

ACBS

Money 360

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Macro Overview

2018 Q1 recorded an unusual record high GDP growth of 7.38% (est. from the GSO). Considering the 1st quarter of the year is usually the slowest one, the figure was a major milestone for Vietnam's economic development. Also coming from the GSO, CPI increased 2.75% YoY and 1.05% Ytd. Massive credit injection throughout 2017 has been taking in effect. Administration's GDP target for 2018 sets as 6.8%.

YoY Quarterly figures showed that the economy growth was majorly driven by Industrial, Construction and Services sector. Manufacturing and Processing rose 13.9%, in which Electronic Goods increased 29.3%, followed by Electricity production and distribution of 10.5%YoY. Water sewerage and filtration also record a 7.1% increase. Overall booming in industrial production.

On the consumption side, medicinal goods went up 60.7% consumption, electronic goods surged by 28.4%. Industrial Inventories figures showed considerably large inventory level in automobiles (309%), electronic goods (146%) , metal production (64.3%), fabric production (301.8%).

Judging by those figures, I would be keeping an eye on Utilities and Medical stocks for short and medium term

On the money market, interbank rates as well as SBV bill issuances has been steady, expansionary policy is in full force. Most creditor institutions are not experiencing shortages of funds, as reflected by low interbank rates (compared Yoy) and the earlier reduction of depository interest rates. In fact, the financial sector might be performing too good that its facing the risk of corrections coming from SBV's monetary policy contractions.

Do keep in mind, the recent CPI figures are showing signs of overheated economy, with Oil price at high level due to OPEC's curbing and the excess credits circulating around, it should not be that long before inflation rise to the point of contracting monetary policy, that would create significant downward pressure for the stock market. Financial sector still has room to grow, it is the short term pressure could downgrade them however. Equity market and banking stocks has been facing downward pressures recently, do consider them to be of a longer term investment

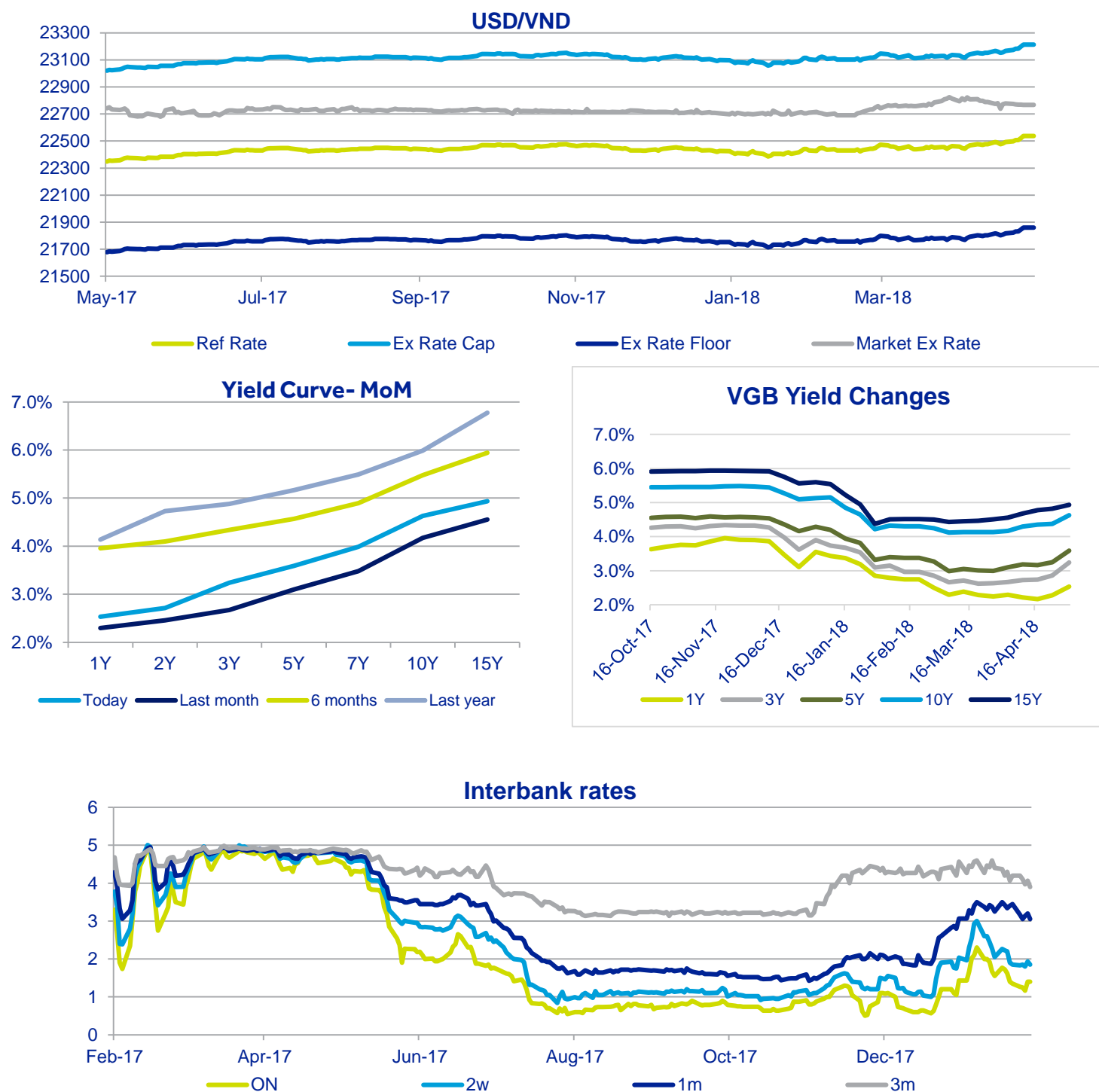
Up until recently, the US Dollars has been steadily appreciating after a long year of declining in 2017. Vietnam has been benefited from a weak green back for quite a while from the semi- pegged mechanism, it is now starting to reverse from FED's rate hikes. Do expect a declining Surplus on the coming Balance of Trade figures. One positive thing is the SBV has managed to increase their reserves balance up to \$63 bln, roughly 3.5 months worth of import. Local exporters to EU should expect their revenue to be declined this year, whilst importers should be better off from the favorable exchange rates.

Upward parallel shift on the Yield curve since last month, we would need further developments in order to speculate, for the moment it seems like the conjoined effect of a higher US dollars and a medium scale correcting in the equity market caused foreign investors to withdraw their funds

Next issue shall be focused on commodities and global developments, thank you.

Vietnam Money market

Domestic exchange rates, Interbank rates and Yield curve

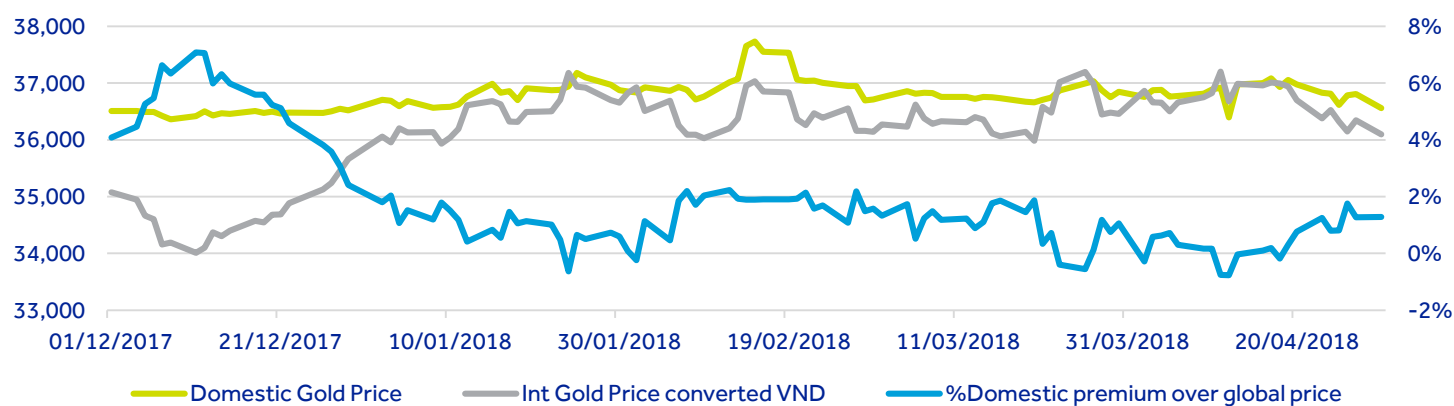


Gold, Currencies, Commodities

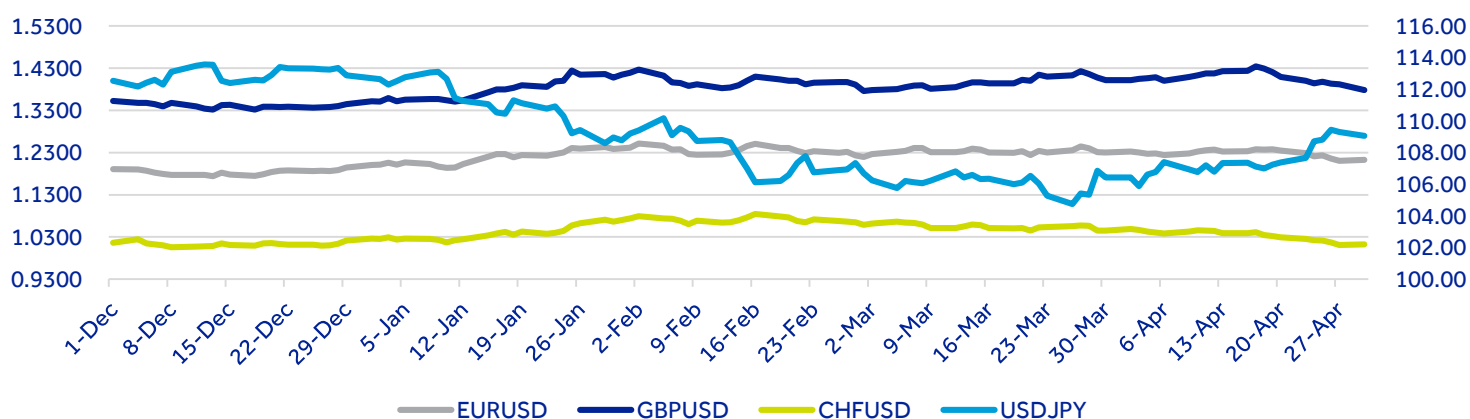
Gold Price in USD



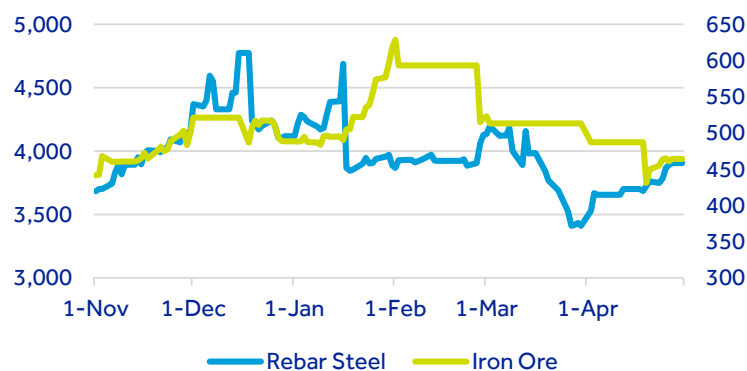
Domestic Vs Global Gold Price (VND. mln)



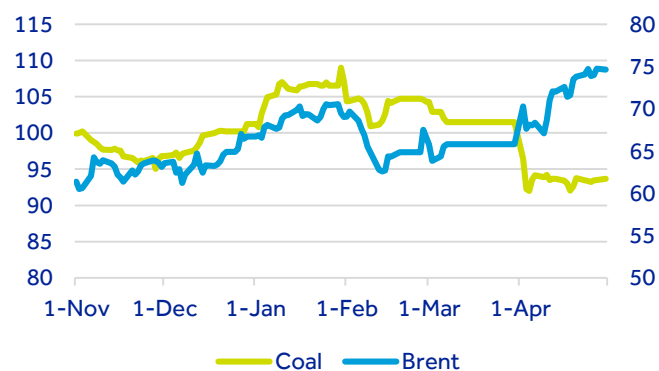
International Currencies



Construction & Industrial



Energy



Source: Bloomberg, ACBS

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