Macro Update 1Q2023
"Hopes" Emerge from Pandora's Box

April 19, 2023

Mr. Minh Trinh Viet
Associate – Macro

Mr. Minh Trinh Viet

minhtvh@acbs.com.vn

Macro Indicators 1Q23

Macro Indicators	1Q23
GDP	**+3.32%**
Agri., forestry, and fishery	**+2.52%**
Industry and construction	**-0.40%**
Services	**+6.79%**
Industrial Production Index (IIP)	**-2.25%**
Mining and quarrying	-4.45%
Manufacturing	-2.37%
Production and distribution of electricity	-0.99%
Water supply and waste treatment	7.83%
Vietnam Exports (USDmn)	**79,170**
Vietnam Imports (USDmn)	**75,100**
Net Trade (USDmn)	**4,070**
Disbursed FDI (USDmn)	**4,320**
Registered FDI (USDmn)	**4,230**
Retail sales of goods and services	**+13.87%**
CPI	**+4.18%**
Core CPI (avg. 1Q2023)	+5.02%

MACRO UPDATE 1Q2023

In the midst of a volatile global economy with high inflation, major central banks such as FED have raised interest rates and implemented tightening monetary policies to combat inflation. The consequence of high interest rates and tight monetary policies caused instability of some banks in the US and Europe which also affected people's confidence in the banking system worldwide. These, in turn, have had a significant impacts on global economic growth and reduced consumer demand. Additionally, Vietnam's property sector has been adversely affected by stricter lending conditions and tightened monetary policies. As a result, in the first quarter of 2023, Vietnam experienced a slowdown in its economy with a YoY growth rate of only 3.32%, the lowest since 2009. This was primarily due to a contraction in exports from the FDI sector as well as a decline in the industrial sector.

Industrial activities contracted in 1Q2023, in which IIP recorded a negative growth rate of 2.3% YoY in 1Q2023 (vs +6.8% in 1Q2022). Furthermore, the PMI also showed signs of contraction in 1Q2023, as the index declined 2 out of 3 months in 1Q (Jan – 47.4, Feb – 51.2, Mar – 47.7).

Disbursed FDI started to decline in 1Q2023 (+7.8% YoY in 1Q2022) due to global demand slowdown which halted investment globally. Registered FDI in 11Q2023 also decreased, postinga-42% YoY (vs -22% YoY in 1Q2022).

Last but not least, 1Q2023 Consumer Price Index (CPI) cooled down a little bit, increasing by 4.18% YoY, due to rising education fees, housing and construction materials and high outdoor eating and drinking services, but still remain under control and below the government's target of 4.5%.

There are several exogenous risk factors to watch towards year-end of 2023 which continue to bring uncertainties to Vietnam's economic growth prospects, include:

(1) High interest rate environment may continue at least until the end of 2023 amidst of inflationary pressures which badly affect economic growth;

(2) The FED, along with the BOE and ECB are stopping reinvesting maturing assets and starting to sell assets on their balance sheets (also known as Quantitative Tightening program) as temporary lending to banks via the discount window (with a record USD153bn in lending). This could reduce pressure on interest rates in short-term but in the long term may put upward pressure on rates which could be difficult to lower and in turn will badly affect long-term economic growth;

(3) As financial conditions continue to tighten, the likelihood of a recession is increasing, and growth prospects need to be lowered accordingly. The EU and US are Vietnam's major trading partners, so industrial production and trade activities, which are still the main growth drivers of the Vietnamese economy, are expected to slow in 2023;

(4) China is gradually reopening its economy after abandoning their zero-COVID strategy. But the path to a full resumption of economic activities could take a few months with potential surging COVID infections amidst the relaxation of restrictions and the sustainability of growth in the coming months is yet to be determined. Given potential hiccups during the reopening phase and growth rate projection from Chinese's government (only 5% in 2023), we expect economic activities to continue at a relatively weak pace in 1H2023, but expect strong recovery in 2H2023;

(5) The Chinese government has been implementing measures to revive the property sector, such as interest rate cuts, loosening of property purchase restrictions, and infrastructure investment. While these measures have yielded some encouraging outcomes, we have yet to observe any substantial improvements in this sector;

(6) Industrial activities of South Korea, Japan and Taiwan have also been impacted as tighter monetary policies worldwide dampen global economic growth and reduce demand for goods, leading to a decline in sales for Asian export powerhouses.

Vietnam may experience a decrease in industrial production, export growth, and FDI inflows as industrial activities of South Korea, Japan and Taiwan remain weak;

(7) The Vietnamese manufacturing sector experienced a decline in output, new orders and employment in 1Q2023 which was caused by a lack of demand (IIP declined 2.3% YoY, PMI fell into a recessionary state for 2 out of 3 months).

(8) Vietnam's real estate market has experienced a downturn due to a fall in home sales, scarcity of capital and tightening lending conditions. This has led to a slowdown in new construction and a drop in property prices.

However, despite fears that these events could slow down Vietnam's growth prospects in 2023, we noticed that the current Vietnamese economy is very similar Pandora's box in the story related to the in Greek mythology, where **"Hopes"** emerges from a box filled with darkness and despair. Specifically, government interventions on both the supply-side and demand-side might be the **"Hopes"** from Pandora's box that is emerging to bring light and prosperity to Vietnam's struggling economy, as all negative news about the state of the economy might have been taken into account.

a. **"Hopes"** coming from supply-side include:

(1) In order to mitigate the low economic growth, the State Bank of Vietnam (SBV) has recently announced to reduce the refinancing rate from 6% to 5.5%, effective April 3rd. It seems that the SBV is taking action to reduce cost of fund and encouraging commercial banks to lower their lending rates which aimed at making it easier for businesses and individuals to access credit and support their business operations. In addition, reducing borrowing costs can boost consumer spending which also supports economic growth. And last but not least, we believe that the government and SBV only utilize monetary policy as a complimentary tool rather than as a major instrument to boost economic growth because we believe that there may be limited room for additional rate cut this year;

(2) In addition, 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 left around VND290tn need to disbursed in 2023. Along with Capital under State Budget needed to disbursed in 2023 (estimate to be around VND680tn, +29% YoY, 1Q23 disbursed 13.4%), will push socio-economic growth in the upcoming months of 2023;

(3) Last but not least, Government has implemented supportive policies for real estate sector such as Decree 08 and Resolution 33. These policies have eased liquidity pressures and restored buyer demand. Additionally, Decree No. 10/2023/NĐ-CP supports the growth of the real estate market. More policies are expected in the next 3-6 months, including the 2023 amended Land Law if approved in October 2023, which will remove legal obstacles for new housing projects and help the housing supply recover gradually from 2024-2025.

b. And in order to bring **"Hopes"** to the economy's demand side:

(1) the government issued Decree 12/2023/NĐ-CP extent deadlines for submitting value-added tax, corporate income tax, personal income tax, and land rental fees in 2023; and

(2) the Ministry of Finance has proposed to decrease the value-added tax (VAT) from 10% to 8% for all goods and services to stimulate the economy, potentially support recovery of retail sales.

In addition, we also expect that Vietnam's economy can still recover and grow in 2023, supported by:

(1) The labor market's pressure from both supply and demand has decreased, which may lead to a drop in wages and support a decline in inflation in the coming months. As a

result, we anticipate that the Federal Reserve will stick to its interest rate hike plan, as outlined in the March 2023 Dot Plot;

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

(3) Vietnam, with a long list of Free Trade Agreements (FTAs) achieved to date also strengthens the country's competitiveness as a low-cost manufacturing export hub;

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

(5) The strong recovery of the service sector coming from (1) improvement of domestic consumption (total retail sales of goods and services 1Q2023 increased 13.8% YoY), (2) reopening international tourism (retail sales of travelling services 1Q2023 increased 119% YoY); (3) normalization of transportation of goods help push trading activities especially export from the FDI sector; and (4) the number of foreign tourists from China surged again after it reopened its economy (the number of tourists from China accounted for 40% of the total international tourists pre-COVID level while in 3M2023 accounted for only over 7%);

Overall, we revised Vietnam's GDP will grow in range between 4.4% - 5.1% YoY in 2023. Decrease by 150ppts compared to our previous forecast.

Vietnam's economy in 1Q2023 reported its lowest GDP growth rate in decades mainly due to the decline of manufacturing activities caused by contraction of the global consumer demand

- Generally, GDP in 1Q2023 rose 3.32% YoY, in which:
  - Agriculture, forestry and fishery sector grew 2.52% YoY in 1Q2023 (vs +2.45% YoY in 1Q2022);
  - Industry and construction sector decreased by 0.4% YoY in 1Q2023 (vs +6.38% YoY in 1Q2022); and
  - The service sector increased by 6.79% YoY in 1Q2023 (vs +4.58% in 1Q2022).

Vietnam's Industrial activities contracted the first time since the COVID-19 in 1Q2023

- 1Q2023 IIP decreased by 2.3% YoY (vs +6.88% YoY in 1Q2022), in which:
  - Manufacturing decreased by 2.4% YoY in 1Q2023 (vs +7.3% in 1Q2022);
  - Production and distribution of electricity IIP decreased by 1.0% YoY in 1Q2023 (vs +8.0% in 1Q2022);
  - Water supply and waste treatment IIP increased by 7.8% YoY in 1Q2023 (vs +1.4% in 1Q2022);
  - Mining IIP growth declined by over 4.5% YoY in 1Q2023 (vs +2.8% in 1Q2022).

Disbursed FDI and registered FDI remained weak in 1Q2023

- Disbursed FDI in Vietnam reached USD4.3bn in 1Q2023 – decreasing by 2.3% compared with the same period last year, while registered FDI in 1Q2023 continued to decline by over 42% YoY, to USD4.2bn. The capital contribution & share repurchase decreased by 25% YoY to USD1.2bn in 1Q2023.
- Vietnam's top 3 FDI investors registered in 1Q2023 were Singapore (USD1.5bn, -18.5% YoY), South Korea (USD417mn, -71% YoY), and Japan (USD269mn, -50% YoY).
- Vietnam's top 3 sectors by registered FDI in 1Q2023 were the manufacturing sector, production and distribution of electricity, gas, air conditionals, and the real estate sector.

Total trade value of Vietnam contracted in 1Q2023 as the global economy faces strong headwinds

- Trading activities contracted in 1Q2023 with year-on-year total trade value decreased by 13.2%, especially in our large trading partner such as the US, EU and China. Specifically, according to the GSO, total turnover of import-export of goods reached USD154,3bn in 1Q2023 (-13.2% YoY vs +15.9% YoY in 1Q22), with exports in 1Q2023 reached USD79.2bn (-11.1% YoY), while imports declined to USD75.1bn (-14.3% YoY), resulting in a trade surplus of USD4.1bn in 1Q2023.

Inflation cooled down in March and overal CPI in 1Q2023 remained under control and within the government's target of 4.5%

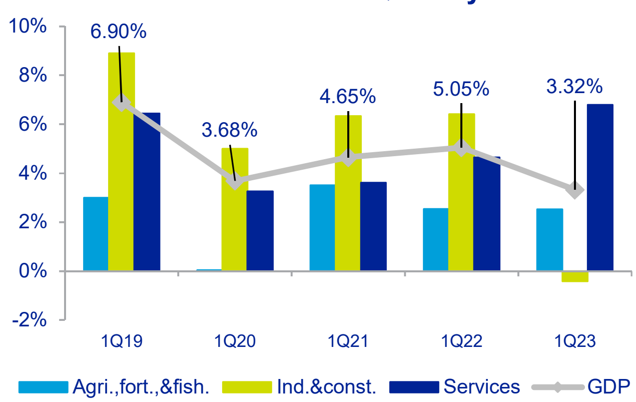
- 1Q2023 CPI increased by 4.18% YoY.
- Average core CPI of 2022 stood at 5.02% YoY.

GDP

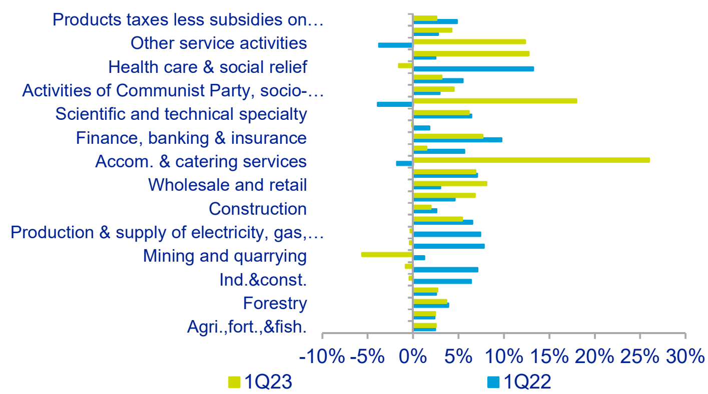
Vietnam's economy in 1Q2023 reported the lowest GDP growth rate in a decade mainly due to the decline of manufacturing activities caused by contraction of the global consumer demand

In the midst of a volatile global economy with high inflation, major central banks such as FED have raised interest rates and implemented tightening monetary policies to combat inflation which caused instability of some banks in the US and Europe which also affected people's confidence in the banking system worldwide. These, in turn, have had a significant impact on global economic growth and reduced consumer demand. As a result, in the first quarter of 2023, Vietnam experienced a slowdown in its economy with a YoY growth rate of only 3.32%, the lowest since at least 2009. This was primarily due to a contraction in exports from the FDI sector as well as a decline in the industrial sector and slowdown of the construction sector due to the property's sector hardest hit by tightening monetary policies and lending condition. However, the services sector, which played a key role in driving growth during 1Q2023, helped offset some of the contraction in the industrial sector, recording a YoY growth rate of 6.79%. The agriculture, forestry, and fishery sector also maintained its growth rate at 2.52% YoY.

GDP Growth Quaterly



GDP by Sectors



Source: GSO

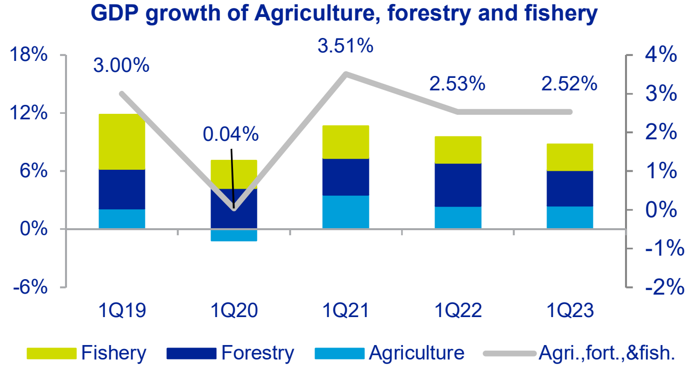
The agriculture, forestry and fishery sector exhibited a consistent growth in the first quarter, which grew 2.52% in 1Q2023 compared to the the same period last year.

The agriculture sub-sector maintained a stable growth which recorded at2.43% YoY (vs +2.35% YoY in 1Q2022). Favorable weather conditions led to good yields of rice crops and perennial trees. Besides, livestock production continued to recover but still faced difficulties due to high prices of animal feed.

Forestry also continued to maintain its growth rate at 3.66% YoY in 1Q2023 (vs +3.86% YoY in 1Q2022), primarily driven by the increased yield of harvested timber. Nevertheless, the manufacturing of wood and wood products slowed down (+2.1% YoY in 1Q2023 vs +19.3% YoY in 4Q2022 and +34% in 3Q2022), and exports declined (-28.2% YoY in 1Q2023), which could lead to a contraction in the upcoming quarters.

Furthermore, the fishery sub-sector also experienced a stable growth, which increased 2.68% in 1Q2023, mainly due to recovery of fishery consumption pushed by China's reopening and the prices of farmed pangasius & shrimp continued to stay at high levels. However, marine fishery production faced many difficulties due to high gasoline prices.

GDP growth of Agriculture, forestry and fishery

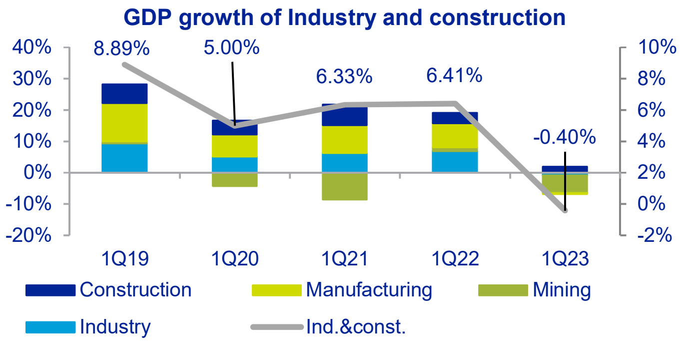


	1Q2023	1Q2022	1Q2021
Agriculture, forestry and fishery	**2.52%**	**2.53%**	**3.51%**
Agriculture	2.43%	2.40%	3.55%
Forestry	3.66%	4.48%	3.82%
Fishery	2.68%	2.61%	3.25%

Source: GSO

The **industry and construction sector** in 1Q2023 experienced a contraction for the first time since at least 2004, with a YoY decline of 0.40% in 1Q2023 (vs. +6.38% YoY in 1Q2022).

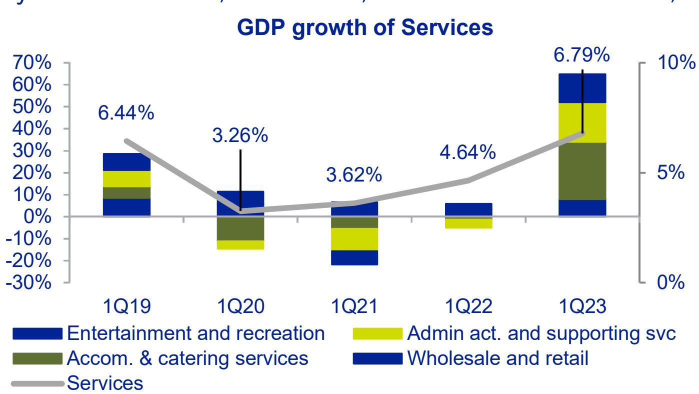
The manufacturing sub-sector, which is a major growth driver of the industrial sector, also experienced a slight contraction, with a negative YoY growth of 0.37% in 1Q2023 mainly due to the contraction in industrial production for crucial industries within the industrial sector caused by exorbitant input production expenses and a sharp reduction in the number of orders (IIP of manufacturing decreased 2.4% YoY in 1Q2023). Furthermore, the mining sector also declined, particularly in crude oil & natural gas mining (-6.0% YoY in 1Q2023) and coal mining (-0.6% YoY in 1Q2023), leading to a negative growth rate of 5.6% YoY in 1Q2023. On a bright side, the construction sub-sector still managed to grew slightly in 1Q2023 despite a hard hit in the property sector caused by tightening lending conditions, which increased only 1.95% YoY in 1Q2023.



	1Q2023	1Q2022	1Q2021
Industry and construction	**-0.40%**	**6.41%**	**6.33%**
Industry	-0.82%	6.97%	6.29%
Mining	-5.60%	1.11%	-8.54%
Manufacturing	-0.37%	7.72%	8.90%
Construction	1.95%	3.28%	6.53%

Source: GSO

The service sector continued to recover strongly in 1Q2023 with pushed from tourism in 1Q2023. Specifically, the service sector increased by 6.79% YoY in 1Q2023, with accommodation & catering services sub-sector, admin activity & supporting service sub-sector, entertainment & recreation sub-sector and wholesale and retail sub-sector led the growth which expanded by over 25.98% YoY, 17.99% YoY, 12.72% YoY and 8.09% YoY, respectively.



	1Q2023	1Q2022	1Q2021
Services	6.79%	4.64%	3.62%
Wholesale and retail	8.09%	3.42%	6.59%
Accommodation & catering services	25.98%	-1.18%	-5.48%
Admin activity & supporting service	17.99%	-3.71%	-10.12%
Entertainment & recreation	12.72%	2.48%	-6.05%

Source: GSO

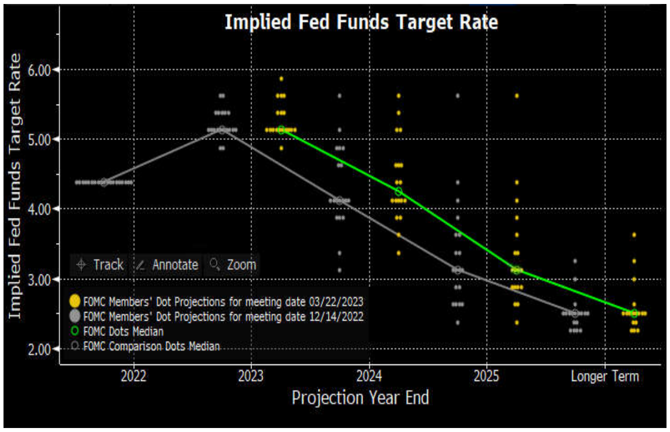
ANALYST COMMENT:

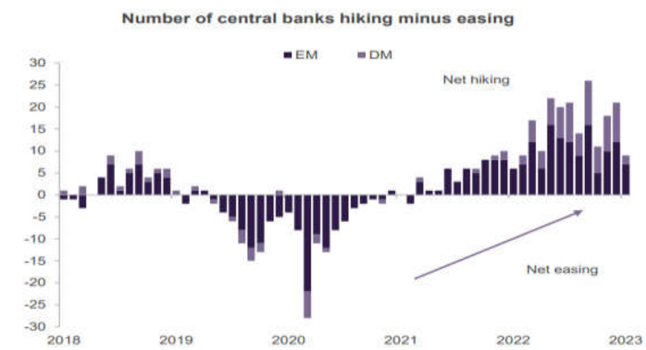
The global economy is currently volatile and experiencing high inflation, leading major central banks such as the FED to raise interest rates and implement tighter monetary policies to combat inflation. However, these actions have caused significant impacts on the global economic growth which, in April 2023 World Economic Outlook, the IMF has just downgraded its projection for the global growth rate in 2023 to 2.8% (from 2.9% in its January 2023 projection). As a result, in the first quarter of 2023, Vietnam experienced a slowdown in its economy with a YoY growth rate of only 3.32%, the lowest since 2009. This was primarily due to a contraction in exports from the FDI sector as well as a decline in the industrial sector.

We remain neutral on economic growth of Vietnam in 2023 as several exogenous risk factors continue to bring uncertainties to Vietnam's economic growth prospects in 2023, include:

(1) While inflationary pressures will remain in the early parts of the year, we expect that FED and other major central banks continue to raise rates 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 which might not be good for economic growth;

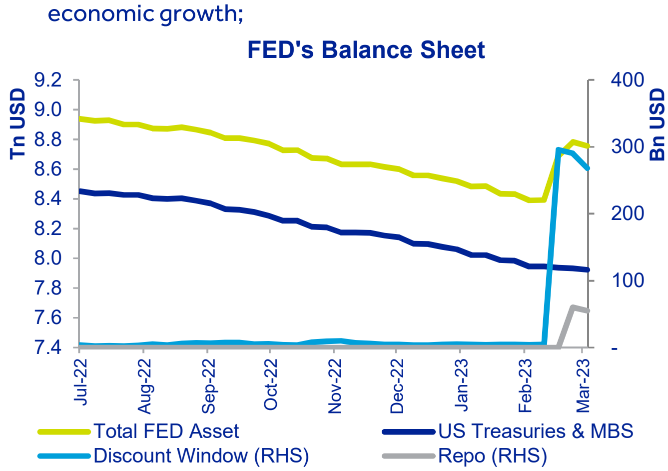




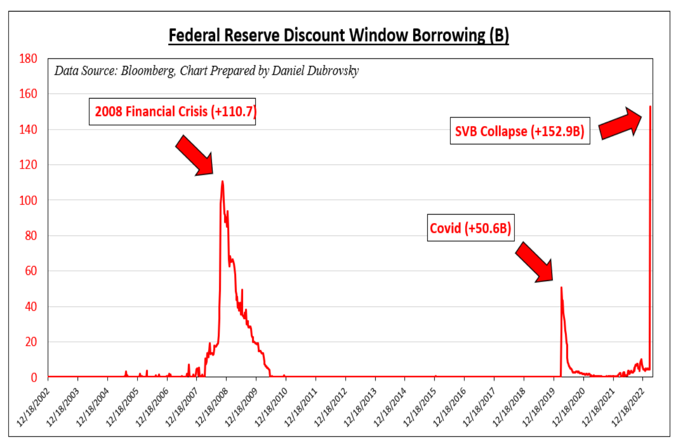
Data source: Truist IAG, Haver. Series constructed using predominantly countries in the MSCI All Country World Index
EM = Emerging markets; DM = Developed markets
Past performance does not guarantee future results.

Source: Bloomberg

(2) The FED, along with the BOE and ECB are stopping reinvesting maturing assets and starting to sell assets on their balance sheet (also known as Quantitative Tightening program). The Federal Reserve's balance sheet has recently expanded as a result of its actions to provide liquidity and support the US banking system. FED Chairman, Jerome Powell, has stated that the bank's decision to expand and reverse the shrinking of its balance sheet was not intended to stimulate the economy. The expansion is seen as temporary lending to banks via the discount window (with a record USD153bn in lending) and not a direct alteration of monetary policy and not the same as quantitative easing, which is designed to lower long-term interest rates and stimulate economic growth. Those events could reduce pressure on interest rate but overall in long term will put upward pressure on rates which could be difficult to lower rates and in turn will badly affect long-term economic growth;

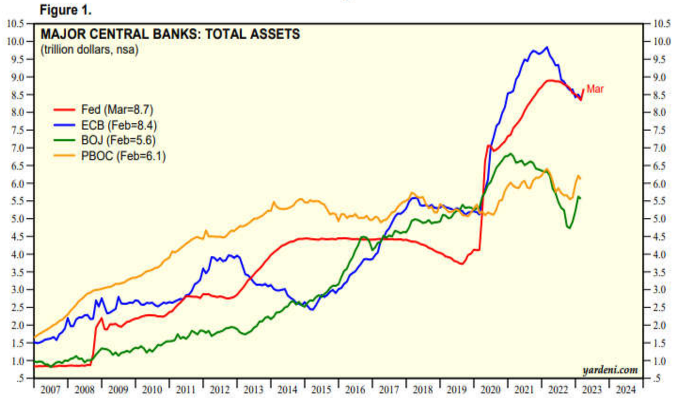


Source: Bloomberg



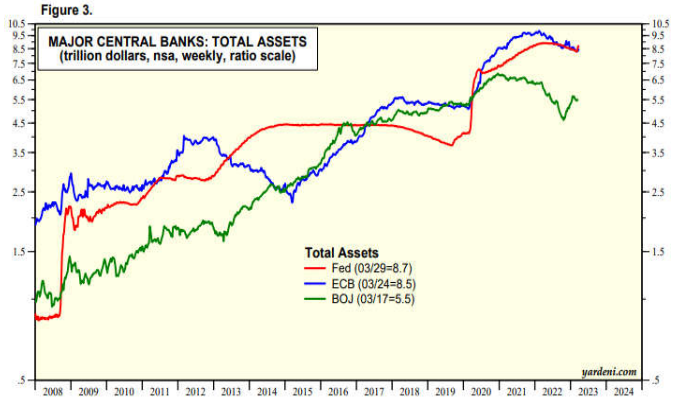
Source: Dailyfx

Figure 1.



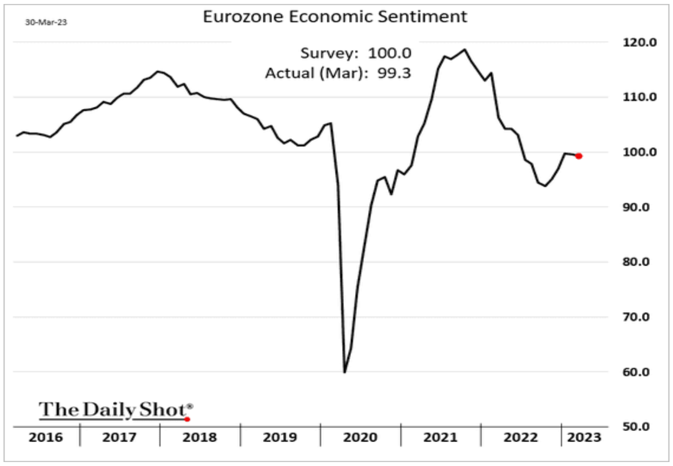
Source: Haver Analytics.

Figure 3.



Source: Haver Analytics.

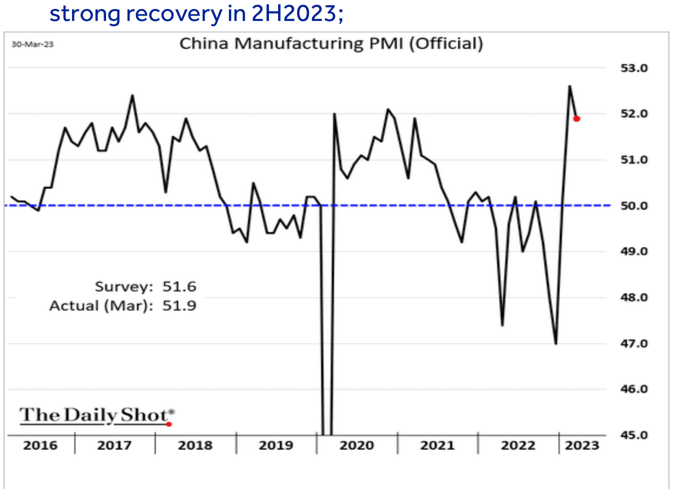
(3) As financial conditions continue to tighten, the likelihood of a recession is increasing, and growth prospects need to be lowered accordingly. Many large financial institutions (BoA, BNY Mellon, Credit Suisse, Fidelity ...) predicted that EU's economy will have a deep recession and a slow recovery. While the US's 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 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;



Source: Dailyshot

Source: Dailyshot

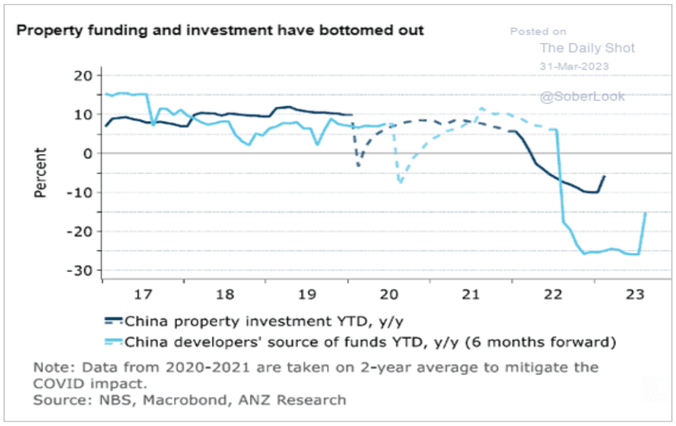
(4) China is gradually reopening its economy after abandoning their zero-COVID strategy. After ending zero-COVID-19, China's focus is primarily on stimulating domestic consumption, unlocking private investments and advancing in the digital realm. The country has started implementing measures to support and revitalize its economy, including tax cuts for small and medium-sized enterprises, increased bond issuance and support for infrastructure projects. The path to a full resumption of economic activities could take a few months with potential surging COVID infections amidst the relaxation of restrictions and the sustainability of growth in the coming months is yet to be determined. Furthermore, policymakers at the annual meeting of China's parliament in Beijing has set a growth target of just 5% for 2023, its lowest growth target ever after missing growth's target in 2022. Given potential hiccups during the reopening phase and growth rate projection from Chinese's government, we expect economic activities to continue at a relatively weak pace in 1H2023, but expect strong recovery in 2H2023;



Source: Dailyshot

Source: Dailyshot

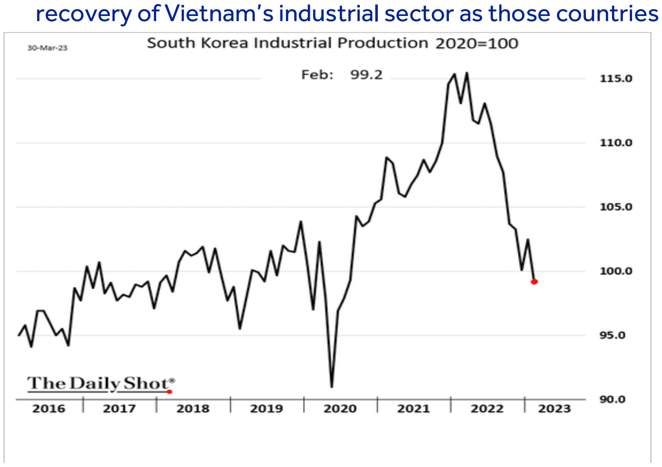
(5) We are also keeping a keen eye on the Chinese property sector and its chances of revival as it's a key sector in the Chinese economy. Chinese government has been implementing measures to revive the sector, such as interest rate cuts, loosening of property purchase restrictions, and infrastructure investment. While these measures have yielded some encouraging outcomes, we have yet to observe any substantial improvements in this sectors;



Source: Dailyshot

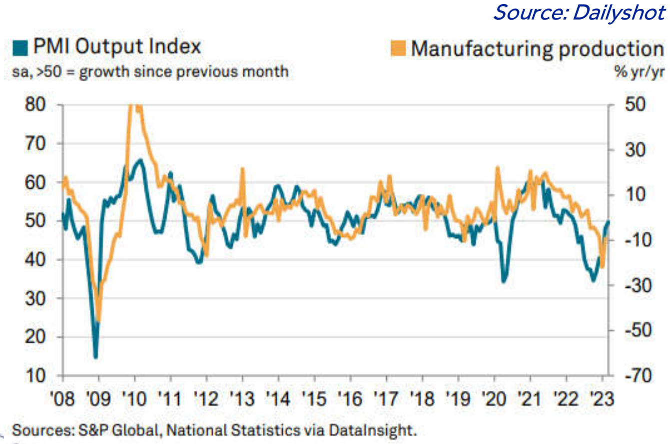
Source: Dailyshot

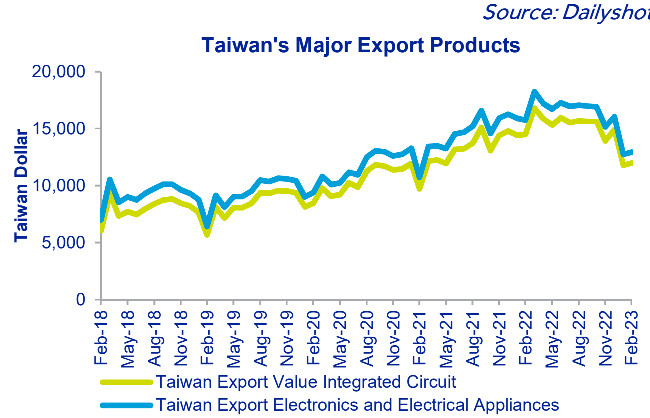
(6) Industrial activities of South Korea, Japan and Taiwan have also been impacted as tighter monetary policies worldwide dampen global economic growth and reduce demand for goods, leading to a decline in sales for Asian export powerhouses. (1) South Korea's manufacturing sector contracted for the eighth straight month as reported data from Feb 2023, mainly driven by a fall in demand for exports as a result of the global economic slowdown which automotive, shipbuilding, and exports of electronic and semiconductors products have all taken a hit; (2) Taiwan's export-driven economy has also been hit by slumping exports, especially semiconductor sector, driven by weak demand from mainland China and US & EU also forecast to experience weak economic growth recently; and (3) Bank of Japan's "tankan" survey showed that Japanese manufacturers' sentiment worsened in the first quarter, while inflation expectations hit a new high among corporations with firms projecting inflation to stay above the central bank's 2% target for the next five years. The survey also showed that service-sector sentiment increased, but business conditions could worsen in the next three months as rising raw material and labour costs cloud the outlook. Weak industrial activities of those countries show threat to upcoming recovery of Vietnam's industrial sector as those countries are among large export partner;



Source: Dailyshot

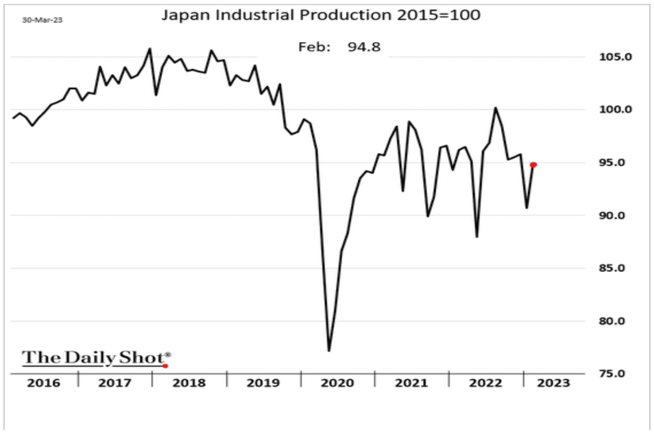
Source: Dailyshot

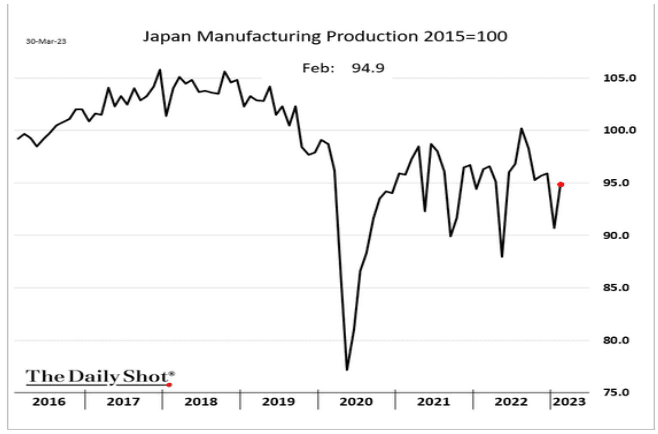




Source: Taiwan MOF

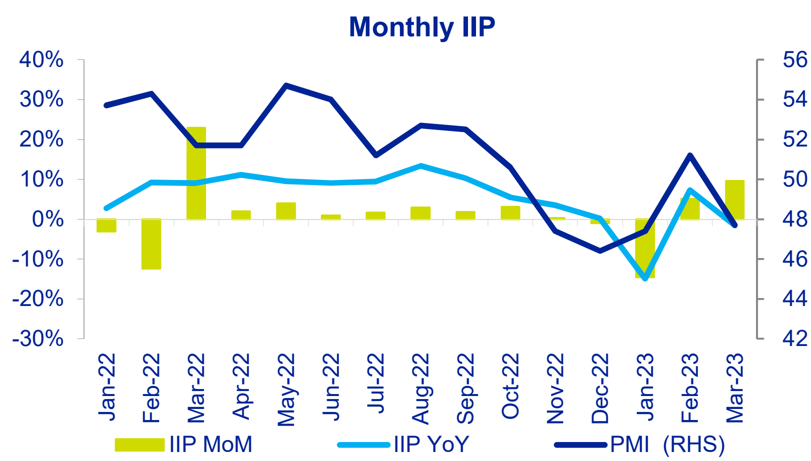
Source: S&P global





Source: Dailyshot *Source: Dailyshot*

(7) The Vietnamese manufacturing sector experienced a decline in output, new orders and employment in 1Q2023 which was caused by a lack of demand (IIP declines 2.3% YoY, PMI fell into recessionary state for 2 out of 3 months). However, manufacturers have an optimistic perspective toward the future, and it will be crucial to keep track of significant industrial activities in the upcoming months to identify the rebounding trend;



(8) Vietnam's real estate market has experienced a downturn due to a fall in home sales, scarcity of capital and tightening lending conditions. The country's developers which are highly leveraged, leads to an over-leveraged property sector. However, the lending conditions have tightened, and coupled with a decline in demand for properties, developers are struggling to repay their loans. This has led to a slowdown in new construction and a drop in property prices. The market has been struggling for a while now as investors have been wary of incurring losses due to the tightening of credit regulations. The sector's downturn has negatively impacted financial institutions and developers. Overall, it appears the Vietnamese real estate market will continue to face challenges until it obtains sufficient funding and sees changes in national policies.

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

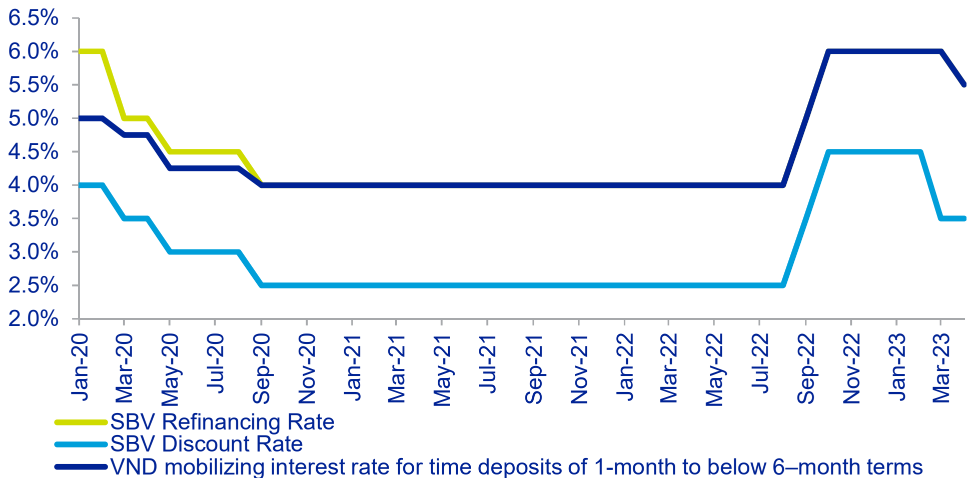
However, despite fears that these events could slow down Vietnam's growth prospects in 2023, we noticed that the current Vietnamese economy is very similar Pandora's box in the story related to the in Greek mythology, where **"Hopes"** emerges from a box filled with darkness and despair. Specifically, government interventions on both the supply-side and demand-side might be the "hopes" from Pandora's box that is emerging to bring light and prosperity to Vietnam's struggling economy, as all negative news about the state of the economy might have been taken into account.

a. **"Hopes"** from the supply-side include:

(1) In order to mitigate the low economic growth, the State Bank of Vietnam (SBV) has recently announced to reduce the refinancing rate from 6% to 5.5%, effective April 3rd. It seems that the SBV is taking action to reduce cost of fund and encouraging commercial banks to lower their lending rates which aimed at making it easier for businesses and individuals

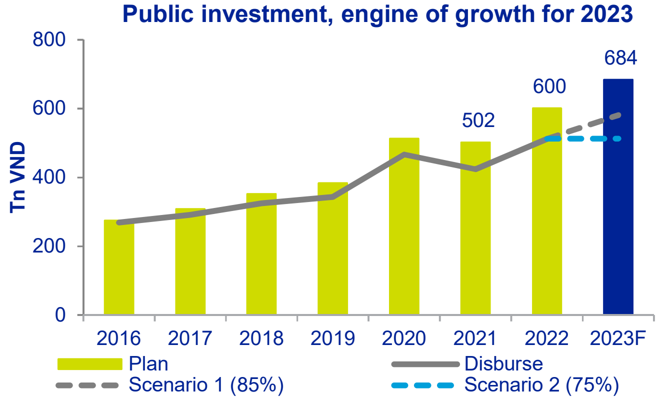
to access credit and support their business operations. In addition, reducing borrowing costs can boost consumer spending which also supports economic growth. And last but not least, we believe that the government and SBV only utilize monetary policy as a complimentary tool rather than as a major instrument to boost economic growth because we believe that there may be limited room for additional rate cut this year;

SBV key interest rates



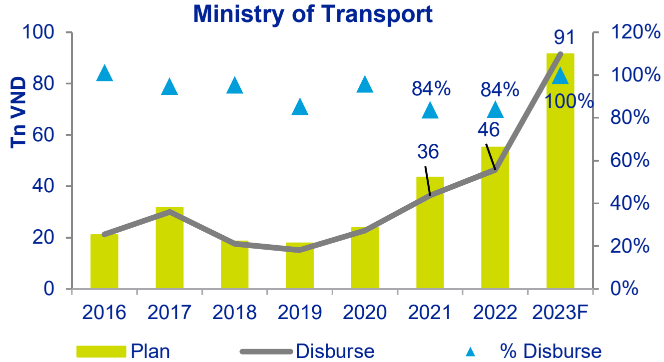
(2) In addition, the fiscal and monetary stimulus package, worth VND347tn (VND291tn for fiscal package and VND56tn for monetary package), to support the socio-economic recovery and development program after the impact of the COVID-19 only disbursed 16%, which left around VND290tn need to disbursed in 2023. Along with Capital under State Budget needed to disbursed in 2023 (estimate to be around VND680tn, +29% YoY, 1Q23 disbursed 13.4%), will push socio-economic growth in the upcoming months of 2023;

Public investment, engine of growth for 2023



Source: MPI

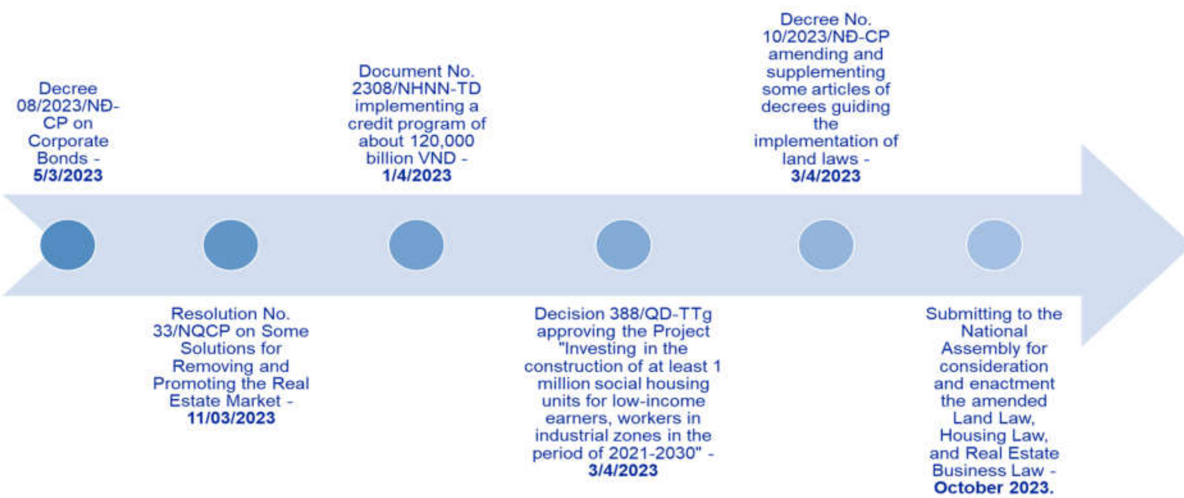
The disbursement plan focuses on the Ministry of Transport



Source: MPI

(3) Last but not least, Government has implemented supportive policies for real estate sector such as Decree 08 and Resolution 33. These policies have eased liquidity pressures and restored buyer demand. Additionally, Decree No. 10/2023/NĐ-CP supports the growth of the real estate market. More policies are expected in the next 3-6 months, including the 2023 amended Land Law if approved in October 2023, which will remove legal obstacles for new housing projects and help the housing supply recover gradually from 2024-2025.

Recent policies that support the real estate sector



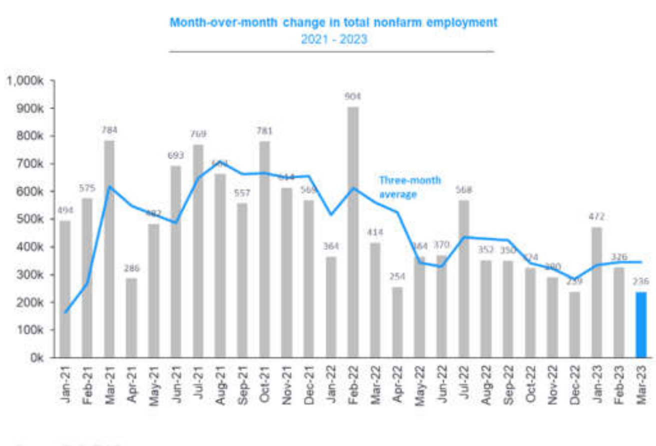
b. And in order to bring **"hopes"** to the economy's demand side:

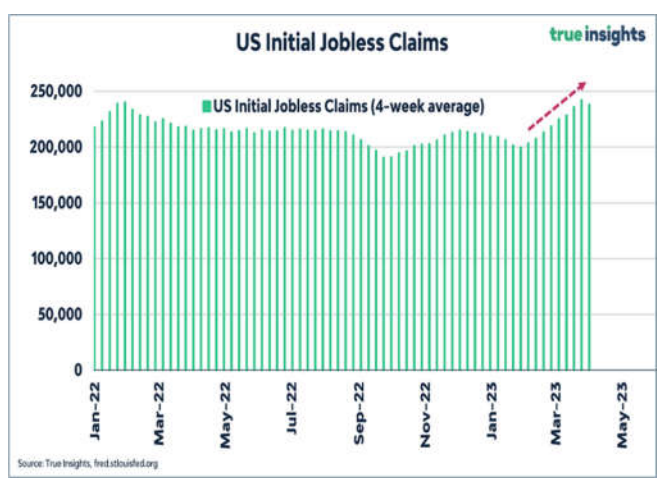
(1) the government issued Decree 12/2023/NĐ-CP extent deadlines for submitting value-added tax, corporate income tax, personal income tax, and land rental fees in 2023; and

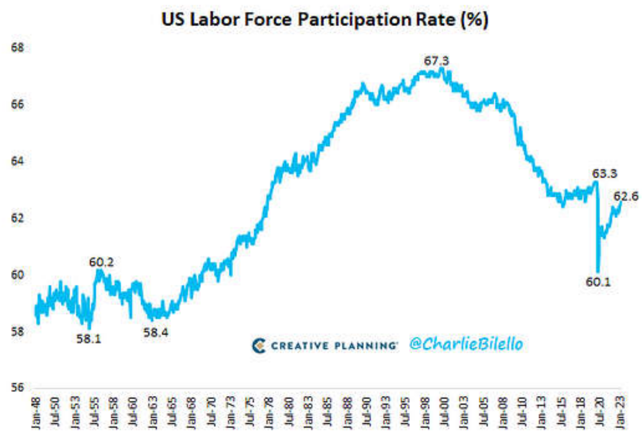
(2) the Ministry of Finance has proposed to decrease the value-added tax (VAT) from 10% to 8% for all goods and services to stimulate the economy, potentially support recovery of retail sales.

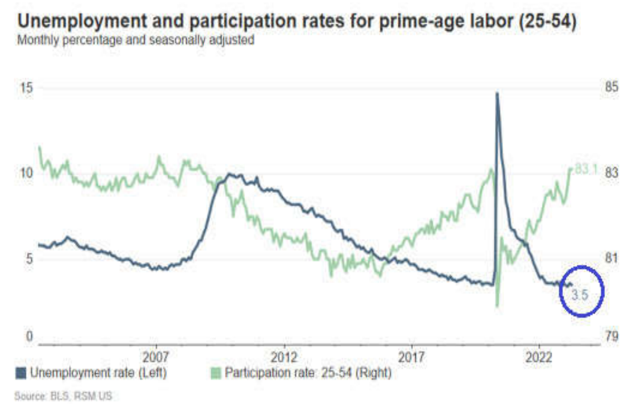
In addition, we also expect that Vietnam's economy can still recover and grow in 2023, supported by:

(1) The pressure from demand side of the labor market is decreasing as the US labor market added only 236,000 jobs (non-farm payrolls, NFP) in March 2023, which is a significant slowdown in job growth, indicating that the labor market is cooling down. Additionally, the pressure from the labor supply side is decreasing as the labor force participation rate also increased by +0.1% to 62.6% - the highest level since the pandemic, and the immigrant labor force rate also increased significantly. This suggests that the labor cooling is not only on the demand side (reduced demand) but also on the supply side (increased labor supply), unlike the previous tension when labor demand was high while labor supply decreased, which could lead to a decline in the wage rate soon and positively impacting wage inflation and support for inflation to decline in upcoming months. Considering these factors, we expect the FED to maintain its interest rate hike plan as announced in Dot plot in March 2023;









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

(3) 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;

(4) 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;

(5) The strong recovery of the service sector coming from (1) improvement of domestic consumption (total retail sales of goods and services 1Q23 increased 13.8% YoY), (2) reopening international tourism (retail sales of travelling services 1Q23 increased 119% 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 3M2023 accounted for over 7%.

Overall, we revised that Vietnam's GDP will grow in range between 4.4% - 5.1% YoY in 2023. Decrease by 50ppts compared to our previous forecast.

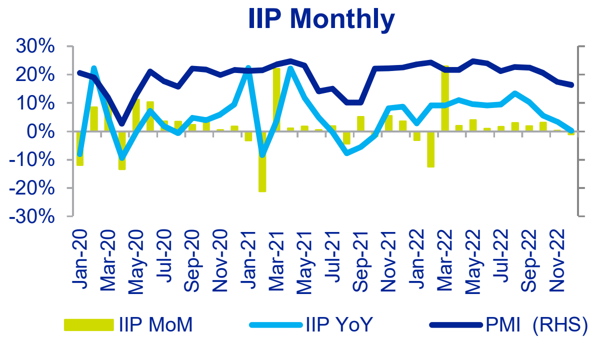
With the macro economic development of Vietnam's economy recently, we projected with 2 scenarios for GDP FY2023 with:

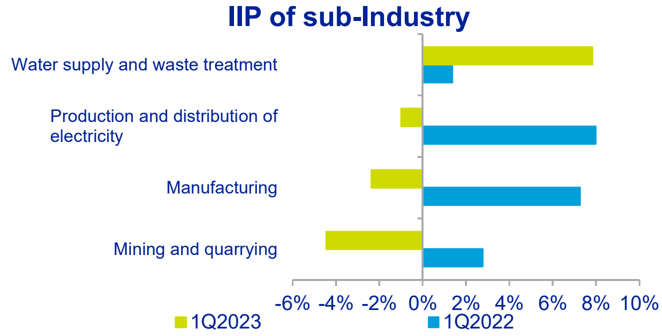
(1) The positive scenario, with the hypothesis that all industrial activities will decrease in 1H2023 and start to recover in 2H2023. In addition, services sector will fully recover supported by normalized transportation, rising domestic consumption and surging international tourism. Furthermore, we also assume that the SBV will grant credit growth around 12-14% and credit growth will hit 12% in 2023, CPI will be under control within government's target (4.5%) and no more benchmark interest rate hike in 2023. With these assumptions, we expect that GDP of Vietnam for **2023** will grow as high as **5.1% YoY**.

(2) Our second scenario projected with less positive hypothesis that all industrial activities will also decrease in 1H2023 and start to recover in 2H2023 but the pace of recovery will be very slow due to weak demand from our largest trading partners. In addition, we also assume that the services sector will recover but not so strong as positive scenario. The recovery is supported by normalized transportation, stable domestic consumption and recovery international tourism. Furthermore, we also assume that the SBV will grant a credit growth around 10 - 12% and credit growth only increase 8-10% in 2023, CPI might pick up and could go higher than government's target (4.5%) in 2023. With this hypothesis, we expect that 2023 GDPwill be around **4.4% YoY.**

INDUSTRIAL PRODUCTION

Vietnam's Industrial activities contracted the first time since COVID-19 in 1Q2023

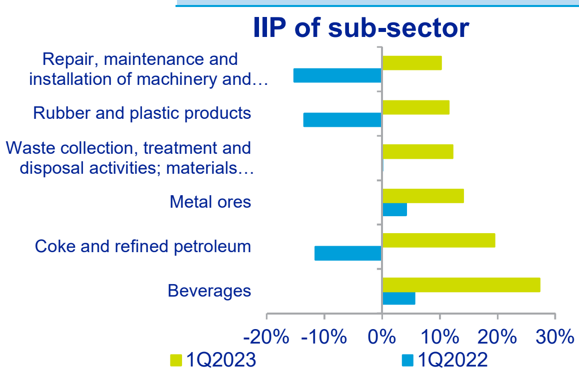


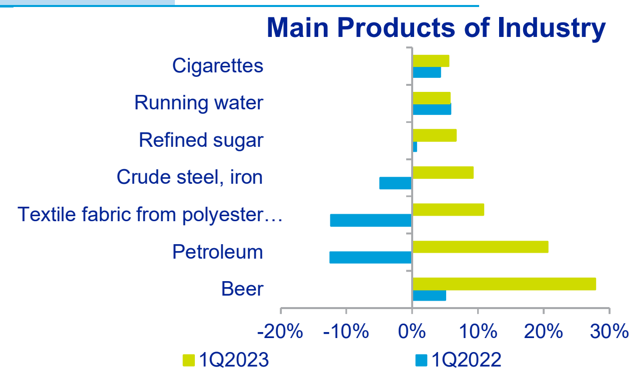


Source: GSO

Industrial activities contracted in 1Q2023, in which the index of industrial production (IIP) recorded a negative growth rate of 2.3% YoY in 1Q2023 (vs +6.8% in 1Q2022), the first time since COVID-19, with key manufacturing IIP declined by 2.4% YoY. Production and distribution of electricity IIP decreased by 1.0% YoY while the water supply and waste treatment IIP grew by 7.8% YoY in 1Q2023. Furthermore, mining IIP also declined by 4.5% YoY in 1Q2023. Contraction of IIP in 1Q2023 was attributed to some sub-sectors, including manufacturing of furniture (-13.5% YoY), manufacturing of clothes (-7.7% YoY), manufacturing of textiles (-6.5% YoY), manufacturing of computer, electronic and optical products (-6.0% YoY), and manufacturing of electrical equipment products (-6.9% YoY).

	1Q2023	1Q2022
IIP	**-2.25%**	**6.81%**
Mining and quarrying	**-4.45%**	**2.76%**
Manufacturing	**-2.37%**	**7.26%**
Manufacturing of furniture	-13.46%	3.83%
Manufacturing of clothes	-7.70%	20.08%
Manufacturing of textiles	-6.54%	6.30%
Manufacturing of computer, electronic and optical products	-5.97%	7.64%
Manufacturing of electrical equipment products	-6.92%	16.64%
Production and distribution of electricity	**-0.99%**	**7.98%**
Water supply and waste treatment	**7.83%**	**1.36%**

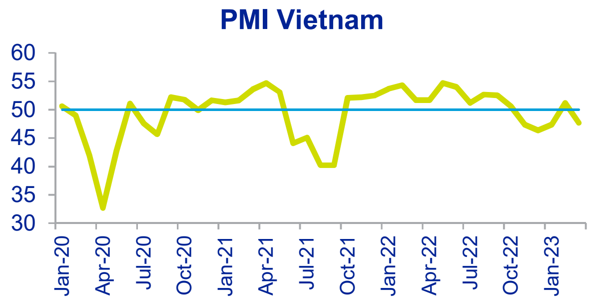


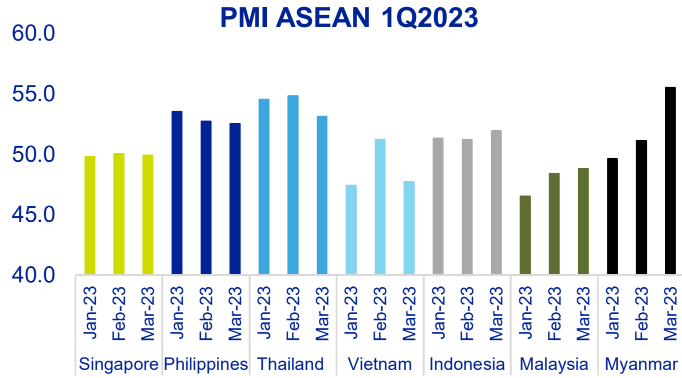


Source: GSO

Vietnam's PMI fell into contractionary territory in two out of three months in 1Q2023

According to the S&P Global report, the PMI also confirmed contraction of industrial activities in 1Q2023, as the index declined in 2 out of 3 months in 1Q (Jan – 47.4, Feb – 51.2, Mar – 47.7). The overall health of Vietnam's industrial sector continued to deteriorate in 1Q with output, new orders, and employment all declined due to subdued demand from key export partners (US, EU and China). Although there was some inflation, the increase in prices was mitigated by weak demand. Supply chains continued to improve during this time. We hope that the decline in 1Q2023 will be a temporary setback, and the industry will continue to grow in the coming months.





Source: HIS Markit

ANALYST COMMENT:

Industrial activities contracted in 1Q2023 but we still hope that the decline in 1Q2023 will be a temporary setback, and the industry will continue to recover and grow in the coming months.

However, there are some challenges in upcoming months of 2023 which we have mention in GDP sector in detail. These including (1) increasing probability of a recession in EU and dilemma of either prioritizing inflation control with rate hikes or implementing stimulus packages to sustain economic growth US faces; (2) sustainability of growth of China after reopening its economy; (3) South Korea, Japan, and Taiwan's manufacturing sectors are declining which endanger our trading activities as they are Vietnam's significant industrial and export partners; and (4) weak Vietnamese manufacturing sector, which could threaten Vietnam's industrial sector recovery in the upcoming months.

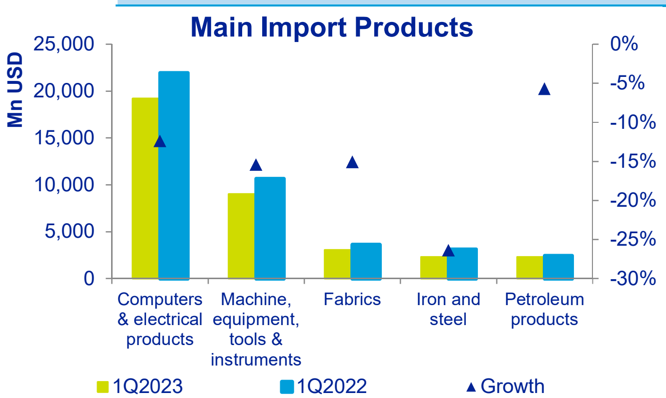
Fortunately, we expect that supportive factors mention in GDP sector such as Vietnam remain low-cost manufacturer and long list of FTAs which will continue to lift Vietnam's industrial sector in 2023.

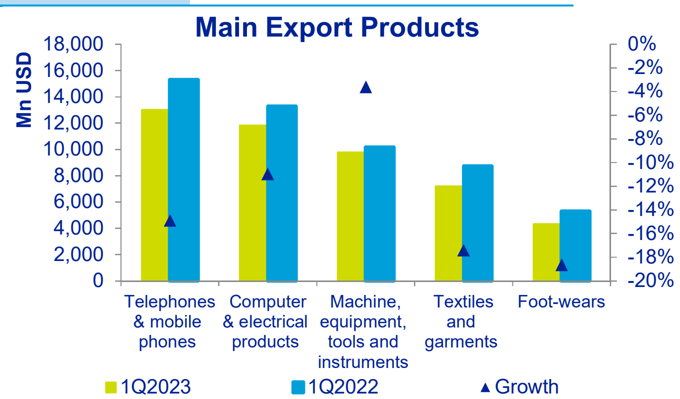
Trading Activities

Total trade value of Vietnam contracted in 1Q2023 as the global economy faces strong headwinds

Trading activities continued to contract in 1Q2023, with year-on-year total trade value decreasing 13.2%, as the global economy is facing strong headwinds with many countries currently facing economic challenges, demand for goods has fallen leading to falling total trade value, especially with our large trading partners such as the US, EU and China. Specifically, according to the GSO, total turnover of import-export of goods decreased by 12.7% YoY in 1Q2023 (vs +14.8% YoY in 1Q2022), with 1Q2023 exports slid to USD79.2bn (-11.1% YoY), while imports declined to USD75.1bn (-14.3% YoY), resulting in a trade surplus of USD4.1bn in 1Q2023. Key exports of 1Q2023 included telephones & mobile phones; computers & electrical products; machine, equipment, tools & instruments; textiles & garments; and footwear. Meanwhile, key imports in 1Q2023 were computers & electrical products; machine, equipment, tools & instruments; and fabrics.

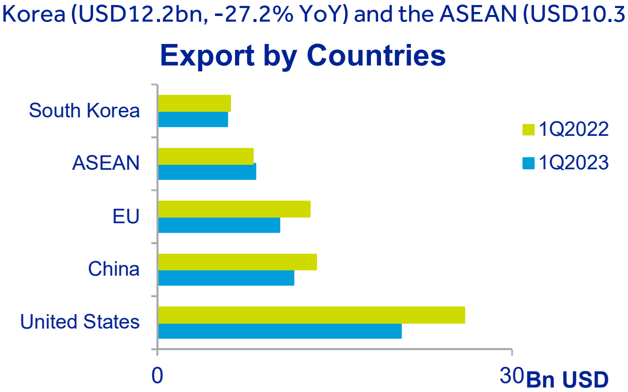
(bn USD)	1Q2023	1Q2022	'23 vs '22
Exports	**79,170**	**89,104**	**-11.1%**
Imports	**75,100**	**87,644**	**-14.3%**
Net exports/imports	**4,070**	**1,460**	
Key exports			
Telephones & mobile phones	13,017	15,294	-14.9%
Computer & electrical products	11,810	13,263	-11.0%
Machine, equipment, tools and instruments	9,787	10,153	-3.6%
Key imports			
Computers & electrical products	19,210	21,925	-12.4%
Machine, equipment, tools & instruments	9,016	10,662	-15.4%
Fabrics	3,062	3,606	-15.1%

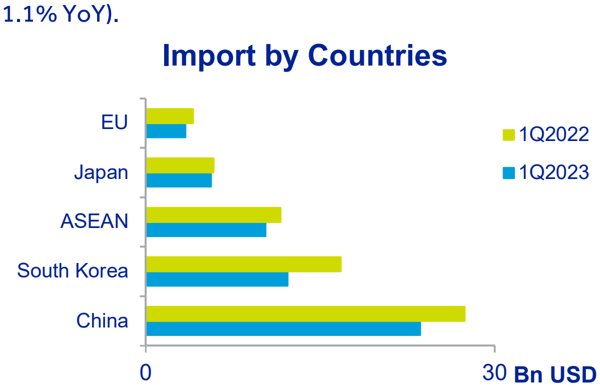




Source: Custom Vietnam & GSO

In 1Q2023, the US remained the biggest export market for Vietnam with a turnover of USD20.6bn (-20.6% YoY). The second largest partner China recorded USD11.5bn (-14.4% YoY) and third largest partner EU reached USD10.3bn (-19.9% YoY). Meanwhile, China remained top importer to Vietnam in 1Q2023 with imports reaching USD23.6bn (-14.0% YoY), followed by South Korea (USD12.2bn, -27.2% YoY) and the ASEAN (USD10.3bn, -11.1% YoY).





Source: Vietnam Customs& GSO

ANALYST COMMENT:

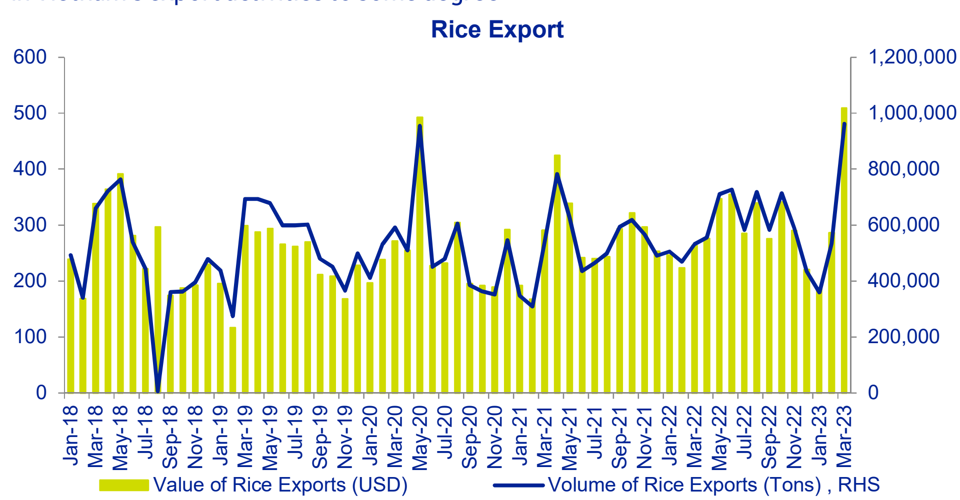
Exports remain a key economic growth driver, following recent economic developments, however, there have been some recent challenges which could disrupt Vietnam's trading activities in 2023 which we have mention in GDP sector in detail. These including (1) increasing probability of a recession in EU and dilemma of either prioritizing inflation control with rate hikes or implementing stimulus packages to sustain economic growth US faces; (2) sustainability of growth of China after reopening its economy; (3) South Korea, Japan, and Taiwan's manufacturing sectors are declining which endanger our trading activities as they are Vietnam's significant industrial and export partners; and (4) weak Vietnamese manufacturing sector.

However, we expect that trade activities will continue to remain strong 2023 supported by key factors include (1) attractive manufacturing hub for manufacturers seeking to relocate their production from China amidst ongoing tensions between the US and China; and (2) long list of Free Trade Agreements (FTAs);

Furthermore, some changing interest of several key trading partner which might also support trade activities of Vietnam:

(1) Vietnam has become increasingly attractive to Japanese companies looking to expand abroad. According to a survey by the Japan Bank for International Cooperation for fiscal year 2022, Vietnam ranked as the fourth most promising country for future business expansion, trailing only behind India, China, and the U.S. This is expected to drive more Japanese companies to invest in Vietnam and boost exports in the future;

(2) The Department of export and import (of Ministry of Industry and Trade - MIT) has announced that Indonesia has decided to increase its rice purchase volume from 1.2 million tonnes to 2.4 million tonnes to ensure food security. This presents a good opportunity for Vietnam to increase its rice exports to the Indonesian market. Rice exports to Indonesia in 3M2023 have also seen strong growth, reaching 148,000 tonnes, which is 33 times higher than the same period in 2022. In addition, according to a report from the MIT, Vietnam's 5% broken rice export price recently hit highest level since August 2022, surpassing the prices of Thailand ranging from 15-27 USD per tonne and India ranging from 40-50 USD per tonne. Last year, Vietnam recorded the highest level of rice exports in a decade, with 7.1 million tonnes, equivalent to nearly 3.5 billion USD (an increase of 13% in volume and over 5% in value compared to the same period last year). In 3M2023, rice exports continued to grow strongly, reaching 1.8 million tonnes (an increase of 23% in volume and over 34% in value compared to the same period last year). We anticipate that the rise in rice prices, coupled with growing demand for rice in Vietnam, will bolster rice exports this year and assist in mitigating the decline in Vietnam's export activities to some degree.



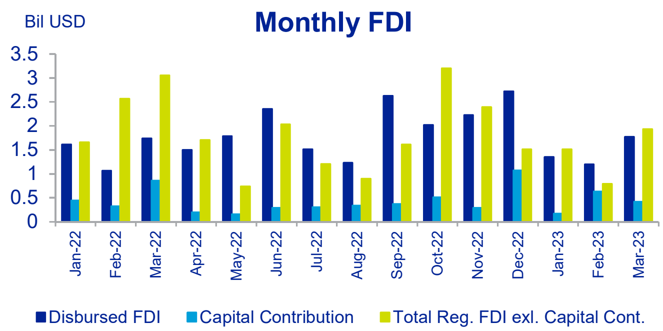
Foreign Direct Investment

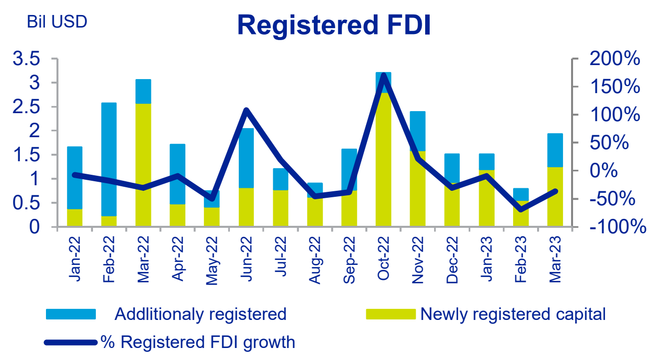
Disbursed FDI and registered FDI remained weak in 1Q2023

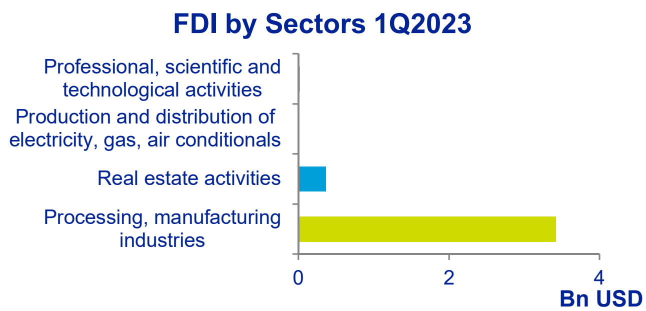
Disbursed FDI in Vietnam declined to USD4.3bn in 1Q2023 – decreasing 2.3% compared with same period last year, while registered FDI in 1Q2023 continued to decline over 42% YoY reached USD4.2bn. The capital contribution & share repurchase decreased by 25% YoY, to USD1.2bn in 1Q2023.

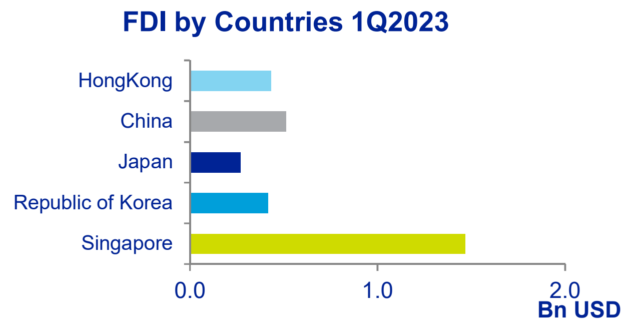
Vietnam's top 3 FDI investors registered in 1Q2023 are Singapore (USD1.5bn, -18.5% YoY), South Korea (USD417bn, -71% YoY), and Japan (USD269mn, -50% YoY).

Vietnam's top 3 sectors by registered FDI in 1Q2023 are the manufacturing sector, production and distribution of electricity, gas, air conditionals, and real estate activities sector.









Source: MPI

ANALYST COMMENT:

FDI firms remain a key economic growth driver to Vietnam, following recent economic developments, there have been some recent challenges which could disrupt Vietnam's FDI business activities and investment in 2023 which we have mention in GDP sector in detail. These including (1) increasing probability of a recession in EU and dilemma of either prioritizing inflation control with rate hikes or implementing stimulus packages to sustain economic growth US faces; (2) South Korea, Japan, and Taiwan's manufacturing sectors are declining which endanger our trading activities as they are Vietnam's significant industrial and export partners; and (3) weak Vietnamese manufacturing sector.

In addition, OECD has proposed a global minimum tax and 141 countries and territories, including Vietnam, have agreed to it. From 2024, some countries will apply a minimum tax rate of 15% for top companies with revenues above 750 million euros. As a result, for developing countries like Vietnam that use tax incentives to attract foreign investment, the establishment of a global minimum tax could reduce their competitive advantage. When applying a global minimum tax, foreign-invested companies will have to pay additional tax on the difference in the country where they are registered, leading to a reduction in the effectiveness of tax incentives policies.

However, we maintain our long-term positive view of that FDI inflows will continue to flow to Vietnam thanks to all the positive aspects we mentioned above in Trading Activities sector.

Retail sales of goods and services

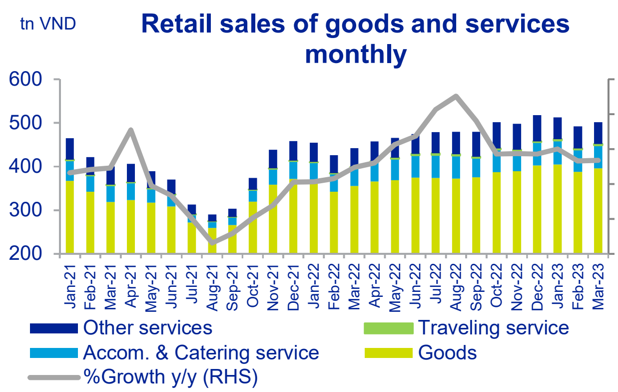
Retail sales of services continue to recover to pre-pandemic levels but, retail sale of goods slowdown

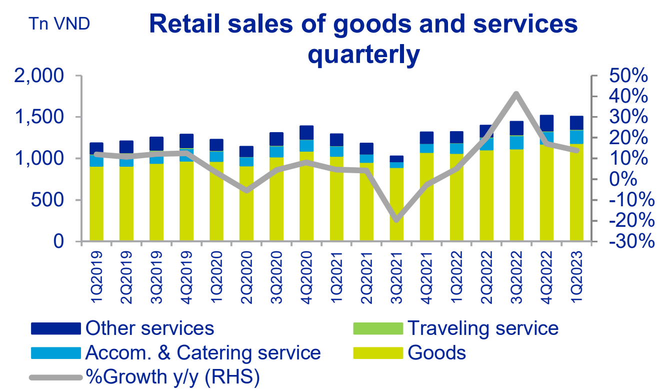
Retail sales of goods and services in Vietnam have been slowing down in 1Q2023 primarily due to weak GDP growth of Vietnam in 1Q2023. Total retail sales of consumer goods and services in 1Q2023 reached VND1,514tn, increasing by 17.1% YoY (vs -2.8% YoY in 1Q22).

Revenue from retail sales of goods in 1Q2023 recovered from COVID-19 as domestic consumption continued reach pre-pandemic level. However, the growth rate appears to be slowing down, despite the presence of numerous holidays during this quarter. As a result, revenue from retail sales of goods reached VND1,187tn increased 11.3% YoY in 1Q2023.

Revenue from accommodation & catering services continued to recover strongly as international tourists began to return to the market as Vietnam reopened for international tourism from 2022 and China started to reopen its country in 1Q2023 (foreign arrivals in Viet Nam in 1Q2023 increased by 20 times YoY, equivalent to 61% of 2019 level, reach 2.7mn arrivals, and Chinese visitors also increased 9 times YoY). Specifically, revenue from accommodation & catering services reached VND161tn, increasing 28.4% YoY in 1Q2023 (vs +1.22% YoY in 1Q22).

In addition, revenue from foreign tourists especially around New Year Holiday also high. Specifically, retail sales of traveling services reached VND6.8tn increased 249% YoY in 1Q2023 (vs -0.74% YoY in 1Q22).





	1Q2023	1Q2022	'23 vs '22
Total Retail sales	**1,505,251**	**1,321,940**	**13.87%**
Sale of Goods	1,187,157	1,065,681	11.40%
Accom. & Catering service	161,143	125,465	28.44%
Traveling service	6,776	3,082	119.84%
Other services	150,175	127,712	17.59%

Source: GSO

ANALYST COMMENT:

Retail sales of goods and services in 1Q2023 increased compared with 1Q2022 but the trend was slowing down, which signaled cautious consumer spending given the forecast squeeze on budgets as we saw contractionary of major industrial activities in 1Q2023. There have been some recent challenges which we think could disrupt Vietnam's retail sale recovery in upcoming months of 2023 which we have mention in GDP sector in detail. These including (1) increasing probability of a recession in EU and dilemma of either prioritizing inflation control with rate hikes or implementing stimulus packages to sustain economic growth US faces; (2) sustainability of growth of China after reopening its economy; (3) South Korea, Japan, and Taiwan's manufacturing sectors are declining which endanger our trading activities as they are Vietnam's significant industrial and export partners; and (4) weak Vietnamese manufacturing sector, which could threaten Vietnam's industrial sector recovery in the upcoming months.

However, we expect that revenue of retail sales will continue to recover in 2023, supported by:

(1) The strong recovery of the service sector coming from (1) improvement of domestic consumption (total retail sales of goods and services 1Q23 increased 13.8% YoY), (2) reopening international tourism (retail sales of travelling services 1Q23 increased 119% 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 3M2023 accounted for over 7%);

(2) 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 in conjunction with a long list of Free Trade Agreements (FTAs) achieved to date, which in turn will help push the recovery of industrial activities in upcoming months of 2023; and

(3) The Ministry of Finance has proposed to decrease the value-added tax (VAT) from 10% to 8% for all goods and services to stimulate the economy, potentially support recovery of retail sales.

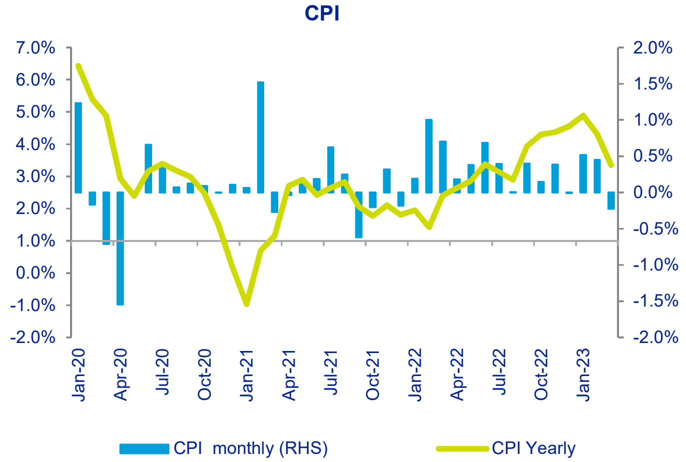
Consumer Price Index

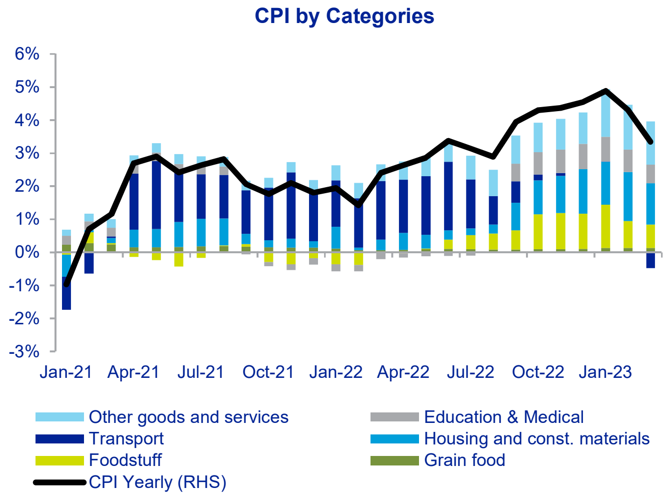
Inflation cooled down in March and overall CPI in 1Q2023 remained under control and within the government's target of 4.5%

CPI average of 1Q2023 increased 4.18% YoY mainly due to rising of education category (+10.13% YoY), housing and construction materials category (+7.17% YoY) and culture, entertainment & tourism category (+4.9% YoY). Specifically:

(1) Education category increased by the most of 10.13% YoY, mainly due to some localities' resume raising education fees after waiving or reducing them in the 2021-2022 academic year;
(2) Housing & construction materials category increased 7.17% YoY, mainly due to home maintenance & construction materials (steel, cement, sand ...) price, rent price and electricity price (+2.71%) increased;
(3) Culture, entertainment & tourism category increased 4.9% YoY primarily thanks to high demand for entertainment and tourism of people, especially during the Lunar New Year holiday;
(4) Grain food sub-sector increased 4.41% YoY mainly due to a rise in rice prices (+2.24% YoY).

In addition, average core CPI of 1Q2023 stood at 5.02% YoY.





Source: GSO

ANALYST COMMENT:

In 1Q2023, Inflation in Vietnam decreased sharply, creating favorable conditions for the government and central bank in managing economic growth while maintaining price stability. However, we expect that some challenges could put upward pressure on CPI in upcoming quarters of 2023:

(1) In 2023, high inflation expectation from 2022 will reflected in price of several services such as eating and drinking outdoor services which keep rising over 1Q2023 and reached 6.15% in 1Q2023;
(2) In addition, electricity and water fees are also expected to increase around 5% - 10% in 2023 (electricity price in 1Q2023 increased 2.71% YoY) after unchanged throughout 2 years of pandemic;
(3) Furthermore, as national assembly has approved, the base salary will increase to VND1.8mn (+20% from VND1.5mn) from July 1, 2023. When this base salary increases, we expect that several government services such as education services and medical services will increase. As a result, we expect these upward pressures will weight on CPI in 2023;
(4) China is reopening its economy after abandoning its zero-COVID strategy. Its focus is on boosting domestic consumption, private investment, and digital advancements. Measures like tax cuts for SMEs, increased bond issuance, and infrastructure support have been implemented. However, potential COVID surges and sustainability of growth are concerns. China has set a low growth target of 5% for 2023, its lowest growth target ever after missing growth's target in 2022. Given potential hiccups during the reopening phase and growth rate projection from Chinese's government, we expect economic activities to continue at a relatively weak pace in 1H2023, but expect strong recovery in 2H2023. Rising commodity prices are expected in 2H2023 due to China's reopening economy.

However, in the upcoming months, several exogenous factors could help maintain CPI under control in FY2023:

(1) We expect supportive moves from the government to curtail high gasoline prices in conjunction with reducing oil prices and most commodity prices globally recently will help lower inflation in 1H2023;

(2) The DXY – or dollar index – a measure of the USD's strength relative to a basket of its main rival's currencies, peaked and was on the downtrend as FED will stop increasing interest rate in 2H2023. So we expect this could help reduce upward pressure on CPI of Vietnam in 2023, especially in 2H2023 as we import a lot of raw materials and a weak USD could decrease import costs and ease upward pressure on our CPI; and

(3) As several report from big investment banks (JP Morgan, Morgan Stanley, ...), oil price won't have any major jump in 1H2023 even with China reopening economy in 1H2023. But we could see some volatility in 2H2023 as we expect US and EU economy might recover and China economy will actually reopen. So we expect that oil price, specifically our domestic gasoline price will remain stable in 1H2023 but might volatile a little bit in 2H2023. Overall, oil price will have a little impact on CPI in 2023.

Overall, we expect that Vietnam's CPI remain within Government's target of 4.5% for FY2023. We expect **CPI for FY2023** will increase in the range of **3.1% - 4.5%**.

Economic data - Vietnam

Monthly data	Apr-22	May-22	June-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
Industrial Production (YoY)	11.1%	9.5%	9.1%	9.5%	13.3%	10.3%	5.5%	3.5%	0.2%	-14.9%	7.2%	-1.6%
Mining and quarrying	7.9%	3.9%	5.1%	-2.8%	7.5%	14.9%	12.1%	16.8%	-5.1%	-13.0%	9.9%	-7.8%
Manufacturing	11.7%	11.0%	9.9%	11.1%	14.1%	9.6%	4.4%	2.3%	0.6%	-15.6%	6.8%	-1.7%
Production and distribution of electricity	8.6%	2.3%	5.5%	6.2%	12.3%	16.4%	9.3%	2.7%	1.3%	-12.4%	8.3%	1.8%
Water supply and waste treatment	2.7%	9.4%	6.3%	12.1%	5.9%	9.1%	14.4%	7.0%	5.5%	-1.4%	7.1%	18.2%
Purchasing Managers Index	51.7	54.7	54.0	51.2	52.7	52.5	50.6	47.4	46.4	47.4	51.2	47.7
Retail Sales (YoY)	12.10%	22.55%	27.31%	42.63%	50.19%	36.11%	17.15%	17.46%	17.13%	12.8%	15.5%	13.4%
Consumer Price Index (MoM)	0.18%	0.38%	0.69%	0.4%	0.0%	0.4%	0.1%	0.4%	0.0%	0.5%	0.4%	-0.2%
Consumer Price Index (YoY)	2.64%	2.86%	3.37%	3.1%	2.9%	3.9%	4.3%	4.4%	4.5%	4.9%	4.3%	3.4%
Export Value (USDmn)	33,317	30,918	32,843	30,607	34,918	29,940	30,369	29,020	29,660	23,611	25,880	29,570
Import Value (USDmn)	32,468	32,616	32,233	30,533	31,059	28,800	27,903	28,277	29,160	22,955	23,580	28,920
Trade Balance (USDmn)	849	(1,698)	611	74	3,859	1,140	2,467	742	500	656	2,300	650
Disbursed FDI (USDmn)	1,500	1,790	2,350	1,510	1,230	2,628	2,022	2,230	2,720	1,350	1,200	1,770
Registered FDI exl Cap. Cont.(USDmn)	1,706	742	2,032	1,203	899	1,610	3,197	2,390	1,510	1,510	790	1,930

Quarterly data	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
GDP (YoY)	6.61%	-6.17%	5.22%	5.05%	7.72%	13.67%	5.92%	3.32%
Agriculture, Forestry and Fishing	4.11%	1.04%	3.16%	2.53%	3.02%	3.24%	3.85%	2.52%
Industry and Construction	10.28%	-5.02%	5.61%	6.41%	8.87%	12.91%	4.22%	-0.40%
Services	4.30%	-9.28%	5.42%	4.64%	8.56%	18.86%	8.12%	6.79%
Industrial Production (YoY)	13.01%	-4.36%	6.37%	9.09%	9.81%	10.94%	3.02%	-2.25%
Retail Sales (YoY)	5.10%	-28.27%	-2.83%	4.98%	20.11%	41.24%	17.11%	13.87%
Export Value (YTD) (USDmn)	157,630	240,524	336,250	88,579	96,832	95,343	89,049	79,170
Import Value (YTD) (USDmn)	159,103	242,655	332,250	87,770	97,581	89,980	85,340	75,100
Trade Balance (USDmn)	(1,473)	(2,131)	4,000	890	(750)	5,363	3,709	4,070
Disbursed FDI (USDmn)	5,140	5,259	6,460	4,420	5,640	5,368	6,972	4,320
Registered FDI (USDmn)	4,340	4,040	5,336	7,280	4,480	3,713	7,097	4,230

Yearly data	2014	2015	2016	2017	2018	2019	2020	2021	2022
GDP	5.98%	6.68%	6.21%	6.81%	7.08%	7.02%	2.91%	2.58%	8.02%
Industrial Production	7.6%	9.8%	7.5%	11.3%	10.2%	8.9%	3.4%	4.8%	7.8%
Retail Sales	12%	11%	11%	10%	11.7%	12.0%	2.62%	-2.83%	19.83%
Consumer Price Index	4.1%	0.6%	2.7%	3.5%	3.5%	2.8%	3.23%	-3.8%	3.2%
Export Value (YTD) (USDmn)	150,042	162,439	175,942	213,770	244,723	264,341	281,471	336,311	371,850
Import Value (YTD) (USDmn)	148,058	165,609	173,262	211,096	237,512	253,919	262,407	332,235	360,650
Trade Balance (USDmn)	1,984	(3,170)	2,680	2,674	7,211	10,400	19,064	4,076	11,200
Disbursed FDI (USDbn)	12.35	14.50	15.80	17.50	19.10	20.38	19.98	19.74	22.40
Registered FDI (USDbn)	21.92	22.76	24.37	35.88	35.47	22.55	21.06	24.26	22.57

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

Manager – 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

Associate 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.