We remain cautious on the market movement in next sessions

The market rallied strongly on two catalysts: (1) the SBV's USD swaps to support banking-system liquidity, and (2) the Democrats' midterm win, which will likely curb President Trump's adverse policies toward trading partners.

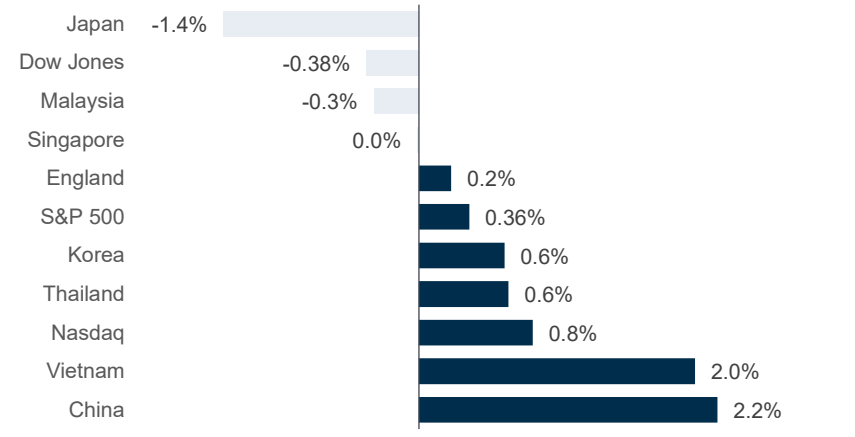
VN-Index supported by positive domestic and global macro news

The VN-Index rose sharply, contrary to Pinetree Research's view of a continued correction. We attribute the rally to two key developments. First, the SBV conducted 182-day USD swaps to support banking-system liquidity. Second, the Democrats won the US midterm elections. We see this mainly as a sentiment boost, as it may restrain President Trump's future adverse policies toward trading partners, including Vietnam. Other global equity markets also rose today. The rebound was broad-based, with 247 gainers versus 68 decliners. Liquidity also improved, with trading value reaching VND17,954bn (+16% vs. MA20).

That said, we maintain our view. The market structure is unchanged, as the Banking sector has yet to confirm an exit from its medium-term correction. In addition, the impact of SBV USD swaps on equities typically lasts only 1-2 sessions. We therefore recommend investors watch the coming sessions rather than chase strong rallies.

Figure 1: Global stock markets reacted positively to the Democrats' win

Global equity market performance today, % DoD



Source: Bloomberg, Pinetree Research.

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The Democrats' win would limit President Trump's power in the second half of his term

By winning the midterm elections, the Democrats take majorities in both chambers of Congress, allowing them to block new legislation from President Trump that they consider harmful to US interests. This update focuses only on the election's implications for enacted and pending US trade and financial legislation. The Democrats could block new laws and reverse existing ones:

1. Blocking new legislation:

- **Federal budget bills:** These bills previously needed only a simple majority (>50%) in both chambers to pass. Republicans will lose the ability to pass budget bills via simple majority (reconciliation), so they will need bipartisan support, and balancing both sides' interests will take considerable time. Under current conditions, delays to these bills will slow or halt US defense spending plans for 2027

2. Reversing existing laws and policies:

- **New import tariffs:** The Democrats had already submitted a proposal to Congress to end the tariffs President Trump imposed in 2026, but it has not passed. With this win, they will be able to end more of the new tariffs, after Supreme Court struck down the reciprocal tariffs in February 2026. The US would also have to refund import duties collected from exporters if the tariffs are overturned

- **The Iran war:** With majorities in both chambers, the Democrats will find it easier to pass measures requiring the President to end the war. The Trump administration's war-related decisions will also face more hurdles when they need congressional approval

- **Social welfare policies:** The Democrats may propose reinstating programs such as Medicaid and Obamacare, which were cut in the first half of Mr. Trump's second term. However, this reversal would add to the US budget burden in 2027-2029 and affect national fiscal policy

Figure 2: Key Trump-era policies the Democrats may soon block or reverse

Summary of US policies that may change in the coming period

Policy	Chance of being blocked or reversed	Impact
Writing the IEEPA tariffs into law or extending the 10% Section 122 tariffcongress	Very high	Fully blocked, so Trump cannot impose global tariffs through legislation
Third reconciliation bill (defense) and a debt-ceiling increasewashingtonsun	High (from January 2027)	Blocked, unless Republicans pass them before the current Congress's term ends
Expired Obamacare subsidiesapnews	Medium	Could be restored through budget negotiations
Iran warnytimes	Medium (through funding)	Could be restricted through funding bills, while a war powers resolution would be vetoed
Medicaid cuts in the "One Big Beautiful Bill"nytimes	Low to medium	Most cuts stay, with partial restoration possible
Section 232, 301 and 338 tariffsusnews	Low	Schumer's repeal bill would be vetoed, so the tariffs stay

Source: Pinetree Research

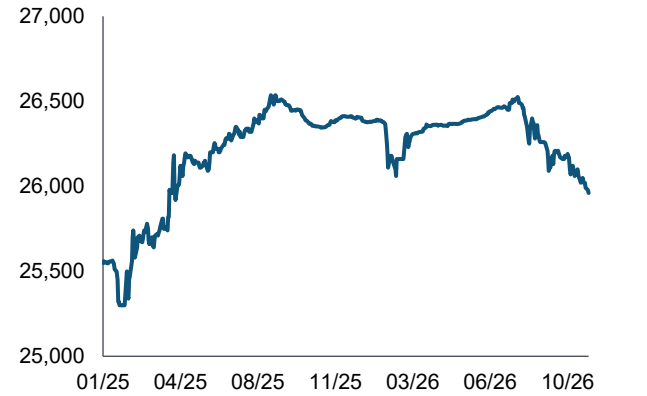
SBV's six-month FX swaps aim to ease bank funding pressure through year-end

Banks are being asked to lower lending rates at a time when their funding costs remain elevated. The average rate on new deposits reached 6.38% in September, up 115 bp from end-2025, and existing deposits will only reprice as they mature. Lower loan yields could therefore put further pressure on NIMs, particularly at banks still raising more expensive funding to support credit growth. Against this backdrop, the State Bank of Vietnam (SBV) is extending the maturity of its FX swap operations to help banks manage their VND funding needs over a longer period.

The latest operation, scheduled for 6 November, offers up to USD 2 bn in 182-day swaps, potentially supplying nearly VND 48,800 bn from 9 November. Previous operations typically lasted 7-21 days. The longer maturity would allow participating banks to retain VND liquidity until May 2027, covering both year-end and Q1/2027 without frequent refinancing. The timing is also supported by improving FX conditions. Vietcombank's USD selling rate fell 1.7% from end-2025 to VND 25,930 on 4 November, while overnight interbank rates remained volatile, reaching 5.79% in late October before easing to 3.70% on 3 November. With less pressure on the exchange rate, the SBV has greater room to provide VND liquidity through FX operations as banks adjust to lower lending rates.

Figure 3: USD/VND has declined 1.7% since end-2025

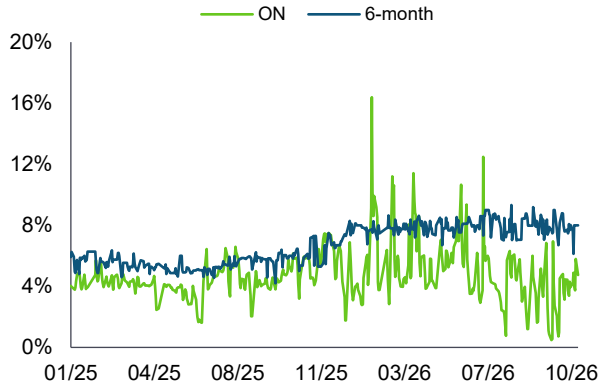
Vietcombank USD selling rate, VND/USD



Source: Fiinpro-X, Pinetree Research

Figure 4: Six-month interbank rates remain near 8%, while overnight rates fluctuate sharply

Overnight and six-month VND interbank interest rates, % p.a



Source: Fiinpro-X, Pinetree Research

The facility targets banks with medium- or long-term overseas borrowings or international bonds carrying at least 12 months of remaining maturity. These institutions can exchange USD for VND for six months, reducing the frequency of refinancing and improving funding certainty. Cost savings, however, are likely to be more modest. The swap carries an annualised forward premium of approximately 2.51%, which comes on top of the cost of USD borrowing. Using six-month SOFR of 4.20% as a proxy for USD funding costs gives an all-in VND-equivalent rate of around 6.7%. That is well above the OMO rate and only moderately below prevailing six-month VND deposit rates of approximately 7.5%. The main benefit lies in securing funding for a longer period, with limited scope for a substantial reduction in borrowing costs.

At full take-up, the swaps would provide VND liquidity equivalent to 41.9% of the VND 116,381 bn outstanding through OMO as of 3 November. Actual take-up remains uncertain, and the SBV will continue to manage overall liquidity through its open-market operations. We expect the facility to ease funding pressure at banks with eligible overseas liabilities, reducing some competition for short-term VND funding towards year-end. The benefits are unlikely to extend evenly across the banking system given the restricted eligibility and continuing cost of USD borrowing. For Vietnamese equities,

we see a modest improvement in bank liquidity conditions, with limited implications for sector earnings. NIMs should remain under pressure in Q4/2026 as lending rates decline and the higher cost of deposit funding continues to work through banks' balance sheets.

Appendix: Event calendar and notable figures

Figure 5: Vietnam stock market and money market

Data updated at the end of 04 Nov 2026

Indices	Last	1D	1W	YTD
VN-Index	1,700	-0.6%	-3.5%	-8.4%
VN30	1,816	0.1%	-3.9%	-12.5%
VN100	1,725	-0.1%	-3.7%	-11.9%
HNX-Index	251	0.3%	-3.1%	0.9%
Trading value, VND bn	13,063	-30.0%	-6.3%	-67.5%
Trading value	15,404	-2.1%	-1.4%	-32.0%
Foreign investors	-520	-635	342	-
Money market				
O/N, % (02/11)	3.74	-0.36	-0.57	-
USD/VND	26,861	0%	0%	0.0%

Figure 6: Global stock and commodity market

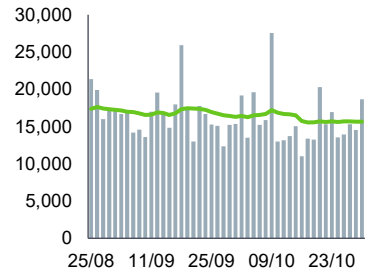
Data updated at the end of 04 Nov 2026

Indices	Last	1D	1W	YTD
S&P 500 (03/11)	7,541	0.0%	-2.3%	9.3%
Nasdaq (03/11)	25,164	0.0%	-5.0%	7.6%
Shanghai	3,608	-0.8%	-1.1%	-10.3%
KOSPI	5,649	-3.6%	0.2%	26.7%
Bond yield, %				
US 10Y	4.9	0.00	-0.09	0.01
Japan 10Y	2.82	0.00	0.00	0.01
Commodity				
Brent, USD/bbl	106	0.9%	-7.2%	71.1%
Gold, USD/ounce	3,908	-1.0%	-3.8%	-12.2%
Silver, USD/ounce	49	-3.3%	-10.0%	-36.1%

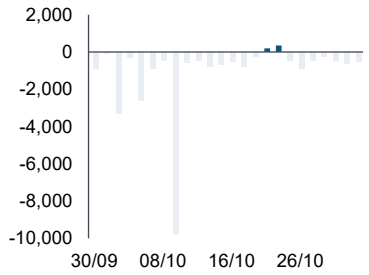
Figure 7: VN-Index's technical indicators

Data updated at the end of 04 Nov 2026

VN-Index trading volume and 20-day MA, VND bn



Foreign investors net trading value, VND bn



HOSE top buy/sell, VND bn

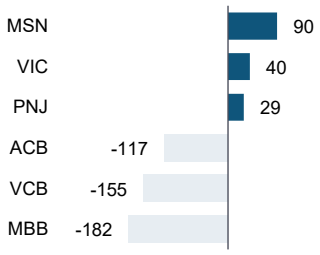
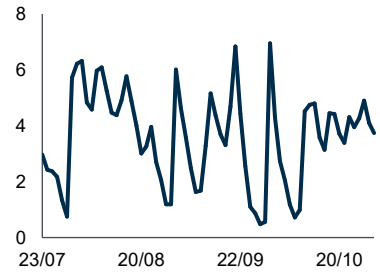


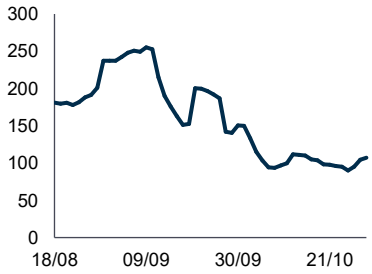
Figure 8: Vietnam money market numbers

Data updated at the end of 04 Nov 2026

Interbank ON, %, upto 02/11



OMO outstanding, VND tn, up to 03/11



USD/VND change, %Ytd

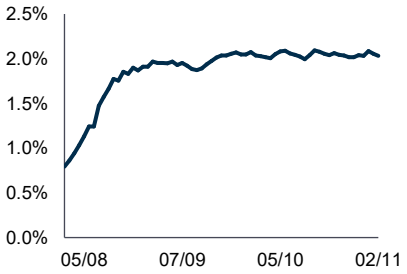


Figure 9: Macro events in the next 2 weeks

Data updated at the end of 04 Nov 2026

Date	Event	What we watch
Tue 03/11	**Vietnam's Oct macro data result**	Investment disburse and export support gov's GDP target
Thu 05/11	**US Mid-term election**	Result will take effect on President Trump actions in 2H of term
Thu 19/11	**VN30 review results**	We expect this event would take a minor effect to VN-Index

Figure 10: Corporate events in the next 2 weeks

Data updated at the end of 04 Nov 2026

Date	Ticker	Event	Weight
05/11	SGN	Record date	0.02%
09/11	NKG	EGM	0.08%

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Rating	Definition
BUY	Expected 12-month total return above 15%
HOLD	Expected 12-month total return between -10% and +15%
SELL	Expected 12-month total return below -10%
UNDER REVIEW	A new event has made the forecasts no longer appropriate, so the previous rating and target price are withdrawn. This status is updated within 30 days or changed to NOT RATED.
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