MONTHLY STRATEGY REPORT AUG 2026

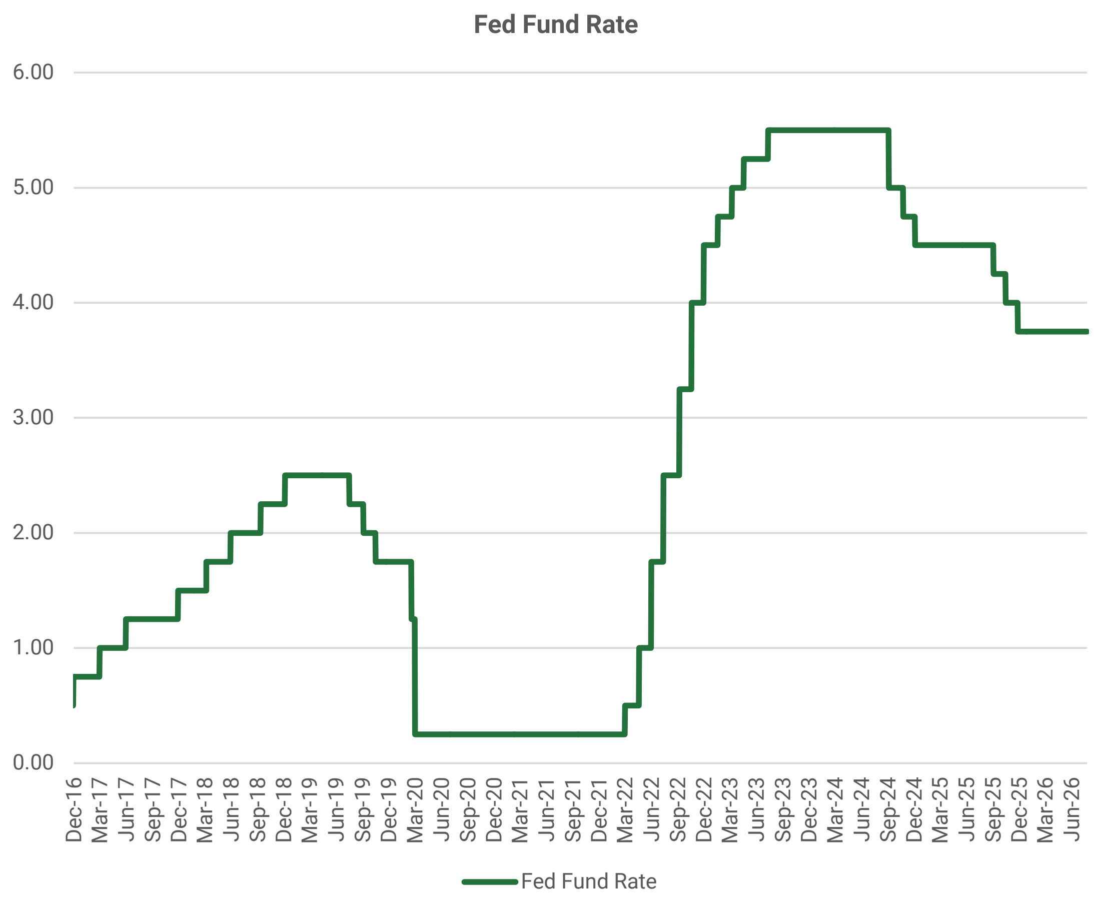
Dark Clouds Have Passed

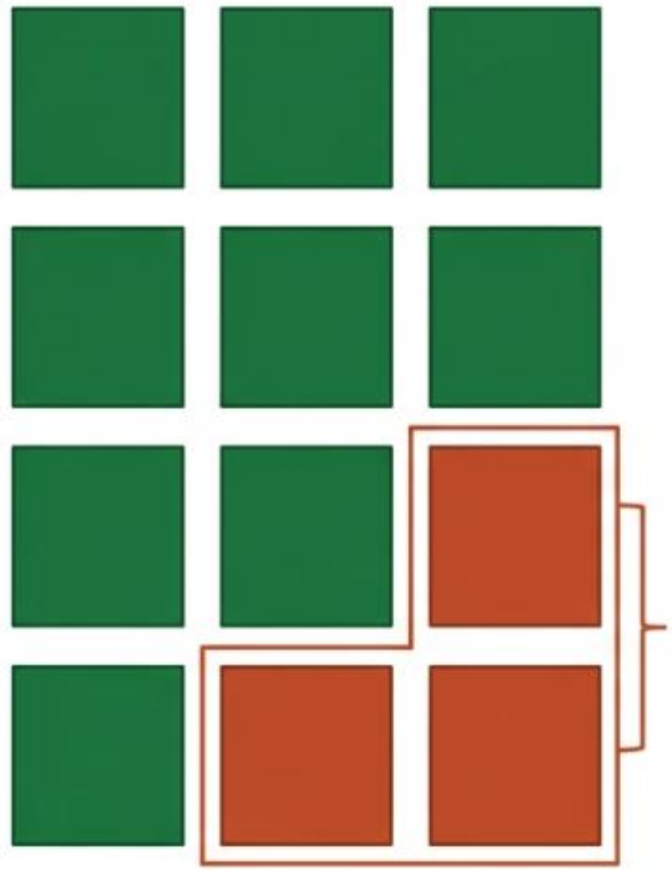
10/08/2026

GLOBAL ECONOMIC OVERVIEW

FED CONTINUES TO HOLD INTEREST RATES

At the July meeting – the second policy meeting chaired by new Chairman Kevin Warsh – the Federal Open Market Committee (FOMC) voted 9–3 to keep the federal funds rate range unchanged at 3.50–3.75%.



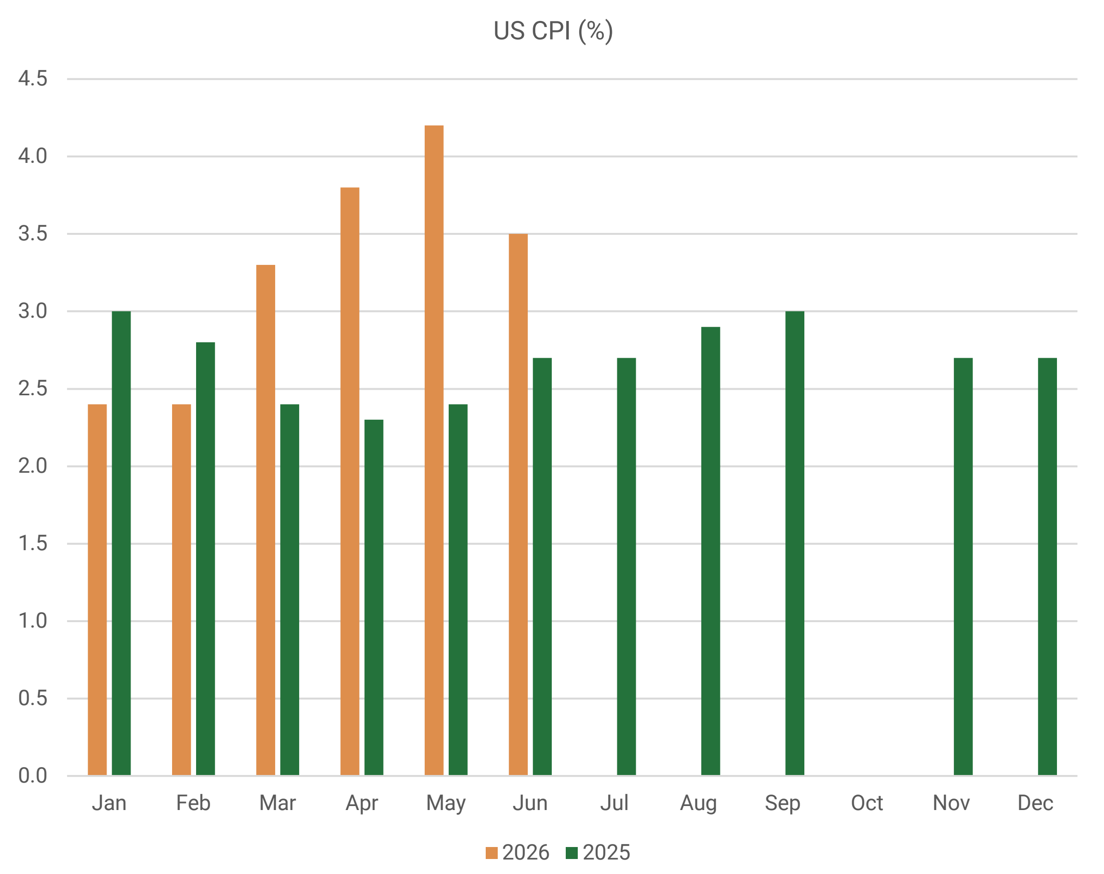


- At the July meeting – the second policy meeting chaired by new Chairman Kevin Warsh – the Federal Open Market Committee (FOMC) voted 9–3 to keep the federal funds rate range at 3.50–3.75%, saying this level is in line with the Fed's dual mandate.
- The committee also reaffirmed its commitment to maintaining ample reserves in the banking system. The three members who voted against were **Beth M. Hammack, Neel Kashkari, and Lorie K. Logan, who supported raising interest rates by 0.25%.**
- The decision to keep interest rates unchanged was not unexpected. We had anticipated that the Fed would hold steady at this meeting, and we continue to believe that the likelihood of the Fed raising rates this year is quite low.

Source: Bloomberg, compiled by PHS

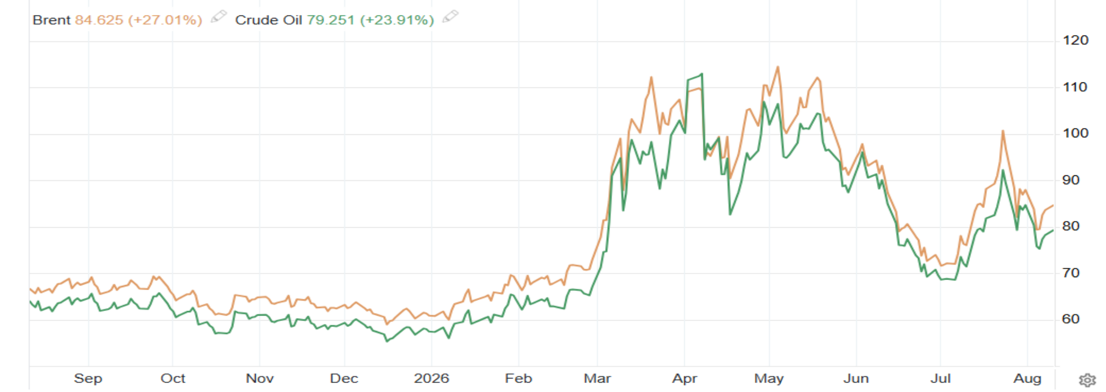
Inflation in the US Cools Down

The headline inflation data for June fell for the first time in 5 months, from 4.2% down to 3.5% – noticeably lower than the market's general forecast (around 3.8%) (Data as of 10/08/2026).



Nguồn: Bloomberg

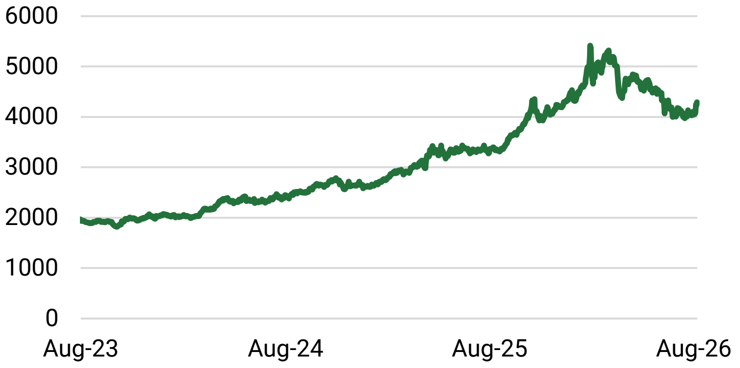
Tensions between the US and Iran, although not completely resolved, have eased recently, helping oil prices cool down significantly compared to their peak (Data as of 10/08/2026)



- Inflation pressure is still persistent and was mentioned by the FOMC in the meeting minutes, but we think this factor isn't enough to make the Fed change its course, since it's still mainly a supply-side shock. Besides, oil prices have cooled down significantly from their peak. The headline inflation for June dropped for the first time in 5 months, from 4.2% to 3.5% – noticeably lower than the general market forecast of around 3.8%.
- We expect the low base effect from 2025 (when Q2 inflation is low before nudging up in Q3) has already been fully reflected in May's CPI, and it will start to ease in Q3 this year. The significant cooling of oil prices from the peak is also supporting this trend..
- This meeting also showed a clear shift in the way Chairman Warsh is running things: ending the era of 'forward guidance.' The Fed no longer signaling the path of future interest rates has made financial markets constantly swing as projections keep changing.

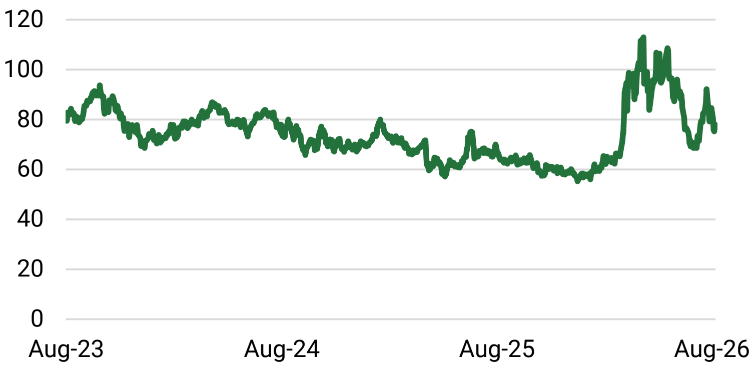
As of 07/08/2026

Gold Price



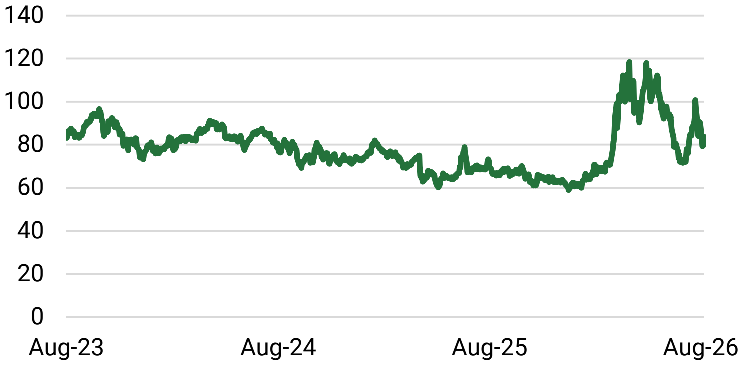
Source: Bloomberg, PHS complied

WTI Crude Oil Price



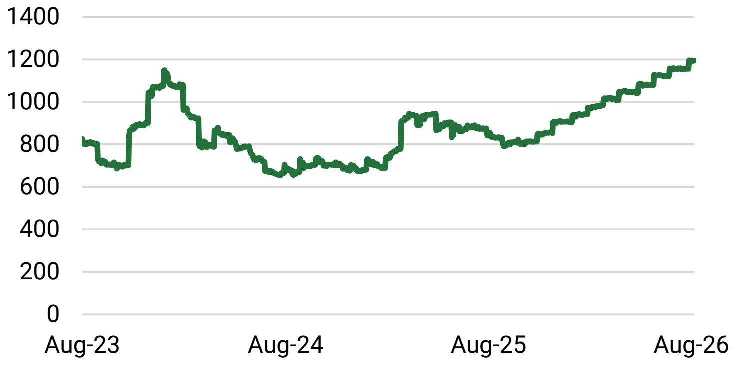
Source: Bloomberg, PHS complied

Brent Crude Oil Price



Source: Bloomberg, PHS complied

Steel Price



Source: Bloomberg, PHS complied

Rubber Price

Source: Bloomberg, PHS complied

Sugar Price

Source: Bloomberg, PHS complied

Economic Calendar – August 2026

Time	Event	Forecast	Impact
03/08/2026	VN – Manufacturing PMI (Effective list of VN3, VN100)		☆☆☆
	US – ISM Manufacturing PMI	54 (Prev: 53.3; Est: 53.7)	☆☆☆
	CN – RatingDog Manufacturing PMI	51.5 (Prev: 51.7; Est: 51.5)	☆☆☆
07/08/2026	US – Nonfarm Payrolls	80K (Prev: 57K; Est: 79K)	☆☆☆
	US – Unemployment rate	4.2%% (Prev: 4.2%; Est: 4.2%)	☆☆☆
	CN – Balance Trade	$107B (Prev: $125.62B; Est: $105B)	☆☆☆
09/08/2026	CN – Inflation rate YoY	0.8% (Prev: 1%; Est: 0.9%)	☆☆☆
10/08/2026	VN – Effective list (VS-Index)		☆☆☆
13/08/2026	VN – MSCI Index Announcement		☆☆☆
	US – PPI MoM	0.1% (Prev: 0.2%; Est: 0.5%)	☆☆☆
20/08/2026	VN – Futures Contract Expiration (VN30, VN100)		☆☆☆
	US – FOMC Minutes		☆☆☆
28/08/2026	US – GDP Growth Q2 QoQ	Estimate: 1.1% (Previous: 2.1%)	☆☆☆
29/08/2026	VN – Submitting audited semi-annual financial statements 2026		☆☆☆
31/08/2026	China – NBS Manufacturing PMI	Previous: 49.2	☆☆☆
01/09/2026	VN – Effective list (MSCI)		☆☆☆

Source: PHS complied

Summary

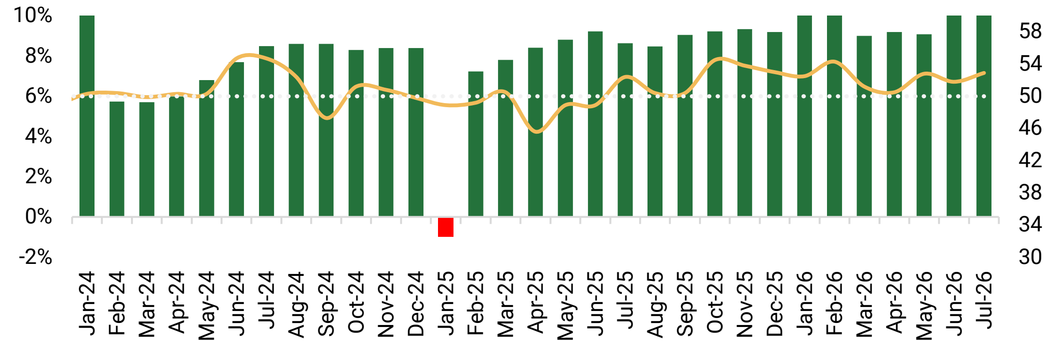
- The global market in July saw strong fluctuations, especially as the yield on the 10-year U.S. Treasury bond jumped to 4.74% at the end of the month (up nearly 30 basis points from the end of June), pressured by a wave of Yen sell-offs. The Yen slid to its lowest level in four decades (164 JPY/USD), forcing the Bank of Japan to spend about $130 billion over two interventions in May and July but failing to reverse the depreciation. As the largest creditor of the U.S. with over $1.1 trillion in bonds, Japan's selling to get dollars for interventions directly pressured the U.S. bond market. The rare coordinated move between the New York Fed and the BOJ – injecting around $53 billion to bring the Yen back to around 159 JPY/USD – shows the severity, even though the depreciation pressure remains.
- In that context, the Fed keeping interest rates unchanged at the July meeting acted as a support for the global market, giving a bit of "relief" to currencies under pressure like the Yen. We expect the Fed to continue maintaining the current interest rate level as inflation pressure shows signs of easing, and more importantly, the continuous expansion of the balance sheet helps keep ample USD liquidity in the system. On the geopolitical side, although negotiations in the Middle East are still open-ended, the goodwill from both sides is clearer, which is expected to help stabilize oil prices – a key factor in reducing uncertainty around inflation expectations.

⇒ **Overall, we assess that the market has begun to ease its state of uncertainty. Geopolitical factors still exist but have gradually lost their surprise element, and the market seems to be more 'numb' to the erratic ups and downs of information. We maintain the view that the Fed will keep interest rates at the current level. Although interest rates are still high, stability in expectations will help capital flows reshuffle their allocation. Additionally, we believe that the Trump administration will implement coordinated policies to reduce the strength of the US dollar, thereby making assets like gold and other high-yield risky assets continue to attract inflows.**

VIETNAM ECONOMIC OVERVIEW

July's IIP maintained strong momentum at +14.5% YoY, bringing the 7-month cumulative growth to +11.4%, led by the manufacturing and processing sector (+15%) and the FDI bloc. The PMI remained above the 50 threshold, confirming that the manufacturing expansion trend continues. However, MoM growth was only +1.2%, indicating that the pace of growth is somewhat slowing.

IIP (%YTD) & PMI



Source: GSO, PHS complied

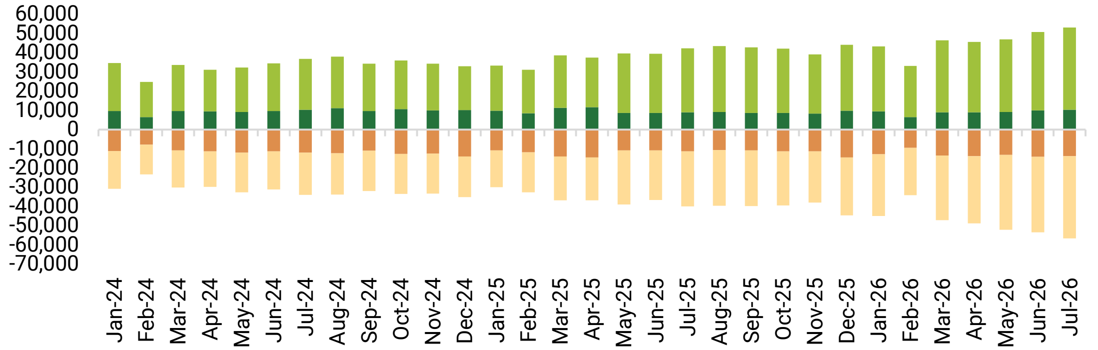
Steel remained a bright spot in July, thanks to Hoa Phat's stable operation of Dung Quat 2 and construction demand, with public investment showing signs of improvement. Conversely, automobiles and motorcycles declined MoM, mainly because buyers are waiting for the 50% registration fee reduction incentive effective August 15. Textiles and footwear recovered only slightly and remained in negative territory YoY as Q4 orders thin out under the pressure of US tariffs.

	MoM	YoY	YTD YoY
Điện thoại thông minh	5.5%	13.4%	3.9%
Vải dệt từ sợi tự nhiên	4.7%	-2.9%	-0.4%
Sắt, thép thô	4.3%	11.4%	11.9%
Giày, dép da	4.1%	-2.0%	-4.9%
Quần áo mặc thường	2.5%	6.6%	5.9%
Xe máy	-3.6%	17.8%	31.1%
Phân U rê	-4.2%	-3.1%	-1.6%
Thép thanh, thép góc	-6.9%	25.0%	16.8%
Ô tô	-9.2%	20.0%	24.3%
Đường kính	-45.2%	68.5%	18.5%

Source: GSO, PHS complied

July's trade volume reached a new peak, with total turnover of USD 109.75 billion (+5.3% MoM, +33% YoY); exports reached USD 53.08 billion and imports USD 56.67 billion. On a cumulative 7-month basis, total turnover hit USD 659.58 billion (+28.1%), showing that the production-trade engine is still running at high intensity.

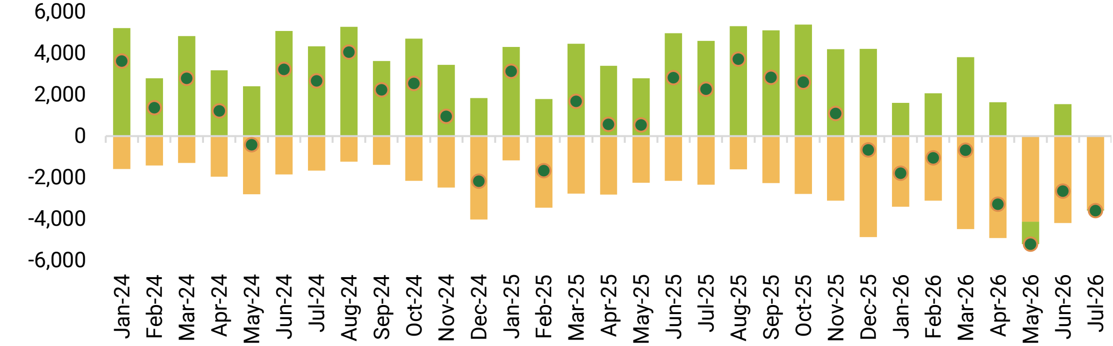
Monthly export & import



Source: GSO, PHS complied

Despite the strong growth in volume, the trade balance tilted toward a deficit of USD 3.59 billion for the month and USD 20.52 billion cumulatively over 7 months. The FDI sector's surplus narrowed to USD 7.98 billion and was nearly balanced in July alone, while the domestic sector ran a deficit of up to USD 28.5 billion.

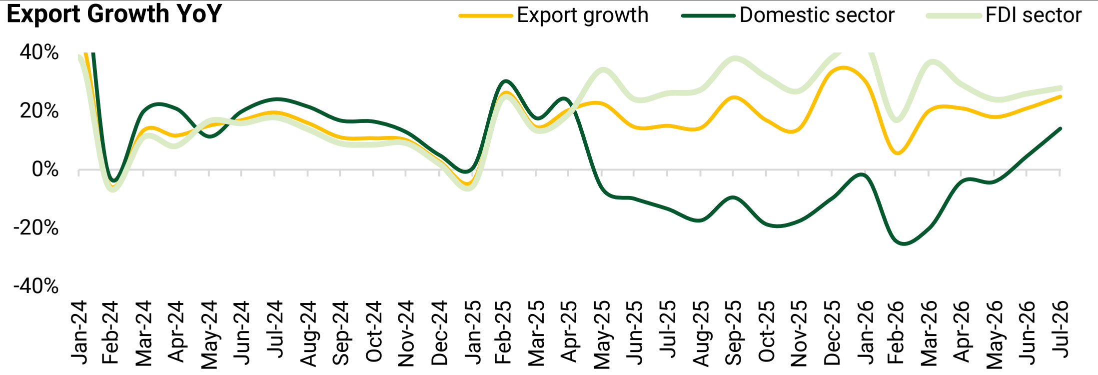
Monthly trade balance by sector (USD bn)



Source: GSO, PHS complied

In terms of pace, July exports grew 25% YoY, but the drivers were clearly divergent: the FDI bloc grew 27.9% and continued to lead, while the domestic sector rose only 14%. The gap widened further on a cumulative basis, with FDI posting +26.4% growth versus just +5.8% for the domestic sector over 7 months.

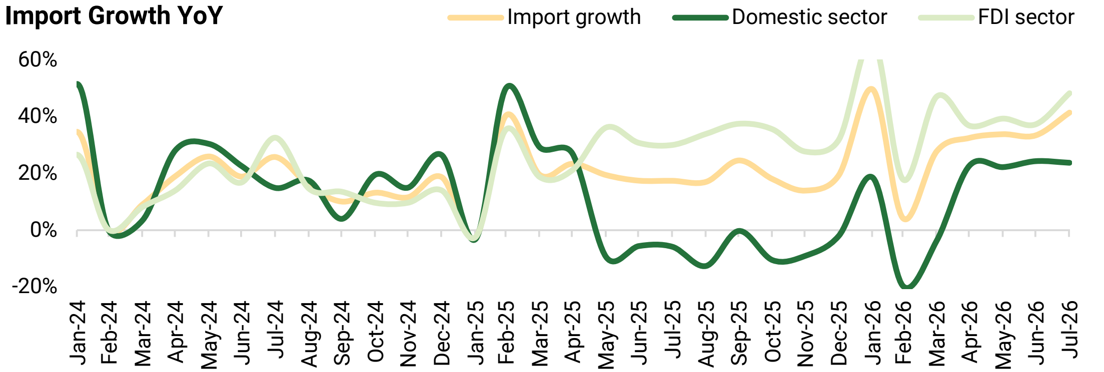
Export Growth YoY



Source: GSO, PHS complied

On the import side, momentum was even stronger, with July import growth reaching 41.4% YoY, led by the FDI bloc (+48.3%), while the domestic sector grew 23.7%. The FDI bloc's import structure in the first 7 months reveals the underlying momentum: electronics, computers, and components surged 62%, and machinery and equipment rose 22.9% — both early indicators of expansion activity in the months ahead.

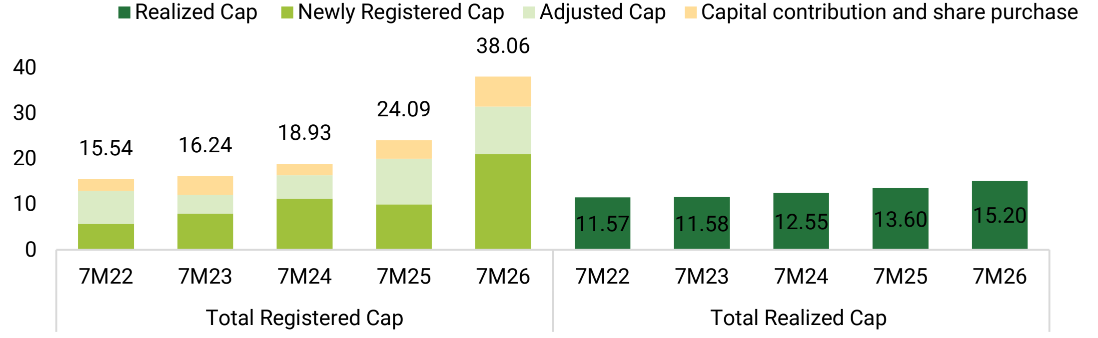
Import Growth YoY



Source: GSO, PHS complied

FDI is becoming the most prominent pillar of growth this year. In the first 7 months alone, committed capital already exceeded the combined total of previous years, while disbursed capital continued to hit a 5-year high. Amid the wave of supply chain relocation and global tariff pressure, Vietnam retains its appeal, particularly in manufacturing and processing.

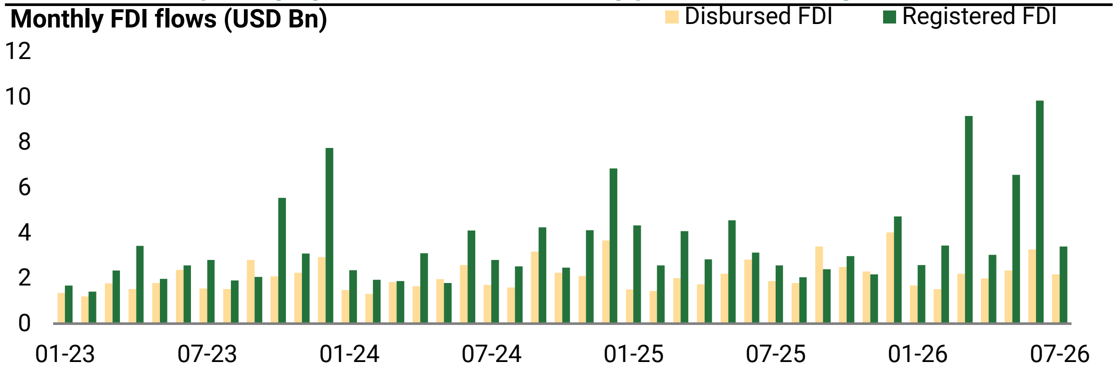
Cumulative registered & disbursed FDI cap (USD billion)



Source: GSO, PHS complied

In July, registered FDI capital reached approximately USD 3.4 billion, cooling from the surges earlier in the year, while disbursed capital held steady at around USD 2.2 billion. Hai Phong is emerging as a new semiconductor hub with the announcement of its Free Trade Zone on July 30. LG Innotek is also preparing to break ground on its USD 1 billion semiconductor packaging substrate manufacturing plant in Hai Phong in Q3 2026.

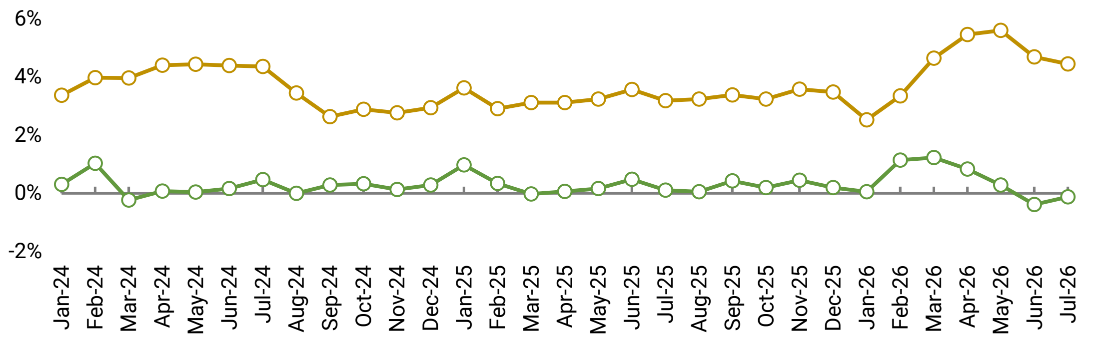
Monthly FDI flows (USD Bn)



Source: GSO, PHS complied

July CPI fell 0.12% MoM, the second consecutive monthly decline, mainly thanks to a 4.35% drop in gasoline prices, a 9.18% drop in diesel, and cooling food prices on abundant supply; as a result, YoY inflation eased to 4.45%. However, the 7-month average still edged up to 4.39%, indicating that underlying inflation remains persistent even as energy prices decline.

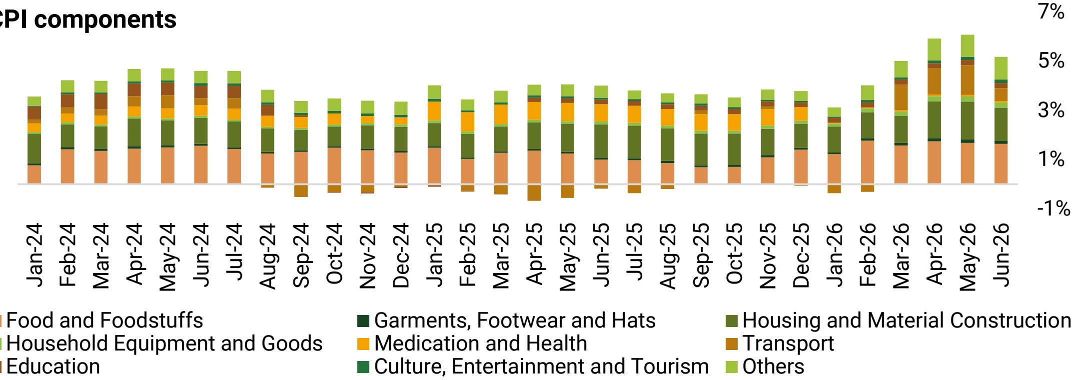
Consumer Price Index (CPI)



Source: GSO, PHS complied

Housing and construction materials, along with dining out, continued to be the largest contributors to inflation, compounded by an increase in the "other" category as health insurance contributions rose 7.9% in line with the new base salary. On the other side, transportation was the strongest drag, thanks to domestic fuel prices cooling in step with global oil prices. This structure implies that inflation is gradually shifting from exogenous factors (energy) toward internal ones (services, policy).

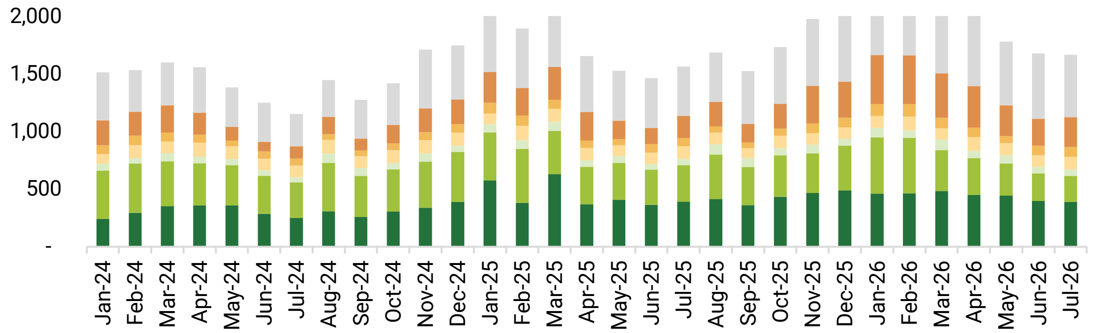
CPI components



Source: GSO, PHS complied

July tourism welcomed 1.66 million arrivals, down on seasonal factors but still up 6.6% YoY; the 7-month cumulative total reached nearly 13.9 million arrivals (+13.8% YoY), completing 56% of the annual target.

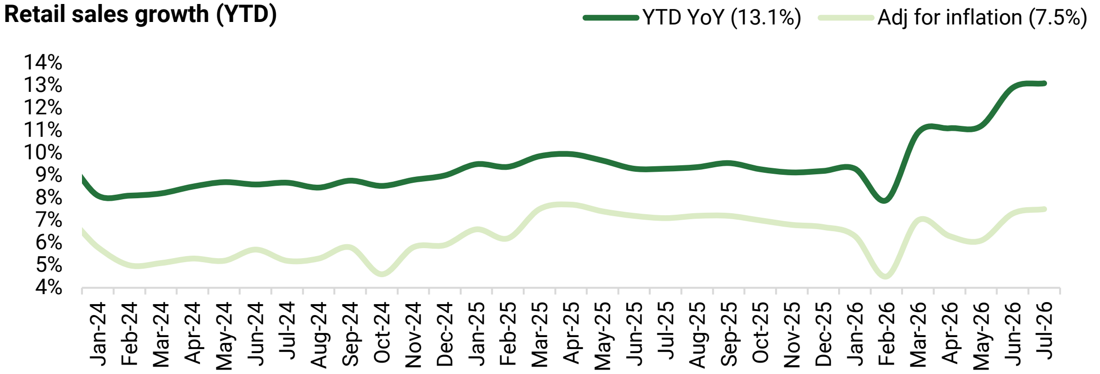
International tourists (thousand people)



Source: GSO, PHS complied

Real retail sales (excluding inflation) rose 7.5% YTD, a slight improvement from the 5–6% range earlier in the year. However, the gap between the nominal figure of 13.1% and the real figure of 7.5% shows that inflationary pressure is still significantly eroding purchasing power, keeping the recovery in real consumption fairly cautious.

Retail sales growth (YTD)



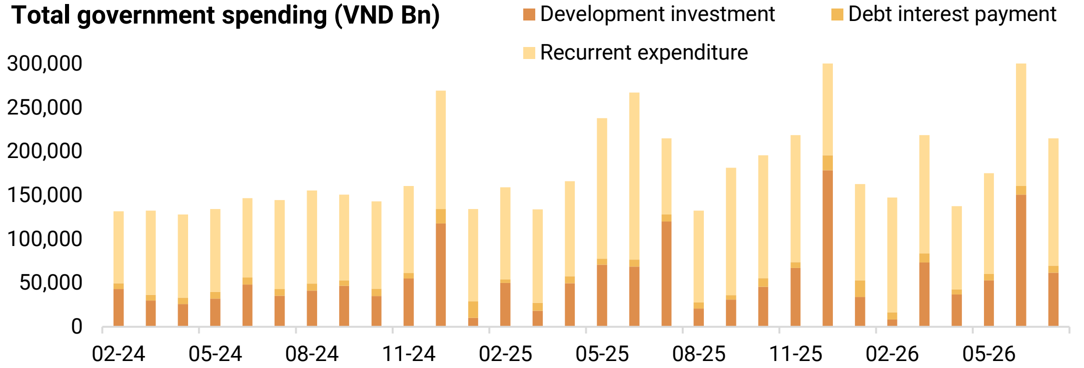
Source: GSO, PHS complied

Revenue collection performed well across all sources — from domestic revenue and crude oil to exports. Steady, broad-based revenue growth helps reinforce the fiscal foundation for the second half of the year, a period expected to see accelerated public investment.

	7M2026	%Plan	%YoY	2026 Plan
State budget revenue	**1,834,600**	**72.53%**	**16.00%**	**2,529,467**
- Taxes and fees	1,587,500	72.16%	16.00%	2,199,967
- From crude oil	37,300	86.74%	29.60%	43,000
- From export-import	208,800	75.11%	13.70%	278,000
State budget expenditure	**1,364,300**	**43.19%**	**7.70%**	**3,159,106**
- Investment and development expenditure	418,900	37.40%	23.70%	1,120,227
- Interest payments	68,400	56.47%	8.50%	121,131
- Recurrent expenditure	875,000	48.37%	1.40%	1,808,996
Budget balance	**470,300**			**-629,639**

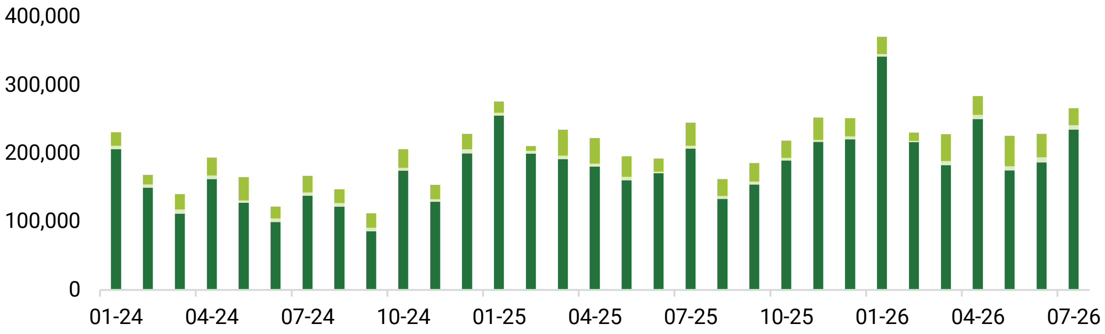
Source: GSO, PHS complied

Public investment spending in July was around VND 62 trillion, up 50% from the average of the first five months, somewhat signaling positive momentum in public investment disbursement. However, on a cumulative 7-month basis, public investment spending has still only reached 37.4% of the plan. Recurrent spending was nearly flat (+1.4% YoY) thanks to streamlining the state apparatus — redirecting cash flow from "feeding the bureaucracy" to "building infrastructure."



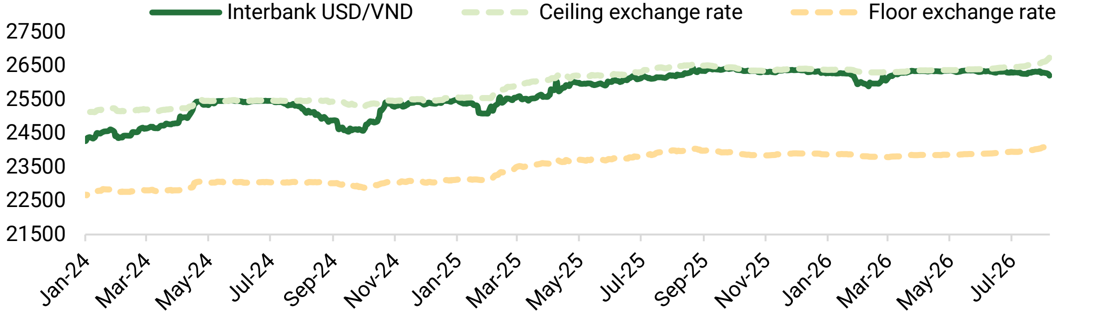
Source: GSO, PHS complied

The budget revenue base is solid, with domestic taxes and fees accounting for 86.5% of total revenue and rising 16% YoY, reflecting a pickup in production and consumption. This was complemented by a sharp 29.6% increase in crude oil revenue and a 13.7% surge in import-export revenue driven by record trade turnover, making the revenue stream more sustainable.



Source: GSO, PHS complied

The USD/VND exchange rate moved sideways around 26,300 in July and cooled sharply in early August, thanks to strong capital inflows and a weakening DXY. However, pressure remains as the trade deficit reached USD 20 billion. The SBV raised the central reference rate sharply, widening the gap between the ceiling and the market to ~600 points.



Source: Refinitiv, PHS complied

VIETNAM ECONOMIC OVERVIEW - CONCLUSION

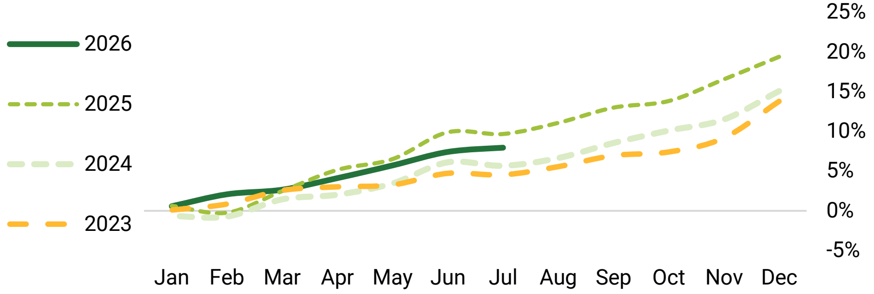
- Overall, July's macro data continued to improve and remained closely in line with our forecasts. Inflation cooled for the second consecutive month, mainly thanks to downward adjustments in transportation prices; we believe the CPI has likely passed its peak and will gradually ease in the coming months. Nonetheless, the target of keeping average inflation below 4.50% remains a considerable challenge, depending significantly on price developments and the room to adjust state-managed items in the second half of the year.
- Notably, in just the first 7 months of the year, the FDI bloc spent over USD 177 billion importing computers, electronics, and machinery and equipment — alongside disbursed capital rising 11.8% YoY. This shows that foreign enterprises are actively importing equipment to install and expand factories; that capital flow contributes directly to the upward momentum of the industrial production index (+11.4%) and the manufacturing and processing segment (+15%). The tight linkage between capital-goods imports, FDI disbursement, and industrial growth shows that this group's growth foundation is genuinely solid.
- The point to watch is that public investment disbursement has still not met expectations; although recently pushed more aggressively, the results are not yet clearly reflected in the data. This is a key bottleneck, as it affects both the macro picture and the economy's liquidity and cash flow. On the trade balance, PHS believes the current large deficit is not yet a cause for concern, as the bulk of import turnover comes from the FDI bloc importing raw materials to serve production, and Q3 is traditionally the peak season for producing key technology product lines.

=> In sum, economic developments remain closely aligned with our projected scenario; PHS maintains its optimistic view and expects GDP to grow around 8.0%, barring any unexpected external shocks.

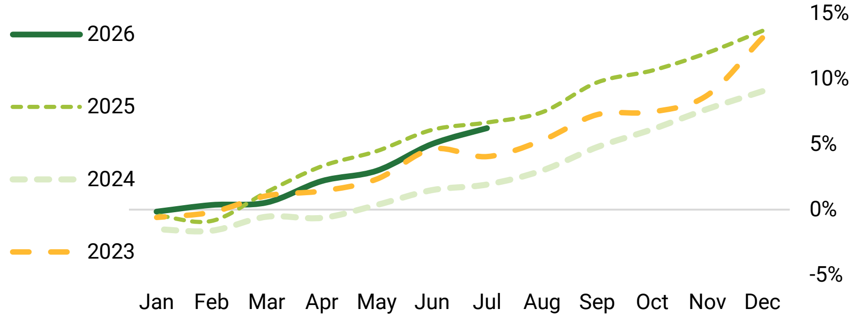
Indicator	Government plan for 2026	7M2026	PHS 2026F
GDP (%YoY)*	**>10%**	8.18% (2Q)	8%
Average CPI (%YoY)	**4.5%**	4.39%	5.0%
Urban unemployment rate	<4%		3.0%
Credit growth		7.94% (15/07/2026)	15%
Disbursement rate compared to plan	>95%	37.4%	80%
Import growth (YTD YoY)		41.4%	19%
Export growth (YTD YoY)		25.0%	17%
IIP growth		11.4%	10%
Retail sales growth		13.1%	~11%
FDI disbursement (% YoY)		11.8%	~9%

As of 10/08/2026	
Average 12-Month Deposit Interest Rate	6.0%
SJC (million VND/tael)	141 – 144
USDVND exchange rate	26,174 (-0.4% YTD)
VNT 10yrs bond yield	4.41% (+37 bps YTD)

Credit growth



Deposit growth



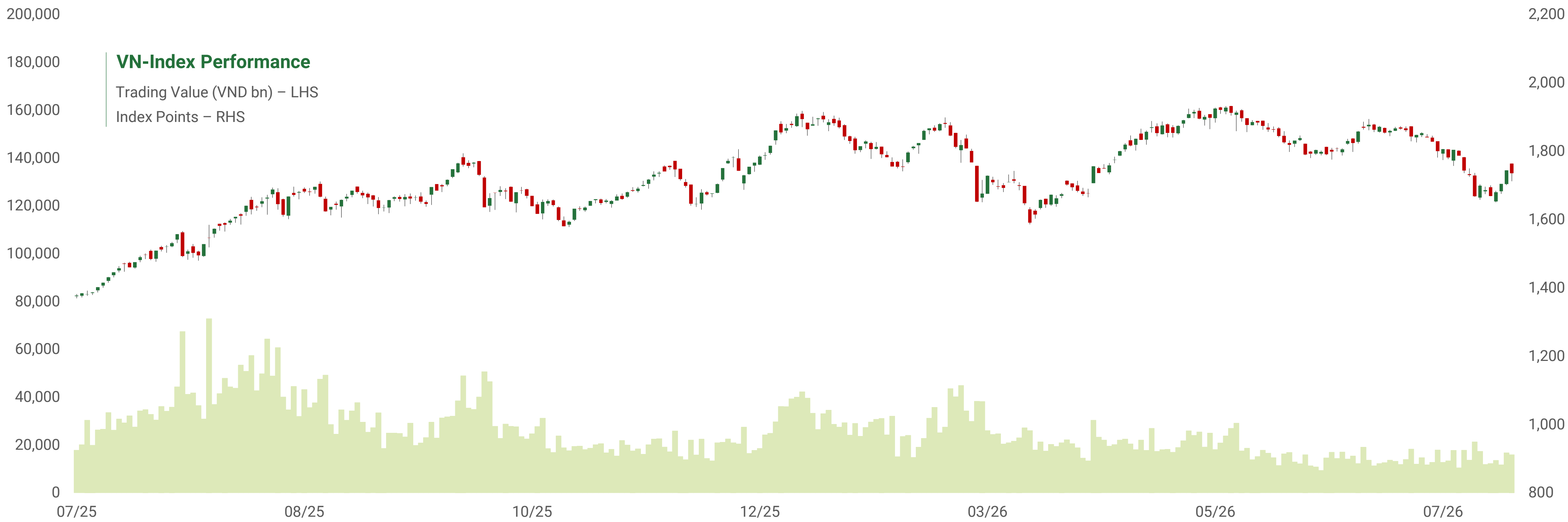
Source: PHS complied as of 15/07/2026

- **Regarding the exchange rate,** USD/VND mostly moved sideways around 26,300 in July and cooled off more noticeably from early August. This positive development comes from three simultaneous supports: (i) the Fed held interest rates steady at the July 28–29 meeting, while weaker US job data eased the DXY; (ii) Brent oil prices dropped nearly 6% to around 82–84 USD/barrel, reducing demand for foreign currency for energy imports; and (iii) capital inflows from FDI disbursements, remittances, and USD loans remained strong, helping improve foreign currency supply. The State Bank of Vietnam continued to actively raise the central rate, widening the gap between the ceiling rate and the market rate by about 600 points, creating a flexible buffer for both the floor and ceiling rates, and thus increasing room to manage the exchange rate..
- Overall, July and early August showed that exchange rate pressures continued to ease amid a fairly abundant foreign currency supply. Notably, the free market exchange rate dropped for the first time in months, falling more than the interbank rate, partly reflecting money moving away from other asset channels like gold, jewelry, and cryptocurrencies, which in turn limited free currency trading.
- As mentioned in the Global Market Overview section, we expect the DXY to remain stable and USD liquidity to be abundant as the Trump administration implements measures to curb the strength of the dollar. Additionally, inflation in the U.S. is gradually cooling down while the labor market shows signs of weakening, reinforcing the likelihood that the Fed will keep interest rates steady. On the domestic side, Vietnam continues to attract strong FDI inflows, and with the upcoming export cycle, PHS forecasts that the trade deficit will narrow, supporting exchange rate stability towards the end of the year. In this context, the State Bank of Vietnam is likely to take advantage of the current adjustment phases to top up its foreign exchange reserves, which are fairly low. The exchange rate is expected to trade around 26,050 - 26,200.
- **On interbank interest rates,** July ran somewhat counter to the norm: instead of month-end tightness, liquidity was fairly abundant, with the overnight rate falling from 2.2% (28/7) to only about 0.7% in the final sessions of the month. Even so, the structural issue persists, as the credit–deposit growth gap remains wide. Interbank trading volume averaged around VND 910 trillion per day (roughly USD 35 billion), about 1.5 times the 2024–2025 level, with 94% concentrated in the overnight tenor. We expect liquidity to stay comfortable in the near term thanks to easing oil prices and FX pressure, though rates should hold around 4–5% and remain prone to sharp swings at sensitive junctures.
- On the policy front, the SBV has maintained a series of selective support measures — prioritizing capital flows into production and key sectors, rolling out a credit package for SMEs (rates at least 1 percentage point lower), and removing legal bottlenecks to unlock funding. This is a consistent continuation of the policies rolled out since March — a reasonable choice given limited policy room while the targets of ~15% credit growth and double-digit economic growth remain in place. Notably, deposit rates began to cool from early August, with several banks announcing cuts of 0.1–0.3% such as SeABank, VPBank, LPBank and BIDV,…. This trend suggests the deposit-rate race may have peaked, paving the way for more accommodative lending rates in the second half of the year.

EQUITY MARKET

VIETNAM STOCK MARKET

Tariff pressure and renewed geopolitical tensions weigh on market sentiment



Key Events in July 2026

- 01/07: PMI reached 51.8, remaining in expansion despite a slight decline MoM.
- 03/07: 2Q2026 GDP was estimated to grow by 8.39%, maintaining strong economic momentum.
- 10/07: Circular No. 32/2026/TT-NHNN capped loans for overseas investment at 70% of capital.
- 13/07: The IMF raised its forecast for Vietnam's 2026 GDP growth to 7.5%
- 22 – 24/07: Domestic gold prices plunged.
- 26/07: The Ministry of Agriculture and Environment proposed higher taxes on idle and speculative property.
- 30/07: SBV raised the share of State Treasury deposits included in LDR calculation to 50%.

05/07: OPEC+ agreed to further raise production quotas from August.

08/07: The US resumed airstrikes on Iran, reviving Hormuz risks and oil prices.

09/07: June Fed minutes showed continued focus on inflation control.

16/07: The US launched further strikes on Iran, escalating Middle East energy risks.

20/07: US-Iran tensions intensified, pushing Brent crude above USD 90/bbl.

24/07: The US announced new tariffs on 60 economies, replacing the 10% global tariff.

25/07: Trump paused airstrikes on Iran, prioritizing diplomatic negotiations.

29/07: The Fed held rates unchanged amid continued internal division.

AI momentum cools in major markets, while fund flows into ASEAN improve

Global equity markets remained divergent in July. Developed markets such as Wall Street and Europe remained stable at high levels, while major Asian markets such as South Korea, Japan, Taiwan, etc, saw sharp corrections after a strong rally, mainly due to profit-taking pressure on technology stocks and stocks benefiting from the AI wave. The VN-Index fell 6.7%, underperforming regional markets such as Singapore, Indonesia and Thailand. **From an intermarket perspective, oil prices recovered during the month, while the DXY edged down slightly but the US 10-year Treasury yield remained elevated, indicating that inflation and funding cost pressures have not fully eased. This continued to keep capital flows into risk assets in a cautious state.**

Market	Index	Closing price (July 31)	Mkt_Cap (bn USD)	July Perf.	YTD	P/E	P/B
Vietnam	**VN-Index**	1,736	312	-6.7%	-2.7%	13.1	2.0
MSCI Developed Markets	MXWO	4,848	99,811	0.5%	9.4%	24.8	4.1
MSCI Emerging Markets	MXEF	1,666	29,041	-3.3%	18.6%	18.3	2.5
USA	S&P 500	7,490	66,853	-0.1%	9.4%	27.6	5.7
USA	Dow Jones	52,485	25,878	0.3%	9.2%	25.2	6.1
Japan	Nikkei 225 Index	64,362	6,421	-8.1%	27.9%	23.4	2.9
China	Shanghai Composite Index	3,832	9,125	-6.4%	-3.4%	19.1	1.5
Taiwan	TAIEX Index	43,120	4,355	-6.5%	48.9%	29.7	4.1
South Korea	**KOSPI Index**	6,595	3,658	-22.2%	56.5%	18.1	1.9
Germany	DAX	25,629	2,406	2.5%	4.7%	17.6	2.1
Singapore	STI Index	5,629	642	8.9%	21.1%	17.4	1.8
Thailand	SET Index	1,624	611	2.0%	28.9%	17.1	1.5
Malaysia	FTSE Malay EMAS	12,596	298	2.5%	4.1%	18.4	1.7
Indonesia	**Jakarta Composite Index**	6,236	597	10.5%	-27.9%	14.9	1.7
Philippines	PCOMP Index	6,236	145	3.3%	3.0%	9.5	1.3
India	Nifty 500	24,384	2,085	2.2%	-6.7%	22.0	3.0

Intermarket	July Perf.	YTD
VN-Index	-6.7%	-2.7%
Bitcoin	7.3%	-28.2%
DXY	-1.3%	1.6%
WTI Crude Oil	21.8%	47.5%
Brent Oil	23.6%	48.1%
World Gold	1.0%	-6.3%
SJC Gold Bars	-3.5%	-7.1%
SJC Gold Rings	-3.7%	-5.0%
CRB Commodity Index	8.9%	28.9%

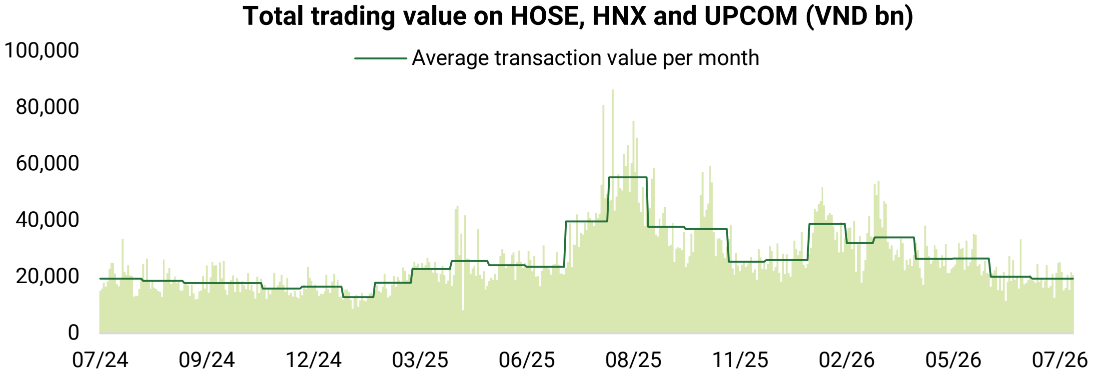
Interest Rates	Value
US 10-Year Government Bond Yield	4.7%
Vietnam 10-Year Government Bond Yield	4.4%
Overnight Interbank Interest Rate	4.8%
1-Month Interbank Interest Rate	7.1%
9-Month Interbank Interest Rate	9.3%

(as of Aug 05, 2026)

Source: Bloomberg , PHS compiled

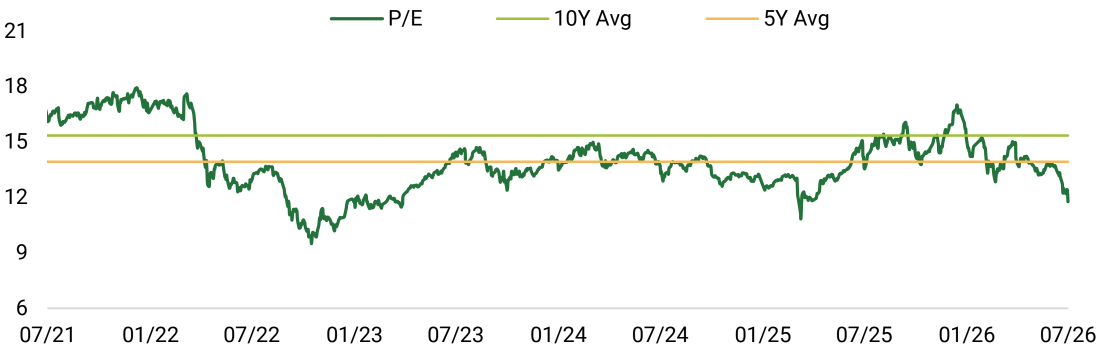
Liquidity remained subdued, while valuations fell to the year's lowest levels

Average trading value across the three exchanges remained low in July 2026, at around VND 19,400bn, down nearly 3% MoM.



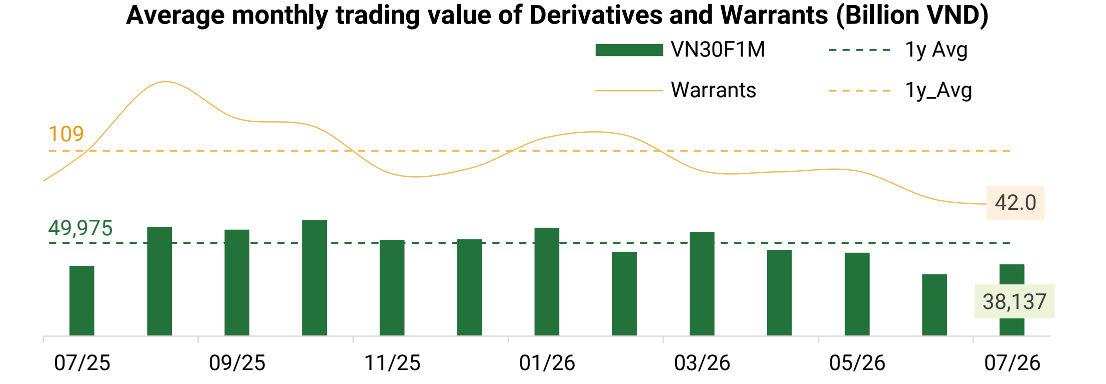
Source: FiinProX, PHS compiled

The market traded at a P/E of 11.8x as of July 31, 2026, widening the discount to the 10 year average of 15.35x and the 5 year average of 13.94x.



Source: FiinProX, PHS compiled

Trading value in the derivatives market recovered, while covered warrant trading continued to decline MoM.



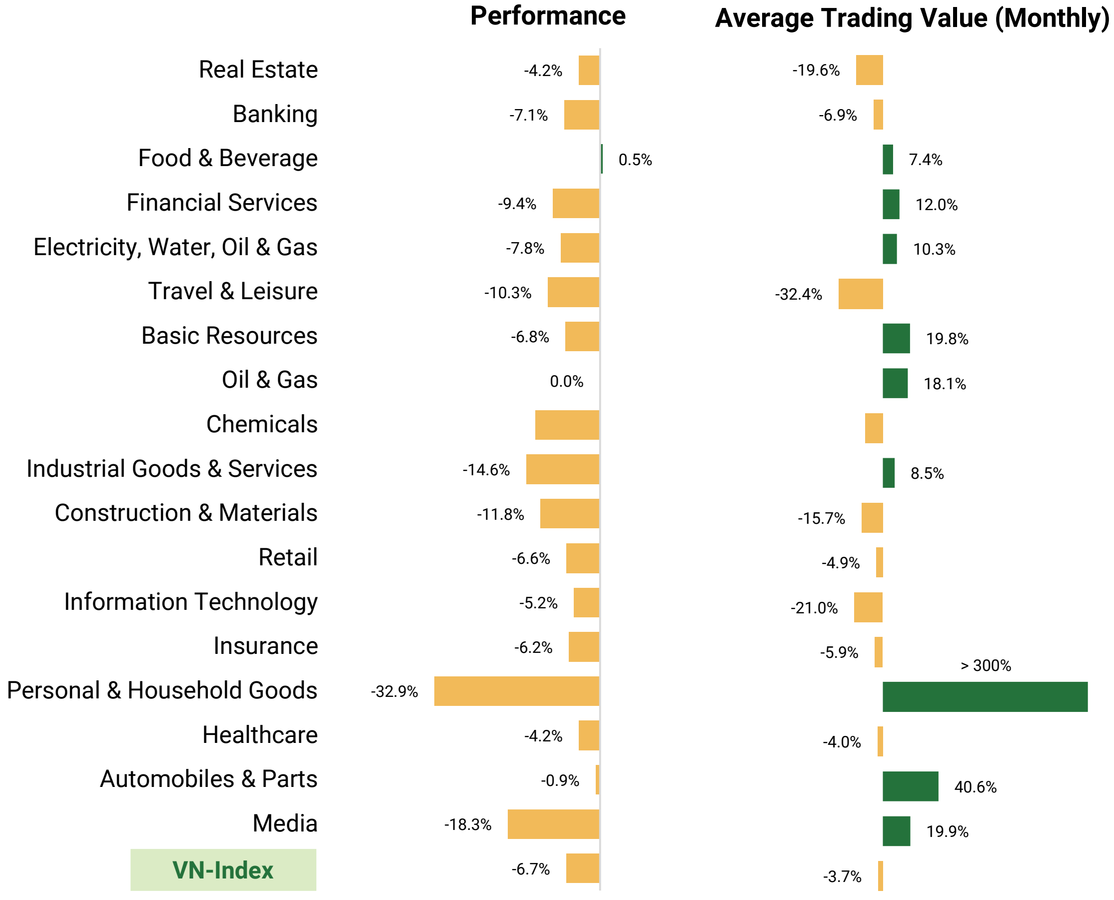
Source: FiinProX, PHS compiled

- **Average liquidity across the three exchanges remained low, with trading value mainly increasing during high volatility sessions.** As 2Q earnings expectations were gradually priced in, the market lacked new catalysts. Meanwhile, uncertainty over US tariff policies and renewed geopolitical tensions toward month end kept investor sentiment cautious, with capital flows yet to return to the market.
- **Valuations fell to the lowest level of the year:** Continued market corrections in July pushed stock prices lower, while 2Q earnings remained positive across many companies. The divergence between stock prices and earnings fundamentals brought the market P/E to its lowest level in a year, around 20% below the 10 year average and 16% below the 5 year average.

Mixed signals persist, while the market still lacks a strong enough driving force

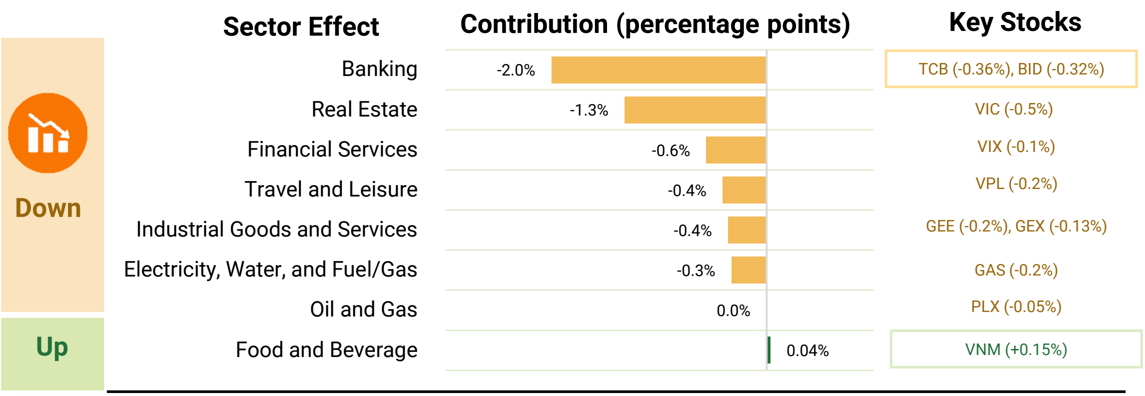
Sector Performance and Trading Value on HOSE in July (MoM)

Most sectors declined, while force selling in PNJ drove a sharp spike in trading value



Source: FiinProX, PHS compiled

Sector and Stock Contributions to the VN-Index (ppt)



Source: FiinProX, PHS compiled

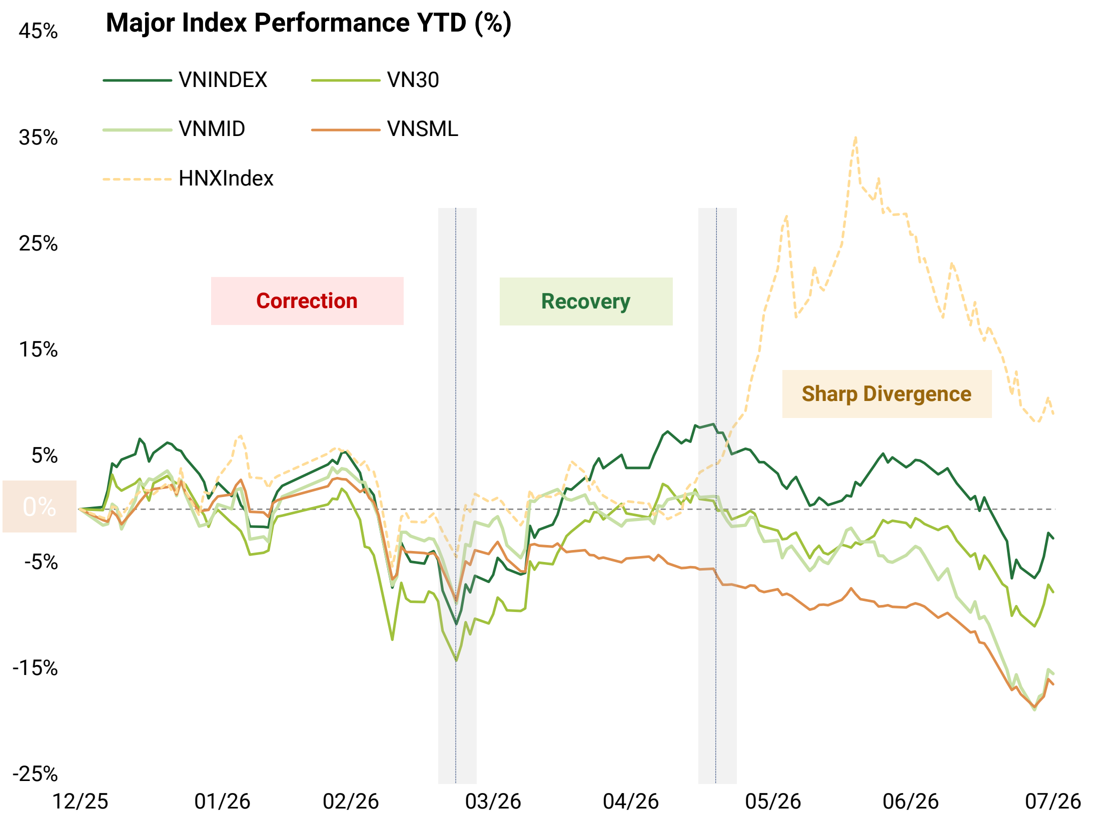
Trading Highlights in the Month

- **Diamond industry shock:** Authorities cracked down on a large cross border diamond smuggling ring and expanded the investigation to related entities, including PNJ Lab's inspection activities. This raised concerns over the transparency of inspection processes and the origin of goods in the market. The news weighed on jewelry stocks and made investors more cautious toward retail companies.
- **Most sectors declined:** Most sectors posted weak performance during the month. Selling pressure spread across the market, with even major large cap stocks coming under pressure. Food and Beverage was one of the few sectors to gain, led by VNM. Meanwhile, Banking, Real Estate and Financial Services were the biggest drags on the overall index.

Market performance turned negative in July

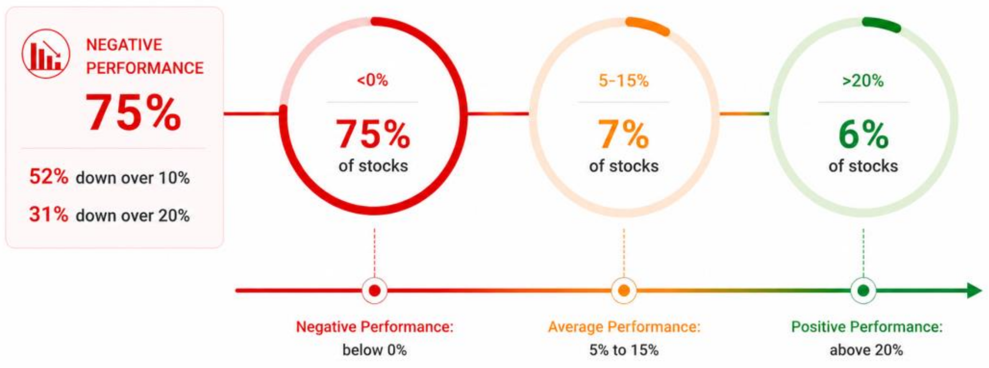
Major index performance YTD (As of July 31, 2026)

HNX Index is excluded due to THD's significant impact on its performance



Source: FiinProX, PHS compiled

HOSE stock performance since the beginning of 2026 (YTD, as of July 31)

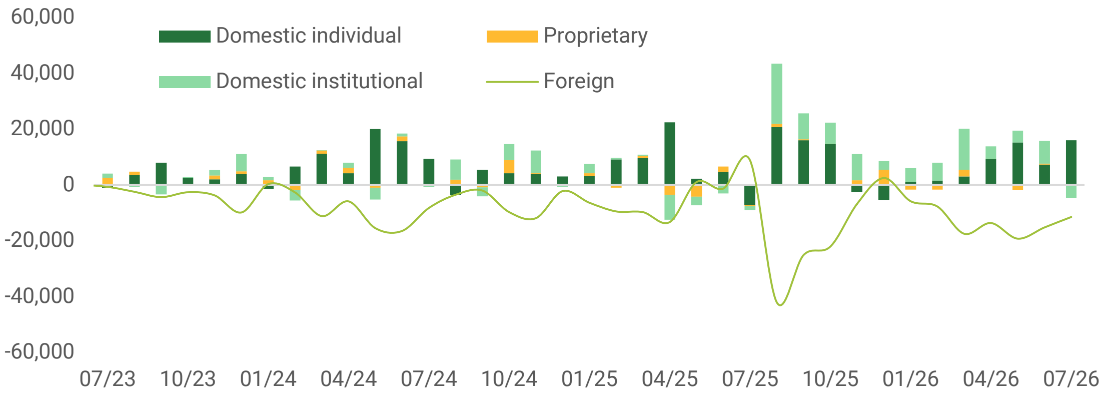


- **Recovery remained uneven across indices:** After the sharp correction in March due to geopolitical tensions, major indices recovered as market sentiment gradually stabilized. However, divergence became increasingly clear from mid May, as VNMID and VNSML turned negative while VN30 also failed to regain positive returns. By the end of July, the VN Index had also erased its YTD gains and turned negative, reflecting a recovery that was not strong enough to be sustainable.
- **Stock performance was even weaker than the indices:** As of July 31, 75% of HOSE stocks posted negative returns, while only 6% gained more than 20%. This shows that return opportunities remained concentrated in a small number of stocks, while most of the market continued to face correction pressure without broad based improvement.

Domestic institutions ended their net buying streak, while new account openings cooled

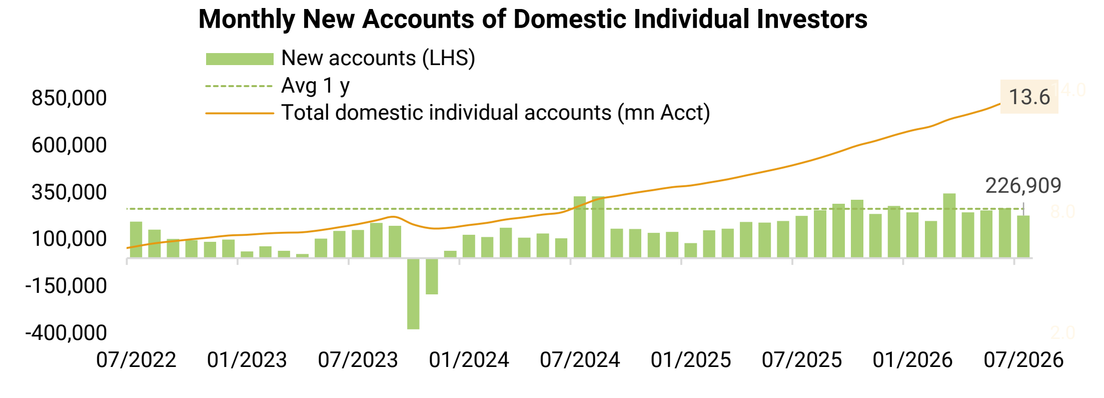
Monthly net trading by investor groups on HOSE (VND bn)

Domestic retail investors remained the main net buyers.



Source: FiinProX, PHS compiled

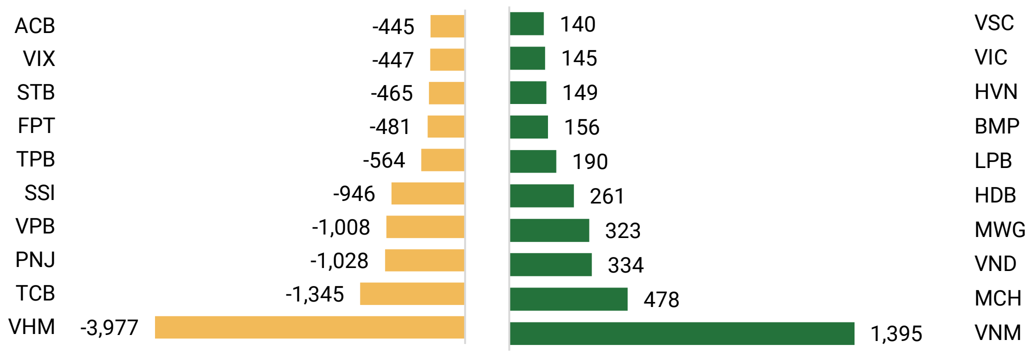
New domestic accounts edged up in July, remaining above the yearly average



Source: VSD, PHS compiled

Top foreign net buying/selling stocks on HOSE in July 2026

Foreign investors remained net sellers, mainly in the financial sector

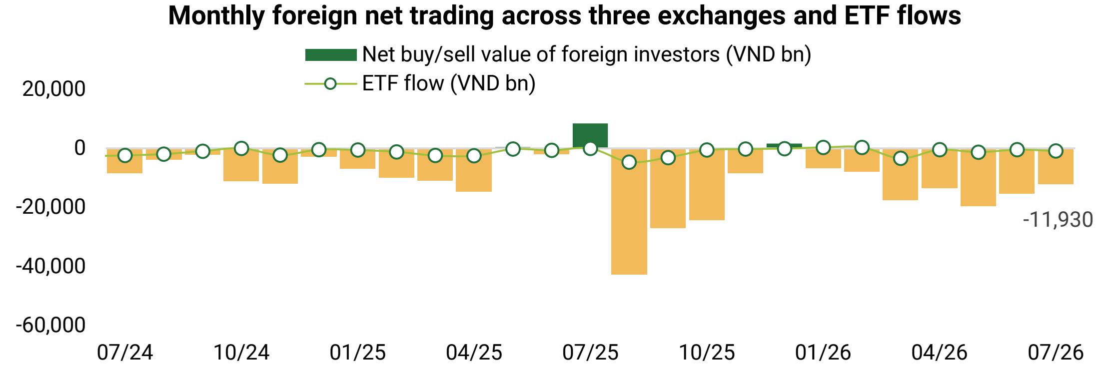


Source: FiinProX, PHS compiled

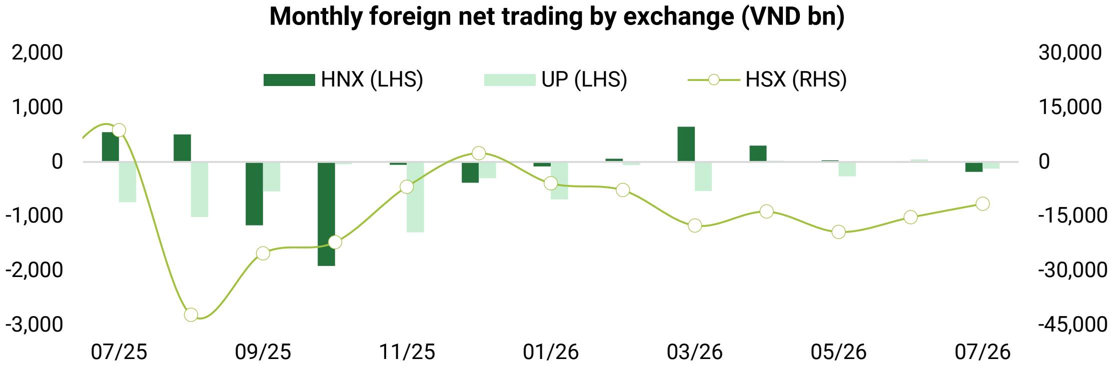
- **In terms of investor flows,** foreign investors reduced their net selling but remained heavy sellers, while domestic retail investors continued to be the main net buyers, with nearly VND 16tn in net purchases, mainly in LPB (VND 4.7tn), VHM (VND 3.9tn) and MCH (VND 2.1tn). Notably, domestic institutions (excluding proprietary trading) ended their net buying streak and turned to net selling during the month. Proprietary trading also recorded over VND 320bn in net selling.
- **Despite continued net buying, new accounts opened by domestic retail investors cooled in July,** reaching nearly 227k accounts. This was also below the yearly average of 260k accounts. Cautious sentiment remained amid ongoing uncertainties and a lack of strong catalysts to strengthen investor confidence.

Foreign selling eased, while ETFs continued to see net outflows

Foreign investors reduced net selling in July, but the value remained high at nearly VND 12tn. Selling pressure on large caps, amid a lack of clear market catalysts, continued to weigh on domestic liquidity and limited the index's upside.



Across exchanges, foreign investors were net sellers on all three exchanges, mainly on HOSE (VND 11.6tn), HNX (VND 183bn) and UPCoM (VND 125bn).



Source: Bloomberg, FiinProX PHS compiled

Regarding ETF flows, Vietnam continued to see net outflows, with the amount increasing from the previous month. In Asia, fund flows remained positive in developed markets such as South Korea, Taiwan and Japan.

Market	01/26	02/26	03/26	04/26	05/26	06/26	07/26
Hong Kong	7,374	8,390	783	-718	-4,340	-7,935	-1,590
India	459	1,002	-1,755	-386	788	387	40
Japan	1,546	6,153	7,403	2,296	-8,786	2,361	6,090
S. Korea	9,243	12,482	9,920	2,026	1,094	5,983	16,656
Taiwan	-941	2,478	9,929	2,063	4,847	9,778	14,943
Vietnam	**13**	**20**	**-126**	**-17**	**-52**	**-22**	**-34**
Thailand	34	30	-54	-44	-6	90	27
Indonesia	11	0	-6	40	110	230	99
Malaysia	56	33	15	15	12	-66	-9
Philippines	55	9	-32	-2	2	-3	10
Singapore	164	162	177	47	75	345	288

Source: Bloomberg, PHS compiled

August has historically favored the VN-Index — Will history repeat?

August has historically been a positive month for the VN-Index. Historical data show that the VN-Index gained in 8 out of the past 10 years, with an average gain of 4.97%, significantly exceeding the average decline of 0.43%. This suggests a relatively high probability of positive performance in August, although actual performance remains dependent on the market trend and factors affecting the market in each year.

Yeat	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2016	-5.8%	2.6%	0.3%	6.6%	3.4%	2.2%	3.2%	3.4%	1.7%	-1.5%	-1.6%	0.0%
2017	4.9%	1.9%	1.6%	-0.6%	2.8%	5.2%	0.9%	-0.1%	2.8%	4.1%	13.5%	3.6%
2018	12.8%	1.3%	4.4%	-10.6%	-7.5%	-1.1%	-0.5%	3.5%	2.8%	-10.1%	1.3%	-3.7%
2019	2.0%	6.0%	1.6%	-0.1%	-2.0%	-1.0%	4.4%	-0.8%	1.3%	0.2%	-2.8%	-1.0%
2020	-2.5%	-5.8%	-24.9%	16.1%	12.4%	-4.6%	-3.2%	10.4%	2.7%	2.2%	8.4%	10.1%
2021	-4.3%	10.6%	2.0%	4.0%	7.2%	6.1%	-7.0%	1.6%	0.8%	7.6%	2.4%	1.3%
2022	-1.3%	0.8%	0.1%	-8.4%	-5.4%	-7.4%	0.7%	6.2%	-11.6%	-9.2%	2.0%	-3.9%
2023	10.3%	-7.8%	3.9%	-1.5%	2.5%	4.2%	9.2%	0.1%	-5.7%	-10.9%	6.4%	3.3%
2024	3.0%	7.6%	2.5%	-5.8%	4.3%	-1.3%	0.5%	2.6%	0.3%	-1.8%	-1.1%	1.3%
2025	-0.1%	3.2%	0.1%	-6.2%	8.7%	3.3%	9.2%	12.0%	-1.2%	-1.3%	3.1%	5.5%
2026	2.5%	2.8%	-11.0%	10.7%	0.5%	-0.2%	-6.7%					
Win Rate (%)	54.6%	81.8%	81.8%	36.4%	72.7%	45.5%	63.6%	80.0%	70.0%	40.0%	70.0%	60.0%
Up Years / Total Years	6/11	9/11	9/11	4/11	8/11	5/11	7/11	8/10	7/10	4/10	7/10	6/10
Average Gain	5.93%	4.09%	1.84%	9.36%	5.21%	4.20%	4.01%	4.97%	1.75%	3.54%	5.29%	4.18%
Average Loss	-2.82%	-6.80%	-17.92%	-4.74%	-4.99%	-2.58%	-4.34%	-0.43%	-6.17%	-5.80%	-1.84%	-2.16%

Source: FiinProX PHS compiled

OUTLOOK AND OPPORTUNITIES
Market-wide earnings growth continued to strengthen

Sector Indices	Revenue Growth (YoY)			Net Profit Growth (YoY)			Valuation (as of August 7, 2026)			
	Q1/25	Q2/25	6M/25	Q1/26	Q2/26	6M/26	P/E	P/B	10y Median P/E	10y Median P/B
Automobiles & Parts	34.0%	16.2%	24.3%	58.2%	-89.1%	-81.0%	13.5	1.1	13.0	1.2
Banking	15.4%	18.1%	16.8%	13.5%	24.6%	19.2%	8.6	1.4	11.1	1.6
Basic Resources	13.7%	22.3%	18.1%	165.8%	83.1%	117.2%	10.0	1.4	11.6	1.4
Chemicals	20.2%	11.2%	15.5%	56.2%	55.4%	55.8%	10.9	1.5	13.4	1.4
Construction and Materials	16.6%	9.8%	12.6%	20.4%	12.9%	15.5%	11.2	1.2	14.7	1.4
Financial Services	57.8%	28.3%	41.0%	25.9%	32.6%	29.7%	12.3	1.6	13.7	1.4
Food and Beverages	16.4%	11.6%	13.9%	54.8%	30.9%	40.9%	14.3	2.6	20.7	3.1
Healthcare	-1.0%	2.1%	0.6%	10.7%	21.7%	16.1%	14.3	1.5	15.0	1.6
Industrial Goods & Services	16.7%	24.3%	20.7%	27.7%	39.2%	34.1%	11.6	2.0	16.5	2.4
Insurance	4.7%	9.2%	7.0%	21.0%	20.1%	20.5%	12.6	1.5	17.2	1.7
Media	14.1%	11.6%	12.5%	197.7%	193.1%	194.5%	24.9	2.6	17.0	1.8
Oil & Gas	43.9%	82.0%	64.4%	605.0%	244.0%	346.1%	8.4	1.6	15.3	1.4
Personal & Household Goods	28.7%	14.7%	21.6%	43.3%	-22.5%	10.6%	7.3	1.1	11.1	1.6
Real Estate	14.1%	118.6%	51.1%	32.3%	254.6%	100.0%	18.8	3.3	21.0	2.5
Retail	31.3%	28.6%	29.9%	66.6%	102.7%	84.5%	12.6	3.5	16.9	3.2
Information Technology	-15.1%	-3.1%	-9.0%	0.3%	18.9%	9.1%	12.3	2.5	15.1	2.8
Telecommunications	23.2%	26.0%	24.6%	258.9%	37.2%	78.6%	19.6	6.1	33.7	3.0
Tourism and Leisure	18.7%	44.4%	31.4%	65.7%	-81.2%	-4.6%	29.7	3.6	15.6	3.7
Utilities	23.3%	40.5%	32.2%	39.3%	47.3%	44.1%	10.3	1.6	14.0	1.9
Whole market	**20.8%**	**35.6%**	**28.3%**	**36.5%**	**49.4%**	**43.2%**	**12.0**	**2.0**	**15.5**	**2.1**

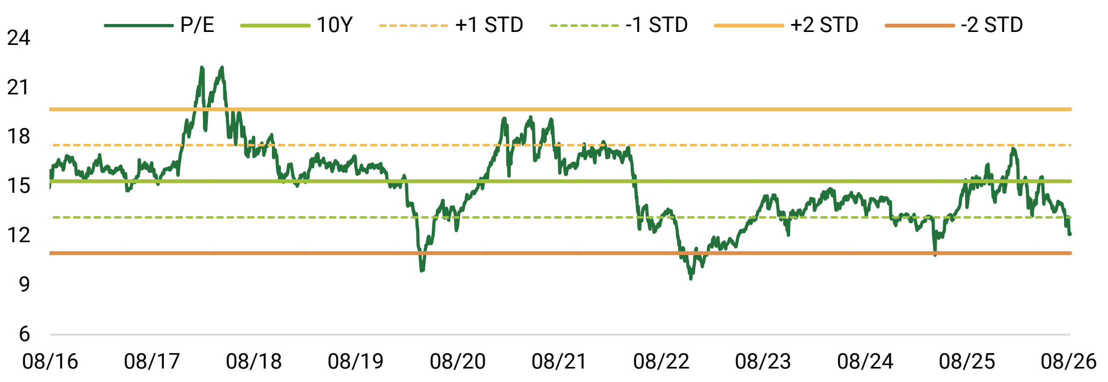
- Market-wide earnings grew nearly 49% in 2Q2026, further supporting the earnings fundamentals of listed companies. While cyclical and commodity related sectors were the main growth drivers in 1Q, Real Estate made the largest contribution to overall growth in 2Q. However, excluding Real Estate, market-wide earnings grew nearly 32%, slowing from 1Q. Positively, key sectors such as Banking and Securities regained their growth momentum, improving the quality of earnings growth.
- In terms of valuation, most sectors also traded below their historical median P/E and P/B levels.

-> We believe the market is already pricing in a relatively cautious view of future uncertainties. If key risks ease, the market still has attractive room for recovery.

Valuations have fallen to historically low levels for the fourth time

Market P/E over the past 10 years

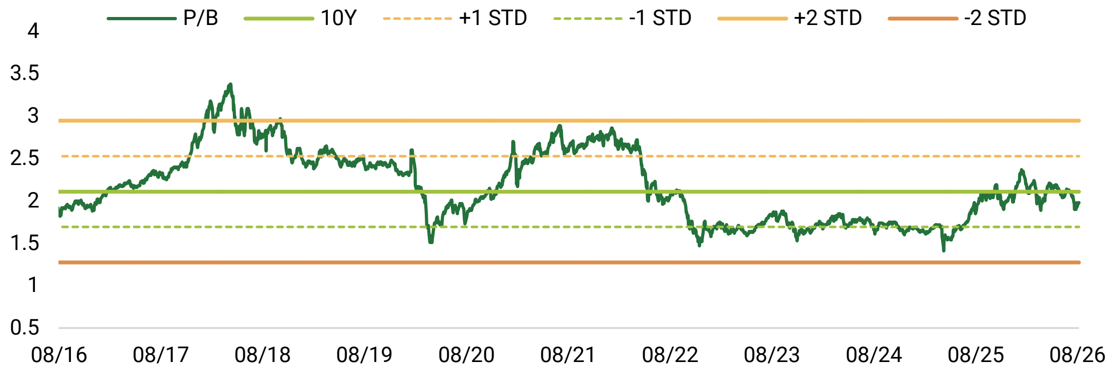
VN Index P/E is currently around 12.x (as of August 7, 2026)



Source: FiinProX, Bloomberg, PHS compiled

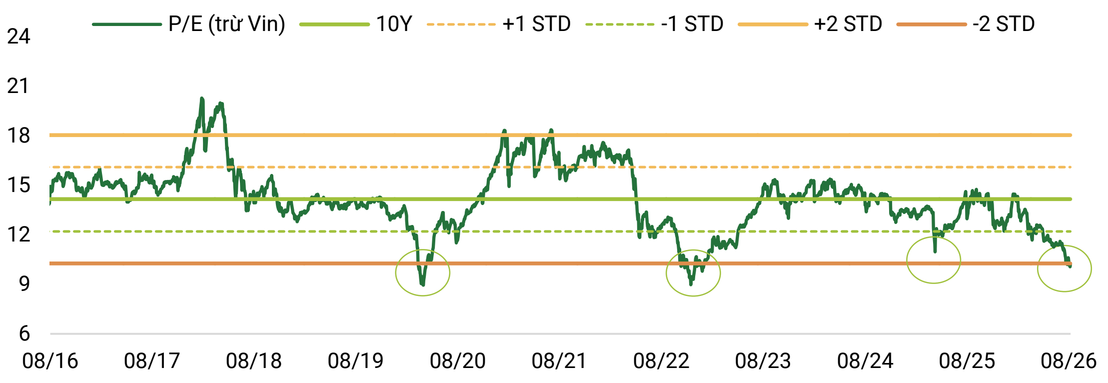
Market P/B over the past 10 years

P/B has also fallen below its 10 year median



Market P/E excluding Vingroup

Excluding Vingroup, market P/E is around 10.x



Source: FiinProX, Bloomberg, PHS compiled

- **From a valuation perspective,** market P/E is currently around 12x, while P/E excluding Vingroup is only around 10x, bringing valuations to historically low levels. Notably, P/E excluding Vingroup is approaching -2STD, similar to periods of strong market pressure in the past such as 2019, 2022 and 2024. Current valuations have therefore priced in a significant amount of short term risk, while earnings growth remains intact for many companies, leaving room for valuations to recover if sentiment and liquidity improve.
- P/B has also fallen below its 10 year median. Although the discount is not significant, this is still a positive signal for the market’s valuation recovery after the correction, especially as P/E is already at historically low levels.

Technical conditions have also been significantly discounted

VN-Index and Market Breadth (% of Stocks Above MA20/50/200)

01/2025 – 07/08/2026

• The percentage of stocks trading above their MA20, MA50 and MA200 also fell to low levels before recovering toward the end of the month. This was the third time the indicator had dropped into a deeply depressed zone. The two most recent instances were during the tariff tensions in April 2025 and the escalation of the US Iran conflict in March 2026.

-> This suggests that the broader market's technical conditions have also been significantly discounted, leaving room for a technical recovery as key risks gradually ease.

MARKET SCENARIO

Recovery strengthened, retesting the 1,800 level

Scenario:

- ✓ Positive (25%): 1880 - 1960
- ✓ Basic (45%): 1740 - 1840
- ✓ Negative (30%): 1600 – 1700

Priority sectors

- ✓ Banking, Securities, Ports & Logistics

Technical Analysis:

- ✓ The index has moved back above the daily MA20.
- ✓ The MACD has crossed above the signal line and continues to rise, while the RSI has also improved above its neutral level.
- ✓ Liquidity has yet to recover meaningfully during the rebound, indicating that buying demand remains cautious.
- ➔ **The trend favors a technical recovery, with the index likely to face resistance at the psychological 1,800 level. Trading may remain choppy as the index consolidates around this level.**

RECOMMENDATION

SECTOR AND STOCK INVESTMENT THEMES

Recommended Portfolio Performance – July 2026

Ticker	Sector	Stock price 09/07/2026	Recommendation	Target Price	Closing Price / Performance	Stock price 10/08/2026	Monthly Price Movement
HPG	Steel	23,200	Buy	34,200		22,100	-4.7%
BVB	Banking	13,300	Overweight	15,400		12,500	-6.0%
ACB	Banking	22,800	Buy	27,000		22,650	-0.7%
SSI	Financial services	26,950	Buy	31,200		25,100	-6.9%
GMD	Ports & Logistics	76,100	Overweight	88,000		78,200	2.8%
HDB	Banking	27,300	Overweight	29,500		26,950	-1.3%
						VN-Index	-3.5%

SECTOR AND STOCK INVESTMENT THEMES
Recommended Portfolio – August 2026

Ticker	Sector	Recommendation	Stock price 10/08/2026	Target Price	Upside	Note
HPG	Steel	Buy	22,100	34,200	54.8%	
BVB	Banking	Buy	12,500	15,400	23.2%	
ACB	Banking	Overweight	22,650	27,000	19.2%	
SSI	Financial services	Buy	25,100	31,200	24.3%	
GMD	Ports & Logistics	Overweight	78,200	88,000	12.5%	
HDB	Banking	Overweight	26,950	29,500	10.0%	

Classification definition

Buy Recommendation: Stocks with potential price increase of over 20%.

Overweight Recommendation: Stocks with potential price increase between 10% and 20%.

Hold Recommendation: Stocks showing limited growth potential under 10%.

Underweight Recommendation: Stocks that may decline slightly, from 0% to -10%.

Sell Recommendation: Stocks likely to drop more than -10%.

Not Rated: Stocks not rated within PHS's coverage or not yet listed.

Performance is defined as the total return over 12 months (including dividends)

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