

# VIETNAM MARKET OUTLOOK

**May 2022**

**Laying a solid foundation for continued recovery amid greater risks**

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Vietnam's industrial production continued its expansion with **IIP increasing 9.4% y/y** and **Markit PMI maintaining at 51.7** after dropping from 54.3 in February as output and employment returned to growth amid the fall of new Covid-19 cases, while the Ukraine war and lockdowns in China were leading to hikes in input prices. Although FDI pledges decreased 10.1% y/y at US\$1.9bn due to the spike of large scale projects last year, **disbursed FDI increased by 7.1% y/y** to US\$1.5b. The total **import-export turnover decreased 2.9% m/m** to US\$65.4bn, but was up 14.8% y/y and posted trade surplus at **US\$1.1bn**. Inflation rate maintain under control with the **CPI inching up 0.18%** over last month and **increased 2.64%** over the same period last year. **Interbank interest rates continued decrease** throughout April 2022 as liquidity of banking system stabilized. **The USD/VND rate** at central bank ended April at VND23,140 equivalent **to increase of 0.17% m/m** while the offer rate at Vietcombank (+0.5%) and free market (0.47%) went up stronger as the growing pressure from the strengthening US Dollar.

After months of sideways movements to start 2022, the VNIndex slumped from early of April and closed month at 1,366.8 points, a decrease of 8.4% over the previous month, as growing global uncertainties and domestic news of financial improprieties on both the listed and private debt and equity markets have dampened investor sentiment. Market sentiment in April bottomed on the 25<sup>th</sup> as the VNIndex edged down 4.9% and recorded the 2<sup>nd</sup> deepest drop in the markets history as the index touched over 80 points down. VNIndex recovered in last sessions of the month after reaching an intra-day bottom of 1261 points on 26 April, but liquidity on the market remained low. Trading values on the market were down 16% m/m but foreign investors turned to net buyers after 8 months of net selling. Apart from some ASEAN markets, the stock markets across the world sank in the red last month given economic uncertainties ahead of further rate hikes of the Fed and how China's lockdowns could effect to global supply chains and slow the economic recovery.

In the short term, the stock market in Vietnam, and many other markets globally, edged down in April due to growing risks. Despite improving economic indicators and inflation still be maintained within the government's plan, the VNIndex has experienced lower liquidity as local retail investors, many of whom have joined the market in the recent 2 years boom period, have been cautious during this period of volatility. However, the return of foreigner investors as net buyers in April combined with their trend of net buying stocks in other ASEAN markets in recent months can support the market in short term. Also, 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.

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

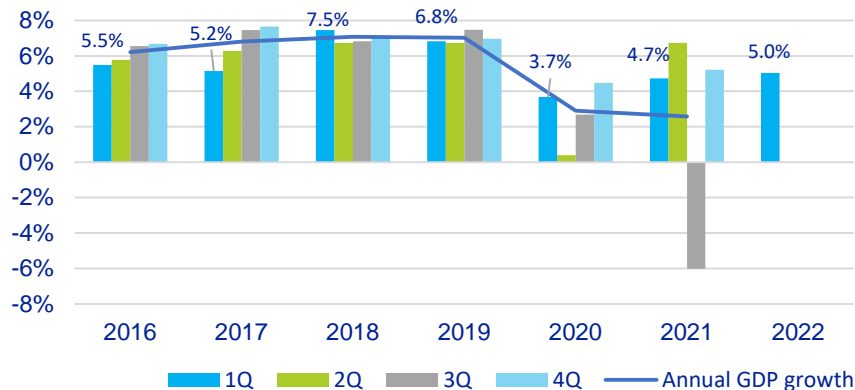


- ❖ Vietnam's industrial production continued its expansion with **IIP increasing 9.4% y/y** and **Markit PMI maintained at 51.7** after dropping from 54.3 in February as output and employment returned to growth amid the fall of new Covid-19 cases, while the Ukraine war and lockdowns in China were leading to hikes in input prices. Although FDI pledges decreased 10.1% y/y at US\$1.9bn due to the spike of large scale projects last year, **disbursed FDI increased by 7.1% y/y** to US\$1.5b. The total **import-export turnover decreased 2.9% m/m** to US\$65.4bn, but was up 14.8% y/y and posted trade surplus at **US\$1.1bn**. Inflation rate maintain under control with the **CPI inching up 0.18%** over last month and **increased 2.64%** over the same period last year. **Interbank interest rates continued decrease** throughout April 2022 as liquidity of banking system stabilized. **The USD/VND rate** at central bank ended April at VND23,140 equivalent to **increase of 0.17% m/m** while the offer rate at Vietcombank (+0.5%) and free market (0.47%) went up stronger as the growing pressure from the strengthening US Dollar.
- ❖ Gasoline prices reduced sharply two times on 1 April and 12 April and then increased slightly on 21 April. Generally, the gasoline prices decreased 4.1% in April thanks to the reduction of environment tax on fuel and oil by VND2,000 per liter for fuel applying from April 1, 2022 to December 31, 2022. Meanwhile, the retail cooking gas prices surged ~ 2.8% equivalent to VND 14,000/12kg from 1 April.
- ❖ The National Assembly (NA)'s Standing Committee has agreed to extend a pilot resolution 42/2017/QH14 on bad debt settlement which was set to expire on August 15 this year until the end of 2023. Additionally, The SBV has proposed legislating the policies specified in Resolution 42 into a new law to continually enable the banking industry to settle bad debts of credit institutions.
- ❖ The Ministry of Transport has issued Decision No 552/QĐ-BGTVT announcing the list of additional ports being added to Vietnam's seaport network. Ten new ports have been added to the list of Vietnamese seaports, bringing the total number nationwide to 296. The newly-added ports are Nosco port in Quang Ninh seaport; Long Son general port belongs to Nghi Son seaport; Hai Ha – Quang Tri petroleum port; Pacific Petro international petroleum port in Tien Giang province; Giao Long port in Ben Tre province; Duyen Hai 2 thermal power plant port in Tra Vinh province; Cai Mep Gemadept - Terminal Link port and Cai Mep general port in Vung Tau; VIMC Dinh Vu wharf and FGG in Hai Phong. The port system stretching from the North to the South have been promoting their role as a hub for goods trade in the context of the country's deep integration.

- ❖ The Business Climate Index (BCI) of European companies in Vietnam in Q1 reached its highest level, at 73 points, since the fourth coronavirus wave hit the country last April, increased by 12 points from the previous quarter and 58 points over the historic low of 15 in September last year.
- ❖ EVN and Vinacomin signed a memorandum of cooperation to secure energy supply for economic development, bringing the prospect to secure the coal supply for electricity generation and ensure electricity for the economic recovery and development of the country.
- ❖ Two border gates with China in the northern province of Quang Ninh have partly reopened on 26 April after two months of restrictions.
- ❖ China's central bank rolled almost two dozen measures and promises intended to boost lending and support industries that have been battered by recent COVID outbreaks and lockdowns. The 23 steps include everything from lending guidance for banks and promises to make it easier for companies to expand the cross-border use of the yuan, to general pledges for more credit or other financial support.

# GDP maintain recovery for the first quarter of 2022

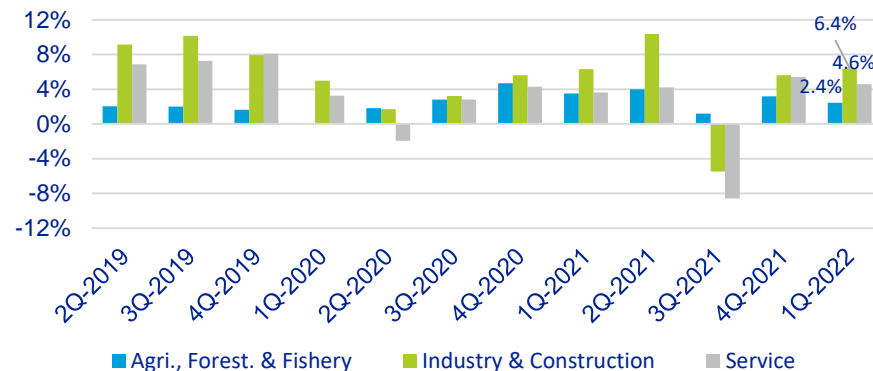
## Vietnam GDP growth by quarter



Source: GSO, ACBS

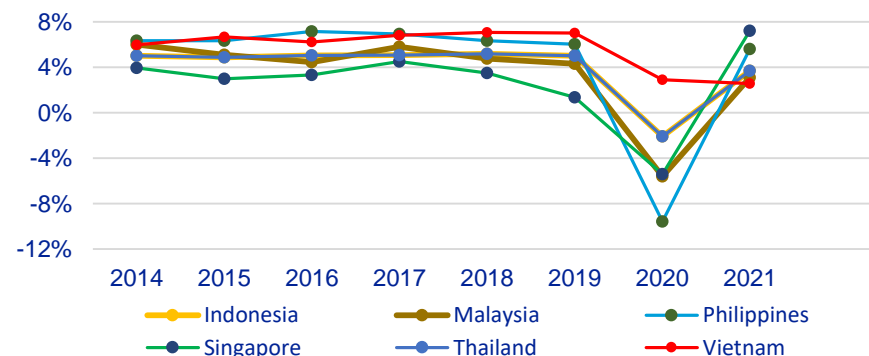
- ❖ Vietnam's GDP accelerated by 5.03% y/y in the 1<sup>st</sup> quarter of 2022, higher than growth of the 1<sup>st</sup> quarter in 2021 and 2020 but still lower than pre-pandemic years. In which, the industry and construction continued to play an important role in growth of economic with gaining of 6.4%, the agriculture-forestry-fishery increases 2.4% and service increased 4.6%.
- ❖ Regarding 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

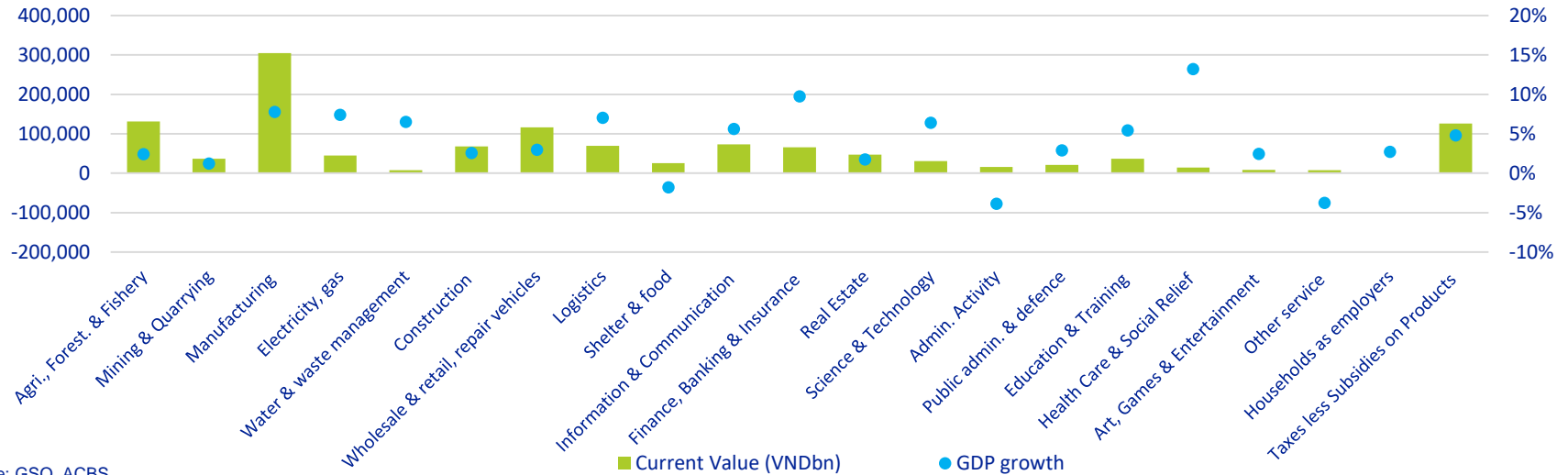
## Vietnam GDP growth and peer market



Source: World Bank, ACBS

# GDP breakdown by industry

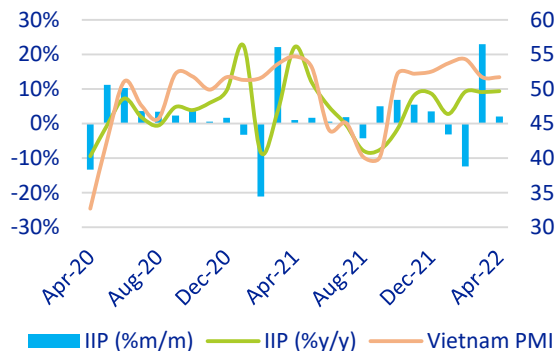
## GDP by Industry in 1Q2022



Source: GSO, ACBS

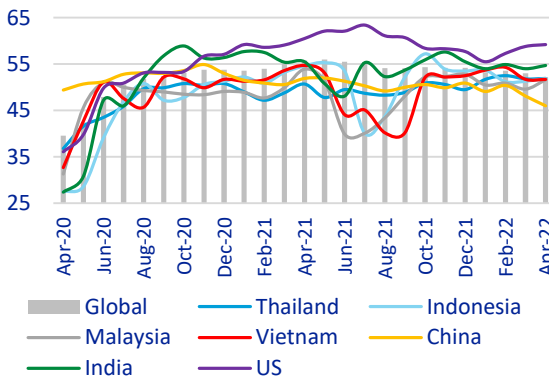
- ❖ Manufacturing (+7.79%) continued to be the leader of economic growth in the first quarter thanks to the strong FDI inflows along with rehabilitation of industrial production, following by Finance and banking (+9.8%) thanks to strong credit growth and development of securities market, Logistics (+7.1%) 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%).

## Vietnam IIP and PMI



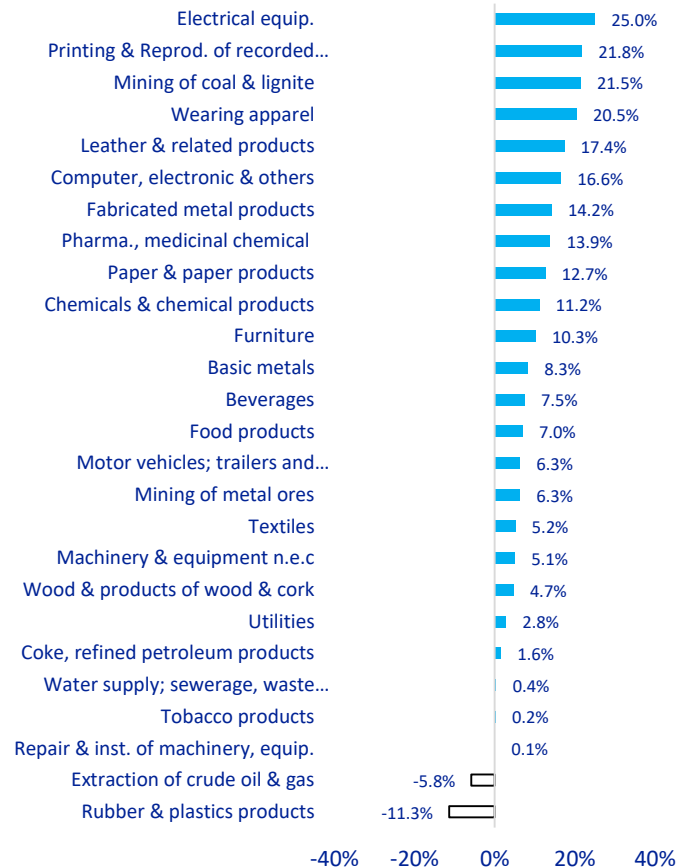
Source: GSO, IHS Markit, ACBS

## Vietnam PMI and other markets



Source: Bloomberg, IHS Markit, ACBS

## IIP April 2022 by industry



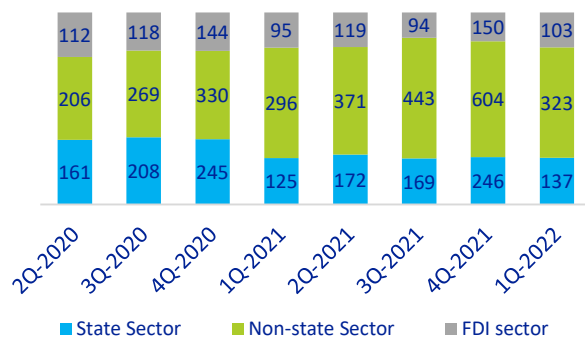
Source: GSO, ACBS

- ❖ The IIP in April increased by 9.4% y/y as most of industries recovered except extraction of crude petroleum & natural gas, rubber & plastics products and other mining & quarrying (stone, sand and clay). For 4 months, IIP increased by 7.5% y/y and registered the expansion in 61 provinces and contraction in 2 provinces. The highest growth provinces was Ha Giang (+33.2% y/y) and the lowest was Tra Vinh (-19.7%). Some notable products were clean coal (+9.3%), raw steel-iron (-5.9%), television (-18.9%), food for cattle (+4.6%), oil & gas (-9.7%), steel bar-angle bar (+15.2%), rolled steel (+9.6%). The number of employees working in industrial enterprises as of April 1st increased by 1.3% m/m and up 3.9% y/y.
- ❖ The Markit PMI continued in expansionary territory at 51.7, the output and employment returned to growth amid the fall of new Covid-19 cases, while the Ukraine war and lockdowns in China were leading to hikes in input prices. Meanwhile, the PMI of Global, Eurozone, European Union, Emerging market dropped in April. Meanwhile, some economics like ASEAN, US, South Korea, Australia had improved PMI thanks to production and new orders rise steeply. The PMI of China fall sharply to 46 from 48.1 last month due to strict Covid-19 lockdown in major cities.



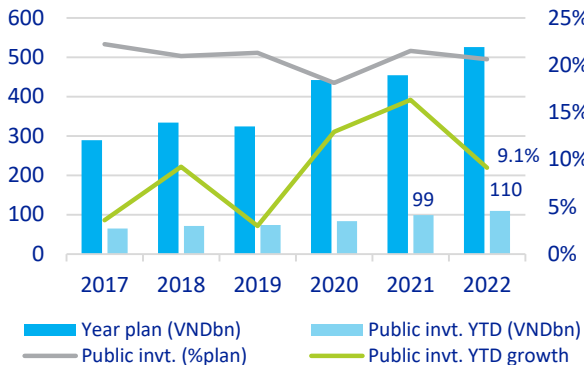
## Total investment disbursement

Unit: VNDtn



Source: GSO, ACBS

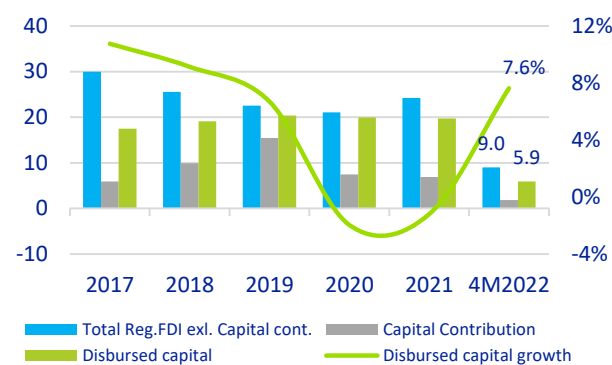
## Public investment in 4M



Source: GSO, ACBS

## FDI attraction by years

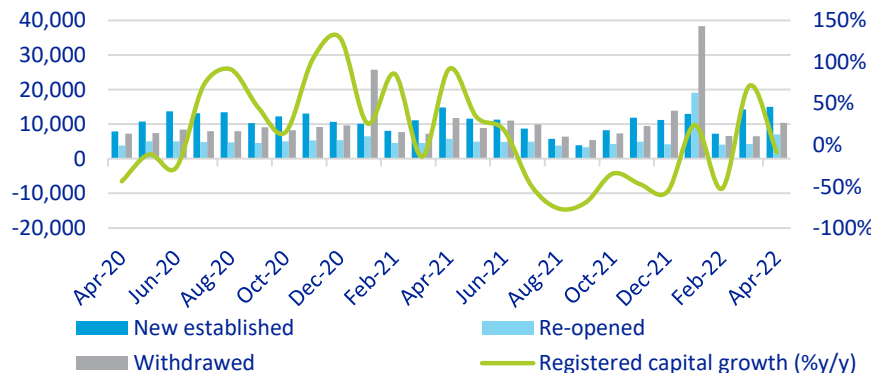
USDbn



Source: MPI, ACBS

- ❖ The total social investment increased by 8.9% y/y in the 1<sup>st</sup> 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 4<sup>th</sup> quarter of 2021 while FDI sector increased their contribution to 18.2%.
- ❖ In April, Vietnam spent VND33.5 trillion on public investment, an increase by 8.1% y/y, completing 20.6% of the annual plan in 4 months. Many projects are faced with several difficulties given the continuous increase in fuel prices and input materials as well as lack of road embankment materials, slow site clearances, financial shortfalls... put more pressure to contractors.
- ❖ In terms of the private sector, new registered enterprises rose strongly to 15,000 (+1% y/y), reopened enterprises recorded at 7,034 (+22.4%). Besides, the number of enterprises withdrawing from the market increased to 10,380 (-11.6%).

## Enterprises activities



Source: GSO, ACBS

Key projects in progress	Est. capital (VNDbn)	Implementation Progress
Long Thanh International Airport - Site clearance project	22,856	Plan to hand over all site in May and June of 2022
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	As of 31/12/21, disbursed capital estimated 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	40%, 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.

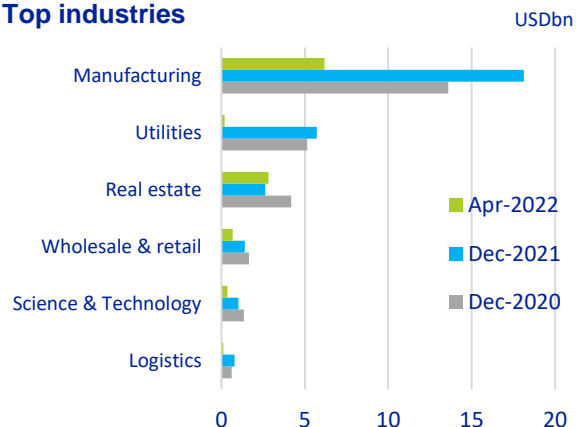
Resolution No. 44/2022/QH15 dated 11 Jan 2022 on investment policy of the East North-South expressway construction project in the 2021-2025 period.

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

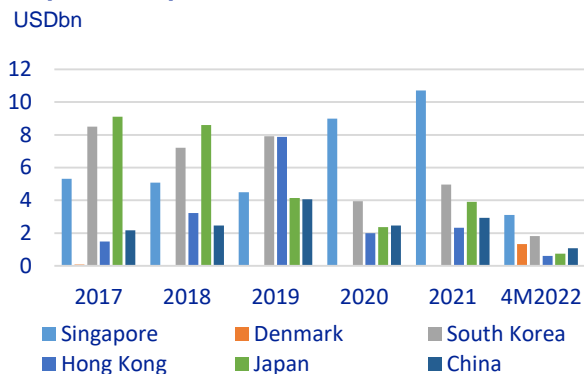
# Additional and contributed FDI capital rose strongly

## Top industries



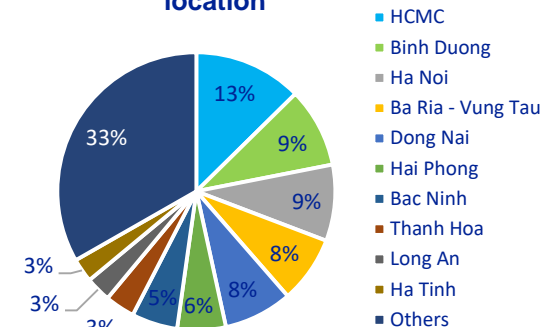
Source: MPI, ACBS

## Top counterparts



Source: MPI, ACBS

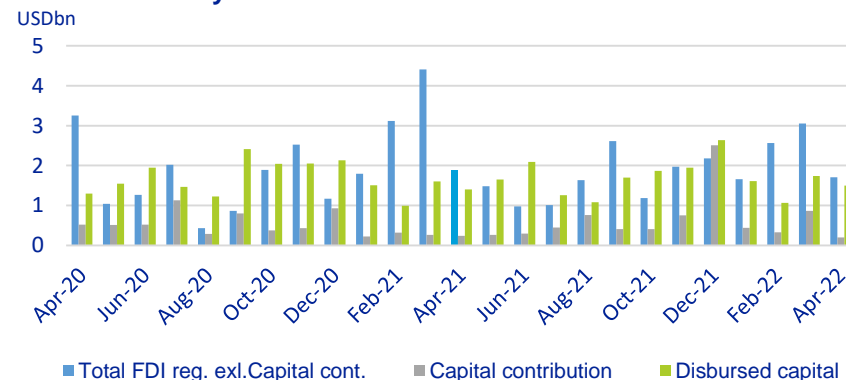
## Accumulated FDI as of April 2022 by location



❖ In April, disbursed capital increased by 7.1% y/y to US\$1.5bn while FDI pledges decreased 10.1% y/y at US\$1.9bn due to the spike of large scale projects last year. For 4 months, disbursed capital increased by 7.6% y/y to US\$5.9bn; there are 454 newly registered projects (+1%y/y) with registered capital of US\$3.7bn (-56%y/y), 323 projects that registered for additional capital (+23%) with US\$5.3bn (+93%) and 1,026 transactions of capital contribution (-11%) valued at US\$1.8bn (+75%).

❖ Manufacturing and processing keeps its leading role accounting for 57% of total FDI pledges. Denmark with one large project (Lego) was the 3<sup>rd</sup> counterpart in first 4 months.

## FDI attraction by months



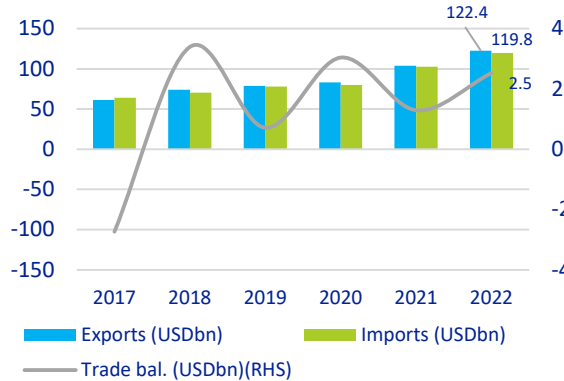
Source: MPI, ACBS

## 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.)

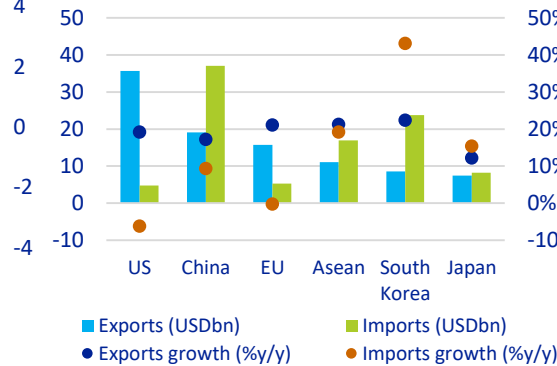
# Trade surplus nearly twice the same period of last year

## Foreign trade in 4M by years



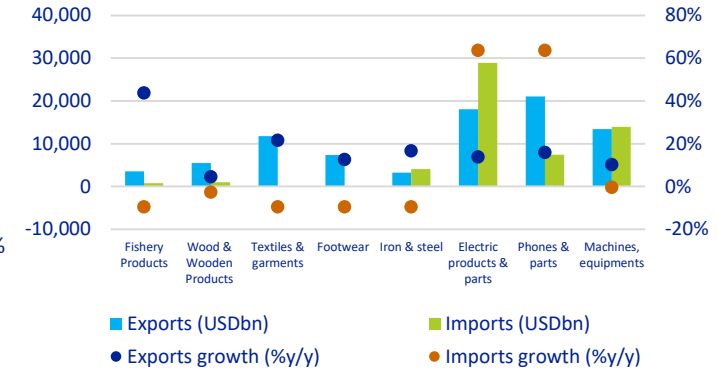
Source: GSO, ACBS

## Main EX-IM markets in 4M2022



Source: GSO, ACBS

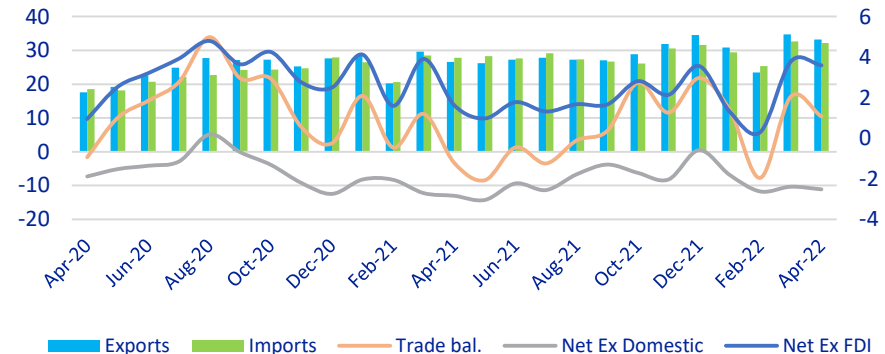
## Main EX-IM items in 4M2022



Source: GSO, ACBS

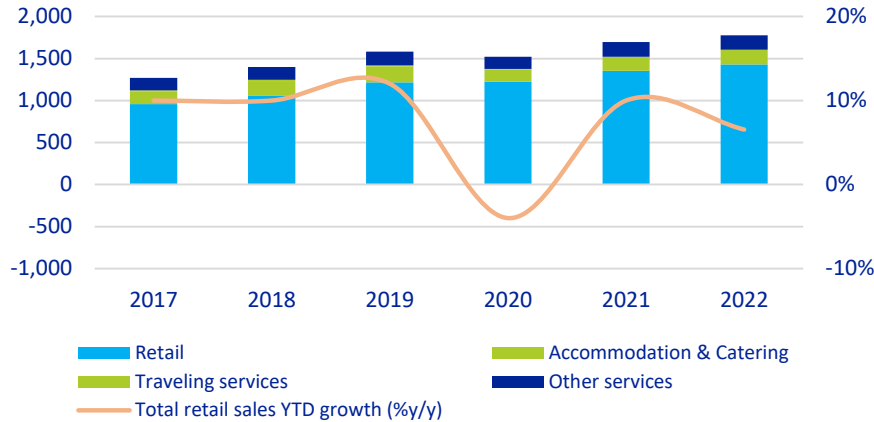
- ❖ Total import-export turnover in April was estimated at US\$65.4bn (-2.9% m/m, +20.5% y/y) and posted a trade surplus of US\$1.1bn. In which, exports amounted to US\$33.2bn (-4.2% m/m, +25% y/y), the imports was estimated at US\$32.2bn (-1.4% m/m, +15.5% y/y). For the first 4 months, Vietnam posted a trade surplus at US\$2.5bn, nearly twice the US\$1.3bn of the same period last year.
- ❖ In 4 months, exports to US increased 19% y/y, exports to China improved significantly with increase of 17% y/y. Meanwhile, imports from US continued down with decrease of 6%, imports from China down to growth of 9% as new shutdowns in major cities causing difficult to both importers and exporters.

## Foreign trade by months (USDbn)



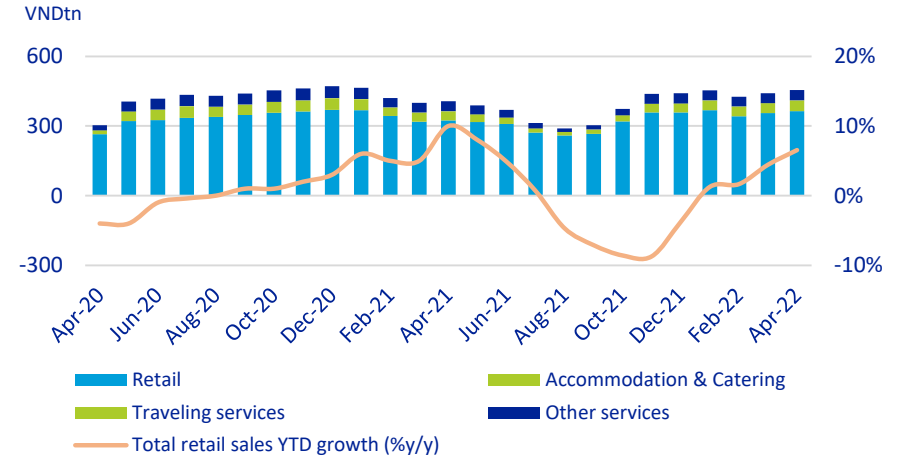
Source: GSO, ACBS

## Retail sales of goods and services in 4M



Source: GSO, ACBS

## Retail sales of goods and services monthly

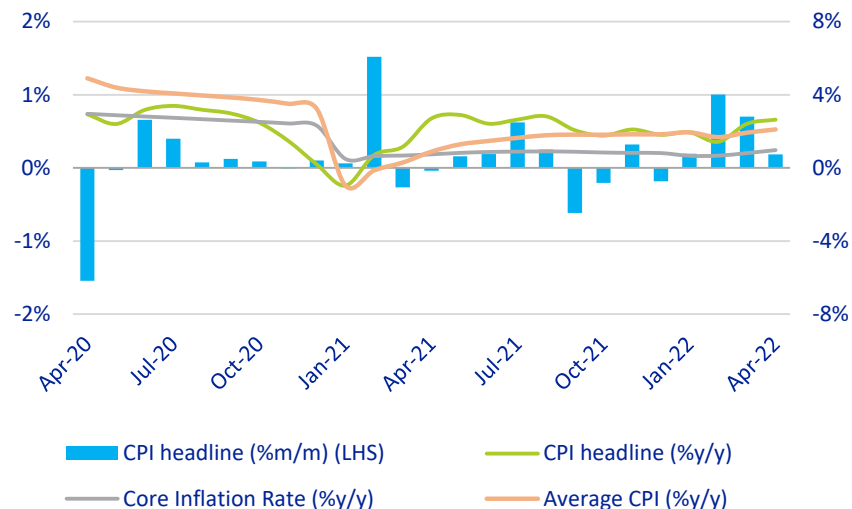


Source: GSO, ACBS

- ❖ Total retail sales of consumer goods and services in April were VND 455 trillion (+3.1% m/m, +12.1% y/y). In which, revenue of goods increased 12.4% y/y, accommodation and catering up 14.8%, traveling services surged 49.4% and other services up 6.7%.
- ❖ For 4 months, the total retail sales were estimated at VND1,777tn, up 6.5% y/y. Revenue of food and food stuffs up 13.2%, cultural and educational items up 11.5% y/y while some items declined such as transportation (-0.01%), garments (-3.5%), household tools & equipment (-4.6%).
- ❖ 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 15<sup>th</sup> 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 still under control

## CPI monthly



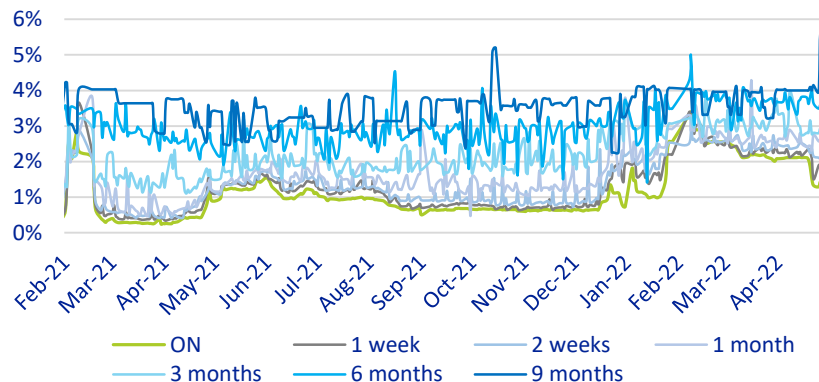
Source: GSO, ACBS

CPI Basket	Weight (%)	4/2022 (% m/m)	4/2022 (% y/y)	Avg 4M2022 (% y/y)
<b>CPI headline</b>	<b>100.0</b>	<b>0.18%</b>	<b>2.64%</b>	<b>2.10%</b>
Food and Foodstuffs	33.6	-0.05%	1.08%	0.43%
Food	3.7	0.21%	2.05%	2.15%
Foodstuff	21.3	-0.32%	-0.15%	-0.94%
Eating outside	8.6	0.51%	3.78%	3.17%
Beverage, cigarette	2.7	0.22%	2.73%	2.59%
Garment, footwear	5.7	0.12%	1.13%	0.93%
Housing and constrn. Materials	18.8	0.58%	2.72%	2.09%
Household appliances & goods	6.7	0.32%	1.65%	1.38%
Medicine, health care	5.4	0.03%	0.34%	0.29%
Transportation	9.7	-0.59%	16.59%	16.21%
Postal services, Telecom.	3.1	-0.12%	-0.50%	-0.61%
Education	6.2	0.96%	-2.31%	-3.15%
Culture, entertm't. & tourism	4.6	1.16%	1.79%	0.61%
Other goods, services	3.5	0.18%	1.90%	1.57%

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

- ❖ The consumer price index (CPI) in April increased 0.18% over last month and increased 2.64% over the same period last year. This increase was equivalent to the same period of previous years. Most goods and services price hikes have been impacted by the surge in gasoline prices in recent months after a long time of price stabilization, however the transportation rose slower than last month thanks to gasoline prices was discounted by 4.1% in April. The core CPI continued to extending by 0.44% m/m and 1.47% y/y.
- ❖ Compared to other countries, headline CPI in Vietnam is still low with 2.1% in 4 months 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.

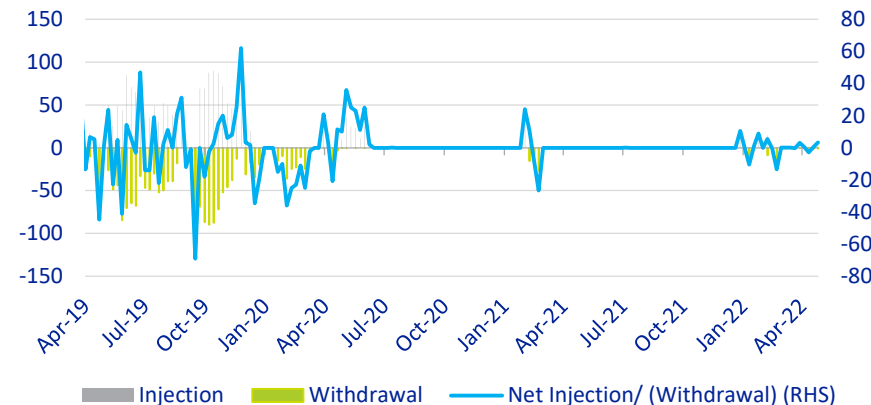
## Interbank Rate



Source: FiinPro, ACBS

- ❖ Interbank interest rates continued decrease throughout April 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. During April, the SBV had also pumped in over VND7tn into system which continued to support short-term liquidity and stabilized interbank rate in April.
- ❖ 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 (+6.75% YTD in April 2022 vs +4.17% YTD in April 2021), we expect that interbank rates will not return to low level of 2021 but will move in range 0.5-1% in upcoming months of 2022.

## Net Injection/ (Withdrawal) from OMO (VNDtn)



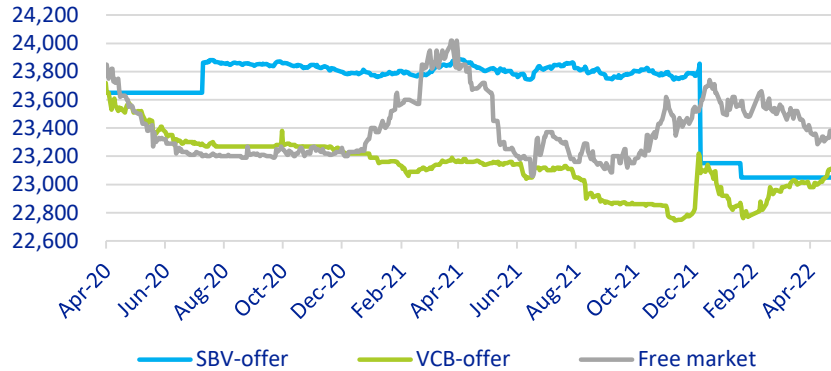
## Interbank Rate

	ON	1 Weeks	2 Weeks	1 Month	3 Month	6 Month	9 Month
Avg of April 2022	1.86%	2.14%	2.36%	2.60%	3.01%	3.69%	4.07%
+/- MoM (bps)	-36	-19	-17	-7	-13	7	38



# USD/VND rose given strong US Dollar

## USD/VND exchange rate

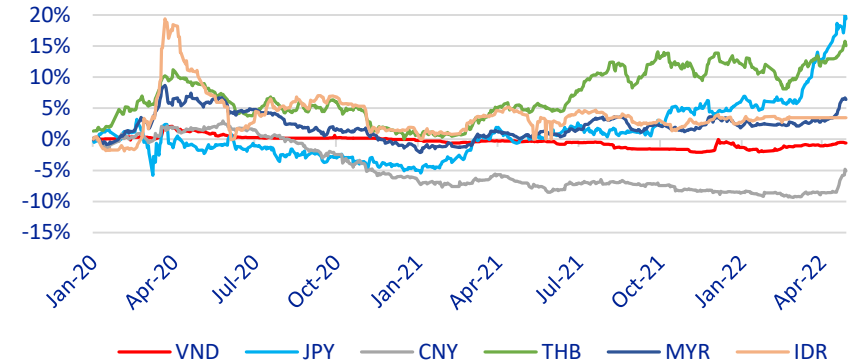


Source: Fiin Pro, ACBS

- ❖ The USD/VND rate at the central bank keep rising through the month and closed month at 23,140, increased 0.17% m/m while the rate at Vietcombank (+0.5%) and free market (0.47%) went up stronger as the growing pressure from the strengthening US Dollar. The US Dollar index increased 4.7% in April and exceeded the 5y peak thanks to the Fed's decision of hiking interest rate. Faced with this pressure, the VND is still more stable than other currencies which depreciated stronger in last month.
- ❖ Gold prices in the global market increased in first half of month and then dropped to US\$1,894/oz. (-2.17% m/m) as the investment capital flew to US Dollar and bonds. The domestic gold prices increased to VND70m/tael (+1.6% m/m), which represents an ~ 32% premium to global markets, strongly rose from the end of February at 28%.

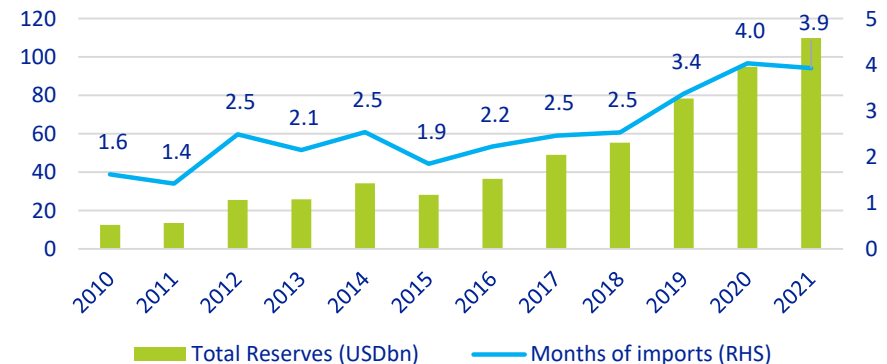
Foreign reserves have increased steadily in recent years and are at a safe level of approximate 17 weeks of imports to resist shock situations.

## USD/VND and other currencies



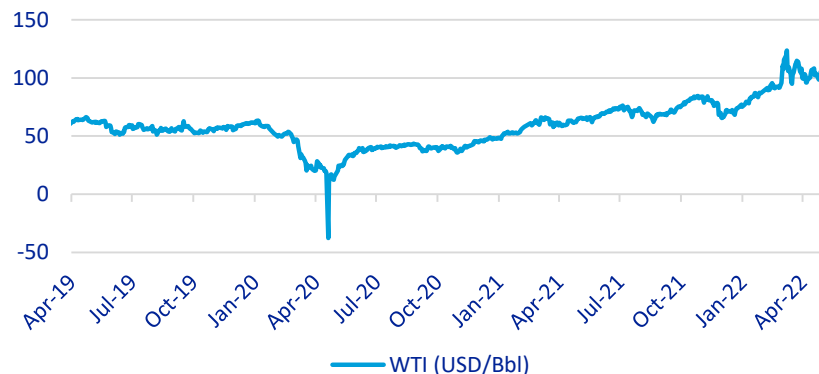
Source: Bloomberg, ACBS. Note: change relative to Dec 31, 2019

## Vietnam foreign reserves in months of imports



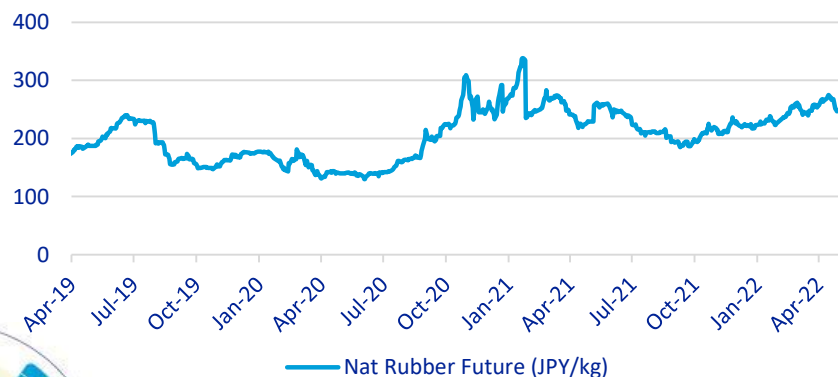
Source: WB, ACBS

## Crude Oil WTI



Source: Bloomberg, ACBS

## Natural rubber

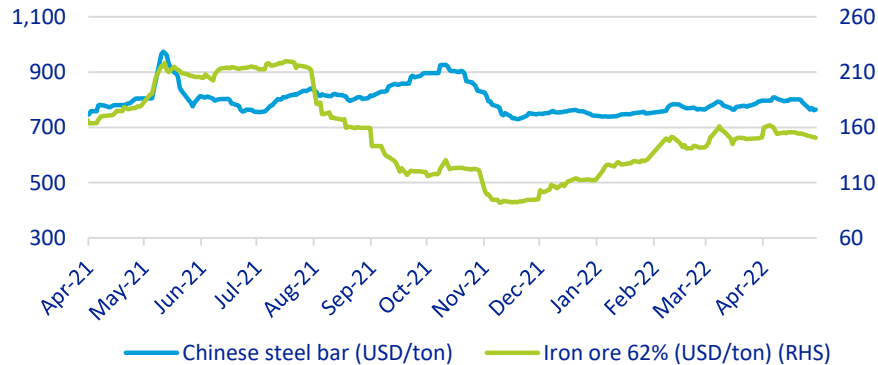


Source: Bloomberg, ACBS

- ❖ Oil prices traded over the US\$100 level through April and closed month up 4.4% over last month amid persistent supply concerns over the Ukraine crisis and prospect European ban Russia oil product. Besides, China's prolonged COVID-19 lockdowns raise worries on demand from this huge consumer. The determination of Saudi Arabia and the UAE not to boost oil production given their oil pact with Russia known as OPEC+ combined with the low target production of OPEC can be the key driver for global oil market, while the world economy would need a stable supply of oil for economic activities. The recovery of the global economy needs a sufficient amount of energy and oil takes an important role in global energy supply.

- ❖ The natural rubber futures on the Tokyo Commodity exchange rose in the first half of month but reversed to fall and closed April at JPY247, a decrease of 4% over last month while China's prolonged COVID-19 lockdowns raised worries about slowing demand. The supply of natural rubber is expected to be constrained given unfavorable climate conditions, when the average temperature for upcoming months is expected to be higher than last year, and labor shortages in major producing countries (Malaysia, Thailand, Vietnam due to low wages). Additionally, the Yen weakened against US Dollar makes Yen-denominated assets more affordable for buyers with other currencies.
- ❖ The demand of tires in main import markets like EU, China, US and India is expected to increase thanks to the economic recovery. 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

- ❖ 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 in China reversed to fall in April after 4 months of rising and closed month with the decrease of 23% over last month amid the strict lockdowns in China and demand expectation depressed given the crude steel output cut. On the other hand, the Russia-Ukraine war has led to the revival of coal burning in EU, US amid the natural gas shortage and electricity use surged after Covid-19 restrictions were lifted. The supply disruption in short-term is still a worry as supply from Australia 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	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22
Industrial Production (% y/y)	11.8%	4.9%	-0.3%	-7.8%	-7.6%	-1.8%	8.2%	8.7%	2.8%	9.2%	9.1%	9.4%
Mining & quarrying	-5.9%	-4.9%	-10.9%	-2.8%	-13.0%	-8.2%	6.2%	-7.1%	-1.7%	2.2%	7.5%	2.3%
Manufacturing	14.4%	6.0%	0.7%	-9.3%	-6.5%	-0.8%	8.6%	10.9%	2.9%	9.7%	9.7%	11.3%
Prod & dist of electricity	12.7%	6.2%	1.7%	-1.9%	-11.7%	-4.8%	6.8%	9.1%	5.2%	11.9%	6.5%	2.8%
Water supply & waste treatment	4.1%	-0.1%	1.0%	-0.1%	-1.9%	-0.5%	0.4%	0.8%	4.1%	4.3%	-4.6%	0.4%
PMI	53.1	44.1	45.1	40.2	40.2	52.1	52.2	52.5	53.7	54.3	51.7	51.7
Retail Sales (% y/y)	-1.0%	-6.6%	-19.8%	-33.7%	-28.4%	-19.5%	-12.2%	1.1%	1.3%	3.1%	9.4%	12.1%
CPI (% m/m)	0.2%	0.2%	0.6%	0.2%	-0.6%	-0.2%	0.3%	-0.2%	0.2%	1.0%	0.7%	0.2%
CPI (% y/y)	2.9%	2.4%	2.6%	2.8%	2.1%	1.8%	2.1%	1.8%	1.9%	1.4%	2.4%	2.6%
Export Value (USDm)	26,193	27,204	27,865	27,228	27,026	28,870	31,870	34,592	30,845	23,420	34,710	33,258
Import Value (USDm)	28,267	27,659	29,112	27,338	26,666	26,130	30,610	31,623	29,449	25,380	32,660	32,189
Trade Balance (USDm)	-2,074	-455	-1,247	-110	360	2,740	1,260	2,970	1,396	-1,960	2,050	1,069
Disbursed FDI (USDm)	1,650	2,090	1,260	1,080	1,700	1,870	1,950	2,640	1,612	1,068	1,740	1,500
Registered FDI excl. Cap. Cont. (USDm)	1,483	978	1,007	1,638	2,614	1,184	1,971	2,181	1,658	2,568	3,050	1,710

# 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%	7.5%
Retail Sales	12.6%	10.6%	9.5%	10.2%	10.9%	11.7%	11.8%	2.6%	-3.8%	6.5%
Consumer Price Index	6.6%	4.1%	0.6%	2.7%	3.5%	3.5%	2.8%	3.2%	1.9%	2.1%
Export Value (USDbn)	132.03	150.22	162.02	176.58	215.12	243.70	264.34	282.53	336.25	122.36
Import Value (USDbn)	132.03	147.85	165.78	174.98	213.22	236.87	254.09	262.67	332.25	119.83
Trade Balance (USDbn)	0.00	2.37	-3.76	1.60	1.90	6.83	10.25	19.86	4.00	2.53
Disbursed FDI (USDbn)	11.50	12.35	14.50	15.80	17.50	19.10	20.38	19.98	19.74	5.92
Registered FDI (USDbn)	21.63	20.23	22.76	20.95	29.97	25.57	22.55	21.06	24.26	8.99

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		
	3Q-2021	4Q-2021	1Q-2022	Feb-22	Mar-22	Apr-22	Feb-22	Mar-22	Apr-22
Indonesia	3.5%	5.0%		2.1%	2.6%		51.2	51.3	51.9
Malaysia	-4.5%	3.6%		2.2%	2.2%		50.9	49.6	51.6
Philippines	6.9%	7.7%		3.0%	4.0%	4.9%	52.8	53.2	54.3
Singapore	7.1%	6.1%	3.4%	4.3%	5.4%				
Thailand	-0.3%	1.9%		5.3%	5.7%	4.7%	52.5	51.8	51.9
Vietnam	-6.0%	5.2%	5.0%	1.4%	2.4%	2.6%	54.3	51.7	51.7
China	4.9%	4.0%	4.8%	0.9%	1.5%		50.4	48.1	46.0
Hong Kong	5.5%	4.8%	-4.0%	1.6%	1.7%				
Taiwan	3.8%	4.7%	3.1%	2.4%	3.3%		54.3	54.1	51.7
Japan	1.4%	0.7%		0.9%	1.2%		52.7	54.1	53.5
South Korea	4.0%	4.1%	3.1%	3.7%	4.1%	4.8%	53.8	51.2	52.1
India	8.4%	5.4%		6.1%	7.0%		54.9	54.0	54.7
United States	2.3%	6.9%	-1.4%	7.9%	8.5%		57.3	58.8	59.2

❖ Despite fears that these events could slow Vietnam's growth prospects in upcoming quarters 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 which will push activities from FDI sector in term of investment and export.
- (2) The recovery of service sectors after relaxing all service businesses included reopening international tourism and normalization of transportation.

❖ 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%. Among the risks we're watching closely are increasing global commodities prices, especially on the food and transportation sectors, which have yet to result in major inflationary pressures in Vietnam as they have in many other countries. However, we expect 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

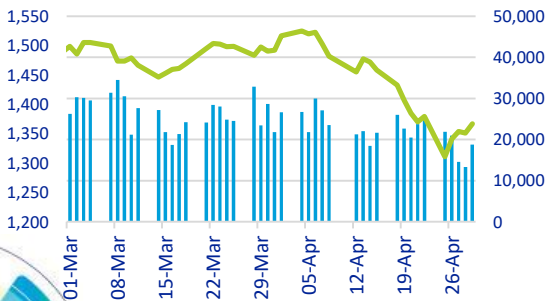
Organization	Latest projection	Previous projection
World Bank	5.3% (April 2022)	5.5% (Jan 2022)
International Monetary Fund	6.05% (April 2022)	7.2% (April 2021)
The Asian Development Bank	6.5% (Dec 2021)	6.5% (Sep 2021)
Fitch Ratings	6.1% (March 2022)	7% (April 2021)
Moody's	6.3% (April 2022)	
Standard 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 April

Statistics	April 2022			
Bloomberg Code	VNIndex			
Month Range (pts)	1,310.9 – 1,524.7			
Month End Index (pts)	1,366.8			
Month End Mkt cap (VNDbn)	5,454,737			
Month End Mkt cap (USDbn)	237.4			
Daily Avg Value (VNDbn)	22,312			
Gainers	62			
Laggards	351			
Net Foreign Trade (USDm)	169.4			
Foreign Participation	8.1%			
Performance (%)	1M	3M	6M	12M
VNIndex	-8.4	-7.6	-5.4	11.2
VN30	-6.0	-7.5	-7.5	9.5



After months of sideways movements to start 2022, the VNIndex slumped from early of April and closed month at 1,366.8 points, a decrease of 8.4% over the previous month, as growing global uncertainties and domestic news of financial improprieties on both the listed and private debt and equity markets have dampened investor sentiment. Market sentiment in April bottomed on the 25<sup>th</sup> as the VNIndex edged down 4.9% and recorded the 2<sup>nd</sup> deepest drop in the markets history as the index touched over 80 points down. VNIndex recovered in last sessions of the month after reaching an intra-day bottom of 1261 points on 26 April, but liquidity on the market remained low. Trading values on the market were down 16% m/m but foreign investors turned to net buyers after 8 months of net selling. Apart from some ASEAN markets, the stock markets across the world sank in the red last month given economic uncertainties ahead of further rate hikes of the Fed and how China's lockdowns could effect to global supply chains and slow the economic recovery.

BCM of Becamex IDC Corp (+19.3%) rose to become the leader of VNIndex as mass of huge investors such as Lego Group, CapitalLand invested into Binh Duong's real estate and many new projects were signed between BCM and big partners. VIC of Vingroup announced a plan to raise capital from an issuance of 525m USD in international bonds to fund development of VinFast's car development complex. Meanwhile, after filing for an initial public offering IPO with US securities regulators, Vinfast, the Singapore-based holding subsidiary company of VIC continued its attempt to raise further funds by seeking financing from the US government to support its expansion with a planned plant in North Carolina. Steelmaker Hoa Phat Group plans to develop aluminum, ore processing and aluminum electrolysis factories and a wind power plant worth US\$4.3 billion in the Central Highlands province of Dak Nong. This new businesses are expected to fulfill the steel process of this producer and optimization the resources. Masan Group is also extend its business to technology by taking a 25% stake in Vietnamese fintech startup Trusting Social valued at US\$65 million as the consumer conglomerate accelerates its transition to e-commerce.



## Top gainers & laggards for April 2022

Top 5 gainers	Avg Daily Trading Value (%m/m)	1M return
Retailing	59.6%	1.0%
Software & Services	90.0%	0.5%
Insurance	94.6%	-0.3%
Commercial & Prof. Services	1.5%	-1.4%
Technology Hardware & Equip.	41.5%	-2.1%
Top 5 laggards	Avg Daily Trading Value (%m/m)	1M return
Health Care Equip. & Services	-48.9%	-24.0%
Capital Goods	-25.9%	-21.8%
Diversified Financials	-13.8%	-20.7%
Media & Entertainment	-28.3%	-18.0%
Energy	-51.0%	-17.5%

## Top gainers & laggards for 4M2022

Top 5 gainers	Avg Daily Trading Value (%m/m)	YTD return
Retailing	59.6%	13.9%
Software & Services	90.0%	12.9%
Technology Hardware & Equip.	41.5%	12.2%
Insurance	94.6%	9.9%
Consumer Durables & Apparel	-7.7%	9.2%
Top 5 laggards	Avg Daily Trading Value (%m/m)	YTD return
Diversified Financials	-13.8%	-29.0%
Telecommunication Services	-16.3%	-20.0%
Capital Goods	-25.9%	-16.8%
Media & Entertainment	-28.3%	-15.9%
Energy	-51.0%	-11.7%

- While most of sectors were down in April along with the broader market decline, Retailing, Software & Services were only two sectors keep its rising thanks to FRT, MWG, CMG.
- In the opposite direction, most sectors experienced a difficult trading month, in which, insurance companies, keeping large low-cost capital, were expected to benefit from interest rate hikes were down just 0.3%; banks which be net bought from foreign investor down 6.9%. Other sectors supported from positive net flows of foreigners were retailing, Food, Beverage & Tobacco (with VNM, MSN), Capital Goods (with GEX, VGC).

# 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	1,679.4	31.4%	-6.9%	-5.9%	12.57	2.21	1.89%	20.04%	-11.6%	236.0	3,690.4
2	Real Estate	49	1,176.4	21.8%	-6.4%	-10.3%	37.04	3.05	5.71%	12.67%	-31.0%	43.1	-2,615.0
3	Food, Beverage & Tobacco	33	555.8	9.9%	-2.6%	-4.3%	20.30	4.26	12.23%	24.65%	-21.5%	1,134.3	-5,615.5
4	Materials	63	508.3	9.5%	-10.4%	-3.3%	22.68	2.41	18.38%	30.44%	-38.8%	-210.1	-1,606.7
5	Utilities	28	340.5	6.4%	-6.4%	2.8%	18.22	2.93	10.37%	17.13%	-25.8%	42.9	-26.5
6	Capital Goods	78	276.9	5.1%	-21.8%	-16.8%	39.71	2.31	5.08%	14.55%	-25.9%	570.0	1,599.8
7	Transportation	28	210.4	3.9%	-8.9%	2.3%	331.79	10.02	0.88%	-69.04%	-36.0%	355.4	347.4
8	Diversified Financials	17	149.9	2.2%	-20.7%	-29.0%	10.81	2.16	9.27%	25.26%	-13.8%	-456.2	-1,085.3
9	Retailing	9	129.6	2.4%	1.0%	13.9%	21.47	4.89	8.42%	26.06%	59.6%	1,455.3	1,445.3
10	Software & Services	3	103.5	1.9%	0.5%	12.9%	21.04	4.81	8.93%	24.86%	90.0%	34.5	37.2
11	Energy	9	82.0	1.5%	-17.5%	-11.7%	36.29	2.10	4.17%	11.03%	-51.0%	231.6	-192.0
12	Insurance	5	61.2	1.1%	-0.3%	9.9%	21.80	2.05	2.03%	10.41%	94.6%	-2.9	-27.7
13	Consumer Durables & Apparel	18	57.4	1.0%	-4.6%	9.2%	24.35	2.91	10.13%	17.77%	-7.7%	1.4	424.6
14	Pharma, Biotech & Life Sciences	10	32.2	0.6%	-4.3%	-3.0%	17.94	2.95	13.35%	17.13%	-36.3%	13.8	18.7
15	Technology Hardware & Equip.	1	12.6	0.2%	-2.1%	12.2%	16.17	6.19	15.13%	46.58%	41.5%	-22.4	-78.4
16	Unclassified	13	9.8	0.2%	-27.4%	-27.5%	12.54	1.38	3.66%	13.71%	-52.2%	9.0	1.0
17	Consumer Services	9	9.5	0.2%	-5.3%	5.2%	160.80	3.65	-5.34%	-5.41%	-54.6%	-8.4	-3.5
18	Automobiles & Components	6	9.5	0.2%	-2.7%	1.1%	20.49	1.90	6.72%	12.92%	67.1%	38.2	63.1
19	Commercial & Prof. Services	5	5.5	0.1%	-1.4%	1.2%	14.65	1.78	8.55%	11.73%	1.5%	-3.5	-14.0
20	Health Care Equip. & Services	3	3.7	0.1%	-24.0%	-2.1%	17.32	2.64	4.71%	9.95%	-48.9%	81.3	237.4
21	Telecommunication Services	1	2.1	0.0%	-16.4%	-20.0%	8.41	2.49	1.97%	8.55%	-16.3%	0.0	-0.6
22	Household & Personal Products	1	1.6	0.0%	-2.7%	-1.3%	9.82	2.03	14.97%	22.69%	-24.6%	-1.6	-0.1
23	Media & Entertainment	2	1.5	0.0%	-18.0%	-15.9%	19.63	2.54	7.11%	12.36%	-28.3%	-30.3	-72.8
	VNIndex	423	5,454.7	100.0%	-8.4%	-8.8%	14.91	2.31	2.56%	15.77%	-16.0%	3,914.8	-3,358.1
	VN30 Index	30	3,677.8	67.4%	-6.0%	-7.0%	12.31	2.39	2.96%	19.95%	-0.2%	1,205.2	-10,188.3

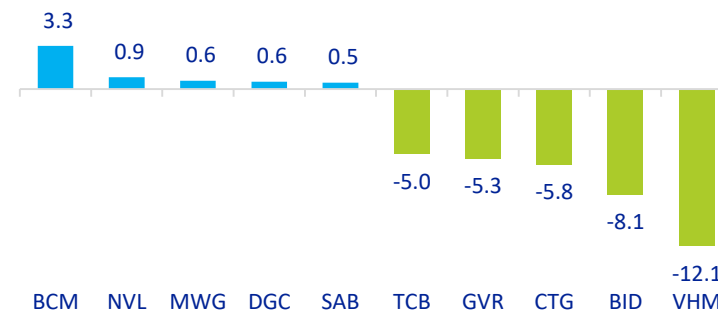
Source: Bloomberg, ACBS

## Top 20 Market Capitalization (as at April 29, 2022)

No.	Ticker	Company name	Market Cap. (VNDtn)	1M return	YTD return	P/E	P/B	Remaining foreign room (%)
1	VCB	Vietcombank	382.9	-1.2%	2.7%	17.5	3.5	6.4%
2	VIC	VinGroup	305.1	-1.0%	-15.9%	(128.3)	3.0	35.6%
3	VHM	Vinhomes	283.0	-15.0%	-20.7%	7.4	2.2	26.6%
4	GAS	PetroVietnam Gas	202.9	-5.3%	10.2%	23.4	4.0	46.1%
5	HPG	Hoa Phat Group	193.7	-5.6%	-6.7%	5.6	2.1	27.4%
6	BID	BIDV	188.4	-12.1%	0.4%	17.9	2.3	13.2%
7	MSN	Masan Group	164.3	-3.3%	-18.6%	16.5	6.0	20.4%
8	VPB	VPBank	163.1	0.8%	2.5%	9.4	1.9	0.0%
9	NVL	Novaland	159.9	-0.6%	-9.9%	48.5	4.5	42.5%
10	VNM	Vinamilk	155.1	-1.7%	-12.7%	14.7	4.7	45.6%
11	TCB	Techcombank	154.5	-10.0%	-12.0%	8.1	1.6	0.0%
12	CTG	VietinBank	133.4	-13.3%	-18.1%	10.8	1.4	4.3%
13	GVR	Viet Nam Rubber Group	115.4	-16.4%	-21.9%	25.7	2.3	12.5%
14	MBB	MBBank	112.6	-6.9%	3.1%	8.2	1.8	0.0%
15	MWG	Mobile World Investment	109.2	1.8%	9.8%	21.7	5.4	0.0%
16	SAB	SABECO	104.0	2.6%	9.7%	26.5	4.9	37.3%
17	FPT	FPT Corp	95.3	0.1%	12.9%	20.4	5.0	0.0%
18	BCM	Becamex IDC Corp.	88.9	19.3%	34.2%	63.3	5.5	46.3%
19	ACB	Asia Commercial Bank	88.4	1.1%	-5.2%	8.5	1.8	0.0%
20	VJC	Vietjet Air	70.4	-9.1%	1.2%	732.0	4.2	13.2%

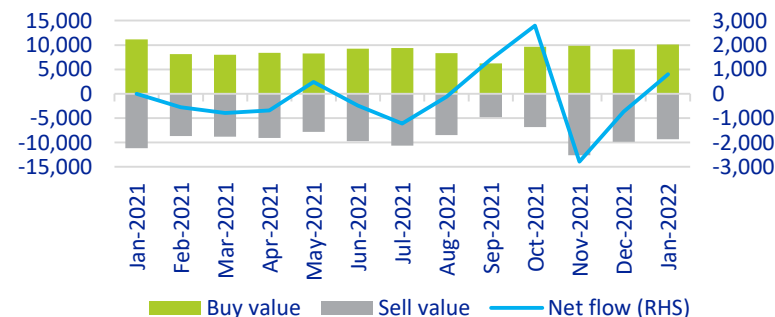
Source: Bloomberg, FiinPro, ACBS

## Top contributors on VNIndex in April 2022



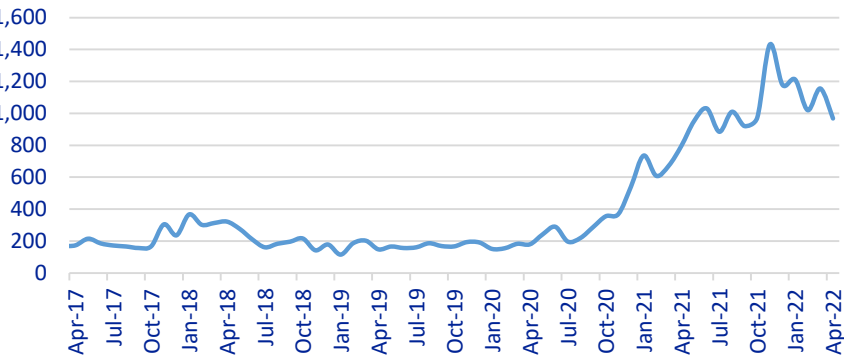
Note: Index impact (pts)

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



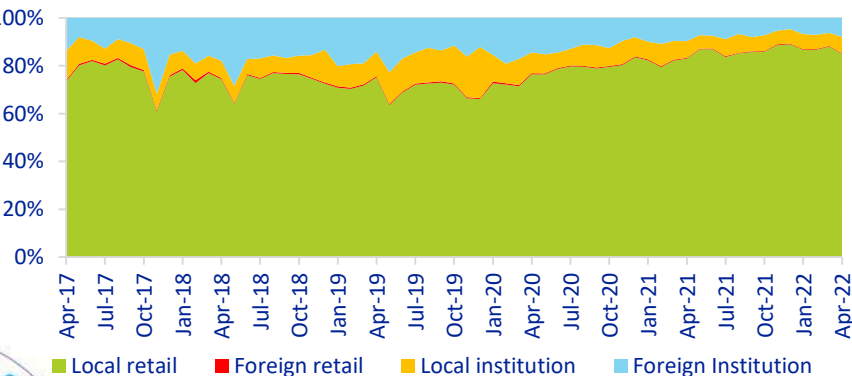
Source: FiinPro, ACBS

## Average Daily Turnover (USDm)



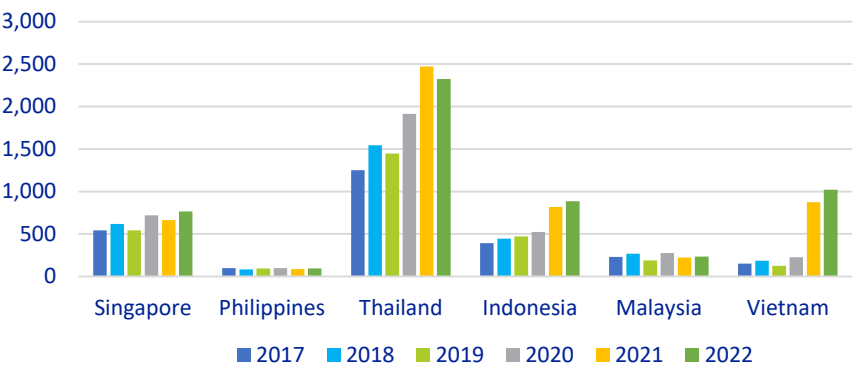
Source: Fiin Pro, ACBS

## Market Turnover by Investors



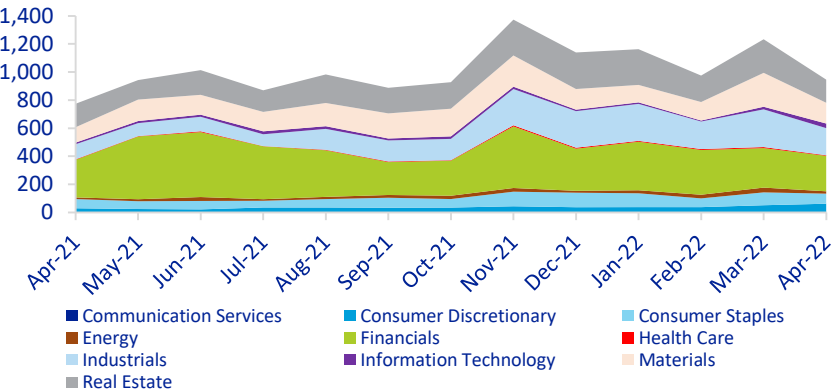
Source: Fiin Pro, ACBS

## Average Daily Turnover of ASEAN markets (USDm)



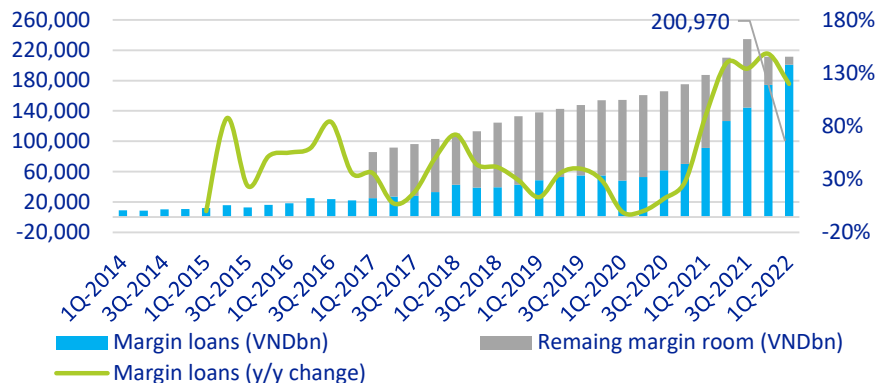
Source: Bloomberg, ACBS

## Average Daily Turnover by Sector (USDm)



Source: Fiin Pro, Bloomberg, ACBS

## Margin outstanding

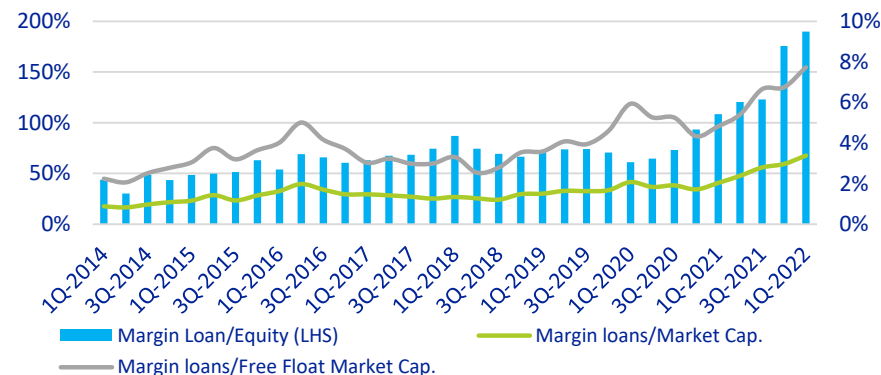


Source: Fiin Pro, ACBS. Note: margin room base on limit on financing margin of brokers

- ❖ Market-wide margin loans outstanding until the first quarter of 2022 increased to VND 200 trillion, up 120% y/y and equivalent to 190% of equity, still well within the limit of 200%. The margin loans to free float market capitalization rose to 7.7% from 6.7% of last quarter. 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.

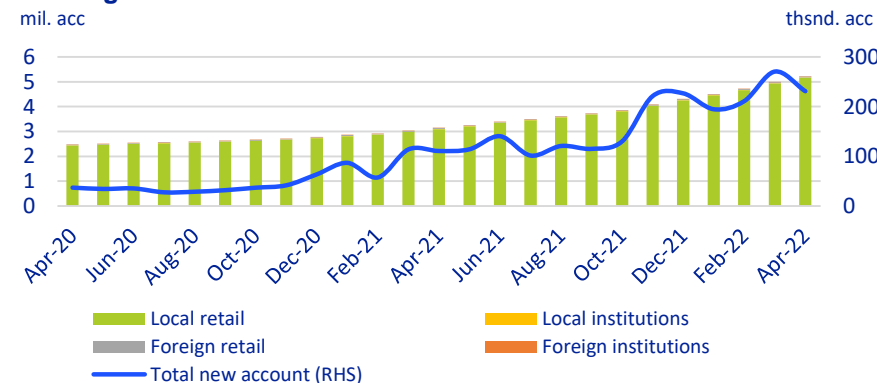
- ❖ New trading accounts opened in April reached 230,765 mainly driven by individual domestic investors, a decrease of 15% m/m, but still a strong figure. Generally, there are 5.2 million accounts until 30 April equivalent to approx. 5% of population, already reaching the government's goal of 5% by 2025

## Margin leverage



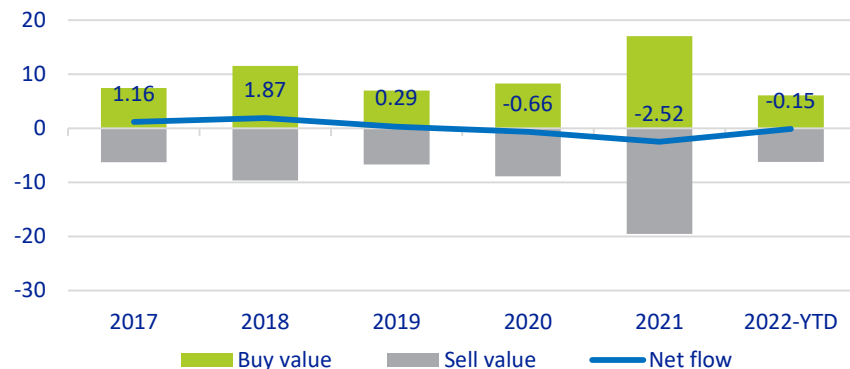
Source: Fiin Pro, Bloomberg, ACBS

## Trading account



Source: GSO, ACBS

## Net foreign flow into VNIndex (USDbn)



Source: FiinPro, ACBS

- ❖ The foreign investors changed to net buying after 8 months of net selling, reaching US\$169.4m as of 29 April 2022. In which, the foreigners bought domestic ETFs with net buy amount approx. of US\$17.5m in April. The highest outflows was in securities sector such as HCM, SSI, VND and real estate with VHM. In converse, MWG, VNM, GEX were net bought.
- ❖ 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 are heavily based on commodities in the context of Ukraine crisis negative impact on global commodities supply.

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

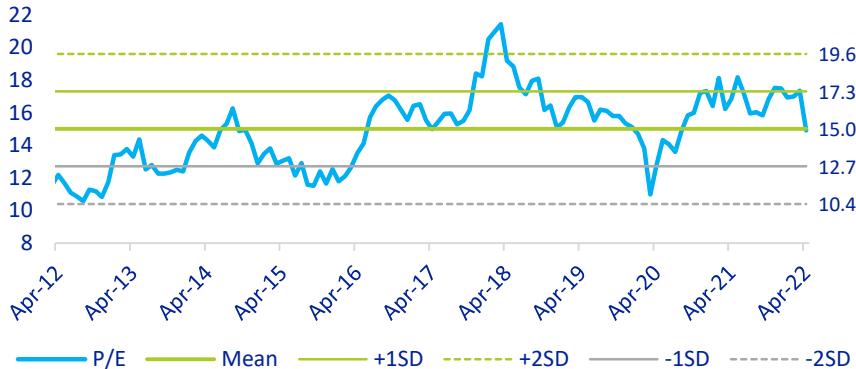


Source: FiinPro, ACBS

Markets	Net foreign flow 1M (USDbn)	Net foreign flow YTD (USDbn)	Market Cap. (USDbn)	Net foreign flow YTD as % market cap
Vietnam	0.15	-0.15	237.4	-0.06%
Indonesia	2.84	5.01	656.9	0.76%
Malaysia	0.22	1.73	246.5	0.70%
Philippines	-0.09	-0.22	178.1	-0.12%
Thailand	0.33	3.69	575.9	0.64%
Taiwan	-9.10	-26.40	1,740.8	-1.52%

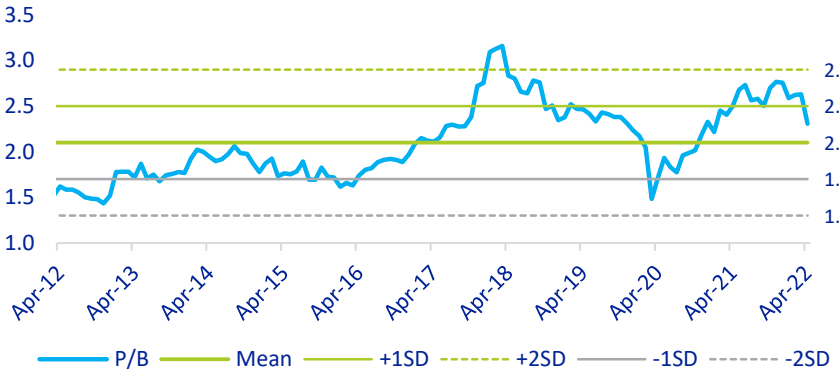
Source: Bloomberg, ACBS

P/E of VNIndex for 10 years



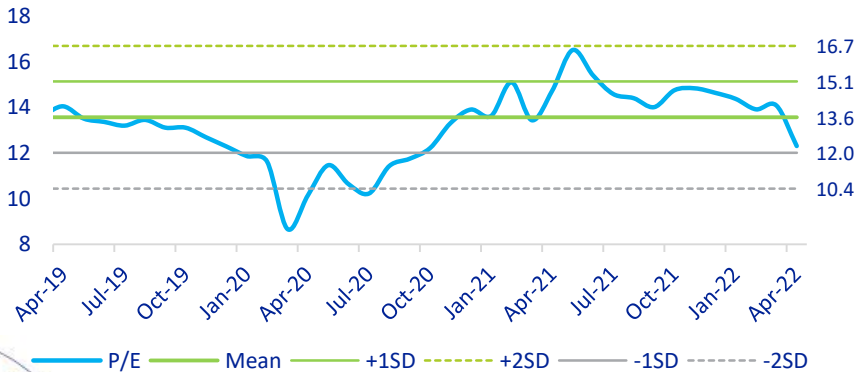
Source: Bloomberg, ACBS

P/B of VNIndex for 10 years



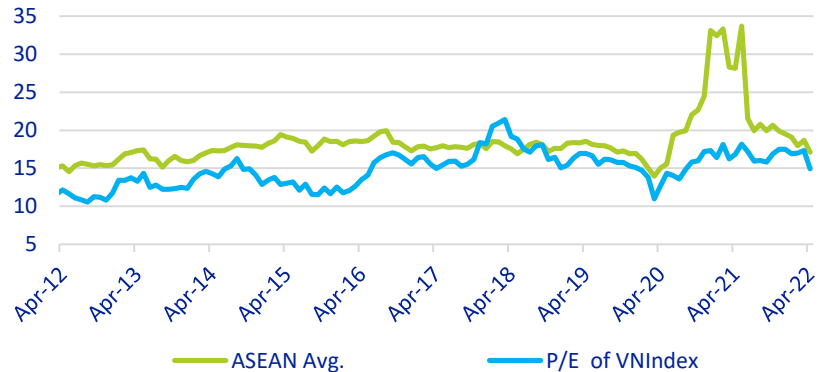
Source: Bloomberg, ACBS

P/E of VN30 for 3 years



Source: Bloomberg, ACBS

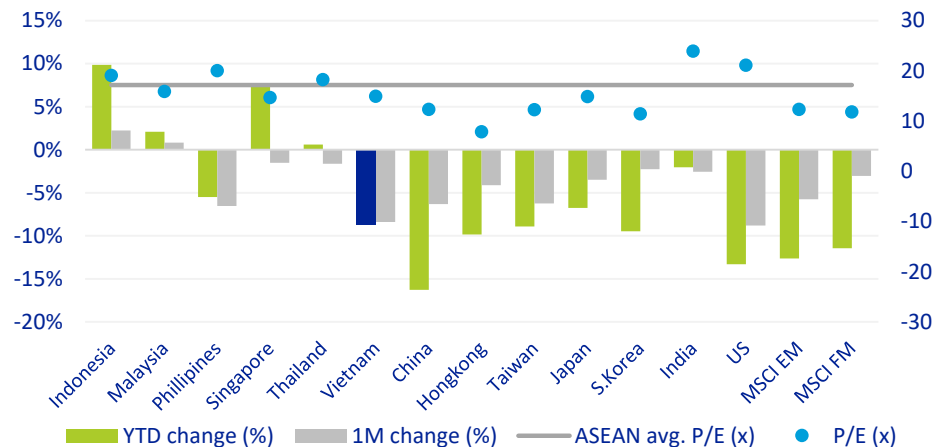
P/E of VNIndex and regional peers average



Source: Bloomberg, ACBS

# Stock market valuation vs regional peers

## Index comparison



Source: Bloomberg, ACBS

## Earnings growth and forward P/E

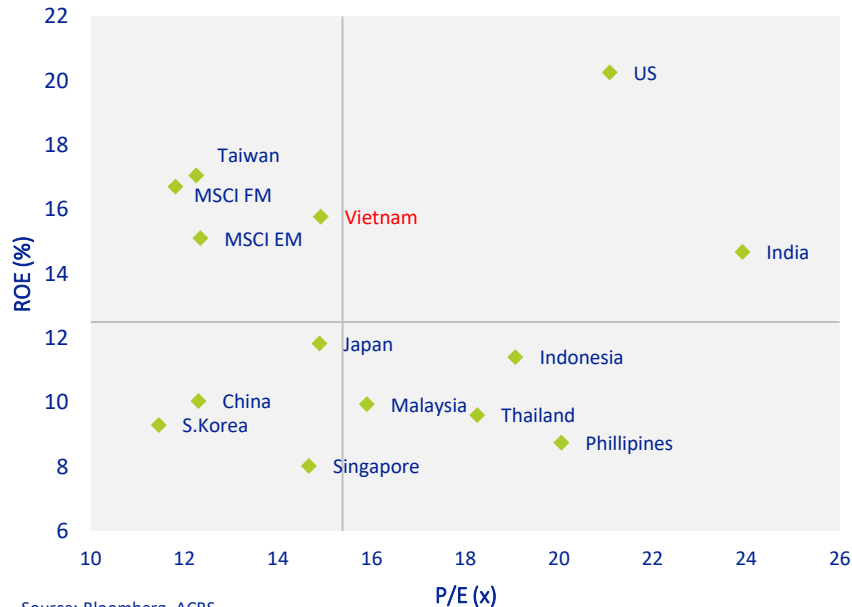
Country	2022E EPS growth (%)	April '22 P/E (x)	2022F P/E (x)
Vietnam (*)	25.7%	14.9	12.5
Average	14.0%	17.1	15.7
Indonesia	23.2%	19.1	19.1
Malaysia	0.0%	15.9	15.3
Philippines	22.7%	20.1	16.1
Singapore	10.4%	14.7	13.3
Thailand	2.2%	18.3	17.6

Source: Bloomberg, \*ACBS

- ❖ Most markets across the world sank in the red last month given economic fears ahead further hike rate of the Fed and China's lockdown could effect global supply chains and slow the economic recovery. Meanwhile, some ASEAN markets such as Indonesia, Malaysia have better performances in April thanks to its economic recovery after pandemic.
- ❖ The P/E of VNIndex fell to 14.9 from 17.3 last month giving a attractive prices for investors who hold cash and have enough information to manage risks. VNIndex's P/E still lower than the average of ASEAN markets and maintain its attractive valuation with the forward P/E at 12.5 and earning growth at 25.7%, much higher than other peer markets.

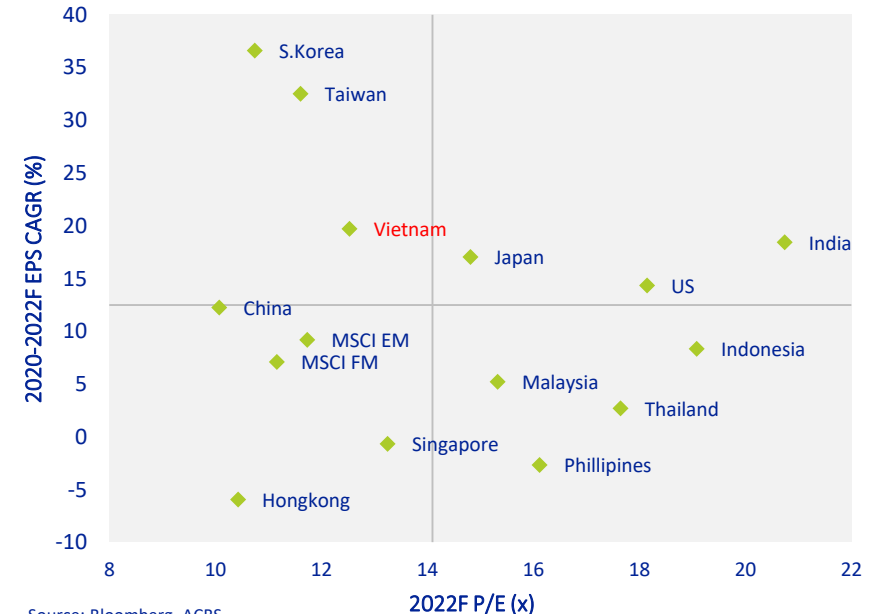


## Relation between P/E and ROE



Source: Bloomberg, ACBS

## Market valuation



Source: Bloomberg, ACBS

- ❖ The current ROE of the VNIndex is about 15.8%, among the highest return markets. Given our projected 25.7% EPS increase for 2022, Vietnam's 3 year EPS CAGR from 2020-2022 would be approx. 19.7%, indicating that Vietnamese corporates have done a good job weathering the pandemic storm compared to regional peers. Along with the P/E forward at 12.5, VNIndex is relative attractive for the long-term investing compared with peer markets.

- ❖ For the long-term outlook, notwithstanding the recent market correction, we believe that the fundamentals of both the Vietnamese economy and stock markets are well positioned for strong long term growth despite short term volatility. 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.
- ❖ In the short term, the stock market in Vietnam, and many other markets globally, edged down in April due to growing risks. Despite improving economic indicators and inflation still be maintained within the government's plan, the VNIndex has experienced lower liquidity as local retail investors, many of whom have joined the market in the recent 2 years boom period, have been cautious during this period of volatility. However, the return of foreigner investors as net buyers in April combined with their trend of net buying stocks in other ASEAN markets in recent months can support the market in short term. Also, 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.
- ❖ Currently, the decision of the US Fed and other central banks to hike interest rates is impacting stocks market all over the world in short-term as investor may change to other attractive and secured asset such as bonds and US Dollar. In the circumstance of high inflation globally, the hike interest rate is necessary step to curb inflation which threatens to harm economic stability. The biggest risks with Vietnam now is China's COVID-19 lockdowns with many restrictions which could slowdown the industrial production recovery and challenge the Vietnam's target to curb inflation under 4% for 2022. We are monitoring the effects of China's lockdowns both on how they will directly affect Vietnam in terms of trade (China being Vietnam's largest trading partner) and what the second order effects will be as supply chain disruptions continue to cause headaches worldwide.

- ❖ Moving forward, we raise our projection of Vietnam's earnings to grow at 25.7% YoY driven by the banking, real estate, air transportation and oil & gas sectors as well as the recovery of domestic consumption post pandemic. Taking the 3 year average P/E of near ~15.8x and our base case earnings expectations, we estimate the index will end the year to near 1,730's level, equivalent to a 2022 F. P/E of ~12.5x from the end of April.
- ❖ 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 return to the ~16.2x level, resulting in the index reaching an 1,800-1,900 point level and representing a 2022 F. P/E of ~11.9x from the end of April.
- ❖ Finally, in the pessimistic scenario, we see continued uncertainty and fear clouding global markets with rising concerns on inflation, how fast and strong central banks will react to inflationary pressures by raising rates and slow downs in China further stretching global supply chains. 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 1,450 point level, equivalent to a 2022 F. P/E of 13.4 from the end of April.

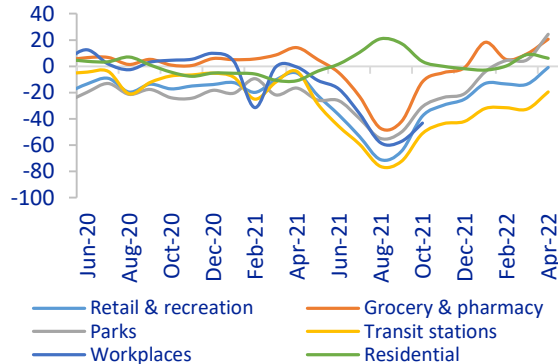
## Three scenarios in 2022

Scenarios	VN-Index	Growth vs. April 29 <sup>th</sup>	2022 F. PE (x)
Pessimistic	1,453.0	6.3%	13.4
Neutral	1,728.7	26.5%	12.5
Optimistic	1,868.5	36.7%	11.9

## Year-end 2022 Index Points Sensitivity Matrix

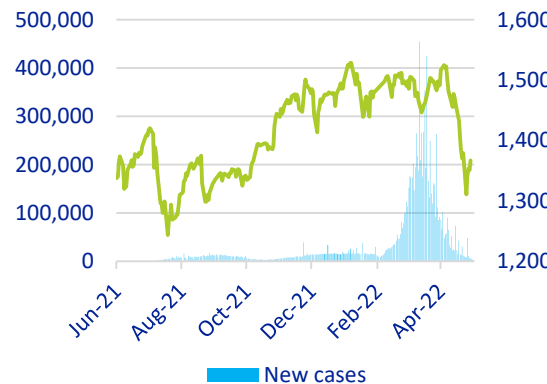
	Earnings Growth								
		10.0%	15.0%	20.0%	25.0%	27.5%	30.0%	35.0%	40.0%
Earnings Multiple	13.5	1,288.7	1,347.3	1,405.8	1,464.4	1,493.7	1,523.0	1,581.6	1,640.1
	14.0	1,336.4	1,397.2	1,457.9	1,518.7	1,549.0	1,579.4	1,640.1	1,700.9
	14.5	1,384.1	1,447.1	1,510.0	1,572.9	1,604.4	1,635.8	1,698.7	1,761.6
	15.0	1,431.9	1,497.0	1,562.0	1,627.1	1,659.7	1,692.2	1,757.3	1,822.4
	15.5	1,479.6	1,546.9	1,614.1	1,681.4	1,715.0	1,748.6	1,815.9	1,883.1
	16.0	1,527.3	1,596.8	1,666.2	1,735.6	1,770.3	1,805.0	1,874.5	1,943.9
	16.5	1,575.1	1,646.7	1,718.2	1,789.8	1,825.6	1,861.4	1,933.0	2,004.6
	17.0	1,622.8	1,696.6	1,770.3	1,844.1	1,881.0	1,917.8	1,991.6	2,065.4

## Vietnam Community Mobility

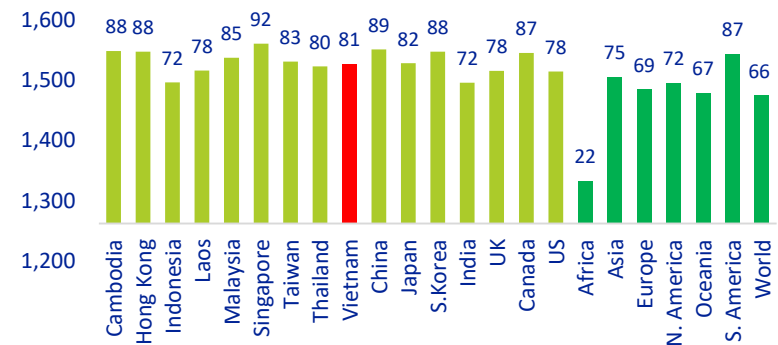


Source: Google, ACBS

## Vietnam new cases and VNIndex



## Latest share of people fully vaccinated



Source: Ourworldindata, ACBS. Updated May 2022

- ❖ The new cases and serious cases COVID-19 of the country fell below 5,000 cases per day. Most of social activities resumed as pre-pandemic. The Ministry of Health is consulting and proposing that COVID-19 is a newly added disease in the group of occupational diseases and enjoy the social insurance regime.
- ❖ Vietnam fully reopened international tourism and lifting all travel restrictions from March 15. As of May 05, Vietnam reaches mutual recognition of 'vaccine passports' with 19 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, Iran and Malaysia. Besides, from 5 May, domestic health declaration for COVID-19 prevention and control no longer required across Vietnam.

- ❖ Most countries are easing COVID-19 restrictions such as Canada, Australia, European countries, US, Japan, Korea... Conversely, China's authorities continue to follow a zero-COVID policy amid the virus outbreak in Shanghai which was lockdown lasts for two months and the capital Beijing.
- ❖ 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 wave of virus outbreak in Shanghai and Beijing and its effect to global supply chain as well as effect to Vietnam trade. 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

- ❖ **Ukraine:** Total turnover of foreign trade 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, we do not see any major disruptions to trade resulting from disruptions in the Ukrainian market.
- ❖ **Russia:**
  - ✓ Main export items to Russia in 2021 are coffee (USD173m, 6% of total, placed 5<sup>th</sup>), tea (USD19m, 9%, 3<sup>rd</sup> 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 3<sup>rd</sup> after Australia and Indonesia).
    - Fertilizer (USD144m, 10%, placed 2<sup>nd</sup> following China of 42%),
    - Wheat (USD14m, 1%).
  - ✓ The war and sanctions on Russia reduced the supply of these items given difficulty of transportation including some logistics companies rejecting the routes to Russia and the air traffic embargoes hiking the cost of logistic of exporters. The SPFS system which established by Russia after Western countries punished Russia for the annexation of Crime in 2014 could be a replacement system for Russia foreign trade while there are 52 organizations from 12 countries joining this system (according to Russian source). Additionally, the Ruble depreciation could be advantage for Vietnam importers.

## ❖ The European Union

- ✓ Main export items to EU were phone and spare parts, computers and accessories, other machinery, equipment and spare parts, foot wears, textiles, sea foods, coffee. After 2 months since the start of war, exports to the EU for 4 months of 2022 still grew by 21%, higher than 16% growth of total. The war could bring opportunities for Vietnamese exporters in seafood given the sanctions against Russian products.
- ✓ In the first quarter 2022, seasonally adjusted GDP narrowed the increase at 0.2% q/q in the euro area and 0.4% q/q in the EU, and +5.0% y/y and +5.2% y/y respectively as inflations reached record levels. Meanwhile, for March 2022, volume of retail trade decreased by 0.4% m/m in the euro area and by 0.2% m/m the EU, but maintain annual growth with increase by 0.8% y/y in the euro area and by 1.7% y/y in the EU (According to a preliminary flash estimate published by Eurostat). The higher cost of energy in EU also negatively effects consumer's budget for other items.

## COMMODITIES

### ❖ Oil and natural gas

- ✓ The war, and subsequent rises in oil and gas prices, has negative effects to consumers in Vietnam as Vietnam is still dependent to imported oil products. The local gasoline retail price increased by 8.6% and the retail cooking gas price also increased 6.3% since the war outbreak.
- ✓ In the other hand, the oil extraction industry in Vietnam, which has many oil and gas fields, will have motivation to boost their capacity if the oil price maintain over US\$105/bbl and benefit upstream companies like Petro Vietnam Technical Services (HSX: PVS) or Petro Vietnam Drilling (HSX: PVD). The midstream companies such as Petro Gas South (HSX: PGS) or PV GAS (HSX: GAS) also benefit from increased oil price while their selling prices are also linked to oil price.

### ❖ Coal

- ✓ Russia was the 3<sup>rd</sup> biggest exporters of coal to Vietnam. The war exacerbates the shortage of coal supply in Vietnam. The coal import volume in the 1<sup>st</sup> quarter fell sharply by 24.5% y/y but the value more than doubled given the surge in global prices and shipment from Russia decline.
- ✓ Currently, many thermal power plants are facing a shortage of coal to run production. Vietnam is planning to import approximately 5 million tonnes of coal from Australia to deal with the shortage of coal for power generation.

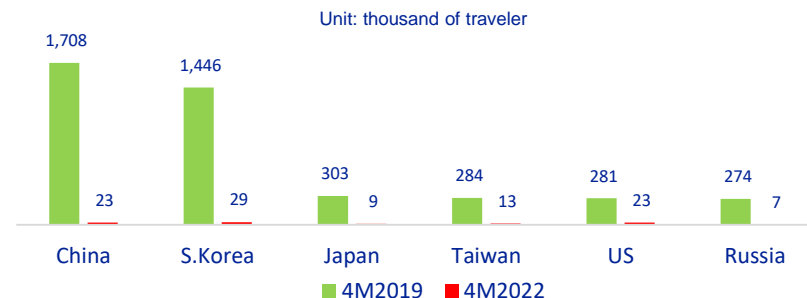
### ❖ Fertilizer

- ✓ Russia was the 2<sup>nd</sup> largest exporters of fertilizer to Vietnam in 2021. For March, the fertilizer import volume was down 7.8% y/y, but the value saw an increase of 55.8% y/y, indicating the surge in pricing due mainly to supply restrictions caused by the war in Ukraine. The ban exports of Russian fertilizers, combined with higher energy prices and the order of China's authorities for major Chinese firms to suspend exporting fertilizer from July 2021, could reduce the supply of Vietnam and increase the price as demand continued rise when the new production season upcoming.

## TOURISM

- ✓ Russian travelers accounted approximately 4.6% of total inbound passengers in pre-pandemic years, ranking 5<sup>th</sup> following China, South Korea, Japan, US. Arrivals dropped sharply in 2020 and 2021 due to Covid-19 restrictions. For 4 months of 2022, the tourism from Russia recovered at 6,569 arrivals, up 10 times compared with the same periods of last year, compared with -20% of China, 95% of South Korea, 161% of Japan and 20 times of US. This number is still quite low than the level of over 200 thousand for 4 months in previous years.

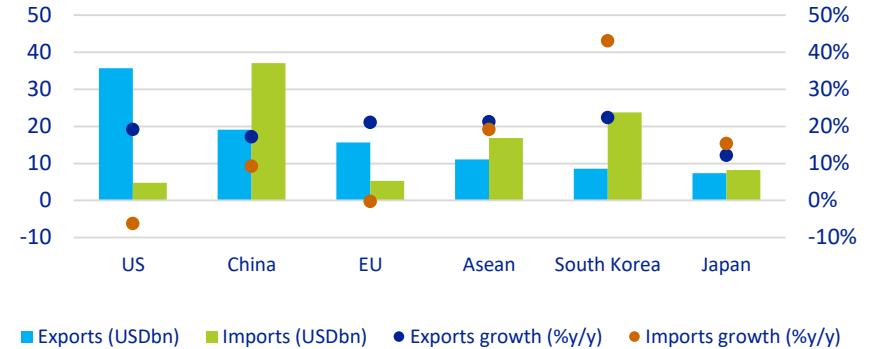
### Top 5 traveler groups to Vietnam for 4 months



## TRADE

- ❖ China is the second largest importer of Vietnamese product after US and the biggest exporter to Vietnam. The new shutdowns in many cities in China, such as Shanghai, the second largest contributor to China's GDP accounting for ~3.5% of China's GDP, and the recent virus outbreak in Beijing which contribution ~5.5% to China's GDP will causing many consequences and affect to counterparts included Vietnam.
- ❖ Trade with China is facing with many difficulties due to congested Chinese ports and the lack of imported materials due to many factories bring forced to pause operation because of COVID-19 restrictions. Moreover, China suspends trade at many Vietnamese border gates causing significant delays or outright closures affecting transportation costs and delivery times.
- ❖ Currently, one of the biggest issues facing Vietnamese manufactures is the shortages of materials imported from China for production. Recently, Vietnam is pushing import from another countries such as South Korea, ASEAN, Australia... to reduce the dependence on China, however China's importance in supply chains will remain undeniable in the short to mid term.
- ❖ E-commerce: local Vietnamese e-commerce customers and vendors have been struggling to get orders delivered from China due to cities being locked down and restrictions at border gates. Some logistic firms switched from shipping via road to sea as border gates limited the passing of trucks.
- ❖ In the other hand, the lockdowns in China could bring the opportunities for Vietnam exporters because the importers other markets have to find another sources of supply to replace Chinese suppliers.

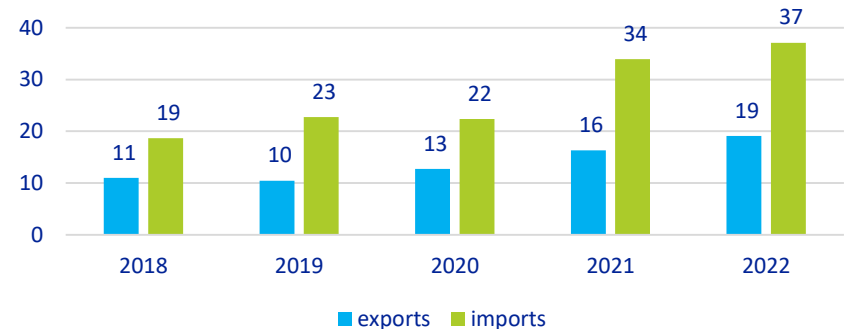
## Main EX-IM markets in 4M2022



Source: GSO, ACBS

## Exports and imports with China for 4 months

USDbn



## FDI

- ❖ The current situation could speed up the China+1 movement due to difficulties business environment in there. Until now, China's authorities remain steadfast in their zero-COVID policy when the rest of world is changing to living-with-virus strategy, which is affecting companies' ability to maintain operations. For the last 20 years, western companies have invested in China thanks to their low production costs and huge domestic consumer markets. The increasing cost due to higher wages combined with virus restrictions boost manufacturers' cost. While the continued zero-COVID policies may not lead to a large rush in manufacturers leaving China or setting up alternative sites, it may factor in for companies already considering moves to speed up their decisions.
- ❖ Recently, many factories paused their operations such as Foxconn Interconnect Technology paused 2 factories, the giant auto parts of Germany Bosch suspend production in Shanghai and Changchun, Pegatron, Apple Inc.'s iPhone assembler, pausing their operation in Shanghai and Kunshan. These disruptions could lead to further supply chain disruptions having knock on effects outside of the Chinese market.
- ❖ With these disadvantages, numerous foreign companies will change their strategy to find alternative supply chain locations to reduce its reliance on China or shift capacity to already existing alternative sites. Vietnam has been a benefactor of manufacturing diversification outside of China and is expected to continue to rise its profile in the global supply chain.

## TOURISM

- ❖ Chinese travelers are the biggest group of tourist to Vietnam, accounted approximate 30% of total in pre-pandemic years. For 4 months of 2022, the tourism from China recovered at 22,574 arrivals, down 20% compared with the same periods of last year while most of other nationality arrivals surged after Vietnam easing COVID-19 restrictions and reopened international tourism. The benefit from Chinese arrivals was significant because the travel and tourism contribution was about 8% of Vietnam's GDP in pre-pandemic, but with current zero-COVID strategy of Chinese authorities, Vietnam will no longer to be welcome tourists from Chinese in near future.

## INFLATION

- ❖ The strict restrictions of Chinese authorities when applying zero-COVID strategy will impact to Vietnam's inflation stronger than other global issues due to dependent to Chinese suppliers and consumers not only with Vietnam but also with other countries, currently China is the world's manufacturing hub and account for 12.6% of the global trade. Despite several companies have applied China +1 strategy, many manufacturers from Vietnam both FDI and local companies still imports a wide range of material input and consumer products from China. The restricted trade and higher logistics costs due to delays could challenge the Vietnam's target to curb inflation under 4% for 2022.



# Upcoming events

Event type	Date	Countries	Events	
Economy	04-May-2022	US	Fed Interest Rate Decision	
Economy	04-May-2022	England	BOE Interest Rate Decision	
Index review	12-May-2022	Global	MSCI Frontier Markets Indexes: Semi-Annual IR	
Derivative	19-May-2022	Vietnam	The last trading day of VN30F2205	
Social-economy	23-May-2022	Vietnam	Opening the 3rd session of the 15th National Assembly	
Economy	29-May-2022	Vietnam	Macro Indicators Releases	
Economy	09-Jun-2022	European	ECB Interest Rate Decision	
Economy	15-Jun-2022	US	Fed Interest Rate Decision	
Economy	17-Jun-2022	Japan	BOJ Interest Rate Decision	
Ticker	Ex-right date/ Exercise date (*)	Countries	Events	Event type
SSI	07-May-2022 (*)	Vietnam - HOSE	Annual General Meeting	AGM
FMC	09-May-2022	Vietnam - HOSE	Cash dividend 20%	Dividends
DHA	09-May-2022	Vietnam - HOSE	Cash dividend 20%	Dividends
BAF	09-May-2022	Vietnam - HOSE	Share issue 45%, share issue 39%	Dividends
GMH	10-May-2022	Vietnam - HOSE	Cash dividend 6%	Dividends
TDW	11-May-2022	Vietnam - HOSE	Cash dividend 12%	Dividends
DHC	13-May-2022	Vietnam - HOSE	Cash dividend 15%	Dividends

# Upcoming events

Ticker	Ex-right date / Exercise date (*)	Countries	Events	Event type
REE	17-May-2022	Vietnam - HOSE	Share issue 15%	Dividends
TPC	24-May-2022	Vietnam - HOSE	Cash dividend 7%	Dividends
KSB	27-May-2022 (*)	Vietnam - HOSE	Annual General Meeting	AGM
QBS	31-May-2022 (*)	Vietnam - HOSE	Annual General Meeting	AGM
TLD	07-Jun-2022 (*)	Vietnam - HOSE	Annual General Meeting	AGM
PLX	08-Jun-2022 (*)	Vietnam - HOSE	Annual General Meeting	AGM
NT2	09-Jun-2022 (*)	Vietnam - HOSE	Annual General Meeting	AGM
FDC	11-Jun-2022 (*)	Vietnam - HOSE	Extraordinary shareholders meeting	AGM
FIT	13-Jun-2022 (*)	Vietnam - HOSE	Annual General Meeting	AGM
PGV	14-Jun-2022 (*)	Vietnam - HOSE	Annual General Meeting	AGM
TSC	14-Jun-2022 (*)	Vietnam - HOSE	Annual General Meeting	AGM
YEG	15-Jun-2022 (*)	Vietnam - HOSE	Annual General Meeting	AGM
CKG	17-Jun-2022 (*)	Vietnam - HOSE	Annual General Meeting	AGM
DHC	17-Jun-2022 (*)	Vietnam - HOSE	Annual General Meeting	AGM
HQC	18-Jun-2022 (*)	Vietnam - HOSE	Annual General Meeting	AGM
BKG	21-Jun-2022 (*)	Vietnam - HOSE	Annual General Meeting	AGM
L10	25-Jun-2022 (*)	Vietnam - HOSE	Annual General Meeting	AGM
CTS	04-Jul-2022 (*)	Vietnam - HOSE	Extraordinary shareholders 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

- Vietnam's economy recovered well, helping credit to grow strongly in Q1/2022, reaching 5.04% YTD, 2.3 times higher than last year's same period (2.16%). Total deposits of credit institutions increased by 2.15% YTD after some small and medium sized banks raised their deposit rates by 30-80 basis points in Q1/2022. System liquidity was stable in April 2022, although not as abundant as in 2021.
- Business results of banks listed on HOSE grew well in Q1/2022. Profit before tax grew by 32.2% YoY despite a high base of last year's same period. The strong profit growth comes from both net interest income's and non-interest income's growth. Provision expenses returned to normal level and was no longer as high as in 2H2021, down 21.6% QoQ as the pressure to make provisions for COVID-19 restructured loans has decreased significantly.
- Asset quality remained stable. NPL ratio by the end of Q1/2022 reached 1.37%, equivalent to the end of 2021 and slightly decreased compared to the same period of last year. COVID-19 restructured loans were estimated at more than 1% of total outstanding loans and were conservatively provisioned.

### 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.
- Deposit interest rates may continue to increase by 50bps in 2H2022, when banks are granted additional credit growth limits from the SBV and boosts lending at the end of the year. However, the improved CASA and the reduced size of interest support packages will help banks' NIMs to be kept at a stable level equivalent to 2021.
- The aggressive provisioning in 2021 for COVID-19 restructured loans will help reduce the provisioning pressure of banks 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. Digitization and strengthen associate with banks helped insurance sales maintain high growth.
- 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 fast growing sectors. The low interest rate environment attracts domestic investors to participate in the stock market. The number of newly opened securities accounts in 4M22 reached 900,000 accounts, increased 146% compared with the same period of last year.
- Proprietary business has performed quite well during COVID-19. VN-Index increased by 35.7% in 2021, bringing large profits from proprietary trading activities to the securities companies in 2021.

### Outlook / What to Watch

- Vietnam's securities brokerage business still has a lot of growth potential when the proportion of individuals with securities accounts in Vietnam is only about 4%. The government aims to increase the proportion of people participating in the stock market to 5% by 2025 and 10% by 2030.
- However, securities brokerage sector 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

- 1Q2022 condominium new supply continued to decline due to the pandemic and prolonged approval process with the leading of the high-end segment in HCMC (100%) and the mid-end segment in Hanoi (66%).
- Limited supply and stable demand led to higher sold units than new supply.
- Primary prices continues to grow given limited supply and rising construction costs.
- In 1Q2022, HCMC launched 884 new condos (-48% YoY) and sold 1,247 units (-53% YoY) with average primary price of USD2,390/sqm (+8% YoY).
- In 1Q2022, Hanoi launched 3,525 new condos (-20% YoY) and sold 4,800 units (+15% YoY) with average primary price of USD1,655/sqm (+13% YoY).
- The government is inspecting corporate bonds issuance and land auctions. Of note, real estate was the leading sector in issuing corporate bonds and accounted for 35% and 43% of total value in 2021 and 1Q2022.
- State Bank of Vietnam – HCMC branch requested credit restriction for high-end real estate and real estate speculation.

### Outlook / What to Watch

- Approval process is improving slowly.
- New supply and sold units will recover.
- 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

- Northern market: In 1Q2022, industrial parks had an average industrial land leasing rate of USD109/sqm/lease term (+9.2% YoY) and average occupancy rate of 80% (+5 pts YoY). Total supply increased to 10,024ha thanks to the adding of Thuan Thanh 1 IP in Bac Ninh province with 160ha. Ready- built factories (RBF) had an average leasing rate of USD4.7/sqm/month (+3.5% YoY), average occupancy rates of 98% (unchanged YoY) and no new supply.
- Southern market: In 1Q2022, industrial parks had an average industrial land leasing rate of USD120/sqm/lease term (+9% YoY) and average occupancy rate of 85% (-1 pts YoY). Total supply increased to 26,724ha mainly thanks to the adding of VSIP 3 IP in Binh Duong with 1,000ha. RBF had an average leasing rate of USD4.8/sqm/month (+5.9% YoY), average occupancy rate of 89% (+7 pts YoY) and total supply of 3.8mn sqm (+19% YoY).

### 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 1Q2022 with a delay in expansion plans due to the pandemic.
- 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 1Q2022, rental rate in CBD increased by 7% YoY to USD145.1/sqm/month while in non-CBD grew by 2.5% YoY to USD35.5/sqm/month; vacancy rates were at 3.5% (+1.9ppts YoY) in CBD and 13.7% (+0.6 ppts YoY) in non-CBD.
- Hanoi: In 1Q2022, rental rate in CBD decreased by 0.5% YoY to USD107/sqm/month and by 3.2% YoY to USD24/sqm/month in non-CBD; vacancy rates were at 12.9% (+2.1 ppts YoY) in CBD and 16.8% (+2.6 ppts YoY) 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 recovery 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 recovered in 1Q2022 compared to 1Q2021 while condotels did not.
- There were 1,020 villas (+4% YoY), 2,768 townhouses/shophouses (+1147% n/n) and 613 condotels (-18% n/n) launched in 1Q2022 with absorption rates of 57% (+31 ppts YoY), 87% (+13 ppts YoY) and 32% (-30 ppts YoY), respectively.
- State Bank of Vietnam – HCMC branch requested credit restriction for hospitality real estate.

### Outlook / What to Watch

- Higher new supply in 2022 compared to 2021 with a focus in coastal provinces.
- 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

- Vietnam aquaculture and seafood export reached USD2.4bn in 1Q2022, +40% YoY, leading by pangasius export (USD261mn,+80% YoY). Shrimp export increased 37% YoY in 1Q2022 with USD900mn of export turnover.
- Pangasius export turnover to the US recorded a strong increase by 119.7% YoY in 2M2022 to USD94.6mn thanks to the final result of POR17 with NTSF company to join the list of 0% tax rate. The EU market recorded 76% YoY increase in value which is a positive signal.
- The US market continued to be the largest Vietnam shrimp export market, accounting for 21% of Vietnam total shrimp export.
- Russian and Ukraine markets only accounts for ~ 2% of Vietnam total fishery export.

### Outlook / What to Watch

- US, EU and UK sanctions on Russia tension will benefit Vietnam aquaculture export which is mostly cultivated species in fresh and brackish water. High oil price will drive seafood volume to stagnate given minimal catching activity
- The recent surge in oil price will put high pressure on logistics costs for export for both aquaculture and seafood 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 c.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 c.19% YoY in 1Q2022. 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 c.1% of the total in 2021).
- Long-lasting lockdown due to "zero COVID" policy in China may trigger movement of some orders out of China to other countries including Vietnam. However, the lockdown also puts pressure on the global supply chain in general and may affect raw materials supply for textile & garment producers in particular as China is an important sources of textile & garment materials.

### 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 c.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.
- Listed retailers reported good revenue growth, for example MWG (+17% YoY in 2M2022), PNJ (+41% YoY in 1Q2022), in the first months of 2022.
- 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 steel price increased 6.8% in April because of tight supply when most countries refused to buy steel from Russia and China also limit their BOF steel production for the CO2 emission target, lockdown methods in China also affect the steel manufacturing and tightened the global steel supply.
- Domestic steel price was keep at about 19,000 VND/kg during April. But we expect the domestic steel price can go to a higher level while global input materials prices tend to increase and most of materials for domestic steel construction are imported. Also, the recovery of construction activities in 2022 after a year of staggered due to COVID in Vietnam can raise the demand for construction materials.
- Other construction material such as cement, stone and brick also increased slightly in a range of 2-4%. Increasing construction material price can create a negative effect on construction companies while benefit the construction material producers.

### 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.
- In our observation, although the input cost for most construction materials has increased during April, mostly caused by increased coal price, the gross margin for construction materials companies can be maintained while the sale price are matched with input cost.
- We maintain our expectation for increasing iron ore prices with tight production guidance from large miners. Also the coking coal price can be maintained at current high level due to tight global supply. But the gross margin for domestic steel manufacturers can be maintained while steel selling price is showing a sight of higher price for following months.

## 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 was kept stable during April as global oil price was maintained at around 105 USD/barrel. The price level of crude oil has a high impact on logistic service pricing, stable logistic price can help logistic companies to attract more customer.
- Transportation fee till the end of 2022 is expected to be not lower to this current level, which is about 18,000-21,000 USD/cont for VN-US freight line. Logistic companies also posed a positive outlook for 2022, such as GMD sets the target net profit at 1,000 bil.VND (+24% yoy), other logistic corporation also set a positive target for 2022 with 10-20% yoy growth on net profit.
- 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. Moreover, the strict lockdown method that China is applying against COVID has made it harder to process goods through Vietnam – China border.

### Outlook / What to Watch

- The recovery of global economy has created a bright view for Vietnam export activities, thus, open a higher demand outlook for logistic.
- 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:	POSITIVE	Long term outlook:	POSITIVE	Main ticker:	HVN, VJC, SCS, NCT
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### Sector Overview

- The long weekend early May will boost domestic tourism in Vietnam. Vietnam Airlines, Vietjet will increase flight frequency by approx. 20-25% vs. 2019 pre COVID-19 period.
- The new 11R/29L runway in Noi Bai airport became onstream on April 23rd will boost domestic flights.
- 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.
- For international flights, both Vietnam Airlines and Vietjet will launch new routing to India.

### Outlook / What to Watch

- 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:	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, since then oil price has been adjusted down and fluctuated in the range of USD98-115/ barrel in April amid 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' sanctions on Russian oil also have also stepped up, in which Germany prepares for a phased approach for an eventual ban on Russian oil imports.
- Higher oil prices 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.

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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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