

VIETNAM MARKET OUTLOOK

December 2022

VNIndex pivots strongly mid-month to close up 2% as foreign investors deploy the largest monthly net portfolio inflows in over four years

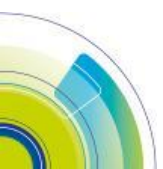
Research Department | Tyler Cheung, Nguyễn Thị Hòa

Despite the VNIndex ending the month up 2%, November was another volatile month as the market grapples with the tight credit situation, particularly affecting the real estate sector. On the macro side, figures are starting to show a divergence between primarily domestic vs more global indicators. Domestic consumption remained strong with retail sales increasing 17.5% y/y and inflation continues to be on track to be within the governments 4% annual target, posting a 3.02% average increase in the first 11 months of the year. As noted in last month's report, we're closely monitoring the manufacturing and export sectors as a sustained downturn in global demand could affect the country's overall growth prospects for 2023 and we're starting to see some initial signs of deterioration. Exports saw a contraction of 8.4% y/y as manufacturing orders decreased on the back of a depressed economic outlook in key export markets including the US and EU. In November, Vietnam's PMI ended a 13-month expansionary streak and fell to 47.4 from 50.6 in October indicating growing weakness in the manufacturing sector. IIP maintained its positive trajectory, posting growth of 5.3% y/y, however, this figure is lower than the 8.6% y/y growth in the cumulative 11m YTD.

Difficulties in the bond market have continued making headlines throughout the month as there have yet to be any concrete solutions to ease the constraints which have been stifling capital flows to the real estate sector. There have been a series of meetings with key stakeholders to try to ease liquidity constraints with several proposals being offered, however there is yet to be a resolution to the stalled bond market. While there are still questions around how the stalled corporate bond market will be revitalized, sentiment on the market picked up considerably towards the end of the month as the seriousness in which these issues are being addressed has brought about confidence that there will be solutions to revive the stagnant credit conditions in the real estate market.

November was a tale of two halves for the VNIndex. The first half of the month was dominated by negative sentiment and saw the index drop by 11.3% from the start of the month until Nov 16th when the index pivoted and saw sentiment pick up on belief that solutions to the credit issues plaguing the market will come sooner than later. Two of the most visible real estate companies on the market that have been caught up in the credit crunch, NVL and PDR showed signs of resuscitation in the closing days of the month; after long stretches of hitting the limit down (-7%) for NVL (16 consecutive days) and PDR (17 days), both closed the month with 2 consecutive days hitting the daily limit up. Contributing to the rally was the torrent of inflows from foreign investors who had a net buy of c. 650m USD during the month as the VNIndex hit valuation lows not seen in over a decade. Looking forward to the final month of 2022, we're cautiously optimistic that the markets will be able maintain their positive momentum from the second half of November. The recent recovery of the market shows initial signs that investors are optimistic that there will be a resolution to the credit crunch.

1. Macroeconomics
2. Equity Market
3. Topical Issues
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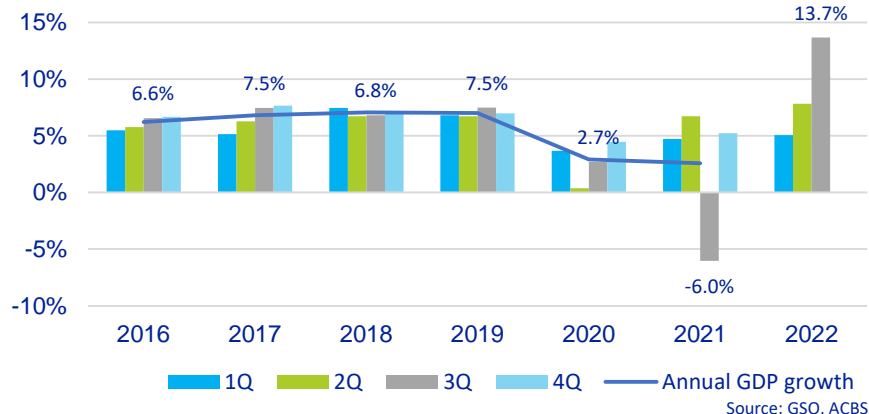


- ❖ Industrial production slowed down in November with IIP up just 0.3% m/m, the lowest in the recent 8 months and 5.3% y/y, lowest in recent 9 months and the PMI fall to 47.4 point, below the 50 level for the first time since October 2021 as output, new orders and employment decreased amid weakening global economic conditions. Disbursed capital maintained strong growth with US\$2.2bn (+14.4% y/y) disbursed during November, bringing the 11 months figure to US\$19.7bn (+15%). Committed capital reached US\$2.7bn (-1.9% y/y) and US\$25.1bn (-5%) for 11 months. Foreign trade remain stable with total import-export turnover reached US\$59.5bn (+2.1% m/m, -4.8% y/y) and recorded slight deficit at US\$0.5bn.
- ❖ The USD/VND rate cooled down in November with the rate at Central bank (-0.13% m/m) and the average rate at banks (-0.55% m/m) decreased in November. The SBV decreased the USD selling price three times in November from VND24,870 to VND24,840 with total decrease of VND30.
- ❖ The interbank rate was volatile across all tenors throughout November due to unstable liquidity of banking system, mainly in 3-6 months terms. The SBV injected over VND26tn net via T-bills, reverse repos OMO in November.
- ❖ Gasoline prices increased by c.6.4% in November after 4 months of decreases; prices are up c.2.1% from beginning of 2022. Diesel prices rose slightly by 0.1% in month, still higher c.41% from beginning of 2022. Retail cooking gas prices increased by c.5.1% from 1 November and down 5.3% from beginning of 2022 after 6 months of decrease.
- ❖ The US Department of the Treasury removed Vietnam from the monetary manipulation monitoring list in the latest Report on Congress on Macroeconomic and Foreign Exchange Policies of Major Trading Partners of the US on 10 November.
- ❖ The Vietnam Stock Exchange (VNX) became an official member of the World Federation of Stock Exchanges (WFE), replacing the HOSE after the restructuring of the exchanges in Vietnam.
- ❖ Maersk, the Danish world's largest container shipping line and FedEx, the U.S. express delivery company, are seeking to enter Vietnam's e-commerce logistics market. Maersk acquired Hong Kong firm LF Logistics three months ago and could co-operate with the e-commerce platforms to handle goods orders in the Vietnamese market. Similarly, FedEx is combining its services with e-commerce platforms and opened a new US\$2m operations center in Hanoi in November .

- ❖ South Korean electric motorcycle manufacturer, Zio Motors, launched motorbike factory in Vietnam's northern Bac Ninh province. The factory have design capacity of 12,000 motorbikes per year in the first phase and 300,000 – 400,000 motorbikes per year in the second phase.
- ❖ Danish toy production LEGO Group started construction of its 44-hectare factory by an groundbreaking event on 3 November. The plant is expected to operate in 2024 and create 4,000 jobs in the next 15 years.
- ❖ 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.
- ❖ The Bank of England (BOE) hike its key interest rate by 75 basis points on November 3rd, the biggest rate hike since 1989.
- ❖ The People's Bank of China (PBOC) cut reserve requirement ratio (RRR) for the second time this year so far by 0.25% to 7.8% and pumped around CNY500 billion (US\$70 billion) in long-term liquidity.

GDP grew strongly on low base from last year

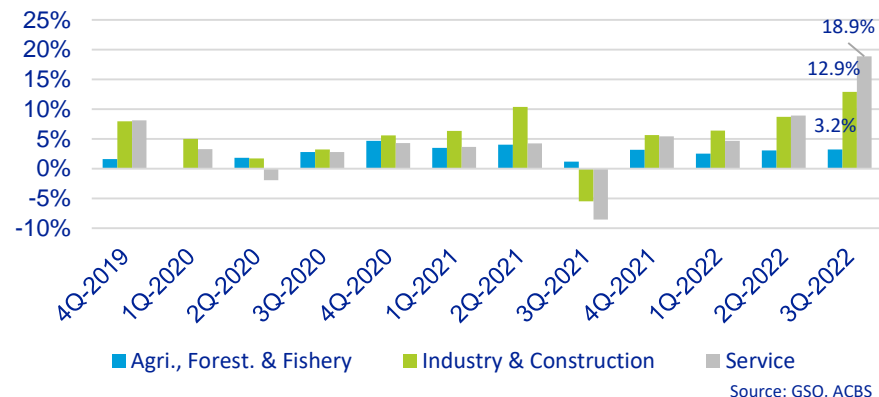
Vietnam GDP growth by quarter



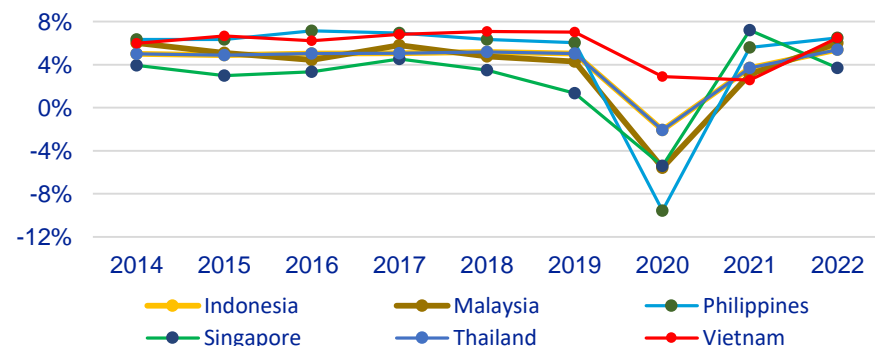
❖ Vietnam's GDP accelerated by an impressive 13.67% y/y in the 3rd quarter of 2022, albeit from a low base at negative 6% from 3Q2021 as COVID restrictions severely hampered economic activities. The service sector witnessed an extremely high growth rate at 18.9%, industry and construction sector grew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

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

GDP growth breakdown

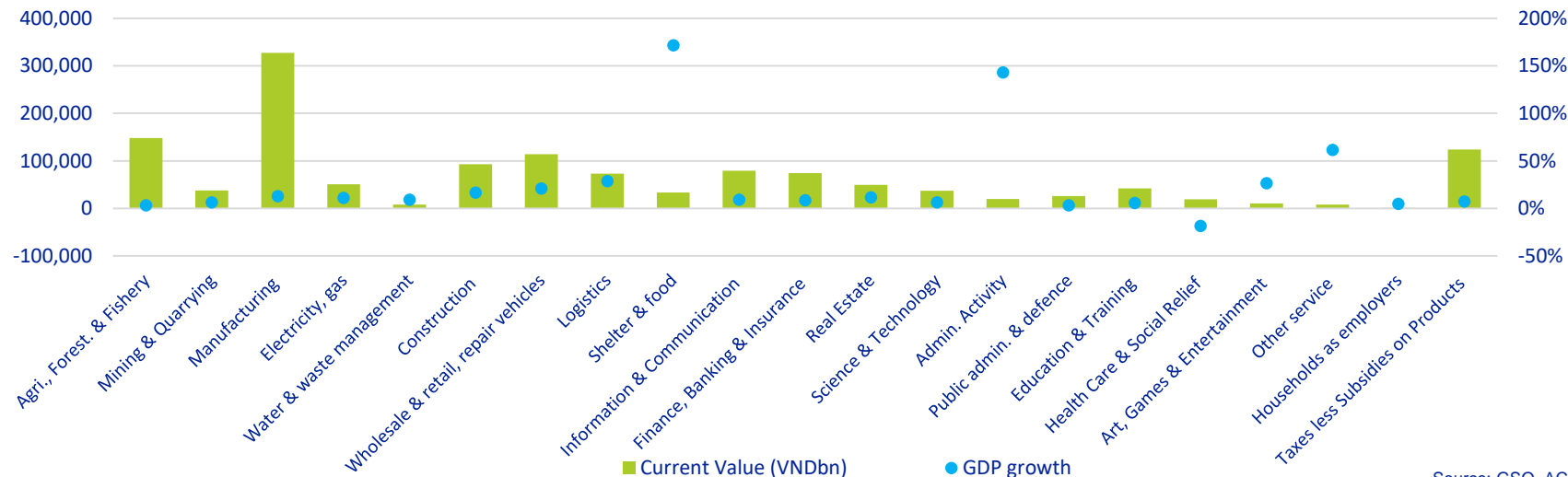


Vietnam GDP growth and peer market



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

GDP by Industry in 3Q2022

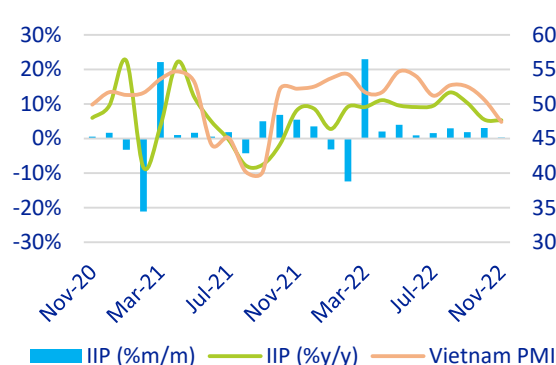


Source: GSO, ACBS

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

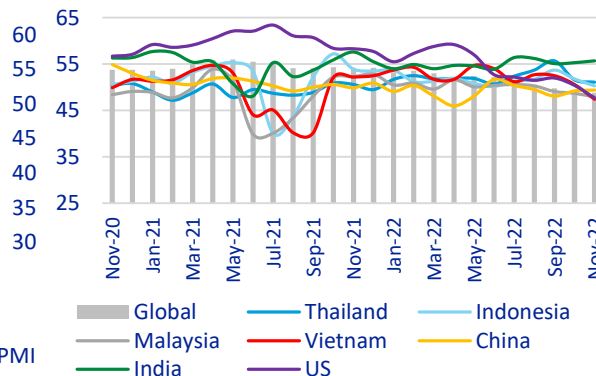
Industrial production remain to grow but slowdown

Vietnam IIP and PMI



Source: GSO, IHS Markit, ACBS

Vietnam PMI and other markets



Source: Bloomberg, IHS Markit, ACBS

IIP November 2022 by industry



-40% 0% 40% 80%

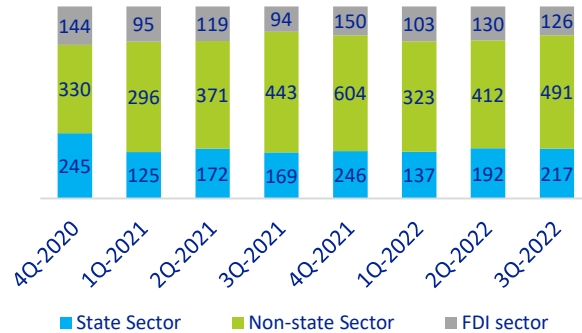
Source: GSO, ACBS

❖ Industrial production slowed down in November with IIP just up 0.3% m/m, lowest in recent 8 months and 5.3% y/y, lowest in recent 9 months with 8 industries have negative growth over the same period of last year. The PMI fell to 47.4 points in November, below the 50 level for the first time since October 2021 as output, new orders and employment declined amid weakening global demand. For 11 months, the IIP maintained growth of 8.6% over the same period of last year with some notable products like beer (+34.9%), processed seafood (+17.3%), automobile (+17.3%), phone accessories (+16.9%), kinds of petro and oil (+12.9%) and some product laggard the IIP like crude steel, iron (-16.6%), N.P.K mixed fertilizer (-6.6%) and mobile phone (6.1%).

❖ The global PMI declined for the 6th consecutive month amid the rising recession worries with many regions PMI decreased in November. However some economies have the sign of positive such as India, Mexico which are the potential place for movement of shifting manufacturing out of China.

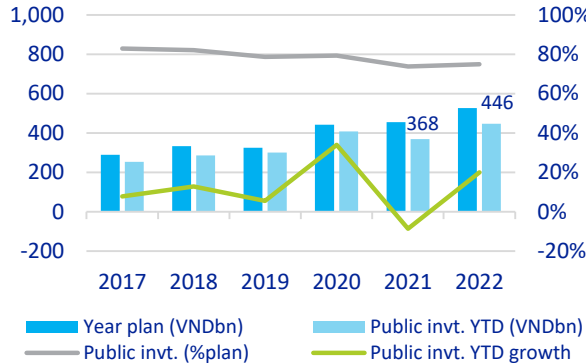
Total investment disbursement

Unit: VNDtn



Source: GSO, ACBS

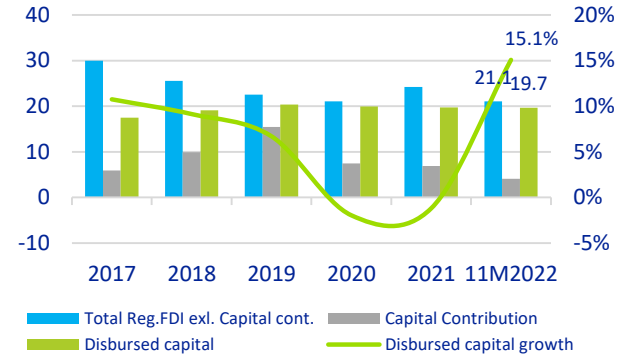
Public investment in 11M



Source: GSO, ACBS

FDI attraction by years

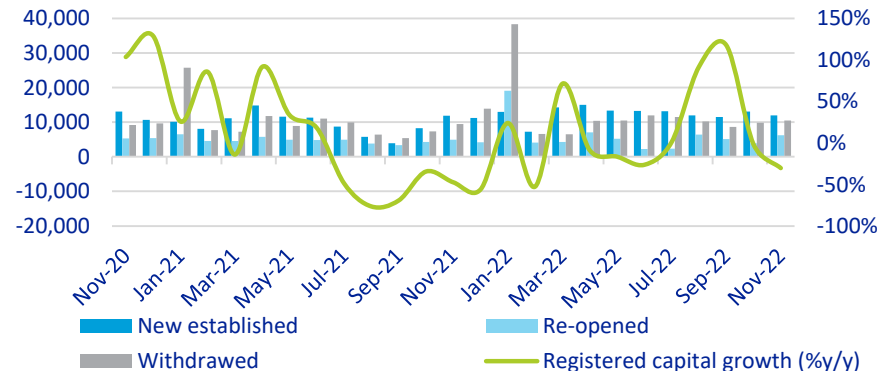
USDbn



Source: MPI, ACBS

- ❖ The total social investment increased by 18.1% y/y in the 3rd quarter, recording VND834 trillion, in which, the non-state sector continued to play the key role with its contribution of 58.9% in total capital compared with 56.2% in the 2nd quarter, FDI sector decreased their contribution to 15.1% and state sector contributed 26%.
- ❖ In November, Vietnam spent VND58.5 trillion on public investment, an increase of 20.4% y/y, completing 75% of the annual plan in 11 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.
- ❖ The private sector remained fairly stable in November, with new registered enterprises reached 11,943 (+0.3% y/y), reopened enterprises increased to 6,267 (+26%) and the number of enterprises withdrawing from the market increased slightly to 10,523 enterprises (+12% y/y) while the average registered capital fall by 30% y/y and registered employees down to 74 thousands, the lowest since February 2022.

Enterprises activities



Source: GSO, ACBS

Key projects in progress	Est. capital (VNDbn)	Implementation Progress
Long Thanh International Airport - Site clearance project	22,856	<ul style="list-style-type: none"> - As of 30 Sep '22, disbursed capital estimated of VND16,644bn, completed 73% total plan. - Estimated clearance 96% site.
Long Thanh International Airport - Construction project - Phase 1	109,111	<ul style="list-style-type: none"> - Started work on passenger terminal on 30 March '22, the second component project worth VND3,500bn on 29 Sep '22.
East North - South Expressway (period 2017-2020)	118,716	<ul style="list-style-type: none"> - By Mid Sep '22, accumulated disbursed capital estimated of VND40,360bn, completed 84.4% of total plan. - Site clearance: completed 99.9% - Construction: 1 component project completed, 4 projects on schedule, 6 projects behind schedule.
East North – South Expressway (period 2021-2025)	148,500	<ul style="list-style-type: none"> - Approved 12 components projects on July '22. - Preparing feasibility studies for 12 component projects. - Total allocated capital of VND47,168bn in the medium-term public investment in 2021-2025. Disbursed capital VND2.1tn as of end of Oct '22, fulfilling 24% of year plan.

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.

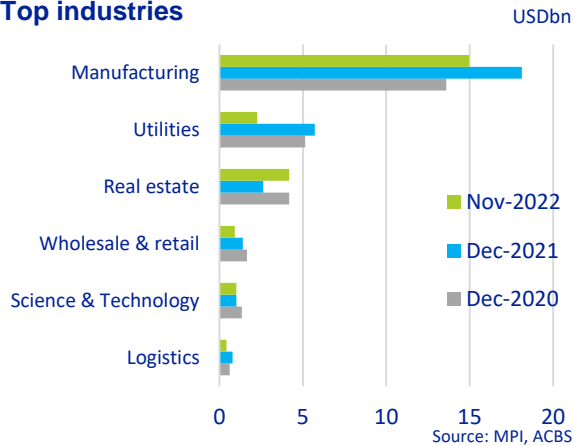
The Minister of Transport signed decisions of approving 12 components projects of the East North - South Expressway (period 2021-2025) on 13 July 2022.

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.

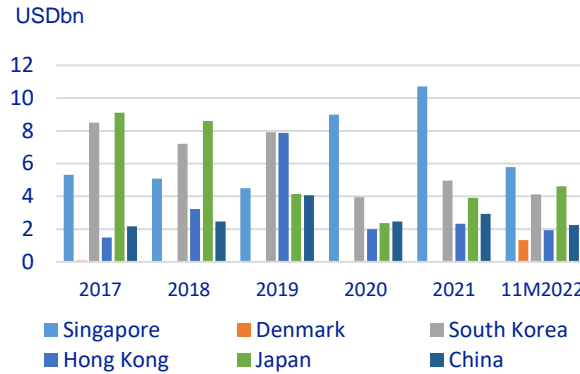
Vietnam's Ministry of Transport has approved a VND1.1 trillion (\$47.41 million) project to upgrade 411 kilometers of Nha Trang-Saigon section, a part of the North-South railway. This project is a part of the VND7 trillion railway package using state funds in 2021-2025.

Source: MoF, ACBS

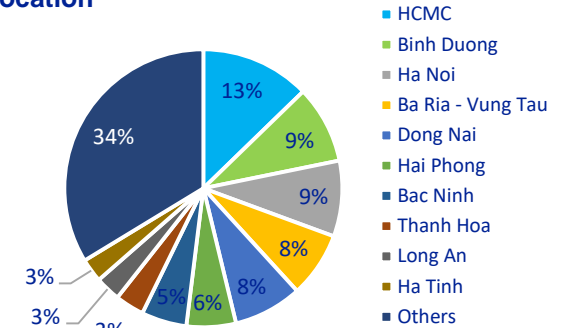
Top industries



Top counterparts



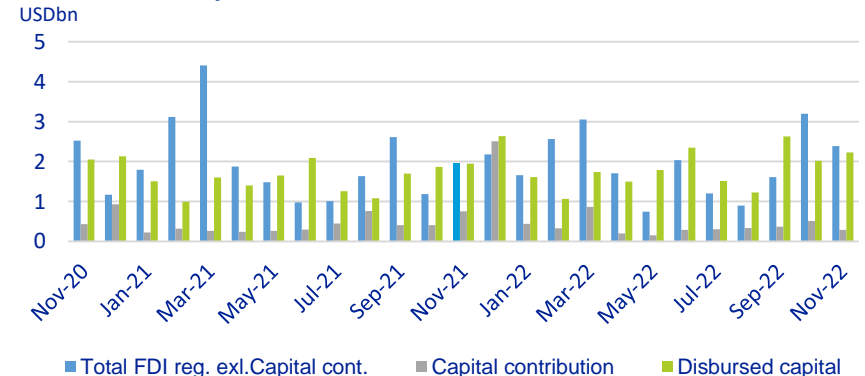
Accumulated FDI as of Nov 2022 by location



❖ Disbursed capital remained strong in November with US\$2.2bn (+14.4% y/y) bringing the 11 months figure to US\$19.7bn (+15%). Committed capital reached US\$2.7bn (-1.9% y/y) in November and US\$25.1bn (-5%) for 11 months. Although the registered capital down over last year but both the number of newly registered and additional capital projects rose by 14.9% and 13.3% respectively reflect the lower in scale of projects but quantity of investors keen on Vietnam is increasing.

❖ Singapore continued to be the biggest counterparts in first 11 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, Hai Phong are top 5 provinces FDI attraction in 11M2022, respectively.

FDI attraction by months



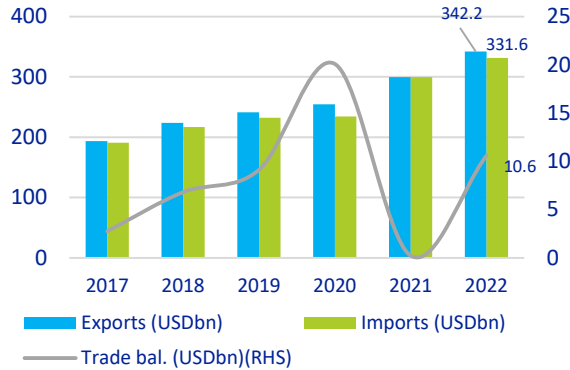
Source: MPI, ACBS

Major FDI projects in 2022

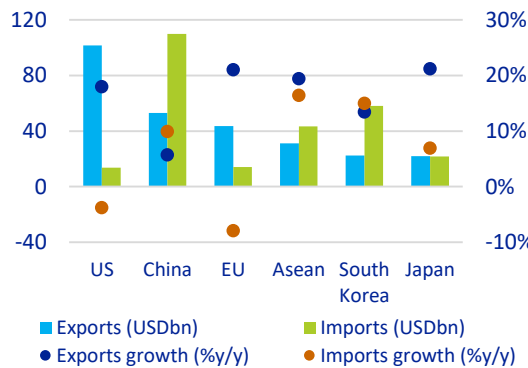
Projects	Industry	Location	Counterparts	Reg. capital (USDbn)	Certificate granted date
LEGO Manufacturing VietNam	Carbon-neutral factory to produce toy	Binh Duong	Denmark	1.32	Mar 2022
VSIP urban construction project	Urban areas and services	Bac Ninh	Singapore	0.94	Jan 2022 (Amended cert.)
Samsung's electro-mechanics project	Producing high-tech integrated components for electronic devices	Thai Nguyen	Korea	0.92	Feb 2022 (Amended cert.)
Samsung Electronics HCMC CE	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 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 maintain surplus

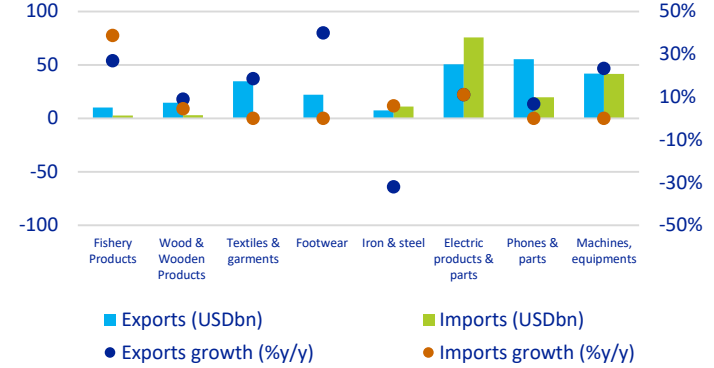
Foreign trade in 11M by years



Main EX-IM markets in 11M2022

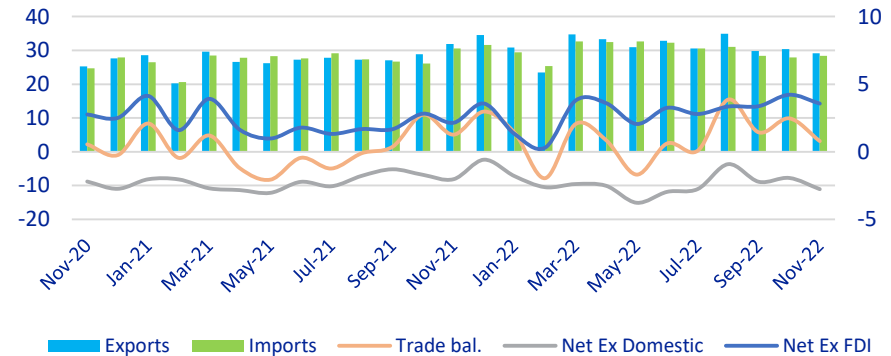


Main EX-IM items in 11M2022



- ❖ Foreign trade deteriorated in November with total import-export turnover reached US\$57.6bn (-1.2% m/m, -7.8% y/y). The trade balance posted a surplus in November of US\$0.78bn as exports hit US\$29.2bn (-3.9% m/m, -8.4% y/y) mainly in US and EU markets; imports increased slightly to US\$28.4bn (+1.8% m/m, -7.3% y/y).
- ❖ For 11 months, total import-export turnover up 12.5% y/y and posted a trade surplus at US\$10.6bn. The trade surplus recorded in US, EU markets and other markets like China, Asean, South Korea and Japan recorded trade deficits in 11 months of 2022.

Foreign trade by months (USDbn)



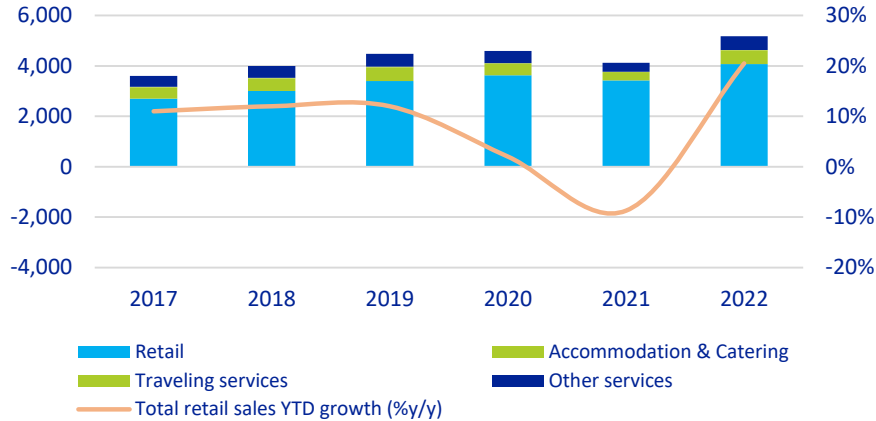
Foreign trade maintain surplus (cont'd)

USDm	2021	US	China	EU	ASEAN	Nov 2022	Growth y/y	11M2022	Growth y/y
By Product									
Total value	336,250	29%	17%	12%	9%	29,180	-8.4%	342,210	13.4%
Footwear	17,751	42%	9%	22%	2%	2,000	26.8%	22,125	39.9%
Cashew	3,639	29%	17%	19%	2%	458	39.1%	3,003	-10.1%
Wood and wooden products	14,809	59%	10%	4%	2%	1,100	-14.6%	14,587	9.0%
Garments	32,754	49%	4%	10%	5%	2,800	-8.0%	34,530	18.5%
Steel	11,795	12%	14%	16%	26%	414	-63.8%	7,359	-32.0%
Machines/Equipments/Tools/Instruments	38,344	46%	7%	11%	6%	3,800	-8.3%	41,968	23.3%
Telephones, Mobile Phones & Spare Parts	57,538	17%	26%	13%	3%	5,000	-6.3%	55,370	6.6%
Computers, Electric Products & Parts	50,829	25%	22%	12%	6%	3,900	-16.1%	50,522	11.0%
By Country									
US	96,293					8,140	-12.3%	101,500	18.0%
EU	40,122					3,740	-0.8%	43,500	21.0%
China	56,010					5,920	4.8%	53,000	5.7%
ASEAN	28,861					2,590	-8.2%	31,100	19.4%

Source: GSO, ACBS

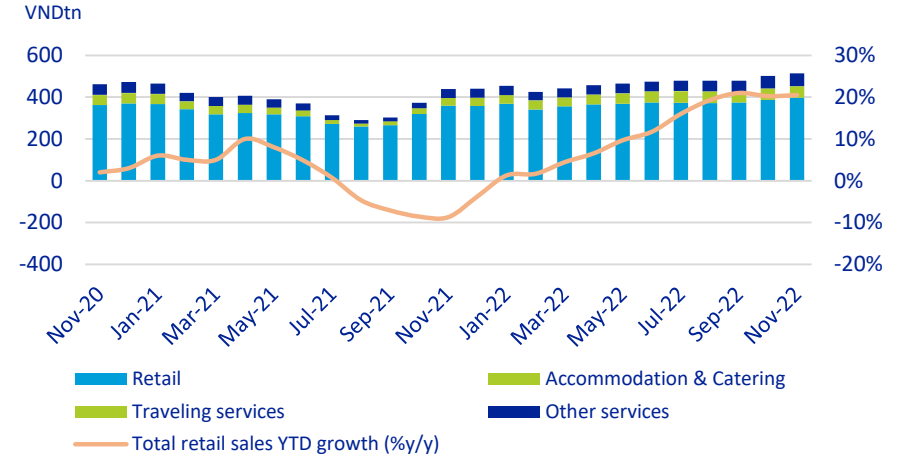
- ❖ Exports in November recorded negative growth for the first time in 13 months, mainly due to the decrease in Electronics-computers-components (-16% y/y in November) and Phones-components (-6.3%), whose key export markets are the US and China. Other items which have contributed to the decrease in exports include Machines-equipments-instruments (-8.3%), Garments (-8%), Wood-wooden products (-14.6%), where the US was the largest market of these item in 2021. The US and EU markets are facing with inflation and recessionary concerns given higher interest rates negatively impacting demand and a slowdown in the real estate market, while the COVID-19 pandemic and the zero-Covid policy has been hampering China's economy in recent years.
- ❖ Conversely, the exports of Footwear (+26.8%) and cashew (+39.1%), whose key markets are the US and EU, grew strongly in November and had a positive impact on total exports, especially in these markets.
- ❖ We expect that recent change of COVID-19 policy in China may push the country's demand in 2023 and positive impact to Vietnam's exports.

Retail sales of goods and services in 11M



Source: GSO, ACBS

Retail sales of goods and services monthly

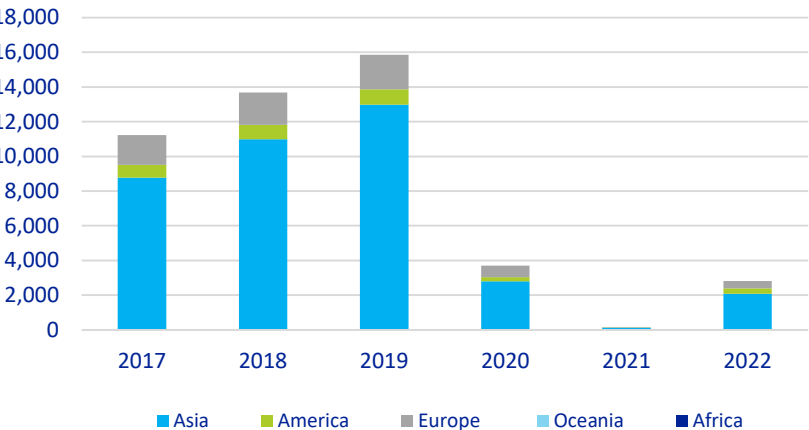


Source: GSO, ACBS

- ❖ Total retail sales of consumer goods and services increased to VND 514 trillion (+2.6% m/m, +17.5% y/y). In which, revenue of goods increased 10.7% y/y, accommodation and catering up 52%, traveling services surged 3 times and other services up 42%. For 11 months, the total retail sales were estimated at VND5,180tn, up 21% y/y. Revenue of cultural and educational items up 22.9% y/y, garments up 17.6%, transportation up 14%, food and food stuffs up 10.2%, household tools & equipment up 6.6%.
- ❖ Retail sales maintained its growth thanks the local and international travel is lifting up as the borders reopened to international visitors on March 15th 2022 and backlogged consumption needs suppressed during last two years. Although there are some sign of slowdown of retail sales growth in recent two months amid the downsizing production of many factories and companies affecting to consumption from labor forces, we maintain the expectation that retail sales could continue to increase for the rest of 2022 with the year end shopping season coming and continue to elevate in 2023 with international visitors maintaining the uptrend.

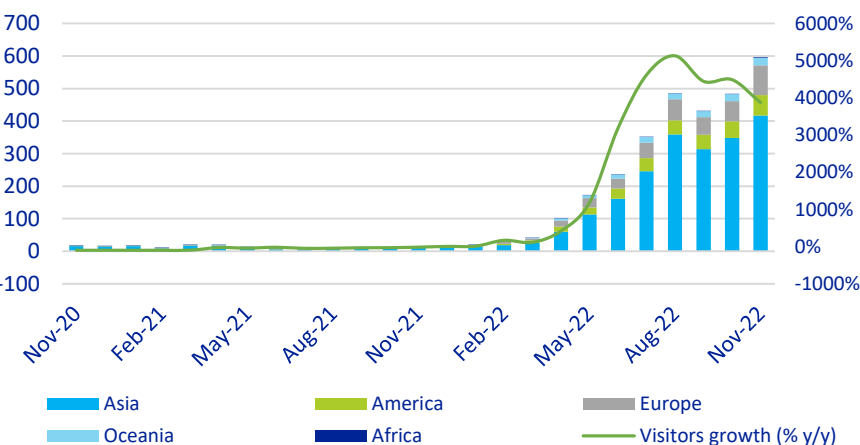
International visitors maintain the uptrend

International visitors in 11M (thsnd)



Source: GSO, ACBS

International visitors monthly (thsnd)

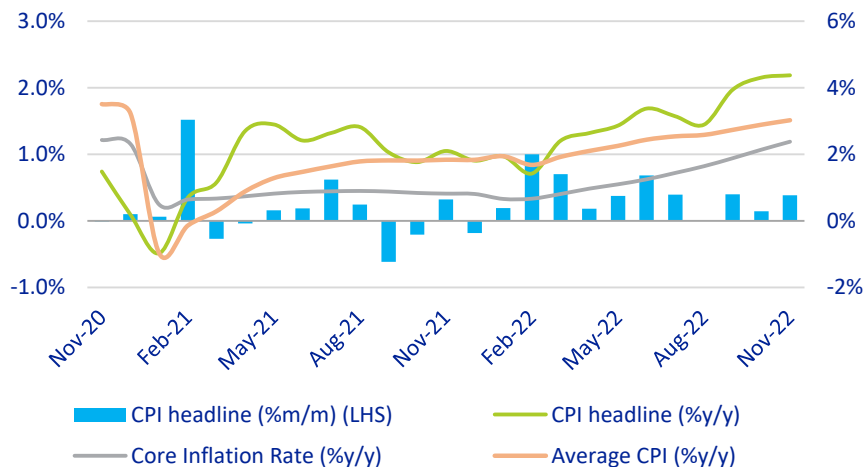


Source: GSO, ACBS

- ❖ In November, there were 597,000 international arrivals to Vietnam (+23% m/m, +38 times y/y). For 11 months, this number was 2,954,000 (+20 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, Thailand, Cambodia, Japan are the top nationalities of visitors to Vietnam in 11 months.
- ❖ International arrivals to Vietnam have been improving since the reopening of border in Q1 2022. The resumption of international travel would benefit 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



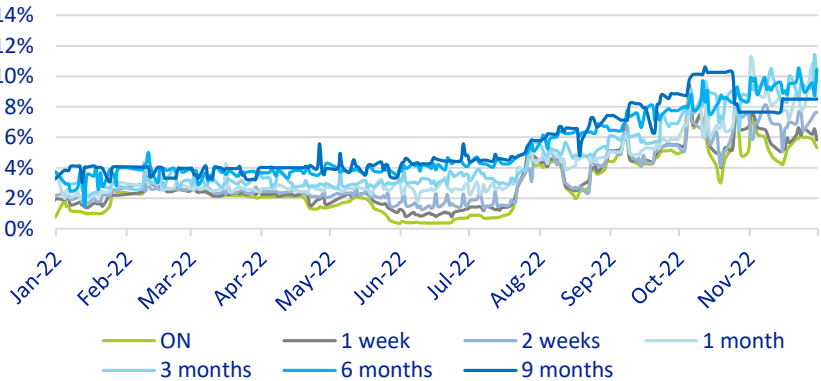
Source: GSO, ACBS

CPI Basket	Weight (%)	11/2022 (% m/m)	11/2022 (% y/y)	Avg 11M2022 (% y/y)
CPI headline	100.0	0.39%	4.37%	3.02%
Food and Foodstuffs	33.6	-0.07%	5.23%	2.31%
Food	3.7	0.59%	2.79%	2.39%
Foodstuff	21.3	-0.30%	5.12%	1.32%
Eating outside	8.6	0.22%	6.59%	4.78%
Beverage, cigarette	2.7	0.26%	3.54%	3.09%
Garment, footwear	5.7	0.22%	2.24%	1.56%
Housing and constrn. Materials	18.8	0.97%	5.96%	2.75%
Household appliances & goods	6.7	0.21%	2.61%	1.98%
Medicine, health care	5.4	0.06%	0.53%	0.39%
Transportation	9.7	2.23%	0.94%	12.37%
Postal services, Telecom.	3.1	-0.02%	-0.22%	-0.38%
Education	6.2	-0.63%	10.96%	0.81%
Culture, entertm't. & tourism	4.6	0.21%	4.98%	2.93%
Other goods, services	3.5	0.22%	3.08%	2.29%

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

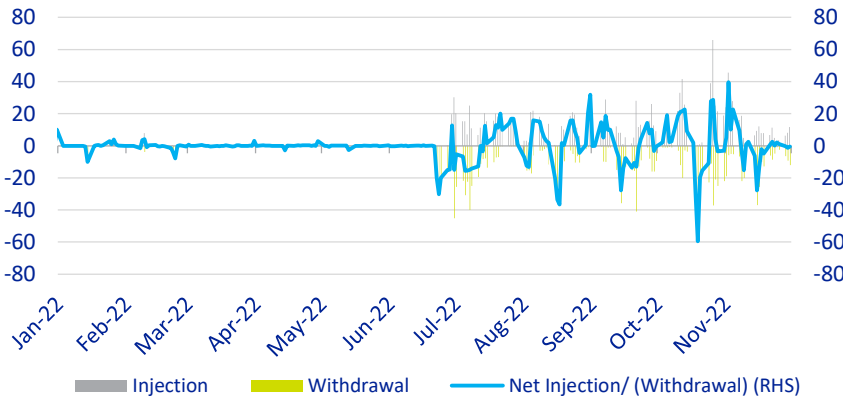
- ❖ The consumer price index (CPI) in November increased slightly by 0.39% over last month. In which, the Transportation sector was the highest contributor given the increases to petrol prices after months of decrease, the Housing and construction materials sector was also a main contributor to the CPI increase given the increasing rents and housing repair services rose given high material prices. Conversely, the Education prices decreased given the tuition fee supporting in Ha Noi city following to resolution no.17/2022/NQ-HDND dated September 12, 2022 and Foodstuff which price decreased thanks to stable livestock and farming activities are main items slowing the CPI increase in November.
- ❖ For 11 months, the average CPI increased 3.02% and still below the than CPI target of government for this year. The core CPI have sign of slightly increase with growth of 2.38% for 11 months, higher than the average of 1.61% in recent 5 years. However, compared with other peer countries and huge economies in the world, Vietnam CPI is still lower and rise slowly.

Interbank Rate



Source: FiinPro, ACBS

Net Injection/ (Withdrawal) from OMO (VNDtn)



❖ The SBV injected over VND26tn net via issuing VND156tn reverse repo and VND89tn T-bills come due while only VND50tn T-bills was issued and VND169tn reverse repo came due in November. The interbank rate was volatile across all tenors throughout November due to unstable liquidity of banking system, mainly in 3-6 months terms. 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.

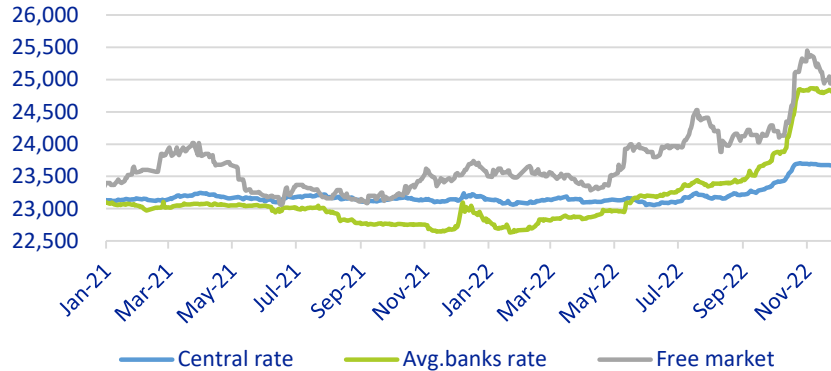
❖ We expect that maintaining low interest rates would be tough for the SBV as the FED is expected to continue to increase interest rates in the final meeting of 2022 in December and during 1H2023, which will put pressure on VND/USD exchange rate and the SBV will have to keep gap between the VND and USD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

Interbank Rate

Term	ON	1 weeks	2 weeks	1 month	3 months	6 months	9 months
End of Nov 2022 (%)	5.32	5.83	7.63	8.65	9.65	10.45	8.50
+/- MoM (bps)	22	-85	13	12	92	207	85
+/- YTD (bps)	459	390	547	485	597	671	524

USD/VND decreased as rising of US Dollar slowdown

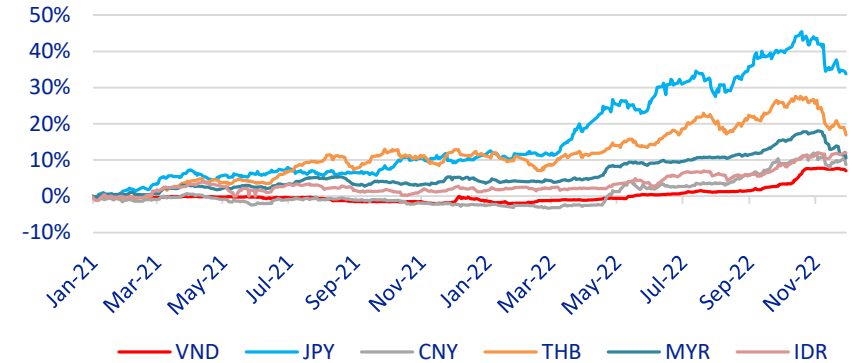
USD/VND exchange rate



Source: Fiin Pro, ACBS

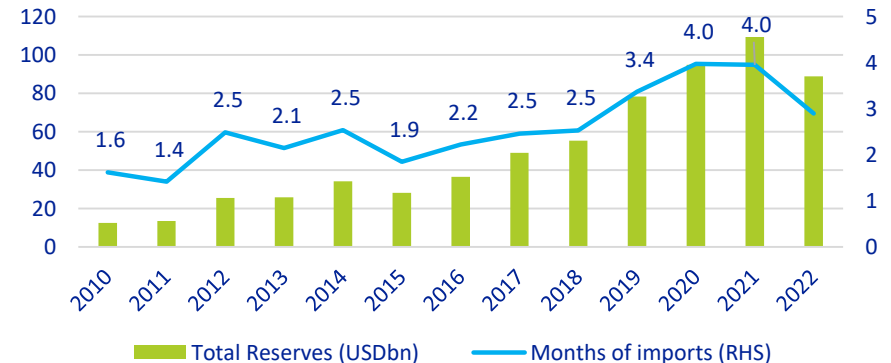
- ❖ The USD/VND rate cooled down in November with the rate at the Central bank (-0.13% m/m) and the average rate at banks (-0.55% m/m) decreasing in November as pressures from the strong USD eased with the DXY decreasing 5% in the month. In converse with last month, the SBV decreased the USD selling price three times in November from VND24,870 to VND24,840 with total decrease of VND30.
- ❖ Global gold prices surged 6.7% in November as the USD pared some of its gains from earlier in the year. Meanwhile, domestic gold prices just increased slightly to VND67.3m/tael (+0.5% m/m), which represents an high premium of c.29% to global prices.
- ❖ Foreign reserves have increased steadily in recent years and was at a safe level of approximate 17 weeks of imports as of 2021. It is estimated that the current import coverage reduced to c.13 weeks and maintain in a safe range to resist shock situations.

Monthly USD/VND and other currencies



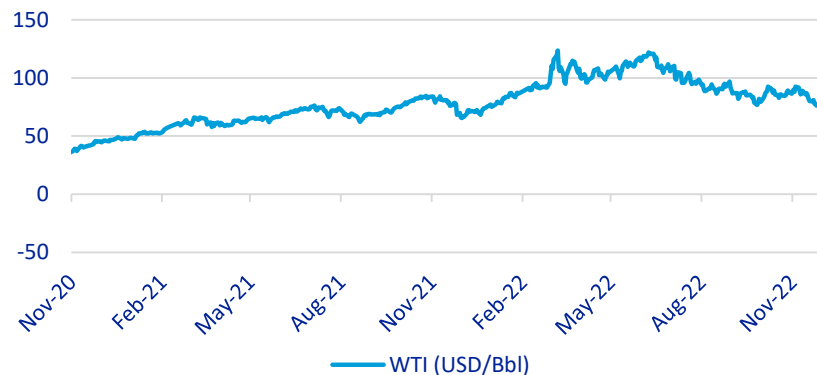
Source: Bloomberg, ACBS. Note: change relative to Dec 31, 2021

Vietnam foreign reserves in months of imports



Source: WB, ACBS. 2022: estimate figures

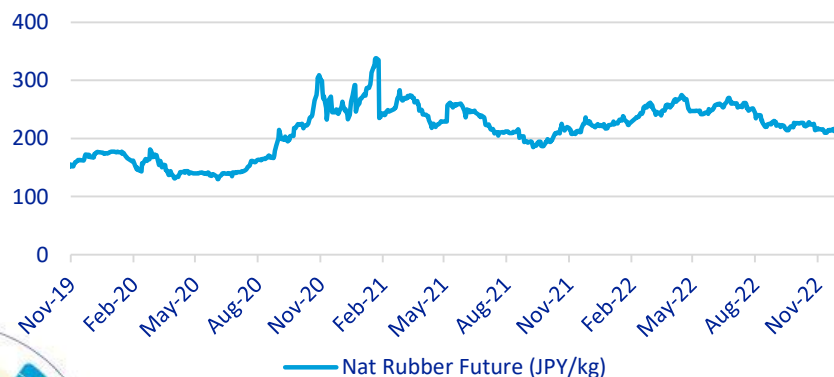
Crude Oil WTI



Source: Bloomberg

- ❖ Crude oil prices decreased by 6.9% in November given the widening recession worries after the economic indicators such as the PMI showing a diminishing global outlook and COVID-19 cases in China surged in last month, raising uncertainty about the reopening prospects for the world's second largest economy. The recent decision of EU on applying the ceiling prices for Russian oil products at US\$60/barrel on December 2nd has not had a material effect on the oil market much as the detail of proceeding is still in discussion. In addition, the OPEC+ decided to remain production in the meeting on December 4th, despite the expectation of cut production from this organization amid decreasing oil prices and dim outlook of China. We expect that the oil price will trading at US\$80/barrel in next months given recent development of pandemic in China and global recession worries are rising.

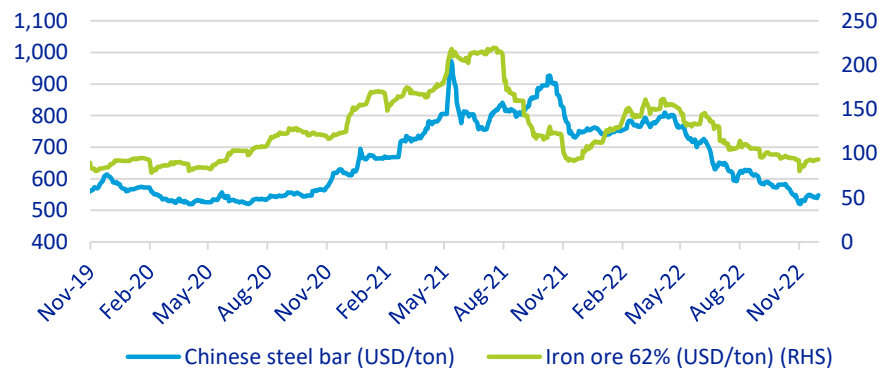
Natural rubber



Source: Bloomberg

- ❖ Natural rubber futures on the Tokyo Commodity exchange closed November at JPY215 and were flat over October's close given the slowdown of global economic growth after hiking interest rates to curb inflation and the shortage of chips dragging demand of rubber products like automotive parts have dampened the demand outlook. The outlook in the Chinese market is still uncertain with new COVID-19 cases on the rise, while some restrictions are being eased as a result of pressures from citizens over the continued harsh application of the zero-COVID strategy. We expect that rubber prices will face unfavourable conditions to bounce back as demand wanes and may move sideways in next months.

Steel rebar & Iron ore



Source: Bloomberg

- ❖ Steel prices on Chinese exchanges recovered slightly in November with HRC steel up 13.4% and rebar steel up 11.4% thanks to easing of many COVID-19 restrictions raise hope for further economic reopening in China. In the same direction, the iron ore prices in China surged by 29% in November thanks to expectation on higher demand after this economy reopening. Meanwhile, the steel prices in European and US were still in contraction due to dim economy outlook. Although many steel factories in Asia (including nearly half of blast furnaces in Tangshan steelmaking hub), Europe and US are in the annual maintenance period which may last until the 1st quarter of 2023 leading to the lower supply, the weak demand and low price of Russian steel to Asia can be a drag on steel prices when the prospect of reopening the Chinese economy is still uncertain.

Coking coal



Source: Bloomberg

- ❖ Coking coal prices in China maintained their recovery throughout November and closed the month up by 4% 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	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22
Industrial Production (% y/y)	8.7%	2.8%	9.2%	9.1%	11.1%	9.5%	9.1%	9.5%	13.3%	10.3%	5.5%	5.3%
Mining & quarrying	-7.1%	-1.7%	2.2%	7.5%	7.9%	3.9%	5.1%	-2.8%	7.5%	14.9%	12.1%	16.0%
Manufacturing	10.9%	2.9%	9.7%	9.7%	11.7%	11.0%	9.9%	11.1%	14.1%	9.6%	4.4%	4.4%
Prod & dist of electricity	9.1%	5.2%	11.9%	6.5%	8.6%	2.3%	5.5%	6.2%	12.3%	16.4%	9.3%	4.6%
Water supply & waste treatment	0.8%	4.1%	4.3%	-4.6%	2.7%	9.4%	6.3%	12.1%	5.9%	9.1%	14.4%	13.2%
PMI	52.5	53.7	54.3	51.7	51.7	54.7	54.0	51.2	52.7	52.5	50.6	47.4
Retail Sales (% y/y)	1.1%	1.3%	3.1%	9.4%	12.1%	22.6%	27.3%	42.6%	50.2%	36.1%	17.1%	17.5%
CPI (% m/m)	-0.2%	0.2%	1.0%	0.7%	0.2%	0.4%	0.7%	0.4%	0.0%	0.4%	0.1%	0.4%
CPI (% y/y)	1.8%	1.9%	1.4%	2.4%	2.6%	2.9%	3.4%	3.1%	2.9%	3.9%	4.3%	4.4%
Export Value (USDm)	34,592	30,845	23,417	34,712	33,317	30,918	32,843	30,607	34,918	29,817	30,369	29,500
Import Value (USDm)	31,623	29,449	25,381	32,663	32,468	32,616	32,233	30,533	31,059	28,388	27,903	30,000
Trade Balance (USDm)	2,970	1,396	-1,964	2,049	849	-1,698	610	74	3,859	1,429	2,466	-500
Disbursed FDI (USDm)	2,640	1,612	1,068	1,740	1,500	1,790	2,348	1,512	1,230	2,628	2,022	2,230
Registered FDI excl. Cap. Cont. (USDm)	2,181	1,658	2,568	3,050	1,710	742	2,032	1,203	899	1,610	3,197	2,387

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%	8.6%
Retail Sales	12.6%	10.6%	9.5%	10.2%	10.9%	11.7%	11.8%	2.6%	-3.8%	20.5%
Consumer Price Index	6.6%	4.1%	0.6%	2.7%	3.5%	3.5%	2.8%	3.2%	1.9%	3.0%
Export Value (USDbn)	132.03	150.22	162.02	176.58	215.12	243.70	264.34	282.53	336.25	342.44
Import Value (USDbn)	132.03	147.85	165.78	174.98	213.22	236.87	254.09	262.67	332.25	333.35
Trade Balance (USDbn)	0.00	2.37	-3.76	1.60	1.90	6.83	10.25	19.86	4.00	9.09
Disbursed FDI (USDbn)	11.50	12.35	14.50	15.80	17.50	19.10	20.38	19.98	19.74	19.68
Registered FDI (USDbn)	21.63	20.23	22.76	20.95	29.97	25.57	22.55	21.06	24.26	21.06

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	Sep-22	Oct-22	Nov-22	Sep-22	Oct-22	Nov-22
Indonesia	5.0%	5.4%	5.7%	6.0%	5.7%	5.4%	53.7	51.8	50.3
Malaysia	5.0%	8.9%	14.2%	4.5%	4.0%		49.1	48.7	47.9
Philippines	8.2%	7.4%	7.6%	6.9%	7.7%	8.0%	52.9	52.6	52.7
Singapore	3.8%	4.4%	4.4%	7.5%	6.7%				
Thailand	2.3%	2.5%	4.5%	6.4%	6.0%		55.7	51.6	51.1
Vietnam	5.1%	7.8%	13.7%	3.9%	4.3%	4.4%	52.5	50.6	47.4
China	4.8%	0.4%	3.9%	2.8%	2.1%		48.1	49.2	49.4
Hong Kong	-3.9%	-1.3%	-4.5%	4.4%	1.8%				
Taiwan	3.1%	3.1%	4.1%	2.8%	2.7%	2.4%	42.2	41.5	41.6
Japan	0.5%	1.6%	1.8%	3.0%	3.7%		50.8	50.7	49.0
South Korea	3.0%	2.9%	3.1%	5.6%	5.7%	5.0%	47.3	48.2	49.0
India	4.1%	13.5%	6.3%	7.4%	6.8%		55.1	55.3	55.7
United States	-1.4%	-0.6%	2.6%	8.2%	7.7%		52.0	50.4	47.7
Eurozone	5.4%	4.3%	2.1%	9.9%	10.7%	10.0%	48.4	46.4	47.1

- ❖ 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. There are some signals of slowdown of economic growth in industrial production given weakening global demand. We're keeping a cautious eye on industrial and trade figures, as there are some signs of deterioration as many advanced economies are facing growing recessionary concerns, which could affect Vietnam's growth outlook for 2023 if conditions worsen significantly. However, 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 services activities when the year end season coming. We maintain our projection of GDP growth in range of 7.8% - 8.4% for the whole year 2022 as details in next page.
- ❖ 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 GDP growth

Organization	2023 Outlook	2022 Outlook Latest projection	2022 Outlook Previous projection
World Bank	6.7% (Aug 2022)	7.5% (August 2022)	5.3% (April 2022)
International Monetary Fund	5.8% (Nov 2022)	6.0% (July 2022)	6.05% (April 2022)
The Asian Development Bank	6.7% (Sep 2022)	6.5% (Sep 2022)	6.5% (July 2022)
Fitch Ratings	6.3% (Mar 2022)	7.4% (Oct 2022)	6.1% (March 2022)
Moody's		8.5% (August 2022)	6.3% (April 2022)
S&P	6.5%-7% (May 2022)	6.9% (May 2022)	
Standard Chartered Bank	7.2% (Oct 2022)	7.5% (Oct 2022)	6.7% (July 2022)
HSBC	6.3% (Jul 2022)	7.6% (Oct 2022)	6.9% (July 2022)
United Overseas Bank		8.2% (Oct 2022)	7.0% (July 2022)
ACBS	5.5% - 6.5% (Dec 2022)	7.8% - 8.4% (Oct 2022)	6.8% - 8.5% (July 2022)

Favourable Scenario

Key assumption:

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

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

Less Favourable Scenario

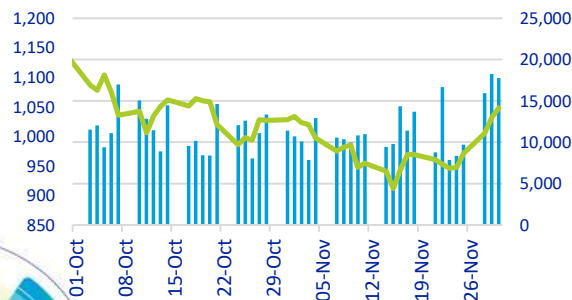
Key assumption:

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

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

Stock market recap in November

Statistics	Nov 2022		11M2022	
Bloomberg Code	VNIndex		VNIndex	
Range (pts)	874 - 1048		874 - 1536	
Month End Index (pts)	1,048.4		1,048.4	
Month End Mkt cap (VNDbn)	4,214,327		4,214,327	
Month End Mkt cap (USDbn)	169.9		169.9	
Daily Avg Value (VNDbn)	11,652		17,444	
Gainers	161		57	
Laggards	243		359	
Net Foreign Trade (USDbn)	0.643		0.564	
Foreign Participation	14.0%		8.2%	
Performance (%)	1M	3M	6M	12M
VNIndex	2.0	-18.1	-18.9	-29.1
VN30	2.2	-19.4	-21.3	-31.8



The market experience an dramatic trading month when the VNIndex fall to the 2-years bottom at 874 points before spectacular rebound by 69 points on 16 November. The index surpassed 1,000 points level easily and increased by a total of 174 points within two last weeks of November thanks in part to the inflows from foreign investors as many stocks reached the historical low valuation and sentiment picked up on belief that solutions to the credit issues plaguing the market will come sooner than later. The overall VNIndex liquidity improved slightly by 0.5% while VN30 basket have high growth in average trading value with increase of 20% over last month. The foreign investors bought net value of US\$643m, the highest net buying since May 2018, reversing the YTD net value to net buying at US\$564m. The Vietnamese market is continuing to attract attention from foreign investors as the MarketVector Indexes launched the new index for the Vietnamese market on November 22nd, the MarketVectorTM Vietnam Local Index (ticker: MVMNML), which tracks the performance of local Vietnamese companies. The market kept their eyes on the Fubon FTSE Vietnam ETF which approved the 4th capital mobilization with the total of US\$160m equivalent to VND4,000bn on 23 November and have target to VN30 basket and large capitalization stocks.

Two of the most visible real estate companies on the market that have been caught up in the credit crunch, NVL and PDR showed signs of resuscitation in the closing days of the month; after long stretches of hitting the limit down (-7%) for NVL (16 consecutive days) and PDR (17 days), both closed the month with 2 consecutive days hitting the daily limit up, but still closed month with a decrease by 67% and 69%, respectively, and were the top laggards of VNIndex in November. The top leaders of the index were stocks in VN30 basket, VIC, VHM, VCB... Amid domestic liquidity worries, some enterprises received new capital from abroad like VPBank which received disbursement of US\$150m loan from IFC for SMEs, Masan Group which received a syndicated loan of US\$600m arranged by BNP Paribas, Credit Suisse, HSBC, and Standard Chartered Bank. Retail conglomerate Mobile World (HOSE: MWG) announced a decline in profit of this year by about 10% amid worries about sluggish demand affected by global recession worries. Meanwhile, Vinfast, a member of Vingroup shipped its first batch of 999 electric vehicles to US market after months of effort to stop gasoline cars to conquer the electric vehicle market.

Top gainers & laggards for November 2022

Top 5 gainers	Avg Daily Trading Value (%m/m)	1M return
Health Care Equip. & Services	42.0%	15.3%
Real Estate	18.8%	12.3%
Diversified Financials	9.8%	9.7%
Banks	-0.6%	8.9%
Food, Beverage & Tobacco	-15.4%	6.6%
Top 5 laggards	Avg Daily Trading Value (%m/m)	1M return
Technology Hardware & Equip.	-24.8%	-28.6%
Retailing	-21.3%	-15.2%
Media & Entertainment	48.2%	-14.9%
Consumer Services	-7.8%	-7.6%
Commercial & Prof. Services	-56.3%	-7.0%

Top gainers & laggards for 11M2022

Top 5 gainers	Avg Daily Trading Value (%m/m)	YTD return
Utilities	-8.4%	5.3%
Commercial & Prof. Services	-56.3%	0.9%
Software & Services	13.3%	0.1%
Consumer Durables & Apparel	11.5%	-1.0%
Food, Beverage & Tobacco	-15.4%	-5.7%
Top 5 laggards	Avg Daily Trading Value (%m/m)	YTD return
Telecommunication Services	-76.4%	-70.1%
Diversified Financials	9.8%	-57.8%
Media & Entertainment	48.2%	-51.1%
Materials	0.6%	-42.9%
Energy	-34.9%	-37.5%

- ❖ Despite the poor start to the month, the four largest sector by market cap all posted positive return in November. The three largest capitalization sectors, banks, real estate and F&B, presented in top gainers in November along with Diversified financials. These sectors also received highest inflows of foreign investors with net buying over VND1,000bn. Materials also witnessed net buying of this investor group mainly in HPG, DPM, DCM.
- ❖ Conversely, Retailing was among the top laggards in month combined with lower liquidity, mainly due to worries on weak demand and higher interest rates could impact to revenue and profit of retailers.
- ❖ With the rebound of markets, some sectors have regained the positive price returns in this year so far such as Utilities, Commercial & Prof. Services and Software & Services.

Month end HOSE composition and valuation

Sector	No. of tickers	Mkt cap (VNDtn)	Index weight	1M return	YTD return	P/E	P/B	ROA	ROE	Avg trading value (%m/m)	Net foreign flows 1M (VNDbn)	Net foreign flows YTD (VNDbn)
Banks	17	1,420.0	33.9%	8.9%	-16.0%	9.72	1.84	1.92%	21.20%	-0.6%	2,721.2	6,055.5
Real Estate	50	844.2	20.3%	12.3%	-25.2%	92.90	2.23	4.99%	11.66%	18.8%	4,341.9	-2,317.2
Food, Beverage & Tobacco	32	527.4	12.7%	6.6%	-5.7%	18.72	4.74	12.98%	27.15%	-15.4%	1,793.2	962.0
Utilities	28	321.2	7.7%	0.6%	5.3%	14.84	2.92	13.87%	21.80%	-8.4%	530.8	641.2
Materials	64	283.5	6.8%	-0.8%	-42.9%	9.62	1.22	15.62%	22.50%	0.6%	1,995.0	-1,240.3
Capital Goods	76	158.0	3.8%	-3.1%	-36.9%	17.06	1.37	5.72%	15.30%	-0.6%	507.0	2,774.2
Transportation	28	152.2	3.6%	-2.8%	-20.2%	404.00	2.58	4.43%	11.60%	-22.9%	404.4	428.7
Diversified Financials	17	94.9	2.3%	9.7%	-57.8%	20.51	1.26	5.41%	13.30%	9.8%	1,499.1	-759.4
Software & Services	3	88.6	2.1%	-0.1%	0.1%	16.18	3.99	9.75%	27.27%	13.3%	42.4	559.7
Retailing	9	80.6	1.9%	-15.2%	-26.3%	12.65	2.87	8.71%	25.29%	-21.3%	209.9	1,947.2
Energy	9	56.2	1.4%	3.8%	-37.5%	33.90	1.36	1.78%	4.70%	-34.9%	537.9	1,572.0
Insurance	5	46.9	1.1%	-1.4%	-9.6%	18.33	1.55	1.70%	9.24%	-14.0%	145.5	205.0
Consumer Durables & Apparel	17	44.5	1.1%	5.4%	-1.0%	13.00	2.71	13.72%	23.14%	11.5%	28.7	596.9
Pharma, Biotech & Life Sciences	10	27.6	0.7%	0.1%	-15.1%	13.74	2.34	14.86%	18.47%	-4.6%	14.1	156.0
Automobiles & Components	6	7.5	0.2%	-5.3%	-6.2%	12.17	1.72	7.56%	15.45%	115.0%	4.9	21.7
Technology Hardware & Equip.	1	7.2	0.2%	-28.6%	-35.2%	8.33	3.22	16.43%	46.13%	-24.8%	32.6	-43.7
Consumer Services	8	5.7	0.1%	-7.6%	-20.7%	73.89	3.21	4.43%	6.06%	-7.8%	15.9	53.4
Commercial & Prof. Services	6	5.4	0.1%	-7.0%	0.9%	8.12	1.56	16.85%	21.53%	-56.3%	34.9	-249.3
Health Care Equip. & Services	3	2.4	0.1%	15.3%	-32.1%	15.00	1.77	8.08%	14.02%	42.0%	66.9	435.0
Unclassified	9	1.7	0.0%	-3.2%	-42.7%	9.01	0.54	3.34%	5.66%	61.6%	0.2	9.6
Telecommunication Services	1	1.6	0.0%	-5.0%	-70.1%	4.47	0.80	3.80%	19.74%	-76.4%	0.0	-1.0
Household & Personal Products	1	1.3	0.0%	-5.1%	-12.0%	6.08	1.67	20.33%	30.88%	86.8%	0.4	-9.0
Media & Entertainment	2	0.9	0.0%	-14.9%	-51.1%	9.16	1.52	13.02%	20.84%	48.2%	-1.0	-68.4
VNIndex	421	4,214.3	100.0%	2.0%	-30.0%	10.98	1.68	2.50%	15.44%	0.5%	15,975.3	13,990.9
VN30 Index	30	3,020.4	71.7%	2.2%	-31.1%	10.98	1.68	2.50%	15.44%	19.6%	11,361.8	889.6

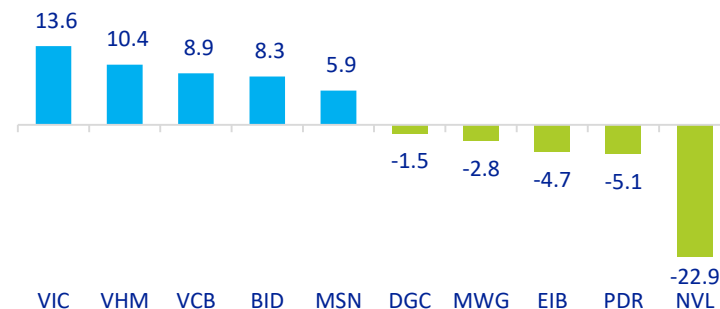
Source: Bloomberg, ACBS

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

Ticker	Company name	Market Cap. (VNDtn)	1M return	YTD return	P/E	P/B	Remaining foreign room
VCB	Vietcombank	383.3	13.1%	2.8%	14.5	3.0	6.4%
VIC	VinGroup	265.4	25.0%	-26.8%	324.8	2.4	35.7%
VHM	Vinhomes	237.3	21.4%	-31.6%	7.5	1.7	26.4%
GAS	PetroVietnam Gas	210.9	1.1%	17.7%	15.6	3.7	46.0%
BID	BIDV	207.9	21.6%	10.8%	12.8	2.2	12.8%
VNM	Vinamilk	173.0	6.2%	0.8%	19.6	5.6	44.2%
MSN	Masan Group	145.2	21.6%	-27.9%	15.1	5.7	18.9%
CTG	VietinBank	131.0	13.3%	-19.6%	8.4	1.2	2.6%
SAB	SABECO	115.4	-3.3%	21.8%	21.0	4.7	37.3%
VPB	VPBank	112.8	2.8%	-29.6%	6.1	1.2	0.0%
HPG	Hoa Phat Group	107.0	9.5%	-47.6%	6.0	1.1	28.9%
TCB	Techcombank	91.1	6.1%	-48.2%	4.3	0.8	0.0%
BCM	Becamex IDC Corp.	83.6	-1.2%	27.3%	44.9	4.8	46.0%
FPT	FPT Corp	81.8	-0.5%	-1.7%	15.5	4.1	0.0%
MBB	MBBank	78.9	-1.4%	-27.7%	4.5	1.1	0.0%
ACB	Asia Commercial Bank	74.6	-0.9%	-19.9%	5.6	1.3	0.0%
VRE	Vincom Retail	69.4	28.9%	1.5%	33.6	2.1	16.8%
MWG	Mobile World Investment	64.5	-17.1%	-34.7%	12.7	2.8	0.0%
SSB	SeABank	61.5	-2.6%	-15.2%	15.3	2.4	4.8%
GVR	Viet Nam Rubber Group	56.8	-2.1%	-60.5%	13.1	1.1	12.5%

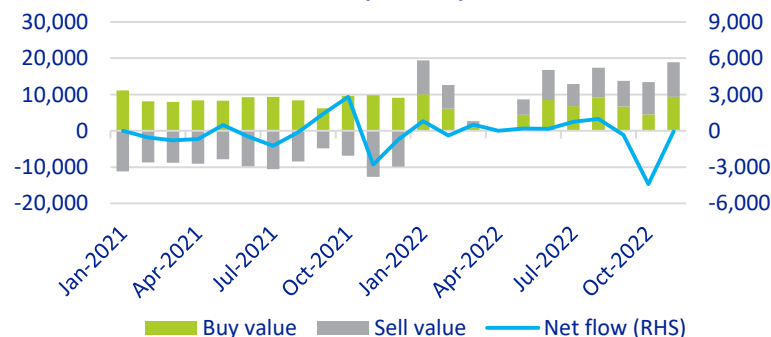
Source: Bloomberg, FiinPro, ACBS

Top contributors on VNIndex in Nov 2022



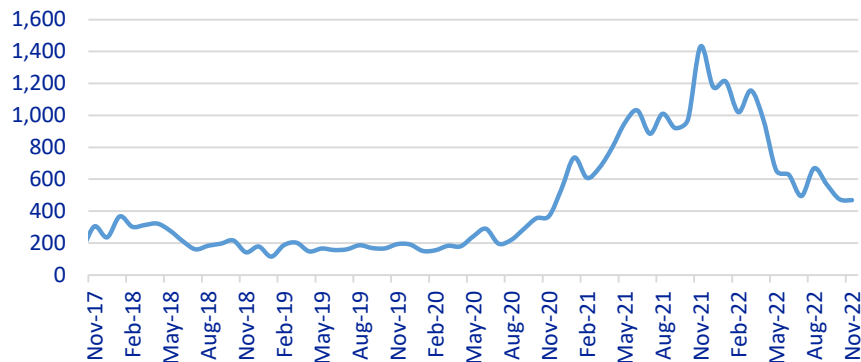
Note: Index impact (pts)

Net brokerage prop trading value into VNIndex (USDbn)



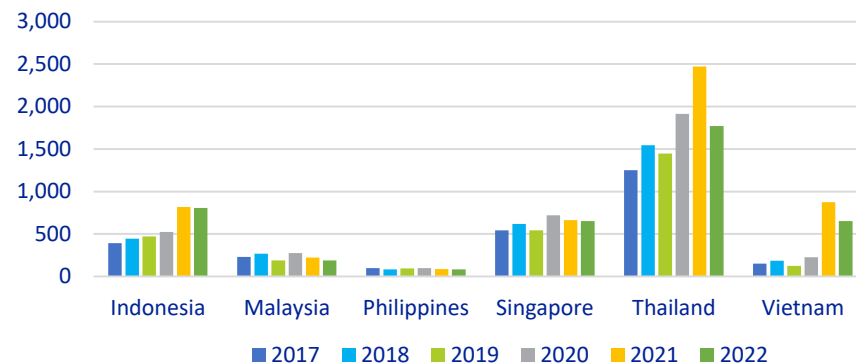
Source: FiinPro, ACBS

Average Daily Turnover (USDm)



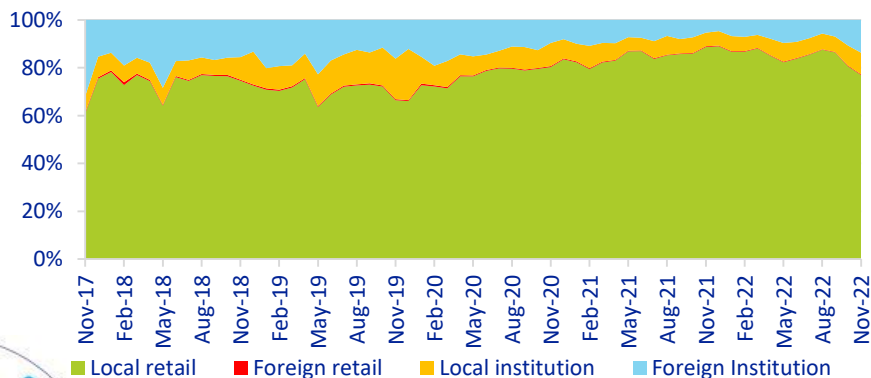
Source: Fiin Pro, ACBS

Average Daily Turnover of ASEAN markets (USDm)



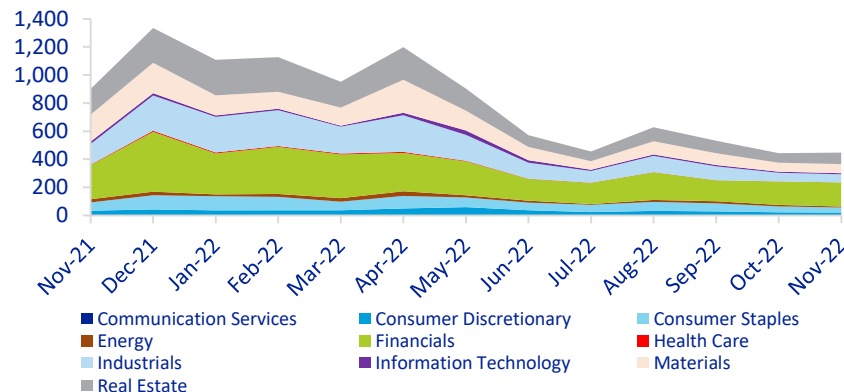
Source: Bloomberg, ACBS

Market Turnover by Investors



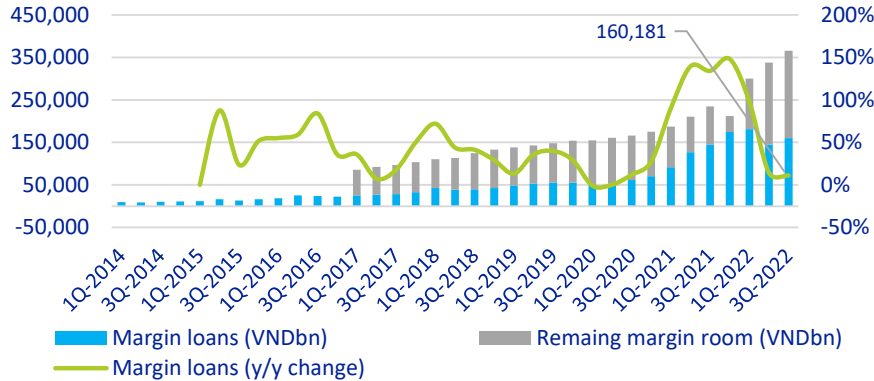
Source: Fiin Pro, ACBS

Average Daily Turnover by Sector (USDm)



Source: Fiin Pro, Bloomberg, ACBS

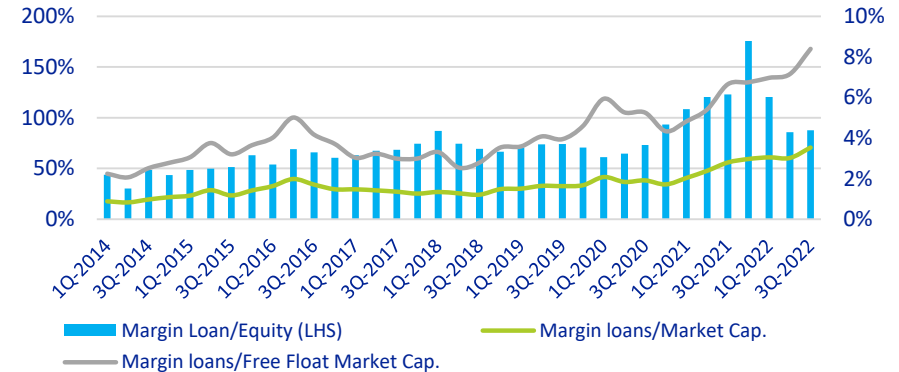
Margin outstanding



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

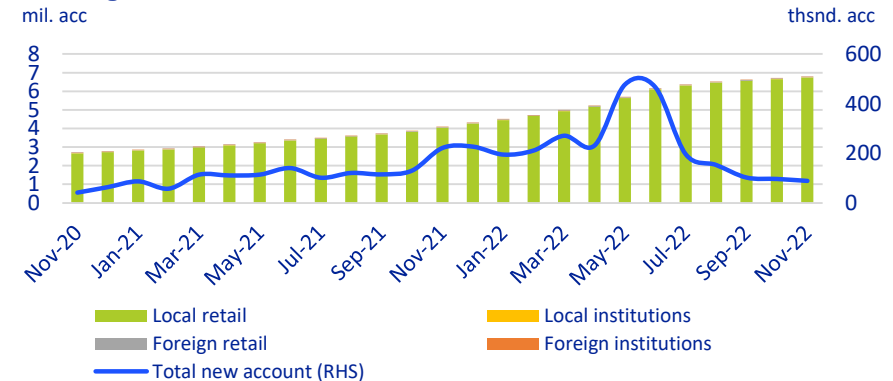
- ❖ Market-wide margin loans outstanding bounced back in the third quarter and was estimated at VND 160 trillion at the end of September, increase by 11% over end of 2nd quarter. The margin loans to free float market capitalization rose to about 8.4% but the overall liquidity is still low reflecting that margin lending may be using as an alternative source of funds amid the tight lending room from banks and bond market is quiet. In recent two months, many brokers flexibly rose their interest rate for margin loans by 100-200 bps or more after the hike interest rate of SBV by total of 200 basis points.
- ❖ New trading accounts opened in November continued to drop with 88,695 new accounts mainly driven by individual domestic investors. Newly opened accounted decreased by 8.2% m/m and 60% y/y. Generally, there are 6.8 million accounts as of November 30, 2022, of which, 36.5% have been opened just this year alone.

Margin leverage



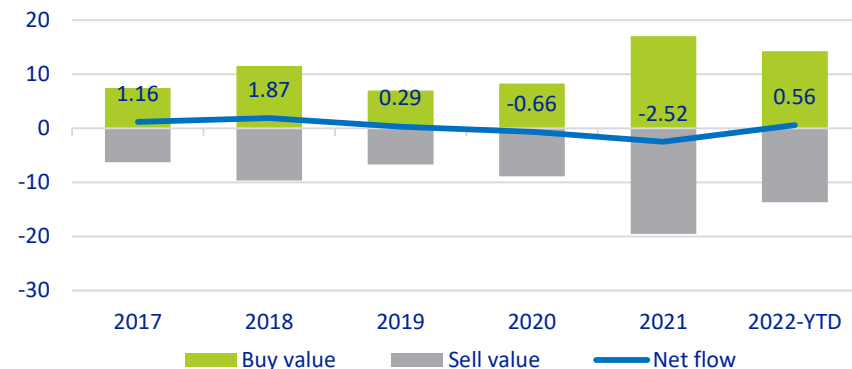
Source: Fiin Pro, Bloomberg, ACBS

Trading account



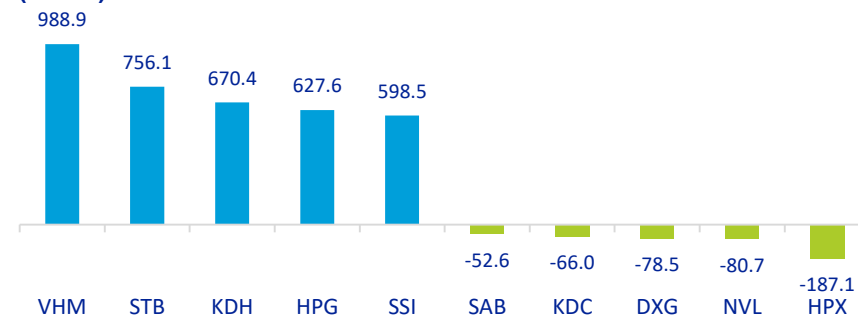
Source: VSD, ACBS

Net foreign flow into VNIndex (USDbn)



Source: FiinPro, ACBS

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



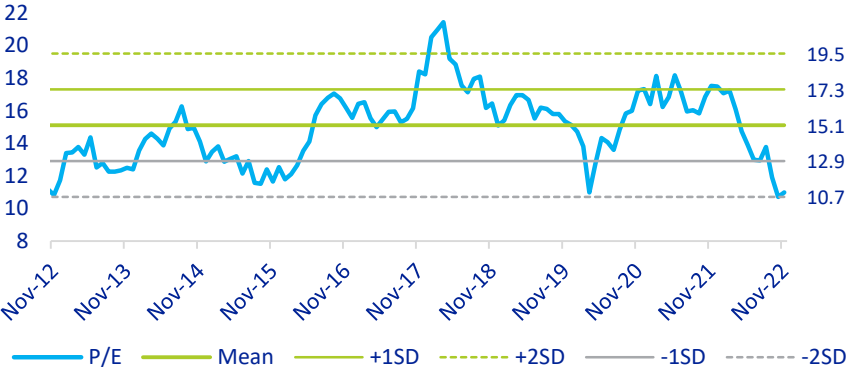
Source: FiinPro, ACBS

- ❖ Foreign investors reversed to net buying in November with the highest net buying since June 2020 at VND15,900bn equivalent to US\$643m and flipping the YTD net flows to net buyer of US\$564m. The inflows were highest in Real Estate, Banks, Materials, F&B and Diversified Financials.
- ❖ Many Asian markets also saw strongest inflows of foreign investors in recent two years given expectation that the Fed could hike interest rate smaller and the rising of USD is slowdown in recent weeks. Additionally, the hope on China reopening their economy as many Covid-19 restrictions easing could positive impact to trading activities of regional economies with this giant countries and lifted market sentiment.

Markets	Net foreign flow 1M (USDbn)	Net foreign flow YTD (USDbn)	Market Cap. (USDbn)	Net foreign flow YTD as % market cap
Vietnam	0.64	0.56	169.9	0.33%
Indonesia	0.05	5.61	610.8	0.92%
Malaysia	-0.06	1.41	223.5	0.63%
Philippines	0.10	-1.14	166.7	-0.68%
Thailand	0.85	5.59	562.0	0.99%
Taiwan	6.48	-41.12	1,501.5	-2.74%

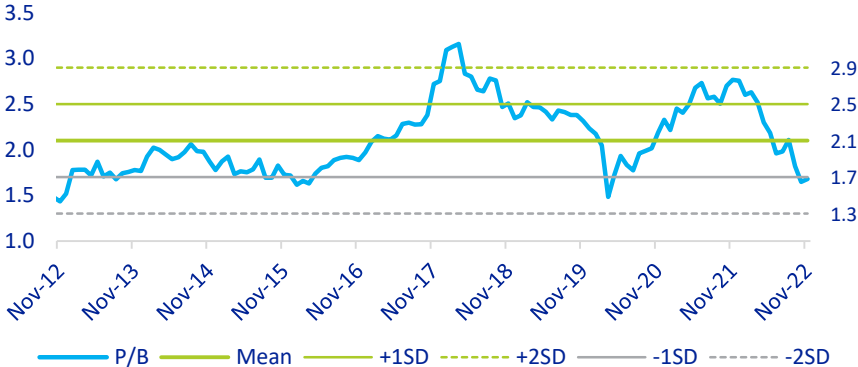
Source: Bloomberg, FiinPro, ACBS

P/E of VNIndex for 10 years



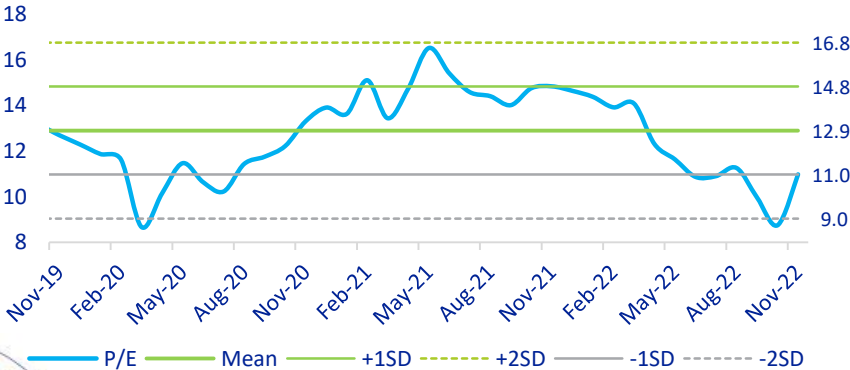
Source: Bloomberg, ACBS

P/B of VNIndex for 10 years



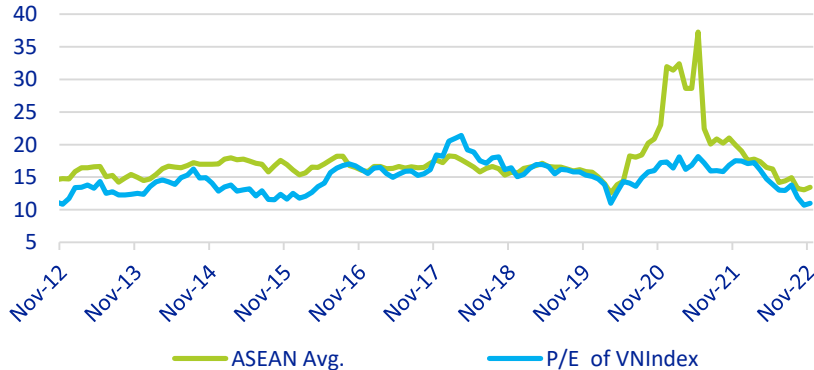
Source: Bloomberg, ACBS

P/E of VN30 for 3 years



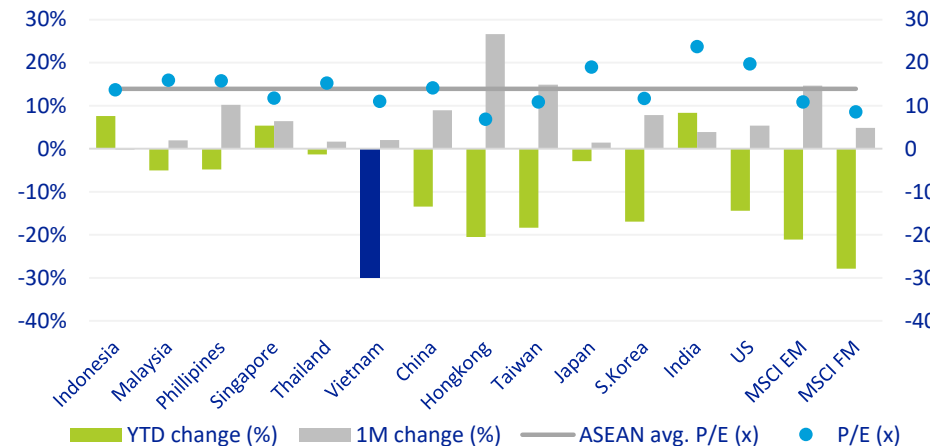
Source: Bloomberg, ACBS

P/E of VNIndex and regional peers average



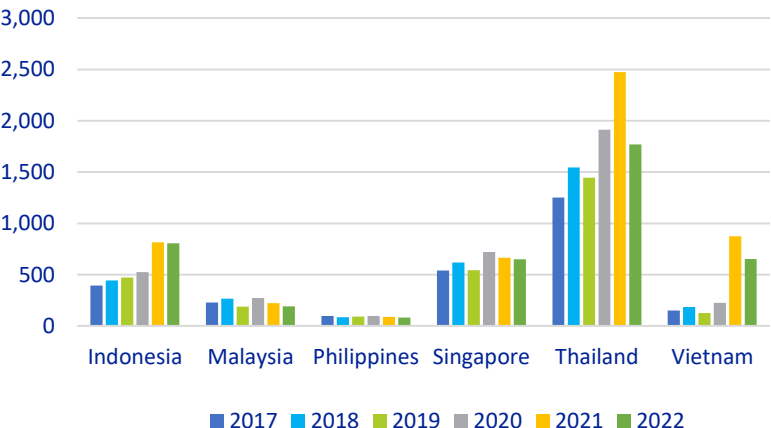
Source: Bloomberg, ACBS

Index comparison



Source: Bloomberg, ACBS

Average Daily Turnover of ASEAN markets (USDm)

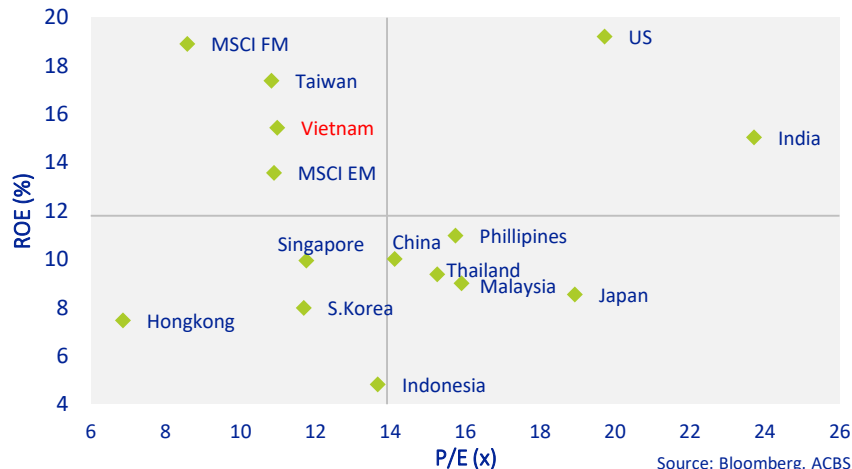


Source: Bloomberg, ACBS

- ❖ Many stock markets surged in November as central banks signaled that there will be a slowdown in the rate of tightening monetary policies. Moreover, the hope of the reopening of the Chinese economy lifted the stock markets of Hong Kong, Taiwan and China. Some Asian markets like Singapore, Indonesia, India have regained positive returns so far this year.
- ❖ 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



Expected market valuation



- ❖ The current P/E of VNIndex is at 11x, lower than the average of 13.9x of ASEAN markets and other Asian market like South Korea, Japan, India. Regarding to return of equity assessment, VNIndex is among the highest ROE compared with others in our watch list. We expect that the EPS growth for 2022 of VNIndex will be 19.6% and for 2023 will be 8.5% bringing the F.P/E to 10.2 for 2022 and 9.4 for 2023, lower than the average of ASEAN market and bring the attraction valuation for investors to accumulate at relatively low valuations.

Country	Nov '22 P/E (x)	'22E EPS growth (%)	'22 F. P/E (x)	'23E EPS growth (%)	'23 F.P/E (x)
Vietnam (*)	11.0	19.6%	10.2	8.5%	9.4
Average	13.9	22.6%	13.8	12.1%	12.3
Indonesia	13.7	65.0%	14.0	19.1%	11.8
Malaysia	15.9	-2.8%	14.7	11.8%	13.1
Philippines	15.7	26.9%	15.8	16.0%	13.6
Singapore	11.8	17.9%	12.1	12.1%	10.8
Thailand	15.3	9.1%	15.8	5.0%	15.0

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

- ❖ In the short term, we're seeing encouraging signs that the market has pivoted and sentiment has been turning more positive. When the markets hit the lowest point on November 16th, at an intraday low of 873.78 points (-15% MTD), the VNIndex staged a dramatic turnaround to close the month with a gain of 2%. In addition to the monthly gain, there were several more encouraging signals including a jump in liquidity in the second half of the month and foreign investors were very active, deploying a net buy of c. 650m USD in the month. There are also signs that margin selling pressures have eased, two of the stocks that were reportedly under the most margin pressure, NVL and PDR, finally broke their streak of closing at the daily limit down (-7%), ending the month with 2 consecutive sessions at the daily limit up (+7%), while trading volumes in the names surged significantly. We're keeping a cautious eye on industrial and trade figures, as there are some signs of deterioration as many advanced economies are facing growing recessionary concerns, which could affect Vietnam's growth outlook for 2023 if conditions worsen significantly. Market valuations ticked up from the low of 9.5x p/e seen at the close on Nov 15th, but remain at a deep discount to historical averages (-30% from the 3 yr avg and -29% from the 10 yr avg) and could provide longer term investors to accumulate positions at attractive valuations. In the near future, we expect that Retail, Food & Beverage and Transportation could benefit from local retail sales growth when the year end festival season coming.
- ❖ For the longer-term outlook, we believe that the Vietnamese listed markets are well positioned to continue to develop along side the economy in general. The growing concerns of recessions taking hold in advanced economies would have an impact on Vietnam, given its integration into global supply chains (trade accounts for c. 220%+ of GDP), however the domestic fundamentals should shield Vietnam from the worst of the global downturn. 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 financial 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.
- ❖ The global macro issues that have wreaked havoc on markets for most of 2022 are looking to be subsiding. High inflation rates are starting to show signs of plateauing, major commodities prices are retreating from highs earlier in the year and there are expectations that central banks will slow the pace of rate hikes as we close 2022 and move into 2023. An improved outlook has lead to expectations of a soft pivot from the US FED to slow the pace of rate hikes in the upcoming December meeting, which has resulted in the DXY paring some of its gains from earlier in the year, with the DXY closing the month at 105.95, down 5% over the end of October. The weakening USD has given a reprieve to the VND (+0.74% vs the USD in Nov) and taken some rate hike pressures off the of the SBV in the near term. Subsequent to the end of November, the SBV increased the credit growth quotas in the banking sector by 1.5-2%, a welcomed move which should allow credit to more easily flow to productive industries, however, liquidity risk still remains in the real estate sector as the corporate bond market continues to be stagnant.

As we approach the end of a difficult 2022 marred by macro turmoil from soaring inflation, aggressive central banks, volatile commodities prices and continued zero-COVID policies in China affecting global supply chains, we're cautiously optimistic for a more positive global outlook for 2023, although perhaps not until the second half of the year as macro challenges are expected to persist in early 2023. Domestically, market sentiment has been depressed as the year-long anti-corruption efforts have taken a toll on investor confidence and pressures on the VND/USD FX rate, along with consecutive rate hikes from the SBV (totaling 200bps) have further dimmed enthusiasm for the equity markets. We take an early look towards our market projections in 2023; while there's no quick fix for many of the issues facing the global economy, we expect that actions from central banks will start to have the desired effects of easing inflation rates in the first half of 2023 and that domestically, the anti-corruption efforts will bring further transparency to the market and that some of the credit constraints affecting corporates will ease in 2023.

Three scenarios in 2023

Scenarios	VN-Index (points)	Growth vs. Nov 30 th	F.PE (x)
Pessimistic	1,031	-1.7%	9.9
Neutral	1,274	21.5%	9.3
Optimistic	1,573	50.0%	8.6

- ❖ In our **base case scenario**, we assume that Vietnam will continue to experience decent economic growth and that corporate earnings grow in the high 8-10% range. Market sentiment will pick up from the current levels we're seeing with multiples increasing from the recent lows, the anti-corruption efforts will have calmed down and the credit markets will normalize. Global macro difficulties will have mostly subsided by the end of 2023 and central banks will have completed the tightening cycle, which could alleviate pressures on the VND and allow the SBV to consider more accommodative monetary policy. Under these assumptions, the index would trade at multiples around the 11-12x range, given the recent prolonged downturn in sentiment making it challenging for the markets to return to historical levels in the short term. This would result in the VNIndex trading around the 1,300 point level by the end of 2023, representing a F. 2023 P/E of c. 9.3x
- ❖ The **optimistic scenario** is based on the strong public investment in 2023, a faster than expected recovery in the domestic property markets and continued strong FDI inflows and the resolution of the credit issues facing the market. The global economy will get inflation under control in the first half of 2023 and investor sentiment will pick up based on easing global monetary policy. Under these assumptions, we could see corporate earnings growing by 17-20%, while valuations in the market could increase from current levels, but remain below the 3 year average at c.12-13x earnings, given the persistent global macro uncertainty, which would result in the index surging to around the 1,550 point level by the end of 2023.
- ❖ In the **pessimistic scenario**, we see the concerns on inflation which will stay at high figures, the central banks continue their hawkish monetary policies and dragging down the global growth, while the protracted Ukraine war and zero-COVID strategy in China further stretch global supply chains. Domestically, GDP will continue to grow, however the rate could be hampered by lower consumer confidence affecting domestic consumption, recessionary concerns in key export markets hitting the manufacturing sector and the stalled credit markets affecting a potential rebound in the real estate sector. In this scenario, we could see the earnings achieve flat to modest growth and market sentiment remaining low throughout the year in the 9-10x range while other investment channels gather favour from investors, resulting in the index increasing to the remaining relatively flat by the end of 2023.

		Earnings Growth					
Earnings Multiple		0.0%	5.0%	10.0%	15.0%	20.0%	25.0%
	9.5	985	1,034	1,084	1,133	1,182	1,231
	10.0	1,037	1,089	1,141	1,192	1,244	1,296
	10.5	1,089	1,143	1,198	1,252	1,307	1,361
	11.0	1,141	1,198	1,255	1,312	1,369	1,426
	11.5	1,192	1,252	1,312	1,371	1,431	1,491
	12.0	1,244	1,307	1,369	1,431	1,493	1,555
	12.5	1,296	1,361	1,426	1,491	1,555	1,620
	13.0	1,348	1,415	1,483	1,550	1,618	1,685

Credit quota expansion for last month of 2022

On 5 December, the State Bank of Vietnam (SBV) extended credit growth target by 1.5% - 2% for the whole credit system bringing the credit target to 15.5% - 16% for the whole year 2022. In recent months, credit grew slowly and reached 12.14% YTD by end of November, increasing slightly compared to 9.3% YTD at the end of June.

Previously, the SBV extended credit quotas from 0.7% to 4% for banks which have healthy operating figures with the total estimated increase of 2% in September and granted the additional credit quotas for 4 banks in early October taking the total credit growth quotas for the banking sector to nearly 14%.

Details available from the announcement from the SBV's adjustment of the credit growth target for 2022 include:

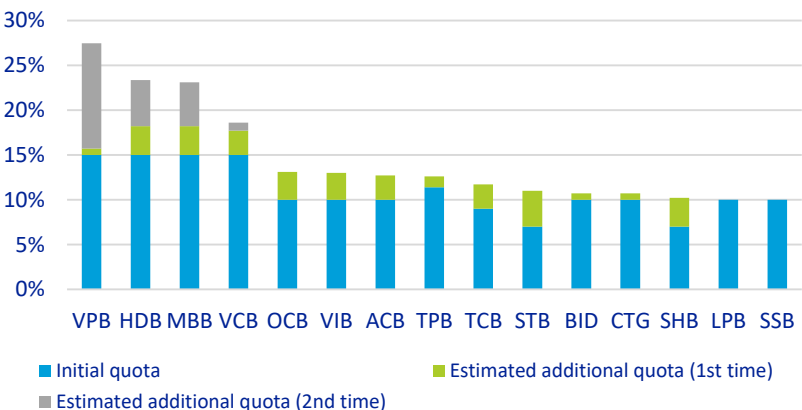
- Increase the credit growth target by 1.5-2% for the whole system. Thus, credit growth target of the whole system was raised from 14% to 15.5-16%.
- Banks with good liquidity and low lending interest rates will be granted higher credit growth quotas (specific additional credit growth quotas for each bank have not been disclosed).
- Credit orientation continues to focus on manufacturing sectors.
- The SBV said that it can support liquidity so that banks can be able to disburse the new credit quotas.

Impact of credit quota expansion on market

We assess that the banking system is capable of supplying the new credit quotas to the economy. In the context that the funding sources of companies are facing difficulties, we expect that the extension of the above credit growth quotas by the SBV will help reduce liquidity pressure for companies at the end of the year.

As a point to note, the SBV explicitly stated that “Banks with good liquidity and low lending interest rates will be granted higher credit growth quotas”. In recent weeks, some banks have made public notifications of reductions to lending interest rates including VCB, Agribank, ACB and HDB.

Estimated credit growth quotas in last expansions



Summary of 9-months business results on VNIndex

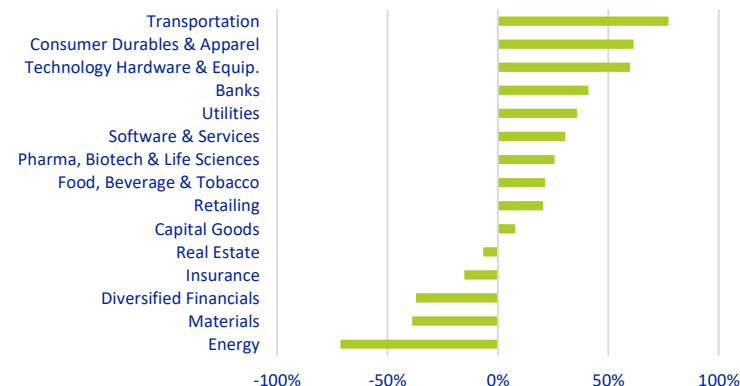
Almost all third quarter earnings have been reported with market wide 9M2022 revenues increasing 20.1% y/y and earnings increasing 15.9% y/y.

- **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%
Total	4,098.4	1.3%	-1.9%	28.7%	14.7%	20.1%	15.9%

Source: Bloomberg, ACBS

Upcoming events

Event type	Date	Countries	Events
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
Derivative	15-Dec-2022	Vietnam	The last trading day of VN30F2301
Index review	23-Jan-2023	Vietnam	Review VN30 index
Economy	31-Jan-2023	United States	FOMC meeting
Economy	02-Feb-2023	European	ECB Monetary policy meeting
Index review	09-Feb-2023	Global	MSCI Frontier Markets Indexes: Quarterly Review

Upcoming events (cont'd)

Ticker	Ex-right date / Exercise date (*)	Countries	Events	Event type
TCH	01-Dec-2022	Vietnam - HOSE	Cash dividends 12%	Dividends
CRV	01-Dec-2022	Vietnam - HOSE	Cash dividends 2.6%	Dividends
TBC	05-Dec-2022	Vietnam - HOSE	Cash dividends 15%	Dividends
CHP	07-Dec-2022	Vietnam - HOSE	Cash dividends 12%	Dividends
SPM	07-Dec-2022	Vietnam - HOSE	Cash dividends 5%	Dividends
TDP	07-Dec-2022	Vietnam - HOSE	Share Issue 12%	Share Issue
LDG	07-Dec-2022	Vietnam - HOSE	Share Issue 7%	Share Issue
AGG	07-Dec-2022	Vietnam - HOSE	Share Issue 10%	Share Issue
CMX	07-Dec-2022	Vietnam - HOSE	Extraordinary shareholders meeting	AGM
PGI	08-Dec-2022	Vietnam - HOSE	Cash dividends 12%	Dividends
MSH	08-Dec-2022	Vietnam - HOSE	Cash dividends 25%	Dividends
LSS	08-Dec-2022	Vietnam - HOSE	Share Issue 6.5%	Share Issue
S4A	09-Dec-2022	Vietnam - HOSE	Cash dividends 15%	Dividends
SCS	09-Dec-2022	Vietnam - HOSE	Cash dividends 25%	Dividends
HHP	09-Dec-2022	Vietnam - HOSE	Share Issue 6.5%	Share Issue
NLG	13-Dec-2022	Vietnam - HOSE	Cash dividends 3%	Dividends
DVP	14-Dec-2022	Vietnam - HOSE	Cash dividends 10%	Dividends
DHC	14-Dec-2022	Vietnam - HOSE	Cash dividends 10%	Dividends

ACBS

	Short Term Outlook ¹	Change	Long Term Outlook ²	Change
Financials				
Banks		-		-
Insurance		-		-
Securities		▲		-
Real Estate				
Residential Property		-		-
Industrial Property		-		-
Retail Property		-		-
Hospitality Property		-		-
Consumer Goods & Services				
FMCG		-		-
Fishery		▼		▼
Textile & Garment		▼		-
Retail		▼		-
Materials				
Construction Materials		-		-
Logistics				
Land & Sea Transport		-		-
Aviation		-		-
Energy				
Oil & Gas		-		-
Power, Water		-		-
Healthcare				
Pharmaceuticals		-		-

¹ Less than 3 months

² More than 1 year

Positive

Neutral

Negative

Securities: We upgrade our short-term outlook for the securities sub-sector based on the recent market recovery and improved liquidity so far in Q4-2022, resulting in a better outlook for securities companies.

Fishery: We downgrade our short-term and long-term outlook for the fishery sub-sector based on inflationary pressures in main export markets negatively impacting demand and increasing interest rates that could squeeze companies earnings.

Textile: We downgrade our short-term outlook for the textile sub-sector based on lower orders due to high inventories and turbulence in the global economy affecting consumer spending.

Retail: We downgrade our short-term outlook for the retail sub-sector based on potentially weaker consumer purchasing power due to less favourable economic conditions in Vietnam.

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 25/11/2022, credit growth of the system reached 12.14% YTD, while the deposit growth was only 5.04% 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.
- 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

- SBV extended credit growth target by 1.5-2% and whole year target raised to 15.5-16%.
- 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.
- In 9M2022, total life insurance premium was estimated at VND127,511 billion, +16.2% YoY, in which, new business insurance premium only increased by 6.35% YoY, reaching VND37,677 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 9M2022, total non-life insurance premium was estimated at VND47,792 billion, +19.1% YoY. This high growth rate is expected to continue in the end of 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:	POSITIVE	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 9M2022, 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

- Market recovered and liquidity improved in Q4/22, giving the securities companies a better outlook. Therefore, we upgrade the short-term outlook for the securities industry from Neutral to Positive.
- 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: IP land market had no new supply while ready-built factories (RBF) market welcomed over 37,000 sqm of new supply. Land leasing rate was USD110/sqm/remaining leasing term (+4.3% YoY) with average occupancy rate of around 80% (+8 pts YoY). Ready-built factories (RBF) leasing rate was USD4.8/sqm/month (+3.7% YoY).
- Southern market: IP land market had no new supply while RBF market welcomed 511,000 sqm of new supply. Land leasing rate was USD125/sqm/remaining leasing term (+10% YoY) with average occupancy rate of 85% (unchanged YoY). RBF leasing rate was USD4.85/sqm/month (+5.9% YoY).
- Some tenants cut headcounts and working hours given lower orders.

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 may continue to be in an uptrend but at a slower pace.
- Asset speculation activities 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 chains caused by Covid-19 hasn't been fully restored, 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:	NEGATIVE	Long term outlook:	NEGATIVE	Main ticker:	VHC, FMC, ANV, MPC
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Sector Overview

- Vietnam aquaculture and seafood export reached USD10.2bn in 11M2022, +28% YoY. In November alone, Vietnam aquaculture export declined by 14% YoY (USD780mn).
- Shrimp continued to account for the largest portion (39.7%) and reached USD4.1bn of export turnover in 11M2022 (+14% YoY). Shrimp export declined by 19.5% YoY in November 2022 to USD294.8mn.
- 11M2022, Vietnam pangasius export reached USD2.3bn, +63.1% YoY and account for 22.4% of Vietnam total aquaculture export. However pangasius export in November 2022 declined by 25.9% YoY to only USD140.6mn. While export price remains at a high level ~5 USD/kg, inflation pressure pull down consumption in main markets such as the US, EU and even other smaller markets such as Mexico, Malaysia, Columbia... Only China market (which accounts for approx. 30% of Vietnam pangasius export) recorded growth of 23% YoY in November 2022.

Outlook / What to Watch

- Raw pangasius prices were maintained at a high level, +34.4% YoY. Even so, new crops are limited given financial restraint 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.
- Inflation pressure starts to hit demand in main export markets even for year-end and festivity season.
- Higher interest rate will hit most of aquaculture seafood exporters in Vietnam.

Industry outlook

Industry:	CONSUMER GOODS & SERVICES	Sub-sector:	TEXTILE & GARMENT	Short term outlook:	NEGATIVE	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.
- Despite good growth in the first months of 2022, 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. Moreover, orders tend to slow down due to inflationary pressure and economic instability in some key importing countries, which darkens the industry's outlook in 2H2022 and 2023.

Outlook / What to Watch

- For 2H2022 and upcoming 2023, there are concerns about inflation impacts on consumer spending for textile & garment products in some major importers, such as the US and EU. 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:	NEGATIVE	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 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.
- Listed retailers reported good revenue growth thanks to recovery of consumer demand post pandemic in the first months of 2022 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 have expressed conservative view on the company's outlook in 4Q2022 and 2023 (at least 1H2023), considering the economic conditions which may not favor consumer purchasing power (especially for non-essential products).

Outlook / What to Watch

- 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.
- 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.

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 increased 4.5% during November, supported by positive views about the re-opening of the Chinese economy as there are signs that the strict policies will soon be eased. Domestic construction steel average sale prices also increased slightly to about 14,500 VND/kg, which is 3.5% higher than October, following the recovery trend of global steel prices.
- China has announced the easing of some COVID related restrictions on a national level that has raised hopes that further actions will be taken to reopen the Chinese economy. The expectation of further easing of COVID restrictions on China's economy could raise the potential for a gradual resumption of construction activities in China, which would raise the overall global demand for steel and some construction materials in the future.
- In the latest report of VSA in late of November, the cumulative production of total steel products after 10 months has reduced 8.7% YoY, sales volume of total steel products in 10 months has reduced 6% YoY, in which export volume in 10 months had a deep fall of 16.6% YoY.
- Coal prices bounced back to 400 USD/ton in late November as winter season pushed the demand for energy. This increasing of coal price could put a pressure on operation of cement and brick companies as construction material demand still remains low.

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. After 11 months, there are only 29 over 64 provinces surpassed 60% distribution of public investment plan. 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

- Global oil prices fall to 80 USD/barrel in November after a short spike; while the Global Freight rate index keep falling in November to the level of 2,500 points, which is equivalent to the beginning of 2021 level. The reducing global shipping freight index keep falling showed that demand for global shipping is reducing even with the Christmas and year-end season approaching.
- International container freight index reduced 26.8% during November, 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 tight as the pandemic situation is still complicated and this country still pursues Zero-COVID strategy, 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 25,937 flights in November 2022, triple than last year.
- In November 2022, Vietnam's airlines have transported 4.3mn of passengers (+634% YoY but -5% vs. November 2019), from which 3.5mn are domestic passengers (+509% YoY and +12.5% vs. Nov 2019) and 835,000 are international passengers (still 46.5% decline vs. Nov 2019).

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 recovering back slightly to the range USD90-100/ barrel as OPEC+ agreed to impose their first deep output cuts of 2 million bpd from November, Brent oil price fell to the USD83-85/ barrel on the back of a reduced crude demand outlook as the number of Covid-19 cases in China rises again.
- The projected OPEC production cut will have limited impact as OPEC+ has been producing more than 3 million below its agreed quota levels for months due to its lack of investment. Therefore, the actual cut will be lower and estimated to be around 1 million bpd.
- Higher oil prices support the selling price of gas (HSX: GAS) and the rig rental rate for (HSX: PVD). However, the current high volatility of oil prices and the increases of China's export quotas for refined petroleum products will cause negative impact to (HSX: PLX) . 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, QTP, POW
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Sector Overview

- In 10M2022, accumulated electricity consumption increased fairly compared to the same period 2021; in which coal power plant still accounts for a significant proportion.
- In Oct 2022, electricity production of the whole system reached 21.9 bn kWh, accumulated 10M2022, electricity output reached 225.98 bn kWh (+6.1% YoY), of which:
 - Hydro: 82.42 bn kWh, accounts for 36.5% of the total output.
 - Coal thermal: 86.56 bn kWh, accounts 38.3% of the total output.
 - Gas and oil thermal: 23.87 bn kWh, accounts 10.6% of the total output.
 - Wind & Solar energy: 29.87 bn kWh, accounts 13.2% of the total output.
 - Import energy: 2.68 bn kWh, accounts 1.2% of the total output.
- In 10M2022, EVN (including subsidiaries) contributed 103.89 bn VND, accounting for 45.97% of the national electricity consumption. Notably, due to rising fossil fuel costs (gas, oil, coal), that are used as inputs for thermal plants, EVN suffered a substantial loss of more than 15,700 bn VND in 10M2022 and stated that the figure could reach as high as a loss of 31,400 at the end of the year. Besides, EVN indicated the financial situation could be worse if appropriate austerity policies and cost management was not being applied, which could have reached up to 64,900 bn VND.
- However, there are some positives on the operational side. EVN has well performed its assigned tasks to ensure continuous, safe and stable power supply for productions, businesses and daily life, especially during storms number 5 – SONCA and number 6 – NESAT in central region.

Outlook / What to Watch

- EVN has proposed to the Ministry of Industry and Trade to increase the retail price from 1,864 VND / kWh to at least 1,916 VND / kWh, as EVN has posted significant losses in 10M2022 due to rising input costs while the retail electricity price has remained for three years since 2019. However, the increasing rate, if approved, will be as low as possible in order not to have a big impact on inflation, especially in the current economic situation.
- In addition, we project that in order not to cause further damage to EVN, the new pricing mechanism for renewable energy (excluding hydropower) will not exceed far from the current retail price, which is less favourable interests compared with the old FIT pricing policy. To illustrate, EVN has also announced the first draft of the purchase price of electricity from solar and wind power projects, ranging between 1,945 VND/kWh for offshore wind power and 1,188 VND/kWh for terrestrial solar power.

Industry outlook

Industry:	HEALTH CARE	Sub-sector:	PHARMACEUTICAL	Short term outlook:	NEUTRAL	Long term outlook:	NEUTRAL	Main ticker:	DHG, IMP, DBD, DMC, TRA, MKP, PMC
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Sector Overview

- Vietnam is numbered among the “pharmerging markets” (i.e. emerging pharmaceutical countries).
- The majority of pharmaceutical manufacturers in Vietnam engage with the western medicine market. Generic drugs (but not the first or high-value drugs) are the most popular products of the domestic manufacturers, while patented drugs are foreign brands.
- Domestic factories are now capable of producing various types of formulations and have been spent more on production infrastructure.
- Import is a major source of supply of finished drugs and raw materials. France, India, Germany, etc. were the leading sources of drug imports for Vietnam while a majority of raw materials are imported from India and China.
- Distribution of pharmaceutical products is conducted through two channels, consisting of hospitals (via bidding process) and pharmacies. Such pharmacy chains as An Khang, Pharmacity, Long Chau etc., have emerged aiming to gain a sizable share in this fragmented market.
- WHO-GMP (GMP: Good Manufacturing Practice) is presently the most common technology production standard in Vietnam. However, generic drugs produced under higher certifications (e.g. EU-GMP, PIC/S-GMP, etc.) with stricter technical criteria can enjoy better prices and are more likely to win bids and find good conditions for exports. The number of pharmaceutical facilities in Vietnam achieving EU-GMP, PIC/S-GMP remains quite moderate.

Outlook / What to Watch

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

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DISCLAIMER

Our Recommendation System

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

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

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

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