank	49,950	35.4	3,594	1.50	6.9	7.8	6.4	1.3	1.4	1.2	-	-	-
21	HD Bank	26,450	3.7	3,528	1.40	7.0	6.1	5.1	1.6	1.3	1.1	3.3	-	-
22	Becamex IDC	71,700	1.1	2,832	1.10	33.6	37.2	34.3	3.7	4.3	3.7	1.4	-	-
23	Vietjet Air	121,200	21.2	2,736	1.00	38.6	47.8	45.0	3.2	3.7	3.4	0.1	-	-
24	SSI	34,200	31.3	2,574	1.00	18.4	21.1	18.1	1.9	2.3	2.1	3.0	-	-
25	VIB	19,400	16.7	2,520	1.00	8.1	8.4	7.2	1.3	1.4	1.2	5.4	-	-

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