

# VIETNAM MARKET OUTLOOK

November 2022

**VNIndex slides 9.2% in October as key policy rates rise for the second time in as many months**

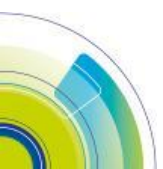
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**October was a frightful month for the markets as further anti-corruption efforts were undertaken, particularly in the real estate sector, which have spooked markets** already reeling from ongoing global macro pressures, resulting in the VNIndex finishing the month at 1,027.9 pts (-9.2% in October), while dropping below the 1,000 point level during the month for the first time since November 2020. The SBV increased key policy rates by 100bps on Oct 25<sup>th</sup> for the second time in as many months as the VND has been coming under increased pressure from increasing pressures from global central bank rate hikes and the strengthening USD. Headline macro figures posted encouraging results in Oct with the IIP increasing 6.3% y/y, the PMI remaining in expansionary territory, albeit just barely, at 50.6, retail sales posting strong growth at +17% y/y and the YTD trade surplus widening to US\$ 9.4bn on a 14.7% y/y increase in total trade. Despite the positive macro results, going forward it will be important to keep a close eye on the manufacturing sector as deteriorating economic conditions in some of Vietnam's key export markets (the US and EU which account for 42.5% of total exports YTD in 2022) could result in diminishing orders as we near the end of the year season which typically sees an uptick in exports to fulfill holiday demand.

**Actions from the SBV were again in the spotlight with a series of moves similar to September with an increase of key policy rates by 100bps (2<sup>nd</sup> increase of the year)** as pressure has been increasing on domestic interest and exchange rates, which in turn has been putting pressure on inflation. The reference rate for the VND to the USD was increased several times to close the month at 23,695 VND/USD (-1.3% m/m) while the average rate at commercial banks dropped to 24,838 VND/USD (-4.1% m/m). We believe that the moves were necessary given the continual aggressive actions by central banks around the world in order to maintain the gap between VND and USD interest rates to support the domestic currency. With recent aggressive rate hike of SBV (100bps), we continue to be positive about controlling inflation in Vietnam and maintain our expectation of Vietnam's CPI for 2022 will increase in the range of 3.2% - 4% and remain within the Government's target of 4%. Despite fears that Vietnam's growth prospects could slow in the final quarter of 2022 due to higher interest rates, Vietnam's economy has essentially regained its growth momentum as the post-COVID recovery carries on with good fundamentals in 9M2022. We also maintain our expectation that Vietnam's GDP will continued to record strong growth which will grow in range between 5.4% - 7.6% y/y in 4Q2022 and 7.8% - 8.4% y/y in 2022.

**The VNIndex closed the month down 9.2% with liquidity dropping to 13.4 VNDtr ADTV during October, down 14.5% MoM.** Real estate stocks bore the brunt of the decline as news broke of the arrest of another leader of a sizable private real estate company, contributing to the real estate group falling by 10.1% in the month. The materials sector saw a significant pullback by 19.3% in October, primarily driven by the decline in HPG which posted its first quarterly loss since listing in 2007 as margins are being squeezed on both sides from decreasing selling prices on low demand, particularly in the stalled real estate market, and increasing costs driven by surges in coal prices and the strong USD making imported materials more expensive. Given the lack of catalysts on the horizon to turn sentiment positive and continuing global uncertainties, we expect the market to remain volatile in the short term.

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# Summary of 9-months business results on VNIndex

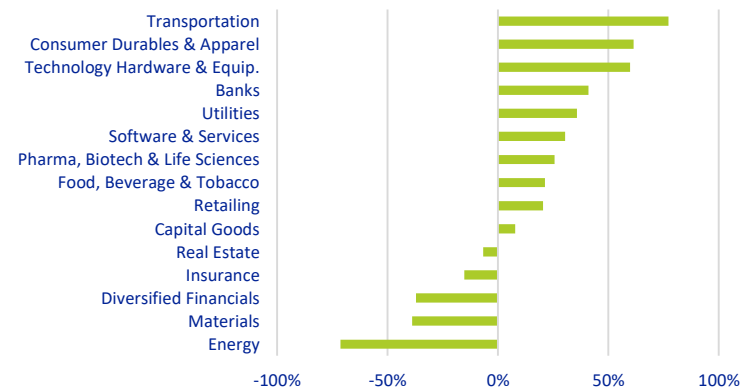
Almost all third quarter earnings have been reported with market wide 9M2022 revenues increasing 20.1% y/y and earnings increasing 15.9% y/y.

- **Banks** were the leading contributor to the overall market in terms of earnings for the first three quarters, with 9M earnings increasing 41% y/y, primarily due to the decrease in provisioning that occurred in 2021 as banks grappled with COVID related loan restructuring, while also posting 31% y/y and 17% y/y growth in interest income and non-interest income respectively.
- The **Transportation** sector has posted strong revenue growth (+110% y/y) and earnings figures (+77% y/y) compared to 9M2021, primarily driven by the reduction in losses at Vietnam Airlines (HVN) as travel has resumed following strict COVID prevention measures in 2021. Transportation Infrastructure have good profits (+118%) given the growth of imports-exports and domestic trading as retail sales increase strongly in 9 months.
- The **Utilities** sector recorded 35.7% y/y earnings growth on the back of high oil and gas prices which benefited the largest company in the sector, PetroVietnam Gas (GAS).
- The **Food and Beverage** sector posted a sector earnings growth of 21.3% y/y in 9M, driven by a strong rebound in retail sales and consumption following the relaxation of COVID-19 related restrictions. Featuring, beverage company SAB (+77%), food producer MSN (+47%) and HAG (+20 times), fishery ANV (+662%).
- **Materials** were the largest contributor on the downside with decrease of 38.9% of profit in 9M2022 over the same period of last year due mainly to the contraction of steel producers HPG (-61%), HSG (-66%), NKG (-84%)... given the weak demand in China and low prices of steel globally.
- The **Real Estate** sector improved in the third quarter, but the cumulative 9 month earnings contracted 1.2% y/y given low profit in the first half. The modest extension of credit quotas and slowdown in the corporate bond market due to tightening regulations as a result of recent anti-corruption measures has affected real estate revenues and project implementation.

While the 9 months results posted solid earnings gains, the q/q results were still under pressure although improved with earnings down 1.9% q/q compared with decrease of 15% q/q in 2Q2022.

- Earnings in the **Materials** sector decreased 11.4% q/q, with 47/56 companies posting negative growth led by the contraction in profit of steel maker HPG which faced difficulties with falling global steel prices on low demand from both the domestic and Chinese markets.
- **Utilities** recorded a q/q contraction in profit (-2.5%) led by GAS (-40% q/q) due to the drop in Brent oil prices which resulted in its gross margin contracting to 18% from 25% in 2Q2022.
- **Real estate** is still facing with many difficulties but recorded optimistic result in 3Q2022 (+156% q/q) with largest contributor VHM (+20 times q/q). The strong retail sales growth and FDI inflows will be a longer term catalyst for retail and industrial property.

## Net income growth in 9 months of 2022



# Summary of 9 months business results on VNIndex (cont'd)

Industry group	Market Cap (VNDtn)	3Q-2022		3Q-2022		9M-2022	
		Revenue (% q/q)	Net Income (% q/q)	Revenue (% y/y)	Net Income (% y/y)	Revenue (% y/y)	Net Income (% y/y)
Banks	1,338.3	5.0%	-2.8%	27.5%	56.6%	19.9%	40.9%
Real Estate	850.9	67.5%	155.8%	0.3%	51.6%	-29.6%	-6.7%
Food, Beverage & Tobacco	501.4	1.3%	-14.4%	8.4%	8.0%	8.5%	21.3%
Utilities	323.5	-8.7%	-30.0%	31.5%	2.2%	24.6%	35.7%
Materials	275.4	-11.4%	-88.9%	-0.8%	-93.3%	17.9%	-38.9%
Capital Goods	163.3	-4.9%	-23.2%	36.6%	3.3%	19.4%	7.8%
Transportation	157.0	10.4%	-58.0%	202.5%	53.3%	110.3%	77.1%
Retailing	93.1	-1.4%	-15.5%	53.3%	55.2%	29.2%	20.4%
Software & Services	89.4	13.7%	18.1%	26.3%	29.4%	23.2%	30.3%
Diversified Financials	89.0	-1.3%	-6.8%	-21.7%	-66.1%	-1.8%	-37.1%
Energy	54.6	-13.2%	1950.3%	101.5%	20.1%	80.8%	-71.4%
Insurance	50.1	-0.8%	4.1%	14.8%	-20.1%	10.1%	-15.2%
Consumer Durables & Apparel	42.1	-12.8%	-12.1%	123.8%	736.8%	53.6%	61.5%
Pharma, Biotech & Life Sciences	27.3	8.8%	3.3%	14.4%	31.1%	14.4%	25.6%
Technology Hardware & Equip.	10.0	23.5%	31.7%	58.6%	68.2%	37.8%	59.8%
Automobiles & Components	8.1	-2.0%	-45.0%	36.1%	143.5%	22.6%	35.6%
Unclassified	8.0	12.4%	158.6%	-3.7%	209.0%	-2.2%	139.0%
Consumer Services	6.5	1.1%	-52.9%	16.3%	66.5%	-4.4%	266.4%
Commercial & Prof. Services	5.7	-5.7%	-24.3%	49.5%	304.0%	28.0%	87.1%
Health Care Equip. & Services	2.2	-2.0%	55.6%	-18.6%	118.3%	-42.9%	154.6%
Telecommunication Services	1.7	23.4%	109.9%	75.2%	9.6%	182.9%	396.7%
Media & Entertainment	1.0	0.8%	-44.0%	-49.8%	121.4%	-54.8%	117.6%
<b>Total</b>	<b>4,098.4</b>	<b>1.3%</b>	<b>-1.9%</b>	<b>28.7%</b>	<b>14.7%</b>	<b>20.1%</b>	<b>15.9%</b>

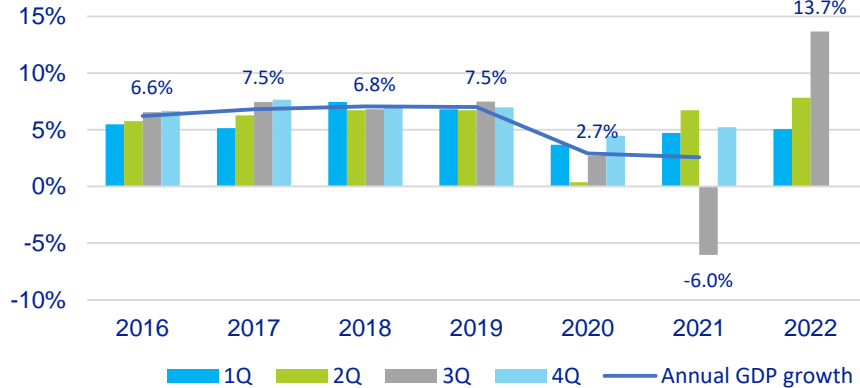
Source: Bloomberg, ACBS

- ❖ **The IIP** continued to post growth with an **increase of 6.3% y/y** in October, while the PMI remained in expansionary territory at 50.6, the figure dropped slightly from 52.5 in Sept, as new orders showed signs of slowing down given softer demand. **Disbursed capital** increased by **8.1% y/y** to US\$2.0bn and FDI pledges surged by 133% y/y at US\$3.7bn. **Total import-export turnover** was estimated at US\$58.3bn, **grew by 5.9% y/y and maintain trade surplus at US\$2.3bn in October**. Total **retail sales** of consumer goods and services achieved growth at **17% y/y**.
- ❖ The USD/VND rate increased strongly in October with the rate at Central bank closed month at 23,695 (+1.3% m/m) and average rate of banks up to 24,838 (+4.09% m/m) as the growing pressure from the hawkish interest rate hikes of Fed. The rate in free market surged to the record level at 25,325.
- ❖ The State Bank issued Decision No. 1747/QĐ-NHNN regulating the spot exchange rate between Vietnam dong and foreign currencies of authorized credit institutions. Accordingly, the spot USD/VND exchange rate band which had been stable at +/-3% since November 2008 was expanded to +/-5%, effective from 17 October 2022. Besides, the State Bank of Vietnam (SBV) raised the VND/USD selling price two times in October with total increase of VND945 from VND23,925 to VND24,870 on 17 Oct and 24 Oct. Previously, SBV increased this rate by VND200 in May, by VND150 in July and VND525 in September.
- ❖ The interbank rate continued to increase in October due to unstable liquidity in the banking system. The SBV injected over VND37tn net via T-bills, reverse repos OMO and selling USD in October.
- ❖ The State Bank of Vietnam (SBV) hiked a series of regulatory interest rates by 100 basis points from 25 October, one month after the first hike since March 2020. Accordingly, the ceiling deposit interest rates for demand deposits and one-month deposits terms will be increase to 1.0%/year from 0.5%/year, for one-month to under-six month terms will be 6% from 5% as before, excluding People Credit Funds and microfinance institutions which applying ceiling of 6.5%, hike from 5.5% as before. 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 to 7% from 6%. The refunding and rediscount rates witness a 100-basis-point hike to 6% and 4.5%, respectively.
- ❖ Gasoline prices decreased c.1.1% in October and decreased c.4.1% from beginning of 2022. Diesel prices rose c.10% in October and up c.41% from beginning of 2022. Retail cooking gas prices decreased by c.3.4% from 1 October, down 9.9% from beginning of 2022.

- ❖ Fitch Affirms Vietnam's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'BB' with a Positive Outlook thanks to strong medium-term growth prospects and lower government debt compared to peers, favorable external debt profile, Greater Exchange Rate Flexibility, according to Fitch Ratings.
- ❖ The European Central Bank hike its key interest rate by 75 basis points on October 27<sup>th</sup>, increasing the rate to 1.25%, the highest level in more than a decade. Meanwhile, Bank of Canada slowed its pace of rate hikes with a smaller than expect hike by 50 basis points (vs an expected 75bps) delivering the rate 3.75%.
- ❖ The Bank of Japan decided to maintain its dovish monetary policy by setting short term interest rate at minus 0.1% and purchasing Japanese government bonds to support the recovery of the Japanese economy.
- ❖ OPEC+ continued to cut oil production with an announced cut of up to 2 million barrels per day from November at their first face-to-face meeting since 2020 on 5 October.
- ❖ The US Fed decided to raise its benchmark interest rate by 75 basis points to push the federal funds rate to a range of 3.75% - 4% on 02 November. Previously, Fed approved the increase of 75 basis points in June, July and September, 50 basis points in May and 25 basis points in March.

# GDP grew strongly on low base from last year

## Vietnam GDP growth by quarter

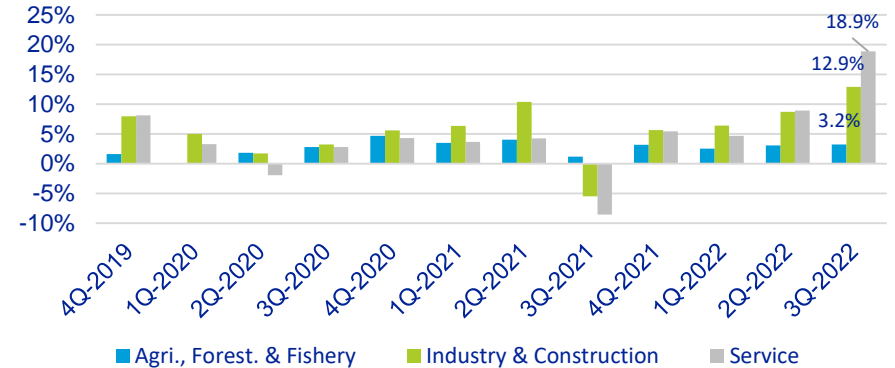


Source: GSO, ACBS

❖ Vietnam's GDP accelerated by an impressive 13.67% y/y in the 3<sup>rd</sup> 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.

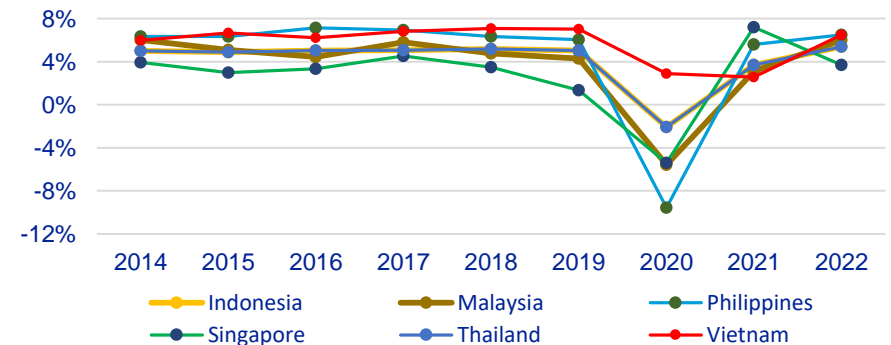
❖ Regarding GDP for 9 months by expenditure, Final Consumption increased by 10.08%, Gross Capital Formation increased by 8.7%, Exports of goods & services increased by 9.32% and Imports of goods and services increased by 2.72%.

## GDP growth breakdown



Source: GSO, ACBS

## Vietnam GDP growth and peer market

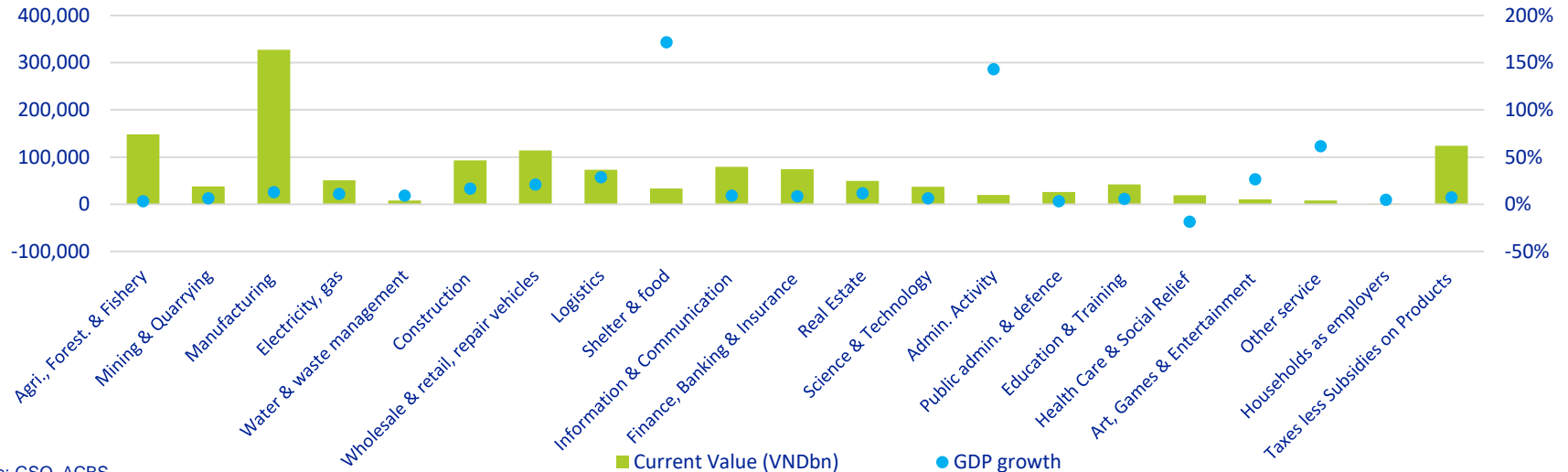


Source: World Bank, ACBS. GDP 2022 estimated by ADB in Sep 22



# GDP breakdown by industry

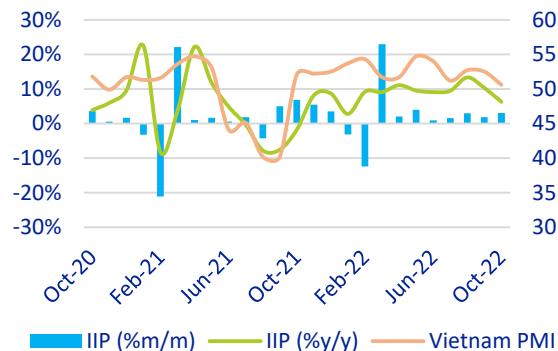
## GDP by Industry in 3Q2022



Source: GSO, ACBS

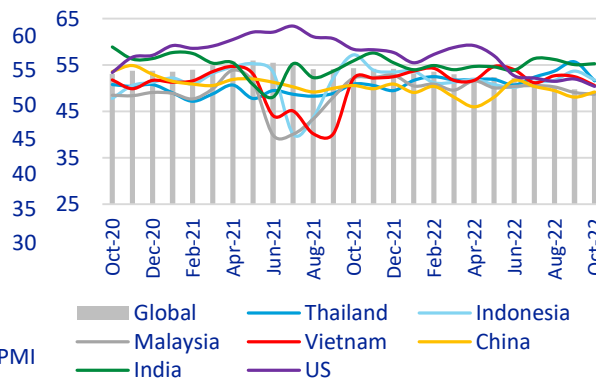
- ❖ Most sectors achieved impressive growth in the 3<sup>rd</sup> quarter. Shelter and food (+172%) was the highest contributors of economic growth in the 3<sup>rd</sup> quarter thanks to the strong recovery post pandemic, following by Manufacturing (+13%) given the strong FDI inflows along with rehabilitation 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 3<sup>rd</sup> quarter of last year.

## Vietnam IIP and PMI



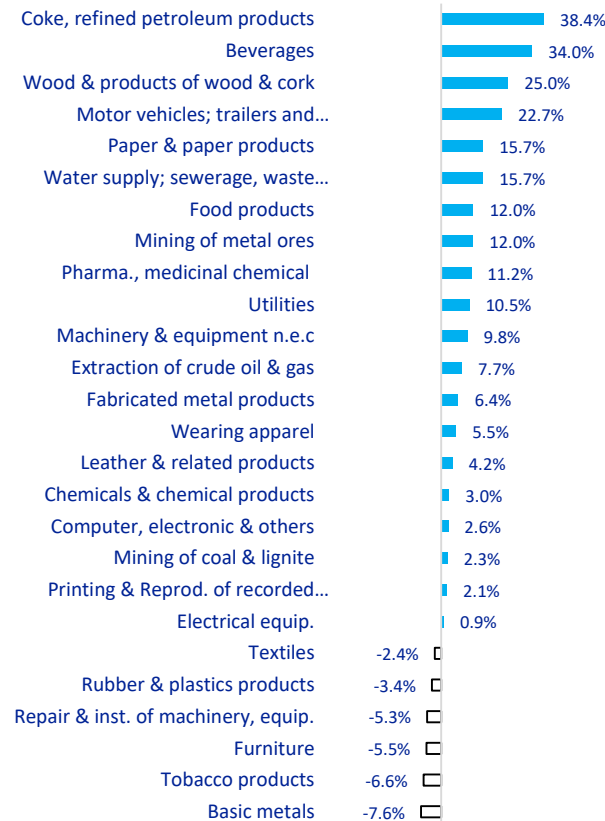
Source: GSO, IHS Markit, ACBS

## Vietnam PMI and other markets



Source: Bloomberg, IHS Markit, ACBS

## IIP October 2022 by industry



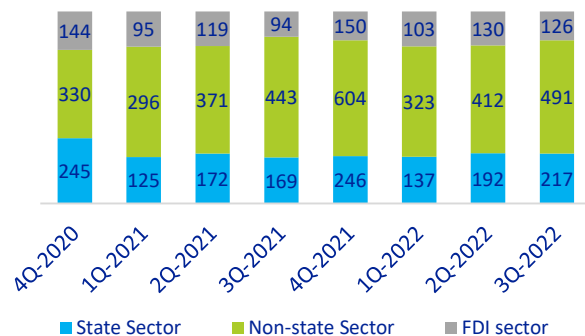
Source: GSO, ACBS

- ❖ The IIP in October continued its expansion with increase of 6.3% y/y and 3% m/m. For 10 months, IIP increased by 9% y/y and registered the expansion in 61 provinces and contraction in 2 provinces. Some notable products in the first 10M were Beer (+34.7%), Processed seafood (19.1%), Phone accessories (+16.5%), Automobile (+16.4%), Angle & rebar steel (+15.2%), Chemical paint (+11.1%), Clothes (+10.7%). In converse, some products decreased such as Extracted crude oil (-1.2%), Television (-1.4%), Liquidized gas (-1.5%), Textile fabric from artificial yarn (-2.3%), Aquatic feed (-3.8%), Mobile phone (-5.1%), N.P.K mixed fertilizer (-5.9%), Crude steel, iron (-15.3%).
- ❖ The PMI declined to 50.6; still in expansionary territory however new orders growth eased to a 13 months low given softer demand. The PMI of global and many regions like ASEAN, Eurozone, US, Australia also declined given recession concerns and inflation pressures.

-40% 0% 40% 80%

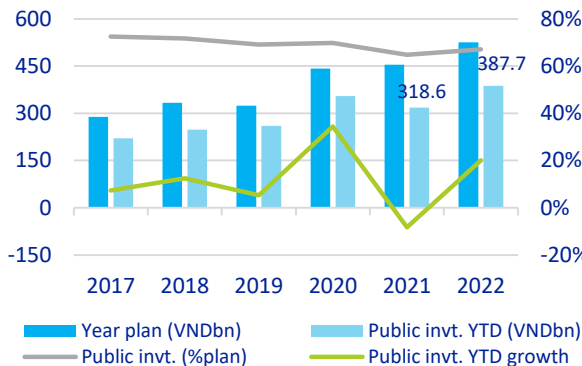
## Total investment disbursement

Unit: VNDtn



Source: GSO, ACBS

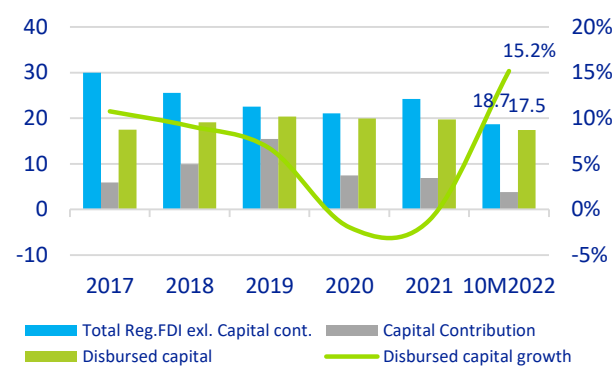
## Public investment in 10M



Source: GSO, ACBS

## FDI attraction by years

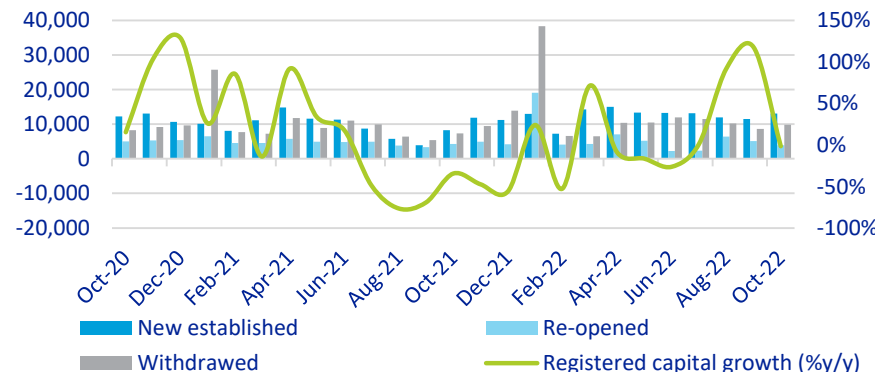
USDbn



Source: MPI, ACBS

- ❖ The total social investment increased by 18.1% y/y in the 3<sup>rd</sup> 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 2<sup>nd</sup> quarter, FDI sector decreased their contribution to 15.1% and state sector contributed 26%.
- ❖ In October, Vietnam spent VND53.6 trillion on public investment, an increase of 27% y/y, completing 67% of the annual plan in 10 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 13,030 (+58% y/y), reopened enterprises downed to 3,903 (-9.3%), the number of enterprises withdrawing from the market increased slightly to 9,860 enterprises (+34% 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"> <li>- As of 30 Sep '22, disbursed capital estimated of VND16,644bn, completed 73% total plan.</li> <li>- Estimated clearance 96% site.</li> </ul>
Long Thanh International Airport - Construction project - Phase 1	109,111	<ul style="list-style-type: none"> <li>- Started work on passenger terminal on 30 March '22, the second component project worth VND3,500bn on 29 Sep '22.</li> </ul>
East North - South Expressway (period 2017-2020)	118,716	<ul style="list-style-type: none"> <li>- By Mid Sep '22, accumulated disbursed capital estimated of VND40,360bn, completed 84.4% of total plan.</li> <li>- Site clearance: completed 99.9%</li> <li>- Construction: 1 component project completed, 4 projects on schedule, 6 projects behind schedule.</li> </ul>
East North – South Expressway (period 2021-2025)	148,500	<ul style="list-style-type: none"> <li>- Approved 12 components projects on July '22.</li> <li>- Preparing feasibility studies for 12 component projects.</li> <li>- Total allocated capital of VND47,168bn in the medium-term public investment in 2021-2025. Disbursed capital VND2.1tn as of end of Oct '22, fulfilling 24% of year plan.</li> </ul>

## 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.

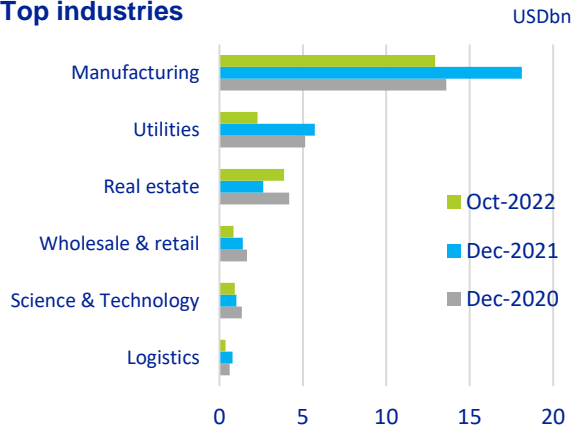
The Minister of Transport signed decisions of approving 12 components projects of the East North - South Expressway (period 2021-2025) on 13 July 2022.

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.

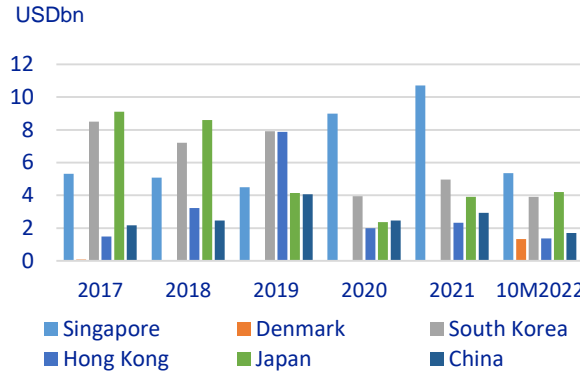
# Registered FDI surged, disbursed FDI remained uptrend

## Top industries



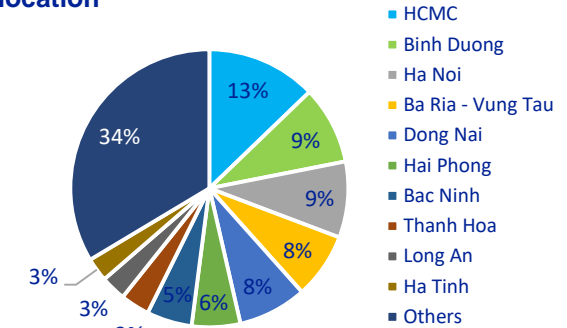
Source: MPI, ACBS

## Top counterparts



Source: MPI, ACBS

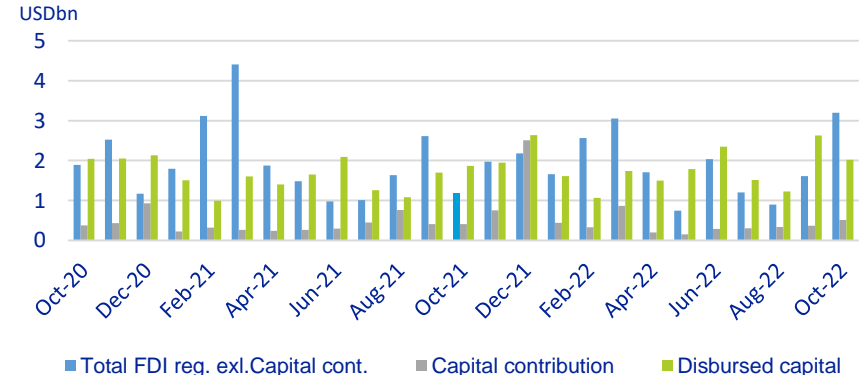
## Accumulated FDI as of Oct 2022 by location



❖ In October, disbursed capital increased by 8.1% y/y to US\$2.0bn, FDI pledges surged by 133% y/y at US\$3.7bn. For 10 months, disbursed capital increased by 15.2% y/y to US\$17.5bn; there are 1,570 newly registered projects (+14%y/y) with registered capital of US\$9.9bn (-24%y/y), 880 projects that registered for additional capital (+13%) with US\$8.7bn (+23%) and 2,997 transactions of capital contribution (-2%) valued at US\$3.8bn (+4%).

❖ Singapore continued to be the biggest counterparts in first 10 months, Japan rose to second place with LNG power project in October, following by South Korea and China. HCMC, Binh Duong, Quang Ninh, Bac Ninh, Thai Nguyen and Hai Phong are top 6 provinces FDI attraction in 10M2022, respectively.

## FDI attraction by months



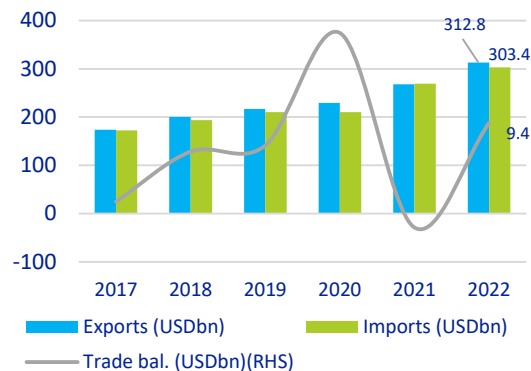
Source: MPI, ACBS

## 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.)

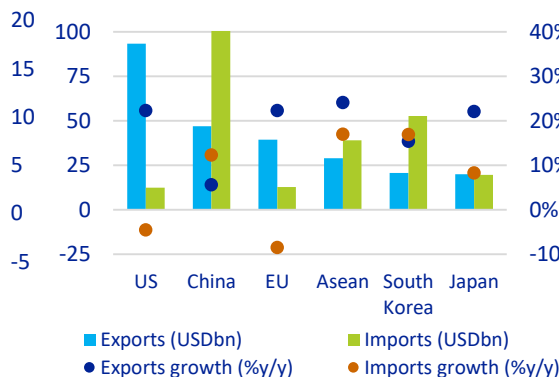
# Foreign trade turnover up slightly, maintain surplus

## Foreign trade in 10M by years



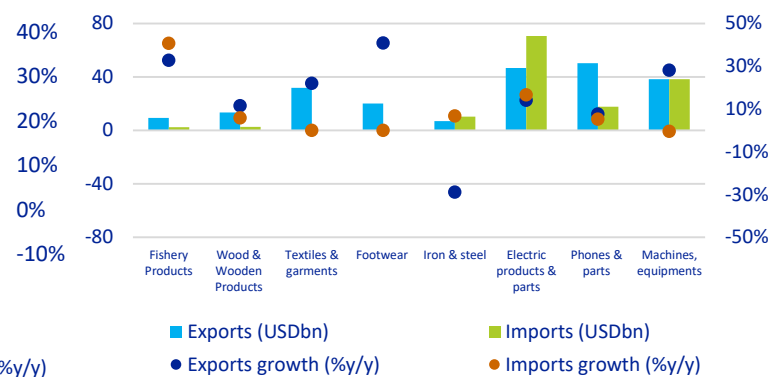
Source: GSO, ACBS

## Main EX-IM markets in 10M2022



Source: GSO, ACBS

## Main EX-IM items in 10M2022

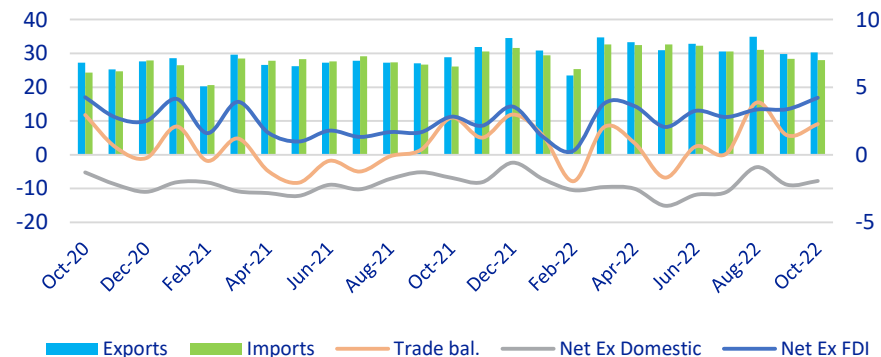


Source: GSO, ACBS

❖ Total import-export turnover in October was estimated at US\$58.3bn (+0.1% m/m, +5.9% y/y) and posted a trade surplus of US\$2.3bn. In which, exports amounted to US\$30.3bn (+1.5% m/m, +4.5% y/y) and imports were estimated at US\$28bn (-1.4% m/m, +7.1% y/y). For the first 10 months, total IM-EX turnover up 14.7% y/y and posted a trade surplus at US\$9.4bn.

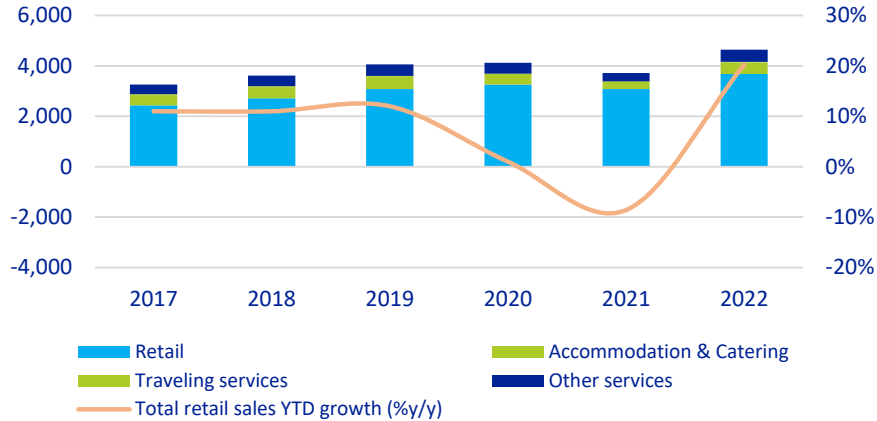
❖ Regarding monthly growth: exports to China (+19% m/m), ASEAN (+4%) rose while exports to US, EU, Japan and South Korea decreased in October; Imports from the US (+118% m/m), EU (+18%) and Asean (+20%) increased in October while imports from China and South Korea decreased. For annual growth, exports to main markets remain on the uptrend while imports from the US decreased given the strengthening USD is an disadvantage for importers from these markets.

## Foreign trade by months (USDbn)



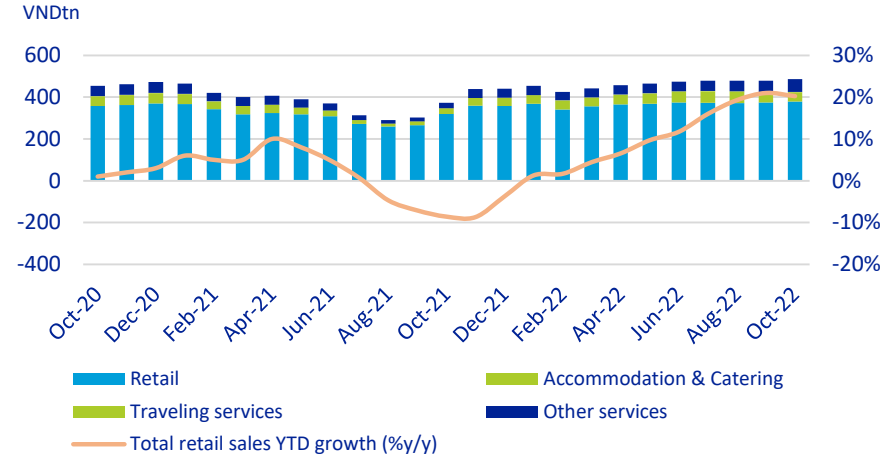
Source: GSO, ACBS

## Retail sales of goods and services in 10M



Source: GSO, ACBS

## Retail sales of goods and services monthly



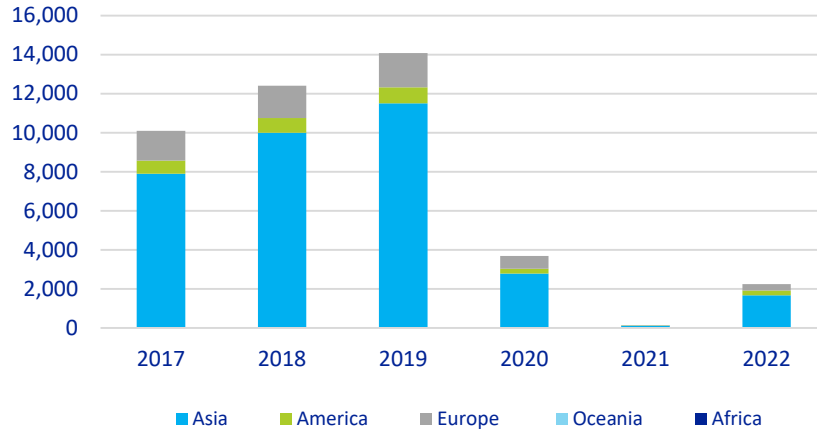
Source: GSO, ACBS

- ❖ Total retail sales of consumer goods and services in October increased to VND 486 trillion (+1.5% m/m, +17% y/y). In which, revenue of goods increased 9.6% y/y, accommodation and catering up 52%, traveling services surged 4 times and other services up 53%. For 10 months, the total retail sales were estimated at VND4,644tn, up 20% y/y. Revenue of cultural and educational items up 24.7% y/y, garments up 17.3%, transportation up 16%, food and food stuffs up 9.8%, household tools & equipment up 6.9%.
- ❖ Retail sales maintained its growth thanks the local and international travel is lifting up as the borders reopened to international visitors on March 15<sup>th</sup> 2022 and backlogged consumption needs suppressed during last two years. We expect that the retail sales could continue to increase for the rest of 2022 when the year end shopping season coming and continued elevate in 2023 given the international have had time to plan trips and COVID related travel procedures have been eliminated.



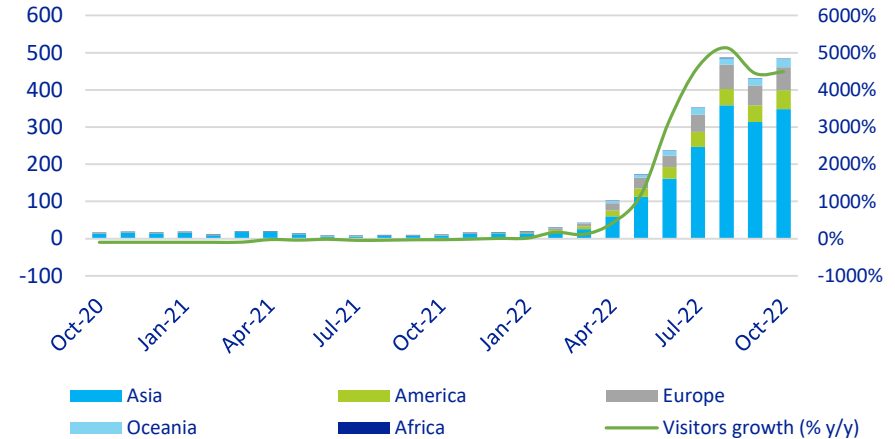
# International visitors maintain the uptrend

## International visitors in 10M (thsnd)



Source: GSO, ACBS

## International visitors monthly (thsnd)

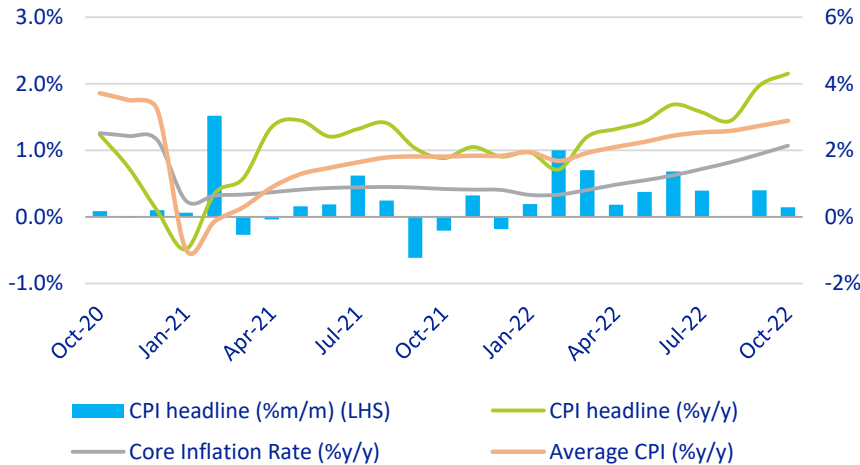


Source: GSO, ACBS

- ❖ In October, there were 484,000 international arrivals to Vietnam (+12% m/m, +44.9 times y/y). For 10 months, this number was 2,357,000 (+17.8 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 10 months.
- ❖ International arrivals to Vietnam are improving thanks the borders reopening to international travelers on March 15<sup>th</sup> 2022 after the COVID-19 pandemic was driven back and would benefit for many industries especially services and accommodation and catering. For the rest of 2022 and 2023, we expect the international visitors to Vietnam continued to pick up given tourists have had time to plan trips and COVID related travel procedures have been eliminated.

# CPI still within the Government target

## CPI monthly



Source: GSO, ACBS

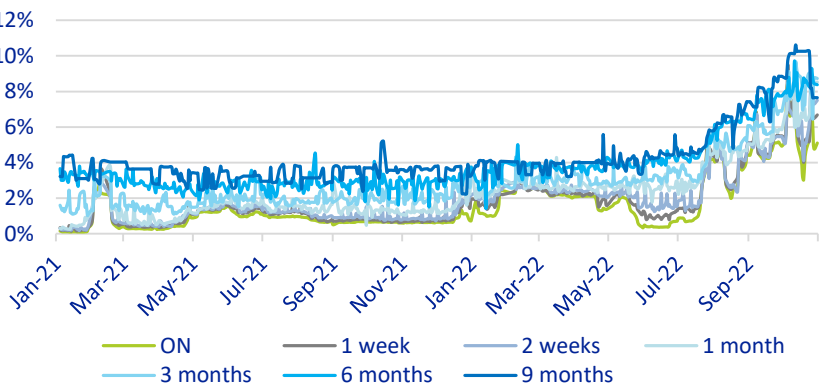
CPI Basket	Weight (%)	10/2022 (% m/m)	10/2022 (% y/y)	Avg 10M2022 (% y/y)
<b>CPI headline</b>	<b>100.0</b>	<b>0.15%</b>	<b>4.30%</b>	<b>2.89%</b>
Food and Foodstuffs	33.6	0.13%	5.13%	2.03%
Food	3.7	0.13%	2.41%	2.35%
Foodstuff	21.3	0.10%	5.02%	0.95%
Eating outside	8.6	0.21%	6.60%	4.60%
Beverage, cigarette	2.7	0.34%	3.60%	3.05%
Garment, footwear	5.7	0.20%	2.27%	1.49%
Housing and constrn. Materials	18.8	0.69%	5.42%	2.44%
Household appliances & goods	6.7	0.12%	2.60%	1.91%
Medicine, health care	5.4	0.06%	0.51%	0.37%
Transportation	9.7	-2.17%	1.81%	13.59%
Postal services, Telecom.	3.1	-0.06%	-0.17%	-0.40%
Education	6.2	2.35%	10.64%	-0.16%
Culture, entertm't. & tourism	4.6	0.06%	4.85%	2.73%
Other goods, services	3.5	0.23%	3.11%	2.21%

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

- ❖ The consumer price index (CPI) in October increased slightly by 0.15% over last month. In which, the education (+2.35% m/m) have highest increase given some provinces hike the price of education services for the new school year after reduced tuition fees in the school year 2021-2022 due to the impact of COVID-19. The housing and construction materials (+0.69%) segment rose given increasing rents, while housing repair services rose given high material prices. Food and foodstuff, which have the highest weight in the CPI basket, inched up 0.13% m/m as the price of many items such as noodles, flour, sauces... surged while pork and rice prices decreased. The average CPI in 10M2022 increased 2.89%, lower than the average of 2.93% of the same period in 2016-2021 period.
- ❖ 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 2.89% in 10 months thanks to the fall in food and petro and is still lower than other countries (as shown in slide 25).

# Interest rate went up after SBV hike regulation interest rates

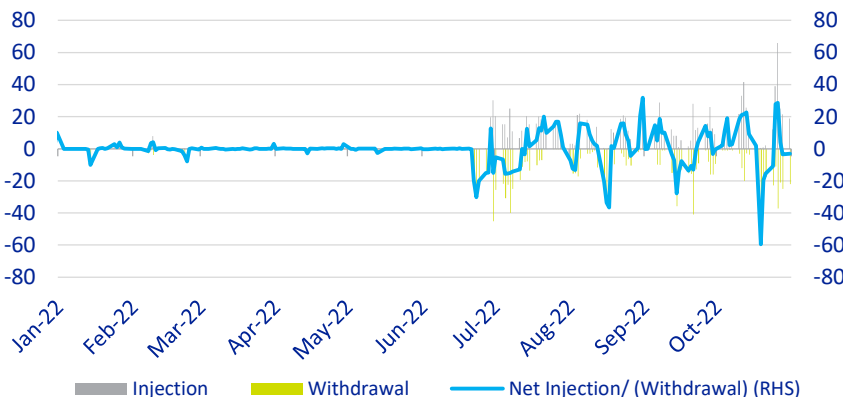
## Interbank Rate



Source: FiinPro, ACBS

- ❖ The interbank rate was volatile across all tenors throughout October due to unstable liquidity of banking system. The SBV constantly pumped VND to the system by reverse repos OMO and expiring T-bills to cool down the interest rates increase. From 18 Oct, the SBV slowed the injection of VND to the system and issued 7-days T-Bills to withdrawn VND from the system combined with raising key interest rates by another 100 basis points on 25 Oct ahead of pressure from USD/VND exchange rate. Generally, the SBV injected over VND37tn net via T-bills, reverse repos OMO and selling USD in October.
- ❖ We expect that maintaining low interest rates would be tough for the SBV as the FED is expected to continue to increase interest rates which will put pressure on VND/USD exchange rate. In addition, we expect that new credit growth quota granted at the start of 2023 in conjunction with high demand for cash due to several big holiday might drain liquidity and put upward pressure on interest rates in early 2023.

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

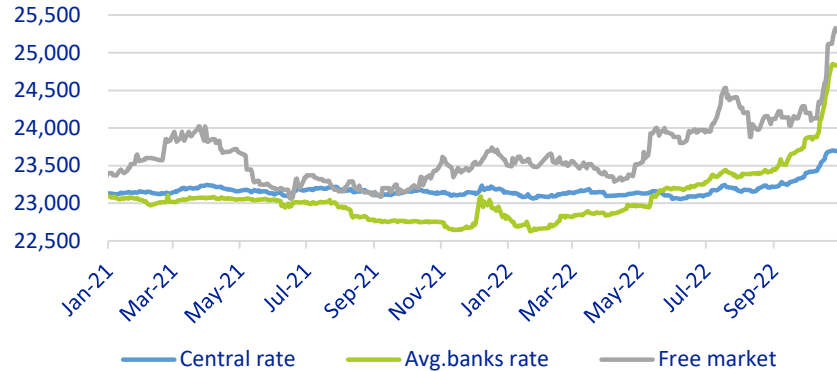


## Interbank Rate

Term	ON	1 weeks	2 weeks	1 month	3 months	6 months	9 months
End of Oct 2022 (%)	5.10	6.68	7.50	8.53	8.73	8.38	7.65
+/- MoM (bps)	17	118	204	267	183	63	-120
+/- YTD (bps)	437	475	534	473	505	464	439

# USD/VND surged amid US Dollar continued to increase

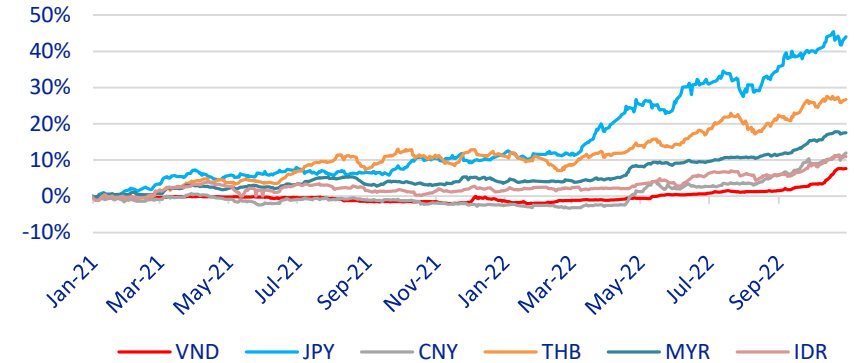
## USD/VND exchange rate



Source: Fiin Pro, ACBS

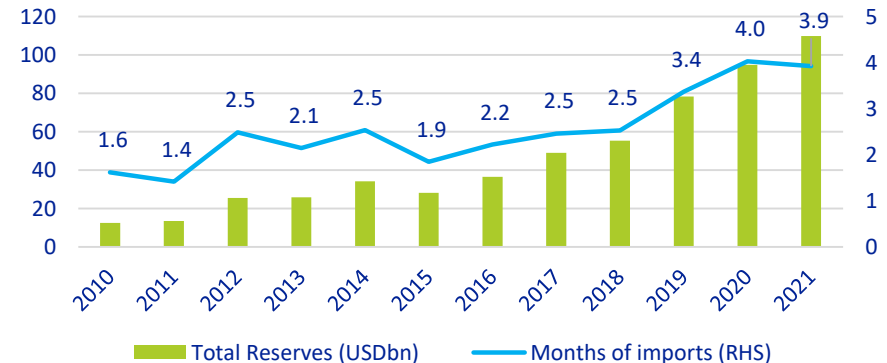
- ❖ The USD/VND rate increased strongly in October with the rate at Central bank closing the month at 23,695 (+1.3% m/m) and the average rate at banks up to 24,838 (+4.09% m/m) on growing pressures from a strong DXY. The rate in free market surged to the record level at 25,325. On 17 October, the SBV expanded the spot USD/VND exchange rate band which is stable at +/-3% from November 2008 to +/-5%. The SBV raised the VND/USD selling price two times in October with total increase of VND945 from VND23,925 to VND24,870 on 17 Oct and 24 Oct.
- ❖ Global gold prices fell sharply 1.8% m/m in October and closed month at US\$1,636 amid strengthening USD. Meanwhile, domestic gold prices increased slightly to VND67m/tael +0.9% m/m), which represents an high premium of c.37% 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



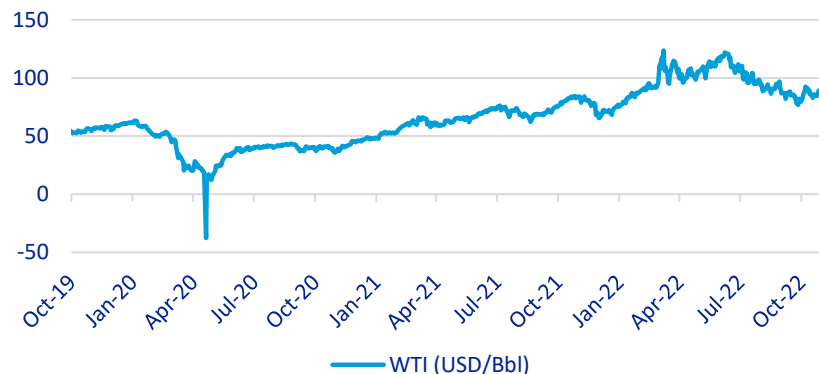
Source: Bloomberg, ACBS. Note: change relative to Dec 31, 2021

## Vietnam foreign reserves in months of imports



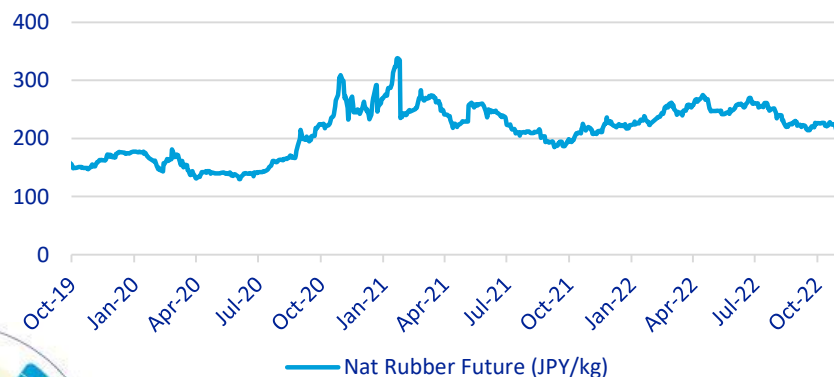
Source: WB, ACBS

## Crude Oil WTI



Source: Bloomberg, ACBS

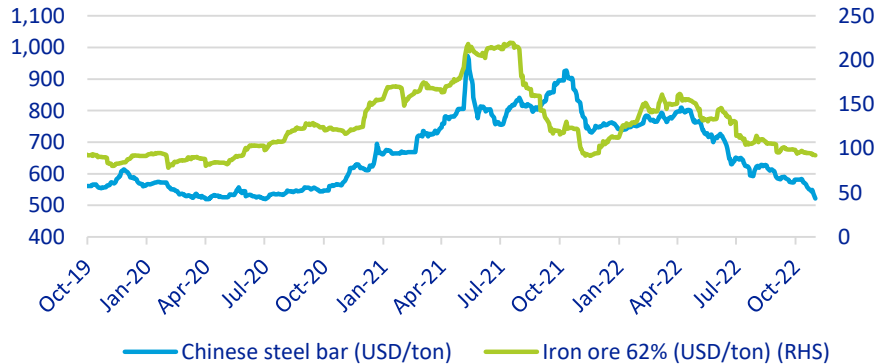
## Natural rubber



Source: Bloomberg, ACBS

- ❖ Crude oil prices bounced back after the OPEC+ announced a deep production cut of up to 2 million barrels/day in the October meeting. WTI prices are up 8.9% m/m to US\$86.5, Brent prices up 9% m/m to US\$92.8. According to the US Energy Information Administration (EIA), the US exports of crude oil and refined petroleum products rose to a record figure in October amid the worries on high prices in local and low crude oil reserves of US, helping to stabilize the supply for global market. The weak Chinese outlook and concerns of recessions after central banks hike rates are contributing to downward pressure on oil prices. However, we maintain our expectation that crude oil prices can hover around the US\$100/barrel price level until the supply side becomes more stable.
- ❖ Natural rubber futures on the Tokyo Commodity exchange were down 4.6% m/m amid worries of over supply and slowdowns in demand from China while many cities are facing lockdowns. 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. We suppose that rubber prices will face unfavourable conditions as demand wanes.

## Steel rebar & Iron ore



Source: Bloomberg, ACBS

## Coking coal



Source: Bloomberg, ACBS

- ❖ Steel prices continued to fall in October with HRC steel down 11.9% m/m and rebar steel down 12.3% in Shanghai Futures Exchange while the US HRC steel also downed 8.1%. On Oct 19<sup>th</sup>, the World Steel Association revised down their forecast that steel demand will contract by 2.3% in 2022 to reach 1,796.7 Mt and recover by 1% to reach 1,814.7 Mt in 2023. Although many steel factories 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, the weak demand and low price of Russian steel to Asia can be a drag on steel prices.
- ❖ Iron ore prices dropped 6% in October given the weak demand from China while many steel factories are temporary pausing operations. Despite the expectations of increased demand in China if they add to the fiscal stimulus package to boost their economy, particularly on infrastructure, 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 maintained their recovery throughout October and closed the month up by 17% 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	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22
Industrial Production (% y/y)	8.2%	8.7%	2.8%	9.2%	9.1%	11.1%	9.5%	9.1%	9.5%	13.3%	10.3%	6.3%
Mining & quarrying	6.2%	-7.1%	-1.7%	2.2%	7.5%	7.9%	3.9%	5.1%	-2.8%	7.5%	14.9%	6.3%
Manufacturing	8.6%	10.9%	2.9%	9.7%	9.7%	11.7%	11.0%	9.9%	11.1%	14.1%	9.6%	5.7%
Prod & dist of electricity	6.8%	9.1%	5.2%	11.9%	6.5%	8.6%	2.3%	5.5%	6.2%	12.3%	16.4%	10.5%
Water supply & waste treatment	0.4%	0.8%	4.1%	4.3%	-4.6%	2.7%	9.4%	6.3%	12.1%	5.9%	9.1%	15.7%
PMI	52.2	52.5	53.7	54.3	51.7	51.7	54.7	54.0	51.2	52.7	52.5	50.6
Retail Sales (% y/y)	-12.2%	1.1%	1.3%	3.1%	9.4%	12.1%	22.6%	27.3%	42.6%	50.2%	36.1%	17.1%
CPI (% m/m)	0.3%	-0.2%	0.2%	1.0%	0.7%	0.2%	0.4%	0.7%	0.4%	0.0%	0.4%	0.1%
CPI (% y/y)	2.1%	1.8%	1.9%	1.4%	2.4%	2.6%	2.9%	3.4%	3.1%	2.9%	3.9%	4.3%
Export Value (USDm)	31,870	34,592	30,845	23,417	34,712	33,317	30,918	32,843	30,607	34,918	29,817	30,270
Import Value (USDm)	30,610	31,623	29,449	25,381	32,663	32,468	32,616	32,233	30,533	31,059	28,388	28,000
Trade Balance (USDm)	1,260	2,970	1,396	-1,964	2,049	849	-1,698	610	74	3,859	1,429	2,270
Disbursed FDI (USDm)	1,950	2,640	1,612	1,068	1,740	1,500	1,790	2,348	1,512	1,230	2,628	2,022
Registered FDI excl. Cap. Cont. (USDm)	1,971	2,181	1,658	2,568	3,050	1,710	742	2,032	1,203	899	1,610	3,197

# 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%	9.0%
Retail Sales	12.6%	10.6%	9.5%	10.2%	10.9%	11.7%	11.8%	2.6%	-3.8%	20.2%
Consumer Price Index	6.6%	4.1%	0.6%	2.7%	3.5%	3.5%	2.8%	3.2%	1.9%	2.9%
Export Value (USDbn)	132.03	150.22	162.02	176.58	215.12	243.70	264.34	282.53	336.25	312.82
Import Value (USDbn)	132.03	147.85	165.78	174.98	213.22	236.87	254.09	262.67	332.25	303.42
Trade Balance (USDbn)	0.00	2.37	-3.76	1.60	1.90	6.83	10.25	19.86	4.00	9.40
Disbursed FDI (USDbn)	11.50	12.35	14.50	15.80	17.50	19.10	20.38	19.98	19.74	17.45
Registered FDI (USDbn)	21.63	20.23	22.76	20.95	29.97	25.57	22.55	21.06	24.26	18.67

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	Aug-22	Sep-22	Oct-22	Aug-22	Sep-22	Oct-22
Indonesia	5.0%	5.4%		4.7%	6.0%	5.7%	51.7	53.7	51.8
Malaysia	5.0%	8.9%		4.7%	4.5%		50.3	49.1	48.7
Phillipines	8.2%	7.4%		6.3%	6.9%	7.7%	51.2	52.9	52.6
Singapore	3.8%	4.4%	4.4%	7.5%	7.5%				
Thailand	2.3%	2.5%		7.9%	6.4%		53.7	55.7	51.6
Vietnam	5.1%	7.8%	13.7%	2.9%	3.9%	4.3%	52.7	52.5	50.6
China	4.8%	0.4%	3.9%	2.5%	2.8%		49.5	48.1	49.2
Hongkong	-3.9%	-1.3%	-4.5%	1.9%	4.4%				
Taiwan	3.1%	3.1%	4.1%	2.7%	2.8%		42.7	42.2	41.5
Japan	0.5%	1.6%		3.0%	3.0%		51.5	50.8	50.7
South Korea	3.0%	2.9%	3.1%	5.7%	5.6%	5.7%	47.6	47.3	48.2
India	4.1%	13.5%		7.0%	7.4%		56.2	55.1	55.3
United States	-1.4%	-0.6%	2.6%	8.3%	8.2%		51.5	52.0	50.4
Eurozone	5.4%	4.3%	2.1%	9.1%	9.9%	10.7%	49.6	48.4	46.4

- ❖ 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 quarters given the success of the new strategy of 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 suppose that Vietnam will post impressive growth in the 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 maintain our projection of GDP growth in range of 7.8% - 8.4% for the whole year 2022 as details in next page. Exogenous headwinds facing the economy include growing recessionary fears 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	7.4% (Oct 2022)	6.1% (March 2022)
Moody's	8.5% (August 2022)	6.3% (April 2022)
S&P	6.9% (May 2022)	
Standard Chartered Bank	7.5% (Oct 2022)	6.7% (July 2022)
HSBC	7.6% (Oct 2022)	6.9% (July 2022)
United Overseas Bank	8.2% (Oct 2022)	7.0% (July 2022)
<b>ACBS</b>	<b>7.8% - 8.4% (Oct 2022)</b>	<b>6.8% - 8.5% (July 2022)</b>

## 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

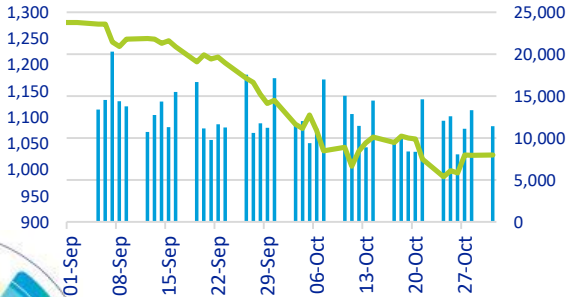
### Key assumption:

- 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 October

Statistics	Oct 2022	10M2022		
Bloomberg Code	VNIndex	VNIndex		
Range (pts)	962 - 1126	962 - 1536		
Month End Index (pts)	1,027.9	1,027.9		
Month End Mkt cap (VNDbn)	4,129,208	4,129,208		
Month End Mkt cap (USDbn)	166.0	166.0		
Daily Avg Value (VNDbn)	11,593	18,065		
Gainers	56	58		
Laggards	349	356		
Net Foreign Trade (USDbn)	-0.060	-0.080		
Foreign Participation	11.0%	7.8%		
Performance (%)	1M	3M	6M	12M
VNIndex	-9.2	-14.8	-24.8	-28.8
VN30	-10.9	-16.7	-27.6	-33.0



October was a frightful month for the markets as further anti-corruption efforts were undertaken, particularly in the real estate sector, which have spooked markets already reeling from ongoing global macro pressures, resulting in the VNIndex finishing the month at 1,027.9 pts (-9.2% m/m), while dropping below the 1,000 point level during the month for the first time since November 2020. YTD the VNIndex is down 31%, among the worse performing markets globally as investor sentiment has been battered by global instability and domestic anti-corruption efforts. 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 while other investment channels are increasing yields after the SBV hiked key interest rates for the second time in two months, totaling a 200bps increase. On the whole, foreign investors continued to be net sellers in October to the tune of US\$60m mainly in banks and real estate but were net buyers in the F&B, retailing and energy sectors. Almost all third quarter earnings have been reported with market wide 9M2022 revenues increasing 20.1% y/y and earnings increasing 15.9% y/y, in which Banks, Transportation and Utilities are top contributors while Materials, Real estate and Diversified financials are the top laggards in 9M2022 income.

Vinamilk (HOSE: VNM) was the top contributor to the VNIndex in October after posting strong 3Q2022 results, with both revenue (+7.7% q/q) and profit (+10.3% q/q) achieved highest growth rates since 2Q2021. Eximbank (HOSE: EIB) contributed positively to the index in October on increased liquidity amid a shakeup in the shareholders structure with divestment of major shareholders named Thanh Cong Group (previously holding 4.9%) and the largest shareholder SMBC is believed to be seeking to divest their stake to become a strategic shareholder of another bank given SMBC ended strategic alliance agreement signed with EIB and entered an MOU with VPBank. Vinfast, a subsidiary company of Vingroup (HOSE: VIC), received a US\$135 million financing package mobilized by The Asian Development Bank (ADB) to support the effort to achieve net-zero greenhouse gas emissions and expand high-tech manufacturing industries, including a US\$20 million loan funded by ADB, a US\$87 million parallel loan arranged by ADB and a US\$28 million preferred loan. Another notable news related to Vingroup is VMI Real Estate Investment and Management Joint Stock Company (VMI JSC) established by Mr Pham Nhat Vuong, chairman of Vingroup to attract small capital investors to invest in real estate and help boost the secondary market.

## Top gainers & laggards for October 2022

Top 5 gainers	Avg Daily Trading Value (%m/m)	1M return
Household & Personal Products	-3.3%	-2.4%
Utilities	-48.2%	-2.9%
Food, Beverage & Tobacco	-23.1%	-2.9%
Pharma, Biotech & Life Sciences	10.5%	-3.2%
Insurance	-47.4%	-3.6%
Top 5 laggards	Avg Daily Trading Value (%m/m)	1M return
Telecommunication Services	112.9%	-36.7%
Media & Entertainment	-79.8%	-28.1%
Unclassified	-2.9%	-27.5%
Health Care Equip. & Services	-46.7%	-23.5%
Diversified Financials	-19.4%	-22.3%

## Top gainers & laggards for 10M2022

Top 5 gainers	Avg Daily Trading Value (%m/m)	YTD return
Commercial & Prof. Services	-31.8%	8.9%
Utilities	-48.2%	6.3%
Software & Services	-15.9%	0.8%
Automobiles & Components	-58.2%	-6.2%
Food, Beverage & Tobacco	-23.1%	-7.6%
Top 5 laggards	Avg Daily Trading Value (%m/m)	YTD return
Telecommunication Services	112.9%	-68.0%
Diversified Financials	-19.4%	-59.5%
Media & Entertainment	-79.8%	-43.9%
Energy	-26.0%	-40.6%
Health Care Equip. & Services	-46.7%	-40.3%

- ❖ Most industries saw lower liquidity over last month and all industries fell into the red in October. In line with the year to date index retreat, most sectors have posted YTD losses with the exception of some smaller sectors such as Utilities (+6.3% ytd), Software & Services (+0.8% ytd) and Commercial & Prof. Services (+8.9% ytd). Some sectors have fared better than the overall VNIndex on a relative basis such as Household & personal products with LIX (-2%), Utilities with GAS (+1%), Food, Beverage & Tobacco with VNM (+9%), SAB (+0.2%).
- ❖ The liquidity of Banks, the biggest contribution of VNIndex, rose 43% over last month with trading value got significant recovery at CTG, TCB, MBB, EIB, STB as these stock fell to the attractive prices.
- ❖ Foreign investors were net sellers at Banks and Real estate but were net buyers at many industries such as Food, Beverage & Tobacco, Retailing, Energy and Capital Goods during October

# Month end HOSE composition and valuation

Macroeconomics

Equity Market

Topical Issues

Industry Briefs

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	1,338.3	32.6%	-4.0%	-21.6%	9.05	1.70	1.95%	21.28%	43.2%	-3,303.8	3,334.3
Real Estate	50	850.9	20.7%	-10.1%	-29.4%	71.27	2.38	4.64%	11.70%	-22.1%	-498.2	-6,659.1
Food, Beverage & Tobacco	32	501.4	12.3%	-2.9%	-7.6%	17.99	4.38	13.16%	26.53%	-23.1%	1,634.1	-831.2
Utilities	28	323.5	7.9%	-2.9%	6.3%	14.75	2.96	13.81%	21.75%	-48.2%	70.1	110.4
Materials	63	275.4	6.7%	-19.3%	-40.3%	9.52	1.28	16.91%	23.97%	-20.6%	-697.9	-3,234.7
Capital Goods	76	163.3	4.0%	-18.9%	-33.5%	21.90	1.44	5.81%	15.49%	-34.9%	134.6	2,267.2
Transportation	28	157.0	3.8%	-5.4%	-18.9%	429.64	2.66	4.31%	11.53%	-36.7%	115.7	24.3
Retailing	9	93.1	2.3%	-13.7%	-16.2%	14.56	3.34	8.63%	24.89%	-18.5%	367.6	1,737.2
Software & Services	3	89.4	2.2%	-6.8%	0.8%	16.17	4.04	9.79%	27.39%	-15.9%	15.3	517.3
Diversified Financials	17	89.0	2.2%	-22.3%	-59.5%	8.28	1.24	5.82%	13.94%	-19.4%	-357.2	-2,258.5
Energy	9	54.6	1.4%	-13.7%	-40.6%	33.71	1.31	1.59%	4.55%	-26.0%	253.4	1,034.1
Insurance	5	50.1	1.2%	-3.6%	-7.9%	19.87	1.66	1.66%	9.14%	-47.4%	30.5	59.5
Consumer Durables & Apparel	17	42.1	1.0%	-5.5%	-8.8%	11.96	2.49	13.34%	22.79%	-14.2%	53.5	568.2
Pharma, Biotech & Life Sciences	10	27.3	0.7%	-3.2%	-16.2%	13.46	2.31	14.92%	18.53%	10.5%	7.6	141.9
Technology Hardware & Equip.	1	10.0	0.2%	-5.3%	-10.6%	12.34	4.44	16.43%	46.13%	-16.0%	6.0	-76.3
Automobiles & Components	6	8.1	0.2%	-7.7%	-6.2%	12.14	1.70	7.39%	15.48%	-58.2%	-11.9	16.8
Unclassified	9	8.0	0.2%	-27.5%	-30.2%	9.96	1.44	2.63%	4.47%	-2.9%	0.1	8.8
Consumer Services	8	6.5	0.2%	-9.0%	-12.7%	51.93	3.40	0.64%	2.13%	-9.7%	24.4	37.5
Commercial & Prof. Services	6	5.7	0.1%	-5.7%	8.9%	8.74	1.71	16.79%	21.19%	-31.8%	70.2	-284.3
Health Care Equip. & Services	3	2.2	0.1%	-23.5%	-40.3%	13.48	1.53	7.32%	12.97%	-46.7%	18.3	368.1
Telecommunication Services	1	1.7	0.0%	-36.7%	-68.0%	4.79	0.87	3.86%	19.82%	112.9%	-0.2	-1.0
Household & Personal Products	1	1.4	0.0%	-2.4%	-8.6%	7.37	1.86	17.02%	27.84%	-3.3%	0.5	-9.4
Media & Entertainment	2	1.0	0.0%	-28.1%	-43.9%	9.67	1.61	13.05%	21.10%	-79.8%	0.6	-67.4
VNIndex	420	4,129.2	100.0%	-9.2%	-31.4%	10.72	1.65	2.49%	15.44%	-14.1%	-1,552.7	-1,984.0
VN30 Index	30	2,890.3	70.0%	-10.9%	-32.6%	8.75	1.62	2.75%	18.63%	-2.8%	-582.0	-10,472.2

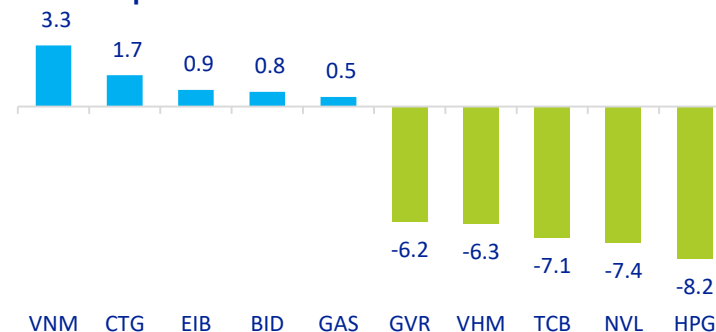
Source: Bloomberg, ACBS

## Top 20 Market Capitalization (as at October 31, 2022)

Ticker	Company name	Market Cap. (VNDtn)	1M return	YTD return	P/E	P/B	Remaining foreign room
VCB	Vietcombank	347.8	0.4%	-6.7%	13.2	2.7	6.4%
GAS	PetroVietnam Gas	212.6	1.0%	18.6%	16.5	3.6	46.0%
VIC	VinGroup	211.3	0.7%	-41.7%	258.6	1.9	35.9%
VHM	Vinhomes	195.9	-11.2%	-43.5%	6.2	1.4	27.1%
BID	BIDV	174.8	1.9%	-6.9%	10.8	1.8	13.1%
VNM	Vinamilk	164.1	8.6%	-4.4%	18.5	5.3	44.6%
NVL	Novaland	136.5	-17.6%	-23.1%	47.8	3.7	43.8%
MSN	Masan Group	121.7	-13.6%	-39.6%	12.7	4.7	19.5%
SAB	SABECO	118.8	0.2%	25.4%	21.6	4.9	37.3%
CTG	VietinBank	118.2	6.0%	-27.4%	7.6	1.1	3.2%
VPB	VPBank	109.8	-9.2%	-31.5%	6.0	1.2	0.0%
HPG	Hoa Phat Group	91.0	-26.2%	-55.4%	5.1	0.9	29.1%
TCB	Techcombank	86.5	-24.3%	-50.8%	4.1	0.8	0.0%
BCM	Becamex IDC Corp.	84.7	-9.0%	28.8%	45.5	4.8	46.1%
FPT	FPT Corp	82.9	-6.1%	-0.4%	15.8	4.2	0.0%
MBB	MBBank	80.3	-11.5%	-26.5%	4.6	1.1	0.0%
ACB	Asia Commercial Bank	75.7	0.9%	-18.8%	5.7	1.4	0.0%
MWG	Mobile World Investment	75.5	-19.4%	-23.6%	14.9	3.2	0.0%
SSB	SeABank	63.1	1.1%	-12.9%	15.7	2.5	4.8%
VJC	Vietjet Air	58.3	-3.0%	-16.1%	706.0	3.3	13.7%

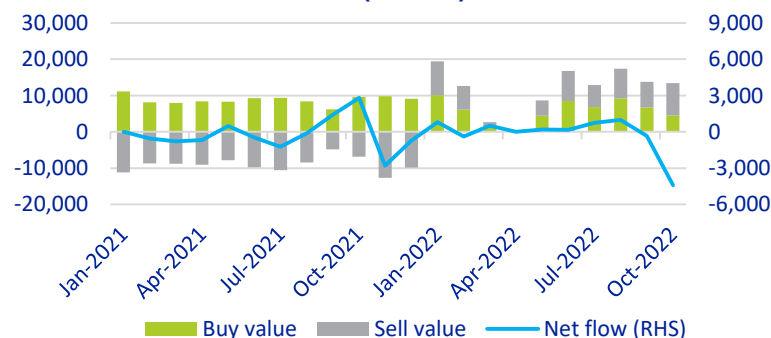
Source: Bloomberg, FiinPro, ACBS

## Top contributors on VNIndex in October 2022



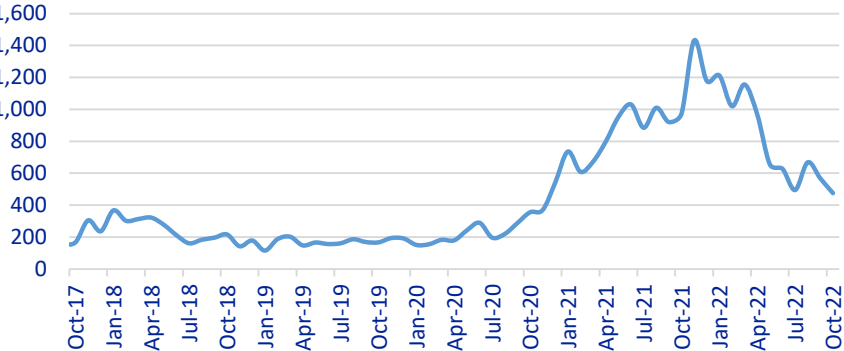
Note: Index impact (pts)

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



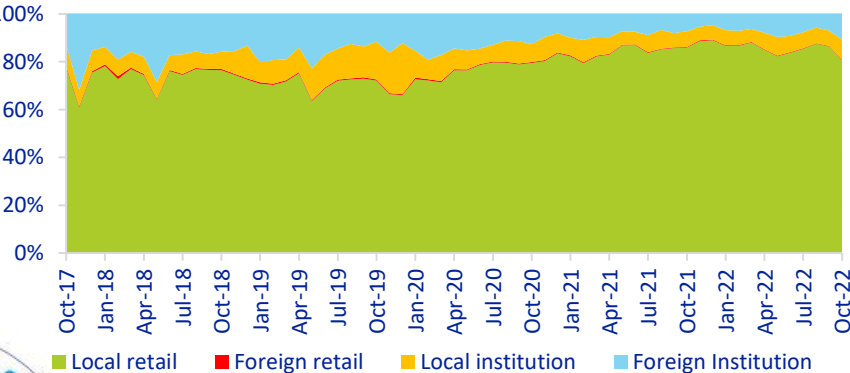
Source: FiinPro, ACBS

## Average Daily Turnover (USDm)



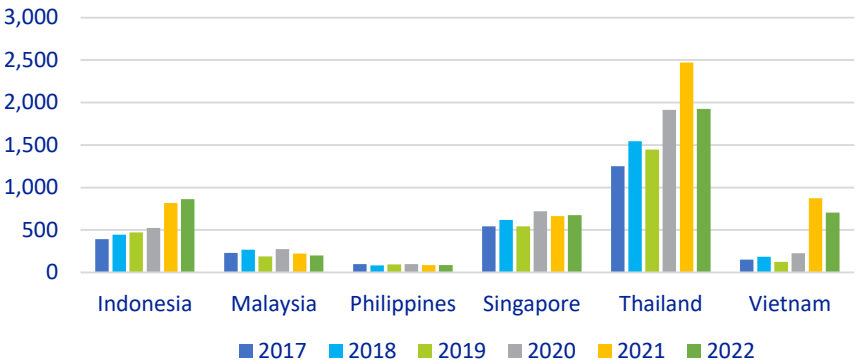
Source: Fiin Pro, ACBS

## Market Turnover by Investors



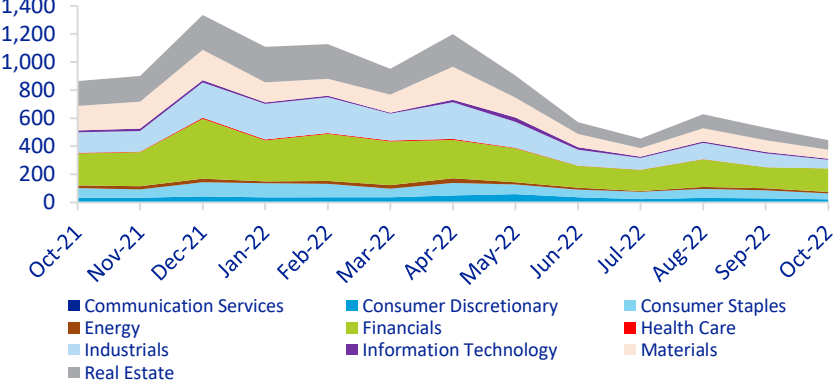
Source: Fiin Pro, ACBS

## Average Daily Turnover of Asean markets (USDm)



Source: Bloomberg, ACBS

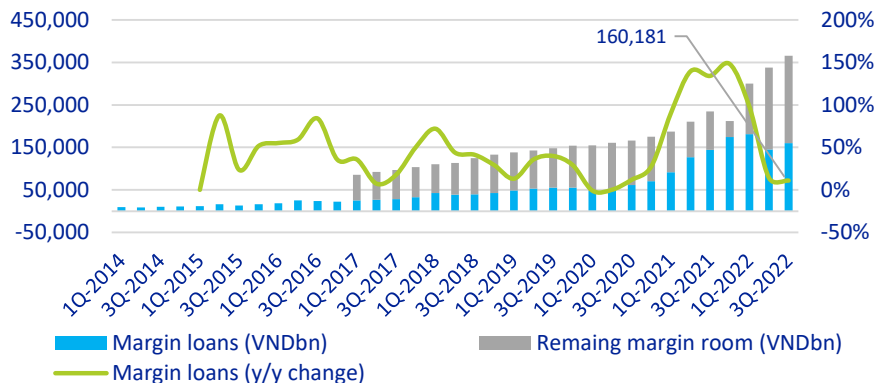
## Average Daily Turnover by Sector (USDm)



Source: Fiin Pro, Bloomberg, ACBS



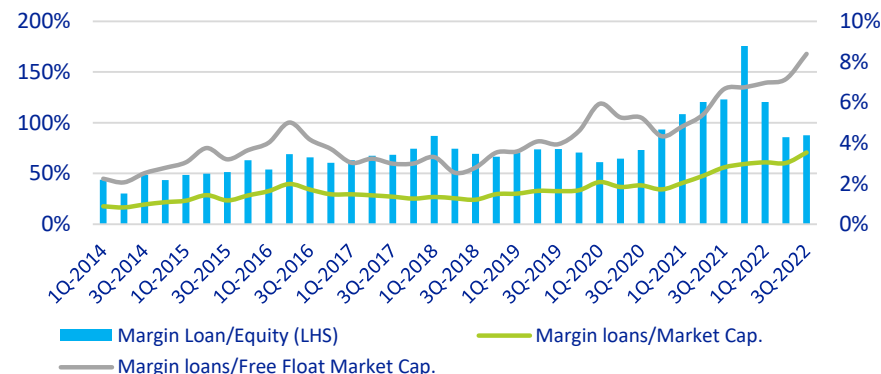
## Margin outstanding



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

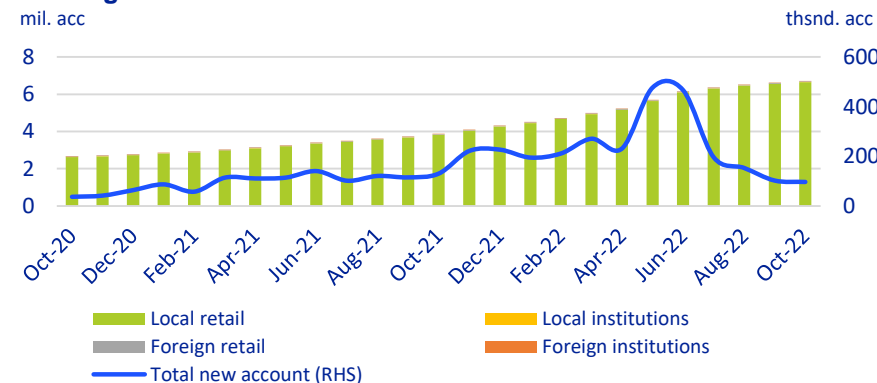
- ❖ Market-wide margin loans outstanding bounced back in the third quarter and was estimated at VND 160 trillion at the end of September, increase by 11% over end of 2nd quarter. The margin loans to free float market capitalization rose to about 8.4% but the overall liquidity is still low reflecting that margin lending may be using as an alternative source of funds amid the tight lending room from banks and bond market is quiet.
- ❖ New trading accounts opened in October reached 96,601 mainly driven by individual domestic investors. Newly opened accounted decreased by 5.5% m/m and 26% y/y. Generally, there are 6.7 million accounts as of October 31, 2022, of which, 36% have been opened just this year alone.

## Margin leverage



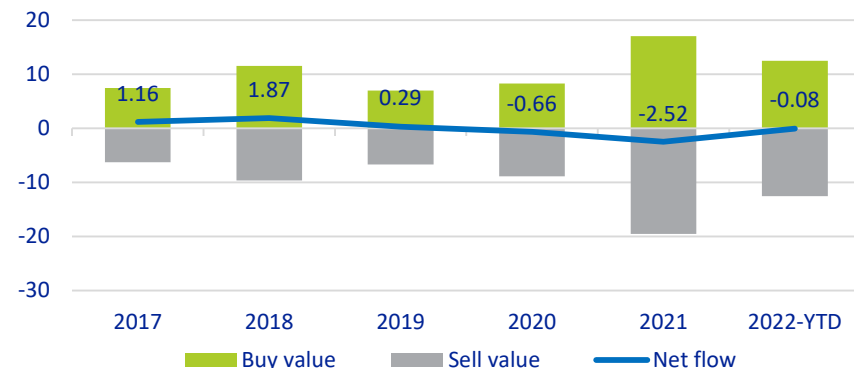
Source: Fiin Pro, Bloomberg, ACBS

## Trading account



Source: GSO, ACBS

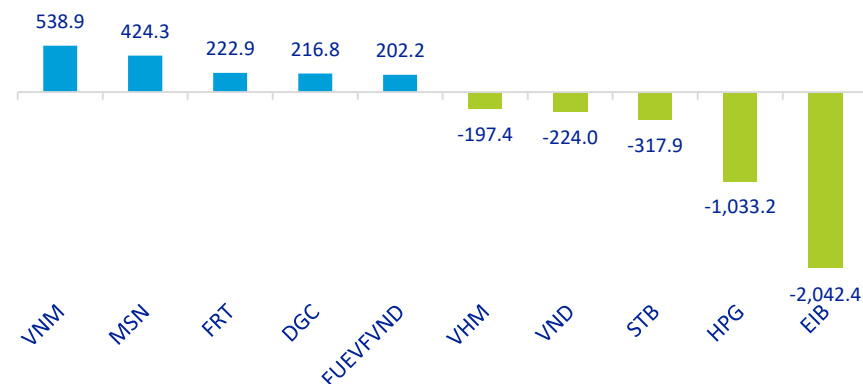
## Net foreign flow into VNIndex (USDbn)



Source: FiinPro, ACBS

- Foreign investors were net sellers in October at US\$60m bringing the YTD net flows to net seller of US\$80m. In which, domestic ETFs received an amount of approx. US\$20m net buying in October. The outflows were highest in Banks, Real estate, Diversified financials which were the most affected by rising interest rates and Materials which affected by low demand and prices of steels.
- Almost all Asian markets saw outflows of foreign investors amid flights to safety as the DXY continued to surge and recessionary fears mount. Some markets remain outliers so far this year and attract net foreign inflows like Indonesia which the commodities rich nation and have positive economy performance. Another market is Thailand which high depend on tourists and have a high level of foreign reserves (US\$246bn as of end of 2021, equivalent to 9 months of imports, according to World Bank) and maintain low interest rates to sustain economic recovery.

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

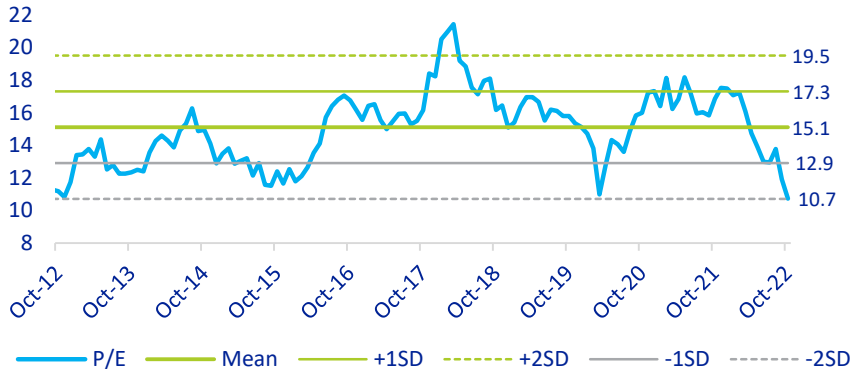


Source: FiinPro, ACBS

Markets	Net foreign flow 1M (USDbn)	Net foreign flow YTD (USDbn)	Market Cap. (USDbn)	Net foreign flow YTD as % market cap
Vietnam	-0.06	-0.08	166.0	-0.05%
Indonesia	0.73	5.57	603.5	0.92%
Malaysia	-0.14	1.47	206.8	0.71%
Philippines	-0.01	-1.24	148.7	-0.83%
Thailand	0.23	4.74	510.0	0.93%
Taiwan	-3.03	-47.60	1,247.2	-3.82%

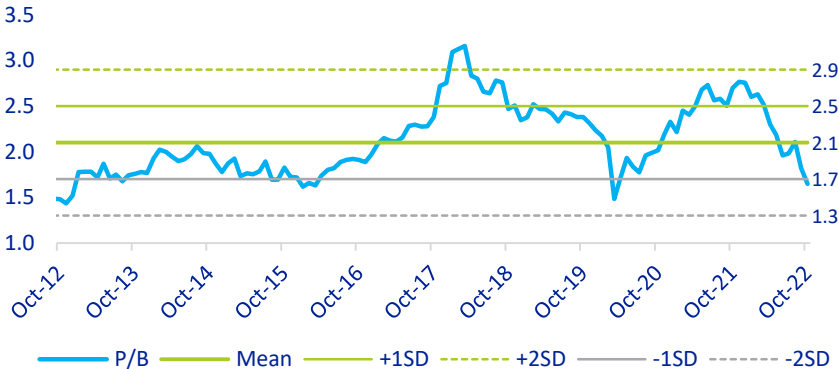
Source: Bloomberg, FiinPro, ACBS

## P/E of VNIndex for 10 years



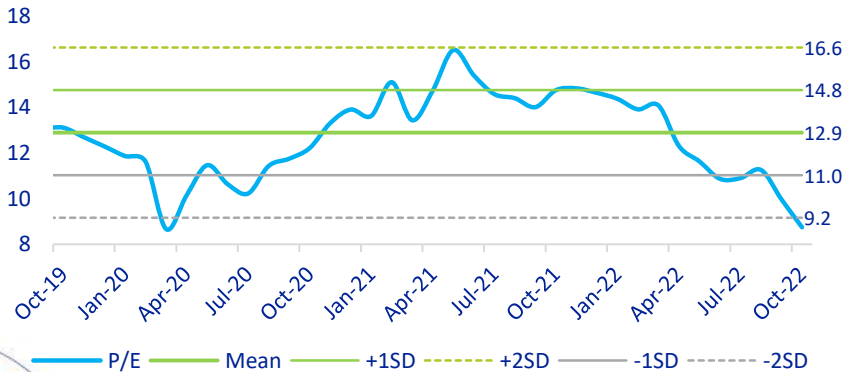
Source: Bloomberg, ACBS

## P/B of VNIndex for 10 years



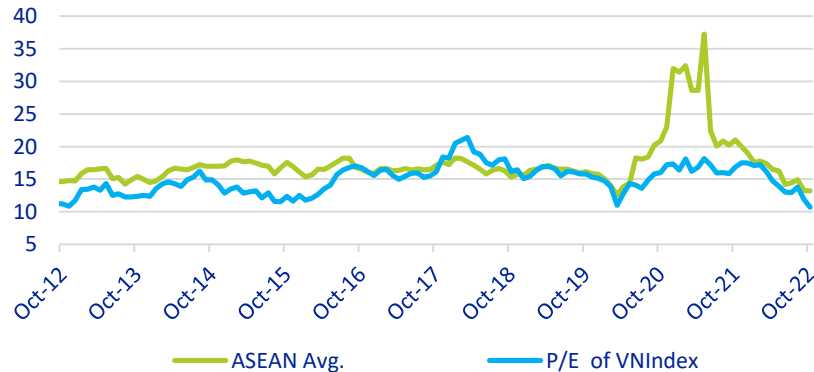
Source: Bloomberg, ACBS

## P/E of VN30 for 3 years



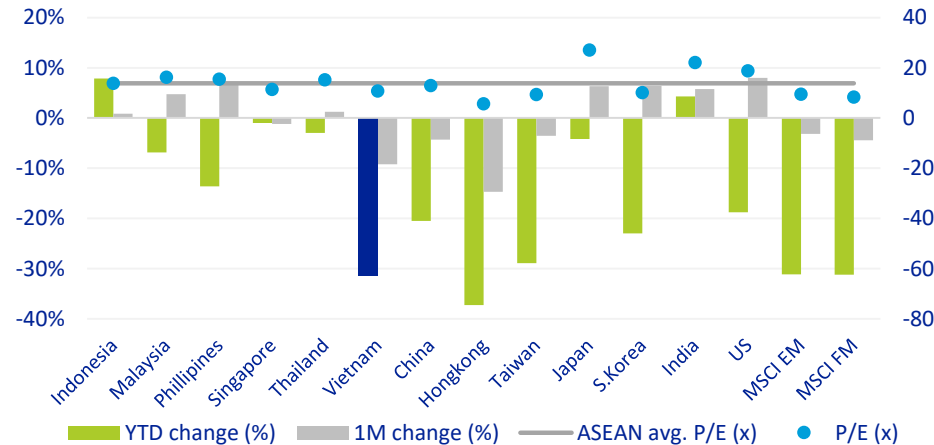
Source: Bloomberg, ACBS

## P/E of VNIndex and regional peers average



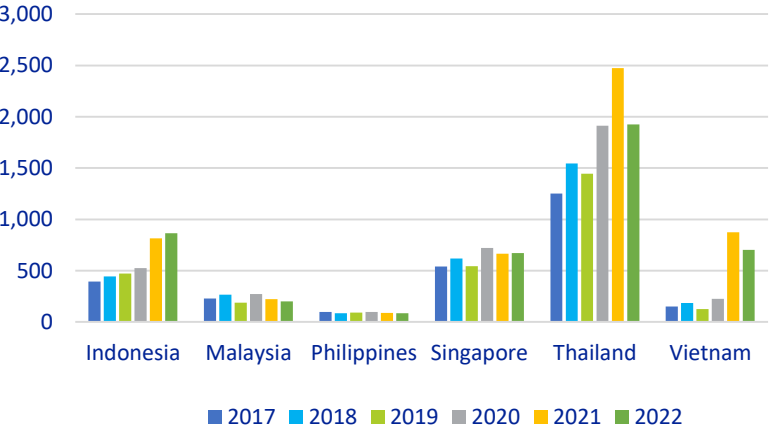
Source: Bloomberg, ACBS

## Index comparison



Source: Bloomberg, ACBS

## Average Daily Turnover of Asean markets (USDm)

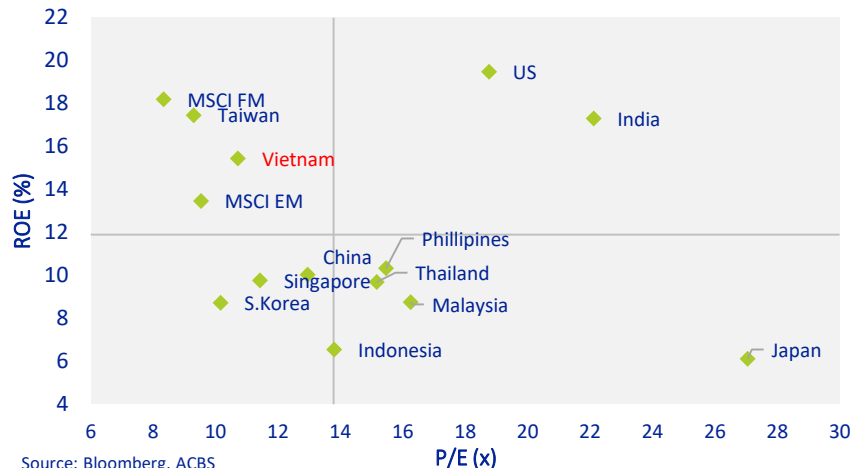


Source: Bloomberg, ACBS

- ❖ The VNIndex was among deepest falling markets in global in month given some factors affecting to market sentiment relating to interest rate hikes and recent anti-corruption actions. Some large countries' stock markets such as US, South Korea, Japan and India recovered in October amid expectation on interest rate increase slowdown. Meanwhile, stock markets in China, Hongkong, Taiwan decreased in the month of the party congress in China.
- ❖ After rising strongly in 2021, the liquidity of VNIndex fell this year but have still outpaced other peer markets, namely Singapore, Malaysia and the Philippines in the YTD ADTV.

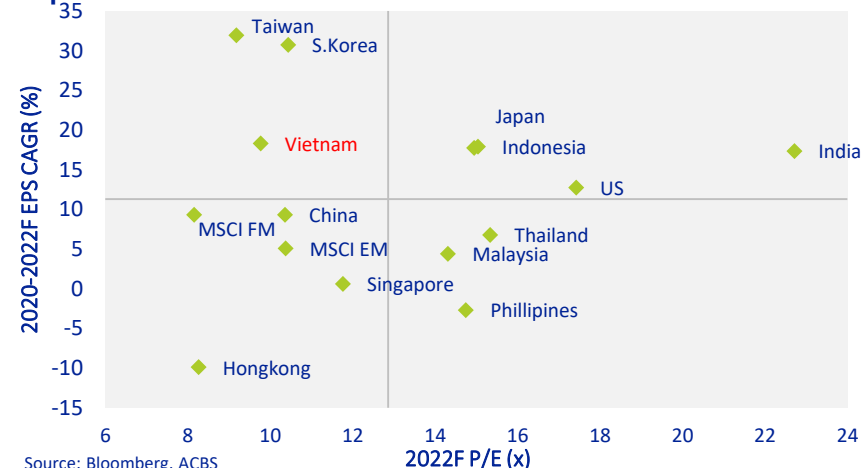
# Stock market valuation vs regional peers (cont'd)

## Current market valuation



- ❖ The average P/E of ASEAN fell to 13.8x from 14.3x last month, while the VNIndex fell deeper from 12.2 to 10.7 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. The current ROE of the VNIndex is about 15.4%, among the highest return markets. Given our projected 21.7% EPS increase for 2022, Vietnam's 3 year EPS CAGR from 2020-2022 would be approx. 18.3%, 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 9.8, the VNIndex maintains its attraction for long-term investing compared to peer markets.

## Expected market valuation



Country	Oct '22 P/E (x)	'22E EPS growth (%)	'22 F. P/E (x)	'23E EPS growth (%)	'23 F.P/E (x)
Vietnam (*)	10.7	21.7%	9.8	17.4%	8.3
Average	13.8	20.8%	13.5	10.2%	12.3
Indonesia	14.2	55.0%	15.0	0.0%	15.0
Malaysia	16.5	-2.2%	14.3	11.7%	12.8
Philippines	14.8	23.0%	14.8	15.1%	12.8
Singapore	11.1	16.8%	11.6	11.4%	10.4
Thailand	15.7	10.8%	15.3	5.4%	14.5

Source: Bloomberg, ACBS, (\*) estimated by ACBS

- ❖ In the short term, we expect market volatility to remain as there are no clear catalysts to pull sentiment out of the current depressed state. Some global markets rebounded in October on hopes that peaked inflation has been reached and the central banks will be able to slow the pace of monetary tightening in the coming months, however, global optimism has not been able to penetrate the Vietnamese markets as the anti-corruption measures, particularly in the real estate markets, continue to cast a shadow over sentiment. The Vietnamese economy continues to post encouraging figures, although its integration into the world economy (total trade to GDP reaching 224% in 9M2022) means that as global economies are teetering on the brink of recessions, the effects will start to be felt as seen with the PMI decreasing to 50.6 in October on decreasing manufacturing orders. Third quarter business results were quite strong with market wide 9M2022 revenues increasing 20.1% y/y and earnings increasing 15.9% y/y, however the market retreated 9.2% during October. Currently, the VNIndex is trading at relatively cheap levels at a trailing P/E of 10.7x, two standard deviations below its 10 year average and a P/B of 1.65, 1 standard deviation below its 10 year average. While calling the bottom of the market can be a fool's errand, the historically low valuations can provide longer term investors to accumulate positions at attractive valuations. We expect that the retails, food & beverage and transportations could be benefited by local retail sales growth when the year end festival season coming.
- ❖ 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 16.6% YTD as of the end of Oct) at the same time as many competing export nations' currencies have seen significant devaluations (particularly the CNY which is down 14.9% YTD as of the end of Oct) 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.

## Strengthening USD

After 6 interest rate hikes in 2022 by the Fed to cope with high inflation, the US Dollar 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 the USD, falling by 8.8% YTD based on the average exchange rate at a series of commercial banks. The SBV raised the VND/USD selling price two times in October with total increase of VND945 from VND23,925 to VND24,870 on 17 Oct and 24 Oct, after four hikes to selling prices previously. The SBV also widened the spot USD/VND exchange rate band which was stable at +/-3% since November 2008 to +/-5%. We appreciate this change which allow the exchange rate more flexible to adapt with USD/VND volatility. 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.

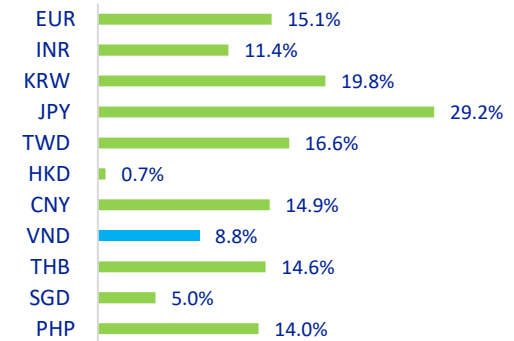
Factors impact to USD/VND rate in last months of 2022:

- Upward trend: (1) USD continues to be strong given that the Fed will continue to hike rates in last meeting of the year; (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

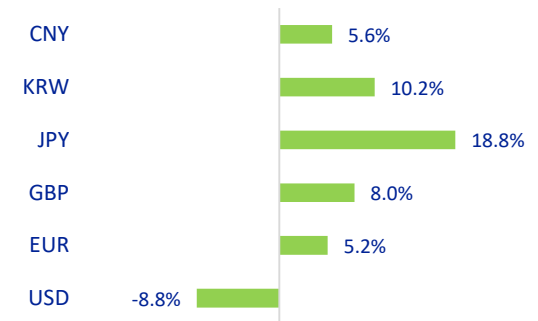
From the begging of 2022, the VND depreciated less against the USD than regional currencies. China and South Korea who are top exporters to Vietnam have currencies increasing depreciation against VND (CNY weaken 5.6%, KRW weaken 10.2% than VND from beginning of 2022) and benefit Vietnam's trade surplus. The other major counterpart of Vietnam is Japan also have JPY weaken 18.8% 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.

## Change of currencies against USD



Sources: Bloomberg, ACBS. Change relative to 31/12/2021

## Change of currencies against VND



Sources: Bloomberg, ACBS. Change relative to 31/12/2021

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.

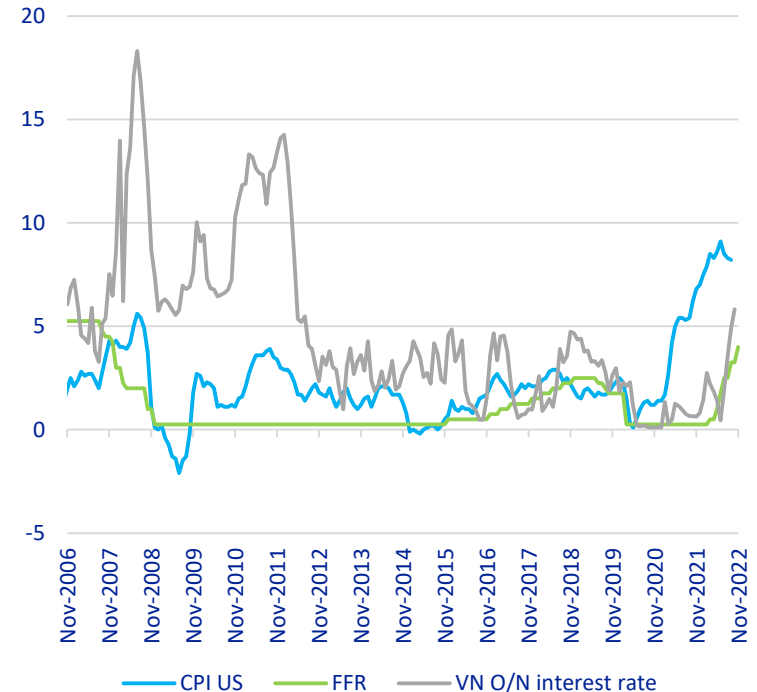
To cope with these pressure, on 25 October, one month after the first interest rates hike since March 2020, the State Bank of Vietnam (SBV) hiked a series of regulatory interest rates by another 100 basis points including:

- Ceiling deposit: Demand deposits, 1M deposits: 1% from 0.5%, 1M to under 6M terms: 6% from 5%, People Credit Funds and microfinance institutions: 6.5% from 5.5%
- Rediscount: 4.5% from 3.5%
- Refunding: 6% from 5%
- Overnight rate for interbank e-payment and the rate for offset loans for clearing between the SBV and credit institutions: 7% from 6%.

These increases are higher than many expectations in market, narrow the gap with USD interest rate 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 and 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 200bps in Sep and Oct. As of now, we are not expecting any further rate increases in 2022 from the SBV, however, we maintain our view that in the case of 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.	Nov.
China	3.70	3.70	3.70	3.70	3.70	3.70	3.65	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	3.00
Taiwan	1.125	1.375	1.375	1.375	1.500	1.500	1.500	1.625	1.625	1.625
Japan	-0.10	-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	6.00	6.00
Indonesia	3.50	3.50	3.50	3.50	3.50	3.50	3.75	4.25	4.75	4.75
Philippines	2.00	2.00	2.00	2.25	2.25	3.25	3.75	4.25	4.25	4.25
Malaysia	1.75	1.75	1.75	2.00	2.00	2.25	2.25	2.50	2.50	2.75
Thailand	0.50	0.50	0.50	0.50	0.50	0.50	0.75	1.00	1.00	1.00
Pakistan	9.75	9.75	12.25	13.75	13.75	15.00	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	5.90
New Zealand	1.00	1.00	1.50	2.00	2.00	2.50	3.00	3.00	3.50	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	3.25-4.00
Australia	0.10	0.10	0.10	0.35	0.85	1.35	1.85	2.35	2.60	2.85
U.K.	0.50	0.75	0.75	1.00	1.25	1.25	1.75	2.25	2.25	3.00
ECB	-0.50	-0.50	-0.50	-0.50	-0.50	0.00	0.00	0.75	1.50	1.50

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 6 Nov 2022

# Upcoming events

Event type	Date	Countries	Events
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
Commodities	04-Dec-2022	Global	OPEC+ meeting
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
Economy	17-Jan-2023	Japan	BOJ Monetary Policy Meetings
Index review	23-Jan-2023	Vietnam	Review VN30 index
Economy	31-Jan-2023	United States	FOMC meeting

# Upcoming events (cont'd)

Ticker	Ex-right date / Exercise date (*)	Countries	Events	Event type
CIG	01-Nov-2022	Vietnam - HOSE	Extraordinary shareholders meeting	AGM
PC1	01-Nov-2022	Vietnam - HOSE	Share issue 15%	Share Issue
VMD	03-Nov-2022	Vietnam - HOSE	Extraordinary shareholders meeting	AGM
FLC	03-Nov-2022	Vietnam - HOSE	Annual General Meeting	AGM
GMH	07-Nov-2022	Vietnam - HOSE	Cash dividends 10%	Dividends
HAS	07-Nov-2022	Vietnam - HOSE	Cash dividends 1.5%	Dividends
NHT	07-Nov-2022	Vietnam - HOSE	Share issue 30%	Share Issue
PLX	09-Nov-2022	Vietnam - HOSE	Extraordinary shareholders meeting	AGM
PLX	09-Nov-2022	Vietnam - HOSE	Cash dividends 12%	Dividends
SVD	09-Nov-2022	Vietnam - HOSE	Share issue 7%	Share Issue
SZL	10-Nov-2022	Vietnam - HOSE	Cash dividends 10%	Dividends
NVL	11-Nov-2022	Vietnam - HOSE	Share issue 24.8%	Share Issue
AGM	11-Nov-2022	Vietnam - HOSE	Extraordinary shareholders meeting	AGM
DHC	14-Nov-2022	Vietnam - HOSE	Cash dividends 5%	Dividends
DHC	14-Nov-2022	Vietnam - HOSE	Cash dividends 5%	Dividends
SFC	14-Nov-2022	Vietnam - HOSE	Cash dividends 16%	Dividends
SFC	14-Nov-2022	Vietnam - HOSE	Annual General Meeting	AGM
DSN	15-Nov-2022	Vietnam - HOSE	Cash dividends 15%	Dividends

## Upcoming events (cont'd)

[illegible]

## 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 25/10/2022, credit growth of the system reached 11.5% YTD, while the deposit growth was only 4.6% YTD. This put pressure to system's liquidity and banks had to raise deposit rates to about 1% in October and a total of 2% since the beginning of the year.
- Strained system liquidity was also 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 Q3/22. Profit before tax of banks in VN-Index grew by 55.7% YoY. Strong profit growth was driven by (1) Net interest income and non-interest income grew well, +31.4% YoY and +17.4% YoY respectively and (2) Provision expenses slightly decreased by 1.8% YoY due to the pressure of provisioning for COVID-19 restructured loans was insignificant.
- Asset quality was good in general but there were some signs of deterioration. NPL ratio by the end of 3Q22 was flat compared to the previous quarter, at 1.48%. Meanwhile, group 2 loan ratio increased by 22 bps compared to the previous quarter to 1.42%. COVID-19 restructured loans continued to decrease.
- Banks continued to maintain a thick provision buffer with an NPL coverage ratio of 160%, equivalent to the 1Q2022 and the 2Q2022.

### Outlook / What to Watch

- We estimate the credit growth quota assigned by the SBV for the whole industry is 13.8% and the SBV continues to affirm its full-year credit growth target of 14%. Therefore, we do not expect another significant extension of credit growth quotas from now until the end of 2022.
- Deposit rates have increased by about 2% YTD. Lending rates also increased accordingly. We expect this will help NIM of banks to be kept at the same level as in 2021.
- We expect provision expenses will start to increase from Q4/22 and it will be difficult for banks' profits in 2023 to maintain a high growth rate like 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

- The securities brokerage sector has a high growth rate in terms of newly opened securities accounts, which reached 2.3 million accounts in 9M 2022, nearly 3 times higher than the same period of last year. 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 6.8%. 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.

### 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 and absorption rate declined while price continued to increase in 3Q2022.
- In 3Q2022, HCMC had over 2,800 new apartments launched (-80% QoQ but +49% YoY) at ASP of USD2,545/sqm (+3.4% QoQ and +12% YoY) and over 6,700 units sold (-36% QoQ but 4x YoY). The high-end segment dominated new supply and accounted for 76%. Average absorption rates of newly launched projects significantly declined to 55% compared with 72% in 1H2022 and 78% in 3Q2021.
- In 3Q2022, Hanoi welcomed over 3,600 new apartments (-22% QoQ but +5% YoY) at ASP of USD1,896/sqm (+1.3% QoQ and +23% YoY) and sold over 3,600 units (-40% QoQ but +22% YoY). The high-end segment dominated the market with 67%, followed by the mid-end segment with 33%.
- Tightening credit to both developers and homebuyers continued to be the biggest challenge of the market.

### Outlook / What to Watch

- Key challenges: tightening credit, challenging corporate bond market, slow licensing process, rising interest rate and high construction material prices. Asset speculation activities may keep clearance costs at high levels which makes it difficult to develop new projects.



## 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: Average occupancy rate of Tier-1 market (Hanoi, Hai Phong, Bac Ninh, Hung Yen, Hai Duong) in 3Q2022 was 80.2% (-0.3 pts QoQ) given new supply of Thuan Thanh IP in Bac Ninh with the scale of 182ha. Average rental rates remained the same QoQ in Hanoi, Hai Duong and Hai Phong while rate in Bac Ninh slightly decreased by 0.5% QoQ and in Hung Yen grew by 2.4% QoQ.
- Southern market: Average occupancy rate in Tier-1 market (HCMC, Dong Nai, Binh Duong, Long An) reached a high level of 95% which led to expansion to Tier-2 market (Binh Thuan, Ba Ria Vung Tau, Tay Ninh, Binh Phuoc). Average rental rates remained stable QoQ.

### 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

- No new supply in both Hanoi and HCMC in 3Q2022. Primary assets showed a big jump in rental rate.
- HCMC: In 3Q2022, rental rate in CBD increased by 52% YoY to USD218/sqm/month while in non-CBD grew by 16% YoY to USD38/sqm/month; vacancy rates were at 6.2% (+4.3 pts YoY) in CBD and 11.4% (+0.1 pts YoY) in non-CBD.
- Hanoi: In 3Q2022, rental rate increased by 40% YoY to USD144/sqm/month in CBD and by 14% YoY to USD27/sqm/month in non-CBD; vacancy rates were stable at 10.2% (-0.6 pts YoY) in CBD and 15.5% (+0.4 pts YoY) in non-CBD.

### Outlook / What to Watch

- New supply is expected to improve.
- Occupancy and rental rates are expected to recover.
- Consumers' swift adaptation to online shopping during the pandemic may be a constraint to the recovery of this segment.
- Inflation and interest rate concerns may affect consumption of non-essential goods.

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 market contracted while condotel market improved in 3Q2022.
- There were 1,213 villas (-27% QoQ), 1,483 townhouses/shophouses (-39% QoQ) and 1,474 condotels (+56% QoQ) launched in 3Q2022 with absorption rates of 32% (-9 pts QoQ), 47% (-7 pts QoQ) and 63% (+13 pts QoQ), respectively.
- Given the tight state of the credit markets, hospitality projects could face difficulties securing financing for upcoming projects.

### 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 exports reached USD9.4bn in 10M2022, +32.7% YoY.
- Shrimp continued to account for the largest portion (40%) and reached USD3.8bn of export turnover in 10M2022 (+19% YoY) with white leg shrimp to account for 75% and black tiger shrimp for the remaining portion. It is expected that Vietnam shrimp export will reach USD4.4bn in 2022 (+14% YoY).
- Vietnam pangasius exports are less impacted by the exchange rate and continued to record strong growth of 33.9% YoY in Oct 2022 (USD183mn). 10M2022, Vietnam pangasius export reached USD2.2bn, +80% YoY and account for 23.2% of Vietnam total aquaculture export. It is expected that Vietnam pangasius export will reach USD2.5bn in 2022 (+58% YoY).
- The US, Japan and China are the main export markets of Vietnam seafood and aquaculture, accounting for 50.1% of Vietnam seafood and aquaculture export turnover.

### Outlook / What to Watch

- Raw pangasius price maintains at high level in Oct, +34.4% YoY. Even so, new crops are limited given financial constraints at many small farms and we expect raw pangasius price will be maintained at this high level until 1Q2023.
- Lower demand of shrimp due to the impact of high inflation and FX might cause raw shrimp price to soften in 4Q2022.

## 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 10M2022 as textile & garment export value was estimated to climb by 17.5% 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 due to inflationary pressure and 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 9M2022), FRT (+55% YoY in 9M2022) and PNJ (+104% YoY in 9M2022). 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, 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 fell to the level of 485 USD/ton at the end of October, which is about 22.8% lower to beginning of 2022. Domestic construction steel average sale prices also fell to about 14,000 VND/kg, which is 10.1% lower than beginning of 2022. The down trend of domestic construction steel prices has been extended further when construction activities tend to slowdown in final months of the year.
- 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 14,000 VND/kg during October while demand from domestic construction activities seem to be slow. The decreasing trend in domestic steel selling prices since middle of April has resulted in several large steel companies to record a negative net profit in Q3.2022. Hoa Phat, Hoa Sen, Nam Kim and Pomina have recorded a loss on their financial statements as gross profits have been tightening due to the downtrend of steel selling prices.
- Other construction materials prices reduced slightly in October as coal prices fell to 350 USD/ton in lat October when China vowed to increase annual coal production by 300 millions tons, which is their annual import amount and could partially help to solve the tension on global coal trading market. The production cost for bricks, tiles or cement could be eased in the future with lower level of coal price compared to October.

### Outlook / What to Watch

- The challenging times for steel makers are expected to persist in the near future as the real estate market is still in a difficult state with tight credit and increasing interest rates.
- The low speed of public spending is also a barrier for the recovery of construction materials consumption. In 10 months of 2022, the spending of infrastructure budget reached 67.1% of total planned budget, which means we have 33% more for 2 last months of 2022. Given the current progress, it appears unlikely that spending will meet the annual target for 2022.
- The current situation of low credit available for real estate development and slow speed of public spending makes the outlook for construction material in the remaining months of 2022 to be dim.
- The mid term outlook for construction materials remains blurred 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:	NEUTRAL	Long term outlook:	POSITIVE	Main ticker:	GMD, TCL, VSC
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### Sector Overview

- Domestic fuel prices decreased about 12.1% during October; while the Global Freight rate index keep falling in October and oil prices returned to 89 USD/barrel at the end of October. The reducing global shipping freight index despite oil prices increasing show that demand for global shipping is reducing even with the Christmas and year-end season approaching.
- International container freight index reduced 36.8%, as international trade activities slow down, which mainly comes from China and major economies although Christmas and year-end shopping season is coming.
- We believe that low trading activities from China is one of major factors to make global shipping demand to fall strongly. Average monthly vessel capacity of China in 9M-2022 has dropped to 8.6 million TEUs (-23.2% YoY), and contributed greatly to the reduced demand of global shipping, as China is one of the countries which high global trade flow.
- 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

- 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, aided by the trend of global companies moving their manufacturing hubs out of China.
- 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 109,246 flights in 10M2022, a decline by 38.3% YoY mostly due to 78% YoY decline in October 2022 while October 2021 was the reopening of the country post COVID.
- As of 10M2022, all airlines of Vietnam have transported 40mn of passengers and it is expected to reach 55mn by year end. In Oct 2022 alone, Vietnam's airlines have transported 3.5mn of passengers, from which 2.9mn are domestic passengers and 614,000 are international passengers. We still don't reach the pre-COVID level yet as all data declined vs. Oct 2019. Vietnam airlines has the biggest market share of 38%, followed by Vietjet (33%) and Bamboo Airways (19%).

### Outlook / What to Watch

- December 2022 and January 2023 will be a high season for domestic tourism in Vietnam. Vietnam expects to increase flight capacity by 32% for Tet holidays, operating 33,691 flights for Tet holidays (equivalent to 6.7mn seats)

## 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 lower range at USD84-95/ barrel in September as the US dollar soared and global recession fears grew, Brent oil price recovered back slightly to the range USD90-100/ barrel as OPEC+ agreed to impose their first deep output cuts of up to 2 million bpd from November.
- However, in long-run, this measure 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. 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.
- 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. However, 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 9M2022, accumulated electricity consumption increased fairly compared to the same period 2021; in which coal power plant still accounts for a significant proportion.
- In Sep 2022, electricity production of the whole system reached 22.65 bn kWh(+18.6% YoY); accumulated 9M2022, electricity output reached 204.36 bn kWh (+6.3% YoY), of which:
  - Hydro: 72.55 bn kWh, accounts for 35.5% of the total output.
  - Coal thermal: 80.11 bn kWh, accounts 39.2% of the total output.
  - Gas and oil thermal: 22.07 bn kWh, accounts 10.8% of the total output.
  - Wind & Solar energy: 27.18 bn kWh, accounts 13.3% of the total output.
  - Import energy: 2.05 bn kWh, accounts 1% of the total output.
- In 9M2022, EVN has commenced laly hydropower expansion, continued to proceed Hoa Binh hydropower expansion, and implemented Quang Trach 1 coal-fired thermal. In addition, EVN is prepared for procedures and proposals for EPC tender related to O Mon IV – B gas field section.
- 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 Q4-2022 is expected to reach 59.26 bn kWh, 6.12% 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 groups. Therefore, we expect hydroelectric sector will continue to post a good result in Q4-2022 as well as 2H2022.
- In Oct 2022, EVN sent requests to 293 renewable energy projects/companies (solar and wind power) which they had signed contracts with, to push them provide documents and proposals related their projects such as costs, investment capital and capacity to aggregate and conduct a transitional price scheme post FIT policy (which ended in Nov 2021), which is projected to be finalized in Q1-2023. We believe the new price scheme for renewables would be settled no later than Q1-2023 according to circular 15/2022/TT-BCT as we believe that EVN endeavors to solve this issue as soon as possible for stable and secured national energy development.

## 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, Pharmacy, 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.

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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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