Money 360

November 2022

December 5, 2022

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HIGHLIGHTS

- **The VST has just revised its annual issuance plan from VND400tn to VND215tn** (decreased 46% compared with the initial target). **Government Bond Issuances in 11M2022 have fulfilled 85% of the revised annual plan** with 10Y and 15Y tenors attracting the vast majority of interest.

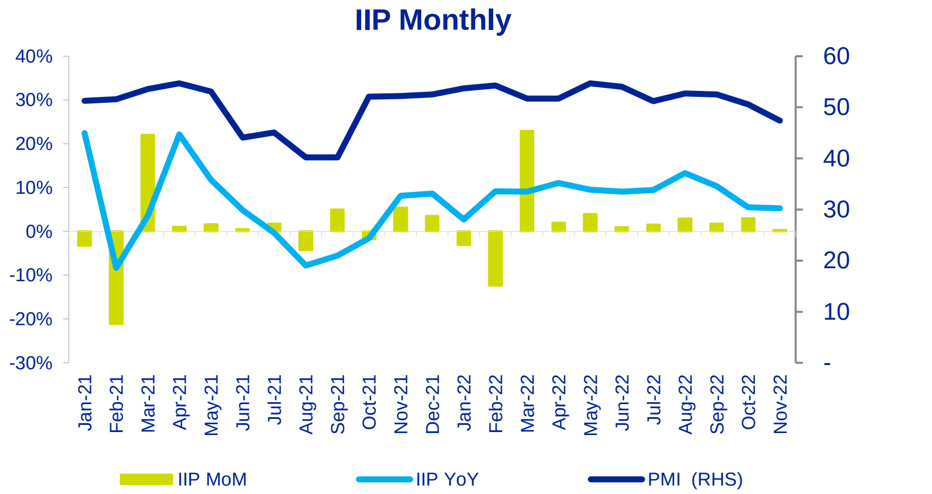
- **Secondary yields stabilized and increased slightly in November after surging on pressures from the FOMC meetings in September.** We also continue to hold expectation that yields in the secondary market could increase by around 0.5-1% in the last month of 2022 and around 0.75-1.5% in 1H2023 as more hawkish view from the FED to set inflation fighting as top priority due to stubbornly high inflation and strong labour market

- **We expect that upward pressure on interest rates will be high as:** (1) SBV needs to maintain a gap between the USD and VND interbank interest rates in order to support VND/USD exchange rate; (2) deposit - credit spread to be negative for at least 2 more quarters; and (3) new credit growth quota granted at the start of 2023 in conjunction with high demand for cash.

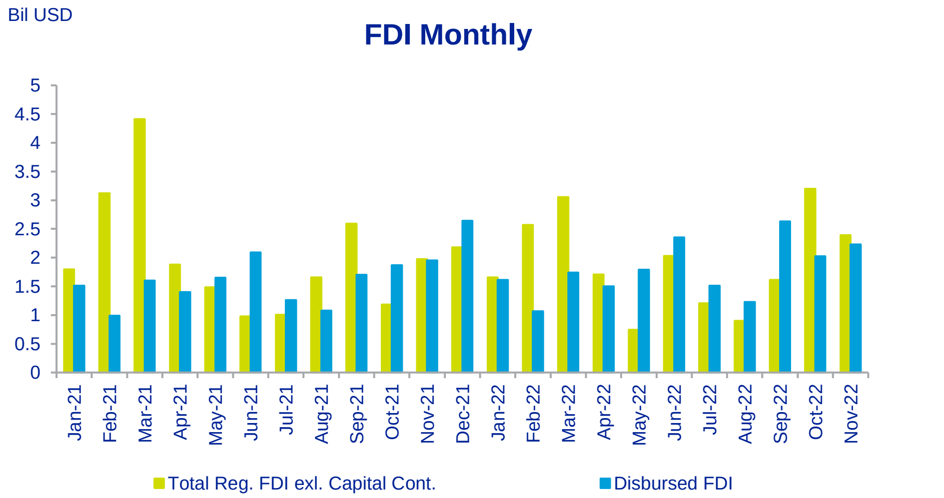
- **The USD/VND rates appreciated slightly in November 2022** compared with last months but still depreciated compared with last year. Overall, we expected that the VND/USD spot reference asking exchange rate will be around 24.800 – 25.500VND/USD toward yearend 2022, and exchange rate might be as high as 26.000 VND/USD in 2023**.**

Macro Update

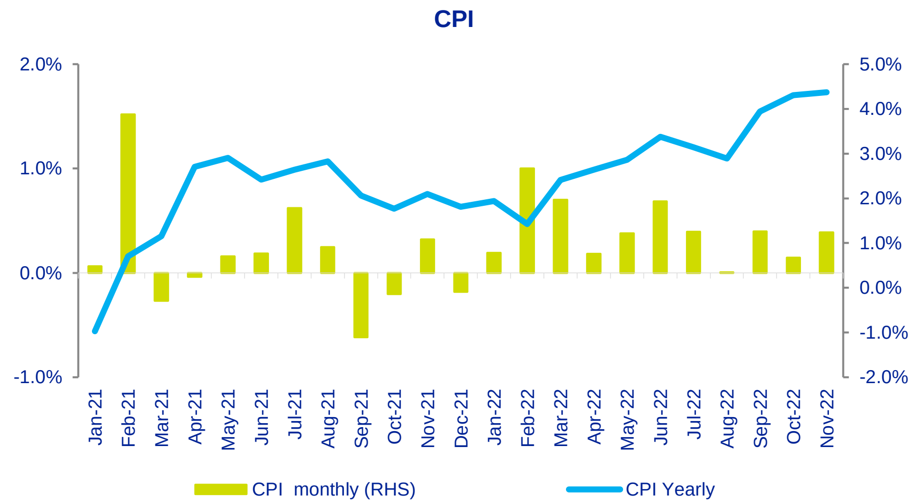
Industrial activities in November continued to slow, but still posted positive figures, in which IIP recorded a positive growth rate of 5.3% YoY in November and 8.6% YoY in 11M2022 (vs 5.5% in October 2022, +8.2% YoY in November 2021 and +3.6% YoY in 11M21). Furthermore, the November PMI fell to 47.4, putting the index in contractionary territory for the first time since Oct 2021 when heavy COVID restrictions were in place. According to the PMI report, the Vietnamese manufacturing sector also continued to show signs of slowing growth in new orders, exports, output, employment and purchasing activities which caused by weakness of global economy and reduced business confidence.



Disbursed FDI remained strong in 11M2022 (+15.1% YoY vs -0.6% YoY in 11M21) as Vietnam remains an attractive investment destination for FDI firms. Registered FDI in October continued to recover, posted 21.2% YoY to USD2.4bn, but the cumulative 11M2022 figure still decreased 4.6% YoY (vs +11.0% YoY in 11M21). We remain optimistic that FDI inflows will remain strong as Vietnam continues to be an attractive investment destination for FDI firms despite recent macro-economic headwinds.

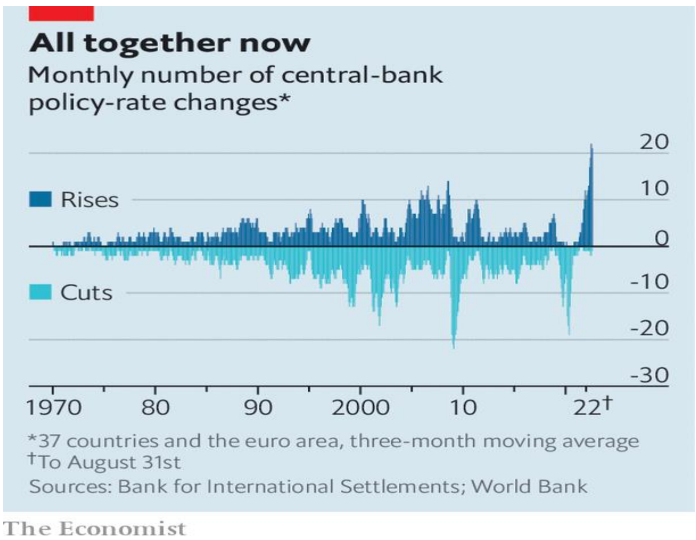


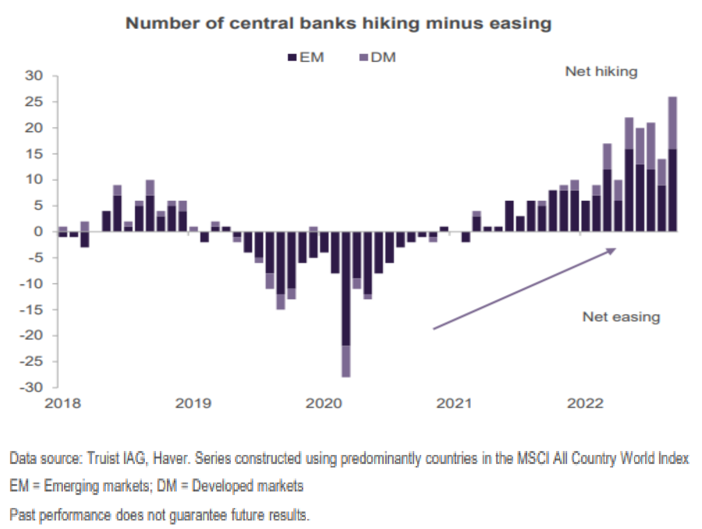
The November Consumer Price Index (CPI) increased 0.39% MoM and 4.37% YoY due to rising gasoline price and housing rental, but the average inflation rate in 11M2022 reached 3.02% YoY and far below government's target 4% and remained under control.



There are several exogenous risk factors which may bring uncertainties to Vietnam's economic growth prospects in last month of 2022 and 2023, which include:

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

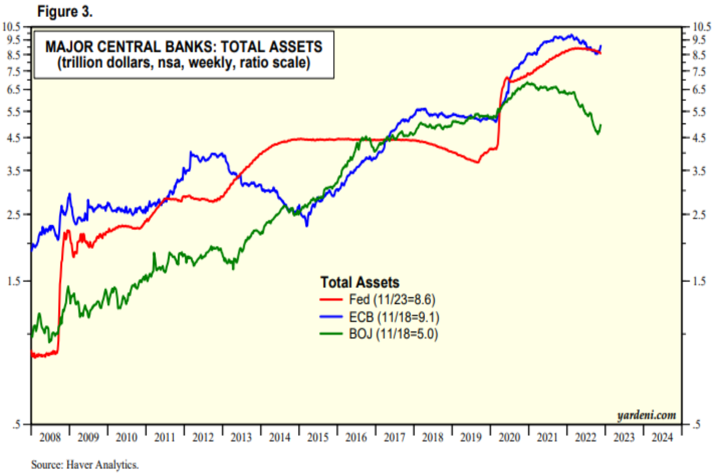




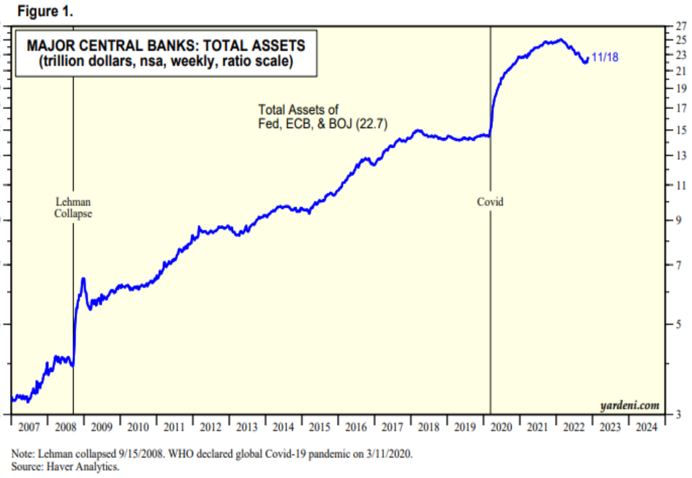
2. The FED, along with the BOE and ECB are stopping reinvesting maturing assets and starting to sell assets on their balance sheet (also known as Quantitative

Tightening program). The FED expected to reduce around USD400bn of its balance sheet by the end of 2022. ECB and BOE also plans to follow FED. Morgan Stanley estimated that the balance sheets of the heaviest-hitting central banks will shrink by roughly USD4tn by the end of next year. Those events will put upward pressure on rates which could be difficult to lower rates and in turn will affect economic growth.

Fed+ECB+BOJ in Dollars



Fed+ECB+BOJ in Dollars



3. Recession risks grow, especially in especially in Vietnam's large trading partners such as the US, EU, Japan and China, and could slow manufacturing and trading activities which remain a key growth driver;

Exhibit 1: Slow Growth in 2023, But Above-Consensus on the US

Real GDP Growth Percent Change yoy	Annual Average 2022 GS	2022 Consensus	2023 GS	2023 Consensus	2024 GS	2024 Consensus	Q4/Q4 2023 GS	Next 4 Quarters 2022Q4-2023Q3 GS	Potential GS
US	1.9	1.8	1.0	0.4	1.6	1.4	1.1	0.9	1.8
Euro Area	3.3	3.1	-0.1	-0.1	1.4	1.5	0.0	-0.5	1.1
Germany	1.8	1.6	-0.6	-0.7	1.4	1.3	-0.3	-0.9	1.3
France	2.5	2.5	0.1	0.4	1.3	1.3	0.3	-0.1	1.1
Italy	3.8	3.5	-0.1	-0.1	1.3	1.2	-0.1	-0.7	0.8
Spain	4.6	4.5	0.6	1.0	2.1	2.0	0.6	0.2	1.3
Japan	1.5	1.6	1.3	1.4	1.4	1.1	1.1	1.5	0.8
UK	4.4	4.2	-1.2	-0.5	0.9	1.1	-0.8	-1.6	1.4
Canada	3.2	3.3	0.9	0.6	1.4	1.7	0.8	0.7	1.6
China	3.0	3.3	4.5	4.8	5.3	4.9	5.5	4.2	4.2
India	6.9	7.1	5.9	5.8	6.5	6.6	7.5	7.2	6.0
Brazil	2.9	2.7	1.2	0.8	2.2	1.9	1.6	1.0	1.9
Russia	-3.3	-4.0	-1.3	-3.2	1.8	1.5	0.9	0.9	1.2
World	2.9	2.9	1.8	1.8	2.8	2.6	2.4	1.8	2.6

Note: All forecasts calculated on calendar year basis. 2022-2024 are GS forecasts. Potential growth is the median of GS estimates for 2023-25 for the US, Japan and Canada, our long-run estimate for the European economies and 2023 for EM economies. IMF forecasts used for India 2023 and 2024 consensus when quarters not available in Bloomberg. The global growth aggregates use market FX country weights.

Source: Bloomberg, Goldman Sachs Global Investment Research

4. The global energy crisis is still causing great difficulties for many countries as the EU faces a shortage of energy supplies this winter and OPEC+'s oil production reduction plan could raise prices. Surging oil prices again might directly affect Vietnam's domestic gasoline prices and put upward pressure on

transportation fees and will indirectly increase pressures on prices of other raw production materials; and

5. China's bumpy road to open up the economy. China's will to end the zero-COVID strategy is still unclear, however recent protests of the draconian methods seem to have spurred a softening of the government's stance, indicating that there may be a shift in the policies as early as Q1 2023. We also expected weak economy's activities in 1H2023, but expect strong recovery in 2H2023. We are keeping a keen eye on the Chinese property sector and its chances of revival as it's a key sector in the Chinese economy.

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

1. The industrial activities remain in growth despite recent slowdowns (IIP slowed in October and November 2022 but overall 11M22 still increased 8.6% YoY). It will be important to monitor key industrial activities in the coming months to see if the recent deterioration in some metrics (exports declining in Nov y/y, PMI falling out of expansionary territory) are a temporary blip or the start of a longer trend; and

2. The strong recovery of the service sector, after relaxing all COVID-19 related restrictions on service businesses, coming from (1) improvement of domestic consumption (total retail sales of goods and services November 22 increased 17.5% YoY and 11M22 increased 20.5% YoY), (2) reopening international tourism (retail sales of travelling services November 22 increased 3x YoY and 11M22 increased 3x YoY); and (3) normalization of transportation of goods help push trading activities especially export from FDI sector.

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

Furthermore, the fiscal and monetary stimulus package, worth VND347tn (VND291tn for fiscal package and VND56tn for monetary package), to support the socio-economic recovery and development program after the impact of the COVID-19 only disbursed 16%, which remain around VND290tn need to disbursed in last months of 2022 and 2023. Along with Capital under State Budget needed to disbursed toward the year end of 2022 and 2023, which will push socio-economic recovery in the last month of 2022 and 2023.

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

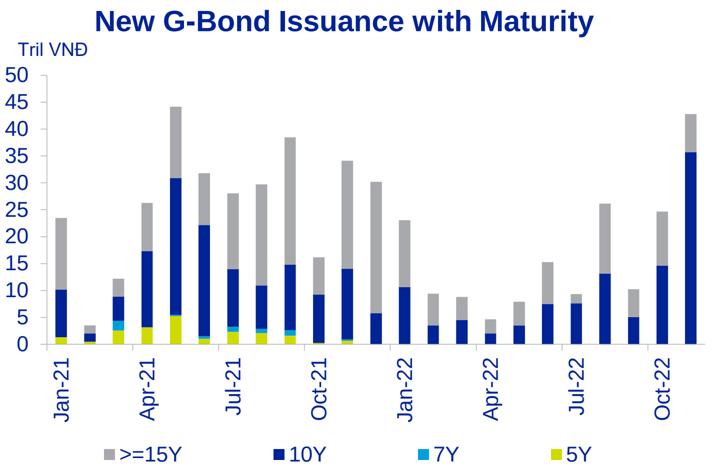
VGB-GGB MARKET

PRIMARY BOND MARKET

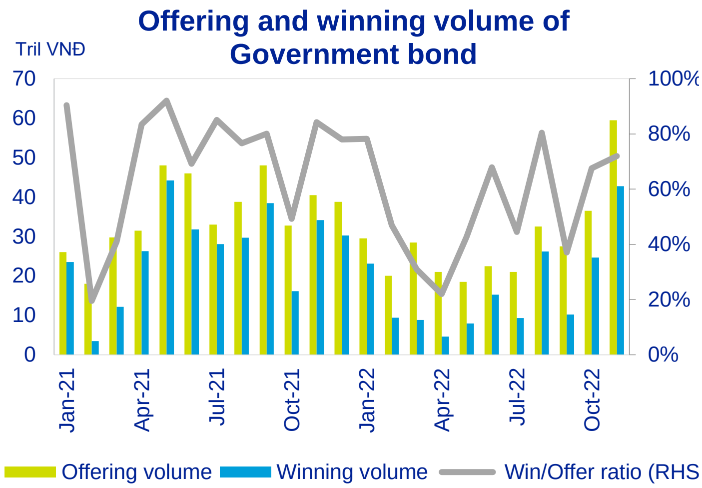
G-Bond issuances increased significantly in November with interest primarily in 10Y and 15Y tenors

Total G-bonds issued in November 2022 reached VND42.8tn (vs VND34.1tn in November 2021). Winning yields of all mid-terms slightly increased during November, but due to high bidding rates and no winning values in November, short- and long-term yield remained the same compared with last month mainly due to low winning value caused by low and unattractive offering rate. The winning rate of all terms reached 71.9% in November 2022 (increased from 67.5% in October 2022). In addition, winning value increase by 25% compared with November 2021.

10Y and 15Y attracted investor's attention in November 2022 which accounted for 59% and 41% of the total issuance amount respectively, and winning rates reached 79% and 59% respectively.



Source: HNX, ACBS



Source: HNX, ACBS

Bond Yields in the primary market						
	5Y	7Y	10Y	15Y	20Y	30Y
End of November 2022	0.76%	1.10%	3.30%	3.60%	2.75%	3.01%
vs October 2022	0.76%	1.10%	4.20%	4.40%	2.75%	3.01%
vs November 2021	0.76%	1.10%	2.06%	2.33%	2.78%	2.98%

YTD issuances almost completed revised annual target

The VST has just revised its annual issuance plan from VND400tn to VND215tn (decreased 46% compared with the initial target).

By the end of November, the VST only issued VND67.4tn and VND182.2tn of G-bonds in 4Q2022 and 2022 respectively, fulfilling 67.4% of 4Q2022's adjusted issuance plan and 85% of 2022's adjusted issuance plan (only 46% of the original 2022's issuance plan).

Government Bond Issuance Plan						
VND Bn	4Q2022 Target	QTD Issuance	QTD Issuance/Target	2022 Target	2022 YTD Issuance	2022 YTD Issuance/ Target
5-year	3,000	-	0.0%	N/A	N/A	N/A
7-year	2,000	-	0.0%	N/A	N/A	N/A
10-year	60,000	50,340	83.9%	N/A	N/A	N/A
15-year	30,000	17,100	57.0%	N/A	N/A	N/A
20-year	2,000	-	0.0%	N/A	N/A	N/A
30-year	3,000	-	0.0%	N/A	N/A	N/A
Total	**100,000**	**67,440**	**67.4%**	**215,000**	**182,222**	**84.8%**

Issuances and yields expected to increase in last month of 2022 and moving into 2023

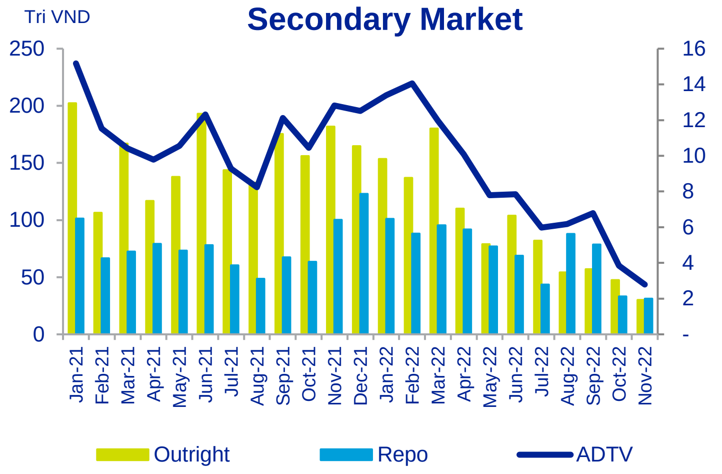
ANALYST COMMENT: We expect that the VST will have to increase offering rates especially short-term rates to increase winning rate of issuance which was currently low due to unattractive low yields and also prepare capital for disbursement plan in 2023.

SECONDARY BOND MARKET

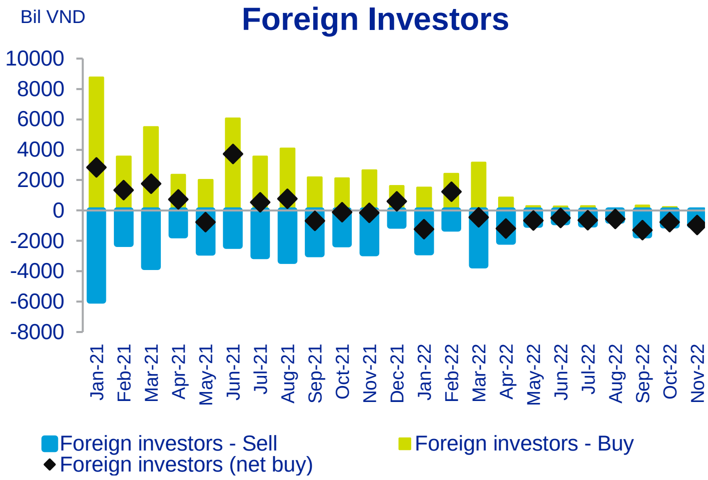
Secondary trading values increased over 32% MoM and decreased 78.2% YoY, and foreign investors continued to be set sellers

Total trading value of outrights and repos in the secondary market in November 2022 increased 32% compared with last month and decreased 78.2% compared with last year, reaching VND61.4tn and with the average daily trading value (ADTV) reaching VND2.8tn (-78.2% YoY). Of the total trading value in the secondary market, outright transactions accounted for 41% and ADTV of outright decreased 83% YoY to VND1.4tn. Of the total trading volume in the secondary market, repo transactions accounted for 59%.

Foreign investors trading position recorded a net sell of VND959bn in November 2022, the cumulative net sell since start of 2022 increased to VND7.1tn.

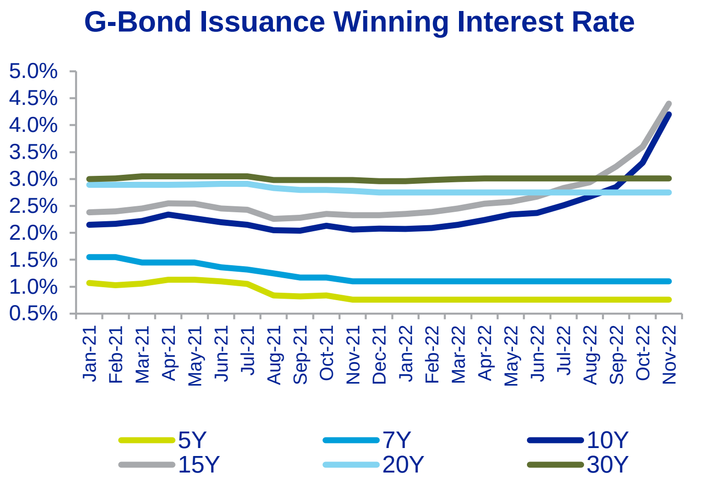


Source: HNX, ACBS

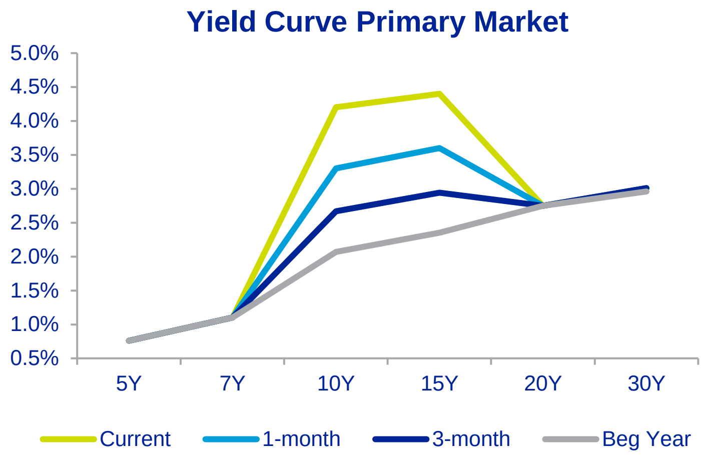


Source: HNX, ACBS

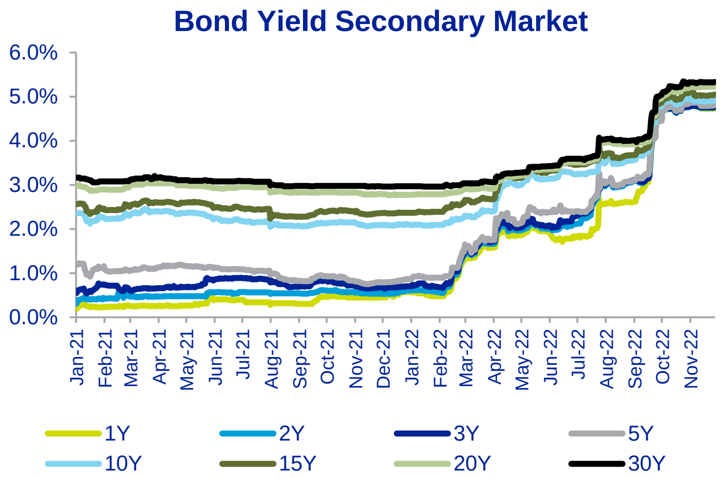
Yield Curve



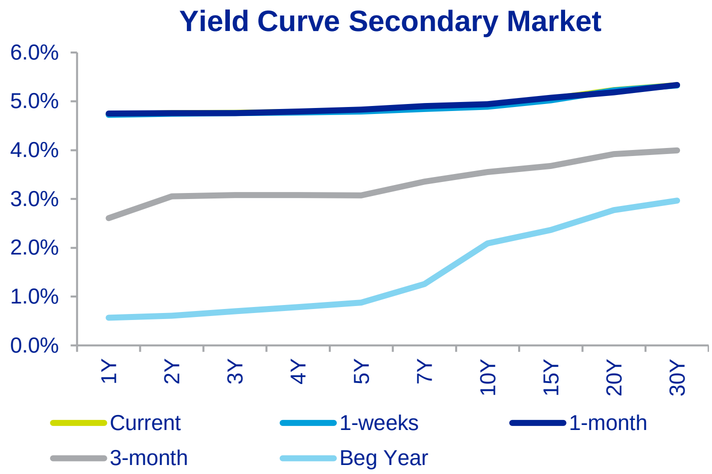
Source: HNX, VBMA, ACBS



Source: HNX, VBMA, ACBS



Source: HNX, VBMA, ACBS



Source: HNX, VBMA, ACBS

Secondary yields stabilized and increased slightly in November after surging on pressures from the FOMC meetings in September

Primary bond yields (except 10Y and 15Y) remained almost the same during November 2022 compared with same period last year mainly due to low winning value caused by low and unattractive offering rate.

Besides that, bond yields in the secondary market during November stabilized and changed slightly after surging on pressures from the FOMC meetings in September.

Bond Yields in the primary market						
	5Y	7Y	10Y	15Y	20Y	30Y
End of November 2022	0.76%	1.10%	4.20%	4.40%	2.75%	3.01%
+/- YoY (bps)	0	0	18	29	0	0

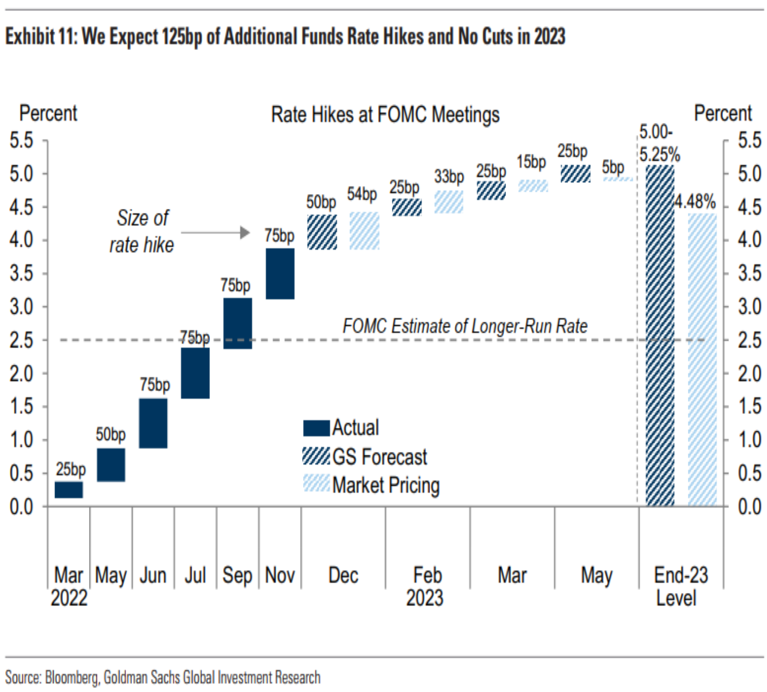
Bond Yields in the secondary market										
	1Y	2Y	3Y	4Y	5Y	7Y	10Y	15Y	20Y	30Y
End of November 2022	4.73%	4.76%	4.76%	4.78%	4.81%	4.86%	4.92%	5.05%	5.23%	5.33%
+/- YoY (bps)	-2	0	0	-1	-3	-4	-3	-3	4	4

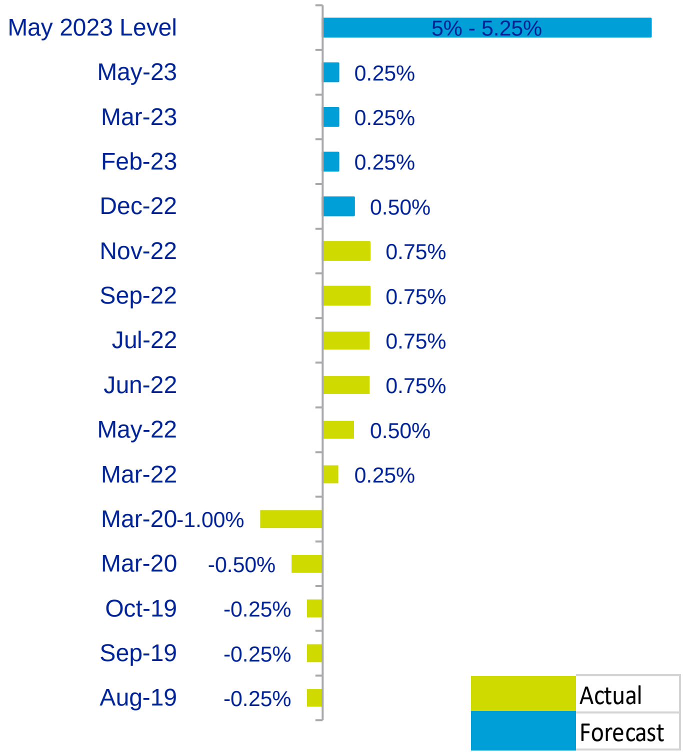
Expectations are for yields in the secondary market to increase in the final month of 2022

ANALYST COMMENT: In our opinion, the VST needs to increase their offering yields in order to be more attractive to investors as current interest rates are high globally. The VST has just revised its annual issuance plan from VND400tn to VND215tn (decreased 46% compared with the initial target). Given the revised annual target, it's likely that the VST will fulfill the amended annual issuance plan. Moving into 2023, government has just approved the total loan amount of around VND648tn, which also will equal bond issuance target for the whole year 2023, so we think VST will soon have to push the issuance of bonds by organizing more auctions and offering more attractive yields.

In the secondary market, yields stabilized and increased slightly in November after surging on pressures from the FOMC meetings on 20-21 September. However, rising interest rate globally caused by surging inflation and pressure of expected rate hikes of 50bps towards the year end 2022 and expected to have 3 more 25bps hike in 1H2023 which will put upward pressure on our bond yields in upcoming period. Furthermore, we also continue to hold expectation that yields in the secondary market could increase by around 0.5-1% in the last month of 2022 and around 0.75-1.5% in 1H2023 as more hawkish view from the FED to set inflation fighting as top priority due to stubbornly high inflation and strong labour market.

The Fed's changes to FFR since 2019





Source: Goldmansachs, FED, ACBS

MONEY MARKET

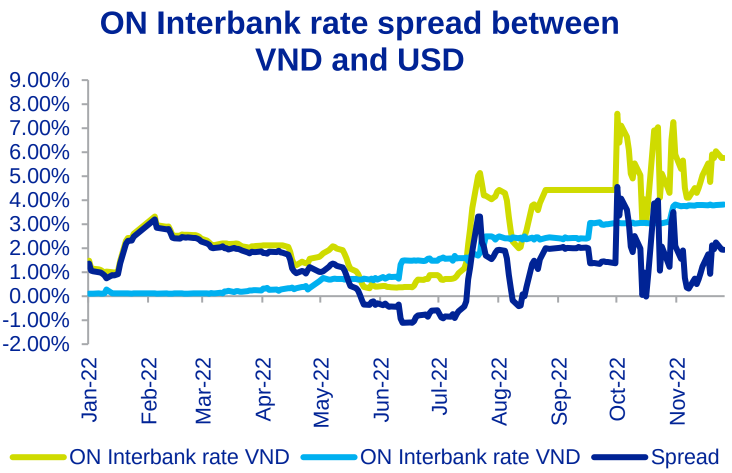
Reengaging the T-bills channel helped closing the interest rate gap between the USD and VND interbank interest rate and in turn helped reduced depreciation pressure and stabilize the exchange rate and the foreign exchange market as a whole

In November, the SBV continued to issue over VND50tn, while over VND89tn come due through T-bills channel. In addition, VND156bn of reverse repos OMO issued in November combined with over VND169tn coming due during the month through reverse repo OMO. As a result, the SBV injected over VND26tn net via T-bills and reverse repos OMO.

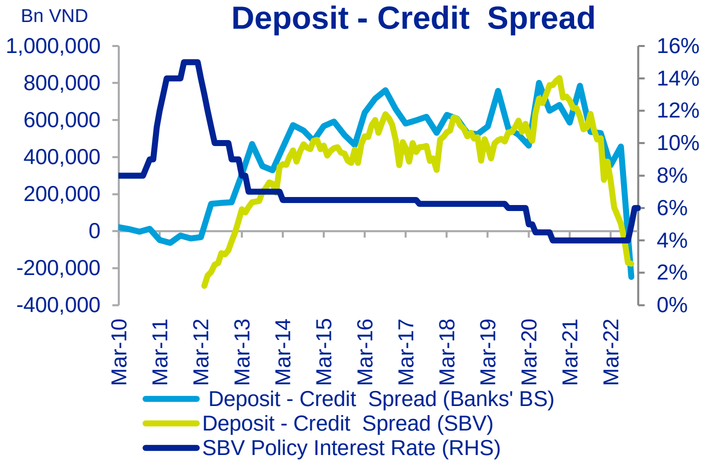
The interbank rate was volatile across all tenors throughout November due to unstable liquidity of banking system recently. As of the end of November, the average interbank rates of ON (5.61%, -21 bps MoM), 1-week, (6.18%, -14 bps MoM), 2-weeks (6.95%, +36 bps MoM), 1-month (8.75%, +151 bps MoM), 3-months (9.38%, +119 bps MoM), 6-months (9.45%, +101 bps MoM) and 9-months (8.11%, +139 bps MoM) have mixed direction.

As we expected in our last report, the recent SBV moves are likely aimed at closing the negative interest rate gap between the VND and USD interbank interest rate on the interbank market, helped reduced depreciation pressure and stabilize the exchange rate and the foreign exchange market as a whole.

In addition, the deposit-credit spread started to become negative started in June 2022 (the first time since 2011) and continued to be negative (as the end of September 2022) which was putting pressure on LDR of banking system which will directly put upward pressure on interest rates in upcoming period.



Source: SBV, ACBS



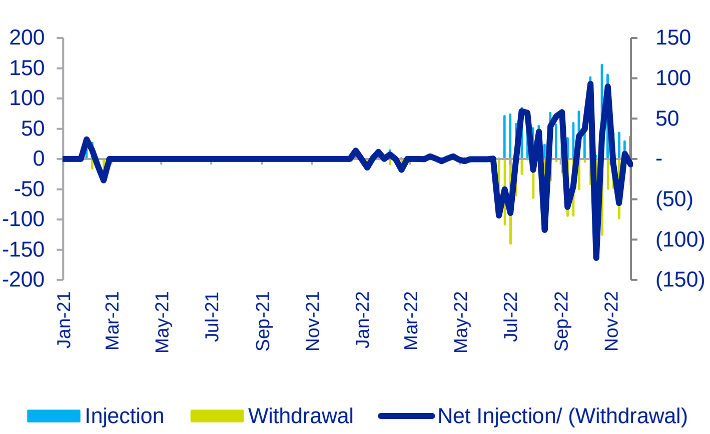
Source: SBV, banks' BS, ACBS

Interbank Rate

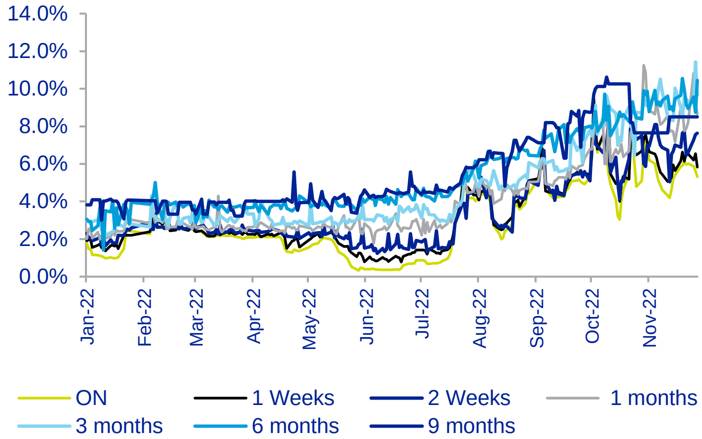
	ON	1 Weeks	2 Weeks	1 months	3 months	6 months	9 months
Average of November 2022	5.61%	6.18%	6.95%	8.75%	9.38%	9.45%	8.11%
+/- MoM (bps)	-21	-14	36	151	119	101	-139
End of November 2022	5.32%	5.83%	7.63%	8.65%	9.65%	10.45%	8.50%
+/- MoM (bps)	22	-85	13	12	92	207	85

Source: SBV, ACB

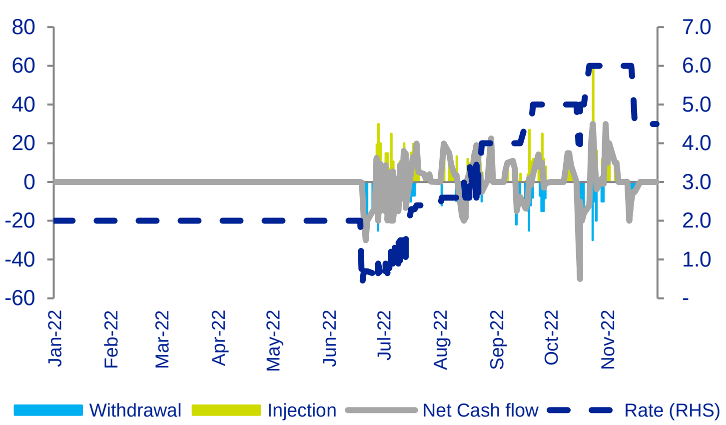
Net Injection/ (Withdrawal) from OMO



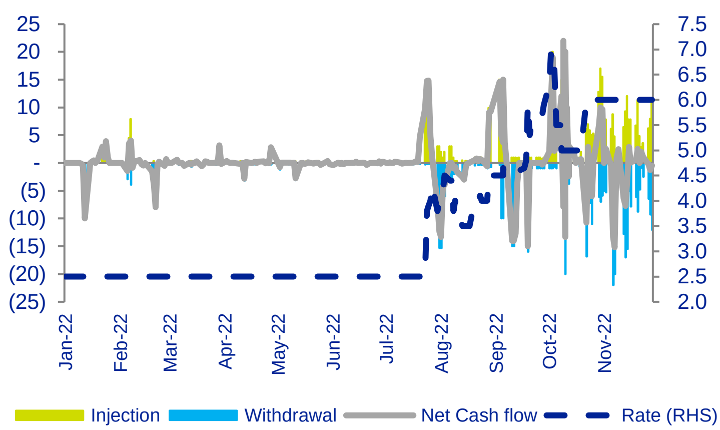
Interbank Rate



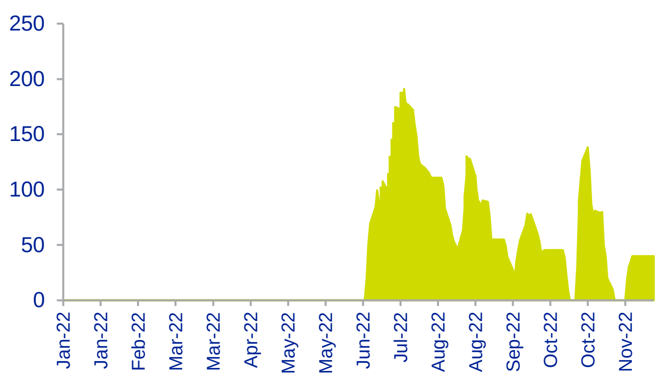
T-bill- In and Out



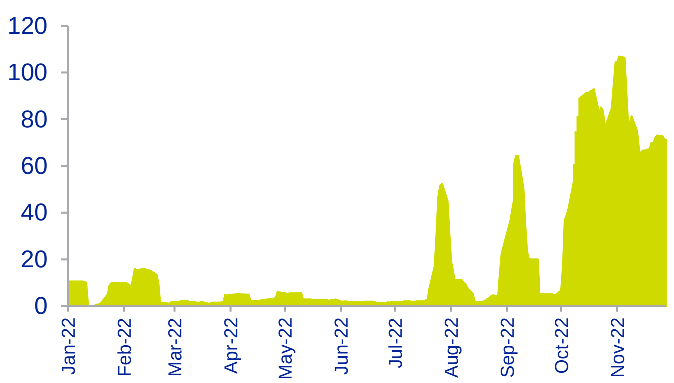
OMO- In and Out



SBV Bills outstanding



OMO Outstanding



Source: SBV, ACBS

ANALYST COMMENT:

Keeping interbank interest rates low would be tough for the SBV as they have to keep gap between the USD and VND interbank interest rate positive in order to support VND/USD exchange rate

We expect that maintaining low interest rates would be tough for the SBV as the FED is expected to continue to increase interest rates in the final meeting of 2022 in December and during 1H2023, which will put pressure on VND/USD exchange rate and the SBV will have to keep gap between the VND and USD interbank interest rate positive in order to support VND/USD exchange rate.

We also expect deposit - credit spread to be negative for at least 2 more quarters, so it may put upward pressure on interest rates in 1H2023.

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.

Interbank rates may increase further in range of 100-200bps from this current level in the last month of 2022 and may increase further in range of 50-100bps in 1H2023

Maintaining positive gap between VND and USD interbank rate could keep VND interbank rate high

In addition, we also expect deposit - credit spread to be negative for at least 2 more quarters, so it may put upward pressure on interest rates in 1H2023.

In addition, as most banks have reached their credit growth quotas, we might not expect commercial banks to push credit growth toward yearend 2022 and put upward pressure on interest rates. However, 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.

As a result, we expect banking system liquidity might remain tight at this current level as a support for the VND from the SBV. Therefore, we expect that **interbank rates may increase further in range of 100-150bps from this current level** in the last month of 2022 and **may increase further in range of 50-100bps** in 1H2023 due to:

(1) Interest rate hikes are expected to continue throughout the end of the year as over 16 major central banks around the world, especially US (FED) and UK (BOE), have indicated. Moving to 2023, we expect that while inflationary pressures will remain in the early parts of the year, if the actions of central banks have the intended effects and inflation is brought under control, we could see easing monetary policies emerging in the second half as encouraging economic growth will return to the forefront of policy makers minds. However, toward yearend 2022 and in 1H2023, those pressure will continue to put upward pressure on our interbank rate and policy interest rate; and

(2) The SBV intends to keep gap between the VND and USD interbank interest rate positive in order to support VND/USD exchange rate, so with Fed Fund Rates continuing to be high and higher toward the year end, we don't expect SBV will lower interbank rates much in upcoming months.

In addition, we maintain our expectation that our **key policy interest rates** might gradually **increase between 50bps – 75bps** toward year-end **2022** and another **100-200bps in 2023.**

OTHER MARKETS

FOREX MARKET

The SBV decreased the spot reference asking exchange rate three times in November thanks to easing pressures in the FX market

The SBV decreased the spot reference asking exchange rate (the rate offering to commercial banks to buy USD from SBV) three time in November (after increasing seven times) thank to a cooling off period in the FX market. The rate stands at 24,840 VND/USD as of the end of November.

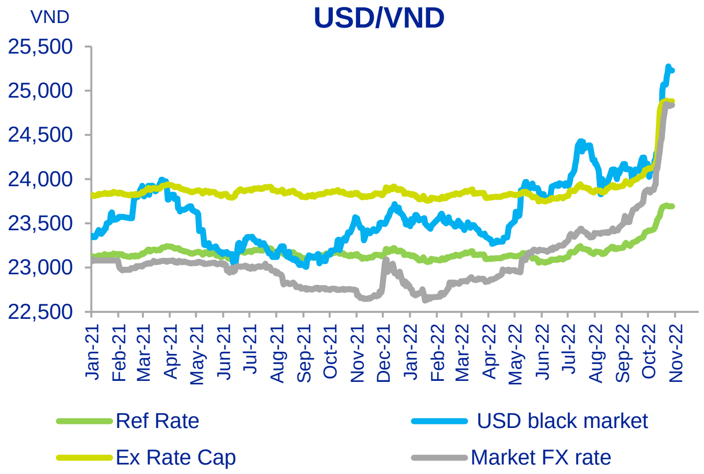
Foreign reserves sliding to an estimated USD82.5bn

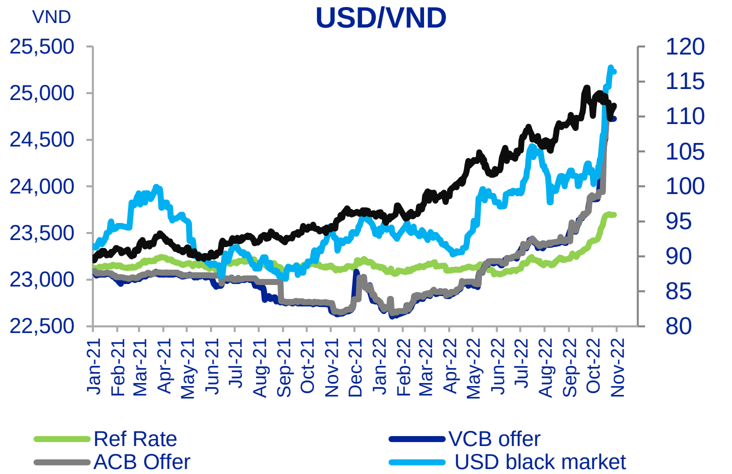
We estimate the SBV has sold up to USD26.5bn from the beginning of 2022, resulting the foreign reserves sliding to approximately USD82.5bn.

The USD/VND exchange rate of banking system has appreciated a little bit in November. As of the end of November 2022, average USD/VND exchange rate of banks stood at VND24,654 (-0.74% MoM, +8.01% YTD). In addition, USD/VND exchange rate in black market also appreciated to VND24,910 (-1.27% MoM, +6.06% YTD).

The recent weakening USD globally has been contributed to the strengthening of VND recently

The USD has pulled back recently, which has contributed to the strengthening of the VND recently. We expect that trend might continue as FED is expected to slow the rate of increases at the next meeting in Dec and stop increases by the end of 1H2023.





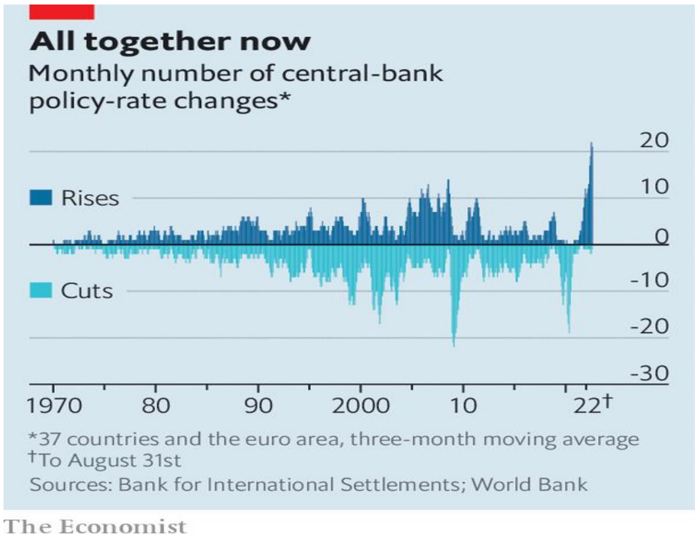
Source: SBV, Bloomberg, ACBS

ANALYST COMMENT:

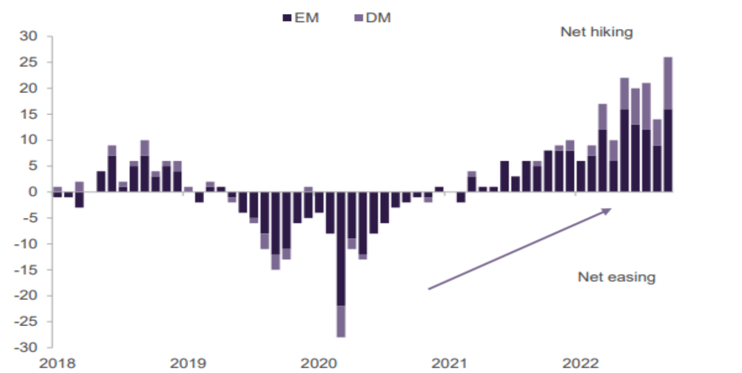
External headwinds from global central banker's raising rates and implementing QT to fight inflation is putting downward pressure on the VND

We believe that the recent rate hikes by the SBV were done in part to address increasing deprecation pressures on the VND, which has shown to be the case with the VND appreciating slightly in November. The Vietnamese currency has been coming under increasing pressure throughout 2022 from various sources including:

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



Number of central banks hiking minus easing



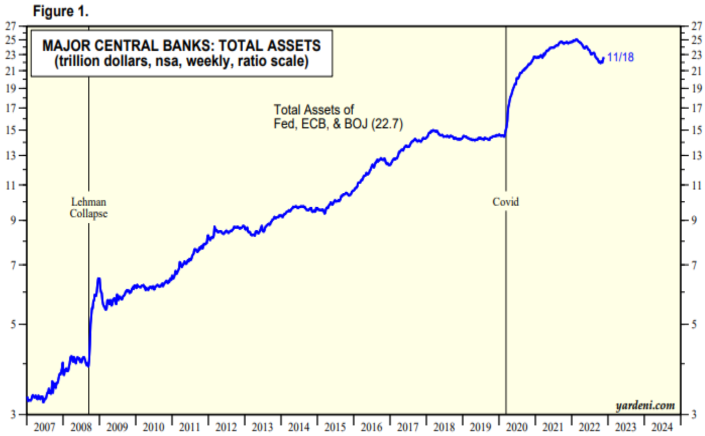
Data source: Truist IAG, Haver. Series constructed using predominantly countries in the MSCI All Country World Index
EM = Emerging markets; DM = Developed markets
Past performance does not guarantee future results.

FED and other major central banks are expected to shrink their balance sheets soon, which will put further depreciation pressure on the VND in upcoming months

(2) The FED, along with the BOE and ECB are stopping reinvesting maturing assets and starting to sell assets on their balance sheet (also known as Quantitative Tightening program). The FED expected to reduce around USD400bn of its balance sheet by the end of 2022. ECB and BOE also plans to follow FED. Morgan Stanley estimated that the balance sheets of the heaviest-hitting central banks will shrink by roughly USD4tn by the end of next year. According to new paper "How Many Rate Hikes Does Quantitative Tightening Equal?" from The Federal Reserve Bank of Atlanta's Policy Hub suggest that a $2.2trn passive roll-off of nominal US Treasuries from the Federal Reserve's balance sheet over three years is equivalent to an increase of 29bps in the current FED funds rate in normal times, but 74bps during crisis periods. Those events will put upward pressure on rates which could be difficult to lower rates and in turn will badly affect economic growth.

Fed+ECB+BOJ in Dollars

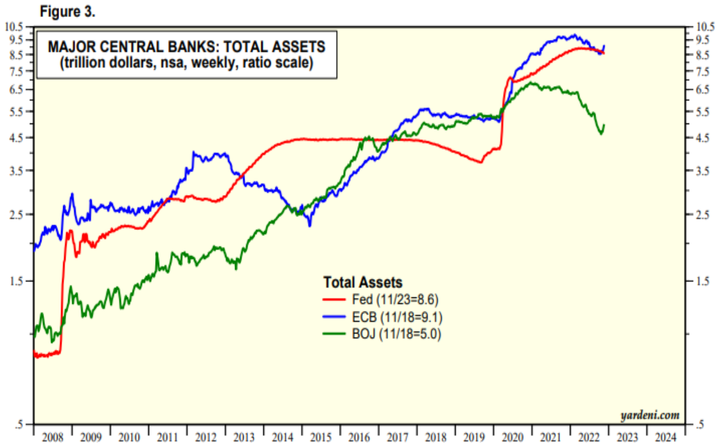
Figure 1.



Note: Lehman collapsed 9/15/2008. WHO declared global Covid-19 pandemic on 3/11/2020.
Source: Haver Analytics.

Fed+ECB+BOJ in Dollars

Figure 3.



Source: Haver Analytics.

China's bumpy road to reopen their economy and growing recession risks in the US and EU could weigh on our export activities, which is a significant source of USD and might

(3) China's bumpy road to open up the economy. China's will to end the zero-COVID strategy is still unclear, however recent protests of the draconian methods seem to have spurred a softening of the government's stance, indicating that there may be a shift in the policies as early as Q1 2023. We also expected weak economy's

also putting downward pressure on the VND

activities in 1H2023, but expect strong recovery in 2H2023. We are keeping a keen eye on the Chinese property sector and its chances of revival as it's a key sector in the Chinese economy.

(4) Recession risks grow, especially in especially in Vietnam's large trading partners such as the US, EU, Japan and China. The effects of low performance from US's and EU's economy could weigh on our export activities which is one of our main source of USD.

Vietnam's economy continues to exhibit relatively good fundamentals and factors which will help VND in general (in banking system and in black market) stabilized in last month of 2022 and 2023.

However, Vietnam's economy continues to exhibit relatively good fundamentals and factors which will help VND in general (in banking system and in black market) stabilized in the final months of 2022 and 2023, include:

(1) Inflation remaining low and under control below 4%;
(2) Exports, which are the country's key economic growth driver, showed signs of slowdown but our trade balance remain surplus in November 2022 (USD780mn) and overall 11M2022 (USD10.6bn).;
(3) FDI inflows disbursement grew strongly in 11M2022 (+15.1% YoY);
(4) SBV will try to lower depreciation pressure to VND by keeping the positive gap between the VND and USD interbank interest rate. In addition, with sufficient foreign reserves (stood at around USD105bn at the end of 2Q2022, however there has been speculation that c. USD26.5bn have been sold by the SBV, putting current reserves at an estimated USD82.5bn) SBV could use to defend its currency when needed.

Overall, we expected that the VND/USD spot reference asking exchange rate will be around 24.800 – 25.500VND/USD toward yearend 2022, and exchange rate might be as high as 26.000 VND/USD in 2023.

Overall, **we expected that the VND/USD** spot reference asking exchange rate will be around **24.800 – 25.500VND/USD toward yearend 2022**, and exchange rate might be as high as **26.000 VND/USD in 2023**.

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