

VIETNAM MARKET OUTLOOK

October 2022

Downbeat global sentiment overshadows Vietnam's outstanding 3Q macro performance

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

The roller coaster year that has been 2022 continued in September with markets falling 11.6% (after the 6.2% increase in August) as negative global macro news continued to dominate headlines. Despite the macro gloom and doom globally, Vietnam posted remarkable third quarter GDP growth of 13.67% (albeit from a low base in 2021 due to strong COVID restrictions), while being able to control average inflation in 9m 2022 at a reasonable 2.73% y/y. Other key macro indicators showed signs of continuing improvement with exports posting double digit growth in the quarter (+17.2% y/y) resulting in a quarterly trade surplus of USD5.8bn (YTD trade surplus USD6.5bn), disbursed Q3 FDI growing 32.9% y/y to USD5.4bn. Manufacturing continues to chug along with industrial production growing 11.9% y/y in Q3 and 9.63% y/y in the first three quarters of the year (vs +4.1% y/y in 9M2021). Domestic consumption rebounded strongly in Q3 after the lockdown period in 3Q 2021, with retail sales of consumer goods and services increasing an eye-catching 41.7% YoY in 3Q2022 and are up 21% y/y in 9M2022.

The State Bank of Vietnam was in the spotlight in September with a series of key announcements. On September 7th, there were two key announcements regarding increasing the credit growth quotas in the banking system and an increase in the spot reference asking rate by 300VND to 23,700. The increase in the credit growth quote by c. 2% fell short of expectations, given the YTD credit growth at the end of August of 9.9% and the whole year target of 14%, however, the gradual release of credit room is most likely a reaction to inflationary concerns as to not overheat the lending market in a short period of time. The devaluation of the VND by just over 1% was not overly surprising given the recent strength of the dollar (DXY up 14.8% YTD at the time of the move) and relative weakness in major export competing nations. The third move by the SBV was on Sept 23rd when the increase in key policy rates by 100bps was announced (the first change in rates since Oct 2020), just one day after the US Fed raised their key rates by 75bps (up 300bps YTD). We believe the move by the SBV to raise rates was more in response to pressures on the VND rather than an attempt to quell demand to combat inflationary pressures as the Vietnamese CPI remains under control.

Ultimately, the strong domestic Q3 macro data was not able to overcome the glum sentiment surrounding global macro issues and the policy decisions from the SBV during the month, contributing to the slide in the VNIndex. The market decline was broad based, with all sectors finishing the month in the red and liquidity dropped 14% m/m as investors are taking a cautious approach to the markets and other investment channels are increasing yields (bank deposits have increased c. 100bps and range between 6.5-8% for 12-month terms). Starting the fourth quarter, we expect that the markets will remain volatile and that overall sentiment will continue to be subdued as the global economy battles stubbornly high inflation rates and energy concerns as the winter season approaches for the northern hemisphere.

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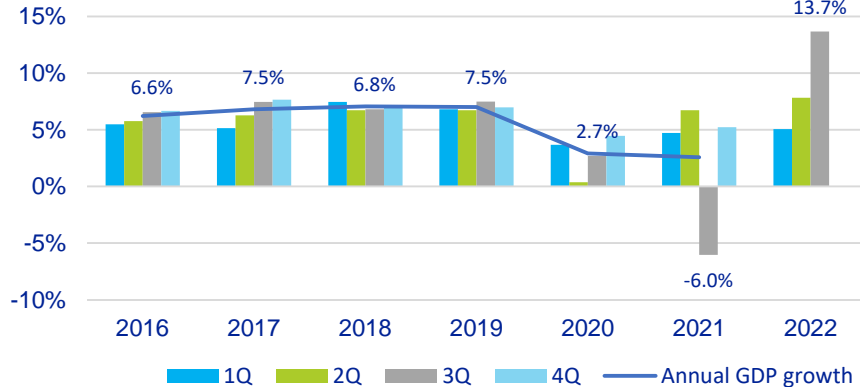


- ❖ **Vietnam GDP accelerated by 13.7% y/y** in the 3rd quarter of 2022 on low base at negative 6% in 3Q 2021. For 9 months, GDP grew 8.83% y/y, the highest growth in 2011-2022 period. In September, **the IIP** continued its expansion with **increase of 13% y/y** as most industries recovered; the PMI continued in expansionary territory at 52.5 as new orders continued to rising in many sectors. **Disbursed capital** increased strongly by **54.6% y/y** to US\$2.6bn and FDI pledges continued to decrease 34.6% y/y at US\$1.98bn. **Total import-export turnover** was estimated at US\$58.7bn, lower 11% than last month but keep **year-on-year growth at 9.4%** and posted a **trade surplus of US\$1.1bn**. Total **retail sales** of consumer goods and services achieved strong growth at **36% y/y**.
- ❖ The USD/VND rate increased strongly in September with the rate at the central bank closing month at 23,400VND (+0.78% m/m), the average rate of banks up to 23,861 (+1.75% m/m) as the growing pressure from the strengthening US Dollar (US Dollar index was up 3.1% m/m) after the recent Fed interest rate hikes. The State Bank of Vietnam (SBV) raised the VND/USD selling price two times in September with total increase of VND525 from VND23,400 to VND23,925 on 7 Sep and 30 Sep. Previously, SBV increased this rate by VND200 in May and by VND150 in July.
- ❖ The interest rate continued increased in September with interbank rates volatile across all tenors. SBV continued to promote T-bills and reverse repos OMO tools to withdrawn VND8tn from the system in September to deal with USD/VND rate upward pressure.
- ❖ Gasoline prices decreased c.8.4% in September and reversed to negative growth from beginning of 2022 at decrease of 3%. Diesel prices decreased 5.1% in September, but are still up 28.2% from beginning of 2022. Retail cooking gas prices decreased by c.1.6% from 1 September, down 6.7% from beginning of 2022.
- ❖ The State Bank of Vietnam (SBV) hiked a series of regulatory interest rates including deposit, rediscount, and refunding rates from 23 September. Accordingly, the ceiling deposit interest rates for demand deposits and one-month deposits terms will be increase to 0.5% (instead of 0.2% as before), for one-month to under-six-month terms will be 5% (instead of 4% as before) excluding People Credit Funds and microfinance institutions which applying ceiling of 5.5%. The overnight interest rate for interbank e-payment and the interest rate for offset loans for clearing between the SBV and credit institutions will increase from 5%/year to 6%/year. The refunding and rediscount rates which were stable at 4% and 2.5% since October 2020 also witness a 100-basis-point hike to 5% and 3.5%, respectively.

- ❖ The Government issued Decree 65/2022/ND-CP on 16 September which amends and supplements a number of articles of Decree 153/2020/ND-CP dated 31 December 2020 on offering and trading private placement bonds in the domestic market and offering corporate bonds to the international market to develop a more transparent and sustainable bond market.
- ❖ According to Minister of Planning and Investment Nguyen Chi Dung at the government's regular meeting on September 6, Vietnam disbursed VND55.5 trillion from the Economic Recovery and Development Program in the first eight months of this year, included VND10.1 trillion for the preferential loan program of the Vietnam Bank for Social Policies, VND3.1 trillion for a package to support worker's rent, VND13.5 billion for the 2% interest rate cut package, VND35 trillion to reduce the VAT and environmental tax on jet fuel and gasoline.
- ❖ Moody's Investor Services (Moody's) upgraded the Government of Vietnam's long-term issuer and senior unsecured ratings to Ba2 from Ba3 reflects Vietnam's growing economic strengths relative to peers and greater resilience to external macroeconomic shocks. Besides, Moody's also changed the outlook to stable from positive reflects a balance of risks to the rating.
- ❖ Financial Times has named Vietnam among the seven economic wonders of the worried world, according to an article published on 26 September. Vietnam and Indonesia, India, Greece, Portugal, Saudi Arabia and Japan stood out in the world on the edge of recession and higher inflation with relatively strong economic growth, moderate inflation, or strong stock market returns compared with other countries. Vietnam is the least surprising name on the list thanks to benefiting from the "China plus one" strategy of western business and promoting to invest in the infrastructure and opening its doors.
- ❖ The US Fed decided to raise its benchmark interest rate by 75 basis point to push the federal funds rate to a range of 3.0% - 3.25% on 22 September. Previously, Fed approved the increase of 0.75% in June and July, 0.5% in May and 0.25% in March. In the same day, the Bank of England also hike its interest rate by 50 basis point, Japan intervene to support the Yen for the first time since 1998.
- ❖ OPEC+ decided an output cut by 100,000 barrels per day to the production level of August 2022, equivalent to 0.1% global consumption since Oct 2022 on 5 September. In the next meeting on 5 October, this organization continued to cut oil production by 2 million barrels per day.

GDP grew strongly on low base of last year

Vietnam GDP growth by quarter

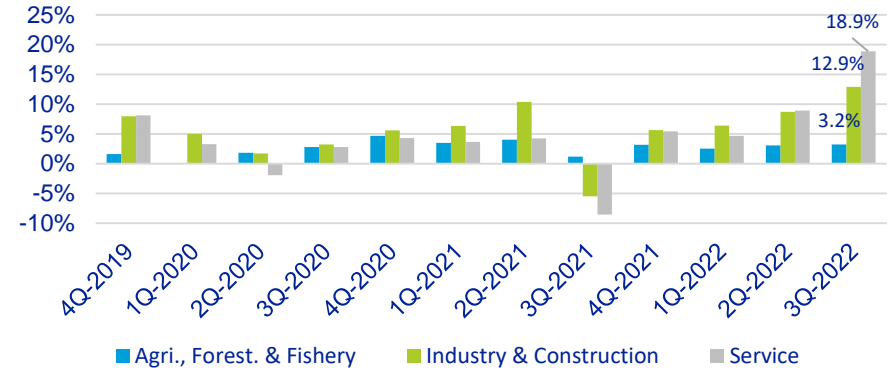


Source: GSO, ACBS

❖ Vietnam's GDP accelerated by an impressive 13.67% y/y in the 3rd quarter of 2022, albeit from a low base at negative 6% from 3Q2021 as COVID restrictions severely hampered economic activities. The service sector witnessed an extremely high growth rate at 18.9%, industry and construction sector grew 12.9% and the agriculture-forestry-fishery increases 3.2%. For 9 months, GDP grew 8.83% y/y, the highest growth in 2011-2022 period.

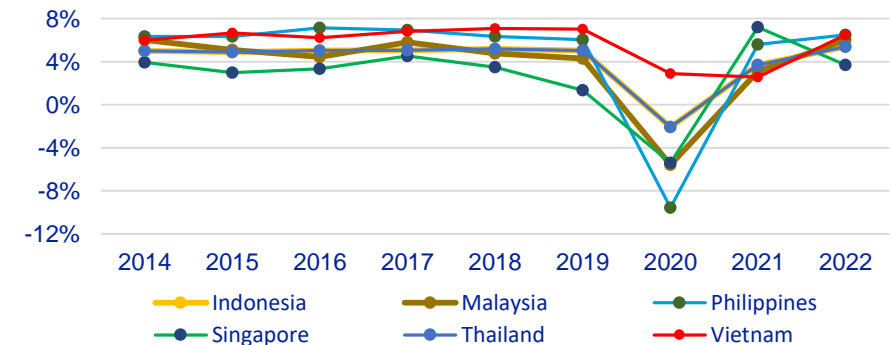
❖ Regarding GDP for 9 months by expenditure, Final Consumption increased by 10.08%, Gross Capital Formation increased by 8.7%, Exports of goods & services increased by 9.32% and Imports of goods and services increased by 2.72%.

GDP growth breakdown



Source: GSO, ACBS

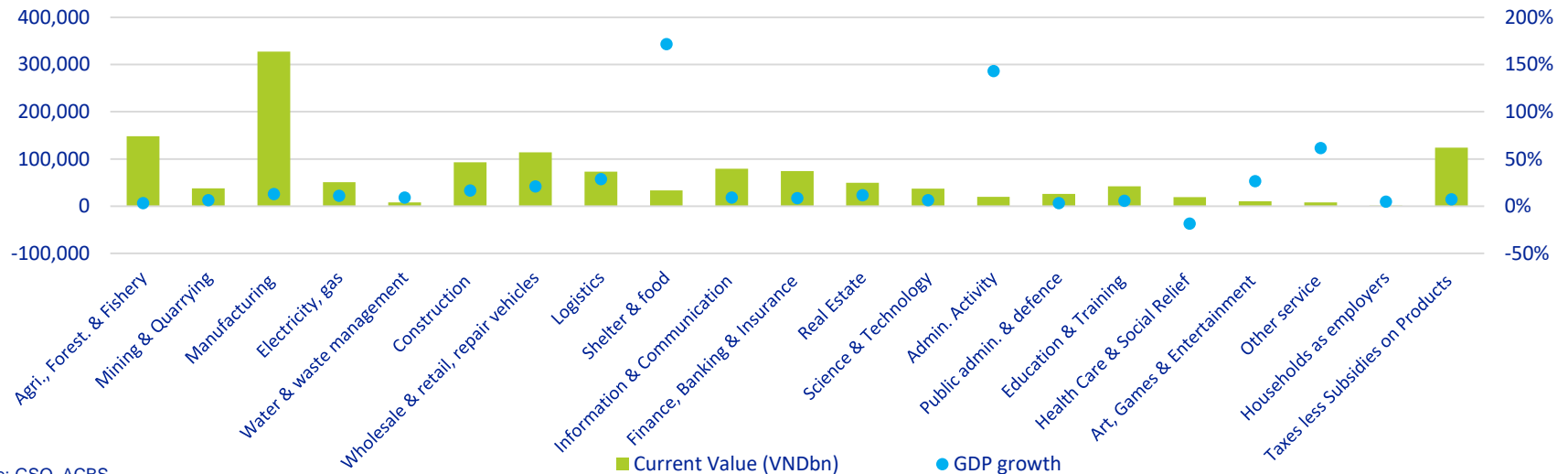
Vietnam GDP growth and peer market



Source: World Bank, ACBS. GDP 2022 estimated by ADB in Sep 22

GDP breakdown by industry

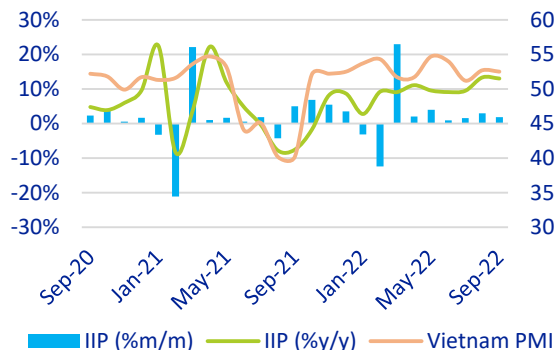
GDP by Industry in 3Q2022



Source: GSO, ACBS

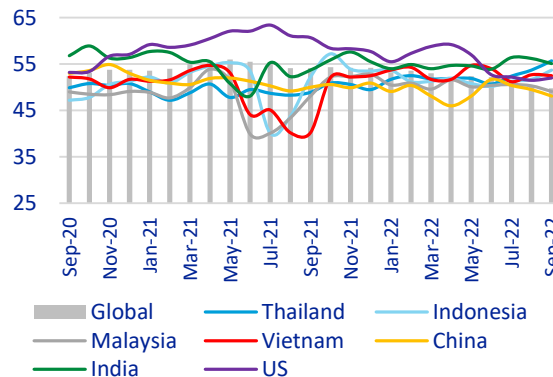
- ❖ Most sectors achieved impressive growth in the 3rd quarter. Shelter and food (+172%) was the highest contributors of economic growth in the 3rd quarter thanks to the strong recovery post pandemic, following by Manufacturing (+13%) given the strong FDI inflows along with rehabilitation of industrial production, Administrative activity and supporting service (+143%), Wholesales and retail trade & vehicles and motorcycles repairs (+21%), Logistics (+29%). Finance and banking (+8.7) grew slower than two previous quarters amid limited room for lending due to fully utilized credit quotas and fluctuations of interest rates and exchange rates. Agriculture-Forestry-Fishery (+3.2%) kept stable growth, in which the Fishery (+4.9%) slower than last quarter when the recession worries increasing in US and EU, the Forestry (+5.6%) increased strongly on low base of last year.
- ❖ Conversely, Health Care & Social Relief (-18.2%) contracted given the pandemic is controlled compared with the same period of last year when the pandemic outbreak heavily and this sector recorded strong growth in the 3rd quarter of last year.

Vietnam IIP and PMI



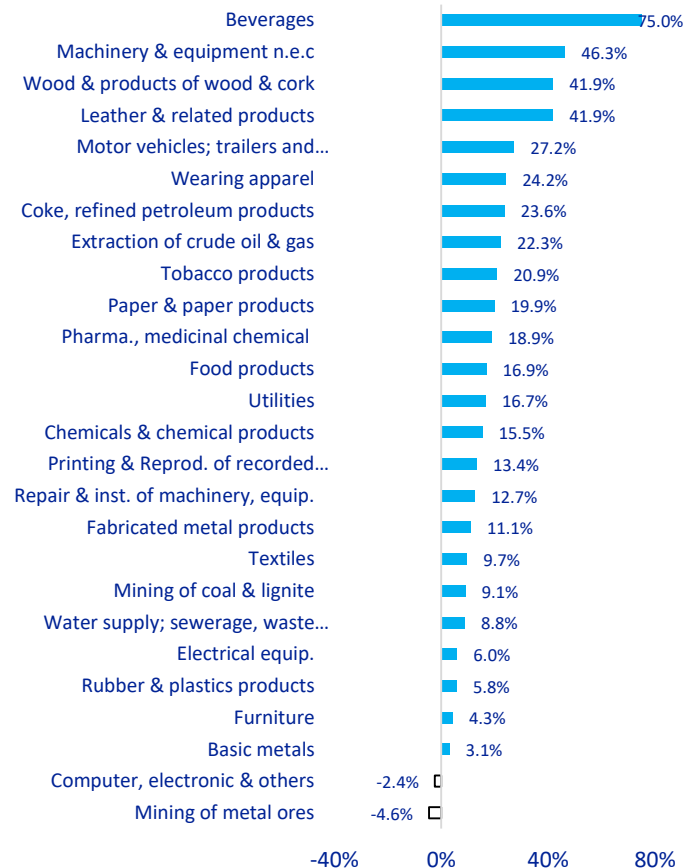
Source: GSO, IHS Markit, ACBS

Vietnam PMI and other markets



Source: Bloomberg, IHS Markit, ACBS

IIP September 2022 by industry

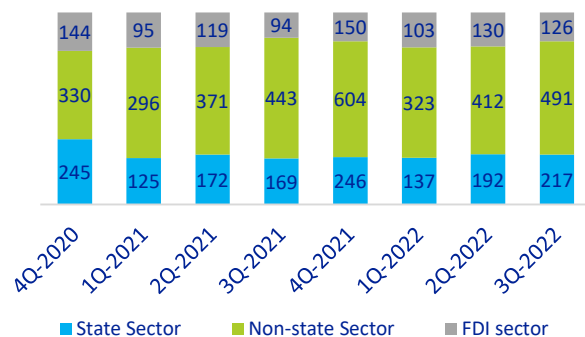


Source: GSO, ACBS

- ❖ The IIP in September continued its expansion with increase of 13% y/y (due in part to the low base from last year) as most industries recovered, except mining of Metal ores (-4.6%) and Computer, electronic & others (-2.4%). For 9 months, IIP increased by 9.6% y/y and registered the expansion in 61 provinces and contraction in 2 provinces. Some notable products in the first 9M were Beer (+35.8%), Processed seafood (20.4%), Phone accessories (+17.3%), Automobile (+16.5%), Angle & rebar steel (+15.4%), Clothes (+13.2%), Leather footgear (+10.2%). In converse, some products decreased such as Crude steel, iron (-13.7%), Mobile phone (-5.8%), N.P.K mixed fertilizer (-4.1%), Aquatic feed (-3.3%), Textile fabric from artificial yarn (-3.1%), Liquidized gas (-2.5%), Television (-1.8%).
- ❖ The Markit PMI continued in expansionary territory at 52.5, slightly lower than 52.7 of last month as new orders, output and employments maintain rising given lower input costs and raw materials suppliers' delivery times improved. The PMI of ASEAN also improved while PMI of global and other regions like Emerging Markets, Eurozone, European Union, US, China contracted again given recession concerns and inflation pressure.

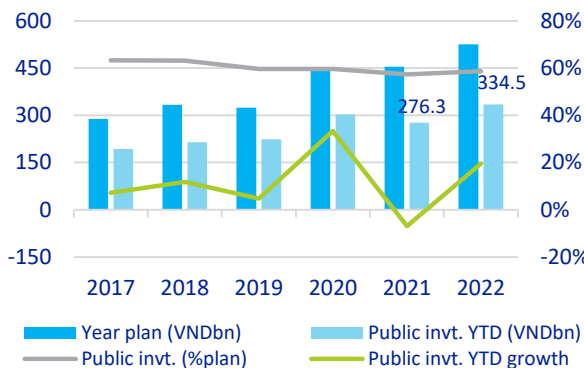
Total investment disbursement

Unit: VNDtn



Source: GSO, ACBS

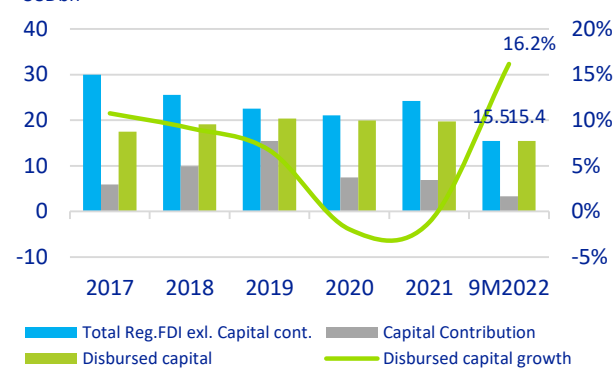
Public investment in 9M



Source: GSO, ACBS

FDI attraction by years

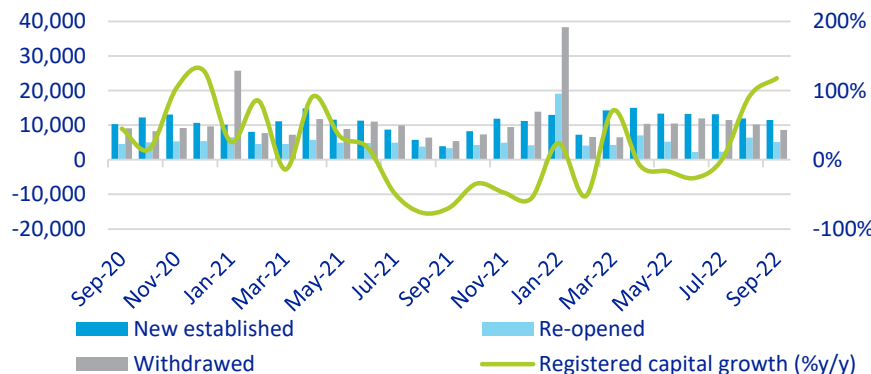
USDbn



Source: MPI, ACBS

- ❖ The total social investment increased by 18.1% y/y in the 3rd quarter, recording VND834 trillion, in which, the non-state sector continued to play the key role with its contribution of 58.9% in total capital compared with 56.2% in the 2nd quarter, FDI sector decreased their contribution to 15.1% and state sector contributed 26%.
- ❖ In September, Vietnam spent VND50.3 trillion on public investment, an increase of 43% y/y, completing 58.7% of the annual plan in 9 months. Many projects are faced with difficulties given cost overruns, lack of road embankment materials, slow site clearances and the incoming rainy season - putting more pressure on contractors.
- ❖ In terms of the private sector, new registered enterprises reached 11,466 (+194% y/y), reopened enterprises increased strongly at 5,118 (+54%), the number of enterprises withdrawing from the market continued to down but still high at 8,638 enterprises (+61% y/y).

Enterprises activities



Source: GSO, ACBS

Key projects in progress	Est. capital (VNDbn)	Implementation Progress
Long Thanh International Airport - Site clearance project	22,856	<ul style="list-style-type: none"> - As of 30 Sep '22, disbursed capital estimated of VND16,644bn, completed 73% total plan. - Estimated clearance 96% site.
Long Thanh International Airport - Construction project - Phase 1	109,111	<ul style="list-style-type: none"> - Started work on passenger terminal on 30 March '22, the second component project worth VND3,500bn on 29 Sep '22.
East North - South Expressway (period 2017-2020)	118,716	<ul style="list-style-type: none"> - As of 7 Sep '22, accumulated disbursed capital estimated of VND39,712bn, completed 79.5% of total plan. - Site clearance: completed 99.9% - Construction: 1 component project completed, 4 projects on schedule, 6 projects behind schedule.
East North – South Expressway (period 2021-2025)	148,500	<ul style="list-style-type: none"> - Approved 12 components projects on July '22. - Preparing feasibility studies for 12 component projects. - Total allocated capital of VND47,168bn, disbursed capital VND203bn as of 30 Sep '22.

Key Government decisions on Public investment in 2022

The Prime Minister issued decision No.548/QĐ-TTg on May 2, 2022 to accelerate the disbursement process by working with related ministries and localities to address current issues.

On 16 June, the National Assembly approved the investment policy of the Ring Road 3 Project in Ho Chi Minh city, Ring Road 4 Project in Ha Noi, 3 expressway projects of Khanh Hoa-Buon Ma Thuot, Bien Hoa-Vung Tau, Chau Doc-Can Tho-Soc Trang.

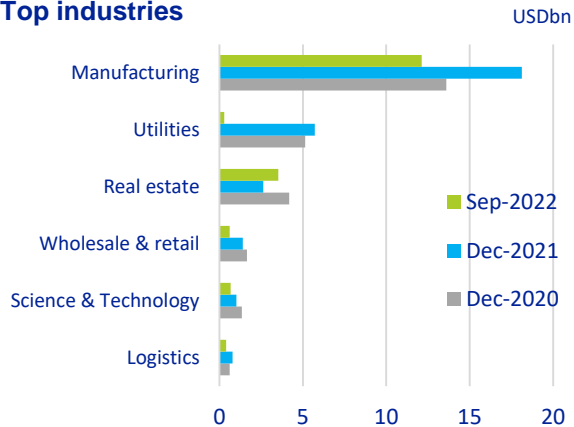
In the meeting on 11 July, National Assembly Standing Committee approved the policy of converting the use purpose of 4,400 ha land for North-South Expressway.

The Minister of Transport signed decisions of approving 12 components projects of the East North - South Expressway (period 2021-2025) on 13 July 2022.

The Ministry of Transport approved the investment plan of over VND700 million for the construction of three airline operating centers at Long Thanh International Airport with a total of more than 57,000 sq m in Dong Nai Province.

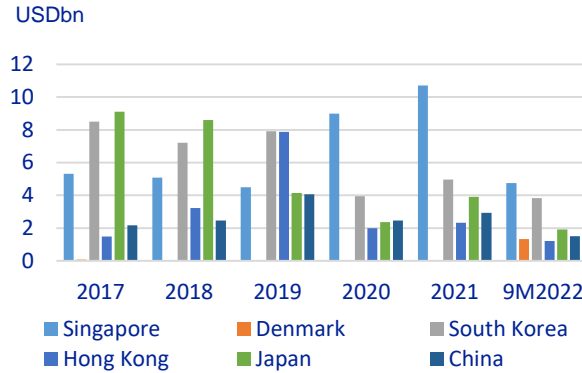
Vietnam's Ministry of Transport has approved a VND1.1 trillion (\$47.41 million) project to upgrade 411 kilometers of Nha Trang-Saigon section, a part of the North-South railway. This project is a part of the VND7 trillion railway package using state funds in 2021-2025.

Top industries



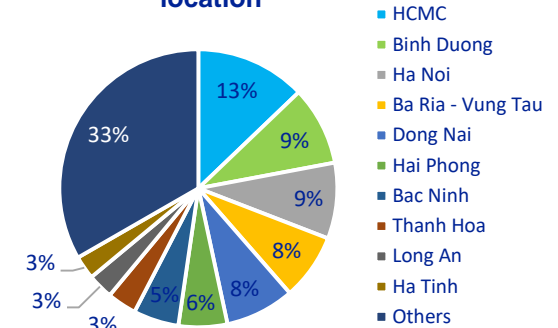
Source: MPI, ACBS

Top counterparts



Source: MPI, ACBS

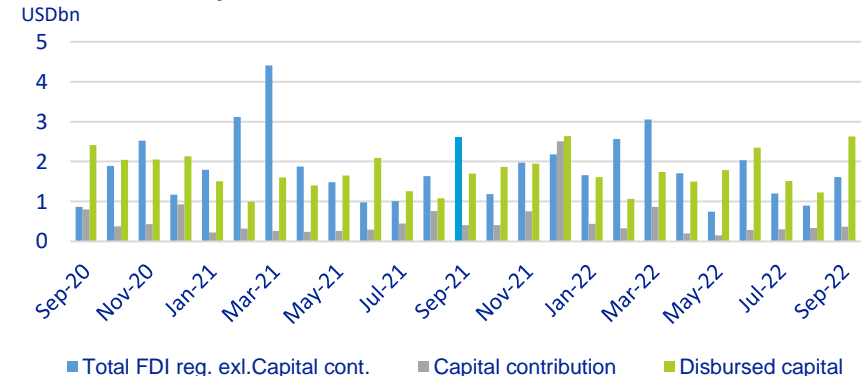
Accumulated FDI as of Sep 2022 by location



❖ In September, disbursed capital increased strongly by 54.6% y/y to US\$2.6bn, FDI pledges decreased 34.6% y/y at US\$1.98bn. For 9 months, disbursed capital increased by 16.2% y/y to US\$15.4bn; there are 1,355 newly registered projects (+12%/y/y) with registered capital of US\$7.1bn (-43%/y/y), 769 projects that registered for additional capital (+13.4%) with US\$8.3bn (+30%) and 2,697 transactions of capital contribution (-5%) valued at US\$3.2bn (+2%).

❖ Singapore and South Korea continued to be two biggest counterparts in first 9 months, following by Japan, replacing Denmark, to be the 3rd biggest counterpart. HCMC, Binh Duong, Bac Ninh, Thai Nguyen and Hai Phong are top 5 provinces FDI attraction in 9M2022, respectively.

FDI attraction by months



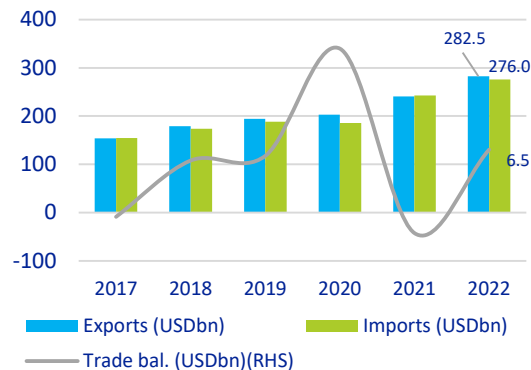
Source: MPI, ACBS

Major FDI projects in 2022

Projects	Industry	Location	Counterparts	Reg. capital (USDbn)	Certificate granted date
LEGO Manufacturing VietNam	Carbon-neutral factory to produce toy	Binh Duong	Denmark	1.32	Mar 2022
VSIP urban construction project	Urban areas and services	Bac Ninh	Singapore	0.94	Jan 2022 (Amended cert.)
Samsung's electro-mechanics project	Producing high-tech integrated components for electronic devices	Thai Nguyen	Korea	0.92	Feb 2022 (Amended cert.)
Samsung Electronics HCMC CE Complex	Manufacturing consumer electronics	HCMC	Korea	0.84	June 2022 (Amended cert.)
Goertek Vietnam Factory Project	Manufacturing electronic products and network equipment and multimedia audio products	Nghe An	Hong Kong	0.40	Jan 2022 (Amended cart.)
Goertek Vietnam Factory Project	Manufacturing electronic and network devices and multimedia audio products	Bac Ninh	Hong Kong	0.31	Jan 2022 (Amended cert.)
Commercial and services Project of GE Vietnam	Commercial and services	Bac Ninh	Korea	0.22	Jan 2022 (Amended cert.)
JNTC Factory	Manufacturing electronic components	Phu Tho	Korea	0.16	Jan 2022 (Amended cert.)

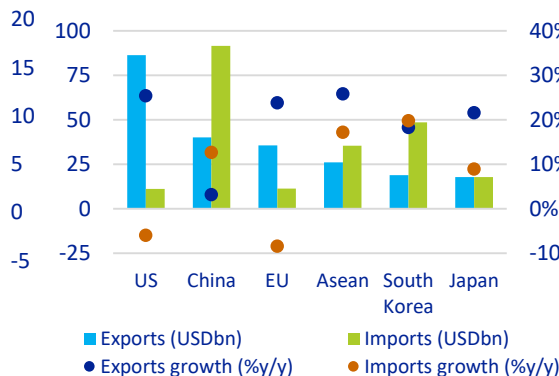
Foreign trade turnover down slightly, maintain surplus

Foreign trade in 9M by years



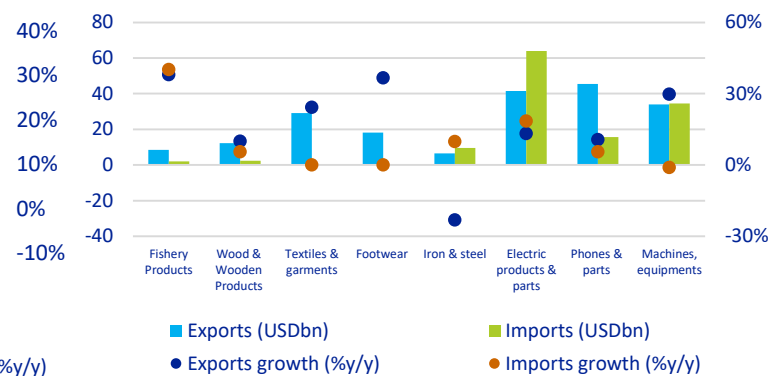
Source: GSO, ACBS

Main EX-IM markets in 9M2022



Source: GSO, ACBS

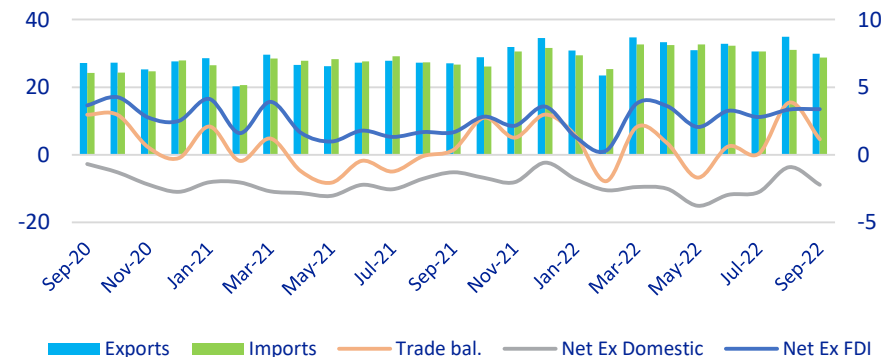
Main EX-IM items in 9M2022



Source: GSO, ACBS

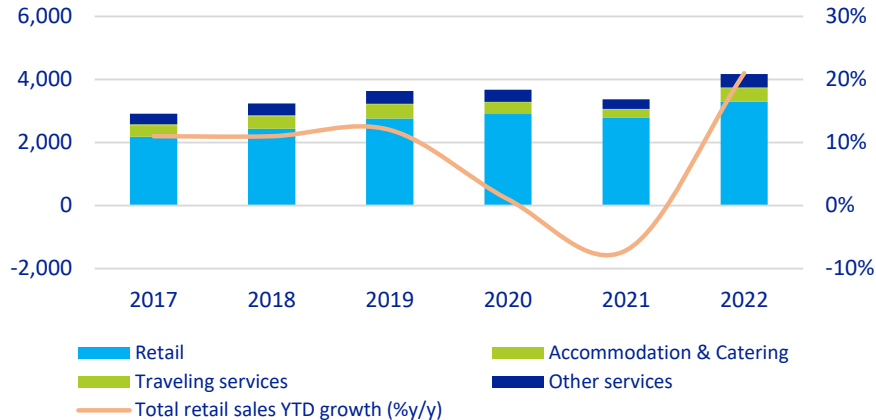
- ❖ Total import-export turnover in September was estimated at US\$58.7bn (-11% m/m, +9.4% y/y) and posted a trade surplus of US\$1.1bn. In which, exports amounted to US\$29.9bn (-14.3% m/m, +10.3% y/y) and imports were estimated at US\$28.8bn (-7.3% m/m, +6.4% y/y). For the first 9 months, total IM-EX turnover up 15.6% y/y, posted a trade surplus at US\$6.5bn.
- ❖ For 9 months, exports to the US increased 25% y/y, exports to China increased just 3% y/y given the lockdowns in many cities due to COVID-19 outbreaks, exports to ASEAN (with main items such as iron & steel, machinery, equipment and spare parts) have highest growth of 26%. Meanwhile, imports from the US decreased 6%, from EU down 8%, imports from China rose 13% despite COVID-19 restrictions in major cities causing difficulties to both importers and exporters.

Foreign trade by months (USDbn)



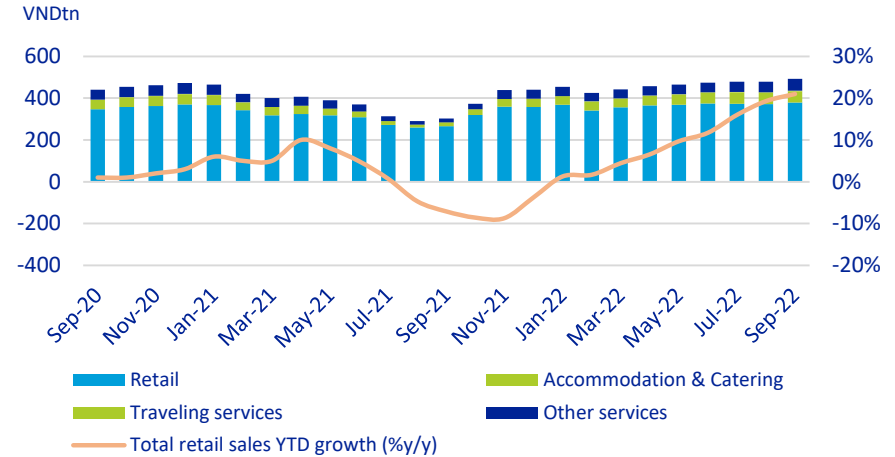
Source: GSO, ACBS

Retail sales of goods and services in 9M



Source: GSO, ACBS

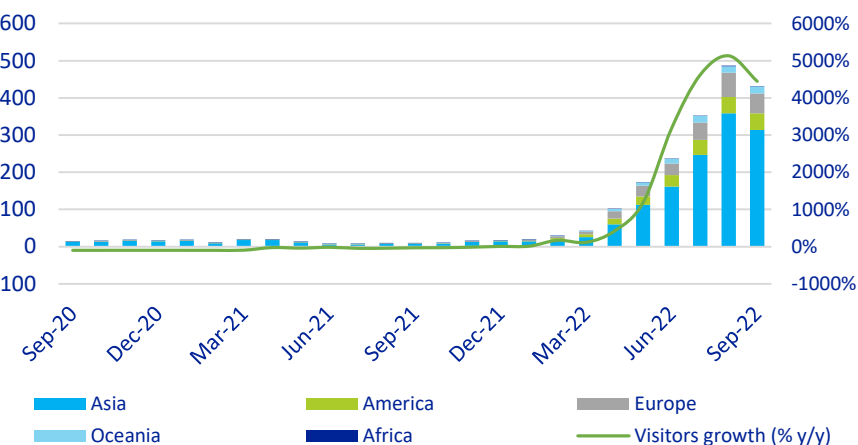
Retail sales of goods and services monthly



Source: GSO, ACBS

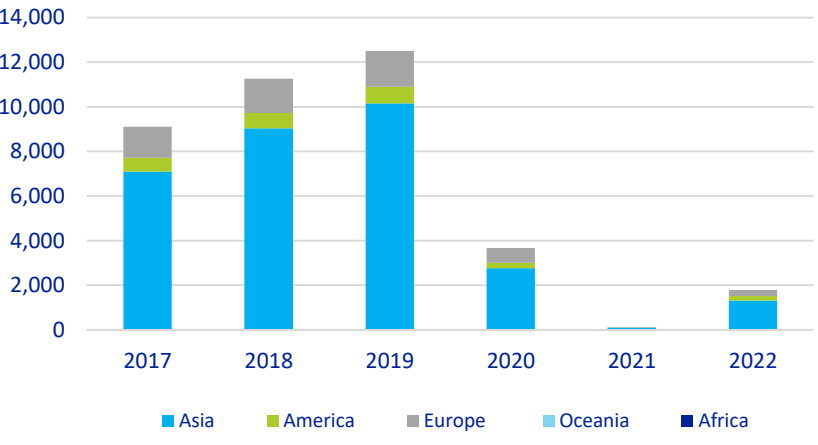
- ❖ Total retail sales of consumer goods and services in September were VND 493 trillion (+2.9% m/m, +36% y/y). In which, revenue of goods increased 20% y/y, accommodation and catering up 129%, traveling services surged 31 times and other services up 154%.
- ❖ For 9 months, the total retail sales were estimated at VND4,170tn, up 21% y/y. Revenue of cultural and educational items up 25.9% y/y, garments up 16.6%, transportation up 15.3%, food and food stuffs up 11.4%, household tools & equipment up 6.9%.
- ❖ For 2022, we expect the retail sales to continue their recovery thanks 1) local and international travel are expected to pick up in 2022, as the borders reopened to international travelers on March 15th which will not only push travelling services but also other services and retail sales of goods and; 2) backlogged consumption needs suppressed during last two years as most of activities have resumed normal operations

International visitors monthly (thsnd)



Source: GSO, ACBS

International visitors in 9M (thsnd)

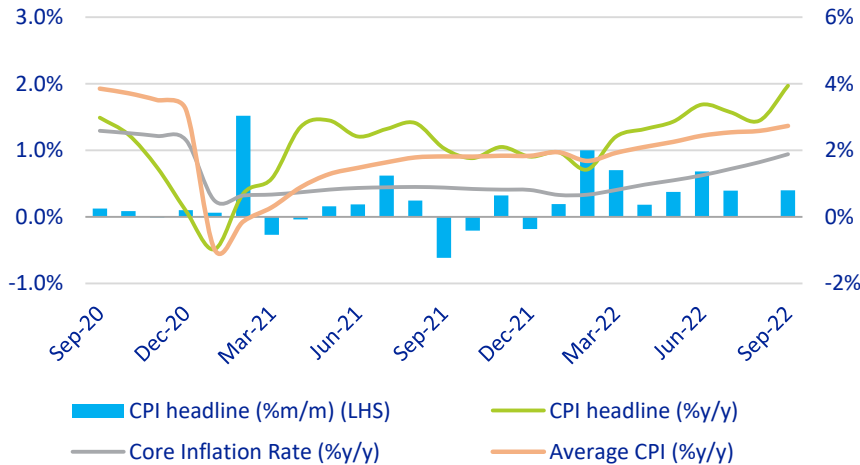


Source: GSO, ACBS

- ❖ In September, there was 432,000 international visitors arrived to Vietnam (-11.2% m/m, +44 times y/y). For 9 months, this number was 1,873,000 (+15 times y/y), still very low compared to pre-pandemic years but improved over last year and is increasing over the first half of the year. Visitors from South Korea, United States, Cambodia, Japan are the top nationalities of visitors to Vietnam in 9 months.
- ❖ For 2022 and 2023, we expect the international visitors to Vietnam continued to pick up as the borders reopened to international travelers on March 15th 2022 and tourists have had time to plan trips and COVID related travel procedures have been eliminated.

CPI still in government plan

CPI monthly



Source: GSO, ACBS

CPI Basket	Weight (%)	09/2022 (% m/m)	09/2022 (% y/y)	Avg 9M2022 (% y/y)
CPI headline	100.0	0.40%	3.94%	2.73%
Food and Foodstuffs	33.6	0.18%	3.65%	1.69%
Food	3.7	-0.08%	2.10%	2.35%
Foodstuff	21.3	0.16%	2.77%	0.50%
Eating outside	8.6	0.32%	6.56%	4.38%
Beverage, cigarette	2.7	0.13%	3.44%	2.99%
Garment, footwear	5.7	0.16%	2.19%	1.40%
Housing and constrn. Materials	18.8	0.94%	4.43%	2.11%
Household appliances & goods	6.7	0.16%	2.54%	1.84%
Medicine, health care	5.4	0.03%	0.47%	0.36%
Transportation	9.7	-2.23%	6.68%	14.98%
Postal services, Telecom.	3.1	-0.04%	-0.15%	-0.42%
Education	6.2	5.84%	8.37%	-1.29%
Culture, entertm't. & tourism	4.6	0.03%	4.82%	2.49%
Other goods, services	3.5	0.14%	2.99%	2.11%

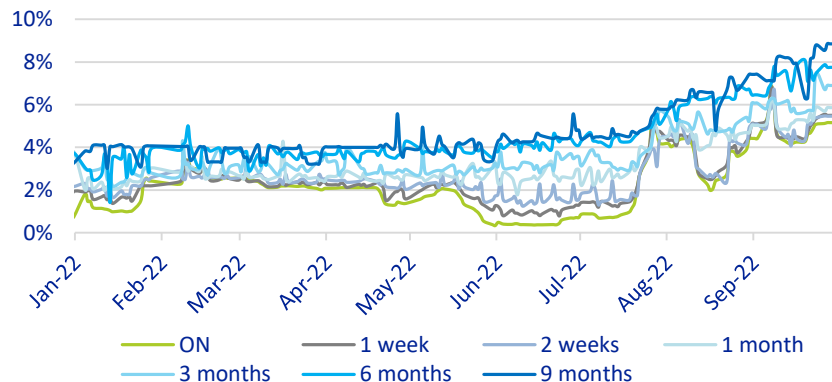
Green: increase from previous respective period Red: decrease from previous respective period

- ❖ The consumer price index (CPI) in September increased 0.4% over last month and the average in 9M2022 increased 2.73% compared to the average over the same period of 2021. Food and foodstuff, which highest weight in CPI basket up 1.69% y/y, lower than average of 3.26% y/y in 2016-2021 period given the rice prices increased 1.14%, eating outside up 4.38% given COVID-19 was controlled and demand surge. Transportation increased 14.98% given domestic gasoline up 41% and retail gas prices up 18.7%. Price of housing maintenance materials increased 7.9% given cements, steels, sand prices surged in the upward trend of input materials. In converse, the prices of education services decreased given many provinces exempted and reduced tuition fees in the school year 2021-2022 due to the impact of the Covid-19 epidemic and postal services prices decreased thanks to mobile phone prices restraining the upward momentum of inflation. The core CPI just increased 0.47% m/m in September and 1.88% for 9M2022.

- ❖ The government's socio-economic development plan for 2022 sets the CPI growth at around 4%. Until now, the CPI is in control with headline CPI was at 2.73% in 9 months thanks to the fall in food and gasoline and is still lower than other countries (as shown in slide 22) and lower than government's target.

Interest rate went up amid many countries hiking rate

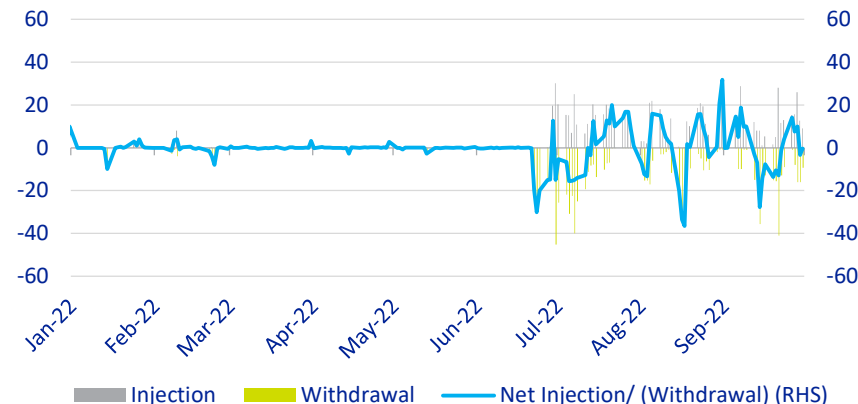
Interbank Rate



Source: FiinPro, ACBS

- ❖ Interest rates continued to increase in September with interbank rates volatile across all tenors after the SBV extended credit quotas for many banks and hiked regulation interest rates by 100 basis points including deposit, rediscount and refunding rates on 23 Sep following the 75 basis point hike of the Fed (US), paving the way for deposit rates in many banks increased. Besides, SBV continued to promote T-bills and reverse repos OMO tools to withdrawn VND8tn from the system, combined with selling USD brought the total withdrawal Vietnam Dong estimated of VND52tn to deal with upward pressure on the USD/VND rate.
- ❖ We expect that maintaining low interest rates would be tough for the SBV as the FED might have another two rate hikes towards the year end, which will put pressure on VND/USD exchange rate and the SBV will have to keep gap between the VND and USD interbank interest rate positive in order to support VND/USD exchange rate. We maintain our expectation that our key policy interest rates might gradually increase between 50bps – 75bps toward year-end.

Net Injection/ (Withdrawal) from OMO (VNDtn)

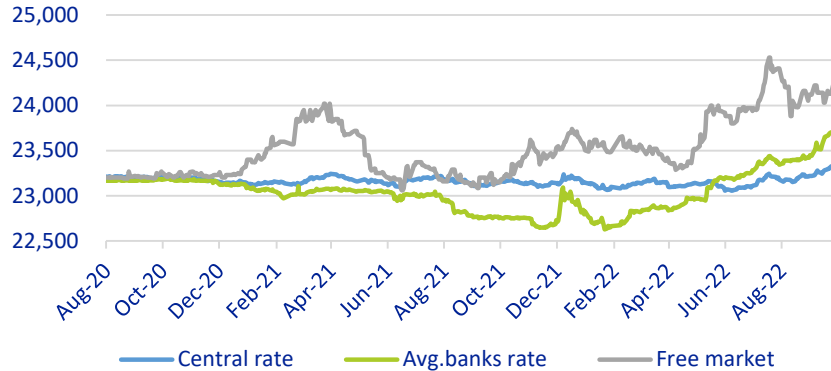


Interbank Rate

Term	ON	1 weeks	2 weeks	1 month	3 months	6 months	9 months
End of Sep 2022 (%)	5.16	5.50	5.46	5.86	6.90	7.75	8.85
+/- MoM (bps)	74	39	37	83	83	129	143
+/- YTD (bps)	443	357	330	206	322	401	559

USD/VND went up amid US Dollar continued to increase

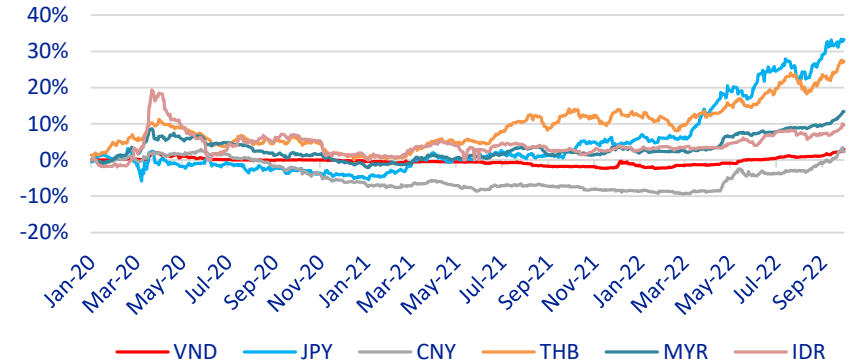
USD/VND exchange rate



Source: Fiin Pro, ACBS

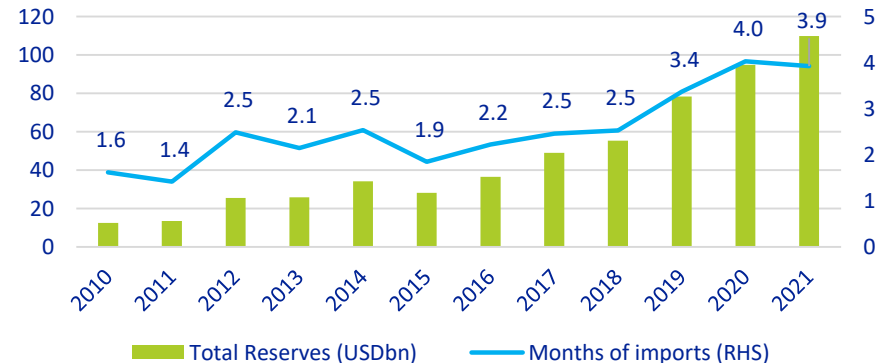
- ❖ The USD/VND rate increased strongly in September with the rate at central bank closing the month at 23,400 (+0.78% m/m), the average rate of banks up to 23,861 (+1.75% m/m) as the growing pressure from the strengthening US Dollar (US Dollar index was up 3.1% m/m) after the Fed hiked interest rates in the recent meetings. The rate in free market bounced back after decreasing sharply last month (+0.33% m/m). The SBV increased spot reference asking exchange rate two times in Sep with total increase of VND525 as the VND has been under pressure from external headwinds.
- ❖ Global gold prices fell sharply amid strengthening USD, closing the month at US\$1,665 (-2.7% m/m). Domestic gold prices decreased slightly to VND66.4m/tael (-0.3% m/m), which represents an high premium of c.38% to global prices.
- ❖ It is estimated that the SBV has sold approx. US\$22bn in 2022 from the foreign reserves, equivalent to 21% of total reserves as of 2021, putting current reserves at est. USD87bn and has reduced the import coverage to approx. 12 weeks, still within a safe range.

Monthly USD/VND and other currencies



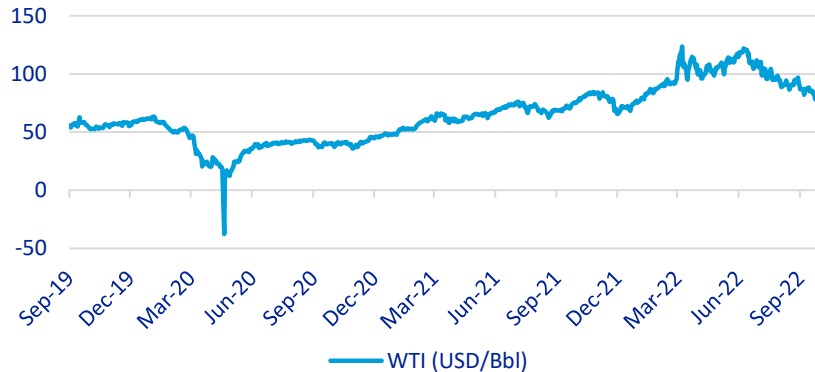
Source: Bloomberg, ACBS. Note: change relative to Dec 31, 2019

Vietnam foreign reserves in months of imports



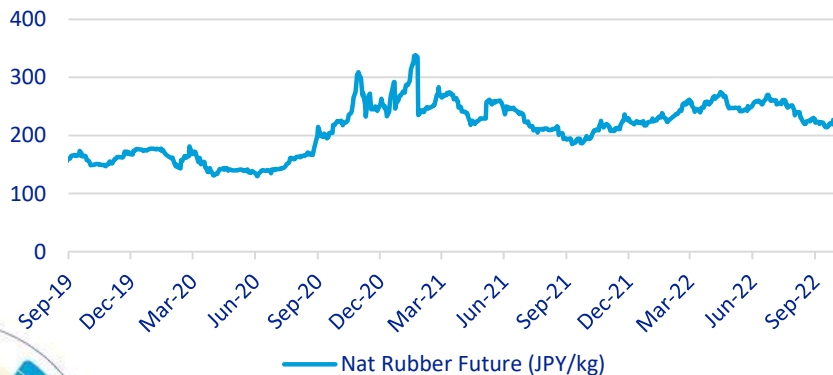
Source: WB, ACBS

Crude Oil WTI



Source: Bloomberg, ACBS

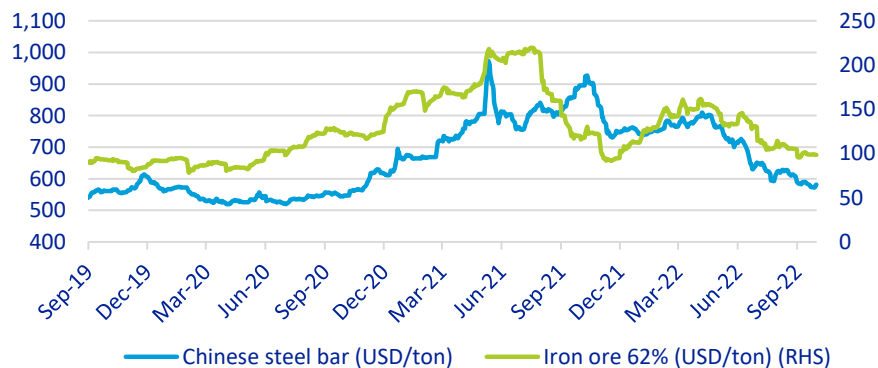
Natural rubber



Source: Bloomberg, ACBS

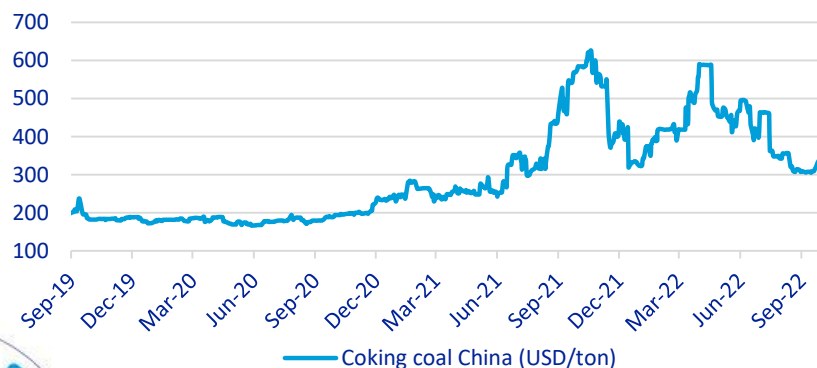
- ❖ Crude oil prices continued to fall in September with WTI down 11% m/m, Brent prices were down 10% m/m given rising concerns of recessions after central bank rate hikes combined with Chinese economic outlook dimmed by zero-COVID strategy. Despite the persistent supply-side issues with Russian sanctions and the announced cut of 100,000 barrels per day announced by OPEC+ in Sept oil prices are hard to recover amid mass factory closures in fertilizer and steel industries. Subsequent to the end of Sept, OPEC+ announced the cut of 2 million barrels/day in the October meeting putting the oil supply to be more tense, leading to the WTI oil rapidly recover from US\$83/barrel to US\$93/barrel. While the global economy would need a stable supply of oil for economic activities, which are recovering post pandemic although worries on recession is growing, we maintain our expectation that crude oil still have motivation for increase to around US\$100/barrel until the supply side becomes more stable.
- ❖ Natural rubber futures on the Tokyo Commodity exchange recovered slightly from mid-September and closed month at JPY226, down 1.1% m/m amid worries of slowdowns in demand. Recently, Chongqing city, one of largest automotive manufacturing hubs of China, ordered power cuts to save energy amid the unprecedented heatwave, leading to shut down of many factories. Besides, the slowdown of global economic growth after hiking interest rates to curb inflation and the shortage of chips dragging demand of rubber products like automotive parts have dampened the demand outlook. The latest Monthly NR Statistic Report of ANRPC released in 1 Oct show that the supply in August and September exceeded demand by 237 million tons and contributed to downward pressure on prices. We suppose that rubber prices will face unfavourable conditions to increase as demand wanes.

Steel rebar & Iron ore



Source: Bloomberg, ACBS

Coking coal



Source: Bloomberg, ACBS

- ❖ Steel prices were mixed in September with HRC steel down 0.54% m/m and rebar steel increase slightly 0.59% in Shanghai Futures Exchange and US HRC steel -1.1% (vs -13% in August) amid potential supply contraction given many steel factory are closing and many steel factories in Asia (including nearly half of blast furnaces in Tangshan steelmaking hub), Europe and US are in the annual maintenance period. However, the demand from China is still weak and low price of Russian steel to Asia countries can be a drag on steel prices.
- ❖ Iron ore prices dropped 6.2% in September given the weak demand from China while many steel factories are temporary pausing operation. Despite the expectations of increased demand in China if they add to the fiscal stimulus package, particularly on infrastructure, to boost their economy, we're concerned that the complicated developments of the pandemic will constrain demand in China and fears of recession in many countries prevent the recovery of iron ore prices.
- ❖ Coking coal prices in China recovered at the end of September and closed the month up by 25% given worries on tight available spot volumes. The supply disruption in the short-term is still a worry as supply from Australia is falling driven by parts of New South Wales and Queensland flooding repeatedly over the recent months, along with high workforce absenteeism because of COVID-19, and Indonesia which temporary banned on coal exports.

Key macro indicators

Monthly data	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22
Industrial Production (% y/y)	-1.8%	8.2%	8.7%	2.8%	9.2%	9.1%	11.1%	9.5%	9.1%	9.5%	13.3%	13.0%
Mining & quarrying	-8.2%	6.2%	-7.1%	-1.7%	2.2%	7.5%	7.9%	3.9%	5.1%	-2.8%	7.5%	16.3%
Manufacturing	-0.8%	8.6%	10.9%	2.9%	9.7%	9.7%	11.7%	11.0%	9.9%	11.1%	14.1%	12.5%
Prod & dist of electricity	-4.8%	6.8%	9.1%	5.2%	11.9%	6.5%	8.6%	2.3%	5.5%	6.2%	12.3%	16.7%
Water supply & waste treatment	-0.5%	0.4%	0.8%	4.1%	4.3%	-4.6%	2.7%	9.4%	6.3%	12.1%	5.9%	8.8%
PMI	52.1	52.2	52.5	53.7	54.3	51.7	51.7	54.7	54.0	51.2	52.7	52.5
Retail Sales (% y/y)	-19.5%	-12.2%	1.1%	1.3%	3.1%	9.4%	12.1%	22.6%	27.3%	42.6%	50.2%	36.1%
CPI (% m/m)	-0.2%	0.3%	-0.2%	0.2%	1.0%	0.7%	0.2%	0.4%	0.7%	0.4%	0.0%	0.4%
CPI (% y/y)	1.8%	2.1%	1.8%	1.9%	1.4%	2.4%	2.6%	2.9%	3.4%	3.1%	2.9%	3.9%
Export Value (USDm)	28,870	31,870	34,592	30,845	23,417	34,712	33,317	30,918	32,843	30,607	34,918	29,940
Import Value (USDm)	26,130	30,610	31,623	29,449	25,381	32,663	32,468	32,616	32,233	30,533	31,059	28,800
Trade Balance (USDm)	2,740	1,260	2,970	1,396	-1,964	2,049	849	-1,698	610	74	3,859	1,140
Disbursed FDI (USDm)	1,870	1,950	2,640	1,612	1,068	1,740	1,500	1,790	2,348	1,512	1,230	2,628
Registered FDI excl. Cap. Cont. (USDm)	1,184	1,971	2,181	1,658	2,568	3,050	1,710	742	2,032	1,203	899	1,610

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%	8.8%
Industrial Production	5.9%	7.6%	9.8%	7.5%	9.4%	10.2%	9.1%	3.4%	4.8%	9.6%
Retail Sales	12.6%	10.6%	9.5%	10.2%	10.9%	11.7%	11.8%	2.6%	-3.8%	21.0%
Consumer Price Index	6.6%	4.1%	0.6%	2.7%	3.5%	3.5%	2.8%	3.2%	1.9%	2.7%
Export Value (USDbn)	132.03	150.22	162.02	176.58	215.12	243.70	264.34	282.53	336.25	282.52
Import Value (USDbn)	132.03	147.85	165.78	174.98	213.22	236.87	254.09	262.67	332.25	276.00
Trade Balance (USDbn)	0.00	2.37	-3.76	1.60	1.90	6.83	10.25	19.86	4.00	6.52
Disbursed FDI (USDbn)	11.50	12.35	14.50	15.80	17.50	19.10	20.38	19.98	19.74	15.43
Registered FDI (USDbn)	21.63	20.23	22.76	20.95	29.97	25.57	22.55	21.06	24.26	15.47

Quarterly data	2Q-2020	3Q-2020	4Q-2020	1Q-2021	2Q-2021	3Q-2021	4Q-2021	1Q-2022	2Q-2022	3Q-2022
GDP (% y/y)	0.4%	2.7%	4.5%	4.7%	6.7%	-6.0%	5.2%	5.1%	7.8%	13.7%
Agriculture, Forestry & Fishing	1.8%	2.8%	4.7%	3.5%	4.0%	1.2%	3.2%	2.5%	3.1%	3.2%
Industry & Construction	1.7%	3.2%	5.6%	6.3%	10.4%	-5.5%	5.6%	6.4%	8.7%	12.9%
Services	-1.9%	2.8%	4.3%	3.6%	4.2%	-8.6%	5.4%	4.6%	8.9%	18.9%
Industrial Production (% y/y)	0.2%	2.0%	6.3%	5.7%	12.4%	-5.0%	6.4%	9.1%	9.8%	11.9%
Retail Sales (% y/y)	-5.5%	4.4%	8.0%	4.6%	4.1%	-28.3%	0.0%	5.0%	20.1%	41.7%
Export Value (USDbn)	59.33	79.74	80.15	78.40	78.23	82.15	95.62	89.10	96.93	96.49
Import Value (USDbn)	57.41	69.02	76.92	75.61	82.50	83.86	89.07	87.65	97.64	90.71
Trade Balance (USDbn)	1.92	10.72	3.23	2.79	-4.27	-1.70	6.55	1.46	-0.72	5.78
Disbursed FDI (USDbn)	4.80	5.11	6.22	4.10	5.14	4.04	6.46	4.42	5.64	5.37
Registered FDI (USDbn)	5.56	3.32	5.58	9.33	4.34	5.26	5.34	7.28	4.48	3.71

Key macro indicators of other countries

Countries	GDP Growth			Inflation Rate			Manufacturing PMI		
	1Q-2022	2Q-2022	3Q-2022	Jul-22	Aug-22	Sep-22	Jul-22	Aug-22	Sep-22
Indonesia	5.0%	5.4%		4.9%	4.7%	6.0%	51.3	51.7	53.7
Malaysia	5.0%	8.9%		4.4%	4.7%		50.6	50.3	49.1
Phillipines	8.2%	7.4%		6.4%	6.3%	6.9%	50.8	51.2	52.9
Singapore	3.8%	4.4%		7.0%	7.5%				
Thailand	2.3%	2.5%		7.6%	7.9%	6.4%	52.4	53.7	55.7
Vietnam	5.1%	7.8%	13.7%	3.1%	2.9%	3.9%	51.2	52.7	52.5
China	4.8%	0.4%		2.7%	2.5%		50.4	49.5	48.1
Hongkong	-3.9%	-1.3%		1.9%	1.9%				
Taiwan	3.1%	3.1%		3.4%	2.7%	2.8%	44.6	42.7	42.2
Japan	0.2%	1.6%		2.6%	3.0%		52.1	51.5	50.8
South Korea	3.0%	2.9%		6.3%	5.7%	5.6%	49.8	47.6	47.3
India	4.1%	13.5%		6.3%	7.0%	7.4%	56.4	56.2	55.1
United States	-1.4%	-0.9%		8.5%	8.3%		52.2	51.5	52.0
Eurozone	5.4%	4.1%		8.9%	9.1%	10.0%	49.8	49.6	48.4

- ❖ Vietnam has been able to regain its growth momentum of the past decades as it emerges from a subdued two year period, although still posting positive GDP growth, as restrictions to curb the spread of COVID-19 have been lifted. Recent economic performance has maintained remarkable growth over the recent four quarter given success of new strategy living-with-COVID and flexible intervention by monetary policy to cope with pressure of rising rates and depreciation of VND and fiscal policy to drag inflation by gasoline price reductions. In the near future, we supposed that Vietnam will post impressive growth in rest of 2022 thanks to low base of last year and expansion of industrial activities as production shifts from China due to prolonged lockdowns and long term as the China+1 movement continues to gather steam. We also expect retail sales to continue to elevate given suppression after 2 years of pandemic as well as international arrivals are expected to pick up in the second half of the year as COVID related travel procedures are becoming less cumbersome globally. We revised our projection of GDP growth in range of 7.8% - 8.4% for the whole year 2022 as details in next page. Headwinds facing the economy appear mainly exogenous as recessionary fears are growing globally and central banks are continuing aggressive rate hikes, which could dampen demand in key export markets of the US and EU. Domestically, the strengthening USD is putting pressure to USD/VND rate, forcing the SBV to intervene and in turn affecting VND interest rates. However, we believe that a strong balance of payments (net trade surplus, consistent and growing FDI and net remittances from overseas), ample foreign reserves and a willingness to use money market tools will be supportive of the VND in the short to mid term.
- ❖ For the long term, we believe that Vietnam will continue on its sustainable development path based on modernizing the economy with divestment of State Owned Enterprises opening more space for private sector, integration in the global economy by mass of trade agreements and policy towards attracting foreign direct investment to create motivation for domestic businesses, combined with innovation of investment policies and procedures to suitable with new situations, bringing better conditions for both foreign and local businesses.

Selected Outlook on Vietnam 2022 GDP growth

Organization	Latest projection	Previous projection
World Bank	7.5% (August 2022)	5.3% (April 2022)
International Monetary Fund	6.0% (July 2022)	6.05% (April 2022)
The Asian Development Bank	6.5% (Sep 2022)	6.5% (July 2022)
Fitch Ratings	6.1% (March 2022)	7% (April 2021)
Moody's	8.5% (August 2022)	6.3% (April 2022)
S&P	6.9% (May 2022)	
Standard Chartered Bank	6.7% (July 2022)	6.7% (April 2022)
HSBC	6.9% (July 2022)	6.2% (April 2022)
United Overseas Bank	6.5% (June 2022)	
ACBS	7.8% - 8.4% (Oct 2022)	6.8% - 8.5% (July 2022)

Favourable Scenario

Key assumption:

- Economic growth remain strong.
 - ✓ Agriculture, forestry and fishery sector accelerate in 4Q.
 - ✓ Industrial activities continue to accelerate in 4Q2022.
 - ✓ Services sector fully recover in 4Q2022 support by normalized transportation, rising domestic consumption and surging international tourism
 - ✓ Inflation peaked and remain at this level through out 4Q2022
- Fiscal Policy: fiscal and monetary stimulus package worth VND337tn especially the developing infrastructure package (VND113.85tn) will be disbursed soon in 4Q.
- Monetary Policy:
 - ✓ SBV will grant new credit growth quota in 4Q2022.
 - ✓ Monetary policy tends to be neutral.
 - ✓ SBV might raise its benchmark interest rates toward yearend.
- COVID-19: no major outbreak in major cities.

GDP	IIP	Imports (USDbn)	Exports (USDbn)	Disbursed FDI (USDbn)	Retail sales	CPI
8.4%	10%	374	384	22	23.3%	1.9%

Less Favourable Scenario

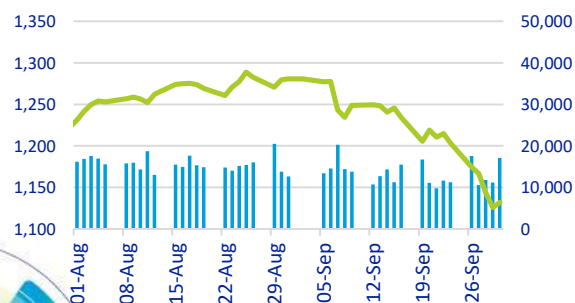
Key assumption:

- Economic growth slow in 4Q.
 - ✓ Agriculture, forestry and fishery sector maintained its growth rate
 - ✓ Industrial activities continue to recover but on a slower trajectory due to weak global demand
 - ✓ Services sector could not fully recover in 4Q2022
 - ✓ Inflation pick up a little bit in 4Q2022 but remain within 4%.
- Fiscal Policy: fiscal and monetary stimulus package worth VND337tn especially the developing infrastructure package (VND113.85tn) disburse slowly and might extent to 2023.
- Monetary Policy:
 - ✓ SBV will grant the remaining credit growth quota in 4Q2022.
 - ✓ Monetary policy tends to be slightly tighten.
 - ✓ SBV might raise its benchmark interest rates toward yearend by about 0.5 percentage point (50 bps)
- COVID-19: minor outbreak in major cities.

GDP	IIP	Imports (USDbn)	Exports (USDbn)	Disbursed FDI (USDbn)	Retail sales	CPI
7.8%	9.6%	370	375	20	20.7%	3.6%

Stock market recap in September

Statistics	Sep 2022	9M2022		
Bloomberg Code	VNIndex	VNIndex		
Range (pts)	1,099 - 1,287	1,099 - 1,536		
Month End Index (pts)	1,132.1	1,132.1		
Month End Mkt cap (VNDbn)	4,533,276	4,533,276		
Month End Mkt cap (USDbn)	188.8	188.8		
Daily Avg Value (VNDbn)	13,490	18,804		
Gainers	40	74		
Laggards	369	339		
Net Foreign Trade (USDbn)	-0.128	-0.018		
Foreign Participation	7.2%	7.6%		
Performance (%)	1M	3M	6M	12M
VNIndex	-11.6	-5.5	-24.1	-15.6
VN30	-11.5	-7.8	-23.6	-20.8



Amidst the storm of volatile global markets, the VNIndex dropped 11.6% in September bringing the YTD drop to 24%. Ultimately, the strong domestic Q3 macro data was not able to overcome the glum sentiment surrounding global macro issues and the policy decisions from the SBV during the month, contributing to the slide in the VNIndex. The market decline was broad based, with all sectors finishing the month in the red and liquidity dropped 14% m/m as investors are taking a cautious approach to the markets and other investment channels are increasing yields (bank deposits have increased c. 100bps and range between 6.5-8% for 12-month terms). Foreign investors flipped to net sellers in September at the tune of US\$127m and reversed the cumulative net buying from beginning of year to a net sell of US\$17.9m. In the latest review, FTSE Russell maintained the classification of Vietnamese stock market on its watch list for a potential upgrade to a secondary emerging market. This market recently welcome new fund certificates named KIM VNFINSELECT ETF, a passive fund that track the VNFINSELECT Index, managed by KIM Vietnam Fund Management Co., Ltd. Besides, the CSOP Asset Management (CSOP) announced to debut CSOP FTSE Vietnam 30 ETF which track the FTSE Vietnam 30 and are traded on The Stock Exchange of Hong Kong Limited.

FPT Software, a technology arm of FPT Corporation (HOSE: FPT) has launched its first representative office in Copenhagen of Denmark to supply FPT's high-tech services to large enterprises and organizations, as well as address the company's demand for high-tech human resources. Additionally, they have just officially entered into the booming semiconductor sector with new subsidiary, FPT Semiconductor, which will produce made-in-Vietnam chip items including Internet of Things (IoT)-based integrated circuits (ICs) designed in Vietnam and manufactured in South Korea, with application to the health sector. Vinamilk (HOSE: VNM) has remained the Vietnamese food-beverage brand with the highest value and become the world's sixth-largest valuable dairy brand in 2022, according to a report announced by the UK-headquartered brand valuation consultancy Brand Finance and brand consulting firm Mibrand Vietnam. Becamex IDC (HOSE: BCM) has signed a MoU with and the Confederation of Indian Industry (CII) in fields of information technology, healthcare, electronics, innovation, and sustainable development projects, to lay the foundation for cooperation and exploit each other's strengths.

Top gainers & laggards for September 2022

Top 5 gainers	Avg Daily Trading Value (%m/m)	1M return
Household & Personal Products	-19.6%	-0.7%
Pharma, Biotech & Life Sciences	-26.6%	-2.1%
Automobiles & Components	107.8%	-3.6%
Media & Entertainment	-31.0%	-4.5%
Software & Services	-22.3%	-5.0%
Top 5 laggards	Avg Daily Trading Value (%m/m)	1M return
Telecommunication Services	-22.0%	-35.1%
Energy	2.8%	-18.1%
Capital Goods	-12.3%	-15.2%
Diversified Financials	-32.7%	-15.0%
Materials	-10.5%	-14.0%

Top gainers & laggards for 9M2022

Top 5 gainers	Avg Daily Trading Value (%m/m)	YTD return
Commercial & Prof. Services	42.2%	14.9%
Software & Services	-22.3%	7.7%
Utilities	19.1%	7.1%
Automobiles & Components	107.8%	5.8%
Retailing	-3.6%	-3.5%
Top 5 laggards	Avg Daily Trading Value (%m/m)	YTD return
Telecommunication Services	-22.0%	-49.4%
Diversified Financials	-32.7%	-46.7%
Energy	2.8%	-31.2%
Materials	-10.5%	-31.0%
Capital Goods	-12.3%	-27.2%

- ❖ In a reversal from last month, all industries all industries fell into the red in September and over half of industries saw lower liquidity over last month.
- ❖ Some sectors just fared better than the overall VNIndex but could not lift market due to its low market capitalizations such as Household & personal products with LIX (-1%), Pharma, Biotech & Life Sciences with TRA (+10%), DBD (-0.1%)..., Automobiles & Components with TNC (+3%), DRC (-6%)... Two biggest contribution of VNIndex are Banks and Real Estate, which plunged amid interest rate hikes and lower than expected extension of credit growth quotas. Materials received the largest foreign net inflows in September, mainly focus on HPG and DGC, with energy receiving the second largest inflows, mainly focused on PVD.

Month end HOSE composition and valuation

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)
Banks	17	1,404.6	30.5%	-13.4%	-19.8%	10.17	1.81	1.86%	20.32%	-19.7%	-682.9	6,638.1
Real Estate	49	956.6	21.4%	-8.9%	-21.5%	36.47	2.78	4.29%	11.48%	-10.7%	-1,845.6	-6,154.9
Food, Beverage & Tobacco	32	524.0	11.8%	-7.3%	-6.7%	18.57	4.18	12.39%	25.81%	-10.3%	36.9	-2,465.3
Materials	63	349.2	7.9%	-14.0%	-31.0%	10.03	1.55	16.92%	27.31%	-10.5%	726.0	-2,536.8
Utilities	28	335.4	7.6%	-6.5%	7.1%	15.67	2.81	12.42%	20.70%	19.1%	14.3	40.3
Capital Goods	76	208.5	4.7%	-15.2%	-27.2%	22.82	1.76	5.35%	15.23%	-12.3%	-215.8	2,132.6
Transportation	28	165.6	3.7%	-10.1%	-16.9%	291.86	2.82	3.30%	11.74%	-23.0%	-387.0	-91.4
Diversified Financials	17	116.3	2.5%	-15.0%	-46.7%	8.63	1.85	6.91%	18.23%	-32.7%	-720.9	-1,901.3
Retailing	9	110.1	2.5%	-12.3%	-3.5%	18.21	4.07	8.40%	24.68%	-3.6%	23.6	1,369.7
Software & Services	3	96.0	2.1%	-5.0%	7.7%	18.51	4.45	9.24%	26.19%	-22.3%	41.9	502.0
Energy	9	63.4	1.4%	-18.1%	-31.2%	39.22	1.52	1.54%	4.33%	2.8%	402.2	780.7
Insurance	5	52.2	1.2%	-6.8%	-4.8%	19.84	1.75	1.80%	9.68%	17.5%	-128.1	29.1
Consumer Durables & Apparel	17	45.5	1.0%	-9.2%	-5.3%	15.99	2.82	11.20%	18.96%	-30.1%	160.5	514.7
Pharma, Biotech & Life Sciences	10	28.2	0.6%	-2.1%	-13.2%	15.25	2.51	13.87%	18.11%	-26.6%	20.6	134.2
Technology Hardware & Equip.	1	10.5	0.2%	-9.3%	-5.6%	14.30	5.10	16.29%	45.15%	81.3%	-74.5	-82.3
Automobiles & Components	6	8.9	0.2%	-3.6%	5.8%	19.23	2.00	7.41%	14.44%	107.8%	-34.7	28.6
Unclassified	9	4.3	0.1%	-2.0%	-26.9%	13.75	1.48	3.34%	11.42%	12.3%	0.6	3.3
Consumer Services	8	7.2	0.2%	-6.2%	-6.7%	92.17	3.56	-0.03%	1.39%	-36.6%	5.9	13.1
Commercial & Prof. Services	6	6.1	0.1%	-7.1%	14.9%	11.26	1.83	13.77%	18.31%	42.2%	19.3	-354.5
Health Care Equip. & Services	3	2.9	0.1%	-5.6%	-22.6%	16.16	2.01	7.19%	12.72%	-45.5%	28.3	349.9
Telecommunication Services	1	2.6	0.0%	-35.1%	-49.4%	7.59	1.37	3.86%	19.82%	-22.0%	-0.1	-0.8
Media & Entertainment	2	1.4	0.0%	-4.5%	-22.4%	12.32	2.04	13.42%	21.60%	-31.0%	-1.0	-68.1
Household & Personal Products	1	1.4	0.0%	-0.7%	-6.4%	7.55	1.91	17.02%	27.84%	-19.6%	-0.1	-9.9
VNIndex	419	4,533.3	100.0%	-11.6%	-24.4%	12.20	1.87	2.51%	15.44%	-14.3%	-3,075.0	-430.7
VN30 Index	30	3,127.3	69.0%	-11.5%	-24.4%	9.97	1.89	2.81%	19.17%	-16.4%	-1,573.0	-9,890.2

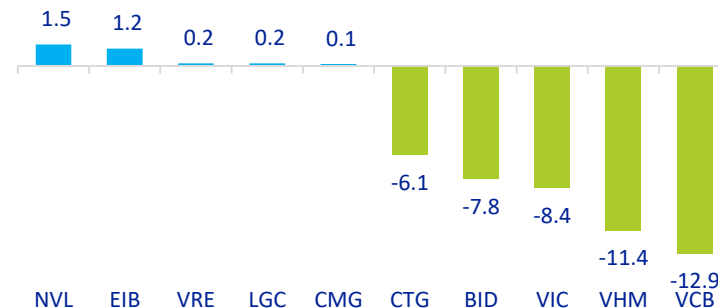
Source: Bloomberg, ACBS

Top 20 Market Capitalization (as at September 30, 2022)

No.	Ticker	Company name	Market Cap. (VNDtn)	1M return	YTD return	P/E	P/B	Remaining foreign room (%)
1	VCB	Vietcombank	346.4	-14.9%	-7.1%	13.9	2.8	6.5%
2	VHM	Vinhomes	220.8	-15.4%	-36.4%	7.8	1.8	26.9%
3	GAS	PetroVietnam Gas	210.5	-7.5%	17.5%	16.3	3.5	46.0%
4	VIC	VinGroup	209.8	-13.5%	-42.2%		2.0	36.0%
5	BID	BIDV	171.5	-14.8%	-8.6%	13.2	1.9	13.1%
6	NVL	Novaland	165.5	3.3%	-6.7%	51.3	4.5	43.5%
7	VNM	Vinamilk	151.1	-4.9%	-12.0%	16.0	4.4	45.0%
8	MSN	Masan Group	140.9	-12.9%	-30.0%	13.8	4.8	20.1%
9	HPG	Hoa Phat Group	123.3	-8.0%	-39.6%	4.1	1.2	28.0%
10	VPB	VPBank	120.8	-13.9%	-24.6%	7.2	1.3	0.0%
11	SAB	SABECO	118.6	-1.5%	25.2%	25.8	5.2	37.2%
12	TCB	Techcombank	114.3	-16.1%	-35.0%	5.6	1.1	0.0%
13	CTG	VietinBank	111.5	-18.3%	-31.6%	7.6	1.1	3.2%
14	BCM	Becamex IDC Corp.	93.8	-0.3%	41.6%	54.9	5.4	46.3%
15	MWG	Mobile World Investment	93.7	-12.7%	-5.2%	18.8	4.2	0.0%
16	MBB	MBBank	90.7	-15.4%	-17.0%	5.8	1.3	0.0%
17	FPT	FPT Corp	88.3	-6.8%	6.0%	17.9	4.5	0.0%
18	GVR	Viet Nam Rubber Group	83.6	-21.6%	-43.4%	17.6	1.7	12.5%
19	ACB	Asia Commercial Bank	75.0	-9.6%	-19.6%	6.4	1.4	0.0%
20	VRE	Vincom Retail	63.6	-1.4%	-7.0%	49.1	2.0	17.7%

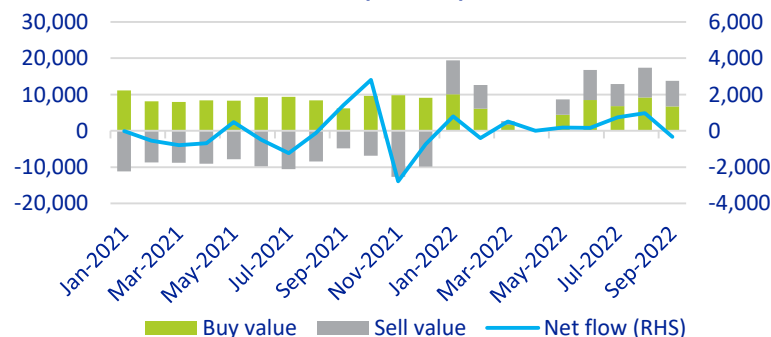
Source: Bloomberg, FiinPro, ACBS

Top contributors on VNIndex in Sep 2022



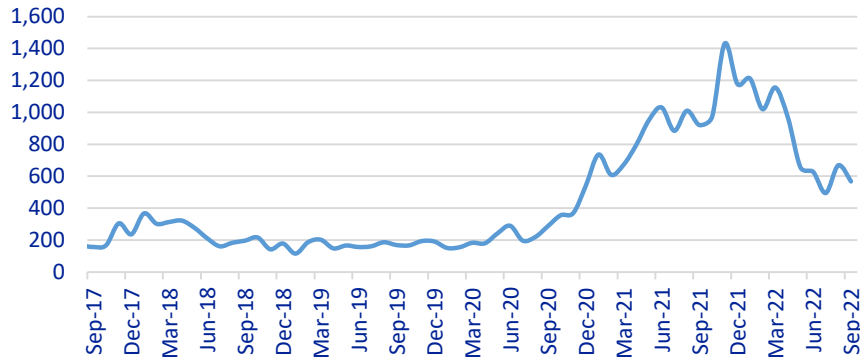
Note: Index impact (pts)

Net brokerage prop trading value into VNIndex (USDbn)



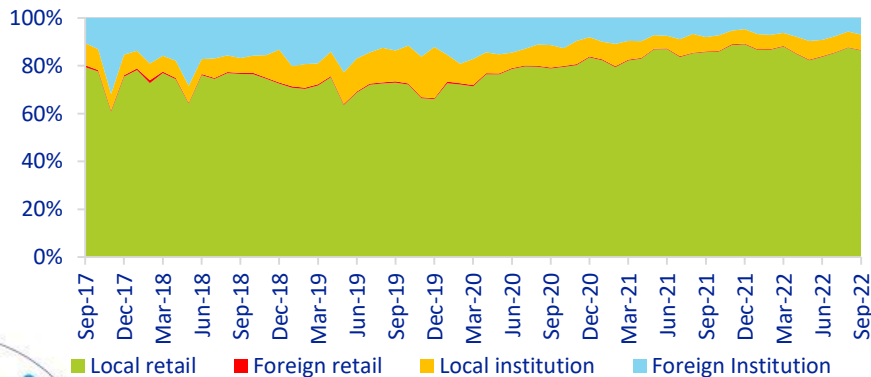
Source: FiinPro, ACBS

Average Daily Turnover (USDm)



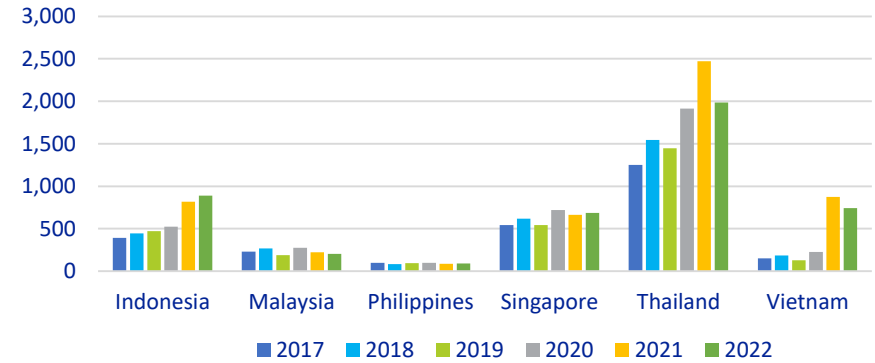
Source: Fiin Pro, ACBS

Market Turnover by Investors



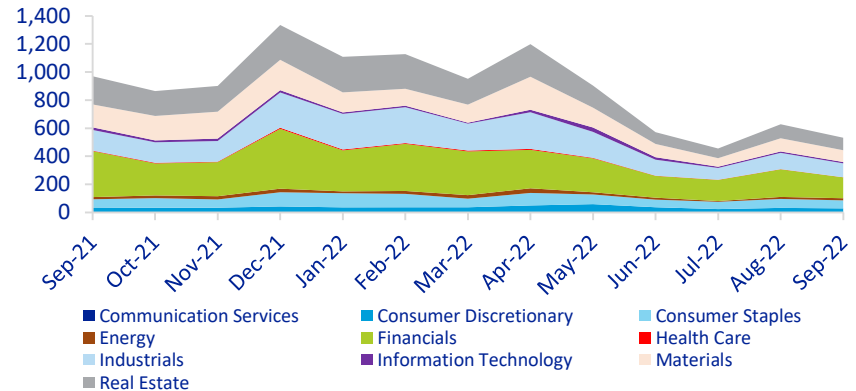
Source: Fiin Pro, ACBS

Average Daily Turnover of Asean markets (USDm)



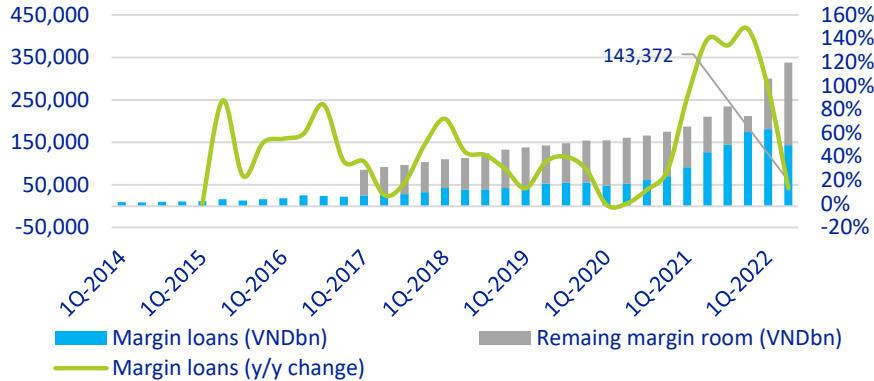
Source: Bloomberg, ACBS

Average Daily Turnover by Sector (USDm)



Source: Fiin Pro, Bloomberg, ACBS

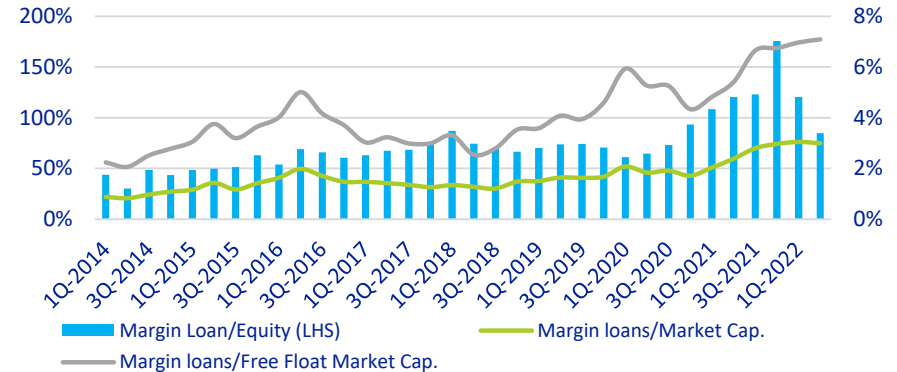
Margin outstanding



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

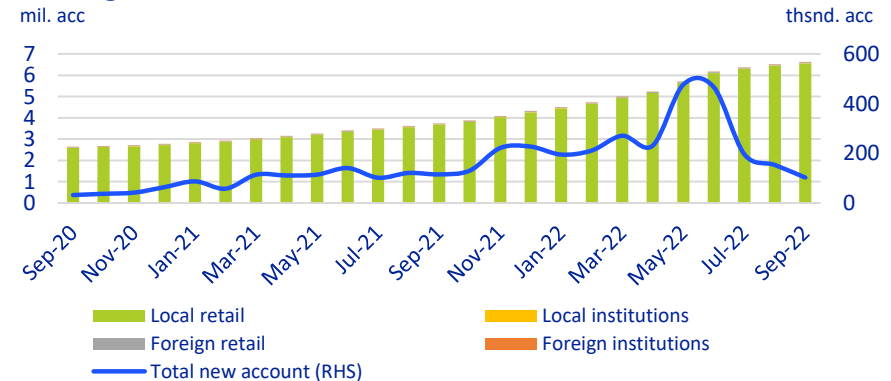
- Recently, with the market correction, market wide margin loans have retreated from record levels. Market-wide margin loans outstanding at the end of the second quarter of 2022 were estimated at VND 143 trillion, decrease by 21% over end of 1st quarter, the margin loans to free float market capitalization was about 7.1%. While official Q3 data is not available, we assume that margin lending has further decreased during the quarter as market conditions have deteriorated.
- New trading accounts opened in September reached 101,144 mainly driven by individual domestic investors. Newly opened accounted decreased sharply by 33% m/m and 11% y/y. Generally, there are 6.6 million accounts as of September 30, 2022, of which, 35% have been opened just this year alone. Foreign individuals closed 63 account in Sep., the first time since Feb 2019 which this group of investors closed 169 account

Margin leverage



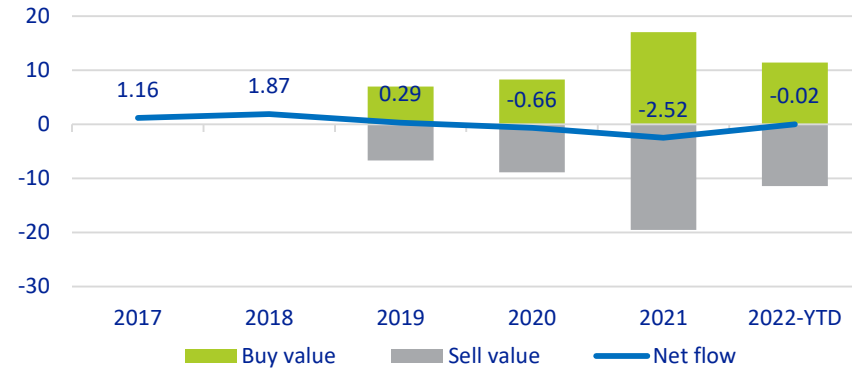
Source: Fiin Pro, Bloomberg, ACBS

Trading account



Source: GSO, ACBS

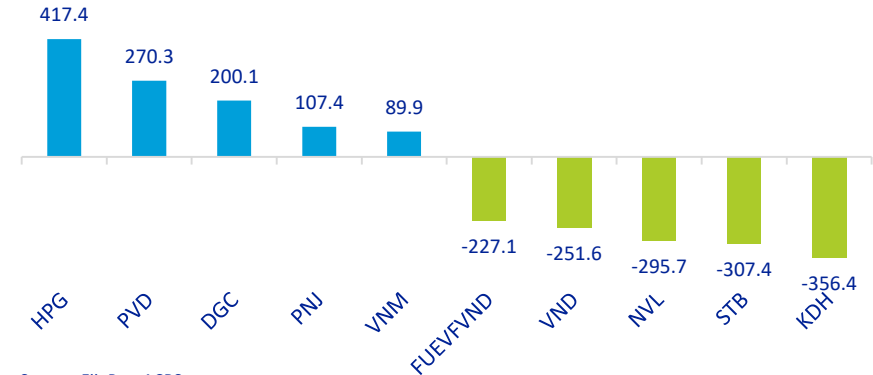
Net foreign flow into VNIndex (USDbn)



Source: FiinPro, ACBS

- ❖ Foreign investors were net sellers in September at US\$127m and reversed the YTD net flows to flip to net seller of US\$17.9m. In which, domestic ETFs were net sold with an amount of approx. US\$19m in September. The outflows were highest in real estate, diversified financials and banks which were the most affected by rising interest rates.
- ❖ Almost all Asian markets saw outflows of foreign investors amid flights to safety as the DXY continued to surge and recessionary fears mount. Indonesia remains an outlier so far this year as the commodities rich nation has been able to post positive market performance and attract net foreign inflows.

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

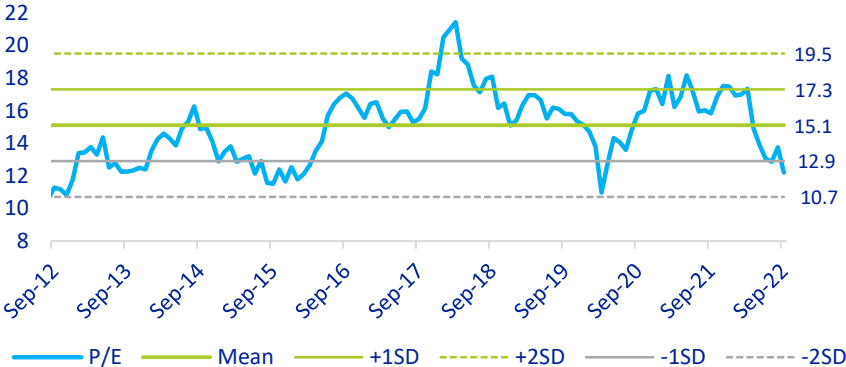


Source: FiinPro, ACBS

Markets	Net foreign flow 1M (USDbn)	Net foreign flow YTD (USDbn)	Market Cap. (USDbn)	Net foreign flow YTD as % market cap
Vietnam (*)	-0.13	(0.02)	188.8	-0.01%
Indonesia	0.21	4.84	604.4	0.80%
Malaysia	-0.34	1.61	201.1	0.80%
Philippines	-0.22	-1.22	138.2	-0.89%
Thailand	-0.66	4.52	505.5	0.89%
Taiwan	-5.75	-44.57	1,314.4	-3.39%

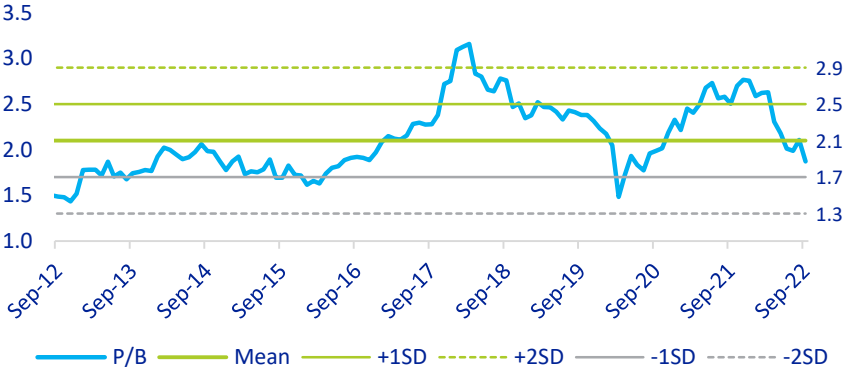
Source: Bloomberg, ACBS

P/E of VNIndex for 10 years



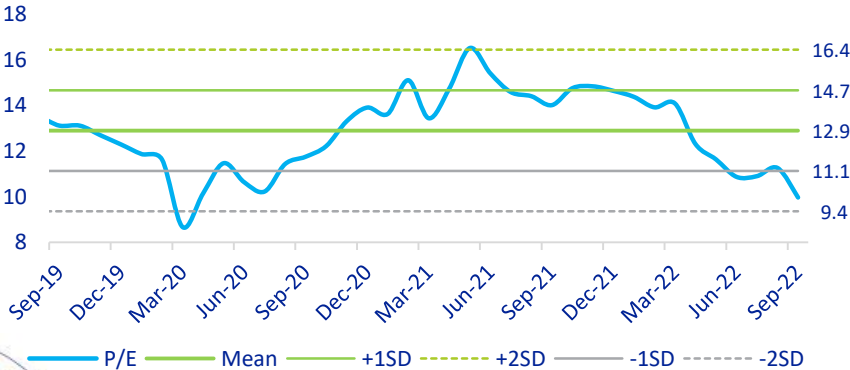
Source: Bloomberg, ACBS

P/B of VNIndex for 10 years



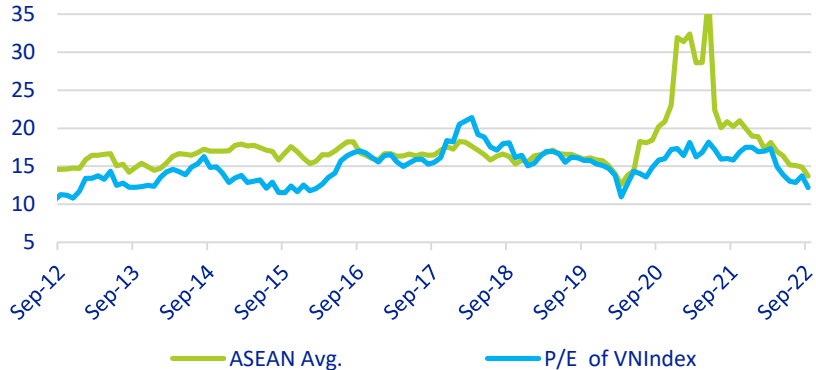
Source: Bloomberg, ACBS

P/E of VN30 for 3 years



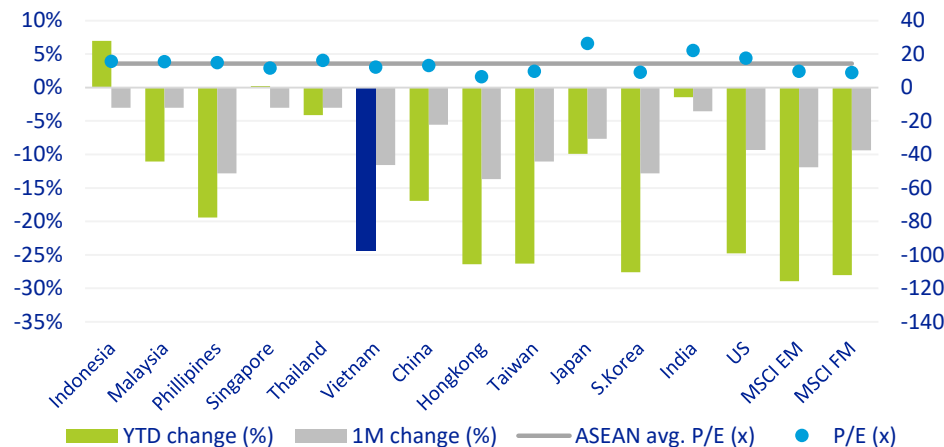
Source: Bloomberg, ACBS

P/E of VNIndex and regional peers average



Source: Bloomberg, ACBS

Index comparison



Source: Bloomberg, ACBS

Earnings growth and forward P/E

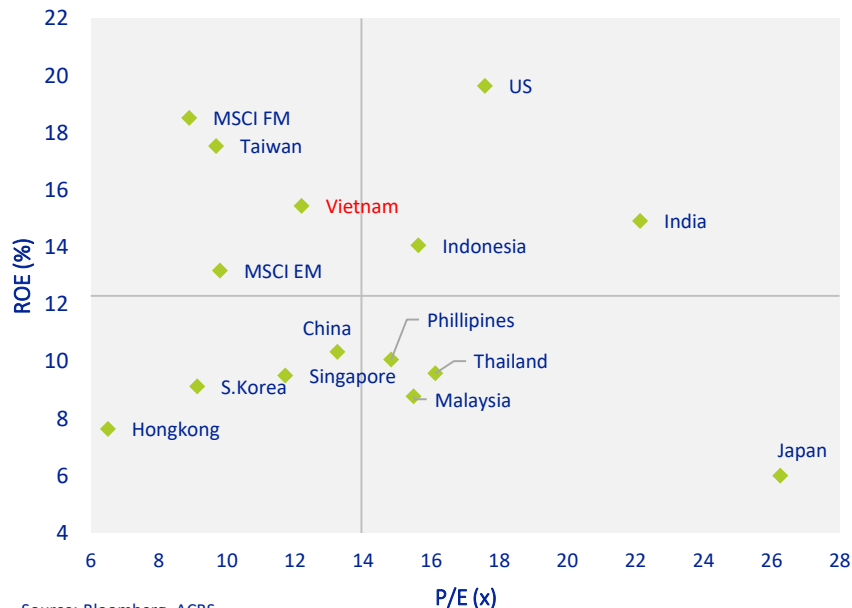
Country	Sep '22 P/E (x)	'22E EPS growth (%)	'22F P/E (x)	'23E EPS growth (%)	'23F P/E (x)
Vietnam (*)	12.2	20.4%	10.9	18.0%	9.2
Average	14.3	19.7%	13.4	10.7%	12.2
Indonesia	15.6	51.9%	15.1	0.7%	15.0
Malaysia	15.5	-1.1%	13.5	11.5%	12.1
Philippines	14.8	24.0%	13.6	15.1%	11.8
Singapore	11.7	13.9%	12.0	13.4%	10.5
Thailand	16.1	9.0%	15.3	5.5%	14.5

Source: Bloomberg, *ACBS

- ❖ Most Asian markets contracted in September, in lockstep with global markets, especially US which fell sharply since the CPI data show that inflation was more deep and wide than expected with core CPI up 0.6% m/m (higher 0.3% as expectation) and Fed continued to hike interest rates with another 75 basis point increase in September to curb inflation.
- ❖ The average P/E of ASEAN fell to 14.3 from 15.3 of last month, while the VNIndex fell deeper from 13.7 to 12.2 bringing the valuation to more attractive levels than its peer markets and providing attractive prices for investors who hold cash to accumulate at relatively low valuations. Our estimation show that the forward P/E of VNIndex is at 10.9 based on our estimated earning growth of 20.4% for 2022.

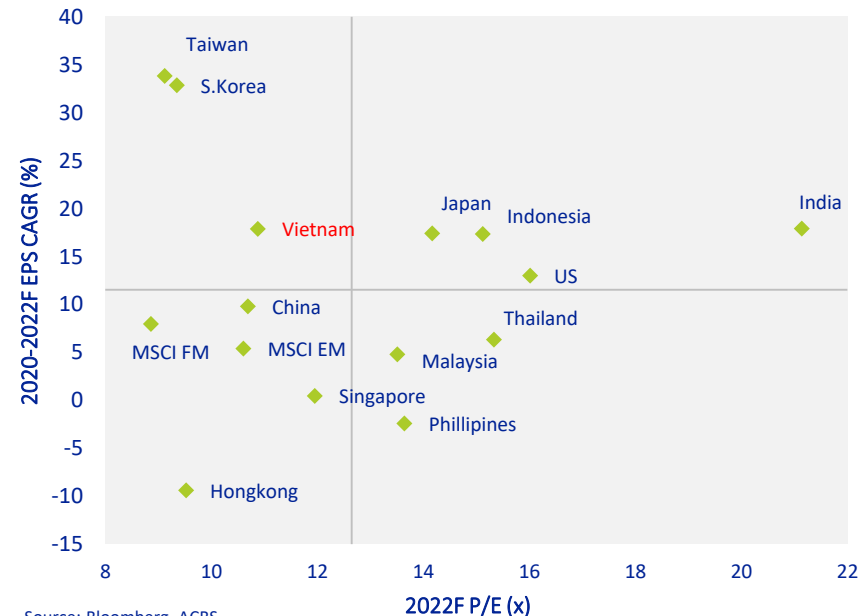
Stock market valuation vs regional peers (cont'd)

Current market valuation



Source: Bloomberg, ACBS

Expected market valuation



Source: Bloomberg, ACBS

- ❖ The current ROE of the VNIndex is about 15.4%, among the highest return markets. Given our projected 20.4% EPS increase for 2022, Vietnam's 3 year EPS CAGR from 2020-2022 would be approx. 17.9%, higher than ASEAN average and average of markets in our watch list, indicating that the strong recovery of Vietnamese corporates after the pandemic storm. Along with the P/E forward at 10.9, VNIndex maintain its attraction for long-term investing compared with peer markets.

- ❖ In the short term, we expect volatility in the market to remain and depressed market sentiment to persist as global macro malaise continues to dominate investors' minds. Despite the gloomy global macro outlook, domestically the economy has been doing well and we have an optimistic outlook for 3Q earnings. However, unless we see a strong catalyst to shift investor sentiment, it would be a challenge for the market to regain a strong upward trend. Globally, stubbornly high inflation in developed markets appears to be the top concern of policy makers, rather than avoiding a recession or achieving a 'soft landing', therefore we expect further aggressive monetary policy actions which will not necessarily be supportive of capital market. Currently, the VNIndex is trading at an attractive valuation for long-term investors providing attractive prices for investors who hold cash to accumulate at relatively low valuations.
- ❖ For the long-term outlook, we believe that the Vietnamese listed markets are well positioned to continue to develop along side the economy in general. The prospect of high earnings growth come from the fundamental of macroeconomics with optimistic outlook in long-term and financial health of listed companies; the recent wave of anti-corruption actions taken in the market, notwithstanding some short term pains, will be beneficial for the long term sustainable development of the markets. The rise of the middle class and increases to disposable income supporting continued growth in domestic consumption, long term trends of manufacturing shifting to Vietnam and the country's ever increasing integration to the global economy with 15 bi- and multi-lateral trade agreements set the stage for Vietnam to continue to prosper for years to come. The country is committed to the development of the capital markets and we believe it's a just a matter of time until the Vietnamese equity markets are upgraded by MSCI to an emerging market, which will open the door for vast amounts of foreign capital to enter the market.
- ❖ Apart from the persistent global issues posing a risk to markets of high inflation, increasing policy rates and commodities volatility driven by the Russian invasion of Ukraine, there have been some domestic issues simmering. Recently there has been increasing pressure the USD/VND exchange rate in the face of the surging DXY (up 17.2% YTD as of the end of Sept) at the same time as many competing export nations' currencies have seen significant devaluations (particularly the CNY which is down 12% YTD as of the end of Sept) which could start to hit at the price competitiveness of Vietnam's exports. The recent increase of key policy rates by the SBV appear to be more of an action to support the currency rather than dampen demand to stem inflation, however the currency has continued to inch downwards despite the various supportive measures. As a result of the rate increases, concerns are emerging on the impact to businesses and consumptions with higher borrowing rates. Further in depth analysis on the key macro and money market issues is available in our Quarterly Macro Report and monthly Money 360.

In the short term, we expect volatility in the market to remain and depressed market sentiment to persist as global macro malaise continues to dominate investors' minds combined with recent domestic events. Unless we see a strong catalyst to shift investor sentiment, it would be a challenge for the market to regain a strong upward trend. We adjusted our expectations for the remaining quarter of the year as its become apparent that the markets are in a period of lowered sentiment in the face of both internal and external events. We expect markets will recover stronger in 2023 when we can expect valuations to return to historical levels.

- ❖ In our **base case scenario**, we generally upgrade slightly our earnings outlook to reach 20.4% y/y by the end of 2022, driven by the banking, transportation, real estate and utilities sectors. While we assume that markets will pick up in the final quarter of the year on the basis that corporate earnings remain strong and the macro environment is able to maintain its current trajectory amid global headwinds, we believe it will be a challenge to reach the recent 3 year average valuation of c. 15.5x, rather, its likely that the VNIndex would trade within the range which has accompanied periods of rising interest rates when the capital markets are facing increased competition from other investment channels, such as high interest rate deposits. Under these assumptions, we could expect the index to trade around the 1,250 point level at the end of 2022.
- ❖ The **optimistic scenario** is based on 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 and that investor sentiment picks by the end of the year as the global and domestic issues are resolved or showing significant signs that the worst has passed. Based on that scenario, our earnings expectations would rise resulting in the index reaching an 1,300-1,400 point level. However with the year quickly coming to a close as we start the fourth quarter, this scenario is looking unlikely given how global sentiment continues to suffer without many catalysts for a turnaround seemingly on the horizon.
- ❖ Finally, in the **pessimistic scenario**, we see continued uncertainty and fear clouding global markets with rising concerns on inflation, aggressive central banks, increased concerns of a global recession and slow downs in China further stretching global supply chains. This would result in earnings falling short of our expectations and market overly pessimistic sentiment takes a hold of the market. In this scenario, we could see the index struggle to rally at the end of the year and end trading around the 1,000 point level.

Three scenarios in 2022

Scenarios	VNIndex (points)	Growth vs. Sep 30 th	F.PE (x)
Pessimistic	997	-11.9%	11.6
Neutral	1,248	10.3%	10.9
Optimistic	1,351	19.3%	10.7

Year-end 2022 Index Points Sensitivity Matrix

		Earnings Growth					
Earnings Multiple		5%	10%	15%	21%	25%	30%
	10.0	908	951	995	1,046	1,081	1,124
	10.3	931	975	1,019	1,073	1,108	1,152
	11.0	999	1,046	1,094	1,151	1,189	1,237
	11.5	1,044	1,094	1,144	1,203	1,243	1,293
	12.0	1,090	1,142	1,193	1,256	1,297	1,349
	12.5	1,135	1,189	1,243	1,308	1,351	1,405
	13.0	1,180	1,237	1,293	1,360	1,405	1,462
	13.5	1,226	1,284	1,343	1,413	1,459	1,518

Strengthening USD

After 5 interest rate hikes by the Fed to cope with recorded inflation, the US Dollar is has surged in 2022 (DXY is +17.9% YTD) affecting other currencies globally. The Vietnamese Dong, which adopts a managed floating exchange rate regime, could not avoid depreciation against USD (-4.6% YTD). The SBV raised the VND/USD selling price two times in September with total increase of VND525 from VND23,400 to VND23,925 on 7 Sep and 30 Sep, after twice hiking selling prices by VND200 in May and by VND150 in July. The SBV constantly had to sell USD to support the VND currency supply and stabilize the market. Along with OMO channels, the SBV has withdrawn substantial amounts of VND from the market, leading to increasing interest rates to help maintain the positive interest rate gap between VND and USD interbank interest rate.

Although the exchange rate increase could benefit exporters which receive USD in payment, a strong increase could boost the burden of debt repayment obligation for high USD dominated debt companies and public debt as well as hike operation cost of foreign trading companies.

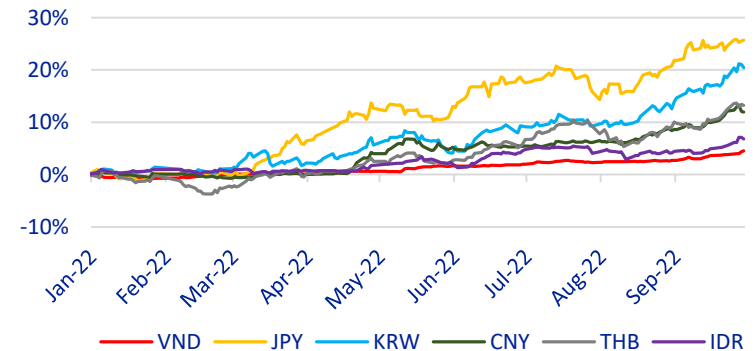
Factors impact to USD/VND rate in last months of 2022:

- Upward trend: (1) USD continues to be strong given that the Fed will continue to hike rates in next two meetings; (2) high demand of USD for imported goods and materials in the year end seasons, (3) tight USD supply given holders delay selling USD when the currency rising.
- Downward trend: (1) USD cools down given the surge since March and other big economies, like the EU, hike their key interest rates stronger than the Fed or intervene in monetary markets by other tools, (2) USD supply to support market from SBV selling, FDI inflows, trade surplus and remittances which usually increase when year end coming, (3) VND interest rates rise strongly to keep the spread between VND and USD interest rates more attractive than holding USD.

Other currencies

From the begging of 2022, the VND depreciated less against the USD than regional currencies. China and South Korea who are top exporters to Vietnam have currencies increasing depreciation against VND (CNY weaken 6.6%, KRW weaken 11.9% than VND from beginning of 2022) and benefit Vietnam's trade surplus. The other major counterpart of Vietnam is Japan also have JPY weaken 17% than VND helping to reduce obligation of organizations which have JPY dominated debts. However, these currencies which have weakened against USD are also competing nations for exports of Vietnamese goods and services.

USD/VND and other currencies



Source: Bloomberg, ACBS. Note: change relative to Dec 31, 2021

The recent wave of lifting key interest rates by central banks started since March 2022 in the US after two years of pandemic easing and ending the cheap money period since late of 2008. As Vietnam's economy has yet to see the inflationary pressures occurring in most developed economies, the SBV was not under pressure to raise rates in the first half of 2022. However, as global policy rates surged, particularly in the US, and Vietnamese rates remained flat, the USD/VND exchange rate has come under pressure – along with most global currencies – as yields rise in the US.

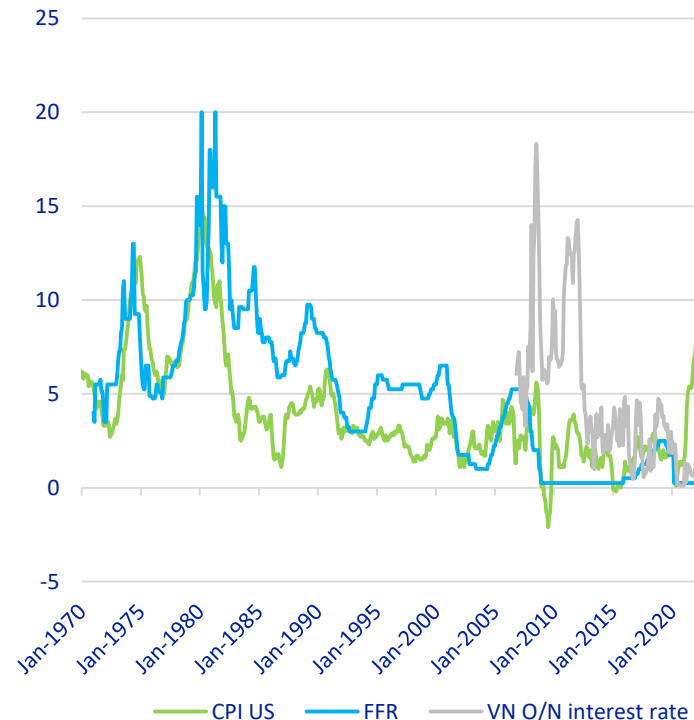
To cope with these pressure, on 23 September, the State Bank of Vietnam (SBV) hiked a series of regulatory interest rates by 100 basis points including:

- Ceiling deposit: Demand deposits, 1M deposits: 0.5% (instead of 0.2% as before), 1M to under 6M terms: 5% (instead of 4%), People Credit Funds and microfinance institutions: 5.5%
- Rediscount: 3.5% (instead of 2.5%)
- Refunding: 5% (instead of 4%)
- Overnight rate for interbank e-payment and the rate for offset loans for clearing between the SBV and credit institutions: 6% (instead of 5%).

These increases are higher than many expectations in market and have some impacts:

- Maintain the positive interest rate gap between VND and USD in interbank interest rates,
- Attract the idle VND flow to banks.
- Increasing both deposit and lending interest rates, which increases borrowing cost for enterprises and consumers, potentially leading to reduced production and consumption, which could impact the economy's growth.

US CPI, FFR & Vietnam O/N interest rates (%)



With the strong macroeconomic performance with impressive GDP growth, retail revenues continuing to increase, stable FDI inflows, a trade surplus and under control inflation, there was not much pressure on the SBV to make adjustments to key policy rates until the third quarter of 2022. Until now the gap between VND and USD interest rate is kept at positive gap. However, the FED and other major central banks continue to raise rates aggressively to tame high inflation caused by the commodities rally as a result of the Russia – Ukraine war, China continuing to pursue a zero-COVID-19 strategy which affect global supply chains and a global energy crisis which still causing great difficulties for many countries as short supply coming from high energy demand from EU this winter and OPEC+'s oil production reduction plan. The global unrest and surging USD, which have put pressures on the VND, appear to be the primary reasons that the SBV acted to increase key policy rates by 100bps at the end of Sept. As of now, we are not expecting any further rate increases in 2022 from the SBV, however, if central banks take unexpectedly aggressive moves to close out the year, then we might see the SBV react by another raise of 50bps toward yearend.

Beside that, SBV also tries to keep a positive spread between VND and USD interbank interest rate, which may make VND more attractive to help ease upward pressure on VND/USD exchange rate.

Central bank benchmark rate tracker

(Selected Asian and global monetary authorities, in percent)

	2022								
	Feb.	Mar.	April	May	June	July	Aug.	Sep.	Oct.
China	3.70	3.70	3.70	3.70	3.70	3.70	3.65	3.65	3.65
South Korea	1.25	1.25	1.50	1.75	1.75	2.25	2.50	2.50	3.00
Taiwan	1.125	1.375	1.375	1.375	1.500	1.500	1.500	1.625	1.625
Japan	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10
Vietnam	4.00	4.00	4.00	4.00	4.00	4.00	4.00	5.00	5.00
Indonesia	3.50	3.50	3.50	3.50	3.50	3.50	3.75	4.25	4.25
Philippines	2.00	2.00	2.00	2.25	2.25	3.25	3.75	4.25	4.25
Malaysia	1.75	1.75	1.75	2.00	2.00	2.25	2.25	2.50	2.50
Thailand	0.50	0.50	0.50	0.50	0.50	0.50	0.75	1.00	1.00
Pakistan	9.75	9.75	12.25	13.75	13.75	15.00	15.00	15.00	15.00
India	4.00	4.00	4.00	4.00	4.90	4.90	5.40	5.90	5.90
New Zealand	1.00	1.00	1.50	2.00	2.00	2.50	3.00	3.00	3.50
U.S.	0.00-0.25	0.25-0.50	0.25-0.50	0.75-1.00	1.50-1.75	2.25-2.5	2.25-2.5	3.00-3.25	3.00-3.25
Australia	0.10	0.10	0.10	0.35	0.85	1.35	1.85	2.35	2.60
U.K.	0.50	0.75	0.75	1.00	1.25	1.25	1.75	2.25	2.25
ECB	-0.50	-0.50	-0.50	-0.50	-0.50	0.00	0.00	0.75	0.75

Source: Nikkei Asia, ACBS

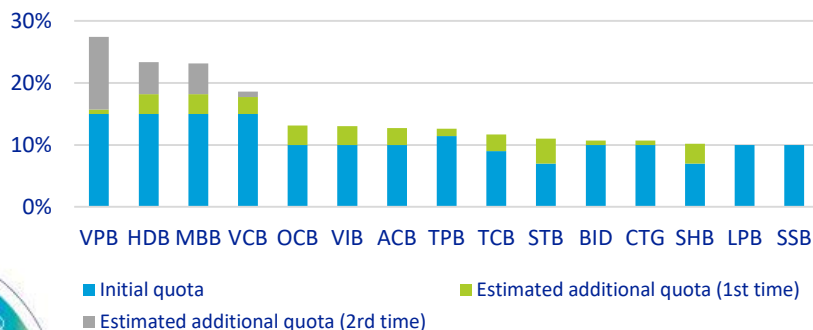
Note: Green text is last change as a hike, Red text is last change as a cut. The figures are updated as of 12 Oct 2022

Credit quota expansion for last months of 2022

While the State Bank of Vietnam (SBV) maintained its credit growth target at 14% for 2022, credit growth reached 9.9% YTD by end of August, increasing slightly compared to 9.3% YTD at the end of June as many commercial banks had exhausted their assigned credit quotas. With pressures building for increased credit quotas, inflationary pressures easing, the banking system being in a healthy position and the peak season approaching, the SBV has increased credit quotas across the banking sector by an estimated 2%, equivalent to VND200,000bn. While the individual quotas have not been announced, it is estimated that most increases are between 0.7% to 4% for banks which have healthy operating figures.

In early October, it's been reported that the SBV granted the additional credit quotas for 4 banks which have participated in the restructuring of weak banks under the policy of the State Bank, namely VPB, HDB, MBB and VCB, taking the total credit growth quotas for the banking sector to nearly 14%. By 28/9/2022, credit growth of the system reached 10.96% YTD, while deposit growth was only 4.04%. Regarding 2% interest rate support package, the latest figures show that 59/63 provinces and 16/44 banks had incurred loans supporting 2% interest rate with total VND10,700bn of loan sales for 580 customers.

Estimated credit growth quotas



Impact of credit quota expansion on market

After three months of waiting for increased credit quotas, the news on Sept 7th that the SBV granted additional credit growth room to banks was much appreciated. Although the increased quota is estimated to be less than the 4% needed to reach the full year 14% target, the newly granted quotas could unravel some sticking points and push the economy maintain its upward trend without adding excessive pressure on inflation as a result of overheating growth.

The additional quotas could add more pressure to boost interest rates amid unstable liquidity of a banking system under strain of Vietnam Dong depreciation against US Dollar. However, this effect isn't expected to be significant since the interest rate levels have been increasing to curb Vietnam Dong depreciation.

As we enter the peak season for many sectors, access to additional capital is expected to be beneficial for several sectors

- Imports-exports are expected to have access to increased credit lines and loans for trading activities.
- Manufacturers will have additional access to working capital buy materials and paying their staffs.
- Retailers, FMCG companies who have high need of working capital will be financed to stockpile inventory for year-end shopping season.
- Banks, who achieved strong income growth in 1H2022, are expected to benefit given interest income is still the main contributor to total income.
- We don't expect that there will much funding for real estate developers or construction, however loans for individuals and households (including mortgage loans) could benefit the residential real estate and construction industry.

Upcoming events

Event type	Date	Countries	Events
Economy	05-Oct-2022	Global	OPEC Meeting
Economy	12-Oct-2022	South Korea	BOK Monetary Policy Board Meeting
Index review	17-Oct-2022	Vietnam	Review VNDiamond index
Social-economy	20-Oct-2022	Vietnam	Opening the 4th session of the 15th National Assembly
Derivative	20-Oct-2022	Vietnam	The last trading day of VN30F2210
Economy	27-Oct-2022	Japan	BOJ Monetary Policy Meetings
Economy	27-Oct-2022	European	ECB Monetary policy meeting
Economy	01-Nov-2022	United States	FOMC meeting
Index review	10-Nov-2022	Global	MSCI Frontier Markets Indexes: Semi-Annual Review
Derivative	17-Nov-2022	Vietnam	The last trading day of VN30F2211
Economy	24-Nov-2022	South Korea	BOK Monetary Policy Board Meeting
Index review	02-Dec-2022	Vietnam	FTSE Vietnam ETF
Index review	09-Dec-2022	Vietnam	VanEck Vectors Vietnam ETF
Economy	13-Dec-2022	United States	FOMC meeting & economic projections
Economy	15-Dec-2022	European	ECB Monetary policy meeting
Derivative	15-Dec-2022	Vietnam	The last trading day of VN30F2212
ETF rebalance	16-Dec-2022	Vietnam	FTSE ETF & VNM ETF Restructuring
Economy	19-Dec-2022	Japan	BOJ Monetary Policy Meetings

Upcoming events (cont'd)

Ticker	Ex-right date / Exercise date (*)	Countries	Events	Event type
SFI	04-Oct-2022	Vietnam - HOSE	Cash dividends 20%	Dividends
TDC	06-Oct-2022	Vietnam - HOSE	Cash dividends 7%	Dividends
CSM	06-Oct-2022	Vietnam - HOSE	Cash dividends 3%	Dividends
CLL	06-Oct-2022	Vietnam - HOSE	Cash dividends 24%	Dividends
BTP	07-Oct-2022	Vietnam - HOSE	Cash dividends 15%	Dividends
ASM	07-Oct-2022	Vietnam - HOSE	Cash dividends 15%	Dividends
BCM	07-Oct-2022	Vietnam - HOSE	Cash dividends 7%	Dividends
BSI	07-Oct-2022	Vietnam - HOSE	Cash dividends 7%	Dividends
GMD	07-Oct-2022	Vietnam - HOSE	Cash dividends 12%	Dividends
NT2	07-Oct-2022	Vietnam - HOSE	Cash dividends 6.5%	Dividends
ACG	10-Oct-2022	Vietnam - HOSE	New listing 136 million shares	New listing
MSB	10-Oct-2022	Vietnam - HOSE	Share Issue 30%	Share Issue
PMG	12-Oct-2022	Vietnam - HOSE	Extraordinary shareholders meeting	AGM
ICT	13-Oct-2022	Vietnam - HOSE	Cash dividends 3.5%	Dividends
SBT	28-Oct-2022	Vietnam - HOSE	Annual General Meeting	AGM
LHG	16-Nov-2022	Vietnam - HOSE	Extraordinary shareholders meeting	AGM
ST8	18-Nov-2022	Vietnam - HOSE	Extraordinary shareholders meeting	AGM
GMC	24-Nov-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

- By 20/9/2022, credit growth of the system reached 10.54% YTD, while the deposit growth was only 4.04%. The lack of liquidity caused banks to raise deposit rates to about 0.5% in September and a total of 1% since the beginning of the year.
- System liquidity was strained due to the SBV's control to keep the positive difference between VND and USD rates in the interbank market, thereby supporting the local currency in the context of strong appreciation of USD.
- Business results of banking sector were positive in Q2/2022. Profit before tax of 17 HOSE-listed banks grew by 37.4% YoY. Strong profit growth was driven by (1) Net interest income and non-interest income grew 16% YoY and 17.5% YoY respectively and (2) Provision expenses decreased by 14.7 % YoY due to the pressure of provisioning for COVID-19 restructured loans has decreased significantly.
- Asset quality was good and slightly improved QoQ, although there was divergence among banks. NPL ratio by the end of 2Q/2022 reached 1.44%, up 3 bps QoQ. Group 2 loan ratio reached 1.23%, down 10 bps QoQ. COVID-19 restructured loans continued to decrease and only accounted for 0,69% of total outstanding loans.

Outlook / What to Watch

- The SBV affirmed its full-year credit growth target of 14%, therefore, we expect another small-scale credit growth quota by the end of the year.
- Deposit rates have increased by about 1% since the beginning of the year. However, lending rates also increased accordingly. We expect this will help NIM of banks to be kept at the same level as in 2021.
- With listed banks actively making provisions in 2021, the pressure of provisioning has decreased significantly and it will be a key profit growth driver in 2022.

Industry outlook

Industry:	FINANCIAL	Sub-sector:	INSURANCE	Short term outlook:	NEUTRAL	Long term outlook:	NEUTRAL	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, +22% compared to the previous year despite the epidemic situation. In which, insurance premium from new business was estimated at VND49,549 billion, up 18.5% compared to the previous year. Digitization and strengthen associate with banks helped insurance sales maintain high growth. Total life insurance premium was estimated at VND98,171 billion, +15.8% YoY, in which, new business insurance premium in 7M2022 only increased by 0.5% YoY, reaching VND29,191 billion.
- For the non-life insurance segment, total non-life premium in 2021 was estimated at VND57,880 billion, up 3.98% compared to the previous year, lower than the growth rate of 6.63% in 2020. In 7M2022, total non-life insurance premium was estimated at VND38,789 billion, +14.9% YoY. This high growth rate is expected to continue in 2022 when the economy reopens after the pandemic, along with incentive policy of the Government.

Outlook / What to Watch

- Vietnam's life insurance market still has a lot of room for growth. The proportion of the population with life insurance was only 11% by the end of 2021. We expect the growth rate of life insurance sales for the next 5 years of 15%/year.
- 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:	NEUTRAL	Long term outlook:	NEUTRAL	Main ticker:	SSI, HCM, VCI, VND
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Sector Overview

- 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 in Vietnam. There are many securities companies while there are little differences between products of the securities companies.
- Securities brokerage sector has a high growth rate. The number of newly opened securities accounts in 8M22 reached 2.2 million accounts, nearly 3 times higher than the same period of last year.

Outlook / What to Watch

- The proprietary trading activities of securities companies are expected to face difficulties in the coming quarters due to the sharp drop in the stock market.
- 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:	NEGATIVE	Long-term outlook:	NEGATIVE	Main ticker:	VHM, KDH, NLG
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Sector Overview

- New supply increased sharply in 2Q2022 with increasing selling prices in both Hanoi and HCMC while sales performance slightly decreased.
- In 1H2022, there were over 16,400 new apartments launched (+180% YoY) at ASP of USD2,455/sqm (+9% YoY) and over 12,500 units sold (+70% YoY) in HCMC. The high-end segment dominated new supply and accounted for 82%. Most new supply (83%) concentrated in Thu Duc City.
- In 1H2022, Hanoi welcomed 8,165 new apartments (+35% YoY) at ASP of USD1,872/sqm (+27% YoY) and sold 10,830 units (+34% YoY). The high-end segment dominated the market with 55%, followed by the mid-end segment with 43%. New supply in Hanoi concentrated in mega townships such as Vinhomes Ocean Park, Vinhomes Smart City, etc.
- Average absorption rates of newly launched projects in 1H2022 slightly decreased in HCMC (72% vs 74% in 2021 and 73% in 2020) but improved in Hanoi (49% vs 47% in 2021 and 42% in 2020).
- Rental yields have not shown clear improvement with ~4% in HCMC and ~5% in Hanoi.
- Tightening credit to both developers and homebuyers continued to be the biggest challenges of the market.

Outlook / What to Watch

- Key challenges: tightening credit, slow licensing process, rising interest rate, high construction material prices, inflation and depression fears which encourage asset speculation activities and increase clearance costs, etc.
- Key drivers in long-term: construction/approval of key infrastructure projects, 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

- China's zero-COVID policy motivated the leasing momentum in Vietnam with strong demand from automotive, logistics and electronics sectors.
- Northern market: In 1H2022, average rental rate was USD110/sqm/lease term (+9% YoY) for industrial land and USD4.7/sqm/month (+2% YoY) for ready-built warehouses and factories. Occupancy rates remained stable at above 75% in Tier-1 market (Hanoi, Hai Phong, Bac Ninh, Hung Yen, Hai Duong) and above 60% in Tier-2 market (Quang Ninh, Vinh Phuc, Thai Binh, Ha Nam, Bac Giang).
- Southern market: In 1H2022, average rental rate was USD136/sqm (+15% YoY) for industrial land and USD4.8/sqm/month (+2% YoY) for ready-built warehouses and factories. Occupancy rates remained stable at above 90% in Tier-1 market (HCMC, Dong Nai, Binh Duong, Long An) and above 63% in Tier-2 market (Binh Thuan, Ba Ria – Vung Tau, Tay Ninh, Binh Phuoc).

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:	NEUTRAL	Long term outlook:	NEUTRAL	Main ticker:	VRE
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Sector Overview

- New supply (Vincom Mega Mall Smart City) entered Hanoi after 5 consecutive quarters of no new supply while no new supply recorded in HCMC. Primary assets showed a big jump in rental rate.
- HCMC: In 1H2022, rental rate in CBD increased by 51% YoY to USD206/sqm/month while in non-CBD grew by 8% YoY to USD27/sqm/month; vacancy rates were at 4.2% (-1 pts YoY) in CBD and 12.7% (+1 pts YoY) in non-CBD.
- Hanoi: In 1H2022, rental rate in CBD increased by 27% YoY to USD132/sqm/month and by 3.7% YoY to USD25/sqm/month in non-CBD; vacancy rates were at 9.9% (-1.2 pts YoY) in CBD and 15.8% (+1.2 pts YoY) in non-CBD.

Outlook / What to Watch

- New supply is expected to improve.
- Occupancy rate and rental rate are expected to recover.
- 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

- Villas and townhouses/shophouses recovered in 1H2022 compared to 1H2021 while condotels did not.
- There were 2,776 villas (+45% YoY), 5,145 townhouses/shophouses (+230% YoY) and 1,591 condotels (-30% YoY) launched in 1H2022 with absorption rates of 75% (+40 pts YoY), 75% (+2 pts YoY) and 59% (+12 pts 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.
- Travel demand is affected by inflation and recession fears.

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.
- While the disruption in Global supply chain caused by Covid-19 hasn't been fully fixed, the additional negative effects from the war in Ukraine has further pushed commodity prices up. These, coupled with the effects from monetary policies, caused inflation to soar globally. With that said, CPI in Vietnam is still within the range targeted by the Government indicating inflation has not gone uncontrollable yet. Still, Inflation will be one of the key risk for the coming period that needed to be keep an eye on.

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 USD8.5bn in 9M2022, +37.5% YoY.
- Shrimp continued to account for the largest portion (39.9%) and reached USD3.4bn of export turnover in 9M2022 (+23% YoY). After decelerating in June and July, export turnover of shrimp rebounded in Aug 2022 and Sep 2022 to USD356mn and USD350mn, +25.9% YoY and +13% YoY respectively. However growth remains modest in our view given lower demand amid of rising inflation and exchange rates in main export markets.
- Vietnam pangasius export is less impacted by the exchange rate and continued to record high growth of 96.7% YoY in Sept 2022 (USD161.4mn). 9M2022, Vietnam pangasius export reached USD2.0bn, +82,6% YoY and account for 23.1% of Vietnam total aquaculture export.

Outlook / What to Watch

- Higher inflation in other countries and rising exchange rate continued to be the main concern for Vietnam shrimp export. The year-end festivity period will help to boost demand. Hopes that China will ease COVID restrictions towards the end of October could also help to boost shrimp export. Ecuador, Indonesia, India which have lower shrimp price compared to Vietnam will be our main competitors.
- Disrupted supply chain due to Zero COVID strategy in China and tensions from Russia and Ukraine are beneficial for Vietnam pangasius export. High inflation in main export market also boost consumption of low price product like pangasius. Raw pangasius price surged again in Sept, +35% YoY. This will help large exporter with high self-sufficiency rate and strong bargaining power.

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.
- The industry recorded positive results in 8M2022 as textile & garment export value was estimated to climb by 38% YoY in this period, fueled by recovery of consumer demand post pandemic in the first months of the year and growth from a low base in 3Q2021. However, the industry witnessed higher raw material prices and adverse impacts on supply chain because of hike in transportation costs, long-lasting tension between Russia and Ukraine, China's zero COVID policy, etc. Additionally, orders tend to slow down since 2Q2022 due to economic instability in some importing countries, which darkens the industry's outlook in 2H2022.

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 2H2022, there are concerns about inflation impacts on consumer spending for textile & garment products in some major importers, such as the US and EU. Nevertheless, these impacts may be different across different products and market segments. 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 2022.
- 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.
- However, 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 and services) climbed by 0.2% YoY for the whole year 2021 versus a decline of 3.4% YoY in 9M2021. The figure was 15.8% YoY in 9M2022.
- Listed retailers reported good revenue growth thanks to recovery of consumer demand post pandemic in the first months of the year and growth from a low base in 3Q2021, for example MWG (reporting 18% YoY revenue growth in 8M2022), FRT (+55% YoY in 1H2022) and PNJ (+88% YoY in 8M2022). Still, companies express concerns that higher inflation rates may impact on consumer spending, though a severe jump is not expected in Vietnam, according to some forecasts.
- While physical retail will remain an important channel, online sales is also deepening its role because online shopping activity is increasingly popular to more consumers even post COVID-19. This makes omni-channel an increasingly indispensable part in companies' business strategies.

Outlook / What to Watch

- For the rest of 2022, , based on assumptions that the probability of repeating such a long social distancing stage as 2021 due to COVID-19 may be minimized, we expect the sector may continue to be fostered by domestic consumption and benefit from return of international visitors through tourism. Nevertheless, if inflationary pressure intensifies considerably in 2H, weaker consumer spending may dampen some product categories' outlook though 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:	NEGATIVE	Long term outlook:	NEUTRAL	Main ticker:	HPG, HSG, HT1, KSB
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Sector Overview

- Global construction steel prices maintains the level of 550 USD/ton in September, which is about 13.4% lower to beginning of 2022. Domestic construction steel average sale prices also fell to about 14,700 VND/kg, which is 10.1% lower than beginning of 2022. The down trend of domestic construction steel prices has begun since the middle of April when China suffered from the pandemic and global economy showed a slow recovery.
- The pandemic situation in China was still tight as local lockdown measures was operated in many provinces. The Vietnam – China border also in strict management to prevent further spread of the virus.
- Domestic steel price reduced to 14,700 VND/kg during September while demand from domestic construction activities seem to be slow and domestic steel also faced reduced global steel price. In the latest report of VSA, total sale volume of domestic steel in Q2.2022 was reduced 3.7% YoY although last year was a low base when Vietnam experienced the rising of COVID-19.
- Other construction materials prices beside steel were stable in July as the cost of coal was maintained above 400 USD/ton in recent months. The cost for fuel coal remains at current level kept the price level of cement, brick from falling.

Outlook / What to Watch

- The price levels of construction materials, in our opinion, can be maintain at current level despite low demand from construction activities because the cost of coal and fuel are high comparing to last year.
- The low speed of public spending is also a barrier for the recovery of construction materials consumption. In 9 months of 2022, the spending of infrastructure budget only reached 58.7%, which was lower than expectation of government's plan.
- Current situation of low credit room for real estate development and slow speed of public spending makes the outlook for construction material in the remaining of 2022 to be low.
- Long term outlook for construction materials remains blurring as China still faces the risk of a real estate crisis, although Chinese government has put out a credit package to support current construction projects but construction activities are still reported to be low

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 prices decreased about 4.1% during September, reducing the cost for logistic activities slightly. Oil prices were hovering around 85 USD/barrel during September.
- International container freight index was down 34.4%, as international trade activities slow down, which mainly comes from China and major economies.
- Export value from China in August was reported to have a slower growth compared to July due to a higher base last year and a weakening global demand.
- The slow approval conditions at Vietnam-China land borders was partially solved. Although China still keeps their border to be tight when the pandemic situation is still complicated, the partial opening of Vietnam-China border can help to support Vietnam fruit export, which helps to boost up land transporting activities.

Outlook / What to Watch

- Export activities continues August trend with positive year-over growth, total export value reached 29.94 bil.USD in September (+10.3% yoy). After 9 months, total export value reached 282.52 bil.USD (+17.3% yoy). Although the growth of export activities are expected to slow down in the remain of 2022 as main export market of Vietnamese products (EU, USA, China) are suffering from high inflation, risks of recession and prolong quarantine period in China, Vietnam export activities are still expected to meet ministry of trade target for 2022 at about 358 bil.USD in value.
- Overall, the total export value of Vietnam is still expected to have a positive year on year growth in value, in the remaining of 2022.
- 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
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Sector Overview

- According to the CAAV, Vietnamese airlines have operated 30,373 flights in Sept 2022, a strong increase by 2,217% YoY. We note that Sept 2021 remains a low base given COVID-19.
- As of 9M2022, Vietnamese airlines transported 37mn passengers (+157% YoY but declined 10.8% vs. same period of 2019), in which domestic tourists reached 34mn passengers (+139.9% YoY and +20.8% vs. same period of 2019), international tourists reached 2.9mn visitors, +2,396.1% YoY but declined 77.4% vs. same period of 2019.
- Air cargo through Vietnam airports reached 106,000 tonnes, +2.9% YoY in Sept 2022. From which, international tonnage reached 84,500 tonnes +2,9% YoY and domestic tonnage reached 22,000 tonnes, +19.3% YoY.

Outlook / What to Watch

- High inflation in other economies might be a constraint for consumer spending, especially for non-essential spending such as travel.
- Domestic cargo rebounded and we believe the uptrend will sustain for the remaining months of the year.

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 continued to drop to the range of USD92-105/ barrel in August, Brent oil price adjusted to the lower range at 84-95 USD/ barrel as dollar soars and global recession fears grows in September. Besides that, this recent movement can be explained partly by the slow-down of China economy while many cities in China have been imposed lockdown again because of Covid-19.
- OPEC+, led by Saudi Arabia and Russia, just agreed to impose their first deep output cuts of 2 million bpd since 2020 (about 2% of global oil production) from this November to raise oil price. However, in long-run it will have limited impact as OPEC+ has been producing more than 3 million below its agreed quota levels for months due to its lack of investment. Therefore, the actual cut will be lower and estimated to be around 1 million bpd.
- Higher oil prices support the selling price of gas (HSX: GAS) and the rig rental rate for (HSX: PVD). However, the current high volatility of oil prices and the increases of China's export quotas for refined petroleum products will cause negative impact to (HSX: PLX, BSR) . On the other hand, the slow initiation of new oil & gas projects has put a lot of pressure on the workloads for the Mechanics & Construction segment of (HNX: PVS).
- However, Vietnam's oil resource has been facing the depletion of natural oil resources. Most large oil fields 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 reserves 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 down in 2H2022 due to potential return of Covid-19 variants as well as the fear of a global recession and inflation.
- Sanctions on Russia oil & gas by US, UK and EU have put high pressure to the current supply concerns. Sanctions 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
- Global recession risk

Industry outlook

Industry:	ENERGY	Sub-sector:	POWER, WATER	Short term outlook:	POSITIVE	Long term outlook:	POSITIVE	Main ticker:	REE, NT2, HND, POW
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Sector Overview

- In 8M2022, accumulated electricity consumption increased slightly compared to the same period 2021; in which coal power plant still accounts for a significant proportion.
- In Aug 2022, electricity production of the whole system reached 23.9 bn kWh; accumulated 8M2022, electricity output reached 181.92 bn kWh (+5% YoY), of which
 - Hydro: 63.25 bn kWh, accounts for 34.8% of the total output.
 - Coal thermal: 71.67 bn kWh, accounts 39.4% of the total output.
 - Gas and oil thermal: 19.64 bn kWh, accounts 10.8% of the total output.
 - Wind & Solar energy: 22.06 billion kWh, accounts 14% of the total output.
 - Import energy: 1.91 bn kWh, accounts 1% of the total output.
- In 8M2022, EVN has commenced 88 transmission grids and finished 65 from 110 kV to 500 kV in which: 6 of 500kV projects, 13 of 220kV projects, and 46 of 110kV projects. In addition, Hoa Binh Hydropower expansion was allowed to continue to process.
- Digital transformation process has been succeeded 86.5% of the plan for two-year period 2021 – 2022, in which several sector has reached high rate such as Internal Management (98.98%), and customer services (97.56%).

Outlook / What to Watch

- Electricity production in Sep 2022 is expected to reach 22.64 bn kWh, +18% YoY.
- According to National Center For Hydro – Meteorological Forecasting (NCFHMF), La Nina is forecasted to have longer impact until the beginning of 2023, which contributes positively to the Hydropower's result in 2H2022.
- In 8M2022, many gas-fired projects have been implemented such as Nhon Trach 3 & 4, Long Sơn, and Quang Ninh which indicates the government's determined desire to reinforce energy conversion resulting in reducing carbon emissions and more friendly environmental energies. The Government is planning to expedite gas thermal plants to serve as a foundation source, replacing coal-fired to pave the way for developing renewable energies and preserving national energy security.

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

- Impacts from COVID-19 outbreak were not completely positive in all pharmaceutical companies although some witnessed higher demand for supplement, sanitizer products and drugs that help to lessen symptoms caused by the virus. Meanwhile, 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 should recover after the end of social distancing.
- In a long-term outlook, a developing economy, rising incomes, a large population which starts getting older, combined with health issues caused by environment and industrialization will likely facilitate the industry’s growth. However, how to rapidly introduce new generics, boost the proportion of high-value drugs, heighten enterprise competitiveness and consumers’ trust are challenges to Vietnamese pharmaceutical companies.

Ho Chi Minh City Head Office

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

Tel: (+84 28) 3823 4159

Fax: (+84 28) 3823 5060

Hanoi Office

10 Phan Chu Trinh, HoanKiem Dist., Ha Noi

Tel: (+84 24) 3942 9395

Fax: (+84 24)3942 9407

RESEARCH DEPARTMENT

Director - Head of Research

Tyler Cheung

(+84 28) 54 043 070

tyler@acbs.com.vn

Associate Director

Gigi Nguyen Binh

(+84 28) 3823 4159 (x250)

giaonbt@acbs.com.vn

Manager - Property

Truc Pham

(+84 28) 3823 4159 (x303)

trucptt@acbs.com.vn

Manager - Banking

Hung Cao

(+84 28) 3823 4159 (x326)

hungcv@acbs.com.vn

Associate - Consumer-related, Technology

Chi Luong

(+84 28) 3823 4159 (x327)

chiltk@acbs.com.vn

Associate - Oil & Gas

Hung Phan

(+84 28) 38234159 (x354)

hungpv@acbs.com.vn

Associate - Energy

Toan Pham

(+84 28) 3823 4159 (x325)

toanpd@acbs.com.vn

Associate - Construction materials

Huy Huynh

(+84 28) 3823 4159 (x325)

huyha@acbs.com.vn

Associate - Consumer-related, Media

Trung Tran

(+84 28) 3823 4159 (x351)

trungtn@acbs.com.vn

Analyst - Technical

Phuoc Luong

(+84 28) 3823 4159 (x354)

phuocld@acbs.com.vn

Analyst - Technical

Huu Vo

(+84 28) 3823 4159 (x354)

huvvp@acbs.com.vn

Associate - Derivatives, Macro

Minh Trinh

(+84 28) 3823 4159 (x352)

minhtvh@acbs.com.vn

Associate - Strategy, Macro

Hoa Nguyen

(+84 28) 3823 4159 (x352)

hoant@acbs.com.vn

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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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