

MARKET MOVEMENT

May 2023

Expectations from policy changes to remove existing difficulties

Nguyễn Thị Hòa, hoant@acbs.com.vn

Vietnamese economy maintain stable with retail sales continued to grow and industrial production recovered for the third consecutive month as the IIP increased by 3.6% m/m and 0.5% y/y but the PMI continued to decline to 46.7 points as the output, new orders and employments decrease. The FDI inflows slowed, decreased 14% m/m and increased 2% y/y, but the registered capital recovered to US\$3.4bn in April, increased 46% m/m and 80% y/y. Foreign trade maintain surplus with the value of US\$6.35bn in four months although total import-export turnover in April decreased 18.6% y/y. The public investment disbursement improved slightly and achieved the value of VND131.1tn in four months, completing 19% of allocation plan. The CPI in April decreased 0.34% m/m and increased 2.81% y/y, lower than the inflation rate in March. The average CPI in the first four months of 2023 increased 3.84% and core inflation recorded at 4.9%, lower than last month.

The stock market experienced a gloomy trading month with the VNIndex fell 1.5% in April to close month at 1,049 points as the difficulties of banks are continuing globally. The overall liquidity improved with the ADTV rose by 20% over last month after constantly decline from the beginning of this year but still low compared with the same period of last year (ADTV dropped 59% y/y). Most of listed companies released business results with the market wide 1Q-2023 earnings increased 35.6% q/q but decreased 19.1% y/y, causing the market valuation higher. The foreign investors reversed to be net sellers in April with a net selling value of US\$117m.

The P/E of VNIndex at the end of April stayed at 14x, maintaining lower than the average of 15.3 of ASEAN markets. Although the earnings of the first quarter of 2023 still optimistic with the market wide earnings grew 35.6% over last quarter, the total income decreased by 19.1% over the same period of last year (as shown in page 29) causing higher market valuation. For 2023, we expect that the EPS growth of VNIndex will be 10.2% and the forward P/E is 10.9, quite lower than the average of 12.7 of ASEAN markets and lower than others in our watch list. The local issues is being rescued by regulators by issuing decree 08/2023/NĐ-CP on corporate bond markets, issuing decree 10/2023/NĐ-CP on Land Law and lower series of policy rates which help reduce cash flow pressure of bond issuers in the short term and facilitate completion of legal status for real estate businesses. Although some signals of slowing growth, the overall conditions of the economy are stable with the interest rates going down, inflation slowing and remain in government's target. Compared with other markets in our watch list, the valuation of VNIndex is still attractive with investors to accumulate at relative valuations. We expect that some important regulations which will be considered in the National Assembly general meeting in this May will be positive factor for many sectors, especially the real estate and construction.

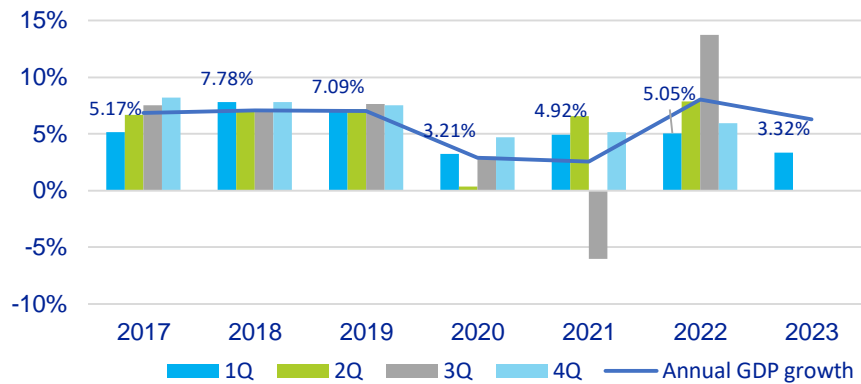
1. Macroeconomics
2. Equity Market
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- ❖ Gasoline prices increased by c.2.6% m/m and diesel prices increased by 0.5% as the global oil prices recovered in April (WTI +1.5% m/m, Brent +0.6% m/m).
- ❖ The State Bank of Vietnam issued the Circular No. 02/2023/TT-NHNN dated April 23rd, 2023 regulations on credit institutions, foreign bank branches to restructure debt repayment terms and maintain debt groups to support corporate and personal customers in difficulty, effective from April 24th, 2023 until the end of June 30th, 2024.
- ❖ The State Bank of Vietnam issued Circular No. 03/2023/TT-NHNN dated April 23rd, 2023 suspending the effect of Clause 11 Article 4 of Circular No. 16/2021/TT-NHNN from April 24th, 2023 to December 31st, 2023. Accordingly, the credit institutions will be allowed to buy back corporate bonds which have not yet listed on stock markets or registered on Upcom.
- ❖ The government agreed with the proposal to reducing value-added tax (VAT) for all goods and services subjected to the VAT rate of 10% to 8% and valid until the end of December 31st, 2023. This proposal will be submitted to the National Assembly general meeting in this May.
- ❖ The Phan Thiet - Dau Giay Expressway, which is 99km long and part of the North-South Expressway project, opened to traffic on April 30th, 2023.
- ❖ The Government and the Ministry of Industry and Trade approved to hike the electricity prices by 3% from May 4th, 2023, ending four years of unchanged electricity prices.
- ❖ Fed (US) hike interest rates for the 10th consecutive times by 25 bps bringing the rate to 5% - 5.25% range on May 3rd, 2023, the highest level since 2007, despite volatility in banking industry.
- ❖ The European Central Bank ECB also hike interest rates by 25 bps bringing the rate to 3.25% on May 4th, 2023.
- ❖ OPEC+ announced oil production cuts of around 1.16 million barrels per day on April 2nd, 2023 and will start in May and last until the end of the year.

GDP growth slowed amid global economy facing difficulties

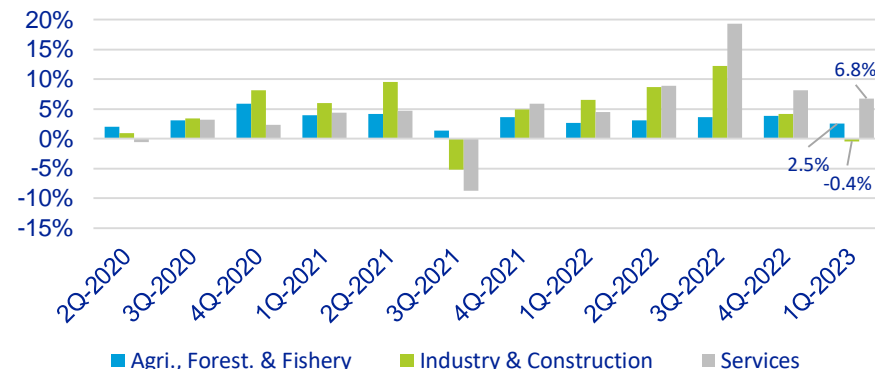
Vietnam GDP growth by quarter



Source: GSO, ACBS

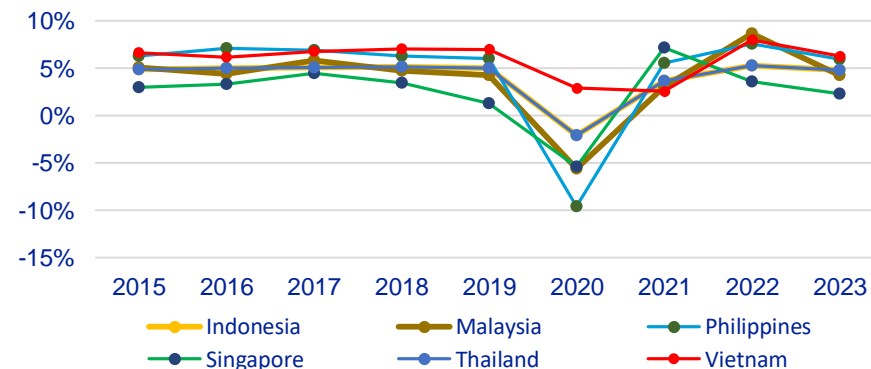
- ❖ Vietnam's GDP slowed in the first quarter of 2023 with the growth of 3.32% y/y, the second lowest of the 1st quarter growth since 2010, and declined 14.2% from the 4th quarter of 2022 amid global economy facing with many difficulties, led by the growth of services (+6.79% y/y, higher than the average of 5.76% y/y of the 1st quarter GDP growth in 2016 - 2022 period) thanks to reopening the border of Vietnam since March 2022 pushing the recover of services industry but the exports fell into depression given weak demand of major trade partners.
- ❖ Regarding GDP by expenditure, Final Consumption increased by 3.01% (1Q2022 increased 4.28%), Gross Capital Formation increased by 0.02% (1Q2022 increased 3.22%), Exports of goods & services decreased by 8.33% and Imports of goods and services decreased by 10.52%.

GDP growth breakdown



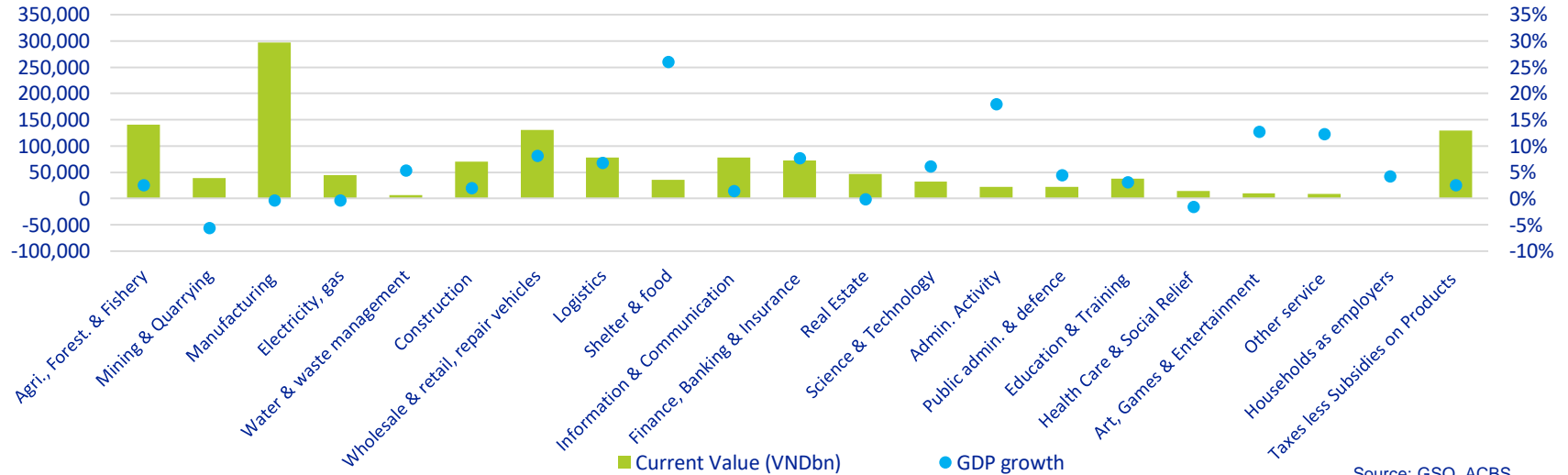
Source: GSO, ACBS

Vietnam GDP growth and peer market



Source: World Bank, ACBS. 2023 GDP growth estimated by ADB

GDP by Industry in 1Q2023

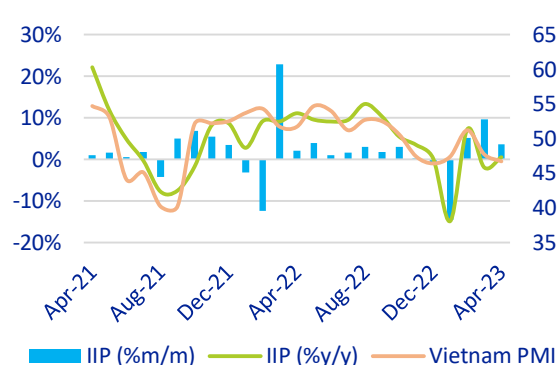


Source: GSO, ACBS

- ❖ The growth of GDP in the 1st quarter led by the growth of service (+6.79% y/y, higher than the average of 5.76% y/y of the 1st quarter GDP growth in 2016 - 2022 period), in which the Wholesale & retail increased 8.09% y/y, Accommodation & catering services increased 25.98% y/y, Finance, Banking & Insurance increased 7.65% y/y. Public health and social work activities, the only sub-industry of services decline in the 1st quarter, decreased for the third consecutive quarter (-1.56% y/y). The agriculture, forestry and fishery maintain stable growth at 2.52% y/y.
- ❖ The largest negative contribution to GDP growth was the industry (-0.82% y/y), in which the mining and quarrying decreased 5.6% given decrease of coal mining and crude oil production, the manufacturing and processing decreased 0.37% y/y as the exports fell into depression given weak demand of major trade partners, and leading to the production and distribution electricity decreased also. The construction grew by 1.95% y/y, the lowest growth of the 1st quarter in 2013-2022 period.

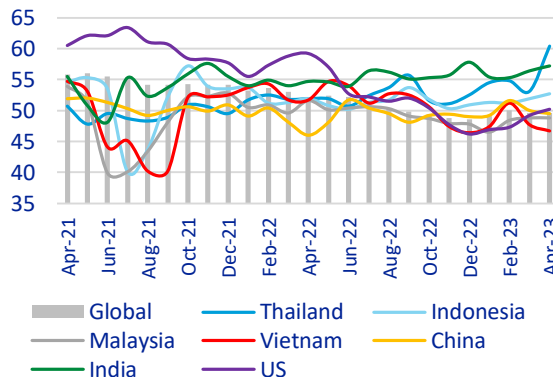
Industrial production still weak as muted demand

Vietnam IIP and PMI



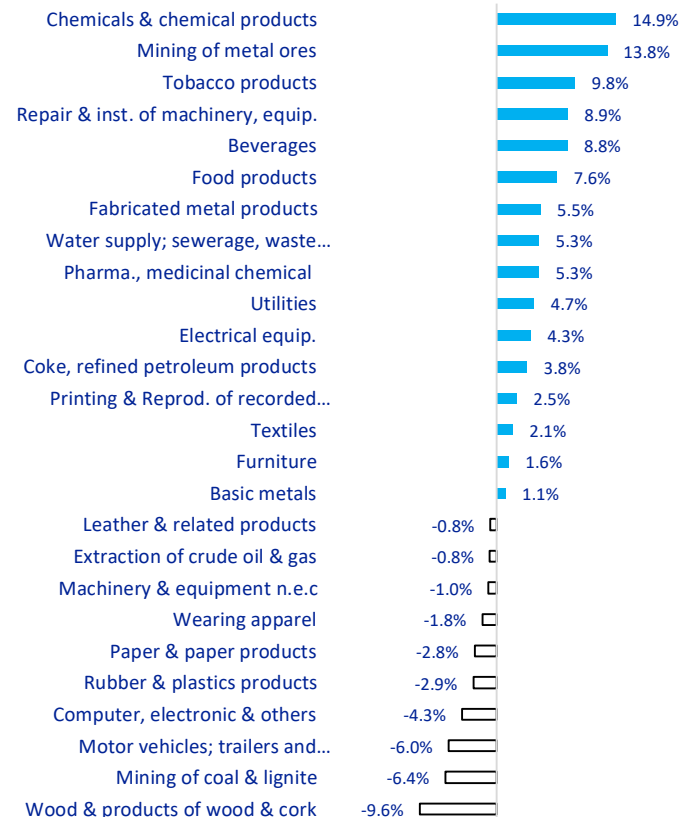
Source: GSO, IHS Markit, ACBS

Vietnam PMI and other markets



Source: Bloomberg, IHS Markit, ACBS

IIP April 2023 by industry



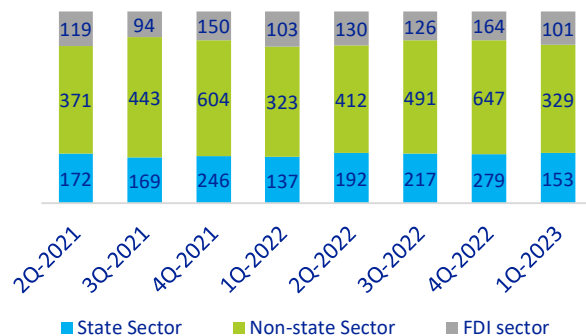
-20% -10% 0% 10% 20%

Source: GSO, ACBS

- ❖ Industrial production recovered for the third consecutive month as the IIP increased by 3.6% m/m and 0.5% y/y in April. For the first four month of 2023, the IIP narrowed the decrease to 1.8% due mainly to the decrease of manufacturing and processing (-2.1%) with some notable products like automobile (-19.3%), angle and rebar steel (-15.1%), mobile phone (-13%), sugar (+23.2%), petro (+15.1%), textile fabric from artificial yarn (+12.2%).
- ❖ The number of employees working in industrial enterprises as of April 1st, 2023 increased 0.7% m/m and decreased 3.5% y/y.
- ❖ The PMI continued to decline to 46.7 points as the output, new orders and employments decrease. While the Global PMI unchanged at 49.6, the ASEAN PMI recovered to 52.7, the US PMI also increased to 50.2 but the PMI of Eurozone (45.8), EU (45.8) and Emerging markets (50.5) continued to decline.

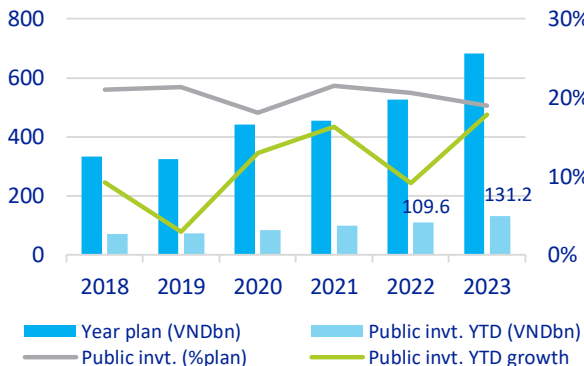
Total investment disbursement

Unit: VNDtn



Source: GSO, ACBS

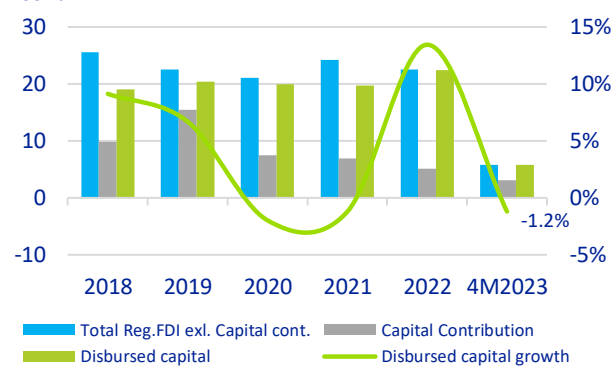
Public investment in 4M



Source: GSO, ACBS

FDI attraction by years

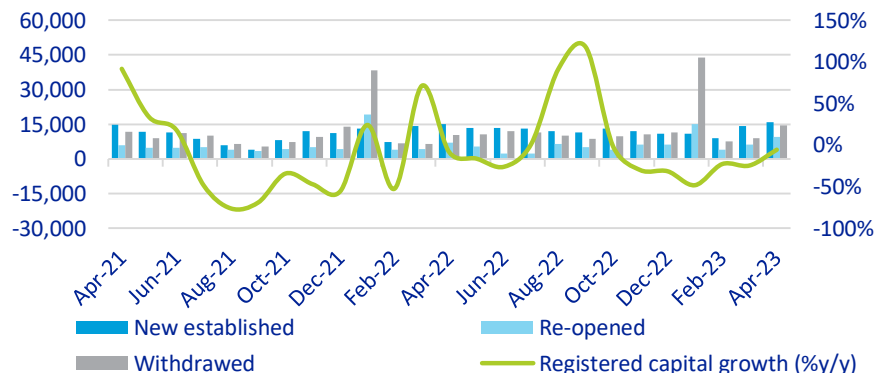
USDbn



Source: MPI, ACBS

- ❖ The total social investment increased by 3.7% y/y in the 1st quarter of 2023, recording VND583 trillion, slower than average of the 1st quarter in 2017-2022 period at 7.7%, in which, the non-state sector (+1.8% y/y) continued to play the key role with its contribution of 56.4% in total capital, FDI sector (-1.1%) increase their contribution to 17.4% and state sector (+11.5%) contributed 26.2%.
- ❖ The public investment disbursement improved slightly at VND39.3tn in April (+12.7% m/m, +17% y/y) and reached VND131.1tn for four months, completing 19% of allocation plan. Many projects are faced with difficulties given cost overruns, lack of road embankment materials, slow site clearances.
- ❖ Newly established enterprises increased 6.4% y/y in April at 15,967 with the average registered capital fall by 5.7% y/y and registered employees increased 13.7% y/y. Although the re-operated enterprises rose 36.6% y/y at 9,610, the enterprises withdrawing from the market surged to 14,509 (+39.8% y/y). For four months, the newly registered enterprises just increased 0.6% and re-operated enterprises decreased by 6.2%, while the enterprises withdrawing from the market rose 25.1% over the same period of last year.

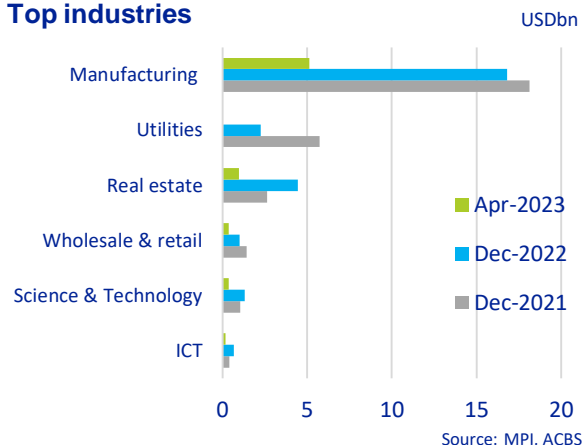
Enterprises activities



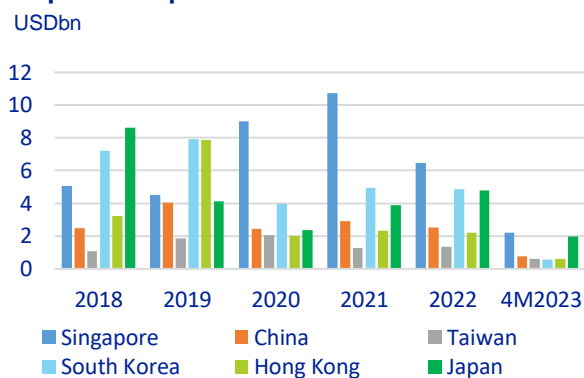
Source: GSO, ACBS

Registered capital recovered after months of decrease

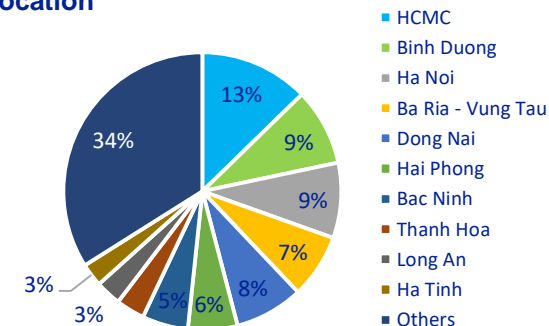
Top industries



Top counterparts

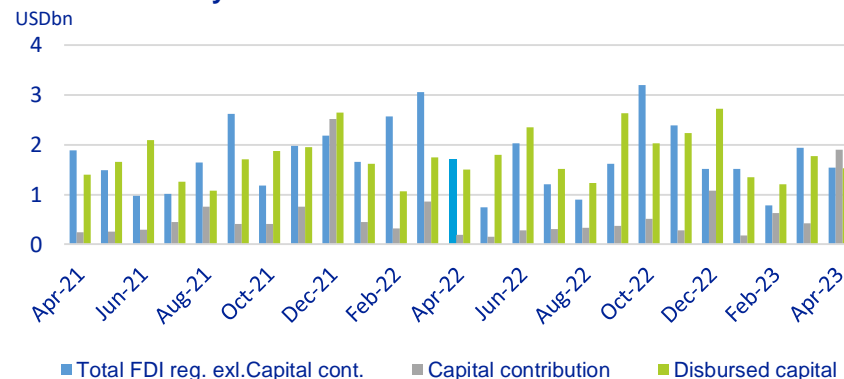


Accumulated FDI as of April 2023 by location



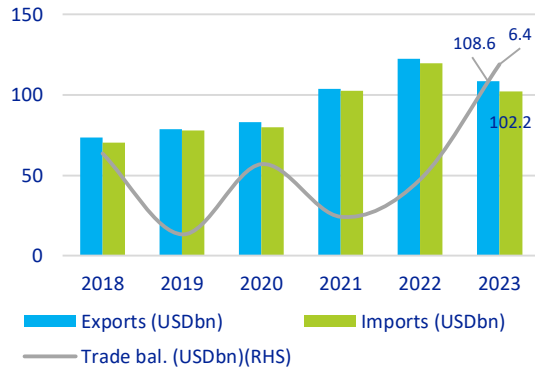
- ❖ Disbursed capital decreased 14% m/m and increased 2% y/y in April to US\$1.5bn. The total disbursed capital in four months of 2023 stood at US\$5.9bn, narrowed the decrease to 1.2% y/y.
- ❖ Registered capital recovered to US\$3.4bn in April (+46% m/m, +80% y/y). The total registered FDI capital in four months reached US\$8.9bn (-17.9%) and lower than the average of US\$11.4bn in the 2017-2022 period. Vietnam is considering the policy to respond to the global minimum tax rate of 15% which is a concern of foreign investors.
- ❖ Singapore continued to be the biggest counterparts in the first four months of 2023, following by Japan, China, Taiwan, Hong Kong and South Korea.

FDI attraction by months



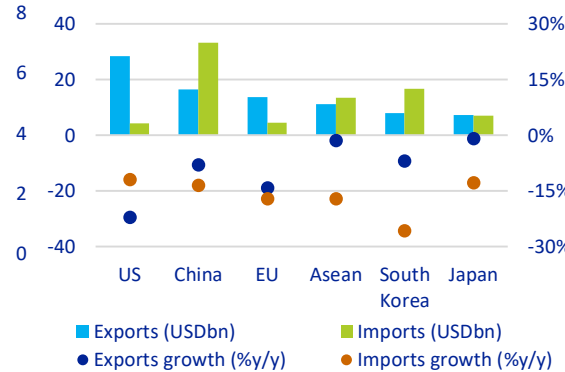
Foreign trade weak but maintain surplus

Foreign trade in 4M by years



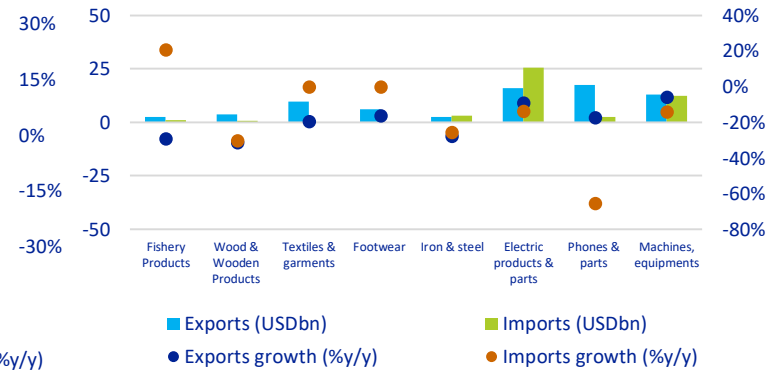
Source: GSO, ACBS

Main EX-IM markets in 4M2023



Source: GSO, ACBS

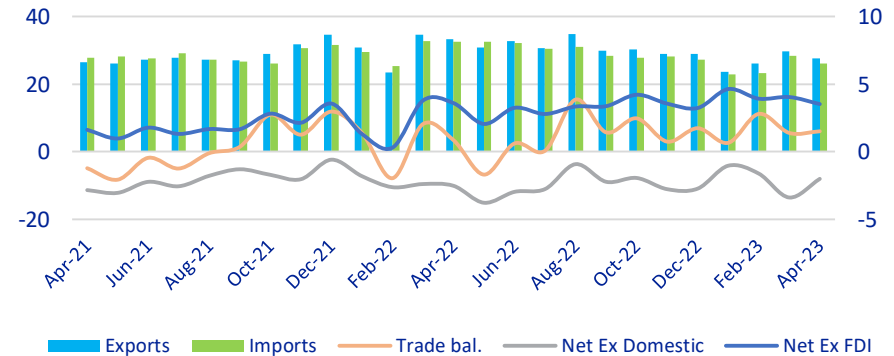
Main EX-IM items in 4M2022



Source: GSO, ACBS

- ❖ Foreign trade remained weak in April with total import-export turnover reached US\$53.6bn -7.7% m/m, -18.6% y/y), in which exports recorded at US\$27.5bn (-7.3% m/m, -17.1% y/y) and imports recorded at US\$26bn (-8.1% m/m, -20.5% y/y).
- ❖ For the first four months of 2023, the total turnover was lower 13% than the same period of 2022, in which exports decreased 11.8% and imports decreased 15.4% but the trade balance maintained surplus of US\$6.35bn, higher than the 5 years average of US\$2.2bn.
- ❖ In the first four months of 2023, exports to main markets decreased, in which the US market decreased 22.1%, EU decreased 14.1%, China decreased 7.9%.

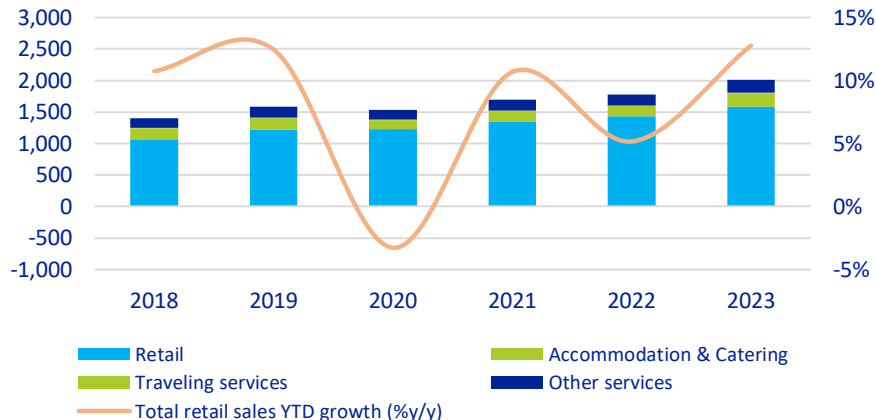
Foreign trade by months (USDbn)



Source: GSO, ACBS

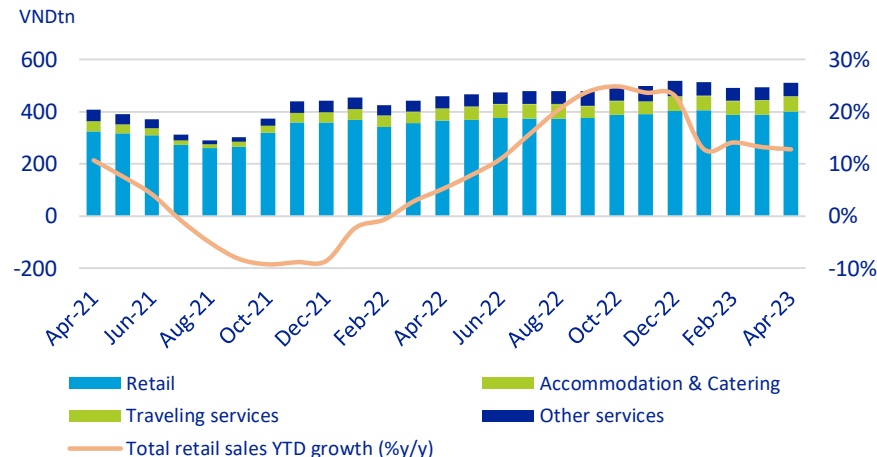
Retail sales sustained growth momentum

Retail sales of goods and services in 4M



Source: GSO, ACBS

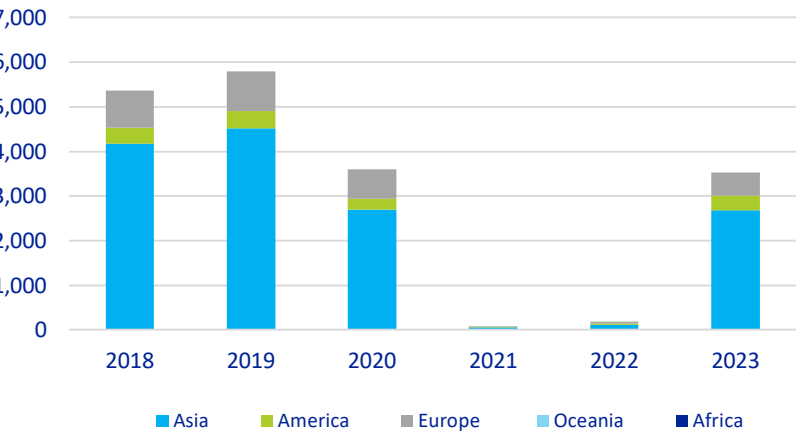
Retail sales of goods and services monthly



Source: GSO, ACBS

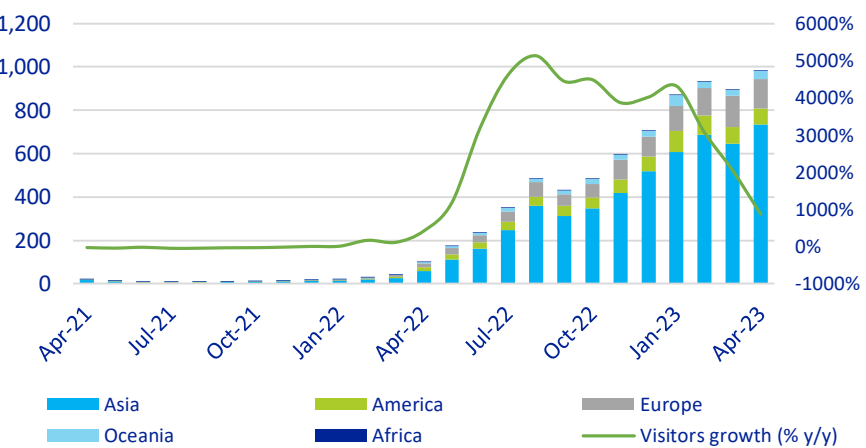
- ❖ Retail sales sustained growth momentum in April thanks the local and international travel increasing as the borders reopened to international visitors in March 2022 and the long holiday in late April. The total retail sales of consumer goods and services hit VND510tn (+3.7% m/m, +11.5% y/y) in April, in which revenue of goods increased 9.7% y/y, accommodation and catering up 21.1%, traveling services surged 86% and other services up 14.7%.
- ❖ In the first four months of 2023, total retail sales recorded at VND2,007tn (+12.8% y/y). Regarding to items, revenue of food and food stuffs up 14.5% y/y, garments 9.8% y/y, vehicles (excl. automobile) up 4.1% y/y, household tools & equipment up 2.4% y/y, cultural and educational items down 1.1% y/y.

International visitors in 4M (thsnd)



Source: GSO, ACBS

International visitors monthly (thsnd)

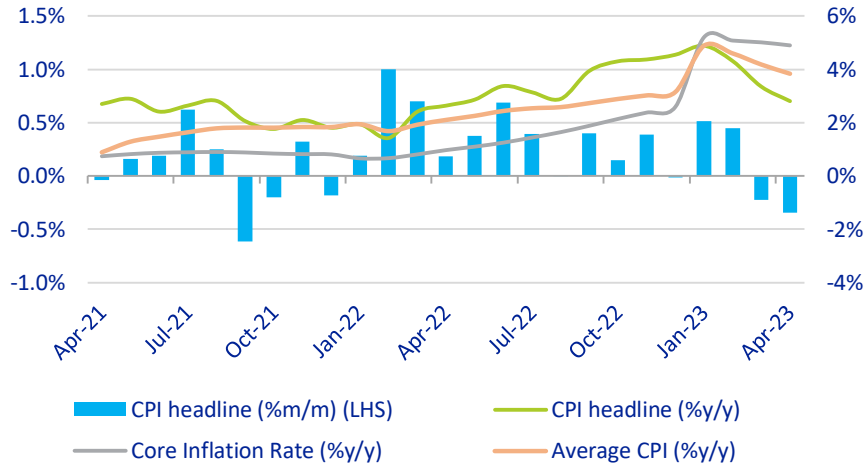


Source: GSO, ACBS

- ❖ The international visitors continued to increase in April with 984 thousand international arrivals to Vietnam (+9.9% m/m, +8.7 times y/y), in which visitors from Malaysia, Japan, US and Canada have the biggest decline over last month while visitors from China, Taiwan, Cambodia, South Korea and Australia increased. The total international visitors in the first four months of 2023 reached 3,680 thousand, higher 18 times over the same period of 2022 but still lower 38% than the first four months of 2019 (before the COVID-19 pandemic). Visitors from South Korea, US, China and Thailand are top arrivals in the first four months of 2023.
- ❖ International arrivals to Vietnam have been improving since the reopening of border in Q1 2022. The resumption of international travel would benefit many industries especially services and accommodation and catering. For 2023, we expect the international visitors to Vietnam continued to pick up given tourists have had time to plan trips and COVID related travel procedures have been eliminated, combined with the reopening border of China after three years of COVID-19 closure which improving the transportations and foreign trade between China and Vietnam.

Inflation continued to slow

CPI monthly



Source: GSO, ACBS

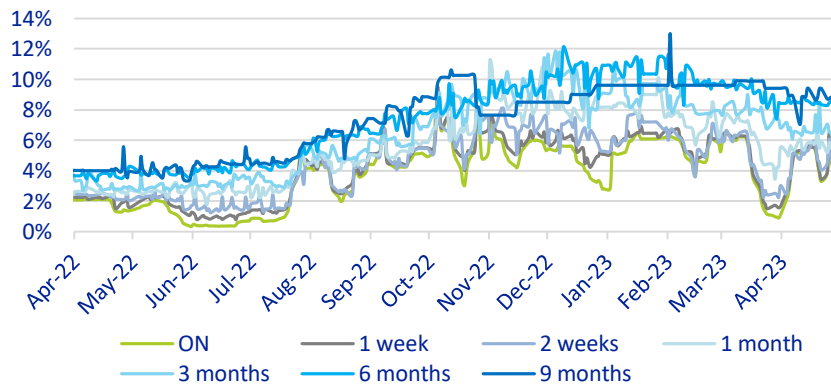
CPI Basket	Weight (%)	04/2023 (% m/m)	04/2023 (% y/y)	Avg 4M2023 (% y/y)
CPI headline	100.0	-0.34%	2.81%	3.84%
Food and Foodstuffs	33.6	-0.38%	3.62%	4.48%
Food	3.7	0.30%	3.84%	3.74%
Foodstuff	21.3	-0.71%	2.89%	4.02%
Eating outside	8.6	0.13%	5.35%	5.95%
Beverage, cigarette	2.7	0.12%	3.63%	3.89%
Garment, footwear	5.7	-0.08%	2.31%	2.56%
Housing and constrn. Materials	18.8	-0.83%	5.20%	6.67%
Household appliances & goods	6.7	-0.08%	2.29%	2.65%
Medicine, health care	5.4	0.02%	0.62%	0.63%
Transportation	9.7	0.43%	-3.94%	-2.27%
Postal services, Telecom.	3.1	-0.14%	-0.33%	-0.28%
Education	6.2	-1.30%	5.98%	9.08%
Culture, entertm't. & tourism	4.6	-0.45%	2.99%	4.42%
Other goods, services	3.5	0.35%	3.33%	3.34%

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

- ❖ The consumer price index (CPI) in April decreased 0.34% m/m and increased 2.81% y/y, lower than the inflation rate in March, given the decrease of foodstuff (-0.71% m/m) as the abundant supply, housing and construction materials (-0.83% m/m) as gas and petroleum prices decrease, education (-1.3% m/m) as the tuition decrease. Some items prices kept rising like transportation (+0.43% m/m) as petro prices increased in April, eating outside (+0.13% m/m).
- ❖ The average CPI in the first four months of 2023 increased 3.84% and core inflation recorded at 4.9%, lower than last month. The rising of core inflation was slowdown but it is higher than the 5-years average of 1.57%. We are continuing to monitor the core CPI which reflect the longer term impact of high prices on the purchasing power of consumers, especially in the case that the electricity prices hike leading to cost of many items increase. Except the Eurozone's inflation still high, the inflation rates in many countries globally also declined in recent months as shown in the table in page 18.

Short-term interest rates rose again

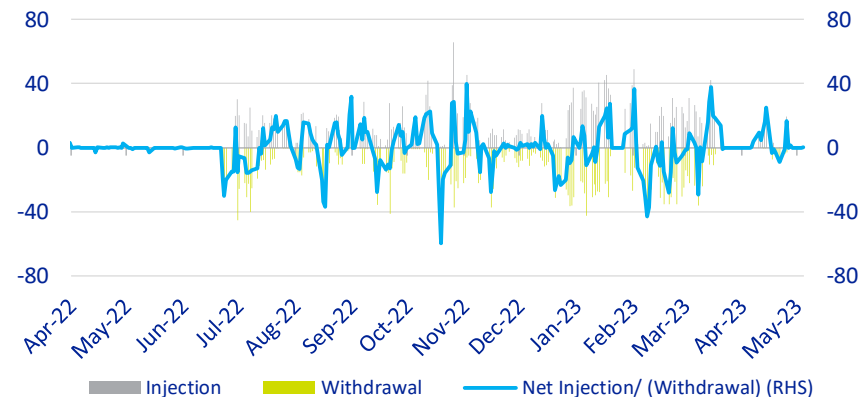
Interbank Rate



❖ The interbank interest rates of 1-month term and lower 1-month terms rose again but the interest rate of 3-month, 6-month and 9-month terms continued to decline. Compared with beginning of 2023, interbank interest rates of most of terms declined strongly. Previously, the State Bank of Vietnam (SBV) revised down some policy rates from 15 March by 50 to 100 bps. At the end of March, SBV continued to cut policy rates including refinancing rate and maximum interest rates of deposits in VND by 30 to 50 bps which take effect in April to realize the National Assembly and Government's goal on economic recovery.

❖ In April the SBV has net injection VND65tn to the market via issuing VND102tn reverse repo OMO combined with VND37.3tn to maturity. It is estimated that SBV has injected approx. VND211tn in the first four months of 2023 via OMO market and buying foreign currencies to stabilize market liquidity, pull the interest rates down to support businesses.

Net Injection/(Withdrawal) from OMO (VNDtn)

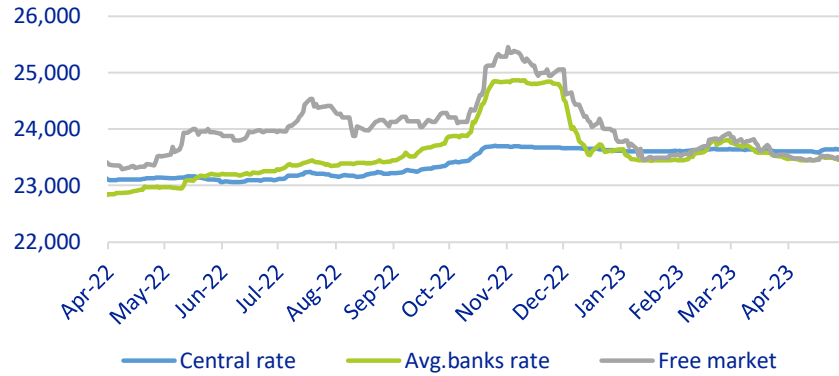


Interbank Rate

Term	ON	1 weeks	2 weeks	1 month	3 months	6 months	9 months
End of April '23 (%)	4.12	4.65	5.13	5.73	6.60	7.45	8.62
+/- MoM (bps)	300	297	210	18	-19	-97	-79
+/- YTD (bps)	131	-43	-15	-244	-249	-346	-99

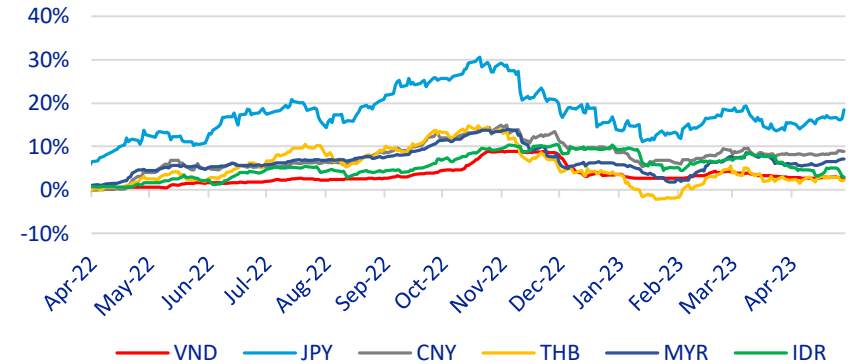
USD/VND decreased slightly

USD/VND exchange rate



Source: Fiin Pro, ACBS

Monthly USD/VND and other currencies



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

- ❖ The USD/VND rates decreased slightly in April with the average rate at banks (-0.05% m/m) and the rate in free market (-0.26% m/m) receded and the rate at the Central bank closed April at 23.639, increased 0.17% m/m amid the US Dollar Index DXY decreased 0.83% m/m given expectation that Fed will pause interest rate hikes soon amid recent market turmoil. The SBV offer rate has a bit fluctuation when SBV bought a large amount of foreign currencies to increase the foreign exchange reserve after selling in 2022 to stabilize the market.
- ❖ Global gold prices rose 1.1% in April to US\$1,990/ounce while domestic gold prices just increased 0.2% to VND67.2m/tael which present the premium of c.18.5% to global prices, significantly reduce the premium of 26% at the end of February.

Key macro indicators

Monthly data	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23
Industrial Production (% y/y)	9.5%	9.1%	9.5%	13.3%	10.3%	5.5%	3.5%	0.2%	-14.9%	7.2%	-2.0%	0.5%
Mining & quarrying	3.9%	5.1%	-2.8%	7.5%	14.9%	12.1%	16.8%	-5.1%	-13.0%	9.9%	-4.2%	-2.1%
Manufacturing	11.0%	9.9%	11.1%	14.1%	9.6%	4.4%	2.3%	0.6%	-15.6%	6.8%	-2.5%	0.2%
Prod & dist of electricity	2.3%	5.5%	6.2%	12.3%	16.4%	9.3%	2.7%	1.3%	-12.4%	8.3%	1.8%	4.7%
Water supply & waste treatment	9.4%	6.3%	12.1%	5.9%	9.1%	14.4%	7.0%	5.5%	-1.4%	7.1%	11.1%	5.3%
PMI	54.7	54.0	51.2	52.7	52.5	50.6	47.4	46.4	47.4	51.2	47.7	46.7
Retail Sales (% y/y)	19.5%	28.3%	52.9%	65.2%	58.2%	34.1%	13.5%	17.3%	12.8%	15.5%	11.5%	11.5%
CPI (% m/m)	0.4%	0.7%	0.4%	0.0%	0.4%	0.1%	0.4%	0.0%	0.5%	0.4%	-0.2%	-0.3%
CPI (% y/y)	2.9%	3.4%	3.1%	2.9%	3.9%	4.3%	4.4%	4.5%	4.9%	4.3%	3.4%	2.8%
Export Value (USDm)	30,918	32,843	30,607	34,918	29,817	30,369	29,020	29,029	23,611	26,052	29,709	27,540
Import Value (USDm)	32,616	32,233	30,533	31,059	28,388	27,903	28,277	27,292	22,955	23,253	28,322	26,030
Trade Balance (USDm)	-1,698	610	74	3,859	1,429	2,466	743	1,737	656	2,799	1,387	1,510
Disbursed FDI (USDm)	1,790	2,348	1,512	1,230	2,628	2,022	2,230	2,716	1,350	1,200	1,774	1,526
Registered FDI excl. Cap. Cont. (USDm)	742	2,032	1,203	899	1,610	3,197	2,387	1,507	1,511	788	1,932	1,534

Key macro indicators

Annual data	2014	2015	2016	2017	2018	2019	2020	2021	2022	YTD-2023
GDP	6.0%	6.7%	6.2%	6.8%	7.1%	7.0%	2.9%	2.6%	8.0%	3.3%
Industrial Production	7.6%	9.8%	7.5%	9.4%	10.2%	9.1%	3.4%	4.8%	7.8%	-1.8%
Retail Sales	10.6%	9.5%	10.2%	10.9%	11.7%	11.8%	2.6%	-3.8%	19.8%	12.8%
Consumer Price Index	4.1%	0.6%	2.7%	3.5%	3.5%	2.8%	3.2%	1.9%	3.1%	3.8%
Export Value (USDbn)	150.22	162.02	176.58	215.12	243.70	264.34	282.53	336.25	371.30	108.57
Import Value (USDbn)	147.85	165.78	174.98	213.22	236.87	254.09	262.67	332.25	358.90	102.22
Trade Balance (USDbn)	2.37	-3.76	1.60	1.90	6.83	10.25	19.86	4.00	12.40	6.35
Disbursed FDI (USDbn)	12.35	14.50	15.80	17.50	19.10	20.38	19.98	19.74	1.61	5.85
Registered FDI (USDbn)	20.23	22.76	20.95	29.97	25.57	22.55	21.06	24.26	1.66	5.77

Quarterly data	4Q-2020	1Q-2021	2Q-2021	3Q-2021	4Q-2021	1Q-2022	2Q-2022	3Q-2022	4Q-2022	1Q-2023
GDP (% y/y)	4.7%	4.9%	6.6%	-6.0%	5.2%	5.1%	7.8%	13.7%	5.9%	3.3%
Agriculture, Forestry & Fishing	5.9%	4.0%	4.1%	1.4%	3.6%	2.7%	3.1%	3.7%	3.9%	2.5%
Industry & Construction	8.2%	6.0%	9.6%	-5.2%	5.0%	6.6%	8.7%	12.2%	4.2%	-0.4%
Services	2.4%	4.4%	4.7%	-8.7%	5.9%	4.5%	8.9%	19.3%	8.1%	6.8%
Industrial Production (% y/y)	6.3%	5.7%	12.4%	-5.0%	6.4%	6.8%	9.8%	10.9%	3.0%	-2.3%
Retail Sales (% y/y)	8.0%	4.6%	4.1%	-28.3%	0.0%	5.0%	20.1%	41.2%	17.1%	13.9%
Export Value (USDbn)	80.15	78.40	78.23	82.15	95.62	89.10	96.93	96.31	89.50	79.17
Import Value (USDbn)	76.92	75.61	82.50	83.86	89.07	87.65	97.64	90.29	85.07	75.10
Trade Balance (USDbn)	3.23	2.79	-4.27	-1.70	6.55	1.46	-0.72	6.02	4.44	4.07
Disbursed FDI (USDbn)	6.22	4.10	5.14	4.04	6.46	4.42	5.64	5.37	6.97	4.32
Registered FDI (USDbn)	5.58	9.33	4.34	5.26	5.34	7.28	4.48	3.71	7.09	4.23

Key macro indicators of other countries

Countries	GDP Growth			Inflation Rate			Manufacturing PMI		
	3Q-2022	4Q-2022	1Q-2023	Feb-23	Mar-23	Apr-23	Feb-23	Mar-23	Apr-23
Indonesia	5.7%	5.0%	5.0%	5.5%	5.0%	4.3%	51.2	51.9	52.7
Malaysia	14.2%	7.0%	0.0%	3.7%	3.4%		48.4	48.8	48.8
Philippines	7.6%	7.2%	0.0%	8.6%	7.6%	6.6%	52.7	52.5	51.4
Singapore	4.2%	2.1%	0.1%	6.3%	5.5%				
Thailand	4.6%	1.4%	0.0%	3.8%	2.8%	2.7%	54.8	53.1	60.4
Vietnam	13.7%	5.9%	3.3%	4.3%	3.4%	2.8%	51.2	47.7	46.7
China	3.9%	2.9%	4.5%	1.0%	0.7%	0.1%	51.6	50.0	49.5
Hong Kong	-4.6%	-4.2%	2.7%	1.7%	1.7%				
Taiwan	3.6%	-0.4%	-3.0%	2.4%	2.4%	2.4%	49.0	48.6	47.1
Japan	1.5%	0.4%	0.0%	3.3%	3.2%		47.7	49.2	49.5
South Korea	3.1%	1.3%	0.8%	4.8%	4.2%	3.7%	48.5	47.6	48.1
India	6.3%	4.4%	0.0%	6.4%	5.7%		55.3	56.4	57.2
United States	3.2%	2.6%	1.1%	6.0%	5.0%	4.9%	47.3	49.2	50.2
Eurozone	2.4%	1.8%	1.3%	8.5%	6.9%	7.0%	48.5	47.3	45.8

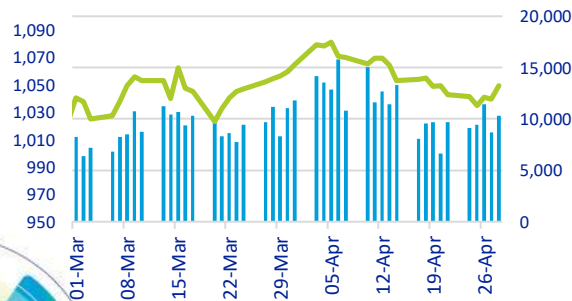
- ❖ The first four month data show that the Vietnamese economy maintain stable with retail sales continued to grow and industrial production recovered for the third consecutive month but still challenge by external headwinds as the 1Q2023 GDP growth slowed at 3.32% y/y and the exports-imports slowed given the weak demand of major trade partners. Despite the industrial production and exports is slowdown, the balance trade maintained surplus and the FDI inflows is stable supporting for Vietnamdong and the abundant liquidity is reducing the stress in monetary market. The timely decision of Vietnam regulators on lower policy rates as slowing inflation and stable exchange rate supporting the economy withstand the global shock given the collapses of series of large banks in US and Swiss. Although interest rate hikes in the world continuing, we expect that the local businesses activities can recover thanks to recent policies on reducing interest rates, issuing mass of regulations (decree 08/2023/NĐ-CP on bond market, resolution 33/NQ-CP, decree 10/2023/N-CP on the land Law).
- ❖ For the long term, we believe that Vietnam will continue on its sustainable development path based on modernizing the economy with divestment of State Owned Enterprises opening more space for private sector, integration in the global economy by mass of trade agreements and policy towards attracting foreign direct investment to create motivation for domestic businesses, combined with innovation of investment policies and procedures to suitable with new situations, bringing better conditions for both foreign and local businesses.

Selected Outlook on Vietnam GDP growth

Organization	2023 Outlook Latest projection	2023 Outlook Previous projection
World Bank	6.3% (March 2023)	6.7% (Aug 2022)
International Monetary Fund	5.8% (April 2023)	5.8% (Nov 2022)
The Asian Development Bank	6.5% (April 2023)	6.3% (Dec 2022)
Fitch Ratings	5.8% (Mar 2023)	6.3% (Mar 2022)
S&P	6.5%-7% (May 2022)	
Standard Chartered Bank	7.2% (Oct 2022)	7.0% (Jul 2022)
HSBC	5.8% (Dec 2022)	6.3% (Jul 2022)
United Overseas Bank	6.6% (Dec 2022)	
ACBS	4.4% - 5.1% (April 2023)	5.9% - 6.4% (Jan 2023)

Stock market recap in April

Statistics	April 2023		4M2023	
Bloomberg Code	VNIndex		VNIndex	
Range (pts)	1,029 - 1,085		1,007 - 1,124	
Month End Index (pts)	1,049.1		1,049.1	
Month End Mkt cap (VNDbn)	4,217,186		4,217,186	
Month End Mkt cap (USDbn)	178.5		178.5	
Daily Avg Value (VNDbn)	11,189		10,247	
Gainers	248		272	
Laggards	146		135	
Net Foreign Trade (USDbn)	-0.117		0.133	
Foreign Participation	8.6%		11.3%	
Performance (%)	1M	3M	6M	12M
VNIndex	-1.5	-5.6	2.1	-23.2
VN30	-2.1	-6.5	2.4	-25.8



The market experienced a gloomy trading month with the VNIndex fell 1.5% in April to close month at 1,049 points as the difficulties of banks are continuing globally. The overall liquidity improved with the ADTV rose by 20% over last month after constantly decline from the beginning of this year but still low compared with the same period of last year (ADTV dropped 59% y/y). Most of listed companies released business results with the market wide 1Q-2023 earnings increased 35.6% q/q but decreased 19.1% y/y, causing the market valuation higher. The foreign investors reversed to be net sellers in April with a net selling value of US\$117m. In April, Vietnam SCIC announced the list of stakes divestment phase 1 in 2023 including 73 companies with many listed stocks in HOSE and Upcom like FiCO, Seaprodex, Viettronics, Vietnam Plastic Joint Stock Company... The Ministry of Construction is also planning to divest stakes with total value of VND6.55tr from several corporations like Viglacera, Lilama, Construction Machinery Corporation in 2023-2025 period. The promotion state capital divestment will accelerate the process of restructuring state-owned enterprises and provide more investment options for investors.

The largest contribution to VNIndex in April was HPG (+4.1%) which continued to get net buying from foreign investors. Vietnam Airlines HVN announced profit for the first time since Covid-19 pandemic outbreak with the earnings before tax of VND19.3bn but the earning after tax still get loss at VND37.3bn, improved significantly over the loss of the same period of last year. Over 2.2 billion shares of this company has just placed under supervision from May 12 according to HOSE regulations and facing with delisted if the audited financial statement in 2022 released with the third consecutive years getting loss. Masan High-Tech Materials Corporation (MHT), a subsidiary of Masan Group, signed an MOU with EQ Resources Limited (EQR) in April to work together in tungsten exploration, mining, assessing new project opportunities, and new product applications. On the back of strong demand and pricing of tungsten products, MHT got record revenues of US\$663m in 2022, increased 15% over 2021.

Month end HOSE composition and valuation

Sector	No. of tickers	Mkt cap (VNDtn)	1M return	YTD return	P/E	P/B	ROA	ROE	Avg trading value (%m/m)	Avg trading value (%y/y)	Net foreign flows 1M (VNDbn)	Net foreign flows YTD (VNDbn)
Banks	17	1,562.1	-0.9%	10.4%	9.83	1.83	1.78%	20.45%	-3.9%	-40.5%	-791.6	-2,965.0
Real Estate	49	732.4	1.7%	1.8%	28.75	1.92	5.57%	12.73%	56.9%	-66.6%	-143.8	367.3
Food, Beverage & Tobacco	32	455.8	-4.0%	-6.0%	26.16	3.84	10.35%	15.85%	29.8%	-57.1%	-510.3	-435.0
Materials	63	307.2	3.2%	13.0%	96.58	1.28	6.58%	8.65%	-7.8%	-63.2%	100.9	2,524.3
Utilities	28	299.7	-4.8%	0.5%	11.95	2.26	13.69%	20.96%	3.8%	-66.4%	-191.0	755.7
Capital Goods	76	167.9	10.4%	15.6%	129.96	1.41	4.18%	9.17%	67.3%	-71.8%	-133.0	517.3
Transportation	28	158.5	-2.7%	-0.7%	21.14	2.75	2.18%	4.03%	50.2%	-61.7%	-75.8	44.6
Financial Services	17	111.3	7.1%	25.5%	27.89	1.45	2.30%	6.25%	27.6%	-32.5%	-795.3	1,407.1
Software & Services	3	92.1	-1.7%	1.3%	15.80	3.65	10.02%	25.54%	-17.0%	-64.0%	10.5	21.7
Retail	9	72.4	0.1%	-8.2%	23.67	2.49	4.53%	12.15%	48.9%	-50.9%	37.6	126.1
Energy	9	69.7	4.5%	16.1%	154.28	1.63	2.26%	5.94%	-5.0%	-68.7%	-180.1	-70.4
Insurance	5	45.1	-4.7%	-0.5%	18.82	1.54	1.48%	8.41%	42.1%	-74.9%	7.4	370.0
Consumer Durables & Apparel	17	42.1	2.3%	-6.0%	34.60	2.37	12.15%	19.10%	63.4%	-71.6%	116.8	83.0
Pharma, Biotech & Life Sciences	10	29.9	8.7%	11.0%	13.31	2.42	16.14%	20.13%	24.4%	-72.4%	-7.3	30.1
Automobiles & Components	6	6.6	-3.0%	10.9%	13.78	1.35	6.34%	12.02%	18.8%	-72.8%	-5.5	4.7
Commercial & Prof. Services	6	6.3	9.3%	18.6%	13.75	1.86	15.76%	20.17%	85.4%	30.5%	20.3	-7.0
Technology Hardware & Equip.	1	5.7	5.5%	-9.1%	10.10	2.26	8.78%	24.73%	66.3%	-49.7%	36.4	-146.6
Consumer Services	7	5.3	2.0%	0.4%	51.63	3.78	14.10%	17.52%	69.8%	-68.8%	-5.9	-21.7
Health Care Equip. & Services	3	3.4	7.8%	16.0%	13.26	1.77	6.79%	12.37%	52.4%	-89.8%	3.5	13.7
Unclassified	10	2.7	3.7%	-6.6%	13.22	0.57	5.47%	8.12%	23.5%	-88.7%	0.2	-7.1
Telecommunication Services	1	1.7	-1.3%	-22.7%	0.00	1.05	-2.01%	-7.79%	93.6%	-88.2%	-0.2	-0.2
Household & Personal Products	1	1.4	2.4%	8.6%	7.16	1.65	17.96%	26.08%	361.3%	35.4%	-25.4	-24.6
Media & Entertainment	2	1.1	0.5%	38.0%	19.28	1.85	8.23%	12.69%	-31.9%	-95.5%	5.0	10.6
VNIndex	421	4,217.2	-1.5%	4.2%	14.14	1.61	2.06%	12.98%	20.9%	-59.2%	-2,769.1	3,136.6
VN30 Index	30	3,026.8	-2.1%	4.6%	10.19	1.56	2.12%	14.85%	1.8%	-52.5%	-975.1	5,289.3

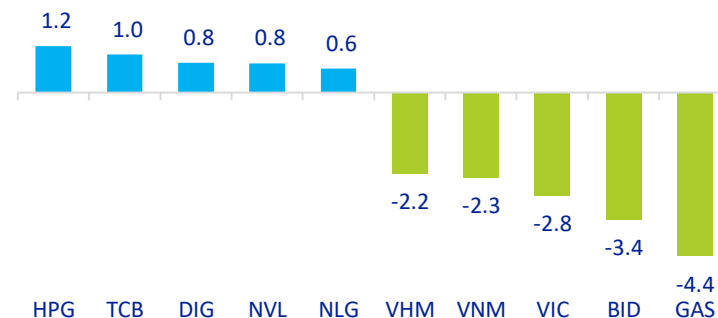
Source: Bloomberg, ACBS

Top 20 Market Capitalization (as at April 30, 2023)

Ticker	Company name	Market Cap. (VNDtn)	1M return	YTD return	P/E	P/B	Remaining foreign room
VCB	Vietcombank	428.3	-1.0%	13.1%	13.8	3.0	6.5%
BID	BIDV	220.0	-5.8%	12.7%	11.0	2.1	12.8%
VHM	Vinhomes	215.5	-3.9%	3.1%	6.0	1.4	25.7%
VIC	VinGroup	198.7	-5.3%	-3.2%	26.1	1.7	35.2%
GAS	PetroVietnam Gas	177.6	-9.0%	-8.6%	12.2	2.8	46.0%
VNM	Vinamilk	146.3	-5.9%	-8.0%	20.3	4.6	44.5%
CTG	VietinBank	138.6	-1.2%	5.9%	8.2	1.2	2.0%
VPB	VPBank	133.6	-5.5%	11.2%	11.1	1.3	0.0%
HPG	Hoa Phat Group	125.9	4.1%	20.3%	189.6	1.3	24.9%
SAB	SABECO	110.3	-6.9%	3.6%	22.5	4.6	37.4%
MSN	Masan Group	104.1	-6.0%	-21.4%	47.5	3.9	18.7%
TCB	Techcombank	103.8	4.1%	14.1%	5.4	0.9	0.0%
FPT	FPT Corp	85.0	-2.0%	0.8%	15.3	3.8	0.0%
MBB	MBBank	83.7	1.1%	7.9%	4.7	1.0	0.0%
ACB	Asia Commercial Bank	81.7	-3.2%	10.5%	5.6	1.3	0.0%
BCM	Becamex IDC Corp.	81.5	-5.1%	-2.4%	67.2	4.8	46.2%
SSB	SeABank	65.2	1.6%	-2.9%	16.6	2.4	4.8%
VRE	Vincom Retail	62.9	-6.3%	5.3%	18.4	1.8	16.0%
GVR	Viet Nam Rubber Group	62.2	0.3%	12.7%	18.7	1.3	12.5%
MWG	Mobile World Investment	57.4	1.7%	-8.6%	21.4	2.4	0.0%

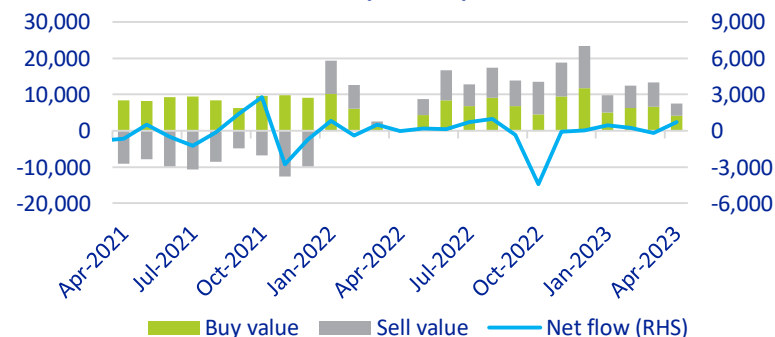
Source: Bloomberg, FiinPro, ACBS

Top contributors on VNIndex in April 2023



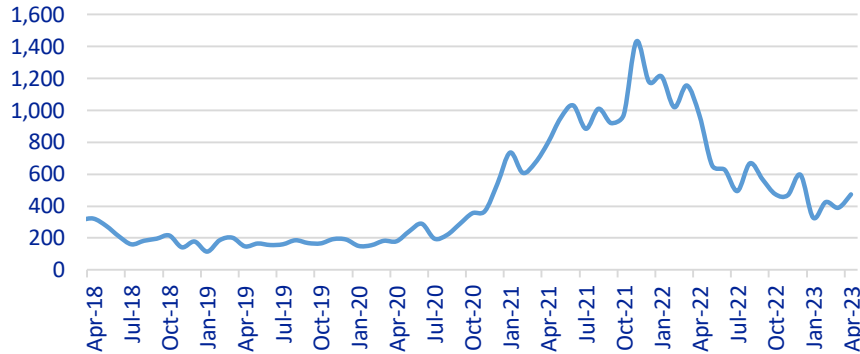
Note: Index impact (pts)

Net brokerage prop trading value into VNIndex (USDbn)



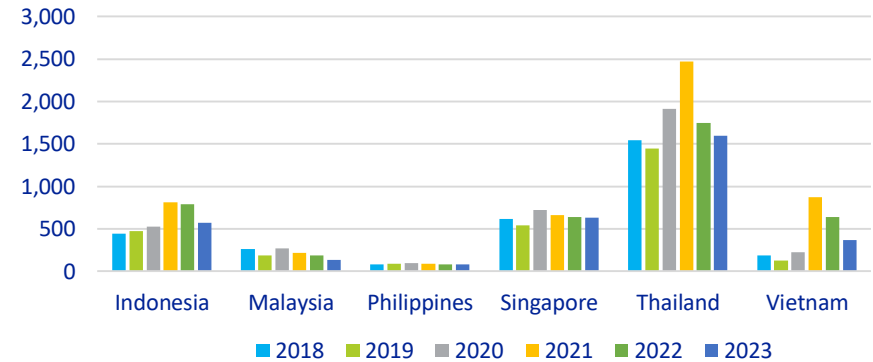
Source: FiinPro, ACBS

Average Daily Turnover (USDm)



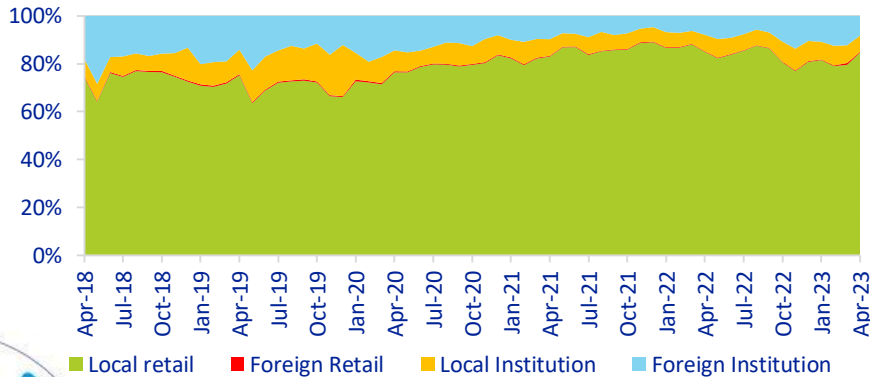
Source: Fiin Pro, ACBS

Average Daily Turnover of ASEAN markets (USDm)



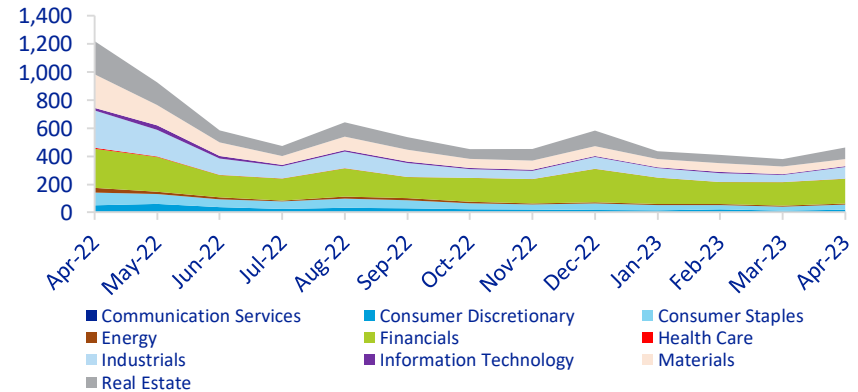
Source: Bloomberg, ACBS

Market Turnover by Investors



Source: Fiin Pro, ACBS

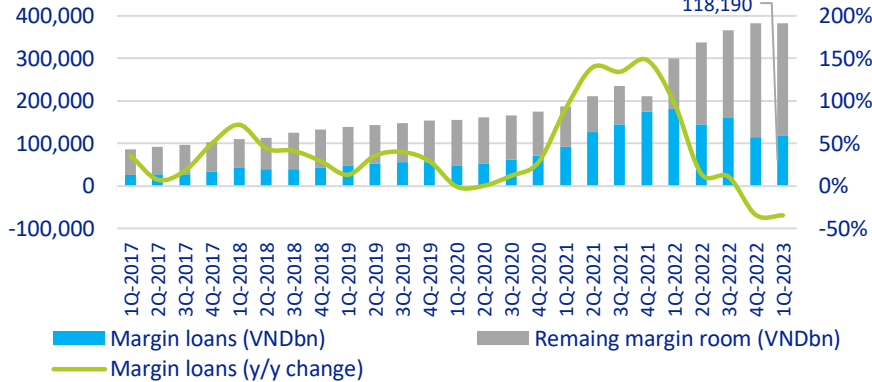
Average Daily Turnover by Sector (USDm)



Source: Fiin Pro, Bloomberg, ACBS

Market Structures (cont'd)

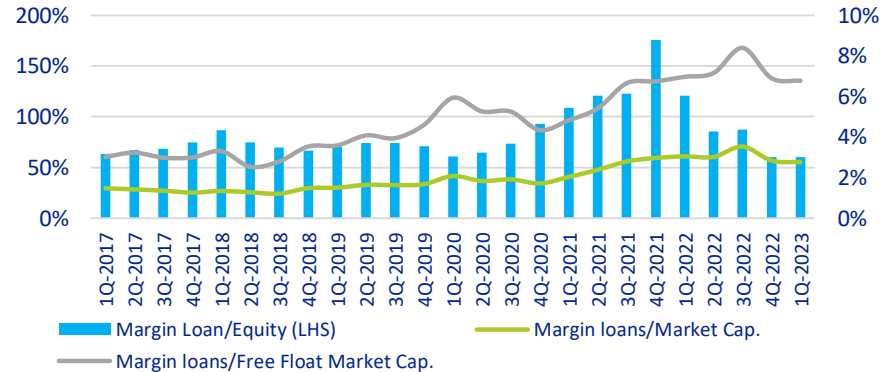
Margin outstanding



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

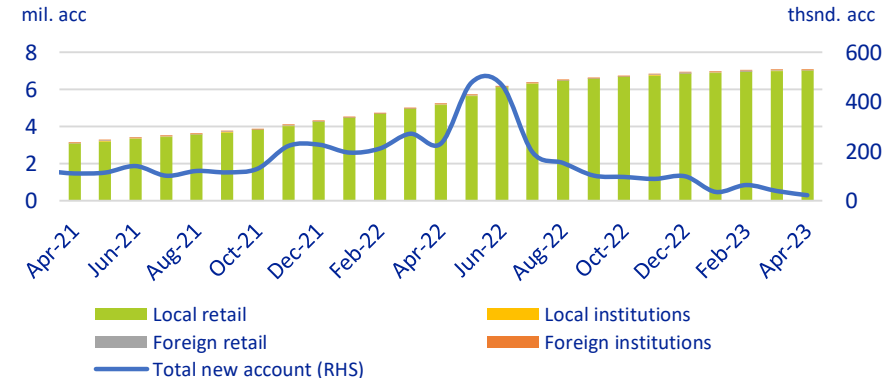
- ❖ Market-wide margin loans outstanding was estimated at VND 118 trillion at the end of the first quarter of 2023, increased slightly by 3% over end of the previous quarter and lower 35% than the same period of last year. The HOSE increased the number of stocks ineligible for margin trading to 87 stocks as of April 12th, 2023 from 62 stocks in 4Q-2022, this number in the HNX was decreased to 77 stocks from 84 stocks in 4Q-2022. The margin loans to free float market capitalization decreased slightly to 6.8%.
- ❖ There was only ca. 23 thousand new accounts opened in April (-42% m/m, -90% y/y). Generally, there are nearly 7.06 million accounts as of April 30th, 2023, equivalent to circa 7.1% of Vietnam population.

Margin leverage



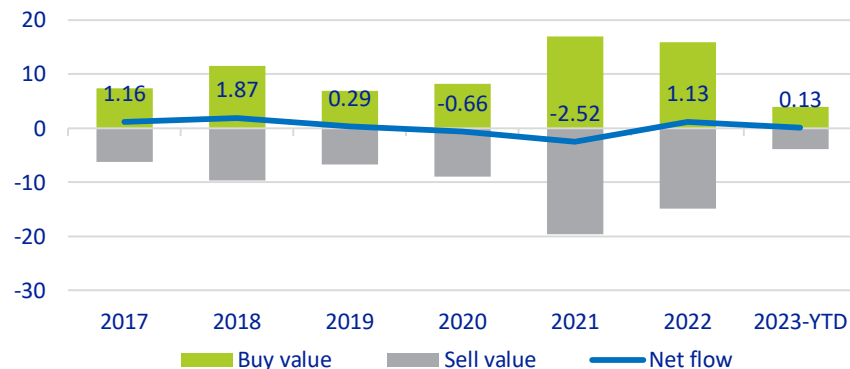
Source: Fiin Pro, Bloomberg, ACBS

Trading account



Source: GSO, ACBS

Net foreign flow into VNIndex (USDbn)



Source: FiinPro, ACBS

Top foreign net buying on VNIndex in April 2023 (USDm)



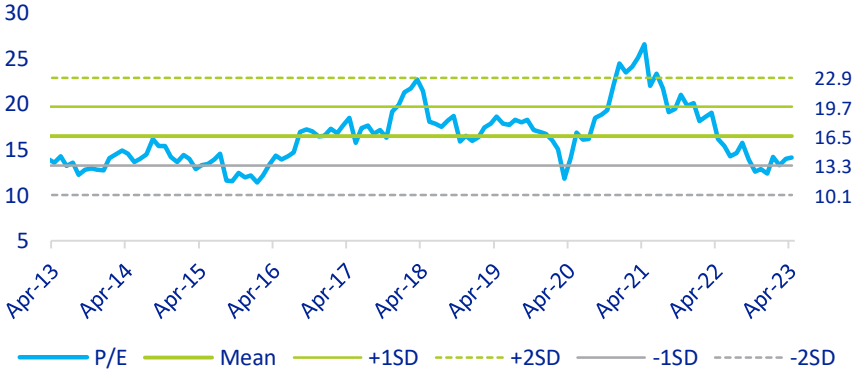
Source: FiinPro, ACBS

- ❖ Foreign investors turned to be net sellers in April with a net selling value of US\$117m bringing the net buying value from beginning of 2023 to US\$133m. The inflows were highest at Consumer Durables & Apparel (net inflows of TTF was US\$64.2m), Materials (inflows of HPG was US\$519m). Banks witnessed highest outflows of foreign investors in April with outflows of STB was US\$728.8m. The maximum foreign ownership ratio for STB shares has agreed at 30% in early of April, closing the controversy about this ratio of this bank recently.
- ❖ Foreign investors drove to buy Asia stocks especially Indonesia, Japan, and India bolstered by expectation of interest rates hike of US will be paused and weaker US Dollar.

Markets	Net foreign flow 1M (USDbn)	Net foreign flow YTD (USDbn)	Market Cap. (USDbn)	Net foreign flow YTD as % market cap
Vietnam	-0.12	0.13	178.5	0.07%
Indonesia	1.33	1.87	668.9	0.28%
Malaysia	-0.06	-0.48	220.8	-0.22%
Philippines	0.03	-0.48	170.2	-0.28%
Thailand	-0.23	-1.88	548.3	-0.34%
Taiwan	-2.55	5.77	1,583.9	0.36%

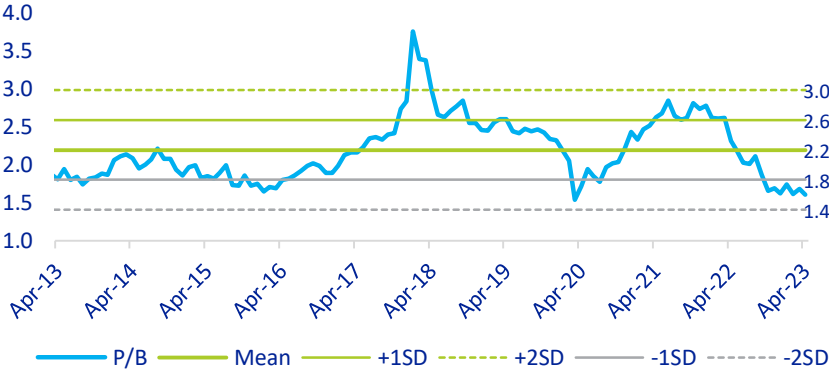
Source: Bloomberg, FiinPro, ACBS

P/E of VNIndex for 10 years



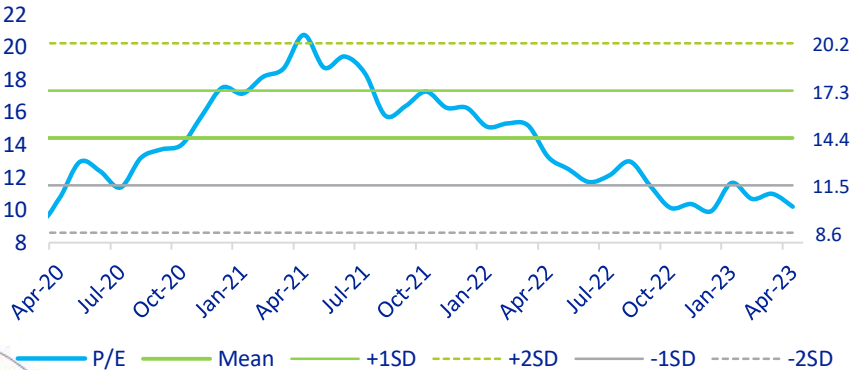
Source: Bloomberg, ACBS

P/B of VNIndex for 10 years



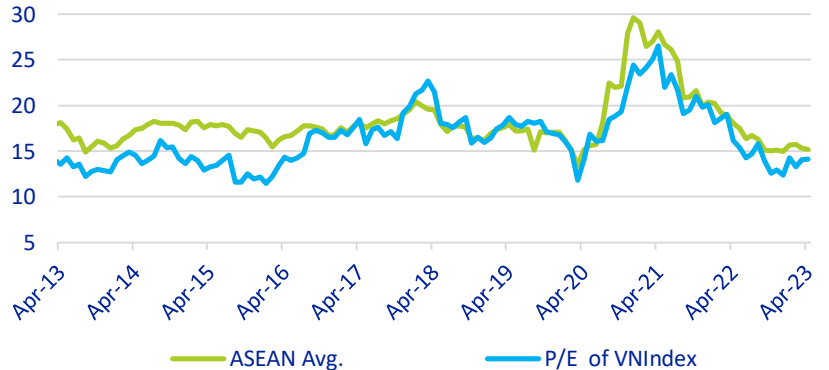
Source: Bloomberg, ACBS

P/E of VN30 for 3 years



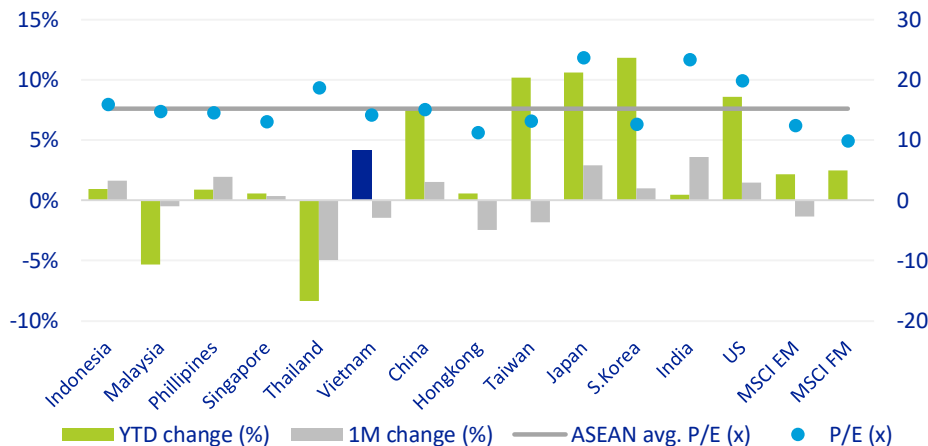
Source: Bloomberg, ACBS

P/E of VNIndex and regional peers average



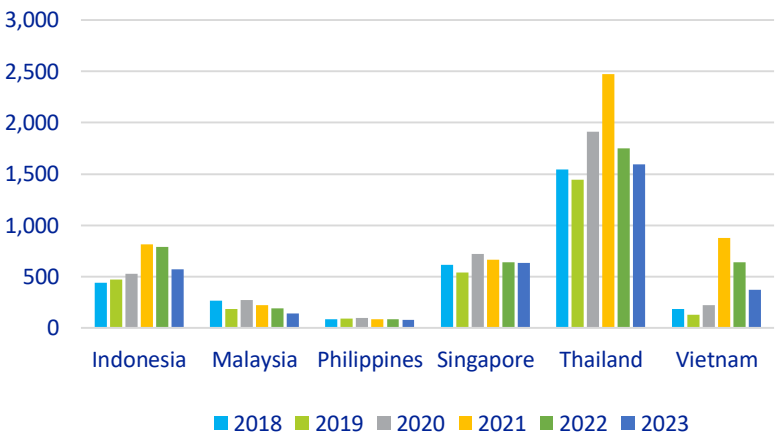
Source: Bloomberg, ACBS

Index comparison



Source: Bloomberg, ACBS

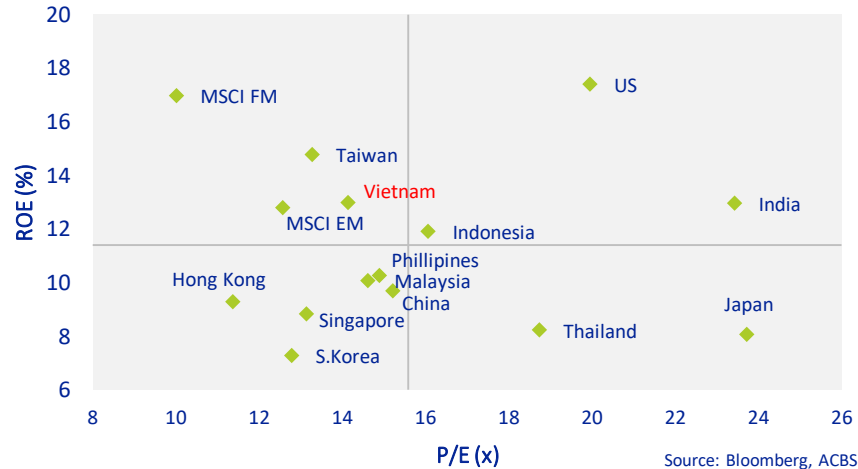
Average Daily Turnover of ASEAN markets (USDm)



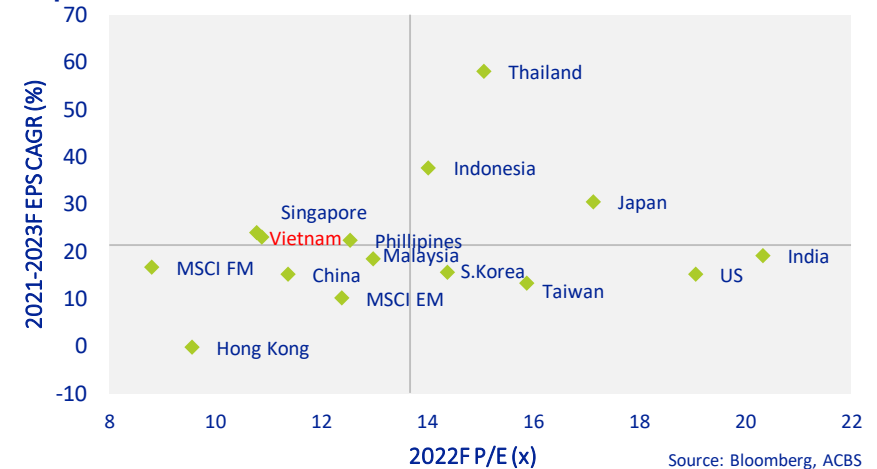
Source: Bloomberg, ACBS

- ❖ Many Asia markets like Japan, India, China, South Korea, Indonesia and Philippines rallied as the foreign inflows were strong in April given the expectation that Fed will pause its aggressive tightening cycle and the weaker US Dollar.
- ❖ The liquidity of VNIndex was in the top deepest decrease in our watchlist, the average daily trading value was lower 42% than last year, about the same decrease of ADTV of Sensex of India and MSCI Frontier Market.

Current market valuation



Expected market valuation



- ❖ Although some regional markets have valuation lower than Vietnam such as Singapore, Taiwan, South Korea, Hong Kong, the P/E of VNIndex at the end of April stayed at 14x, maintaining lower than the average of 15.3 of ASEAN markets. Although the earnings of the first quarter of 2023 still optimistic with the market wide earnings grew 35.6% over last quarter, the total income decreased by 19.1% over the same period of last year (as shown in next page) causing higher market valuation. For 2023, we expect that the EPS growth of VNIndex will be 10.2% and the forward P/E is 10.9, quite lower than the average of 12.7 of ASEAN markets and lower than others in our watch list. The local issues is being rescued by regulators by issuing decree 08/2023/NĐ-CP on corporate bond markets, issuing decree 10/2023/NĐ-CP amending and supplementing a number of articles of Decrees on guiding the implementation of the Land Law and lower series of policy rates which help reduce cash flow pressure of bond issuers in the short term and facilitate completion of legal status for real estate businesses. Although some signals of slowing growth, the overall conditions of the economy are stable with the interest rates going down, inflation slowing and remain in government's target. Compared with other markets in our watch list, the valuation of VNIndex is still attractive with investors to accumulate at relative valuations. We expect that some important regulations which will be considered in the National Assembly general meeting in this May will be positive factor for many sectors, especially the real estate and construction.
- ❖ The biggest worries currently are mainly external in nature with the interest rate hikes continuing globally challenging the growth of enterprises and stability of banks and the prolonged Ukraine war causes geopolitical instability in the world and negatively effects the stable development of the world, rising the risks of investments. Regarding to the internal factors, the short-term risks on bond markets remains given the large numbers of corporate bonds maturing in 2Q-2023 and 3Q-2023 but we expect that the short-term risks on corporate bonds would be reduced thanks to decree 08/2023/NĐ-CP and other new issued regulations recently.

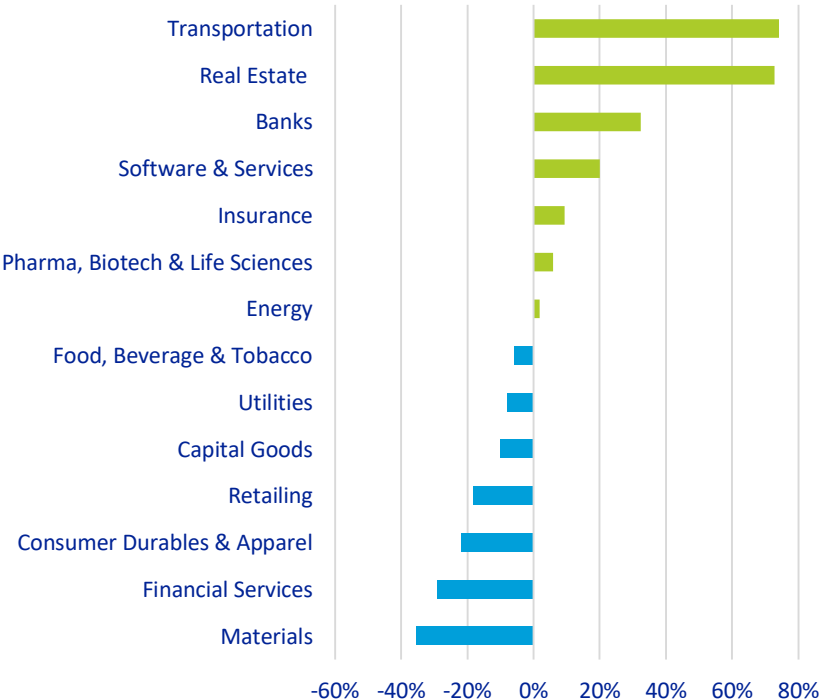
Summary of 1Q-2023 business results on VNIndex

Industry group	Market Cap (VNDtn)	1Q-2023		1Q-2023	
		Revenue (% q/q)	Net Income (% q/q)	Revenue (% y/y)	Net Income (% y/y)
Banks	1562.1	9.4%	20.3%	32.3%	-2.6%
Real Estate	732.4	-11.7%	32.2%	72.8%	36.3%
Food, Beverage & Tobacco	455.8	-18.7%	80.2%	-6.0%	-51.8%
Materials	307.2	-12.1%	401.9%	-35.3%	-87.3%
Utilities	299.7	-6.4%	-10.7%	-7.9%	-5.6%
Transportation	158.5	3.7%	134.3%	74.2%	928.5%
Capital Goods	167.9	-27.7%	371.0%	-10.1%	-56.0%
Financial Services	111.3	14.4%	378.9%	-29.2%	-54.7%
Software & Services	92.1	-10.4%	12.5%	19.9%	21.9%
Consumer Discretionary Dist. & Retail	72.4	-16.6%	-95.1%	-18.1%	-97.5%
Energy	69.7	-11.5%	-28.4%	1.9%	117.8%
Insurance	45.1	-2.8%	27.2%	9.4%	6.5%
Consumer Durables & Apparel	42.1	-1.1%	22.7%	-21.7%	-32.2%
Pharma, Biotech & Life Sciences	29.9	-13.1%	13.7%	5.8%	23.7%
Automobiles & Components	6.6	3.9%	-36.4%	-12.6%	-56.4%
Technology Hardware & Equip.	5.7	-2.1%	-49.0%	-43.5%	-62.3%
Commercial & Prof. Services	6.3	26.8%	317.3%	-3.7%	-27.6%
Consumer Services	5.3	12.0%	90.3%	105.4%	164.7%
Unclassified	2.7	-27.8%	70.2%	-26.8%	-228.5%
Health Care Equip. & Services	3.4	-27.6%	-3.0%	-36.2%	94.8%
Telecommunication Services	1.7	-86.2%	112.7%	-77.3%	-96.5%
Household & Personal Products	1.4	-6.4%	-4.7%	2.8%	0.5%
Media & Entertainment	1.1	-47.6%	-83.4%	-22.9%	-58.3%
Total	4,180.3	-6.2%	35.6%	5.8%	-19.1%

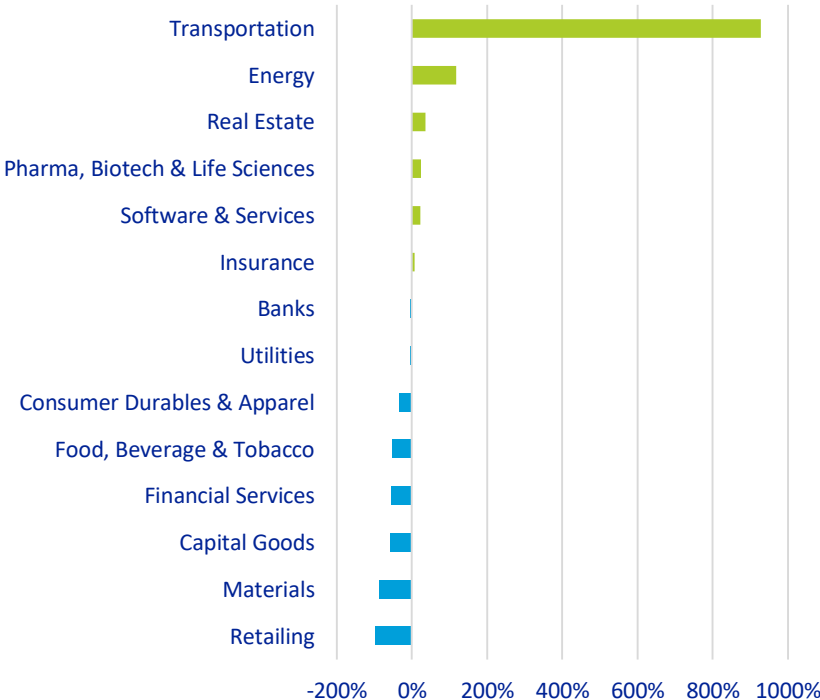
Source: Bloomberg, ACBS

Summary of 1Q-2023 business results on VNIndex (cont'd)

Revenue growth in 1Q-2023



Net income growth in 1Q-2023



Source: Bloomberg, ACBS

Upcoming events

Event type	Date	Countries	Events
Economy	02-May-2023	United States	FOMC meeting
Economy	04-May-2023	European	ECB Monetary policy meeting
Index review	11-May-2023	Global	MSCI Frontier Markets Indexes: Semi-Annual Review
Derivative	18-May-2023	Vietnam	The last trading day of VN30F2305
Economy	22-May-2023	Vietnam	Opening the 5th session of XV National Assembly meeting
Economy	13-Jun-2023	United States	FOMC meeting & economic projections
Derivative	15-Jun-2023	Vietnam	The last trading day of VN30F2306
Economy	15-Jun-2023	Japan	BOJ Monetary Policy Meetings
Economy	15-Jun-2023	European	ECB Monetary policy meeting
Economy	25-Jul-2023	United States	FOMC meeting
Economy	27-Jul-2023	Japan	BOJ Monetary Policy Meetings
Economy	27-Jul-2023	European	ECB Monetary policy meeting
Index review	10-Aug-2023	Global	MSCI Frontier Markets Indexes: Quarterly Review
Economy	14-Sep-2023	European	ECB Monetary policy meeting
Economy	19-Sep-2023	United States	FOMC meeting & economic projections
Derivative	21-Sep-2023	Vietnam	The last trading day of VN30F2309
Economy	21-Sep-2023	Japan	BOJ Monetary Policy Meetings

Industry Briefs: Sector Outlook Summary

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

We maintain our expectations for all sub-sectors, including positive outlook in short-term of Securities and Industrial Property subsectors. For long-term outlook, we suppose that Banks, Industrial Property, Textile & Garment, Retail, Logistic and Power will be positive

¹ Less than 3 months

² More than 1 year

Positive

Neutral

Negative

Industry outlook

Industry:	FINANCIAL	Sub-sector:	BANK	Short term outlook:	NEUTRAL	Long term outlook:	POSITIVE	Main ticker:	VCB, CTG, TCB, MBB, STB
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Sector Overview

- By the end of 2022, credit growth of the whole system reached 14.5%. Liquidity of the banking system improved when commercial banks raised deposit interest rates 0.5-1.5% higher than pre-epidemic levels.
- Business results of the banking industry slowed down in Q4/22. Profit before tax in Q4/22 of banks in the VN-Index increased by 17.1% over the same period but decreased by 11.7% compared to the previous quarter. Total income growth remained relatively stable, however, operating expenses increased sharply in Q4/22 causing banks' profit growth to decelerate.
- Asset quality in general declined after a number of incidents related to corporate bonds and the difficult liquidity situation of real estate businesses. NPL ratio at the end of Q4/22 was flat compared to the previous quarter, at 1.47%. Meanwhile, group 2 loan ratio increased by 38 basis points compared to the previous quarter to 1.80%. COVID-19 restructured loans continued to decrease and only accounted for an insignificant proportion.
- Loan loss reserve buffer is still quite thick but decreased compared to the previous quarter as banks use their reserves to dissolve NPLs in Q4/22. NPL coverage ratio decreased to 138% from 160% in the previous 3 quarters.

Outlook / What to Watch

- The credit growth orientation for 2023 of the SBV is 14-15%. Credit disbursement is forecasted to be more difficult in 2023 due to high lending interest rates and signs of economic weakness, which will reduce credit demand.
- NIM may improve slightly thanks to a decreasing trend in deposit rates, while the re-priced period of lending rate is about 1 quarter behind the deposit rate's.
- NPLs are under increased pressure as the economy weakens. Banks' provisioning costs will therefore need to remain high amid increased macro risks.
- We expect banks' profits in 2023 to grow by 10%, lower than the growth rate of 35% in 2022.

Industry outlook

Industry:	FINANCIAL	Sub-sector:	INSURANCE	Short-term outlook:	NEUTRAL	Long-term outlook:	NEUTRAL	Main ticker:	BVH, PVI
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Sector Overview

- According to the Insurance Association of Vietnam, in 2021, total insurance premium of the whole market was estimated at 159,458 billion VND, +22% compared to the previous year despite the epidemic situation. In which, insurance premium from new business was estimated at VND49,549 billion, up 18.5% compared to the previous year. Digitization and strengthen associate with banks helped insurance sales maintain high growth.
- In 9M2022, total life insurance premium was estimated at VND127,511 billion, +16.2% YoY, in which, new business insurance premium only increased by 6.35% YoY, reaching VND37,677 billion.
- For the non-life insurance segment, total non-life premium in 2021 was estimated at VND57,880 billion, up 3.98% compared to the previous year, lower than the growth rate of 6.63% in 2020.
- In 9M2022, total non-life insurance premium was estimated at VND47,792 billion, +19.1% YoY. This high growth rate is expected to continue in the end of 2022 when the economy reopens after the pandemic, along with incentive policy of the Government.

Outlook / What to Watch

- Interest rates decreased sharply recently, which will reduce the income from bank deposits of insurance companies. In addition, increased mathematics provisioning will negatively impact the profitability of life insurance companies. Therefore, we downgrade our short-term outlook from Positive to Neutral.
- Vietnam's life insurance market still has a lot of room for growth. The proportion of the population with life insurance was only 11% by the end of 2021. We expect the growth rate of life insurance sales for the next 5 years of 15%/year.
- For the non-life insurance segment, we expect non-life insurance sales to grow at 1-digit rate annually for the next 5 years.

Industry outlook

Industry:	FINANCIAL	Sub-sector:	SECURITIES	Short term outlook:	NEUTRAL	Long term outlook:	NEUTRAL	Main ticker:	SSI, HCM, VCI, VND
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Sector Overview

- The securities brokerage sector in Vietnam still has a lot of potential for growth at a high rate. The number of new accounts opened in 2022 will reach 2.6 million accounts, nearly twice as much as in 2021. The government aims to increase the proportion of people participating in the stock market to 5% by 2025 and 10% by year 2030.
- Stock market recovered slowly and liquidity remained low, so the business results of securities companies were still under a lot of pressure. However, the policy rate cuts as well as decreasing deposit rates will have a positive impact on the stock market and securities companies' business results.

Outlook / What to Watch

- We upgrade our short-term outlook from Neutral to Positive as lower interest rates will benefit securities companies' business.
- Vietnam's capital market is still in developing phase and has a lot of growth potential, especially in consulting on corporate bond issuance, thereby opening up many opportunities from this potential business segment for securities companies.
- However, brokerage sector is highly competitive in Vietnam. There are many securities companies in the market while the products of securities companies have little difference.

Industry outlook

Industry:	REAL ESTATE	Sub-sector:	RESIDENTIAL PROPERTY	Short term outlook:	NEUTRAL	Long-term outlook:	NEUTRAL	Main ticker:	VHM, KDH, NLG
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Sector Overview

- The first quarter of 2023 witnessed a significant drop in new supply and sales volume given difficulties in the market such as high interest rate, low liquidity, limited supply, etc.
- In 1Q23, HCMC had 2,900 new apartments launched (double YoY) and 960 units sold (-23% YoY). Average primary price went sideways at USD2,500/sqm. There was no new supply in the landed property segment and only 45 units sold in this quarter.
- In 1Q23, Hanoi welcomed nearly 2,000 new apartments (-44% YoY), the lowest since 1Q20 and sold over 2,000 units (-58% YoY). Average primary price grew by 20% YoY, to USD1,992/sqm. There were 1,250 landed property units launched, equivalent to only 1/5th of 4Q22 and 1,130 units sold, almost the same as previous quarter.
- The government approved a credit package of VND120trn for social and worker houses projects.
- The SBV proposed an amendment of Circular.No16 regarding purchase and sales of corporate bonds by credit institutions, of which proposal to allow banks to repurchase corporate bonds previously sold until 31/12/2023 will increase bond market which is the second source of capital for the real estate sector.
- Decree No.10/2023/ND-CP issued on 3/4/2023 which amends some articles in decrees guiding the implementation of the Land Law will be applied from 20/5/2023. Some highlights in this Decree include issuance of land use right (LUR) certificates for landed properties in non-residential projects, decrease land use fee calculation time and land allocation time. This Decree has a positive effect on market sentiment, speed up project development time, increase supply and homebuyers' belief in the property market.

Outlook / What to Watch

- Key challenges: tight control of bank credit, challenging corporate bond market, slow project licensing process, high interest rate. Asset speculation activities may keep clearance costs at high levels which makes it difficult to develop new projects.
- New supply is limited with the leading of the high-end segment.
- Price is expected to go sideways or decrease.
- Developers are expected to provide more attractive incentives to stimulate weak demand.

Industry outlook

Industry:	REAL ESTATE	Sub-sector:	INDUSTRIAL PROPERTY	Short term outlook:	POSITIVE	Long term outlook:	POSITIVE	Main ticker:	KBC, SIP, IDC
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Sector Overview

- Northern market: At the end of 1Q23, accumulated industrial land supply in Tier-1 market (incl. Hanoi, Hai Phong, Bac Ninh, Hai Duong, Hung Yen) was 15,500ha with the adding of 3 new IPs of 528ha in Bac Ninh and Hai Duong, leading to a decline in occupancy rate to 80.6% (-2.2 ppts QoQ). Average leasing rate stayed at USD123/sqm/remaining leasing term (+2% QoQ) with Bac Ninh and Hai Duong recorded strongest growth of 3-5%.
- Southern market: At the end of 1Q23, accumulated industrial land supply in Tier-1 market (incl. HCMC, Binh Duong, Dong Nai, Long An) was 32,432ha thanks to the adding of Nam Tan Uyen Expansion Phase 3 IP of 346ha. Average occupancy rate was 85% and average leasing rate was USD173/sqm/remaining leasing term (+9% YoY).
- Some tenants cut headcounts and working hours given lower orders.
- Registered FDI in 1Q23 declined by 39% YoY, to USD5.45bn while disbursed FDI stabilized at USD4.3bn (-2% YoY).

Outlook / What to Watch

- Benefit from multinational corporations' expansion/relocation/diversification of manufacturing bases.
- Affected by a decline in global demand.
- Expected more supply of industrial land in the north than in the south thanks to infrastructure development.
- Smart and eco IPs, hybrid facilities which can convert between warehouse and factory and multi-floor facilities will become more common.
- Asking rents may continue to grow but at a slower pace.
- Asset speculation activities increase clearance costs.

Industry outlook

Industry:	REAL ESTATE	Sub-sector:	RETAIL PROPERTY	Short term outlook:	NEUTRAL	Long term outlook:	NEUTRAL	Main ticker:	VRE
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Sector Overview

- In 1Q23, no mall was opened in both Hanoi and HCMC.
- HCMC: In 1Q23, rental rates were flat at USD224/sqm/month in CBD and USD41/sqm/month in non-CBD; vacancy rates were 6.0% (+2.5 ppts YoY) in CBD and 10.7% (-3 ppts YoY) in non-CBD.
- Hanoi: In 1Q23, rental rate went sideways at USD144/sqm/month in CBD and USD27/sqm/month in non-CBD; vacancy rates were stable at 4.8% (-8.1 ppts YoY and unchanged QoQ) in CBD and 14.7% (-2.1 ppts YoY and +1.1 ppts QoQ) in non-CBD.

Outlook / What to Watch

- New supply is expected to improve.
- Occupancy rates are expected to be stable.
- Consumers' swift adaptation to online shopping during the pandemic may be a constraint to the recovery of this segment.
- Inflation and interest rate concerns may affect consumption of non-essential goods.

Industry:	REAL ESTATE	Sub-sector:	HOSPITALITY PROPERTY	Short term outlook:	NEUTRAL	Long term outlook:	NEUTRAL	Main ticker:	CEO, NVL
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Sector Overview

- 1Q23 market witnessed a significant decline in new supply and absorption rates.
- There were 42 beach villas (equivalent to 4% of 1Q22), 21 townhouses/shophouses (equivalent to 1% of 1Q22) and 198 condotels (-69% YoY) launched in 1Q23 with absorption rates of 21% (-35 ppts YoY), 57% (-27 ppts YoY) and 3% (-34 ppts YoY), respectively.
- Given the tight state of the credit markets, hospitality projects could face difficulties securing financing for upcoming projects.
- Decree 10/2023/ND-CP allows the issuance of LUR certificates for landed properties in non-residential projects. Thus, buyers of beach villas and other hospitality landed properties will be granted LUR certificates which has a positive effect on the market.

Outlook / What to Watch

- New supply is expected to decrease.
- Absorption rate is expected to be low.
- Benefit from China's reopening.
- Travel demand is affected by inflation and recession fears.

Industry outlook

Industry:	CONSUMER GOODS & SERVICES	Sub-sector:	TEXTILE & GARMENT	Short term outlook:	NEGATIVE	Long term outlook:	POSITIVE	Main ticker:	MSH, STK, TCM, TNG
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Sector Overview

- One of crucial export pillars, contributing c.12% to Vietnam's export value.
- Dependence on imported material sources (e.g China) has been an issue for the industry's members for years despite desires and efforts to enhance the localization rate.
- The US, CPTPP countries and the EU are largest customers. Vietnam is among countries whose textile & garment export share to the US has enlarged at the expense of China's for recent years.
- Outsourcing (CMT) remains the most popular order type that Vietnamese manufacturers receive; still, an increasing number of manufacturers have tried to approach upper order types (e.g FOB) in the industry's value chain to enhance their profit margins.
- The industry is estimated to reach export value of \$45.3bn in 2022, up by 10% YoY, mostly driven by good growth in the first months of 2022 after being hit hard by COVID-19. However, the industry witnessed higher raw material prices and adverse impacts on supply chain because of hike in transportation costs, long-lasting tension between Russia and Ukraine, China's zero COVID policy, etc. More important, the fall of orders from importers due to inflationary pressure and economic instability in some key importing countries has darkened the industry's outlook, which may extend in 2023.

Outlook / What to Watch

- Lower orders due to weak consumption in major importers are forecast to continue at least in 1H2023. Besides, Vietnam's textile & garment manufacturers will also face pressure to meet requirements on ESG and sustainability in production, which are increasingly emphasized by importers. Vietnam textile & garment industry targets 2023 export value of \$47-48bn for the good case with an expectation that consumer spending may recover in 2H2023 and \$45-46bn for the worse case.
- In a long term perspective, we expect Vietnam's textile & garment industry will continue its role as not only an important pillar in the country's overall export value but also an important textile & garment exporter in the world. Vietnam is viewed as one of lucrative manufacturing locations with low labor costs and a large labor force.
- However, as the advantage of labor costs may not be sustainable given the emergence of other competitors, more drastic improvements in value-added rate, dependence in China's supply/imported material sources (in tandem with ensuring environment safety), higher margin products, etc. are needed.

Industry outlook

Industry:	CONSUMER GOODS & SERVICES	Sub-sector:	RETAIL	Short term outlook:	NEGATIVE	Long term outlook:	POSITIVE	Main ticker:	MWG, FRT, PNJ
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Sector Overview

- An important component contributing significantly to the economic growth.
- Witnessing penetration of numerous players including both domestic and foreign names.
- While traditional trade channels hold an overwhelming market share, the emergence of modern trade retail, online shopping have been proving their growing power. As a part of this trend, retail chains offering various items, from FMCG, technology equipment, home appliances, fashion, to personal accessories, F&B, etc., have been blossoming in Vietnam.
- Listed retailers reported good revenue growth thanks to recovery of consumer demand post COVID-19 in the first months of 2022 and growth from a low base in 3Q2021, for example MWG (reporting 18% YoY revenue growth in 9M2022), FRT (+55% YoY in 9M2022) and PNJ (+104% YoY in 9M2022). Still, weak purchasing power amid unfavorable economic conditions caused them to experience much lower growth in 4Q2022 and 1Q2023 (e.g. MWG's revenue: -26% YoY in 1Q2023, PNJ: -3.8% YoY in 1Q2023, FRT: +0% YoY in 1Q2023) . The companies maintain conservative views on 2023 outlook, especially 1H2023, as consumer spending may be hindered by concerns about income uncertainty and job security in light of the gloomy economic outlook and lay-off in many manufacturers.

Outlook / What to Watch

- The sector outlook is expected to be better from 2H2023 given many forecasts on a brighter economic picture in the period.
- Long-term outlook is promising, underpinned by a developing economy, large, young, and increasingly connected population, rising urbanization, higher incomes and living standards, and rising middle class.
- While physical retail will remain an important channel, online sales is also deepening its role because online shopping activity is increasingly popular to more consumers even post COVID-19. This makes omni-channel an increasingly indispensable part in companies' business strategies.

Industry outlook

Industry:	MATERIALS	Sub-sector:	CONSTRUCTION MATERIAL	Short term outlook:	NEUTRAL	Long term outlook:	NEUTRAL	Main ticker:	HPG, HSG, HT1, KSB
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Sector Overview

- Global construction steel prices were stable around 590 USD/ton through March. Domestic construction steel average sale prices increased slightly to about 16,000 VND/kg, which was mostly caused by increased input material prices.
- Infrastructure in China would possibly pose a lower growth as local government spending is expected to be constrained in 2023 due to elevated debt and falling land sales which affect property-related taxes. Therefore, the recovery of China steel demand could be slower than expected.
- The sale volume of construction steel in Vietnam still had negative year on year growth while Tet holiday affected construction activities and real estate sector hasn't recovered yet.
- Strong fluctuation of coking coal prices and iron ore prices could affect the gross margin of steel makers while supply from Australia and Brazil is very unstable.

Outlook / What to Watch

- The challenging times for steel makers are expected to persist in the near future as the real estate market is still in a difficult state with tight credit and increasing interest rates.
- In the reduction theme of Vietnam steel market, there are some bright points for large domestic steel makers, when they are gradually taking the market shares from small steel makers, such as Hoa Phat has increased their market share from 32% in 2021 to 36.2% in 2022, other steel makers such as Nam Kim, VN steel or Dong A also increased their market share by 1-2% in 2022.
- The mid term outlook for construction materials remains blurred as China still faces the risk of a slow recovery of real estate market, although Chinese government has put out a credit package to support current construction projects but construction activities are still reported to be low

Industry outlook

Industry:	LOGISTICS	Sub-sector:	LAND AND SEA TRANSPORT	Short term outlook:	NEUTRAL	Long term outlook:	POSITIVE	Main ticker:	GMD, TCL, VSC
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Sector Overview

- The Global Freight rate index reduced to the level of under 1500 points (-11% MoM). The reducing global shipping freight index keep falling showed that demand for global shipping is reducing while outlook for global economy is still blurring.
- International container freight index reduced 11.1% during March, as international trade activities remain slow, which mainly comes from China and major economies, showing that global consumption is still tight.
- Although China has reopen its economy but the impact to global economy hasn't been shown in the global logistic market yet. The pricing for global shipping services is still in a downtrend, meaning a lower flow for global trading.
- The slow approval conditions at Vietnam-China land borders was partially solved. Although China still keeps their border to be tight when the pandemic still left some effect, the partial opening of Vietnam-China border can help to support Vietnam fruit export, which helps to boost up land transporting activities.

Outlook / What to Watch

- Although having a low global trading flow, Vietnam trading still had a good growth in 2022, with total export value reached 371 bil.USD (+10.5% YoY) and import reached 360 bil.USD (+8.5% YoY).
- The good growth in 2022 trading value of Vietnam is a good momentum for 2023 trading activities as many large manufacturers are considering Vietnam for moving their production hub.
- The Ministry of Industrial and Trading also set the growth target for Vietnam export value in 2023 of 6% YoY, which means there would be a potential growth room for logistic companies.

Industry outlook

Industry:	ENERGY	Sub-sector:	OIL & GAS	Short term outlook:	NEUTRAL	Long term outlook:	NEUTRAL	Main ticker:	GAS, PVD, PVS, PLX
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Sector Overview

- After fell to the USD83-85/ barrel on the back of a reduced crude demand outlook as the number of Covid-19 cases in China rises again in November, Brent oil price has been fluctuated in the range USD75-88 / barrel since then. Growing concerns about global demand seemed to have stronger impact than G7 price cap on Russian oil sales as well as the EU's ban on seaborne crude oil import from Russia (implemented on December 5th).
- Average Brent oil price is expected to dropped to USD85/ barrel in 2023. Therefore, lower oil prices will slightly drag down selling price of gas (HSX: GAS) and the rig rental rate for (HSX: PVD). Moreover, the current high volatility of oil prices can cause negative impact to (HSX: PLX) as PLX has to maintain a minimum 20-days inventory worth of domestic demand. On the other hand, the slow initiation of new oil & gas projects will continue to put a lot of pressure on the workloads for the Mechanics & Construction segment of (HNX: PVS).
- Moreover, Vietnam's oil resource has been facing the depletion of natural oil resources. Most large and low-cost oil fields have been exploited for long-time and are currently in the final stages while new discoveries are mostly small field with low reserves. The lack of exploration activities/ spending that was due to low oil price in previous years has led to the fall in increasing oil and gas reserves from 2016.

Outlook / What to Watch

Outlook

- Throughout 2023, oil demand is expected to moved sideways due to growing concerns about global demand/ recession after increased well on the rebound of economic activities, transport demand and vaccination progress in 2022. Moreover, although China starts to open up to international tourism from Jan 2023, the recovery of oil demand can be slow as the infection and fatalities in China is still rising.
- On the supply side, oil supply remains to be tight as current/ ongoing sanctions on Russia oil & gas by US, UK and EU will continue putting high pressure to the supply concerns.
- However, sanctions on Venezuela oil may be lifted. More supply is also expected to come online from US and other non-OPEC countries in 2023. This might mitigate gradually the current supply shortage.

=> Average Brent oil price is expected to dropped to USD85/ barrel in 2023

RISK

- Global recession risk
- New COVID variant with high infectiousness drag oil demand down
- Further sanction on Russian oil
- Growing concerns about climate change, sales of electric cars and investment in green energy

Industry outlook

Industry:	ENERGY	Sub-sector:	POWER, WATER	Short term outlook:	NEUTRAL	Long term outlook:	POSITIVE	Main ticker:	REE, NT2, HND, POW, PC1
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Sector Overview

- In 3M2023, accumulated electricity consumption decreased fairly compared to the same period 2021; in which coal power plant still accounts for a significant proportion.
- In Mar 2023, electricity production of the whole system reached 23.22 bn kWh (-0.7% YoY), accumulated 3M2023, electricity output reached 61.83 bn kWh (-1.6% YoY), of which:
 - Hydro: 15.38 bn kWh, accounts for 24.9% of the total output.
 - Coal thermal: 28.03 bn kWh, accounts 45.3% of the total output.
 - Gas and oil thermal: 7.14 bn kWh, accounts 11.6% of the total output.
 - Wind & Solar energy: 10.22 bn kWh, accounts 16.5% of the total output.
 - Import energy: 953 mil kWh, accounts 1.5% of the total output.
- In the first quarter of 2023, EVN has also organized the maximum operation of Hoa Binh, Thac Ba and Tuyen Quang Hydropower Plants to create favorable conditions for irrigation works to operate and collect water, and at the same time ensure the supply of water, as well as provide enough electricity for pumping stations operating in service of planting winter-spring rice from 2022 to 2023 for the Midlands and Northern Delta provinces. In addition, EVN urged units to deal with problems and execute construction closely to the plan of power source and grid projects; especially the hydropower projects of Hoa Binh expansion, Ialy expansion, Quang Trach 1 thermal power plant. Regarding the power grid: EVN and their units have started 12 projects and completed energizing, put into operation 26 power grid projects from 110 kV to 500 kV.

Outlook / What to Watch

- On the basis of the PMI for Apr 2023, which dropped below the average level of 50 to reach 46.7, the electricity industry has recently suffered the same gloomy fate as the overall economy. This is the fifth-recorded months it has happened since Nov of last year following the pandemic, which partially reflects the decline of production activities and new orders. We project this occur, coupled with the resonance effect from halting of many energy-intensive industries such as steel and cement relating to bond market issues and real estate concerns, will reduce the energy demand.
- Furthermore, on May 4th, 2023 EVN officially announce to apply the new average electricity selling price of 1,920.37 dong / kWh, a 3% increase from 1,864.4 dong / kWh. As a result, with the average 72 bn kWh recorded in the previous two years, EVN would have additional 4,000 bn dong in revenue to deal with the financial hazard which is unable to pay their bills by the end of May, due to substantial loss of 26,200 bn dong in 2022.

Industry outlook

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

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

Outlook / What to Watch

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

Head Office

3rd Floor, Léman Building, 117 Nguyen Dinh Chieu, Vo Thi Sau District, Ho Chi Minh City

Tel: (+84 28) 7300 7000

Fax: (+84 28) 7300 375

Website: www.acbs.com.vn

Hanoi Office

10 Phan Chu Trinh, Hoan Kiem District, Ha Noi

Tel: (+84 24) 3942 9395

Fax: (+84 24) 3942 9407

RESEARCH DEPARTMENT

Director - Head of Research

Tyler Cheung

(+84 28) 7300 7000 (x1040)

tyler@acbs.com.vn

Associate Director

Giao Nguyen

(+84 28) 7300 7000 (x1041)

giaonbt@acbs.com.vn

Manager - Property

Truc Pham

(+84 28) 7300 7000 (x1043)

trucptt@acbs.com.vn

Manager - Banking

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 - Energy

Toan Pham

(+84 28) 7300 7000 (x1051)

toanpd@acbs.com.vn

Associate - Construction materials

Huy Huynh

(+84 28) 7300 7000 (x1048)

huyha@acbs.com.vn

Associate - Consumer-related, Media

Trung Tran

(+84 28) 7300 7000 (x1045)

trungtn@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)

huvvp@acbs.com.vn

Associate - Derivatives, Macro

Minh Trinh

(+84 28) 7300 7000 (x1046)

minhtvh@acbs.com.vn

Associate - Strategy, Macro

Hoa Nguyen

(+84 28) 7300 7000 (x1050)

hoant@acbs.com.vn

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Our Recommendation System

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

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

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

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