

# VIETNAM MARKET OUTLOOK

February 2022

**Stimulus package expected to buoy market sentiment entering the year of the Tiger**

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Most macro indicators slowed in the month ahead of the Lunar New Year festival. Industrial production index declined by 3.1% compared with December but grew 2.4% over last year, while the Markit PMI remained in expansionary territory for the fourth consecutive month, increasing to 53.7 from 52.5 in last month. Disbursed capital decreased while FDI pledges went up by 4.2% y/y. Total import-export turnover reached US\$58.5bn, 11.7% lower compared with last month, but showed growth over last year and posted a trade deficit of US\$0.5bn. Total retail sales of consumer goods and services in January continued to increase and the CPI increased 1.94%. Resolution 43 issued on Jan 11 2022 with the details in slides 37 to 40 specifying some fiscal and monetary policies to support the socio-economic recovery and development.

The VNIndex had a volatile first month of the year, ending January with a 1.3% decline to 1,478.96 points on positive momentum from a trough of 1,425.35. Contributing to the volatility was the revelation of large sales of FLC by its Chairman without providing sufficient information disclosures, leading to the decision of authorities to cancel the sale of 74.8 million FLC shares, freeze the chairman's trading accounts for five months and enact the largest financial penalty available under the laws following his trading violations. Brokerages' proprietary books reversed to net buying while foreigners were net sellers (approx. 130m USD), although the figures are skewed by a large put-through trade of MSN (foreign sold approx. 230m USD block to domestic) by an organization managed by the Government of Singapore.

The Omicron variant of COVID-19 is spreading in EU and US and some Asian countries, but has not yet impacted Vietnam's economy, although some community spread cases have appeared recently. The more immediate issue the market is keeping an eye on at this time is the decision of Fed to rise the interest rates and tightening of monetary policies across the world to cope with rising inflation. Vietnam's manufacturing and retail sales are recovering in recent months, combined with low CPI, a strengthening local currency, increasing market liquidity and the growing role of local investors, we believe that VNIndex can appreciate in the face of global market volatility and expected central bank rate hikes. We're monitoring potential spikes in COVID-19 rates across the country as the Lunar New Year festivals wind up, which may result in social distancing restrictions, although high vaccination rates make it unlikely that new harsh restrictions would be put in place.

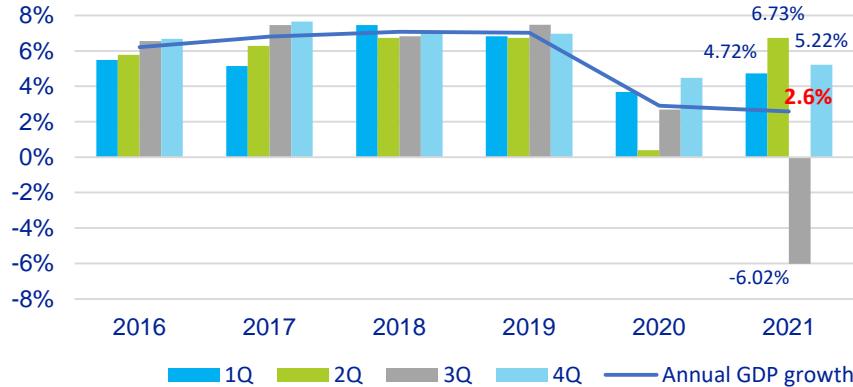
1. Macroeconomics
2. Equity Market
3. Topical Issues
4. Industry Briefs



- ❖ **Industrial production index declined by 3.1% m/m but growth 2.4% y/y** along with the Markit PMI remained the expansion for the forth consecutive month to 53.7 from 52.5 in last month.
- ❖ **Disbursed capital reached US\$1.61bn**, 39% lower than December, FDI pledges went up by 4.2% y/y to US\$2.1bn.
- ❖ **Total import-export turnover reached US\$58.5bn**, 11.7% lower compared to last month but showed growth over last year and posted a trade deficit of US\$0.5bn.
- ❖ **Total retail sales of consumer goods and services in January continued to increase to VND 470.7 trillion (+6.7% m/m, +1.3% y/y).**
- ❖ The **CPI increased slightly 0.19% over last month and increased 1.94% over the same period last year.**
- ❖ Resolution No. 43/2022/QH15 (“Resolution 43”) dated 11 Jan 2022 issued by the National Assembly specifying some fiscal and monetary policies to support the socio-economic recovery and development. Most of these supporting are affective in 2022 and 2023, some policies may be prolonged and added resources depending on the pandemic situation. Some notable policies are:
  - Reducing 2% value added tax (“VAT”) rate in 2022 for various groups of goods and services to 8%.
  - Allowing enterprises to include expenses to support and finance COVID-19 prevention and control activities in Vietnam in the deductible expenses when determining corporate income taxable income for the tax year 2022.
  - Promoting public investment by allocating an extra VND 176 trillion (~ USD 7.7 billion) to domestic investment. The most important benefactors are medical sector, labor and employment, enterprises-cooperatives-household businesses, tourism, infrastructure, housing, guarantees for domestic bonds.
  - Stabilizing the debt market by directing credit institutions to reduce lending interest rates by 0.5% to 1% in 2022 and 2023 and other monetary policies.
- ❖ Federal Reserve policymakers decided to maintain US key interest rate at its current record low of 0%-0.25% and decided it will continue to reduce the pace of its bond-buying stimulus program, ending the asset purchases in early March, likely to hike rates in March to fight inflation.

# 4<sup>th</sup> Quarter GDP bounced back by 5.22%

## Vietnam GDP growth by quarter

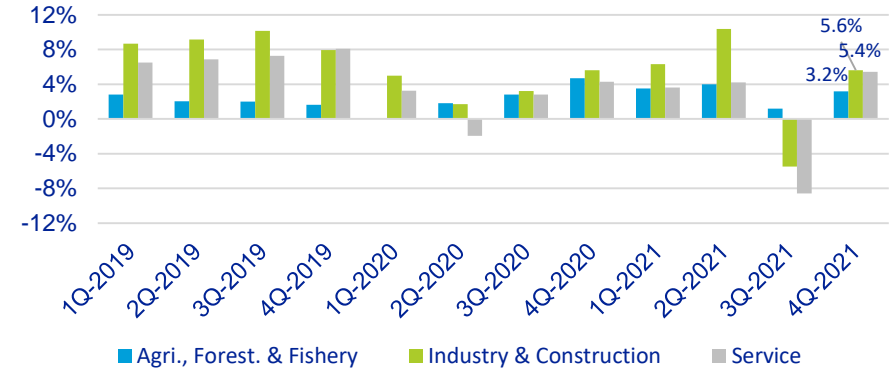


Source: GSO, ACBS

- ❖ Vietnam GDP growth in the 4<sup>th</sup> quarter increase by 5.22% after the deepest quarterly decline in the 3<sup>rd</sup> quarter thanks to the Government new strategy of “living with COVID-19” helping the economic reopening in major cities and maintain businesses across the country despite spreading of COVID-19 in several provinces. In which, the Agriculture-forestry-fishery (+3.16%) remained the positive growth, Industry-construction (+5.61%) and Service (+5.42%) sectors returned to positive growth leading the GDP of 2021 increased 2.58%, lower than 2.91% of 2020 but it's an encouraging result in the difficult year due to COVID-19.

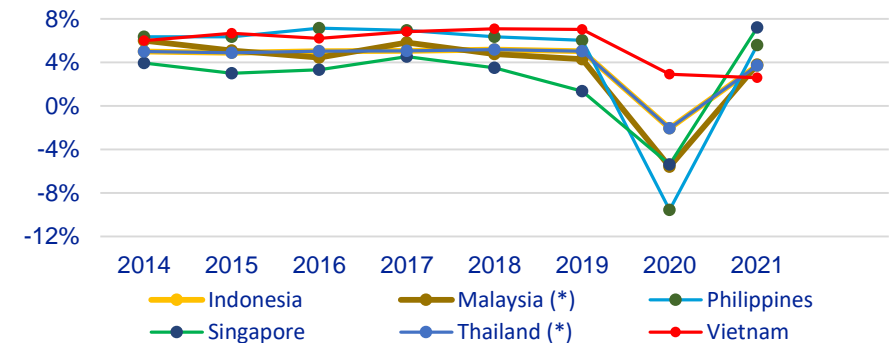
- ❖ Vietnam's GDP growth trailed some of its ASEAN peers in 2021, mainly driven by the low 2020 base where peers posted negative GDP growth while Vietnam maintained positive figures.

## GDP growth breakdown



Source: GSO, ACBS

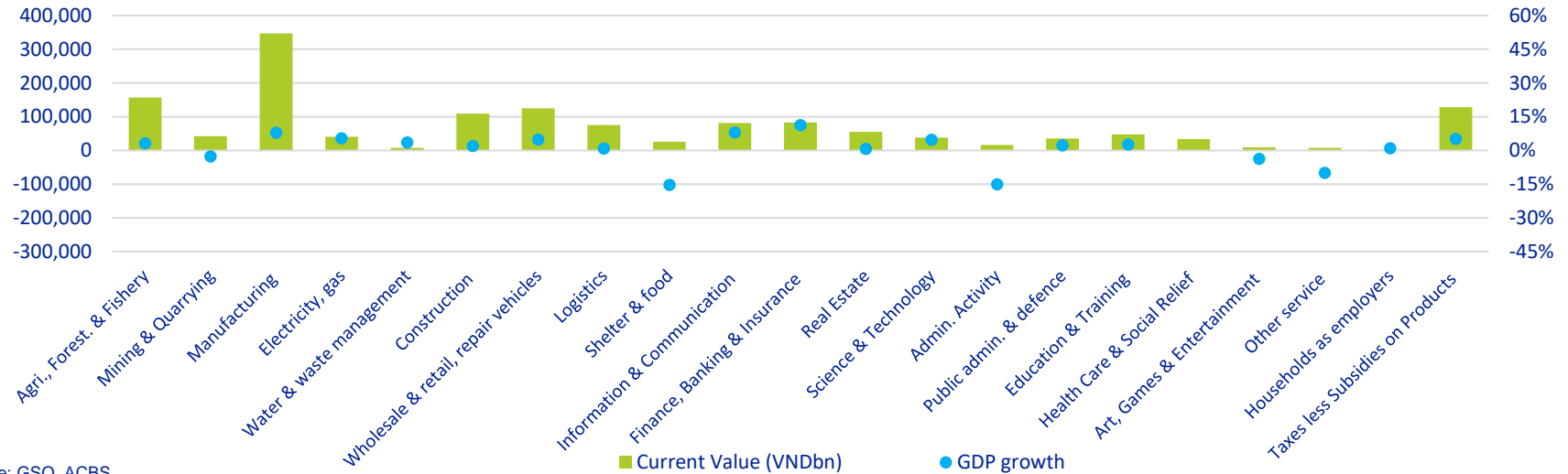
## Vietnam GDP growth and peer market



Source: World Bank, ACBS. Note: (\*) estimated by ADB in December 2021

# GDP breakdown by industry

## GDP by Industry in 4Q2021

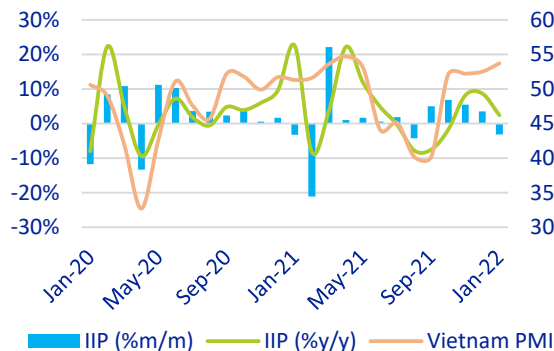


Source: GSO, ACBS

- ❖ Most industries recovered in the 4<sup>th</sup> quarter when the period of strict social distancing ended in major industrial hubs in southern cities and manufacturing recovered in last months of year. Manufacturing, the largest proportion of total GDP, returned to increased 8% y/y, Finance-banking & insurance also increased sharply by 11.2%, construction grew 2.1% while Mining & quarrying declined by 2.7%.
- ❖ Some service sectors are still affected by COVID-19 pandemic lockdown such as shelter & food (-15.3% y/y), Art, Games & Entertainment (-3.7%) and other services (-10%).

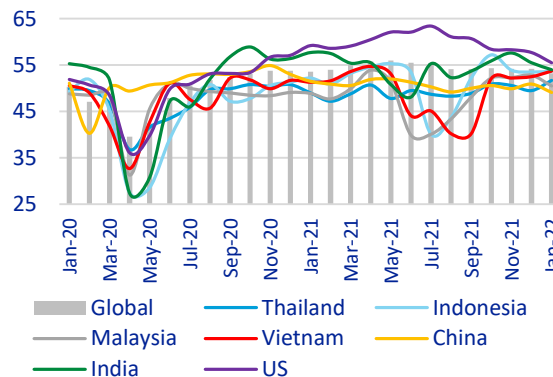
# Industrial production maintained annual growth

## Vietnam IIP and PMI



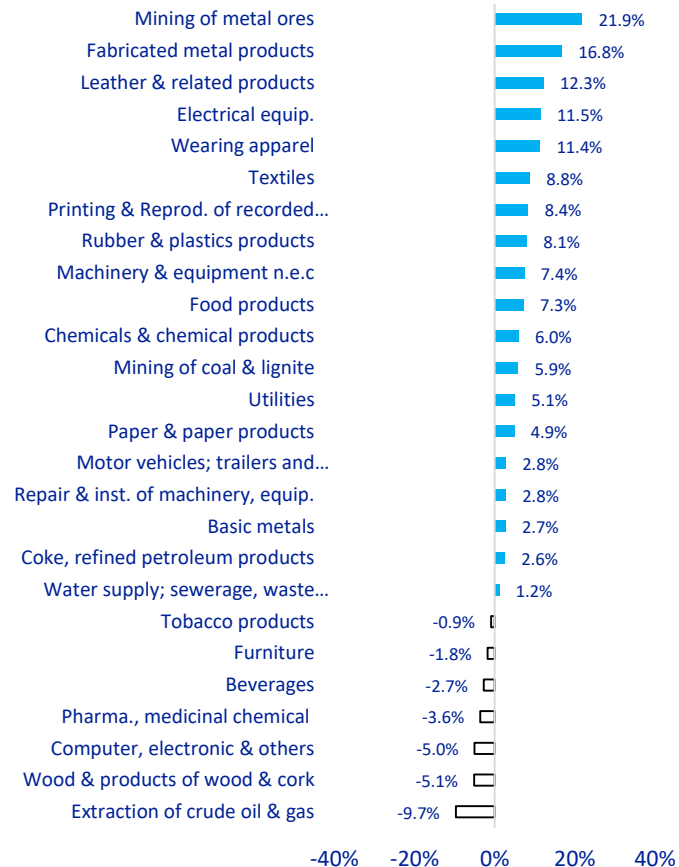
Source: GSO, IHS Markit, ACBS

## Vietnam PMI and other markets



Source: Bloomberg, IHS Markit, ACBS

## IIP Jan 2022 by industry

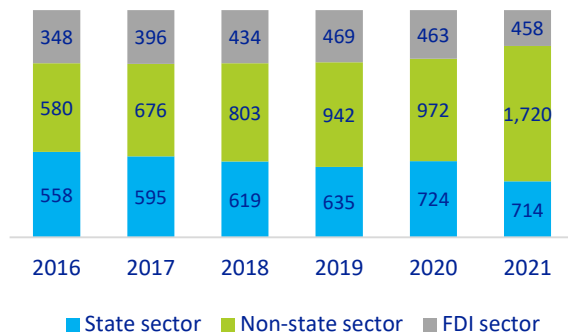


Source: GSO, ACBS

- ❖ Industrial production index declined by 3.1% m/m but grew 2.4% y/y (vs +22.5% y/y in Jan 2021). The lowest growth province was HCMC (-9.4% y/y, improved strongly from double digit decrease of previous months) and the highest was Kien Giang (+45%). Some notable products in month were clean coal (+5.8% y/y), steel (+4.5%), oil & gas (-1.4%), television (-33.5%), food for cattle (+3.4%), bar steel, angle steel (+20.3%).
- ❖ The Markit PMI remained in expansionary territory (>50) for the forth consecutive month and increased to 53.7 from 52.5 in last month, Vietnamese manufacturing could be improved in next months thanks to further recovery and new orders increasing, factories and employees coming back to production after the Lunar New Year and concerns about COVID-19 easing as vaccination rates in Vietnam are among the highest globally.

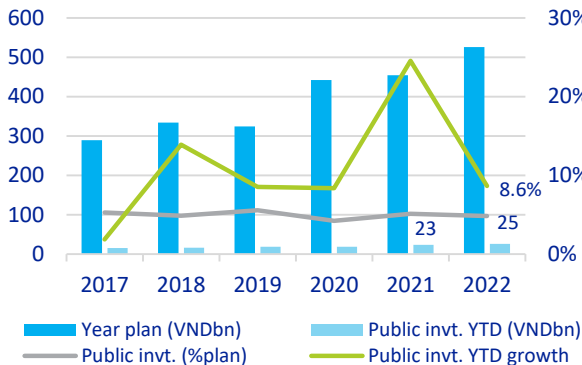
## Total investment disbursement

Unit: VNDtn



Source: GSO, ACBS

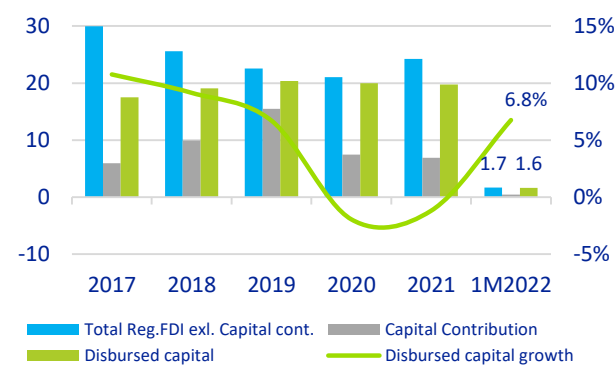
## Public investment in January



Source: GSO, ACBS

## FDI attraction by years

USDbn

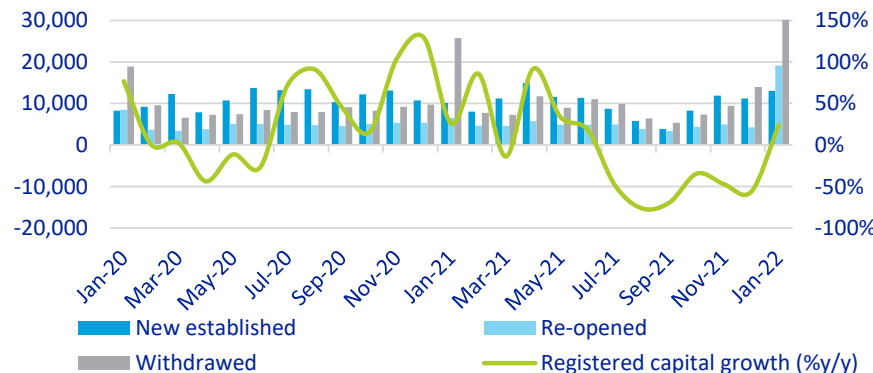


Source: MPI, ACBS

❖ In January, Vietnam spent VND25 trillion on public investment, an increase by 8.6% y/y (vs +23.1% y/y in Jan 2021), completing 4.8% of the annual plan. Public spending in the first month mainly concentrated on unfinished projects of previous years. The speed of disbursing capital was still slow but the stimulus package passed in January, which allocates about USD 7.6 billion for public investment is expected to benefit this sector in next two years.

❖ The economic recovery was lead by the private sector with 13,004 newly registered enterprise in January (+16% m/m, +28.9% y/y), re-opened enterprises increased to 19,121 (+353% m/m, +194% y/y). However, the difficulty of business conditions still exist resulted in 38,364 enterprises withdrew from the market (+175% m/m, +49% y/y).

## Enterprises activities



Source: GSO, ACBS



Key projects in progress	Est. capital (VNDbn)	Implementation Progress
Long Thanh International Airport - Site clearance project	22,856	Disbursed capital totaled VND13,251bn (58% total plan)
Long Thanh International Airport - Construction project - Phase 1	109,111	Start construction in Jan 21
East North - South Expressway (period 2017-2020)	118,716	Disbursed capital totaled VND12,036bn (83% total plan)
Cao Bo - Mai Son	1,600	96%, on schedule. Expect completed in Dec 21 as plan.
Mai Son - National Highway 45	12,920	41%, on schedule
National Highway 45 - Nghi Son	6,330	Started construction in July 21. 7%, on schedule
Nghi Son - Dien Chau	8,380	Started construction in July 21. 7%, on schedule
Dien Chau - Bai Vot (PPP)	13,340	Started construction in May 21
Cam Lo - La Son	7,670	70%, behind schedule
Nha Trang - Cam Lam (PPP)	7,615	Started construction in July 21, raising capital
Cam Lam - Vinh Hao	13,960	BOT contract signed in Jul 21, signed credit contract
Vinh Hao - Phan Thiet	11,600	18%, behind schedule
Phan Thiet - Dau Giay	14,360	24%, behind schedule
My Thuan 2 bridge	5,000	72%, ahead of schedule

## Key Government decisions on Public investment in 2021 & 2022

Resolution No. 29/2021/QH15 dated Jul 28, 2021 on the medium-term public investment plan for the period 2021 - 2025. Accordingly, the average total investment fund of the whole society for the 2021-2025 period will be about 32-34% of GDP, the average proportion of public investment fund in five years will be about 16-17% of the total investment fund of the whole society.

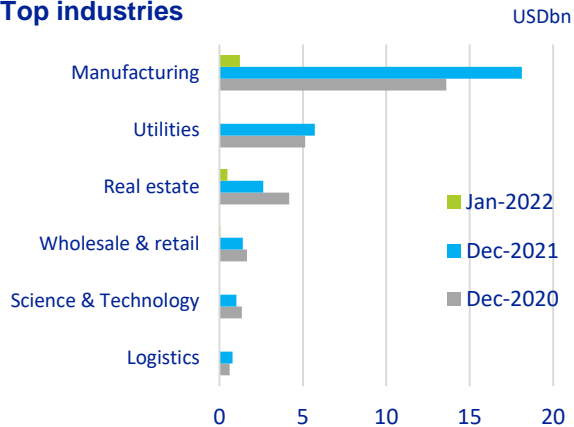
Decision No.1769/QD-TTg dated Oct 19, 2021 on Approving the railway network planning for the period 2021 - 2030 with a vision to 2050. Accordingly, the national railway network will have 9 new railway lines by 2030, for a total length of 2,362 km, including the North - South High Speed Line. Total estimated investment capital is VND240,000bn. Prioritize investment in 2 railway lines Ha Noi - Vinh and Nha Trang - TPHCM.

Directive No. 01/CT-BKHDT signed on Jan 5, 2022 by the Minister of Planning and Investment on implementing Resolution No. 01/NQ-CP of the Government, continue to improve the legal framework and enhance efficiency in the development of legal documents, strongly developing the private economy, strengthening the connection of the FDI sector with the domestic economic sector.

Resolution No. 44/2022/QH15 dated 11 Jan 2022 on investment policy of the East North-South expressway construction project in the 2021-2025 period.

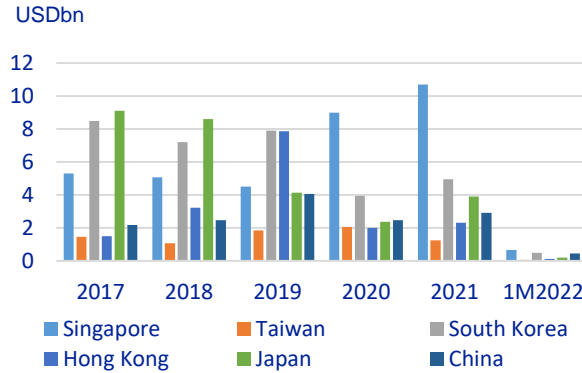
Resolution No. 43/2022/QH15 ("Resolution 43") dated 11 Jan 2022 specifying some fiscal and monetary policies to support the socio-economic recovery and development. In which, increase public investment capital.

## Top industries



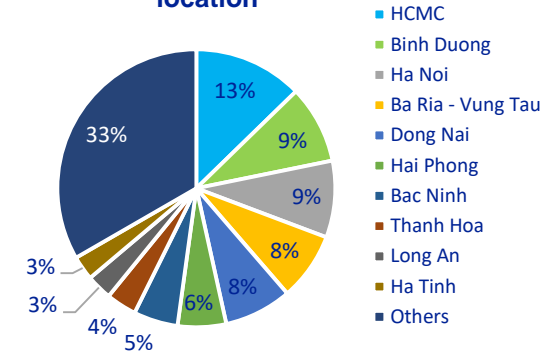
Source: MPI, ACBS

## Top counterparts



Source: MPI, ACBS

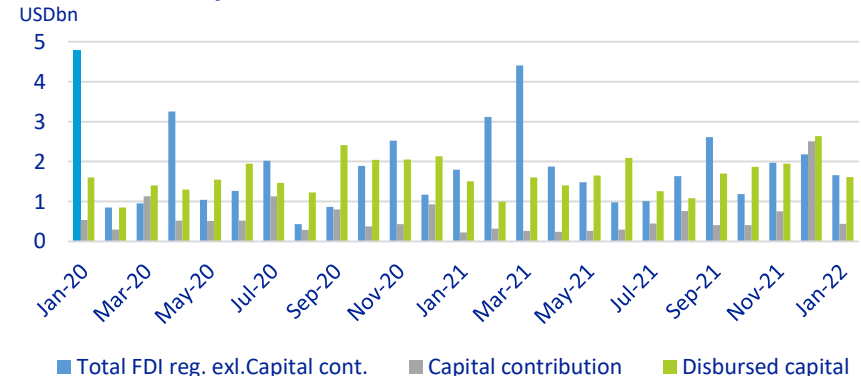
## Accumulated FDI as of Jan 2022 by location



❖ In January, disbursed capital reached US\$1.61bn, 39% lower than December, FDI pledges inched up 4.2% y/y to US\$2.1bn; in which, capital contribution reversed to increase by 100.9% y/y. The number of newly registered projects surged 103 (+119% y/y), 71 projects that registered for additional capital (+54.3%), 206 transactions of capital contribution (+6.2%).

❖ Manufacturing and processing keeps its leading role, accounting for 59% of total FDI pledges. Singapore remained be the biggest counterpart in Jan.

## FDI attraction by month



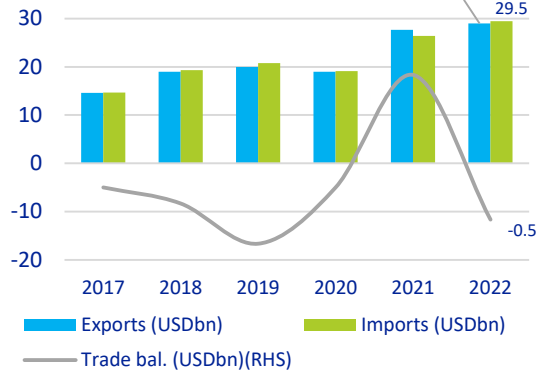
Source: MPI, ACBS

## Major FDI projects in 2022

No.	Projects	Industry	Location	Counterparts	Reg. capital (USDbn)	Certificate granted date
1	Goertek Group Factory	Manufacturing electronic products and network equipment and multimedia audio products	Nghe An	Hong Kong	0.40	Jan 2022 (Amended cert.)
2	JNTC Factory	Manufacturing electronic components	Phu Tho	Korea	0.16	Jan 2022 (Amended cert.)
3	Commercial and services Project of GE Vietnam	Commercial and services	Bac Ninh	Korea	0.22	Jan 2022 (Amended cert.)

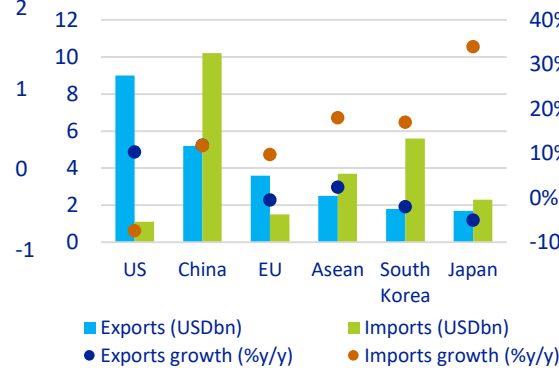
# Foreign trade slowed down, posted a slight deficit

Foreign trade in January by years



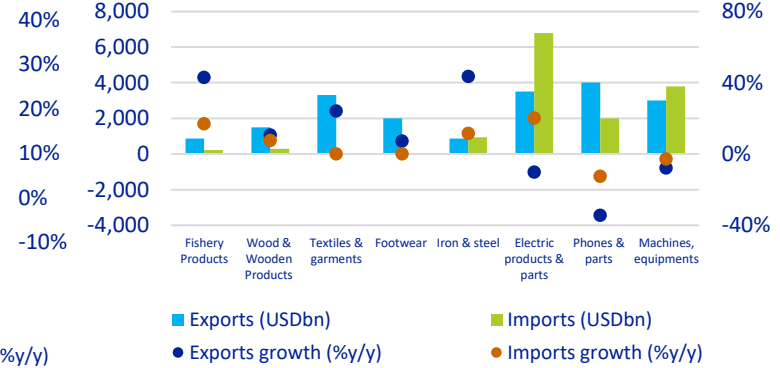
Source: GSO, ACBS

Main EX-IM markets in Jan 2022



Source: GSO, ACBS

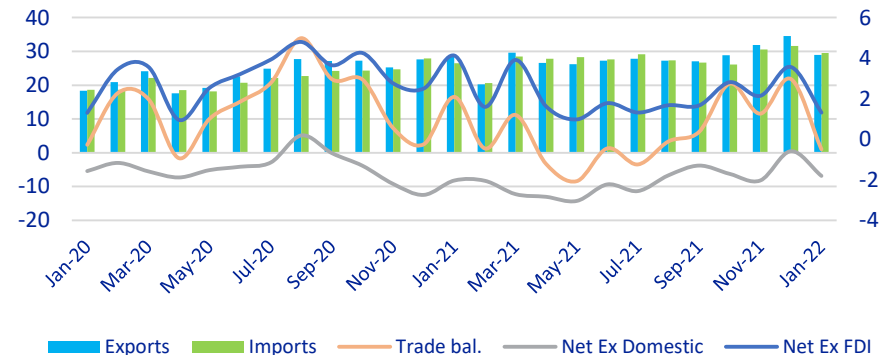
Main EX-IM items in Jan 2022



Source: GSO, ACBS

- ❖ Total import-export turnover in January reached US\$58.5bn (-11.7% m/m, +6.4% y/y), and posted a trade deficit of US\$0.5bn. In which, exports amounted to US\$29bn (-16.2% m/m, +1.6% y/y), the imports growth slower with be estimated at US\$29.5bn (-6.7% m/m, +11.5% y/y).
- ❖ Exports to Vietnam's two biggest markets surged in last month, US (+10% y/y) and China (+12%), when China lifted restrictions at key border gate with Vietnam ahead of Lunar New year festival, other markets such as EU, Japan and South Korea declined slightly. The high cost of logistics and materials still pose challenges and impact decisions of accepting new orders of exporters.
- ❖ Posting a record high total trade turnover in 2021, Vietnam is among the group of 20 leading economies in terms of international trade. The Regional Comprehensive Economic Partnership (RCEP), which is expected to come into effect from the beginning of 2022, is expected to further promote exports to partners.

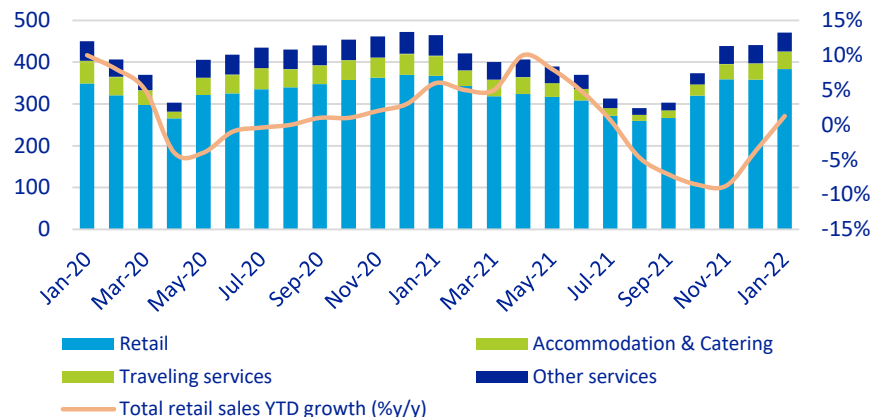
Foreign trade by months (USDbn)



Source: GSO, ACBS

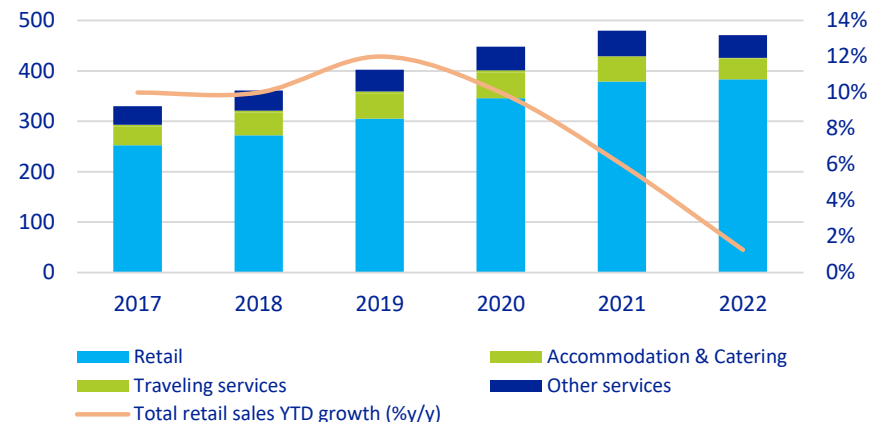
## Retail sales of goods and services monthly

VNDtn



Source: GSO, ACBS

## Retail sales of goods and services in January

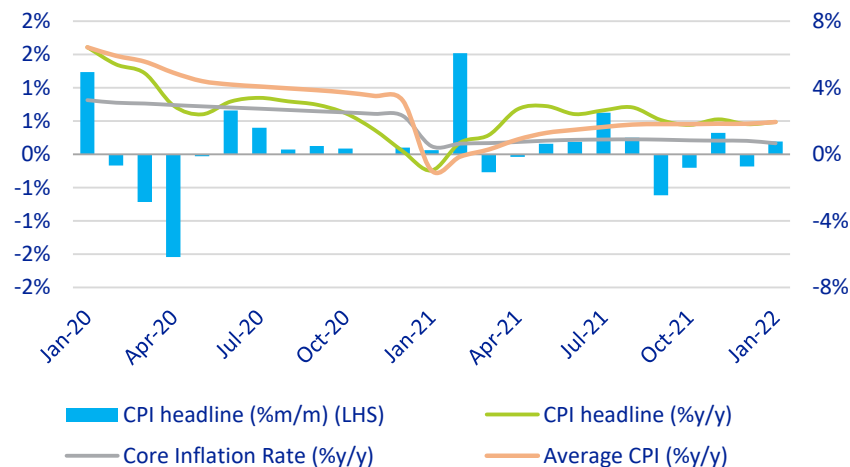


Source: GSO, ACBS

- ❖ Total retail sales of consumer goods and services in January continued to increase to VND 470.7 trillion (+6.7% m/m, +1.3% y/y). In which, revenue of goods increased 4.3% y/y, accommodation and catering declined by 11.9%, traveling services decreased 35.6% and other services decreased 8.1%. In term of industry, revenue of food and food stuffs increased 12.8%, transportation went up 4.3% while some items declined such as garments (-14.2%), household tools & equipment (-8.4%), cultural and educational items (-7,2%).
- ❖ The new strategy of living with COVID-19 is expected to promote the retail market. Resolution 43, approved last month, included the cutting of VAT by 2% (from 10% to 8%) could be an important positive factor for retail sales after pandemic. Domestic travelling during the Lunar New Year is driving sales of travel industry and other relevant services, so the retail sales in February could post strong figures.

# CPI increased slightly

## CPI monthly



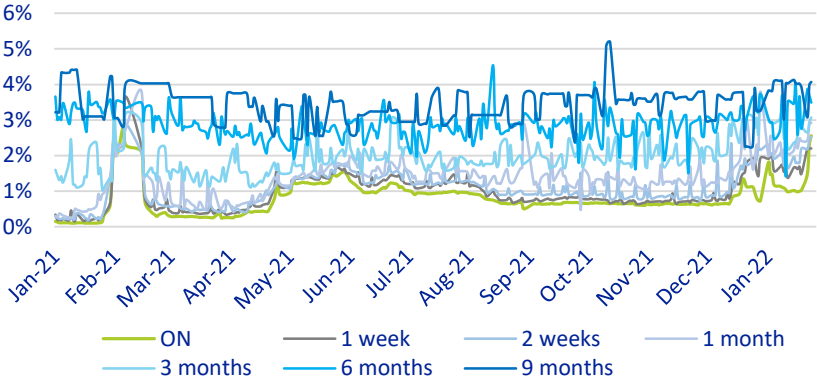
Source: GSO, ACBS

CPI Basket	Weight (%)	1/2022 (% m/m)	1/2022 (% y/y)	Avg 1M2022 (% y/y)
<b>CPI headline</b>	<b>100.0</b>	<b>0.19%</b>	<b>1.94%</b>	<b>1.94%</b>
Food and Foodstuffs	33.6	0.00%	-0.14%	-0.14%
Food	3.7	0.08%	3.10%	3.10%
Foodstuff	21.3	-0.09%	-1.69%	-1.69%
Eating outside	8.6	0.18%	2.41%	2.41%
Beverage, cigarette	2.7	0.57%	2.75%	2.75%
Garment, footwear	5.7	0.26%	0.88%	0.88%
Housing and constrn. Materials	18.8	0.07%	3.51%	3.51%
Household appliances & goods	6.7	0.18%	1.22%	1.22%
Medicine, health care	5.4	0.03%	0.25%	0.25%
Transportation	9.7	1.18%	14.55%	14.55%
Postal services, Telecom.	3.1	-0.03%	-0.65%	-0.65%
Education	6.2	0.03%	-3.78%	-3.78%
Culture, entertm't. & tourism	4.6	0.16%	-0.11%	-0.11%
Other goods, services	3.5	0.39%	1.57%	1.57%

Green: increase from previous respective period    Red: decrease from previous respective period

- ❖ The consumer price index (CPI) in January increased slightly 0.19% over last month and increased 1.94% over the same period last year. The transportation basket posted the highest growth thanks to gasoline prices increasing in line with global oil prices. The core CPI continued to increase by 0.26% m/m and 0.66% y/y (vs +0.49% y/y in Jan 2021).
- ❖ Compared to other countries, the headline CPI in Vietnam is still low when some ASEAN countries such as Thailand, Philippine, South Korea have CPI growth higher. The government's socio-economic development plan for 2022 sets the CPI growth at around 4%. Until now, the CPI is in control and still low than other countries (as shown in slide 21) and lower than government's target.

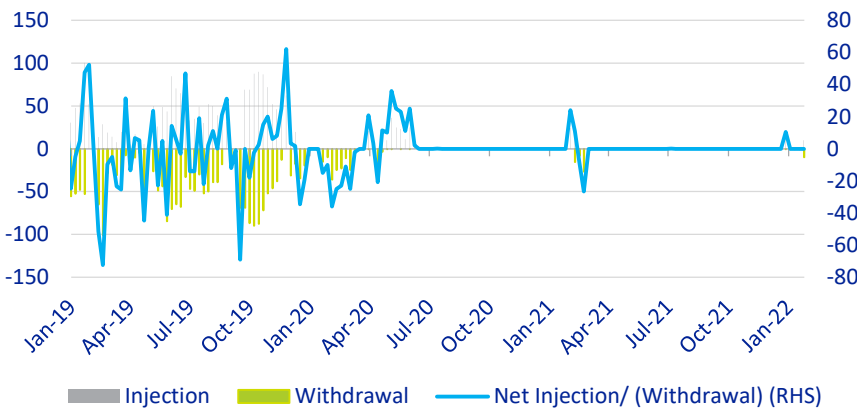
Interbank Rate



Source: FiinPro, ACBS

- ❖ Interbank interest rates increased throughout January 2022 as liquidity of banking system was constrained toward Lunar New Year which people spend and use a lot of cash. Given the reduction of liquidity of banking system toward Lunar New Year, the SBV had pumped in over VND10tn into system on last two weeks of January 2022 and another VND14tn in week after Lunar New Year to ease the short-term liquidity constraints.
- ❖ We expect that the interbank interest rate may increase slightly especially throughout 1Q2022 as liquidity in banking system may be squeezed in January and February as we have a lot of holidays especially around the Lunar New Year, which people might have to use a lot of cash and spend for a lot of activities.

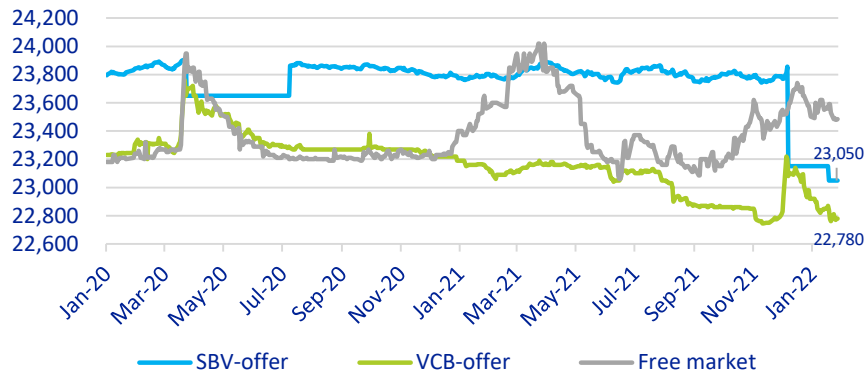
Net Injection/ (Withdrawal) from OMO (VNDtn)



Interbank Rate

	ON	1 Weeks	2 Weeks	1 Month	3 Month	6 Month	9 Month
Avg of January 2022	1.45%	1.82%	2.09%	2.40%	2.79%	3.18%	3.91%
+/- MoM (bps)	63	64	65	62	26	10	57

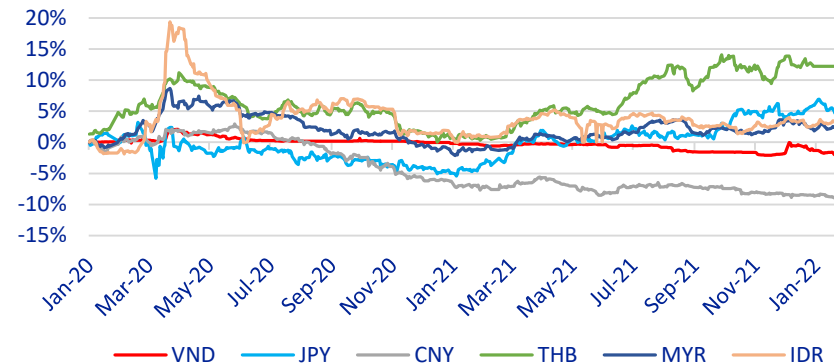
## USD/VND exchange rate



Source: Fiin Pro, ACBS

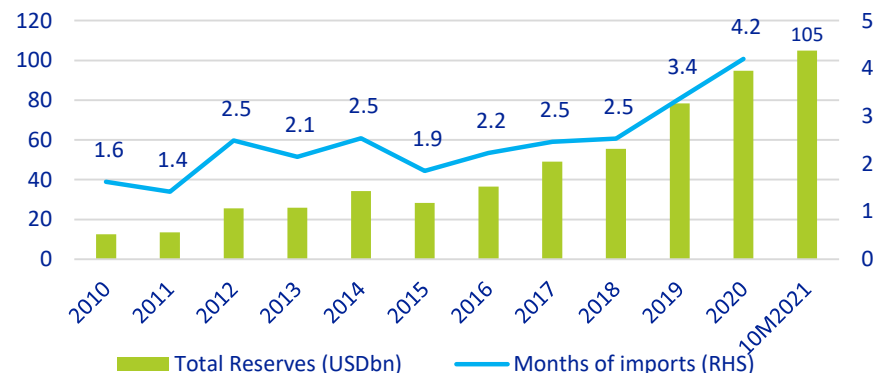
- ❖ The central bank continuously decreased official rate in January resulting in the lowering of the offer rates in commercial banks; also, the rate in the free market went down reflecting the strengthen of Vietnam Dong thanks to positive inflows of foreign currency via several channels when businesses are improving. Remittances still play an important role for foreign currency supply special in Lunar New Year festival with estimated amount of US\$18.06bn for 2021 (according to estimates from World Bank). Currently, the proliferation of money transfer services of Fintech companies has brought convenience to customers through online forms, helping to transfer and receive money easier. However, the USD/VND rate could face pressure to increase in 2022 due to the Fed's raising interest rate decisions in 2022.

## USD/VND and other currencies



Source: Bloomberg, ACBS. Note: change relative to Dec 31, 2019

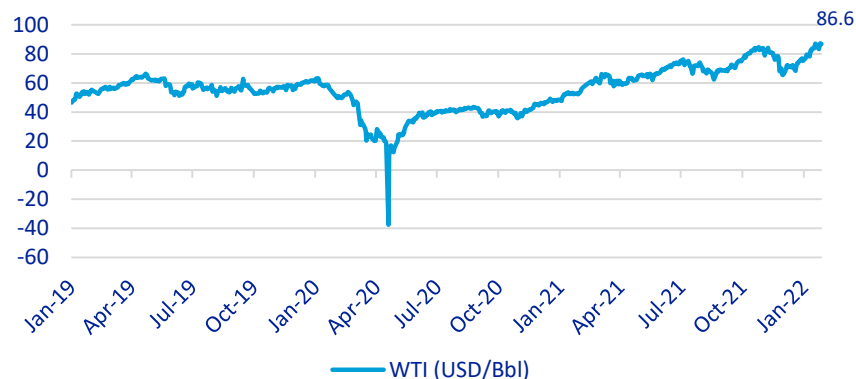
## Vietnam foreign reserves in months of imports



Source: WB, ADB, ACBS

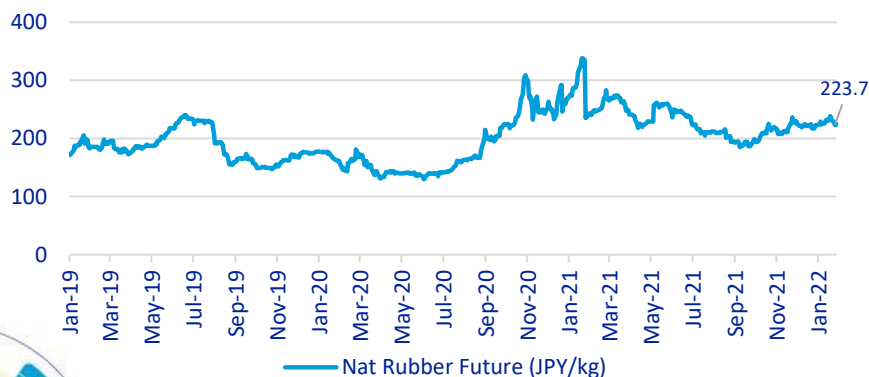


## Crude Oil WTI



Source: Bloomberg, ACBS

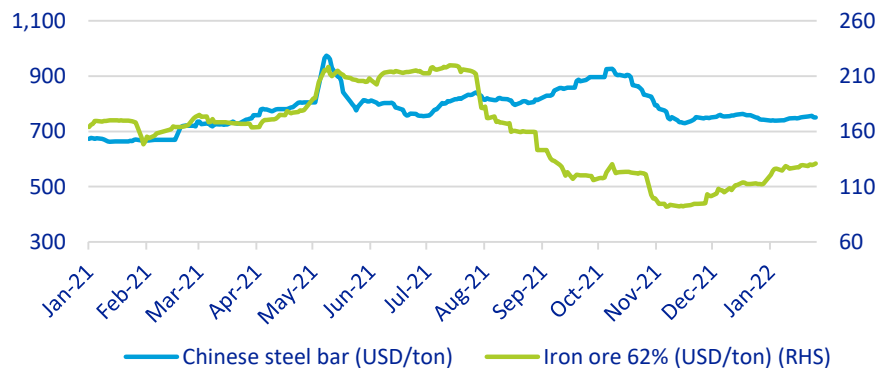
## Natural rubber



Source: Bloomberg, ACBS

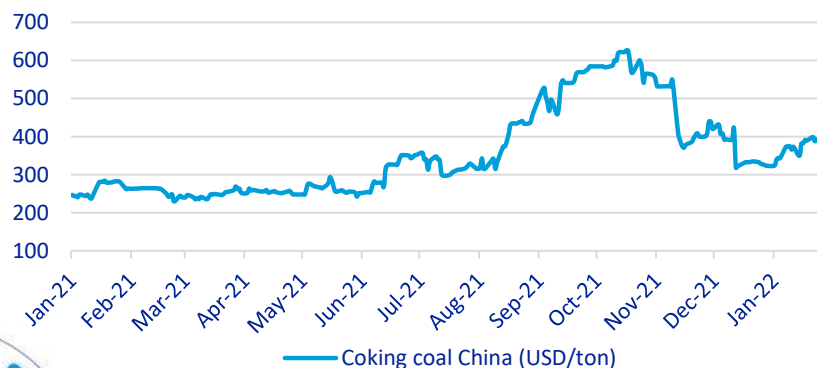
- ❖ Crude oil prices surge strongly in January to new recorded level at USD 86.6 at the end of month given by supply pressures mainly due to geopolitical tensions in the Ukraine. FED's policy markers could raise interest rates faster than forecasted and put pressure on risky assets such as oil, but we suppose that this impact will be less than upward pressures due to supply disruption in next months.
- ❖ In the domestic market, the Nghi Son Refinery and Petrochemical Company faces financial difficulties and has cut production affecting the gasoline supply for domestic consumption, which has the potential to put pressure on the CPI in the coming months if gasoline prices are to continue to rise.
- ❖ Natural rubber futures on the Tokyo Commodity exchange ended Jan at JPY223.7, up 1.1% m/m in Jan. Currently, the supply of natural rubber in Thailand and Indonesia are still impacted by COVID-19, which leads to a shortage of natural rubber. The demand of tires in main imports markets like EU, China, US and India are expected to increase thanks to the economic recovery, especially high auto demand in the COVID-19 crisis. Besides, the crisis of auto chip shortage has signal to cool down with improved inventory.

## Steel rebar & Iron ore



Source: Bloomberg, ACBS

## Coking coal



Source: Bloomberg, ACBS

- ❖ Steel rebar prices on the Shanghai exchange maintained its recovery despite waning demand driven by the Chinese real estates market downturn; new construction projects have stopped applying for construction permits and lockdown restrictions have been tightening in China's cities as they continue to apply a zero-COVID strategy.
- ❖ Iron ore prices continued its recovery in January as Chinese authorities maintain strict policies to tightening production and will be prolonged until March 2022. Major steel mills with blast furnaces or electric-arc furnaces were heard to have shut down or stopped steel production. In addition, a string of bad news on the macro front as well as the new variant of the coronavirus - Omicron has also shaken the sentiment of the investors.
- ❖ Coking coal price increased in Jan thanks to increasing demand and restocking while supply is relatively tight ahead of Lunar New Year holidays. Meanwhile, the continuing restriction of coal imports to China from Australia and the unstable pandemic situation in Mongolia have left the supply-side of metallurgical coal unstable.

# Key macro indicators

Monthly data	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22
Industrial Production (% y/y)	-8.3%	3.6%	22.2%	11.8%	4.9%	-0.3%	-7.8%	-7.6%	-1.8%	8.2%	8.7%	2.4%
Mining & quarrying	-12.4%	-8.3%	-0.7%	-5.9%	-4.9%	-10.9%	-2.8%	-13.0%	-8.2%	6.2%	-7.1%	-4.6%
Manufacturing	-7.8%	5.3%	26.4%	14.4%	6.0%	0.7%	-9.3%	-6.5%	-0.8%	8.6%	10.9%	2.8%
Prod & dist of electricity	-10.0%	3.5%	19.8%	12.7%	6.2%	1.7%	-1.9%	-11.7%	-4.8%	6.8%	9.1%	5.1%
Water supply & waste treatment	3.7%	5.8%	11.8%	4.1%	-0.1%	1.0%	-0.1%	-1.9%	-0.5%	0.4%	0.8%	1.2%
PMI	51.6	53.6	54.7	53.1	44.1	45.1	40.2	40.2	52.1	52.2	52.5	53.7
Retail Sales (% y/y)	8.2%	9.2%	30.9%	-1.0%	-6.6%	-19.8%	-33.7%	-28.4%	-19.5%	-12.2%	1.1%	1.3%
CPI (% m/m)	1.5%	-0.3%	0.0%	0.2%	0.2%	0.6%	0.2%	-0.6%	-0.2%	0.3%	-0.2%	0.2%
CPI (% y/y)	0.7%	1.2%	2.7%	2.9%	2.4%	2.6%	2.8%	2.1%	1.8%	2.1%	1.8%	1.9%
Export Value (USDm)	20,196	29,654	26,550	26,193	27,204	27,865	27,228	27,026	28,870	31,870	34,592	29,000
Import Value (USDm)	20,656	28,457	27,775	28,267	27,659	29,112	27,338	26,666	26,130	30,610	31,623	29,500
Trade Balance (USDm)	-460	1,197	-1,225	-2,074	-455	-1,247	-110	360	2,740	1,260	2,970	-500
Disbursed FDI (USDm)	990	1,600	1,400	1,650	2,090	1,260	1,080	1,700	1,870	1,950	2,640	1,612
Registered FDI excl. Cap. Cont. (USDm)	3,119	4,410	1,879	1,483	978	1,007	1,638	2,614	1,184	1,971	2,181	1,658

# Key macro indicators

Annual data	2013	2014	2015	2016	2017	2018	2019	2020	2021	YTD-2022
GDP	5.4%	6.0%	6.7%	6.2%	6.8%	7.1%	7.0%	2.9%	2.6%	
Industrial Production	5.9%	7.6%	9.8%	7.5%	9.4%	10.2%	9.1%	3.4%	4.8%	2.4%
Retail Sales	12.6%	10.6%	9.5%	10.2%	10.9%	11.7%	11.8%	2.6%	-3.8%	1.3%
Consumer Price Index	6.6%	4.1%	0.6%	2.7%	3.5%	3.5%	2.8%	3.2%	1.9%	1.9%
Export Value (USDbn)	132.03	150.22	162.02	176.58	215.12	243.70	264.34	282.53	336.25	29.00
Import Value (USDbn)	132.03	147.85	165.78	174.98	213.22	236.87	254.09	262.67	332.25	29.50
Trade Balance (USDbn)	0.00	2.37	-3.76	1.60	1.90	6.83	10.25	19.86	4.00	-0.50
Disbursed FDI (USDbn)	11.50	12.35	14.50	15.80	17.50	19.10	20.38	19.98	19.74	1.61
Registered FDI (USDbn)	21.63	20.23	22.76	20.95	29.97	25.57	22.55	21.06	24.26	1.66

Quarterly data	4Q-2019	1Q-2020	2Q-2020	3Q-2020	4Q-2020	1Q-2021	2Q-2021	3Q-2021	4Q-2021
GDP (% y/y)	7.0%	3.7%	0.4%	2.7%	4.5%	4.7%	6.7%	-6.0%	5.2%
Agriculture, Forestry & Fishing	1.6%	0.0%	1.8%	2.8%	4.7%	3.5%	4.0%	1.2%	3.2%
Industry & Construction	7.9%	5.0%	1.7%	3.2%	5.6%	6.3%	10.4%	-5.5%	5.6%
Services	8.1%	3.3%	-1.9%	2.8%	4.3%	3.6%	4.2%	-8.6%	5.4%
Industrial Production (% y/y)	7.4%	5.6%	0.2%	2.0%	6.3%	5.7%	12.4%	-5.0%	6.4%
Retail Sales (% y/y)	12.5%	3.2%	-5.5%	4.4%	8.0%	4.6%	4.1%	-28.3%	0.0%
Export Value (USDbn)	69.59	63.31	59.33	79.74	80.15	78.40	78.23	82.15	95.62
Import Value (USDbn)	66.01	59.33	57.41	69.02	76.92	75.61	82.50	83.86	89.07
Trade Balance (USDbn)	3.57	3.98	1.92	10.72	3.23	2.79	-4.27	-1.70	6.55
Disbursed FDI (USDbn)	6.16	3.85	4.80	5.11	6.22	4.10	5.14	4.04	6.46
Registered FDI (USDbn)	6.78	6.60	5.56	3.32	5.58	9.33	4.34	5.26	5.34

# Key macro indicators of other countries

Countries	GDP Growth		Inflation Rate		Manufacturing PMI			
	3Q-2021	4Q-2021	Nov-21	Dec-21	Jan-22	Nov-21	Dec-21	Jan-22
Indonesia	3.5%	5.0%	1.8%	1.9%	2.2%	53.9	53.5	53.7
Malaysia	-4.5%		3.3%	3.2%		52.3	52.8	50.5
Phillipines	6.9%	7.7%	4.2%	3.6%	3.0%	51.7	51.8	50.0
Singapore	7.1%	5.9%	3.8%	4.0%				
Thailand	-0.3%		2.7%	2.2%	3.2%	50.6	49.5	51.7
Vietnam	-6.0%	5.2%	2.1%	1.8%	1.9%	52.2	52.5	53.7
China	4.9%	4.0%	2.3%	1.5%		49.9	50.9	49.1
Hongkong	5.5%	4.8%	1.8%	2.4%				
Taiwan	3.8%	4.9%	2.8%	2.6%		54.9	55.5	55.1
Japan	1.4%		0.6%	0.8%		54.5	54.3	55.4
South Korea	4.0%	4.1%	3.8%	3.7%	3.6%	50.9	51.9	52.8
India	8.4%		4.9%	5.6%		57.6	55.5	54.0
United States	2.3%	6.9%	6.8%	7.0%	7.5%	58.3	57.7	55.5

- ❖ With a big stimulus package, positive recovery signs in all economic & social aspects after three months of living-with-COVID-19 and safe rate of vaccination, we maintain our expectation that the economy will post strong figures and we project that the GDP growth rate for 2022 will range between 5.9% - 6.8%.
- ❖ The foreign trade and FDI slowed in January but accelerated in the last months of the year to achieve a US\$4bn surplus for the whole year and FDI pledges increasing showed the optimistic for Vietnam economy in 2022. We expect that the recovery package will be significant factor in the economic recovery.
- ❖ The private sector has borne the brunt of the negative impacts from policies against pandemic. The new COVID-19 strategy combined with recovery package will be expected to revive difficult businesses and generate new investors into potential markets.
- ❖ The concerns of inflation in Vietnam still exist as crude oil hikes can affect input costs of goods and services and the stimulus package injected into the economy could nudge inflation figure higher. However, CPI growth in 2021 was lower than government's target of 4% and there have yet to be significant signs of mounting inflationary pressures as seen in develop economies, therefore we expect that inflation will remain below the government 's target of 4% for 2022.
- ❖ The Omicron variant of COVID-19 is spreading in EU and US and some Asian countries but although there have been a number of cases detected in the community in Vietnam, it is not yet a large concern for the economy. We're monitoring potential spikes in COVID-19 rates across the country as the Lunar New Year festivals wind up, which may result in social distancing restrictions, although high vaccination rates make it unlikely that new harsh restrictions would be put in place.

## SELECTED OUTLOOK ON VIETNAM GDP GROWTH

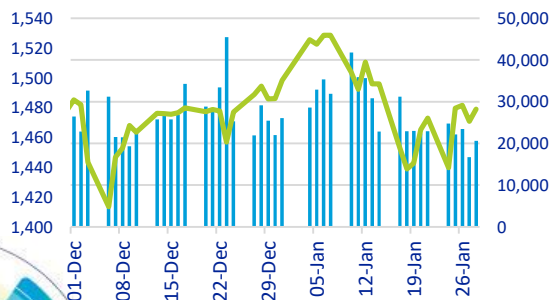
Organization	Latest projection	Previous projection
World Bank	5.5% (Jan 2022)	6.5% - 7.0% (Sep 2021)
International Monetary Fund	7.2% (April 2021)	
The Asian Development Bank	6.5% (Sep 2021)	
Standard Chartered Bank	6.7% (Jan 2022)	7.0% (Sep 2021)
HSBC	6.5% (Jan 2022)	6.8% (Dec 2021)

## The government's socio-economic development plan for 2022

GDP	6.0% - 6.5%
GDP per capita	USD 3,900
CPI	4%

# Stock market recap in January

Statistics	January 2022			
Bloomberg Code	VNIndex			
Month Range (pts)	1,438.9 – 1,528.6			
Month End Index (pts)	1,479.0			
Month End Mkt cap (VNDbn)	5,817,191			
Month End Mkt cap (USDbn)	255.4			
Daily Avg Value (VNDbn)	27,679			
Gainers	97			
Laggards	318			
Net Foreign Trade (USDm)	-129.9			
Foreign Participation	7.1%			
Performance (%)	1M	3M	6M	12M
VNIndex	-1.3	2.4	12.9	40.0
VN30	0.6	0.0	5.9	46.2



The VNIndex had a volatile first month of the year, ending January with a 1.3% decline to 1,484.22 points on positive momentum from a trough of 1,425.35. Contributing to the volatility was the revelation of large sales of FLC by its Chairman without providing sufficient information disclosures, leading to the decision of authorities to cancel the sale of 74.8 million FLC shares, freeze the chairman's trading accounts for five months and enact the largest financial penalty available under the laws following his trading violations. Brokerages' proprietary books reversed to net buying while foreigners were net sellers (approx. 130m USD), although the figures are skewed by a large put-through trade of MSN (foreign sold 230m USD block to domestic) by an organization managed by Government of Singapore.

Bank tickers BID, VCB, MBB were the top contributors on the VNIndex. The biggest laggard was MSN, which saw a large net sell of USD230m by foreign investors via put-through trade. After sales of Ardolis Investment Pte.Ltd who reduced holding ratio from 7.23% to 5.58% in September 2021 and to 2.79% in January, Masan disclosed the reduce of limitation on foreign ownership of the company to 49%. Vingroup (VIC) posted its first ever loss with after-tax losses of over VND7.5 trillion (\$326 million) in 2021, citing funding for the pandemic fight and heavier investments in electric car development. Besides, Vincom Retail (VRE) saw its post-tax profit last year plunging 45% y/y VND1.32 trillion amid a lease reduction to support businesses affected by the pandemic. DGW of Digiworld have six sessions tumbled sharply after Synnex FPT signed a deal with Xiaomi to distribute products of the Chinese tech company in the local market as DGW is no longer the exclusive distributor of this products. Meanwhile, GAS and other oil tickers likely to benefit from the rising oil prices, steelmaker Hoa Phat reported 2.5-fold jump in profit benefit from steel price surged and cheaper coal input costs.

## Top gainers & laggards for January 2022

Top 5 gainers	Avg Daily Trading Value (%m/m)	1M return
Banks	41.3%	9.3%
Utilities	-9.4%	7.7%
Energy	60.8%	2.2%
Consumer Durables & Apparel	1.3%	1.5%
Household & Personal Products	2.3%	1.4%
Top 5 laggards	Avg Daily Trading Value (%m/m)	1M return
Telecommunication Services	-5.0%	-20.0%
Diversified Financials	-23.1%	-17.1%
Health Care Equip. & Services	4.0%	-15.7%
Technology Hardware & Equip.	26.8%	-15.3%
Capital Goods	2.6%	-12.3%

## Top gainers & laggards for 1M2022

Top 5 gainers	Avg Daily Trading Value (%m/m)	YTD return
Banks	41.3%	9.3%
Utilities	-9.4%	7.7%
Energy	60.8%	2.2%
Consumer Durables & Apparel	1.3%	1.5%
Household & Personal Products	2.3%	1.4%
Top 5 laggards	Avg Daily Trading Value (%m/m)	YTD return
Telecommunication Services	-5.0%	-20.0%
Diversified Financials	-23.1%	-17.1%
Health Care Equip. & Services	4.0%	-15.7%
Technology Hardware & Equip.	26.8%	-15.3%
Capital Goods	2.6%	-12.3%

- ❖ Banks were the best performing sector on the VNIndex thanks to expected high profits and reasonable valuation, which attracted big inflows from end of 2021, followed by utilities, mainly driven by GAS. Energy, with PLX, PVD... are likely to benefit from the rising oil prices.
- ❖ On the negative side, diversified financials, with many securities companies, posted a negative month due in part to unexpected trading at FLC, which raised potential questions about the margin loans status at these brokers. Technology Hardware & Equipment, Telecommunication Services edged down after soaring last year. The real estate sector decreased 2% for January, but received net buying of foreign investors thanks to VHM which be bought USD57m, DXG, KBC and many real estates tickers also be bought in a large value by foreigners at attractive prices.



# Month end HOSE composition and valuation

Macroeconomics

Equity Market

Topical Issues

Industry Briefs

No.	Sector	No. of tickers	Mkt cap (VNDtn)	Index weight	1M return	YTD return	P/E	P/B	ROA	ROE	Avg trading value (%m/m)	Net foreign flows 1M (VNDbn)	Net foreign flows YTD (VNDbn)
1	Banks	17	1,960.2	33.4%	9.3%	9.3%	15.75	2.61	1.80%	19.54%	41.3%	1,930.5	1,930.5
2	Real Estate	49	1,319.3	22.6%	-0.6%	-0.6%	46.70	3.37	6.92%	16.39%	-2.2%	936.2	936.2
3	Food, Beverage & Tobacco	34	565.5	10.0%	-7.3%	-7.3%	25.35	4.39	11.95%	25.03%	-6.1%	-5,621.7	-5,621.7
4	Materials	64	483.4	8.5%	-11.7%	-11.7%	25.88	2.39	15.24%	29.09%	-15.4%	-676.0	-676.0
5	Utilities	27	315.4	5.6%	7.7%	7.7%	22.81	3.26	10.12%	15.03%	-9.4%	278.9	278.9
6	Capital Goods	77	297.6	5.1%	-12.3%	-12.3%	64.83	2.51	4.49%	13.22%	2.6%	531.5	531.5
7	Transportation	27	195.0	3.4%	-3.7%	-3.7%	38.28	8.63	-0.04%	-65.51%	-7.8%	-496.2	-496.2
8	Diversified Financials	16	160.2	2.8%	-17.1%	-17.1%	14.14	2.80	9.53%	25.66%	-23.1%	245.0	245.0
9	Retailing	9	109.8	1.9%	-2.3%	-2.3%	22.23	4.51	8.15%	24.86%	1.7%	62.1	62.1
10	Software & Services	3	87.8	1.6%	-4.2%	-4.2%	20.75	4.36	8.71%	24.57%	-2.3%	-22.3	-22.3
11	Energy	9	95.2	1.7%	2.2%	2.2%	130.16	2.42	4.03%	10.64%	60.8%	41.5	41.5
12	Insurance	5	53.6	0.9%	-3.7%	-3.7%	19.50	1.84	1.96%	10.19%	-23.0%	-24.7	-24.7
13	Consumer Durables & Apparel	18	49.9	0.9%	1.5%	1.5%	20.39	3.15	9.15%	17.60%	1.3%	-80.0	-80.0
14	Pharma, Biotech & Life Sciences	10	32.0	0.6%	-4.2%	-4.2%	19.14	2.92	12.95%	16.61%	-36.6%	17.1	17.1
15	Unclassified	14	20.9	0.4%	-16.4%	-16.4%	13.00	1.35	4.09%	14.43%	24.6%	0.0	0.0
16	Technology Hardware & Equip.	1	9.3	0.2%	-15.3%	-15.3%	14.01	5.21	13.67%	44.73%	26.8%	-109.7	-109.7
17	Automobiles & Components	6	8.8	0.2%	-8.1%	-8.1%	18.82	1.78	6.72%	12.96%	-33.9%	9.6	9.6
18	Consumer Services	9	8.9	0.1%	-2.9%	-2.9%	49.16	3.20	-6.06%	-5.04%	61.8%	0.9	0.9
19	Commercial & Prof. Services	5	5.1	0.1%	-7.2%	-7.2%	13.27	1.60	8.63%	12.11%	0.7%	-3.3	-3.3
20	Telecommunication Services	1	2.1	0.0%	-20.0%	-20.0%	31.11	2.62	0.74%	3.24%	-5.0%	-0.2	-0.2
21	Household & Personal Products	1	1.7	0.0%	1.4%	1.4%	10.66	2.21	15.30%	24.11%	2.3%	2.3	2.3
22	Health Care Equip. & Services	3	3.3	0.1%	-15.7%	-15.7%	13.82	2.23	2.76%	7.76%	4.0%	80.9	80.9
23	Media & Entertainment	2	1.6	0.0%	-10.2%	-10.2%	30.70	3.04	-6.74%	-9.70%	12.7%	1.2	1.2
	VNIndex	421	5,817.2	100.0%	-1.3%	-1.3%	16.92	2.59	2.59%	15.64%	2.0%	-2,966.3	-2,966.3
	VN30 Index	30	4,055.6	69.7%	0.6%	0.6%	14.38	2.74	2.88%	19.88%	7.7%	-4,000.1	-4,000.1

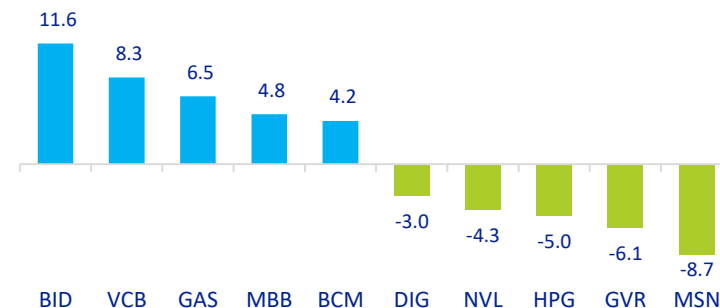
Source: Bloomberg, ACBS

## Top 20 Market Capitalization (as at Jan 28, 2022)

No.	Ticker	Company name	Market Cap. (VNDtn)	1M return	YTD return	P/E	P/B	Remaining foreign room (%)
1	VCB	Vietcombank	421.2	12.9%	12.9%	19.9	3.8	6.3%
2	VIC	VinGroup	369.1	2.0%	2.0%	87.3	3.7	35.7%
3	VHM	Vinhomes	349.7	-2.1%	-2.1%	8.9	2.7	26.2%
4	BID	BIDV	242.6	29.2%	29.2%	24.3	2.9	13.2%
5	GAS	PetroVietnam Gas	208.6	13.3%	13.3%	24.1	4.1	46.2%
6	HPG	Hoa Phat Group	188.8	-9.1%	-9.1%	6.0	2.2	25.4%
7	TCB	Techcombank	185.4	5.6%	5.6%	10.3	2.0	0.0%
8	CTG	VietinBank	177.3	8.8%	8.8%	10.7	1.9	4.1%
9	VNM	Vinamilk	173.7	-2.2%	-2.2%	16.5	5.6	45.5%
10	MSN	Masan Group	168.8	-16.4%	-16.4%	19.7	5.1	20.2%
11	VPB	VPBank	162.9	2.4%	2.4%	13.8	2.1	-2.0%
12	NVL	Novaland	154.2	-12.2%	-12.2%	50.7	4.5	31.0%
13	MBB	MBBank	127.3	16.6%	16.6%	10.0	2.1	0.0%
14	GVR	Viet Nam Rubber Group	124.8	-15.6%	-15.6%	29.3	2.6	12.5%
15	SAB	SABECO	95.4	-0.2%	-0.2%	25.9	4.5	37.5%
16	MWG	Mobile World Investment	94.5	-2.5%	-2.5%	19.2	4.6	0.0%
17	ACB	Asia Commercial Bank	93.4	0.1%	0.1%	9.7	2.1	0.0%
18	BCM	Becamex IDC Corp.	82.0	23.8%	23.8%	46.5	5.4	46.6%
19	FPT	FPT Corp	81.2	-3.8%	-3.8%	18.7	4.5	0.0%
20	VRE	Vincom Retail	79.4	16.1%	16.1%	60.4	2.6	19.0%

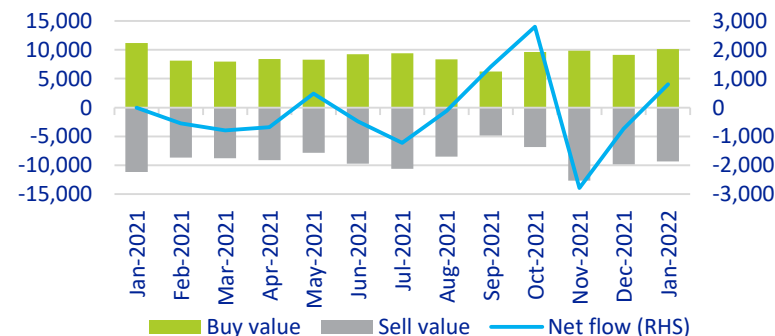
Source: Bloomberg, FiinPro, ACBS

## Top contributors on VNIndex in Jan 2022



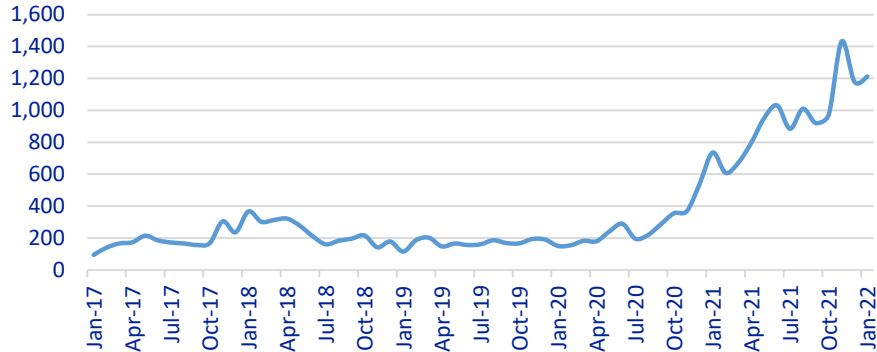
Note: Index impact (pts)

## Net brokerage prop trading value into VNIndex (USDbn)



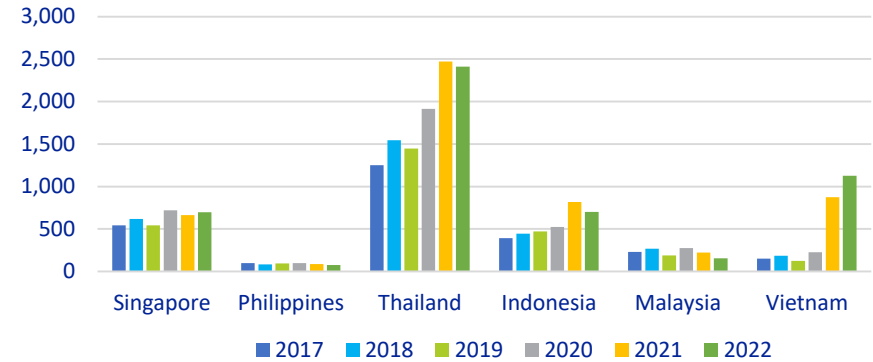
Source: FiinPro, ACBS

## Average Daily Turnover (USDm)



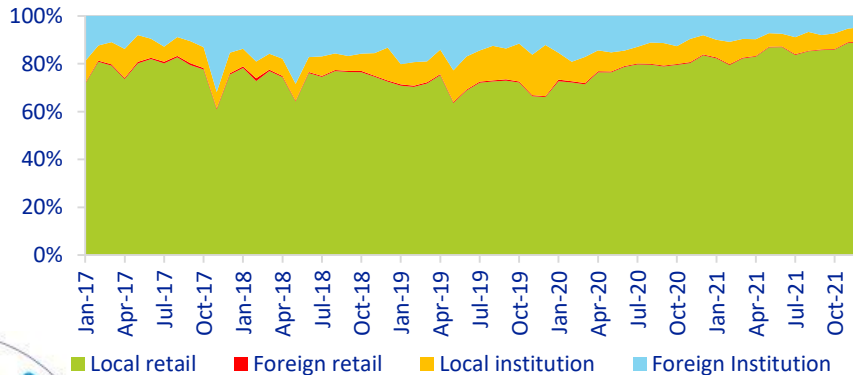
Source: Fiin Pro, ACBS

## Average Daily Turnover of Asean markets (USDm)



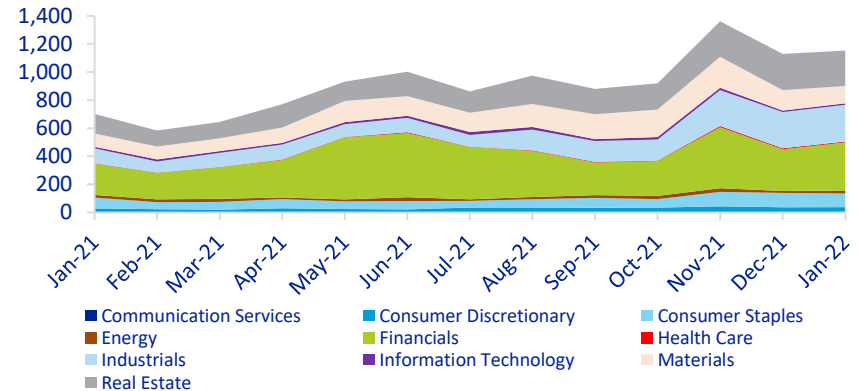
Source: Bloomberg, ACBS

## Market Turnover by Investors



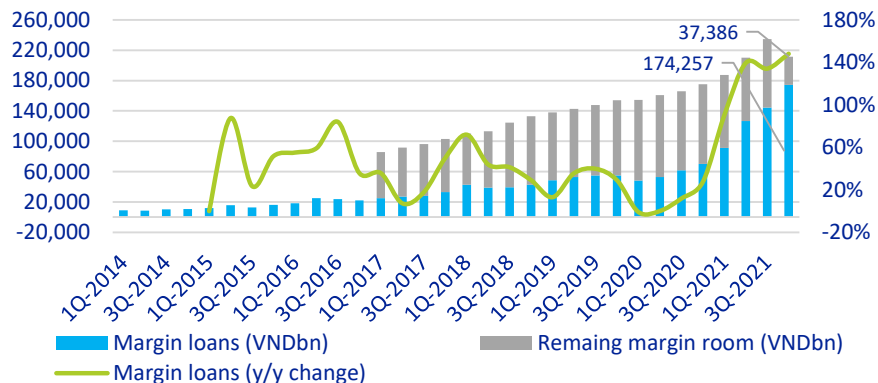
Source: Fiin Pro, ACBS

## Average Daily Turnover by Sector (USDm)



Source: Fiin Pro, Bloomberg, ACBS

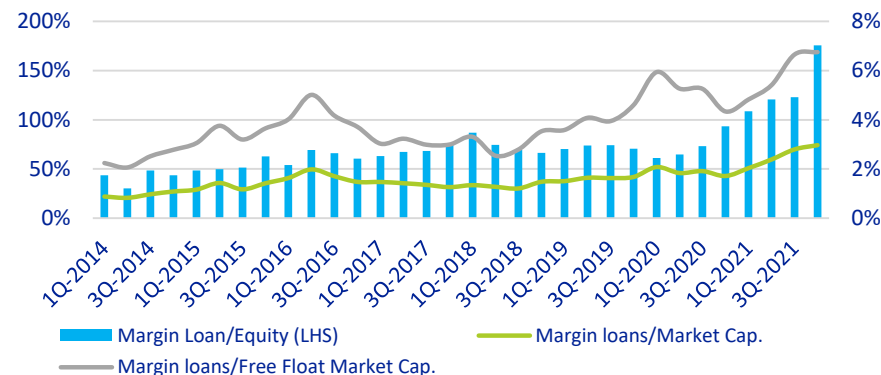
## Margin outstanding



Source: Fiin Pro, ACBS. Note: margin room base on limit on financing margin of brokers

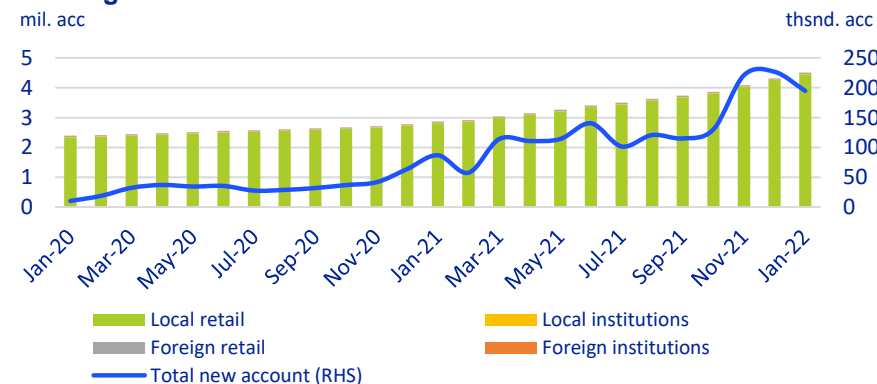
- ❖ Market-wide margin loans outstanding until December 2021 rose to VND 175 trillion, up 148% y/y and equivalent to 176% of equity, still well within the limit of 200%. The margin loans to free float market capitalization maintain at 6.7%. Recently, many securities companies tightened their margin policies to cope with market volatility along with the increased supervision of regulators to ensure compliance and market stability.
- ❖ There are 194,835 new trading accounts opened in January, lower 14% than previous month but still at high level than 2021 average, contributed mainly by individual domestic investors.

## Margin leverage



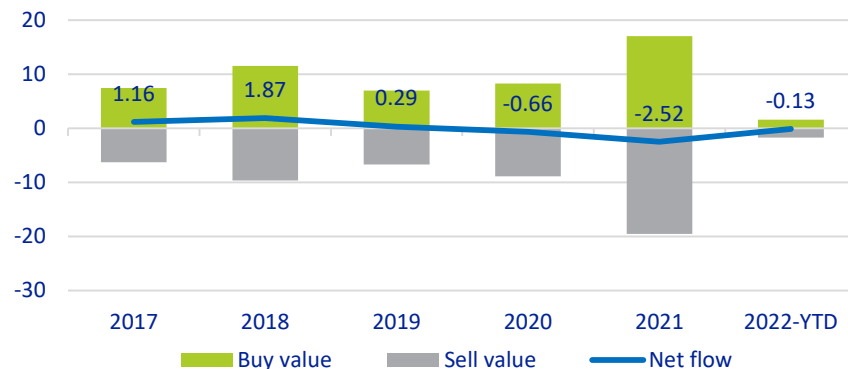
Source: Fiin Pro, Bloomberg, ACBS

## Trading account



Source: GSO, ACBS

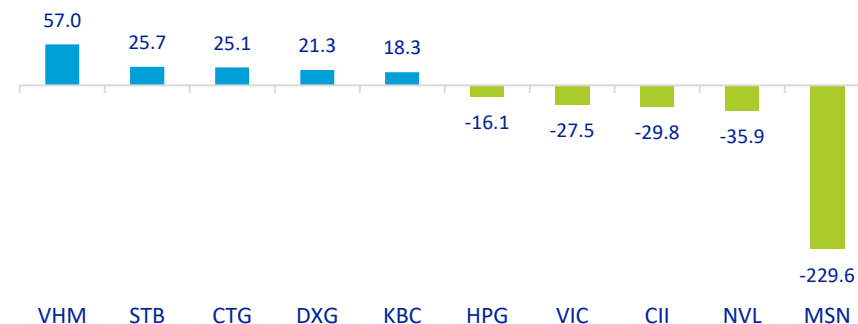
## Net foreign flow into VNIndex (USDbn)



Source: FiinPro, ACBS

- ❖ Foreign investors flows continued to be negative, reaching a net sell of US\$ 0.13 billion as of 28 January 2022.
- ❖ Banks, real estates, capital goods have the highest inflows in January. In contrast, Food, Beverage & Tobacco, materials and transportation were net selling. Foreigners bought many real estates stocks such as VHM, DXG, KBC and banks such as STB, CTG. However, the inflows at several stocks can not offset the huge selling value at MSN.
- ❖ Most of the Asian equities received inflows of foreign investors in the first month of 2022, except Vietnam and Taiwan.

## Top foreign net buying on VNIndex in Jan 2022 (USDm)

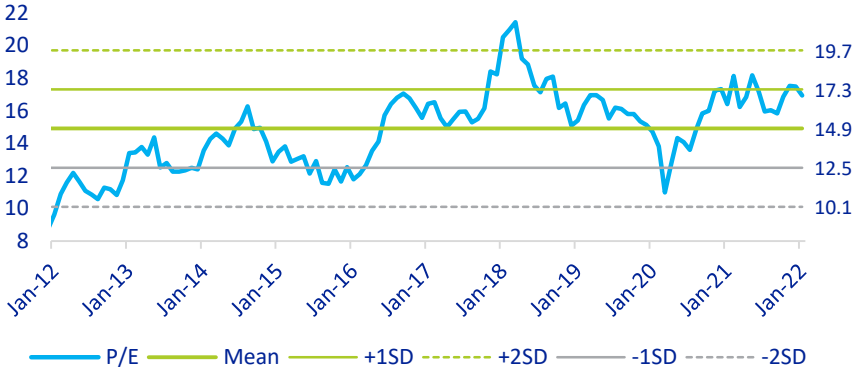


Source: FiinPro, ACBS

Markets	Net foreign flow 1M (USDbn)	Net foreign flow YTD (USDbn)	Market Cap. (USDbn)	Net foreign flow YTD as % market cap
Vietnam	-0.13	-0.13	255.4	0.0%
Indonesia	0.43	0.43	581.2	0.1%
Malaysia	0.11	0.11	240.8	0.0%
Philippines	-0.04	-0.04	190.5	0.0%
Thailand	0.41	0.41	583.0	0.1%
Taiwan	-2.50	-2.50	1,945.5	-0.1%

Source: Bloomberg, ACBS

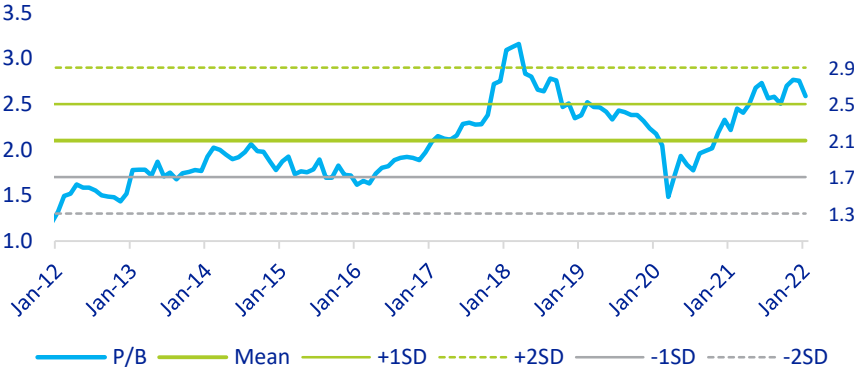
P/E of VNIndex for 10 years



Source: Bloomberg, ACBS

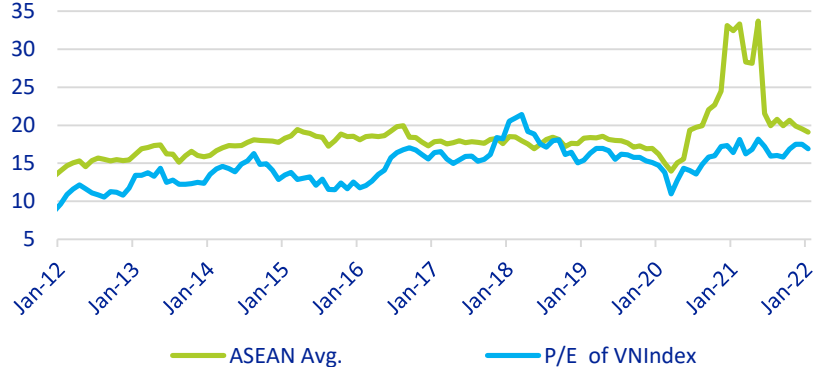
- ❖ After the correction in January, the VNIndex is currently trading at P/E of 16.9, still higher 13.6% than the 10-years average of 14.9. The index P/E stepped back below 1SD above the 10-year average (P/E of 17.3)

P/B of VNIndex for 10 years



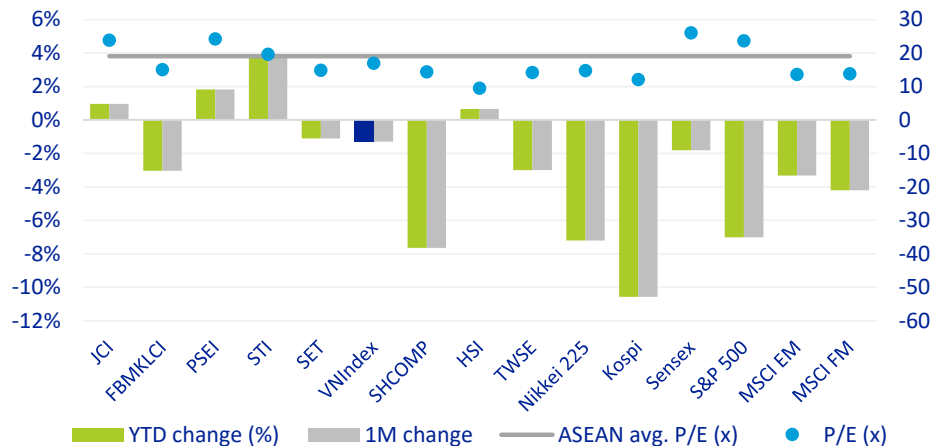
Source: Bloomberg, ACBS

P/E of VNIndex and regional peers average



Source: Bloomberg, ACBS

## Index comparison



Source: Bloomberg, ACBS

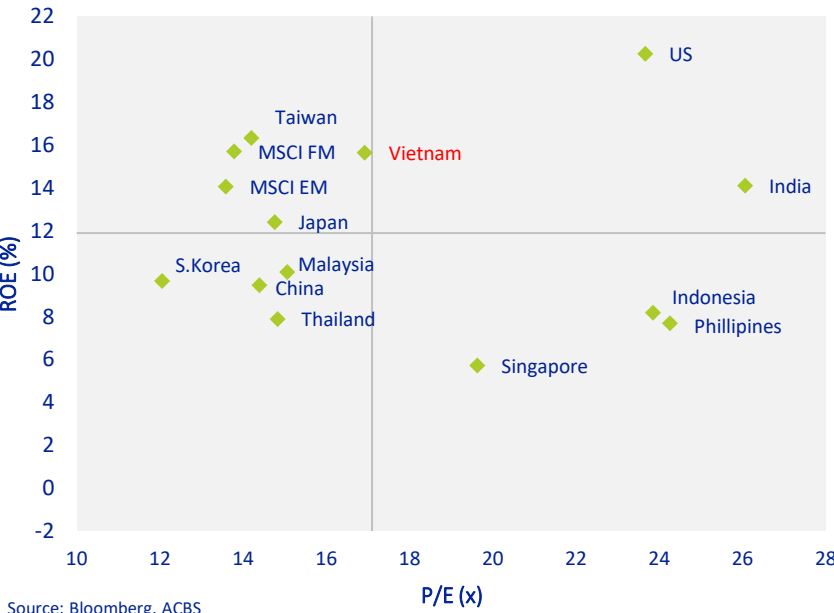
## Earnings growth and forward P/E

Country	2022E EPS growth (%)	Jan '22 P/E (x)	2022F P/E (x)
Vietnam (*)	18.3%	16.9	14.6
Average	27.6%	19.1	15.7
Indonesia	61.0%	23.9	16.2
Malaysia	3.4%	15.1	14.7
Philippines	42.7%	24.3	17.2
Singapore	53.2%	19.6	13.7
Thailand	-13.0%	14.8	17.7

Source: Bloomberg, \*ACBS

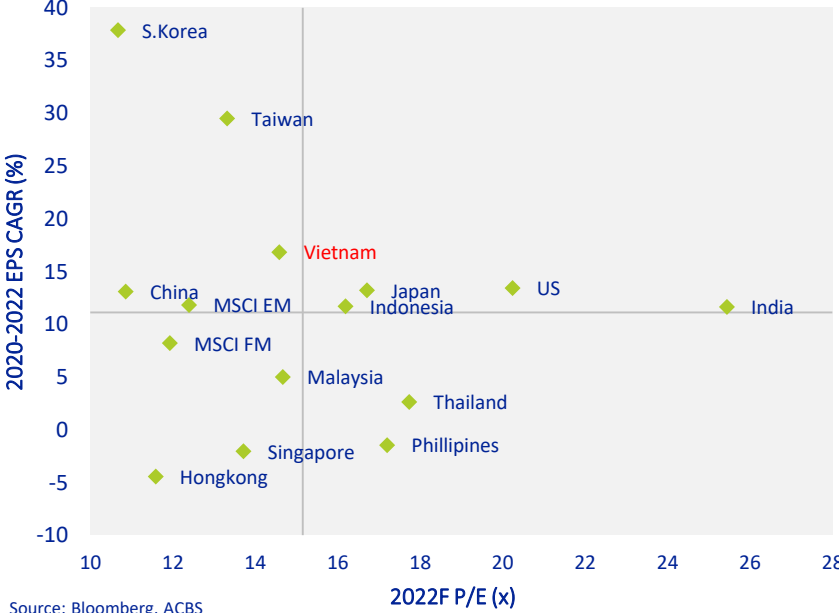
- ❖ Most equity markets in the region fell dramatically in January given concerns on interest rate hikes from the US Fed and tightening monetary policies to cope with inflation amid the Omicron virus spreading in many countries. There are many markets falling deeper than VNIndex, except ASEAN markets such as Indonesia, Philippines, Singapore which received inflows of foreigners and less affected by the Omicron.

## Relation between P/E and ROE



Source: Bloomberg, ACBS

## Market valuation



Source: Bloomberg, ACBS

❖ The current ROE of the VNIndex is about 15.6%, among the highest return markets. Given our projected 18.3% EPS increase for 2022, Vietnam's 3 year EPS CAGR from 2020-2022 would be approx. 16.8%, indicating that Vietnamese corporates have done a good job weathering the pandemic storm compared to regional peers. Along with the P/E forward at 14.6, VNIndex is relative attractive for the long-term investing compared with peer markets.



- ❖ Our initial 2022 expectations are that Vietnam's earnings are set to grow at ~18.3% y/y driven by the banking, real estate and construction material sectors, as well as the recovery of domestic consumption and foreign trade post pandemic.
- ❖ In the short term, drivers of the market come from optimistic company returns in 4Q2021. Domestic travelling during the Lunar New Year are driving sales of travel industry and other relevant services, so the retail sales in February could post strong figures. Additionally, it is becoming more likely that Vietnam will open its borders to international travel before the end of the second quarter which will put a jolt in tourism related activities for 2022. The rising prices of crude oil, steels and rubber prices benefit companies operating in oil and gas exploration activities, gasoline distribution, steel manufacturing and natural rubber producing. As risks and uncertainty increase from central banks raising rates, there could be a 'flight-to-safety' away from speculative stocks and into large caps with strong fundamentals.
- ❖ In terms of the longer outlook, the growth in the overall participation in Vietnam's equity markets, especially from retail investors, bodes well for the continued development of the markets supported by domestic investors. While foreign flows have been negative in the year to date, we believe there have been no structural changes to the market that will keep foreign investors withdrawing for too long as the long term market prospects are too attractive to ignore for long. We also believe that the wave of SOEs divestment and new listing will begin given the current good condition of the equity market, giving new investment opportunities to investors. The new HOSE's platform is expected to be applied in the second quarter of 2022, which will be expected for new functions such as intraday trading T+0, bonds trading, Central Clearing Counterparties (CCP) and further products contributing to the market development.
- ❖ The Omicron variant of COVID-19 is spreading in EU and US and some Asian countries, but has not yet impacted Vietnam's economy, although some community spread cases have appeared recently. The more immediate issue the market is keeping an eye on at this time is the decision of Fed to rise the interest rates and tightening of monetary policies across the world to cope with rising inflation. Vietnam's manufacturing and retail sales are recovering in recent months, combined with low CPI, a strengthening local currency, increasing market liquidity and the growing role of local investors, we believe that VNIndex can appreciate in the face of global market volatility and expected central bank rate hikes. We're monitoring potential spikes in COVID-19 rates across the country as the Lunar New Year festivals wind up, which may result in social distancing restrictions, although high vaccination rates make it unlikely that new harsh restrictions would be put in place.

## We expect three scenarios for the year-end 2022 VN-Index point:

- ❖ In a neutral scenario, we expect that the market earnings multiple will trading around the 1SD above the 10-year average as at Dec 31, 2021. With our current forecast earnings growth, the VNIndex will be trading higher 16.4% than 2021 year-end points.
- ❖ Our optimistic scenario assumes that the VNI will be able to trading at an earnings multiple higher 10% than current level due to the positive prospects on recovery package and the living-with-COVID-19 strategy will be hold combined with the vaccination rolled out fully across the country, the authorities and enterprises, households can get experiences from the methods against COVID-19 in last 2 years.
- ❖ The prudent scenario is based on a gloomy economy conditions where earnings expectations slip and therefore index valuations fall to the 10-year average of earning multiples. We believe this scenario can only happen if Vietnam can't contain the new variant of pandemic and new COVID-19 cases continue to surge with another variants until the end of the year.

## Three scenarios in 2022

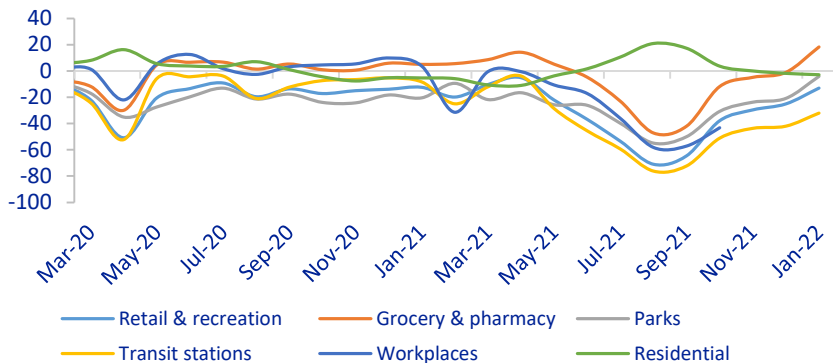
Scenarios	VN-Index	Growth vs. 31/12/21	2022 PE (x)
Prudent	1,490.3	-0.5%	14.7
Neutral	1,743.8	16.4%	17.2
Optimistic	1,918.1	28.0%	18.9

## Year-end 2022 Index Points Sensitivity Matrix

		Earnings Growth							
		10.0%	12.5%	15.0%	17.5%	20.0%	22.5%	25.0%	27.5%
Earnings Multiple	15.5	1,461.2	1,494.4	1,527.6	1,560.8	1,594.0	1,627.2	1,660.4	1,693.6
	16.0	1,508.3	1,542.6	1,576.9	1,611.2	1,645.4	1,679.7	1,714.0	1,748.3
	16.5	1,555.5	1,590.8	1,626.2	1,661.5	1,696.9	1,732.2	1,767.6	1,802.9
	17.0	1,602.6	1,639.0	1,675.4	1,711.9	1,748.3	1,784.7	1,821.1	1,857.5
	17.5	1,649.7	1,687.2	1,724.7	1,762.2	1,799.7	1,837.2	1,874.7	1,912.2
	18.0	1,696.9	1,735.4	1,774.0	1,812.6	1,851.1	1,889.7	1,928.3	1,966.8
	18.5	1,744.0	1,783.6	1,823.3	1,862.9	1,902.5	1,942.2	1,981.8	2,021.4
	19.0	1,791.1	1,831.8	1,872.5	1,913.3	1,954.0	1,994.7	2,035.4	2,076.1

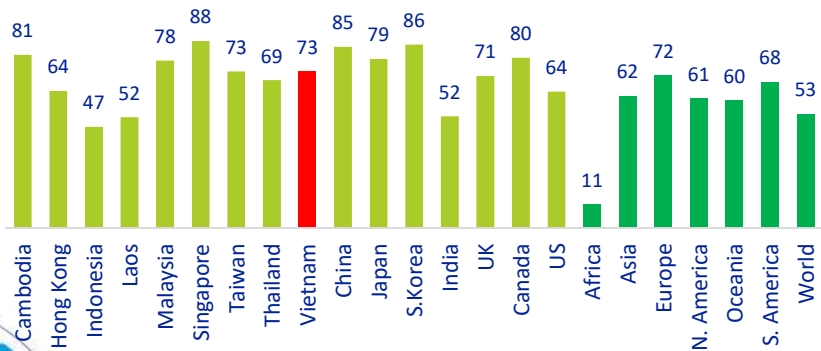
- ❖ The Omicron variant of COVID-19 is spreading in EU and US and some Asian countries, but has not yet impacted Vietnam's economy, although some community spread cases have appeared recently. We're monitoring potential spikes in COVID-19 rates across the country as the Lunar New Year festivals wind up, which may result in social distancing restrictions, although high vaccination rates make it unlikely that new harsh restrictions would be put in place.
- ❖ Vietnam reopened the international flight to 9 countries from Jan 2022. According to the latest proposal of the Ministry of Culture, Sports and Tourism of Vietnam, Vietnam have plan to officially open to international visitors from March 31, 2022 when Vietnam's vaccination campaign reaches herd immunity. Many sectors will benefit from the reopening of international flights as not only will tourists return, but businesses and investment will be able to benefit from increased mobility of customers, suppliers and advisors
- ❖ Divestment of state capital is expected to pick up thanks to positive movement of the Vietnam markets. Regulations on foreign ownership limit (FOL) would continue to be a barrier for the state capital divestment in Vietnam companies. In 2022, several large scale SOEs such as EVN, Vinacomin and Vinataba are expected to go through the process for equitization for the divestment of stake capital. Among 88 enterprises in the plan for state capital divestment in 2021, BVH of Bao Viet Insurance, BMI of Bao minh Insurance and NTP of Tien Phong Plastic received interest of many investor but the capital divestment plan was delayed to 2022. According to the Final Report of SCIC, revenue as of 31 Dec 2021 earned VND 7,213 billion equivalent to 111% of plan including VND4,409bn of dividend revenue and VND1,390bn of divestment revenue. As of 31 Dec 2021, SCIC's portfolio have 145 enterprises, finished divestment state capital at 10 enterprises.
- ❖ In terms of market classification, Vietnam's stock market was in Watching List of FTSE Global Equity Index for Secondary Emerging Market from Sep 2018 but continues to be classified in the group of Frontier markets and has not been upgraded to Emerging markets in latest review. As the schedule, there will be an Interim Review in the March 2022 where reclassification will be considered.

## Vietnam COVID-19 Community Mobility



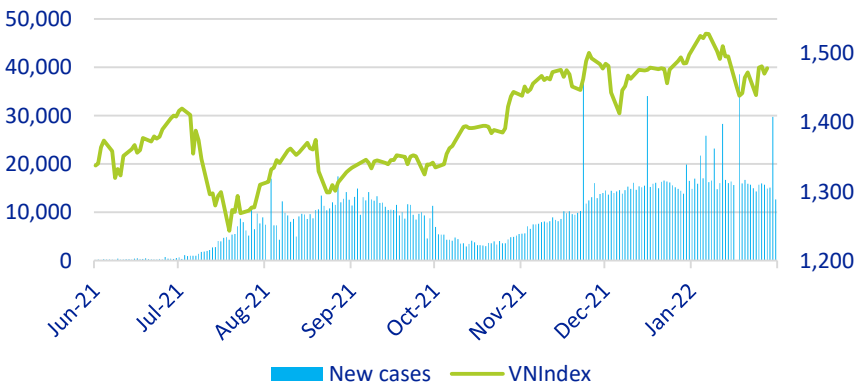
Source: Google, ACBS

## Latest share of people fully vaccinated

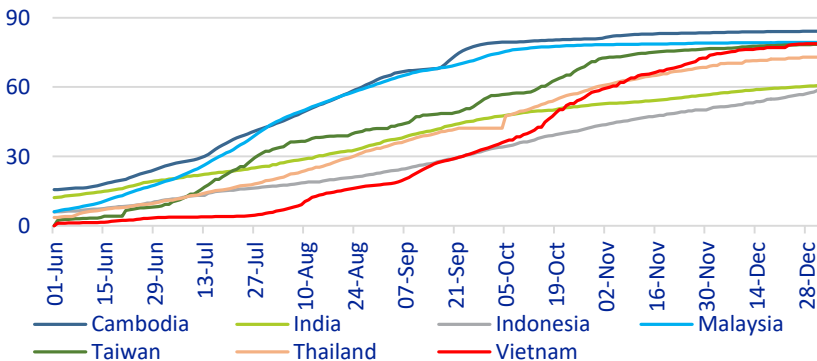


Source: Ourworldindata, ACBS. Updated Feb 2022

## Vietnam new cases and VNIndex



## People vaccinated rate growth in 2021



Source: Ourworldindata, ACBS

## ❖ Regulations

- ✓ Resolution No. 43/2022/QH15 dated 11 Jan 2022 issued by the National Assembly specifying some fiscal and monetary policies to support the socio-economic recovery and development.
- ✓ Resolution No. 11/NQ-CP of the Government on the program of socio-economic recovery and development and implementation of Resolution No. 43/2022/QH15.

## ❖ Effective time:

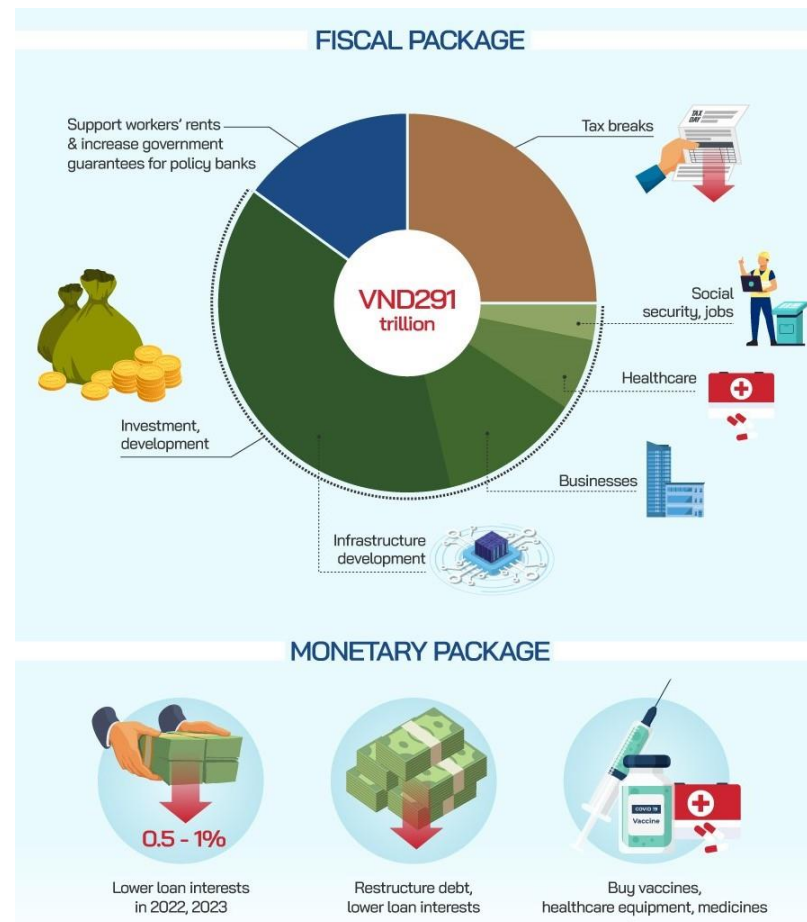
- ✓ Most of these supporting are effective in 2022 and 2023, some policies may be prolonged and added resources depending on the pandemic situation.

## ❖ Scale:

- ✓ Estimated at VND 350 trillion (USD15.42 billion), equivalent to 4.2% GDP.
- ✓ Allocating: Fiscal 83%, Monetary 14%, Others 3%

## ❖ Sources of funding:

- ✓ Local loans by issuing government bonds, ODA, foreign incentive loans, other loans.
- ✓ Increase efficiency of government's mid-term 2021-2025 investment plan.
- ✓ Cutting down other expenses, increase revenues.
- ✓ Increase excise tax on items that need to be restricted.
- ✓ Accelerate equitization and divestment of state capital.



Source: Vnexpress.net

## Fiscal package – Tax reduction

- **Reducing 2% value added tax (VAT)** rate to 8% in 2022 applicable to groups of goods and services currently subject to the 10% tax rate to the end of December 31, 2022 except for: telecommunication, information technology, financial activities, banking activities, securities, insurance, trading of real estate, metal, precast metal products, mining products (excl. coal mining), coke mining, refined oil, chemical products, goods and services subject to excise tax.
- Allowing enterprises to **include expenses to support and finance COVID-19 prevention and control activities** in Vietnam in the **deductible expenses** when determining corporate income taxable income for the tax year 2022.

## Fiscal package – Steered Public Investment

- **Medical Sector:** VND14tn for construction, reconstruction, renovation, and modernization of health and medical facilities and their respective workforce;
- **Social Security, Labor, and Employment:** VND5tn for the Vietnam Bank for Social policies, VND2tn to sponsor interests in excess of 6% per year, VND3.15tn investment into vocational education, job creation, and social welfare.
- **Businesses:** VND40tn to sponsor interests at 2% per year via commercial banks for a number of important sectors to aid their recovery.
- **Tourism:** VND0.3tn to fund the charter capital of the Vietnam Tourism Development Assistance Fund.
- **Infrastructure:** an additional VND113.6tn for infrastructure development in transportation, information technology, digitalization, prevention and control of landslides, water security, adapting to climate change, and the consequences of natural disasters.
- **Housing:** VND6.6tn to support employees working in industrial zones, export processing zones, and primary economy areas.
- **Government guarantee for domestic bonds:** VND38.4tn for providing loans to support educational establishments, pupils and students.

## Monetary package

- Direct credit institutions to reduce lending interest rates by 0.5% to 1% in 2022 and 2023.
- Continue to reschedule loan repayment terms, maintaining the existing debt groups, exempting and reducing loan interest for customers affected by the COVID-19 epidemic.
- Use a maximum amount of VND 46 trillion (~USD 20.3 million) to import vaccines, precision medicine, and medical equipment and supplies for COVID-19 prevention.
- Continue to refinance the Vietnam Bank for Social Policies to provide loans to employers to pay wages for suspension of work and restore production.

## Impact of Stimulus package

- ✓ Reduction of VAT which applied in wide range of goods and services will support the purchasing power and increase retail sales and curb inflation.
- ✓ Allowing enterprises to include expenses to support COVID-19 prevention and control activities in Vietnam in the deductible expenses when determining corporate income taxable income for the tax year 2022 is a practical policy due the large costs incurred by enterprises.
- ✓ The package scale is larger than previous package, this program is expected to have a positive impact on a wide range of businesses from building materials, infrastructure construction, tourism...
- ✓ The special mechanism for bidding and contractors would speed up the progress of infrastructure projects.
- ✓ This program will also generate new jobs which is very important for both economy and social security at the current time, ensuring the labor force for businesses and promoting retail sales.
- ✓ The equitization and divestment of state capital is expected to be accelerated for mobilizing resources, giving new investment opportunities to investors.



# Upcoming events

Event type	Date	Countries	Events	Ticker
New listing	10-Feb-2022	Vietnam - HOSE	Power Generation Corporation 3	PGV
Index review	10-Feb-2022	Vietnam	MSCI Frontier Market Index review	
Economy	17-Feb-2022	United States	FOMC Minutes	
Economy	28-Feb-2022	Vietnam	Macro Indicators releases	
Index review	04-Mar-2022	Vietnam	FTSE Vietnam ETF	
Index review	11-Mar-2022	Vietnam	VanEck Vectors Vietnam ETF	
Economy	16-Mar-2022	United States	Fed Interest Rate Decision	
ETF rebalance	18-Mar-2022	Vietnam	FTSE ETF & VNM ETF Restructuring	
Market Classification	Mar-2022	Vietnam	FTSE Global Equity Index - Interim Review	

Market Calendar	Ex-right date	Countries	Events	Ticker
Dividends	22-Feb-2022	Vietnam - HOSE	Cash dividend VND2,000	CCI
Dividends	10-Feb-2022	Vietnam - HOSE	Cash dividend VND2,380	BHN
Dividends	18-Feb-2022	Vietnam - HOSE	Cash dividend VND1,000	SMB
Share Issue	10-Feb-2022	Vietnam - HOSE	Share issue 25%	APH
Dividends	10-Feb-2022	Vietnam - HOSE	Stock dividend 9%	CMG
Share Issue	08-Feb-2022	Vietnam - HOSE	Share issue 12%	ITD

## Industry outlook

Industry:	FINANCIAL	Sub-sector:	BANK	Short term outlook:	NEUTRAL	Long term outlook:	POSITIVE	Main ticker:	CTG, TCB, MBB, STB
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### Sector Overview

- Business results of listed banks recovered well in Q4/21. Total income of listed banks grew by 11.6% YoY and 15.1% QoQ. The growth driver came from recovering credit growth, +5.65% in Q4/21 and +13.53% in the whole year of 2021 (SBV).
- Provision expense in Q4/21 continued to remain at the same high level as in Q2 and Q3/21 to provision for Covid restructured loans.
- Profit before tax in Q4/21 grew by 7.2% YoY and 16.1% QoQ.
- Asset quality improved compared to Q3/21. NPL ratio at the end of Q4/21 reached 1.34%, down 0.27 percentage points compared to Q3/21 and equivalent to the same period last year. Group 2 loan ratio reached 1.2%, down 22 percentage points compared to Q3/21.
- We estimate that the restructured loans due to COVID-19 accounted for just over 1% of the total outstanding loans.

### Outlook / What to Watch

- We expect credit growth in 2022 to reach 15% thanks to the low interest rate environment that will stimulate credit demand. The monetary easing policy of SBV will also support credit growth of banks.
- By the end of January 2022, credit growth reached 2.74% and increased by 16.32% YoY.
- High credit growth and a reduction in the size of interest lending rate support as in 2H2021 will support the growth of interest income and NIM of banks.
- Deposit interest rates may increase slightly from 0.3-0.5% as system liquidity has been less abundant due to strong credit growth since the beginning of Q4/2021.
- The aggressive provisioning in 2021 for COVID-19 restructured loans will help reduce the provisioning pressure in 2022.

## Industry outlook

Industry:	FINANCIAL	Sub-sector:	INSURANCE	Short term outlook:	NEUTRAL	Long term outlook:	POSITIVE	Main ticker:	BVH, PVI
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### Sector Overview

- Social distancing due to COVID-19 affects the consulting and sales process for life insurance products. However, the digitization of insurance product sales helps insurance companies and affiliated banks to overcome this difficult period.
- Meanwhile, non-life insurance business is less affected by the COVID-19 epidemic because these are insurance products associated with business activities and they are mostly mandatory.

### Outlook / What to Watch

- Vietnam's life insurance market still has a lot of room for growth. By the end of 2020, the proportion of the population with life insurance was only 11%. We expect the life insurance segment to grow at 20% annually over the next 5 years.
- For the non-life insurance segment, we expect non-life insurance sales to maintain a growth rate of 10% per year for the next 5 years.



## Industry outlook

Industry:	FINANCIAL	Sub-sector:	SECURITIES	Short term outlook:	POSITIVE	Long term outlook:	NEUTRAL	Main ticker:	SSI, HCM, VCI, VND
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### Sector Overview

- Securities brokerage is one of the least affected sectors by COVID-19. The low interest rate environment attracts domestic investors to participate in the stock market. The number of newly opened securities accounts in M1/22 reached 195,000 accounts, a slight decrease compared to the last 2 months (more than 200,000 accounts) but still higher than 80,000 in the same period of last year.
- Proprietary business has performed quite well during COVID-19. VN-Index increased by 35.7% in 2021, bringing large profits from proprietary trading activities to the securities companies in 2021.

### Outlook / What to Watch

- Vietnam's securities brokerage business still has a lot of growth potential when the proportion of individuals with securities accounts in Vietnam is only about 4%. The government aims to increase the proportion of people participating in the stock market to 5% by 2025 and 10% by 2030.
- However, securities brokerage sector has a high competitive level. There are many securities companies while there are little differences between products of the securities companies.
- Vietnam's capital market is still in developing phase and has a lot of growth potential, especially in consulting on corporate bond issuance.

## Industry outlook

Industry:	REAL ESTATE	Sub-sector:	RESIDENTIAL PROPERTY	Short term outlook:	NEUTRAL	Long term outlook:	POSITIVE	Main ticker:	VHM, KDH, NLG
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### Sector Overview

- 2021 condominium new supply continued to decline due to the pandemic and prolonged approval process with the leading of the mid-end segment in Hanoi and the high-end segment in HCMC.
- Limited supply and stable demand led to slightly higher sold units than new supply.
- Price was in an uptrend thanks to limited supply and more high-end and luxury units launched.
- HCMC launched 14,339 new units (-22% YoY) and sold 14,639 units (-7% YoY) with average primary price of USD2,306/sqm (+7% YoY).
- Hanoi launched 16,758 new units (-7% YoY) and sold 16,958 units (-9% YoY) with average primary price of USD1,596/sqm (+13% YoY).

### Outlook / What to Watch

- Approval process is improving slowly.
- New supply and sold units are expected to recover.
- Average primary price is expected to grow.
- Key drivers: construction/approval of key infrastructure projects, stable interest rate, rising middle income class, high urbanization rate, etc.

Industry:	REAL ESTATE	Sub-sector:	INDUSTRIAL PROPERTY	Short term outlook:	POSITIVE	Long term outlook:	POSITIVE	Main ticker:	KBC, BCM
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### Sector Overview

- At YE2021, Vietnam had a total of 398 established Industrial Parks (IPs) with a total land area of 123,500ha (+8.3% YoY), of which 292 IPs are operating at an average occupancy rate of 71%, up by 80 bps YoY.
- Asking rents for industrial land increased by more than 5% YoY and averaged at USD131/sqm/term in the south and USD97/sqm/term in the north.
- Supply chain disruption created increasing demand for ready-built warehouses and factories. The north's total supply reached 1.3mn sqm of warehouses (+7% YoY) and 2.5mn sqm of ready-built factories (+9% YoY) while the south supplied 3.5mn sqm of warehouses (+10% YoY) and 3.2mn sqm of ready-built factories (+8% YoY). Asking rents increased by more than 5% YoY and averaged at USD4.7/sqm/month in the north and USD5/sqm/month in the south.

### Outlook / What to Watch

- Stable demand especially from multinational corporations' expansion/relocation.
- Expected more supply in the north than in the south thanks to infrastructure development.
- Asking rents will continue to be in an uptrend.

## Industry outlook

Industry:	REAL ESTATE	Sub-sector:	RETAIL PROPERTY	Short term outlook:	NEGATIVE	Long term outlook:	NEUTRAL	Main ticker:	VRE
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### Sector Overview

- No new supply in Hanoi and HCMC in 2021 with a delay in expansion plans due to the pandemic.
- Rental rate and vacancy rate did not significantly improved compared to 2020.
- Tenants restructured to adapt to the 'New Normal' such as decreasing rental space, changing store format from standard 'brick-and-mortar' stores to integrated kiosks with more points of sales.
- HCMC: Rental rate in CBD increased by 6.8% YoY to USD144/sqm/month while in non-CBD decreased by 4.0% YoY to USD33/sqm/month; vacancy rates were at 1.9% (+2.8 pts YoY) in CBD and 11.4% (-1.5 pts) in non-CBD.
- Hanoi: Rental rate in CBD decreased by 1.9% YoY to USD106/sqm/month and by 3.3% YoY to USD24/sqm/month in non-CBD; vacancy rates were at 12.9% (-1.4 pts YoY) in CBD and 16.8% (+4.3 pts) in non-CBD.

### Outlook / What to Watch

- New supply is expected to improve.
- Occupancy rate and rental rate are expected to recover slowly to pre-COVID level .
- Landlords continue to provide rental support for tenants.
- Consumers' swift adaptation to online shopping during the pandemic may be a constraint to the development of this segment.

Industry:	REAL ESTATE	Sub-sector:	HOSPITALITY PROPERTY	Short term outlook:	NEUTRAL	Long term outlook:	NEUTRAL	Main ticker:	CEO, NVL
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### Sector Overview

- Started to welcome international tourists under vaccine passport program from 12/2021
- Villas and townhouses/shophouses saw a good recovery in 4Q2021 compared to 3Q2021 while condotels did not.
- There were 4,115 villas, 4,898 townhouses/shophouses and 3,792 condotels launched in 2021 with absorption rates of 71%, 88% and 58%, respectively.

### Outlook / What to Watch

- Higher new supply in 2022 compared to 2021 with a focus in coastal provinces.
- Demand is still weak and has not seen significant positive signal.
- Townhouses/shophouses are expected to be the favorite products.

## Industry outlook

Industry:	RETAIL	Sub-sector:		Short term outlook:	POSITIVE	Long term outlook:	POSITIVE	Main ticker:	MWG, FRT, PNJ
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### Sector Overview

- Witnessing penetration of numerous players including both domestic and foreign names.
- While traditional trade channels hold an overwhelming market share, the emergence of modern trade retail, online shopping have been proving their growing power. As a part of this trend, retail chains offering various items, from FMCG, technology equipment, home appliances, fashion, to personal accessories, F&B, etc., have been blossoming in Vietnam.
- The outbreak of COVID-19 on a large scale and in a long period in Vietnam in 2021 caused different impacts on consumption of different products. Some benefit while some suffer. However, a recovery could be seen in consumption of products as well as retailers' revenue (e.g MWG's thegioididong.com and dienmayxanh.com chains, PNJ, etc.) after the end of social distancing stage. Retail sales of goods (accounting for ~82% of retail sales of consumer goods services) climbed by 0.2% YoY for the whole year 2021 versus a decline of 3.4% YoY in 9M2021.
- The outbreak of COVID-19 has made online shopping activity more popular, approaching more consumers with a higher frequency and new product groups (particularly fresh food, which consumers often prefer shopping directly at stores/wet markets). Physical retail will remain an important channel but online sales is also deepening its role, making omni-channel an increasingly indispensable part in companies' business strategies.

### Outlook / What to Watch

- For 2022, we expect the sector's recovery to continue, based on assumptions that the probability of repeating such a long social distancing stage as 2021 may be minimized thanks to expansion of vaccination, the government's potentially increased investments in healthcare system and changes in people's habits/awareness to diminish infection potential. Customer traffic to modern trade channel may be shared again by wet markets when this trade channel reopens. Reopening of coffee shops, restaurants, etc. could restore sales for food & beverage manufacturers after recording falling revenue from this sales channel due to social distancing. Nevertheless, consumption for infrequent products may be curbed/delayed as a result of the pandemic's impacts on consumer spending power, although the severity could vary in different consumer segments.
- Long-term outlook is promising, underpinned by a developing economy, large, young, and increasingly connected population, rising urbanization, higher incomes and living standards, and rising middle class.

## Industry outlook

Industry:	CONSUMER DISCRETIONARY	Sub-sector:	TEXTILE & GARMENT	Short term outlook:	NEUTRAL	Long term outlook:	POSITIVE	Main ticker:	MSH, STK, TCM, TNG
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## Sector Overview

- One of crucial export pillars, contributing ~12% to Vietnam's export value.
- Dependence on imported material sources (e.g China) has been an issue for the industry's members for years despite desires and efforts to enhance the localization rate.
- The US, CPTPP countries and the EU are largest customers. Vietnam is among countries whose textile & garment export share to the US has enlarged at the expense of China's for recent years.
- Outsourcing (CMT) remains the most popular order type that Vietnamese manufacturers receive; still, an increasing number of manufacturers have tried to approach upper order types (e.g FOB) in the industry's value chain to enhance their profit margins.
- Textile & garment manufactures felt COVID-19's impacts on supply and demand sides when the pandemic occurred in China and then the US, EU. Textile & garment export value fell by 2.2% YoY in 3Q2021. However, thanks to strong performance in 1H2021 and encouraging rebound in 4Q, textile & garment export value completed its target of reaching \$39bn for 2021.

## Outlook / What to Watch

- Despite unpredictable movements of the pandemic on a global scale, many countries are targeting economic recovery. Probability of another deep drop in orders for textile & garment products therefore may not be expected. For 2022, Vietnam textile & garment industry targets export value of \$38-39bn for the worst case, \$40-41bn for the base case and \$42.5-43.5bn for the best case.
- In a long term perspective, we expect Vietnam's textile & garment industry will continue its role as not only an important pillar in the country's overall export value but also an important textile & garment exporter in the world. Vietnam is viewed as one of lucrative manufacturing locations with low labor costs and a large labor force.
- FTAs, which could help Vietnam' textile and garment products shrink its tax gap against some other competitors, are also promising catalysts. However, the industry will likely have to experience a quite long progress to improve its weaknesses and satisfy FTAs' requirements before enjoying significant benefits.
- As the advantage of labor costs may not be sustainable given the emergence of other competitors, more drastic improvements in value-added rate, dependence in China's supply/imported material sources (in tandem with ensuring environment safety), higher margin products, etc. are needed.



## Industry outlook

Industry:	MATERIALS	Sub-sector:	CONSTRUCTION MATERIAL	Short term outlook:	NEUTRAL	Long term outlook:	POSITIVE	Main ticker:	HPG, HSG, HT1, KSB
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### Sector Overview

#### Construction material

- Demand for construction material was low in January when constructors usually slow down their activities before Tet holiday.
- Besides, the unstable construction materials prices have made construction companies hesitant to push their activities. In a survey of Ministry of Planning and Investment conducted in January, over 51% of construction companies have a view for unstable construction materials prices, which made it hard for constructors to expand their activities and made proper profit.
- Construction steel prices increased slightly in January when global demand (mainly from China) was expected to be strong after China gone through a hard rain season. Steel materials prices also increased slightly when large steel companies started acquiring materials for the year 2022.
- Other construction materials (cement, stone, brick, sand, ...) also increased slightly (2-5%) from a low base in the end of 2021.

### Outlook / What to Watch

- The return of real estate development activities and public investment are still the main catalysts for construction material demand in 2022.
- New policy of Ministry of Transportation to push the disbursement of public investment on infrastructure project in 2022 could speed up the spending of government budget on infrastructure.
- Steel prices in the first quarter of 2022 could increase slightly when iron ore price is expected to increase with tight production guidance from large iron ore miners.

## Industry outlook

Industry:	LOGISTICS	Sub-sector:	LAND AND SEA TRANSPORT	Short term outlook:	NEUTRAL	Long term outlook:	NEUTRAL	Main ticker:	GMD, TCL, VSC
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### Sector Overview

- The continued 'zero-COVID' policy applied in China is continuously leading to delays at land borders. Road transportation companies are now facing long waiting time and cost to preserve the agricultural products.
- The cost of road transportation increased with longer waiting times the Chinese border and increased fuel cost in early 2022.
- Freight shipping companies are still struggling with the situation of dry containers shortage. Strong export activities from Asian countries to EU and US have made the cost for renting a container higher compared to early 2021.
- Price of freight shipping also increased while the price of diesel fuel rises strongly with crude oil price.

### Outlook / What to Watch

- Dry container lacking situation still continues and kept the sea transportation cost at high level (2-3 times compare to 2020).
- Although the transportation fees have increased, lower trading flows from border delays and lack of available containers have caused shipping companies revenue to grow slowly despite high transportation demand.
- The start of Hoa Phat container factory could partially solve the demand for dry container in long term but in the lack of container situation could possibly continue in the next 3-4 months.

## Industry outlook

Industry:	LOGISTICS	Sub-sector:	AVIATION	Short term outlook:	NEGATIVE	Long term outlook:	POSITIVE	Main ticker:	HVN, VJC
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### Sector Overview

#### Effect of COVID-19

- The first international flights from Vietnam take off on January 1st 2022 to Cambodia. Other destinations such as Japan, China, Singapore, Taiwan, Thailand, Korea also resumed in January 2022
- There are 10,711 domestic flights during the 9 days of Tet holidays in 2022, equivalent to an avg. of 1,190 daily flights, an increase by 31.6% YoY (6,330 domestic flights during 7 days of Tet holidays in 2021, 904 daily flights).
- Vietnam Aviation Business Association (VABA) requested to give favorable condition for aviation businesses to get access to credit loans to maintain sustainable liquidity; to continue to reduce the environmental protection tax on jet fuel to the minimum of VND1,000/liter and to continue to reduce taxes and fees for aviation businesses until end 2022.

### Outlook / What to Watch

#### Post COVID-19

- IATA expects that international flights will reach approx. 70% of pre-COVID-19 level in 2019 while domestic flights will continue to increase thanks to higher travel demand from both domestic and foreign tourists.
- Risk: A new COVID-19 wave either in Vietnam or other countries will delay international flights resumption.

## Industry outlook

Industry:	LOGISTICS	Sub-sector:	AIR CARGO	Short term outlook:	POSITIVE	Long term outlook:	POSITIVE	Main ticker:	SCS, NCT
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### Sector Overview

#### Effect of COVID-19

- Long period of compression due to social distancing drives manufacturers to refill their inventory, boosting import – export in Vietnam
- Sea freight increased by 10 fold due to lack of containers, creating a great advantage for air cargo. After a consecutive 5 weeks of declining freight in Oct-Nov 2021, sea freight bounced back again amid of shopping season.

### Outlook / What to Watch

#### Post COVID-19

- The year-end holidays and festivity period will boost import-export activity.
- We expect sea freight to remain high until mid-2022, boosting air cargo volume.

## Industry outlook

Industry:	FISHERY	Sub-sector:		Short term outlook:	POSITIVE	Long term outlook:	POSITIVE	Main ticker:	VHC, FMC, MPC
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### Sector Overview

- Vietnam fishery export turn over increased by 5.7% YoY to USD8.9bn in 2021, an encouraging result amid of difficulties due to COVID-19 such as shortage of workforce, disrupted supply chain, high logistics fees....
- Vietnam shrimp exports increased by 3.7% YoY with 22% YoY increase in the US market and 17% YoY in EU.
- Vietnam pangasius export increased by 8.4% YoY with almost double value in the US market. China remains the largest pangasius export market.
- Both shrimp (+20.6% YoY for white leg shrimp) and raw pangasius price (+19.4% YoY) improved in the first months of 2022, allowing local farmers to secure profits for the first harvest season.

### Outlook / What to Watch

- Raw material price increased as demand increased for Tet holidays but might cool down in February. We should have a closer look in the last months of 1Q2022 to have a better view of the supply side for the next harvest season.
- Ecuador shrimp export increased strongly both in value and volume term in 2021 and this will be a competitor for Vietnam shrimp export moving forward.
- China is the largest export market of Vietnam pangasius export but value declined by 12.6% YoY in 2021 given COVID-19 prevention measures which might be a risk for lower export turnover in 2022. US anti-dumping tax is reviewing for the POR17 and any substantial changes in tariffs for major exporters would result in lower export volume.
- Overall, lower logistics fees and back to normal situation for most countries will benefit exports. The resume of catering, restaurants and travel will boost export of fishery products.

## Industry outlook

Industry:	ICT	Sub-sector:	TELECOMMUNICATIONS	Short term outlook:	POSITIVE	Long term outlook:	POSITIVE	Main ticker:	FOX, MFS, VGI, CMG
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### Sector Overview

#### Effect of COVID-19

- Broadband internet services (both fixed and mobile) may extend growth in subscription and revenue during the pandemic thanks to increased demand for Internet connection and upgrading service packages to serve various activities such as online learning, working from home, information updating, entertaining and rising online shopping trends during social distancing stages. Data from Viet Nam Telecommunications Authority (Ministry of Information and Communications) indicated that the number of fixed and mobile broadband internet subscription at the end of October 2021 grew by 14.5% and 4.1% YoY, respectively.

### Outlook / What to Watch

#### Post COVID-19

- Benefits from internet connection for daily lives combined with trends of digital transformation and developing a digital economy continue to support the industry's outlook. In addition to subscription, operators have eyed to develop value-added services to fortify their future growth.

## Industry outlook

Industry:	ENERGY	Sub-sector:	POWER, WATER	Short term outlook:	NEGATIVE	Long term outlook:	NEUTRAL	Main ticker:	REE, PPC, PC1
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### Sector Overview

- In October and November, electricity consumption showed signs of recovery compared to previous months. The electricity production output of the whole system reached 20.28 billion kWh (-0.3% YoY) and 20.71 billion kWh (+3.9% YoY) in October 2021 and November 2021 respectively. Accumulated 11 months electricity production output reached 233, 67 billion kWh (+3.6% YoY), of which utilization distribution shifting from hydropower to thermal power towards the end of 2021, early 2022.
- Construction progress of important power source and grid projects, especially solving site clearance problems, are affected since many localities implemented social distancing according to Directive 16. However, in 11M2021, EVN has started 119 power grid projects; completed energizing 110 110-500 kV grid projects, including nine 550kV projects, twenty 220kV projects and eighty one 110kV projects.
- The capacity and consumption of electricity in the whole country during Tet holiday from January 29, 2022 to the end of February 6, 2022 are down sharply compared to weekdays before Tet. On average, during the Lunar New Year holiday, the highest electricity consumption capacity of the whole national electricity system is only about 24,700 MW per day, and electricity consumption is about 485 million kWh/day. The national average daily electricity consumption during the Tet holiday is about 29% lower in capacity and 30% lower in output compared to the daily average of the week before Tet. However, compared with the same period of the Lunar New Year last year, the national average daily electricity consumption of the 2022 Tet holiday is still about 8% higher in peak capacity and 16% higher in output compared to the same period last year.

### Outlook / What to Watch

- In 2022, National Power Transmission Corporation (EVNNPT) continues to coordinate with ministries, branches and localities to promptly, safely and effectively deploy construction investment projects, especially projects to release power source capacity especially in South Central region. In order for existing renewable power sources not be limited in capacity due to overload, EVN will have to urgently deploy the construction of transmission lines and substations to release capacity of existing renewable energy sources that have been put into operation and 4,000 MW new wind power (and potentially another 3,5000 MW that missed November 1st, 2021 deadline), especially in Ninh Thuan, Binh Thuan and Quang Tri areas.
- Biggest challenge in 2022 is to ensure enough electricity for the Northern region, especially in the months of extreme weather. EVN has established a committee to ensure electricity supply in the Northern region for the period of 2021-2025, meeting monthly to propose solutions and drastically implement them. Current unfavorable hydrological situation of hydro power reservoirs in the North will affect the electricity supply situation for 2022. In order to get ready for potential power shortage in the North from May to July 2022 during extreme heat period, we expect EVN to mobilize more coal-fired thermal power to ensure the long-term goal of water storage in Northern hydropower reservoirs as directed by MoIT according to document No. 6690/BCT-DTDL issued on Oct 25, 2021.

## Industry outlook

Industry:	ENERGY	Sub-sector:	OIL & GAS	Short term outlook:	NEUTRAL	Long term outlook:	NEUTRAL	Main ticker:	GAS, PVD, PVS, PLX
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### Sector Overview

#### Effect of COVID-19

- Slowdown in general economic activities and especially transportation demand due to trade and mobility restrictions in many countries which then made oil price prices plummet. Transport sector accounts for 60% of total oil demand, according to IEA.
- Low oil prices negatively impact natural gas/ gasoline selling price as well as motivation for oil & gas exploration and exploitation activities since it is not profitable. Together with mobility restriction, many oil & gas projects had been postponed.

#### Oil price movement and impacts

- Brent oil prices have been climbing steadily, up 48.6% from USD49.9/barrel at Dec 2020 to USD74.1/barrel as of Dec 2021. The demand rebound, which comes from the increase in economic activity, easing mobility restriction and acceleration in vaccination progress, has been the key driver of oil's uptrend in 2021.
- Higher oil price supported positively the selling gas price (HSX: GAS), contribution margin of gasoline product amid low inventory cost (HSX: PLX, BSR) . On the other hand, the slow initiation of new oil & gas project and remaining border restriction has put a lot of pressure on the jack-up day rate for (HSX: PVD) and the workloads for the Mechanics & Construction segment of (HNX: PVS).
- In January 2022, despite the emerge of Omicron variant, oil price surged strongly to USD91/ barrel due to supply concerns amid increasing demand. Growing geopolitical tension between Russia and Ukraine also plays a key role in the movement. Moreover, several OPEC+ members did not meet the group's montly ouptut increases due to political strife and underinvestment in drilling.

### Outlook / What to Watch

#### Post COVID-19

- For 2022, oil demand is expected to increase thanks to the rebound of economic activities, transport demand and vaccination progress. However, the growth will be slow due to Omicron or other potential variants as well as the fear of contamination.
- On the supply side, OPEC+ will add 400,000 barrel/day each month till their production reaches pre-pandemic levels. More supply is also expected to come online from US and other non-Opec countries in 2022-2023

#### RISK

- New COVID variant with high infectiousness and mortality
- Russia and Ukraine tensions
- Growing concerns about climate change, sales of electric cars and investment in green energy



## Industry outlook

Industry:	HEALTH CARE	Sub-sector:	PHARMACEUTICAL	Short term outlook:	NEUTRAL	Long term outlook:	NEUTRAL	Main ticker:	DHG, IMP, DBD, DMC, TRA, MKP, PMC
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### Sector Overview

- Vietnam is numbered among the “pharmerging markets” (i.e emerging pharmaceutical countries).
- The majority of pharmaceutical manufacturers in Vietnam engage with the western medicine market. Generic drugs (but not the first or high-value drugs) are the most popular products of the domestic manufacturers, while patented drugs are foreign brands.
- Domestic factories are now capable of producing various types of formulations and have been spent more on production infrastructure.
- Import is a major source of supply of finished drugs and raw materials. France, India, Germany, etc. were the leading sources of drug imports for Vietnam while a majority of raw materials are imported from India and China.
- Distribution of pharmaceutical products is conducted through two channels, consisting of hospitals (via bidding process) and pharmacies. Such pharmacy chains as An Khang, Pharmacy, Long Chau etc., have emerged aiming to gain a sizable share in this fragmented market.
- WHO-GMP (GMP: Good Manufacturing Practice) is presently the most common technology production standard in Vietnam. However, generic drugs produced under higher certifications (e.g EU-GMP, PIC/S-GMP, etc) with stricter technical criteria can enjoy better prices and are more likely to win bids and find good conditions for exports. The number of pharmaceutical facilities in Vietnam achieving EU-GMP, PIC/S-GMP remains quite moderate.

### Outlook / What to Watch

- Positive impacts from COVID-19 outbreak were not so tremendous despite higher demand for supplement, sanitizer products and drugs that help to lessen symptoms caused by the virus. Drug sales to hospital & clinic channel were affected adversely because of lower patient traffic (non COVID-19 patient) to hospitals & clinics during social distancing stages and peak time of the outbreak. However, patient traffic could recover after the end of social distancing.
- In a long-term outlook, a developing economy, rising incomes, a large population which starts getting older, combined with health issues caused by environment and industrialization will likely facilitate the industry’s growth. However, how to rapidly introduce new generics, boost the proportion of high-value drugs, heighten enterprise competitiveness and consumers’ trust are challenges to Vietnamese pharmaceutical companies.

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SELL: where we believe it will be lower than -15%.

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