ACBS

Money 360

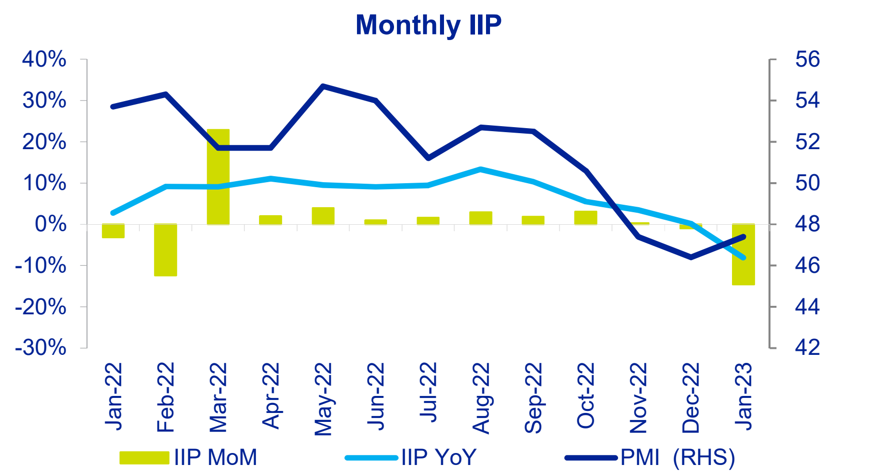
January 2023

February 13, 2023

Minh Trinh Viet
Associate – Macro

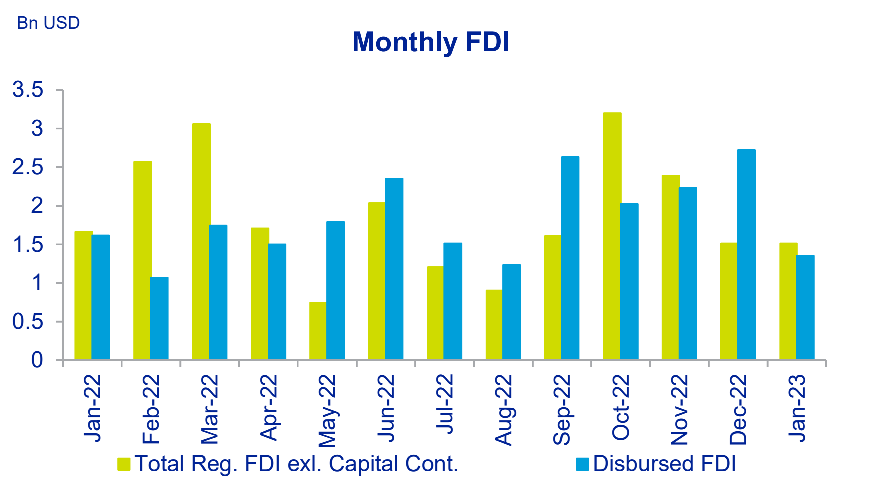
Macro Update

Industrial activities started to contract in January, in which IIP recorded a decline of 8.0% YoY. The PMI remains in the contractionary territory for three consecutive months since Nov 2022 though it increased to 47.4 in Jan 2023 from 46.4 the month before. According to the PMI report, the Vietnamese manufacturing sector continued to deteriorate as total new orders, output and employment continued to fall. Fortunately, improvement in new export orders helped soften the decline of total new orders and employment this month.



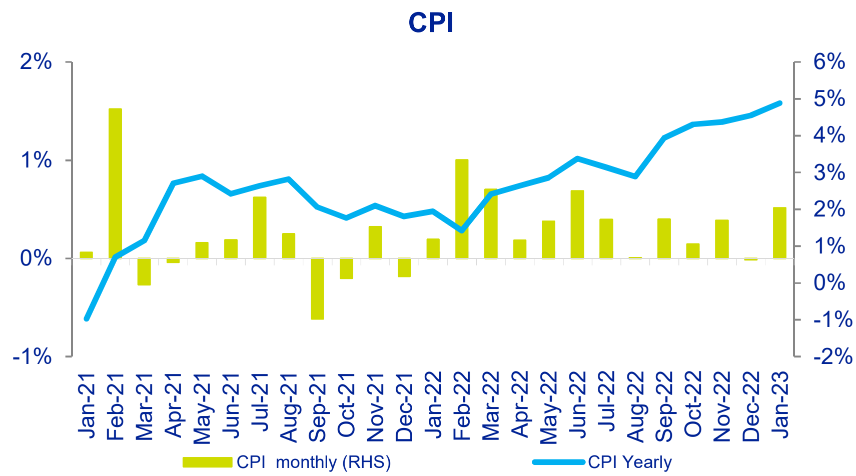
Source: GSO

Disbursed FDI declined by over 16% YoY in the first month of 2023 as it is an important holiday season in Vietnam (New Year and Lunar New Year). Registered FDI also decreased by almost 9% YoY, to USD1.5bn, in January 2023. In addition, the capital contribution still dropped by over 61% YoY to USD170mn. We are still optimistic that FDI inflows will remain strong as Vietnam continues to be an attractive investment destination for FDI firms despite the recent macro-economic headwinds.



Source: GSO

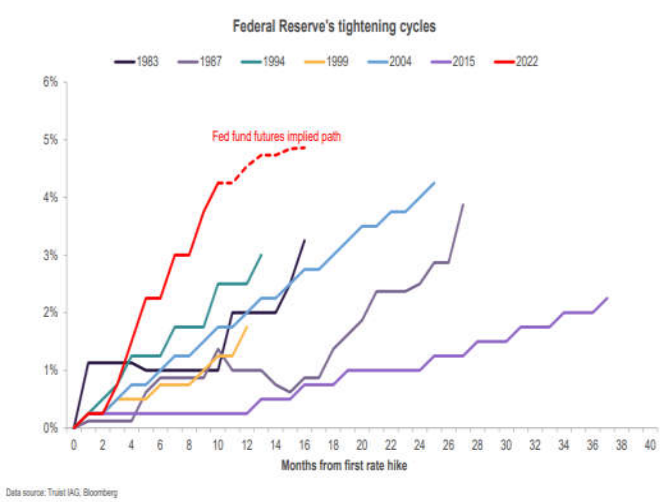
Consumer Price Index (CPI) increased by 0.52% MoM and 4.89% YoY in January 2023 due to rising foods prices and housing rental.

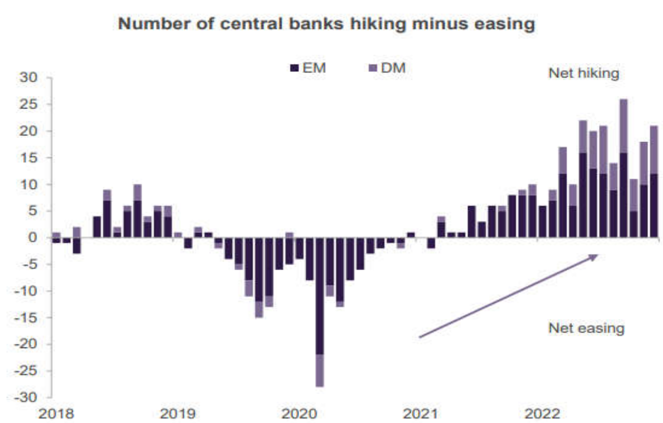


Source: GSO

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

(1) while inflationary pressures will remain in the early part of the year, we expect that FED and other major central banks will continue to raise rates as planned. If these actions work as expected and inflation is brought under control, we could see a neutral monetary policy in the second half of the year 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;

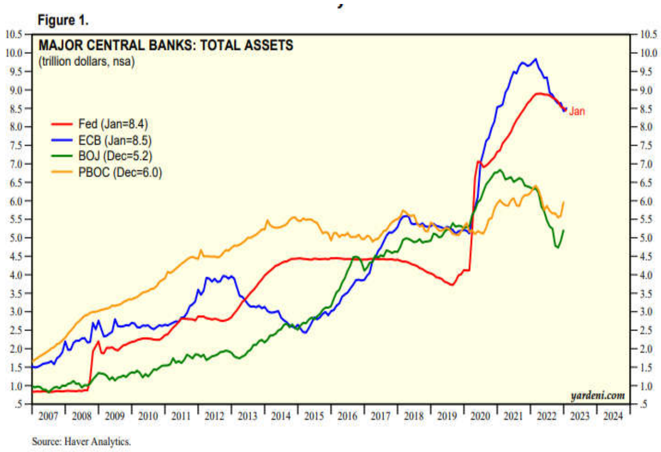


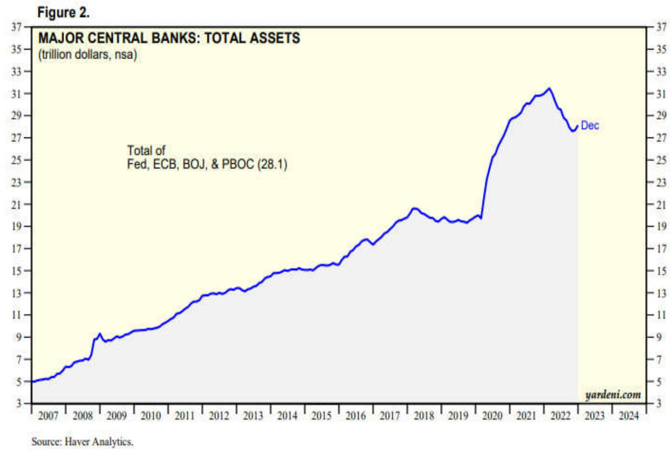


Data source: Truist IAG, Haver. Series constructed using predominantly countries in the MSCI All Country World Index
EM = Emerging markets; DM = Developed markets
Past performance does not guarantee future results.

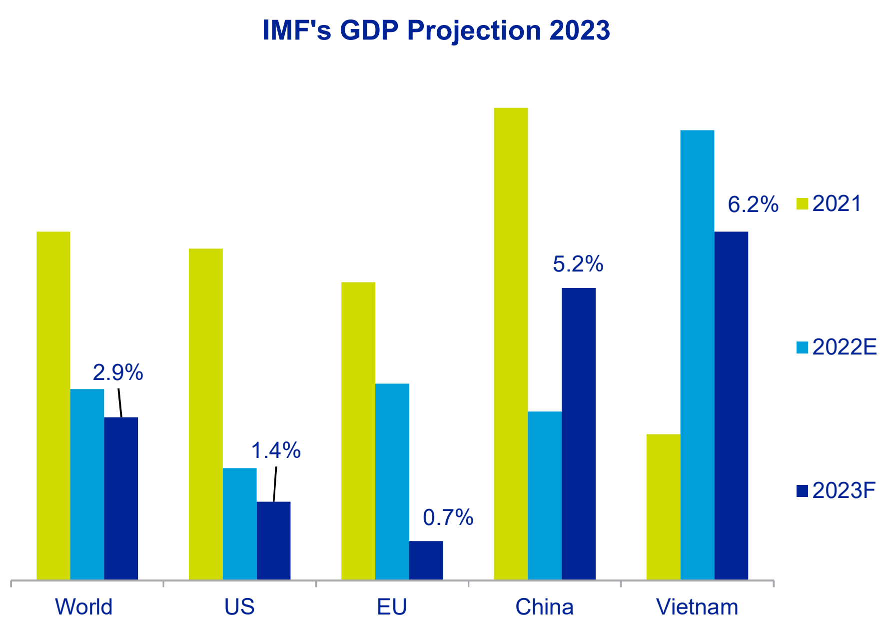
(2) The FED, along with the BOE and ECB, is stopping reinvesting maturing assets and starting to sell assets on their balance sheet (also known as Quantitative Tightening program). According to Morgan Stanley investment bank estimation, the heaviest-hitting central banks will shrink its balance sheets by roughly USD4tn by the end of 2023. The new paper "How Many Rate Hikes Does Quantitative Tightening Equal?" from The Federal Reserve Bank of Atlanta's Policy Hub suggests that if FED stop reinvest and start selling nominal US Treasuries by around USD2.2tn over three years

could be equivalent to an increase 29bps Fed Fund rate in normal time and 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 the economic growth;

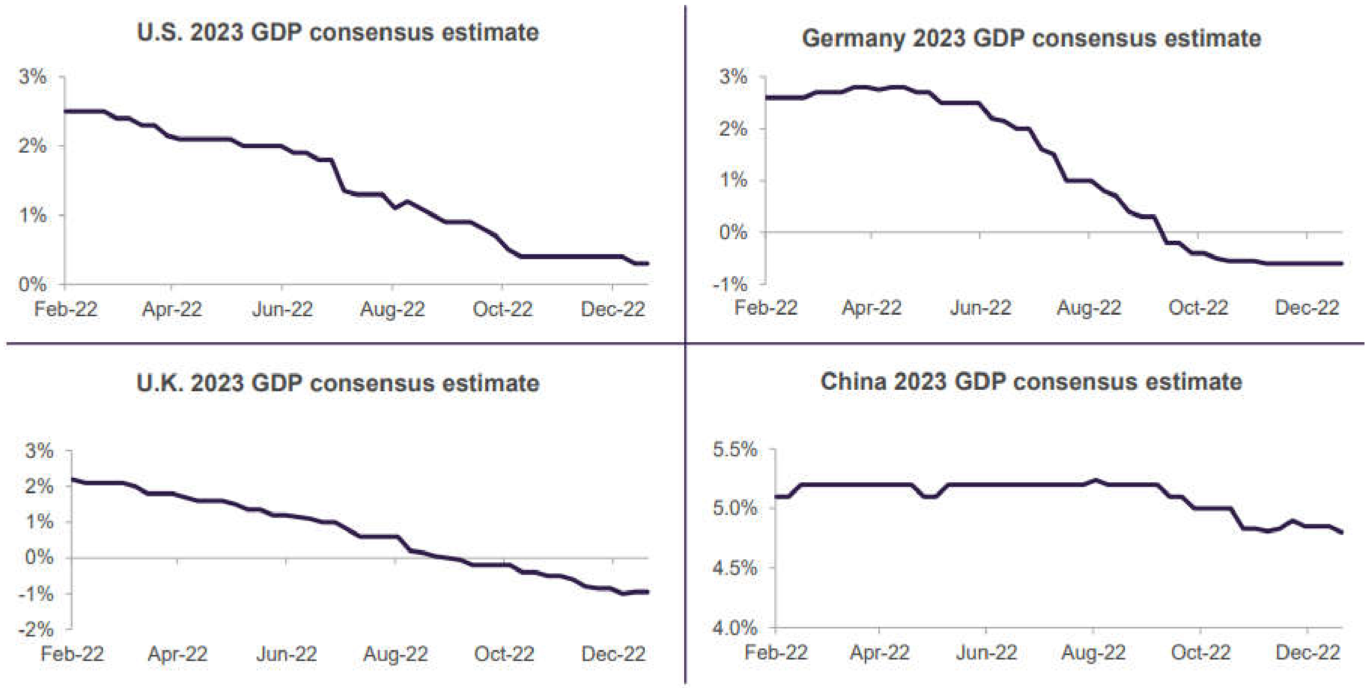




(3) Many large financial institutions (BoA, BNY Mellon, Credit Suisse, Fidelity ...) predicted that the EU economy will have a deep recession and a slow recovery. The US economy is facing a dilemma in which FED will continue to prioritize controlling inflation with its rate hike plan, and on the other hand, the government will put forward stimulus package to keep the economic growth momentum or at least to keep the economy from falling into recession. The 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;



Source: IMF WEO



Data source: Truist IAG, Bloomberg

(4) China is very cautious about ending its zero-COVID strategy; however, recent signs point to material moves being made to ease restrictions, including removing quarantine requirements for inbound travelers, starting from January 8th, 2023, scrapping the use of the COVID tracking app and lifting domestic travel restrictions. The path to a full resumption of economic activities could take a few months with potential surging COVID infections amidst the relaxation of restrictions. These changes make travel domestically easier, keep businesses operating and allow COVID patients to quarantine at home. Given potential hiccups during the reopening phase, we expect economic activities to continue at a relatively weak pace 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 this is a key sector in the Chinese economy. There are signs that China may remove the 'three red lines' policy that has hampered the real estate sector since its introduction nearly two years ago;

(6) The industrial activities declined for the first time since COVID-19 in 2021 (IIP slowed starting from October 2022). It will be important to monitor key industrial activities in the coming months to see if the recent deterioration in some metrics (exports declining for three consecutive months, PMI falling out of expansionary territory for three consecutive months) are a temporary blip or the start of a longer trend.

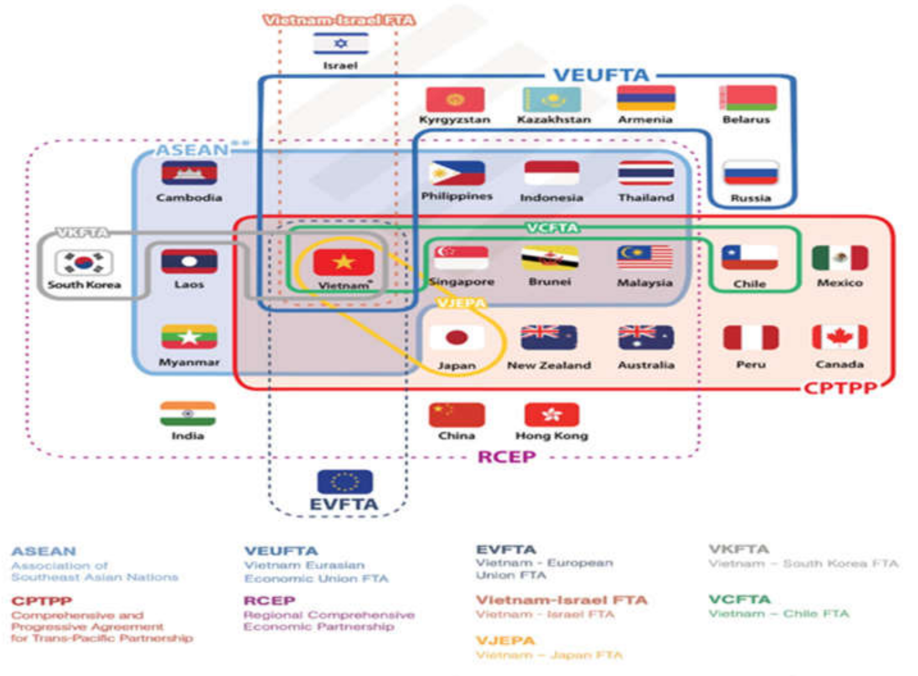
However, despite fears that these events could slow Vietnam's growth prospects in 2023, we expect that Vietnam's economy could still maintain solid growth in 2023, supported by:

(1) Vietnam's manufacturers remain a 'low-cost manufacturer', stability in the macro economy and with more competitive labor costs in the region. These could be attractive for firms to invest and establish production plants, which in turn will underpin 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), strengthens Vietnam's competitiveness as a low-cost manufacturing and export hub;

Vietnam's FTAs



Source: Vietnam Briefing

(3) trade war between US and China continues, especially in semiconductor area. Trend of diversifying operation into other parts of Asia (including Vietnam) will continue, to not only avoid impacts from the trade war but also lower production costs;

(4) The strong recovery of the service sector, after relaxing all COVID-19 related restrictions on service businesses, coming from (1) improvement in domestic consumption (total retail sales of goods and services increased by 20% YoY in January 2023 and 19.8% YoY in 2022), (2) reopening international tourism (retail sales of travelling services continued to increase by 271% YoY in 2022 and 113% YoY in Jan 2023); (3) normalization of transportation of goods help boost trading activities especially export from FDI sector; and (4) number of foreign tourists from China surges again after China reopens its economy (the number of tourists from China accounted for 40% of foreign tourists before COVID-19 while 2022 accounted for over 9%).

(5) 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 post COVID-19, disbursed just 16% in 2022, suggesting around VND290tn need to disburse in 2023. This, along with capital under State Budget needed to disburse in 2023 (planned to disburse VND680tn in 2023, +17% YoY vs 2022 plan), will foster the socio-economic recovery in 2023.

Overall, we estimated that Vietnam's GDP will grow in a range between 5.9% - 6.4% YoY in 2023 as in our latest 4Q2022 Macro Updated Report.

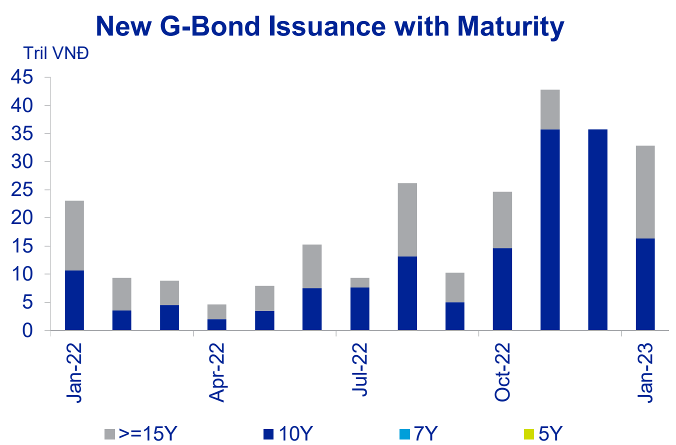
VGB-GGB MARKET

PRIMARY BOND MARKET

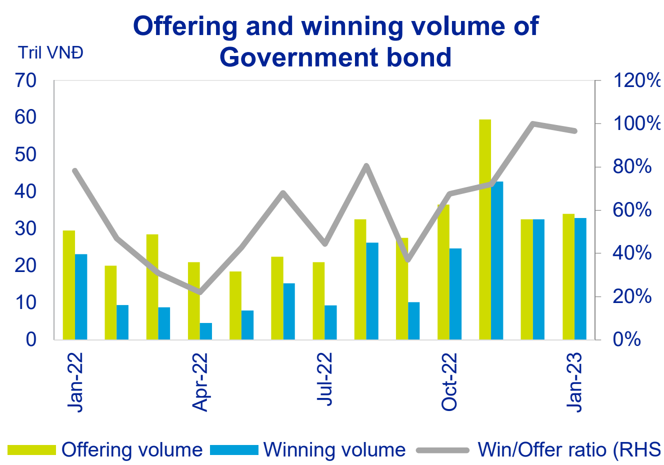
G-Bond issuances increased significantly in January 2023 with interest primarily in 10Y and 15Y tenors

Total G-bonds issued in January 2023 reached VND32.8tn (vs VND23.1tn in January 2022). January 2023 winning yields of all mid-terms slightly increased compared with last month. However, due to high bidding rates and no winning values in January, short- and long-term yield remained the same compared with Dec 2022 mainly due to low winning value caused by low and unattractive offering rates. The winning rate of all terms reached 96.6% in January 2023 (decreased slightly from 100% in Dec 2022 but increased from 78% in Jan 2022). Winning value increased by 42% compared with January 2022.

10Y and 15Y attracted investors' attention in January 2023. Each accounted for 50% of the total issuance amount. Winning rates reached 100% for both terms.



Source: HNX, ACBS



Source: HNX, ACBS

Bond Yields in the primary market						
	5Y	7Y	10Y	15Y	20Y	30Y
End of January 2023	0.76%	1.10%	4.36%	4.56%	2.75%	3.01%
vs December 2022	0.76%	1.10%	4.65%	4.80%	2.75%	3.01%
vs January 2022	0.76%	1.10%	2.07%	2.35%	2.75%	2.96%

VST plans to issue VND400tn in 2023 and VND108tn in 1Q2023

The VST has just released its annual issuance plan for FY2023 and 1Q2023 which VST plans to issue VND400tn in 2023 and VND108tn in 1Q2023.

By the end of January, the VST issued VND32.8tn of G-bonds in 1Q2023, fulfilling 28.3% of 1Q2023's adjusted issuance plan and 8.2% of 2023's issuance plan.

Government Bond Issuance Plan						
VND Bn	1Q2023 Target	QTD Issuance	QTD Issuance/Target	2023 Target	2023 YTD Issuance	2023 YTD Issuance/ Target
5-year	8,000	0	0.0%	N/A	-	N/A
7-year	8,000	0	0.0%	N/A	-	N/A
10-year	45,000	16,332	36.3%	N/A	16,332	N/A
15-year	45,000	16,500	36.7%	N/A	16,500	N/A
20-year	5,000	0	0.0%	N/A	-	N/A
30-year	5,000	0	0.0%	N/A	-	N/A
Total	**116,000**	**32,832**	**28.3%**	**400,000**	**32,832**	**8.2%**

Issuances and yields are expected to increase in 2023

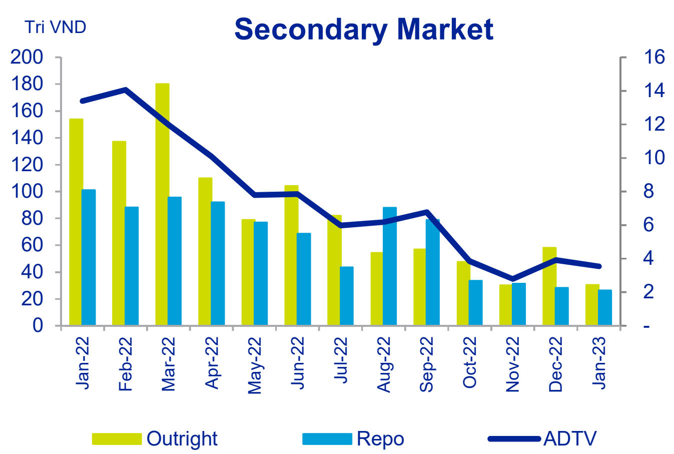
ANALYST COMMENT: We expect that the VST will have to increase offering rates, especially short-term rates, to increase winning rate of issuance which was currently low due to unattractive yields and prepare capital for disbursement plan in 2023.

SECONDARY BOND MARKET

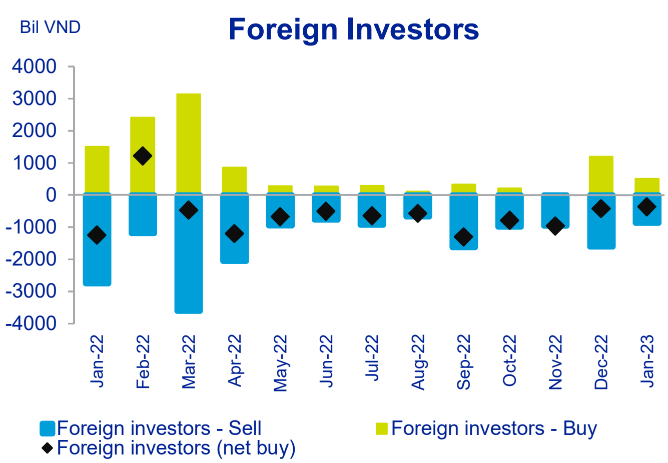
Secondary trading values increased by 51.9% MoM but decreased by 77.7% YoY. Foreign investors continued to be set sellers

Total trading value of outrights and repos in the secondary market increased by 51.9% in January 2022 compared with Dec 2022 but decreased by 77.7% YoY, reaching VND56.8tn, with the average daily trading value (ADTV) reaching VND3.5tn (-73.5% YoY). Of the total trading value in the secondary market, outright transactions accounted for 54% and ADTV of outright decreased by76% YoY to VND1.9tn. Of the total trading volume in the secondary market, repo transactions accounted for 46%.

Foreign investors trading position recorded a net sell of VND362bn in January 2023.

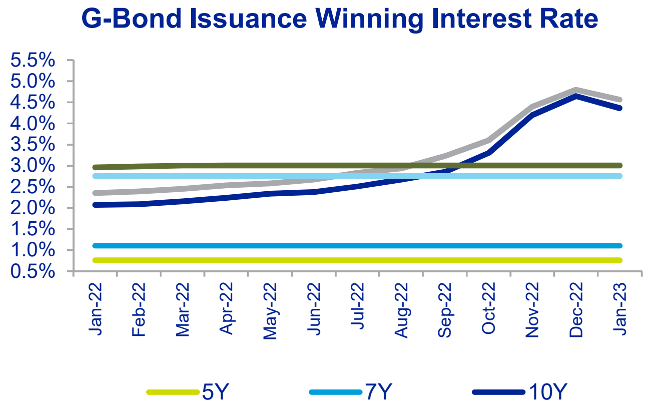


Source: HNX, ACBS

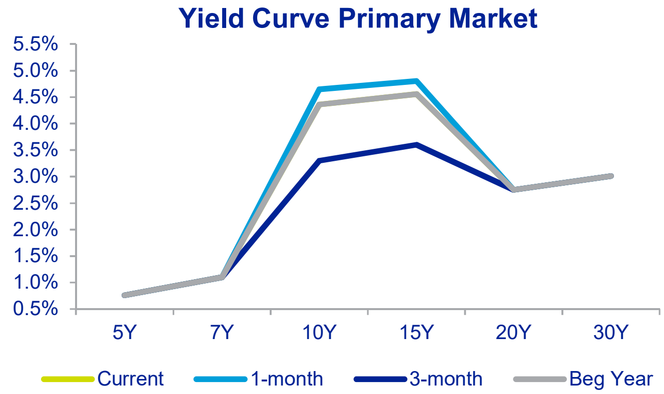


Source: HNX, ACBS

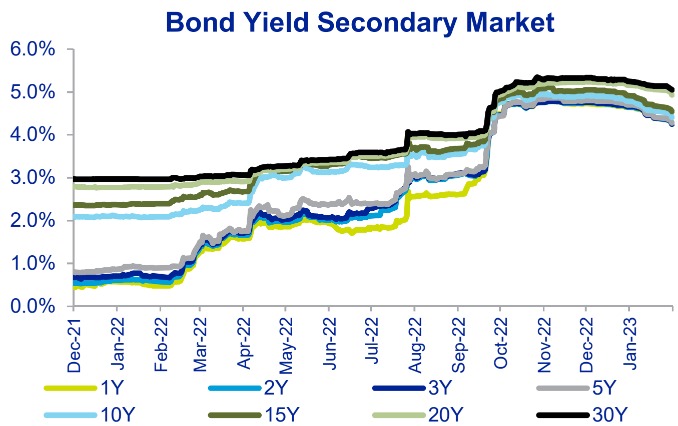
Yield Curve



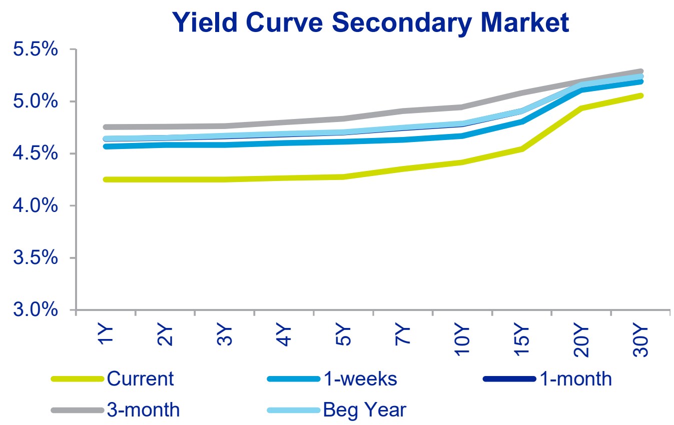
Source: HNX, VBMA, ACBS



Source: HNX, VBMA, ACBS



Source: HNX, VBMA, ACBS



Source: HNX, VBMA, ACBS

Mid-term bond yields in primary market (10Y and 15Y) continued to increase in January 2023.

Mid-term bond yields in primary market (10Y and 15Y) continued to increase in January 2023. Primary bond yields (except 10Y and 15Y) remained almost the same during January 2023 compared with the same period last year, mainly due to low winning value caused by low and unattractive offering rates.

Secondary yields continued to fall compared with Dec 2022 pressures of rate hikes from the FED started to deplete.

Besides that, bond yields in the secondary market during January continued to contract in January compared with Dec 2022 after pressures of rate hikes from the FED started to deplete. However, yields remain much higher than those in the same period last year.

Bond Yields in the primary market	5Y	7Y	10Y	15Y	20Y	30Y
End of January 2023	0.76%	1.10%	4.36%	4.56%	2.75%	3.01%
+/- YoY (bps)	0	0	229	221	0	5

Bond Yields in the secondary market	1Y	2Y	3Y	4Y	5Y	7Y	10Y	15Y	20Y	30Y
End of January 2023	4.25%	4.25%	4.25%	4.26%	4.28%	4.35%	4.42%	4.54%	4.94%	5.06%
+/- YoY (bps)	377	366	355	346	338	305	233	215	215	209

ANALYST COMMENT:

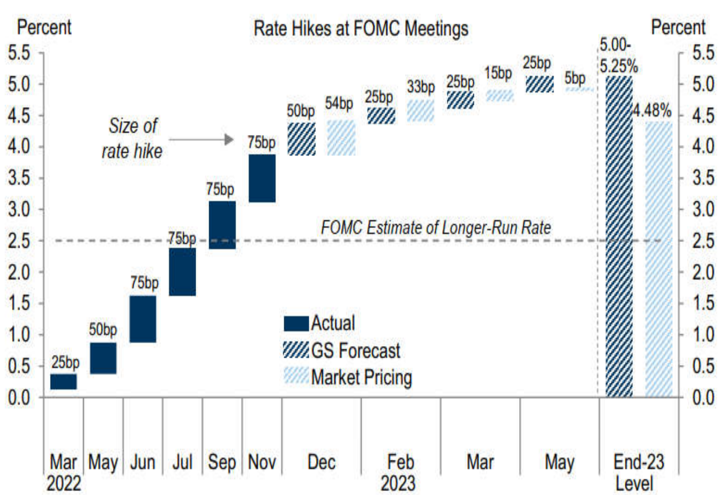
VST needs to increase their offering yields, especially for short terms and long terms, in order to be more attractive to investors as the current interest rates are high globally

Moving into 2023, the government has just approved the total loan amount of around VND648tn and VST have just announced its annual issuance plan for FY2023 (VND400tn, +86% vs adjusted plan in 2022 but equal to 2022's original plan), so we think VST will soon have to push the issuance of bonds by organizing more auctions and offering more attractive yields. In our opinion, the VST needs to increase their offering yields, especially for short terms and long terms, in order to be more attractive to investors as the current interest rates are high globally.

Yields in the secondary market are expected to move in the range of 0.5-1.0% in the 1H2023 and stable in 2H2023

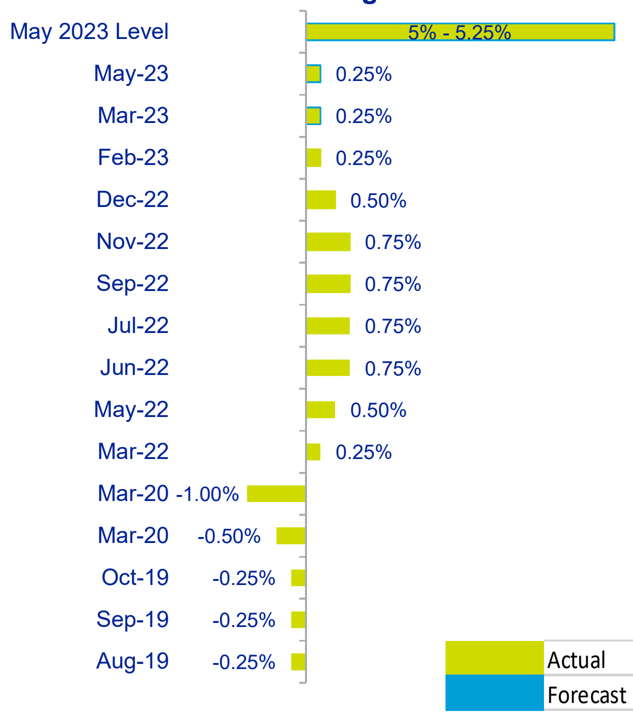
In the secondary market, yields continued to decrease in January following depleted pressures from rate hike of FED in 2023. However, yields were still high compared with those in the same period in 2022. Rising interest rates globally, caused by surging inflation and FED expected to have a total three more 25bps hike in 1H2023, will continue to put upward pressure on bond yields in the upcoming periods, especially in 1H2023. As a result, we expected that yields in the secondary market could move in the range of 0.5-1.0% in 1H2023 owing to more hawkish view from the FED to set inflation fighting as top priority due to stubbornly high inflation and strong labour market. We expect stable yields in 2H2023.

Exhibit 11: We Expect 125bp of Additional Funds Rate Hikes and No Cuts in 2023



Source: Bloomberg, Goldman Sachs Global Investment Research

The Fed's changes to FFR since 2019



Source: Goldmansachs, FED, ACBS

MONEY MARKET

SBV injected over VND110tn net via T-bills and reverse repos OMO in January 2023

In January 2023, the SBV continued to issue over VND242tn, while over VND327tn came due through T-bills channel. VND146bn of reverse repos OMO were issued in January 2023 while over VND121tn came due during the month through reverse repo OMO. As a result, the SBV injected over VND110tn net via T-bills and reverse repos OMO.

The interbank rate increased across all tenors throughout January 2023 because of low liquidity of the banking system mainly due to Lunar New Year holiday

The interbank rate increased across all tenors throughout January 2023 because of low liquidity of the banking system mainly due to Lunar New Year holiday. As of the end of January 2023, the average interbank rates of ON (5.74%, +112 bps MoM), 1-week, (6.32%, +79 bps MoM), 2-weeks (6.78%, +46 bps MoM), 1-month (8.31%, +21 bps MoM), 6-months (10.80%, +40 bps MoM) and 9-months (9.61%, +65 bps MoM) all increased, while only 3-month (9.25%, -55 bps MoM) decreased.

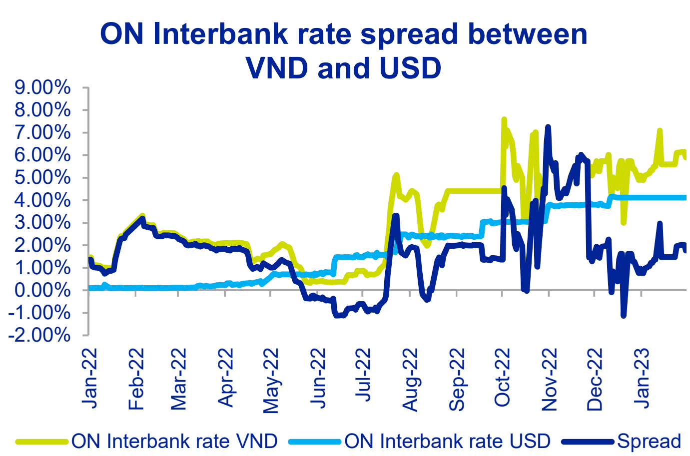
Reengaging the T-bills channel helped close the interest rate gap between the USD and VND interbank interest rate and in turn helped to reduce depreciation pressure and to stabilize the exchange rate and the foreign exchange market as a whole

As expected in our latest report, the recent moves from the SBV likely aimed at closing the negative interest rate gap between the VND and USD interbank interest rate on the interbank market, helping to reduce depreciation pressure and stabilize the exchange rate and the foreign exchange market as a whole.

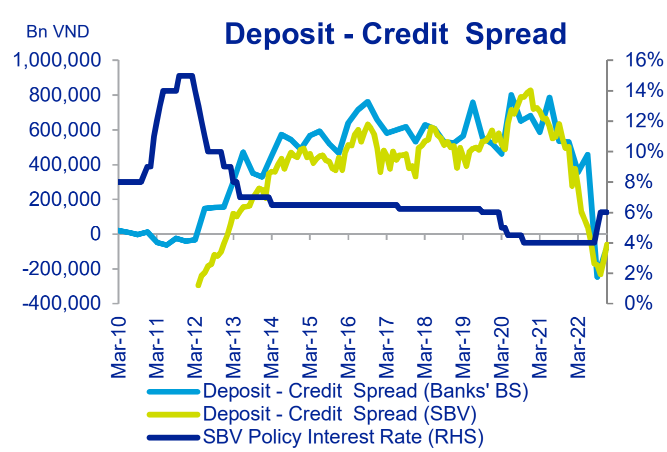
In addition, the deposit-credit spread started to become negative from June 2022 (the first time since 2011) and continued to be negative (as the end of December 2022). However, negative deposit-credit spread started to reverse recently which may help ease pressure on LDR of the banking system and stabilize interest rates in 2023.

Circular No. 26/2022/TT-NHNN was considered good for liquidity of the banking system and will help to reduce pressure on interest rates in the upcoming months

Another good news for bank liquidity is that the SBV has just promulgated Circular No. 26/2022/TT-NHNN on amendments to Circular No. 22/2019/TT-NHNN on limits and prudential ratios of banks and foreign bank branches, which included time deposits of the State Treasury in total deposit to calculate LDR. This amendment was considered good for liquidity of the banking system and will help to reduce pressure on interest rates in the upcoming months, as there are nearly 50% of time deposits in the State Treasury at commercial banks especially state-owned banks (BID, CTG, VCB and Agribank).



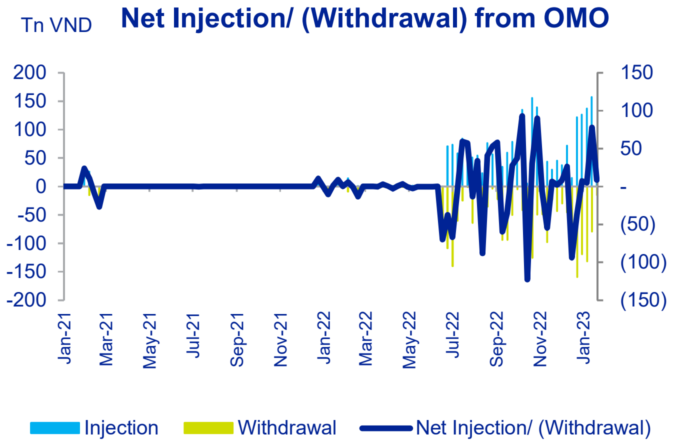
Source: SBV, ACBS

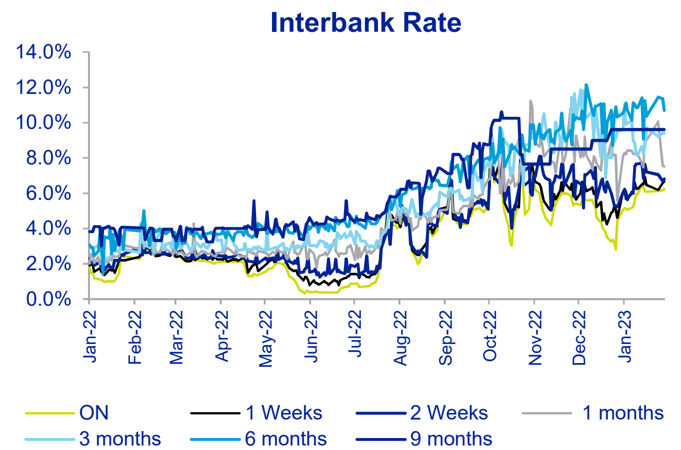


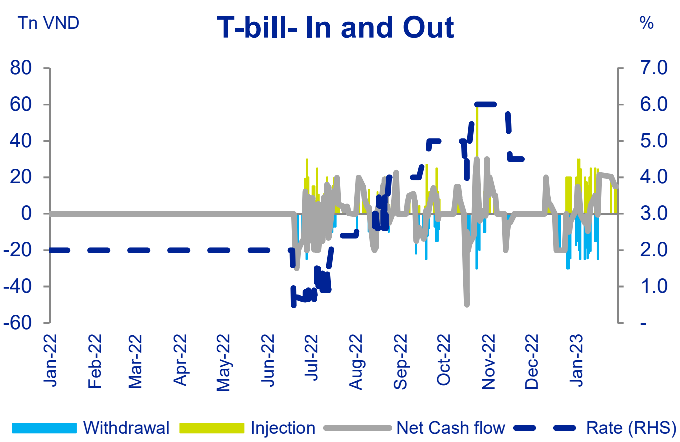
Source: SBV, banks' BS, ACBS

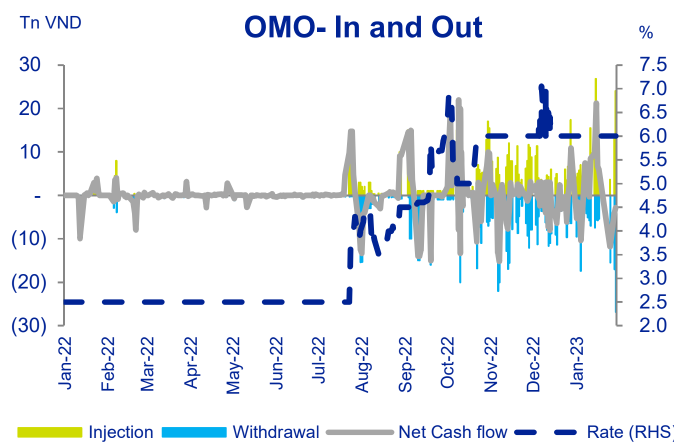
Interbank Rate							
	ON	1 Weeks	2 Weeks	1 months	3 months	6 months	9 months
Average of January 2023	5.74%	6.32%	6.78%	8.31%	9.25%	10.80%	9.61%
+/- MoM (bps)	112	79	46	21	-55	40	65
End of January 2023	6.23%	6.66%	6.81%	7.51%	9.40%	10.70%	9.61%
+/- MoM (bps)	-88	-123	-240	-306	-16	-13	111

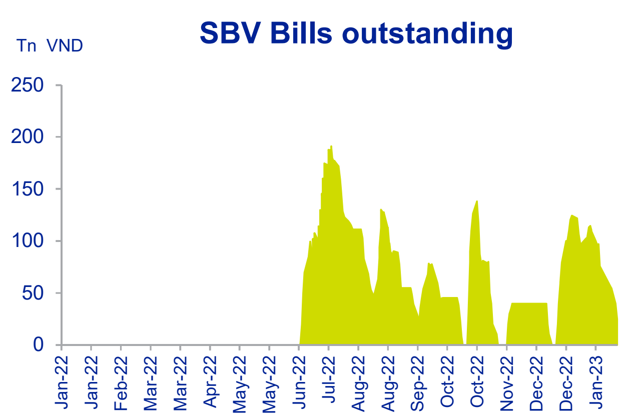
Source: SBV, ACB

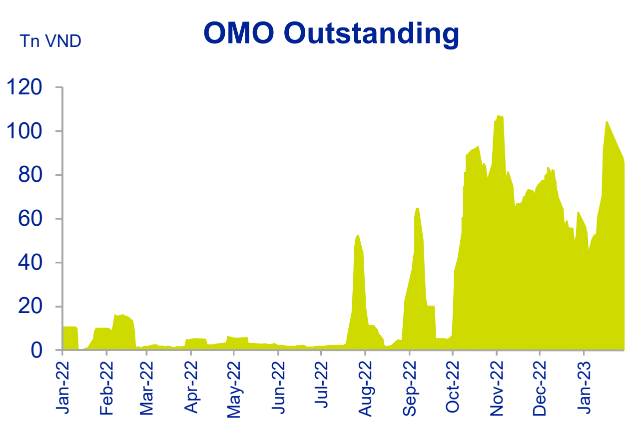












Source: SBV, ACBS

ANALYST COMMENT:

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

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

We believe that new credit growth quota granted in the beginning of 2023 in conjunction with high demand for cash due to major holidays might drain liquidity and put upward pressure on interest rates in early 2023.

Interbank rates may increase further in the range of 100-150bps from the current level, in 1H2023 and stabilize in 2H2023.

We expect that SBV will try to maintain the current policy for key interest rates and might gradually increase 50-100bps toward the end of 2023 in the worst case scenario.

We think that the SBV may find hard in maintaining low interest rates as the FED is expected to keep increasing interest rates in 1H2023, which will put pressure on the VND/USD exchange rate, and the SBV will have to keep the gap between the VND and USD interbank interest rate positive in order to support VND/USD exchange rate.

We expect that the deposit - credit spread to be negative for at least two more quarters, so it may put upward pressure on interest rates in 1H2023. However, new Circular No. 26/2022/TT-NHNN will help partly offset upward pressure on interest rates.

In addition, as most banks were granted new credit growth quotas in the beginning of 2023, we believe that commercial banks have boosted credit growth and put upward pressure on interest rates. Furthermore, high demand for cash due to major holidays might drain liquidity and put upward pressure on interest rates in early 2023.

As a result, we expect banking system's liquidity might remain tight at the current level as a support for the VND from the SBV. Therefore, we expect that **interbank rates may move in the range of 100-150bps, from the current level,** and **stabilize in 2H2023** due to:

(1) while inflationary pressures will remain in the early part of the year, we expect that FED and other major central banks will continue to raise rates as planned. If these actions work as expected and inflation is brought under control, we could see a neutral monetary policy in the second half of the year 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;

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

We expect that the SBV will try to maintain the current policy for **key interest rates**. However, **in the worst case scenario** (in which inflation continues to be high in the US while labor market is still strong and FED needs to be more hawkish with its rate hike plan), we expect that SBV might gradually **increase 50-100bps** toward the end of **2023**.

OTHER MARKETS

FOREX MARKET

SBV brought back the USD bid rate which is positive news for liquidity in the banking system

The SBV increased the spot reference asking exchange (which is the rate offered to commercial banks to buy USD from SBV) seven times in 2022 by total VND1,820 (increased from 23,050 to 24,870 VND/USD). In addition, the SBV also decided to adjust the USD/VND spot exchange rate band from ±3% to ±5%, effective from Oct 17th 2022. Both actions were due to heavy selling pressure of USD to banks recently as the growing pressure from the strengthening USD (The USD index was up by 8.2% during this period) after the recent Fed interest rate hikes.

We estimate the SBV has brought up to USD2bn from the beginning of 2023, resulting in a decline of the foreign reserves to approximately USD84.5bn.

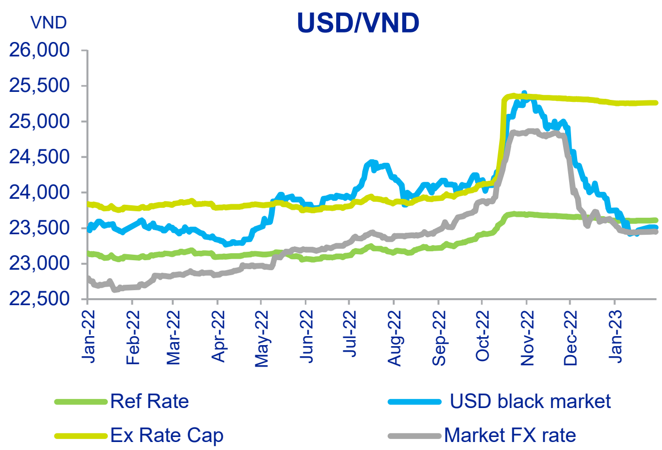
However, on Dec 15th, the SBV brought back the USD bid rate (which is the rate at which the SBV buys USD from commercial banks), which is positive news for liquidity in the banking system. This move signals that the SBV will start buying back USD from commercial banks that have positive foreign currency positions. This news is very good for the liquidity of the banking system at this time because if the SBV buys USD, it will directly inject liquidity into the system. We estimate the SBV has brought up to USD2bn from the beginning of 2023, resulting in a decline of the foreign reserves to approximately USD84.5bn.

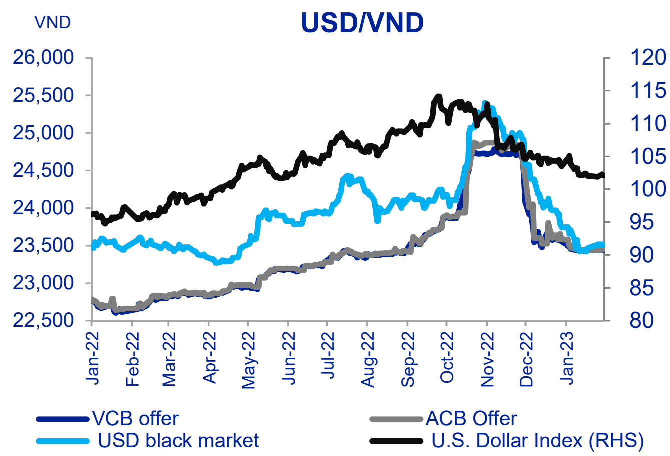
The recent weakening USD globally has been contributed to the strengthening of VND recently

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

USD/VND exchange rate of the banking system has appreciated a little bit in January 2023

Specifically, the USD/VND exchange rate of the banking system has appreciated a little bit in January 2023. As of the end of January 2023, the average USD/VND exchange rate of banks stood at VND23,450 (-0.77% MoM, +3.47% YoY). The USD/VND exchange rate in black market also appreciated to VND23,510 (-0.99% MoM, +0.18% YoY).





Source: SBV, Bloomberg, ACBS

ANALYST COMMENT:

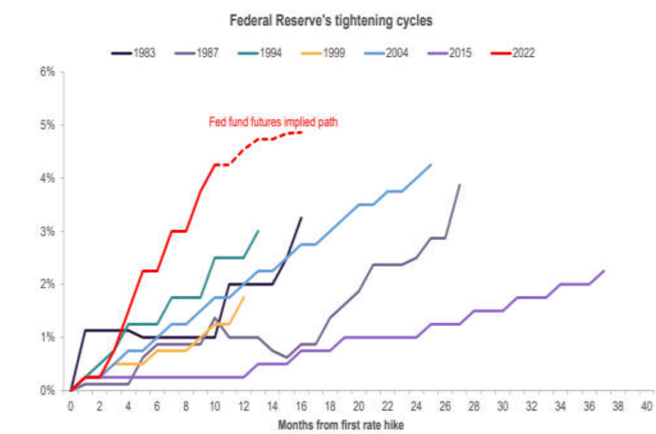
External headwind from global central bankers' raising rates and implementing QT to fight inflation is

We expect that Vietnamese currency in 2023 may be put under pressure caused by various sources including:

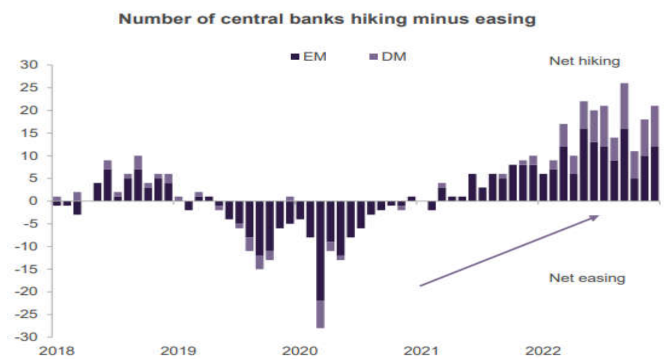
(1) while inflationary pressures will remain in the early part of the year, we expect that FED and other major central banks will continue to raise rates as planned. If

putting downward pressure on the VND

these actions work as expected and inflation is brought under control, we could see a neutral monetary policy in the second half of the year 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;



Data source: Truist IAG, Bloomberg

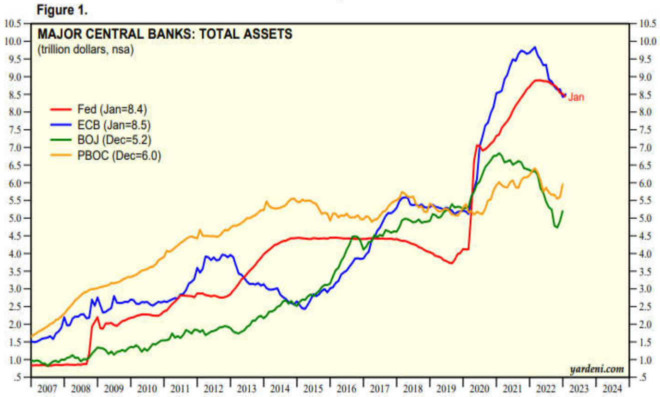


Data source: Truist IAG, Haver. Series constructed using predominantly countries in the MSCI All Country World Index
EM = Emerging markets; DM = Developed markets
Past performance does not guarantee future results.

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

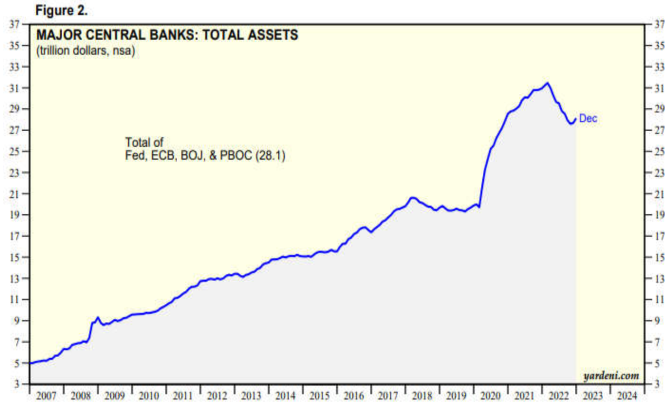
(2) The FED, along with the BOE and ECB, is stopping reinvesting maturing assets and starting to sell assets on their balance sheet (also known as Quantitative Tightening program). According to Morgan Stanley estimation, the heaviest-hitting central banks will shrink its balance sheets by roughly USD4tn by the end of 2023. The new paper "How Many Rate Hikes Does Quantitative Tightening Equal?" from The Federal Reserve Bank of Atlanta's Policy Hub suggests that if FED stop reinvest and start selling nominal US Treasuries by around USD2.2tn over three years could be equivalent to an increase 29bps Fed Fund rate in normal time and 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 the economic growth;

Figure 1.



Source: Haver Analytics.

Figure 2.



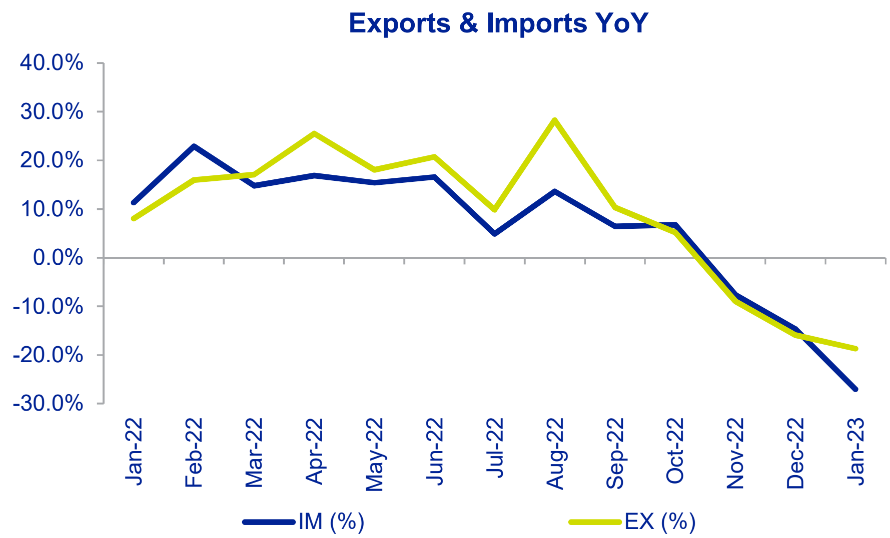
Source: Haver Analytics.

Weak industrial activities could weigh on our export activities, which is a significant source of USD

(3) The industrial activities declined for the first time since COVID-19 in 2021 (IIP slowed starting from October 2022). It will be important to monitor key industrial activities in the coming months to see if the recent deterioration in some metrics (exports declining for three consecutive months, PMI falling out

and might also put downward pressure on the VND

of expansionary territory for three consecutive months) are a temporary blip or the start of a longer trend. The effects of low performance from industrial activities could weigh on our export activities (which mainly contributed by FDI firms) which is one of our main source of USD.



However, we expect depreciation pressures on the VND in 2023 will be low as:

The recent weakening USD globally has been contributed to the strengthening of VND recently. We expect that trend might continue as the FED is expected to slow interest rate increases in 2023 and stop increases by the end of 1H2023

(1) The USD has pulled back since Nov 2022 from its high (114) and stood at 102.10 (-10.4% from its high 114) at the end of January 2023, which has contributed to the strengthening of the VND. We expect that trend might continue as the FED is expected to slow interest rate increases in 2023 and stop increases by the end of 1H2023;

Remittances to Vietnam continued to record high

(2) According to the Vietnamese Government Portal, remittances to Ho Chi Minh city are expected to reach USD6.8bn in 2022 (increased from USD6.5bn in 2021), while estimations from The Global Knowledge Partnership on Migration and Development (KNOMAD) indicated that remittances to Vietnam in 2022 will reach USD19bn (compared with USD18bn in 2021);

(3) Disbursed FDI inflows are expected to remain strong in 2023 (disbursement continued to increase by 13.5% YoY in 2022, to USD22.4bn) as Vietnam remains a low-cost manufacturer, stability in the macro economy and with more competitive labor costs in the region could be attractive for FDI firms to invest and establish production plants, which might bring more USD to Vietnam;

The strong recovery of the service sector especially coming from international tourism is also a supporting factor for foreign inflows

(4) The strong recovery of the service sector especially coming from international tourism (retail sales of travelling services increased by 271% YoY in 2022 and increased by 113% YoY in Jan 2023) will also be a supporting factor for foreign inflows;

(5) Recession risks grow, especially in Vietnam's large trading partners such as the US, EU, Japan and China. Fortunately, the latest IMF's economic projections revised global GDP growth for 2023 to 2.9% compared with 2.7% in October 2022 projection, so our export activities, which is one of our main sources of USD, could remain positive in 2023, although the growth rate could see some moderation;

Table 1. Overview of the *World Economic Outlook* Projections
(Percent change, unless noted otherwise)

	Year over Year					
	2021	Estimate 2022	Projections 2023	Projections 2024	Difference from October 2022 WEO Projections 1/ 2023	Difference from October 2022 WEO Projections 1/ 2024
World Output	**6.2**	**3.4**	**2.9**	**3.1**	**0.2**	**–0.1**
Advanced Economies	**5.4**	**2.7**	**1.2**	**1.4**	**0.1**	**–0.2**
United States	5.9	2.0	1.4	1.0	0.4	–0.2
Euro Area	5.3	3.5	0.7	1.6	0.2	–0.2
Japan	2.1	1.4	1.8	0.9	0.2	–0.4
United Kingdom	7.6	4.1	–0.6	0.9	–0.9	0.3
Canada	5.0	3.5	1.5	1.5	0.0	–0.1
Emerging Market and Developing Economies	**6.7**	**3.9**	**4.0**	**4.2**	**0.3**	**–0.1**
China	8.4	3.0	5.2	4.5	0.8	0.0
India 4/	8.7	6.8	6.1	6.8	0.0	0.0

Source: IMF

Overall, we expected that the VND/USD exchange rate might be neutral in 1H2023 and might slightly appreciate in 2H2023

Overall, we expected that the VND/USD exchange rate might be **neutral in 1H2023** and might slightly **appreciate in 2H2023**.

CONTACTS

Ho Chi Minh City Head Office
Leman, 117 Nguyen Dinh Chieu, Dist. 3, Ho Chi Minh City
Tel: (+84 28) 7300 7000

Hanoi Office
10 Phan Chu Trinh, HoanKiem Dist., Ha Noi
Tel: (+84 24) 3942 9395
Fax: (+84 24)3942 9407

RESEARCH DEPARMENT

Associate Director
Gigi Nguyen Binh
(+84 28) 7300 7000 (x1041)
giaonbt@acbs.com.vn

Manager– Property
Truc Pham
(+84 28) 7300 7000 (x1043)
trucptt@acbs.com.vn

Manager– Financials
Hung Cao
(+84 28) 7300 7000 (x1049)
hungcv@acbs.com.vn

Associate – Consumer-related, Technology
Chi Luong
(+84 28) 7300 7000 (x1042)
chiltk@acbs.com.vn

Associate– Oil & Gas
Hung Phan
(+84 28) 7300 7000 (x1044)
hungpv@acbs.com.vn

Associate – Consumer-related, Media
Trung Tran
(+84 28) 7300 7000 (x1045)
trungtn@acbs.com.vn

Associate – Construction materials
Huy Huynh
(+84 28) 7300 7000 (x1048)
huyha@acbs.com.vn

Associate – Energy
Toan Pham
(+84 28) 7300 7000 (x1051)
toanpd@acbs.com.vn

Associate –Macro
Hoa Nguyen
(+84 28) 7300 7000 (x1050)
hoant@acbs.com.vn

Associate – Macro
Minh Trinh
(+84 28) 7300 7000 (x1046)
minhtvh@acbs.com.vn

Associate – Technical
Phuoc Luong
(+84 28) 7300 7000 (x1047)
phuocld@acbs.com.vn

Analyst – Technical
Huu Vo
(+84 28) 7300 7000 (x1052)
huuvp@acbs.com.vn

Director – Institutional sales
Huong Chu
(+84 28) 7300 7000 (x1083)
huongctk@acbs.com.vn

Customer Support Institutional Client
Thanh Le
(+84 28) 7300 7000 (x1089)
thanhlnt@acbs.com.vn

Trader
Huynh Nguyen
(+84 28) 7300 7000 (x1088)
huynhntn@acbs.com.vn

Trader
Thanh Tran
(+84 28) 7300 7000 (x1085)
thanhtt@acbs.com.vn

Trader
Thao Nguyen
(+84 28) 7300 7000 (x1087)
thaont@acbs.com.vn

Trader
Dung Ly
(+84 28) 7300 7000 (x1084)
dungln.hso@acbs.com.vn

Trader
Nhi Nguyen
(+84 28) 7300 7000 (x1086)
nhinp@acbs.com.vn

DISCLAIMER

Analyst Certification(s)

We, the author(s) of this report, hereby certify (1) that the views expressed in this research report accurately reflect our personal views about any or all of the subject securities or issuers referred to in this research report and (2) no part of our compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

Important Disclosures

ACBS and/or an affiliate thereof (hereby collectively called ACBS) did or may seek to do business with companies covered in this report as its routine business. ACBS's proprietary trading accounts may have a position in such companies' securities. As a result, the investor should be aware that ACBS may have a conflict of interest from time to time.

ACBS produces a variety of research products including, but not limited to, fundamental analysis, equity-linked analysis, quantitative analysis, and trade ideas. Recommendations contained in one type of research product may differ from recommendations contained in other types of research products, whether as a result of differing time horizons, methodologies, or otherwise.

Disclaimer

This report is provided for information purposes only. ACBS makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to any data included in this report. ACBS will not treat unauthorized recipients of this report as its clients. Prices shown (if any) are indicative and ACBS is not offering to buy or sell or soliciting offers to buy or sell any financial instrument. **Without limiting any of the foregoing and to the extent permitted by law, in no event shall ACBS, nor any affiliate, nor any of their respective officers, directors, partners, or employees have any liability for (a) any special, punitive, indirect, or consequential damages; or (b) any lost profits, lost revenue, loss of anticipated savings or loss of opportunity or other financial loss, even if notified of the possibility of such damages, arising from any use of this report or its contents**. Other than disclosures relating to ACBS, the information contained in this report has been obtained from sources that ACBS believes to be reliable, but ACBS does not represent or warrant that it is accurate or complete. The views in this report are subject to change, and ACBS has no obligation to update its opinions or the information in this report.

Some parts of this report reflect the assumptions, views and analytical methods of the analysts who prepared them, and ACBS is not responsible for any error of their works and assumptions. ACBS may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report.

The analyst recommendations in this report reflect solely and exclusively those of the author(s), and such opinions were prepared independently of any other interests, including those of ACBS. This report does not constitute personal investment advice or take into account the individual financial circumstances or objectives of the investors who receive it. The securities discussed herein may not be suitable for all investors. ACBS recommends that investors independently evaluate each issuer, securities or instrument discussed herein and consult any independent advisors they believe necessary. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including changes in market liquidity). The information herein is not intended to predict actual results, which may differ substantially from those reflected. Past performance is not necessarily indicative of future results.

This report may not be distributed to the public media or used by the public media without prior written consent of ACBS. Otherwise it will be considered as illegal. The breacher shall compensate fully to ACBS any loss or damage which arises from such breach (if any).

In the event that the distribution and/or receipt of this report is prohibited by the investor's jurisdiction, the investor shall dismiss this report immediately otherwise it will be at his/her own risks.

ACBS does not provide tax advice and nothing contained herein should be construed to be tax advice. Accordingly, the investors should seek advice based on their particular circumstances from an independent tax advisor. This report may contain links to third-party websites. ACBS is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this report and is not incorporated by reference into this report. The inclusion of a link in this report does not imply any endorsement by ACBS. Access to any third-party website is at the investor's own risks, and the investor should always review the terms and privacy policies at third-party websites before submitting any personal information to them. ACBS is not responsible for such terms and privacy policies and expressly disclaims any liability for them.