

MARKET MOVEMENT

June 2023

Lowering interest rates exerts positive effects on stock market

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The overall conditions of economy maintain stable with the inflation is slowing, CPI of May increased 2.43% y/y and the average CPI of 5M2023 increased 3.55%, lower than last month, interest rates going down and the USD/VND rates increase slightly 0.13% m/m, disbursed FDI increased 18% m/m and foreign trade remain surplus with trade surplus of US\$9.8bn in 5M2023, quite high compared to the same period of previous years. Total retail sales increased 11.5% y/y thanks to the local and international travel increasing as the borders reopened to international visitors in March 2022 and the long holiday in early May. However, the industrial production is still weak with IIP of May increased 2.2% m/m and increased 0.1% y/y but the PMI continued to drop to 45.3 points, the import-export turnover is slowing given muted demand and limited business capital given high interest rates, public investment is still slow with the total disbursement in 5M2023 just completed 25.5% of allocation plan.

The VNIndex recovered to 1,075 points at the end of May after lost 1.5% in April but yet to surpass the peak of 1,124 points since the beginning of 2023. The overall liquidity of VNIndex continued to improve with the ADTV rose 9.7% over April but still low compared with the same period of last year (ADTV dropped 53.8% y/y). The foreigner investors continued to be net sellers for the second straight months bringing the year-to-date net buying value to only US\$2.5m amid muted stock markets globally as the US debt limit deadline looms and the Europe's largest economy, German, released the 1st quarter's revised GDP showing this economy entered a recession technically given high price and weak consumption. While the interest rates globally stayed high, domestically, the VNIndex was backed by the lowering key interest rates of SBV for the third time to support businesses and consumption and the National Electricity Development Scheme for the period 2021-2030 with a vision to 2050 (PDP VIII) was approved on May 15th after be postponed for over two years.

The P/E of VNIndex at the end of May stayed at 14.6, maintain higher than the average of 15.2 of ASEAN market but the gap of P/E of VNIndex and ASEAN average is narrowed after VNIndex rebound in May. 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 public investments and many sectors such as real estate, construction, healthcare, materials suppliers. The SBV lowered key interest rates three times since early this year could generate positive effects for stock markets given the expectation of idle cash shift to stock markets as lower deposit rates, low interest rates also could improve the profit of companies which using high debt and pushing business expansion by increase leverage to seize opportunities amid weak demand from both internal and external markets. Current worries of investors are not only external in nature with recession concerns given persistent high price, geopolitical instability in the world and the shifting of foreign investment flows, but also internal with the electricity shortage causing interruption of manufacturing and businesses, and the short-term risks on bond markets remains given the large numbers of corporate bonds maturing in 2Q-2023 and 3Q-2023, but this pressure is reducing thanks to many banks bought back a large amount of bonds after the circular 03/2023/TT-NHNN was issued.

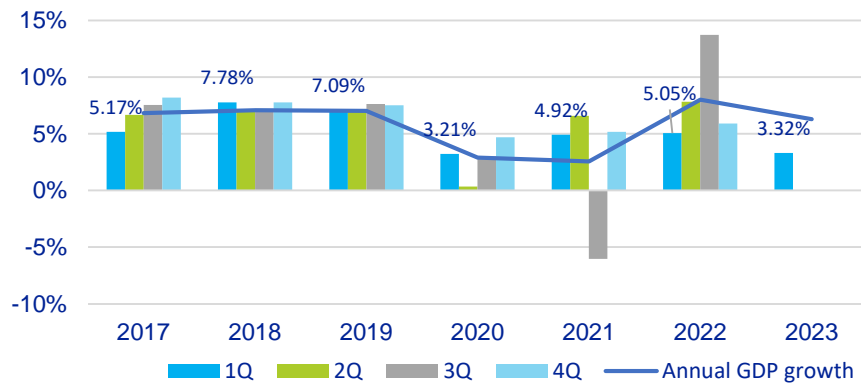
1. Macroeconomics
2. Equity Market
3. Topical Issues
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- ❖ Gasoline prices decreased by c.9.1% m/m and diesel prices decreased by 7.4% in May 2023.
- ❖ The Government and the Ministry of Industry and Trade approved to hike the electricity prices by 3% from May 4th, 2023, ending four years of unchanged electricity prices.
- ❖ The Trade Remedies Authority of Vietnam (TRAV), under the Ministry of Industry and Trade, launched an anti-dumping investigation which will be completed within 45 days fromm April 20th, 2023 against prestressed steel strand made from China, Thailand, and Malaysia.
- ❖ Apple opened its first online shop in Vietnam on May 18th, 2023 to drive growth in emerging markets amid slowing sales in China.
- ❖ The Prime Minister issued a decision approving the National Electricity Development Scheme for the period 2021-2030 with a vision to 2050 (PDP VIII) on May 15th, 2023.
- ❖ The Ministry of Industry and Trade approved the provisional electricity prices for 15 wind and solar power plants with a total capacity of 1,200 MW, including three solar power plants, seven onshore wind power plants and five offshore wind power plants as at May 26. Besides, Electricity Power Trading Company (EVNEPTC) completed negotiations and signed initialed power purchase agreement (PPA) with 40/40 investors proposing a temporary price of 50% of the ceiling price bracket.
- ❖ The State Bank of Vietnam (SBV) lowered key interest rates, in which, the refinancing interest rate downed to 5% from 5.5%, the overnight rate for inter-bank electronic payment & interest rate for loans for covering the capital shortfall regarding clearing of the state bank of vietnam for credit institutions declined to 5.5% from 6%, the maximum interest rates of deposits in VND of organizations & individuals at credit institutions & foreign bank branches for time deposits of one month to below six month terms declined to 5% from 5.5%, the maximum interest rate of VND deposits at the People's Credit Funds and microfinance institutions declined to 5.5% from 6.0%, effective from May 25th, 2023.
- ❖ The U.S. Department of Commerce (DOC) extended the trade remedy tax evasion investigation into two Vietnamese products including Vietnamese plywood products made from imported hardwood materials (conclusion will be made on July 14th, 2023) and Vietnamese solar batteries (conclusion will be announced on August 17th, 2023)
- ❖ The European Commission (EC) postponed its visit to Vietnam to check the country's efforts against illegal, unreported, and unregulated (IUU) fishing until October, instead of late May as initially announced.
- ❖ The People Bank of China (PBoC) announced to hold key lending prime rates (LPR) stable for the ninth consecutive month on May 22th, 2023.

GDP growth slowed amid global economy facing difficulties

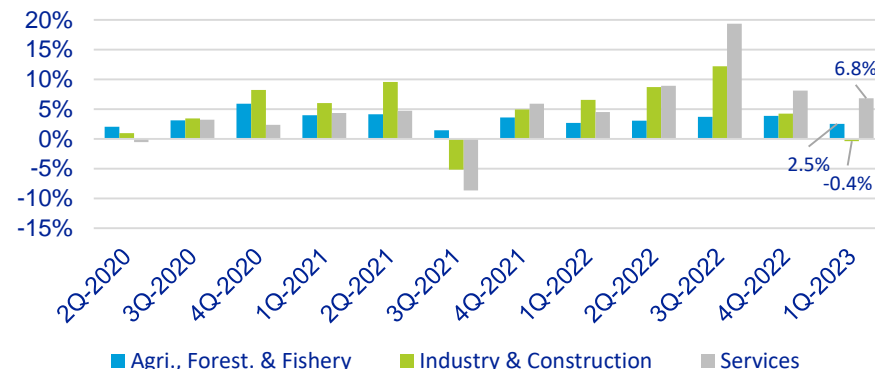
Vietnam GDP growth by quarter



Source: GSO, ACBS

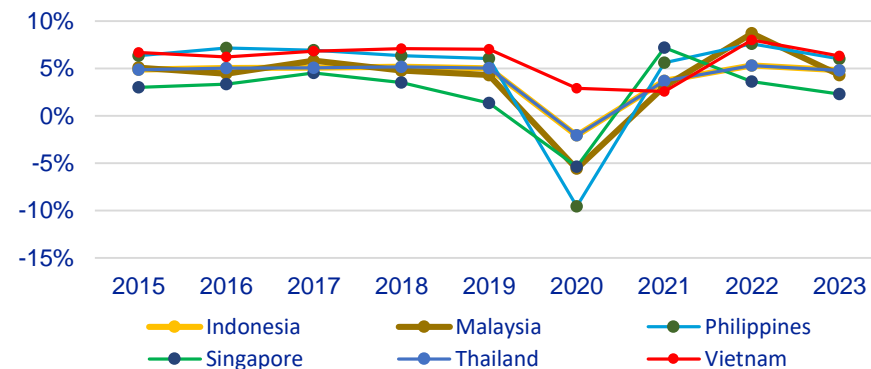
- ❖ Vietnam's GDP slowed in the first quarter of 2023 with the growth of 3.32% y/y, the second lowest of the 1st quarter growth since 2010, and declined 14.2% from the 4th quarter of 2022 amid global economy facing with many difficulties, led by the growth of services (+6.79% y/y, higher than the average 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



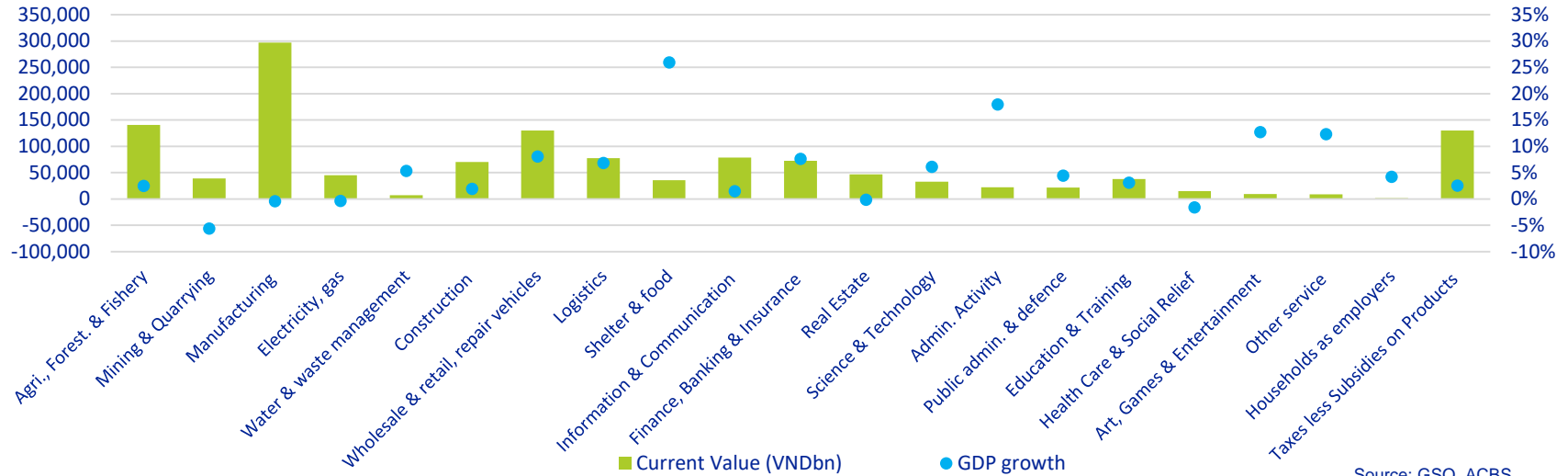
Source: GSO, ACBS

Vietnam GDP growth and peer market



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

GDP by Industry in 1Q2023

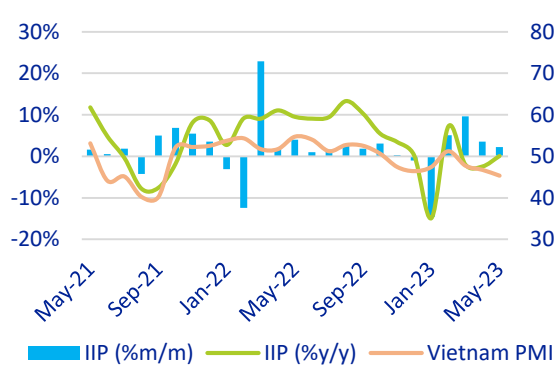


Source: GSO, ACBS

- ❖ 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 cruel 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.

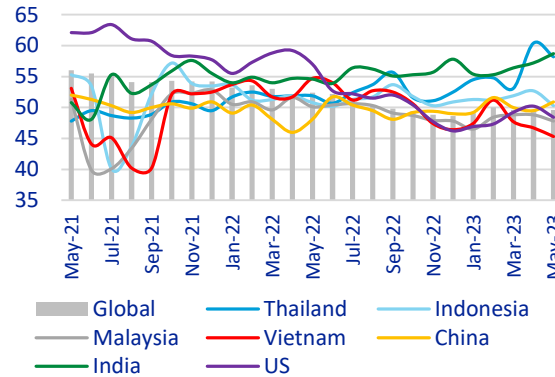
Industrial production remains sluggish

Vietnam IIP and PMI



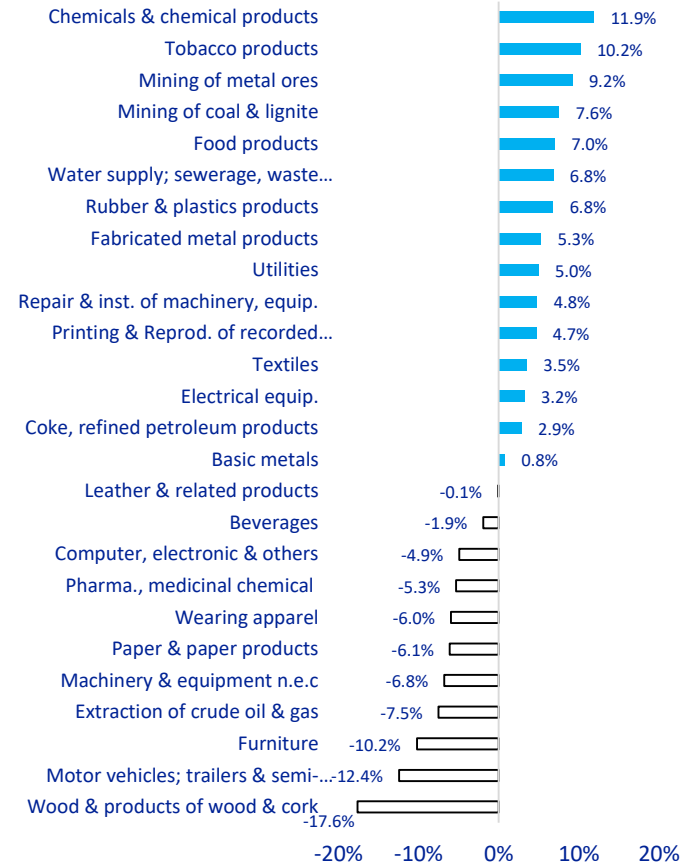
Source: GSO, IHS Markit, ACBS

Vietnam PMI and other markets



Source: Bloomberg, IHS Markit, ACBS

IIP May 2023 by industry

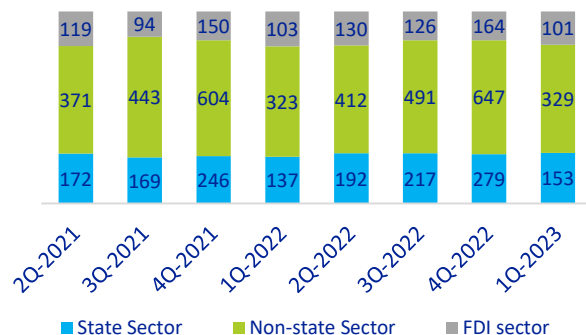


Source: GSO, ACBS

- ❖ Industrial production remains sluggish with the IIP just increased 2.2% m/m and 0.1% y/y in May. For the first five months, the IIP decreased 2% over the same period of 2022 given the contraction of mining and quarrying (-3.6%) and manufacturing (-2.5%) while the Production & supply of electricity (+0.8%) and extraction, treatment and supply of water (+6.3%) recovered over last year.
- ❖ The number of employees working in industrial enterprises as of May 1st, 2023 increased 0.8% m/m and decreased 4.8% y/y, in which labor in FDI enterprises decreased strongest (-5.9% y/y).
- ❖ The PMI continued to drop to 45.3 points, the lowest since Sep 2021, as the output and new orders fell sharply while employments and purchasing shrank. The global PMI unchanged for the second straight months at 49.6 while PMI of ASEAN, Eurozone, EU fall in May. Some economies recorded the PMI increase for the second straight months namely India (58.7), Japan (50.6), South Korea (48.4).

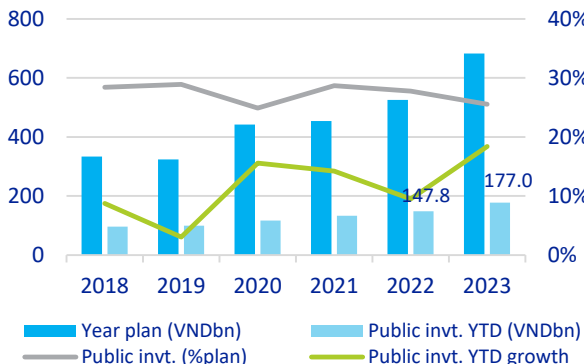
Total investment disbursement

Unit: VNDtn



Source: GSO, ACBS

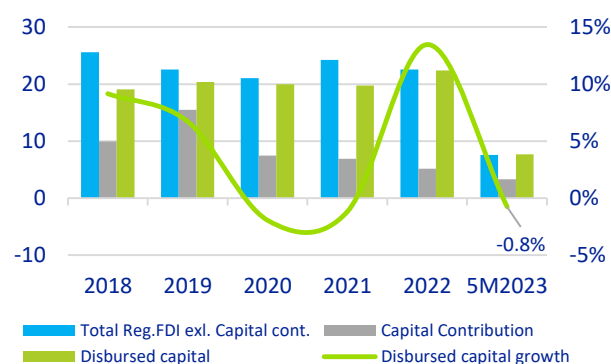
Public investment in 5M



Source: GSO, ACBS

FDI attraction by years

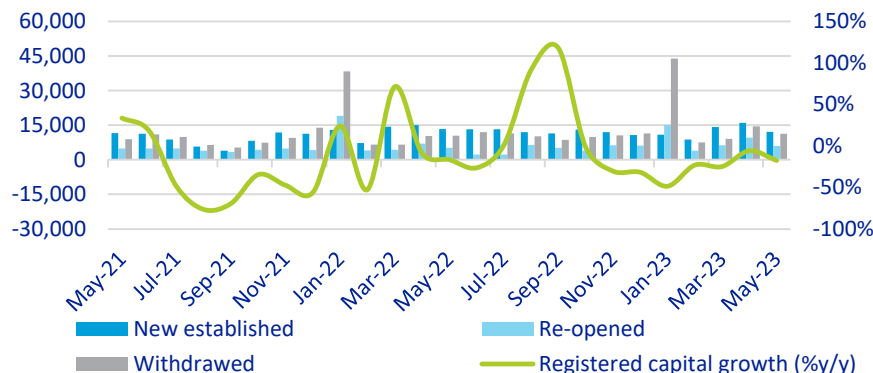
USDbn



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 but was still slower than expectation with the disbursed capital reached VND45.1tn in May (+12.7% m/m, +18.2% y/y) and VND177tn in 5M2023 (+18.4% y/y), just completed 25.5% of allocation plan. Many projects are faced with difficulties given cost overruns, lack of road embankment materials, slow site clearances.
- ❖ Newly established enterprises decreased 9.8% y/y with 12 thousand enterprises with total registered capital was down 17.5% y/y. For five months, the newly registered enterprises decreased 1.6% and re-operated enterprises decreased by 7.4%, while the enterprises withdrawing from the market rose 22.6% over the same period of last year.

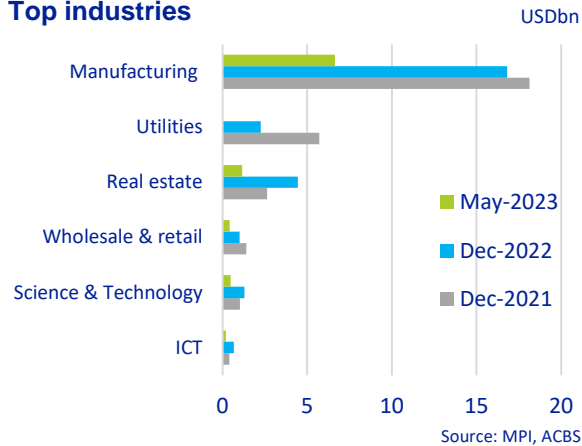
Enterprises activities



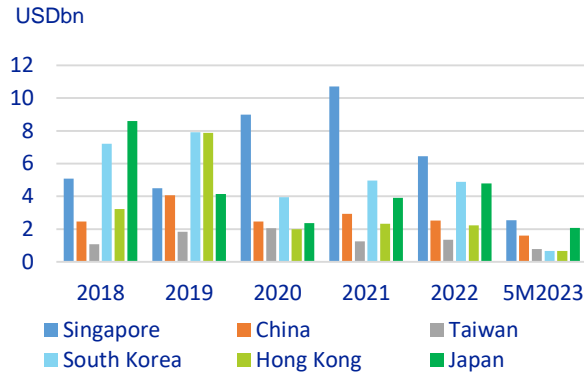
Source: GSO, ACBS

FDI attraction improved slightly

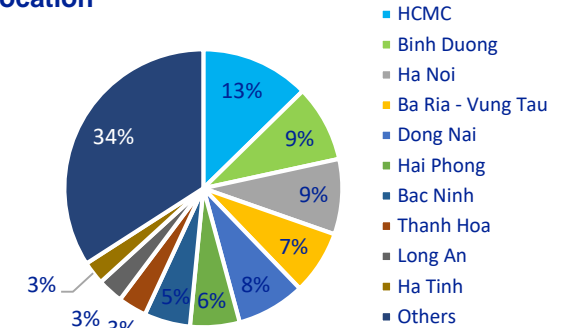
Top industries



Top counterparts

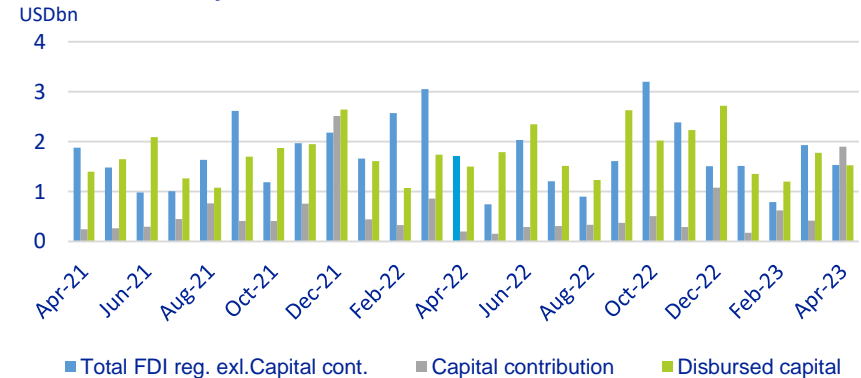


Accumulated FDI as of May 2023 by location



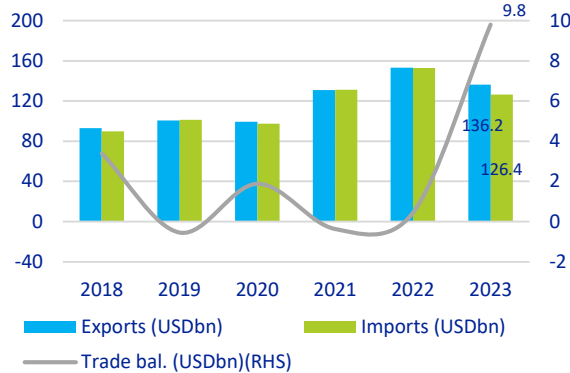
- ❖ Disbursed capital increased to US\$1.8bn (+18% m/m, +0.6% y/y) in May and reached US\$7.65bn (-0.8% y/y) in 5M2023.
- ❖ Registered capital was recorded at US\$1.98bn in May (-42% m/m, +120% y/y) and reached US\$10.86bn in 5M2023 (-7.3% y/y). Meanwhile, the number of newly projects in 5M2023 increased 66% y/y given the scale of newly registered projects is smaller than previous years. Vietnam is considering the policy to respond to the global minimum tax rate of 15% which is a concern of multinational firms.
- ❖ Singapore continued to be the biggest counterparts in the first five months of 2023, following by Japan, China, Taiwan, South Korea and Hong Kong.

FDI attraction by months

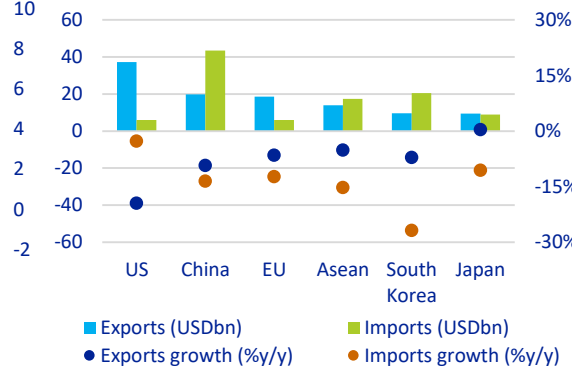


Foreign trade recovered but still weak, maintain surplus

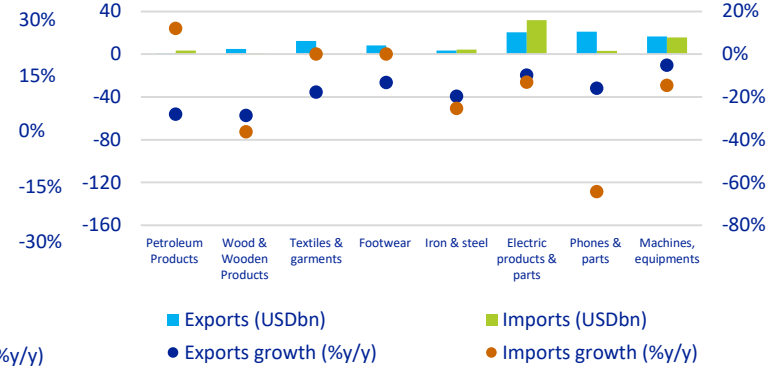
Foreign trade in 5M by years



Main EX-IM markets in 5M2023

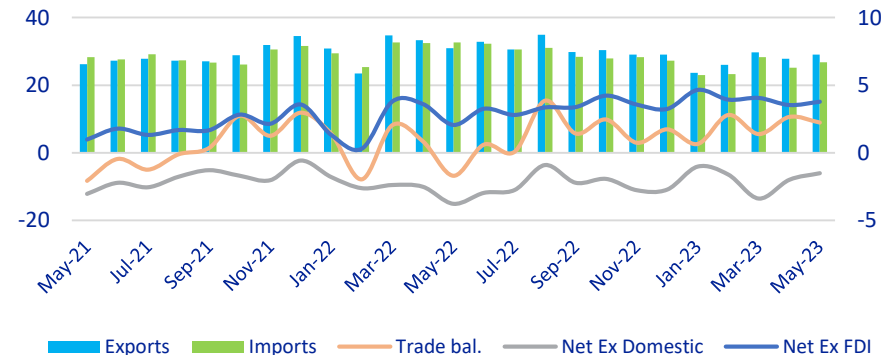


Main EX-IM items in 5M2022



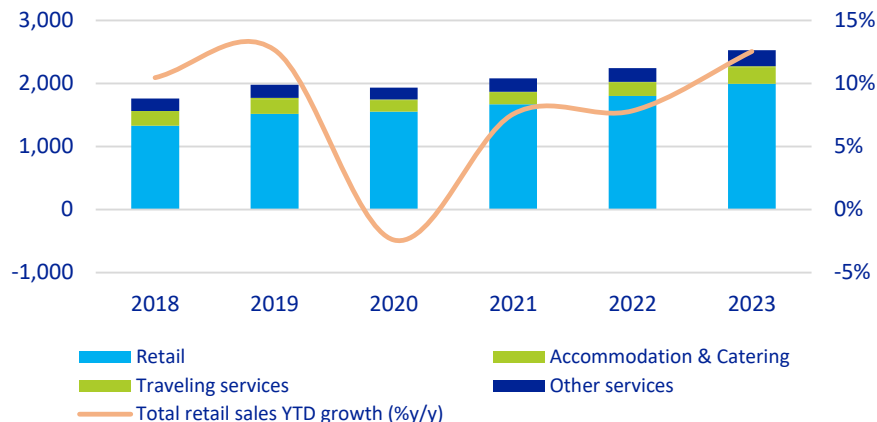
- ❖ Foreign trade recovered slightly in May but still weak from last year with total import-export turnover reached US\$55.8bn (+5.3% m/m, -12.1% y/y), in which exports recorded at US\$29bn (+4.3% m/m, -5.9% y/y) and imports recorded at US\$26.8bn (+6.4% m/m, -18.4% y/y).
- ❖ For the first five months of 2023, the total turnover was lower 14.2% than the same period of 2022, in which exports decreased 11.6% and imports decreased 17.9% but the trade balance maintained surplus of US\$9.8bn, quite high compared to the same period of previous years.
- ❖ In the first five months of 2023, exports to main markets decreased from the same period of last year like US (-19.5%), China (-9.3%), EU (-6.5%), ASEAN (-5.1%), South Korea (-7.1%), export to Japan (+0.4%) remained stable.

Foreign trade by months (USDbn)



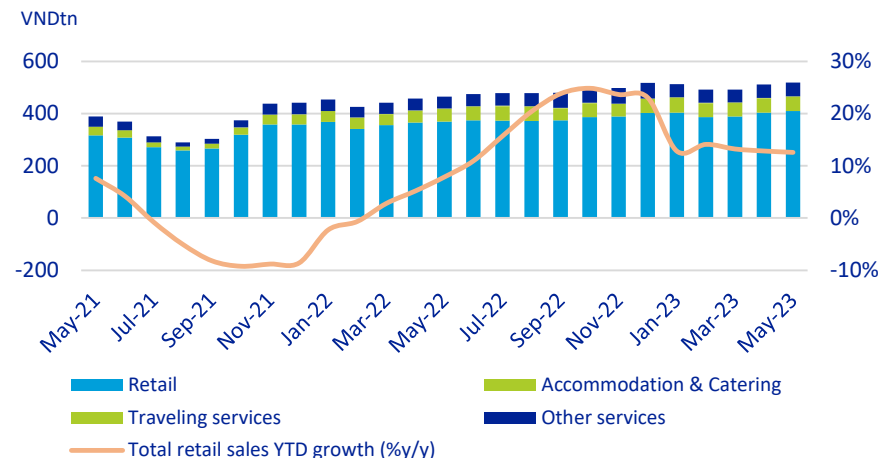
Retail sales sustained growth momentum

Retail sales of goods and services in 5M



Source: GSO, ACBS

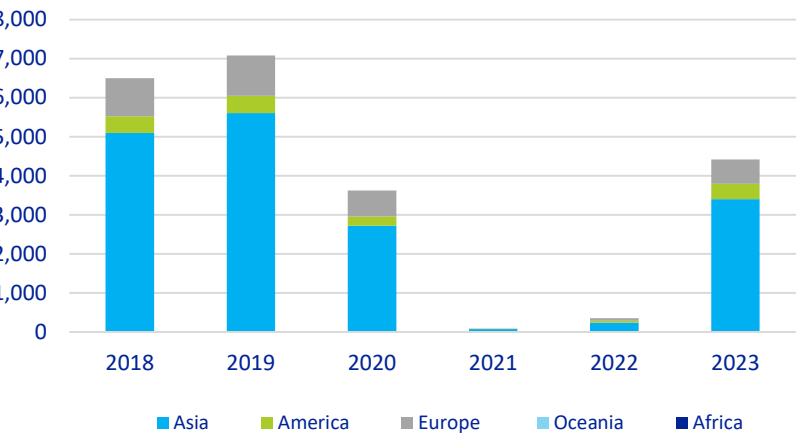
Retail sales of goods and services monthly



Source: GSO, ACBS

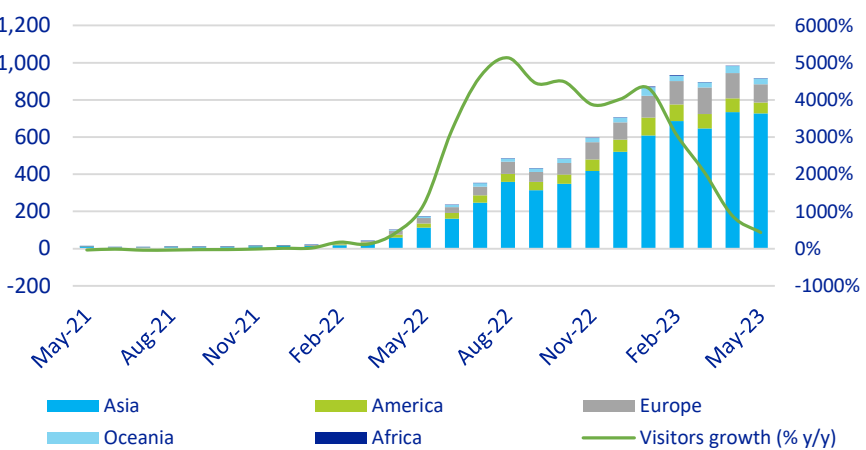
- ❖ Retail sales sustained growth momentum in May thanks the local and international travel increasing as the borders reopened to international visitors in March 2022 and the long holiday in early May. The total retail sales of consumer goods and services hit VND519tn (+1.5% m/m, +11.5% y/y) in May, in which revenue of goods increased 10.9% y/y, accommodation and catering up 12.1%, traveling services surged 40.3% and other services up 14.6%.
- ❖ In the first five months of 2023, total retail sales recorded at VND2,527tn (+12.6% y/y). Regarding to retail items, revenue of food and food stuffs up 14.6% y/y, garments 11.1% y/y, household tools & equipment up 4.8% y/y, vehicles (excl. automobile) up 4.2% y/y, cultural and educational items down 1.9% y/y.

International visitors in 5M (thsnd)



Source: GSO, ACBS

International visitors monthly (thsnd)

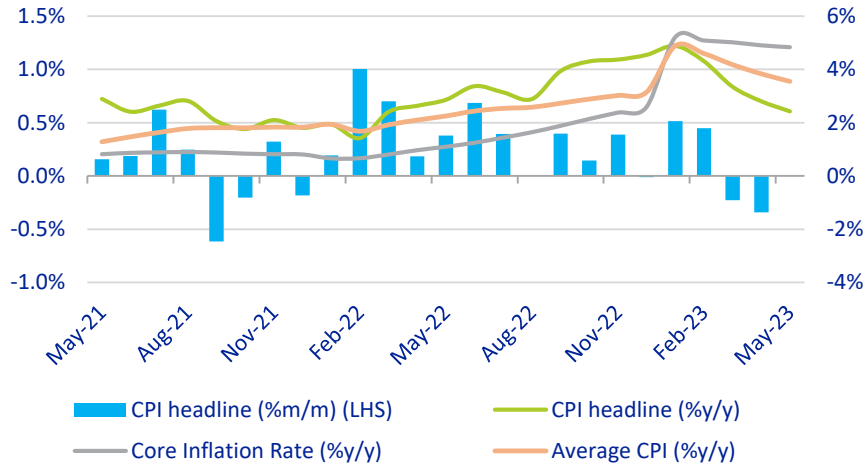


Source: GSO, ACBS

- ❖ The international visitors continued to increase in May with 916 thousand international arrivals to Vietnam (-6.9% m/m, +4.3 times y/y), in which visitors from China, Philippines, Malaysia, Indonesia, and Swiss increased strongest. The total international visitors in 5M2023 reached 4.6 millions, higher 11 times over the same period of 2022 but still lower 37% than 5M2019 (before the COVID-19 pandemic). Visitors from South Korea, China, US and Taiwan are top arrivals in the first five 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



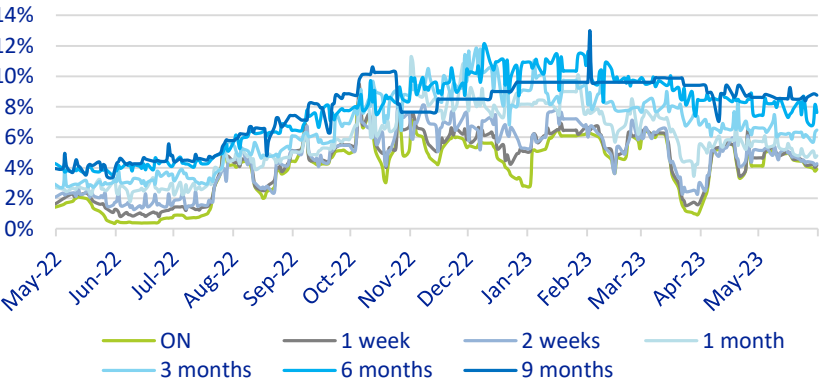
Source: GSO, ACBS

CPI Basket	Weight (%)	05/2023 (% m/m)	05/2023 (% y/y)	Avg 5M2023 (% y/y)
CPI headline	100.0	0.01%	2.43%	3.55%
Food and Foodstuffs	33.6	0.24%	3.58%	4.30%
Food	3.7	0.29%	3.85%	3.77%
Foodstuff	21.3	0.22%	2.89%	3.80%
Eating outside	8.6	0.26%	5.20%	5.80%
Beverage, cigarette	2.7	0.13%	3.43%	3.80%
Garment, footwear	5.7	0.10%	2.22%	2.50%
Housing and constrn. Materials	18.8	1.01%	6.40%	6.62%
Household appliances & goods	6.7	0.16%	2.23%	2.56%
Medicine, health care	5.4	0.04%	0.63%	0.63%
Transportation	9.7	-2.98%	-8.94%	-3.64%
Postal services, Telecom.	3.1	-0.17%	-0.51%	-0.32%
Education	6.2	-0.10%	5.70%	8.39%
Culture, entertm't. & tourism	4.6	0.24%	2.49%	4.03%
Other goods, services	3.5	0.23%	3.38%	3.35%

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

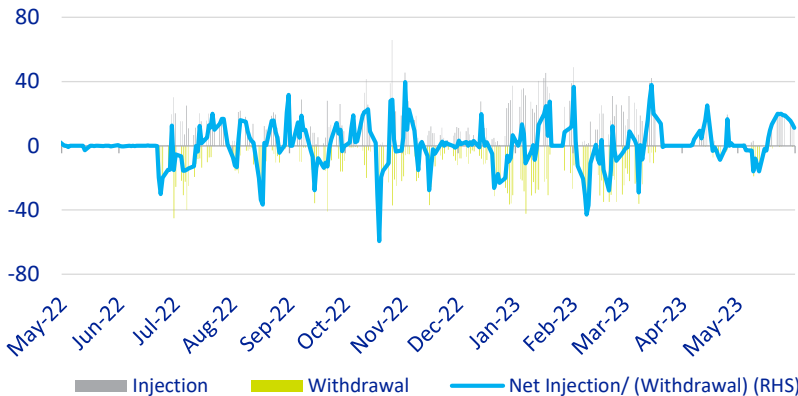
- ❖ The consumer price index (CPI) was almost flat in May, just increased 0.01% m/m and increased 2.43% y/y, lower than the inflation rate in April. In which, the food and foodstuff was up 0.24% m/m given the rice prices and processed food items prices increased, the housing and construction materials was up 0.16% m/m given the electricity prices, water prices and cooking gas prices increased in May. Conversely, transportation decreased 2.98% m/m given the gasoline was down 7.83%, education decreased 0.1% m/m given many provinces lower tuitions under government support policy.
- ❖ The average CPI in the first five months of 2023 increased 3.55% and core inflation recorded at 4.83%, lower than last month. The rising of core inflation was slowdown but it is higher than the 5-years average of 1.59%. 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. The inflation in many areas globally, including Eurozone which stayed high at 7% in April, declined in recent months in as shown in the table in page 18.

Interbank Rate



Source: FiinPro, ACBS

Net Injection/ (Withdrawal) from OMO (VNDtn)



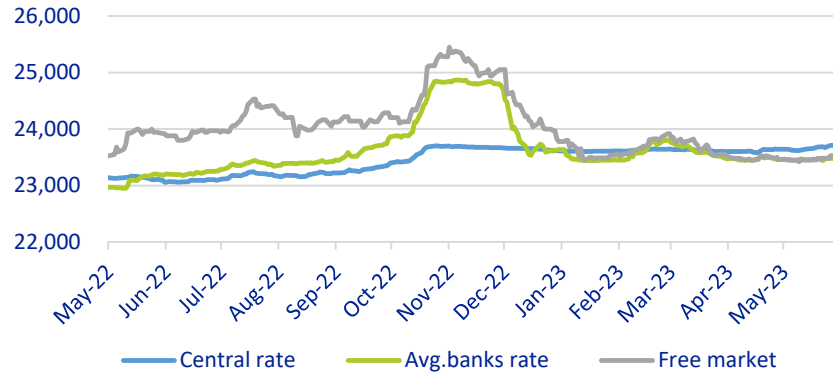
- ❖ The interbank interest rates of most of terms decreased in May, excluding 6-months and 9-months rates increased slightly. Compared with beginning of 2023, interbank interest rates of most of terms declined strongly. In late of May, the State Bank of Vietnam continued to lower key interest rates by 50 bps, the third interest rates cut in 2023 to realize the National Assembly and Government's goal on economic recovery.
- ❖ In May the SBV has net injection VND104tn to the market mainly through T-bills to maturity. Besides, the SBV continued to inject VND to the market when continued to purchase USD. It is estimated that SBV has injected approx. VND140tn in the first five months of 2023 via buying foreign currencies to stabilize market liquidity, replenish foreign exchange reserves and pull the interest rates down to support businesses.

Interbank Rate

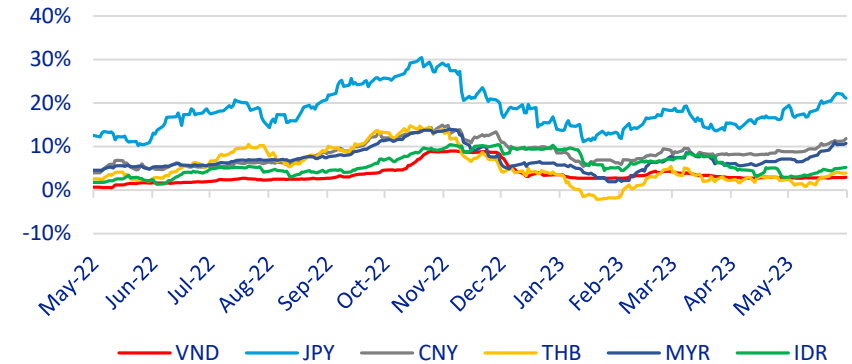
Term	ON	1 weeks	2 weeks	1 month	3 months	6 months	9 months
End of May '23 (%)	3.90	4.17	4.26	4.79	6.47	7.62	8.76
+/- MoM (bps)	-22	-48	-87	-94	-13	17	14
+/- YTD (bps)	109	-91	-102	-338	-262	-329	-85

USD/VND increased slightly, liquidity improved

USD/VND exchange rate



Monthly USD/VND and other currencies



- ❖ The average USD/VND rates at banks closed month at 23,490, increased 0.13% m/m while the rates at central bank and free market also increased in May. Given the improved liquidity in the foreign currency market, the SBV lower its purchase rate in the second half of May to 23,400 and continued to buy USD to replenish foreign exchange reserves. The other currencies in Asia also depreciation against USD amid the US Dollar Index DXY rose strongly in May (+2.62% m/m).
- ❖ Global gold prices fall 1.3% in May to US\$1,964/ounce given the pressure of strengthen USD while domestic gold prices decreased 0.2% to VND67.05m/tael which present the premium of c.19.7% to global prices, significantly reduce the premium of 26% at the end of February.

Key macro indicators

Monthly data	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23
Industrial Production (% y/y)	9.1%	9.5%	13.3%	10.3%	5.5%	3.5%	0.2%	-14.9%	7.2%	-2.0%	-2.4%	0.1%
Mining & quarrying	5.1%	-2.8%	7.5%	14.9%	12.1%	16.8%	-5.1%	-13.0%	9.9%	-4.2%	-5.5%	-2.9%
Manufacturing	9.9%	11.1%	14.1%	9.6%	4.4%	2.3%	0.6%	-15.6%	6.8%	-2.5%	-2.8%	-0.5%
Prod & dist of electricity	5.5%	6.2%	12.3%	16.4%	9.3%	2.7%	1.3%	-12.4%	8.3%	1.8%	2.3%	5.0%
Water supply & waste treatment	6.3%	12.1%	5.9%	9.1%	14.4%	7.0%	5.5%	-1.4%	7.1%	11.1%	8.1%	6.8%
PMI	54.0	51.2	52.7	52.5	50.6	47.4	46.4	47.4	51.2	47.7	46.7	45.3
Retail Sales (% y/y)	28.3%	52.9%	65.2%	58.2%	34.1%	13.5%	17.3%	12.8%	15.5%	11.5%	11.7%	11.5%
CPI (% m/m)	0.7%	0.4%	0.0%	0.4%	0.1%	0.4%	0.0%	0.5%	0.4%	-0.2%	-0.3%	0.0%
CPI (% y/y)	3.4%	3.1%	2.9%	3.9%	4.3%	4.4%	4.5%	4.9%	4.3%	3.4%	2.8%	2.4%
Export Value (USDm)	32,843	30,607	34,918	29,817	30,369	29,020	29,029	23,611	26,052	29,709	27,864	29,050
Import Value (USDm)	32,233	30,533	31,059	28,388	27,903	28,277	27,292	22,955	23,253	28,322	25,208	26,810
Trade Balance (USDm)	610	74	3,859	1,429	2,466	743	1,737	656	2,799	1,387	2,656	2,240
Disbursed FDI (USDm)	2,348	1,512	1,230	2,628	2,022	2,230	2,716	1,350	1,200	1,774	1,526	1,800
Registered FDI excl. Cap. Cont. (USDm)	2,032	1,203	899	1,610	3,197	2,387	1,507	1,511	788	1,932	1,534	1,776

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%	-2.0%
Retail Sales	10.6%	9.5%	10.2%	10.9%	11.7%	11.8%	2.6%	-3.8%	19.8%	12.6%
Consumer Price Index	4.1%	0.6%	2.7%	3.5%	3.5%	2.8%	3.2%	1.9%	3.1%	3.6%
Export Value (USDbn)	150.22	162.02	176.58	215.12	243.70	264.34	282.53	336.25	371.30	136.17
Import Value (USDbn)	147.85	165.78	174.98	213.22	236.87	254.09	262.67	332.25	358.90	126.37
Trade Balance (USDbn)	2.37	-3.76	1.60	1.90	6.83	10.25	19.86	4.00	12.40	9.80
Disbursed FDI (USDbn)	12.35	14.50	15.80	17.50	19.10	20.38	19.98	19.74	1.61	7.65
Registered FDI (USDbn)	20.23	22.76	20.95	29.97	25.57	22.55	21.06	24.26	1.66	7.54

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

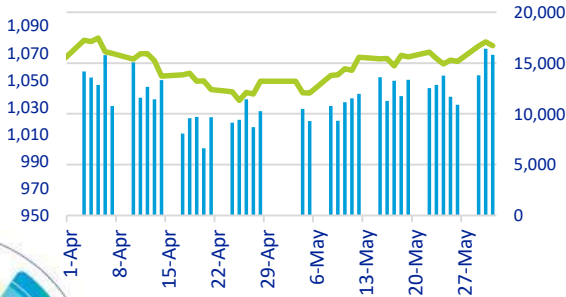
Countries	GDP Growth			Inflation Rate			Manufacturing PMI		
	3Q-2022	4Q-2022	1Q-2023	Mar-23	Apr-23	May-23	Mar-23	Apr-23	May-23
Indonesia	5.7%	5.0%	5.0%	5.0%	4.3%	4.0%	51.9	52.7	50.3
Malaysia	14.2%	7.1%	5.6%	3.4%	3.3%		48.8	48.8	47.8
Philippines	7.6%	7.1%	6.4%	7.6%	6.6%	6.1%	52.5	51.4	52.2
Singapore	4.2%	2.1%	0.4%	5.5%	5.7%				
Thailand	4.6%	1.4%	2.7%	2.8%	2.7%	0.5%	53.1	60.4	58.2
Vietnam	13.7%	5.9%	3.3%	3.4%	2.8%	2.4%	47.7	46.7	45.3
China	3.9%	2.9%	4.5%	0.7%	0.1%		50.0	49.5	50.9
Hong Kong	-4.6%	-4.1%	2.7%	1.7%	2.1%				
Taiwan	3.6%	-0.8%	-2.9%	2.4%	2.4%	2.0%	48.6	47.1	44.3
Japan	1.5%	0.4%	1.3%	3.2%	3.5%		49.2	49.5	50.6
South Korea	3.1%	1.3%	0.9%	4.2%	3.7%	3.3%	47.6	48.1	48.4
India	6.3%	4.5%	6.1%	5.7%	4.7%		56.4	57.2	58.7
United States	3.2%	2.6%	1.3%	5.0%	4.9%		49.2	50.2	48.4
Eurozone	2.4%	1.8%	1.3%	6.9%	7.0%	6.1%	47.3	45.8	44.8

Selected Outlook on Vietnam GDP growth

Organization	2023 Outlook Latest projection	2023 Outlook Previous projection
World Bank	6.0% (June 2023)	6.3% (March 2023)
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	6.5% (May 2023)	7.2% (Oct 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 May

Statistics	May 2023		5M2023	
Bloomberg Code	VNIndex		VNIndex	
Range (pts)	1,037 - 1,079		1,007 - 1,124	
Month End Index (pts)	1,075.2		1,075.2	
Month End Mkt cap (VNDbn)	4,319,874		4,319,874	
Month End Mkt cap (USDbn)	182.5		182.5	
Daily Avg Value (VNDbn)	12,275		10,657	
Gainers	306		301	
Laggards	96		106	
Net Foreign Trade (USDbn)	-0.130		0.003	
Foreign Participation	7.4%		10.4%	
Performance (%)	1M	3M	6M	12M
VNIndex	2.5	4.9	2.6	-16.8
VN30	1.4	5.1	1.6	-20.0



The VNIndex recovered to 1,075 points at the end of May after lost 1.5% in April but yet to surpass the peak of 1,124 points since the beginning of 2023. The overall liquidity of VNIndex continued to improve with the ADTV rose 9.7% over April but still low compared with the same period of last year (ADTV dropped 53.8% y/y). The foreigner investors continued to be net sellers for the second straight months bringing the year-to-date net buying value to only US\$2.5m amid muted stock markets globally as the US debt limit deadline looms and the Europe's largest economy, German, released the 1st quarter's revised GDP showing this economy entered a recession technically given high price and weak consumption. While the interest rates globally stayed high, domestically, the VNIndex was backed by the lowering key interest rates of SBV for the third time to support businesses and consumption and the PDP VIII was approved on May 15th after be postponed for over two years.

Hoa Phat Group (HOSE: HPG) proposed to implement four projects with a total investment of VND120tn in Phu Yen province, including Hoa Tam industrial park, Bai Goc port, Hoa Phat iron and steel complex, and a commercial-service center in 36 months, in which the group will contribute 50% of the sum and is seeking other investors. This stock continued to attract foreign inflows for the fifth straight months. To strengthen financial resources, the Vietnamese government has submitted to the National Assembly (NA) the plan to raise the registered capital of Agribank for an addition of VND17.1 trillion this year bringing the capital of this bank to VND51.43tn and ensure the minimum capital adequacy ratio of 8% as requirement stated in the Circular 41/2016/TT-NHNN. Other banks also approved the plan to raise registered capital to improve their financial capacity. Sabeco (HOSE: SAB), the largest brewer by market value in Vietnam, and Singapore Power Group (SP Group) signed a MoU to expand the second phase of a 10.44- megawatt-peak (MWp) rooftop solar power project at nine Sabeco breweries, and is estimated to efficiently provide ca.23% of electricity consumption at this breweries, save around 25 million kWh annually. will bring the total number of breweries adopting solar energy in Sabeco's system to 17 by the end of 2023. The whole system is estimated to efficiently provide nearly 23% of electricity consumption at the breweries.

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	1,590.4	2.1%	12.8%	10.0	1.9	1.8%	20.5%	1.0%	-38.6%	-2,049.6	-4,525.8
Real Estate	49	755.1	3.5%	5.6%	29.3	1.9	5.7%	13.1%	20.8%	-59.3%	335.2	1,601.2
Food, Beverage & Tobacco	32	439.7	-3.2%	-9.0%	25.3	3.6	10.1%	15.5%	-0.6%	-43.3%	293.4	-52.5
Materials	61	319.9	4.9%	18.3%	92.5	1.3	6.6%	8.6%	25.8%	-59.5%	293.0	3,147.5
Utilities	28	307.5	3.8%	4.8%	12.4	2.3	13.5%	20.7%	8.5%	-52.8%	-335.6	1,259.8
Capital Goods	74	187.3	13.4%	31.0%	157.8	1.5	3.9%	8.7%	26.3%	-59.0%	-181.2	-51.7
Transportation	28	161.4	2.3%	1.3%	22.6	2.7	1.9%	3.7%	31.6%	-62.0%	-402.4	-511.5
Financial Services	17	126.2	14.1%	42.3%	34.2	1.6	2.2%	5.8%	-3.4%	-60.6%	-334.0	-404.5
Software & Services	3	99.8	7.9%	9.2%	17.0	4.0	10.1%	25.6%	61.6%	-64.5%	358.9	421.0
Energy	9	72.5	4.7%	22.5%	187.2	1.6	2.5%	6.7%	6.4%	-44.8%	-510.4	-1,681.8
Retail	9	72.5	0.2%	-8.1%	23.6	2.5	4.5%	12.0%	-17.5%	-59.1%	-6.7	-30.4
Insurance	5	44.3	-1.8%	-1.9%	18.4	1.5	1.5%	8.4%	-0.9%	-31.2%	26.0	597.9
Consumer Durables & Apparel	17	40.5	-2.8%	-7.0%	12.6	2.2	11.3%	16.8%	-24.9%	-56.1%	-327.5	-91.2
Pharma, Biotech & Life Sciences	10	31.2	6.3%	18.4%	13.7	2.5	16.1%	20.1%	30.5%	-55.1%	-17.0	-75.2
Automobiles & Components	6	7.8	0.1%	13.0%	15.4	1.6	6.1%	11.4%	-2.9%	-59.9%	-6.0	-2.7
Commercial & Prof. Services	6	6.7	8.9%	34.8%	14.0	2.0	15.4%	21.0%	19.8%	-34.7%	10.2	50.8
Technology Hardware & Equip.	1	5.9	3.2%	-6.2%	10.4	2.3	8.8%	24.7%	-9.4%	-62.7%	6.4	40.0
Consumer Services	7	5.4	3.2%	3.0%	52.8	3.9	14.1%	18.3%	33.5%	-49.5%	3.5	13.2
Health Care Equip. & Services	3	3.4	-0.8%	15.4%	12.4	1.7	6.5%	12.0%	189.0%	-25.1%	-1.2	-0.4
Unclassified	10	2.6	6.8%	-1.0%	6.3	0.6	5.4%	8.0%	195.1%	-89.8%	-0.9	-0.7
Telecommunication Services	1	1.9	9.4%	-15.5%	-	1.2	-2.0%	-7.8%	30.5%	-85.0%	23.9	81.3
Household & Personal Products	1	1.4	3.0%	11.9%	7.4	1.7	18.0%	26.1%	-4.7%	-44.5%	-0.5	-6.4
Media & Entertainment	2	1.2	8.4%	47.2%	21.2	1.9	6.8%	10.5%	73.2%	-54.3%	0.5	-0.5
VNIndex	418	4,319.9	2.5%	6.8%	14.65	1.65	2.03%	12.84%	9.7%	-53.8%	-3,095.1	42.3
VN30 Index	30	3,065.2	1.4%	6.1%	11.92	1.58	2.11%	14.72%	-0.9%	-49.5%	-1,445.2	-1,445.2

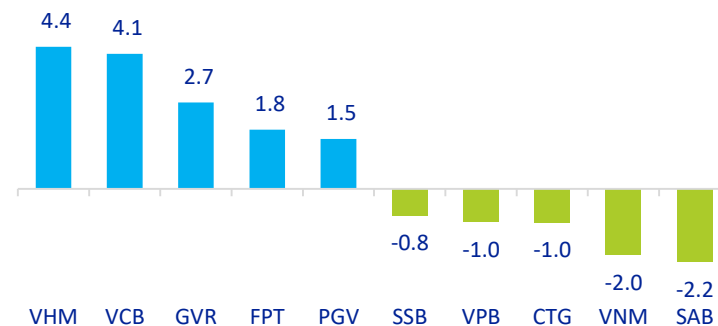
Source: Bloomberg, FiinPro, ACBS

Top 20 Market Capitalization (as at May 31st, 2023)

Ticker	Company name	Market Cap. (VNDtn)	1M return	YTD return	P/E	P/B	Remaining foreign room
VCB	Vietcombank	444.9	3.9%	17.5%	14.4	3.1	6.5%
VHM	Vinhomes	233.0	8.1%	11.5%	6.4	1.5	25.6%
BID	BIDV	222.6	1.1%	14.0%	11.1	2.1	12.8%
VIC	VinGroup	198.3	-0.2%	-3.3%	26.1	1.7	35.1%
GAS	PetroVietnam Gas	177.6	0.0%	-8.6%	12.2	2.8	46.0%
VNM	Vinamilk	138.1	-5.6%	-13.1%	19.1	4.4	45.0%
CTG	VietinBank	134.6	-2.9%	2.8%	8.0	1.2	2.5%
VPB	VPBank	129.6	-3.0%	7.8%	10.7	1.3	0.2%
HPG	Hoa Phat Group	123.3	-2.1%	17.8%	185.6	1.3	24.7%
TCB	Techcombank	105.3	1.5%	15.9%	5.5	0.9	0.0%
MSN	MASAN GROUP	102.5	-1.5%	-22.6%	46.8	3.9	18.9%
SAB	SABECO	101.3	-8.1%	-4.8%	20.7	4.2	37.5%
FPT	FPT Corp	92.9	8.5%	9.4%	16.6	4.1	0.0%
ACB	Asia Commercial Bank	85.8	5.0%	16.0%	5.9	1.4	0.0%
MBB	MBBank	84.3	0.8%	8.8%	4.7	1.0	0.0%
BCM	Becamex IDC Corp.	80.7	-0.9%	-3.2%	66.6	4.8	46.2%
GVR	Viet Nam Rubber Group	72.8	17.0%	31.9%	21.8	1.5	12.5%
SSB	SeABank	61.9	-5.0%	-7.8%	15.8	2.3	4.8%
VRE	Vincom Retail	61.6	-2.2%	3.0%	18.0	1.8	15.6%
MWG	Mobile World Investment	57.4	0.0%	-8.6%	21.4	2.4	0.0%

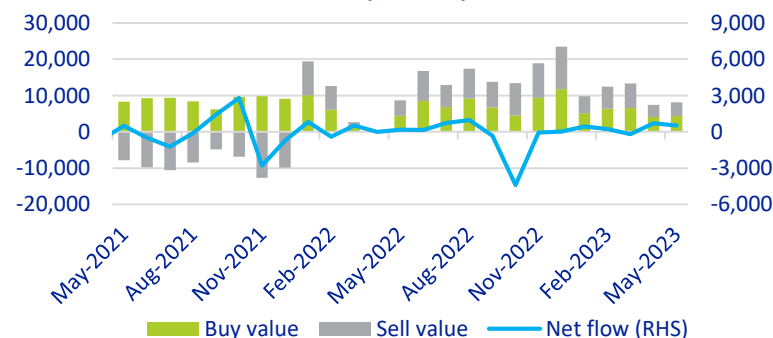
Source: FiinPro, ACBS

Top contributors on VNIndex in May 2023



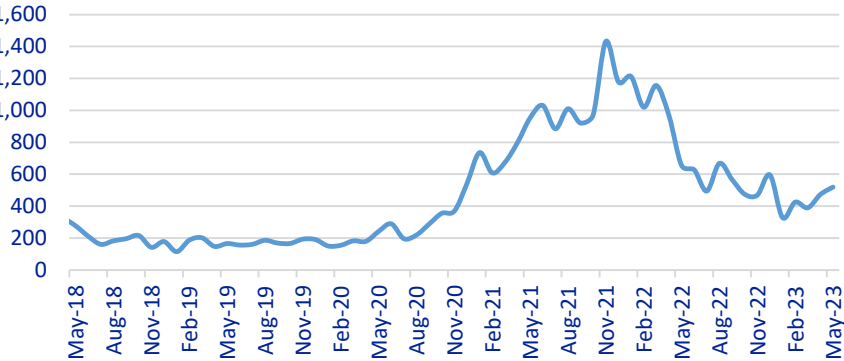
Note: Index impact (pts)

Net brokerage prop trading value into VNIndex (USDbn)

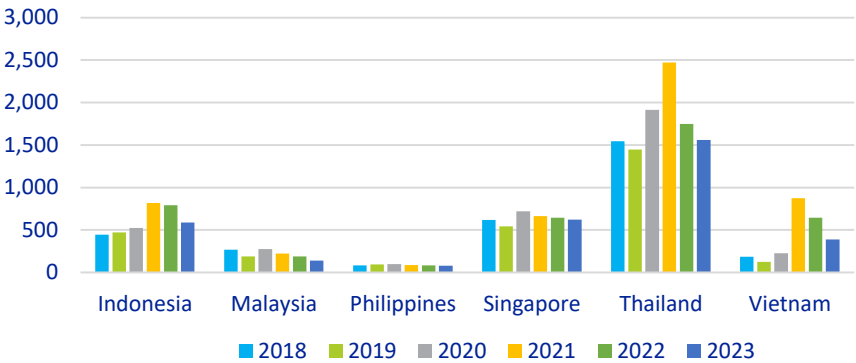


Source: FiinPro, ACBS

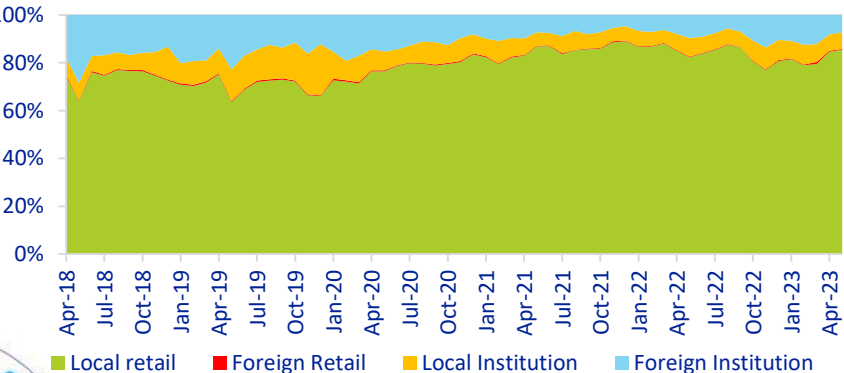
Average Daily Turnover (USDm)



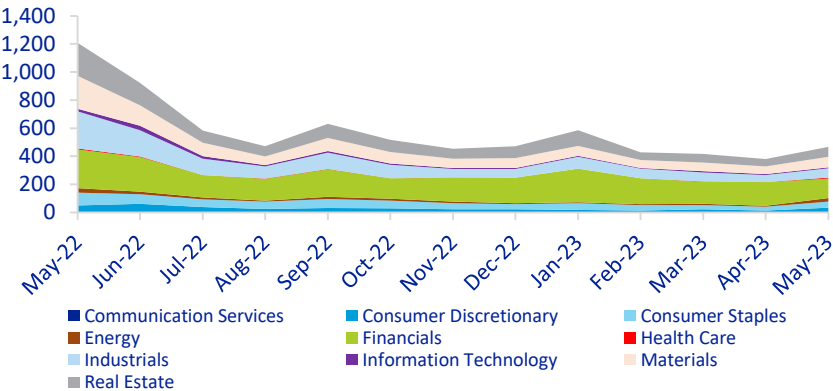
Average Daily Turnover of ASEAN markets (USDm)



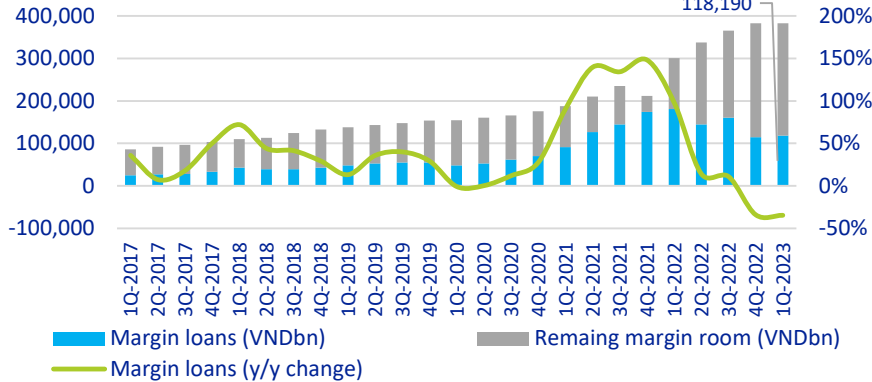
Market Turnover by Investors



Average Daily Turnover by Sector (USDm)



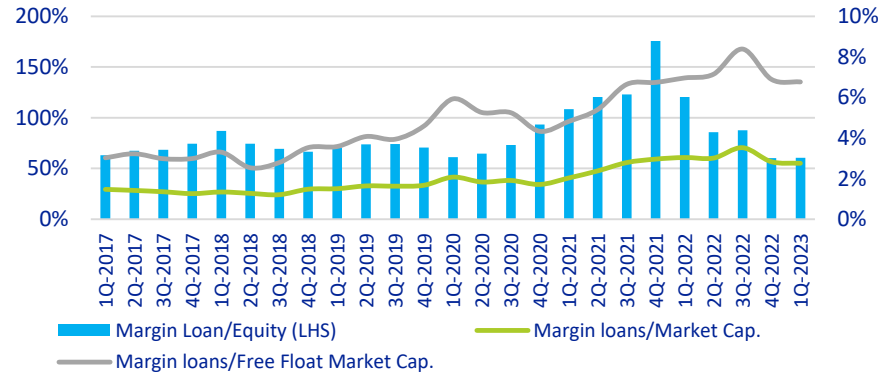
Margin outstanding



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

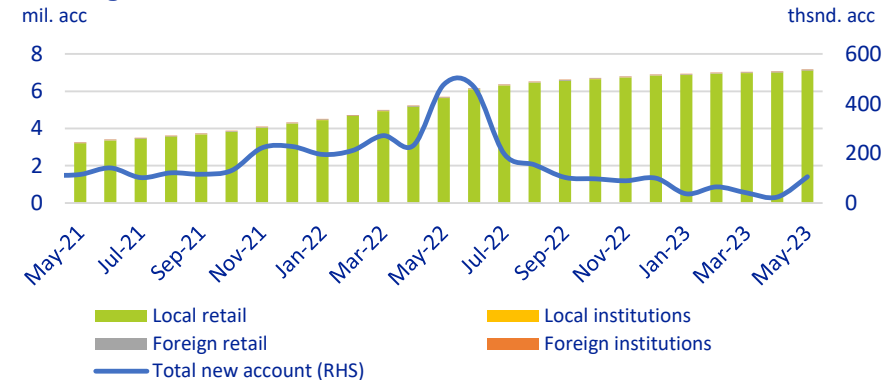
- ❖ Market-wide margin loans outstanding was estimated at VND 118 trillion at the end of the first quarter of 2023, increased slightly by 3% over end of the previous quarter and lower 35% than the same period of last year. The HOSE increased the number of stocks ineligible for margin trading to 87 stocks 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%.
- ❖ The new opened trading accounts in May rose sharply with over 104 thousand accounts (+357% m/m). Generally, there are nearly 7.16 million accounts as of May 31st, 2023, equivalent to circa 7.2% of Vietnam population.

Margin leverage



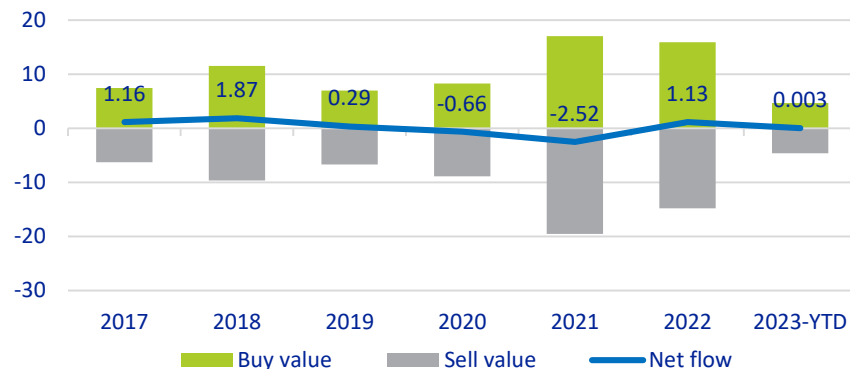
Source: Fiin Pro, ACBS

Trading account



Source: GSO, ACBS

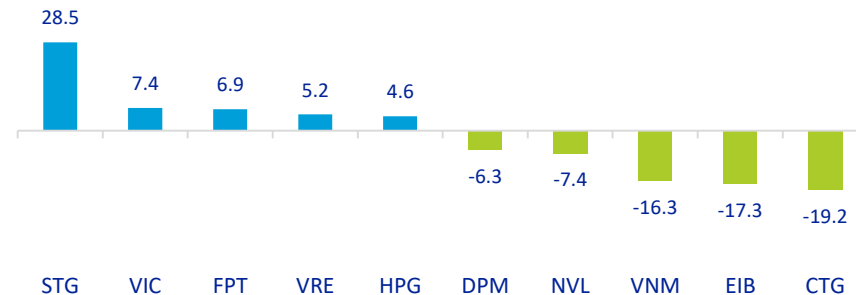
Net foreign flow into VNIndex (USDbn)



Source: FiinPro, ACBS

- ❖ The foreigner investors continued to be net sellers for the second straight months with the net selling value of US\$130m bringing the year-to-date net buying value to only US\$2.5m. The highest outflows was at Banks with net outflows of CTG was US\$866m and EIB was US\$779m. The highest net inflows were at Software & services (net inflows of FPT was US\$310m), Real estate (net inflows of VIC was US\$ 332m, VRE was US\$236m), F&B (net inflows of STG was US\$1,28bn), Materials (net inflows of HPG was US\$209m).
- ❖ Other ASEAN markets excluding Indonesia also witnessed outflows of foreign investors in May when the flows is pouring to more attractive alternatives such as Japan where received the year-to-date net inflows of about US\$31.6bn attracting international investors thanks to expectation of their efforts to revamp corporate governance rules and the monetary policy will support stocks market, India where the production is continuously expanding. South Korea and Taiwan also witnessed the net inflows of foreign investors in May.

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

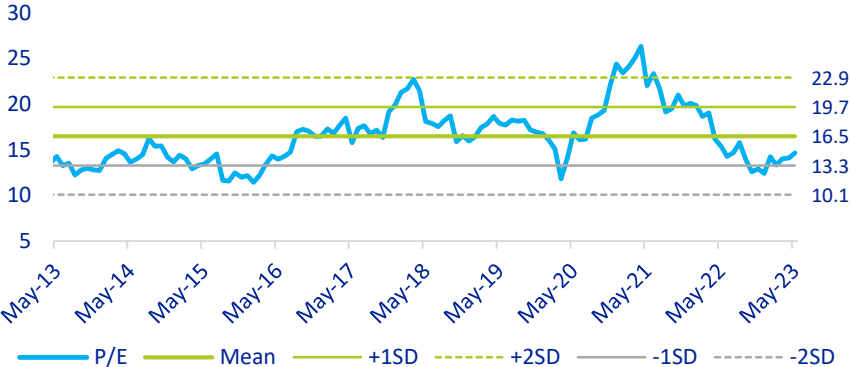


Source: FiinPro, ACBS

Markets	Net foreign flow 1M (USDbn)	Net foreign flow YTD (USDbn)	Market Cap. (USDbn)	Net foreign flow YTD as % market cap
Vietnam	-0.13	0.003	182.5	0.001%
Indonesia	0.11	1.38	624.9	0.22%
Malaysia	-0.16	-0.64	208.6	-0.31%
Philippines	-0.08	-0.56	163.7	-0.34%
Thailand	-0.97	-2.84	539.8	-0.53%
Taiwan	5.20	10.97	1,685.1	0.65%

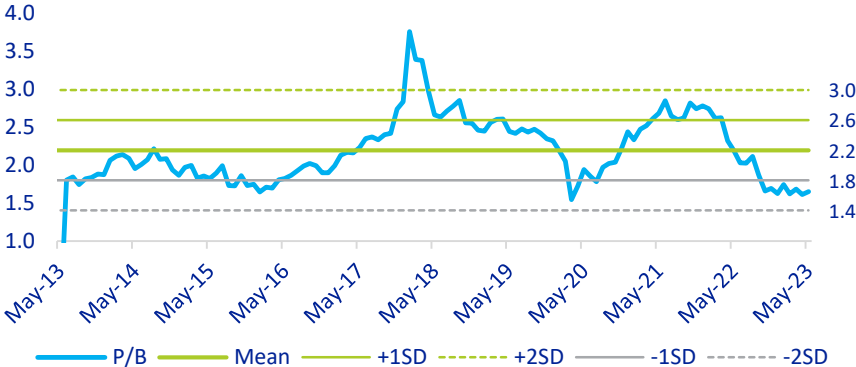
Source: Bloomberg Finance L.P., FiinPro, ACBS

P/E of VNIndex for 10 years



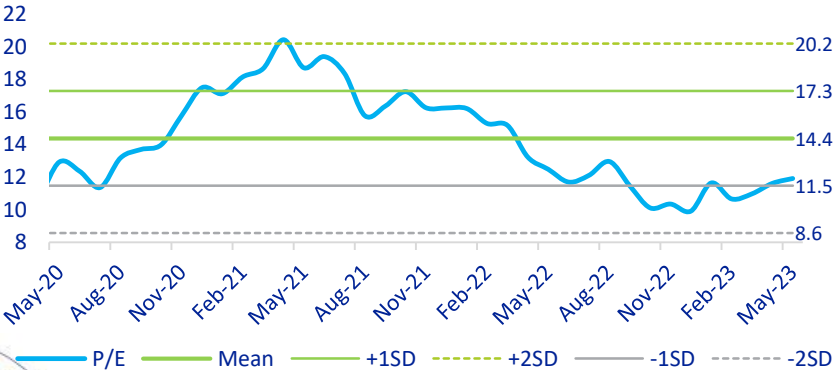
Source: Bloomberg, ACBS

P/B of VNIndex for 10 years



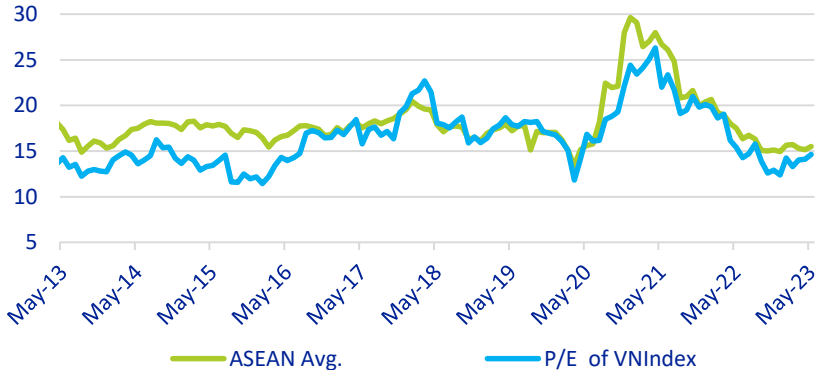
Source: Bloomberg, ACBS

P/E of VN30 for 3 years



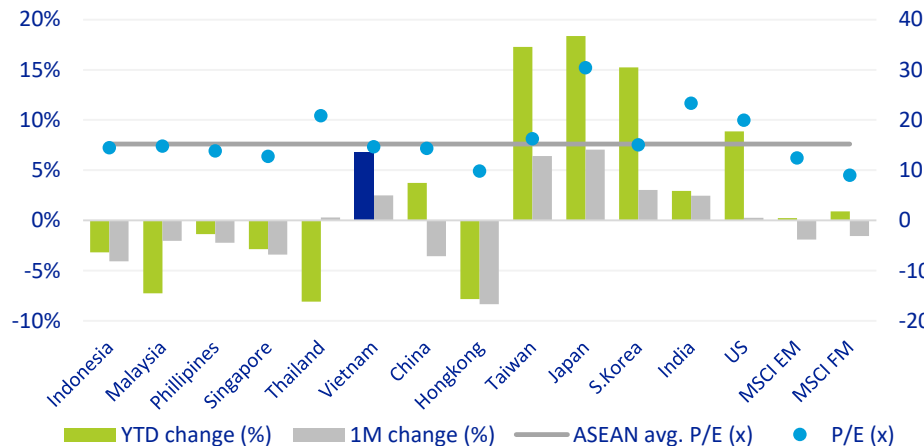
Source: Bloomberg, ACBS

P/E of VNIndex and regional peers average



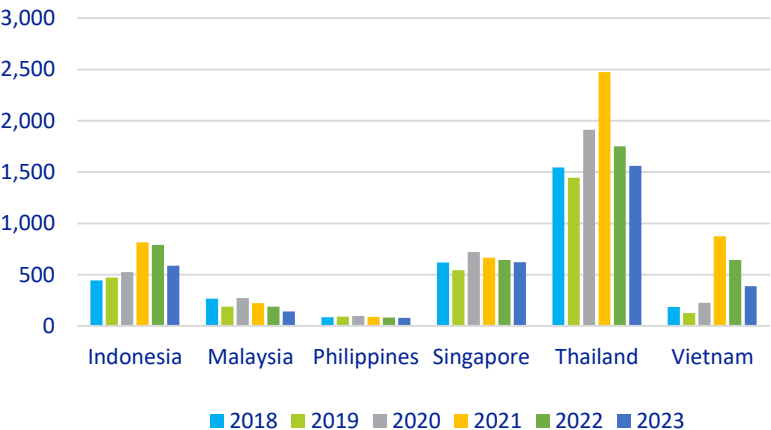
Source: Bloomberg, ACBS

Index comparison



Source: Bloomberg, ACBS

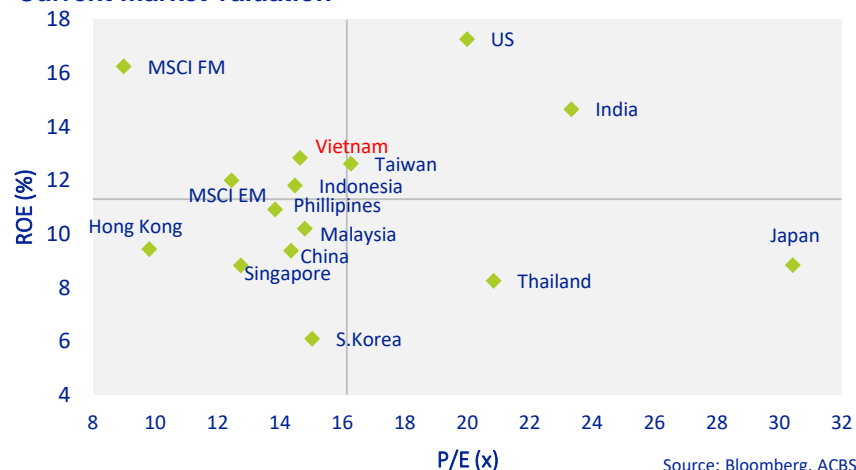
Average Daily Turnover of ASEAN markets (USDm)



Source: Bloomberg, ACBS

- ❖ The stock markets globally muted in May amid the US debt limit deadline looms and the Europe's largest economy, German, released the 1st quarter's revised GDP showing this economy entered a recession technically given high price and weak consumption. Conversely, Nikkei 225 of Japan has good performance in May as to be an attractive market thanks to expectation of their efforts to revamp corporate governance rules and the monetary policy will support stocks market. The China and Hong Kong stocks fell in May when foreign investors pull out money given the expectation of weak corporate earnings.
- ❖ The liquidity of VNIndex was in the top deepest decrease in our watchlist with the average daily trading value was lower 40% than last year although it has improved in recent two months.

Current market valuation



Expected market valuation

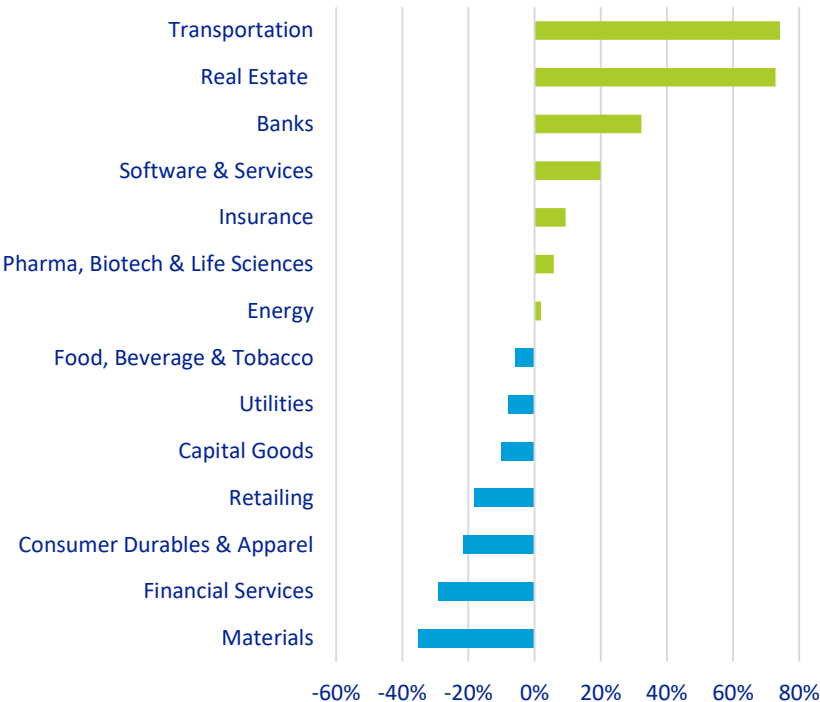


- ❖ The P/E of VNIndex at the end of May stayed at 14.6, maintain higher than the average of 15.2 of ASEAN markets but the gap of P/E of VNIndex and ASEAN average is narrowed after VNIndex rebound in May. For 2023, we downgrade the expectation of EPS growth of VNIndex to 8.3% and the forward P/E is 11.4, lower than the average of 12.8 of ASEAN markets. The overall conditions of the economy are stable with the interest rates and foreign exchange rates remain stable, inflation slowing and remain in government's target and we see efforts of regulators to remove current difficulties of the economy by cut interest rates amid the global interest rates stayed high, approved the PDP VIII after after be postpone for over two years, etc. 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 public investments and many sectors such as real estate, construction, healthcare, materials suppliers. The SBV lowered key interest rates three times since early this year could generate positive effects for stock markets given the expectation of idle cash shift to stock markets as lower deposit rates, low interest rates also could improve the profit of companies which using high debt and pushing business expansion by increase leverage to seize opportunities amid weak demand from both internal and external markets.
- ❖ Current worries of investors are not only external in nature with recession concerns given persistent high prices, geopolitical instability in the world and the shifting of foreign investment flows, but also internal with the electricity shortage causing interruption of manufacturing and businesses, and the short-term risks on bond markets remains given the large numbers of corporate bonds maturing in 2Q-2023 and 3Q-2023, but this pressure is reducing thanks to many banks bought back bonds after the circular 03/2023/TT-NHNN was issued.

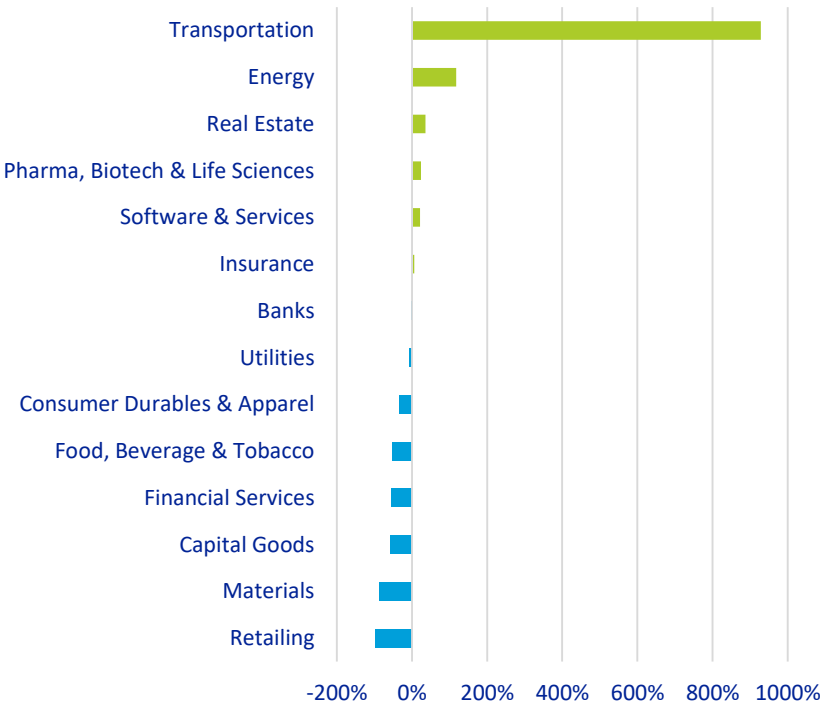
Summary of 1Q-2023 business results on VNIndex

Industry group	Market Cap (VNDtn)	1Q-2023		1Q-2023	
		Revenue (% q/q)	Net Income (% q/q)	Revenue (% y/y)	Net Income (% y/y)
Banks	1,562.1	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%

Revenue growth in 1Q-2023



Net income growth in 1Q-2023



Upcoming events

Event type	Date	Countries	Events
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
Derivative	20-Jul-2023	Vietnam	The last trading day of VN30F2307
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: Quaterly 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
Index review	16-Oct-2023	Vietnam	Review VNDiamond index
Economy	26-Oct-2023	European	ECB Monetary policy meeting
Economy	30-Oct-2023	Japan	BOJ Monetary Policy Meetings
Economy	31-Oct-2023	United States	FOMC meeting
Index review	14-Nov-2023	Global	MSCI Frontier Markets Indexes: Semi-Annual Review

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				
FMCG	Positive	-	Positive	-
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	-

Logistics: We downgrade the long-term outlook to Neutral from Positive given low outlook for import and export activities due to slowdown of global economy which puts negative effects on global trading.

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 April 27, 2023, credit growth reached 3.04% ytd. The liquidity of the banking system is stable, enabling the SBV to reduce operating interest rates by 0.5-1% since the beginning of the year. Monetary policy is loosened to support the economy which is under pressure from domestic and international macro.
- Business results in Q1/23 of the banking industry weakened in line with the general movements of the economy. Statistics show that the total profit before tax in Q1/23 of banks in the VN-Index decreased by 3.9% y/y and increased by 21.5% q/q.
- Net interest income continued to be the main contributor to the banks' business results, growing 14.1% y/y. NIM decreased slightly by 4 bps y/y but decreased by 16 bps q/q because the re-priced period for lending rates was slower than deposit rates.
- Non-interest income dropped sharply by 22.2% n/n due to difficulties in forex trading, securities investment, IB services, banca and off-balance sheet NPL recovery.
- Asset quality declined sharply in Q1/23. NPL ratio increased by 30 bps q/q to 1.77%, category 2 loan ratio increased 68 bps q/q to 2.48%.
- Overdue loans increased while banks actively made provisions at a moderate level to protect their profits in Q1/23. That caused banks' loan loss reserve to continue to thin, NPL coverage ratio fell to 118% from 138% at the end of the previous quarter.

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.
- Deposit interest rates continue to decrease, which will support NIM of banks in the coming quarters.
- Provision costs are forecast to remain high in the coming quarters as NPLs may continue to rise due to a weak economy and banks' loan loss reserve buffers are no longer as thick as before.
- We expect banks' profits in 2023 to grow by 10%, lower than the growth rate of 35% in 2022. Banks with strong risk management and/or thick loan loss reserve like VCB, BID, CTG, ACB and STB can maintain profit growth above the industry average.

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.
- Vietnam's life insurance market still has a lot of room for growth. The proportion of the population with life insurance was only 11% by the end of 2021. We expect the growth rate of life insurance sales for the next 5 years of 15%/year.
- For the non-life insurance segment, we expect non-life insurance sales to grow at 1-digit rate annually for the next 5 years.

Industry outlook

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

- The securities brokerage sector in Vietnam still has a lot of potential for growth. The number of new accounts opened in 2022 reached 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.
- In short-mid term, 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

- 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.
- Although the securities brokerage sector has a lot of room for growth, it also has a very high level of competition. In Vietnam, there are many securities companies while their products 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).
- Registered FDI in 5M23 reduced by 7% YoY, to USD10.9bn.
- In a draft replacing Resolution No.54 states that HCMC proposes the High-Tech Park of HCMC and the Industrial and Export Processing Zones of Ho Chi Minh City (Hepza) are authorized to approve and adjust tasks and detailed construction 1/500 planning within the zones to reduce prolonged legal process of investment projects.

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:	FMCG	Short term outlook:	NEUTRAL	Long term outlook:	POSITIVE	Main ticker:	SAB, MSN, VNM
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Sector Overview

- Fresh food & FMCG accounted for the largest part of consumer's spending (before COVID-19: 26.8% in 2019 according to Kantar).
- Maintained stable growths prior COVID-19 thanks to increasing income per capita and consumer confidence. Stable macroeconomic conditions also contributed to the this industry's growth.
- Despite COVID-19, FMCG monthly spending per household has been consistently increasing over the past 5 years.
- While the disruption in Global supply chains caused by Covid-19 hasn't been fully restored, the additional negative effects from the war in Ukraine has further pushed commodity prices up. These, coupled with the effects from monetary policies, caused inflation to soar globally. With that said, CPI in Vietnam is still within the range targeted by the Government indicating inflation has not gone uncontrollable yet. Still, Inflation will be one of the key risk for the coming period that needed to be keep an eye on.

Outlook / What to Watch

- For 2023, the negative outlook of the economy has affected the sector in particular discretionary products. Whereas, consumer staple sub sector remained resilience to worsened Marco conditions. Q1 results showed a drop of 15% in SAB's revenues whereas MCH's revenues slightly fell by 3% and VNM's revenues stayed flat.
- For short-term, macro-conditions will continue to be the key factor affecting results of companies in the sector, especially for discretionary consumer companies.
- With that said, we expect this the long-term outlook is still promising, underpinned by a developing economy, large, young, and increasingly connected population, rising urbanization, higher incomes and living standards, and rising middle class.

Industry outlook

Industry:	CONSUMER GOODS & SERVICES	Sub-sector:	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 fell under 500 USD/ton in final days of May, reaching 3 months low. Domestic steel sale prices also recorded a down trend since beginning of May while input materials for steel manufacturer experienced low demand, which lead to decline in material prices. Declining material prices in theme of weak steel demand also cause a downtrend of steel sales prices recently.
- 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 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. Despite coking coal and iron ore prices have reduced recently, domestic steel makers could record previous high inventory prices into their cost.

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. Public investment could be key driver for steel consumption in second half of 2023.

Industry outlook

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

- The Global Freight rate index reduced to the level of under 1380 points (-3.5% 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 3.5% during May, 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 facing a low global trading flow, Vietnam trading value is recording a positive MoM growth in May, with 4.5% MoM growth (-14.5% YoY).
- Since beginning of 2023, Vietnam trade value record a negative year-on-year growth with -14% YoY growth.
- The negative growth in Vietnam trading could put a negative effect on logistic activities
- The growth target which Ministry of Industrial and Trading set for Vietnam export value in 2023 of 6% YoY could be missed, as the major export product of Vietnam, which is cellphones and electronic devices is falling behind with -16% YoY growth after 5 months.

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 surged well in first half of April thanks to OPEC+’s substantial production cut of more than 1.1 million barrel/ day, Brent oil price declined and fluctuated in lower range of USD70-80/ barrel in May amid global demand uncertainty from recession fear.
- In June, OPEC+ producers just agreed to extend its production cut, that they had announced in April, through the end of 2024 while Saudi also pledged to cut 1 million bbl/ day additionally for 1 month beginning in July. However, economic fear quickly overshadow the expected positive impact of this decision.
- 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). 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 4M2023, accumulated electricity consumption decreased fairly compared to the same period 2021; in which coal power plant still accounts for a significant proportion.
- In Apr 2023, electricity production of the whole system reached 23.26 bn kWh (+4.6% YoY), accumulated 4M2023, electricity output reached 85.46 bn kWh (-0.2% YoY), of which:
 - Hydro: 20.42 bn kWh, accounts for 23.9% of the total output.
 - Coal thermal: 39.57 bn kWh, accounts 46.3% of the total output.
 - Gas and oil thermal: 9.91 bn kWh, accounts 11.6% of the total output.
 - Wind & Solar energy: 14.1 bn kWh, accounts 16.5% of the total output.
 - Import energy: 1.28 bn kWh, accounts 1.5% of the total output.
- May 4th, 2023 EVN officially announce to apply the new average electricity selling price of 1,920.37 dong / kWh (not including VAT), a 3% increase from 1,864.4 dong / kWh. In addition, the national electricity system faces many difficulties when the hot waves lasts for a long time on a large scale. For example, on May 6, 2023, although it is a weekend, the national consumption capacity has reached more than 43,300 MW and the consumption volume of this day in the whole country has also reached more than 895 million kWh. It is forecast in the following months of May, June, and July, the North will enter the peak of heat, and the national power system's load will continue to increase and be higher than the national electricity system operation plan approved by the Ministry of Industry and Trade.

Outlook / What to Watch

- On the basis of the PMI for May 2023, which dropped below the average level of 50 to reach 45.3, the electricity industry has recently suffered the same gloomy fate as the overall economy. This is the sixth-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. However, it would be offset in the next couple months due to hot waves which leads to higher demand on electronic devices such as air-conditioner.
- On May 15th, 2023 the National Power Plan VIII (PP8) has been officially approved. We expect this will pave the wide way for renewable energy (RE) development, especially wind power for 2021 – 2030 period, along with gas turbines as foundation sources, replacing coal-fired; and improving electrical infrastructure to be compatible with high proportion of RE in national energy portfolio.

Industry outlook

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

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

Outlook / What to Watch

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

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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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