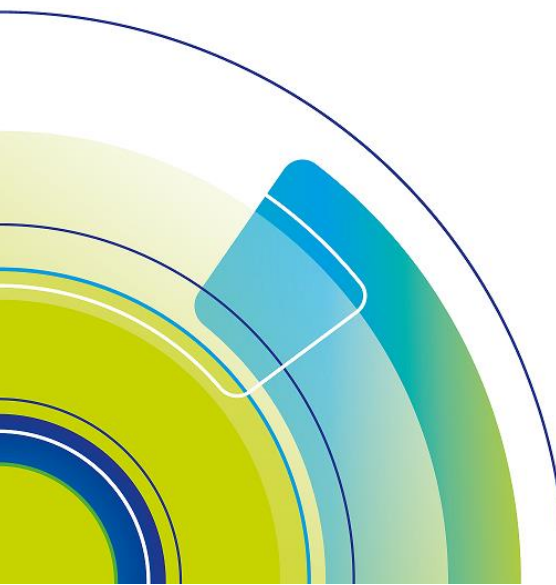




Monthly Recap

September 2022





VN-Index

1,132.11

-148.40 (-11.59%)

Volume: 578.5m

Value: VND13,489 bn

Leading movers in Sep

Tkr	% Chg	Index Impact
NVL	+3.7%	+1.5 pts
EIB	+12.7%	+1.2 pts
VRE	+1.1%	+0.2 pts

Lagging movers in Sep

Tkr	% Chg	Index Impact
VCB	-12.9%	-12.9 pts
VHM	-16.9%	-11.4 pts
VIC	-13.7%	-8.4 pts

HNX-Index

250.25

-41.67 (-14.27%)

Volume: 69.1m

Value: VND1,419 bn

Leading movers in Sep

Tkr	% Chg	Index Impact
BCF	+11.5%	+0.08 pts
PMC	+17.5%	+0.08 pts
HHC	+6.8%	+0.08 pts

Lagging movers in Sep

Tkr	% Chg	Index Impact
THD	-18.6%	-5.9 pts
IDC	-20.2%	-5.1 pts
NVB	-23.1%	-4.3 pts

MONTHLY RECAP

After recovering well in July and August thanks to positive domestic macroeconomic indicators, VN-Index dropped sharply in September due to fears of a global recession, stronger USD as well as domestic deposit interest rates hike. At the end of September, VN-Index fell 11.59% to 1,132.11 points with the average daily trading value falling to 13.4 trillion dong, lower than 15.7 trillion dong in August or 22.3 trillion dong in April and 32 trillion dong in November. VCB (-12.9%) pulled the market down the most after supported mostly in August, along with VHM, VIC, BID, CTG and TCB. Most of other industry groups cannot avoid this decline. On the upside, NVL (+3.7%) contributed the most along with EIB, VRE and LGC. In addition, foreign investors became the net seller with a high net value of 3,054 billion dong, compared to a net buying of 1,106 billion dong in August or 2000-4000 billion dong previously. In which, KDH was sold the most with a net value of 598 billion dong besides STB, VND and NVL.

In general, along with the decline, investor sentiment also became highly negative. In addition, market liquidity decreased while foreign investors were net sold again. In the early trading sessions of October, VN-Index lost the support level of 1080-1100 points with low liquidity. Therefore, investors should keep the portfolio weight low and observe market movements at 1020 and 1000 points.

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Macro highlight during September

Vietnam's economy posted exceptionally strong growth figures in the third quarter, with 3Q GDP coming in at 13.67% growth YoY (a little lower than our 14.7% of favourable scenario), the highest rate since at least 2001 due to low base effect last year when COVID-19 hit Vietnam's economy significantly, and 9M GDP growth hitting 8.83%.

Industrial activities continued to post strong figures, in which IIP recorded a positive growth rate of 11.9% YoY 3Q2022 (vs -4.95% YoY in 3Q2021). Furthermore, the PMI continued to show signs of strength in 3Q2022 despite growth slowed compared with 2Q2022 (July – 51.2, August – 52.7, September – 52.5).

Disbursed FDI remained strong in 3Q2022 (+32.9% YoY vs -20.9% YoY in 3Q2021) as travel restrictions eased pushed service sector and industrial activities continued to recover and stabilize. Registered FDI in 3Q2022 decreased 29.5% YoY (vs +58.6% YoY in 3Q2021).

Last but not least, Consumer Price Index (CPI) 3Q2022 increased 3.32% YoY, a little on the high side due to rising foodstuff & beverage and prolonged high gasoline prices, but average inflation rate in 9M2022 still remain 2.73% YoY and far below government's target 4% and remained under control.

There are several exogenous risk factors which may bring uncertainties to Vietnam's economic growth prospects in the last quarter of 2022, which include:

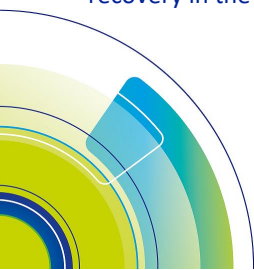
- (1) The FED and other major central banks continue to raise rate aggressively. According to the Economist, central banks are raising rates rapidly in the most widespread tightening of monetary policy for more than five decades;
- (2) Quantitative Tightening program of the US FED and other major central banks;
- (3) China still continues to pursue zero-COVID-19 strategy with mass testing and lockdowns when cases surged;
- (4) Recession risks grow, especially in Vietnam's large trading partners such as the US, EU and China, and could slow trading activities which remain a key growth driver; and
- (5) The global energy crisis is still causing great difficulties for many countries as the EU faces a shortage of energy supplies this winter and OPEC+'s oil production reduction plan could further raise prices. Surging oil prices again might directly affect Vietnam's domestic gasoline prices and put upward pressure on transportation fees and will indirectly increase pressures on prices of other raw production materials.

However, despite fears that these events could slow Vietnam's growth prospects in the last quarter of 2022, we expect that Vietnam's economy could still maintain to recover and grow in the last quarter of 2022, supported by:

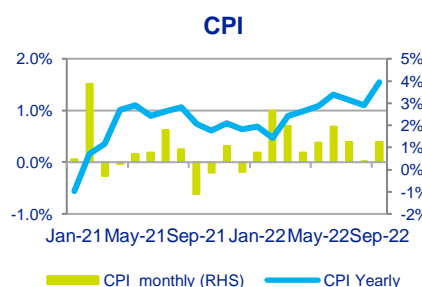
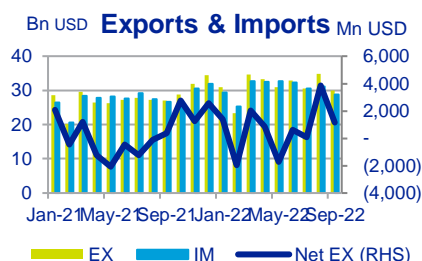
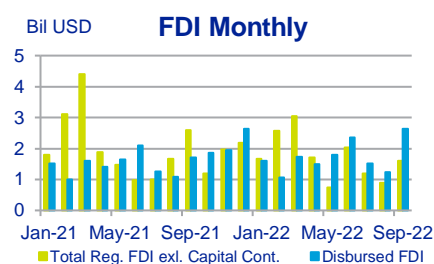
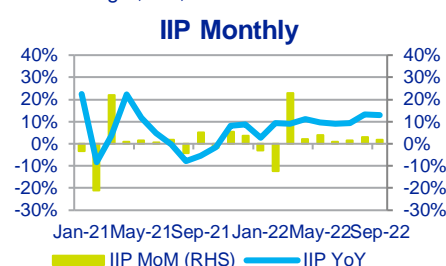
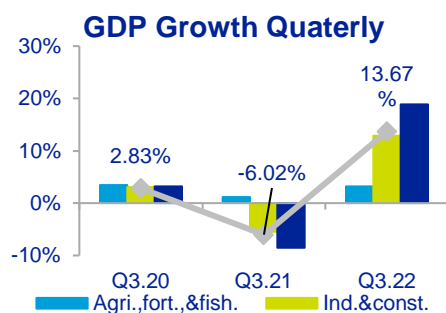
- (1) The continuing recovery of all industrial activities (IIP increased 11.9% YoY in 3Q22 and 9.6% YoY in 9M22), which will push activities from FDI sector in term of investment and export;
- (2) Vietnam emerged as a substitute manufacturing center to cover output losses caused by the zero-COVID-19 strategy in China; and
- (3) The strong recovery of the service sector, after relaxing all COVID-19 related restrictions on service businesses, coming from (1) improvement of domestic consumption (total retail sales of goods and services 3Q22 increased 41.7% YoY and 9M22 increased 21% YoY), (2) reopening international tourism (retail sales of travelling services 3Q22 increased 39x YoY and 9M22 increased 3x YoY); and (3) normalization of transportation of goods help push trading activities especially export from FDI sector.

In addition, SBV has issued series of Decisions dated 22/09/2022 on increasing some key interest rates (the first changes since October 2020) applicable from September 23, 2022. With the recent aggressive rate hike of SBV (100bps), we continue to be positive about controlling inflation in Vietnam and update our expectations that Vietnam's CPI for 2022 will increase in the range of 2.9% - 3.6% and remain under Government's target of 4%.

Furthermore, the fiscal and monetary stimulus package, worth VND337tn (VND291tn for fiscal package and VND46tn for monetary package), to support the socio-economic recovery and development program after the impact of the COVID-19 pandemic started disbursement in 2Q2022 (according to minister Nguyen Chi Dung, Ministry of Planning and Investment, by September 2nd, disbursement of fiscal and monetary stimulus package reached VND55.5tn, about 16% of total package) along with over VND195.5tn (of total VND530tn) of Capital under State Budget needed to disbursed toward the year end of 2022, which will push socio-economic recovery in the last months of 2022



We revise our expectation that Vietnam's GDP will continued to record strong growth which will grow in range between 5.4% - 7.6% YoY in 4Q2022 and 7.8% - 8.4% YoY in 2022.



Vietnam's economy continued to record strong growth in 3Q2022 thanks to the rebound of the services sector and low base effect last year

- Generally, GDP in 3Q2022 rose 13.67% YoY, in which:
 - Agriculture, forestry and fishery sector grew 3.24% YoY in 3Q2022 (vs +1.20% YoY in 3Q2021);
 - Industry and construction sector increased 12.91% YoY in 3Q2022 (vs -5.49% YoY in 3Q2021); and
 - Service sector increased 18.86% YoY in 3Q2022 (vs -8.57% in 3Q2021).

Vietnam's industrial activities continued to recover to pre-pandemic level in 3Q2022

- IIP 3Q2022 increased 11.90% YoY (vs -4.95% YoY in 3Q2021), in which:
 - Manufacturing increased 12.53% YoY in 3Q2022 (vs -5.15% in 3Q2021);
 - Production and distribution of electricity IIP increased 11.23% YoY in 3Q2022 (vs -1.09% in 3Q2021);
 - Water supply and waste treatment IIP increased 8.90% YoY in 3Q2022 (vs -0.40% in 3Q2021);
 - Mining IIP growth grew 6.23% YoY in 3Q2022 (vs -8.98% in 3Q2021).

Disbursed FDI grew strongly but registered FDI decreased significantly in 3Q2022

- Disbursed FDI in Vietnam reached USD5.4bn in 3Q2022 – increasing 32.87% compared with same period last year, while registered FDI in 3Q2022 decreased 29.42% YoY reached USD3.7bn. The capital contribution & share repurchase decreased 37% YoY to USD1bn in 3Q2022.
- Vietnam's top 3 FDI investors registered in 3Q2022 are Republic of Korea (USD1.1bn, -39.3% YoY), Japan (USD829mn, +9.1% YoY) and Hong Kong (USD424mn, -45.9% YoY).
- Vietnam's top 3 sectors by registered FDI in 3Q2022 are the manufacturing sector, real estate activities sector, wholesale and retail sector.

Total trade value of Vietnam remained solid but showed signs of slowdown as recession risks grow globally

- Trading activities continued to remain solid in 3Q2022 with year-on-year total trade value continued to grow steadily, but quarter-on-quarter growth show signs of slowing down as recession risks grow globally, especially in our large trading partner such as the US, EU and China. Specifically, total turnover of import-export of goods increased 12.5% YoY in 3Q2022 (vs +11.8% YoY in 3Q21) but decreased 4.4% QoQ, with exports in 3Q2022 reached USD95.5bn (+16.3% YoY, 1.66% QoQ), while imports reached to USD90.4bn (+8.8% YoY, -7.12% QoQ), resulting in a trade surplus of USD5bn in 3Q2022.
- Generally, according to GSO, total export-import turnover in 9M2022 reached VND558.5bn (+15.6% YoY) with exports reaching USD282.5bn (+17.5% YoY) and imports USD276bn (+13.7% YoY). As a result, trade surplus in 9M2022 reached over USD6.5bn.

Inflation remained under control and within the government's target 4%

- CPI of 3Q2021 increased 3.32% YoY.
- Generally, CPI average in 9M2022 increased 2.73% compared to average 9M2021. In addition, average core CPI of 9M2022 stood at 1.88% YoY.

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Technical View

Strong downtrend dominates, VN-INDEX is heading for 1000 points



After 2 months of strong recovery, VN-INDEX returned to long-term downtrend when VN-INDEX dropped from the opening level of the month at 1290 points to the price at the end of September of 1131 points. Liquidity also declined compared to the previous month. The selling pressure increased and widened as VN-INDEX penetrated the strong support levels at 1150 and then at 1100 points.

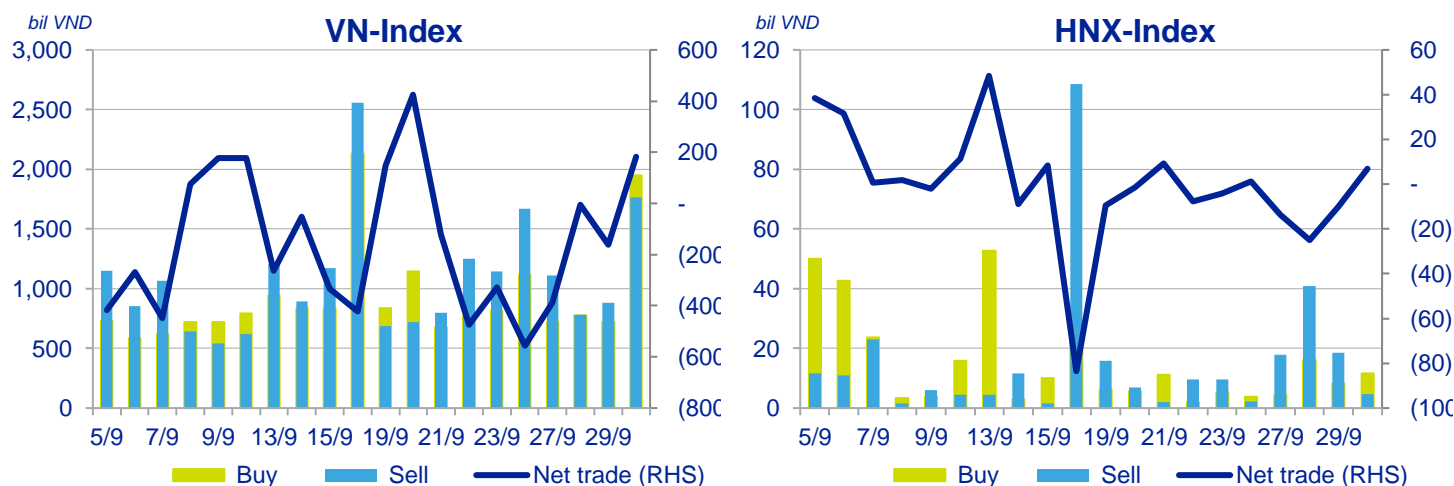
Therefore, in October, VN-INDEX continues to extend its downtrend with the next support at 1000-1030 which is expected to support a technical recovery of VN-INDEX. This is a round number threshold, also an important psychological threshold for VN-INDEX. However, due to strong selling pressure, the downtrend is still strong, VN-INDEX needs to accumulate at low price before rebounding strongly, so VN-INDEX is expected to continue to fluctuate around threshold of 1000 points in the near future. The next support zone for VN-INDEX is at 880-900 points.

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MARKET OVERVIEW

Foreign Transactions in September



Sector	# of tickers	Market Cap (Tr VND)	Index Weight	1 Month Return	YTD Return	ROE	T. P/B	T. P/E
Banks	17	1404.6	30.5%	-13.4%	-19.8%	20.3%	1.8	10.2
Real Estate	49	956.6	21.5%	-8.9%	-21.5%	11.5%	2.8	36.5
Food, Beverage & Tobacco	32	524.0	11.8%	-7.3%	-6.7%	25.8%	4.2	18.6
Materials	63	349.9	7.8%	-14.0%	-31.0%	27.5%	1.6	10.0
Utilities	28	335.4	7.6%	-6.5%	7.1%	20.7%	2.8	15.7
Capital Goods	76	208.5	4.7%	-15.2%	-27.2%	15.2%	1.8	22.8
Transportation	28	165.6	3.7%	-10.1%	-16.9%	11.7%	2.8	291.9
Diversified Financials	17	116.3	2.5%	-15.0%	-46.7%	18.2%	1.9	8.6
Retailing	9	110.1	2.5%	-12.3%	-3.5%	24.7%	4.1	18.2
Software & Services	3	96.0	2.1%	-5.0%	7.7%	26.2%	4.5	18.5
Energy	9	63.4	1.4%	-18.1%	-31.2%	4.3%	1.5	39.2
Insurance	5	52.2	1.2%	-6.8%	-4.8%	9.7%	1.8	19.8
Consumer Durables & Apparel	17	45.5	1.0%	-9.2%	-5.3%	19.0%	2.8	16.0
Pharma, Biotechnology & Life Sciences	10	28.2	0.6%	-2.1%	-13.2%	18.1%	2.5	15.3
Technology Hardware & Equipment	1	10.5	0.2%	-9.3%	-5.6%	45.2%	5.1	14.3
Automobiles & Components	6	8.9	0.2%	-3.6%	5.8%	14.4%	2.0	19.2
Consumer Services	8	7.2	0.2%	-6.2%	-6.7%	1.4%	3.6	92.2
Commercial & Professional Services	6	6.1	0.1%	-7.1%	14.9%	18.3%	1.8	11.3
N/A	9	4.3	0.1%	-2.0%	-26.9%	11.4%	1.5	13.8
Health Care Equipment & Services	3	2.9	0.1%	-5.6%	-22.6%	12.7%	2.0	16.2
Telecommunication Services	1	2.6	0.0%	-35.1%	-49.4%	19.8%	1.4	7.6
Media & Entertainment	2	1.4	0.0%	-4.5%	-22.4%	21.6%	2.0	12.3
Household & Personal Products	1	1.4	0.0%	-0.7%	-6.4%	27.8%	1.9	7.6
VN-Index	400	4501.7	100%	-11.6%	-24.4%	15.4%	1.8	11.7

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Our Recommendation System

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

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

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

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