Vietnam 2025 Market Wrap: Resilience Through Uncertainty

Vietnam's equity market spent 2025 navigating unprecedented uncertainty, from April's tariff shock to persistent foreign outflows, yet emerged with one of Asia's strongest equity performances. The VN-Index has risen 31.1%, powered not by foreign enthusiasm but by domestic conviction. While foreign investors net sold over $5bn amid tariff headlines, FX caution, and global opportunity costs, local capital absorbed all selling and pushed the market higher, anticipating that Vietnam's reform momentum, infrastructure buildout, and corporate earnings growth would ultimately prevail.

This divergence sets the stage for 2026: whether Vietnam's domestic-led rally can translate into sustained global capital re-engagement, or whether the equity market has entered a more structurally self-funded phase.

2025 at a Glance

- VN-Index: +31.1% YTD (1,270 → 1,690), among the strongest returns in Asia
- Macro backdrop: GDP growth ~8.2%, inflation ~3.5%, credit growth ~16.6% YTD
- Foreign flows: Net outflow of $5.3bn
- Domestic investors: Fully absorbed foreign selling and added incremental capital
- Earnings: 9M25 NPATMI +22% YoY, broad-based across sectors
- Key 2026 watchpoints: Global liquidity, FX stability, financial system depth, execution of the infrastructure pipeline

The Storm of 2025: Tariffs

Liberation Day arrived as Vietnam's defining geopolitical moment of 2025. The initial 40% tariff announcement from the Trump administration triggered immediate de-risking, with the VN-Index plunging 15.4% at the trough in April as foreign funds fled uncertainty. Yet Vietnam's negotiating capacity proved decisive, securing provisional clarity around a 20% baseline within weeks and demonstrating an ability to reach workable agreements despite headline risk.

While the VN-Index has limited direct revenue exposure to exports, the episode highlighted Vietnam's vulnerability to headline-driven global capital flows. More importantly, it showed that Vietnam could traverse major geopolitical pressure and emerge with terms that preserved economic stability.

Vietnam’s Policy Execution: From Intent to Delivery

Vietnam’s policy response in 2025 was coordinated and execution-focused.

Monetary policy remained accommodative yet disciplined. Credit grew 16.6% YTD by November-end, tracking toward the 18% full-year target, supporting infrastructure and private investment. The central bank has been committed to maintaining system liquidity while calibrating policy to balance interest rate objectives with currency stability.

Fiscal policy marked a more visible shift. The defining difference in 2025 was that reform moved from announcement to swift implementation. Shorter decision chains addressed long-standing bottlenecks in infrastructure. Government restructuring reduced ministries from 19 to 14 and consolidated provinces from 63 to 34, shortening decision chains and improving accountability. Public investment disbursement reached $24bn YTD, up nearly 28% YoY, with an infrastructure pipeline of roughly $180bn across transport, energy, and urban development. Reform is no longer just a buzzword, it is now observable in project execution.

Domestic Investors: Conviction in Action

A truly notable dynamic of 2025 was the domestic market’s ability to absorb $5bn+ in foreign selling while delivering strong index gains. Combined average daily trading value rose to $1.1bn, up 33% YoY, supported by market infrastructure upgrades including the KRX system, removal of prefunding requirements, and a shortened IPO-to-listing timeline. Earnings validated domestic conviction. 9M25 NPATMI rose approximately 22% YoY, driven by both revenue growth and margin improvement.

One of the clearest structural messages from 2025 is that reform is handing more of Vietnam's growth to private enterprise. The reform agenda is explicitly designed to empower the private sector, reduce frictional costs, and improve access to land and capital.

For equity investors, this expands the opportunity set. A greater share of housing, infrastructure, and industrial capacity is being delivered by private firms rather than sitting on the public balance sheet. This means more of the value in public infrastructure can be owned through the equity market. This represents a multi-year structural shift that should continue to define Vietnam's equity story.

From Reform to Reclassification: Vietnam’s Path Toward Global EM Integration

Vietnam’s advancement on the FTSE Secondary Emerging Market marks a critical institutional milestone, elevating the country’s standing on the global investment map and strengthening its capital markets as a long-term funding source for the next phase of economic growth. Importantly, FTSE recognition is viewed not as an endpoint but as a waypoint: for the first time, the government has articulated a clear roadmap targeting FTSE Advanced Emerging Market and MSCI Emerging Market status by 2030, including higher foreign ownership limits, upgraded clearing and settlement toward a CCP model, the gradual introduction of securities lending and controlled short selling, and enhanced FX hedging tools. These reforms reinforce the domestic conviction evident in 2025, validating the ability of local capital to lead the market while laying the institutional foundation for sustained global participation in Vietnam's next growth era.

Conclusion: A Market Transformed

Vietnam's equity market in 2025 was shaped by a fundamental tension: global capital retreating from uncertainty while domestic capital embraced opportunity.

2025 proved:

- **Policy Delivery Matters**

  Vietnam weathered tariff shocks and global headwinds through competent negotiation, decisive policies, and visible reforms.

- **Private Sector Leads Growth**

  The structural shift toward private sector delivery of infrastructure, housing, and industrial capacity is underway and accelerating. For equity investors, this means more of Vietnam's growth can be owned through listed markets.

- **Domestic Capital as a Self-Sustaining Market Force**

  The market absorbed massive foreign selling and rallied strongly, demonstrating that Vietnam's capital markets have reached sufficient depth for domestic liquidity to set marginal prices.

Vietnam enters 2026 with clear momentum. The question is no longer whether the country's fundamentals are strong - they are - but whether domestic conviction and policy execution can translate into sustained returns that ultimately re-engage global capital. We believe that as Vietnam delivers 15–20% earnings growth supported by 8–10% GDP growth, particularly in a slowing global environment, the return of foreign capital becomes a matter of timing rather than conviction.

We will publish our comprehensive 2026 outlook early in the new year, integrating key outcomes from the Party Congress and the anticipated 2026 policy cadence. We are optimistic about a strong year ahead and eager to share how these developments will strengthen Vietnam's equity story, usher in a new phase of capital market development.

All data in USD total return terms to 30 November 2025

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