

VIETNAM MARKET OUTLOOK

April 2022

Strong Q1 macro figures set the stage for continued growth in 2022

Research Department | Nguyễn Thị Hòa, hoant@acbs.com.vn

Vietnam continued its recovery with first quarter **GDP accelerating 5.03%**, higher than growth of the first quarter in 2021 and 2020 but still lower than pre-pandemic years. Industrial production improved strongly with increase of 8.5% y/y as manufacturing activities continue to pick up, while the Markit PMI dropped to 51.7 from 54.3 in February after 6 consecutive months of increases amid labor shortages due to COVID-19 spreading widely and the war in Ukraine hiking input prices. Although the FDI pledges decreased 16.3% y/y at US\$3.9bn due to the spike of huge projects last year, the **disbursed FDI capital increased by 8.8% y/y** to US\$1.7b. The foreign trade performed better in March with total **import-export turnover surging** to US\$66.7bn, up 36% m/m and 14.8% y/y and got trade surplus back at **US\$1.4bn**. Inflation rate maintain under controlled with the **CPI increased 0.7%** over last month and **increased 2.41%** over the same period last year. The USD/VND rate at central bank ended March at VND23,100 equivalent to decrease of 0.17% m/m and the offer rate at Vietcombank increased 0.13% m/m

The VNIndex closed March at 1,494.2 points, under the 1,500 level and almost unchanged over end of last month with the improved liquidity with average turnover increased by 13.8% in the backdrop of the Fed hike interest rate raising the concern about the stronger outflows of global investors from emerging markets. Along with many other Asia markets, foreign investors remained net sellers with a net sell of US\$172.7m for March. Meanwhile, the local retail investors keep increasing their share to 88% in total turnover of VNIndex. New trading accounts opened in March reached a new record with 270,736 new trading accounts, bringing the total trading accounts to 4.97 million until 31 March equivalent to approx. 5% of population, already reaching the government's goal set in 2019 of 5% by 2025. Most sectors rose with improved liquidity but the VNIndex was flat on the month due to the biggest market capitalization sector, banks, declined 1.8% but the high growth of business results could be the driving force for banks prices in 2022.

The new cases and serious cases of COVID-19 virus dropped sharply across the country and the COVID-19 epidemic in Vietnam is in the transition period from a pandemic to an endemic disease. Given the high vaccination rates in the country along with increasing access to therapeutics, we do not expect any major moves to impede the economic recovery. One of the most imminent risks at this time is the inflation storm globally could threaten the economic recovery and have negative impact on profit of companies in retail, logistics or manufacturing. Other sectors like banks and real estate could avoid the impacts of inflation but may be under pressure of the hiking rate of Fed which will increase the cost of international capital borrowing of projects developer in next time.

1. Macroeconomics
2. Equity Market
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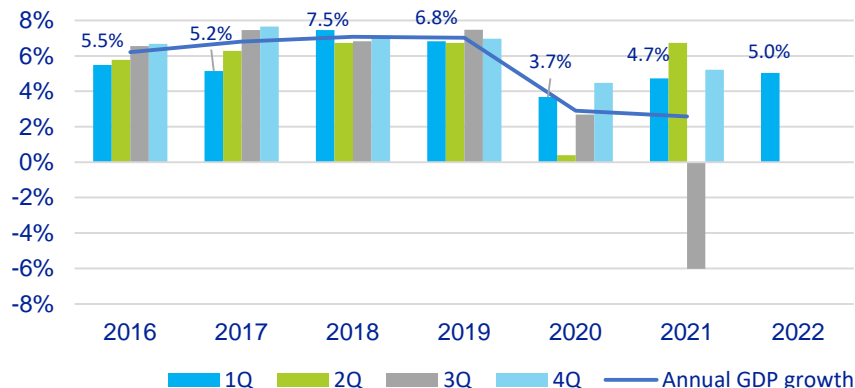


- ❖ **Vietnam GDP accelerated by 5.03% y/y** in the 1st quarter of 2022, higher than growth of the 1st quarter in 2021 and 2020 but still lower than pre-pandemic years
- ❖ **The IIP in March increased by 8.5% y/y** and surged by 22.9% m/m given the strong FDI inflows and continuously reopened the manufacturing activities. **For 3 months, IIP increased by 7.07% y/y. The Markit PMI dropped to 51.7** from 54.3 in February after 6 consecutive months of increases amid the labor shortage due to COVID-19 spread widely and the geopolitical tension between Russia-Ukraine hiking the input prices.
- ❖ **The total social investment increased by 8.9% y/y** in the 1st quarter, recorded VND562 trillion, in which, FDI sector increased their contribution while the non-state sector continued decrease its contribution in total investment.
- ❖ **Disbursed FDI capital increased by 8.8% y/y** to US\$1.7bn while FDI pledges decreased 16.3% y/y at US\$3.9bn due to the spike of huge projects last year. **For 3 months, capital inflow increased by 7.8% y/y** to US\$4.4bn and FDI pledges registered at US\$8.9bn, down 12.1% y/y.
- ❖ **Total import-export turnover surged** to US\$66.7bn (+36% m/m, +14.8% y/y), and posted **a trade surplus of US\$1.4bn**. In which, exports amounted to US\$34bn (+45.4% m/m, +14.8% y/y), the imports was estimated at US\$32.7bn (+28.7% m/m, +14.6% y/y). **For the 1st quarter**, Vietnam posted a **slight trade surplus** at US\$809bn, dropped sharply from US\$6,551bn in the 1Q-2021.
- ❖ **The CPI increased 0.7%** over last month and **increased 2.41%** over the same period last year. This increase was higher than rising 1.2% y/y of March 2021 but still lower than the same period of previous years. The core CPI continued to extend by 0.29% m/m and 1.09% y/y.
- ❖ The USD/VND rate at central bank ended March at VND23,100 equivalent to decrease of 0.17% m/m and the offer rate at Vietcombank increased 0.13% m/m.
- ❖ **Interbank interest rates decreased throughout March 2022** as liquidity of banking system stabilized after being constrained in January and February.
- ❖ The State Bank of Vietnam (SBV) intends to establish the State Foreign Exchange Reserve Management Department due to the rise in foreign currency reserves. The SBV estimated that the amount of the state's foreign currency reserve in 2021 exceeded \$109.9 billion, equivalent to a 10-fold increase over 2010.

- ❖ Vietnam gasoline prices dropped by 2.2% -2.3% on March 21st, the first time after seven consecutive upward adjustments since 10 Dec 2021. The latest price increase of gasoline was on March 11th when gasoline prices skyrocketed by 10% to a new record. Additionally, the reduction of environment tax on fuel and oil agreed by The National Assembly Standing Committee on 23 March by VND2,000 per liter for fuel (excluding ethanol), applying from April 1, 2022 to December 31, 2022 would be a basis for further reduction of gasoline prices.
- ❖ Nghi Son refinery's supply not included in fuel supply plan in the second quarter of the year due to it's financial difficulties and will increase the fuel import quotas for 10 traders to ensure fuel supply for the local market.
- ❖ Ho Chi Minh City collects port infrastructure fees from 1 April 2022, the lowest level is 15,000 VND per ton, the highest is 4.4 million VND for a 40-foot container. According to many enterprises, this fees may rise their financial burden and slow down the recovery after the pandemic.
- ❖ Federal Reserve officials voted to raise interest rates by 0.25% point and signaled six more rate hikes toward yearend to combat inflation. In addition, according to Mr. Powell, FED ended asset-purchase stimulus program and could finalize a plan to shrink its USD9tn asset portfolio at its next meeting on May 3rd-4th (start Quantitative Tightening program), and to implement it in June 2022. And if inflation does not decline by mid-2022, we expected that FED is likely to have more interest rate hikes toward yearend 2022 in conjunction with accelerate its QT program.

GDP maintain recovery for the first quarter of 2022

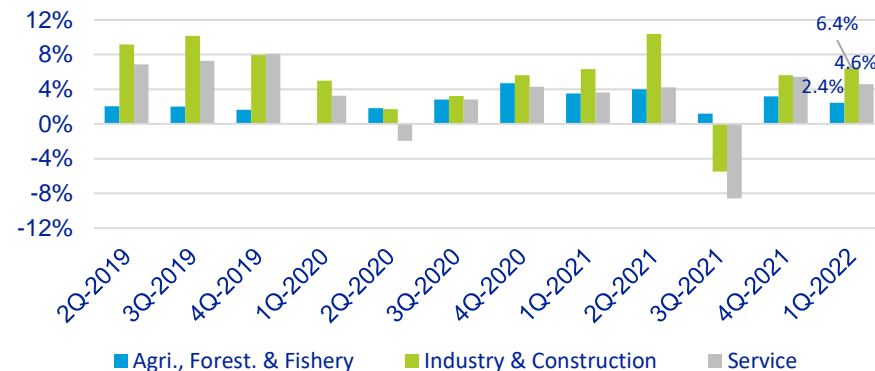
Vietnam GDP growth by quarter



Source: GSO, ACBS

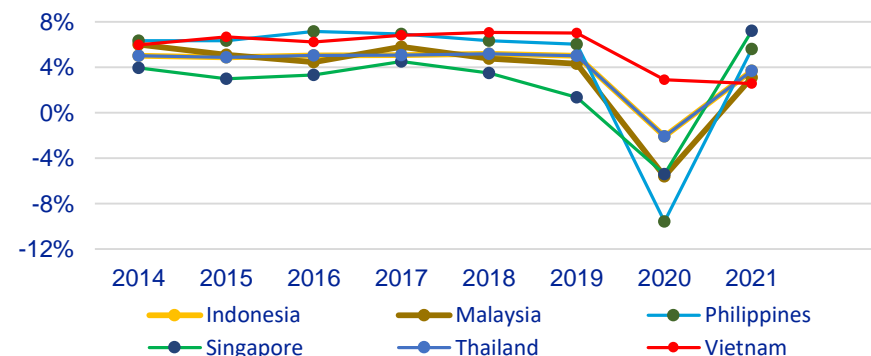
- ❖ Vietnam's GDP accelerated by 5.03% y/y in the 1st quarter of 2022, higher than growth of the 1st quarter in 2021 and 2020 but still lower than pre-pandemic years. In which, the industry and construction continued to play an important role in growth of economic with gaining of 6.4%, the agriculture-forestry-fishery increases 2.4% and service increased 4.6%.
- ❖ Regarding to GDP by expenditure, Final Consumption increased by 4.28%, Gross Capital Formation increased by 3.22%, Exports of goods & services increased by 5.08% and Imports of goods and services increased by 4.2%.

GDP growth breakdown



Source: GSO, ACBS

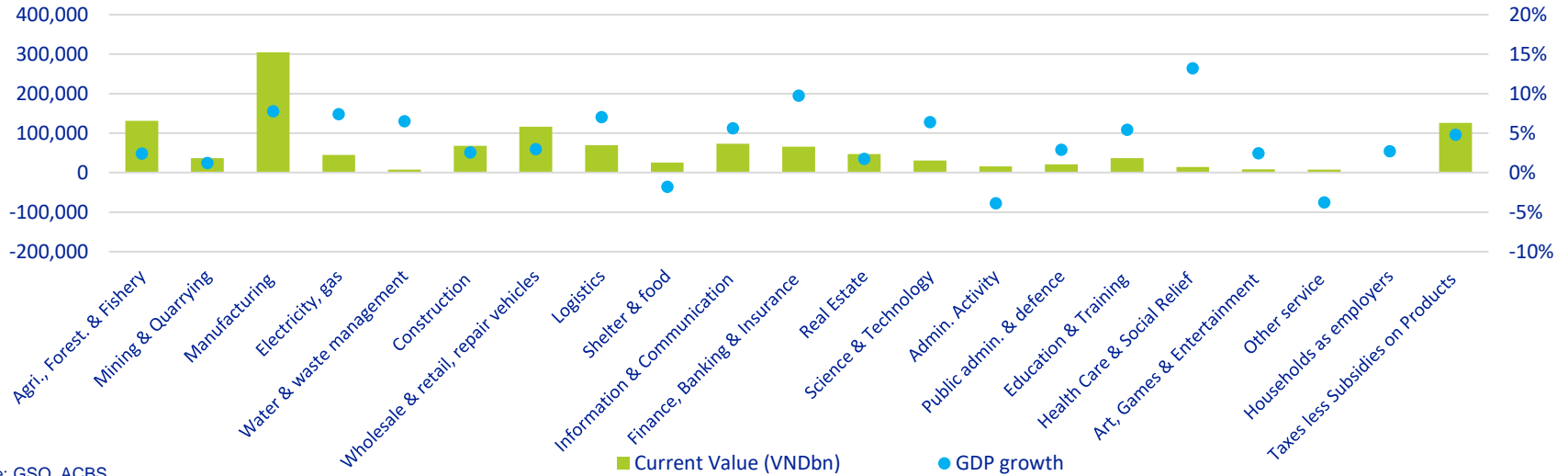
Vietnam GDP growth and peer market



Source: World Bank, ACBS

GDP breakdown by industry

GDP by Industry in 1Q2022

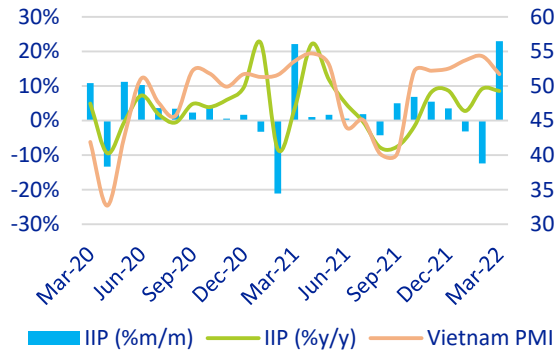


Source: GSO, ACBS

- ❖ Manufacturing (+7.79%) continued to be the leader of economic growth in the first quarter thanks to the strong FDI inflows along with rehabilitation of industrial production, following by Financing and banking (+9.8%) thanks to strong credit growth and development of securities market, Logistic (+7.1%) kept recovery along with the resumption of social activities according to “living-with-COVID-19” strategy, Information & Communication (+5.6%) which maintain growth in recent years, Agriculture-Forestry-Fishery (+2.4%) recorded low gaining than the same period of previous year due to rising prices of animal feed, fertilizers and fuel.
- ❖ Some service sectors are still affected by COVID-19 pandemic lockdown such as shelter & food (-1.8% y/y), Administrative Activity and Supporting Service (-3.9%) and other services (-3.7%).

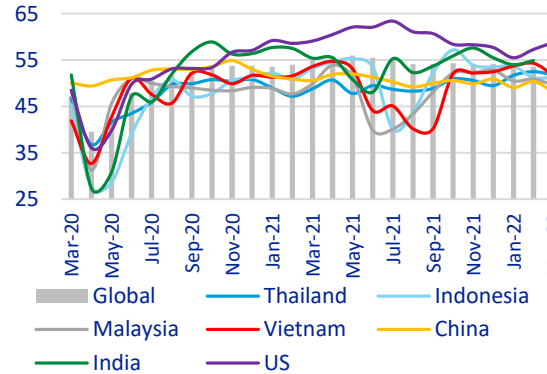
Industrial production rose given the strong FDI inflows

Vietnam IIP and PMI



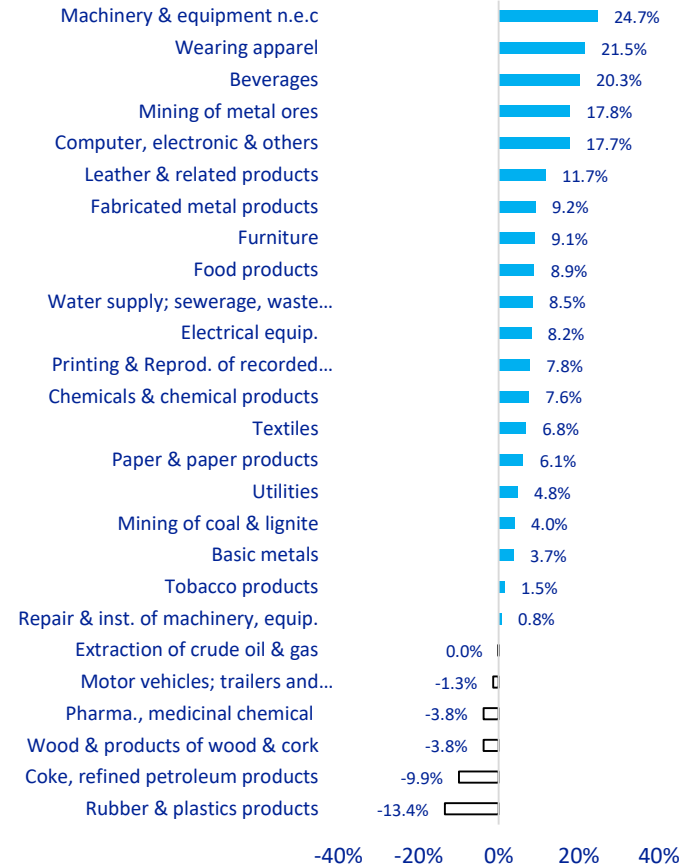
Source: GSO, IHS Markit, ACBS

Vietnam PMI and other markets



Source: Bloomberg, IHS Markit, ACBS

IIP March 2022 by industry

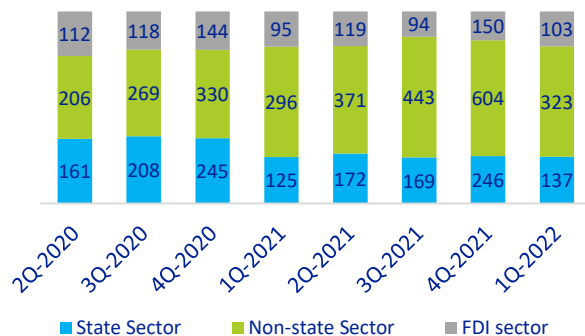


Source: GSO, ACBS

- ❖ The IIP in March increased by 8.5% y/y and surged by 22.9% as manufacturing activities continue to pick up. For 3 months, IIP increased by 7.07% y/y and registered the expansion in 64 provinces and contraction in 2 provinces. The highest growth provinces was Ha Giang (+44.8% y/y) and the lowest was Tra Vinh (-24.9%). Some notable products in 3 months were clean coal (+3.2% y/y), steel (-4.9%), television (-23.3%), food for cattle (+5.2%), oil & gas (-12.5%), steel bar - angle bar (+11%), rolled steel (+5.1%)
- ❖ The Markit PMI dropped to 51.7 from 54.3 in February after 6 consecutive months of acceleration amid a labor shortage due to COVID-19 spreading widely and the Ukraine war hiking input prices. The PMI of Global, ASEAN, Eurozone, Emerging market also dropped in March. Meanwhile, some economics like US, Japan, Australia had improved PMI thanks to production and new orders rise steeply.

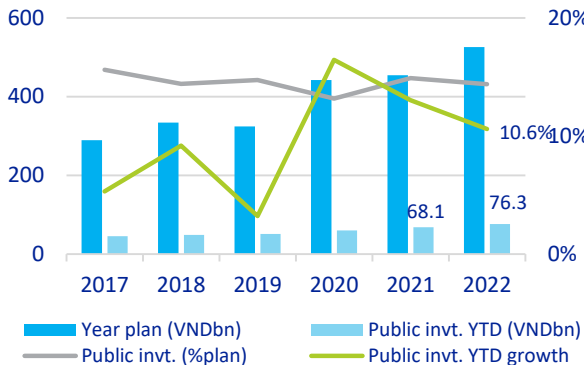
Total investment disbursement

Unit: VNDtn



Source: GSO, ACBS

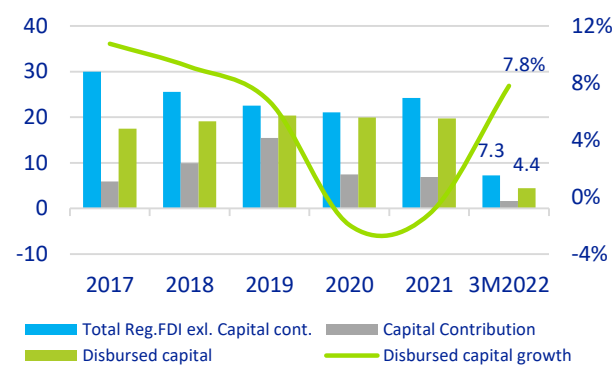
Public investment in 3M



Source: GSO, ACBS

FDI attraction by years

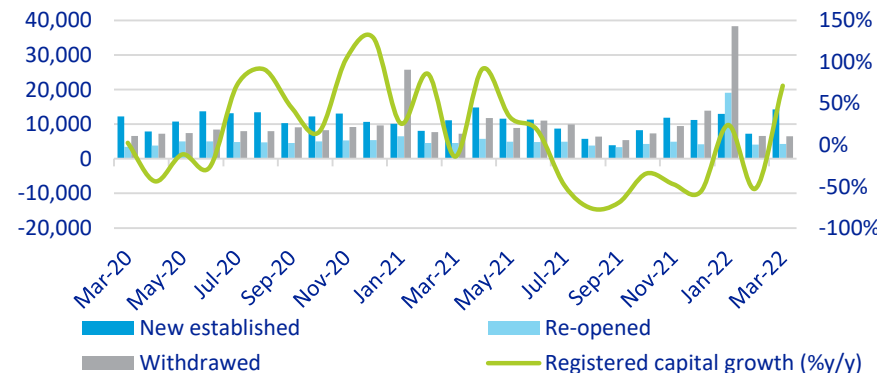
USDbn



Source: MPI, ACBS

- ❖ The total social investment increased by 8.9% y/y in the 1st quarter, recording VND562 trillion, in which, the non-state sector continued decrease its contribution to 57.5% in total capital compared with 60.4% in the 4th quarter of 2021 while FDI sector increased their contribution to 18.2%.
- ❖ In March, Vietnam spent VND29 trillion on public investment, an increase by 9.1% y/y (vs +13.9% y/y in Mar 2021), completing 14.4% of the annual plan in 3 months. This is the highest disbursement capital for the 1st quarter in recent 5 years. Many projects are facing with several difficulties given the continuous increase in fuel prices and input materials as well as lack of materials... put more pressure to contractors.
- ❖ In terms of the private sector, new registered enterprises rose strongly to 14,302 (+28% y/y), reopened enterprises recorded at 4,300 (-5.1%). Besides, the number of enterprises withdrawing from the market continued to drop to 6,527 (-10.3%).

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	Started work on passenger terminal on 30 March, 22
East North - South Expressway (period 2017-2020)	118,716	Disbursed capital totaled VND12,036bn (83% total plan)
Cao Bo - Mai Son	1,600	Completed
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

Decision No.1769/QĐ-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.

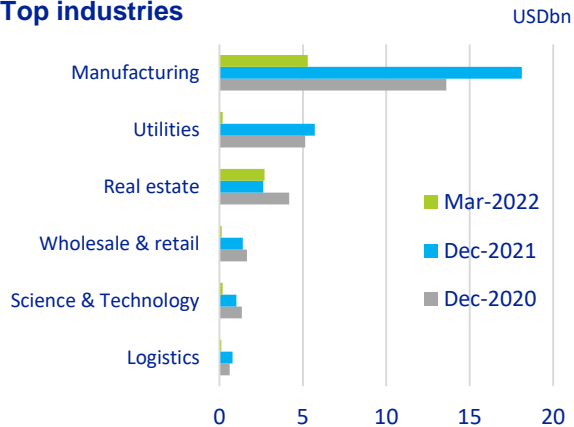
Directive No. 01/CT-BKHDT signed on Jan 5, 2022 by the Minister of Planning and Investment on implementing Resolution No. 01/NQ-CP of the Government, continue to improve the legal framework and enhance efficiency in the development of legal documents, strongly developing the private economy, strengthening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

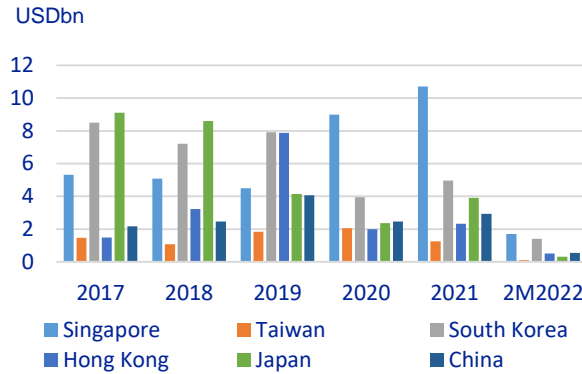
The Ministry of Transport (MoT) has been assigned a public investment plan for 2022 by the Prime Minister, with a total budget of more than VND50 trillion (\$2.2 billion). This is the largest single capital plan ever, and accounts for 9.7% of the country's overall 2022 capital plan

Top industries



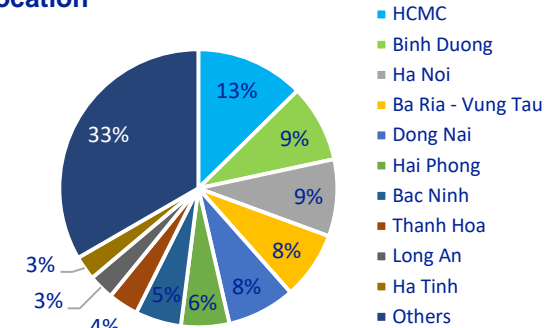
Source: MPI, ACBS

Top counterparts



Source: MPI, ACBS

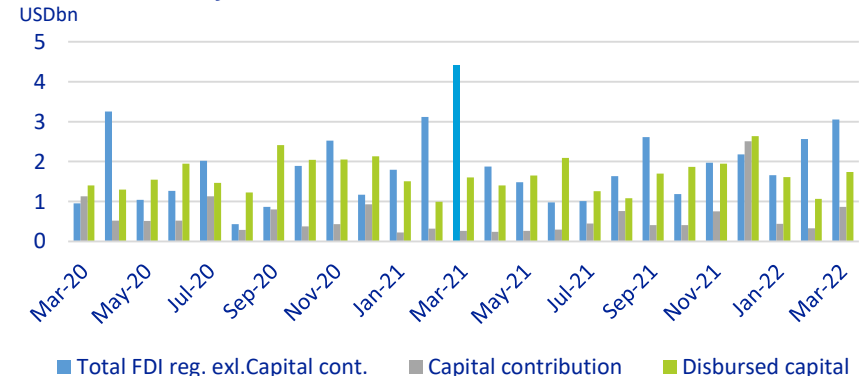
Accumulated FDI as of Feb 2022 by location



❖ In March, disbursed capital increased by 8.8% y/y to US\$1.7bn while FDI pledges decreased 16.3% y/y at US\$3.9bn due to the spike of huge projects last year; in which, capital contribution maintain recovery with sharp rising of 228.6% y/y. For 3 months, capital inflow increased by 7.8% y/y to US\$4.4bn and FDI pledges registered at US\$8.9bn, down 12.1% y/y. The number of newly registered projects surged 322 (+38% y/y), 228 projects that registered for additional capital (+42%), 734 transactions of capital contribution.

❖ Manufacturing and processing keeps its leading role with the account expanded to 60% of total FDI pledges. Denmark exceeded Singapore to be the biggest counterpart in first 3 months thanks to the LEGO project.

FDI attraction by month



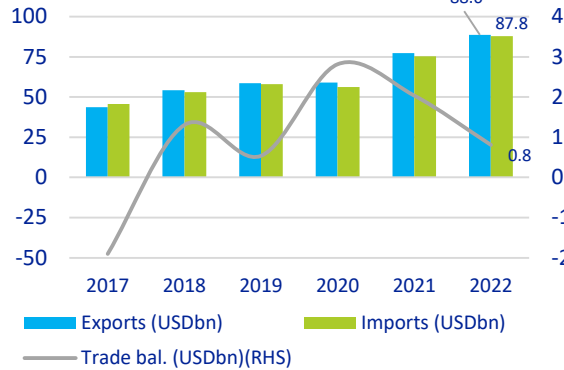
Source: MPI, ACBS

Major FDI projects in 2022

No.	Projects	Industry	Location	Counterparts	Reg. capital (USDbn)	Certificate granted date
1	LEGO Manufacturing VietNam	Carbon-neutral factory to produce toy	Binh Duong	Denmark	1.32	Mar 2022
2	VSIP urban construction project	Urban areas and services	Bac Ninh	Singapore	0.94	Jan 2022 (Amended cert.)
3	Samsung's electro-mechanics project	Producing high-tech integrated components for electronic devices	Thai Nguyen	Korea	0.92	Feb 2022 (Amended cert.)
4	Goertek Vietnam Factory Project	Manufacturing electronic products and network equipment and multimedia audio products	Nghe An	Hong Kong	0.40	Jan 2022 (Amended cart.)
5	Goertek Vietnam Factory Project	Manufacturing electronic and network devices and multimedia audio products	Bac Ninh	Hong Kong	0.31	Jan 2022 (Amended cert.)
6	Commercial and services Project of GE Vietnam	Commercial and services	Bac Ninh	Korea	0.22	Jan 2022 (Amended cert.)
7	JNTC Factory	Manufacturing electronic components	Phu Tho	Korea	0.16	Jan 2022 (Amended cert.)

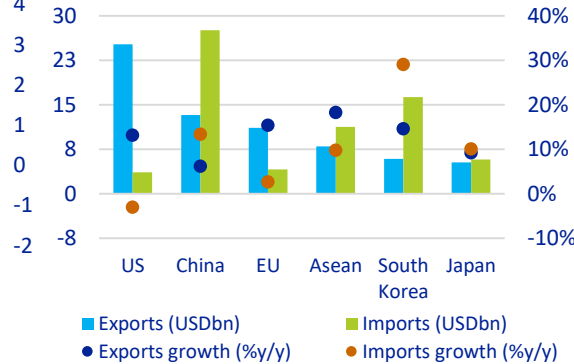
Foreign trade performed better to get trade surplus back

Foreign trade in 3M by years



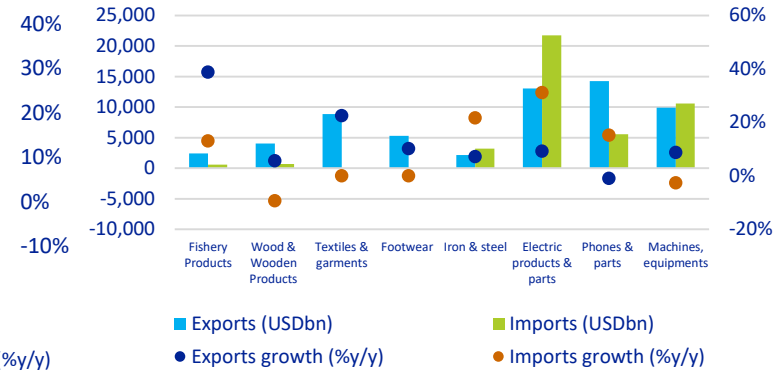
Source: GSO, ACBS

Main EX-IM markets in 3M2022



Source: GSO, ACBS

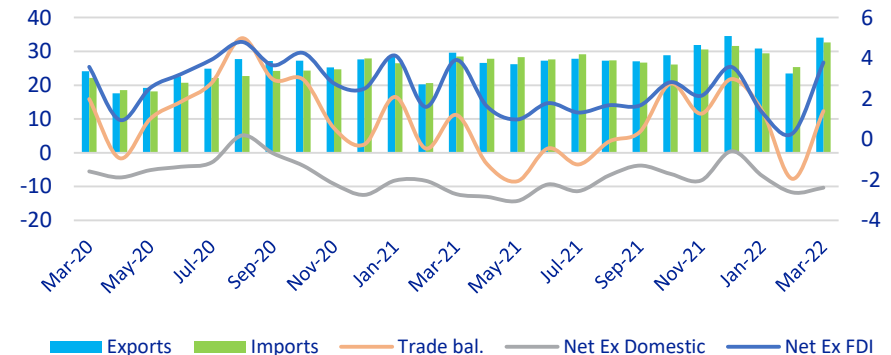
Main EX-IM items in 3M2022



Source: GSO, ACBS

- ❖ Total import-export turnover in March surged to US\$66.7bn (+36% m/m, +14.8% y/y), and posted a trade surplus of US\$1.4bn. In which, exports amounted to US\$34bn (+45.4% m/m, +14.8% y/y), the imports was estimated at US\$32.7bn (+28.7% m/m, +14.6% y/y). For the 1st quarter, Vietnam posted a slight trade surplus at US\$809bn, dropped sharply from US\$6,551bn in the 1Q-2021.
- ❖ In 3 months, exports to US increased 13% y/y, exports to China was also improved significantly with increase of 6% y/y valued at US\$13.3bn compared with US\$7.4bn in February, despite the zero-COVID policy still maintained in this country giving lockdowns many large cities and many Vietnam-China border gates was suspended.

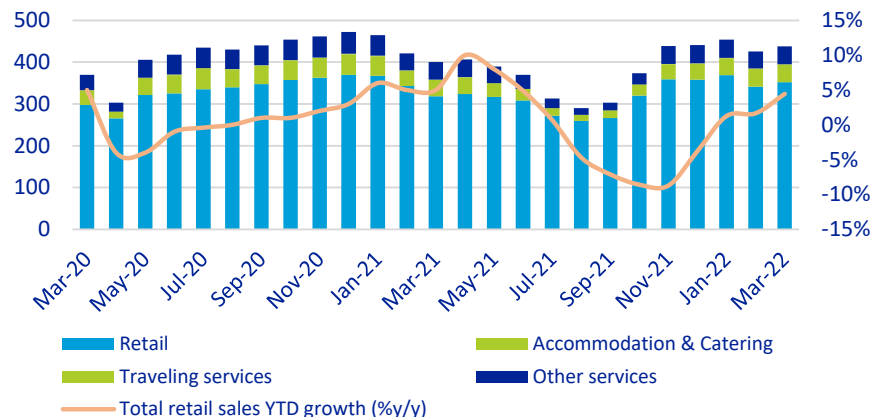
Foreign trade by months (USDbn)



Source: GSO, ACBS

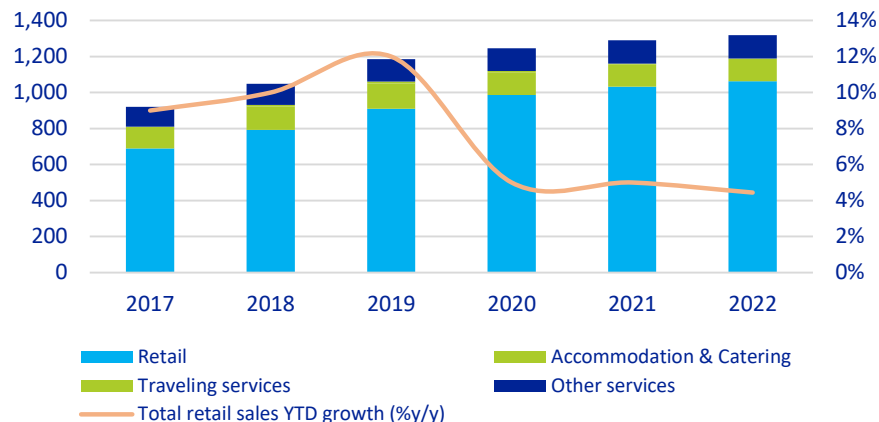
Retail sales of goods and services monthly

VNDtn



Source: GSO, ACBS

Retail sales of goods and services in 3M

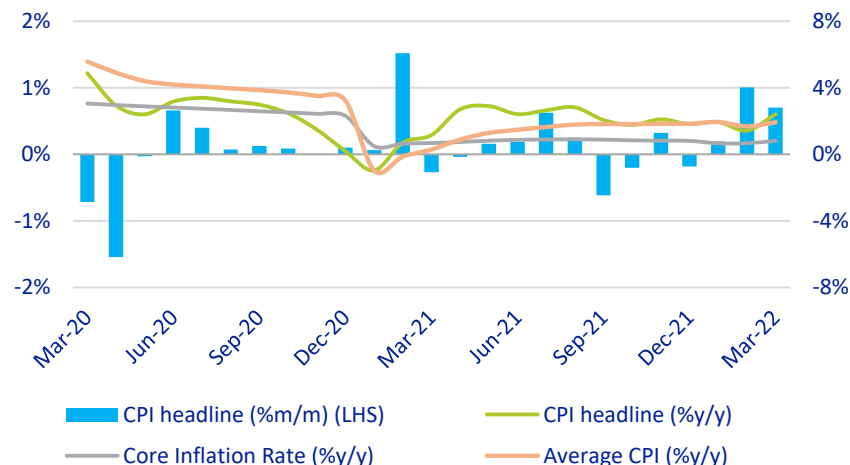


Source: GSO, ACBS

- ❖ Total retail sales of consumer goods and services in March were VND 438 trillion (+2.9% m/m, +9.4% y/y). In which, revenue of goods increased 10.7% y/y, accommodation and catering up 5.9%, traveling services surged 29.9% and other services up 3.2%.
- ❖ For the 1st quarter, the total retail sales was estimated at VND1,318tn, up 4.4% y/y. Revenue of food and food stuffs up 11%, cultural and educational items up 10.1% y/y, transportation went up 5.4% while some items declined such as garments (-3.6%), household tools & equipment (-4.9%).
- ❖ For 2022, we expect the retail sales to continue their recovery thanks 1) high vaccination rates in the country along with increasing access to therapeutics, make lockdowns as seen in 2021 unlikely, 2) local and international travel are expected to pick up in 2022, as the borders reopened to international travelers on March 15th which will not only push travelling services but also other services and retail sales of goods and; 3) The retail gas prices increase also pushed retail sales as this item account a significant proportion of total retail sales.

CPI signaled acceleration but still under control

CPI monthly



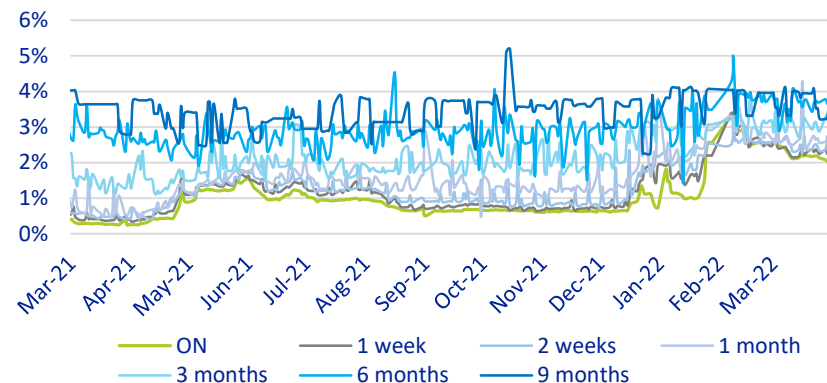
Source: GSO, ACBS

CPI Basket	Weight (%)	03/2022 (% m/m)	03/2022 (% y/y)	Avg 3M2022 (% y/y)
CPI headline	100.0	0.70%	2.41%	1.92%
Food and Foodstuffs	33.6	-0.27%	1.00%	0.22%
Food	3.7	0.17%	1.82%	2.19%
Foodstuff	21.3	-0.48%	-0.09%	-1.20%
Eating outside	8.6	0.08%	3.40%	2.96%
Beverage, cigarette	2.7	0.06%	2.65%	2.54%
Garment, footwear	5.7	0.12%	1.01%	0.86%
Housing and constrn. Materials	18.8	1.49%	1.70%	1.87%
Household appliances & goods	6.7	0.19%	1.44%	1.29%
Medicine, health care	5.4	0.06%	0.31%	0.28%
Transportation	9.7	4.80%	18.29%	16.09%
Postal services, Telecom.	3.1	0.02%	-0.58%	-0.65%
Education	6.2	0.10%	-3.21%	-3.43%
Culture, entertm't. & tourism	4.6	0.21%	0.52%	0.23%
Other goods, services	3.5	0.46%	1.78%	1.46%

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

- ❖ The consumer price index (CPI) in March increased 0.7% over last month and increased 2.41% over the same period last year. This increase was higher than rising 1.2% y/y of March 2021 but still lower than the same period of previous years. Most of goods and services hike prices due to many times hike gasoline prices after a long time of price stabilization. The transportation basket posted the highest growth thanks to rising fuel prices. The food and foodstuff basket increased 1% y/y. The core CPI continued to extending by 0.29% m/m and 1.09% y/y.
- ❖ Compared to other countries, headline CPI in Vietnam is still low when compared to some Asian countries such as Thailand, Philippines and South Korea, which have higher CPI growth. 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 lower than other countries (as shown in slide 21) and lower than government's target.

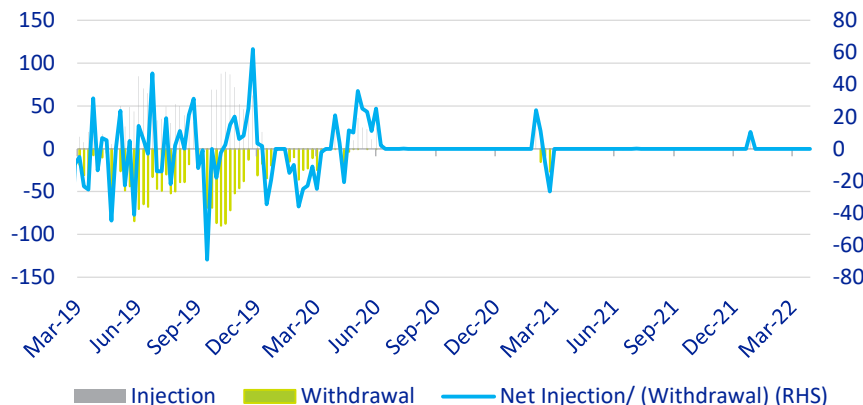
Interbank Rate



Source: FiinPro, ACBS

- ❖ Interbank interest rates decreased throughout March 2022 as liquidity of banking system stabilized after being constrained in January and February due to rising spending demand during major holidays and rising credit growth at the beginning of 2022 (+2.49% YTD in January 2022 and +4.03% YTD in March 2022 vs. +0.76% YTD in January 2021 and +2.95% YTD in March 2021). During March, the SBV had also pumped in over VND3tn into system which continued to support short-term liquidity, which were constrained in January and February, and stabilized interbank rate in March.
- ❖ We expect banking system liquidity will stabilize in 2Q2022 and the SBV will also help maintain the stability in short-term by using reverse repos OMO when needed to curb the interbank interest rate surging aggressively. However, due to rising credit growth (+4.03% YTD in March 2022 vs +2.95% YTD in March 2021), we expect that interbank rate will not return to low level of 2021 but will stay around 1-1.5% in upcoming months of 2022.

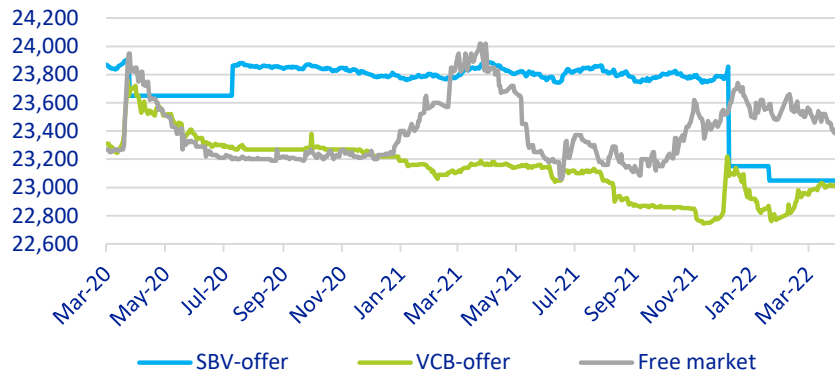
Net Injection/ (Withdrawal) from OMO (VNDtn)



Interbank Rate

	ON	1 Weeks	2 Weeks	1 Month	3 Month	6 Month	9 Month
Avg of March 2022	2.23%	2.33%	2.53%	2.67%	3.14%	3.62%	3.68%
+/- MoM (bps)	-52	-43	-15	-24	-4	-32	-11

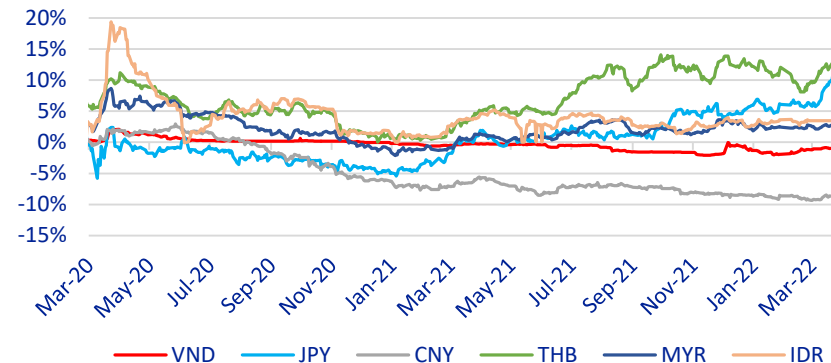
USD/VND exchange rate



Source: Fiin Pro, ACBS

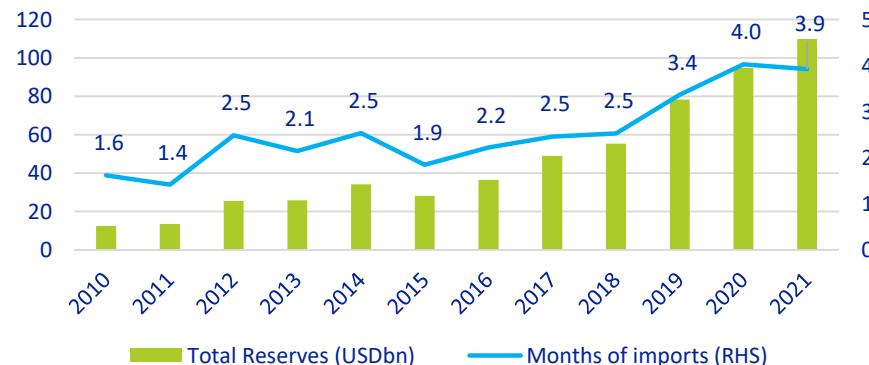
- ❖ The USD/VND rate at the central bank went up to new peak of VND23,188 on 16 March and then decreased along with the correction of DXY after Fed hike interest rate by 0.25%. This rate ended March at VND23,100 equivalent to decrease of 0.17% m/m while the offer rate at Vietcombank increased 0.13% in March. This movement appears mainly driven by the US Fed hiking interest rates strengthen the US Dollar as the Dollar index (DXY) rose 1.7%.
- ❖ Gold prices rose strongly in global markets and closed month at US\$1,936/oz (+1.4% m/m), while the domestic gold prices stood at VND68.9m/tael (+4.4% m/m), which represents an ~ 27% premium to global markets, slightly rose from the end of February at 24% .
- ❖ Foreign reserves proliferated in recent years and reached approximately US\$110bn at the end of 2021, equivalent to 17 weeks of imports which appropriate with international standard and stay at the safety level to resist shock situations.

USD/VND and other currencies



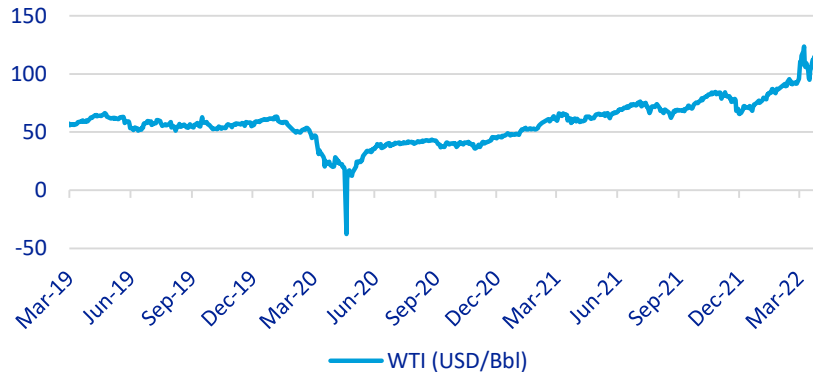
Source: Bloomberg, ACBS. Note: change relative to Dec 31, 2019

Vietnam foreign reserves in months of imports



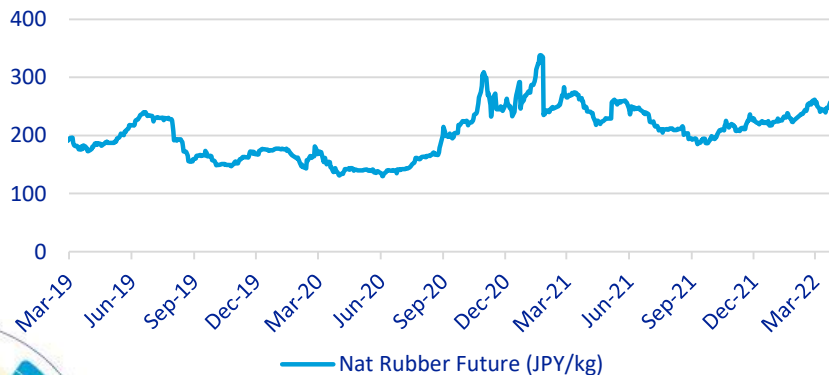
Source: WB, ACBS

Crude Oil WTI



Source: Bloomberg, ACBS

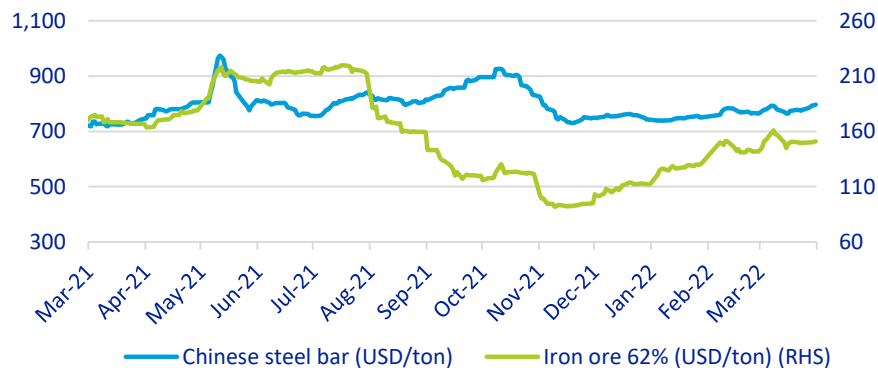
Natural rubber



Source: Bloomberg, ACBS

- ❖ The oil market experienced a volatile month amid persistent supply concerns over the Ukraine crisis. Oil prices continued rising as the Ukraine – Russia war has not seen signals of ending despite some talk of peace being held and reached the peak of US\$120 in 8 March 2022 before dropping amid indications of possible progress by the US in encouraging more oil production from other sources. However, oil prices bounced back since neither Arab Saudi or the UAE are keen to boost oil production given their oil pact with Russia known as OPEC+. The prices cool down in last days of March given the expectation of the US-EU gas supply deal by the end of 2022 in a bid to displace Russian gas.
- ❖ Thanks to current high oil price, more supply is also expected to come online from the US and other non-OPEC countries in mid-2022 to -2023. On the other hand, oil demand is expected to increase thanks to ongoing rebound of economic activities, transport demand and vaccination progress.
- ❖ The natural rubber futures on the Tokyo Commodity exchange bounced back from mid-month after over 2 falling weeks and end March at JPY257.2 as the limited raw material supply in Thailand and Indonesia are still impacted by COVID-19 and heavy rain led to flooding, which leads to a shortage of natural rubber. Additionally, the Yen weakened against US Dollar makes Yen-denominated assets more affordable for buyers with other currencies.
- ❖ 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. However, the rise has been restrained given the chip shortage due in part to the Ukraine crisis escalating to war from later February could slow down the automobile manufacturing and the demand from China is expected to slow down as the zero-COVID policy is still remained in this country.

Steel rebar & Iron ore



Source: Bloomberg, ACBS

Coking coal



Source: Bloomberg, ACBS

- ❖ The steel prices in the Chinese market did not maintain the uptrend from February given the high energy cost of manufacturing and the weak demand from China as new lockdown curbs in major cities. On the other hand, the steel prices in US and EU surged due to new measures banning Russian steel products from entering European Union are expected to take effect soon, putting pressures on global steel supply. Overall, global steel prices are expected to maintain the uptrend thanks to Chinese steel demand is expected to recover soon while Chinese government is continuing their investments on infrastructure and constrained supplies from Russia and Ukraine.
- ❖ Iron ore prices keep rising in March as supply shortage at factories due to COVID-19 restriction in China. This world's biggest steel producer suggested slower steel decarbonization and is planning to raise its equity output of iron ore in overseas mines to 220 million tones by 2025 as well as increase domestic raw material supplies. With expectations of increased demand in China if they add fiscal stimulus package for the infrastructure to recover their economy. We maintain our expectation for increasing iron ore price with tight production guidance from large miners.
- ❖ Coking coal prices continued to increase in March since the Russia - Ukraine war resulting in countries scrambling to find alternative sources. Russia holds 176,771 million tons of proven coal reserves as of 2016, ranking 2nd in the world and accounting for about 16% of the world's total coal reserves. Russia's share of global coal export volumes increased to 17.8% in 2020 (from 16.6% in 2019, according to Statista.com). This aggravated the supply disruption in short-term from Australia which falling driven by parts of New South Wales and Queensland flooded repeatedly over the recent months, along with high workforce absenteeism because of COVID-19, and Indonesia which temporary banned on coal export.

Key macro indicators

Monthly data	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22
Industrial Production (% y/y)	22.2%	11.8%	4.9%	-0.3%	-7.8%	-7.6%	-1.8%	8.2%	8.7%	2.8%	9.2%	8.5%
Mining & quarrying	-0.7%	-5.9%	-4.9%	-10.9%	-2.8%	-13.0%	-8.2%	6.2%	-7.1%	-1.7%	2.2%	2.7%
Manufacturing	26.4%	14.4%	6.0%	0.7%	-9.3%	-6.5%	-0.8%	8.6%	10.9%	2.9%	9.7%	9.6%
Prod & dist of electricity	19.8%	12.7%	6.2%	1.7%	-1.9%	-11.7%	-4.8%	6.8%	9.1%	5.2%	11.9%	4.8%
Water supply & waste treatment	11.8%	4.1%	-0.1%	1.0%	-0.1%	-1.9%	-0.5%	0.4%	0.8%	4.1%	4.3%	8.5%
PMI	54.7	53.1	44.1	45.1	40.2	40.2	52.1	52.2	52.5	53.7	54.3	51.7
Retail Sales (% y/y)	30.9%	-1.0%	-6.6%	-19.8%	-33.7%	-28.4%	-19.5%	-12.2%	1.1%	1.3%	3.1%	9.4%
CPI (% m/m)	0.0%	0.2%	0.2%	0.6%	0.2%	-0.6%	-0.2%	0.3%	-0.2%	0.2%	1.0%	0.7%
CPI (% y/y)	2.7%	2.9%	2.4%	2.6%	2.8%	2.1%	1.8%	2.1%	1.8%	1.9%	1.4%	2.4%
Export Value (USDm)	26,550	26,193	27,204	27,865	27,228	27,026	28,870	31,870	34,592	30,845	23,420	34,061
Import Value (USDm)	27,775	28,267	27,659	29,112	27,338	26,666	26,130	30,610	31,623	29,449	25,380	32,672
Trade Balance (USDm)	-1,225	-2,074	-455	-1,247	-110	360	2,740	1,260	2,970	1,396	-1,960	1,389
Disbursed FDI (USDm)	1,400	1,650	2,090	1,260	1,080	1,700	1,870	1,950	2,640	1,612	1,068	1,740
Registered FDI excl. Cap. Cont. (USDm)	1,879	1,483	978	1,007	1,638	2,614	1,184	1,971	2,181	1,658	2,568	3,050

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%	5.0%
Industrial Production	5.9%	7.6%	9.8%	7.5%	9.4%	10.2%	9.1%	3.4%	4.8%	6.4%
Retail Sales	12.6%	10.6%	9.5%	10.2%	10.9%	11.7%	11.8%	2.6%	-3.8%	4.4%
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	88.58
Import Value (USDbn)	132.03	147.85	165.78	174.98	213.22	236.87	254.09	262.67	332.25	87.77
Trade Balance (USDbn)	0.00	2.37	-3.76	1.60	1.90	6.83	10.25	19.86	4.00	0.81
Disbursed FDI (USDbn)	11.50	12.35	14.50	15.80	17.50	19.10	20.38	19.98	19.74	4.42
Registered FDI (USDbn)	21.63	20.23	22.76	20.95	29.97	25.57	22.55	21.06	24.26	7.28

Quarterly data	4Q-2019	1Q-2020	2Q-2020	3Q-2020	4Q-2020	1Q-2021	2Q-2021	3Q-2021	4Q-2021	1Q-2022
GDP (% y/y)	7.0%	3.7%	0.4%	2.7%	4.5%	4.7%	6.7%	-6.0%	5.2%	5.0%
Agriculture, Forestry & Fishing	1.6%	0.0%	1.8%	2.8%	4.7%	3.5%	4.0%	1.2%	3.2%	2.4%
Industry & Construction	7.9%	5.0%	1.7%	3.2%	5.6%	6.3%	10.4%	-5.5%	5.6%	6.4%
Services	8.1%	3.3%	-1.9%	2.8%	4.3%	3.6%	4.2%	-8.6%	5.4%	4.6%
Industrial Production (% y/y)	7.4%	5.6%	0.2%	2.0%	6.3%	5.7%	12.4%	-5.0%	6.4%	6.4%
Retail Sales (% y/y)	12.5%	3.2%	-5.5%	4.4%	8.0%	4.6%	4.1%	-28.3%	0.0%	4.4%
Export Value (USDbn)	69.59	63.31	59.33	79.74	80.15	78.40	78.23	82.15	95.62	88.58
Import Value (USDbn)	66.01	59.33	57.41	69.02	76.92	75.61	82.50	83.86	89.07	87.77
Trade Balance (USDbn)	3.57	3.98	1.92	10.72	3.23	2.79	-4.27	-1.70	6.55	0.81
Disbursed FDI (USDbn)	6.16	3.85	4.80	5.11	6.22	4.10	5.14	4.04	6.46	4.42
Registered FDI (USDbn)	6.78	6.60	5.56	3.32	5.58	9.33	4.34	5.26	5.34	7.28

Key macro indicators of other countries

Countries	GDP Growth		Inflation Rate			Manufacturing PMI		
	4Q-2021	1Q-2022	Jan-22	Feb-22	Mar-22	Jan-22	Feb-22	Mar-22
Indonesia	5.0%		2.2%	2.1%	2.6%	53.7	51.2	51.3
Malaysia	3.6%		2.3%	2.2%		50.5	50.9	49.6
Philippines	7.7%		3.0%	3.0%		50.0	52.8	53.2
Singapore	5.9%		4.0%	4.3%				
Thailand	1.9%		3.2%	5.3%		51.7	52.5	51.8
Vietnam	5.2%	5.0%	1.9%	1.4%	2.4%	53.7	54.3	51.7
China	4.0%		0.9%	0.9%		49.1	50.4	48.1
Hong Kong	4.8%		1.2%	1.6%				
Taiwan	4.9%		2.8%	2.4%		55.1	54.3	54.1
Japan	0.7%		0.5%	0.9%		55.4	52.7	54.1
South Korea	4.1%		3.6%	3.7%		52.8	53.8	51.2
India	5.4%		6.0%	6.1%		54.0	54.9	--
United States	6.9%		7.5%	7.9%		55.5	57.3	58.8

❖ Overall, we expect the GDP growth for 2022 to range between 5.8% – 6.9%. Despite many concern of recent events which could slow our growth prospects in the rest of 2022, we still maintain our expectation that GDP growth rate will gradually recover in the last three quarters of 2022 with supported by:

- (1) The continuing recovery of all industrial activities after switching from zero-COVID-19 strategy to living-with-COVID-19 strategy in major economic & industrial areas.
- (2) The recovery of service sector after relaxing COVID restrictions which affect the majority of service businesses coming from (1) improvement of domestic consumption after COVID-19 contained, (2) reopening international tourism and (3) normalization of transportation of goods help push trading activities especially export from FDI sector.

❖ We slightly revised our expectation of CPI for 2022 will increase in range of 3.5% - 4% (vs 3% - 3.5% at the beginning of the year) and remain within Government's target of 4%. The most risk in current is inflation storm globally can put pressure to Vietnam. However, we expected that upward pressure will be offset or partly offset by:

- (1) Food & catering services sector, especially food prices, will be less volatile as pork production resumed as ASF outbreaks have been contained and other food & foodstuffs will not in supply shortage due to surging demand or supply chain disruptions or low production;
- (2) Oil prices are expected to be stable in 2H2022 as supply and demand will match after production of oil after COVID-19 catch up, and geopolitical tensions at the Russia-Ukraine border ended. In addition, we also expected that retail gasoline price will be stable in 2H2022 too.

Selected Outlook on Vietnam GDP growth

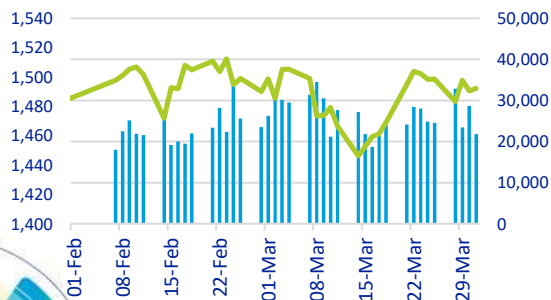
Organization	Latest projection	Previous projection
World Bank	5.3% (April 2022)	5.5% (Jan 2022)
International Monetary Fund	7.2% (April 2021)	
The Asian Development Bank	6.5% (Dec 2021)	6.5% (Sep 2021)
Fitch Ratings	6.1% (March 2022)	7% (April 2021)
Standard Chartered Bank	6.7% (Jan 2022)	7.0% (Sep 2021)
HSBC	6.2% (April 2022)	6.5% (Jan 2022)

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 March

Statistics	March 2022			
Bloomberg Code	VNIndex			
Month Range (pts)	1,446.3 – 1,505.3			
Month End Index (pts)	1,492.2			
Month End Mkt cap (VNDbn)	5,939,044			
Month End Mkt cap (USDbn)	258.4			
Daily Avg Value (VNDbn)	26,576			
Gainers	247			
Laggards	164			
Net Foreign Trade (USDm)	-172.7			
Foreign Participation	6.5%			
Performance (%)	1M	3M	6M	12M
VNIndex	0.1	-0.4	11.2	25.2
VN30	-0.6	-1.0	3.8	26.1



The VNIndex closed March at 1,494.2 points, under the 1,500 level and almost unchanged over end of last month with the improved liquidity with average turnover increased by 13.8% in the backdrop of the Fed hike interest rate raising the concern about the stronger outflows of global investors from emerging markets. Along with many other Asia markets, foreign investors remained net sellers with a net sell of US\$172.7m for March. Meanwhile, the local retail investors keep increasing their share to 88% in total turnover of VNIndex. Most of sectors rose with improved liquidity but the VNIndex was flat on the month due to the biggest market capitalization sector, banks, declined 1.8% but the high growth of business results could be the driving force for banks prices in 2022.

VIC of Vingroup (+5.5%) was the leading contributor to the index on news of Vinfast's plans to build the first electric vehicle factory in United States, while fuel prices surging globally has emphasized the value of non-gas vehicles. VinFast is also considering a financing round aimed at raising up to US\$1bn in preparation for a prospective initial public offering (IPO) in the US. The second largest contributor was FPT (+14.7%), who signed agreement with Sierra Leone on digital transformation, contributing to affirming FPT's technological capabilities and its position globally. Novaland (NVL, +6.4%) has planned to issue 482.6 million NVL shares to its existing shareholders to raise its charter capital this year. This real estates group continuously expended its operation in recent months. In reverse, GAS (-8.2%), MSN (-8.8%), HPG (-4.4%) dropped after increases sharply in last month.

Top gainers & laggards for March 2022

Top 5 gainers	Avg Daily Trading Value (%m/m)	1M return
Health Care Equip. & Services	222.1%	16.1%
Technology Hardware & Equip.	96.0%	15.5%
Software & Services	197.7%	14.7%
Automobiles & Components	112.4%	9.7%
Retailing	22.4%	8.9%
Top 5 laggards	Avg Daily Trading Value (%m/m)	1M return
Energy	31.2%	-8.5%
Utilities	-16.7%	-5.8%
Diversified Financials	26.5%	-2.8%
Consumer Services	3.4%	-1.8%
Banks	-23.5%	-1.8%

Top gainers & laggards for 3M2022

Top 5 gainers	Avg Daily Trading Value (%m/m)	YTD return
Health Care Equip. & Services	222.1%	23.6%
Software & Services	197.7%	14.9%
Consumer Durables & Apparel	51.1%	14.7%
Technology Hardware & Equip.	96.0%	14.6%
Retailing	22.4%	12.4%
Top 5 laggards	Avg Daily Trading Value (%m/m)	YTD return
Diversified Financials	26.5%	-13.1%
Unclassified	43.7%	-5.0%
Real Estate	26.7%	-4.6%
Food, Beverage & Tobacco	47.2%	-2.0%
Household & Personal Products	49.6%	1.0%

- ❖ TNH of Thai Nguyen International Hospital which rose sharply by 19.6% in March giving the Health care equipment and services sector have highest price return in March. ICT sectors recorded high returns thanks to FPT, DGW, CMG. Real estates had positive trading month with gaining of 2.4% and increase 26.7% of turnover. Most of other sectors rose last month with improved liquidity.
- ❖ In the opposite direction, the VNIndex was flat on the month due to the biggest market capitalization sector, banks, declined 1.8% but the high growth of business results could be the driving force for banks prices in 2022. Energy with many gas and oil tickers declined 8.5% after 2 months of gaining. Securities company dragged diversifies financials sector decreased 2.8% in March.

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	1,836.3	31.2%	-1.8%	2.7%	14.92	2.45	1.75%	19.32%	-23.5%	1,627.4	3,454.5
2	Real Estate	49	1,265.6	21.6%	2.4%	-4.6%	36.81	3.24	6.34%	14.17%	26.7%	-2,932.0	-2,658.1
3	Food, Beverage & Tobacco	33	582.7	10.0%	0.4%	-2.0%	22.74	4.39	11.65%	24.25%	47.2%	-1,423.4	-6,749.7
4	Materials	64	559.0	9.5%	3.3%	3.9%	27.95	2.75	15.81%	28.08%	83.4%	324.0	-1,397.4
5	Utilities	28	357.1	6.1%	-5.8%	6.4%	21.52	3.16	10.15%	15.13%	-16.7%	-336.8	-69.4
6	Capital Goods	78	351.3	5.9%	5.0%	2.5%	54.14	3.08	4.68%	13.82%	36.9%	365.5	1,029.7
7	Transportation	28	229.2	3.9%	3.4%	10.5%	42.07	8.25	1.09%	-55.64%	22.8%	-189.2	-7.9
8	Diversified Financials	17	179.7	2.5%	-2.8%	-13.1%	13.70	2.86	9.57%	25.37%	26.5%	-1,022.6	-629.1
9	Retailing	9	127.7	2.1%	8.9%	12.4%	21.79	5.10	8.43%	26.62%	22.4%	5.8	-10.0
10	Software & Services	3	105.4	1.8%	14.7%	14.9%	22.86	5.22	8.70%	24.55%	197.7%	19.4	2.7
11	Energy	9	97.7	1.7%	-8.5%	4.8%	97.35	2.38	3.96%	10.49%	31.2%	-212.2	-423.6
12	Insurance	5	61.6	1.0%	6.9%	10.3%	21.94	2.09	2.11%	10.53%	71.0%	-41.4	-24.7
13	Consumer Durables & Apparel	18	57.7	1.0%	8.3%	14.7%	74.83	4.20	9.03%	17.50%	51.1%	291.1	423.2
14	Pharma, Biotech & Life Sciences	10	34.2	0.6%	0.0%	1.2%	19.85	3.10	13.20%	16.64%	-60.9%	-23.6	4.9
15	Technology Hardware & Equip.	1	12.6	0.2%	15.5%	14.6%	19.04	7.06	13.61%	44.57%	96.0%	-48.7	-56.0
16	Unclassified	13	12.5	0.2%	0.2%	-5.0%	15.84	1.84	3.63%	14.32%	43.7%	0.7	-8.9
17	Consumer Services	9	10.3	0.2%	-1.8%	10.6%	272.76	3.47	-5.12%	-5.15%	3.4%	4.7	4.8
18	Automobiles & Components	6	10.1	0.2%	9.7%	6.7%	20.58	2.06	6.98%	13.33%	112.4%	5.6	24.8
19	Commercial & Prof. Services	5	5.7	0.1%	7.7%	4.4%	15.86	1.79	8.44%	11.60%	95.7%	10.3	-10.5
20	Health Care Equip. & Services	3	4.8	0.1%	16.1%	23.6%	21.51	3.35	3.64%	8.43%	222.1%	51.2	156.1
21	Telecommunication Services	1	2.5	0.0%	8.0%	-3.7%	36.53	3.00	1.97%	8.55%	72.1%	-0.3	-0.6
22	Media & Entertainment	2	1.9	0.0%	0.6%	2.3%	39.11	2.57	5.00%	9.05%	44.8%	-44.1	-42.5
23	Household & Personal Products	1	1.7	0.0%	0.0%	1.0%	10.32	2.20	15.32%	24.14%	49.6%	-0.1	1.5
	VNIndex	426	5,939.0	100.0%	0.1%	-0.4%	17.33	2.63	2.51%	15.34%	13.8%	-3,970.0	-7,274.6
	VN30 Index	30	3,930.0	66.2%	-0.6%	-1.0%	14.09	2.69	2.91%	19.62%	-7.7%	-4,732.1	-11,393.5

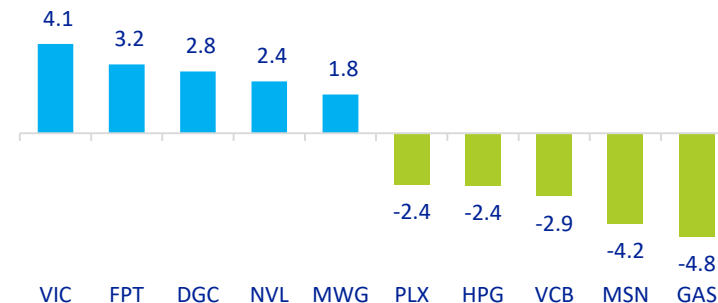
Source: Bloomberg, ACBS

Top 20 Market Capitalization (as at Mar 31, 2022)

No.	Ticker	Company name	Market Cap. (VNDtn)	1M return	YTD return	P/E	P/B	Remaining foreign room (%)
1	VCB	Vietcombank	388.5	-2.8%	4.2%	17.7	3.5	6.4%
2	VHM	Vinhomes	330.1	-2.2%	-7.6%	8.4	2.6	26.2%
3	VIC	VinGroup	309.7	5.5%	-14.6%		3.1	35.6%
4	BID	BIDV	220.0	-0.5%	17.3%	20.8	2.6	13.2%
5	GAS	PetroVietnam Gas	207.3	-8.2%	12.6%	23.9	4.1	46.2%
6	HPG	Hoa Phat Group	201.7	-4.4%	-2.8%	5.9	2.2	26.9%
7	TCB	Techcombank	174.0	-1.7%	-0.9%	9.6	1.9	0.0%
8	VNM	Vinamilk	169.1	3.2%	-4.8%	16.0	5.1	46.1%
9	MSN	Masan Group	167.9	-8.8%	-16.8%	19.6	5.1	20.6%
10	VPB	VPBank	165.4	-2.1%	3.9%	14.1	2.1	0.0%
11	CTG	VietinBank	155.9	-2.1%	-4.3%	11.1	1.7	4.3%
12	NVL	Novaland	154.6	6.4%	-12.0%	47.3	4.4	42.6%
13	GVR	Viet Nam Rubber Group	136.0	-0.4%	-8.0%	32.0	2.8	12.5%
14	MBB	MBBank	124.5	-4.2%	14.0%	9.8	2.1	0.0%
15	MWG	Mobile World Investment	106.7	7.2%	7.3%	21.2	5.2	0.0%
16	SAB	SABECO	102.0	-5.5%	7.6%	27.7	4.8	37.4%
17	FPT	FPT Corp	97.1	14.7%	15.1%	22.4	5.4	0.0%
18	ACB	Asia Commercial Bank	89.3	-2.5%	-4.2%	9.3	2.0	0.0%
19	VJC	Vietjet Air	76.1	0.3%	9.5%	62.7	4.5	13.2%
20	VRE	Vincom Retail	76.0	-0.1%	11.1%	57.8	2.5	18.7%

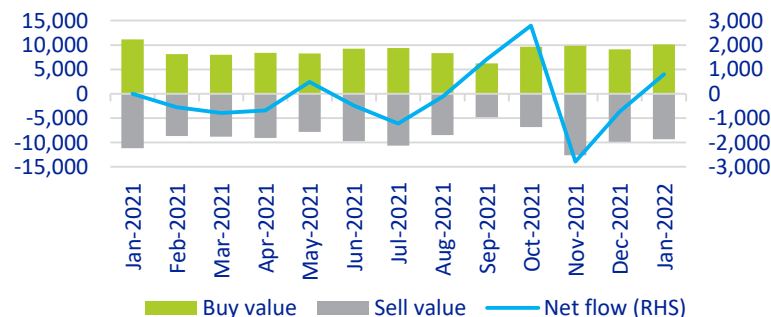
Source: Bloomberg, FiinPro, ACBS

Top contributors on VNIndex in March 2022



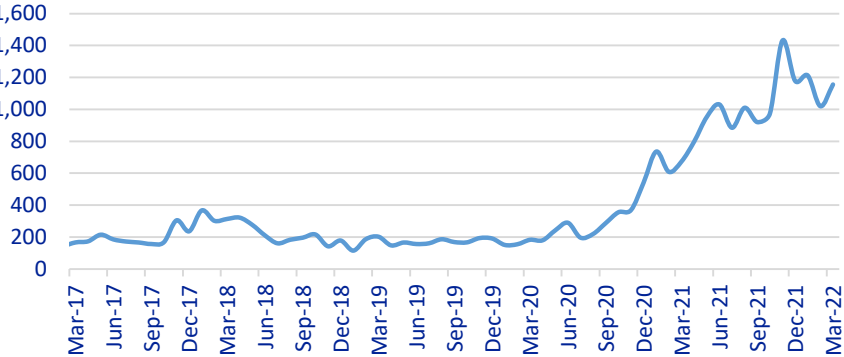
Note: Index impact (pts)

Net brokerage prop trading value into VNIndex (USDbn)



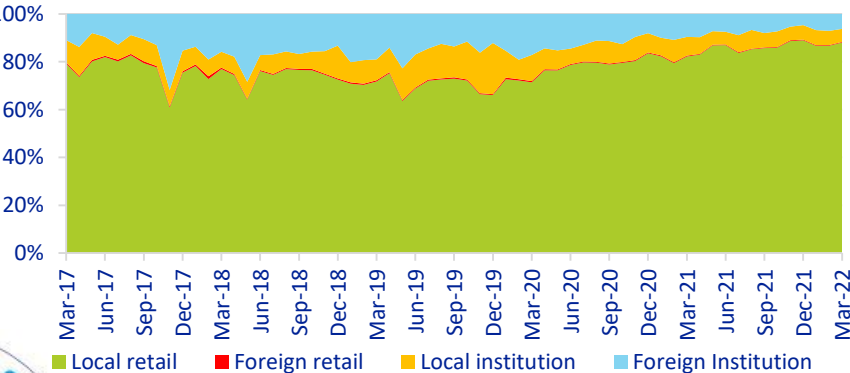
Source: FiinPro, ACBS

Average Daily Turnover (USDm)



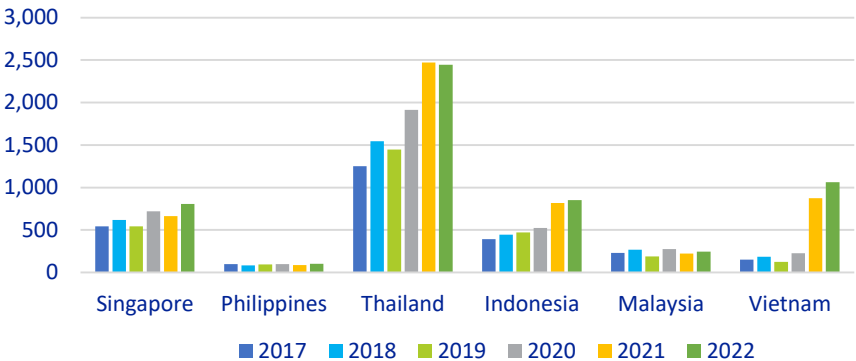
Source: Fiin Pro, ACBS

Market Turnover by Investors



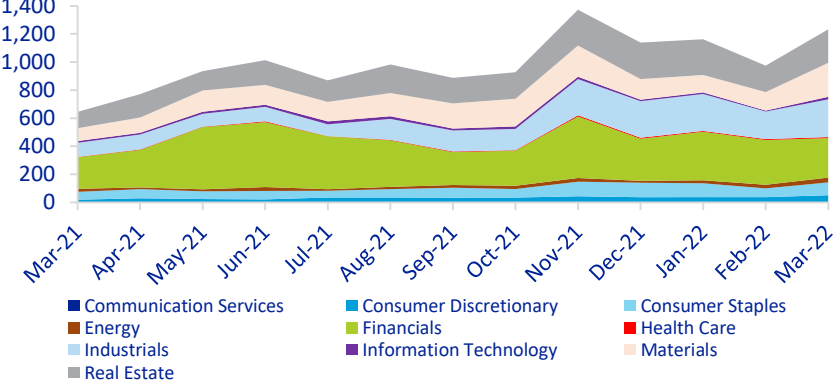
Source: Fiin Pro, ACBS

Average Daily Turnover of Asean markets (USDm)



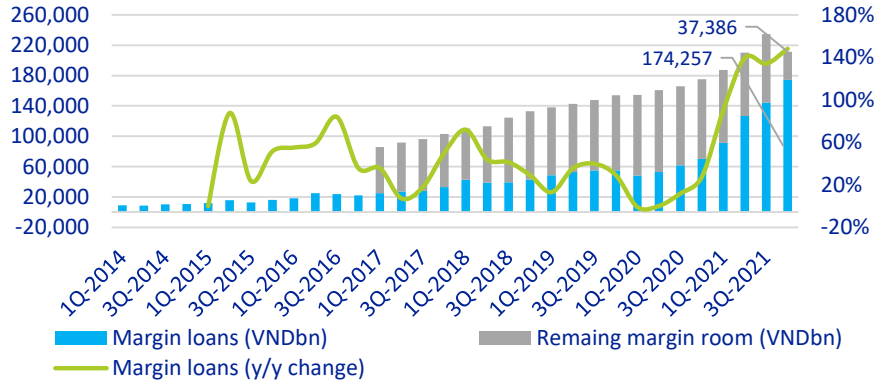
Source: Bloomberg, ACBS

Average Daily Turnover by Sector (USDm)



Source: Fiin Pro, Bloomberg, ACBS

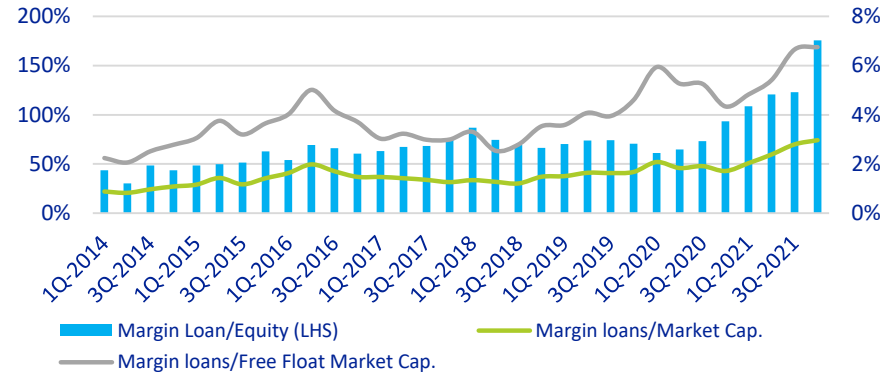
Margin outstanding



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

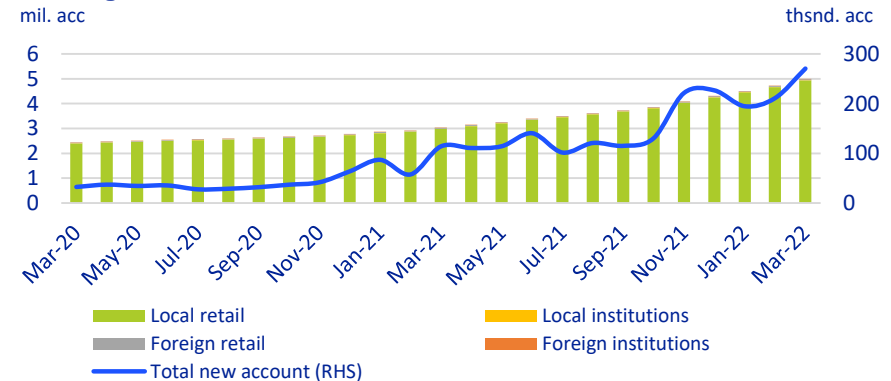
- ❖ Market-wide margin loans outstanding until December 2021 rose to VND 175 trillion, up 148% y/y and equivalent to 176% of equity, still well within the limit of 200%. The margin loans to free float market capitalization maintain at 6.7%. Recently, many securities companies tightened their margin policies to cope with market volatility along with the increased supervision of regulators to ensure compliance and market stability.
- ❖ New trading accounts opened in March reached a new record with 270,736 new trading accounts, higher 28% higher than previous month, mainly contributed by individual domestic investors. Generally, there are 4.97 million accounts until 31 March equivalent to approx. 5% of population, already reaching the government's goal of 5% by 2025

Margin leverage



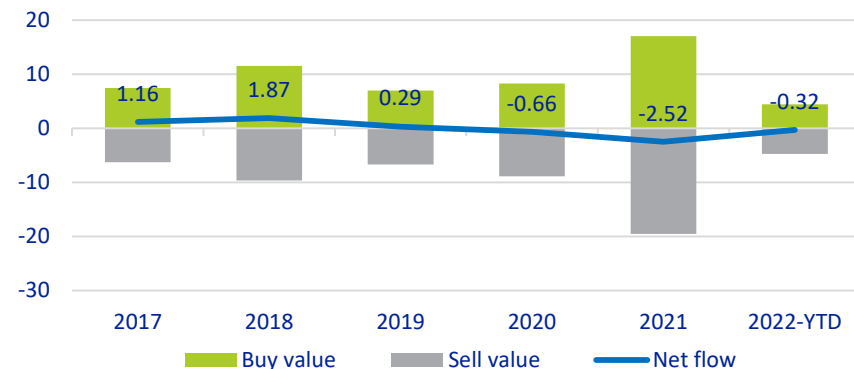
Source: Fiin Pro, Bloomberg, ACBS

Trading account



Source: GSO, ACBS

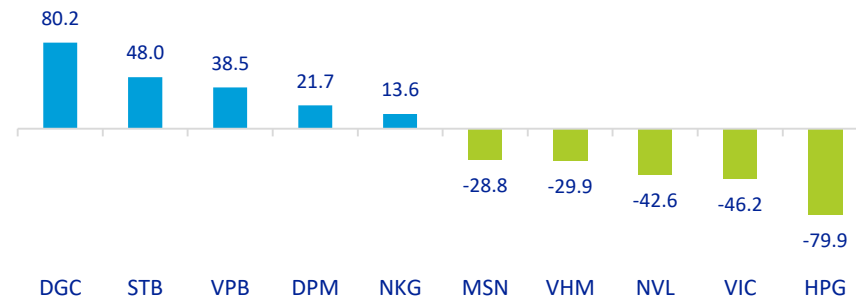
Net foreign flow into VNIndex (USDbn)



Source: FiinPro, ACBS

- ❖ Foreign investors flows continued to be negative, reaching a net sell of US\$172.7m as of 31 Mar 2022. In which, the foreigners reversed to net sold domestic ETFs with amount approx. of US\$17.5m in Mar.
- ❖ The highest outflows was in real estates sector such as VIC, NVL, VHM. The foreigners also net sold at FCMG sector with VNM, MSN, SAB.
- ❖ Ahead of the next expected Fed interest rate hike, the outflows of global investors signal stronger in many Asia markets such as Philippines, Vietnam, Taiwan, Japan, South Korea, India. However, ASEAN markets like Indonesia, Malaysia and Thailand received more capital thanks to their prospective economy which base much on commodities in the context of Ukraine crisis negative impact on global commodities supply.

Top foreign net buying on VNIndex in Mar 2022 (USDm)

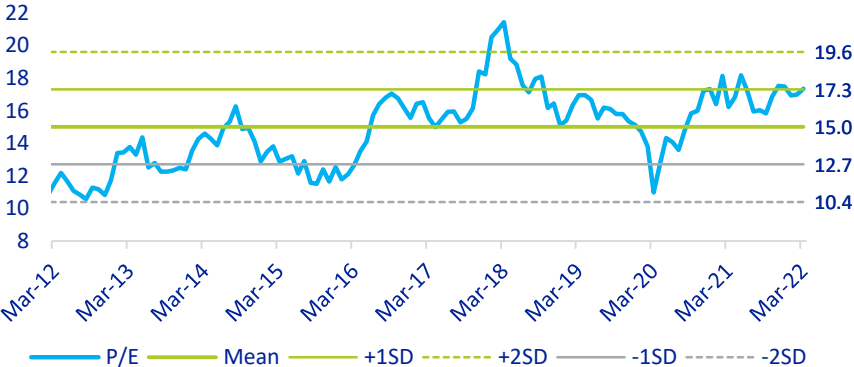


Source: FiinPro, ACBS

Markets	Net foreign flow 1M (USDbn)	Net foreign flow YTD (USDbn)	Market Cap. (USDbn)	Net foreign flow YTD as % market cap
Vietnam	-0.16	-0.31	258.4	-0.12%
Indonesia	0.53	2.18	619.4	0.35%
Malaysia	0.88	1.52	249.4	0.61%
Philippines	-0.20	-0.12	191.8	-0.06%
Thailand	1.13	3.36	598.7	0.56%
Taiwan	-9.43	-17.30	1,908.8	-0.91%

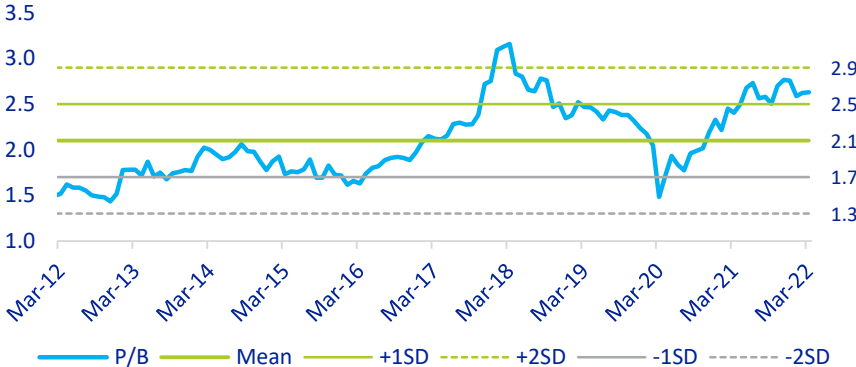
Source: Bloomberg, ACBS

P/E of VNIndex for 10 years



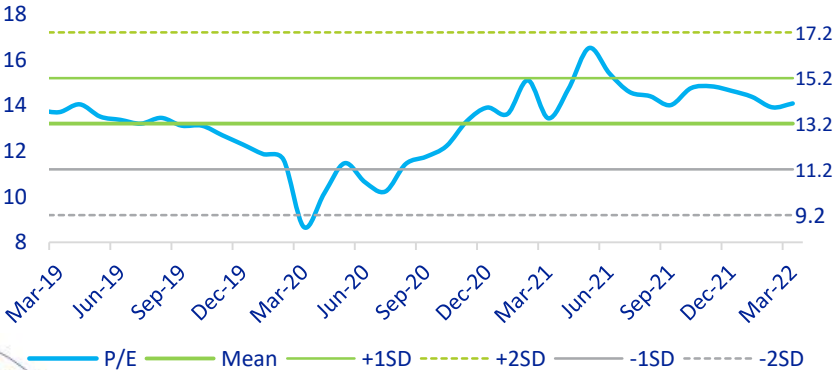
Source: Bloomberg, ACBS

P/B of VNIndex for 10 years



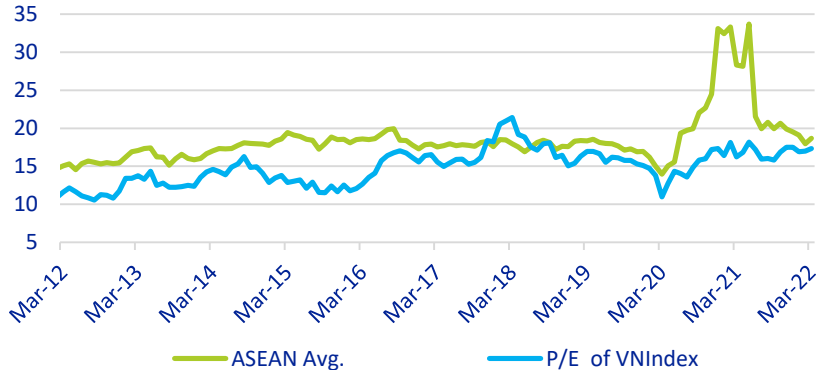
Source: Bloomberg, ACBS

P/E of VN30 for 3 years



Source: Bloomberg, ACBS

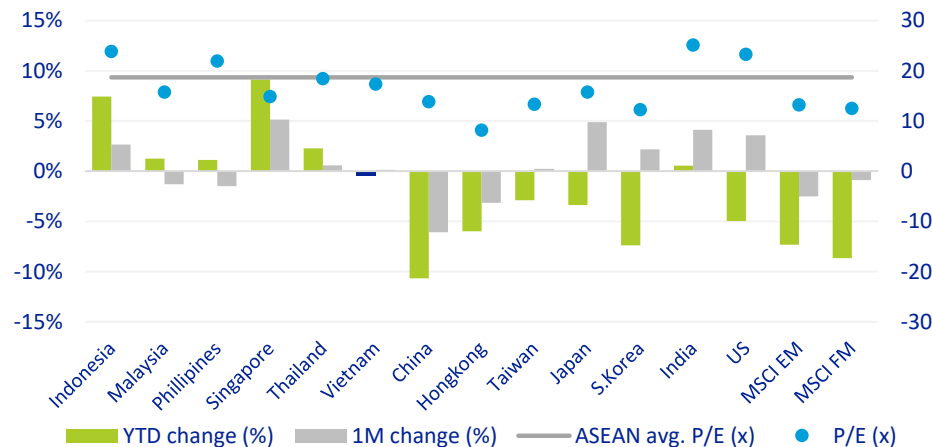
P/E of VNIndex and regional peers average



Source: Bloomberg, ACBS

Stock market valuation vs regional peers

Index comparison



Source: Bloomberg, ACBS

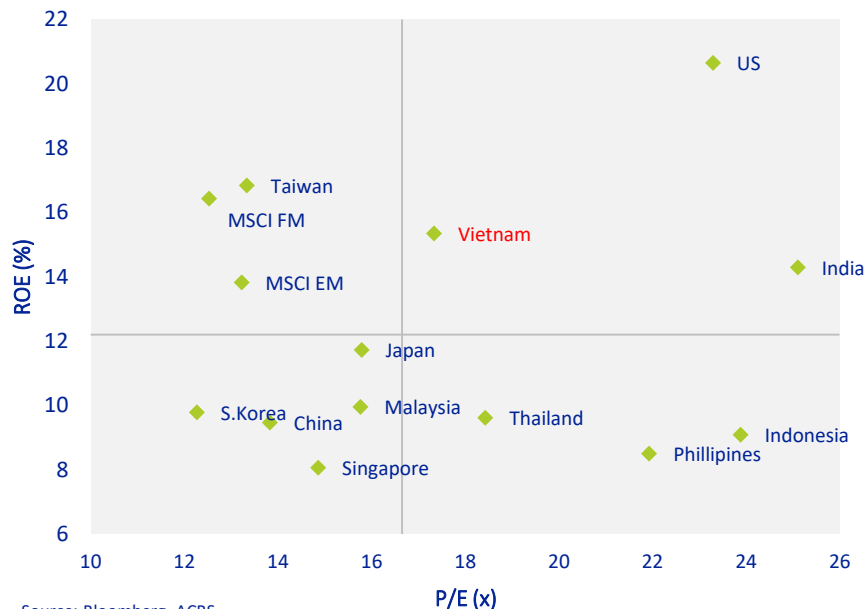
Earnings growth and forward P/E

Country	2022E EPS growth (%)	Mar '22 P/E (x)	2022F P/E (x)
Vietnam (*)	21.8%	17.3	14.1
Average	36.5%	18.7	14.5
Indonesia	161.3%	23.9	8.8
Malaysia	-1.1%	15.8	15.5
Philippines	23.2%	21.9	17.1
Singapore	9.8%	14.9	13.6
Thailand	3.9%	18.4	17.7

Source: Bloomberg, *ACBS

- ❖ While many markets in region and global traded in opposite directions, VNIndex almost stand on the spot from the beginning of 2022. When the world faced with many risks such as rate hiking of Fed or Ukraine crisis, the ASEAN markets have better performances in 3 months than other Asia markets thanks to its economic recovery after pandemic.
- ❖ The P/E of VNIndex rose to 17.33 from 16.98 last month but still lower than the average of ASEAN markets and maintain its attractive valuation with the forward P/E at 14.1 and earning growth at 21.8%, much higher than other peer markets.

Relation between P/E and ROE



Source: Bloomberg, ACBS

Market valuation



Source: Bloomberg, ACBS

- ❖ The current ROE of the VNIndex is about 15.3%, among the highest return markets. Given our projected 21.8% EPS increase for 2022, Vietnam's 3 year EPS CAGR from 2020-2022 would be approx. 19%, indicating that Vietnamese corporates have done a good job weathering the pandemic storm compared to regional peers. Along with the P/E forward at 14.1, VNIndex is relative attractive for the long-term investing compared with peer markets.

- ❖ In the short term, Vietnam opened its borders to international travel on March 15th, which will put a jolt in tourism related activities for 2022. The rising prices of crude oil, steel and rubber 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 new cases and serious cases of COVID-19 virus dropped sharply across the country and the COVID-19 epidemic in Vietnam is in the transition period from a pandemic to an endemic disease. Given the high vaccination rates in the country along with increasing access to therapeutics, we do not expect any major moves to impede the economic recovery. One of the most imminent risks at this time is the inflation storm globally could threaten the economic recovery and have negative impact on profit of companies in retail, logistics or manufacturing. Other sectors like banks and real estate could avoid the impacts of inflation but may be under pressure of the hiking rate of Fed which will increase the cost of international capital borrowing of projects developer in next time.

- ❖ Moving forward, we believe Vietnam's earnings are set to grow at 21.8% YoY driven by the banking, real estate and construction material sectors, as well as the recovery of domestic consumption post pandemic. Taking the 3 year average P/E of 16x and our base case earnings expectations, we estimate the index will end the year in the low to mid 1,700's level, equivalent to a 2022 F. P/E of ~14.1x from the end of March.
- ❖ The optimistic scenario is based on the resumption of international flights worldwide combined with a positive effect from the fiscal and monetary package of the Vietnam Government and that corporate earnings exceed our expectations. Based on that scenario, our earnings expectations would rise and we assume that earnings multiples would remain around their current levels, resulting in the index reaching an 1,900-2,000 point level and representing a 2022 F. P/E of ~13.6x from the end of February.
- ❖ Finally, the pessimistic scenario might happen with new COVID-19 variants, which results in Vietnam and many other countries enacting strict social distancing measures, that would in turn will delay the expected economic recovery or the war in Ukraine escalates to include more nations in the conflict which would have reverberating effects around the global economy and increase pressures on the inflation worldwide. This would result in earnings falling short of our expectations and market valuations dropping as apathy takes hold of the recent boon of new investors into the market. In this scenario, we could see the index struggle to post gains for the year and trade around the levels at the end of 2021.

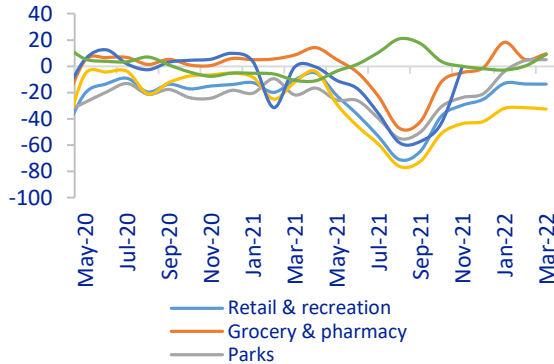
Three scenarios in 2022

Scenarios	VN-Index	Growth vs. Mar 31 th	2022 F.PE (x)
Pessimistic	1,457.5	-2.3%	14.8
Neutral	1,709.6	14.6%	14.1
Optimistic	1,949.3	30.6%	13.6

Year-end 2022 Index Points Sensitivity Matrix

		Earnings Growth							
		5.0%	10.0%	15.0%	21.8%	25.0%	30.0%	35.0%	40.0%
Earnings Multiple	14.0	1,291	1,353	1,414	1,498	1,537	1,599	1,660	1,722
	14.5	1,337	1,401	1,465	1,551	1,592	1,656	1,719	1,783
	15.0	1,383	1,449	1,515	1,605	1,647	1,713	1,779	1,844
	15.5	1,429	1,498	1,566	1,658	1,702	1,770	1,838	1,906
	16.0	1,480	1,550	1,621	1,717	1,762	1,832	1,903	1,973
	16.5	1,522	1,594	1,667	1,765	1,812	1,884	1,956	2,029
	17.0	1,568	1,642	1,717	1,819	1,866	1,941	2,016	2,090
	17.5	1,614	1,691	1,768	1,872	1,921	1,998	2,075	2,152

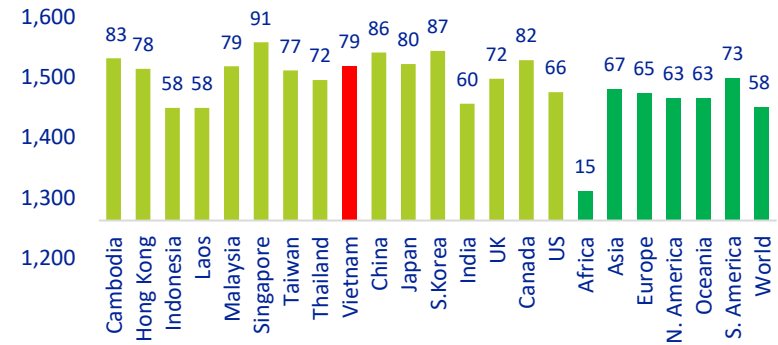
Vietnam Community Mobility



Vietnam new cases and VNIndex



Latest share of people fully vaccinated



- ❖ The new cases and serious cases COVID-19 dropped sharply across the country, down to below 100 thousand cases per day. Most of social activities resumed as pre-pandemic.
- ❖ Vietnam fully reopened international tourism and lifting all travel restrictions from March 15. As of March 17, Vietnam reaches mutual recognition of 'vaccine passports' with 17 countries, including the US, the UK, Japan, Australia, Belarus, India, Cambodia, the Philippines, the Maldives, Palestine, Turkey, Egypt, Sri Lanka, New Zealand, Singapore, Saint Lucia, and the Republic of Korean.
- ❖ Many countries are also easing most of COVID-19 restrictions such as Canada, Australia, European countries, some states of US.

- ❖ 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.
- ❖ We're monitoring the new COVID variant XE founded in the UK but public health experts say that recombinant variants are very common and often crop up and disappear on their own, and there's really no public health concern. The wave of quit job of medical force in Vietnam last months also needs attention. Currently, given the high vaccination rates in the country along with increasing access to therapeutics, we do not expect any major moves to impede the economic recovery.

TRADE

- ❖ Total turnover of imports and exports of Vietnam-Ukraine is quite small, about 0.1% for 2021, in which the largest item is wheat (USD81m, account for 6% of total imported wheat, while Australia account for 68%). Therefore, the effects of this market is insignificant.
- ❖ Regarding Russia, main export items to Russia in 2021 are coffee (USD173m, 6% of total, placed 5th), tea (USD19m, 9%, 3rd after Pakistan with 40%), exports to Russia just account of 1% of total foreign trade of Vietnam.
- ❖ Main imported items from Russia are:
 - ✓ Coal (USD527m, 12% of total coal, placed 3rd after Australia and Indonesia),
 - ✓ Fertilizer (USD144m, 10%, placed 2nd following China of 42%),
 - ✓ Wheat (USD14m, 1%).

The war and sanctions on Russia including the blockage of some Russian banks from the SWIFT international payments system as well as other international financial systems could reduce the supply of these items given difficulty of transportation and even in the case that Russia temporarily export fertilizers. However, we suppose that this impact is temporary and less influence to Vietnam than the rising of these items' prices in global market. Additionally, the Ruble depreciation could be advantage for Vietnam importers. Russia enterprises can join Unionpay, the money transactions system of China or use traditional methods for offshore trading, specially with Asia countries, so the trade expected to be resume to fill demand.

- ❖ Indirectly, the war and sanctions might disrupt global supply and raise the cost of transportation, made it harder to international transactions included Vietnam importers and exporters. Besides, this crisis could exacerbate the inflation concern, combined with refugee issues could influence to consumers in EU and US, two biggest Vietnam's importers.

Trade of some countries/ group of countries and Vietnam in 2021

Countries/ Groups	Value (USDm)		% of total	
	Exports	Imports	Exports	Imports
EU	40,122	16,892	11.9%	5.1%
ASEAN	28,861	41,134	8.6%	12.4%
UK	5,766	849	1.7%	0.3%
India	6,259	6,951	1.9%	2.1%
Taiwan	4,588	20,773	1.4%	6.3%
S. Korea	21,945	56,155	6.5%	16.9%
US	96,293	15,270	28.6%	4.6%
Russia	3,203	2,299	1.0%	0.7%
Japan	20,129	22,649	6.0%	6.8%
Australia	4,455	7,946	1.3%	2.4%
China	56,010	109,875	16.7%	33.1%
Ukraine	345	376	0.1%	0.1%

Source: GSO, ACBS

MANUFACTURING:

There are many sectors impacted by this war. In Vietnam, there are some specific industries will be affected included:

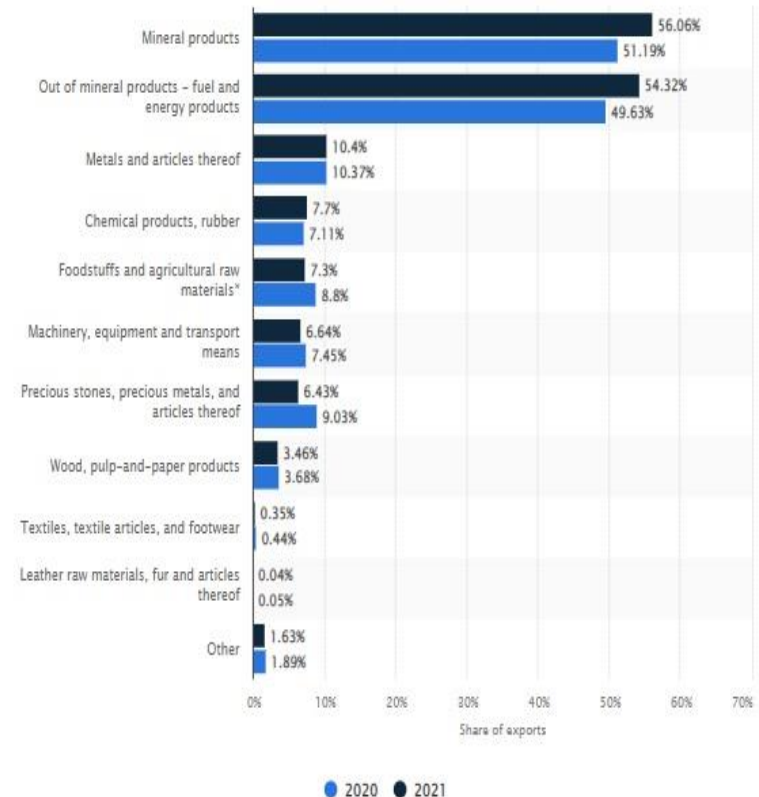
- ✓ **Electricity and steel:** The disruption of coal supplies could cause Vietnamese electricity and steel manufacturing difficulties given their dependence on coal in production.

Currently, many thermal power plants like Nghi Son 1, Vung Ang 1, Vinh Tan 2 ... have only enough coal to run one unit at 70% capacity, many units have even stopped working due to lack of coal. According to the Electricity of Vietnam (EVN), Vietnam Coal and Minerals Corporation (TKV) and Dong Bac Corporation, have tried to overcome difficulties in exploiting coal from domestic mines, importing coal for mixing. Vietnam is planning to import approximately 5 million tonnes of coal from Australia to deal with the shortage of coal for power generation

- ✓ **Oil exploration:** Vietnam and Russia have strong cooperation in oil sectors. The sanctions on SWIFT system could affect to transactions of two countries but we suppose this issues just in short-term.

Russian power engineering company Power Machines is seeking to withdraw from the billion-dollar Long Phu 1 thermal power plant project (the 1,200 MW coal-fired thermal power plant in Soc Trang province) in Vietnam due to U.S. sanctions. In 2018, Power Machines was subject to U.S. sanctions following the annexation of Crimea by Russia. Currently, the Long Phu 1 thermal power plant had been approximately 77.56% complete.

Export value distribution in Russia by commodity



Source: Statista

MANUFACTURING (cont'd):

- ✓ **Electronic and phone manufacturing:** the shortage of semiconductor chip making materials (Helium, supplied most by Russia) effects to global manufacturing of electronic products, phones and computers which are main exports items of Vietnam. These items imports of could be rise on prices and lengthen delivery time, negative impact on exporters.

This impact could come more slowly than other manufacturing thanks to well management on inventory of FDI companies.

- ✓ **Agriculture:** the disruption of fertilizers from Russia could rise the prices of this item and be the risk for global agriculture.

INFLATION

This war could contribute to inflation concerns in

- ✓ **Foods and food stuffs:** by the shortage of fertilizers, but this effect to Vietnam is negligible as Vietnam major fertilizer supplies come from China is greater and remain stable. Foods supply in Vietnam also abundant and have stability price.

Many items such as chicken meat, eggs... increased retail prices after many times of hiking gasoline and input cost, while other such as porks, vegetables maintained stability prices.

- ✓ **Energy:** the disruption of coal and oil could lead to increase cost of transportation and production in the world. From 31 March, the retail gas prices continued rise about 2.8% after rising of approx. 9% earlier. The gasoline was rising many times and the hiking is expected to be slow by reduction of environment tax and further supporting of authorities.
- ✓ **Materials:** Vietnam is still depend on many imports materials such as chemical products, electronic parts... The disruption of these items could lead to the increase of materials prices in global markets, affecting Vietnam's input costs.

- ❖ Divestment of state capital is expected to pick up thanks to the growth in the overall participation in Vietnam's equity markets. Additionally, the equitization and divestment of state capital is expected to be accelerated for mobilizing resources for the socio-economic recovery program, giving new investment opportunities to investors. 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.

Upcoming events

Event type	Date	Countries	Events
Market Classification	01-Apr-2022	Global	FTSE Global Equity Index - Interim Review
Holiday	11-Apr-2022	Vietnam	Death Anniversary of the Hung Kings
Economy	29-Apr-2022	Vietnam	Macro Indicators Releases
Holiday	02-May-2022	Vietnam	Public Holiday
Holiday	03-May-2022	Vietnam	Public Holiday
Index Review	12-May-2022	Global	MSCI Frontier Markets Indexes: Semi-Annual IR
Social-economy	23-May-2022	Vietnam	Opening the 3rd session of the 15th National Assembly

Ticker	Ex-right date/ Exercise date (*)	Countries	Events	Event type
FPT	07-Apr-2022 *	Vietnam - HOSE	Annual General Meeting	AGM
ACB	07-Apr-2022 *	Vietnam - HOSE	Annual General Meeting	AGM
GAS	15-Apr-2022 *	Vietnam - HOSE	Annual General Meeting	AGM
POW	19-Apr-2022 *	Vietnam - HOSE	Annual General Meeting	AGM
NVL	19-Apr-2022 *	Vietnam - HOSE	Annual General Meeting	AGM
STB	22-Apr-2022 *	Vietnam - HOSE	Annual General Meeting	AGM
NAV	22-Apr-2022	Vietnam - HOSE	Cash dividend VND800	Dividends
VIS	22-Apr-2022	Vietnam - HOSE	Delisting	Delisting

Upcoming events

Ticker	Ex-right date / Exercise date (*)	Countries	Events	Event type
HDB	22-Apr-2022 *	Vietnam - HOSE	Annual General Meeting	AGM
MWG	23-Apr-2022 *	Vietnam – HOSE	Annual General Meeting	AGM
MBB	25-Apr-2022 *	Vietnam - HOSE	Annual General Meeting	AGM
TPB	26-Apr-2022 *	Vietnam - HOSE	Annual General Meeting	AGM
VNM	26-Apr-2022 *	Vietnam - HOSE	Annual General Meeting	AGM
SAB	27-Apr-2022 *	Vietnam - HOSE	Annual General Meeting	AGM
CTG	29-Apr-2022 *	Vietnam - HOSE	Annual General Meeting	AGM
BID	29-Apr-2022 *	Vietnam - HOSE	Annual General Meeting	AGM
VCB	29-Apr-2022 *	Vietnam - HOSE	Annual General Meeting	AGM
VPB	29-Apr-2022 *	Vietnam - HOSE	Annual General Meeting	AGM
SSI	07-May-2022 *	Vietnam - HOSE	Annual General Meeting	AGM

Industry outlook

Industry:	FINANCIAL	Sub-sector:	BANK	Short term outlook:	POSITIVE	Long term outlook:	POSITIVE	Main ticker:	VCB, 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 strong recovering credit growth, +5.65% in Q4/21 and +13.61% 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-19 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 of listed banks and will likely to decrease in 2022 thanks to the economic recovery.

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. As of 21 Mar 2022, credit growth reached 4.03% (GSO), much stronger than the same period of last year (1.47%).
- Deposit interest rates may increase slightly by 0.5% in 2022 as system liquidity has been no longer abundant due to strong credit growth since the beginning of Q4/2021. However, 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 maintain NIM.
- 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:	POSITIVE	Long term outlook:	POSITIVE	Main ticker:	BVH, PVI
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Sector Overview

- According to the Insurance Association of Vietnam, in 2021, total insurance premium of the whole market was estimated at 159,458 billion VND, up 22% compared to the previous year, despite the epidemic situation. In which, insurance premium from new business was estimated at 49,549 billion VND, up 18.5% compared to the previous year. Social distancing due to COVID-19 in 3Q21 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.
- For the non-life insurance segment, total premium revenue in 2021 is estimated at VND 57,880 billion, up 3.98% compared to the previous year, lower than the growth rate of 6.63% in 2020.

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 grow at 1 digit rate annually 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 and is growing fast. The low interest rate environment attracts domestic investors to participate in the stock market. The number of newly opened securities accounts in 3M22 reached 676,700 accounts, 3 times higher than 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 5%. 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 is highly competitive. 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, thereby opening up many opportunities from this potential business segment for securities companies.

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.
- In 2021, 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).
- In 2021, 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 will recover.
- Sales events may be disrupted by the rising of COVID cases.
- Inflation concern may encourage asset speculation activities and increase clearance costs.
- 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 outlook

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.
- Inflation concern may encourage asset speculation activities and increase clearance costs.

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: In 4Q2021, 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 ppts YoY) in CBD and 11.4% (-1.5 ppts) in non-CBD.
- Hanoi: In 4Q2021, 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 ppts YoY) in CBD and 16.8% (+4.3 ppts) 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

- Open for international tourists from 15/3/2022.
- 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:	CONSUMER GOODS & SERVICES	Sub-sector:	FMCG	Short term outlook:	NEUTRAL	Long term outlook:	POSITIVE	Main ticker:	SAB, MSN, VNM
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Sector Overview

- Fresh food & FMCG accounted for the largest part of consumer's spending (before COVID-19: 26.8% in 2019 according to Kantar).
- Maintained stable growths prior COVID-19 thanks to increasing income per capita and consumer confidence. Stable macroeconomic conditions also contributed to the this industry's growth.
- Despite COVID-19, FMCG monthly spending per household has been consistently increasing over the past 5 years.
- 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. We saw a sharp hike in consumption of packaged food and dairy (+14% and 5% respectively in term of value in urban area – 12% and 11% respectively in rural area according to Kantar). On the other hand, beverage, specially alcoholic drinks, suffer the most (-2% in term of value in urban area and -8% in rural area).

Outlook / What to Watch

- For 2022, we expect the sectors that suffered last year will recover, 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. On the other hand, sectors that benefited during COVID-19 period might slowdown compare to last year (e.g. instant noodles, canned food).
- The Ukraine – Russia war and the disruption of global supply chains has lead commodity prices continue to go up thus negatively companies within the sector. Some more than others.
- 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 GOODS & SERVICES	Sub-sector:	FISHERY	Short term outlook:	POSITIVE	Long term outlook:	POSITIVE	Main ticker:	VHC, FMC, ANV, MPC
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Sector Overview

- Russian market contributes ~ 2% of Vietnam total fishery export, mostly shrimp, pangasius, surimi and tuna. Vietnam fishery's market share in Russia is also ~ 2%. In 2021, Vietnam fishery export turn over to Russia reached USD164mn, +21% YoY. There is a huge growth potential for Vietnam fishery in this market. With the current tensions between Russia and Ukraine, the growth momentum will be delay.
- Vietnam pangasius' main competitor is cod fish and Pollock from Russia. The US banned imports of Russian seafood on March 11th while EU tightened financial restrictions on Russia and banned 7 Russian banks SWIFT code on March 12th, which will block Russian companies of import-export activities. UK also announced a ban on Russian trades and imposed higher import tariffs for most products on March 15th. Spain considered to deny Russian ships access to Spanish ports.

Outlook / What to Watch

- US, EU and UK sanctions on Russia tension will benefit Vietnam fishery export.
- The recent surge in oil price will put high pressure on logistics costs for export.

Industry outlook

Industry:	CONSUMER GOODS & SERVICES	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 exceeded its target of reaching \$39bn for 2021.
- 2022 starts with positive results as textile & garment export value climbing by nearly 32% YoY in January. Tension between Russia and Ukraine might not be a major concern for the industry as textile & garment export value to these countries is humble (textile & garment export value to Russia accounted for ~1% of the total in 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:	CONSUMER GOODS & SERVICES	Sub-sector:	RETAIL	Short term outlook:	POSITIVE	Long term outlook:	POSITIVE	Main ticker:	MWG, FRT, PNJ
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Sector Overview

- An important component contributing significantly to the economic growth.
- 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 figure was 4.4% YoY in 1Q2022.
- 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:	MATERIALS	Sub-sector:	CONSTRUCTION MATERIAL	Short term outlook:	POSITIVE	Long term outlook:	POSITIVE	Main ticker:	HPG, HSG, HT1, KSB
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Sector Overview

Construction material

- World construction steel price increased to 795 USD/ton at the end of March (+6.7% MoM). The increase of construction steel price was inline with our expectation in the last report while Russian steel doesn't take a big account in global steel trade (less than 2%). According to the number provided by Bloomberg in middle of February, utilization rate of global steel industry is about 79%, so the world steel market can possibly increase their production to compensate the loss due to sanctions against Russian steel.
- From the report by Vietnam Steel Association (VSA) at the end of March, domestic construction steel price has increased to over 19,000 VND/kg, compared to the range of 16,500-17,000 VND/kg at beginning of 2022. Currently, domestic steel price is about 5% higher than global steel price.
- From the report of ministry of construction at the end of March, in the first 3 months of 2022, most construction materials has experienced an increasing from 10-15%. For example: cement +10% YTD, construction sand +12% YTD, brick +10%. The increase of construction material price comes mostly from increasing construction activities after Tet holiday and partly from increased coal price, which affect the input cost for cement and brick production.

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.
- Increasing construction activities after Tet is a good catalyst for construction material sector.
- The increased in construction material price can help material producers to maintain their gross margin while the increased in cost can be passed through to buyer in the theme of increasing demand for construction materials.
- We maintain our expectation for increasing iron ore prices with tight production guidance from large miners. Increasing fuel cost could also contribute to the increasing input cost of steel producers, leading to a slight contraction in gross margin for steel makers.

Industry outlook

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

- Domestic fuel price decreased 5.5% over March, which helped logistic companies to slightly reduce the input cost. Although crude oil price has gone under 105 USD/barrel, much lower than its peak of nearly 120 USD/barrel, domestic fuel price can hardly have a strong decrease while domestic fuel supply was tight since Nghi Son oil refinery had to cut its production from February due to financial issues.
- Currently, the shortage of dry container are still a big problem for sea transportation. Coming along with increased container hiring cost, many companies also have to pay for about 1,200 to 2,000 USD to book a container. Leasing fee for a container from Vietnam to the US is now about 18,000-22,000 USD/cont, which is 7 times higher than the beginning of 2020.
- Road transportation costs between Vietnam and China, a large channel for agricultural product exports could also increase with the increase of oil price. The slow approval conditions at Vietnam-China land borders was partially solved, but the due to high trade flow between Vietnam and China through road transportation, there are still thousands of trucks waiting at the border.

Outlook / What to Watch

- Increased container leasing fee in the theme of decreased domestic fuel cost can help logistic companies to expand their profit margin. With current demand for dry container and sea transportation, we believe that the leasing cost for container shipping can be maintain, then benefit the companies operating in sea shipping field.
- Although facing the problem of dry containers shortage, we believe sea transportation of Vietnam can still maintain the growth at 2%, same as 2021, in term of volume when many shipping lines which supply a large number of dry containers to Vietnam has been reopened after a long time being suspended.

Industry outlook

Industry:	LOGISTICS	Sub-sector:	AVIATION	Short term outlook:	NEUTRAL	Long term outlook:	POSITIVE	Main ticker:	HVN, VJC, SCS, NCT
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Sector Overview

- Domestic passengers in 1Q2022 declined by 13% YoY (13mn passengers) and domestic cargo declined by 5% YoY (98,000 tonnes) as new cases surge in many cities in Feb right before Tet New Year, including Hanoi. Preventive measures are eased since then and domestic passengers started to pick up again.
- Vietnam resumed international flights on Jan 1st 2022 and lifts all preventive measures on March 15th. As of end March 2022, 23 airlines in Vietnam resumed 67 routings connecting Vietnam to 20 countries worldwide. Compared to 2019 pre-COVID-19, only 8 countries are not connected with Vietnam yet via international flights (Brunei, India, Indonesia, Myanmar, Macau, Finland, Italia and Switzerland)
- The number of international passengers through Vietnam airports reached 321,000 passengers in 1Q2022, +176% YoY and air cargo reached 292,000 tonnes, +21.1% YoY.

Outlook / What to Watch

- The rising tensions between Russia and Ukraine have push Brent oil price to nearly USD120/barrel. This will represent a headwind for the airline industry and for Vietnam aviation sector to recover. As jet fuel represents approx. 30-40% of an air carrier's total cost, that will further damage the company's financial situation.

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

- Towards the end of 2021, early 2022 electricity consumption showed signs of recovery compared to previous period and utilization distribution shifting from hydropower to coal-fired thermal power and renewable energy.
- In February 2022, electricity production of the whole system reached 18.6bn kWh (+14.9% YoY); Accumulated 2M2022, electricity production output reached 39.59 billion kWh (+6.1% YoY), of which:
 - Hydropower contributed 10.85bn kWh, accounts for 27.4% total power output of the whole system.
 - Coal-fired thermal contributed 17.27bn kWh, accounts for 43.6% total power output.
 - Gas thermal contributed 4.38bn kWh, accounts for 11.1% of total power output.
 - Renewable energy contributed 6.65bn kWh, accounts for 16.8% of total power output
 - Imported energy contributed 318m kWh, accounts for 0.8 of total power output.
- Coal import price bullish trends since early 2022 will continue and affect competitiveness of thermal power plants. Newcastle coal futures broke record high at \$400 per ton early March and are now up almost 100% since the beginning of 2022 due to concerns over sanctions on Russia, Labor shortages in China due to COVID, flooding in some Australian mining areas and Indonesia's decision to ban coal exports in January. When the coal price increases, the contracted selling price (Pc) for coal-fired thermal plants also increases. Therefore, revenue from the contracted sale of coal-fired power plants (usually 80-90% of total output) using the adjusted coal input price will increase, while the profit will be almost unaffected. However, the profit from the portion of electricity sold in the competitive generation market (CGM) of these plants will be affected by the increase in fuel costs while the market price (Pm) in this market is not adjusted accordingly. Profit of coal-fired thermal plants with higher sales volume in the CGM market will be more affected by the increase in coal price. In addition, increasing coal price will affect coal-fired thermal plants competitiveness as EVN reduce utilization for this group and prioritize other sources of generation such as renewable energy.

Outlook / What to Watch

- In 2022, National Power Transmission Corporation (EVNPT) 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 Nov 1, 2021 deadline), especially in Ninh Thuan, Binh Thuan & 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 Jul 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

- After surged strongly to USD131/barrel beginning of March due to Russia-Ukraine war, oil price fell to USD105/barrel in April amid growing concern toward extreme pandemic lockdowns in China, the potential of lifting sanctions on Iran oil and the release of US crude reserves.
- US announces that it is banning all import of Russian energy products while Britain will phase out Russian oil imports by the end of this year. EU splits on Russia oil sanction, in which Germany and Netherlands showed opposition to this.
- 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).
- However, Vietnam oil resource has been facing the depletion of natural oil resources. Most of large oil field have been exploited for long-time and are currently in the final stages while new discoveries are mostly small field with low reserves. The lack of exploration activities/ spending that was due to low oil price in previous years has led to the fall in increasing oil and gas reserve from 2016.

Outlook / What to Watch

Outlook

- Throughout 2022, oil demand is expected to increase thanks to ongoing rebound of economic activities, transport demand and vaccination progress. However, the growth will be slow due to other potential COVID variants as well as remaining fear of contamination.
- Sanctions on Russia oil & gas by some countries has put a lot of pressure to the current supply concerns. However, OPEC+ will add 432,000 barrel/day in May. Sanction on Iran and Venezuela oil may be lifted. More supply is also expected to come online from US and other non-OPEC countries in 2022-2023. This might mitigate gradually the current supply shortage.

RISK

- New COVID variant with high infectiousness and mortality drag oil demand down
- Imposed sanction on Russia oil
- 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, Pharmacity, 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.

Ho Chi Minh City Head Office

41, Mac Dinh Chi, Dist. 1, Ho Chi Minh City

Tel: (+84 28) 3823 4159

Fax: (+84 28) 3823 5060

Hanoi Office

10 Phan Chu Trinh, HoanKiem Dist., Ha Noi

Tel: (+84 24) 3942 9395

Fax: (+84 24) 3942 9407

RESEARCH DEPARMENT

Associate Director

Gigi Nguyen Binh

(+84 28) 3823 4159 (x250)

giaonbt@acbs.com.vn

Manager – Property

Truc Pham

(+84 28) 3823 4159 (x303)

trucptt@acbs.com.vn

Associate – Consumer-related, Technology

Chi Luong

(+84 28) 3823 4159 (x327)

chilkt@acbs.com.vn

Associate – Banking

Hung Cao

(+84 28) 3823 4159 (x326)

hungcv@acbs.com.vn

Associate – Consumer-

Media

Trung Tran

(+84 28) 3823 4159 (x351)

trungtn@acbs.com.vn

Associate– Oil & Gas

Hung Phan

(+84 28) 38234159 (x354)

hungpv@acbs.com.vn

Analyst – Industrials

An Phuc Tran

(+84 28) 3823 4159 (x325)

phuctta@acbs.com.vn

Associate – Construction materials

Huy Huynh

(+84 28) 3823 4159 (x325)

huyha@acbs.com.vn

Analyst – Technical

Phuoc Luong

(+84 28) 3823 4159 (x354)

phuocld@acbs.com.vn

Analyst – Derivatives, Macro

Minh Trinh

(+84 28) 3823 4159 (x352)

minhtvh@acbs.com.vn

DIRECTOR - HEAD OF INSTITUTIONAL CLIENTS

Tyler Cheung

(+84 28) 54 043 070

tyler@acbs.com.vn

Trading Manager

Huong Chu

(+84 28) 5404 6630 (x308)

huongctk@acbs.com.vn

Customer Support - Institutional Client

Thanh Le

(+84 28) 3823 4798

thanhln@acbs.com.vn

Trader

Thanh Tran

(+84 28) 5404 6626

thanhtt@acbs.com.vn

Trader

Phuong Chu

(+84 28) 3823 4159 (x357)

phuongctm@acbs.com.vn

Trader

Dung Ly

(+84 28) 3823 4159 (x313)

dungln.hso@acbs.com.vn

Trader

Nhi Nguyen

(+84 28) 3823 4159 (x315)

nhinp@acbs.com.vn

DISCLAIMER

Our Recommendation System

BUY: where we believe prospective 12 month VND total return (including dividends) will be 15% or more.

HOLD: where we believe it will be -15% to 15%.

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

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