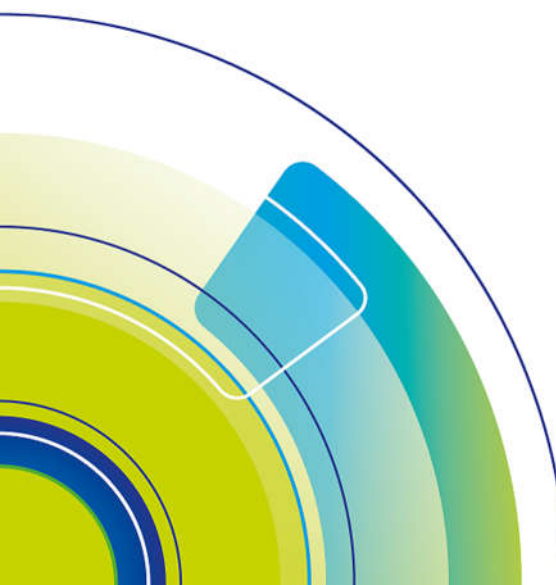




Monthly Recap

December 2022





VN-Index

1,007.09

-41.33 (-3.94%)

Volume: 816.3m

Value: VND14,252 bn

Leading movers in Dec

Tkr	% Chg	Index Impact
HVN	+34.9%	+2.0 pts
VPB	+6.5%	+1.8 pts
EIB	+27.1%	+1.8 pts

Lagging movers in Dec

Tkr	% Chg	Index Impact
VIC	-22.7%	-15.1 pts
VHM	-11.9%	-7.1 pts
NVL	-40.0%	-4.6 pts

HNX-Index

205.31

-3.48 (-1.67%)

Volume: 100.0m

Value: VND1,393 bn

Leading movers in Dec

Tkr	% Chg	Index Impact
NVB	+7.7%	+1.1 pts
PTI	+99.6%	+1.0 pts
VCS	+13.1%	+0.3 pts

Lagging movers in Dec

Tkr	% Chg	Index Impact
IDC	-11.9%	-1.7 pts
HUT	-11.9%	-1.1 pts
BAB	-3.7%	-0.6 pts

MONTHLY RECAP

Continuing the downward trend from September due to fears of a global recession, rising domestic interest rates and problems related to corporate bonds, VN-Index corrected down and fluctuated around the threshold of 1000 points. At the end of December, VN-Index fell 3.94% to 1,007.09 points with the average daily trading value improving to VND 14.2 trillion, higher than VND 11.6 trillion in November but still lower than 22.3 trillion dong in April or 27 trillion dong in January 2022. VIC (-22.7%) pulled the market down the most after its positive support in the previous month, along with VHM, NVL, GAS, MSN, BID and VNM. Stocks in the sectors of real estate, food, securities, insurance and utilities also had a negative impact. On the other side, HVN (+34.9%) strongly supported along with banking group (VPB, EIB, SSB, STB, OCB). Meanwhile, foreign investors continued to be net buyers with a high net value of 12,833 billion dong, although lower than the record level in November of 15,974 billion dong. In which, HPG was bought the most with a net value of 1,508 billion dong along with VHM, STB, VIC and VPD.

In general, investors' sentiment was still quite negative with 232 losers and 175 gainers. In addition, although market liquidity improved, it started to decrease gradually in the last trading sessions of the year before New Year holiday while foreign investors continued to be strong net buyers. In the first trading sessions of 2023, VN-Index rebounded well to close to the 1050 points. However, market liquidity is expected to remain at a low level due to the upcoming long holiday. Therefore, a sideways and shaking trend around 1040-1080 is expected.

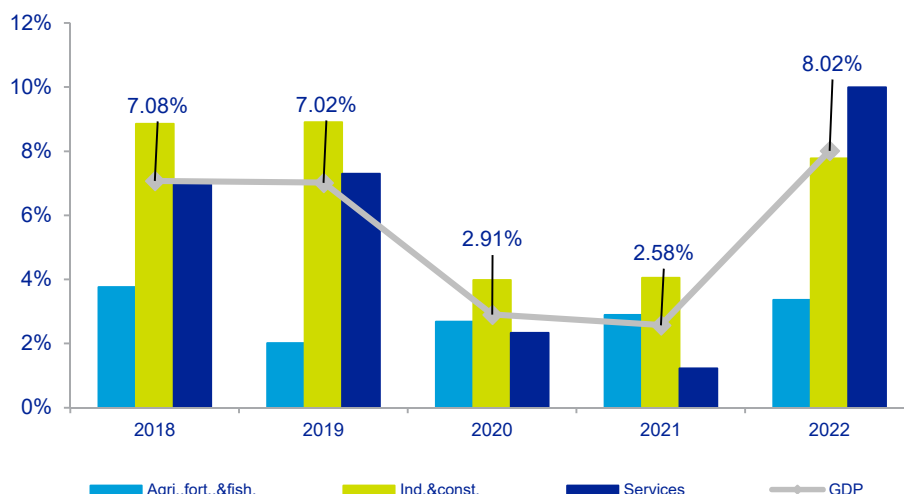
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Macro highlight during December

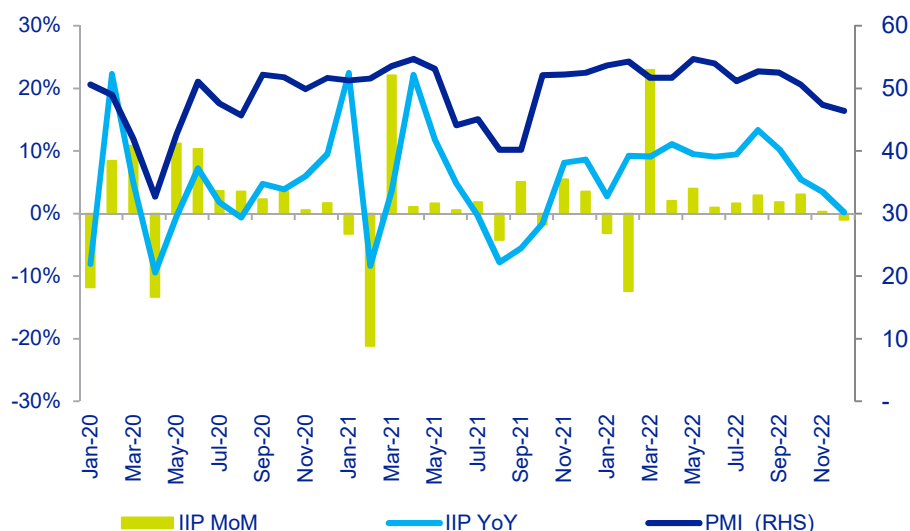
Vietnam's economy continued to record strong growth figures in the last quarter of 2022, with 4Q GDP coming in at 5.92% growth YoY (a little higher than our 5.4% of unfavourable scenario), and GDP for whole 2022 growth hitting 8.02% (also slightly higher than 7.8% of unfavourable scenario), the fastest annual pace since 1997, supported by strong domestic retail sales and exports from FDI, but is facing headwinds from a global economic slowdown.

GDP Growth Yearly



Industrial activities in 4Q slowed, but still posted positive figures, in which IIP recorded a positive growth rate of 3.02% YoY in 4Q2022 and 7.8% YoY in 2022 (vs +6.37% in 4Q2021, and +4.8% YoY in 2021). Furthermore, the PMI also showed signs of contraction in 4Q2022 which have 2 months out of 3 months in contractionary territory (October – 50.6, November – 47.4, December – 46.4). The overall health of Vietnam's industrial sector continued to deteriorate in 4Q partly due to low demand from key export partners (US, EU and China).

IIP Monthly

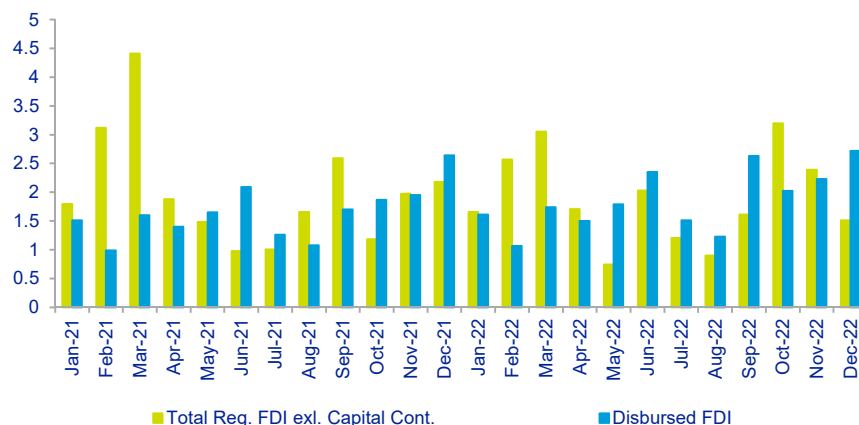


Disbursed FDI in Vietnam reached USD7.0bn in 4Q2022 – increasing 8.0% compared with same period last year, while registered FDI in 4Q2022 recovered and posted 33% YoY reached USD7.0bn. The capital contribution & share repurchase decreased 49%

YoY to USD1.9bn in 4Q2022. We remain optimistic that FDI inflows will remain strong as Vietnam continues to be an attractive investment destination for FDI firms despite recent macro-economic headwinds.

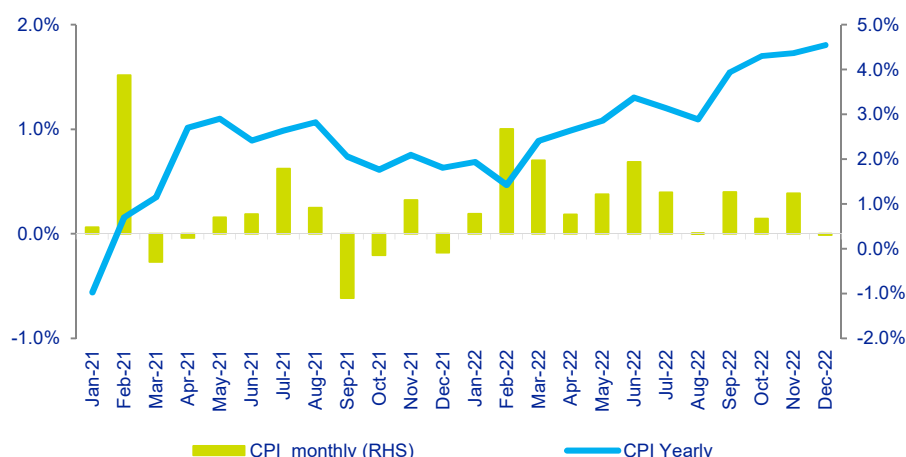
Bil USD

FDI Monthly



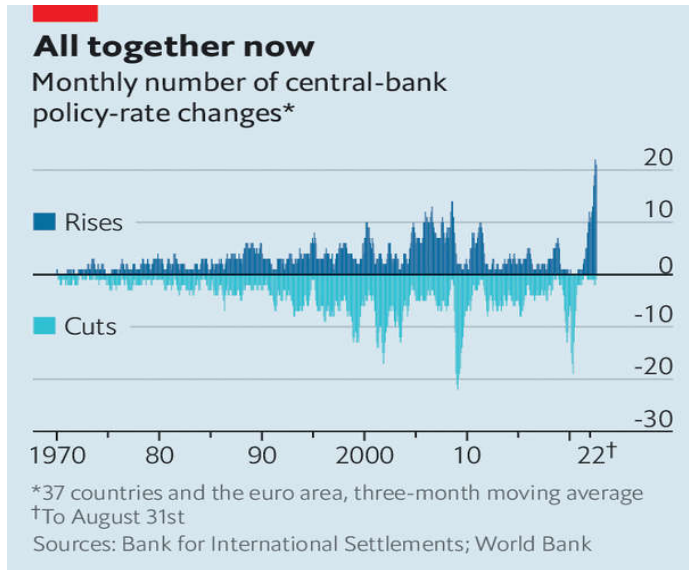
Consumer Price Index (CPI) 4Q2022 increased 4.41% YoY, a little on the high side due to rising educational fees, housing and construction materials and high outdoor eating and drinking services, but average inflation rate in 2022 still remain 3.15% YoY and far below government's target 4%.

CPI

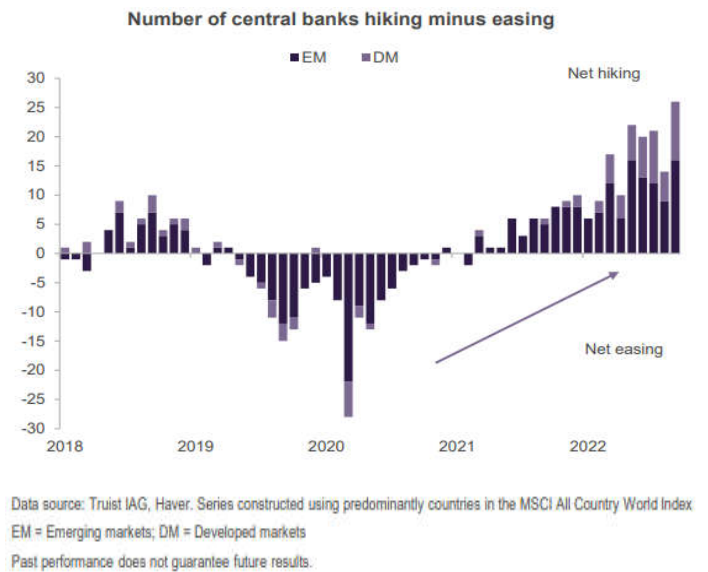


There are several exogenous risk factors to watch in 2023 which may bring uncertainties to Vietnam's economic growth prospects, include:

- (1) Moving to 2023, we expect that while inflationary pressures will remain in the early parts of the year, FED and other major central banks continue to raise rate as planned. And if the actions of central banks have the intended effects and inflation is brought under control, we could see neutral monetary policies in the second half as encouraging economic growth will return to the forefront of policy makers minds. Overall, we expect the high interest rate environment to continue at least until the end of 2023;

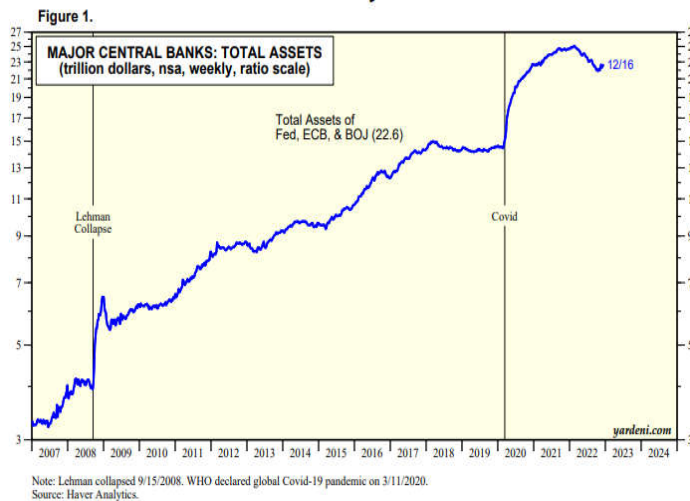


The Economist

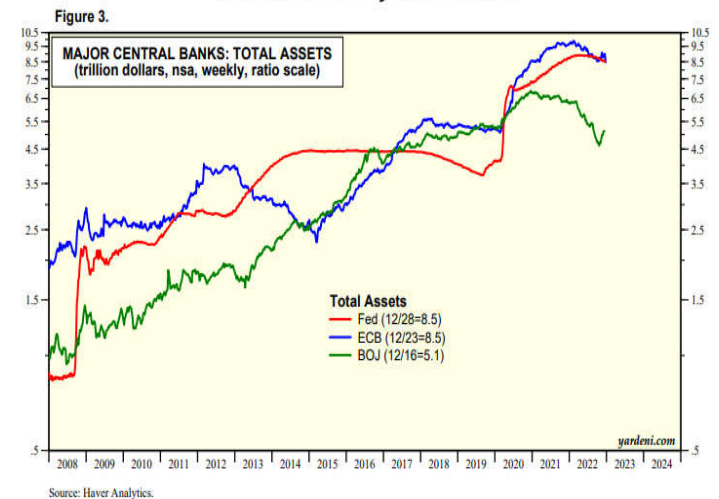


(2) The FED, along with the BOE and ECB are stopping reinvesting maturing assets and starting to sell assets on their balance sheet (also known as Quantitative Tightening program). Morgan Stanley, an investment bank, estimated that the balance sheets of the heaviest-hitting central banks will shrink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

Fed+ECB+BOJ in Dollars



Fed+ECB+BOJ in Dollars



(3) The EU's economy is predicted to have a deep recession and a slow recovery. While the US's economy facing a dilemma in which FED will continue to prioritize controlling inflation with rate hike plan, and on the other hand, the government will put forward stimulus package to keep the economic growth momentum or at least keep the economy from falling into recession. EU and US are Vietnam's major trading partners, so production and trade activities, which are still the main growth drivers of the Vietnamese economy, are expected to slow in 2023;

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

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

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

Source: Bloomberg, Goldman Sachs Global Investment Research

(4) China's bumpy road to open up the economy. China's will to end the zero-COVID strategy is still unclear. However, in a recent move, China removed the quarantine requirement for inbound travelers, starting January 8, 2023. We also expected weak economy's activities in 1H2023, but expect strong recovery in 2H2023;

(5) We are also keeping a keen eye on the Chinese property sector and its chances of revival as it's a key sector in the Chinese economy; and

(6) The industrial activities remain in growth despite recent slowdowns (IIP slowed starting from October 2022 but overall 2022 still increased 7.8% YoY). It will be important to monitor key industrial activities in the coming months to see if the recent deterioration in some metrics (exports declining in Nov and Dec y/y, PMI falling out of expansionary territory for 2 consecutive months) are a temporary blip or the start of a longer trend.

However, despite fears that these events could slow Vietnam's growth prospects in 2023, we expect that Vietnam's economy could still maintain to recover and grow in 2023, supported by:

(1) Vietnam's manufacturers remain low-cost manufacturer, stability in the macro economy and with more competitive labor costs in the region could be attractive for firms to invest and establish production plants, which in turn will push industrial activities;

(2) Vietnam, with a long list of Free Trade Agreements (FTAs) achieved to date such as the EU-Vietnam Free Trade Agreement (EVFTA), the UK-Vietnam Free Trade Agreement (UKVFTA), and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), also strengthens Vietnam's competitiveness as a low-cost manufacturing export hub;

(3) the trade war between US and China continued, especially in semiconductor area. And operations diversification wave of companies into other parts of Asia (including Vietnam) will continue not just to avoid the impact of the trade war but also to lower production cost;

(4) The strong recovery of the service sector, after relaxing all COVID-19 related restrictions on service businesses, coming from (1) improvement of domestic consumption (total retail sales of goods and services 4Q22 increased 17.1% YoY and 2022 increased 19.8% YoY), (2) reopening international tourism (retail sales of travelling services 4Q22 increased 231% YoY and 2022 increased 271% YoY); (3) normalization of transportation of goods help push trading activities especially export from FDI sector; and (4) number of foreign tourists from China surge again after China reopen its

economy (the number of tourists from China accounted for 40% before the COVID-19 while 2022 accounted for over 9%).

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

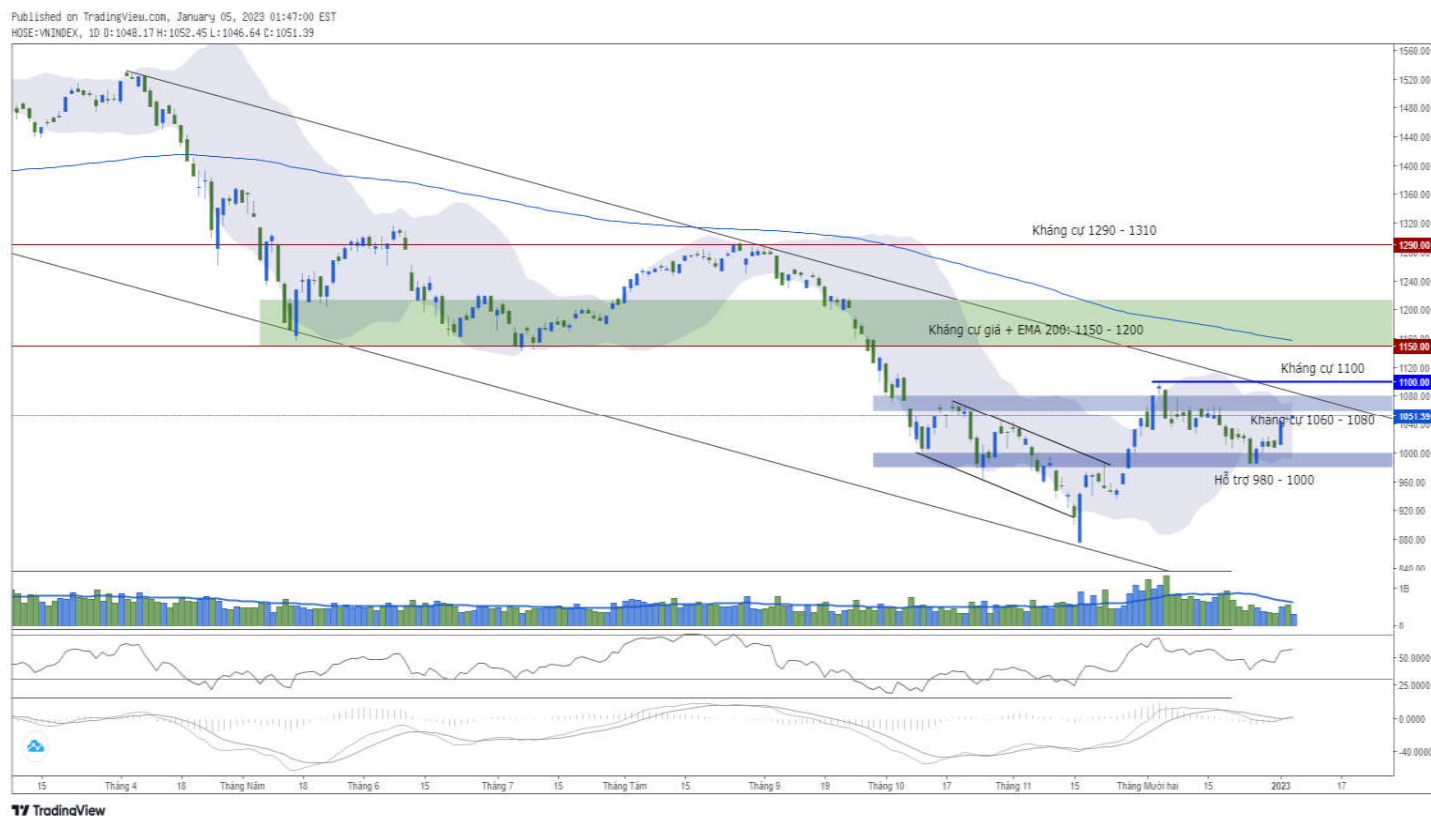
Overall, we estimated that Vietnam's GDP will grow in range between 5.9% - 6.4% YoY in 2023.

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Technical View

VN-Index: the current correction period may end soon. vn-index ready for a new wave



At the beginning of December, VN-INDEX approached a short-term resistant at 1100 points and moved into a correction phase for the rest of the month. This correction period is considered to be quite stable and positive when the lowest threshold of the downtrend does not exceed 50% of the previous uptrend range in November.

VN-INDEX liquidity gradually increased to the highest level of 2022 and peaked when the market reached 1100 points. This movement shows that short-term profit-taking pressure of VN-INDEX is quite high. However, liquidity gradually decreased during the subsequent correction period, which is a positive sign, showing that investor sentiment is still stable, there is no sign of panic sell.

The notable support and resistant areas at the moment include: support 980 – 1000 points, resistance 1060 – 1080 points, resistance 1100 points, and resistance 1150 – 1200 points. In which, most resistance areas are important because those resistant levels can be used to predict the next movement of VN-INDEX.

To sum up, the correction period in December is essential to strengthen the future uptrend of VN-INDEX. However, these uptrend movements will face many challenges in the near future. More specifically, VN-INDEX needs to surpass 1100 points to break the current long-term downtrend and 1200 points to begin a new mid- and long-term uptrend in the future. Therefore, it is highly likely that the intraweek range of VN-INDEX will be in between: 1000 to 1200 points.

VN-INDEX technical indicators:

- RSI (14) fluctuates mostly around 50. The signal is neutral.
- MACD (12,26,9) MACD line cross the signal line, showing that the current correction has ended. A new buy signal is expected to appear in the near future.

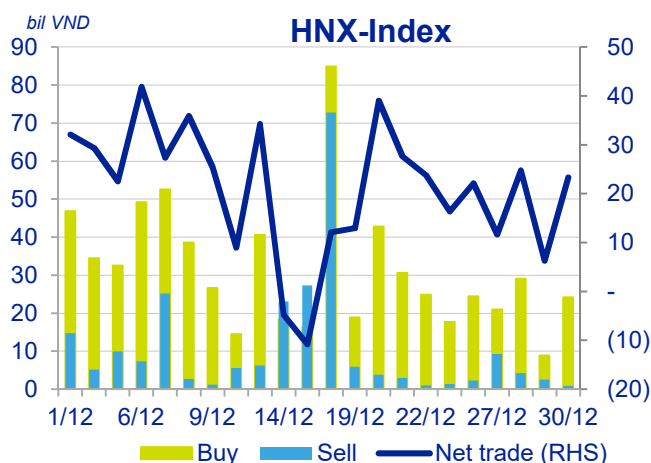
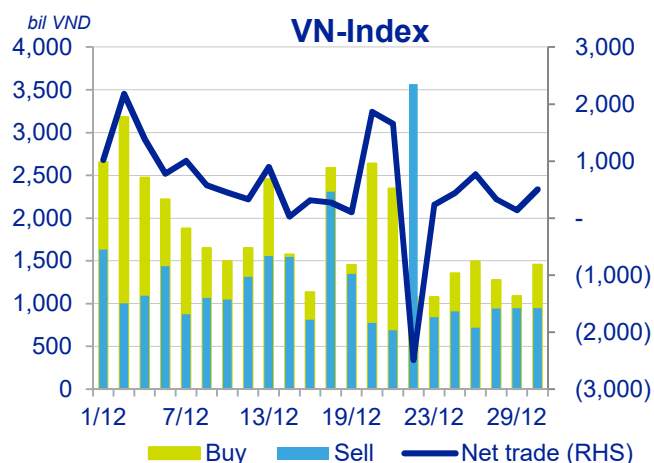
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MARKET OVERVIEW

Foreign Transactions in December



Sector	# of tickers	Market Cap (Tr VND)	Index Weight	1 Month Return	YTD Return	ROE	T.P/B	T.P/E
Banks	17	1427.6	35.6%	0.9%	-16.5%	21.1%	1.8	9.7
Real Estate	50	722.6	18.1%	-13.0%	-32.9%	12.1%	2.0	69.9
Food, Beverage & Tobacco	32	493.2	12.4%	-5.3%	-10.8%	26.9%	4.3	17.5
Utilities	28	303.9	7.6%	-4.6%	-0.7%	21.7%	2.7	13.8
Materials	64	278.3	6.9%	-1.1%	-43.4%	22.4%	1.2	9.7
Transportation	28	163.1	4.1%	10.3%	-15.5%	11.5%	2.8	439.7
Capital Goods	76	150.1	3.8%	-3.7%	-38.2%	15.4%	1.3	16.3
Software & Services	3	91.0	2.3%	2.7%	2.5%	27.3%	4.1	16.5
Diversified Financials	17	90.3	2.3%	-3.9%	-59.3%	13.2%	1.2	17.8
Retailing	9	79.2	1.9%	-1.9%	-27.4%	25.3%	2.8	12.5
Energy	9	60.5	1.5%	8.0%	-32.1%	4.7%	1.5	36.5
Insurance	5	45.5	1.1%	-2.6%	-11.6%	9.3%	1.5	17.7
Consumer Durables & Apparel	17	45.5	1.0%	3.1%	1.2%	22.6%	2.8	13.7
Pharma, Biotechnology & Life Sciences	10	27.7	0.7%	0.9%	-14.4%	18.4%	2.3	13.9
Automobiles & Components	6	7.7	0.2%	3.1%	-3.0%	15.4%	1.8	12.4
Technology Hardware & Equipment	1	6.2	0.2%	-14.7%	-44.7%	46.1%	2.8	7.1
Consumer Services	8	5.6	0.1%	6.1%	-10.9%	4.7%	3.9	106.6
Commercial & Professional Services	6	5.5	0.1%	3.5%	6.5%	22.5%	1.6	8.3
Health Care Equipment & Services	3	2.5	0.1%	3.7%	-29.1%	14.1%	1.8	16.5
Telecommunication Services	1	2.3	0.1%	45.5%	-56.6%	19.7%	1.2	6.5
N/A	9	1.6	0.0%	-5.4%	-45.2%	5.7%	0.5	8.7
Household & Personal Products	1	1.3	0.0%	-0.9%	-12.7%	30.9%	1.7	6.0
Media & Entertainment	2	0.8	0.0%	-9.7%	-56.7%	21.0%	1.3	7.7
VN-Index	402	4011.6	100%	-3.9%	-32.8%	15.4%	1.7	10.9

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Our Recommendation System

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

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

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

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