

## FTSE Russell upgrades Vietnam to Secondary Emerging Market



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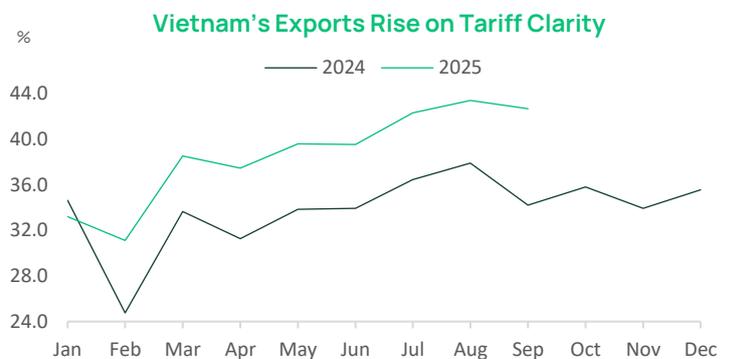
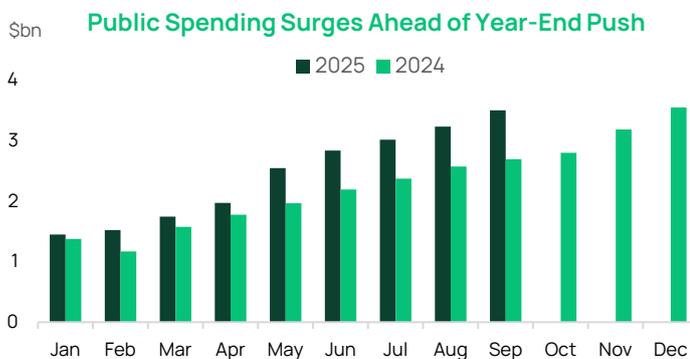
### Macroeconomics:

- ▶ Vietnam's GDP expanded 7.85% in 9M25, the second highest rate in over a decade and among the strongest in Asia in 2025.
- ▶ Public investment surged 30.0% YoY in September, with FDI disbursements up 6.8% YoY, reaching \$18.8bn YTD, the highest in five years.
- ▶ Industrial production rose 9.1% YoY in 9M25, PMI stayed in expansionary territory at 50.4, and credit growth reached 13.4% YTD with CPI holding at 3.4%.

### Stock Market:

- ▶ The VNI fell 1.3% in September (total return USD terms) as investors remained cautious ahead of the FTSE upgrade decision, bringing YTD performance to 28.1%.
- ▶ Liquidity moderated with average daily trading value declining to \$1.3bn, after reaching record highs in August.
- ▶ Foreign investors net sold approximately \$1.0bn in September, extending YTD outflows to \$4.0bn, while domestic retail flows continued to support the market.

## CHARTS OF THE MONTH



## Monthly Insights

Vietnam enters Q4 following a structural milestone: FTSE Russell's upgrade of Vietnam from Frontier to Secondary Emerging Market status, effective September 2026 pending an interim review in March 2026. This marks not only recognition of successful reforms in settlement, disclosure, and capital mobility, but the start of a deeper phase of market development. The upgrade could attract billions in passive and active inflows, broaden institutional participation, and strengthen valuation support. Looking ahead, we see this as an inflection point rather than the finish line, as the government has already laid out a roadmap toward FTSE Advanced EM and MSCI EM classification by 2030, including further liberalisation of foreign ownership limits, new derivatives and hedging tools, and continued improvements to market infrastructure.

Macro conditions remain supportive. GDP expanded 7.85% in 9M25 (8.23% in 3Q25), placing Vietnam among the fastest-growing global economies. Public investment disbursement surged 30.0% YoY in September, reaching approximately \$21.0bn, while disbursed FDI in 9M25 climbed 8.5% YoY to \$18.8bn YTD, the highest in five years. Trade momentum remained positive, with both exports and imports in September up about 25% YoY, generating a \$2.9bn surplus for the month. CPI was contained at 3.4%, with core inflation steady at 3.2%, well within the 4.5% policy ceiling. Industrial production rose 9.1% YTD, and PMI stayed in expansionary territory at 50.4 for a third straight month. To address the currency pressure on the VND, the State Bank of Vietnam has continued to flexibly deploy cancellable forward FX operations to stabilise the currency, which has depreciated 4.0% YTD. These moves have anchored short-term confidence, though the dong's trajectory remains sensitive to US policy shifts, import-driven FX demand, and FDI profit repatriation.

After four months of strong gains, the Vietnam Index (VNI) abated 1.3% in September as liquidity contracted 31% MoM, with daily trading value averaging \$1.3bn. Profit-taking and foreign outflows weighed on sentiment, but domestic participation kept the pullback contained. Foreign investors sold close to \$1bn, bringing YTD net outflows to \$4.0bn, in line with regional EM patterns. Despite this, the VNI is up 28.1% YTD in USD terms, underpinned by solid domestic participation and earnings resilience. With Q3 earnings season underway, we expect results to come in broadly in line with expectations. Financials should remain the largest contributors, benefiting from credit expansion and trading activity, while real estate continues to recover as project launches and sales rates improve. For our Top 80 universe, we forecast 21% profit growth in 2025 and 17% in 2026. Areas to watch here include the quality of earnings (core versus one-off gains), and whether growth extends across mid-caps, as wider participation would indicate improving fundamentals rather than a narrow, liquidity-led rally.

Looking further ahead, market attention will shift to the timing and scale of FTSE inclusion flows through 2026, alongside continued reform execution that could pave the way for MSCI EM eligibility. Another potential milestone is a sovereign credit rating upgrade to full investment grade, which would lower the cost of capital, enhance the bond market appeal, and expand the pool of global institutional investors able to allocate to Vietnam. Combined with an IPO pipeline exceeding \$40bn over 2026-2028, these developments should elevate Vietnam from a high-growth outlier to a core emerging-market 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
<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	
	30-Sep-24	30-Sep-25	30-Sep-24	30-Sep-25	30-Sep-24	30-Sep-25	30-Sep-24	30-Sep-25
Market cap (\$m)	214,770	272,948	13,453	17,606	58,411	54,084	286,634	344,638
Number of stocks	394	391	311	303	884	884	1,589	1,578
Number of large cap stocks (> \$400m)	76	83	11	12	17	20	104	115
Stocks with no room for foreigners	60	57	93	101	269	290	422	448
Market cap of stocks with no room (\$m)	17,504	11,209	1,900	2,579	19,802	20,084	39,206	33,872
Share of Market Cap with No Room (%)	8.1	4.1	14.1	14.6	33.9	37.1	13.7	9.8

## Top 25 Companies by Market Cap

No	Company	30-Sep Price (VND)	Price YTD (%)	Mkt Cap (\$mn)	Wt in VNI (%)	PER			PBV			Yield		
						2024 (x)	2025E (x)	2026E (x)	2024 (x)	2025E (x)	2026E (x)	2024 (%)	2025E (%)	2026E (%)
1	Vingroup	174,900	331.3	25,505	9.35	13.0	57.7	57.1	1.1	4.5	4.2	0.4	-	-
2	Vietcombank	62,000	1.6	19,607	7.19	17.3	16.2	14.6	2.6	2.2	1.9	-	-	-
3	Vinhomes	103,000	157.5	16,012	5.87	5.2	10.6	9.2	0.8	1.7	1.4	0.4	-	-
4	BIDV	40,000	6.5	10,630	3.90	13.5	13.9	12.3	1.9	1.7	1.5	-	-	-
5	Vietinbank	50,800	34.4	10,325	3.79	8.9	10.0	8.6	1.4	1.6	1.4	-	-	-
6	Techcombank	37,850	57.6	10,151	3.71	8.1	11.4	9.6	1.2	1.6	1.4	3.0	1.8	2.2
7	VP Bank	31,100	66.4	9,339	3.42	9.4	10.8	9.2	1.0	1.5	1.3	5.2	2.8	3.3
8	Hoa Phat Group	28,150	26.8	8,177	3.00	14.2	11.8	8.7	1.5	1.7	1.4	-	1.5	1.5
9	MB Bank	26,200	59.9	7,987	2.93	6.0	8.3	7.0	1.2	1.6	1.3	2.1	-	-
10	Airports Corporation VN	55,900	-26.9	7,579	-	29.1	20.3	18.0	4.6	2.8	2.3	-	-	-
11	FPT Corporation	93,000	-29.3	5,996	2.20	31.0	19.0	16.3	7.5	4.2	3.6	1.5	2.4	2.8
12	LienViet Post Bank	49,500	70.0	5,597	2.05	8.9	15.9	14.4	2.0	2.9	2.4	-	-	-
13	PV Gas	60,400	-5.8	5,516	2.02	15.2	12.0	13.1	2.6	2.3	2.2	8.7	5.6	5.6
14	Masan Consumer	129,200	-26.5	5,167	-	23.2	20.5	18.6	16.9	8.4	7.4	12.4	3.5	3.5
15	Asia Commercial Bank	25,500	18.3	4,957	1.82	6.7	7.4	6.4	1.3	1.3	1.1	3.4	1.4	1.6
16	Vinamilk	60,000	-2.0	4,746	1.74	15.2	16.0	14.8	4.0	4.0	4.1	6.2	7.3	7.3
17	Masan Group	81,000	15.7	4,433	1.63	50.4	34.2	28.3	3.3	3.5	3.1	1.7	1.5	1.5
18	Mobile World	77,700	29.2	4,348	1.59	23.6	19.3	14.7	3.2	3.5	3.0	0.8	1.3	1.3
19	Vietnam Airlines	35,000	55.0	4,122	1.51	8.4	9.7	11.2	neg	13.1	7.1	0.4	-	-
20	HD Bank	31,000	21.6	4,101	1.50	7.0	6.7	5.6	1.6	1.5	1.2	3.3	-	-
21	Sacombank	56,900	54.2	4,060	1.49	6.9	6.5	5.4	1.3	1.5	1.2	-	-	-
22	Binh Son Refining	26,200	14.9	3,074	1.13	112.0	34.6	36.4	1.3	1.5	1.5	3.1	2.7	2.7
23	SSI	38,550	51.8	3,029	1.11	17.9	18.9	16.2	1.9	2.0	2.0	3.0	-	-
24	Vietjet Air	129,600	29.6	2,902	1.06	38.6	23.6	21.4	3.2	3.5	3.0	0.1	-	-
25	Vincom Retail	32,100	87.2	2,761	1.01	9.5	12.6	13.0	0.9	1.5	1.4	-	-	-

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