Energy Sector

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Escalating trade tensions weigh on oil prices

Trade tensions have significantly escalated since our previous Oil & Gas Sector Update in November 2024. In April 2025, United States President Trump imposed a reciprocal tariff of up to 145% on Chinese imports (vs the previous threat of a 60% tariff) and 10% tariffs on US imports from more than 90 other countries (in a tariff pause after a significantly high tariff rate on trading partners). In response, China swiftly raised tariffs on US goods to 125%, intensifying trade war. This marks a new phase in the global trade war. On April 22, IMF lowered 2025 global GDP forecast to 2.8% from 3.3% in its January forecast. They also lowered the 2026 global growth rate to 3.0% from the previous 3.3%. In addition, the IMF slashed its forecast for growth in global trade by 1.5% to 1.7%, half the growth seen in 2024, reflecting the accelerating fragmentation of the global economy. These factors all weigh on global oil demand.

We lower our average 2025 Brent oil price forecast by 7% to USD65/bbl (-18% YoY), following the IEA, EIA, and OPEC lowering their 2025 global oil demand projections by 0.7 mb/d (on a median basis) in their April 2025 reports vs their November 2024 reports (page 9). Although OPEC+ extended the production cut from end-2025 to end-2026 as well as introduced new compensatory cuts totaling ~1mb/d for 2025, rising production from the US (+0.3mb/d) and potentially higher production from other non-OPEC countries, could potentially push supply over demand. The EIA forecasts a steady surplus of 0.5–0.7 mb/d in 2025–2026, a shift from the balanced market seen in 2024 (page 7).

For the longer term, we also lower our 2026-2029 Brent oil price forecast to USD65/bbl. This reflects the potential impact of higher tariffs after negotiations (but lower than April 2's proposals) which could slow global economic growth and reduce oil demand. Furthermore, as the world is transitioning to clean energy, there might be further potential downside risk to oil demand forecasts.

We believe Block B will continue due to Vietnam's extreme gas shortage. We estimate Block B to provide ~15% of the total gas feedstock demand for Vietnam's energy sector by 2030 which makes its development essential for national security despite potential higher prices vs LNG. The recently approved revised Power Development Plan 8, as well as a series of decrees, lay a strong legal framework for developing more gas field projects and confirm our expectation for the Vietnam E&P recovery cycle. Additionally, the projected Brent oil price of USD65/bbl is still 12% higher vs pre-COVID-19 level, therefore, this strongly supports further E&P activities.

We maintain our 2025F fuel oil (FO) price assumption at USD405/tonne (-12.9% YoY) as Q1 2025's FO price was USD468/bbl. We expect FO to continue its outperformance vs Brent in 2025 (the third consecutive year). We trim our 2026-2029F FO price forecast by 5% on average, following a downward revision in Brent oil prices.

We forecast Vietnam's LNG import price to increase 15% YoY in 2025F to USD14.9/MMBTU but decline in subsequent years. This is a ~10% upward revision vs our previous projection, mainly because GAS currently mainly imports LNG on a spot contract basis, which suffers much higher prices compared to term contracts (linked to Brent oil prices). We trim our 2026-2029F LNG import price (excl. tariff) by 4% on average, following lower Brent oil price assumptions. This greatly facilitates more LNG imports, especially from the US (estimated ~USD10bn in 2030F) to reduce the trade balance.

Sector top picks: PVS, DCM, QTP. *We are not changing our earnings forecasts/target prices for our coverage in this Update Report but will factor in our revised oil price forecasts in our forthcoming company updates.*

Lower oil prices could have a slight positive impact on fertilizer companies (DPM and DCM) and gas-fired power plants (POW and NT2); and lower coal prices have a slight positive impact on coal-fired power stocks (QTP, PPC) as their input prices are tied to oil/coal prices.

The power plants could have better costs to compete in the competitive generation market for ~20% of their volume and lower gas/coal costs could support their mobilized volume.

The impact of oil prices on PVS is limited. PVS has diversified into offshore wind power, and the substantial workload from Block B could help mitigate the impact.

Lower oil prices are slightly negative for GAS. GAS's output gas price is benchmarked to the FO price; however, GAS is transitioning from gas trading to a pure transporter which limits the negative impact.

BSR is most exposed to oil prices in our coverage, though PLX, PVT, and PVD are also affected. We see downside risk to our earnings forecast for BSR, PLX, PVT, and PVD.

Figure 1: Impact of lower oil price assumptions on stocks under our coverage

Ticker	Share price, VND ps	Target price, VND ps	Target price & rating last updated	Upside %	Div yield %	TSR %	Rating	Upside /downside risk
Oil & gas companies								
DPM	32,400	36,800	1/17/25	18.2	4.6	13.6	O-PF	Slightly positive
DCM	31,500	35,800	1/17/25	18.4	4.8	13.6	O-PF	Slightly positive
PVS	26,600	44,900	4/18/25	68.8	0.0	68.8	BUY	Neutral
PVD	17,500	25,500	2/18/25	45.7	0.0	45.7	M-PF	Slightly negative
GAS	57,500	79,200	2/7/25	43.0	5.2	37.8	BUY	Slightly negative
PVT	20,500	32,200	2/21/25	57.1	3.9	61.0	BUY	Negative
PLX	33,450	49,200	2/14/25	47.1	4.5	51.6	BUY	Negative
BSR	15,400	21,200	11/26/24	37.7	4.5	42.2	O-PF	Negative
Power companies								
NT2	17,350	22,000	2/12/25	28.5	1.7	26.8	O-PF	Slightly positive
POW	11,950	12,900	2/12/25	7.9	0.0	7.9	M-PF	Slightly positive
QTP	13,600	16,000	2/12/25	17.6	11.0	28.7	BUY	Slightly positive
PPC	11,500	13,100	2/12/25	13.9	5.2	19.1	BUY	Slightly positive

Source: FiinPro, Vietcap (Data as of April 23, 2025)

Figure 2: Energy stocks – Summary valuations (*)

Ticker	Share price VND ps	EPS g 2024 %	EPS g 2025F %	EPS g 2026F %	P/E TTM x	P/E 2024 x	P/E 2025F x	P/E 2026F x	EV/EBITDA 2025F x	ROE 2025F %	P/B LQ x	Net D/E LQ %
Oil & gas companies												
DPM	32,400	-90.3	10.4	36.9	26.6	26.6	18.5	12.7	4.9	7.2	1.1	-60.0
DCM	31,500	16.2	23.1	24.5	14.1	14.1	11.4	9.2	4.9	14.9	1.6	-81.5
PVS	26,600	4.2	-14.4	34.5	13.5	13.5	15.8	11.7	3.0	6.1	0.9	-100.6
PVD	17,500	19.3	33.8	66.3	16.2	16.2	12.1	7.3	4.3	5.8	0.6	0.5
GAS	57,500	-12.2	7.1	25.3	13.2	13.2	12.3	9.9	6.9	17.9	7.1	-49.5
PVT	20,500	12.4	21.8	23.7	7.0	7.0	5.7	4.6	2.5	16.2	0.9	30.5
PLX	33,450	2.0	15.6	46.8	16.2	16.2	14.0	9.5	5.5	11.1	1.7	-35.6
BSR	15,400	-92.7	746.9	3.6	112.9	112.9	8.9	8.6	4.5	9.2	0.8	-48.9
Power companies												
NT2	17,350	-84.3	478.7	22.8	71.5	71.5	12.4	10.1	6.9	9.3	1.2	-31.9
POW	11,950	20.6	5.3	75.1	23.6	23.6	22.4	12.8	6.6	4.1	0.9	31.6
QTP	13,600	1.2	25.6	0.8	10.6	10.2	8.3	8.2	7.2	15.1	1.2	0.8
PPC	11,500	12.4	14.3	89.4	12.1	8.8	7.9	4.2	7.5	10.5	0.8	-0.2

Source: FiinPro, Vietcap (* Earnings growth and P/E based on reported earnings; data as of April 23, 2025)

Potential impacts on global oil from President Trump's policies

President Trump's 2.0 policies

Trade tensions have significantly escalated since our previous Oil & Gas Sector Update in November 2024. In April 2025, President Trump imposed a reciprocal tariff of up to 145% on Chinese imports and 10% tariffs on US imports from more than 90 other countries. In response, China swiftly raised tariffs on US goods to 125%, intensifying the trade war between the two nations. This marks a new phase in the global trade war.

Figure 3: Recent key trade war events

Date	Country/Region	Event Summary
April 2	US	US started to unveil reciprocal tariffs. • President Trump imposed an additional 34% tariff on Chinese imports which made a total cumulative tariff of 54%. • He also imposed 20-50% tariffs on US imports from more than 90 other countries.
April 4	China	• In retaliation, China announced a 34% tariff on all US goods, effective April 10. • Targets included pork, beef, aquatic products, fruits, vegetables, and dairy.
April 7–8	US	• US added another 50% tariff on Chinese goods, total cumulative tariff of 104%. • On April 8, President Trump signaled openness to negotiations.
April 9	US, China, EU, Canada	• China escalated its tariffs to 84% on US goods. • Trump announced a 90-day tariff pause for many trading partners but raised Chinese tariffs to 145%. • EU is to impose 25% tariffs on USD23.8 bn (EUR21 bn) of US goods, targeting farm products (reduced from an initial threat of EUR26bn to begin April 1), effective on April 15.
April 10	EU, US	• The EU announced a 90-day pause on its planned 25% retaliatory tariffs, originally set to begin April 15, 2025, with phased additions in July and December.
April 11	US, China	• China increased retaliatory tariffs on US imports to 125%. • The US announced that reciprocal tariffs will exclude consumer electronics for most countries but retain 20% for China.
April 23	US	• President Trump said during a White House news conference that high tariffs on goods from China will "come down substantially, but it won't be zero." • US Treasury Secretary Scott Bessent reportedly said that he expects de-escalation in the ongoing tariff standoff between the US and China in the very near future.

Source: Vietcap compilation

Impact on global GDP/trade and oil consumption

IMF cut its global GDP forecast: On April 22, the IMF lowered its 2025 global GDP forecast to 2.8% from 3.3% in its January forecast. They also lowered its projected 2026 global growth rate to 3.0% from 3.3% but this implies some recovery of growth traction in 2026. It cites the impact of US tariffs now at 100-year highs and warning that rising trade tensions would further slow growth. The IMF's previous projection from November 2024 estimated that if high tariffs affect a sizeable portion of world trade by mid-2025, global output could fall by 0.8% in 2025 and 1.3% in 2026.

In addition, the IMF slashed its forecast for growth in global trade by 1.5 % to 1.7%, half the growth seen in 2024, reflecting the accelerating fragmentation of the global economy.

Forecasts for the US's GDP growth were cut the most, from 2.7% to 1.8% for 2025 and from 2.1% to 1.7% for 2026. China's growth forecast was cut to 4% for 2025 and 2026, reflecting respective downward revisions of 0.6% and 0.5 % from the January forecasts.

On April 8, 2025, Wood Mackenzie released a base case projecting global oil demand to grow by 0.9 mb/d in 2025 (in line with consensus) and 0.5 mb/d in 2026 (a half of consensus). However, it warned that escalating tariffs could reduce global trade and economic growth, indirectly weakening oil & gas demand. In a worst-case scenario, 2026 oil demand could fall by up to 1 mb/d, pushing Brent crude prices down to an average of USD64/bbl. As a result, dozens of new upstream oil & gas projects could face delays, despite having breakeven prices as low as USD42/bbl, due to heightened uncertainty, capital discipline, and market volatility.

Goldman Sachs has significantly lowered its Brent oil price forecast following the sharp escalation in the US-China trade war. Back in November 2024, the bank projected a Brent range of USD62–76/bbl, based on a moderate tariff scenario (around 10%) and the assumption that OPEC+ would continue offering supply-side support. At the time, USD62/bbl was seen as the low case. By April 2025, after the US imposed tariffs of up to 145% and China retaliated with 125%, Goldman revised its forecast to a much lower and wider range of <USD40 to USD62/bbl for 2025-2026. The new range incorporates severe global recession risks, demand destruction, and a potential full unwinding of OPEC+ cuts. This shift reflects Goldman Sachs' reassessment of downside risks- what was previously viewed as a worst case is now the base case.

Figure 4: Goldman Sachs' Brent oil price forecasts under various scenarios (forecasts as of April 2025)

Scenario	End-2025	End-2026
Base case: US economy avoids a recession given a large reduction in tariffs	USD62/bbl	USD55/bbl
Low case 1: Typical US recession	USD58/bbl	USD50/bbl
Low case 2: Global economic slowdown	USD54/bbl	USD45/bbl
Low case 3: Combined global recession & full OPEC+ unwind (extreme and less likely scenario)	N/A	<USD40/bbl

Source: Goldman Sach, Vietcap

Figure 5: Goldman Sachs' Brent oil price forecasts under various scenarios (forecasts as of November 2024)

Scenario	End-2025	End-2026
High case: OPEC reverses its production increase, softening the impact of the 10% tariff scenario	USD76/bbl	N/A
Base case: Moderate trade war (10% global tariffs; GDP impact: -0.5% to -1.0%)	USD70/bbl	N/A
Low case: Higher core inflation from tariffs leads the Fed to delay rate cuts and remain on hold through the year	USD62/bbl	N/A

Source: Goldman Sachs, Vietcap

Brent oil price outlook

A wide fluctuation in 2025 under President Trump's policies

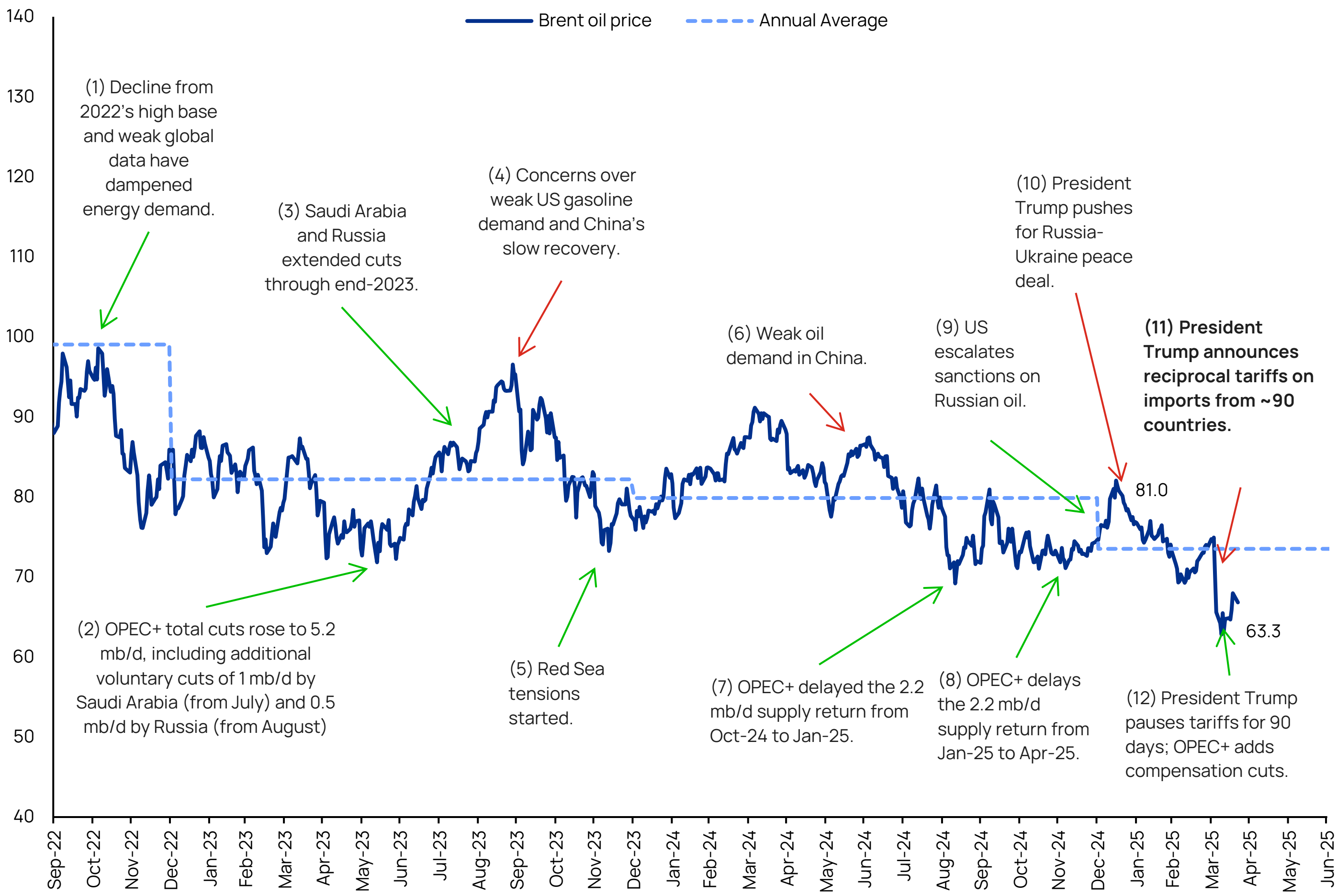
Brent oil entered 2025 at ~USD80/bbl. Prices briefly rebounded in January from Q4's low base, supported by OPEC+ delaying the 2.2 mb/d supply return from January to April, alongside with the US's tightening sanctions on Russian oil. However, the rally quickly faded.

From February to early April, prices began trending downward as President Trump pushed for a Russia-Ukraine peace deal, raising concern about oversupply. Prices further worsened in early April after Trump announced reciprocal tariffs on imports from ~90 countries, fueling concerns over a global trade slowdown.

While oil prices recovered slightly by mid-April, after President Trump paused tariffs for 90 days and OPEC+ introduced new compensation cuts, the move was only a temporary relief. The underlying risk remains, especially as the US–China trade conflict intensifies. China, which accounts for 16% of global oil demand, is a critical demand driver. Brent continues to trade below USD70/bbl, lower than its pre-tariff level on April 2, 2025. As of April 21, 2025, the YTD average Brent price was USD73.5/bbl, slightly higher than our previous 2025F forecast of USD70/bbl.

Looking ahead, we expect oil prices to remain volatile, with a potential QoQ downward trend due to expected surplus in following quarters compared to a deficit in Q1.

Figure 6: Brent oil price movement (USD/bbl)



Source: FiinPro, Vietcap

We lower our 2025 forecast by 7% and the 2026-2029 forecast by 6%

We lower our average 2025 Brent oil price forecast by 7% to USD65/bbl (-18% YoY), following the IEA, EIA, and OPEC lowering their 2025 global oil demand projections by 0.7mb/d on a median basis in their April 2025 reports vs their November 2024 reports **(page 9)**. Although OPEC+ extended the production cut from end-2025 to end-2026 as well as introduced new compensatory cuts, totaling ~1mb/d for 2025, rising production from the US (+0.3mb/d) and potential higher production from other non-OPEC countries could potentially push supply over demand. The EIA forecasts a steady surplus of 0.5–0.7 mb/d in 2025–2026, a shift from the balanced market seen in 2024 **(page 7).**

In line with these developments, the consensus forecast for Brent oil in 2025 has been lowered by 6.5% to USD71/bbl.

For the longer term, we also lower our 2026-2029 Brent oil price forecast to USD65/bbl. This reflects the potential impact of higher tariffs after negotiations (but lower than April 2's proposals) which could slow global economic growth and reduce oil demand. Furthermore, as the world is transitioning to clean energy, there might be further potential downside risks to oil demand forecasts.

On the supply side, higher oil production is expected not only from OPEC but also from US and Russia (if the Russia-Ukraine conflict ends). President Trump's policies, such as tax cuts and reduced regulations on the US energy industry, could boost US domestic oil production. Additionally, his influence may prompt OPEC+ to ease production cuts quicker, thereby increasing global supply. We note that our long-term oil price forecast is lower than the consensus of institutions below as these estimates are less reliable over the long term (the EIA and World Bank do not provide long-term forecasts).

Figure 7: Brent oil average price forecasts (USD/bbl)

Institutions	2025F	2026F	2027F	2028F	2029F	Forecast as of
Bloomberg consensus	72	70	73	72	70	Apr-25
EIA	68	61	N/A	N/A	N/A	Apr-25
World Bank	73	72	N/A	N/A	N/A	Oct-24
Average of above forecast (New)	**71**	**68**	**73**	**72**	**70**	
Average of above forecast (Old)	**76**	**74**	**75**	**72**	**N/A**	Nov-24
Change %	-6.5%	-8.6%	-2.7%	0.0%	N.M.	
Vietcap's oil price base case (New)	**65**	**65**	**65**	**65**	**65**	**April -25**
Vietcap's oil price base case (Old)	**70**	**70**	**70**	**69**	**69**	**Nov-24**
Change %	-7.1%	-7.1%	-7.1%	-5.8%	-5.8%	

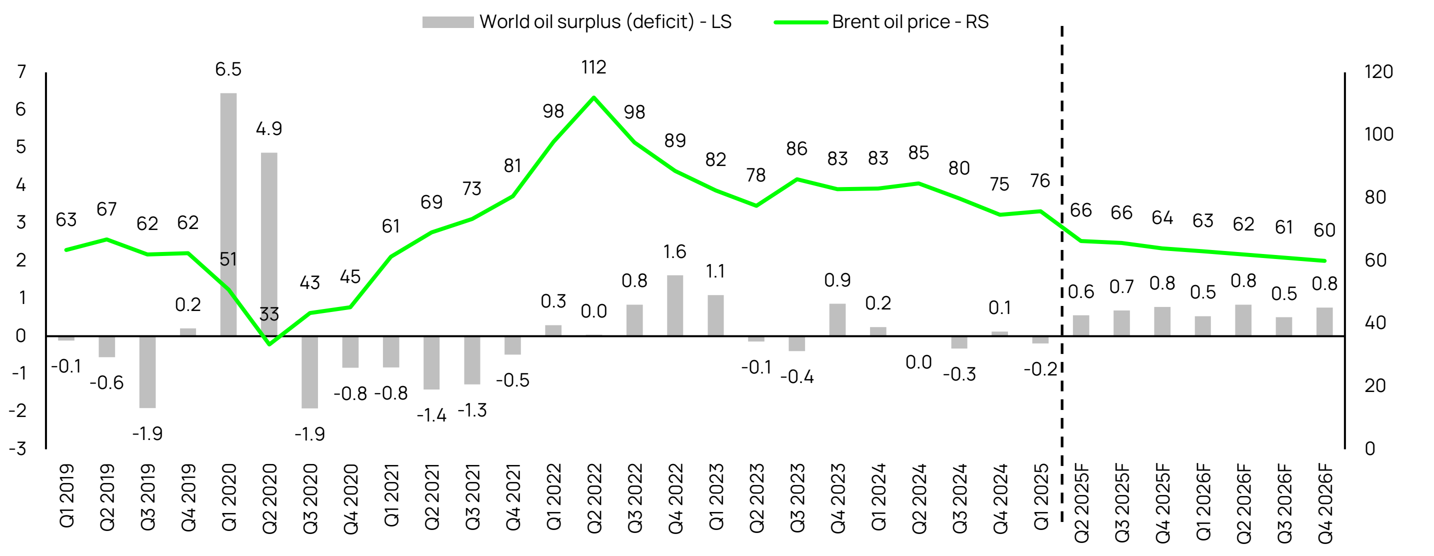
Source: Institutions in the table, Vietcap

Oversupply to weigh on Brent oil prices in 2025-2026

Oil prices are closely correlated to the balance of global crude oil supply and demand. When demand outpaces supply, stock draws occur, supporting higher prices, and vice versa.

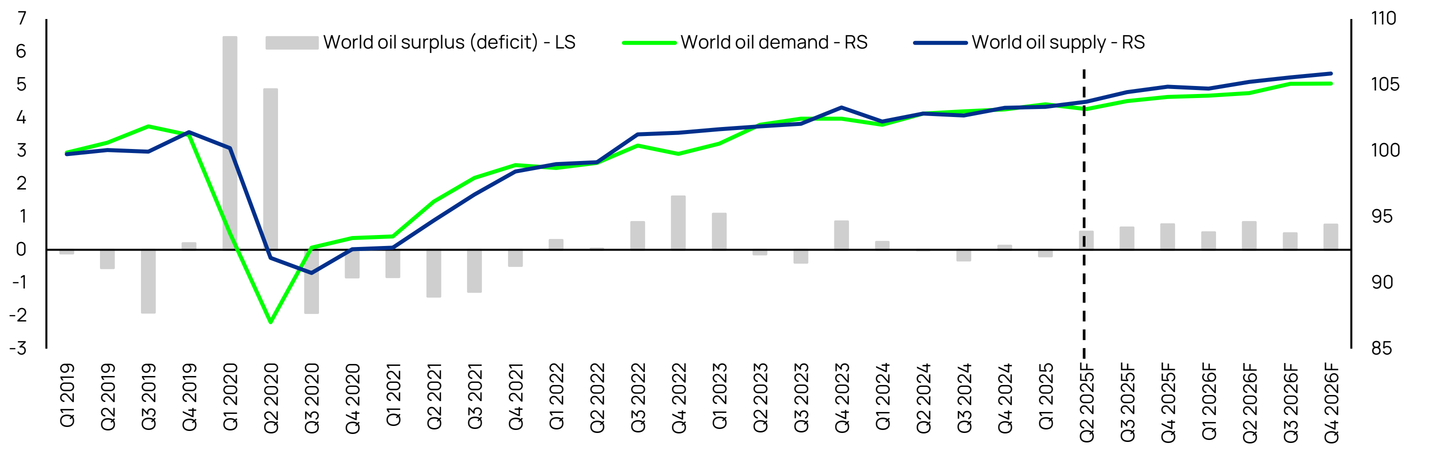
In Q1 2025, the market remained slightly undersupplied by 0.2 mb/d, due to recovering demand and OPEC+ maintaining its 5.9 mb/d output cuts. This has helped Brent prices stay relatively stable. However, for the full year, the EIA forecasts global supply to an average 104.1 mb/d, outpacing demand at 103.6 mb/d. The EIA projects the imbalance to widen in 2026, with supply rising to 105.3 mb/d (+1.2 mb/d YoY) vs demand at 104.7 mb/d (+1.0 mb/d YoY). This implies a steady surplus of 0.5–0.7 mb/d in 2025–2026, a shift from the balanced market seen in 2024. As a result, the EIA projects Brent oil prices to continue trending downward from USD75/bbl in Q1 2024 to USD66–60/bbl by Q2 2025–Q4 2026. We note that its supply projection might include non-OPEC+.

Figure 8: EIA's world crude oil balance (mb/d) (*) vs Brent oil prices (USD/bbl)



Source: EIA's short-term energy outlook (April 2025 report), Vietcap. (*) World oil supply includes the production of crude oil and a small amount of natural gas plant liquids, biofuels, and other liquids.

Figure 9: World liquid oil supply and consumption forecasts (mb/d) (*)



Source: EIA's short-term energy outlook (April 2025 report), Vietcap. (*) World oil supply includes the production of crude oil and a small amount of natural gas plant liquids, biofuels, and other liquids.

OPEC+ extends output cuts into 2026, reinforcing market support

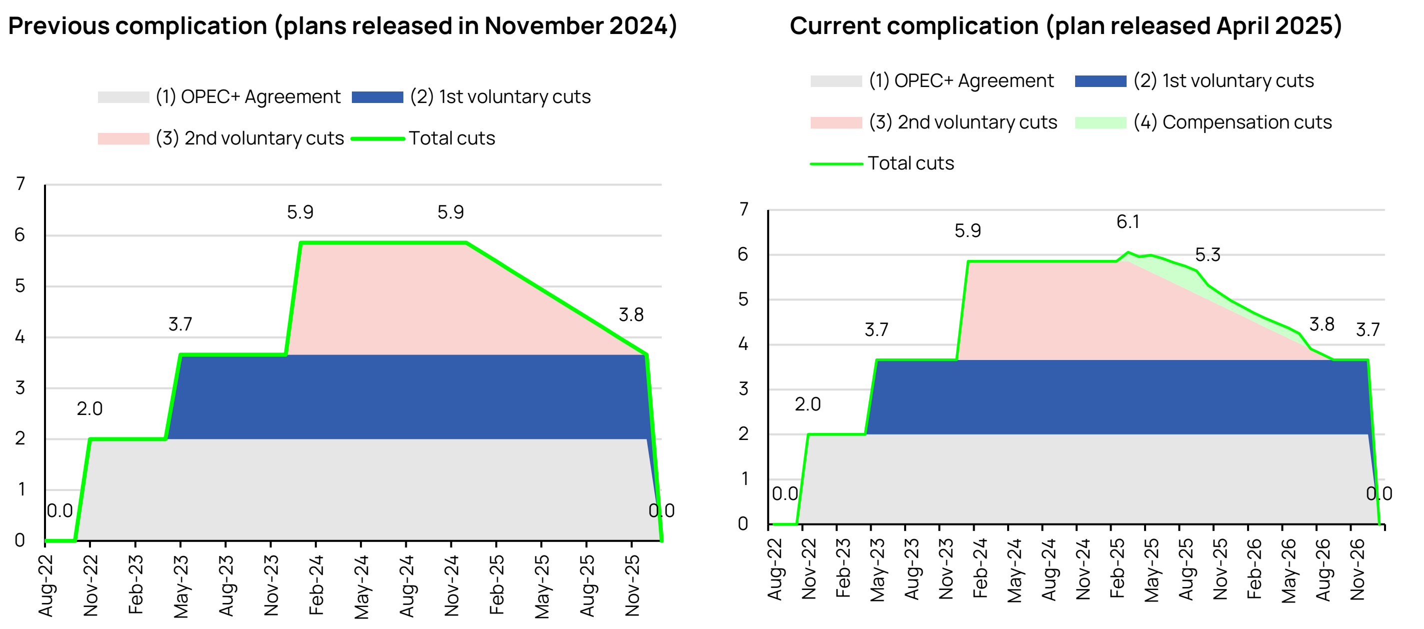
OPEC+ has maintained a series of output cuts since late 2022 amid slow demand growth. Under the latest plan (released on April 14, 2025), the group targets average cuts of 5.7 mb/d in 2025 (5.5% of global demand, 21% higher cut, 1.0m b/d compared to the November 2024 plan and is quite similar with the 2024 cut. The cut will gradually ease to 3.7 mb/d by end-2026. This implies a lower average cut of 4.2 mb/d (3.9% of demand) in 2026, equivalent to a production increase of 1.6 mb/d vs 2025.

The breakdown of cuts includes:

- 2.00 mb/d from the OPEC+ official agreement, now extended through 2026 (vs our November 2024 report complication, this agreement is set to expire at the end of 2025).
- 1.66 mb/d from the first round of voluntary cuts, extended until the end of 2026 (in our November 2024 report complication, this cut set is to expire at the end of 2025).
- 2.2 mb/d from the second round of voluntary cuts, set to gradually ease from April 2025 to September 2026 (in our November 2024 report complication, this cut was set to gradually ease from January 2025 to December 2025).
- 0.3 mb/d of new compensatory cuts, introduced in April 2025, to be implemented from March 2025 to June 2026 by seven member countries to offset past overproduction.

The addition of compensatory cuts is expected to partially offset the easing of second-round voluntary cuts, reinforcing OPEC+'s cautious stance. The group remains committed to market stability and has reiterated that production decisions will be reviewed monthly, allowing for flexibility in responses to market shifts.

Figure 10: OPEC+'s plan for production cuts (mb/d)



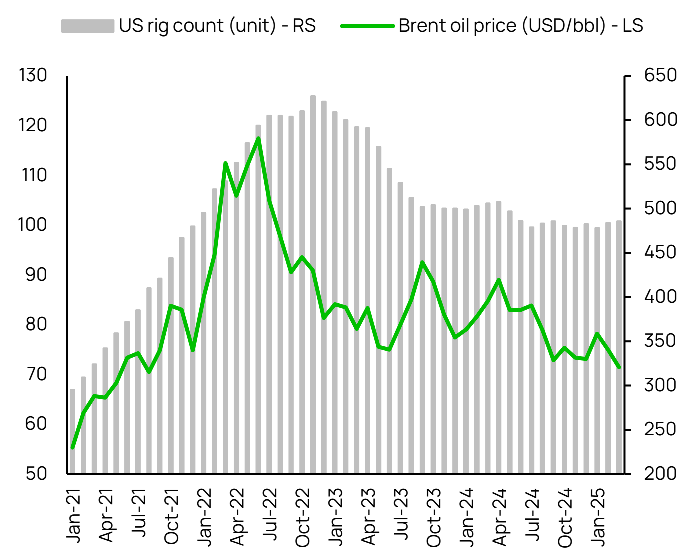
Source: OPEC+, Public media, Vietcap

Vietcap

Despite continued rig decline, US oil production still expects modest growth in 2025-2026

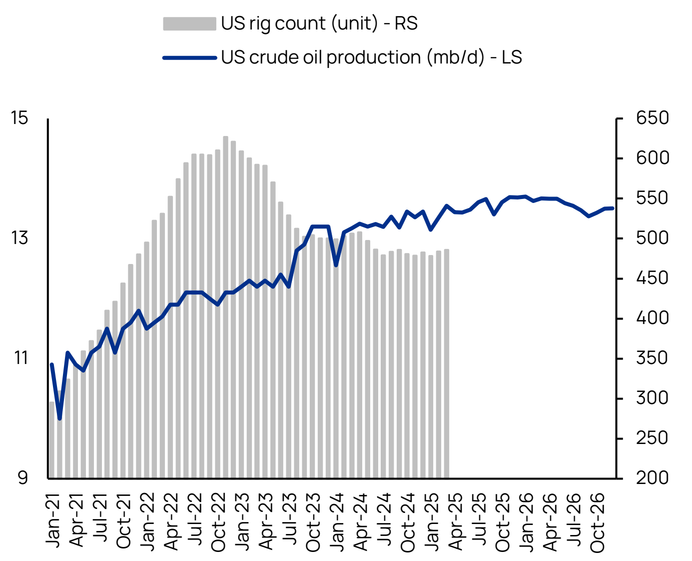
The US rig count continued to slide in early 2025, averaging 483 units in 3M 2025 (down 2%, or 8 rigs, vs the 2024 average) after a 10% YoY decline last year. Despite this, US crude production remains resilient, with output expected to reach 13.5 mb/d in 2025 (+0.29 mb/d, +2.2% YoY). However, growth is set to slow further in 2026, with output projected at 13.6 mb/d (+0.06 mb/d, +0.4% YoY), reflecting a maturing shale cycle and weak oil price incentives. While growth is modest, it still adds to global supply, contributing to the projected oversupply in 2025–2026.

Figure 11: US rig count and Brent oil price



Source: Bloomberg, Baker Hughes, Vietcap (Data as of April 21, 2025)

Figure 12: US crude oil production and number of rigs



Source: EIA's short-term energy outlook (April 2025 Report; actual data to April 21, 2025; forecast data from December 2024 to December 2026), Baker Hughes, Bloomberg, Vietcap

Global oil demand revised down for 2025, but growth remains intact

The IEA, EIA, and OPEC have all lowered their 2025 oil demand forecasts in their April 2025 updates. This reflects (1) escalating trade tensions and uncertainty over US reciprocal tariffs and (2) a recovery slower than expected in 2024. The latest 2025 oil demand forecasts stand at 103.6/103.6/105.1 mb/d for IEA/EIA/OPEC, with the median at 103.6 mb/d, a downward revision of 0.7 mb/d on a median basis from the November 2024 estimate. In terms of growth, the 2025 global oil demand growth median stands at 0.9 mb/d (down 0.3 mb/d from the previous estimate in November 2024).

Despite the downgrade, demand is still expected to grow YoY, with a median increase of +0.9 mb/d in 2025 and +1.0 mb/d in 2026, signaling a steady recovery led by emerging markets.

Figure 13: Global oil demand growth forecasts (mb/d)

		New Compilation		Old Compilation	New vs Old
Institution	**2024A**	**2025F**	**2026F**	**2025F**	**2025F**
IEA	0.9	0.7	0.7	1.0	-0.3
EIA	0.6	0.9	1.0	1.2	-0.3
OPEC	1.6	1.3	1.3	1.6	-0.3
Median	**0.9**	**0.9**	**1.0**	**1.2**	**-0.3**

Source: Institutions in the table, Vietcap (New compilations are from April 2025; old compilations are from the November 2024 report)

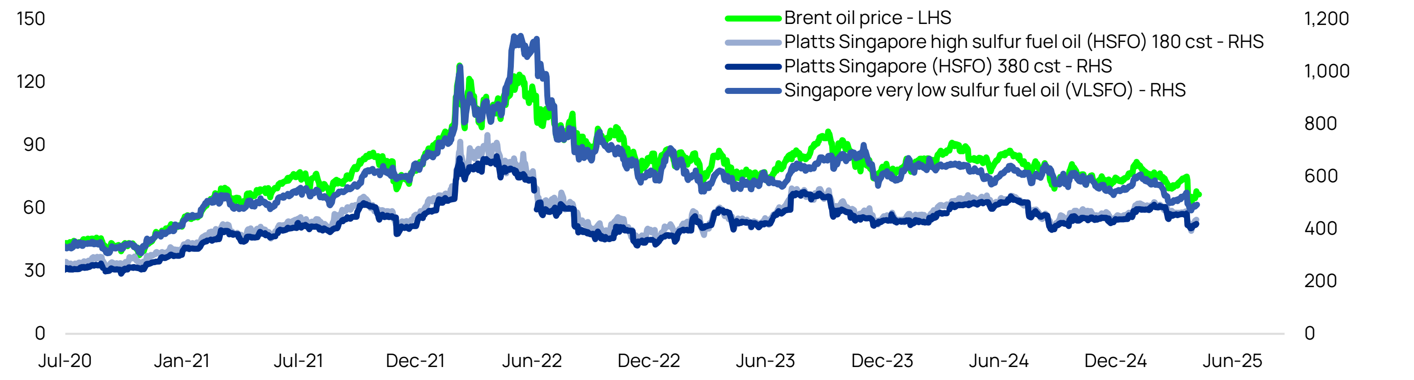
Fuel oil price outlook

Fuel oil prices — a key benchmark for Vietnam's gas prices - positively correlate with Brent crude

In 2024, FO prices (+3% YoY) outperformed Brent oil prices (-2% YoY). We attribute the better performance of FO prices to Russia's lower refinery capacity due to the ongoing conflict with Ukraine. In late 2023, China raised its 2024 fuel oil import limit to 20 million mt from 19.2 million mt in 2023. Accordingly, in 2024, China raised its FO imported volume by 7% to 24.1 million mt.

In Q1 2025, FO prices averaged USD468/ton (+5% YoY), outperforming Brent at USD75/bbl (-8% YoY) — a trend sustained since 2023. This outperformance reflects: (1) rising demand from Red Sea rerouting and (2) tightened supply due to expanded US sanctions on Russia and European refinery shutdowns amid low margins.

Figure 14: Historical Brent oil prices (USD/bbl) and fuel oil prices (USD/tonne)



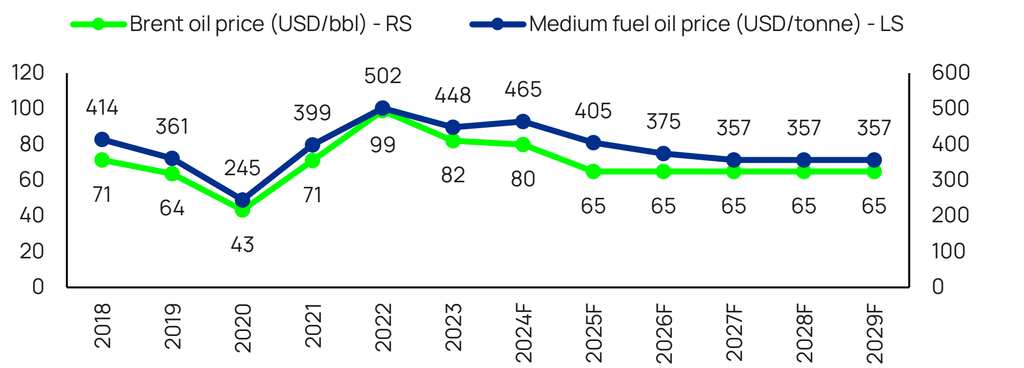
Source: Bloomberg, Vietcap

Maintaining FO price forecast for 2025F with cuts for 2026-29F

We maintain our 2025F FO price assumption of USD405/tonne (-12.5% YoY) as FO kept outperforming Brent oil in Q1 2025, settling at USD468/tonne, while we expect FO to cool down from Q1 in the rest of 2025, following expected falling Brent oil prices vs Q1.

We cut FO prices assumptions for 2026-29F by 5% on average. We trim 2026F FO price forecast by 3% to USD375/tonne while we cut our Brent oil price assumption by 7% to USD65/bbl, reflecting our expected prolonged outperformance of FO vs Brent. However, we expect FO and Brent to move similarly in 2027/28/29F, therefore we cut our FO price assumptions by 7%/6%/6%, similar to our Brent oil prices cuts.

Figure 15: Vietcap's Brent oil and fuel oil price base case assumptions



Source: Vietcap. Note: Medium fuel oil is the average of HSFO 380 cst and HSFO 180 cst prices.

LNG price outlook

Asian LNG prices to peak in 2025F and decrease in subsequent years

In Q1 2025, Japan's spot LNG price was USD14.0/MMBTU (+49% YoY from Q1 2024's low base, +1% QoQ), **outperforming Brent oil falling 8% YoY.** However, it cooled down to USD12.6/MMBTU (-10% vs Q1 2025) in the first 20 days of April 2025 following Brent oil plunging and uncertainty from President Trump's reciprocal tariffs.

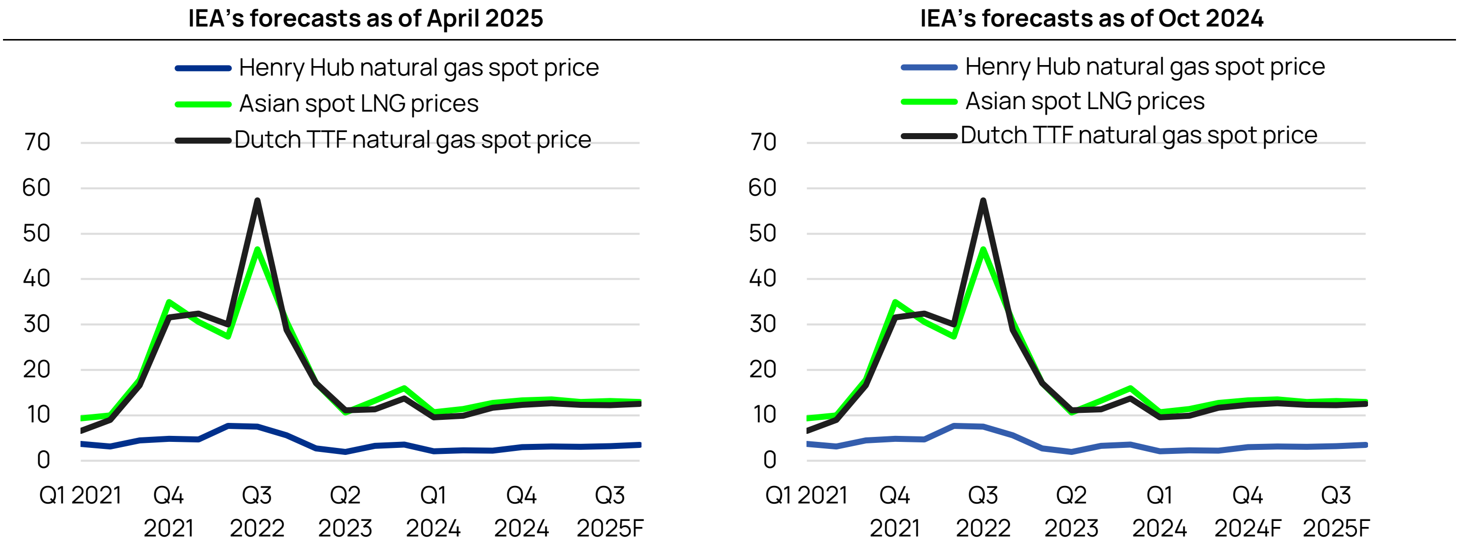
The IEA maintained its 2025F average Asian spot LNG price forecast at USD13.2/MMBTU (+9% YoY) in its April 2025 Gas Report vs its October 2024 report.

Chicago Mercantile Exchange (CME) futures as of April 2025 imply average Asian spot LNG prices of USD12.8/11.7/10.6/9.6/9.1 per MMBTU in 2025/26/27/28/29F, respectively. This suggests **Asian spot LNG prices to peak in 2025 (+8% YoY) and then falling ~8% p.a. in the next four years.** The IEA's 2025F LNG price peak was driven by its expectations of LNG market supply remaining tight as Europe's LNG imports would reach their near all-time highs given low gas storage levels and reduced imports from Russia, outweighing China's lower LNG imports due to weaker demand.

Consensus agrees on LNG prices cooling down from 2026 onward, driven by

- Expectations that the global LNG supply will increase by more than 30% in the next three years, starting from 2025, driven by the capacity expansion in Qatar and North American (per Bernstein Research).
- The end of the Russia-Ukraine conflict could lower LNG prices.
- The slower demand growth from China due to its growing renewable energy and EV adoption.

Figure 16: IEA gas price forecasts in its April 2025 and October 2024 gas reports (USD/MMBTU)



Source: IEA, Vietcap

Relatively low LNG import prices to boost LNG adoption in Vietnam

Methodology:

- **LNG import price (tariff exclusive):** International practice is based on Brent, the Asia LNG price, and US Henry hub price.

- For 2025F, we take the average spot Asian LNG price consensus from IEA and CME as those prices closely track actual spot prices, which GAS still pay for their LNG import in 2025, deriving at USD13.0/MMBTU.
- For 2026F, we estimate GAS's LNG import prices using a weighted average approach: 80% weight for the consensus price (CME) and 20% weight for 13% of Brent oil prices. This reflects GAS's current practice of primarily importing LNG at spot prices, which are more volatile than term contracts.
- From 2027 onward, we maintain our assumptions that GAS's imported LNG prices will benchmark 100% against Brent oil prices, with LNG prices equivalent to 13% of Brent oil prices, reflecting GAS's ability to secure long-term contracts at cheaper prices vs spot.

- **Tariff:** We maintain our tariff assumptions for 2025/26/27/28/29F at USD 1.9/2.7/2.8/2.8/2.8 per MMBTU. See details in our Oil & Gas – November 2024 Update.

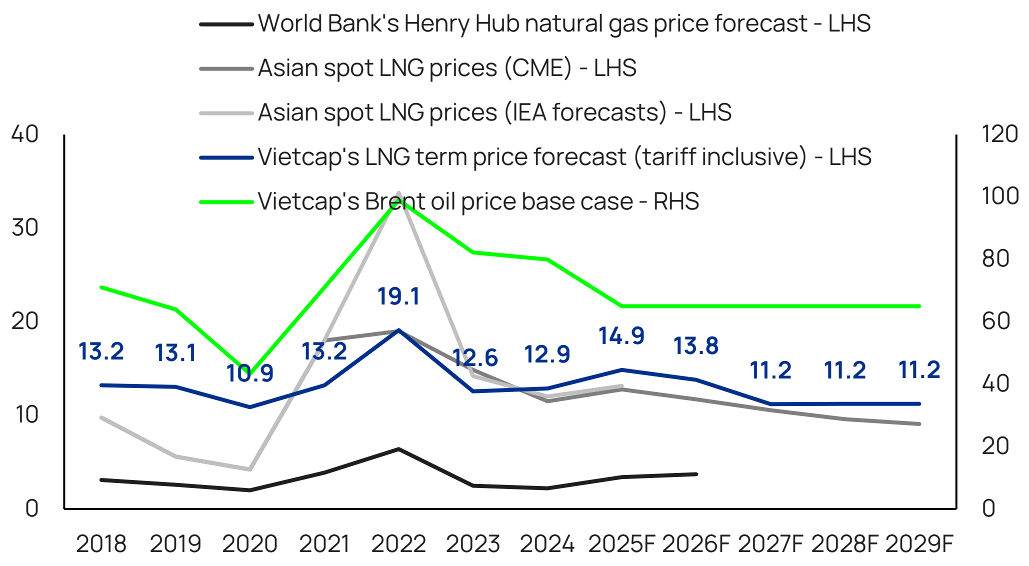
Outlook:

For 2025F, we raise our Vietnam LNG import price projection (excl. tariff) by 10% to USD13.0/MMBTU following the higher-than-expected Q1 2025 prices as well as IEA and CME's consensus. This implies LNG prices to power plants (incl. tariff) of USD14.9/MMBTU, increasing 15% YoY, due to GAS's cheap LNG imports in 2024.

For 2026/27/28/29F, we trim our Vietnam LNG import price projection (incl. tariff) by 3% on average (respective changes of +1%/-5%/-4%/-4%) following our lower Brent oil price assumptions.

We expect Vietnam's LNG price to power plants (incl. tariff) in 2026-29F to be competitive with prices of domestic new gas fields (Block B, ~USD14-15/MMBTU). However, we maintain our expectation for first gas from Block B in 2028F with sufficient demand from O Mon power plants, as the Government directs prioritizing using domestic gas first before importing LNG, which we attribute to (1) national energy security, not fully relying on imported LNG, and (2) saving USD reserves. In contrast, LNG import demand from GAS in the next five years is huge, which we project to increase 24x to 9.6 bcm in 2029F from 0.4 bcm in 2024 to (1) replenish depleting domestic gas sources and (2) feed new LNG-fired power plants.

Figure 17: Brent oil price (USD/bbl) and LNG price forecasts (USD/MMBTU)



Source: World Bank, IEA, CME, Vietcap. Note: Vietcap's LNG price forecast (term contract) is calculated based on 13% of the Brent oil price + tariff for 2027-2029F, according to industry players. The World Bank's forecast is as of October 2024, CME's consensus is as of April 2025, and IEA forecasts are from April 2025.

Coal price outlook

We lower our 2025F mixed coal price forecast by 7% to VND2.4mn/tonnes (-2% YoY). This adjustment follows a revision in Bloomberg consensus for Newcastle thermal coal, with 2025F forecasts cut by 10% vs our previous observation.

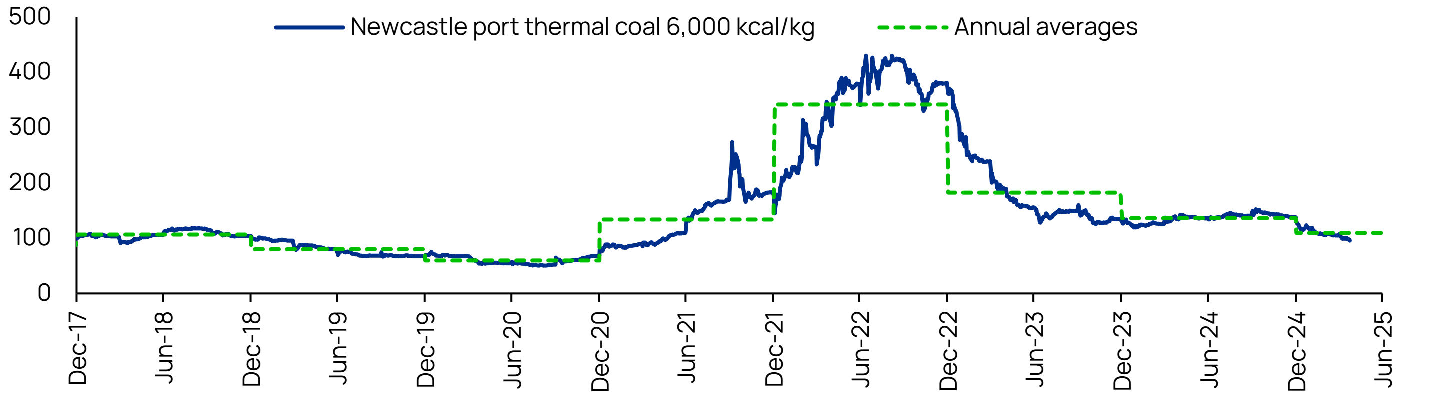
For 2026–2029F, we maintain a conservative outlook, assuming mixed coal prices to grow at a 1.7% CAGR, driven by a gradual increase in the proportion of higher-priced imported coal. Industry guidance still expects the import share to rise from 45% in 2024 to 51% by 2029F.

Figure 18: Forecasts of average prices of 5a domestic coal and its mixed coal equivalent

VND mn/tonne	2022	2023	2024E	2025F	2026F	2027F	2028F	2029F
Domestic coal, 5a (5,500 kcal/kg)	**1,845**	**1,808**	**1,898**	**1,993**	**2,093**	**2,198**	**2,308**	**2,423**
YoY growth	0.0%	-2.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
%New vs Old	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Mixed coal, 5a equivalent (*)	**2,738**	**2,238**	**2,460**	**2,407**	**2,403**	**2,420**	**2,502**	**2,569**
YoY growth	48.4%	-18.3%	9.9%	-2.2%	-0.2%	0.7%	3.4%	2.7%
%New vs Old	0.0%	0.0%	0.0%	-7.1%	-0.7%	-0.2%	-0.4%	0.4%

Source: Ministry of Industry and Trade, Vietcap forecasts (*: a mix of imported coal and domestic coal 6a)

Figure 19: Newcastle thermal coal 6,000 kcal/kg FOB (USD/tonne)



USD/Tonne	2017	2018	2019	2020	2021	2022	2023	2024	2025YTD
Annual average	87	107	80	60	134	342	183	136	110
%YoY	**35%**	**22%**	**-25%**	**-25%**	**123%**	**155%**	**-47%**	**-25%**	**-20%**

Source: Bloomberg, Vietcap (FOB price does not include transportation cost and VAT; data as of April 23, 2025)

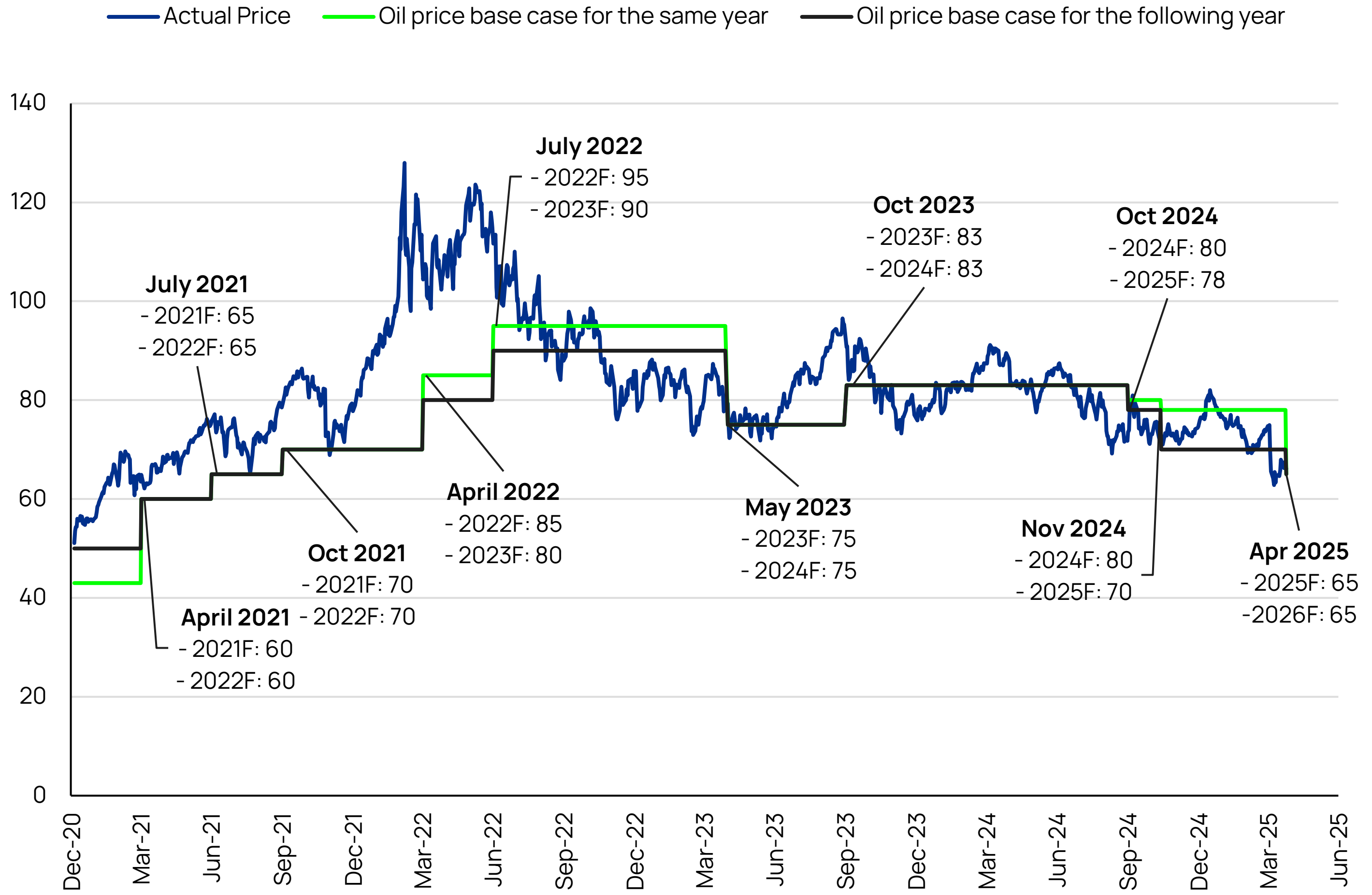
Figure 20: Bloomberg consensus forecasts for Newcastle thermal coal price (6,000 kcal/kg)

USD/tonne	2024F	2025F	2026F	2027F	2028F	2029F
Bloomberg consensus (median)	**136**	**118**	**114**	**112**	**115**	**116**
YoY change (%)		-14%	-3%	-2%	2%	1%
Previous consensus (October 2024)		131	115	112	115	N/A
New vs previous		**-10%**	**-1%**	**0%**	**0%**	**N/A**
Select contributors						
BMI, a Fitch Solutions company		120	100	95	90	85
Westpac Banking Corp		104	109	113	116	119
Barclays PLC		106	108	90	90	N/A
Deutsche Bank AG		107	115	112	120	N/A
Morgan Stanley		106	113	125	130	135

Source: Bloomberg, Vietcap compilation (FOB price does not include transportation tariff, logistic costs, and VAT; Bloomberg consensus data as of April 2025)

Historical oil price forecasts

Figure 21: Vietcap's historical oil price base case forecasts (USD/bbl)



Source: Bloomberg, Vietcap

Appendix

Low probability of global recession risk

Despite varied views on the likelihood of a recession in the US and global economy, the risk of a downturn becomes more real as global trade tensions continue to escalate.

Neutral & Optimistic view:

- In a short macro-outlook on April 9, 2025, Natixis (a global financial institution) assumed that the market might overreact on the actual impacts of US growth, and they do not give in to the siren calls of recession.
- On April 14, the 46 economists surveyed by Wolters Kluwer Blue Chip Economic Indicators estimated a 47% chance of recession.
- On April 15, Bank of America CEO Brian Moynihan said that he and its research team do not expect a recession in 2025 after President Trump's roller-coaster tariff policies.
- On April 15, Morgan Stanley forecast 40% odds while Goldman Sachs predicted 45% likelihood of a recession over the next year.

Pessimistic view

- On April 14, according to a survey by *Chief Executive*, over 60% of US CEOs predict a slowdown or recession within the next six months, while this number in March was 48%.
- On April 15, JPMorgan Chase forecasted the probability of a recession occurring in 2025 to 60% — up from 40%. While the recent rollback of the "Liberation Day" tariffs has eased some pressure on global trade, the continued imposition of a universal 10% tariff and the 145% tariff on China remains a significant drag on growth, sustaining the firm's prediction at 60%.
- On April 21, former US Treasury Secretary Lawrence Summers placed the probability of a recession at 60% or higher, citing the significant risks posed by ongoing economic uncertainty.

Trade war history

Figure 22: Major trade wars in the past 100 years

Period	Trade War	Key Events
1930	Smoot-Hawley Tariff Act	- Raised US tariffs on over 20,000 imported goods to protect domestic industries. - Prompted retaliatory tariffs from other countries, leading to a 66% decline in global trade between 1929 and 1934. - Exacerbated the Great Depression, increasing unemployment and deepening the economic downturn.
1980s	US-Japan Trade Tensions	- Concerns over Japan's export-driven growth led the US to implement Voluntary Export Restraints (VERs) on Japanese cars. - The 1985 Plaza Accord aimed to devalue the US dollar to address trade imbalances. - Japan's economic bubble burst, resulting in a prolonged period of stagnation known as the "Lost Decade." PBS: Public Broadcasting Service+1, National Security Archive+1
2018-2020	US-China Trade War	- The US imposed tariffs on hundreds of billions of dollars' worth of Chinese goods, citing unfair trade practices. - China retaliated with tariffs on US products, including agricultural goods. - Global markets experienced volatility; the World Bank estimated a 0.3-0.5% reduction in global GDP growth due to the trade war.

Source: Vietcap compilation

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BUY	If the projected TSR is 20% or higher
OUTPERFORM	If the projected TSR is between 10% and 20%
MARKET PERFORM	If the projected TSR is between -10% and 10%
UNDERPERFORM	If the projected TSR is between -10% and -20%
SELL	If the projected TSR is -20% or lower
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