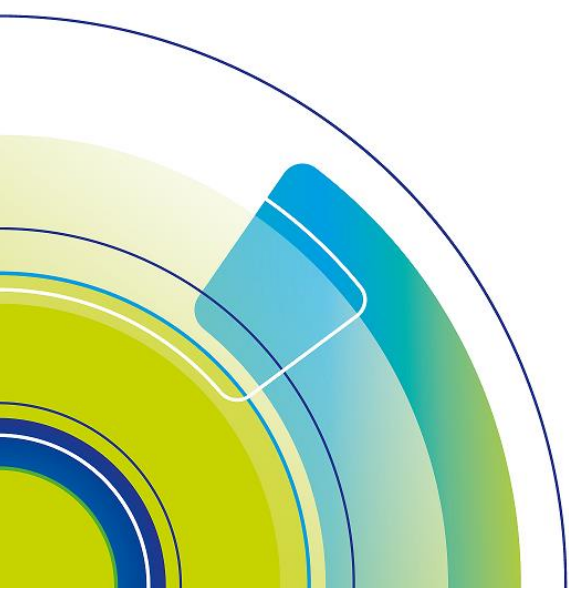




# Monthly Recap

October 2022

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## VN-Index

**1,027.94**

**-104.17 (-9.20%)**

Volume: 556.2m

Value: VND11,593 bn

### Leading movers in Oct

Tkr	% Chg	Index Impact
VNM	+8.6%	+3.3 pts
CTG	+6.0%	+1.7 pts
EIB	+8.2%	+0.9 pts

### Lagging movers in Oct

Tkr	% Chg	Index Impact
HPG	-26.2%	-8.2 pts
NVL	-17.6%	-7.4 pts
TCB	-24.3%	-7.1 pts

## HNX-Index

**210.43**

**-39.82 (-15.91%)**

Volume: 60.3m

Value: VND963 bn

### Leading movers in Oct

Tkr	% Chg	Index Impact
DNP	+5.8%	+0.2 pts
IPA	+9.5%	+0.1 pts
VCS	+4.5%	+0.1 pts

### Lagging movers in Oct

Tkr	% Chg	Index Impact
THD	-14.4%	-3.7 pts
SHS	-26.7%	-3.2 pts
IDC	-11.1%	-2.3 pts

## MONTHLY RECAP

After falling sharply in September due to the fear of a global recession, the appreciation of the dollar as well as the increase in domestic deposit rates, VN-Index continued to decline in October due to the aforementioned problems and corporate bonds. At the end of October, the VN-Index dropped 9.20% to 1,027.94 points with the average daily trading value further decreasing to 11.6 trillion dong, lower than the 13.4 trillion dong in September and 22.3 trillion dong in April or 32 trillion dong in November. HPG (-26.2%) pulled the market down the most due to the loss in Q3 business results, along with NVL, TCB, VHM, GVR and MSN. Most of other industry groups cannot avoid this decline. On the other side, VNM (+8.6%) had the strongest support along with CTG, EIB, BID and GAS. In addition, foreign investors continued to be net sellers with a net value of 1,553 billion dong, lower than 3,054 billion dong in September or compared to the previous net buying level of 2000-4000 billion dong. In which, EIB was sold the most with a net value of VND3,341 billion along with HPG, STB and VND.

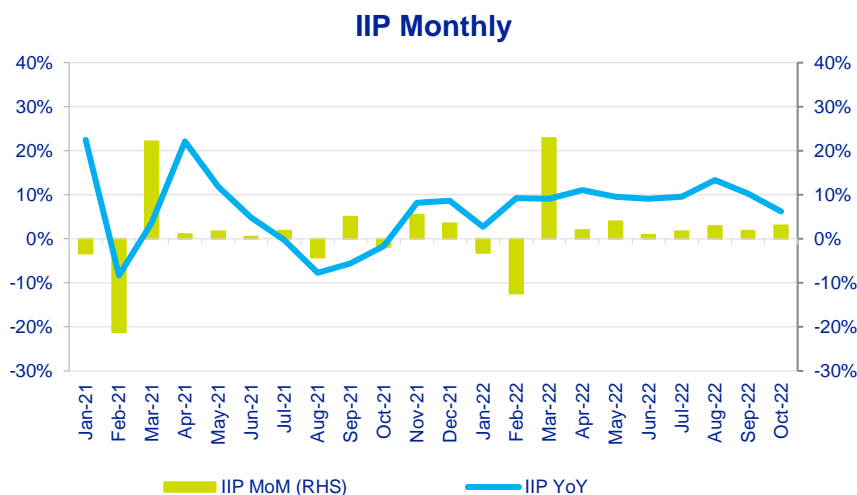
In general, along with the decline, investor sentiment is still highly negative. In addition, market liquidity decreased while foreign investors continued to be net sellers. In the early trading sessions of November, VN-Index lost the support level of 1000 points with low liquidity. Therefore, investors should keep the portfolio weight low and observe market movements at the thresholds of 960 and 1000 points.

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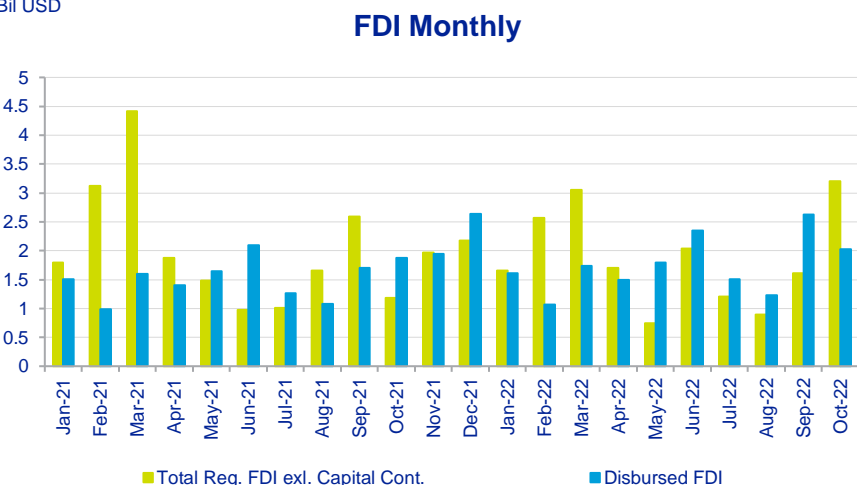
## Macro highlight during October

Industrial activities continued to post positive figures but the momentum slowed, in which IIP recorded a positive growth rate of 6.3% YoY in October 2022 and 9.0% YoY in 10M2022 (vs 10.3% in September 2022, -1.6% YoY in October 2021 and +3.3% YoY in 10M21). Furthermore, the October PMI was 50.6, while the PMI continued to be in expansionary territory, there are signs of slowing industrial activities as the PMI decreased from 52.5 in September. According to the PMI report, the Vietnamese manufacturing sector showed the first signs of slowing growth in both new orders and exports which caused by weakness of global economy and reduced business confident.

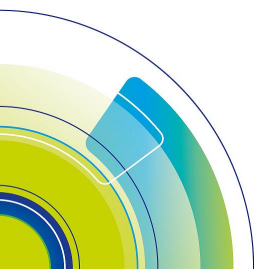


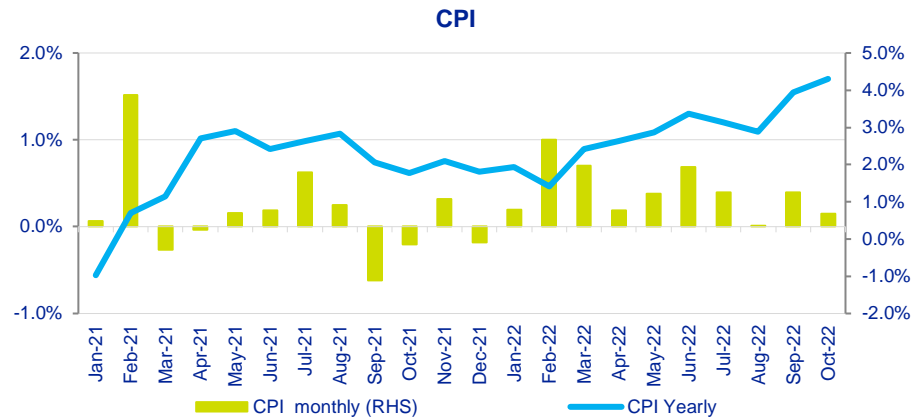
Disbursed FDI remained strong in 10M2022 (+15.2% YoY vs -4.1% YoY in 10M21) as travel restrictions eased and industrial activities continued to recover and accelerate. Registered FDI in October surged 170% YoY, but the cumulative 10M2022 figure decreased 7.2% YoY (vs +15.8% YoY in 10M21). We remain optimistic that FDI inflows will remain strong as Vietnam continues to be an attractive investment destination for FDI firms despite recent macro-economic headwinds.

Bil USD



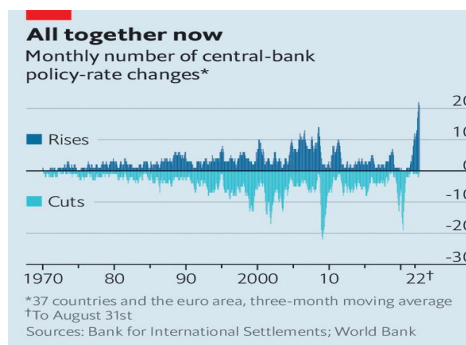
The October Consumer Price Index (CPI) increased 0.15% MoM and 4.30% YoY due to rising foodstuffs and outdoor catering service prices and surging education fee, but the average inflation rate in 10M2022 reached 2.89% YoY and far below government's target 4% and remained under control.



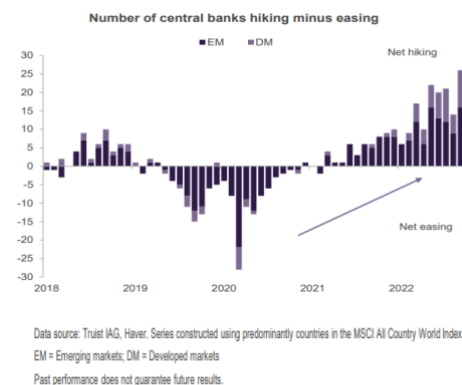


There are several exogenous risk factors which may bring uncertainties to Vietnam's economic growth prospects in last two months of 2022, which include:

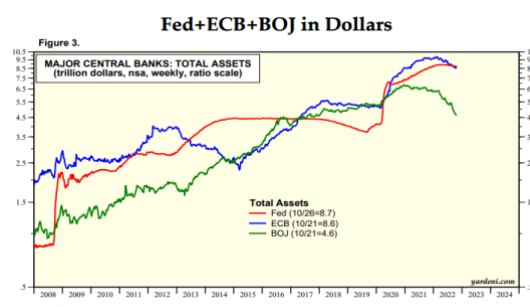
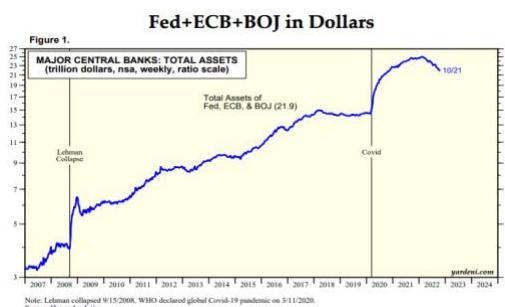
1. The FED and other major central banks continue to hike rates aggressively to tame surging inflation which stay stubbornly at high level. Interest rate hikes are expected to continue throughout the end of the year as over 16 major central banks around the world, especially US (FED) and UK (BOE), have indicated. Moving to 2023, we expect that while inflationary pressures will remain in the early parts of the year, if the actions of central banks have the intended effects and inflation is brought under control, we could see easing monetary policies emerging in the second half as encouraging economic growth will return to the forefront of policy makers minds;



The Economist



2. The FED, along with the BOE and ECB are stopping reinvesting maturing assets and starting to sell assets on their balance sheet (also known as Quantitative Tightening program). The FED expected to reduce around USD400bn of its balance sheet by the end of 2022. ECB and BOE also plans to follow FED. Morgan Stanley estimated that the balance sheets of the heaviest-hitting central banks will shrink by roughly USD4tn by the end of next year. Those events will put upward pressure on rates which could be difficult to lower rates and in turn will badly affect economic growth.



3. Recession risks grow, especially in Vietnam's large trading partners such as the US, EU and China, and could slow trading activities which remain a key growth driver;
4. The global energy crisis is still causing great difficulties for many countries as the EU faces a shortage of energy supplies this winter and OPEC+'s oil production reduction plan could raise prices. Surging oil prices again might directly affect Vietnam's domestic gasoline prices and put upward pressure on transportation fees and will indirectly increase pressures on prices of other raw production materials; and
5. China continues to pursue its zero-COVID-19 strategy with mass testing and lockdowns when cases surge.

However, despite fears that these events could slow Vietnam's growth prospects in the final months of 2022, we maintain our expectation that Vietnam's GDP growth will continue to show positive signs as we close out the year, supported by:

1. The continuing recovery of all industrial activities (IIP slowed in October 2022 but overall 10M22 still increased 9.0% YoY in 10M22), which will push activities from FDI sector in term of investment and export;
2. Vietnam emerged as a substitute manufacturing center to cover output losses caused by the zero-COVID-19 strategy in China; and
3. The strong recovery of the service sector, after relaxing all COVID-19 related restrictions on service businesses, coming from (1) improvement of domestic consumption (total retail sales of goods and services October 22 increased 36.1% YoY and 10M22 increased 20.2% YoY), (2) reopening international tourism (retail sales of travelling services October 22 increased 31x YoY and 10M22 increased 2x YoY); and (3) normalization of transportation of goods help push trading activities especially export from FDI sector.

In addition, the SBV has increased some key interest rates two times on September 23, 2022 and October 25, 2022. With recent aggressive rate hikes of SBV (totaling 200bps), we continue to be positive about controlling inflation in Vietnam and maintain our expectation that Vietnam's CPI for 2022 will increase in the range of 3.2% - 4%, within Government's target of 4%.

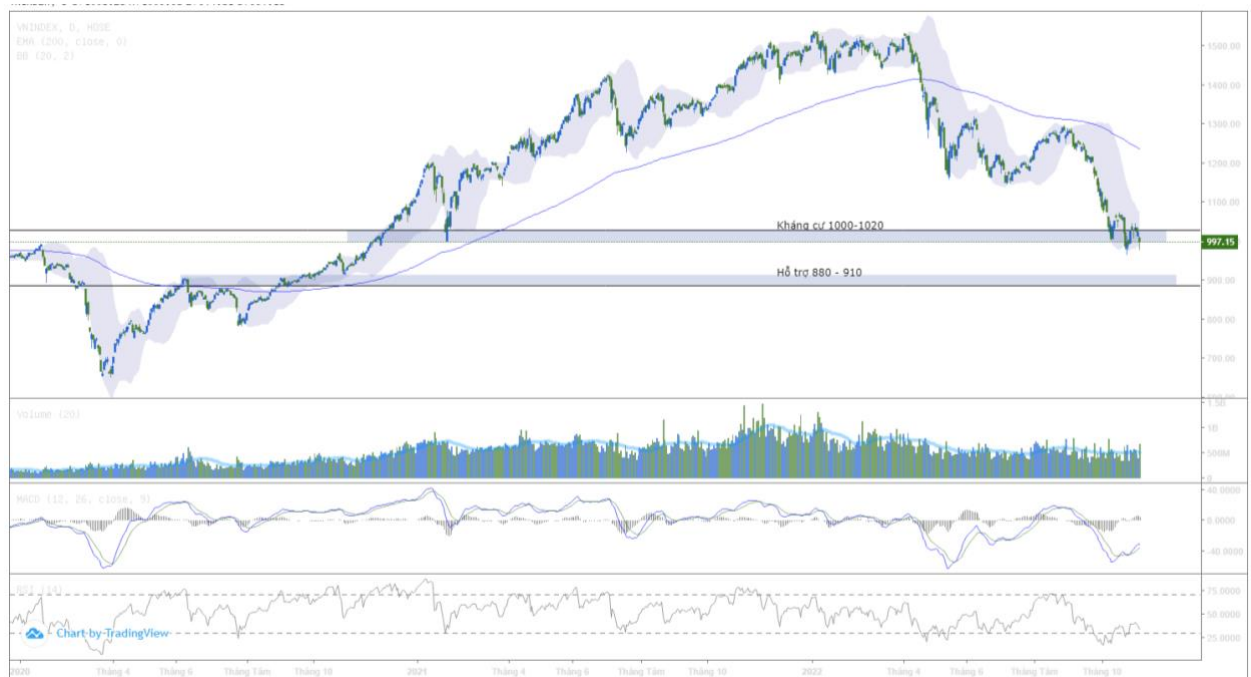
Furthermore, the fiscal and monetary stimulus package, worth VND337tn (VND291tn for fiscal package and VND46tn for monetary package), to support the socio-economic recovery and development program after the impact of the COVID-19 pandemic started disbursement in 2Q2022 (according to minister Nguyen Chi Dung, Ministry of Planning and Investment, by September 2nd, disbursement of fiscal and monetary stimulus package reached VND55.5tn, about 16% of total package) along with over VND244tn (of total VND530tn) of Capital under State Budget needed to disbursed toward the year end of 2022, which will push socio-economic recovery in the last months of 2022

**We keep expectations that Vietnam's GDP will continue to record strong growth, and will grow in range between 5.4% - 7.6% YoY in 4Q2022 and 7.8% - 8.4% YoY in 2022 as in our latest 3Q2022 Macro Updated Report.**

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## Technical View

**VN-Index struggle at support 960-980, risk of more downtrend continuation**



In October, VN-INDEX reversed from the previous short-term uptrend to continue declining, aiming to retest the previous bottom area just created. The trading sessions of VN-INDEX in the month were struggling sessions with narrow short bars and long tails, showing the struggle and increasing selling pressure of VN-INDEX on the development of a short-term recovery.

The risk will continue to increase as the main downtrend is still strong, the 1000 point level has also been breached again along with technical indicators showing that the downward momentum has not ended. Therefore, the 960-980 zone will act as support in the next sessions, and the 1000-1020 zone will continue to be the nearest resistance.

Thus, VN-INDEX opened November with investor sentiment continuing to struggle. Selling pressure increased with VN-INDEX heading for support at the previous bottom at 960-980 points. In case the selling pressure is effectively absorbed around the above support, VN-INDEX still has the prospect of returning with a technical recovery to a further threshold of 1070 points, on the other hand, the bigger risk is VN-INDEX. may continue to decline deeply and surpass 960 points to the next support at 940 points.

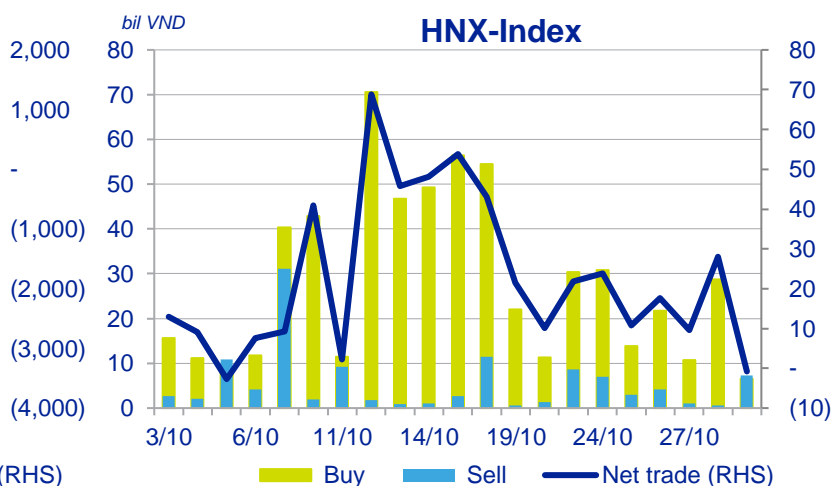
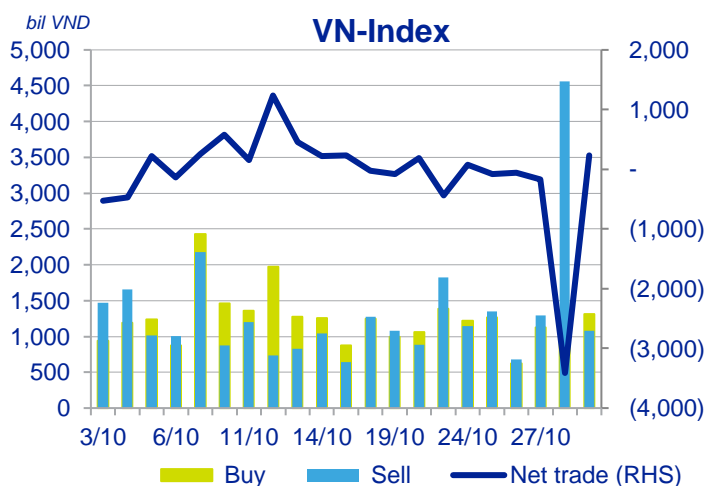
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## MARKET OVERVIEW

### Foreign Transactions in October



Sector	# of tickers	Market Cap (Tr VND)	Index Weight	1 Month Return	YTD Return	ROE	T. P/B	T. P/E
Banks	17	1338.3	32.5%	-4.0%	-21.6%	21.3%	1.7	9.1
Real Estate	50	850.9	20.7%	-10.1%	-29.4%	11.5%	2.4	72.0
Food, Beverage & Tobacco	32	501.4	12.3%	-2.9%	-7.6%	26.5%	4.4	18.1
Utilities	28	323.5	7.9%	-2.9%	6.3%	21.9%	3.0	14.8
Materials	63	275.4	6.8%	-19.3%	-40.3%	23.8%	1.3	9.3
Capital Goods	76	163.3	4.0%	-18.9%	-33.5%	15.7%	1.4	15.8
Transportation	28	157.0	3.8%	-5.4%	-18.9%	11.7%	2.7	281.3
Retailing	9	93.1	2.3%	-13.7%	-16.2%	24.9%	3.3	14.6
Software & Services	3	89.4	2.2%	-6.8%	0.8%	27.3%	4.1	16.2
Diversified Financials	17	89.0	2.2%	-22.3%	-59.5%	13.6%	1.3	8.1
Energy	9	54.6	1.4%	-13.7%	-40.6%	4.5%	1.3	33.7
Insurance	5	50.1	1.2%	-3.6%	-7.9%	9.5%	1.7	19.8
Consumer Durables & Apparel	17	42.1	1.0%	-5.5%	-8.8%	22.8%	2.5	12.0
Pharma, Biotechnology & Life Sciences	10	27.3	0.7%	-3.2%	-16.2%	18.5%	2.3	13.5
Technology Hardware & Equipment	1	10.0	0.2%	-5.3%	-10.6%	46.1%	4.4	12.3
Automobiles & Components	6	8.1	0.2%	-7.7%	-6.2%	15.5%	1.7	12.1
N/A	9	8.0	0.2%	-27.5%	-30.2%	4.5%	1.4	10.1
Consumer Services	8	6.5	0.2%	-9.0%	-12.7%	2.1%	3.4	51.9
Commercial & Professional Services	6	5.7	0.1%	-5.7%	8.9%	21.2%	1.7	9.1
Health Care Equipment & Services	3	2.2	0.1%	-23.5%	-40.3%	13.0%	1.5	13.2
Telecommunication Services	1	1.7	0.0%	-36.7%	-68.0%	19.8%	0.9	4.8
Household & Personal Products	1	1.4	0.0%	-2.4%	-8.6%	27.8%	1.9	7.4
Media & Entertainment	2	1.0	0.0%	-28.1%	-43.9%	21.1%	1.6	9.7
<b>VN-Index</b>	<b>401</b>	<b>4099.8</b>	<b>100%</b>	<b>-9.2%</b>	<b>-31.4%</b>	<b>15.4%</b>	<b>1.7</b>	<b>10.7</b>

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

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

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

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