MARKET STRATEGY REPORT 2025

RISING AGAINST THE HEADWINDS

Research Department

www.acbs.com.vn

APPENDIX

PART 1. INVESTMENT STRATEGY FOR 2025

PRIORITIZING BALANCE

Research Department

VNINDEX 2025– RISING AGAINST THE HEADWINDS

1 **By the end of 2024, VNINDEX gained 12.11% YoY**, but mostly traded within a range of 1,185–1,290. Vietnam's economy and listed companies showed sustainable recovery but lacked strong momentum to drive significant growth, amid record-high net foreign selling in the stock market.

2 **Global stock markets in 2024 were driven by developments in the U.S. economy and the FED's interest rate policies.** Despite concerns over a potential recession or a soft-landing scenario, the U.S. economy demonstrated resilience throughout the year. Labor market indicators remained within target ranges, while inflation declined but at a slower pace. This led the FED to reduce interest rates more cautiously and less frequently than the market had initially anticipated.

3 **The U.S. continued to solidify its position as a "promised land" for investment funds.** Global investment flows shifted from emerging and frontier markets to the U.S., creating a persistent trend throughout 2024. This wave temporarily slowed when the FED began lowering interest rates. However, Donald Trump's victory in the 2025–2029 presidential election drove the DXY higher, coupled with the FED's cautious stance on its 2025 rate-cut trajectory, signaling that this trend is likely to persist into 2025.

4 **In this context, Vietnam's economy and stock market enter 2025 with limited advantages amid an increasingly unstable global macroeconomic environment**. The greatest risks stem from exchange rate pressures and potential declines in exports if trade tensions worsen. Forecasting and navigating such uncertainties pose significant challenges for policymakers.

5 **Leveraging domestic strengths has become a strategic approach to sustain Vietnam's economic growth over the next five years.** To mitigate external uncertainties and negative impacts, the Vietnamese government is demonstrating strong determination to drive growth through domestic drivers. Key measures include aggressively promoting public investment, streamlining administrative structures, and strengthening the legal framework. We forecast Vietnam's GDP growth in 2025 to reach 7.0–7.5%.

6 **2025 marks a pivotal moment for Vietnam's stock market once it achieves an upgrade to FTSE Emerging Market status**, seven years after being placed in the watchlist. This milestone is expected to attract foreign capital flows from ETFs, active funds, and potentially elevate valuation benchmarks. These factors are anticipated to support the upward momentum of large-cap stocks and bolster the VNINDEX.

7 **We project the 2025 net profit of listed companies may grow by 15–16% YoY.** Under our base-case scenario, we expect the VNINDEX's fair valuation to align with the 3-year median P/E, corresponding to a trading range of 1,240–1,420 points, supported by a 15% increase in liquidity compared to the 2024 average.

8 **The three key investment themes for 2025 are: (1) impacts of Trump's tariff on Vietnam's economy, (2) Upgrading Vietnam's stock market status, and (3) Promoting public investment**. Additionally, we identify certain sectors that are expected to maintain positive earnings growth in 2025 with reasonable valuations, such as Banking and Power. Therefore, we focus on building a balanced portfolio that prioritizes stocks benefiting from these key themes while ensuring sustainable core profit growth and fair valuations.

VNINDEX 2025: 1,240-1,420

1 The stocks in our coverage (~50% of HSX market capitalization) are projected to achieve a 15.8% growth in net profit in 2025. We estimate that the overall net profit growth of listed companies in 2025 will also be around 15-16%, primarily driven by the banking sector's performance.

2 With the growth outlook outlined above, amidst a global macro environment filled with uncertainty, we believe the VNINDEX will continue to trade within the base P/E valuation range of ±1 standard deviation from the 3-year average, ranging from 12.0 to 15.2, according to Fiinpro data (VNINDEX P/E as of December 31, 2024: 13.3) (*). This valuation range corresponds to VNINDEX levels of 1,240–1,420. While higher valuations driven by the market upgrade could occur, given the current macro environment, we remain cautious and do not place high expectations on this possibility.

3 **VNINDEX's opportunities in 2025 include**: (1) Market upgrade, (2) Successful promotion of public investment, and (3) Continued benefits from trade tensions under Trump 2.0 administration. **Conversely, the key risks are**: (1) Exchange rate volatility and potential rate hikes, and (2) Export decline due to ongoing trade tensions.

4 **Investment Strategy:** Focus on stocks benefiting significantly from the three key investment themes of 2025: Industrial real estate, maritime ports & shipping, and public investment. Additionally, we prioritize selecting stocks in the banking and energy sectors, driven by stable profit prospects and attractive valuations.

(*): According to Bloomberg data, VNINDEX's P/E at the end of 2024 was 15.3, with ±1 standard deviation ranging from 13.62. to 16.95

2025 FAIR VALUATION IS EXPECTED TO TRACK THE 3-YEAR MEDIAN P/E

Source: Fiintrade

STOCK PICK FOR 2025

No.	Ticker	Sector	NPAT 2023 (VNDbn)	NPAT 2024F (VNDbn)	*2024%*	NPAT 2025F (VNDbn)	*2025%*	Market price (*) (VND)	Target price (VND)	*% upside*	2024F P/E	2025F P/E	2024F P/B	2025F P/B
1	STB	Banking (**)	7,719	12,573	*62.9%*	*14,810*	*17.8%*	37,400	36,200	*-3.2%*	6.0	5.4	1.2	1.0
2	TCB	Banking (**)	18,004	24,080	*33.8%*	*28,167*	*17.0%*	24,600	23,750	*-3.5%*	7.2	6.2	1.2	1.0
3	BID	Banking	18,736	21,623	*15.4%*	*25,332*	*17.2%*	39,150	44,600	*13.9%*	12.5	11.0	1.9	1.6
4	CTG	Banking	19,904	22,483	*13.0%*	*26,514*	*17.9%*	38,800	40,600	*4.6%*	10.6	8.9	1.4	1.2
5	BCM	IP	2,280	1,131	*-50.4%*	*1,080*	*-4.5%*	69,800	75,100	*7.6%*	72.6	76.5	3.9	3.9
6	SIP	IP	1,004	1,193	*18.8%*	*1,268*	*6.3%*	83,100	95,800	*15.3%*	17.2	16.2	4.0	3.4
7	HPG	Steel	6,800	11,783	*73.3%*	*14,572*	*23.7%*	26,850	32,900	*22.5%*	14.6	11.8	1.5	1.3
8	HAH	Logistics	498	668	*34.1%*	724	*8.4%*	49,000	58,200	*18.8%*	8.3	12.0	1.6	4.9
9	CTD	Construction	188	277	*47.3%*	283	*2.2%*	68,200	96,000	*40.8%*	25.6	25.1	0.8	0.8
10	HHV	Construction	322	371	*15.2%*	420	*13.2%*	11,800	16,000	*35.6%*	13.7	12.2	0.6	0.6
11	POW	Power	1,283	963	*-24.9%*	*813*	*-15.6%*	12,000	13,800	*15.0%*	29.5	35.0	0.8	0.8
12	HDG	Multi sectors	865	1,091	*26.1%*	*1,640*	*50.3%*	29,050	32,793	*12.9%*	11.3	7.8	1.2	1.5

Source: ACBS

(*): Market prices are closing price as at 27/12/2024
(**): The target prices for STB and TCB may be adjusted upward due to the potential for share divestment transactions by VAMC and the IPO of TCBS, respectively 47.000VND/share for STB and 35.000VND/share for TCB.

SECTOR RATING

Negative | Neutral | Positive

Sector	Short-term	Change	Long-term	Change	Representative stocks
Financials					
Banking					STB, VCB, MBB, TCB, CTG, BID, VIB
Brokerage					SSI, VCI, HCM, VND
Property & Construction					
Residential RE					VHM, NLG, KDH, DIG, TCH
Industrial park RE					IDC, SIP, KBC, BCM, VGC, PHR
Hospitality RE (*)					NVL, CEO
Infrastructure const. (*)					LCG, HHV, VCG, CTR, CTD, HBC
Consumer & Retail					
Consumer & Retail					FRT, MWG, PNJ, DHG, DHC, VNM
Industrials					
Steel					HPG, HSG, NKG
Energy					
Oil & Gas					PVS, PVD, BSR, PLX, GAS
Power					QTP, REE, GEG, PC1, NT2, POW
Fertilizer & Chemical					DGC, DCM, DPM
Exports					FMC, VHC, ANV, IDI, MSH, STK, TCM
Seaport & logistics					GMD, VSC, HAH, PVT, SCS
Technology					FPT, CMG, FOX

Comments

ACBS's coverage universe (43 stocks, accounting for 50% of HSX's market capitalization) is projecting a 15.8% net profit growth for 2025.

Potential sectors for 2025:

- **Industrial Real Estate + Seaports, Maritime Transport:** Benefiting from trade tensions.
- **Infrastructure Construction:** Benefiting from public investment.
- **Stocks in the market upgrade list (banks, blue chips).**
- **Power sector:** Favorable due to the La Niña hydrological cycle and legal resolution for renewable energy projects.

OUR COVERAGE LIST

No	Ticker	The update	Sector	NPAT 2023 (VNDbn)	NPAT 2024F (VNDbn)	*2024%*	NPAT 2025F (VNDbn)	*2025%*	Market price (*)(VND)	Target price (VND)	*% upside*	2024F P/E	2025F P/E	2024F P/B	2025F P/B
1	STB	6/6/2024	Banking	7,719	12,573	*62.9%*	*14,810*	*17.8%*	37,400	36,200	*-3.2%*	6	5.4	1.2	1.0
2	TCB	27/05/2024	Banking	18,004	24,080	*33.8%*	*28,167*	*17.0%*	24,600	23,750	*-3.5%*	7.2	6.2	1.2	1.0
3	MBB	9/5/2024	Banking	20,677	22,222	*7.5%*	*25,669*	*15.5%*	25,050	25,600	*2.2%*	6.5	5.6	1.2	1.0
4	VCB	2/7/2024	Banking	33,033	36,357	*10.0%*	*40,710*	*12.0%*	92,200	98,000	*6.3%*	15.3	14.6	2.6	2.0
5	CTG	12/11/2024	Banking	19,904	22,483	*13.0%*	*26,514*	*17.9%*	38,800	40,600	*4.6%*	10.6	8.9	1.4	1.2
6	VIB	17/09/2024	Banking	8,563	8,597	*0.4%*	*8,889*	*3.4%*	20,050	19,000	*-5.2%*	7	6.8	1.4	1.2
7	BID	24/07/2024	Banking	18,736	21,623	*15.4%*	*25,332*	*17.2%*	39,150	44,600	*13.9%*	12.5	11	1.9	1.6
8	NLG	23/10/2024	Property	801	872	*8.9%*	*924*	*6.0%*	36,400	46,300	*27.2%*	27.7	25.1	1.5	1.4
9	KDH	11/11/2024	Property	730	925	*26.7%*	*1,492*	*61.3%*	35,800	38,000	*6.2%*	38.4	41.2	2.1	2.0
10	VHM	25/09/2024	Property	33,533	35,775	*6.7%*	*30,593*	*-14.5%*	40,350	45,700	*13.3%*	4.9	5.8	1.0	0.7
11	VRE	5/11/2024	Property	4,409	4,158	*-5.7%*	*3,920*	*-5.7%*	17,150	27,900	*62.7%*	9.4	9.9	0.9	0.8
12	IDC	8/11/2024	Property	1,656	2,392	*44.4%*	*2,197*	*-8.2%*	55,900	67,700	*21.1%*	9.6	10.2	3.4	3.1
13	SIP	4/11/2024	Property	1,004	1,193	*18.8%*	*1,268*	*6.3%*	83,100	95,800	*15.3%*	17.2	16.2	4.0	3.4
14	KBC	13/11/2024	Property	2,245	586	*-73.9%*	*973*	*66.0%*	27,650	39,000	*41.0%*	40	24.1	1.1	1.1
15	BCM	12/7/2024	Property	2,280	1,131	*-50.4%*	*1,080*	*-4.5%*	69,800	75,100	*7.6%*	72.6	76.5	3.9	3.9
16	FRT	27/11/2024	Retail	-329	461	*N/A*	*612*	*32.8%*	183,800	191,700	*4.3%*	67.4	48.5	12.7	12.1
17	FPT	24/10/2024	Technology	7,788	9,329	*19.8%*	*11,484*	*23.1%*	149,600	148,600	*-0.7%*	30.5	24.4	7.3	6.0
18	MWG	13/11/2024	Retail	168	3,867	*2201.8%*	*4,785*	*23.7%*	61,400	70,000	*14.0%*	24	20	3.2	2.9
19	VNM	5/11/2024	Retail	9,019	9,851	*9.2%*	*10,481*	*6.4%*	63,800	82,000	*28.5%*	15.4	14.4	4.0	3.7
20	PNJ	8/11/2024	Retail	1,971	2,096	*6.3%*	*2,434*	*16.1%*	97,600	113,400	*16.2%*	17.4	15.1	2.9	2.5
21	DHG	13/03/2024	Pharmaceuticals	1,051	977	*-7.0%*	*985*	*0.8%*	104,000	120,000	*15.4%*	14.4	14.3	2.8	2.8

(*): Market prices are closing price as at 27/12/2024

Source: ACBS

OUR COVERAGE LIST

No	Ticker	The update	Sector	NPAT 2023 (VNDbn)	NPAT 2024F (VNDbn)	*2024%*	NPAT 2025F (VNDbn)	*2025%*	Market price (*)(VND)	Target price (VND)	*% upside*	2024F P/E	2025F P/E	2024F P/B	2025F P/B
22	PVD	6/11/2024	O&G	541	1,259	*132.72%*	*1,428*	*13.42%*	24,100	30,200	*25.31%*	19.1	16.9	0.9	0.8
23	PVS	31/07/2024	O&G	1,060	1,139	*7.45%*	*1,358*	*19.23%*	34,200	46,800	*36.84%*	15.5	12.9	1.2	1.1
24	GAS	12/11/2024	O&G	11,606	10,345	*-10.87%*	*10,784*	*4.24%*	68,500	76,200	*11.24%*	15.6	15.0	2.3	2.2
25	PLX	18/11/2024	O&G	2,812	3,415	*21.44%*	*3,768*	*10.34%*	38,500	45,700	*18.70%*	17.9	16.2	1.6	1.5
26	BSR	1/11/2024	O&G	8,455	3,093	*-63.42%*	*5,538*	*79.05%*	22,300	23,000	*3.14%*	22.1	12.4	1.1	1.0
27	DCM	30/10/2024	Fertilizer	1,110	1,420	*27.93%*	*1,258*	*-11.41%*	36,300	36,700	*1.10%*	13.5	15.3	1.9	1.8
28	DPM	18/09/2024	Fertilizer	519	755	*45.47%*	*656*	*-13.11%*	35,600	35,100	*-1.40%*	21	24.6	1.2	1.2
29	PC1	5/11/2024	Power & constructions	303	453	*49.50%*	*806*	*77.92%*	22,800	28,741	*26.06%*	18.2	10.2	1.1	1.0
30	GEG	14/11/2024	Power	137	28	*-79.56%*	*203*	*625.00%*	11,750	12,200	*3.83%*	149.1	20.6	0.7	0.7
31	POW	1/11/2024	Power	1,283	963	*-24.94%*	*813*	*-15.58%*	12,000	13,800	*15.00%*	29.5	35.0	0.8	0.8
32	QTP	21/10/2024	Power	615	512	*-16.75%*	*439*	*-14.26%*	13,800	14,000	*1.45%*	12.1	14.1	1.1	1.0
33	NT2	22/10/2024	Power	482	186	*-61.41%*	*177*	*-4.84%*	20,850	17,500	*-16.07%*	32.3	33.9	1.5	1.4
34	DHC	6/9/2024	Packaging paper	309	272	*-11.97%*	*324*	*19.12%*	38,300	42,400	*10.70%*	11.3	9.5	1.7	1.5
35	REE	8/11/2024	Multi sector	2,786	2,878	*3.30%*	*3,626*	*25.99%*	68,000	70,400	*3.53%*	11.1	8.8	1.4	1.3
36	HDG	TBU	Multi sector	865	1,091	*26.13%*	*1,640*	*50.32%*	29,050	32,793	*12.88%*	11.3	7.8	1.2	1.5
37	HPG	15/11/2024	Steel	6,800	11,783	*73.28%*	14,572	*23.67%*	26,850	32,900	*22.53%*	14.6	11.8	1.5	1.3
38	DGC	25/10/2024	Chemicals	3,204	3,328	*3.87%*	3,436	*3.25%*	117,000	111,000	*-5.13%*	14	13.6	3.1	2.6
39	GMD	5/12/2024	Logistics	2,222	1,944	*-12.51%*	1,821	*-6.33%*	66,500	73,500	*10.53%*	14	15.0	1.9	1.7
40	HAH	1/11/2024	Logistics	385	626	*-24.68%*	620	*-0.96%*	49,000	58,200	*18.78%*	8.3	8.3	1.6	1.4
41	SCS	5/11/2024	Logistics	498	668	*34.14%*	724	*8.38%*	85,000	100,800	*18.59%*	13	12.0	5.7	4.9
42	CTD	26/07/2024	Constructions	188	277	*47.34%*	283	*2.17%*	68,200	96,000	*40.76%*	25.6	25.1	0.8	0.8
43	HHV	25/10/2024	Constructions	322	371	*15.22%*	420	*13.21%*	11,800	16,000	*35.59%*	13.7	12.2	0.6	0.6

(*): Market prices are closing price as at 27/12/2024

Source: ACBS

PART 2. LOOKING BACK 2024

STRENGTHENING INTERNAL RESOURCES

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THE U.S. – A LAND OF PROMISE

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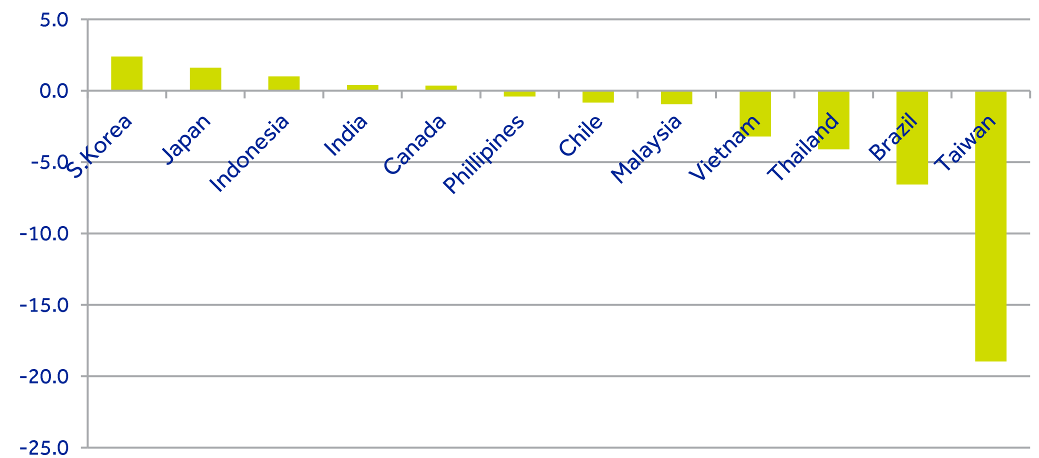
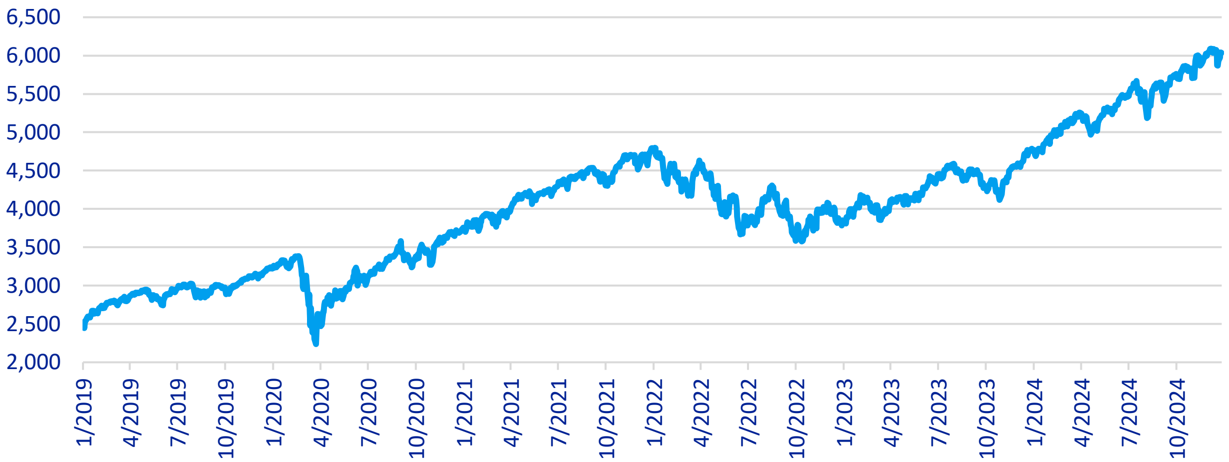
- Despite concerns about a potential U.S. economic slowdown at the beginning of 2024, the U.S. economy demonstrated strong growth throughout the year. Key indicators such as inflation, the labor market, and consumer confidence remained on target. As a result, the FED became the last central bank to implement a rate cut during its September 2024 meeting.
- In 2024, the U.S. and China were the two markets attracting net inflows from foreign investors, with respective values of USD 162.6 billion and USD 52.2 billion. In contrast, most other markets, particularly emerging and frontier markets, experienced net outflows.
- High interest rates, the profit outlook for big tech, and especially the event of Trump winning the U.S. presidential election, provided further momentum to the rally in the U.S. stock market (SPX).
- After Bitcoin, gold, the Chinese and U.S. stock markets recorded the strongest growth in 2024.

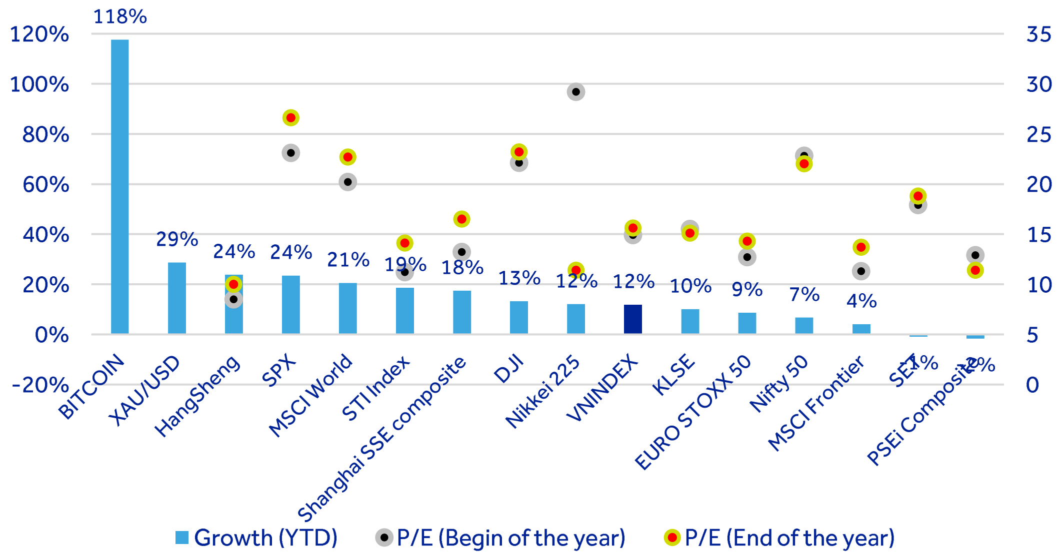
2024 Net inflow/outflow into equity markets



S&P 500



2024 performance of indices & financial assets



Source: Bloomberg, ACBS

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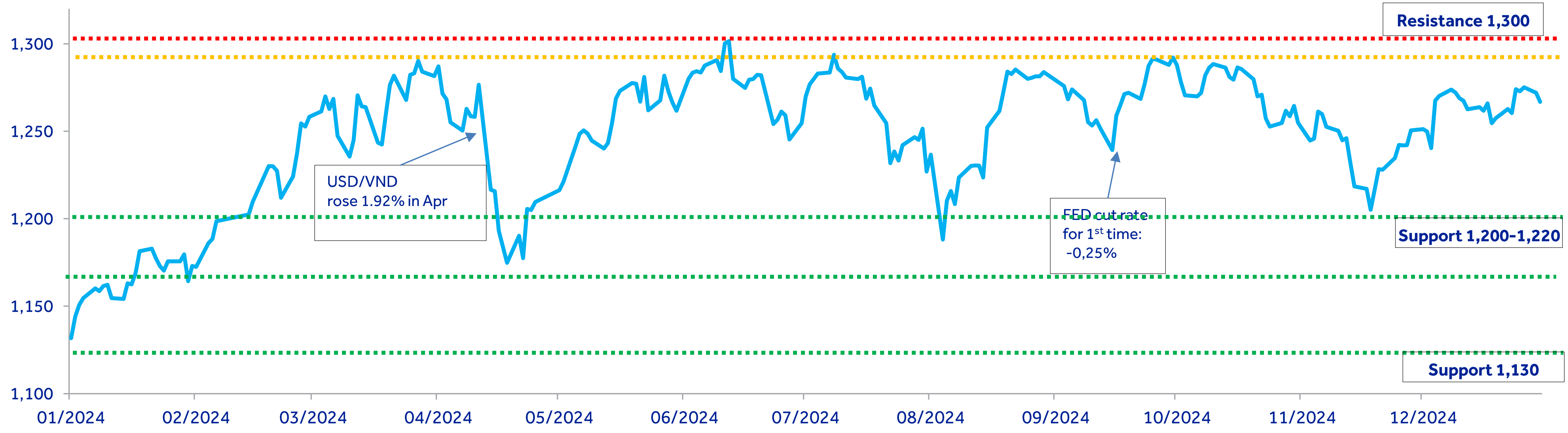
VNINDEX 2024: 1,129-1,301

- **VNINDEX closed the 2024 trading year at 1,266.78, representing a 12.1% YoY return**. However, for most of the time, VNINDEX traded within a range of 1,185–1,290. The attempt to surpass 1,300 repeatedly failed due to sustained foreign net selling pressure throughout the year, particularly intensifying during periods of heightened exchange rate tensions. Additionally, the recovery in earnings from listed companies, driven by the key sectors of banking, real estate, and financial services, began to weaken in 2H2024.
- At the beginning of 2024, VNINDEX's breakout above the previous key resistance level around 1,130 points transformed this level into a significant support zone for the medium to long term.
- In March 2024, VNINDEX's upward momentum ended at the 1,300-point resistance level, shifting to a sideways trend with narrowing price ranges up to the present. This price movement has established two key zones in the medium term: the support range of 1,200–1,220 points and the resistance around 1,300 points.

VNINDEX 2024



Source: Bloomberg, ACBS

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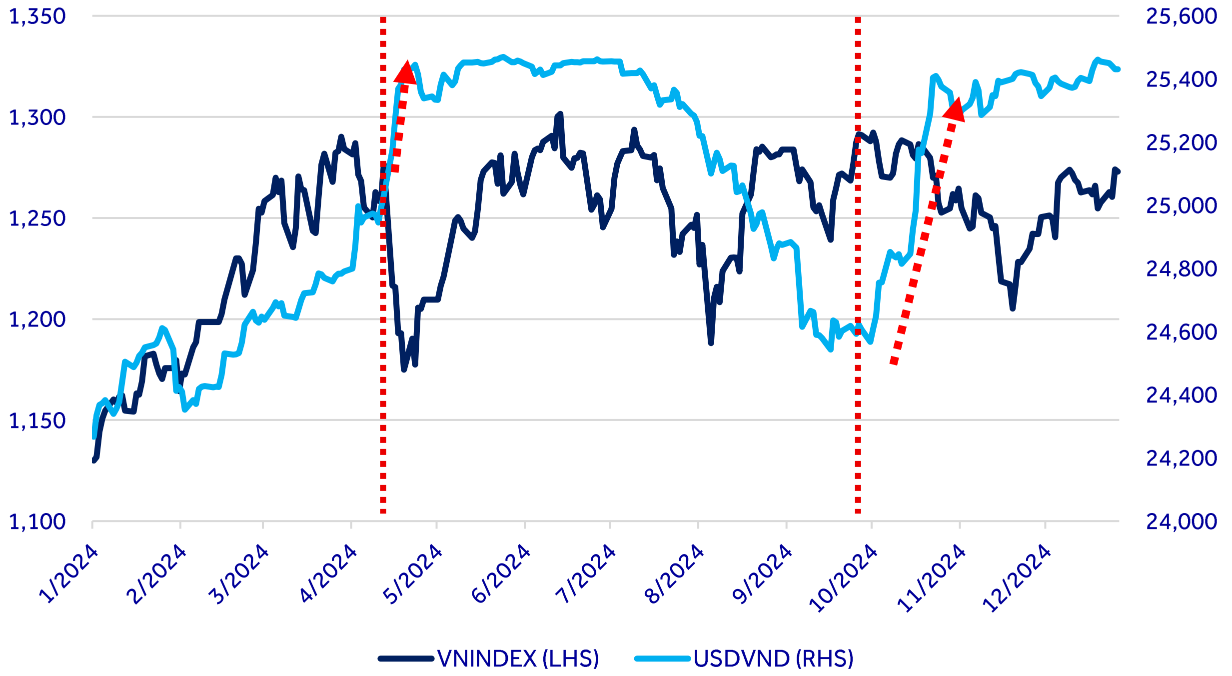
FX PRESSURE HINDERED VNINDEX's UPWARD TREND

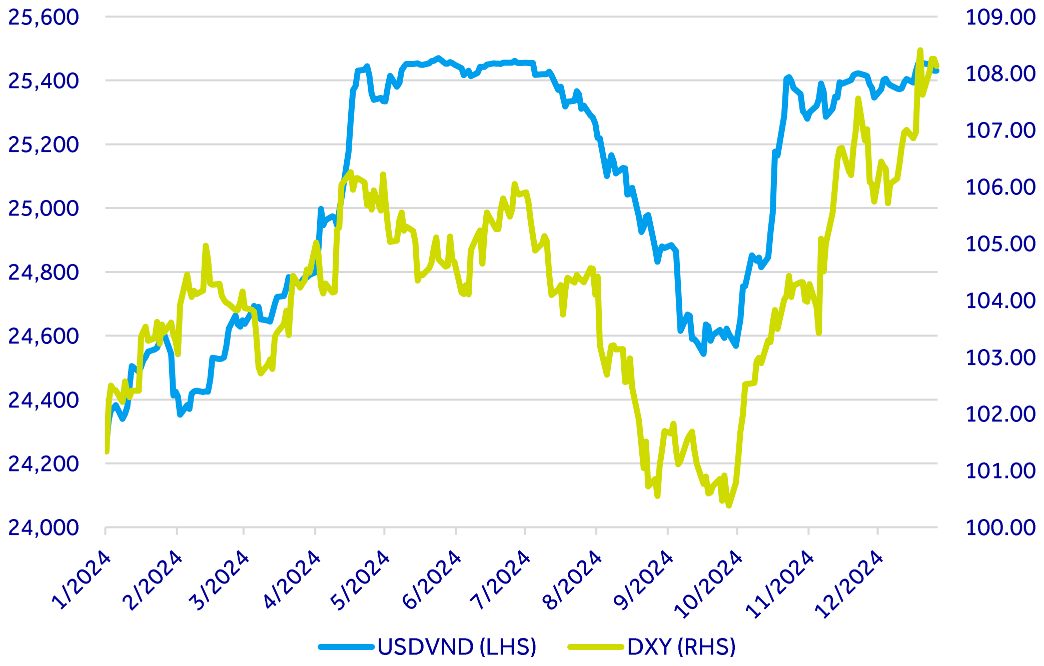
- Throughout 2024, VNINDEX's upward momentum was repeatedly halted by foreign net selling pressure, driven by rising USD/VND exchange rates. In Q1/2024, the Fed's high-interest rate environment created a negative yield differential between VND and USD, prompting FDI firms to accumulate USD in offshore accounts. As a result, despite a trade surplus, foreign exchange reserves failed to increase, and the USD/VND exchange rate steadily rose, surpassing 25,000 in mid-Q2/2024, triggering a sharp correction in VNINDEX.
- Exchange rates cooled temporarily from late September to mid-October as the FED began its first rate cut. However, Donald Trump's presidential victory for the 2025–2029 term and the Republican sweep in both chambers led to a strong resurgence in the DXY, particularly as other currencies weakened relative to the DXY. This once again impacted the USD/VND exchange rate, given the continued scarcity of USD supply in the system. Foreign investors resumed significant net selling pressure. VNINDEX adjusted and traded within a narrowing range.

VNINDEX vs. USD/VND



Source: Bloomberg, ACBS

DXY vs. USD/VND



Source: Bloomberg, ACBS

VNINDEX 2024 VALUATION: TRACKED THE MEDIAN

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- VNINDEX's valuation throughout 2024 largely tracked the 10-year median P/E. However, over the past 3 years, VNINDEX has traded between the median P/E and +1 standard deviation. This difference is primarily because VNINDEX's P/E during the 2016–2020 period remained consistently above +1 standard deviation to +2 standard deviations.
- However, looking back, these were also periods when: (1) the profit growth of listed companies was very strong, such as net profit growth of +32% YoY in 2017 and +23% YoY in 2018, or (2) abundant liquidity was present across all markets to counter the negative impact of the COVID-19 pandemic.
- Therefore, we believe that the valuation period of VNINDEX from 2022 to 2025 will resemble that of 2012–2015, before a potential breakout in 2026.

VALUATION OF VNINDEX FOR 2014-2024 (P/E)

Source: Fiinpro, ACBS

VALUATION OF VNINDEX 2020-2024(P/E)

Source: Fiinpro, ACBS

VALUATION: VARIES BY MARKET CAPITALIZATION SIZE

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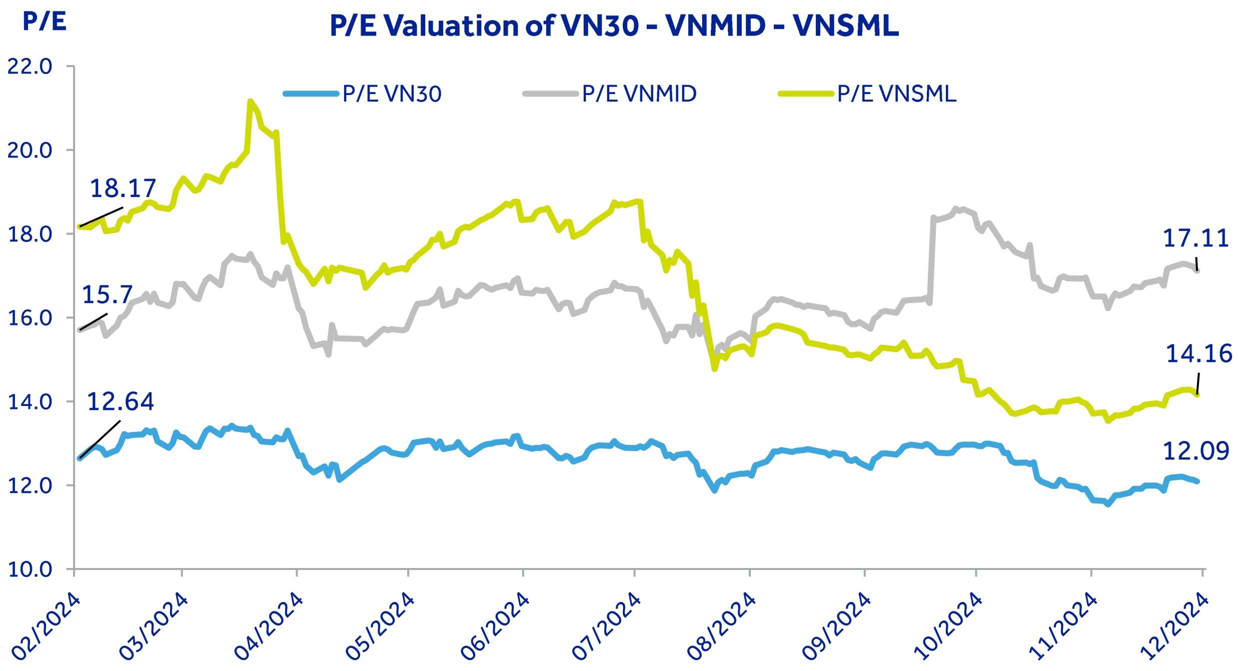
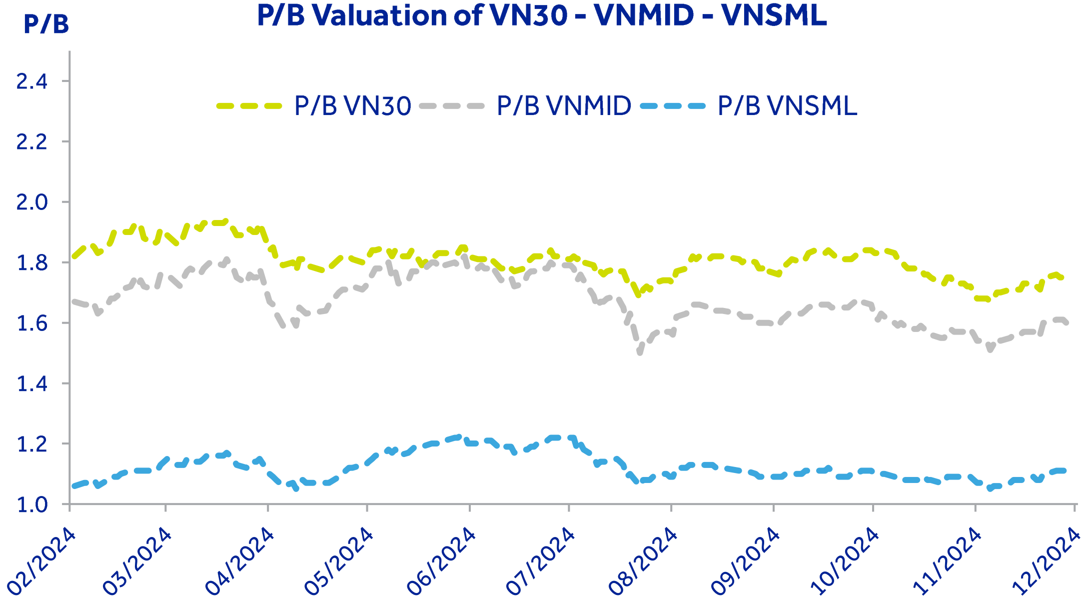
- Large-cap stocks (VN30) had a more positive year compared to 2023, with their P/E valuations holding steady throughout the year at around 12.x times, contrasting with the continuous decline seen in 2023.
- Mid-cap stocks (VNMID) saw a price increase and improved valuation levels in 2024.
- The valuation of small-cap stocks (VNSML) declined sharply in 2024, primarily due to still weak earnings performance and insufficient investment capital to drive broader market impact.

P/E Valuation of VN30 - VNMID - VNSML



Source: Fiinpro, ACBS

P/B Valuation of VN30 - VNMID - VNSML



Source: Fiinpro, ACBS

VALUATION BY SECTORS

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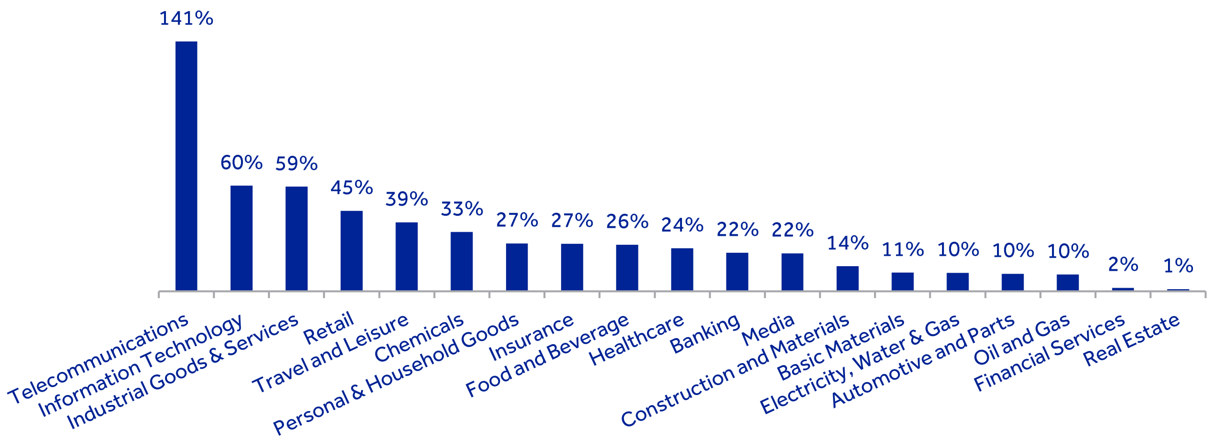
The telecommunications, information technology, industrial goods and services, and retail sectors saw the strongest price gains in 2024. In contrast, the banking sector rose by only 21.8%, while the financial services and real estate sectors remained flat.

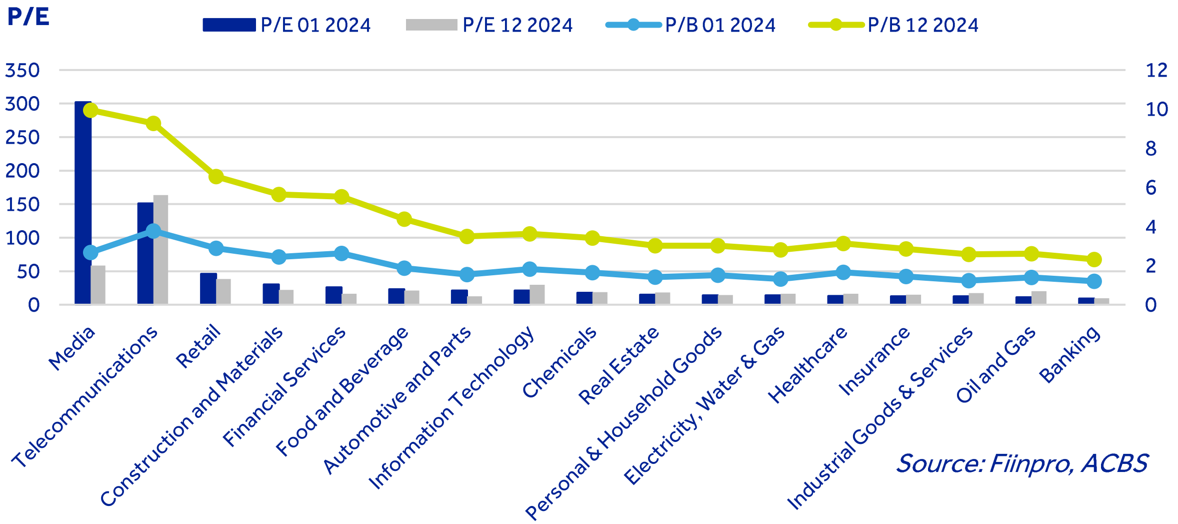
2024 Performance by sector



Source: Fiinpro, ACBS

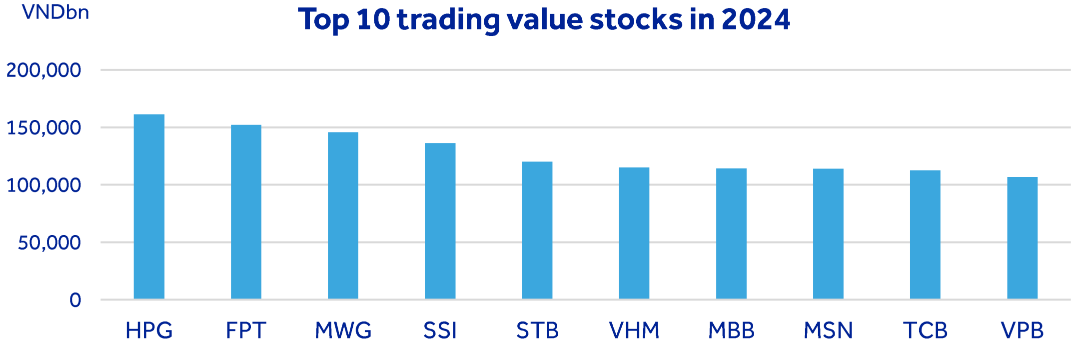
The valuations of the two key sectors, banking and real estate, remain below historical levels.

Valuation by Sectors (01 - 12/2024)



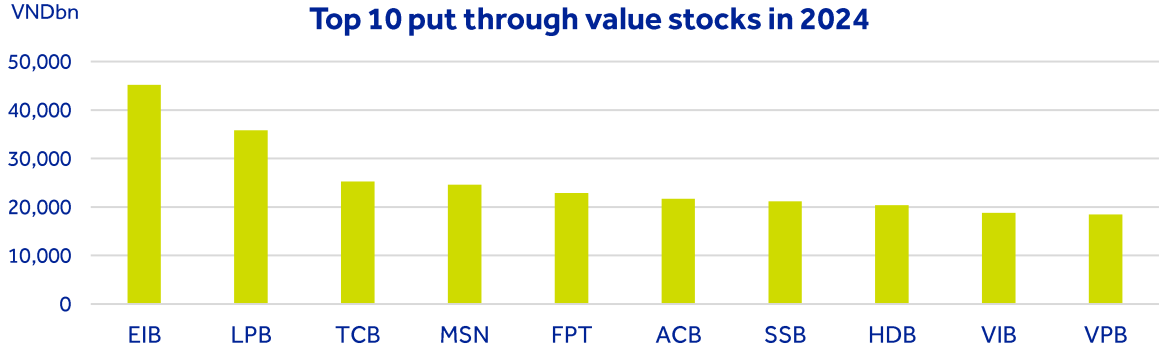
Source: Fiinpro, ACBS

Top 10 trading value stocks in 2024



Source: Fiinpro, ACBS

Top 10 put through value stocks in 2024



Source: Fiinpro, ACBS

ACBS

RECORD NET SELLING BY FOREIGN INVESTORS

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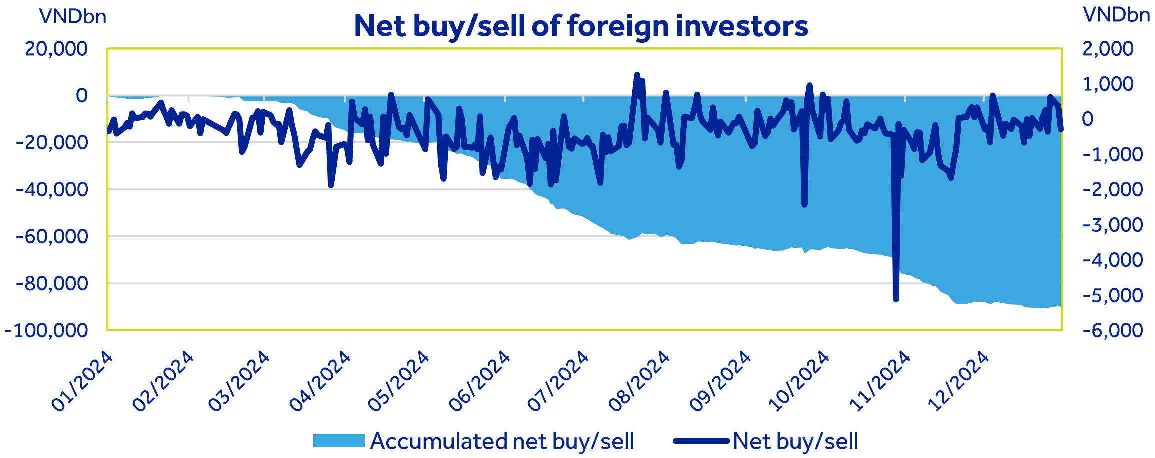
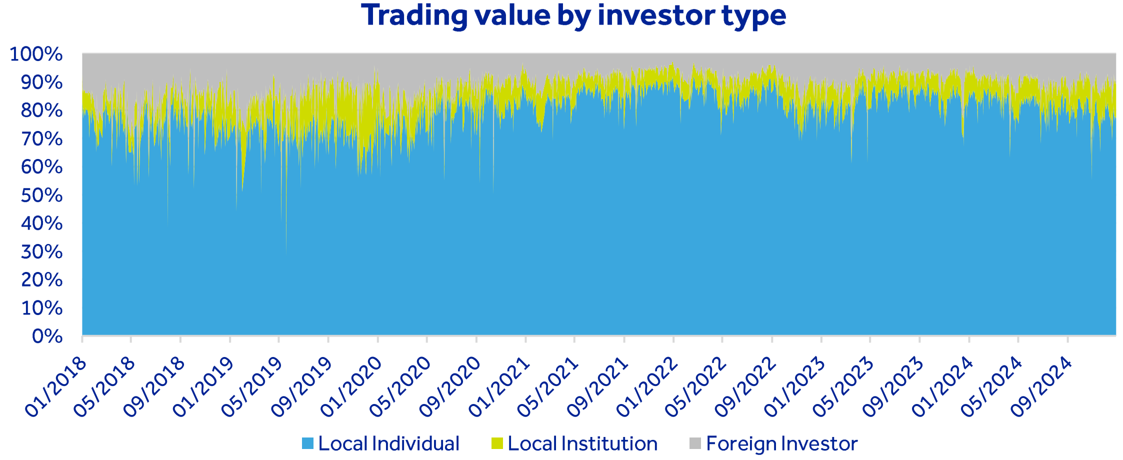
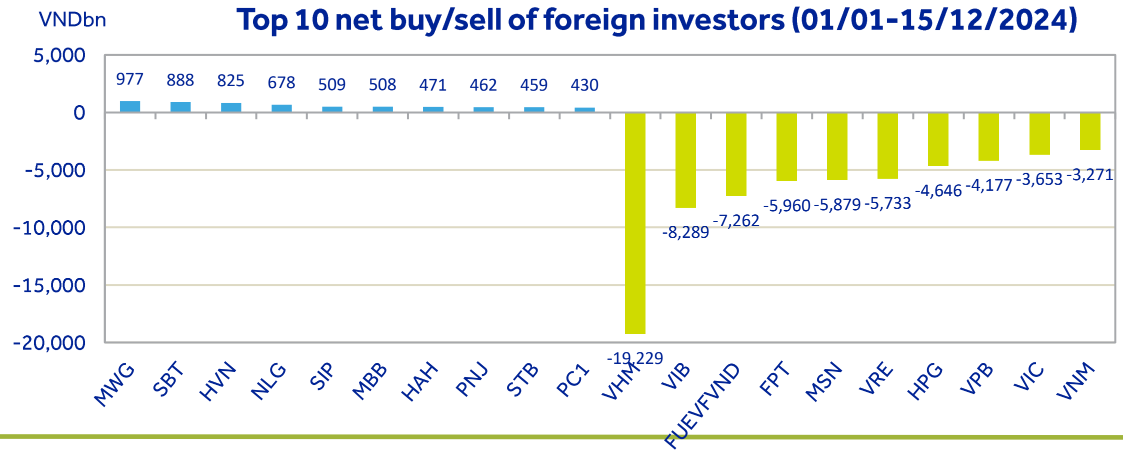
Foreign investors recorded net selling of VND 90,265 billion on the HSX (~USD 3.55 billion) – the largest net selling volume in the history of Vietnam's stock market.



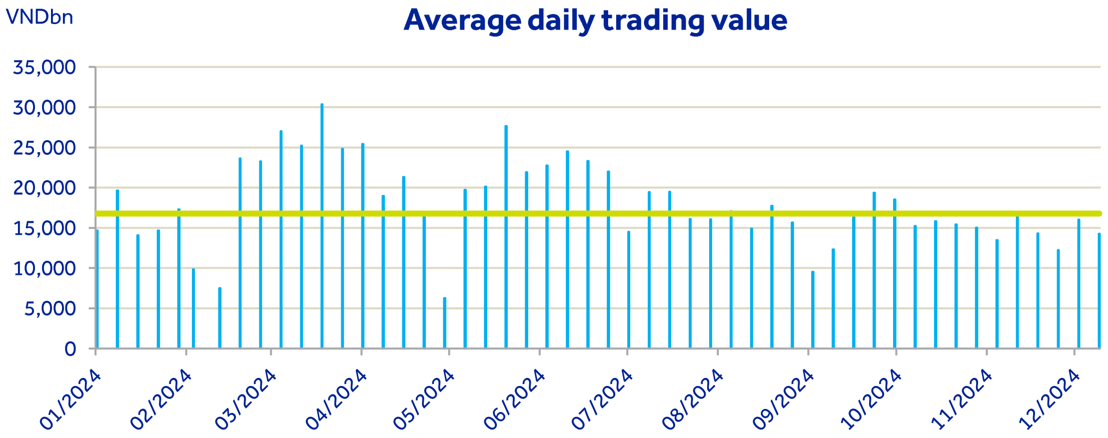
Foreign investors accounted for 24% of trading volume on the HSX in 2024, up from 15% in 2023. However, this increase was largely driven by the continued net selling activity of foreign investors.



The top net sold stocks were large-cap stocks and Diamond ETFs. Notably, Vingroup (VHM, VRE, VIC) stood out. VIB experienced significant net selling due to the strategic shareholder CBA's divestment transactions.



The average daily trading value across the 3 exchanges in 2024 was VND 20,952 billion, an increase of 19.6% compared to VND 17,520 billion in 2023.



Source: Fiinpro, ACBS

PART 3. THE MACROECONOMIC LANDSCAPE IN 2025

BRACING FOR TRUMP 2.0

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KEY TAKEAWAYS

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GLOBAL OUTLOOK: PREPARING WITH CAUTION

- **The global economy in 2025 is forecast to maintain stable growth at a rate of 2.6-3.3%.** The U.S. and China are expected to sustain their growth momentum under the baseline scenario. However, in the event of an intense trade war, both economies are projected to suffer significant losses. In such a case, large-scale fiscal stimulus measures and infrastructure investments may be introduced. Yet, record-high public debt levels and substantial budget deficits will compel both nations to exercise extreme caution in policymaking.
- Inflation is gradually cooling as oil prices are likely to remain low and food prices stabilize.
- Central banks are expected to maintain monetary easing policies in 2025, but with a cautious stance, closely monitoring the impact of trade tensions following Trump's inauguration, the FED's interest rate cut trajectory, and movements in the DXY.
- Global production continues to recover, particularly in Asia, driven by supportive policies and rising domestic demand, despite persistent challenges to international trade in 2025.

VIETNAM: ASSERTING ITS STRENGTH

- In the context of global macroeconomic uncertainty, Vietnam must be both flexible and prepared to respond to trade policies from the U.S., its largest export market, while also leveraging its internal strengths to advance by diversifying export markets and boosting public investment.
- Therefore, we estimate that Vietnam's GDP growth in 2025 could reach between 7.0% and 7.5%.
- Inflation in 2025 is forecasted to be higher than in 2024, expected to range from 4.0% to 4.5% (UT2024: 3.7%) due to the impact of rising import costs and a broader expansion of the money supply compared to 2024.
- However, exchange rate pressure is a significant concern in 2025, as the strength of the DXY continues to rise due to the cautious stance of the FED and risks from upcoming policies under Trump. Vietnam needs to balance pressures between the U.S. – its key export market – and China – its major import market. Therefore, in 2025, the likelihood of the VND depreciating could remain around 5.0%.
- Therefore, with limited room for monetary policy, we believe that Vietnam's policy interest rates could rise slightly.

VIETNAM OUTLOOK 2025

Macroeconomic key indicators	2024	2025F	
		Min	Max
GDP	7.1%	7.0%	7.5%
IIP	8.4%	10.0%	11.5%
Total retail sale	9.0%	9.0%	11.0%
CPI	3.6%	3.5%	4.5%
Export (% YoY)	14.3%	10.0%	15.0%
USDVND (SBV's rate)	24,335	25,419	
% YoY	*1.9%*	*4.5%*	
USDVND (Interbank)	25,551	26,689	
% YoY	*1.9%*	*4.5%*	
SBV's refinance rate	*4.5%*	*4.75%*	
Credit growth		*15.6%*	

Source: ACBS

GLOBAL GDP 2025: 2.6% - 3.2%

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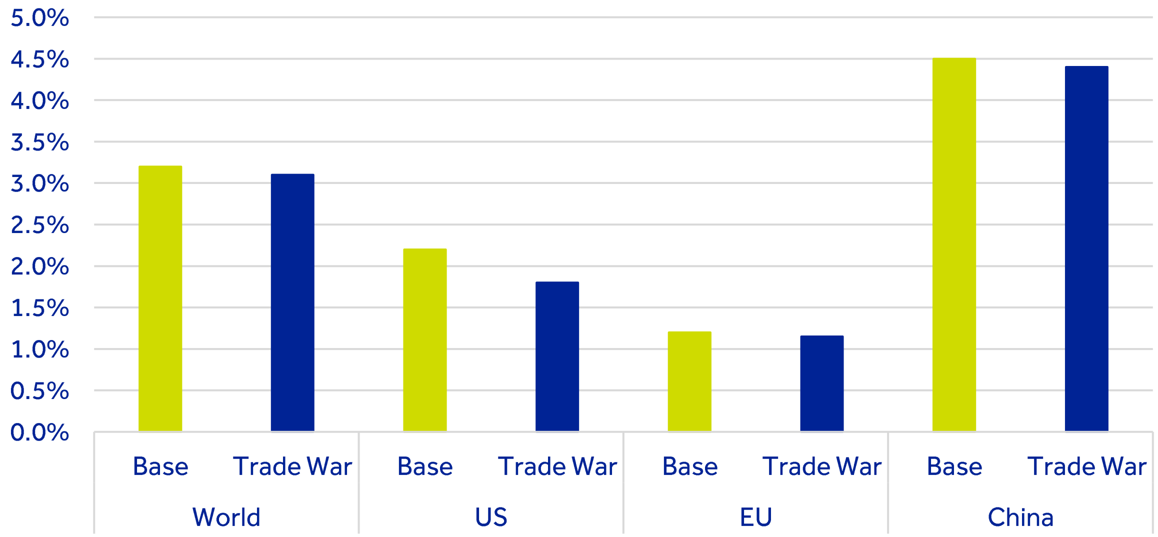
- **GDP Growth: Global GDP is expected to maintain its recovery and growth in 2025**, driven by declining inflation and support from accommodative monetary policies. Although forecasts vary among organizations, the general view is that global GDP in 2025 could sustain growth ranging from 2.6% to 3.2%
- Leading the growth are the strong recoveries of emerging economies. Meanwhile, the U.S. and China are likely to maintain their current growth trajectories. In contrast, Europe continues to face slow growth.
- However, the risk of a trade war still exists, which could slow down global growth. In the IMF report at the end of October 2024, the IMF presented a hypothetical scenario of a trade war where the U.S. imposes an additional 10% tariff on all imports, with Europe and China responding with 10% tariffs on U.S. imports. Under this scenario, the IMF projects global GDP growth to decline by 0.1% compared to its baseline forecast for 2025, with the U.S. economy being the most affected in this trade war scenario.

Forecasted Economic Growth in 2025

	IMF	OECD	Bloomberg
World	3.20%	3.30%	2.60%
United States	2.20%	2.40%	2.10%
EU area	1.20%	1.30%	1.20%
Germany	0.80%	0.70%	0.60%
France	1.10%	0.90%	0.80%
Italy	0.80%	0.90%	0.80%
United Kingdom	1.50%	1.70%	1.50%
Japan	1.10%	1.50%	1.20%
Canada	2.40%	2.00%	1.80%
Autralia	2.10%	1.90%	2.00%
China	4.50%	4.70%	4.50%
India	6.50%	6.90%	6.80%
Russia	1.30%	#N/A	1.50%
Brazil	2.20%	2.30%	2.00%
Vietnam	6.10%	6.50%	6.60%

Source: IMF, Bloomberg consensus, OECD

Potential impact of trade war on global economic growth



Source: IMF

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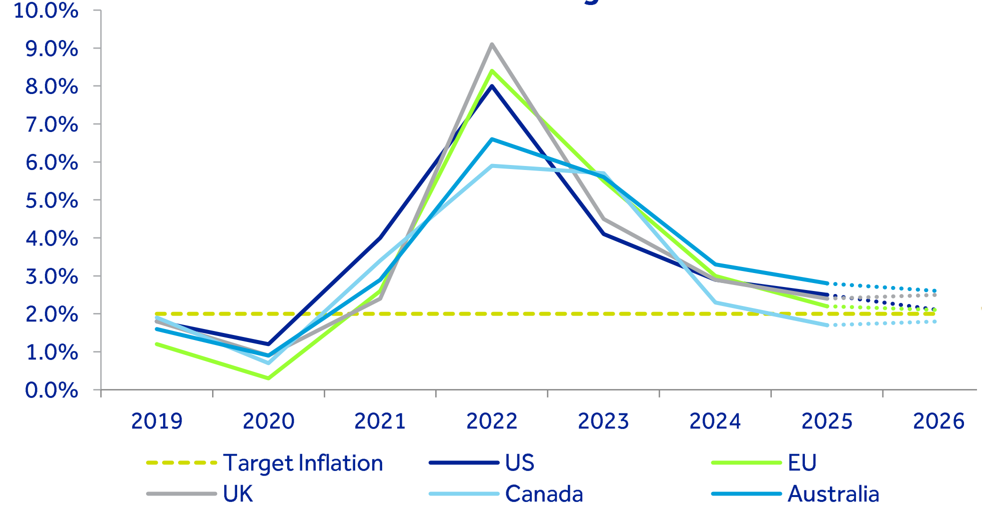
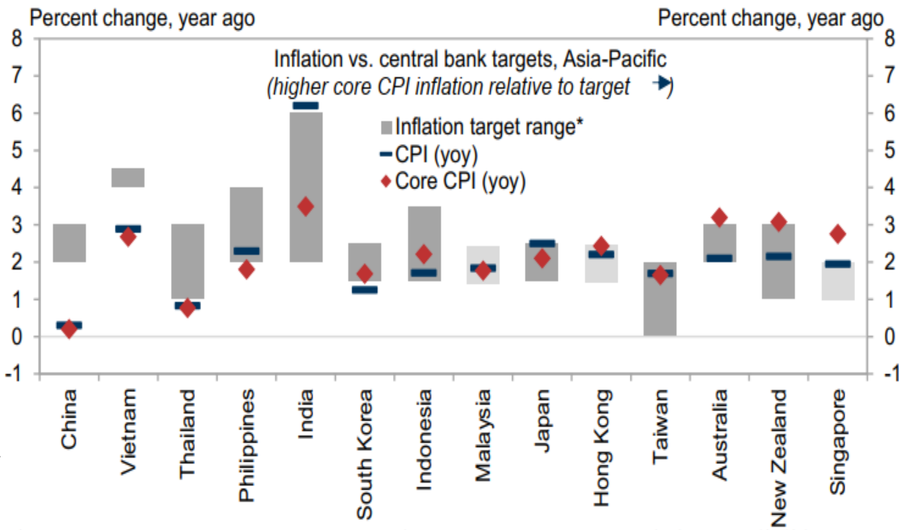
GLOBAL INFLATION 2025: EXPECTED TO CONTINUE DECLINING

- **Inflation pressures are expected to remain low across most economies in 2025**. According to Bloomberg survey data, inflation in major economies such as the EU and Canada may decline toward their target levels of around 2% by the end of 2025, while the U.S. (measured by PCE), the UK, and Australia may stabilize around 2.4%-2.5%. Additionally, inflation in Asian countries, including Vietnam, is expected to remain close to their targets and show limited changes in 2025.
- Oil prices are projected to remain within the range of $70-$75 per barrel. While there are short-term supply risks due to the potential disruption of supplies from Iran, these concerns could be mitigated in the medium term as other regions, particularly the U.S., increase capacity. Food prices, although recently rising, are likely to stabilize as weather conditions improve and India resumes rice exports.
- However, China – the world's second-largest economy – faces deflationary risks due to excess supply, with weak domestic consumption and prolonged trade tensions with the U.S. and EU since 2017. Under a potential Trump 2.0 administration, these challenges are expected to worsen, as China may face further elevated tariffs.

Inflation in developed countries: gradually falling towards their targets





* For Hong Kong and Malaysia, we use avg. annualized CPI in 5 years prior to the pandemic; for Singapore 1%-2% (all light shading). For point targets, a +0.5/-0.5 range is displayed for clarity. We treat China's target as a ceiling.

Source : CEIC, Haver Analytics, Goldman Sachs

Forecast of inflation

	2024E	2025F	2026F
U.S.	2.90%	2.40%	2.50%
EU	3.00%	2.20%	2.10%
UK	2.90%	2.40%	2.50%
Canada	2.30%	1.70%	1.80%
Australia	3.30%	2.80%	2.60%
Japan	2.60%	2.10%	1.80%
India	4.70%	4.30%	4.30%
South Korea	2.30%	2.00%	2.00%
Taiwan	2.10%	1.80%	1.60%
Mexico	4.80%	4.00%	3.70%
Vietnam	3.70%	3.50%	3.50%
Indonesia	2.30%	2.40%	2.40%
Malaysia	1.90%	2.50%	2.30%
Philippines	3.20%	2.80%	3.20%
Singapore	2.50%	2.00%	1.90%
Thailand	0.50%	1.20%	1.30%

Source: Bloomberg consensus

MONETARY POLICY 2025: CAUTIOUSLY ACCOMMODATIVE

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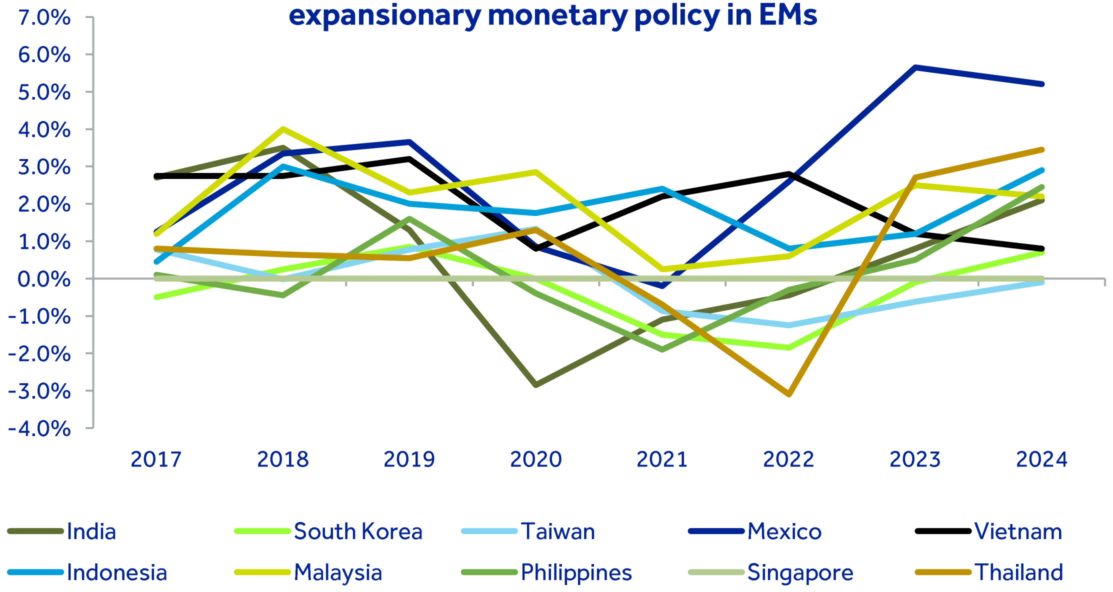
- **Monetary policy in 2025 is expected to remain accommodative but with caution**. Inflation has recently returned to near-target levels in most countries globally. However, trade and geopolitical uncertainties may rise in 2025, potentially halting or even reversing the declining trend in inflation. Therefore, a more cautious approach may be necessary
- Although strong DXY exchange rate pressure may pose a barrier, emerging markets (EM) are still expected to have room to cut interest rates, particularly in Latin America and Asia (led by China and India), where real policy rates (nominal policy rates minus inflation) remain positive. Additionally, in 2025, the FED is expected to continue pursuing a rate-cutting policy, with the extent of the cuts depending on U.S. inflation and economic data.
- However, for Vietnam, we observe limited room for further cuts, and we anticipate that the State Bank of Vietnam (SBV) will maintain the current policy interest rate in 2025.

Positive real interest rates create room for expansionary monetary policy in EMs



Policy interest rates are expected to continue to decline in many countries

	2022	2023	2024	2025F	2026F
The U.S.	4.50%	5.50%	4.50%	3.70%	3.50%
EU	2.50%	4.50%	3.15%	2.20%	2.15%
UK	3.50%	5.25%	4.75%	3.65%	3.25%
Australia	3.10%	4.35%	4.35%	3.55%	3.35%
Japan	0.10%	-0.10%	0.40%	0.80%	1.00%
India	6.25%	6.50%	6.80%	5.70%	5.55%
Korea	3.25%	3.50%	3.00%	2.30%	2.15%
Taiwan	1.75%	1.88%	2.00%	1.85%	1.70%
Mexico	4.25%	5.50%	10.50%	11.25%	10.00%
Vietnam	6.00%	4.50%	4.50%	4.35%	4.45%
Indonesia	5.00%	5.00%	5.20%	5.15%	5.10%
Malaysia	4.00%	5.00%	4.10%	3.90%	3.80%
Philippines	5.50%	6.50%	5.65%	4.90%	4.60%
Thailand	3.00%	4.00%	3.95%	3.05%	2.80%

Source Bloomberg

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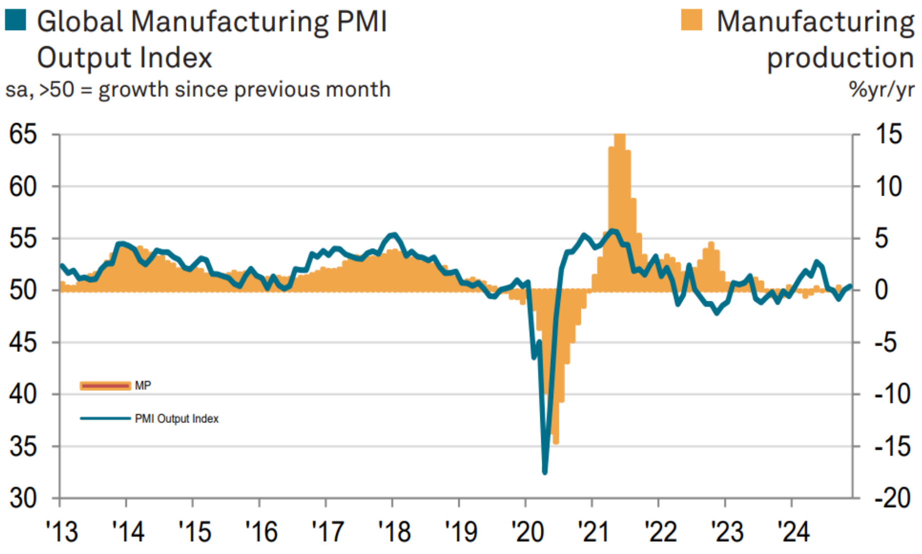
GLOBAL MANUFACTURING ACTIVITY RECOVERS

- Global manufacturing activity stabilized in November 2024, with J.P. Morgan's Global Manufacturing PMI rising to 50.0 from 49.4 in October 2024, marking the end of a four-month contraction streak. Asia led the recovery, with China's PMI reaching 51.5 — the highest in five months — and other regions averaging 51.1. New orders increased for the first time in five months, though exports remained weak, despite business confidence hitting a six-month high. Overall, the stabilization of the global PMI in November 2024 signals a mild recovery in global manufacturing activity, driven primarily by improved production in Asia and China.

- We remain optimistic that manufacturing activity will continue to recover in 2025, with the PMI expected to stay above 50 (indicating ongoing growth in manufacturing). This recovery is likely to be driven by the rebound in production capacity in Asian countries, where domestic policies are supporting the revitalization of manufacturing, notably in China. Additionally, stockpiling of export orders is underway ahead of anticipated tariff hikes by the U.S. in 2025. However, challenges such as trade war risks and supply chain disruptions remain significant hurdles to sustainable growth prospects.

	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24
Japan	48.0	47.2	48.2	49.6	50.4	50.0	49.1	49.8	49.7	49.0	49.5
China (NBS)	49.2	49.1	50.8	50.4	49.5	49.5	49.4	49.1	49.8	50.1	50.3
China (Caixin)	50.8	50.9	51.1	51.4	51.7	51.8	49.8	50.4	49.3	50.3	51.5
Taiwan	48.8	48.6	49.3	50.2	50.9	53.2	52.9	51.5	50.8	50.2	51.5
South Korea	51.2	50.7	49.8	49.4	51.6	52.0	51.4	51.9	48.3	48.3	50.6
India	56.5	56.9	59.1	58.8	57.5	58.3	58.1	57.5	56.5	57.5	56.5
Thailand	46.7	45.3	49.1	48.6	50.3	51.7	52.8	52.0	50.4	50.0	50.2
Philippines	50.9	51.0	50.9	52.2	51.9	51.3	51.2	51.2	53.7	52.9	53.8
Singapore	50.7	50.6	50.7	52.6	50.6	50.4	50.7	50.9	51.0	50.8	51.0
Malaysia	49.0	49.5	48.4	49.0	50.2	49.9	49.7	49.7	49.5	49.5	49.2
Vietnam	50.3	50.4	49.9	50.3	50.3	54.7	54.7	52.4	47.3	51.2	50.8
Indonesia	52.9	52.7	54.2	52.9	52.1	50.7	49.3	48.9	49.2	49.2	49.6



Sources: J.P.Morgan, S&P Global.

Source: S&P Global, JP Morgan,

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U.S vs. CHINA: ON A BRINK OF A TRADE WAR

		
Key takeaways	**The U.S. economy remains resilient, with inflation declining slowly and occasional concerns arising from job reports.** **Trump's election as president for the 2025-2029 term introduces the risk of greater uncertainty for the U.S. economy, including the potential resurgence of inflation.**	**China's growth has slowed below 5%, driven by government debt, a weakening real estate market, and weak consumption.** **The escalating trade war from 2025-2029 poses a threat to GDP growth, potentially reducing it by 0.4%. Currency depreciation and large-scale fiscal stimulus may be key responses in the coming period**
GDP	According to IMF, the U.S.'s GDP can achieve 2.8% in 2024, and 2.2% in 2025.	According to IMF, the China's GDP can achieve 4.8% in 2024, and 4.5% in 2025.
Inflation	Both CPI and PCE have cooled from their peak in June 2022 but have started to edge up again since September 2024. Core PCE remains persistently high at +2.8% YoY. The 2.0% inflation target may face challenges under a Trump 2.0 administration.	China faces the risk of deflation. The CPI for November 2024 stands at +0.2% YoY, the lowest since June 2024
Unemployment	As at November 2024: 4,2% vs target of under 4.0%	As at November 2024: 5.0%, but the unemployment rate among youth exceeds 17%
Interest rate	The FED's policy rate was reduced by 1.0% in 2024 to 4.25%. However, for 2025, the FED is adopting a more cautious stance, with projections indicating a 0.5% cut compared to the previous 1.0% reduction. As a result, interest rates may remain persistently elevated	Continuous rate cuts and reserve requirement reductions are expected to support the economy. Further rate cuts may be anticipated in early 2025. Fiscal measures are being prepared to counteract the trade war.
PMI	The Services PMI — the primary driver of U.S. GDP growth (accounting for 60-70% of GDP) — remains above 50. Consumer confidence has improved for five consecutive months.	Attempts to maintain around 50, due to weak domestic and export consumption. Consumer confidence has continued to decline over the past six months, despite already being at low levels. FDI in 2024 is the lowest in a decade.
Government debt	As of November 2024, the U.S. national debt stands at $35.94 trillion, surpassing the statutory debt ceiling of $31.4 trillion. The debt ceiling has been extended until January 1, 2025. High interest rates pose a significant challenge for the U.S. government, with nearly 18% of revenue allocated to servicing interest payments.	Debt/GDP: 83.4%, the highest in history. Budget deficit/GDP: -5.8%, a sharp increase over the past four years. Local government debt remains a major risk to the economy.

Source: ACBS compiled

U.S vs. CHINA: ON A BRINK OF A TRADE WAR

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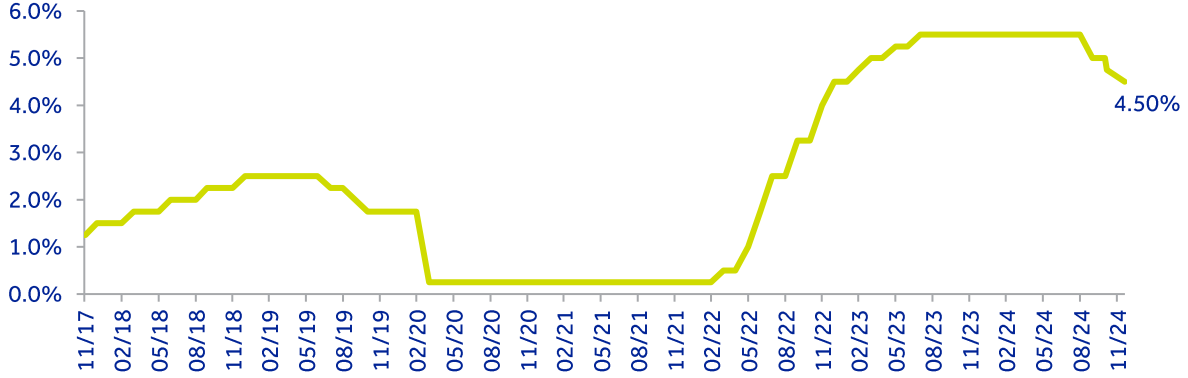
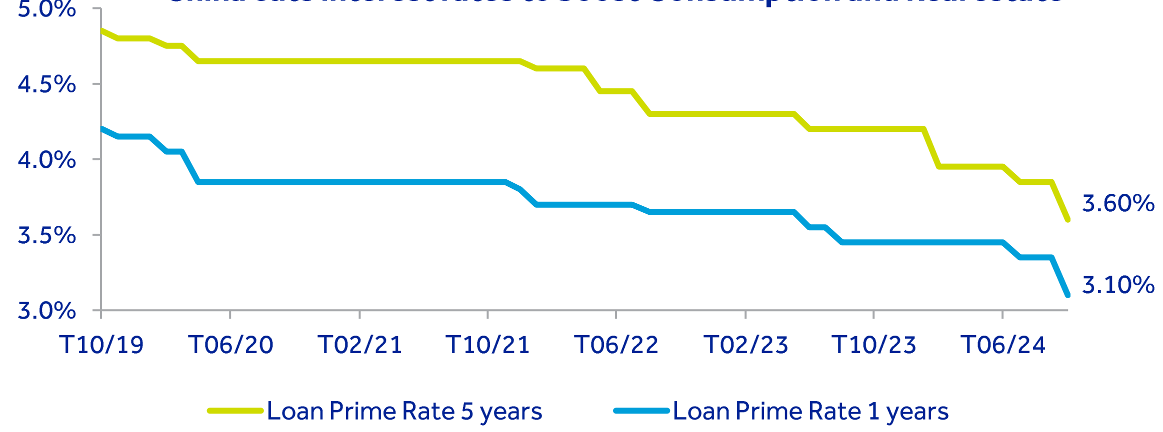
FED cut 1,0% rate in 2024



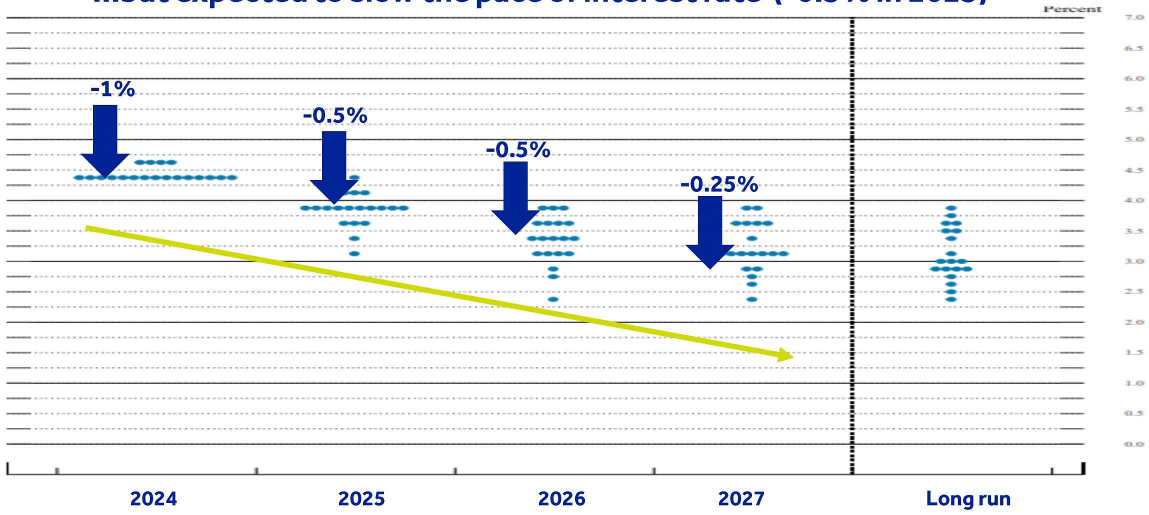
Source : FED

China cuts interest rates to boost Consumption and Real estate



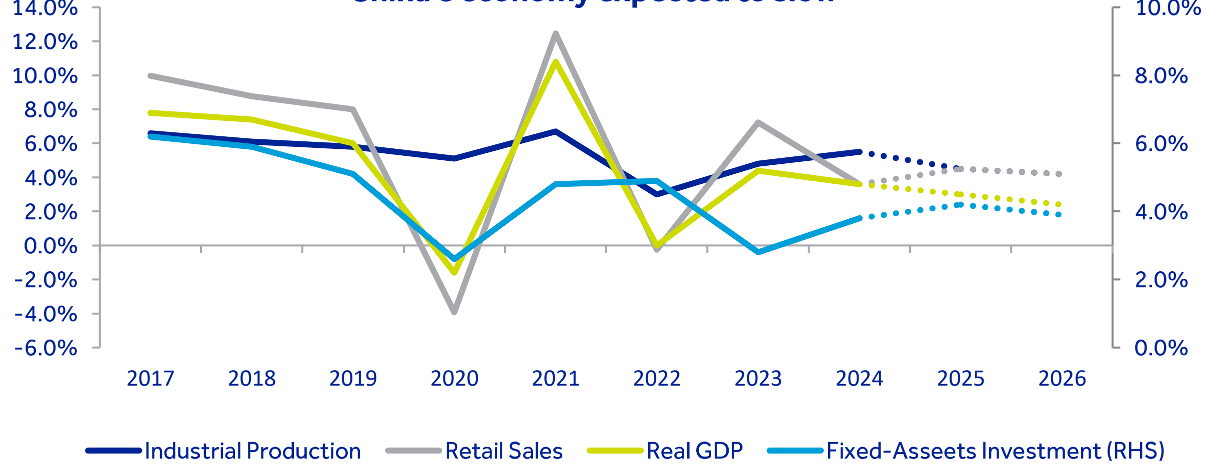
Source: PBoC

...but expected to slow the pace of interest rate (-0.5% in 2025)



Source : FED

China's economy expected to slow



Source: NBS, Bloomberg

TRADE WAR 2.0: CAN VIETNAM BENEFIT?

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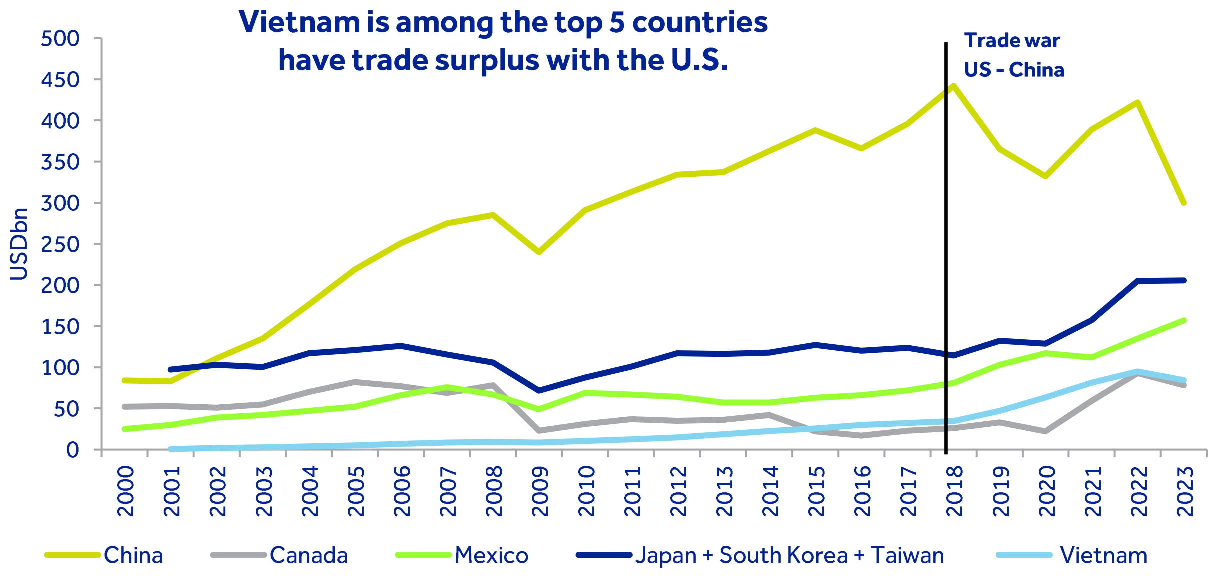
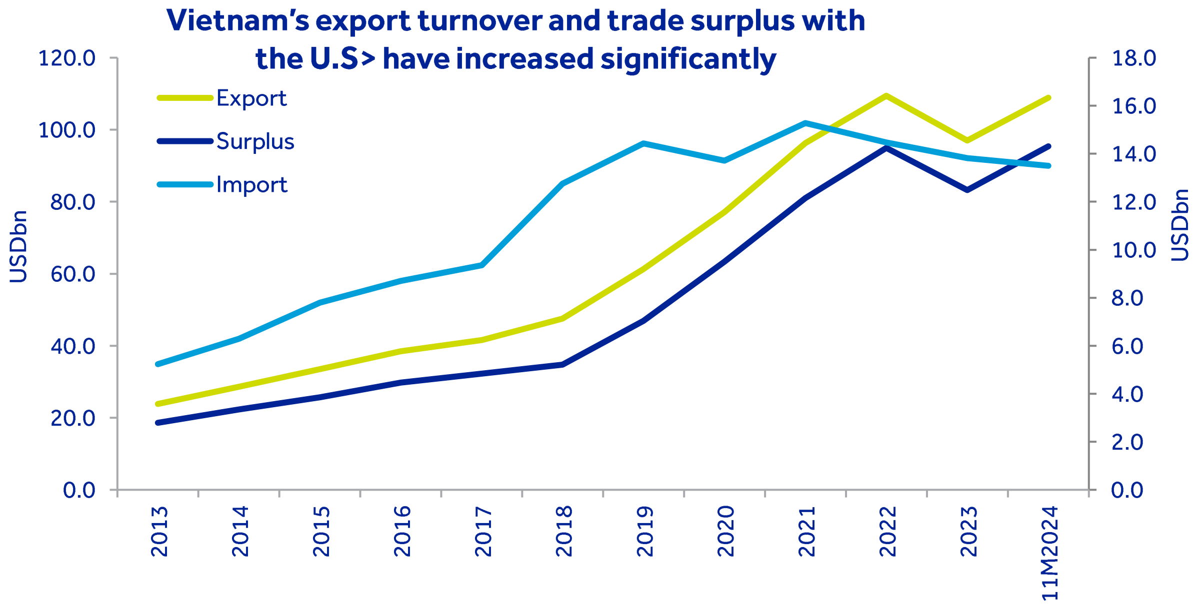
- In Trump's second term, in our view, **Vietnam could still benefit, though the level of benefit may not be as substantial as during his first term**. This is due to the following reasons:
  - The China +1 shift was effectively initiated during the first trade war and accelerated during the COVID period. Therefore, the momentum of this wave is expected to continue, though not as strong as in the initial phase.
  - In addition, Vietnam could also be subject to import tariffs. This risk is particularly concerning given Vietnam's increasing trade surplus with the U.S. over recent years. There is a possibility that the U.S. could strengthen monitoring of Vietnamese exports, potentially imposing anti-dumping duties and even additional tariffs on Vietnamese products if the trade imbalance continues to widen.
  - To ease trade tensions, Vietnam is expected to increase imports of goods from the U.S., notably liquefied natural gas (LNG). However, Trump may still exert pressure on Vietnam to reduce its dependence on Chinese sources of materials.
- Although the new tariffs may harm certain sectors, we believe Vietnam's experience in managing relations with major powers will help the country navigate potential challenges under Trump's second term with the least possible impact.





Source: Custom Vietnam, Bloomberg

2025: INCREASING PRESSURE ON MONETARY POLICY

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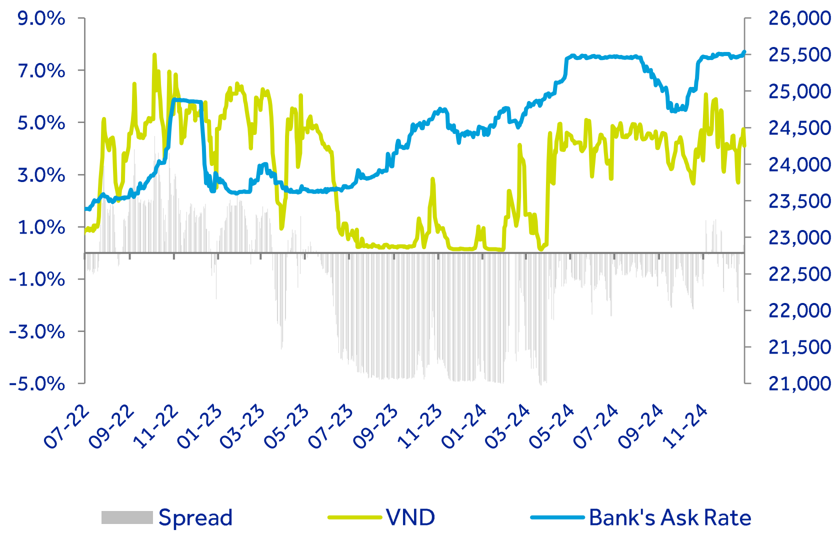
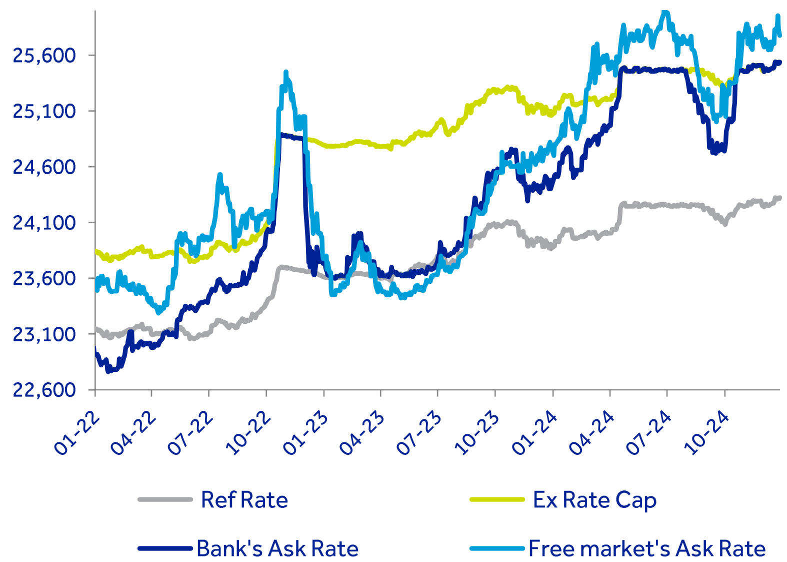
- Vietnam's current macroeconomic environment is relatively stable and demonstrates sustainable recovery in the post-Covid period. However, the biggest risk the economy faces in 2025 is pressure on the USD/VND exchange rate amid a potential rise in the DXY index due to trade tensions. Additionally, with the export balance leaning towards the U.S. and the import of raw materials skewed towards China, Vietnam could face dual pressures from a stronger DXY and a weaker CNY if China adopts a currency devaluation strategy.
- With a low interest rate environment maintained throughout the post-Covid period, thin interest rate-inflation spreads, and modest foreign exchange reserves, Vietnam has limited room to maneuver in monetary policy. Therefore, during periods of supply-demand imbalances in foreign currency flows, we anticipate that the USD/VND exchange rate could rise by up to 5.0%, similar to 2024. Additionally, the policy interest rate is forecasted to increase by 0.25%.

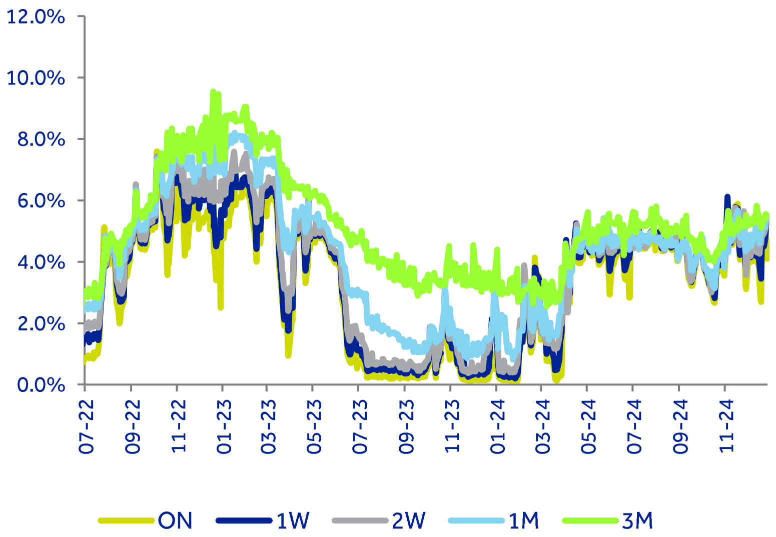
Interbank interest rate spread USD - VND



USD/VND Exchange rate



Interbank rate



Source: Bloomberg, ACBS

VIETNAM GDP 2025 EXPECTED TO REACH 7.0%-7.5%

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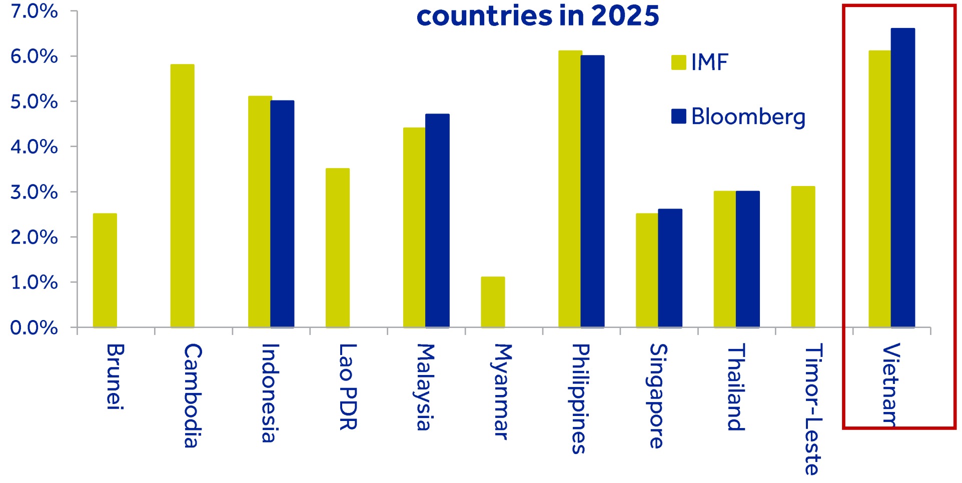
- **For 2025, the National Assembly has set an economic growth target of 6.5-7.0%.** However, the government aspires to achieve growth above 8%. **For the 2026-2030 period, the government's vision targets GDP growth above 8.0%**, representing an exceptionally ambitious goal. Excluding the 2022 GDP growth of 8.02% due to the low base of 2021 caused by the COVID-19 pandemic, this would be the highest growth rate since at least 2000. According to our assessment, **the primary driver of this ambitious growth comes from unprecedented large-scale public investment plans in the coming period**. Strong expectations for public investment not only aim to mitigate the negative impacts of President Donald Trump's upcoming tax policies but also have the potential to drive outstanding growth for Vietnam if successfully implemented.

- Meanwhile, many research organizations forecast that Vietnam's economic growth in 2025 will likely remain at a baseline level of around 6.5% - 6.7%. This is primarily driven by concerns over the potential negative impacts of U.S. tax policies on Vietnam's exports.

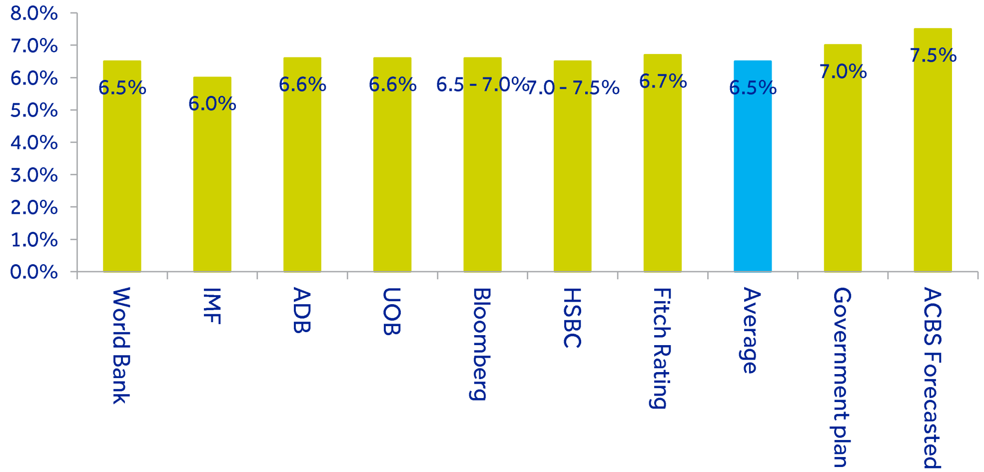
- For 2025, ACBS projects Vietnam's GDP to reach 7.0%-7.5%, supported by:

  - *Export activity is expected to maintain strong growth of 10-15% YoY, supported by numerous free trade agreements. The impact of President Trump's tax policies is unlikely to be a major issue, similar to the period from 2017-2021.*
  - *The global shift in supply chains, particularly in the semiconductor industry, provides advantages for Vietnam as international manufacturers seek to reduce their reliance on China. FDI flows remain strong, especially in the semiconductor and renewable energy sectors.*
  - *The government is making maximum efforts to accelerate public investment to achieve the 2021-2025 development goals and transition into the 2026-2030 period.*
  - *Domestic consumption continues to recover steadily, supported by interest rates that remain low relative to historical levels.*

Vietnam's GDP is forecast to outperform other SEA countries in 2025



Forecast of Vietnam's 2025 GDP



Source ACBS compiled

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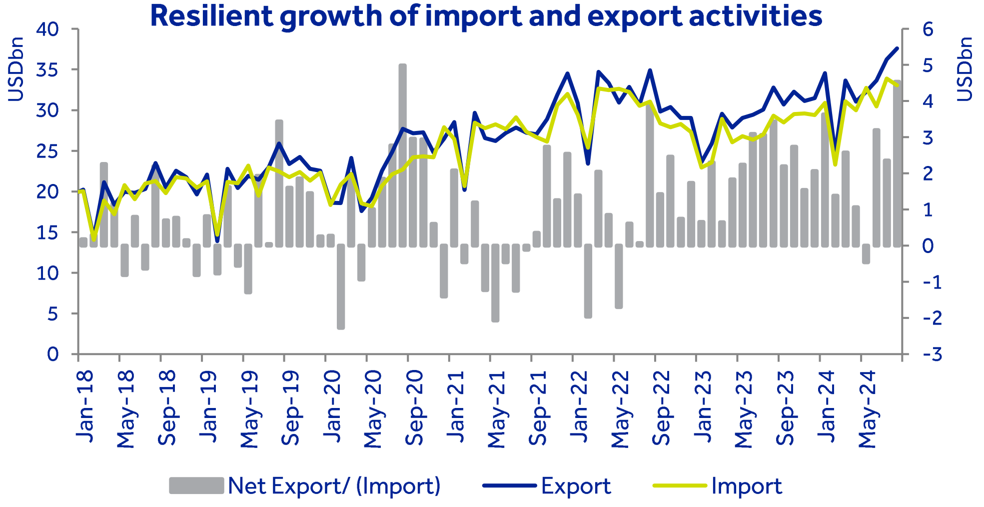
TRADE ACTIVITIES REMAIN STABLE

- **Export-Import activities continue to show stability.** Cumulative figures for 11T2024 reveal exports reached $367.3 billion (+14.0% YoY), while imports totaled $344.1 billion (+15.3% YoY), resulting in a trade surplus of $23.2 billion. **Import of production materials continues to grow (+16.4% YoY in 11T24),** signaling positive prospects for production and exports, especially as the year-end holiday shopping season approaches. The U.S. remains Vietnam's largest export market ($108.97 billion, accounting for 29.6% of total exports) in 11T2024, while China remains Vietnam's largest import market ($130.5 billion, accounting for 37.9% of total imports) in 11T2024.
- We expect trade activities to continue growing in 2025 due to the following supportive factors:
  - Global economic growth is expected to remain stable in 2025, particularly from Vietnam's key export partner, the United States, which is anticipated to continue strong economic growth.
  - Household consumption in key partner countries of Vietnam, such as the US, UK, and EU, is expected to continue growing, further supporting imports of goods in 2025
  - The second phase of the US-China trade war and potential trade tensions with other countries may pose trade risks to monitor. However, the differing tariff levels between countries may enable Vietnam to continue benefiting, as was seen during Trump's first term.
  - The bilateral and multilateral free trade agreements signed in recent years have further diversified Vietnam's export markets.

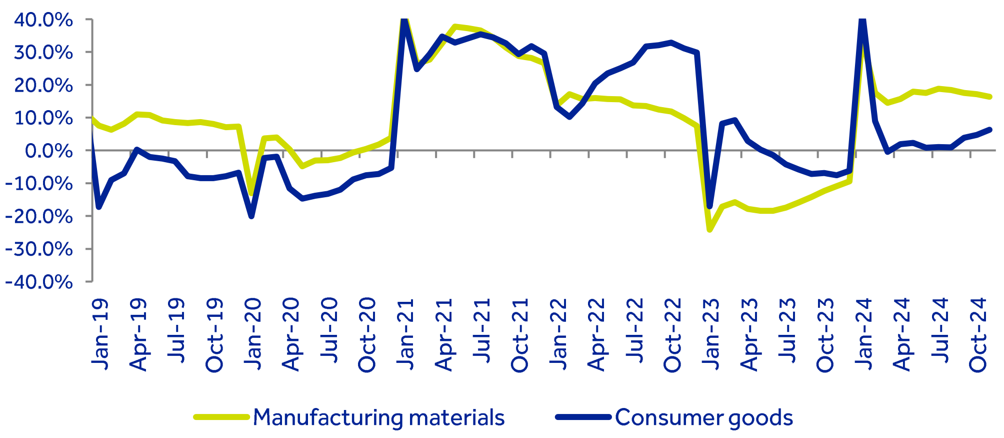
Growth of household consumption	2023	2024E	2025F	2026F
IEU	0.80%	0.90%	1.20%	1.40%
US	2.50%	2.70%	2.40%	1.90%
UK	0.70%	0.70%	1.50%	1.40%

Source: Bloomberg Consensus

Resilient growth of import and export activities



Raw manufacturing material imports continue to increase



Source: GSO & Custom VN

IIP SHOWS STABLE GROWTH

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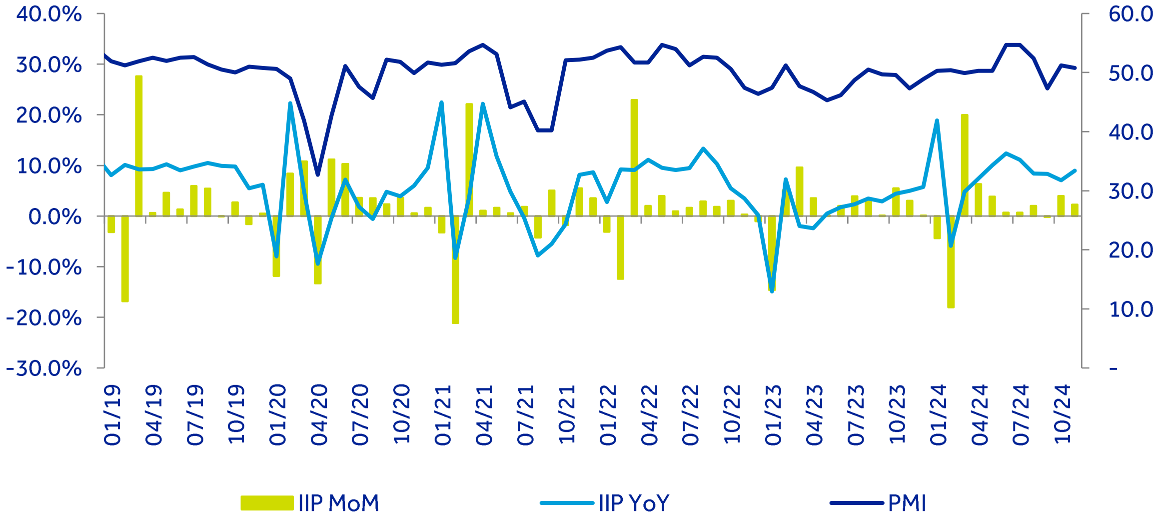
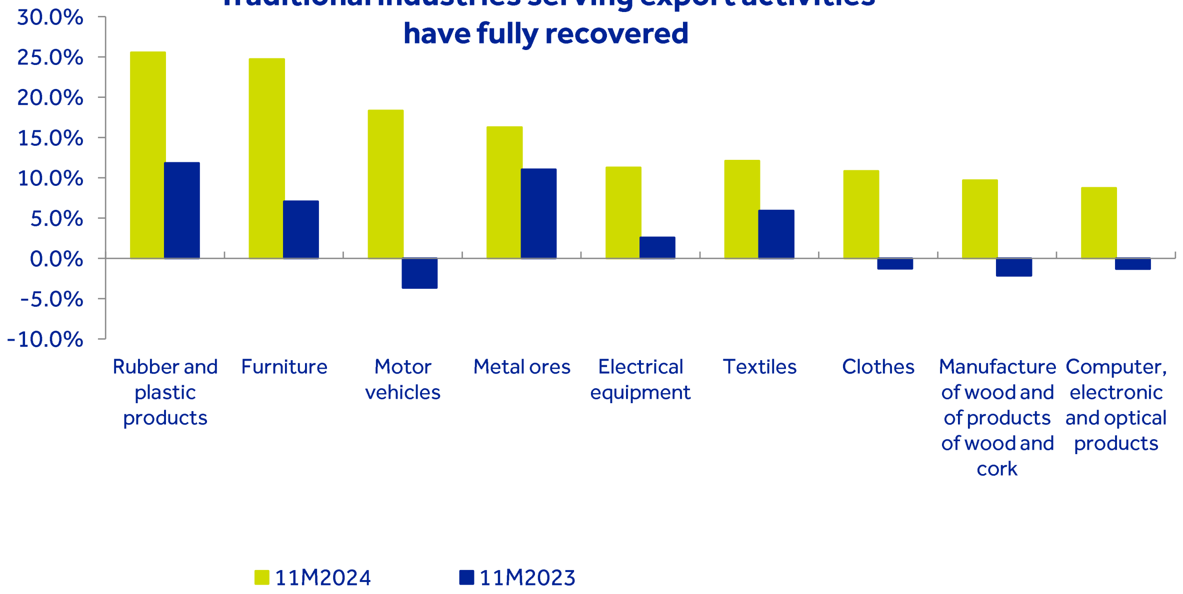
- Export-oriented manufacturing activities continued to gain momentum. Specifically, **the Index of Industrial Production (IIP) for 11M2024 is estimated to increase by 8.4% YoY**, driven by the robust growth in the manufacturing and processing sector (+9.7% YoY in 11M2024).
- **The Purchasing Managers' Index (PMI) for November 2024 reached 50.8 points**, down from 51.2 points in October 2024, indicating that Vietnam's industrial production activity continued to grow, albeit at a slower pace than the previous month. Output and new orders saw slight increases, but weak export demand led to the sharpest decline in foreign orders since July 2023. Employment continued to decrease as businesses reduced their workforce, while input and output costs rose only modestly due to efforts to maintain control. Despite a decline in business confidence amid concerns over trade war risks, firms remained optimistic about production prospects in 2025, supported by plans for expansion and the launch of new products.
- We forecast that industrial production, particularly in sectors related to FDI, will continue to be one of the key drivers of Vietnam's economic growth in 2025, with a projected growth rate ranging from 10% to 11.5% YoY.

Industrial production expected to continue growing in 2025



Traditional industries serving export activities have fully recovered



Source: GSO

ACBS

FDI: CONTINUING TO BENEFIT FROM TRADE WAR

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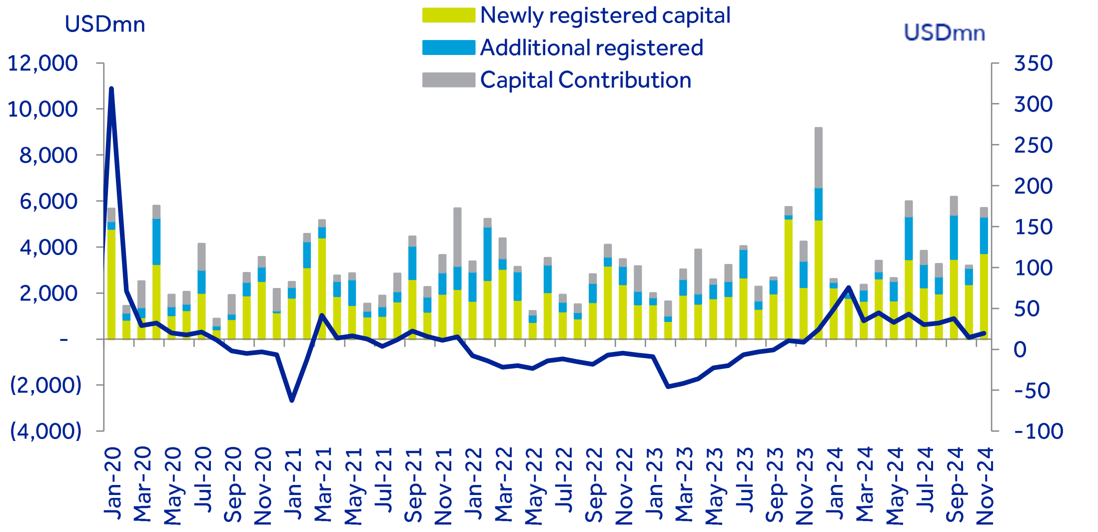
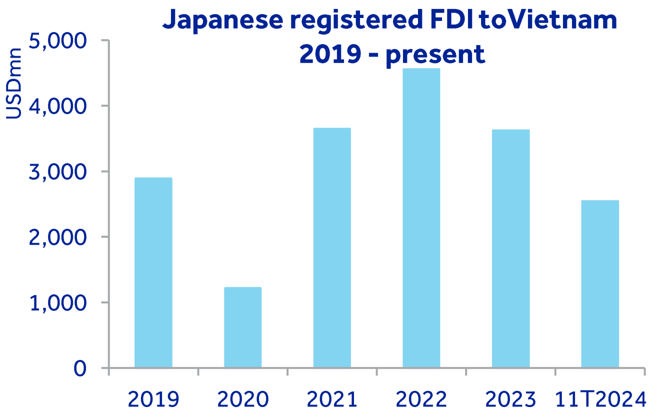
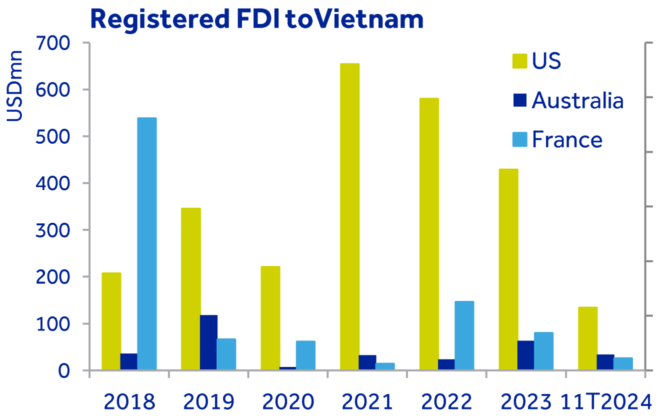
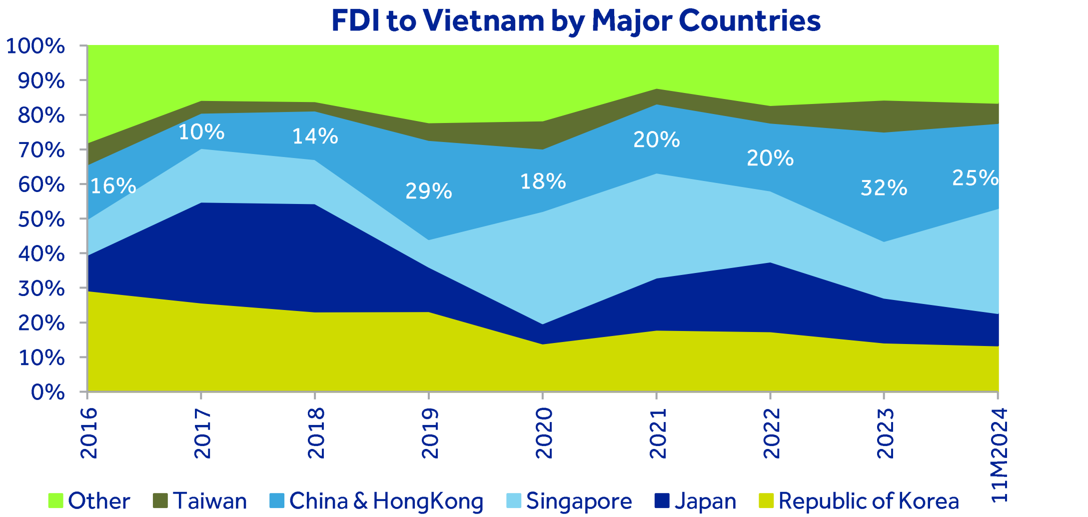
- **Registered FDI continued to maintain its growth momentum**, with a cumulative total of over USD 27.3 billion in 11M2024, up 19.4% YoY, while disbursed FDI remained stable at USD 21.7 billion (+7.1% YoY).
- Provinces and cities with significant advantages in attracting foreign investment, such as Bac Ninh (+302% YoY), Quang Ninh (+73.7% YoY), Hai Phong (+67.4% YoY), Hanoi (+78.6% YoY), Ho Chi Minh City (+60.5% YoY), Binh Duong (+119% YoY), and Ba Ria-Vung Tau (+165% YoY), continued to attract the majority of FDI inflows. Bac Ninh, Hai Phong, and Binh Duong saw substantial increases primarily due to existing FDI projects registering capital adjustments, while BR-VT experienced a rise in new registered FDI capital with several projects in the Phu My Industrial Zones, focusing on heavy industry and logistics.
- Traditional investment partners from Asia, such as Singapore, China, Japan, South Korea, Hong Kong, and Taiwan, continue to account for a significant share
- We assess that Vietnam still has significant opportunities to attract FDI from comprehensive strategic partnerships. The comprehensive strategic partnership with the United States (established in September 2023) has paved the way for FDI projects, particularly in the semiconductor and renewable energy sectors. Vietnam has also become a comprehensive strategic partner with several other countries since late 2023, including Japan (November 2023), Australia (March 2024), and France (October 2024). It is anticipated that Vietnam will continue to be an investment destination for major manufacturing companies from these nations.









Source: GSO

EXPECTATION FOR STRONGER CONSUMER RECOVERY

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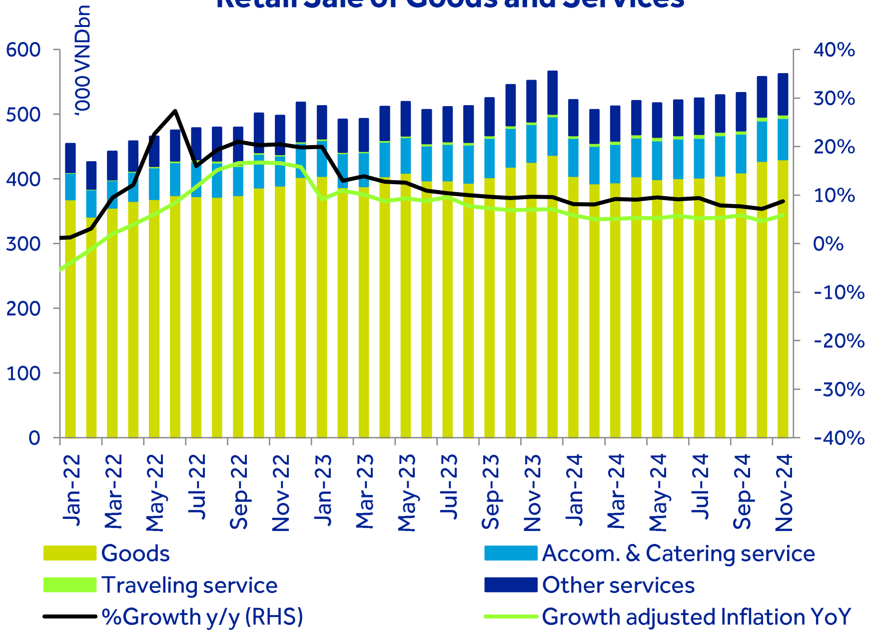
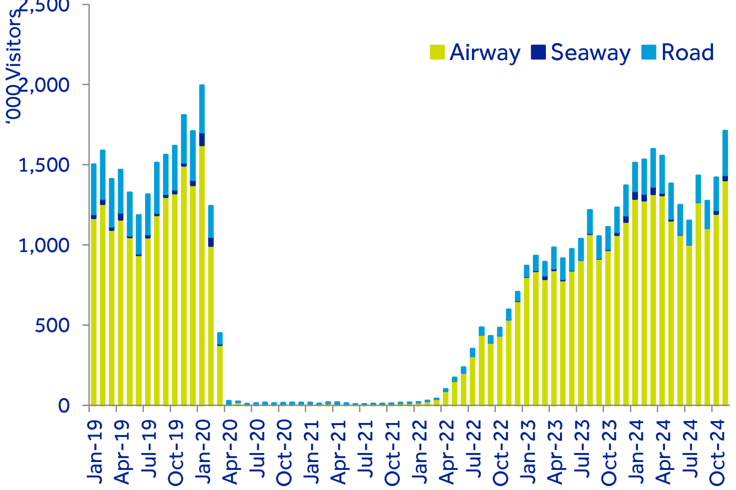
- Retail sales growth has begun to recover, though the pace remains slow compared to previous average levels. Total retail sales of goods and services for 11M2024 increased by 8.8% YoY, reaching VND 5,822 trillion. Excluding inflation, retail sales of goods and services in 11M2024 rose by 5.8% YoY.
- All retail sales of goods and services experienced an acceleration in November 2024, particularly in the accommodation, food, and tourism services sectors. The number of international visitors to Vietnam in November 2024 also saw a significant increase, with 11M2024 reaching over 15 million international arrivals, up 41% YoY, returning to levels seen in 2019.
- We anticipate stronger consumer demand recovery in 2025, supported by the extension of the 2% VAT reduction policy until mid-2025, persistently low consumer interest rates, and continued accommodative monetary policy. Additionally, the tourism sector's recovery will sustain, and more importantly, the workforce in the manufacturing and construction sectors is gradually rebounding.

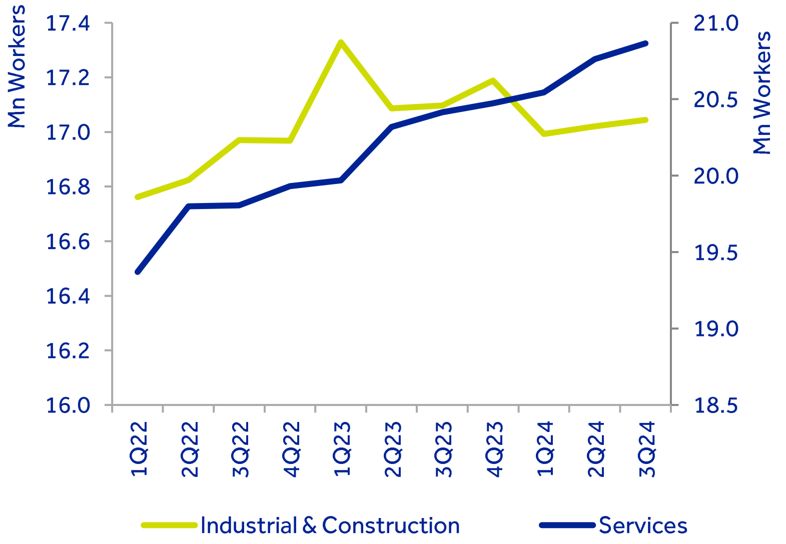
Retail Sale of Goods and Services



Number of international tourists to Viet Nam



Labor force in the industrial and construction sectors is recovered



Source: GSO

ACBS

PUBLIC INVESTMENT: ACCELERATING IN 2025

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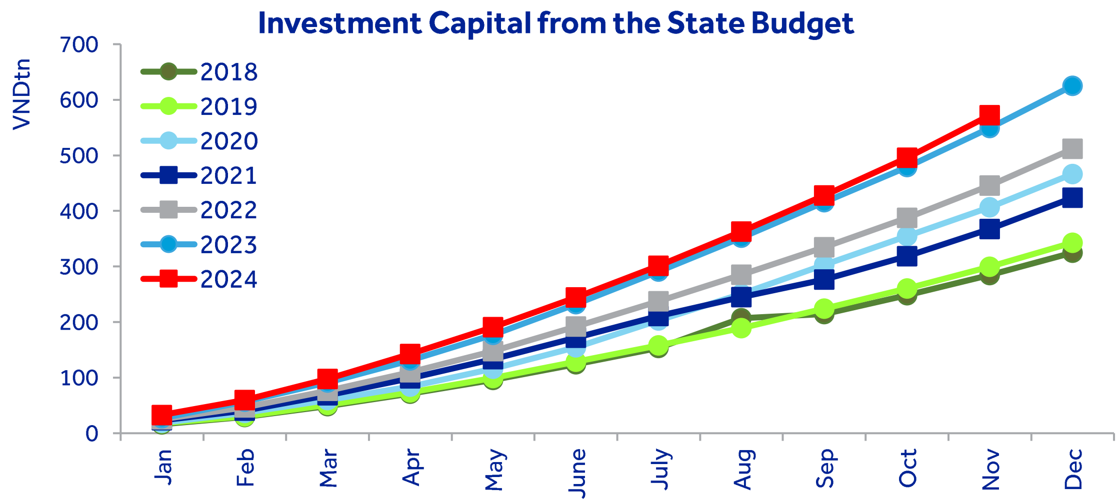
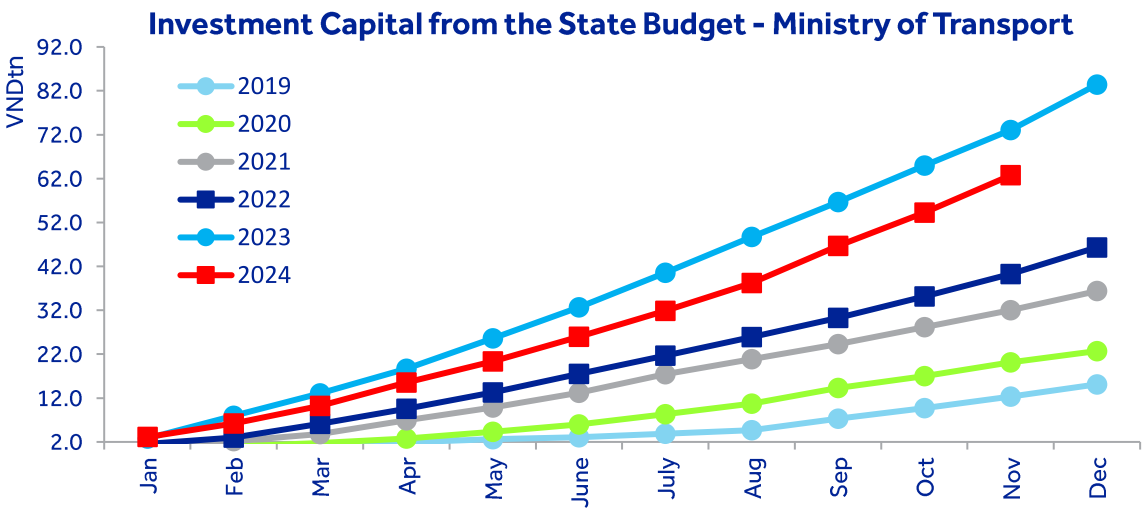
- Following a period of strong growth in 2023, public investment in 2024 has entered a more subdued phase. **The pace of disbursement remained slow, particularly from the Ministry of Transport (MoT).**
- Total capital expenditure from the State Budget amounted to VND 495.9 trillion in 11M2024 (+1.8% YoY, achieving 64.3% of the annual target). The disbursement value is comparable to that of 2023, with the MoT's disbursement even lower than the same period in 2023.
- We expect the government to accelerate public investment in 2025, the final year of the 2021-2025 term. One of the key projects anticipated to have significant economic and social impacts on Vietnam is the North-South High-Speed Railway. Spanning 1,545 km from Hanoi to Ho Chi Minh City, this railway aims to alleviate congestion on the road transportation system and enhance transportation efficiency. The government plans to begin phase 1 from Hanoi to Vinh and from Nha Trang to Ho Chi Minh City in 2025. The project is expected to not only reduce travel time but also create over 200,000 jobs, boost regional economic development, attract foreign investment, and contribute an additional 1.0% to GDP growth.
- **We anticipate public investment to be a key driver of Vietnam's economic growth in the near future, starting from 2025.**





Source: GSO, MPI

ACBS

INFLATION: REMAINS STABLE IN 2025

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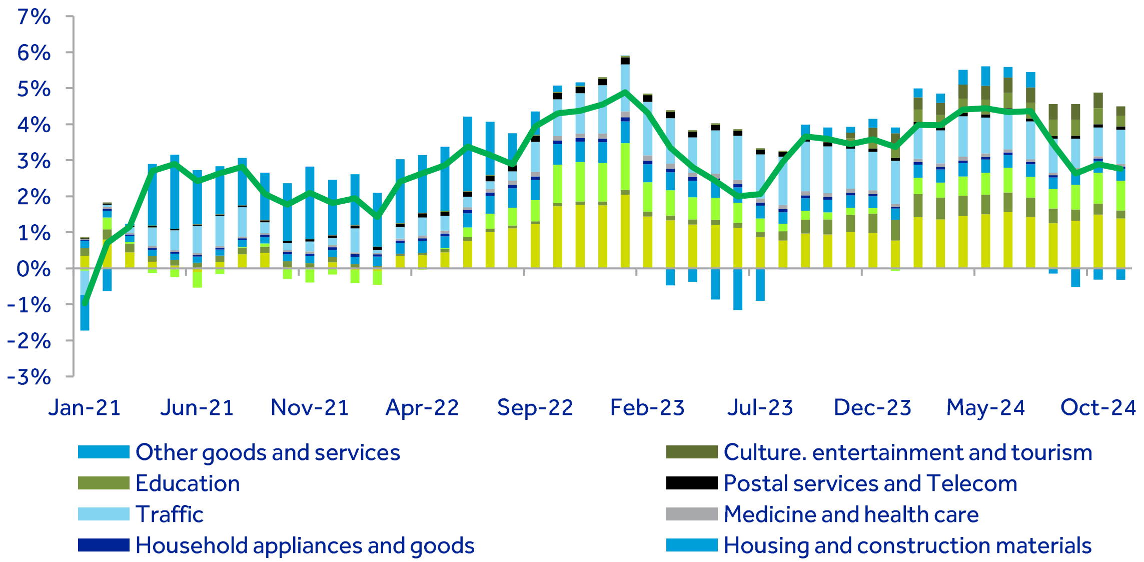
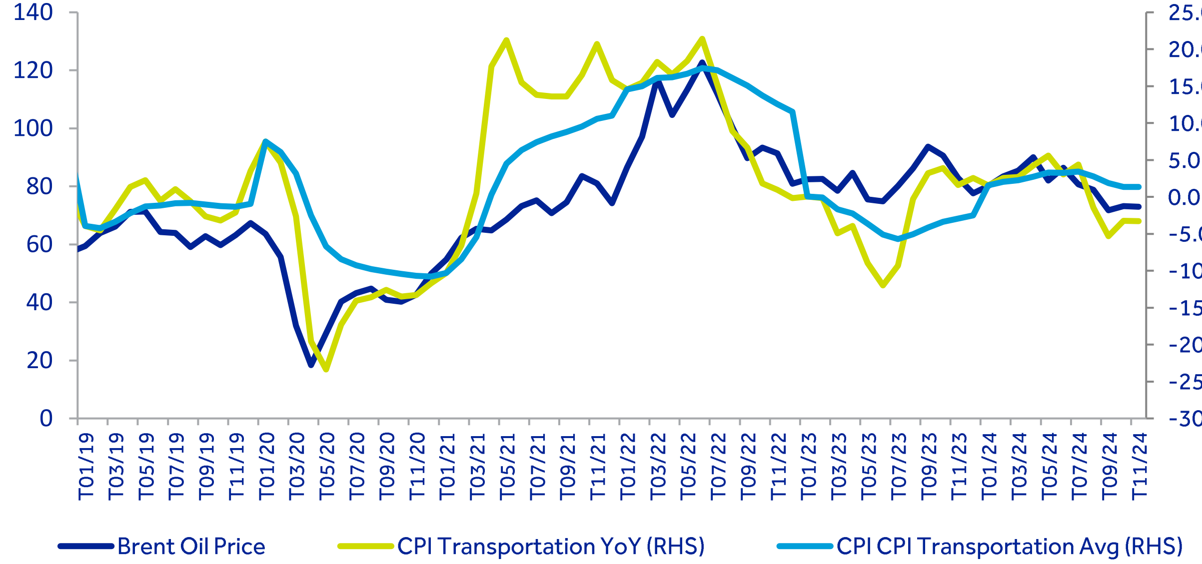
2025 CPI: < 4,5%

- Inflation continued to remain stable in November 2024, with the November 2024 CPI increasing by 2.77% YoY and by 0.13% MoM. **The average inflation for 11M2024 stood at 3.78% YoY, while the core inflation was 2.69% YoY**. For the full year 2024, we expect inflation to reach 3.7%, significantly below the government's target of 4.5%.
- In 2025, we expect inflation to continue easing, potentially reaching 3.5%, due to: (1) Oil prices are projected to remain within the range of 70-75 USD per barrel, which will not exert inflationary pressure on Vietnam: (2) Abundant domestic food supply that can meet both domestic consumption and export needs; and (3) According to the latest World Bank (WB) report, global food prices are expected to decline by 4% in 2025, helping stabilize food prices, and India's resumption of rice exports will further ease pressure on Vietnam's domestic rice prices.
- However, in the worst-case scenario of global trade risks, we also expect Vietnam's 2025 inflation to fluctuate around 4.0-4.5%, still within the government's inflation target for 2025.

Inflation is well controlled



Oil price and Inflation



Source: GSO, Bloomberg

VIETNAM MONTHLY MACRO INDICATORS

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Monthly data	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
Industrial Production (YoY)	-14.9%	7.2%	-2.0%	-2.4%	0.5%	1.8%	2.3%	3.5%	2.9%	4.4%	5.0%	5.8%
Mining and quarrying	-13.0%	9.9%	-4.2%	-5.5%	2.9%	0.2%	-2.1%	-7.1%	-6.4%	-0.8%	-6.9%	-12.8%
Manufacturing	-15.6%	6.8%	-2.5%	-2.8%	-0.9%	2.2%	2.6%	4.3%	3.8%	4.5%	5.7%	7.6%
Production and distribution of electricity	-12.4%	8.3%	1.8%	2.3%	7.7%	-0.7%	3.8%	5.6%	3.0%	7.4%	9.6%	5.9%
Water supply and waste treatment	-1.4%	7.1%	11.1%	8.1%	4.7%	5.7%	1.4%	1.9%	7.0%	5.8%	6.6%	11.5%
Purchasing Managers Index	47.4	51.2	47.7	46.7	45.3	46.2	48.7	50.5	49.7	49.6	47.3	48.9
Retail Sales (YoY)	12.8%	15.5%	11.5%	11.7%	8.1%	6.7%	6.9%	6.9%	7.5%	7.0%	10.1%	9.3%
Consumer Price Index (MoM)	0.5%	0.5%	-0.2%	-0.3%	0.0%	0.3%	0.5%	0.9%	1.1%	0.1%	0.3%	0.1%
Consumer Price Index (YoY)	4.9%	4.3%	3.4%	2.8%	2.4%	2.0%	2.1%	3.0%	3.7%	3.6%	3.5%	3.5%
Export Value (% YoY)	-23.5%	10.5%	-14.8%	-16.4%	-6.0%	-10.3%	-1.8%	-6.2%	2.9%	6.2%	7.2%	8.4%
Import Value (% YoY)	-22.1%	-7.1%	-11.5%	-19.8%	-17.8%	-18.2%	-11.6%	-5.6%	0.3%	5.8%	4.6%	7.7%
Trade Balance (USDmn)	656	2,300	650	1,834	2,240	3,087	3,067	3,439	2,199	2,734	1,543	2,061
Disbursed FDI (USDmn)	1,350	1,200	1,770	1,530	1,800	2,371	1,559	1,520	2,813	2,087	2,250	2,930
Registered FDI exl Cap. Cont.(USDmn)	1,510	790	1,930	1,535	1,776	1,877	2,677	1,315	1,974	5,236	2,260	5,190

Monthly data	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24
Industrial Production (YoY)	18.9%	-6.8%	4.8%	7.4%	10.0%	12.4%	11.1%	8.4%	8.3%	7.1%	8.9%
Mining and quarrying	9.2%	-15.4%	-6.9%	-5.0%	-8.3%	-11.1%	-9.7%	-6.1%	-10.4%	-8.7%	-9.8%
Manufacturing	18.7%	-6.5%	5.1%	7.8%	11.9%	15.0%	13.8%	9.1%	10.4%	8.6%	11.2%
Production and distribution of electricity	29.9%	-3.7%	10.9%	13.9%	12.3%	12.7%	7.6%	9.9%	4.1%	5.7%	5.5%
Water supply and waste treatment	6.3%	-1.1%	12.0%	9.1%	5.3%	8.8%	11.1%	24.1%	13.7%	11.8%	6.7%
Purchasing Managers Index	50.3	50.4	49.9	50.3	50.3	54.7	54.7	52.4	47.3	51.2	50.8
Retail Sales (YoY)	8.1%	8.1%	9.2%	9.0%	9.5%	9.1%	9.4%	7.9%	7.6%	7.1%	8.8%
Consumer Price Index (MoM)	0.3%	1.0%	-0.2%	0.1%	0.1%	0.2%	0.5%	0.0%	0.3%	0.3%	0.1%
Consumer Price Index (YoY)	3.4%	4.0%	4.0%	4.4%	4.4%	4.3%	4.4%	3.5%	2.6%	2.9%	2.8%
Export Value (% YoY)	46.2%	-4.6%	13.8%	11.4%	11.1%	14.3%	20.5%	15.4%	11.1%	10.5%	8.4%
Import Value (% YoY)	34.6%	-1.2%	7.5%	15.2%	22.1%	15.5%	25.5%	15.1%	11.5%	13.8%	10.4%
Trade Balance (USDmn)	3,632	1,382	2,579	1,066	-456	3,201	2,356	4,050	2,319	2,034	1,067
Disbursed FDI (USDmn)	1,480	1,320	1,830	1,650	1,970	2,590	1,710	1,600	3,190	2,240	2,100
Registered FDI exl Cap. Cont.(USDmn)	2,250	1,790	1,660	2,640	1,678	3,472	2,240	1,981	3,479	2,389	3,740

Source: GSO

VIETNAM QUARTERLY MACRO INDICATORS

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Quarterly data	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2022	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
GDP (YoY)	5.05%	7.72%	13.67%	5.92%	3.32%	3.72%	5.47%	6.72%	5.87%	7.09%	7.40%
Agriculture, Forestry and Fishing	2.53%	3.02%	3.24%	3.85%	2.52%	3.07%	4.30%	4.13%	3.42%	3.64%	2.58%
Industry and Construction	6.41%	8.87%	12.91%	4.22%	-0.40%	1.13%	5.16%	7.35%	6.66%	8.60%	9.11%
Services	4.64%	8.56%	18.86%	8.12%	6.79%	6.33%	6.43%	7.29%	6.20%	7.10%	7.51%
Industrial Production (YoY)	6.81%	10.83%	10.94%	3.02%	-2.25%	-0.21%	2.84%	4.97%	5.89%	9.94%	10.04%
Retail Sales (YoY)	4.44%	19.46%	41.24%	17.11%	13.87%	8.80%	7.30%	9.30%	8.38%	8.81%	8.81%
Export Value (YTD) (USDmn)	88,579	96,832	95,343	89,049	79,170	85,747	93,540	96,530	92,875	98,179	108,565
Import Value (YTD) (USDmn)	87,770	97,581	89,980	85,340	75,100	77,480	84,859	90,173	85,282	94,020	99,742
Trade Balance (USDmn)	890	- 750	5,363	3,709	4,070	8,267	8,681	6,357	7,593	4,159	8,823
Disbursed FDI (USDmn)	4,450	5,640	5,368	6,972	4,320	5,892	5,701	7,267	4,630	6,210	6,500
Registered FDI (USDmn)	7,280	4,480	3,713	7,097	4,230	5,966	5,188	12,686	5,700	7,790	7,700

Source: GSO

PART 4. INVESTMENT THEME IN 2025

4.1: TRUMP 2.0 - RISK OR OPPORTUNITY?

Research Department

TRUMP's PLAN FOR "DAY ONE"

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- The event of Donald Trump winning the U.S. presidency for the 2025-2029 term and its potential impacts on the Vietnamese economy are outlined in our report published on November 5, 2024.
- During the official transition period (January 20, 2025), Donald Trump continued making statements regarding the plans to be implemented under his MAGA (Make America Great Again) campaign. Specifically, during an interview with NBC News' "Meet the Press" program, President Donald Trump outlined a series of actions to be taken on "Day One" to fulfill his campaign promises. These proposals include:

No.	Action Plan	Key takeaways
1	**Immigration and Border Security**	• **Trump plans to implement a large-scale deportation program targeting illegal immigrants**, initially focusing on those with criminal records but potentially expanding to include other groups. He also aims to eliminate birthright citizenship for children of illegal immigrants, a provision currently protected under the 14th Amendment. • In addition, **Trump will reinstate strict border poli**cies, including the "Remain in Mexico" program, which requires asylum seekers to wait in Mexico while their asylum applications are processed.
2	**Energy Policy**	• Trump has pledged to boost domestic energy production by **expanding oil and gas drilling on federal lands** and offshore areas while opposing clean energy initiatives, such as offshore wind power projects • He will also eliminate regulations that he believes hinder energy independence, aiming to lower energy costs and reduce inflation
3	**Trade & Tariffs**	• Trump reiterated during the interview his intention to **impose a 25% tariff on imports from Mexico and Canada** to pressure them into addressing drug trafficking and illegal border crossings. Additionally, Trump hinted at the possibility of renegotiating the United States-Mexico-Canada Agreement (USMCA) to further reinforce his "MAGA" policy. • The proposal includes imposing an additional 10% tariff on Chinese goods, raising the average total tariff on China to 35%.
4	**Healthcare Policy and Social Programs**	• **Trump seeks an alternative to Obamacare** but admits that a detailed plan has yet to be formulated. He continues to criticize the ACA while expressing openness to collaborating with healthcare experts. • He has pledged not to raise the eligibility age for programs like Social Security and Medicare, even as spending cuts are being discussed.
5	**Other Initatives**	• **Message of Unity:** In his upcoming inaugural address, Trump plans to emphasize a message of unity, contrasting with the "American Carnage" rhetoric from his previous inaugural speech. • **Immigration Reform:** Trump has shown a willingness to cooperate with the Democratic Party to create a legal solution for Dreamers, allowing them to remain legally in the U.S. • **NATO Assessment:** Trump has expressed doubts about the continued U.S. participation in NATO, stating that U.S. involvement in the alliance would depend on whether member countries contribute their fair share of funding.

Source: NBC news, ACBS compiled

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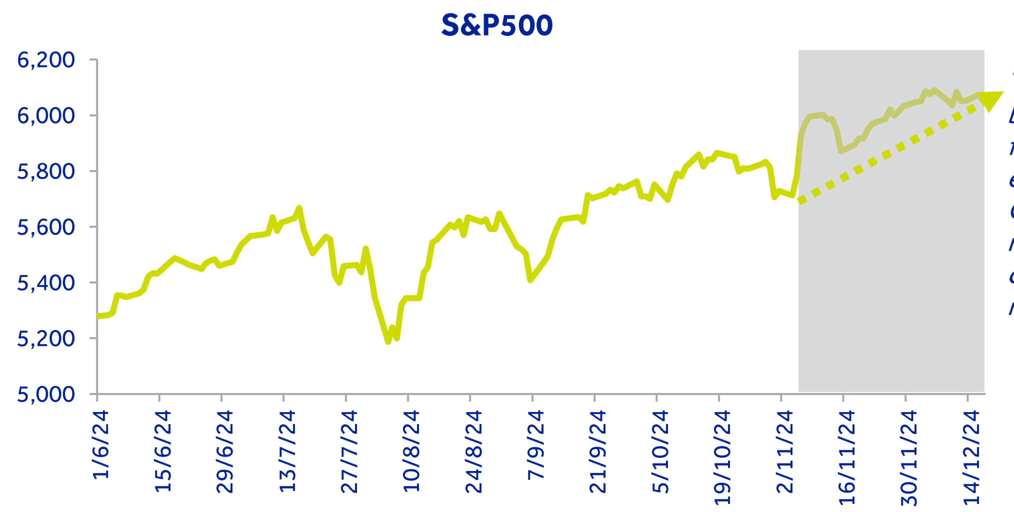
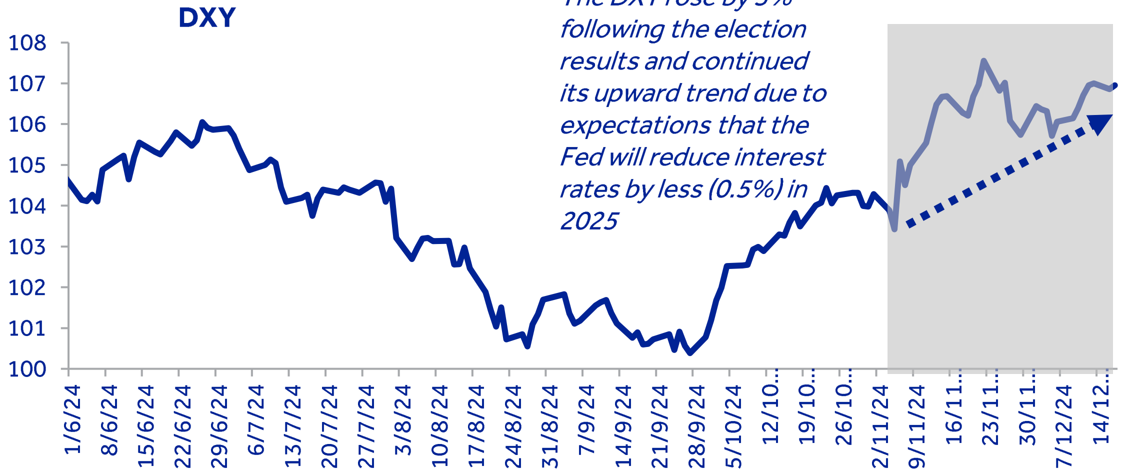
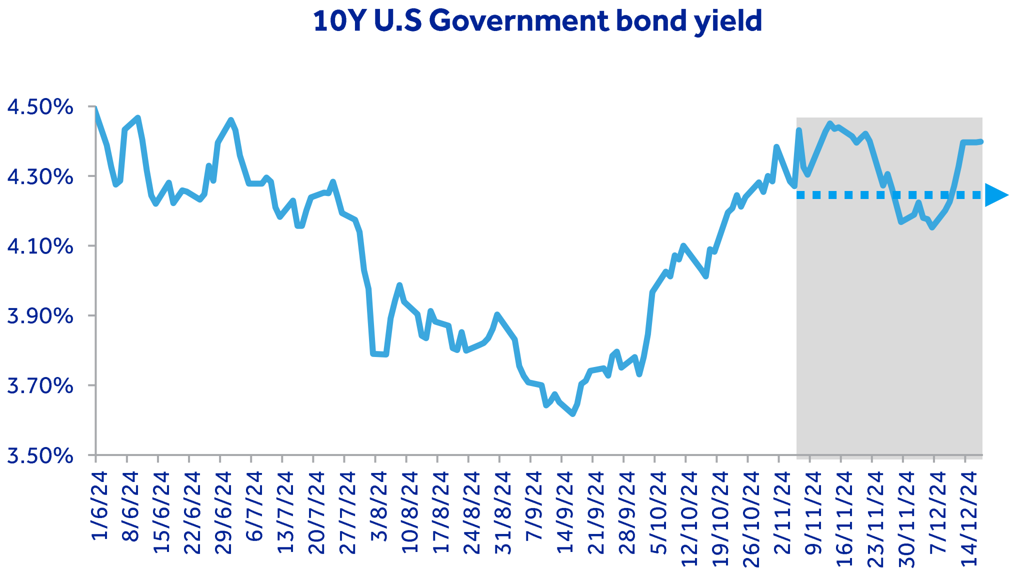
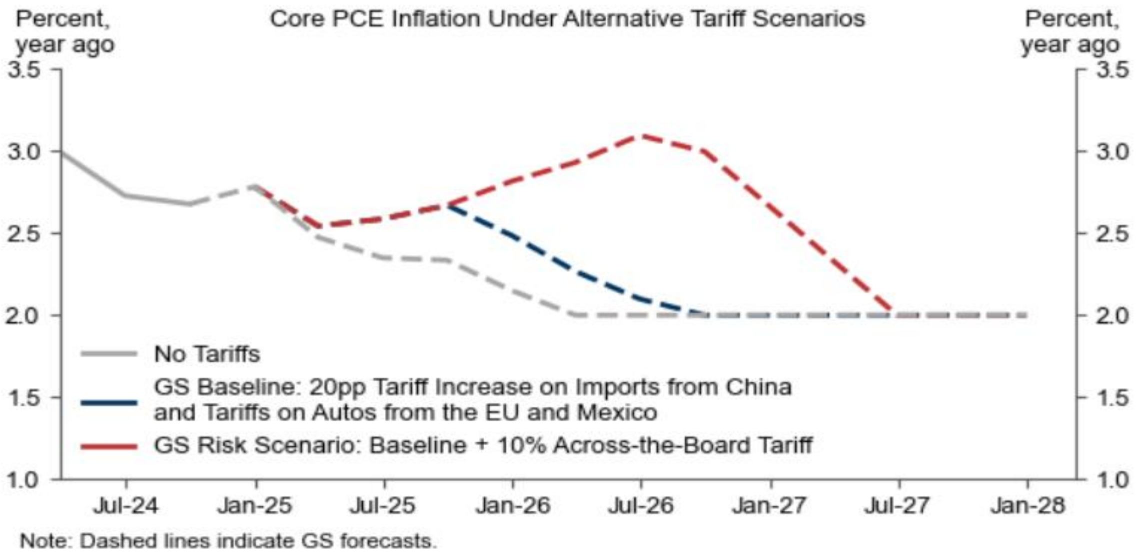
MARKET REACTION!!!









Source: Bloomberg, Goldman Sachs

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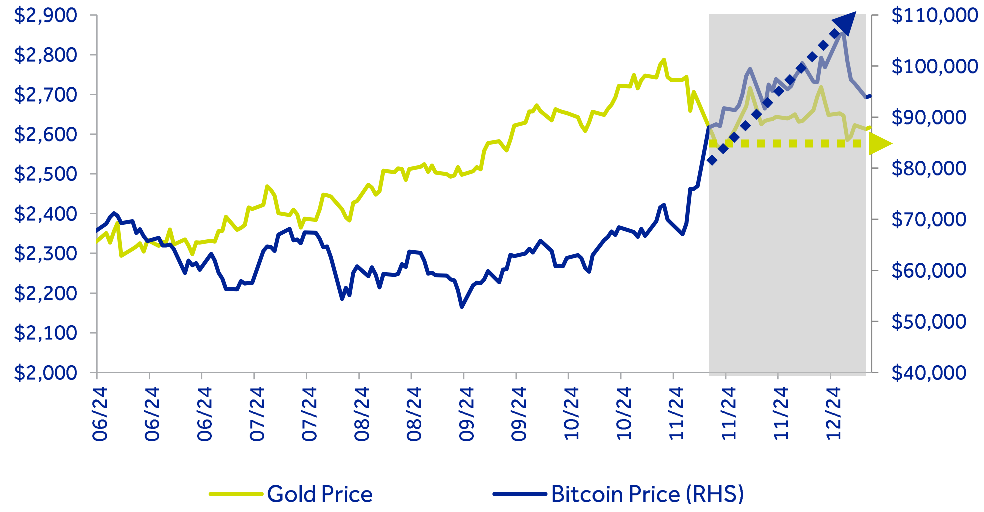
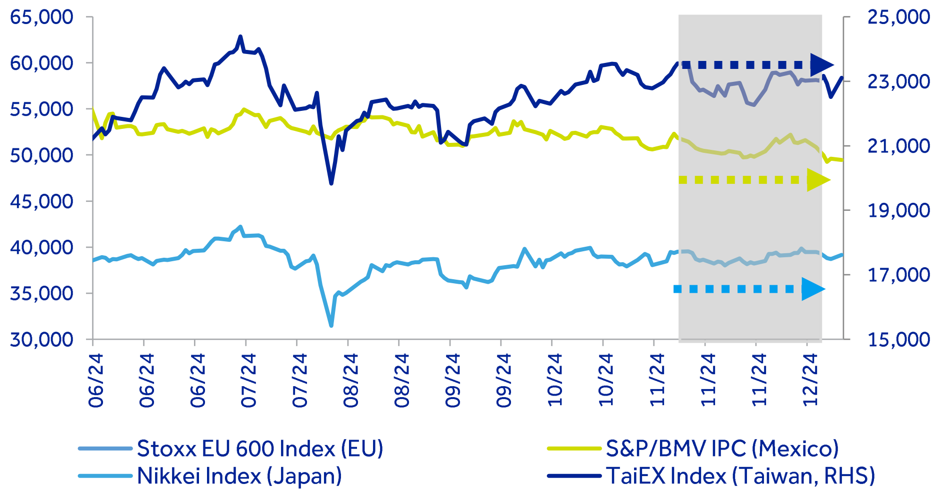
Gold vs Bitcoin



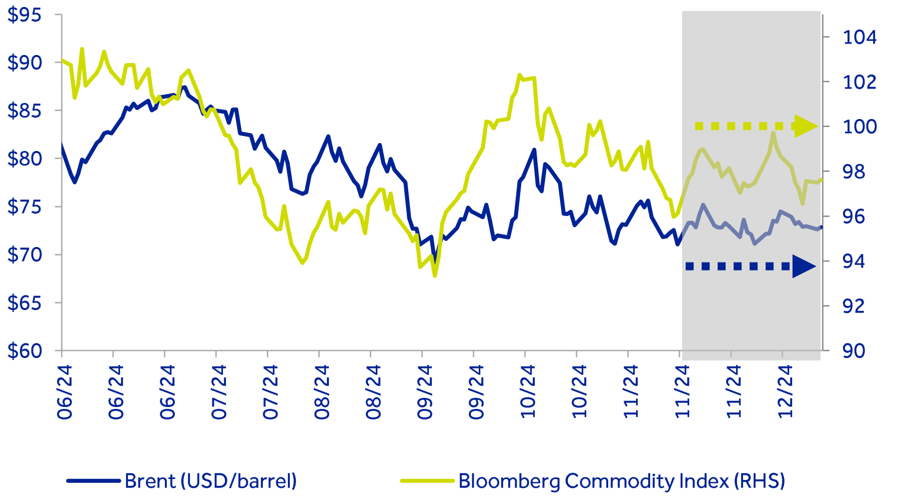
Gold prices remained flat as Trump announced plans to address the Russia-Ukraine issue soon. Bitcoin, however, surged sharply from $70,000 to over $100,000 per BTC, driven by supportive views from Trump and his advisor Elon Musk on the cryptocurrency market.

Stock Exchang of EU, Mexico and Japan



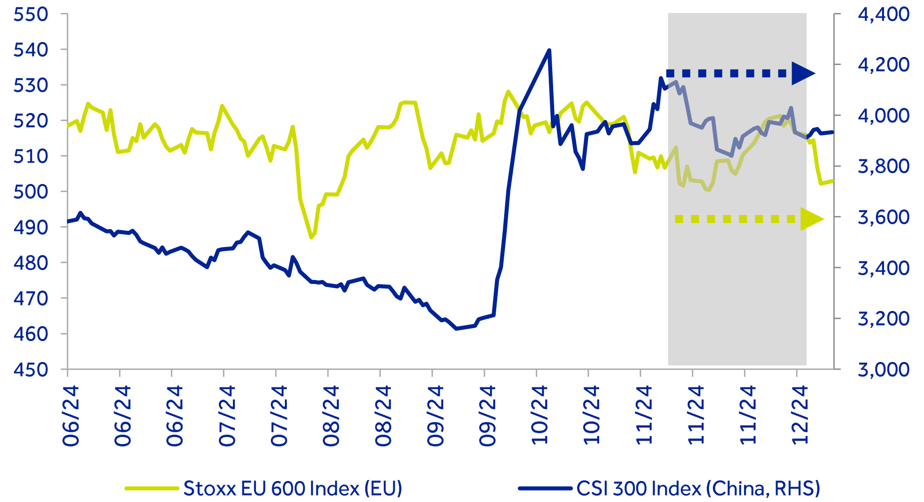
Most stock markets reacted negatively to the U.S. election results due to concerns over the potential escalation of trade tensions, especially in markets with high export exposure to the U.S. However, the declines were modest, and stability was quickly restored afterward

Brent & Commodity Index



Oil prices and overall commodity prices traded within a narrow range, unaffected by the outcome of the U.S. election.

CSI 300 Index & EU 600 Index



Stock markets in China and Europe declined but quickly regained balance afterward.

Source: Bloomberg

IMPACT OF TRUMP 2.0 ON VIETNAM

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INDICATOR	IMPACT	KEY TAKEAWAYS
GDP	**Neutral**	➢ **In the short term, we believe the impact of Trump 2.0 on Vietnam's GDP in 2025 will be neut**ral due to the lack of concrete information about the actual policies Trump will implement. Additionally, the level of impact is typically not significant in the first year and tends to accelerate in subsequent years. ➢ In the medium term, from a cautious perspective, given that Vietnam has been experiencing an increasing trade surplus with the U.S. since Trump's first term and has been one of the most notable beneficiaries of the China +1 trend in recent years, several research organizations, including **Fitch, estimate that Vietnam's GDP in 2028 could be 1% lower than its baseline level**. ➢ Nonetheless, we believe that Vietnam will need to find ways to balance its trade relationship with the U.S. by importing certain goods from the U.S. (expected to include LNG, aircraft, and chips), thereby easing tensions in trade relations.
TRADE ACTIVITIES	**Neutral**	➢ **OPPORTUNITIES:** • **Trade substitution:** Assuming the total U.S. demand for imports does not decline and there is a difference in tariff rates between Chinese goods and those from Vietnam (and other countries), Vietnam could seize this opportunity to compete with Chinese products, boost exports of certain goods to the U.S., and potentially **increase GDP by approximately 0.5%**. ➢ **RISK:** • **Higher import tariffs:** The Trump administration may implement aggressive tariffs, such as anti-dumping duties and origin investigations. This could severely impact Vietnam's exports, particularly in products like wood, seafood, tires, and textiles. • **Declining demand for goods from the U.S.:** With higher import tariffs, long-term U.S. consumer demand may decrease as imported goods become more expensive, leading to a drop in Vietnam's exports. Given that 30% of Vietnam's export value is directed to the U.S. market, this could have a profound impact on Vietnam's GDP. • **Influx of Chinese goods into Vietnam:** Reduced U.S. demand may result in low-cost Chinese goods flooding other markets, increasing competitive pressure on Vietnam's domestic products and industries.
FDI	**Positive**	➢ Vietnam will continue to be one of the beneficiaries of FDI inflows from businesses relocating out of China, as seen during Trump's first term. However, the extent of these benefits will largely depend on the following factors: • Vietnam is positioned as either one of the "non-China" countries or a "backyard" for Chinese goods to bypass origin regulations • Vietnam's competitiveness in attracting FDI in general, considering factors such as legal frameworks, costs, power supply stability, and the development of supporting industries.

Source: ACBS

IMPACT OF TRUMP 2.0 ON VIETNAM

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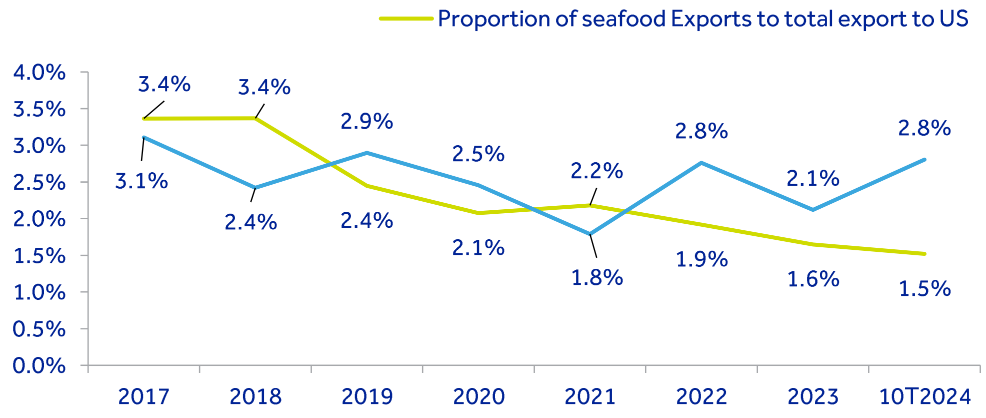
INDICATOR	IMPACT	KEY TAKEAWAYS
MONETARY POLICIES	**Negative**	➢ Trump's tax policies and the MAGA campaign are expected to support U.S. businesses, strengthening the American economy and boosting the DXY. In the long term, this could make goods more expensive, making it harder for U.S. inflation to cool down and potentially slowing the pace of interest rate cuts by the Fed. ➢ In addition, U.S. pressure could prompt China to consider devaluing the yuan. ➢ Vietnam, facing competition with China in the U.S. export market while also relying heavily on importing input materials from China, and having a domestic consumer goods market vulnerable to penetration by Chinese products, may face stronger pressure to devalue the VND compared to 2024. Consequently, the space for monetary and interest rate policies could become nearly exhausted, and there might even be rising pressures on both exchange rates and interest rates in 2025.
VNINDEX	**Neutral**	➢ Exchange rate risks could be the most negative factor affecting Vietnam's stock market at certain points in 2025. However, overall, we believe that the impact of Trump's 2.0 policies on Vietnam's stock market will be neutralized due to the following factors: • There is a complex interplay between risk factors and opportunities across different business groups in response to the impacts of tax and exchange rate policies; • Vietnam can mitigate trade tensions by increasing imports from the U.S. • The shift in Vietnam's commitment to accelerating public investment in 2025 and the next decade. • The potential to attract foreign capital from Vietnam's upgrade to emerging market status in 2025.
CORPORATE EARNINGS	**Neutral**	➢ The impact of tax policies on specific export sectors (seafood, textiles, wood, engineered stone, and steel) is detailed in the following slides.

Source: ACBS

ACBS

SEAFOOD SECTOR

- The severity from the U.S. increasing import tariffs remains uncertain, as specific tariff rates have not yet been announced. However, if the U.S. imposes tariffs of 60-100% on China and 10-20% on other countries across all products, the effects on Vietnam's two key seafood products, shrimp and pangasius, could vary.
- The U.S. increasing import tariffs may not have a significant negative or positive impact on the Vietnamese shrimp industry in general and companies with a large export share to the U.S. (e.g., FMC (33% - 9M2024), MPC (22% - 2023)) in particular because the major shrimp exporters to the U.S. are India, Canada, Ecuador, and Indonesia.
- For pangasius products, there is a likelihood that Vietnam may increase market share by partially replacing Chinese tilapia. However, how strong this replacement will be may depend on consumer habits, the willingness of American consumers to accept higher prices, and Vietnam's competitiveness relative to other white fish products such as cod, pollock, and pangasius from other exporting countries.



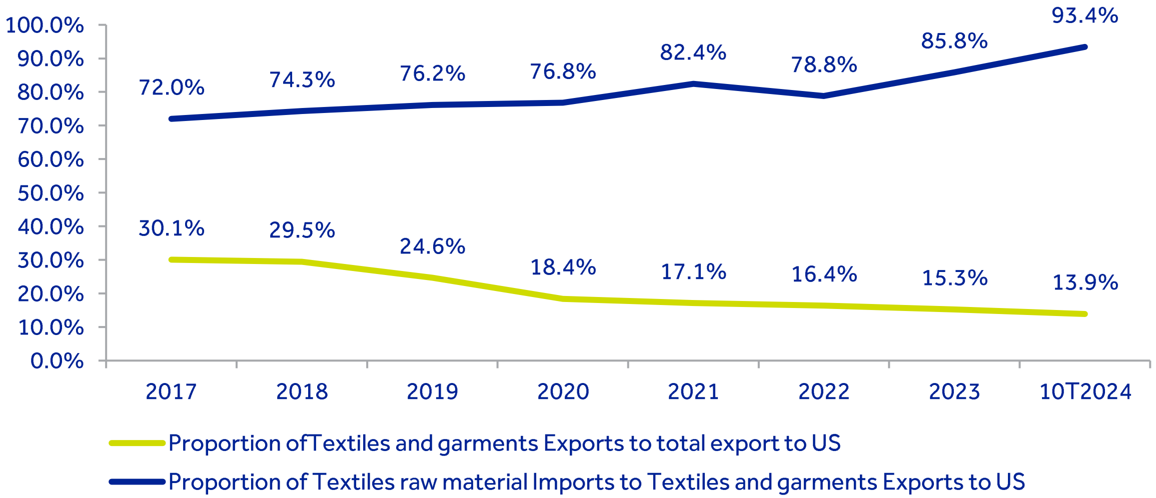
Source: Custom of Vietnam

Product type	Import tax	Additional import tax (Anti-dumping and countervailing duties)	Proportion of Vietnam's export value in 10M2024	Potential increase in market share	Listed company	Impact on profit
	Current	Current				
Shrimp (HS 0306)	0%	CVD: 2.84%	0.18%	Neutral	FMC, MPC	Neutral
Pangasius (HS 0302->0305)	0%	Preliminary POR20: 0 USD/kg for Vinh Hoan Corp, Bien Dong Seafood, CASEAMEX), DONG A SEAFOOD, NAVICO, NTSF SEAFOODS...	0.09%	Neutral -> Positive	VHC (Since the US is the main export market for VHC, while IDI and ANV primarily target the Chinese market)	Neutral -> Posiive

Source: ACBS compiled

TEXTILE SECTOR

- As one of the two largest textile exporters (beside China) to the U.S, Vietnam's textile industry could generally benefit from the U.S's import tariff increases on Chinese products, because in the short to medium term, orders or production facilities may shift from China to other partners, including Vietnam. However, in the long term, there is still a possibility that the U.S. might take further measures to hamper this trend (e.g., imposing higher tariffs on Vietnamese products or Vietnamese products sourced from Chinese materials).
- For footwear products, tariff increases may not have a strongly positive or negative impact, as Canada, Vietnam, and Mexico are the top three exporters to the U.S in this category, while China ranks fourth with a significantly lower export value compared to the leading countries.



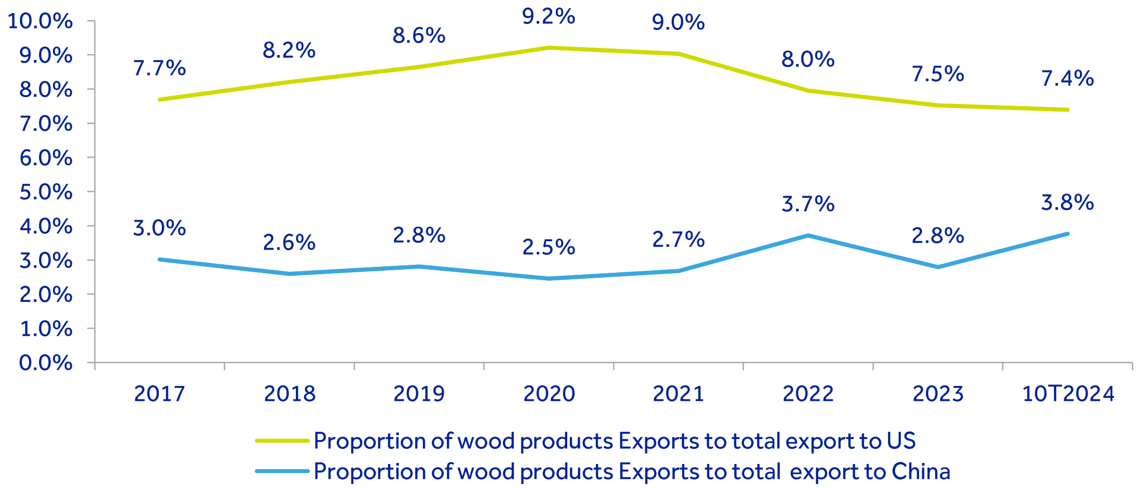
Source: Custom of Vietnam

Product type	Import tax	Additional import tax (Anti-dumping and countervailing duties)	Proportion of Vietnam's export value in 10M2024	Potential increase in market share	Listed company	Impact on profit
	Current	Current				
Textile products (Pants, jackets, t-shirts, children's clothing, etc.) (HS61, HS62)	Most are subject to tariffs, but the tax rates vary widely depending on the industry	N/a	4.1%	High	MSH, TCM, TNG…	Positive
Footwear	Most are subject to tariffs, but the tax rates vary widely depending on the industry	N/a	2.1%	Neutral	N/A	Neutral

Source: ACBS compiled

FURNITURE SECTOR

- For chairs and furniture products, the majority of PTB's wood segment revenue (accounting for 50% of total revenue) comes from exports, while TTF also has a relatively high export proportion. Therefore, the potential impact on these companies' profits from increased U.S. import tariffs is significant
- The high proportion of revenue from exports to the U.S. puts Duc Thanh Wood (GDT) at significant risk of profit decline if the U.S. increases tariffs on this product.



Source: Custom of Vietnam

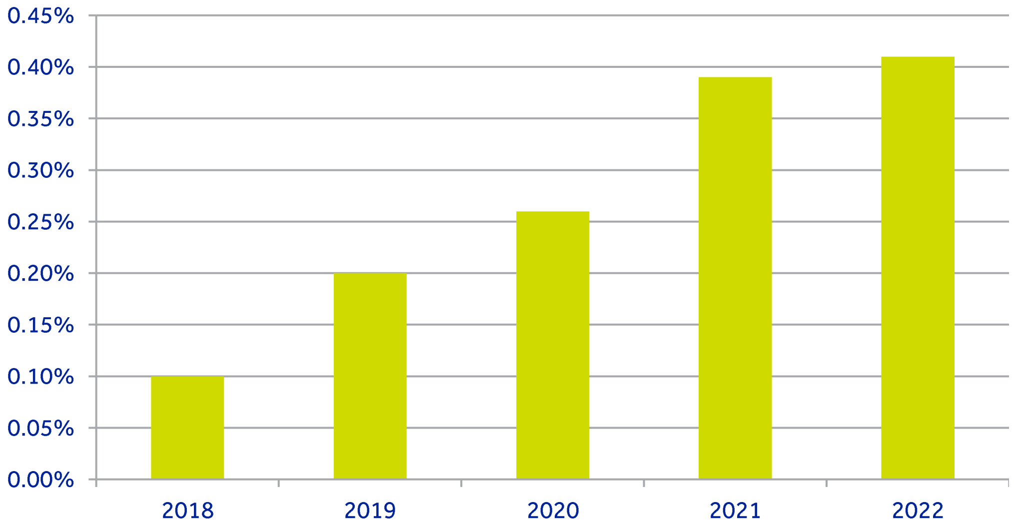
Product type	Import tax	Additional import tax (Anti-dumping and countervailing duties)	Proportion of Vietnam's export value in 9M2024	Potential increase in market share	Listed company	Impact on profit
	Current	Current				
Chairs	0%	N/a	0,63%	High	PTB, TTF	Positive
Other furniture	0%	N/a	1,23%	High	PTB, TTF	Positive
Home wooden products	0%	N/a	0,31%	High	GDT	Positive

Source: ACBS compiled

ARTIFICIAL STONE SECTOR

- The implementation of increased trade protection measures by the U.S. under President Trump's administration in January 2025 could pose significant risks to artificial stone exporters to the U.S. (VCS, PTB), given that the production and export share of these two companies is heavily concentrated in the U.S. (accounting for 70% of VCS's export revenue and 20% of PTB's export revenue).
- Furthermore, the average selling price of Vietnamese artificial stone exports to the U.S. in the first half of 2024 continues to follow the downward trend of 2023, with slight decreases of 6-7.5%. Compared to major competitors such as India, Spain, and Malaysia, Vietnam's prices remain higher. Therefore, the likelihood of gaining additional market share from China is low.
- VCS is facing significant pressure from both intense industry competition and increasing trade protection risks from the U.S., more so than PTB, which has a more diversified revenue base and less focus on the artificial stone segment. Therefore, VCS's potential for increasing market share remains very low to moderate, mainly due to fierce competition within the industry, as other companies like PTB utilize lower-cost production technologies from China, leading to lower costs and prices.

Weight of exporting stone to US in total Vietnam export



Source: Custom of Vietnam

Product type	Import tax	Additional import tax (Anti-dumping and countervailing duties)	Proportion of Vietnam's export value in 2022	Potential increase in market share	Listed company	Impact on profit
	Current	Current				
Artificial stone (HSS 681099)	0%	N/a	0.41%	Low	VCS, PTB	Negative

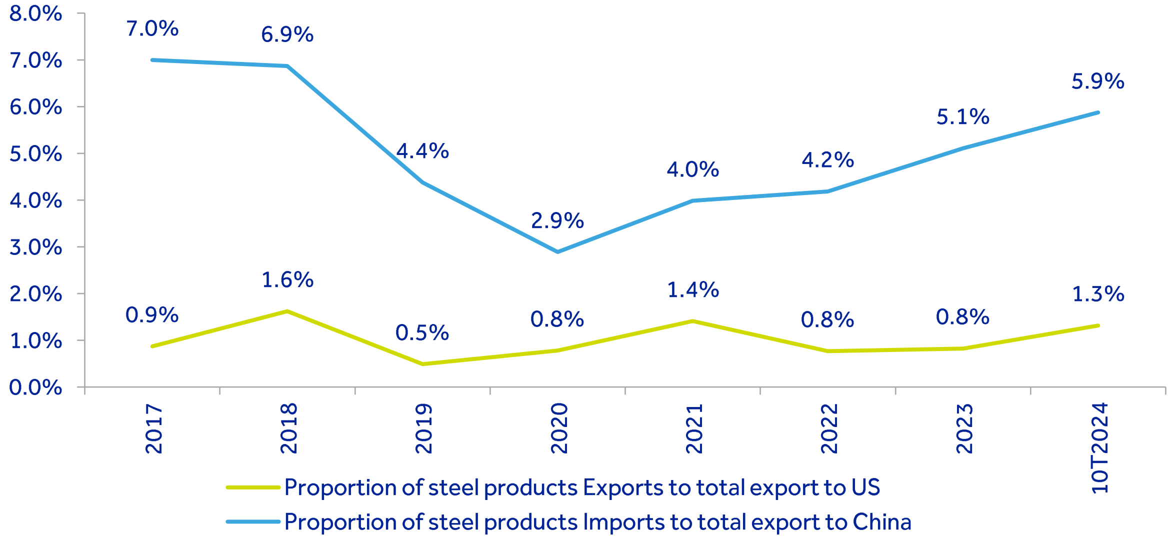
Source: ACBS compiled

STEEL SECTOR

- For Hoa Phat Group (HPG), exports constitute approximately 30% of total revenue, with exports to the U.S. accounting for about 5–10% of export revenue. Consequently, revenue from the U.S. market represents only 1.5–3.0% of HPG's total revenue, indicating that the direct impact of U.S. tariffs on HPG is relatively low. However, the indirect impact on HPG's profitability is moderate. This is because companies like Hoa Sen Group (HSG) and Nam Kim Steel (NKG)—major consumers of HPG's hot-rolled coil (HRC) products—have significant export proportions to the U.S. market. If these companies face tariff challenges, it could lead to a decrease in their demand for HRC inputs from HPG.

- Regarding coated steel products, Nam Kim Steel (NKG) is more significantly impacted than Hoa Sen Group (HSG) due to a higher proportion of exports to the U.S. Specifically, NKG's exports to the U.S. account for 40–60% of its revenue, with the U.S. being its third-largest market after Asia and Europe. In contrast, HSG's export revenue constitutes 40–50% of its total revenue, with the U.S. market representing approximately 15–20% of its export revenue.

- In the domestic market, Hoa Sen Group (HSG) and Nam Kim Steel (NKG) have benefited from the extension of anti-dumping duties on coated steel imports from China and South Korea. However, they may face challenges if Vietnam imposes anti-dumping duties on hot-rolled coil (HRC) imports from China and India, as both companies rely on imported HRC for their production



Source: Custom of Vietnam

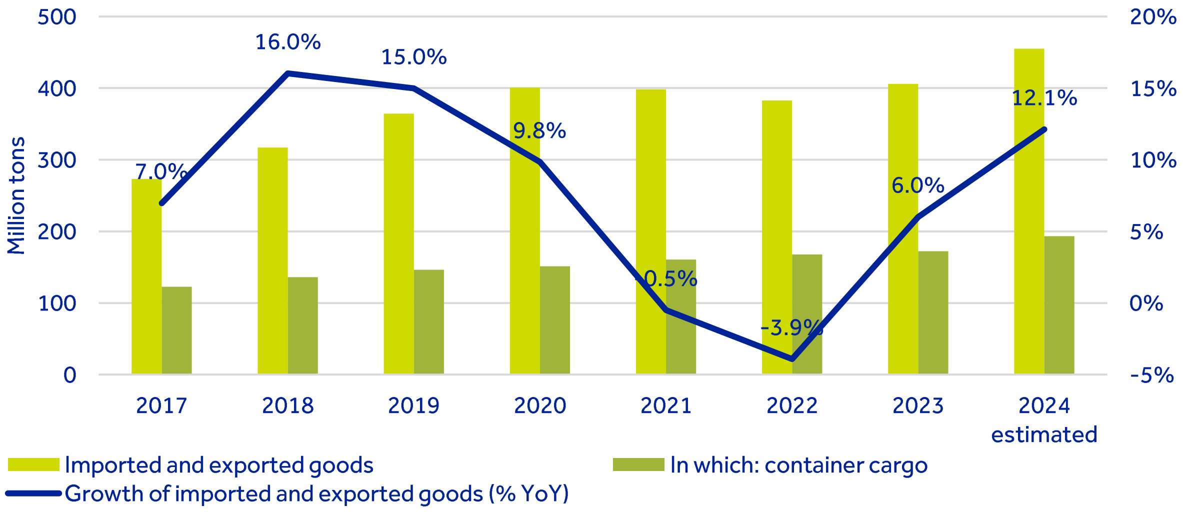
Product type	**Import tax**	**Additional import tax (Anti-dumping and countervailing duties)**	**Proportion of Vietnam's export value in 10M2024**	**Potential increase in market share**	**Listed company**	**Impact on profit**
	Current	**Current**				
HRC	0%	0%	1.3%	Neutral	HPG	Neutral
Construction steel	0%	0%		Neutral	HPG	Neutral
Coated steel	0%	0%		High	HSG, NKG	Negative

Source: ACBS compiled

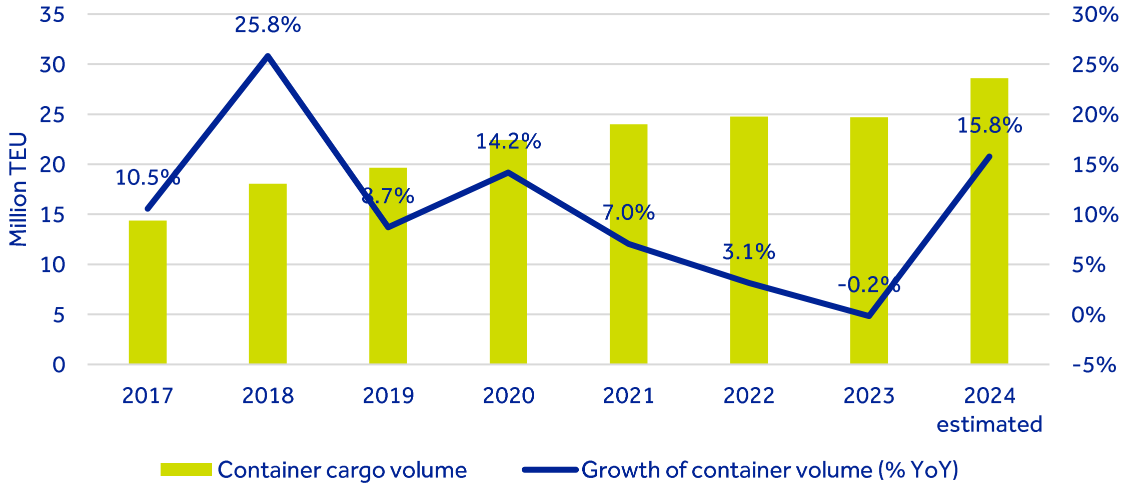
SEAPORT SECTOR

- **Global trade is projected to encounter significant fluctuations**, primarily stemming from concerns over escalating tariff policies and uncertainties in U.S.-China relations following President Donald Trump's re-election in January 2025. These developments are expected to exert considerable pressure on Vietnam's import-export activities, potentially impacting the business performance of domestic port enterprises in the forthcoming period.
- Despite the onset of the U.S.-China trade war in 2017 during President Donald Trump's first term, Vietnam's national cargo throughput from 2017 to 2020 maintained an average annual growth rate of 12% for import-export goods and 14.8% for container volumes.
- We believe the reasons for the growth stem from:
  - **Supply Chain Shift:** The U.S.-China trade tensions have prompted factories to relocate from China in search of alternative manufacturing locations. Among these, Vietnam has benefited due to its strategic geographic position bordering the South China Sea, competitive labor costs, and favorable investment environment.
  - **Diverse Import-Export Markets:** Free Trade Agreements (FTAs) such as the CPTPP, EVFTA, and RCEP, signed between 2018 and 2020, have helped Vietnam partially ensure a stable flow of goods, reducing the impact of trade fluctuations from two major markets, the U.S. and China**.**

National volume of imported and exported goods throughout



National container volume throughout



Source: Custom of Vietnam, ACBS compiled

SEAPORT SECTOR

- **In the event that global trade growth falls short of expectations, we believe that domestic seaports will not be significantly negatively affected**. This is because major seaports in key regions of the North and South are currently being developed with a focus on centralized operations and high handling capacities, enabling them to accommodate large vessels. This approach marks a shift from the previous pre-2020 period, where ports operated independently and in a dispersed manner with lower capacity utilization.

- This helps businesses enhance their resilience by reducing operating costs when cargo throughput at ports declines. Specifically, in the Hai Phong area, large-capacity ports are primarily concentrated downstream of the Cam River and Lach Huyen. Meanwhile, in the South, the Cai Mep - Thi Vai port cluster in Ba Ria - Vung Tau serves as the focal point.

- Therefore, we believe that in the worst-case scenario, port operators with the following characteristics will be less affected by trade war developments: 1) Owning ports operating in multiple locations, 2) Diversified cargo types and markets, and 3) High handling capacities.

Focal market	Focal country	Focal products	Cargo handling area
The Americas	The U.S.	Container	The South
East Asia	China Korea Japan	Container, bulk cargo, general cargo	The North + The South
Europe	EU	Container	The South
SEA	ASEAN	Container, bulk cargo, general cargo	The North + The South

	MVN	GMD	PHP	SGP	VSC
Owning ports in multiple regions		x			
High handling capacity		x	x		x
Diverse cargo types & markets	x	x			

Source: ACBS compiled

OIL & GAS SECTOR – PRICE PRESSURE DOMINATES

➢ The re-election of U.S. President Donald Trump, who promises to halve energy prices, is forecasted to exert significant downward pressure on oil prices in 2025. Additionally, due to the potential challenges in U.S. inflation rising again from Trump's upcoming tariff policies, maintaining stable energy prices at low levels will be a crucial factor for the U.S. government to ease overall inflationary pressures.

➢ **Some policies of the Trump administration that could contribute to maintaining low oil prices include:**

- Increasing oil and gas production and reducing costs through: (1) Issuing drilling permits and federal land lease contracts necessary to boost U.S. oil and natural gas production; (2) Tax incentives for investment in exploration and production activities.
- Reducing environmental regulations: Cutting investments in clean energy and delaying emission reductions in key sectors such as electricity generation and transportation.
- Efforts to resolve the Russia-Ukraine conflict and the Middle East region will help reduce risks to oil supply.
- High tariffs on imports, particularly from China, could negatively impact global oil demand since China is the world's largest oil importer.

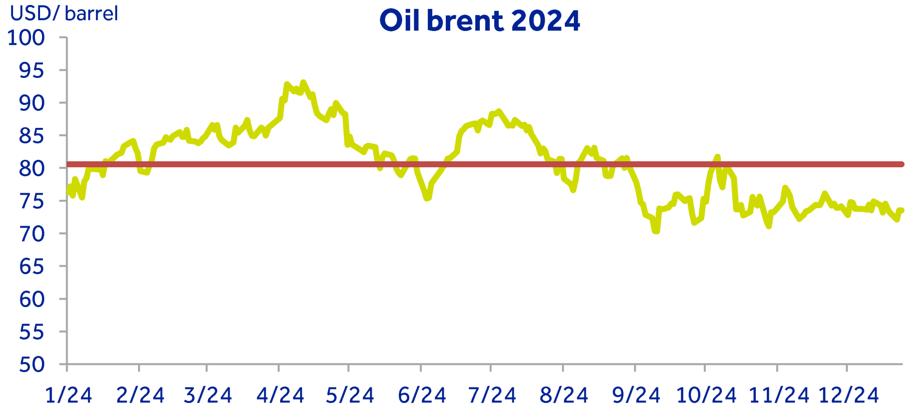
➢ **However, this downward price effect is also moderated by the following factors:**

- Although OPEC has postponed increasing production until April 1, 2025, this delay may continue amid low oil prices.
- According to the Dallas Fed Energy survey, U.S. oil producers require a price of $64 per barrel to drill new wells profitably. Therefore, it is unlikely that producers will allow oil prices to drop significantly.
- Tough policies towards Iran, which produces around 4% of global oil supply (~3.6 million barrels per day), in enforcing sanctions could reduce Iran's oil export volumes by about 1 million barrels per day.

➢ **Forecast for oil price 2025**

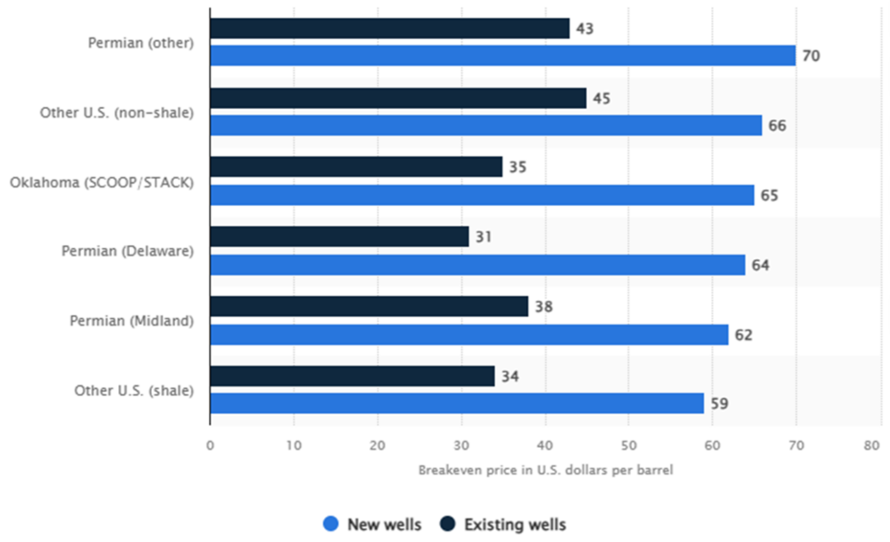
- The U.S. Energy Information Administration (EIA) currently forecasts the average Brent oil price for 2025 at $74 per barrel, while Goldman Sachs projects $76 per barrel. Meanwhile, Morgan Stanley and HSBC provide lower projections at $70 per barrel, and Citi Group forecasts $60 per barrel.
- **Along with these developments, we project the Brent oil price at $73 per barrel for 2025.**

Oil brent 2024



Source: EIA 2024

Break-even point for U.S. oil producers in 2024 (based on WTI oil price – USD/barrel)



Source: Dallas Fed Energy, S&P

FDI REMAINS STABLE

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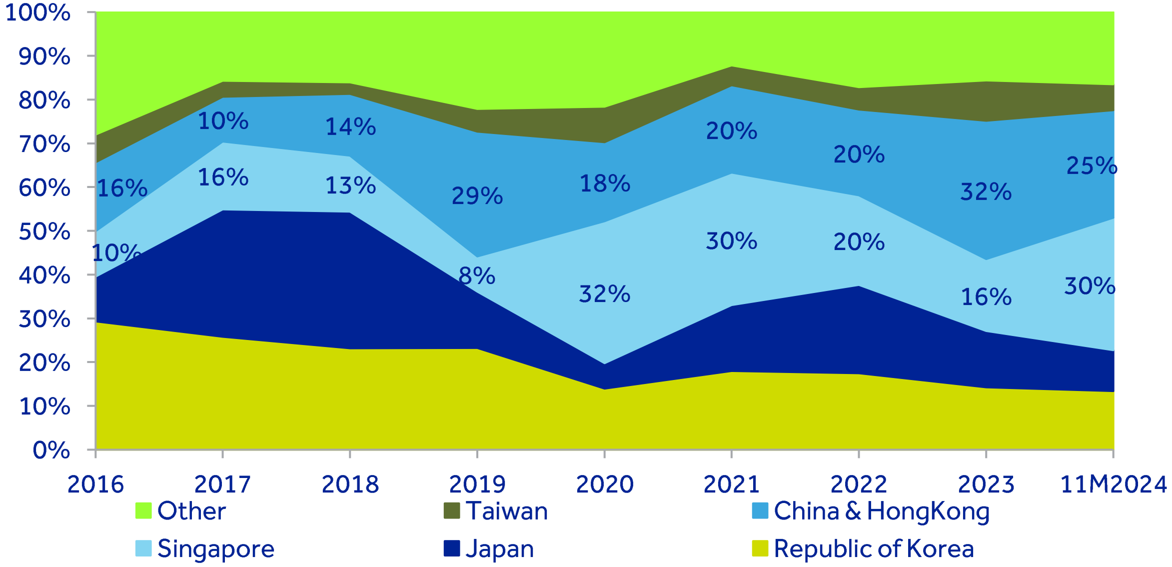
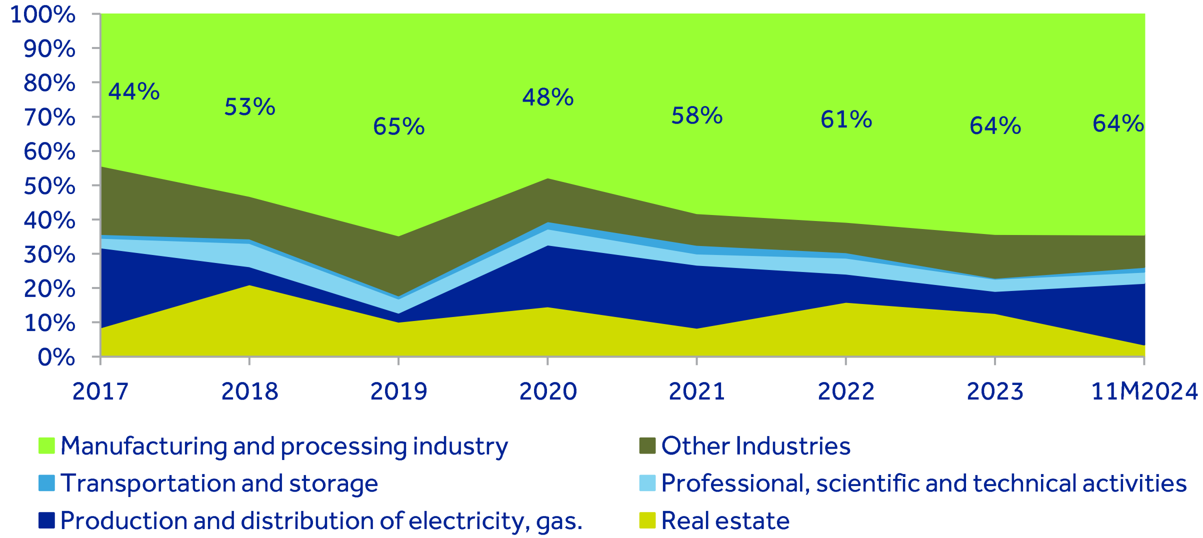
- Vietnam has seen a significant increase in the share of FDI from China and Hong Kong, rising from 15% in 2016 to 32% in 2023, reflecting the China +1 trend. The U.S.-China trade tensions have driven businesses to shift their supply chains away from China, with Vietnam emerging as an attractive destination due to its strategic geographic location, competitive labor costs, and favorable investment environment.
- We believe that, despite facing significant risks from President Trump's trade policies in 2025, Vietnam still has substantial opportunities to attract FDI from existing partnerships and comprehensive strategic partners. Vietnam has also established comprehensive strategic partnerships with several countries since late 2023, including Japan (Nov 2023), Australia (Mar 2024), and France (Oct 2024), and is expected to continue being a destination for large manufacturing companies from these countries. Additionally, despite high trade risks, the U.S. upgraded its comprehensive strategic partnership with Vietnam in September 2023, paving the way for increased FDI projects, particularly in the semiconductor and renewable energy sectors.
- The trend of FDI flows into Vietnam is expected to continue in the future, with capital coming not only from China and Hong Kong but also from countries such as Japan, South Korea, Singapore, European countries, and possibly the U.S. The sectors expected to continue attracting the majority of FDI include Industry and manufacturing. Additionally, sectors such as industrial real estate, transportation, and logistics are expected to attract significant FDI due to their benefits from the supply chain shifts of FDI enterprises.

FDI to Vietnam by Major Countries



FDI in the manufacturing industry accounts for the majority of registered FDI



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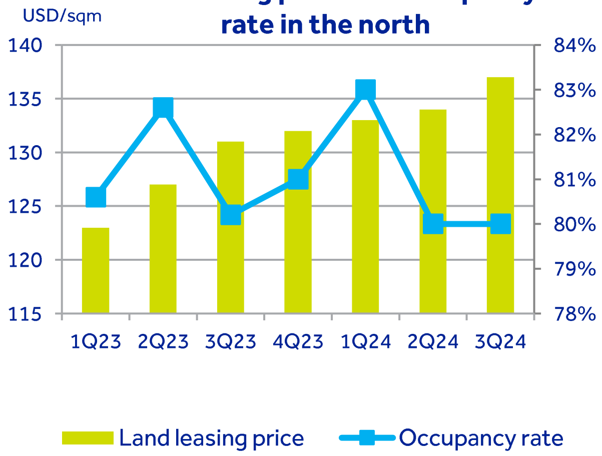
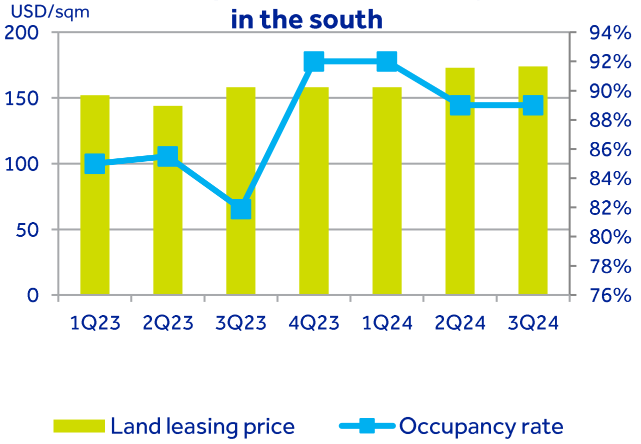
- **Cover list**: IDC, SIP, KBC, BCM
- **Business results depend heavily on FDI inflows**. FDI registered the real estate sector in 11M2024 continued to rank 2nd, reaching USD5.6 bn (+89% YoY).
- Vietnam has 438 established Industrial Parks (IPs) with a total area of over 138,000 ha, of which **about 300 IPs are operating with an occupancy rate maintained at over 70% for many years.**
- **Land leasing prices continue to increase but at a slower pace.** Average land leasing price in the Northern region increased by 4.6% YoY, to USD137/sqm/remaining term while average land leasing price in the Southern region increased by 1% YoY, to USD174/sqm/remaining term. **Occupancy rates remained stable**, reaching over 80% in the north and around 90% in the south.
- **Warehouse/factory rental prices remained stable at USD4.6-4.9/sqm with warehouse occupancy rates reaching 60-80% and factory occupancy rates around 80-90%.**
- **Legal procedures for IP projects are simpler and supported more quickly than residential property projects.**
- **The financial health of most industrial property developers are very good (except BCM)** with cash and cash equivalents accounting for a high proportion of total assets, very low or no debt burden, and regular cash dividend payments.
- **Expected to benefit from the shift of production from China and other countries to Vietnam to avoid tariffs or sanctions when President Trump takes office in the next 4 years.**

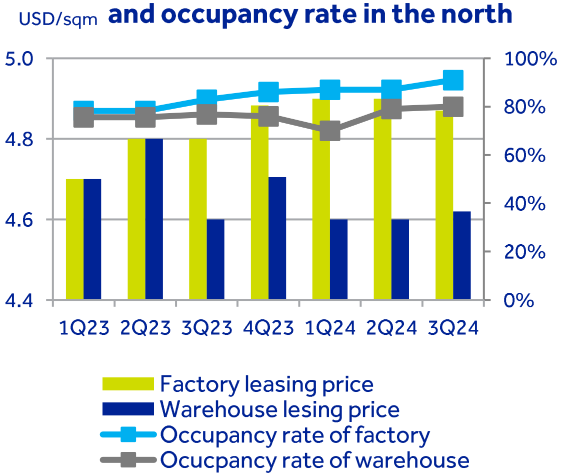
Land leasing price and occupancy rate in the north



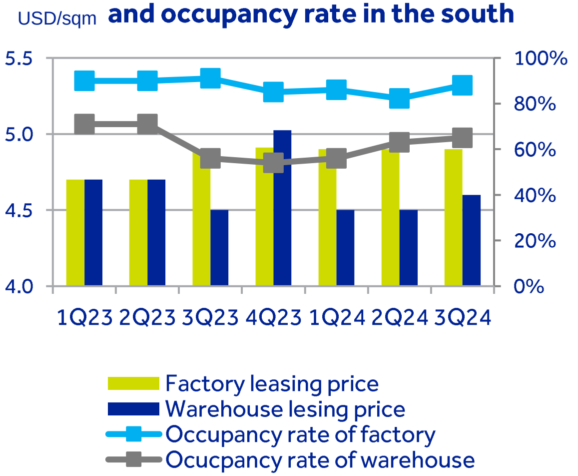
Land leasing price and occupancy rate in the south



Factory/warehouse leasing price and occupancy rate in the north



Factory/warehouse leasing price and occupancy rate in the south



Source: CBRE

INDUSTRIAL PROPERTY SECTOR

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On December 31, 2024, the Government issued Decree 182/2024/NĐ-CP on the establishment, management, and utilization of the Investment Support Fund, which takes effect on December 31, 2024, with the following key details:

- The Investment Support Fund is a national fund established by the Government and assigned to the Ministry of Planning and Investment for management.
- Supported sectors: Enterprises with investment projects for the production of high-tech products (semiconductors, AI, etc.) or investment projects for Research and Development (R&D) centers.
- Conditions for applying the Investment Support Fund:
  - *Investment projects for manufacturing high-tech products must have a minimum capital scale of 12,000 billion VND, orz*
  - *Enterprises with high-tech projects must generate a minimum revenue of 20,000 billion VND per year from the project, or*
  - *Investment projects for R&D centers must have a minimum capital scale of 3,000 billion VND and must disburse at least 1,000 billion VND within three years from the date of receiving the Investment Policy Approval Decision.*
- Support mechanism:
  - *For high-tech product manufacturing investment projects: Support is provided on an annual cost basis for a maximum of 5 years, except in cases where the application period is extended by decision of the Prime Minister.*
  - *For R&D center investment projects: Support up to 50% of the total initial investment cost.*

No.	Supported costs	Proportion of support for a fiscal year
1	**Labour training and development costs**	**Maximum 50% of actual costs**
2	Investment cost for fixed assets	Maximum 0.5% of total investment capital
3	Manufacturing costs for high-tech products	Maximum 3% of added value of high-tech products
4	Investment costs for social infrastructure	Maximum 25% of actual costs

Source: MoIT

OPPORTUITIES & OUTLOOK

- The macroeconomic and political situation in Vietnam remains stable.
- Promoting public investment in infrastructure (e.g., highways, ports, etc.).
- The China+1 trend and ongoing China-Taiwan tensions will continue to drive foreign businesses to relocate/expand their production to Vietnam under President Trump's administration
- Issuing a decree on the Investment Support Fund for high-tech enterprises (e.g., AI, semiconductors, etc.) and investment projects for research and development (R&D) centers.
- Production costs remain competitive.
- Supply in secondary provinces is increasing rapidly, with the trend of developing green industrial parks becoming increasingly popular.
- The industrial land occupancy rate remains stable at around 90% in the southern region and approximately 80% in the northern region.
- Industrial land rental prices are expected to continue growing but at a slower pace during 2025-2027, at around 4-8% per year

RISK

- The land clearance process remains prolonged.
- Cost advantages are gradually declining, reducing the competitiveness of FDI (rising compensation costs, manufacturing worker wage growth in Vietnam outpacing the Asian average, increasing pressure on electricity prices, etc.).
- There is a shortage of high-quality human resources in high-tech sectors such as AI and semiconductors.

PART 4. INVESTMENT THEME IN 2025

4.2: MARKET UPGRADING – THE FINAL COUNTDOWN

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MARKET UPGRADE PROSPECTS

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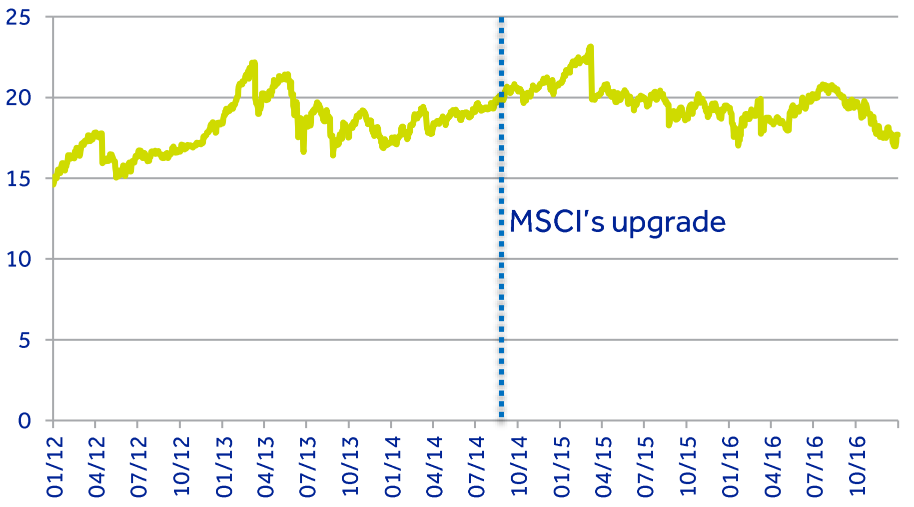
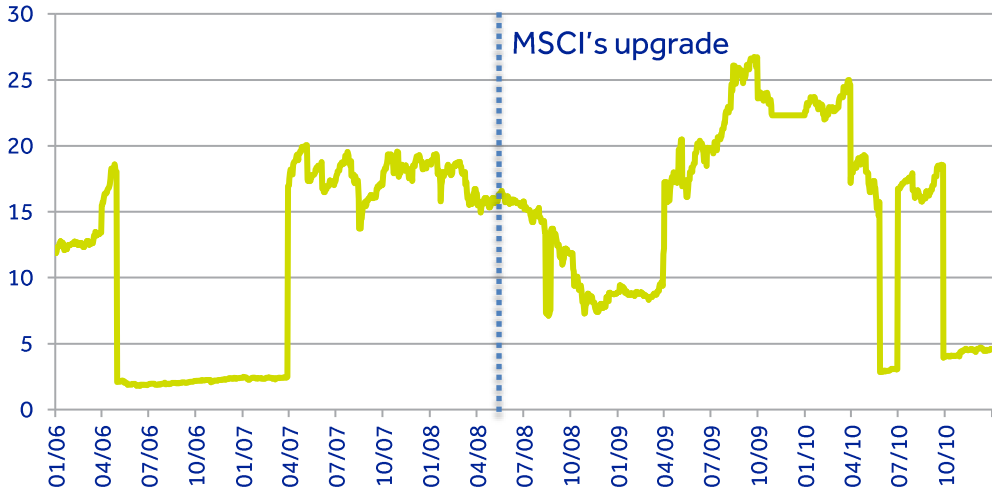
- **In 2024, frontier and emerging stock markets around the world have witnessed a strong net outflow** as capital flows into safer assets such as stocks in developed markets, bonds, and gold (about 600 billion USD has flowed into bond funds, while U.S ETFs have seen inflows exceeding 1,000 billion USD, according to Reuters).
- Circular 68/2024/TT-BTC was issued and officially came into effect from November 2, 2024, which includes provisions related to Non-prefunding transactions for foreign institutional investors, marking a significant step in the upgrading process. Currently, the State Securities Commission is actively working with FTSE Russell and foreign investors to gather feedbacks, with **the ambition of possibly upgrading VNIndex to Secondary Emerging Market status in March 2025, and no later than September 2025.**
- However, if the upgrade happens, the weight of Vietnam's stock market in this index basket is still quite small (0.3-0.4% of the index weight). Therefore, the estimated amount of passive ETF capital inflow into Vietnam is expected to be around 300-400 million USD. The estimated active capital inflow is around 5 billion USD, according to FTSE Russell's forecast.
- The stocks that may meet the criteria for the Secondary Emerging Market may be quite numerous. However, the majority of the weight will focus on a few large-cap stocks such as: **VIC, VNM, HPG, VHM, VCB, SSI, MSN, VCI,** etc…
- In addition, securities companies with a large proportion of revenue from foreign institutional clients **(VCI, HSC, SSI)** may benefit as trading volume increases.
- Finally, historical data shows that **market upgrades are often events that can lead to "re-rate"** opportunities for many stock markets globally. For example, the Philippine Stock Exchange (PSE), the Indonesia Stock Exchange (IDX). Therefore, the valuation level of stocks, especially large-cap stocks, may increase significantly.

PSE's PE before and after MSCI's upgrade



IDX's PE before and after MSCI upgrade



Source: Bloomberg

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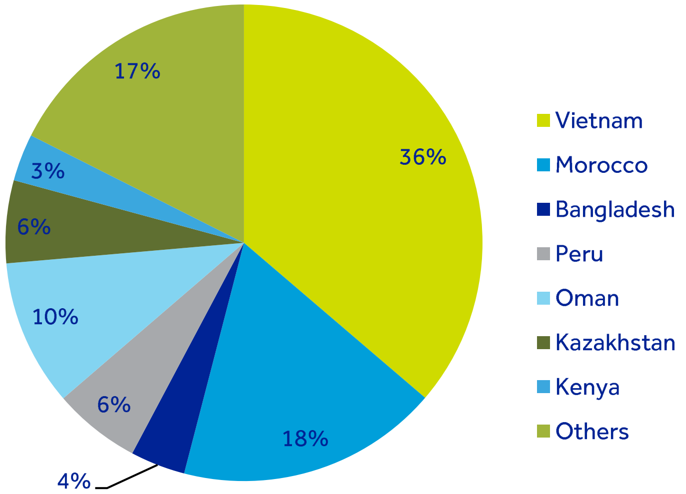
- Currently, Vietnam is ranked as a Frontier Market by FTSE Russell and MSCI – the two largest index providers in the world, with the largest weighting in both of these indices.
- Vietnam has been on FTSE's watch-list for an upgrade to Secondary Emerging Market status since September 2018
- In the context of a challenging global macroeconomic environment, global investment flows are seeking safer assets. While frontier markets are typically seen as riskier, Vietnam continues to attract attention due to its solid economic foundation and long-term growth potential.
- In 2024 (up to December 18th), foreign investors have net sold approximately 3.5 billion USD on the Vietnamese stock market, an issue that needs to be addressed promptly. Market upgrade is crucial for Vietnam to attract foreign capital back, providing a strong foundation for recovery and further development in the near future.

	MSCI	FTSE Russell
Founded	1969	1987
Indec tracking funds total size	16,500 bn USD	5,100 bn USD
Criteria for building the index	Economic development level; Market size and liquidity; Market accessibility (for foreign investors).	
Reassessment	June	March and September

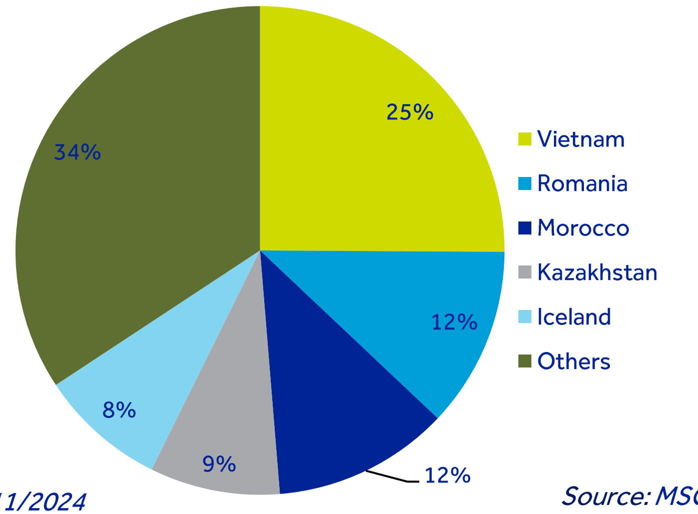
Source: ACBS summarised , Q3 2024

FTSE Frontier Index's Weight



Source: FTSE Russell, 11/2024

MSCI Frontier Index's weight



Source: MSCI, 11/2024

Net Buying/ selling value (bn USD) in 2024	Vietnam	Thailand	Philipines	Malaysia	Indonesia
	-3.2	-4.1	-0.41	-0.95	+1.1

Source: Bloomberg

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MARKET UPGRADE PROSPECTS

- In the March 2024 report, FTSE noted that Vietnam has not met yet the criterion for "Delivery versus Payment (DvP)"- which is currently rated as "Restricted" because Vietnam requires investors to have sufficient funds in their accounts before placing orders. However, in other markets, this is not mandatory.
- **Circular 68/2024/TT-BTC**, which allows foreign investors to purchase stocks without having sufficient funds in advance (Non-Prefunding), was officially approved and came into effect on 02/11/2024 addressing this legal obstacle.
- Nonetheless, in the periodic report from October 2024, while acknowledging and appreciating the implementation of the Non-Prefunding regulation, FTSE expressed their view that additional time is needed to evaluate the operational effectiveness of the procedures related to Non-Prefunding.
- We expect that FTSE will include Vietnam in the Secondary Emerging Markets list as early as the September 2025 assessment period. The upgrade will officially take effect, and ETF index funds will begin purchasing Vietnamese stocks in 2026.
- That said, Vietnam's weighting in the Secondary Emerging Markets group is expected to be minimal (as China, India, and Taiwan dominate with significant market sizes, accounting for 30.6%, 22.2%, and 20.05% of the overall Emerging Markets index, respectively). We estimate that Vietnam's market could represent a 0.37% weighting in the Emerging Markets index.
- However, being classified as an Emerging Market will significantly improve the status and image of Vietnam's stock market, which we expect will attract capital flows from foreign active investment funds.

	FTSE Emerging Index		
Country/Market	**Number of Constituents**	**Market Capital (bn USD)**	**Weight**
Brazil	80	357.91	4.59
Chile	20	40.01	0.51
China	**1,233**	**2385.58**	**30.62**
Colombia	4	8.18	0.10
Czech Rep.	4	10.54	0.14
Egypt	1	3.70	0.05
Greece	29	45.14	0.58
Hungary	5	20.15	0.26
Iceland	10	9.08	0.12
India	**243**	**1731.34**	**22.22**
Indonesia	39	144.31	1.85
Kuwait	8	60.13	0.77
Malaysia	39	146.89	1.89
Mexico	37	165.38	2.12
Philippines	23	52.69	0.68
Qatar	17	69.52	0.89
Romania	7	11.52	0.15
Saudi Arabia	64	338.00	4.34
South Africa	40	262.66	3.37
Taiwan	**128**	**1562.13**	**20.05**
Thailand	49	156.77	2.01
Turkiye	114	81.22	1.04
UAE	32	128.78	1.65
Total	2,226	7791.61	100

Source: FTSE

MARKET UPGRADE PROSPECTS

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- According to our estimates, the VN-Index will account for approximately 0.3–0.4% of the weight in the FTSE Emerging Markets Index. We applied the criteria for constructing the FTSE Global Equity Index Series (FTSE GEIS)—the parent index of the FTSE Emerging Index—to filter the stocks eligible for inclusion in the Emerging Market basket in the event that Vietnam is upgraded. The two main criteria for selection into the FTSE GEIS are as follows:
  - **Foreign Headroom** (calculated as Foreign Headroom = Remaining foreign ownership/Maximum foreign ownership) must not be less than 20%; and
  - **Median trading value** over the past 12 months must exceed 0.05% of Investible market capital in at least 10 of those months.
- Based on these results, we estimate that 222 stocks will qualify for inclusion in the FTSE index. However, the weight of each stock will depend on its investable market capitalization. For instance, the top 20 stocks account for 0.218% of the total 0.366% market capitalization of Vietnam, which is equivalent to 60%.
- Accordingly, there will likely be an inflow of approximately $300–400 million from the Vanguard FTSE Emerging Markets ETF—the largest fund currently tracking the FTSE Emerging Index—which manages around $80 billion. Due to insufficient information regarding other passive and active funds, we are unable to fully assess the capital inflow from these funds into Vietnam. However, according to FTSE Russell estimates, the total capital from both active and passive funds is expected to reach approximately $5–6 billion.

Top 20 securities per weight in FTSE Emerging Index per ACBS estimate

No	Securities	Company name	Investible Market capital	Weight	No of shares to be added in
1	VIC	VinGroup	2,160,793,105	0.03%	15,020,112
2	VNM	VINAMILK	1,920,937,008	0.03%	8,431,712
3	HPG	Hoa Phat	1,830,246,529	0.02%	19,858,780
4	VHM	Vinhomes	1,631,497,599	0.02%	10,568,225
5	VCB	Vietcombank	1,395,630,307	0.02%	4,325,391
6	SSI	SSI Securities	1,178,501,887	0.02%	12,415,656
7	MSN	Masan Corporation	972,383,814	0.01%	4,023,509
8	VCI	Vietcap Securities	750,181,349	0.01%	5,070,071
9	VND	VNDIRECT Securities	654,588,555	0.01%	13,208,610
10	VIX	VIX securities	564,774,639	0.01%	16,049,501
11	DGC	Duc Giang chemical	517,988,303	0.01%	1,357,815
12	VRE	Vincom Retail	469,941,417	0.01%	7,422,365
13	SHB	Saigon – Hanoi Bank	416,001,461	0.01%	11,385,008
14	NVL	Novaland	395,881,171	0.01%	9,869,970
15	VJC	Vietjet Air	375,006,382	0.01%	1,034,240
16	EIB	Eximbank	370,666,575	0.01%	5,401,868
17	VPI	Van Phu Invest	366,328,746	0.01%	1,580,160
18	FTS	FPT Securities	364,084,127	0.01%	2,437,200
19	VHC	Vinh Hoan Corp	328,460,553	0.00%	1,281,321
20	PDR	Phat Dat Real Estate Development JSC	318,829,774	0.00%	4,248,252
	Top 20 total		**16,982,723,299**	**0.22%**	
	VNIndex Total		**28,550,770,160**	**0.37%**	

**The results are for reference only and may differ from the results published by FTSE due to differences in the data cutoff time.*

Source: ACBS estimate

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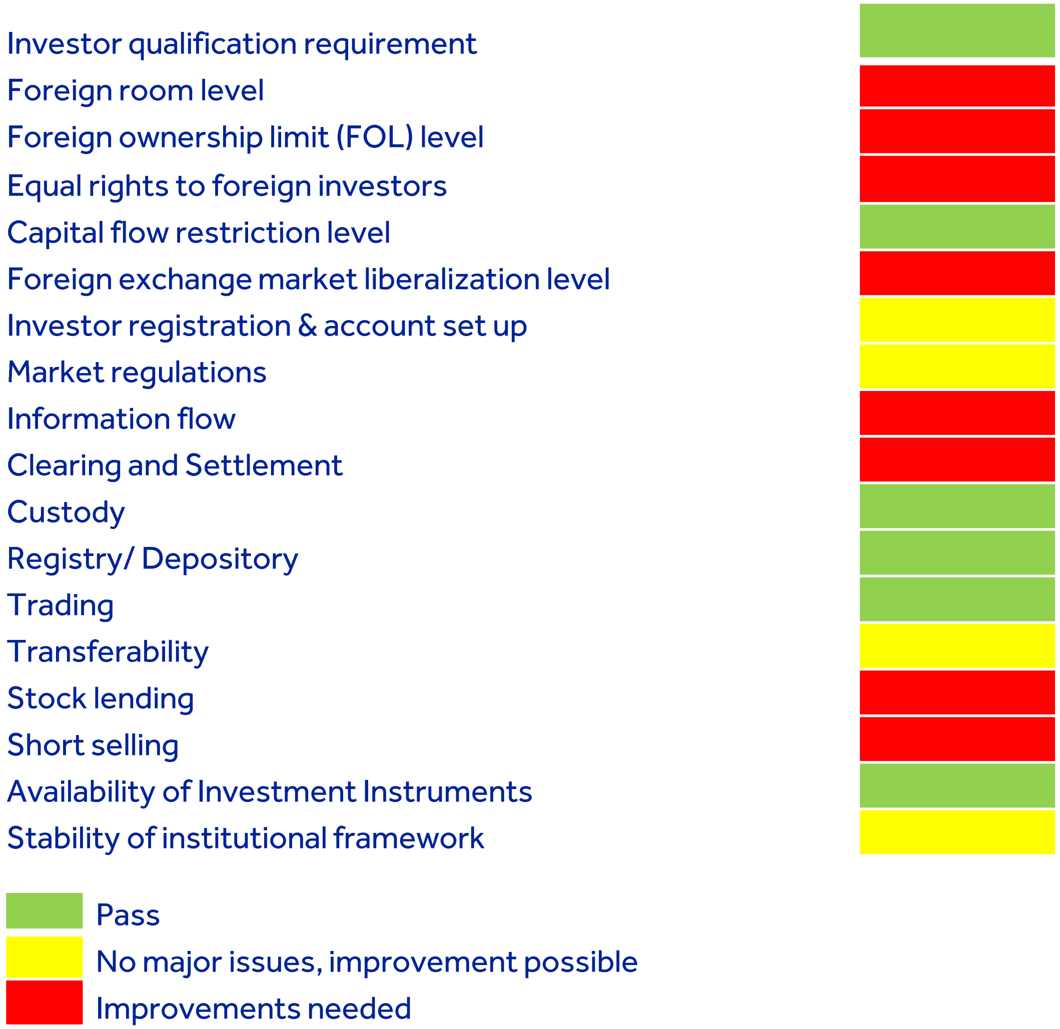
MARKET UPGRADE PROSPECTS

- We believe that Vietnam's goal will not stop at achieving inclusion in FTSE's Secondary Emerging Market category but will extend to higher ambitions, such as FTSE's Advanced Emerging Market and MSCI's Emerging Market status.
- Additional criteria that need to be addressed to achieve an upgrade to FTSE's Advanced Emerging Market and MSCI's Emerging Market categories include:
  - Developing a robust foreign exchange market;
  - Allowing stock borrowing and lending;
  - Permitting short selling;
  - Developing a more advanced derivatives market;
  - Enabling off-exchange trading;
  - Establishing an efficient trading mechanism (for foreign investors dealing with stocks that have reached the foreign ownership limit); and
  - Setting up a centralized clearing and settlement system (CCP).
- Achieving these milestones will require more time for Vietnam's stock market to prepare. However, the government is demonstrating strong determination toward this goal by researching and implementing various policies and products. For instance: (i) Introducing the VN100 derivatives product, (ii) Upgrading IT infrastructure of HSX, and (iii) gathering feedbacks on CCP development and related procedures.

Unit: bn USD	MSCI EM	FTSE EM
Fund size	7.688	7.792
ETF tracking index's total sizes	115	80

Current criteria and assessments of MSCI regarding VNIndex



Source: MSCI

Source: (*)- based on information from https://etfdb.com/index/msci-emerging-markets-index/. Data might not be fully comprehensive.

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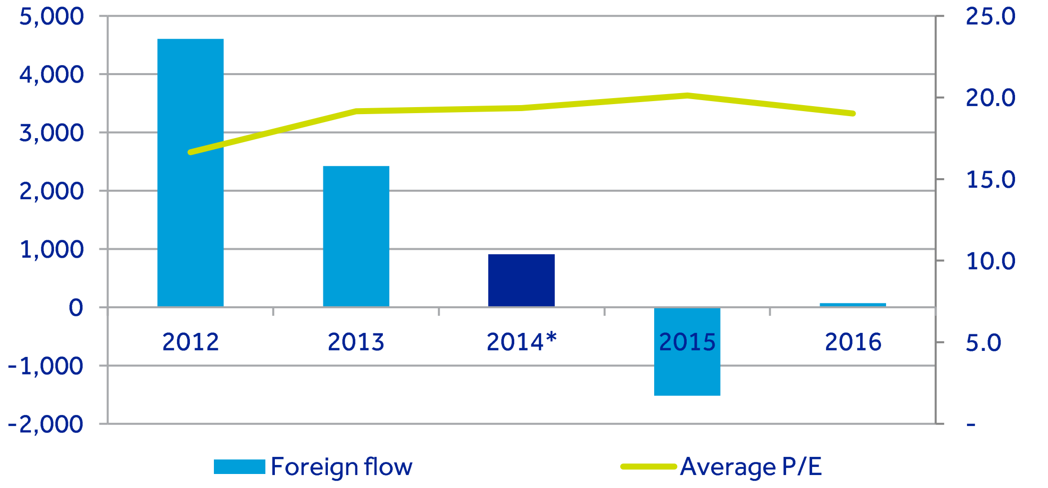
MARKET UPGRADE PROSPECTS

- Compared to other countries in Southeast Asia, the Vietnamese stock market is lagging significantly behind. However, we can fully expect Vietnam to catch up with other markets within the next five years, given the strong determination of the Government.
- According to our observations, most markets tend to perform well before the official announcement of being included in the "watch-list" or being officially upgraded. During this period, the P/E ratios of these markets are significantly higher compared to their average levels in prior periods.
- For example: IDX (Indonesia) traded at a P/E of 14.x when it was added to MSCI's watch-list (compared to an average P/E of 12x during the 2000-2006 period). PSE (Philippines) traded at a P/E of 19.4 when it was added to MSCI's watch-list (compared to an average P/E of 16.x during the 2000-2013 period).). *

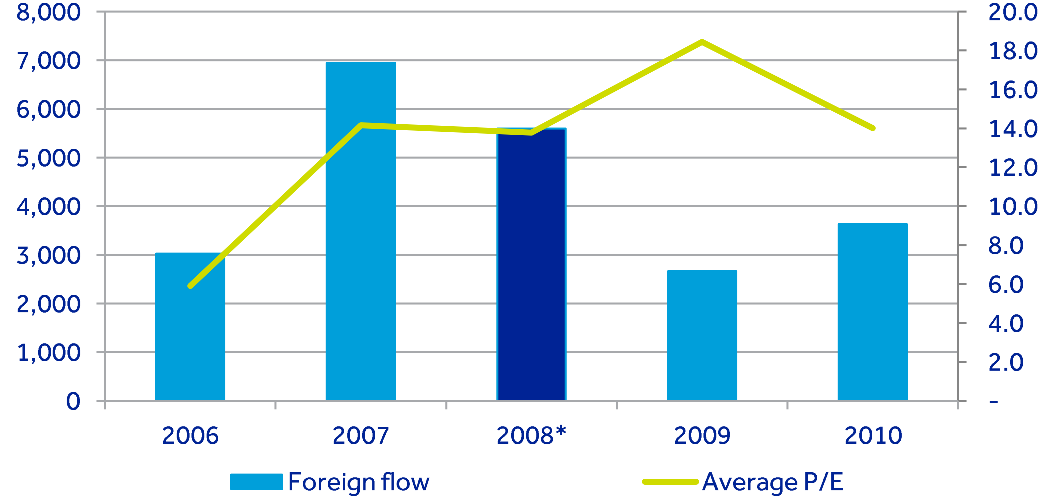
	MSCI Upgrade	FTSE Upgrade
Indonesia	June 2008	December 2007 (Secondary)
Malaysia	December 1994	1994 (Advanced)
Thailand	November 1997	Năm 1995 (Advanced)
Philippines	June 2014	Tháng 9, 2014 (Secondary)
Vietnam	**Frontier market**	**Frontier market**
Singapore	Developed market	Developed market

**The P/E ratios of the markets are for reference only, as they are influenced by various other factors such as macroeconomic conditions, geopolitical factors, etc.*

PSE's performance before and after market upgrade



IDX's performance before and after market upgrade



Source: Bloomberg

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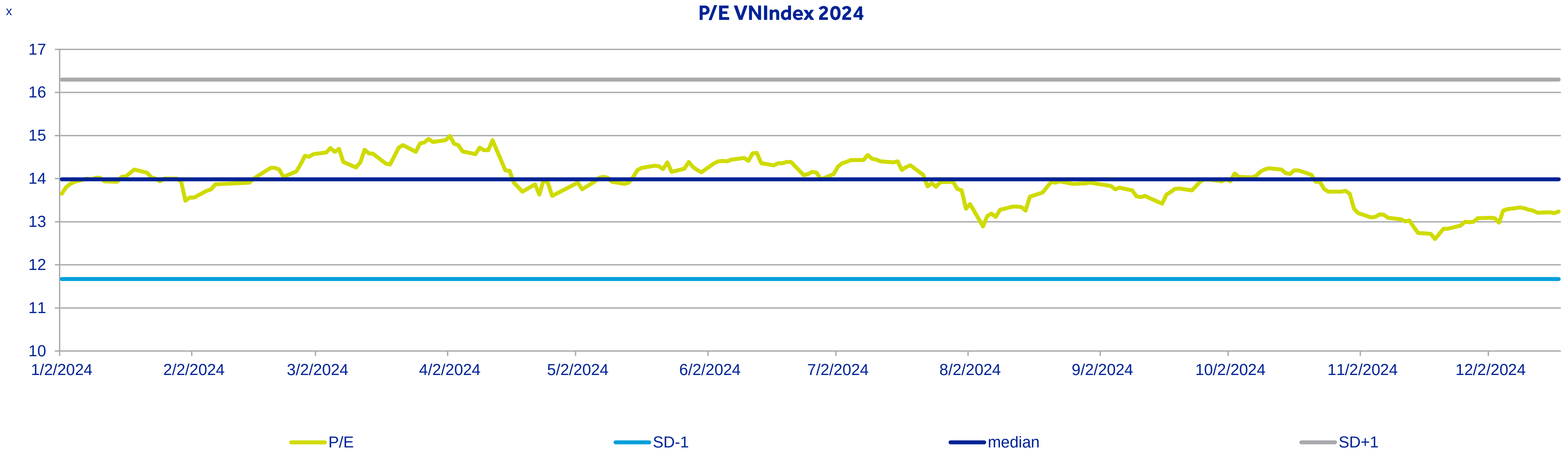
MARKET UPGRADE PROSPECTS

- In 2024, amid a negative macroeconomic context, the VN-Index is trading for most of the time within the range of -1 Standard Deviation to the 5-year median value (11.67x-14x). Meanwhile, in 2018, when the VN-Index was included in FTSE's Watchlist, the market traded at a P/E ratio of 20x, equivalent to +2 Standard Deviations. Therefore, with expectations of an upgrade in 2025-2026, the market could return to trading at higher P/E levels compared to the present, similar to what happened in the Philippine and Indonesian stock markets in the past.
- The benefits of an upgrade do not stop there. In the longer term, if Vietnam is upgraded to FTSE's Advanced Emerging Market status and MSCI's Emerging Market status, it could attract significantly larger capital flows. According to World Bank estimates, if upgraded, Vietnam's stock market could attract approximately USD 25 billion in indirect investment by 2030. The inflow of international capital would support Vietnam's macroeconomic conditions, reduce exchange rate pressures leave more room for the State Bank of Vietnam's monetary policy management.



Appendix – FTSE's criteria

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CRITERIA	DEV	ADV EM	SEC EM	FRONTIER	Vietnam (Frontier)	China (Sec EM)	India (Sec EM)	Indonesia (Sec EM)	Philippines (Sec EM)
GNI per capita	High	Lower Middle	**Lower Middle**	Not require	Lower Middle	Upper Middle	Lower Middle	Lower Middle	Lower Middle
Credit Worthiness	Investment	Speculative	**Speculative**	Speculative	Speculative	Investment	Investment	Investment	Investment
Market and Regulatory Environment									
Formal stock market regulatory authorities actively monitor market (e.g., SEC, FSA, SFC)	X	X	X	X	Pass	Pass	Pass	Pass	Pass
Fair and non-prejudicial treatment of minority shareholders	X	X			Restricted	Not Met	Restricted	Restricted	Restricted
No or selective incidence of foreign ownership restrictions	X	X			Restricted	Not Met	Restricted	Pass	Restricted
No objection to or significant restrictions or penalties applied to the investment of capital or the repatriation of capital and income	X	X	X	X	Pass	Pass	Pass	Pass	Pass
No or simple registration process for foreign investors	X	X			Restricted	Pass	Not Met	Pass	Pass
Foreign Exchange Market									
Developed foreign exchange market	X	X			Restricted	Not Met	Not Met	Restricted	Restricted
Equity Market									
Brokerage - Sufficient competition to ensure high quality broker services	X	X	X		Pass	Pass	Pass	Pass	Pass
Transaction costs - implicit and explicit costs to be reasonable and competitive	X	X	X		Pass	Pass	Pass	Pass	Not Met
Tax – imposition of taxes to be reasonable and comparable between domestic and non-domestic investors	X	X			Pass	Pass	Not Met	Pass	Pass
Stock Lending is permitted	X				Restricted	Not Met	Restricted	Restricted	Restricted
Short sales permitted	X				Not Met	Not Met	Restricted	Restricted	Restricted
Developed Derivatives Market	X				Restricted	Not Met	Restricted	Not Met	Not Met
Off-exchange transactions permitted	X				Not Met	Not Met	Not Met	Pass	Pass
Efficient trading mechanism	X	X			Restricted	Restricted	Restricted	Pass	Pass
Transparency - market depth information / visibility and timely trade reporting process	X	X	X	X	Pass	Pass	Pass	Pass	Pass
Clearing, Settlement and Custody									
Settlement - costs associated with failed trades	X	X	X	X	Restricted	Restricted	Restricted	Not Met	Pass
Settlement Cycle (DvP)	X	X	X	X	T+2	T+0/T+1	T+1	T+2	T+2
Central Securities Depositary	X	X	X		Pass	Pass	Pass	Pass	Pass
Central Counterparty Clearing House (Equities)	X	X			Not Met	Pass	Pass	Pass	Pass
Settlement - Free delivery available	X				Not Met	Not Met	Not Met	Restricted	Restricted
Custody - Sufficient competition to ensure high quality custodian services	X	X	X		Pass	Pass	Pass	Pass	Pass
Account structure operating at the Custodian level (securities and cash)	X				Not Met	Restricted	Not Met	Restricted	Restricted

Source: FTSE Russell

PART 4. INVESTMENT THEME IN 2025

4.3: PUBLIC INVESTMENT– EXPECTED TO BREAK THROUGH

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PUBLIC INVESTMENT 2025-2030: EXPECTED TO BREAK THROUGH

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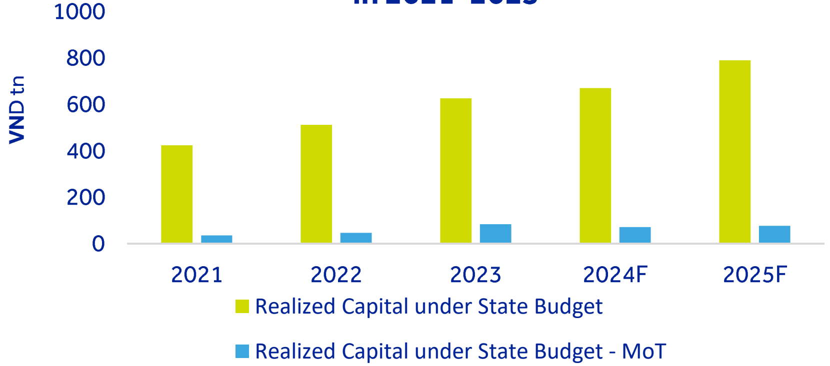
- In 2024, the disbursement of public investment was relatively slow. In 11M2024, the public investment disbursement reached VND495.9 tn , (+1.8% YoY, and achieving 64.3% of the target). Specifically, the disbursement for the transportation sector projects amounted to VND62.748 tn, (-14.1% YoY, and achieving 85.6% of the target).
- However, we observe that the Government is concentrating resources on addressing legal obstacles, alongside expediting the completion of key infrastructure projects such as the North-South Expressway (Phase 2), Long Thanh International Airport, and the North-South Railway.
- According to the Resolution of the 10th Central Conference, 13th tenure, the Government's vision for Vietnam's GDP growth rate for the 2026-2030 period is set at 7.5%-8.5% per year. We believe that a key factor in achieving this ambitious GDP growth target will largely stem from robust public investment disbursements.
- Therefore, we anticipate that public investment will be swiftly accelerated from the beginning of 2025 as new laws come into effect. Additionally, during the 2026-2030 period, the Government will continue to vigorously implement a series of key projects.
- **Beneficiary sectors:** steel, cement, asphalt, infrastructure construction, logistics, civil real estate and industrial parks.
- **Recommended Stocks** : HPG, PLC, VLB, VCG, HHV.

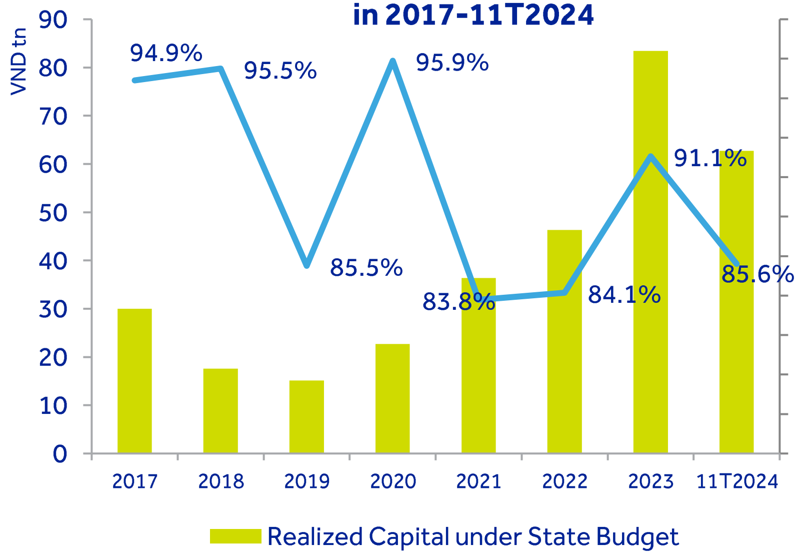
Amended laws help boost infrastructure construction

No	Law	Effective Date
1	The amended Law on Public Investment	01/01/2025
2	The amended Law on Public-Private Partnership (PPP) Investment	15/01/2025

Public Investment Plan in 2021-2025



Realized Capital under State Budget in 2017-11T2024



Source: ACBS summary.

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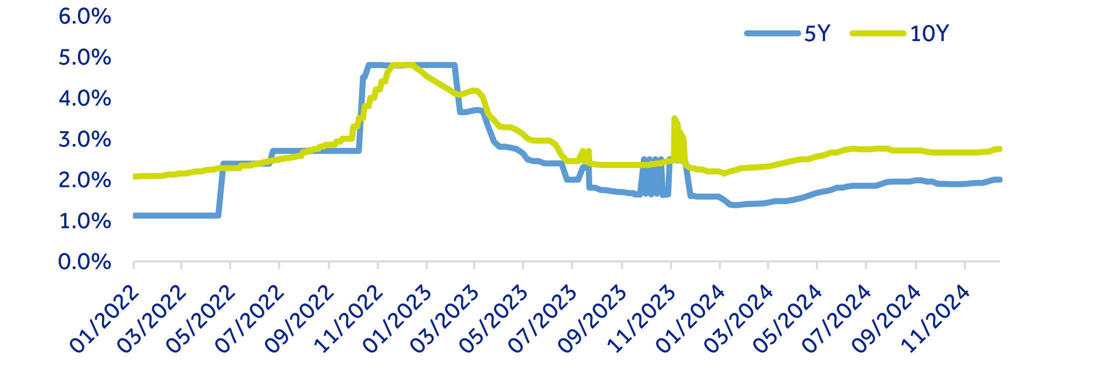
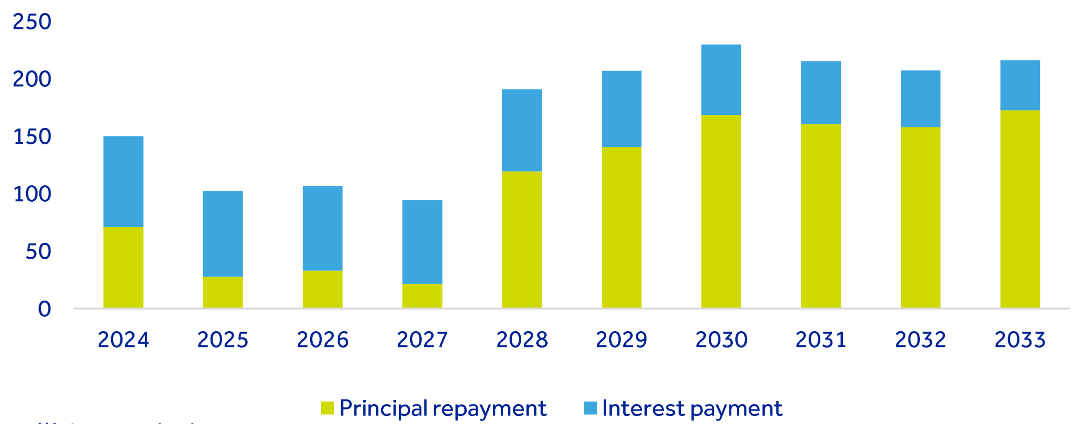
PLENTY OF ROOM TO BOOST PUBLIC INVESTMENT

- Vietnam's fiscal and public debt outlook is currently in a very positive state, creating ample room for the Government to increase borrowing and stimulate public investment spending.
- The public debt-to-GDP ratio has been steadily decreasing over the past decade, standing at 36.6% at the end of 2023 and estimated to be 37% by the end of 2024. Additionally, the budget deficit-to-GDP ratio remains stable at around 4.0%.
- The average annual debt servicing pressure, comprising both principal and interest payments on Government bonds (G-bonds), is projected to be VND113 tn for the 2024-2027 period. For the 2028-2033 period, this amount is expected to increase to an average of VND211 tn per year.
- Meanwhile, the interest rates for newly issued Vietnamese G-bonds have been maintained at relatively low levels in recent times.

Primary interest rate of Vietnamese G-bonds in 2022-11T2024 (%)

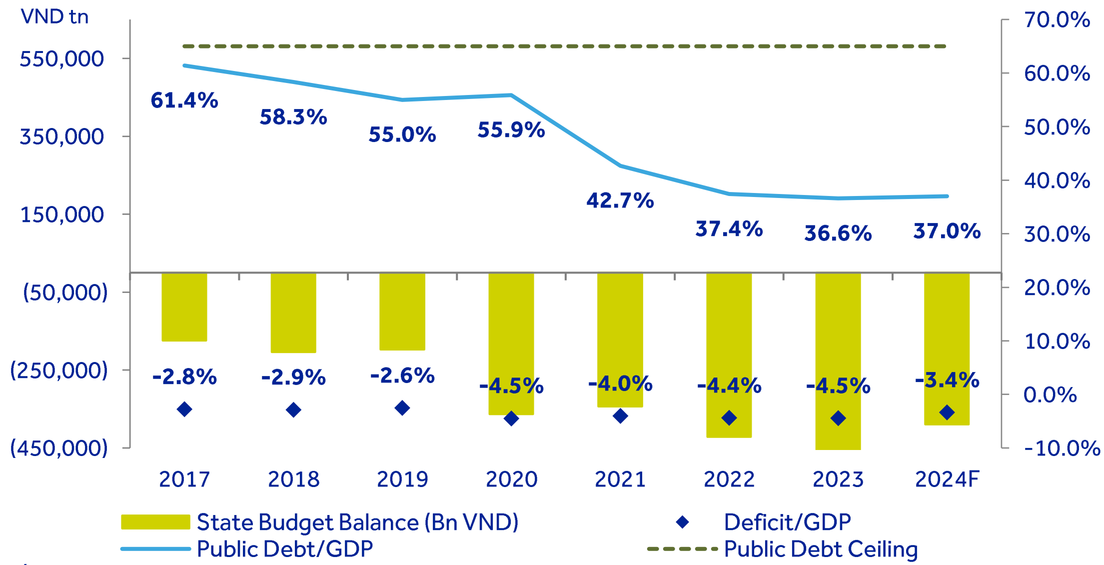


G-bonds maturity and interest payment (*) in 2024-2033 (VND tn)



(*) data in 31/10/2024

Public debt and Budget Deficit (%GDP)



Source: GSO, ACBS collected.

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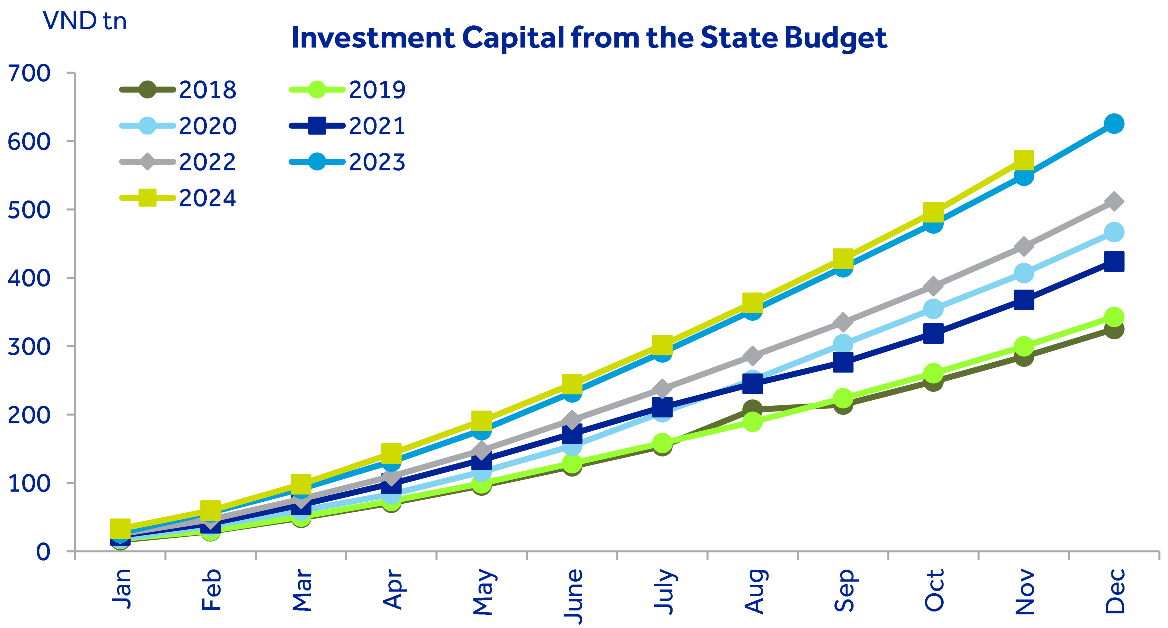
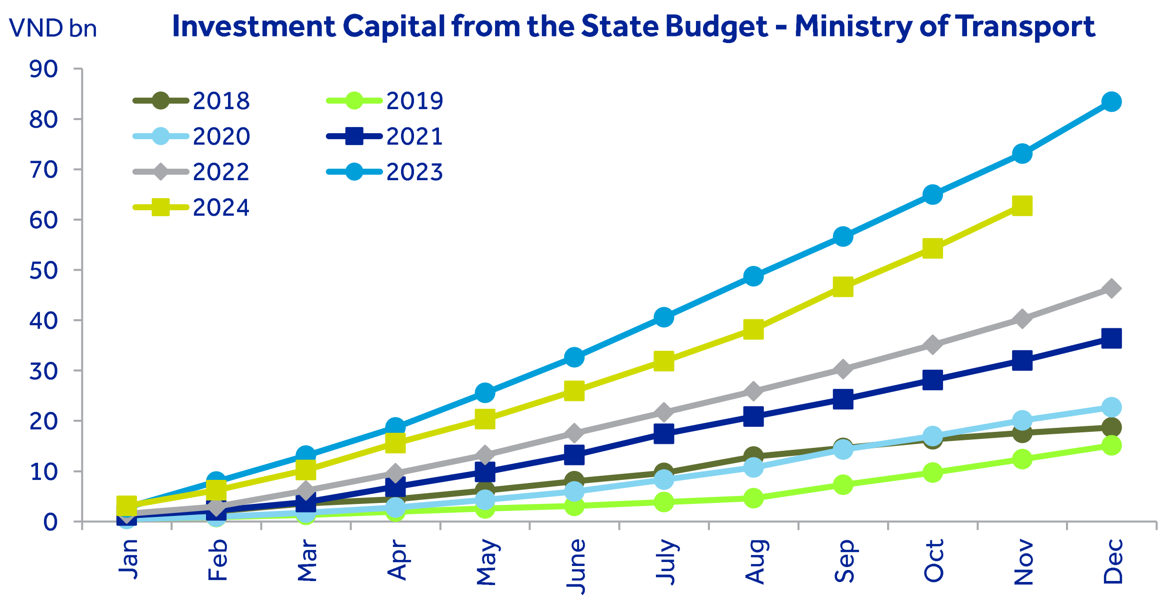
PUBLIC INVESTMENT 2024: SLOW GROWTH FROM HIGH BASE

- After a period of positive growth in 2023, public investment in 2024 entered a quiet phase. In 11M2024, the public investment disbursement reached VND495.9 tn, (+1.8% YoY, and achieving 64.3% of the target). Specifically, the disbursement for the transportation sector projects amounted to VND62.748 tn, (-14.1% YoY, and achieving 85.6% of the planned target).
- The delay in public investment disbursement is attributed to the implementation of the 2024 Land Law, which took effect on August 1, 2024, increasing land clearance costs and temporarily halting certain projects for adjustments. Additionally, shortages of materials and filling sand have also impacted the disbursement progress.
- We anticipate that public investment will be the primary driver of Vietnam's economic growth in the near future. In 2025, the final year of the 2021-2025 medium-term public investment plan, a record public investment amounting to VND791 tn (equivalent to 6.4% of GDP) has been approved by the National Assembly. This budget will facilitate the acceleration of key infrastructure projects such as the North-South Expressway (Phase 2), Long Thanh International Airport, and the North-South Railway.





Source: GSO, MPI

PART 5. BANKING SECTOR

2025 – SLOW BUT SURE

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SUMMARY AND VALUATION

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- Vietnamese banking sector continues to demonstrate strong resilience against pressures from international macroeconomic fluctuations, along with the negative impact of the domestic economy caused by the real estate and corporate bond crises in 2022–23. We forecast the **2025 pre-tax profit** of banks within our coverage to grow by **14.9%** y/y, slightly slowing from the projected 16.2% growth in 2024. Specifically:
  - ➢ **Total operating income is forecasted to grow by 15.3% y/y**, driven by a credit growth rate expected to remain high at 15.6%. Meanwhile, non-interest income is forecasted to grow only by 8.5% y/y due to ongoing challenges in the bancassurance segment.
  - ➢ **Operating expenses are well-controlled**, increasing at a slower rate than total income, at **10.8%** y/y, enabling banks to maintain solid profitability. Generally, the banks in our coverage can limit the pace of staff cost increases, thanks to digital transformation investments in recent years.
  - ➢ We observe some positive signs indicating that NPLs have peaked, and that asset quality could recover in 2025. We expect **NPL ratio** for 2025 among banks in our coverage will be **1.5%**, down from 1.6% in 2024.
  - ➢ **Credit costs are expected to edge up slightly to 1.2%** in 2025 from 1.1% in 2024. **Provision expenses** are forecasted to grow by **22.2%** y/y, as current provision buffers are no longer substantial, but there will be differentiation among banks.
- The current valuation of the banking sector stands at **9.5x TTM P/E**, nearly -1 STD below the historical median, making it an attractive level for long-term investment given the moderately but sustainably growing profit outlook.
- Our preferred stocks are **BID, CTG, and STB**. Specifically: (1) BID valuation is currently attractively compared to historical levels; (2) CTG has consistently improving its business performance, with reduced provisioning pressures from 2025; and (3) STB has the potential to record significant profits from the liquidation of collateral assets and legacy loans.

Ticker	PBT 2024F	PBT 2025F	y/y 2025F	ROA 2024F	ROA 2025F	ROE 2024F	ROE 2025F	P/E 2024F	P/E 2025F	P/B 2024F	P/B 2025F	Mkt price 05/12/24	Target price	Cash dividend	Total exp. return	Report date
VCB	45,394	50,828	12.0%	1.7%	1.7%	18.6%	15.9%	15.6	14.9	2.6	2.1	94,000	98,000	0	4.3%	02/07/2024
BID	31,188	36,382	16.7%	0.9%	0.9%	16.8%	16.2%	12.4	10.9	1.9	1.6	46,900	54,000	0	15.1%	24/07/2024
CTG	28,223	33,267	17.9%	0.9%	0.9%	14.6%	14.9%	9.9	8.3	1.3	1.2	36,250	40,600	0	12.0%	12/11/2024
TCB	30,380	35,532	17.0%	2.6%	2.6%	17.2%	17.5%	7.0	6.0	1.1	1.0	24,000	24,500	1,000	6.3%	27/05/2024
MBB	28,271	32,658	15.5%	2.0%	1.9%	20.1%	19.4%	6.3	5.4	1.2	1.0	24,350	25,600	500	7.2%	09/05/2024
STB	15,716	18,512	17.8%	1.6%	1.6%	22.7%	20.5%	5.4	4.8	1.1	0.9	33,950	36,200	0	6.6%	07/06/2024
VIB	10,747	11,111	3.4%	2.0%	1.8%	21.2%	19.3%	6.7	6.5	1.3	1.2	19,300	19,000	1,000	3.6%	17/09/2024
Average			**14.9%**	**1.7%**	**1.6%**	**18.7%**	**17.7%**	**9.0**	**8.1**	**1.5**	**1.3**				**8.0%**	

Source: ACBS

PART 6. POWER SECTOR

READY FOR A NEW CYCLE

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POWER SECTOR

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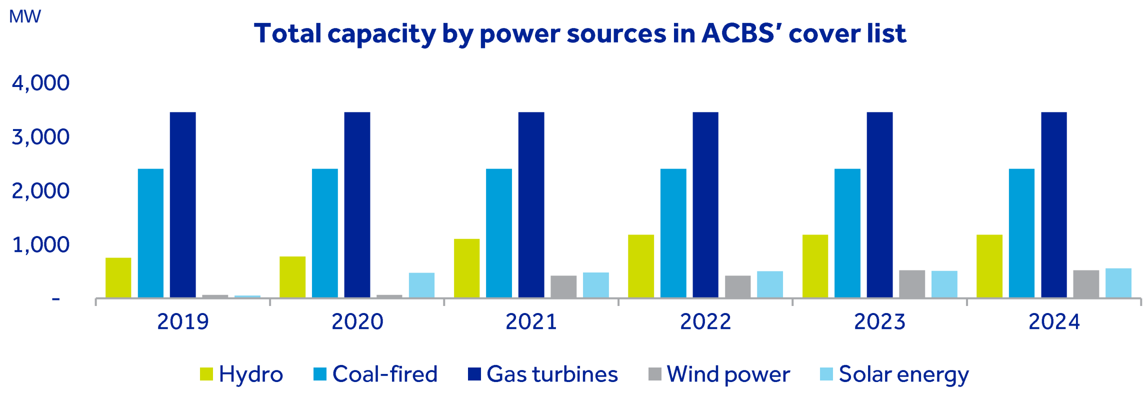
IMPROVING The LEGAL FRAMEWORK

- **Following the issuance of Power Development Plan 8 (PDP8) in May 2023,** the power sector still requires more time to complete its related legal frameworks. The second half of 2024 witnessed the approval of two crucial legal frameworks: the Direct Power Purchase Agreement (DPPA) and the amended Electricity Law.
- 2025 is expected to be a promising year for most electricity businesses due to the following factors:
  - **Robust Electricity Demand**: The demand for electricity continued to grow at a double-digit rate, with an elasticity coefficient of 1.57 in 9M2024. Given the targeted GDP growth of over 8% for the 2026-2030 period and a focus on developing data centers and electric vehicles, electricity demand growth is projected to exceed 12% annually.
  - **Maturing Legal Framework**: The gradual improvement of the legal framework is fostering the development of Renewable Energy (RE), particularly in the wind power sector.
  - **Growth in Nuclear and Gas Power**: Nuclear and gas power are expected to key factors driving future growth of the power sector due to their stable capacity.
  - **Infrastructure Development**: Investments in transmission lines and substations are being prioritized to mitigate the limitations associated with RE.
  - **Favorable ENSO Cycle**: The return of the La Niña phenomenon in early 2025 is expected to benefit hydropower in 2025 and 2026.
- **Our Preferred Stocks in the Power Sector: REE, HDG.**

05/2023
- Official Approval of PDP8

07/2024
- Decision 80/2024/ND-CP about Direct Power Purchase Agreement (DPPA)

11/2024
- Amended Electricity Law



Ticker	2024F	YoY	2025F	YoY	P/E2024F	P/E2025F
REE	2,455	12.2%	3,047	24.1%	11.1	8.8
HDG	1,091	26.1%	1,640	50.4%	11.3	7.8
QTP	512	-16.4%	439	-14.2%	12.3	14.3
POW	963	-25.0%	813	-15.5%	29.7	35.1
NT2	186	-60.7%	177	-4.8%	30.9	32.5
PC1	453	49.4%	806	78.0%	18.0	10.1
GEG	30	-78.8%	219	620.8%	135.7	18.8

Source: ACBS

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LIST of LEGAL DOCUMENTS ARE EXPECTING

Policy	Explanation
National Marine Spatial Planning	Clearer regulations to guide the planning of maritime space for offshore wind power development, ship traffic, oil rigs, and fishing areas.
Minimum Purchase Agreement	Specific policies are required to guarantee the minimum purchase of electricity output from wind and gas power, aimed at reducing risks and enhancing the attractiveness for investors..
New Pricing Mechanism	New pricing mechanism should be introduced to incentivize investment in RE, particularly wind power, ensuring reasonable, attractive and mutually beneficial outcomes for all parties involved.
Mechanism for private investment in Power Transmission lines	Clear and specific mechanisms for private investment in the construction of transmission lines below 220 kV are needed to foster investors' confidence.
Two-component Electricity Price	A detailed guide on the calculation method for the two-component electricity price. This helps to reduce risks and initial investment costs for transmission line and substation investors (whether EVN or private investors for lines under 220 kV).

POWER SECTOR: OUTLOOK

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Sector	Outlook		Detail
	Short-term: < 1 year	Long-term: > 1 year	
Construction	Neutral	Positive	The prospects of the electrical construction sector are intrinsically linked to the development of RE as it requires a smarter and more advanced transmission system to address the instability issues of RE. Therefore, in the short term, as the development of RE still faces obstacles, primarily due to policy and regulatory challenges, the electrical construction will encounter many challenges. However, in the long term, this will be a sector that grows alongside RE.
Hydropower	Positive	Neutral	The hydropower potential in Vietnam has nearly fully exploited. Therefore, future growths of hydropower primarily depend on weather cycles, specifically El Niño and La Niña. The period of 2025-2026 is forecasted to be a La Niña cycle, which is beneficial for hydropower.
Coal-fired	Negative	Neutral	Coal-fired power faces a negative prospects in the short term due to the upcoming La Niña cycle, which is expected to increase average annual rainfall and benefit hydropower. In the medium term, coal power will maintain stable business performance as gas power cannot fully replace its role in ensuring national energy security. However, in the long term, due to environmental concerns, coal power will gradually be replaced.
Gas turbines	Negative	Neutral	In the short term, the development of gas power faces many challenges such as high input gas prices which lead to higher electricity prices, and declining domestic gas supply. Additionally, the lack of capital and specific policies to strongly promote gas power development has not yet been effectively addressed. However, in the long term, to achieve the goal of stabilizing electricity supply and carbon neutrality, the development of gas turbines will be a priority.
Wind power	Neutral	Positive	Wind power has the brightest prospects within RE. It is prioritized for development due to its greater stability compared to solar power. However, in the short term, the lack of supportive policies has hindered the development of wind power, with challenges such as marine spatial planning, minimum power purchase agreement, and new incentive pricing mechanisms.
Solar energy	Negative	Negative	Solar energy, excluding rooftop solar for self-consumption, will be stagnant until after 2030 due to the uncontrolled overdevelopment during the feed-in tariff (FIT) period, which has led to numerous issues related to national energy security.

POWER SECTOR

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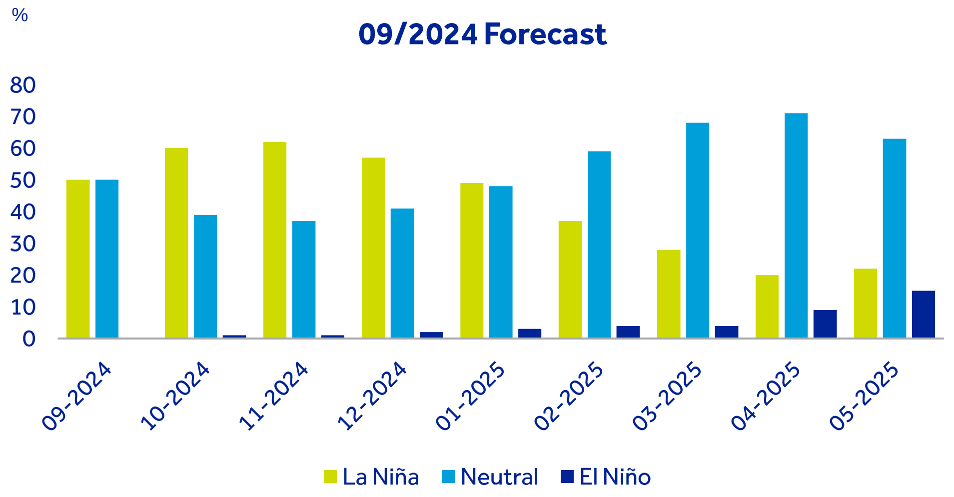
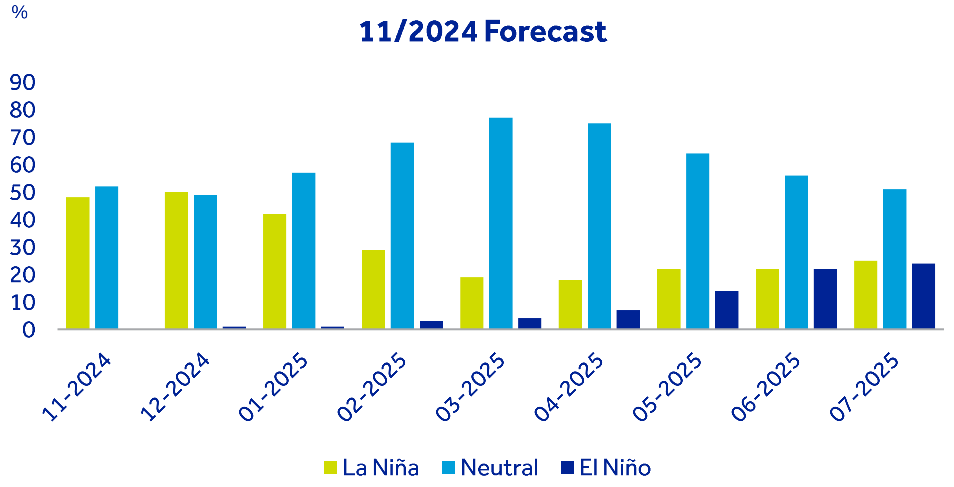
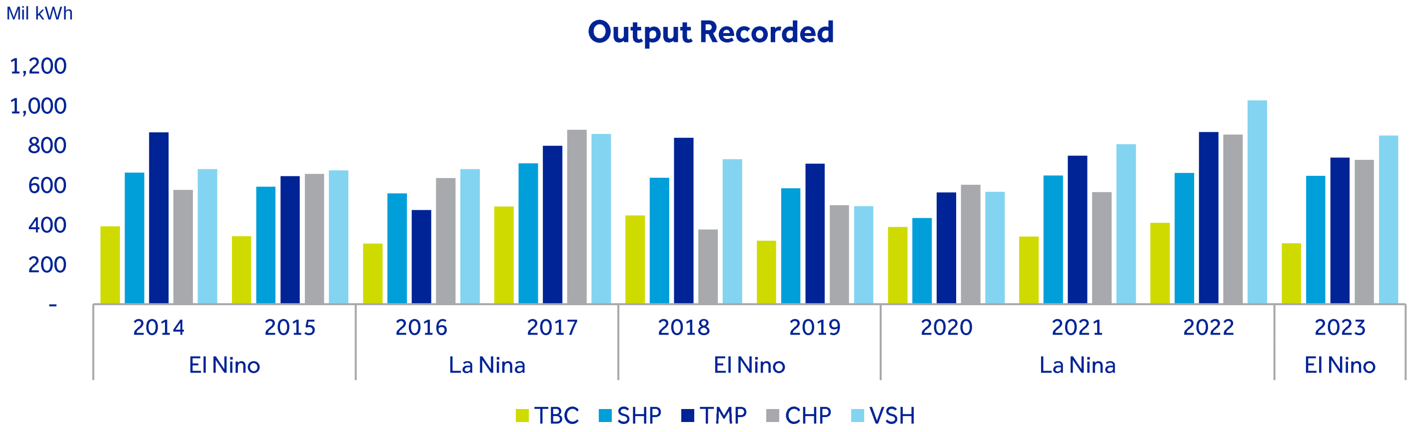
END OF EL NINO: PREFERENCE SHIFT TO HYDROPOWER

- According to the latest update from NOAA, the ENSO index remained at -0.2 in Nov 2024 (unchanged from Oct 2024), signaling a high probability of a prolonged Neutral phase, which suggests that the onset of a La Niña cycle may be delayed until the following Spring (Feb 2025).
- Additionally, the Nov 2024 forecast model, compared to the Sep 2024 model, shows a decrease in the probability of a La Niña in December from 57% to 50%, and from 49% to 42% in Jan 2025.
- However, despite the potential delay compared to the forecasts at the end of Q3/2024, the termination of the El Niño cycle remains a positive factor for the business performance of the RE, particularly hydropower.
- Historical data shows that the output of hydropower companies can increase by an average of 23.1% during a La Niña cycle compared to an El Niño cycle.







Sources: NOAA, ACBS

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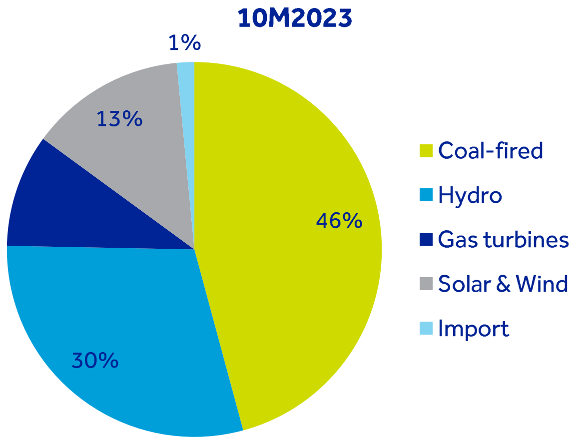
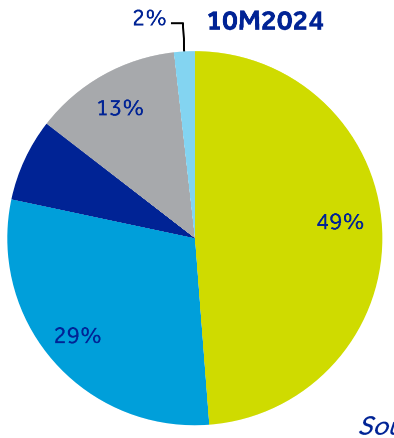
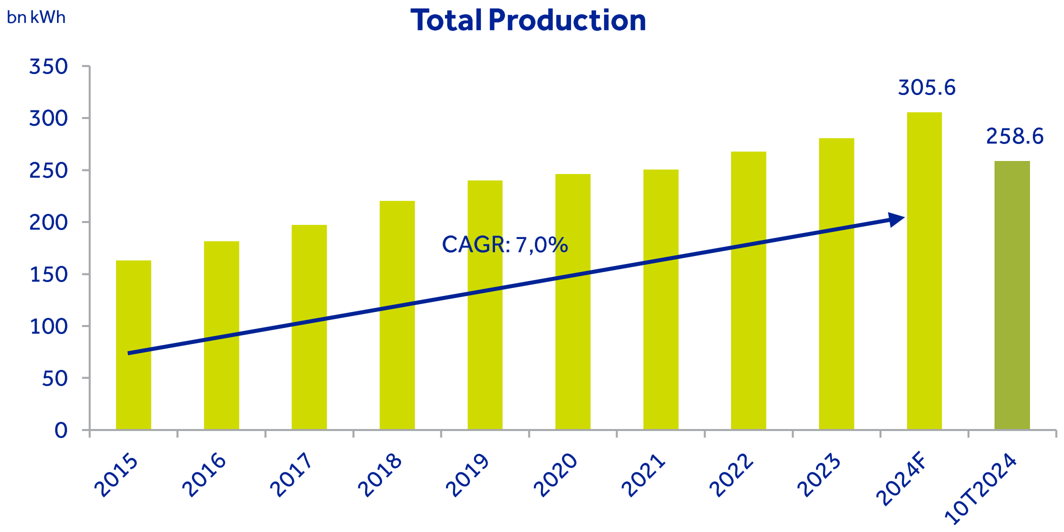
10M2024: PRODUCTION +10,6% YoY

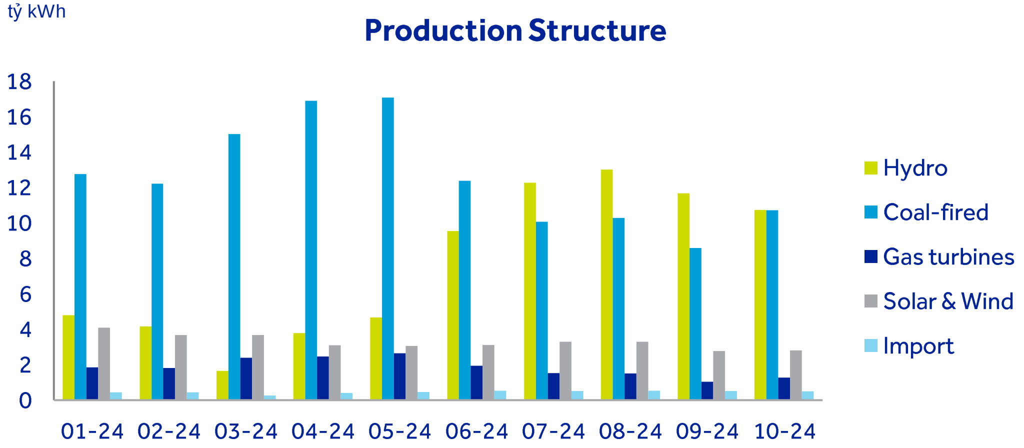
- Cumulative 10M2024's electricity production reached 258.6 bn kWh, +10,6% YoY, with nearly 50% from coal-fired power:
  - Hydropower: 76.3 bn kWh, accounting for 29.5%,
  - Coal-fired: 125.9 bn kWh, accounting for 48.7%
  - Gas turbines: 18.5 bn kWh, accounting for 7.1%
  - Solar & Wind power: 32.9 bn kWh, accounting for 12.7% (Solar: 22.4 bn kWh, Wind: 9.6 bn kWh)
  - Import: 4.5 bn kWh, accounting for 1.7%.
- Although hydropower output grew by 10.1% YoY, it fell behind coal-fired output with+17.1% YoY due to the impact of the 2023-2024 El Niño cycle. Conversely, gas turbines generation decreased by 19.4% YoY due to high input costs, leading EVN to limit its mobilization amid financial constraints.





Sources: EVN, ACBS





Sources: EVN, ACBS

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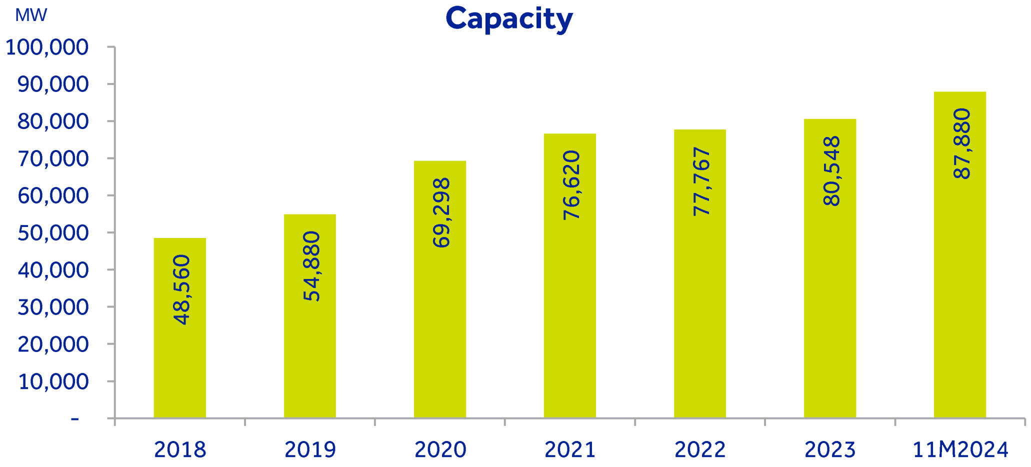
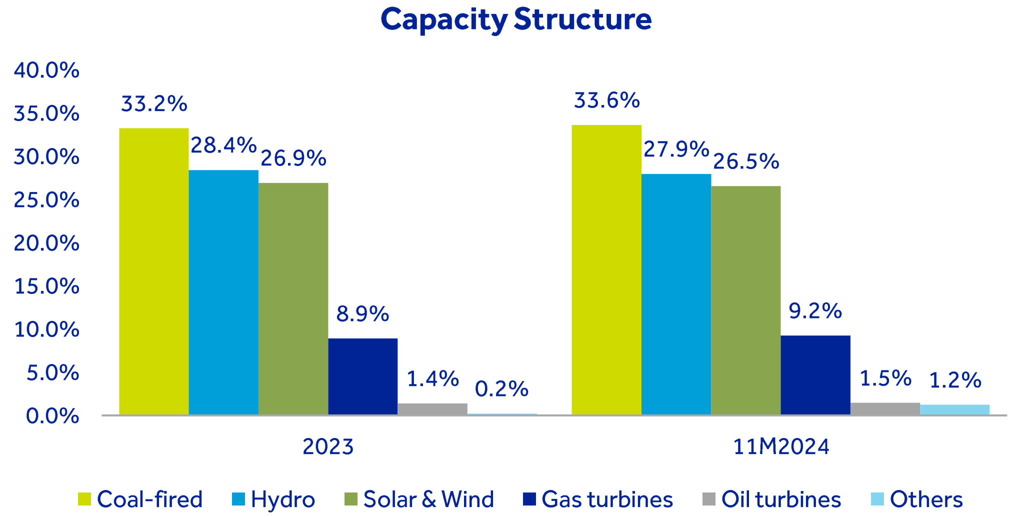
2024: INSTALLED CAPACITY+9,1% YoY

- By the end of 11/2024, total installed capacity reached 87,880 MW, +9,1% compared to the end of 2023, in which, gas turbines and wind power saw the strongest growth with 13.3% và 23.6%, respectively.
- EVN and its subsidiaries account for 37% of the total capacity in 2024, while private entities contribute 42%.
- According to PDP8, by 2030, gas turbines will reach 29,780 MW, of which 14,850 MW will be LNG-based, and wind power will reach 14,925 MW, including 1,000 MW offshore.

LNG projects in PDP8	Capacity: MW
Nhon Trach 3 & 4	1,624
Hiep Phuoc I	1,200
Bạc Lieu	3,200
BOT Son My I	2,250
BOT Son My II	2,250
Long An I	1,500
Long An II	1,500
Long Son	1,500
Ca Na	1,500
Hai Lang	1,500
Quang Ninh I	1,500
Thai Binh	1,500
Nghi Son	1,500
Quynh Lap	1,500
Quang Trach II	1,500
Cong Thanh	600

Sources: EVN, ACBS





Sources: EVN, ACBS

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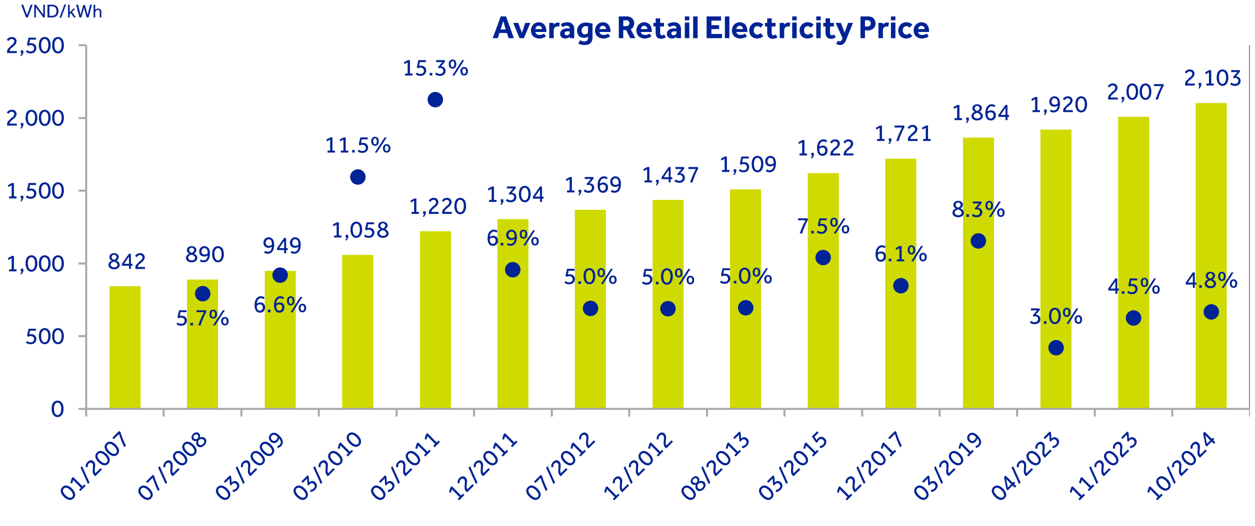
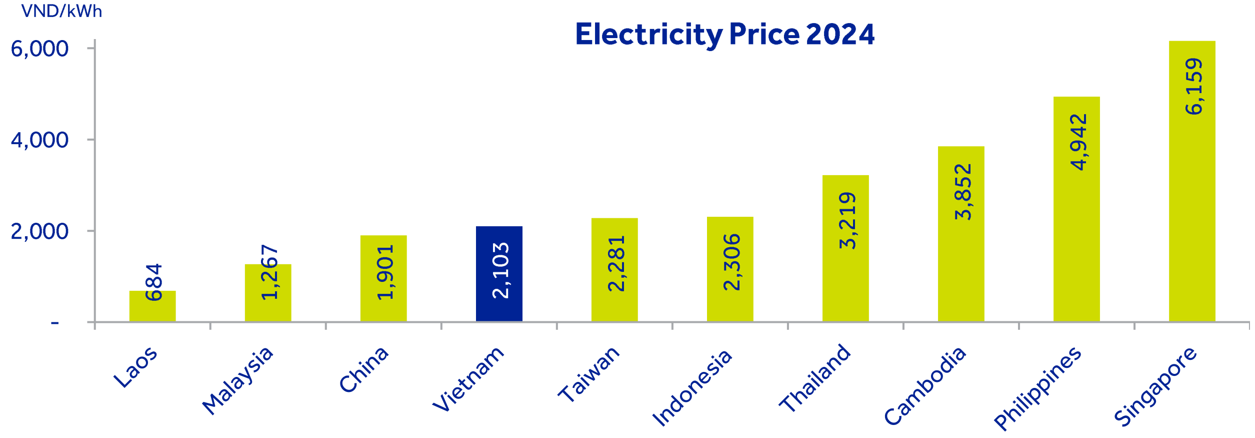
AVERAGE RETAIL PRICE KEEP RISING

- From 2007 until the most recent increase in Oct 2024, the average retail electricity price has increased by 5.5% annually. In 2024, the price increased once by 4.8% from 2,007 VND/kWh to VND2,103/kWh. This price is now 10.6% higher than China, according to Globalpetroprices.
- Furthermore, with the mission of Environmental, Social, and Governance (ESG), the increased investment in clean energy sources such as wind, solar power and notably, gas power will lead to an upward trend in retail prices. For instance, with the current LNG gas price at $12/MMBtu, the corresponding output gas price would be VND2,200/kWh or higher, which is 10% higher than the latest average retail electricity price of VND2,103/kWh.
- However, this average retail electricity price still remains relatively low compared to most of other countries which then encourages foreign direct investment (FDI) into Vietnam. Furthermore, the National Assembly has recently approved the restart of the Ninh Thuan nuclear power project, with a capacity of 4,000 MW, driven by the anticipated surge in electricity demand in the era of technological innovation and AI. Nuclear power, being a clean energy source, will also help Vietnam achieve its net-zero emissions target as committed at COP26. Moreover, the cost of nuclear power is very affordable, estimated at around VND280/kWh (based on data from nuclear power plants in Japan at the end of 2022).



Sources: EVN, ACBS



Sources: Globalpetroprices, ACBS

ACBS

PART 7. DATA CENTER MARKET

THE FIRST STEP

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SUMMARY

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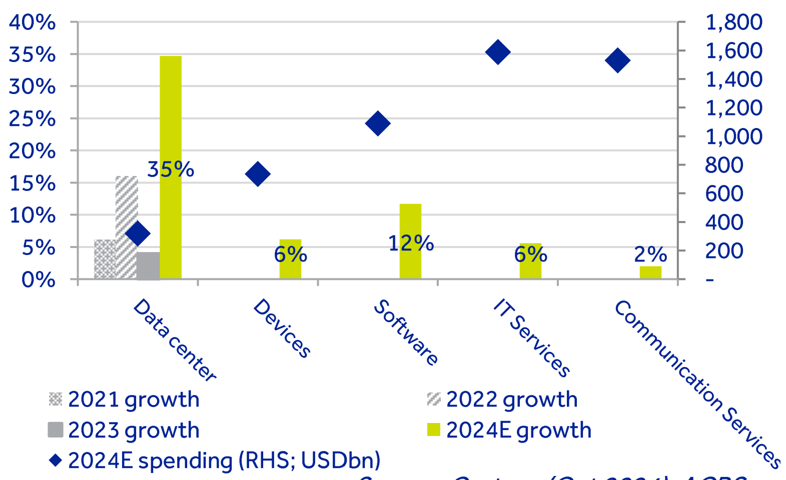
Key points:

- The global data center market has been accelerated by the uprising of AI over recent years and is predicted to keep its momentum in the coming years.
- Due to restrictions in natural resources and inflating costs, investments in data centers are trending to move from established markets to secondary and tertiary markets including many countries in Asia Pacific (APAC).
- Vietnam is among five Southeast Asian countries that emerge as potential markets for data centers. However, the size is still humble.
- The consumption of land, power, water, etc. plays an enormous role in facilitating the industry growth but simultaneously provokes the challenge of balancing between growth and sustainability for industry members.

Listed stocks related:

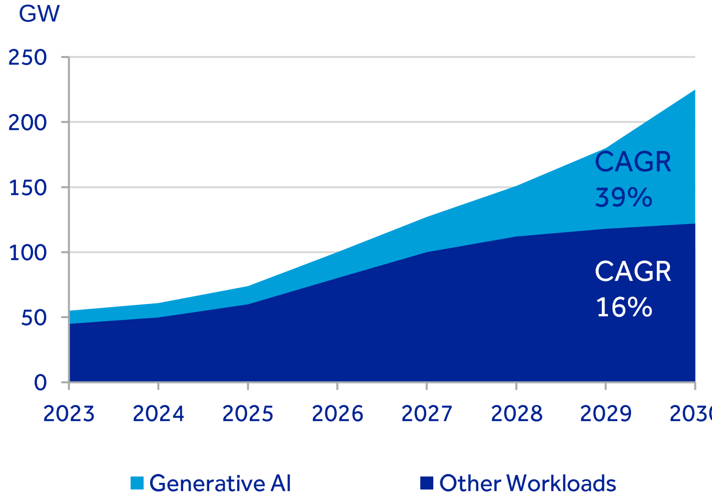
Ticker	Exchange	Market cap (VNDbn)	9M2024 net revenue (VNDbn)	9M2024 EBT (VNDbn)	PER Trailing 12M
FPT	HSX	224,338	45,241	8,111	29.6
CMG	HSX	10,409	3,978	201	31.9
VNZ	Upcom	10,058	6,892	-158	n/a

Data center in worldwide IT spending



Source: Gartner (Oct 2024); ACBS

Global data center capacity forecast



Source: McKinsey; ACBS

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