

MARKET MOVEMENT

July 2023

Stronger-than-expected 2Q GDP growth strengthen market confidence

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Vietnam economy conditions improved in the second quarter with the GDP grew 4.14% y/y bringing the GDP growth of the first six month to 3.72% from 3.28% in the first quarter. The PMI in June increased slightly to 46.2 but remains in contraction territory while IIP increased only 2% m/m and 2.8% y/y. Public investment is pushing with disbursement capital increased 17.3% m/m in June, reached 33% of the assigned plan. Retail sales and other services kept growing in June amid the international visitors to Vietnam continued to surge. The import-export turnover was still slow but the trade balance maintain surplus at US\$12.25bn in the first six month of 2023. On the monetary market, the interbank interest rate fell strongly after the SBV cut policy rates for four time since the beginning of this year but the credit growth still slow at 3.13% as of June 20th reflecting the capital absorption of the economy was still weak. On a cautious view, we upgrade Vietnam's GDP growth forecast for the whole year 2023 to 5.2% thanks to the service sector growth and the recovery of the industry and construction sectors in the second half of this year.

Vietnam stock markets experienced an active trading month with the VNIndex rose 4.2% to 1,120 points at the end of June after reaching the highest level since the beginning of 2023 at 1,141 points and the overall liquidity improved strongly with the ADTV rose 38.5% over last month. However, the foreigner investors continued to be net sellers on VNIndex in June with the net value of US\$15.3m reversing the year-to-date net value to net sellings of US\$12.7m. Globally, the Fed paused ten consecutive hike rates by holding the Fed Funds Rate unchanged at 5% - 5.25% in the June meeting but signaled to hike target rates to 5.6% by year-end if the economy and inflation do not slow down more, amid central banks in Europe continued to raise key interest rates for inflation targets. In Vietnam, the 15th National Assembly passed 8 Laws and 17 Resolutions which many affect positively to the economy, combined with the interest rate cut of SBV bringing the lower deposit rates, stimulated the idle money flowing to stock markets.

The P/E of VNIndex at the end of June stayed at 13.8, remain lower than the average of 14.3 of ASEAN markets, lower 14% than the 10y average and lower 22% than the 3y average. In the cautious view, we expect that the EPS growth of VNIndex in 2023 will be 7.9% thanks to growth of transportation, banks, materials and financial services would bringing the attractive valuation of VNIndex for investors to accumulate stocks. We also expect that there are new idle cash shift to stocks markets as lower deposit rates and gloomy corporate bond market which can observe by number of new opened account surging in recent two months. The 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. Others positive factors of the market are the implementation of KRX trading system which is in testing phase and the public investment which will be pushed by government. Current worries of investors are mainly external in nature with recession concerns given persistent high prices and interest rates hike continuing, geopolitical instability in the world and the shifting of foreign investment flows.

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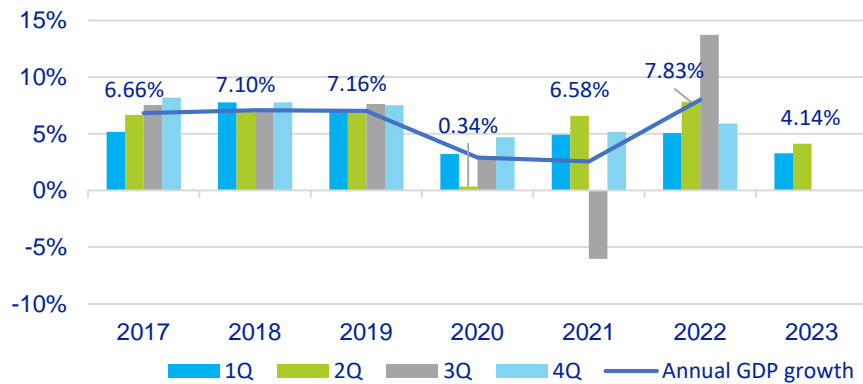


- ❖ Gasoline prices increased by c.2.4% m/m and diesel prices increased by 1.2% in June 2023.
- ❖ The 15th National Assembly issued Resolution No.57 approving the investment policy on construction of Ring Road 3 in Ho Chi Minh City with total length of 76.34 km passing through four localities including HCM City, Dong Nai, Binh Duong and Long An.
- ❖ The 15th National Assembly passed 8 Laws and 17 Resolutions, including the Law on Protection of Consumer Rights, the Law on Bidding (amended), the Law on Prices (amended), and the Law on Electronic Transactions (amended), Resolution 98 on piloting a number of specific mechanisms and policies for the development of Ho Chi Minh City, reducing the value-added tax rate by 2% according to Resolution No. 43/2022/QH15 of the National Assembly on fiscal and monetary policies to support the Socio-Economic Recovery and Development Program, applied from July 1, 2023 to the end of December 31, 2023.
- ❖ The State Bank of Vietnam (SBV) continued to cut policy interest rates for the fourth time since early 2023, effective from June 19th, 2023, including decrease of 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 to 5% from 5.5%, refinancing rate to 4.5% from 5%, rediscount rate to 3% from 3.5%, maximum interest rates of deposits in VND for time deposits of 1-month to below 6-month terms to 4.75% from 5%, maximum interest rates of deposits in VND for time deposits of 1-month to below 6-month terms at the People's Credit Funds and the Micro Finance to 5.25% from 5.5%, Maximum short-term loan interest rate in VND of credit institutions & foreign bank branches for borrowers to satisfy the capital requirements for certain economic fields and sectors to 4% from 4.5%.
- ❖ The Report on "Macroeconomic and foreign exchange policies of major trading partners of the United States" dated June 17, 2023, the United States listed 7 economies on the monitoring list, including: China, Korea, Germany, Malaysia, Singapore, Switzerland and Taiwan. Vietnam remains out of this monitoring list of currency manipulation.
- ❖ The Mercantile Exchange of Vietnam (MXV) launched the trading of commodities options contracts for businesses and investors on June 26, with 8 options product including Corn (CBOT), Soybean (CBOT), Wheat (CBOT), Arabica Coffee (ICE US), Sugar 11 (ICE US), WTI Crude Oil (NYMEX), Brent Crude Oil (ICE EU) and Natural Gas (NYMEX).

- ❖ On June 29th, 2023, the signing ceremony of the minutes of handing over the O Mon 3 and O Mon 4 power plants project documents took place in Hanoi between the Electricity of Vietnam (EVN) and PVN. According to the Power Plan VIII, the Block B - O Mon gas and electricity project chain will be an important source of electricity, supplementing the national electricity system in the Southern region in the period 2026 - 2030. On June 24th, 2023, the Prime Minister issued Document No. 77/TTg-CN transferring the investor of O Mon 3 and O Mon 4 power plant projects from EVN to PVN to ensure the progress of implementation of these two projects.
- ❖ Fed paused ten consecutive hike rates by holding the Fed Funds Rate unchanged at 5% - 5.25% in the June meeting but signaled to hike target rates to 5.6% by year-end if the economy and inflation do not slow down more.
- ❖ The European Central Bank (ECB) hiked its key interest rates by 25bps to 3.5% and signaled interest rates hike continues in the July meeting and it will take a long time to control inflation.
- ❖ The Swiss National Bank (SNB) announced a 25bps hike taking its policy rate to 1.75% on 22 June. In the same day, the Norway's central Bank (Norges Bank) raised its key policy rate by 50bps to 3.75% to curb inflation.
- ❖ The People's Bank of China (PBoC) cut its 7-day reverse repo rate by 10bps from 2% to 1.9% on June 13, for the first time since August 2022 to prop up growth and continued to lower the loan prime rates (LPR) for 1-year and 5-year terms by 10bps from 3.65% to 3.55% and from 4.3% to 4.2%, respectively, on June 21.

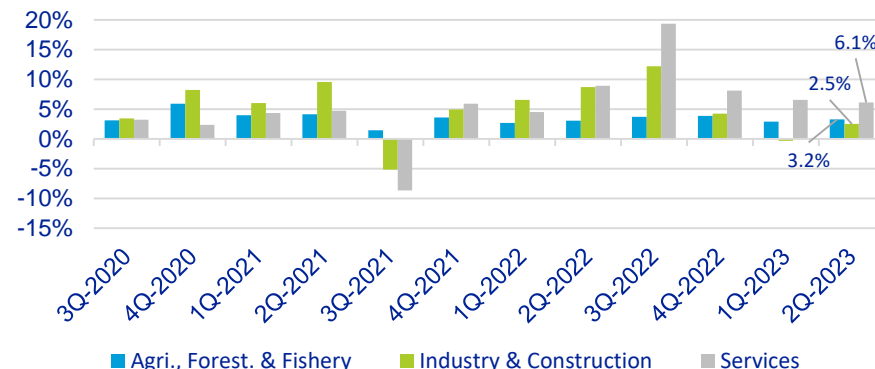
GDP growth slowed amid global economy facing difficulties

Vietnam GDP growth by quarter



Source: GSO, ACBS

GDP growth breakdown

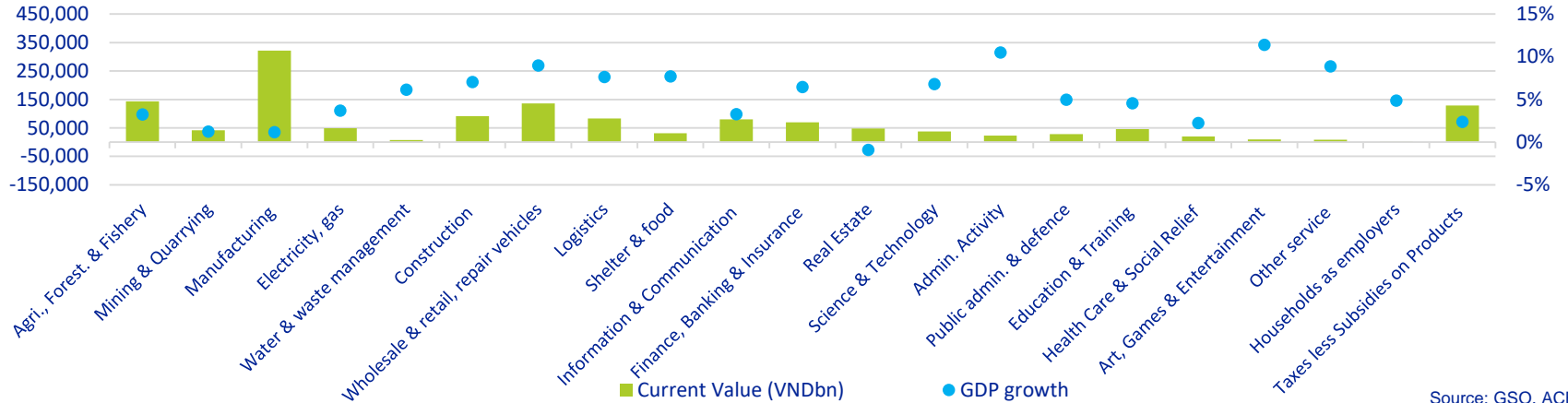


Source: GSO, ACBS

- ❖ Vietnam's GDP in the second quarter of 2023 increased by 4.14% y/y, higher than the increase of 3.18% in the first quarter (revised down to 3.28% compared to the first estimate of 3.32%) but quite low compared to the 2Q GDP growth of previous years (except for the increase of 0.34% in 2Q2020) thanks to the largest contribution of the service sector and the improvement of industry and construction, while the agriculture-forestry-fishery sector maintaining a stable growth rate, in the context that the global economy is still facing growth difficulties, in which Germany, Europe's largest economy, fell into a technical recession in the first quarter of this year, and inflation in the US and EU yet to reach the target level of policymakers.
- ❖ GDP in the first 6 months of 2023 increased by 3.72%, lower than the average rate of 5.56% of the same period in the 2016-2022 period. In which Final Consumption increased by 2.68%, lower than the increase of 3.01% in the first quarter and lower than the same period in previous years, Gross Capital Formation increased by 1.15%, improved compared with the increase of 0.02% in the first quarter, exports decreased by 10% and imports decreased by 13.2%, both decreased sharply in the first quarter while import and export increased in the same period last year. The contribution of final consumption decreased while the contribution of gross capital formation and import-export gap improved compared to the previous quarter.

GDP breakdown by industry

GDP by Industry in 2Q2023

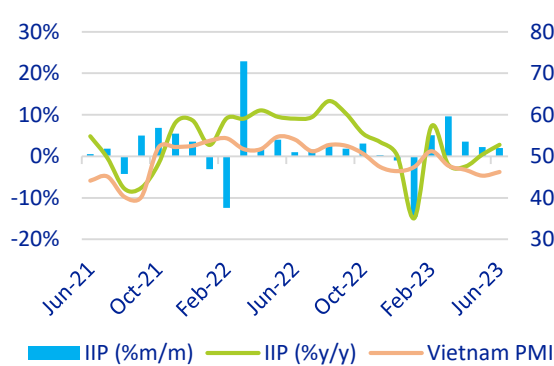


Source: GSO, ACBS

- ❖ The service sector grew by 6.11% in the second quarter, lower than the 6.56% of the first quarter and lower than the average of 6.34% of the same period in the 2012-2022 period, but still be largest contribution to GDP. In which, some industries which grew higher than the growth of the first quarter were Information and communication, Wholesale - Retails, Transportation - Logistic, the only industry with negative growth in the second quarter was Real estate (- 0.89% y/y).
- ❖ Industry and construction (+2.5% y/y) improved compared to negative growth of 0.35% in the first quarter, of which Mining, processing and manufacturing, electricity and gas production and distribution achieved positive growth. After a decline in the first quarter, the construction grew by 7.05%, higher than the average of 6.94% in the period 2012-2022 given many public investment projects were pushed.
- ❖ The agriculture, forestry and fishery sector grew by 3.25% in the second quarter, higher than the average of 2.85% for the period 2021-2022 and contributed 0.33% to GDP in the second quarter. The agricultural sector grew by 3.45% thanks to favorable weather, application of high technology and reasonable crop structure conversion, resulting in higher productivity, although the area of winter-spring rice decreased compared to the previous year due partly to the conversion to non-agricultural land for urbanization or plant structure transformation. The forestry increased by 3.2% thanks to an increase in the area of new plantations and timber exploitation. The fishery industry increased by 2.66% with aquaculture production and fishing output of 0.5%. Both forestry and fishery increased below the average in the period 2012-2022.

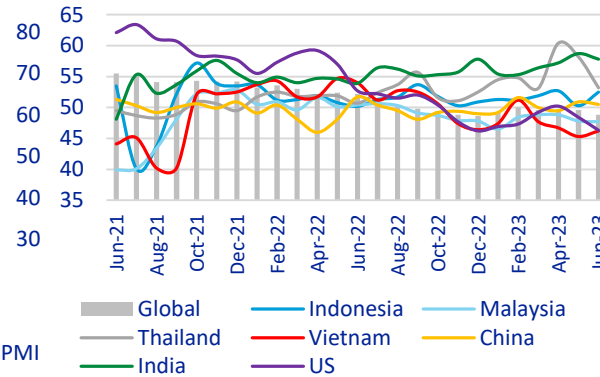
Industrial production remains sluggish

Vietnam IIP and PMI



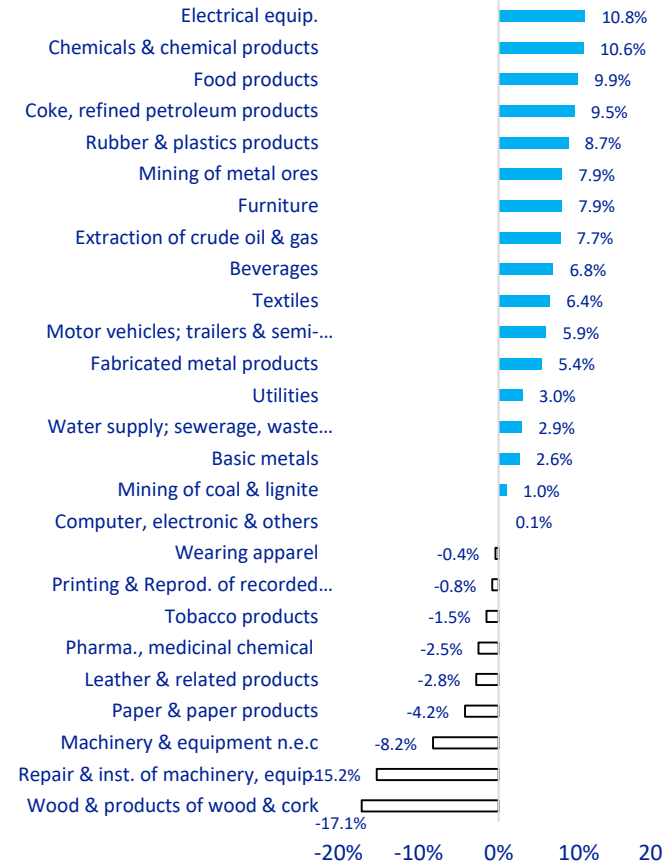
Source: GSO, IHS Markit, ACBS

Vietnam PMI and other markets



Source: Bloomberg, IHS Markit, ACBS

IIP June 2023 by industry

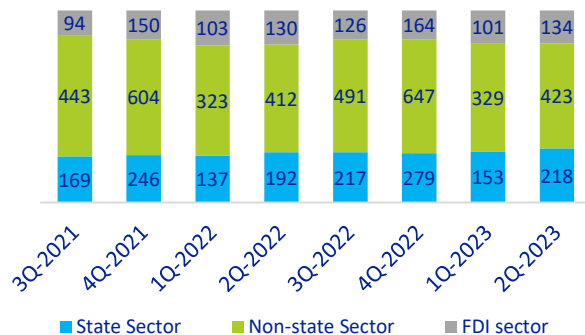


Source: GSO, ACBS

- ❖ Industrial production in June remain to grow slowly with IIP increasing only 2% m/m and 2.8% y/y. In 6M2023, IIP decreased by 1.2% y/y, a decline narrowing from the decrease of 2% in 5M2023, in which the mining and quarrying (-1.7%) and manufacturing (-1.6%) decreased while production & supply of electricity (+1.5%) and extraction, treatment and supply of water (+5.4%) recovered.
- ❖ The number of employees working in industrial enterprises as of June 1st, 2023 increased 0.8% m/m and decreased 4.2% y/y, in which labor in FDI enterprises decreased strongest (-4.7% y/y).
- ❖ The PMI in June improved slightly to 46.2 from 45.3 points in May, remains in contraction territory given the weak demand, the output and new orders continued to fall and input costs decreased for the first time in three years. Globally, global PMI decreased to 48.8 while the PMI in Eurozone, US and other large economies in Asia likes Australia, China, India, Japan, South Korea also fall in June, in which China and India PMI still stayed in expansion territory but weaker than last month.

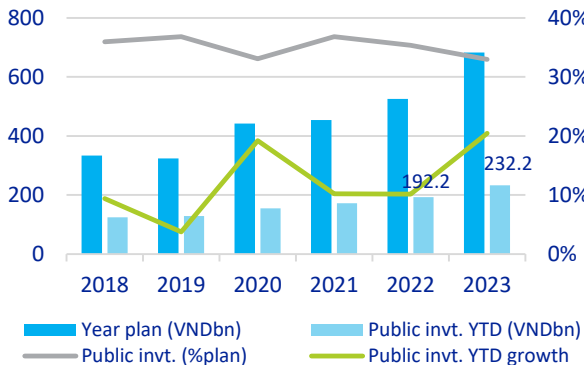
Total investment disbursement

Unit: VNDtn



Source: GSO, ACBS

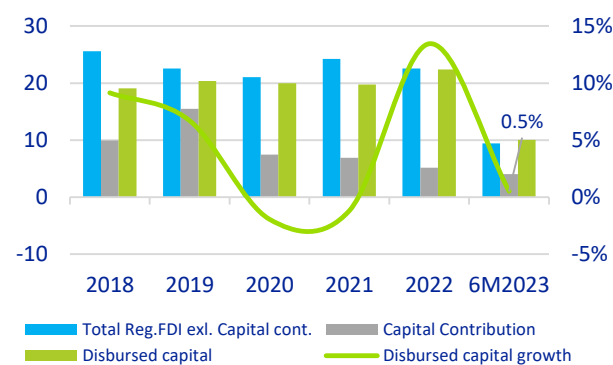
Public investment in 6M



Source: GSO, ACBS

FDI attraction by years

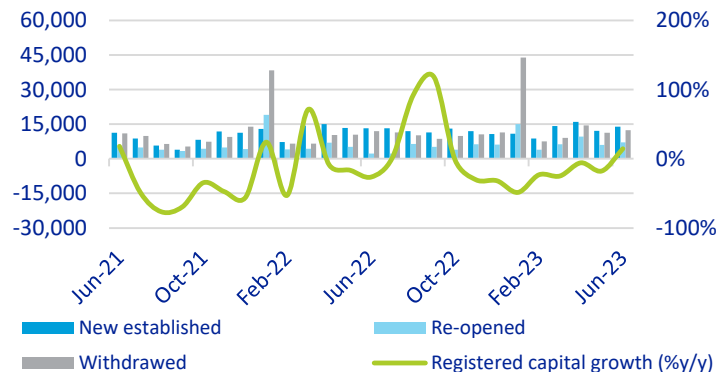
USDbn



Source: MPI, ACBS

- ❖ Total investment capital in the second quarter of 2023 increased by 5.5% y/y, reaching VND775bn, lower than the average rate of 8.9% of the second quarter in the period 2017-2022. In which, the non-state sector (+2.4%/y) continued to play the leading role when contributing 54.6%, the contribution of FDI sector (+3.8%/y) decreased to 17.3% and the State sector (+13.5% y/y) increased to 28.1%. In 1H2023, total investment capital reached VND1,358tn(+4.7%).
- ❖ Public investment disbursement reached VND54.2tn in June (+17.3% m/m, +24.6% y/y) and VND232tn in 1H2023 (+20.5%), completing 33% of the assigned plan (lower than the average of 36.1% in the period 2017-2022). Many projects face difficulties given the lack of capital and embankment materials, slow site clearance, and complicated procedures. However, some projects are being considered to solve the material difficulty and new policies promulgating architectural projects will remove bottlenecks in public investment.
- ❖ Non-state sector improved with the number of newly established enterprises increasing by 4.8% y/y with 13.9 thousands enterprises, the total registered capital increased by 14.6% y/y. In 6M2023, the number of newly registered enterprises decreased by 0.5%, the number of enterprises returning to operation decreased by 7.4%, while the number of enterprises withdrawing from the market increased by 19.7%/y.

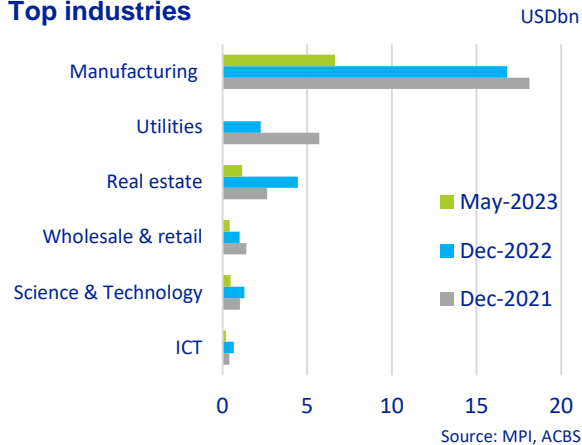
Enterprises activities



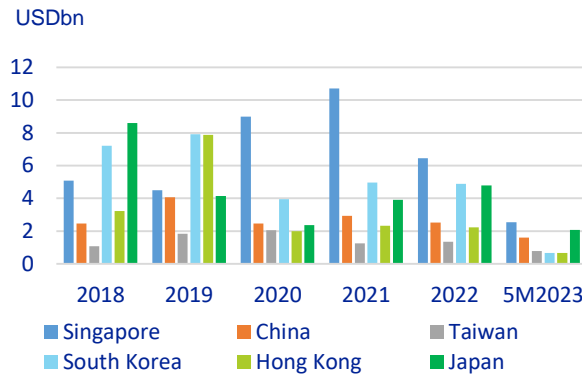
Source: GSO, ACBS

Both registered and disbursement FDI rose

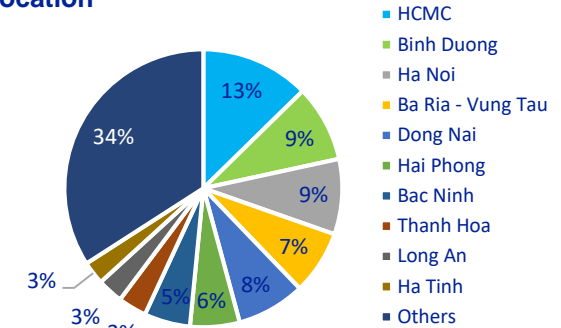
Top industries



Top counterparts

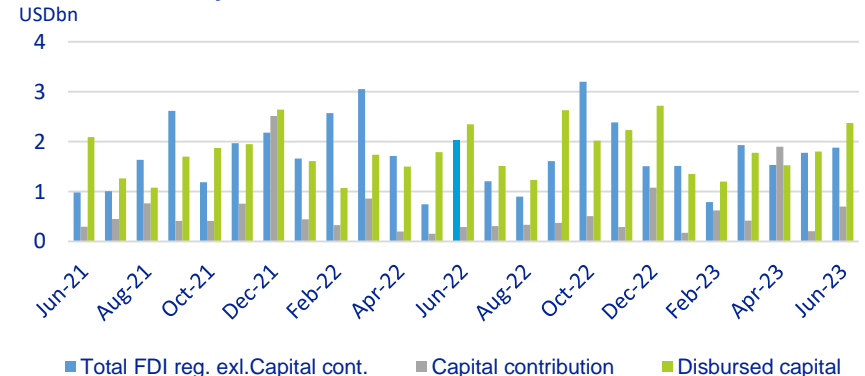


Accumulated FDI as of May 2023 by location



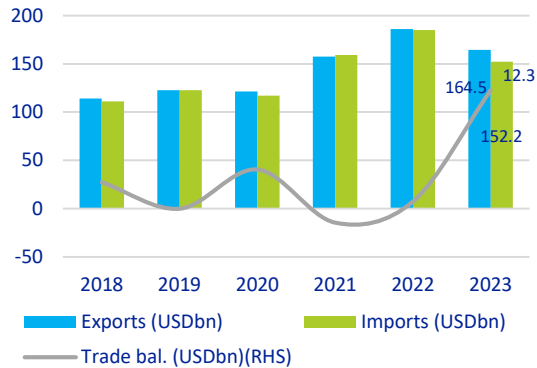
- ❖ Disbursed capital in June increased to US\$2.37bn (+31.7% m/m, +0.9 % y/y) and reached US\$10.02bn in 1H2023 (+0.5%).
- ❖ Registered capital in June was recorded at US\$2.57bn (+30.1% m/m, +11% y/y) and reached US\$13.43bn in 1H2023 (-4.3%). Meanwhile, the number of new projects in 6M2023 increased by 72% y/y due to the smaller scale of newly registered projects compared to 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 continues to be the largest partner in the first 6 months of 2023, followed by Japan and China.

FDI attraction by months



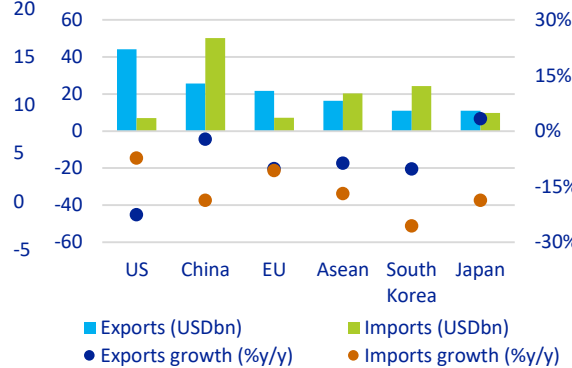
Foreign trade recovered, maintain surplus

Foreign trade in 6M by years



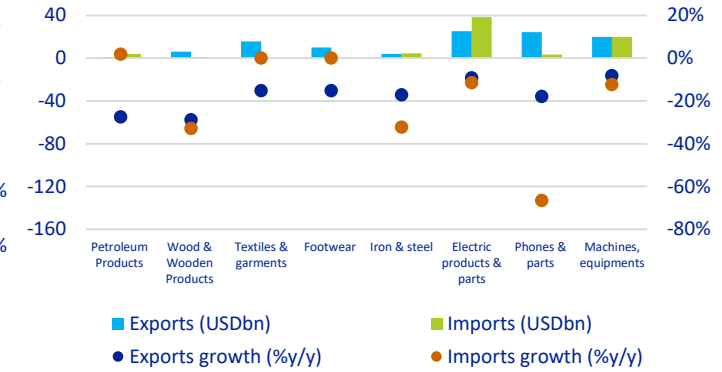
Source: GSO, ACBS

Main EX-IM markets in 6M2023



Source: GSO, ACBS

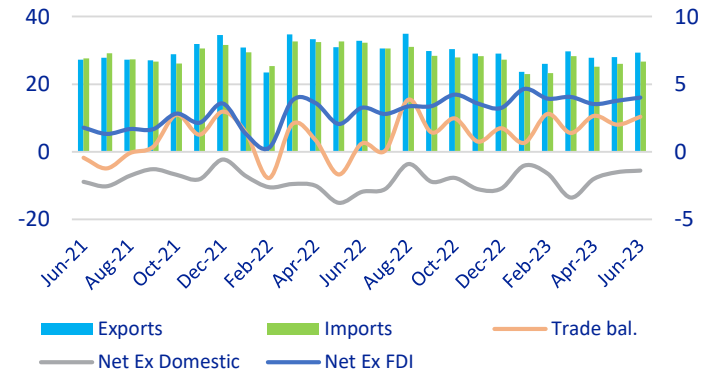
Main EX-IM items in 6M2022



Source: GSO, ACBS

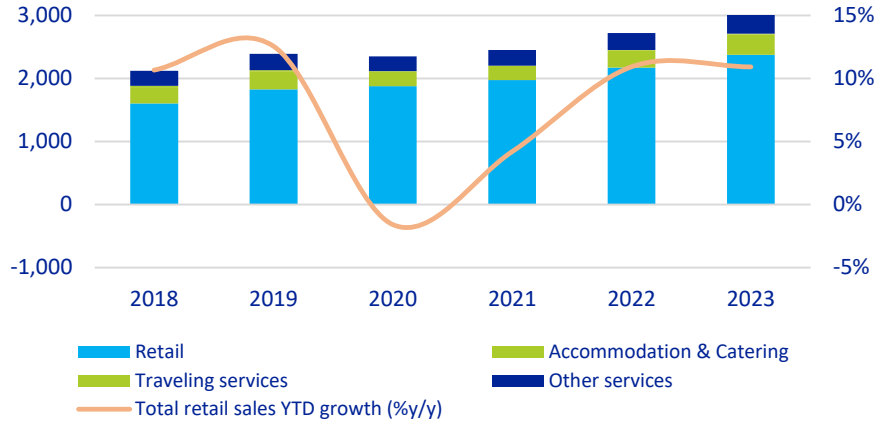
- ❖ Foreign trade recovered slightly in June with total import-export turnover estimated at US\$56bn (+3.6% m/m, -13.9% y/y), of which exports recorded US\$29.3bn (+4.5% m/m, -11.4% y/y) and imports were recorded at US\$26.7bn (+2.6% m/m, -16.9% y/y).
- ❖ In 6M2023, the total import-export turnover was 14.7% lower than the same period in 2022, of which exports decreased by 12.1% and imports decreased by 18.2%, the trade balance reached a surplus of US\$12.25bn, quite high compared to the same period in previous years, in which the FDI sector achieved a record surplus of 22.1 billion USD and the domestic business sector reduced the trade deficit to US\$9.8bn.
- ❖ Exports to China increased by 25.9% y/y in June, the 2nd consecutive month, while other markets decreased, the strongest being the US (-26.4%) and ASEAN (-10.6%). In 1H2023, exports to major markets all decreased year-on-year, except for Japan, which increased by 3.3% thanks to the country's stable economic growth.
- ❖ In 6M2023, among the 10 largest export items, only the Other means of transportation & spare parts increased 14%. Regarding to imports, only seafood imports increased 1.8% while the rest fall sharply.

Foreign trade by months (USDbn)



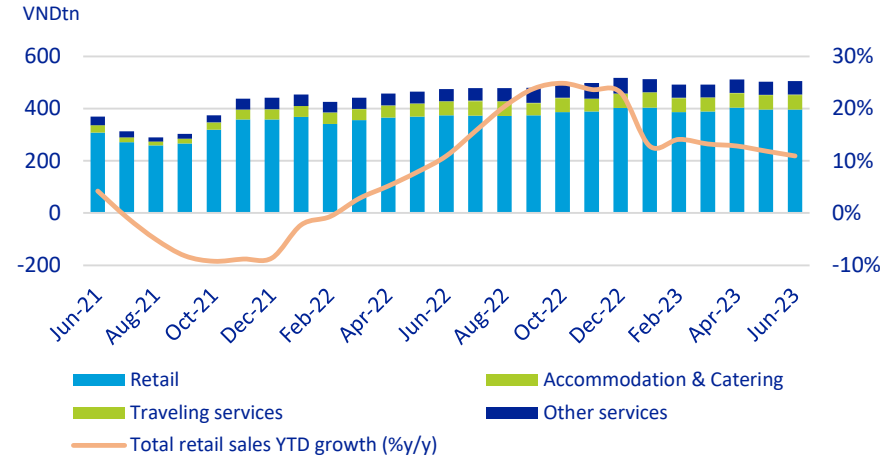
Source: GSO, ACBS

Retail sales of goods and services in 6M



Source: GSO, ACBS

Retail sales of goods and services monthly

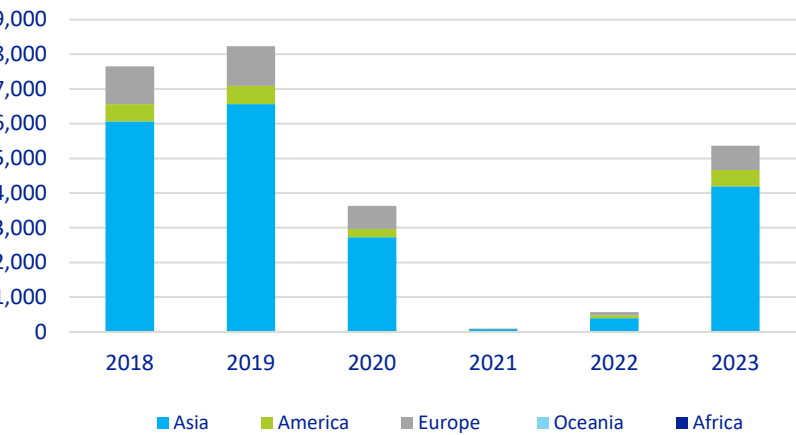


Source: GSO, ACBS

- ❖ Total retail sales was estimated at VND505.7tn in June, increased slightly by 0.5% m/m and 6.5% y/y, of which retail sales of goods and services increased by 6%, slower than previous month's growth. In the first 6 months of 2023, total retail sales reached VND3,016 trillion, up 10.9% y/y, equivalent to the growth rate of the same period last year, in which, retail items which had a high growth rate were food and food products increased by 13.5%, garments increased by 9.5%, cultural and educational products increased by 9.3%.
- ❖ Besides, passenger transportations increased sharply in the first six months of 2023 at all of mean of transportation. Road and waterway freight increased sharply, air cargo transportation decreased slightly and rail transport fell sharply due to reduced import-export orders and high costs. Telecommunications increased by 3.6% y/y in the second quarter and by 3.3% in the first six months of the year.

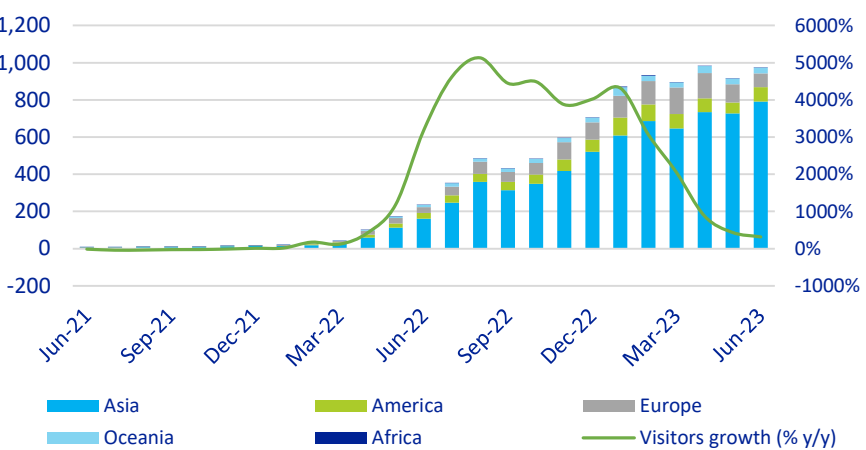
International visitors continued to increase

International visitors in 6M (thsnd)



Source: GSO, ACBS

International visitors monthly (thsnd)

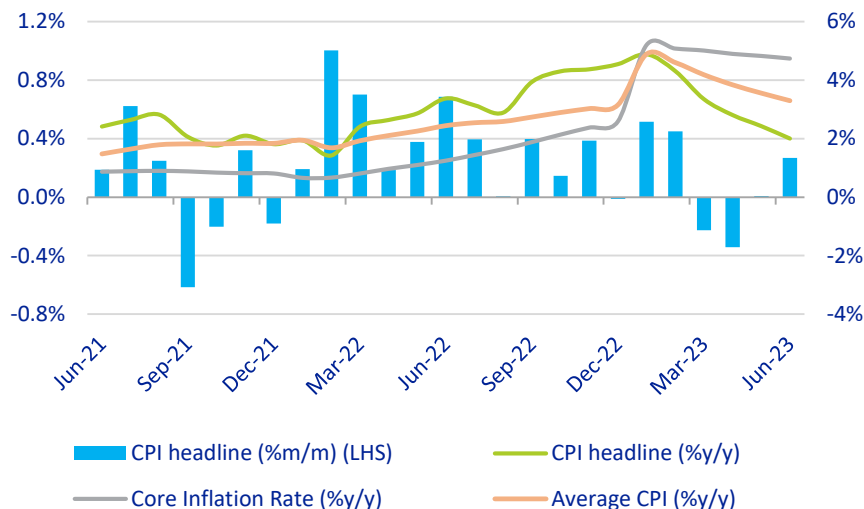


Source: GSO, ACBS

- ❖ International visitors to Vietnam reached 975 thousand arrivals (+6.4% m/m, +312% y/y), in which visitors from South Korea, the United States, Cambodia, Taiwan and China increased strongest compared to last month.
- ❖ The total number of international visitors in the first six months of 2023 reached 5.6 million arrivals, 8.3 times higher than the same period in 2022 but still 34% lower than the same period in 2019 (before the COVID-19 pandemic). Visitors from South Korea, China, the United States and Taiwan were the top visitors in the first six 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, the reopening border of China after three years of COVID-19 closure which improving the transportations and foreign trade between China and Vietnam, and favorable policies on visas and official entry and exit have effective from 15/8/2023 will boost the number of international visitors to Vietnam in the last six months of the year.

Inflation continued to slow

CPI monthly



Source: GSO, ACBS

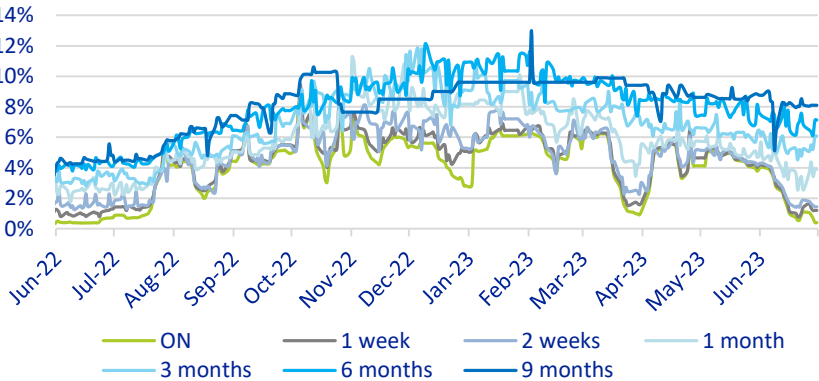
CPI Basket	Weight (%)	06/2023 (% m/m)	06/2023 (% y/y)	Avg 6M2023 (% y/y)
CPI headline	100.0	0.27%	2.00%	3.29%
Food and Foodstuffs	33.6	0.57%	3.34%	4.14%
Food	3.7	0.09%	3.78%	3.77%
Foodstuff	21.3	0.72%	2.62%	3.60%
Eating outside	8.6	0.42%	4.96%	5.66%
Beverage, cigarette	2.7	0.16%	3.23%	3.70%
Garment, footwear	5.7	0.11%	2.16%	2.44%
Housing and constrn. Materials	18.8	0.07%	6.49%	6.60%
Household appliances & goods	6.7	0.19%	2.11%	2.49%
Medicine, health care	5.4	0.01%	0.61%	0.63%
Transportation	9.7	0.16%	-11.98%	-5.08%
Postal services, Telecom.	3.1	-0.23%	-0.58%	-0.37%
Education	6.2	0.11%	5.75%	7.95%
Culture, entertm't. & tourism	4.6	0.34%	2.30%	3.74%
Other goods, services	3.5	0.26%	3.39%	3.36%

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

- ❖ Consumer Price Index (CPI) in June increased by 0.27% m/m and 2% y/y, lower than the increase in May. Housing and building materials (+0.07% m/m) with an increase in domestic electricity price due to EVN hike the retail price of electricity from May 4th, 2023 and high electricity demand given prolonged hot weather, and food and catering services (+0.57% m/m) with food prices increasing by 0.72%, are the highest contributors to the increase in CPI in June compared to last month. In 6M2023, CPI increased by 3.29% and core inflation increased by 4.74%, lower than the increase in last month.
- ❖ The US posted a PCE of 3.8% y/y in May, down significantly from the 4.3% recorded in April thanks to a sharp drop in energy costs and lower food prices. Core PCE (excluding food and energy prices) eased slightly from April's 4.7% increase to 4.6% in May.

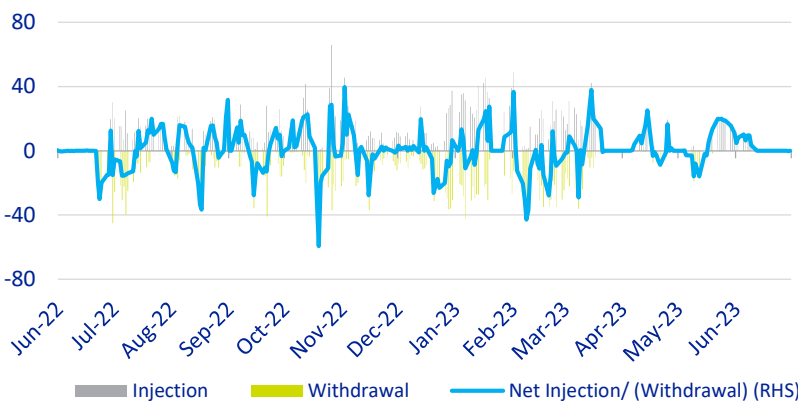
Interest rates decrease after SBV lowered policy rates

Interbank Rate



Source: FiinPro, ACBS

Net Injection/ (Withdrawal) from OMO (VNDtn)



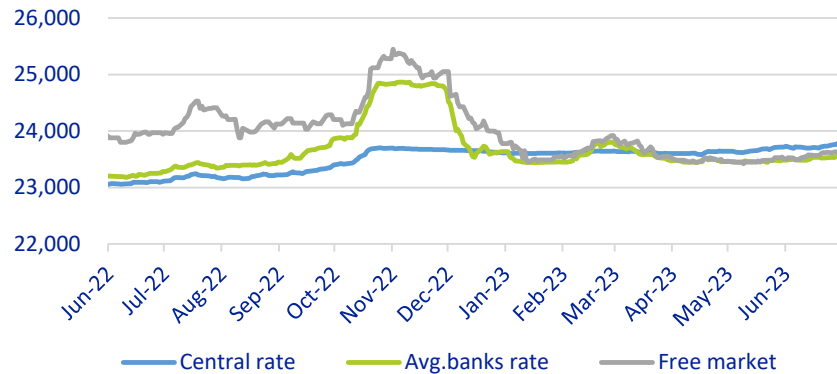
- ❖ Interbank interest rates for most terms decreased in June, especially for terms of less than 1 month. Compared to the beginning of 2023, interbank interest rates in most terms decreased sharply. On June 16th, 2023, the SBV continued to cut the operating interest rates from 25bps to 50bps, this is the fourth interest rate cut in 2023 to realize the National Assembly and Government's goal on economic recovery. Meanwhile, the Fed ended a streak of 10 consecutive rate hikes by keeping the federal funds rate unchanged at 5% - 5.25% at its June meeting but signaled it would continue to consider raising the target rate to 5.6% by year-end if the economy and inflation do not continue to slow down. The ECB and SNB both continued to raise rates by 25bps to curb inflation while China cut its prime lending rate by 10bps to support growth.
- ❖ In June, the SBV net injected VND51tn into the market mainly through mature T-bills. 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 June '23 (%)	0.39	1.20	1.43	3.90	6.07	7.13	8.10
+/- MoM (bps)	-351	-297	-283	-89	-40	-49	-66
+/- YTD (bps)	-242	-388	-385	-427	-302	-378	-151

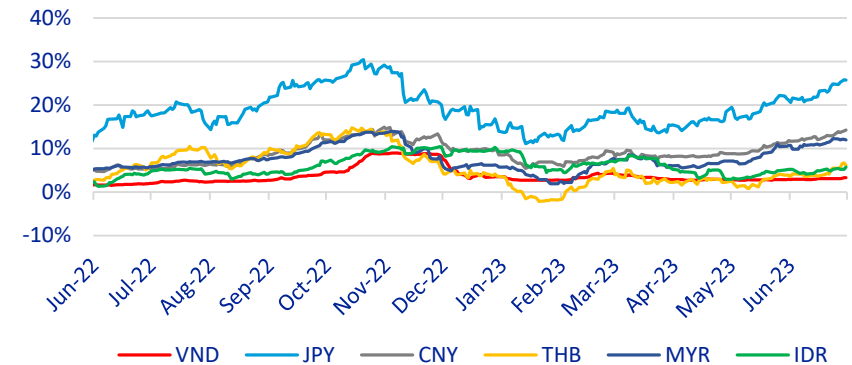
USD/VND rate fluctuates as pressure of strengthening USD

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 exchange rate fluctuated in the last two weeks of June with the average exchange rate at banks closing the month at 23,585, an increase of 0.4% compared to the previous month, the central rate and the free market respectively increased by 0.36% and 0.55% as pressure of strengthening USD. Since the beginning of the year, the Vietnam Dong has depreciated by about 0.8% against the USD and the difference of USD/VND exchange rates in the market has decreased significantly, showing the effectiveness of the currency policy of the regulatory agencies and the supply and demand in the market remains stable.
- ❖ Gold price in the global market at the end of June dropped by 2.4% to 1,916 USD/ounce given the pressure of strengthening USD while domestic gold price decreased slightly by 0.1% to 67 million VND/tael, which represent an premium of about 22% to global markets.

Key macro indicators

Monthly data	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23
Industrial Production (% y/y)	9.5%	13.3%	10.3%	5.5%	3.5%	0.2%	-14.9%	7.2%	-2.0%	-2.4%	0.5%	2.8%
Mining & quarrying	-2.8%	7.5%	14.9%	12.1%	16.8%	-5.1%	-13.0%	9.9%	-4.2%	-5.5%	2.9%	1.9%
Manufacturing	11.1%	14.1%	9.6%	4.4%	2.3%	0.6%	-15.6%	6.8%	-2.5%	-2.8%	-0.9%	2.9%
Prod & dist of electricity	6.2%	12.3%	16.4%	9.3%	2.7%	1.3%	-12.4%	8.3%	1.8%	2.3%	7.7%	3.0%
Water supply & waste treatment	12.1%	5.9%	9.1%	14.4%	7.0%	5.5%	-1.4%	7.1%	11.1%	8.1%	4.7%	2.9%
PMI	51.2	52.7	52.5	50.6	47.4	46.4	47.4	51.2	47.7	46.7	45.3	46.2
Retail Sales (% y/y)	52.9%	65.2%	58.2%	34.1%	13.5%	17.3%	12.8%	15.5%	11.5%	11.7%	8.1%	6.5%
CPI (% m/m)	0.4%	0.0%	0.4%	0.1%	0.4%	0.0%	0.5%	0.4%	-0.2%	-0.3%	0.0%	0.3%
CPI (% y/y)	3.1%	2.9%	3.9%	4.3%	4.4%	4.5%	4.9%	4.3%	3.4%	2.8%	2.4%	2.0%
Export Value (USDm)	30,607	34,918	29,817	30,369	29,020	29,029	23,611	26,052	29,709	27,864	28,040	29,300
Import Value (USDm)	30,533	31,059	28,388	27,903	28,277	27,292	22,955	23,253	28,322	25,208	26,035	26,710
Trade Balance (USDm)	74	3,859	1,429	2,466	743	1,737	656	2,799	1,387	2,656	2,005	2,590
Disbursed FDI (USDm)	1,512	1,230	2,628	2,022	2,230	2,716	1,350	1,200	1,774	1,526	1,800	2,370
Registered FDI excl. Cap. Cont. (USDm)	1,203	899	1,610	3,197	2,387	1,507	1,511	788	1,932	1,534	1,776	1,877

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%	3.7%
Industrial Production	7.6%	9.8%	7.5%	9.4%	10.2%	9.1%	3.4%	4.8%	7.8%	-1.2%
Retail Sales	10.6%	9.5%	10.2%	10.9%	11.7%	11.8%	2.6%	-3.8%	19.8%	10.9%
Consumer Price Index	4.1%	0.6%	2.7%	3.5%	3.5%	2.8%	3.2%	1.9%	3.1%	3.3%
Export Value (USDbn)	150.22	162.02	176.58	215.12	243.70	264.34	282.53	336.25	371.30	164.45
Import Value (USDbn)	147.85	165.78	174.98	213.22	236.87	254.09	262.67	332.25	358.90	152.20
Trade Balance (USDbn)	2.37	-3.76	1.60	1.90	6.83	10.25	19.86	4.00	12.40	12.25
Disbursed FDI (USDbn)	12.35	14.50	15.80	17.50	19.10	20.38	19.98	19.74	1.61	10.02
Registered FDI (USDbn)	20.23	22.76	20.95	29.97	25.57	22.55	21.06	24.26	1.66	9.42

Quarterly data	1Q-2021	2Q-2021	3Q-2021	4Q-2021	1Q-2022	2Q-2022	3Q-2022	4Q-2022	1Q-2023	2Q-2023
GDP (% y/y)	4.9%	6.6%	-6.0%	5.2%	5.1%	7.8%	13.7%	5.9%	3.3%	4.1%
Agriculture, Forestry & Fishing	4.0%	4.1%	1.4%	3.6%	2.7%	3.1%	3.7%	3.9%	2.9%	3.2%
Industry & Construction	6.0%	9.6%	-5.2%	5.0%	6.6%	8.7%	12.2%	4.2%	-0.4%	2.5%
Services	4.4%	4.7%	-8.7%	5.9%	4.5%	8.9%	19.3%	8.1%	6.6%	6.1%
Industrial Production (% y/y)	5.7%	12.4%	-5.0%	6.4%	6.8%	9.8%	10.9%	3.0%	-2.6%	0.2%
Retail Sales (% y/y)	4.6%	4.1%	-28.3%	0.0%	5.0%	20.1%	41.2%	17.1%	13.2%	8.7%
Export Value (USDbn)	78.40	78.23	82.15	95.62	89.10	96.93	96.31	89.50	81.03	83.42
Import Value (USDbn)	75.61	82.50	83.86	89.07	87.65	97.64	90.29	85.07	76.19	76.01
Trade Balance (USDbn)	2.79	-4.27	-1.70	6.55	1.46	-0.72	6.02	4.44	4.84	7.41
Disbursed FDI (USDbn)	4.10	5.14	4.04	6.46	4.42	5.64	5.37	6.97	4.32	5.70
Registered FDI (USDbn)	9.33	4.34	5.26	5.34	7.28	4.48	3.71	7.09	4.23	5.19

Key macro indicators of other countries

Countries	GDP Growth			Inflation Rate			Manufacturing PMI		
	4Q-2022	1Q-2023	2Q-2023	Apr-23	May-23	Jun-23	Apr-23	May-23	Jun-23
Indonesia	5.0%	5.0%		4.3%	4.0%	3.5%	52.7	50.3	52.5
Malaysia	7.1%	5.6%		3.3%	2.8%		48.8	47.8	47.7
Philippines	7.1%	6.4%		6.6%	6.1%	5.4%	51.4	52.2	50.9
Singapore	2.1%	0.4%		5.7%	5.1%				
Thailand	1.4%	2.7%		2.7%	0.5%	0.2%	60.4	58.2	53.2
Vietnam	5.9%	3.3%	4.1%	2.8%	2.4%	2.0%	46.7	45.3	46.2
China	2.9%	4.5%		0.1%	0.2%		49.5	50.9	50.5
Hong Kong	-4.1%	2.7%		2.1%	2.0%				
Taiwan	-0.8%	-2.9%		2.4%	2.0%	1.8%	47.1	44.3	44.8
Japan	0.4%	1.3%		3.5%	3.2%		49.5	50.6	49.8
South Korea	1.3%	0.9%		3.7%	3.3%	2.7%	48.1	48.4	47.8
India	4.5%	6.1%		4.7%	4.3%		57.2	58.7	57.8
United States	2.6%	2.0%		4.9%	4.0%		50.2	48.4	46.3
Eurozone	1.8%	1.3%		7.0%	6.1%	5.5%	45.8	44.8	43.4

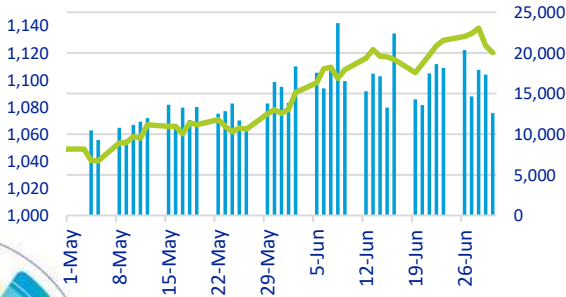
- ❖ On a cautious view, we upgrade Vietnam's GDP growth forecast for the whole year 2023 to 5.2%, well below than the Government's target of 6.5% and higher than the average of ASEAN countries as estimated by ADB thanks to the following factors:
 - Growth of the service sector in the second half of the year thanks to demand-stimulating policies such as the VAT reduction to 8% and the strong growth of domestic travelling and international visitors to Vietnam given the transportation infrastructure system is upgrading and favorable policies on visas and official entry and exit have effective from 15/8/2023 which could boost the number of international visitors to Vietnam in the last six months of the year.
 - The recovery of the industry and construction sectors, in which the construction industry will grow stronger in the third and fourth quarters thanks to the policies to promote public investment and the lower interest rate;
- ❖ In the short term, we see some potential uncertainty on USD/VND exchange rate given the increasing difference of interest rate between USD and VND after the SBV cut policy interest rates for four times in this year while hike interest rates in US and ECB likely to continue. We supposed that the current situation with abundant supply of the foreign currency thanks to remittances, high trade surplus and FDI inflows and we expect that new FDI inflows will be continued in the rest of year thanks to government's investment promotion policy and stable remittances could support to Vietnam Dong in next months.

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	5.4% (July 2023)	6.5% (May 2023)
HSBC	5.8% (Dec 2022)	6.3% (Jul 2022)
United Overseas Bank	6.6% (Dec 2022)	
ACBS	5.2% (July 2023)	4.4% - 5.1% (April 2023)

Stock market recap in June

Statistics	June 2023		6M2023	
Bloomberg Code	VNIndex		VNIndex	
Range (pts)	1,072 - 1,141		1,007 - 1,141	
Month End Index (pts)	1,120.2		1,120.2	
Month End Mkt cap (VNDbn)	4,500,957		4,500,957	
Month End Mkt cap (USDbn)	189.5		189.5	
Daily Avg Value (VNDbn)	17,001		11,810	
Gainers	261		316	
Laggards	140		89	
Net Foreign Trade (USDbn)	-0.015		-0.013	
Foreign Participation	7.6%		9.7%	
Performance (%)	1M	3M	6M	12M
VNIndex	4.2	5.2	11.2	-6.5
VN30	5.3	4.6	11.7	-10.1



Vietnam stock markets experienced an active trading month with the VNIndex rose 4.2% to 1,120 points at the end of June after reaching the highest level since the beginning of 2023 at 1,141 points and the overall liquidity improved strongly with the ADTV rose 38.5% over last month. However, the foreigner investors continued to be net sellers on VNIndex in June with the net value of US\$15.3m reversing the year-to-date net value to net sellings of US\$12.7m. Globally, the Fed paused ten consecutive hike rates by holding the Fed Funds Rate unchanged at 5% - 5.25% in the June meeting but signaled to hike target rates to 5.6% by year-end if the economy and inflation do not slow down more, amid central banks in Europe continued to raise key interest rates for inflation targets. In Vietnam, the 15th National Assembly passed 8 Laws and 17 Resolutions which many affect positively to the economy, combined with the interest rate cut of SBV bringing the lower deposit rates, stimulated the idle money flowing to stock markets. In June, the UOB Asset Management Malaysia (UOBAM Malaysia) launched the United Vietnam Equities Fund (UVEF) bringing the opportunities to hold Vietnamese stocks for Malaysia investors.

Hoa Phat Group (HOSE: HPG, +23%) which was bought tirelessly by foreign investors in recent 11 months was the largest contributor in VNIndex in June, following by bank tickers such as VCB (+6.4%), MBB (+11.3%), TCB (+8%) and VNM (+7.4%) which was officially announced the new brand identify for the first time in 47 years, marking the strong transformation for the next development. EIB (+4.7%) was added to the MVIS Vietnam Local Index, a new reference index of Vaneck Vectors Vietnam ETF (VNM ETF), in the latest review bringing the number of Vietnamese stocks in this basket to 42 tickers. Regarding to insurance market, the Korean non-life insurance company, DB Insurance Co., Ltd (DBI), acquired 75% stake of Saigon - Hanoi Insurance Corporation (BSH), which hold the 9th largest market shares in the Vietnamese property and casualty (P&C). Previously, DBI acquired 75% stake of National Aviation Insurance Corporation (UPCoM: AIC) in February 2023.

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	1,663.4	4.8%	18.4%	10.50	1.97	1.78%	20.46%	30.4%	-25.8%	-1,232.1	-6,647.2
Real Estate	49	763.8	0.4%	7.2%	29.45	1.94	5.76%	13.14%	48.7%	-50.3%	-847.8	-344.9
Food, Beverage & Tobacco	32	453.6	3.5%	-6.2%	26.30	3.75	10.08%	15.51%	56.4%	-44.7%	-1,620.0	-3,247.1
Materials	63	362.9	13.8%	34.5%	116.82	1.52	6.49%	8.40%	59.6%	-53.9%	2,001.3	4,041.1
Utilities	27	307.6	0.5%	5.3%	12.27	2.29	13.48%	20.82%	6.7%	-63.5%	-213.2	705.9
Capital Goods	73	194.1	6.2%	36.3%	214.79	1.61	4.11%	8.93%	32.2%	-53.8%	146.0	529.3
Transportation	28	165.9	2.8%	4.7%	22.07	2.66	1.96%	4.12%	22.6%	-43.6%	-126.5	1,112.3
Financial Services	17	135.1	8.5%	54.8%	37.81	1.69	2.05%	5.59%	28.8%	-8.8%	1,317.7	2,561.0
Software & Services	4	103.1	3.0%	12.2%	17.51	4.05	9.98%	25.45%	2.7%	-64.5%	2.9	342.8
Retail	9	81.2	11.9%	3.2%	27.03	2.87	4.45%	12.07%	102.8%	-49.4%	236.3	401.7
Energy	10	74.6	0.6%	23.1%	185.41	1.59	2.63%	6.94%	4.4%	-56.6%	33.5	-117.0
Insurance	5	44.5	0.5%	-1.1%	18.62	1.52	1.47%	8.34%	76.4%	-72.0%	-109.0	76.3
Consumer Durables & Apparel	17	42.8	7.1%	-1.2%	13.39	2.39	11.29%	16.89%	54.9%	-61.2%	-131.5	-70.8
Pharma, Biotech & Life Sciences	10	34.9	11.2%	34.0%	15.37	2.85	16.32%	20.27%	9.2%	-60.4%	17.8	37.7
Automobiles & Components	6	8.1	4.0%	20.1%	16.26	1.71	6.16%	11.41%	195.1%	-59.3%	-0.6	20.3
Technology Hardware & Equip.	1	7.0	16.7%	10.2%	12.25	2.74	8.78%	24.73%	83.8%	-38.9%	62.6	-100.7
Commercial & Prof. Services	6	6.8	4.6%	40.9%	13.75	2.04	15.64%	21.24%	95.6%	44.4%	-121.8	-102.9
Consumer Services	7	5.5	2.2%	3.9%	61.96	3.76	13.60%	17.61%	31.8%	-55.1%	-10.4	-33.5
Health Care Equip. & Services	3	3.4	-0.9%	13.5%	12.56	1.75	7.22%	12.86%	-15.0%	-82.8%	13.6	45.5
Telecommunication Services	1	1.9	2.0%	-14.5%	0.00	1.16	-2.01%	-7.79%	27.2%	-87.4%	0.0	-0.2
Household & Personal Products	1	1.5	5.8%	18.6%	7.49	1.73	17.96%	26.08%	139.5%	49.7%	-0.3	-24.8
Media & Entertainment	2	1.2	5.7%	53.8%	22.94	1.80	6.48%	10.01%	-31.5%	-92.1%	-1.0	13.1
Unclassified	7	1.0	7.5%	12.9%	10.02	0.53	0.27%	-0.01%	109.2%	-87.7%	1.1	-1.7
VNIndex	417	4,501.0	4.2%	11.2%	13.76	1.72	2.03%	12.82%	38.5%	-45.2%	-398.7	-356.3
VN30 Index	30	3,189.2	5.3%	11.7%	11.36	1.66	2.11%	14.72%	55.0%	-41.4%	-1,827.1	-3,272.3

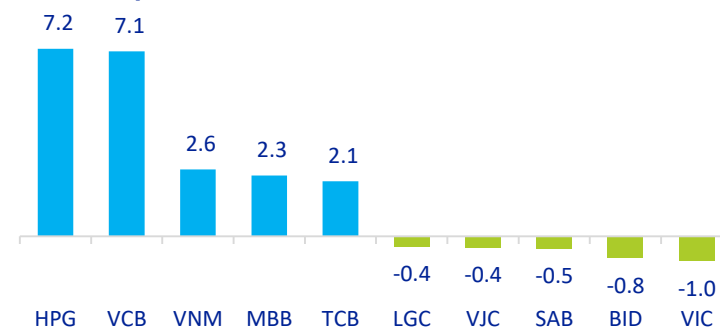
Source: Bloomberg, FiinPro, ACBS

Top 20 Market Capitalization (as at June 30th, 2023)

Ticker	Company name	Market Cap. (VNDtn)	1M return	YTD return	P/E	P/B	Remaining foreign room
VCB	Vietcombank	473.3	6.4%	25.0%	15.3	3.3	6.5%
VHM	Vinhomes	239.5	2.8%	14.6%	6.6	1.5	25.8%
BID	BIDV	219.3	-1.5%	12.3%	10.9	2.1	12.9%
VIC	VinGroup	194.5	-1.9%	-5.2%	25.6	1.7	35.0%
GAS	PetroVietnam Gas	178.0	0.2%	-8.4%	12.2	2.8	46.1%
HPG	Hoa Phat Group	152.1	23.3%	45.3%	229.0	1.6	23.4%
VNM	Vinamilk	148.4	7.4%	-6.7%	20.5	4.7	46.1%
CTG	VietinBank	141.8	5.4%	8.3%	8.4	1.3	2.8%
VPB	VPBank	133.3	2.8%	10.9%	11.0	1.3	0.7%
TCB	Techcombank	113.8	8.0%	25.1%	5.9	1.0	0.0%
MSN	Masan Group	107.1	4.4%	-19.1%	48.8	4.1	18.9%
SAB	SABECO	98.5	-1.9%	-6.6%	20.1	4.1	37.6%
FPT	FPT Corp	95.0	2.3%	11.8%	17.0	4.2	0.0%
MBB	MBBank	91.6	11.3%	21.1%	5.1	1.1	0.0%
ACB	Asia Commercial Bank	85.6	3.9%	20.5%	5.9	1.4	0.0%
BCM	Becamex IDC Corp.	82.0	1.5%	-1.7%	67.7	4.8	46.3%
GVR	Viet Nam Rubber Group	77.6	6.6%	40.6%	23.3	1.6	12.5%
SSB	SeABank	66.4	7.2%	-1.1%	16.9	2.5	4.8%
MWG	Mobile World Investment	63.3	10.5%	0.9%	23.6	2.6	0.0%
VRE	Vincom Retail	60.9	-1.1%	1.9%	17.8	1.8	16.5%

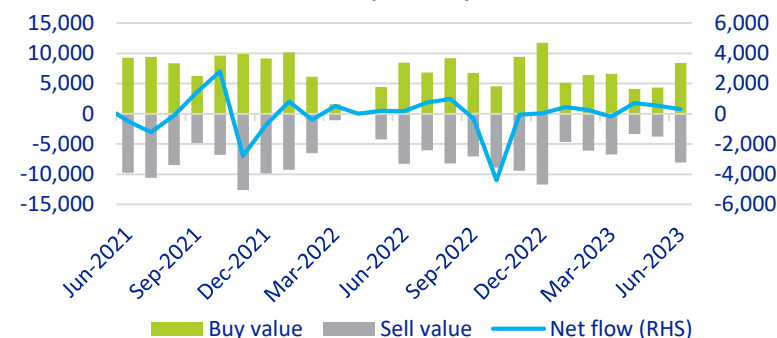
Source: FiinPro, ACBS

Top contributors on VNIndex in June 2023



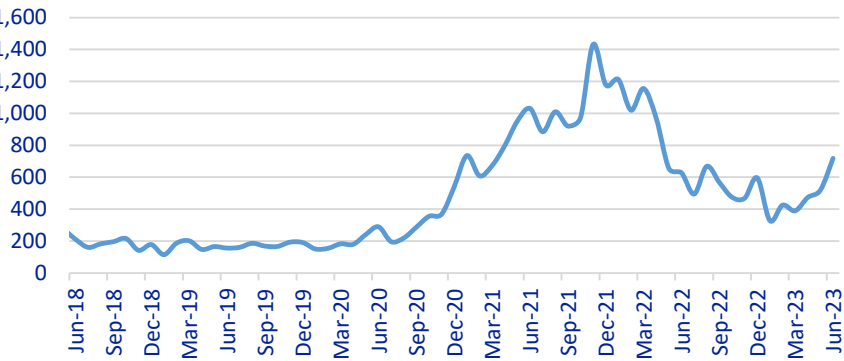
Note: Index impact (pts)

Net brokerage prop trading value into VNIndex (USDbn)

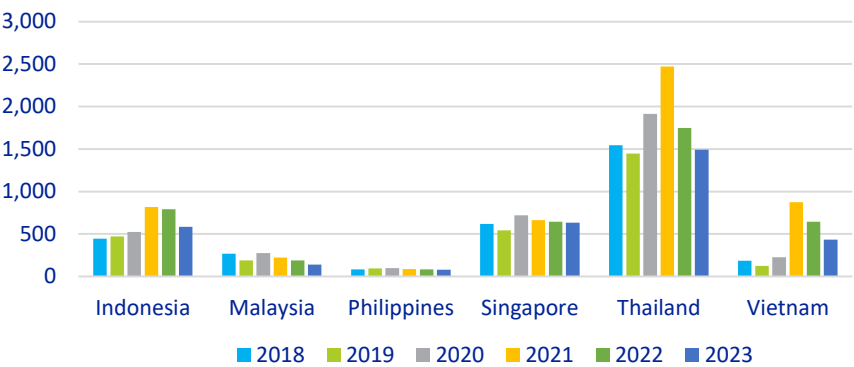


Source: FiinPro, ACBS

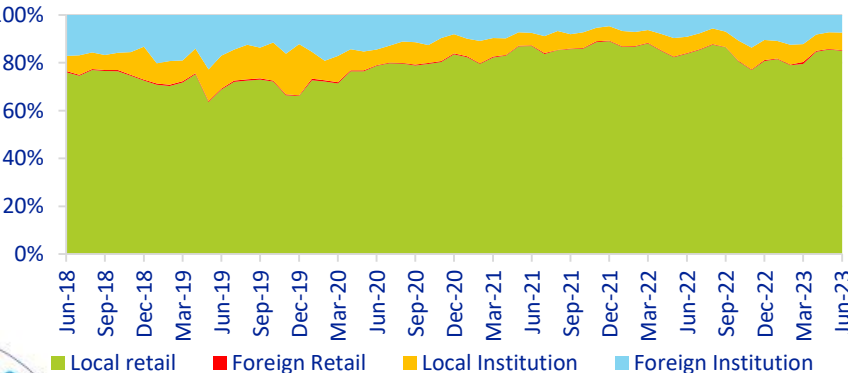
Average Daily Turnover (USDm)



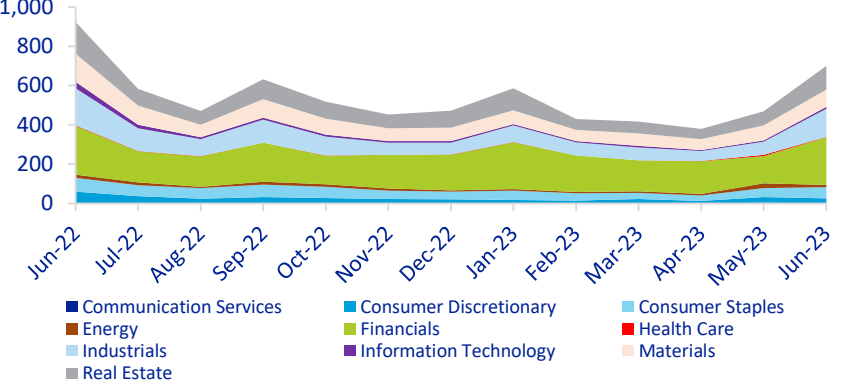
Average Daily Turnover of ASEAN markets (USDm)



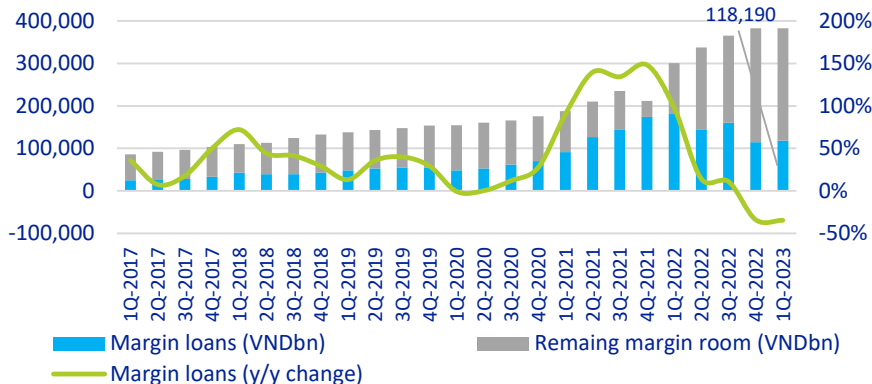
Market Turnover by Investors



Average Daily Turnover by Sector (USDm)



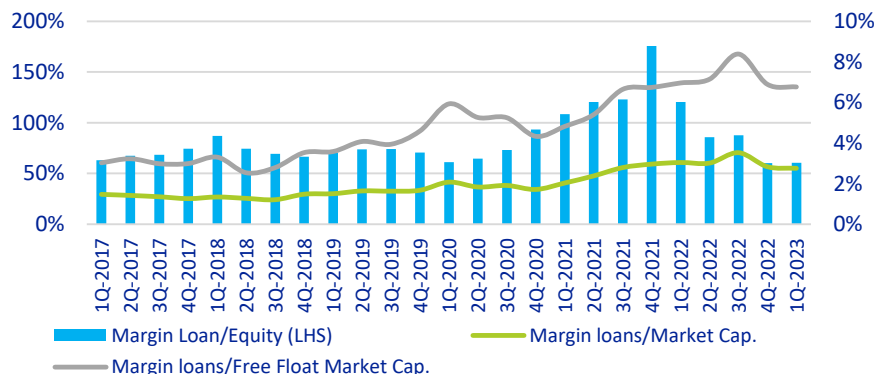
Margin outstanding



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

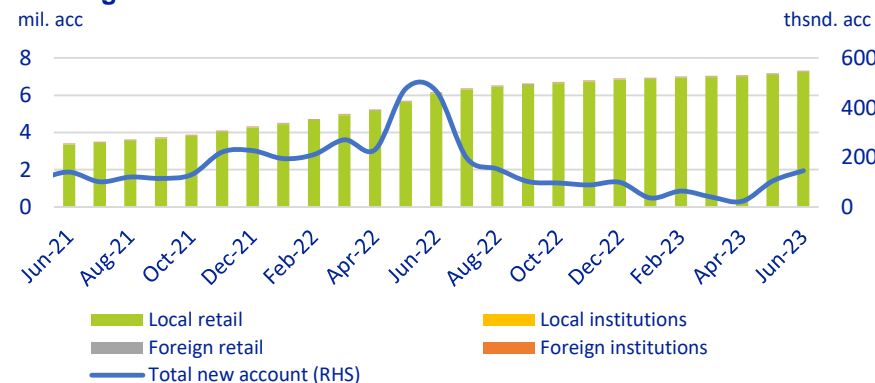
- ❖ Market-wide margin loans outstanding was estimated at VND 118 trillion at the end of the first quarter of 2023, increased slightly by 3% over end of the previous quarter and lower 35% than the same period of last year. The HOSE increased the number of stocks ineligible for margin trading to 87 stocks 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 June rose sharply with over 146 thousand accounts (+39% m/m). Generally, there are nearly 7.3 million accounts as of June 30th, 2023, equivalent to circa 7.3% of Vietnam population.

Margin leverage



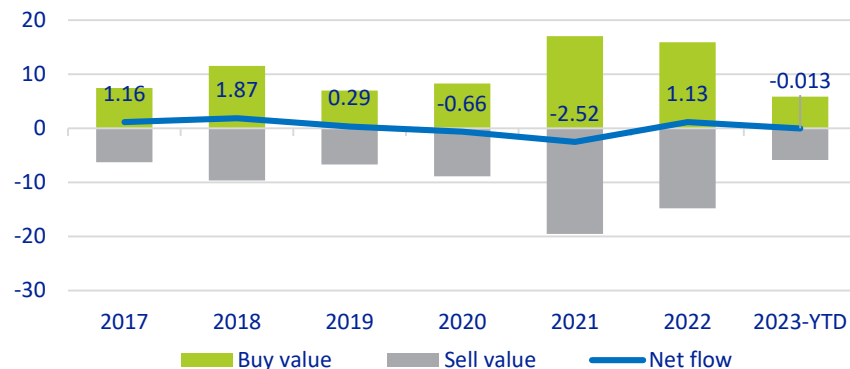
Source: Fiin Pro, ACBS

Trading account



Source: GSO, ACBS

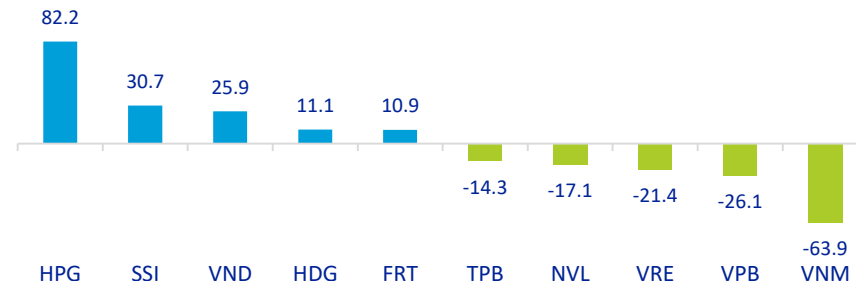
Net foreign flow into VNIndex (USDbn)



Source: FiinPro, ACBS

- ❖ The foreigner investors continued to be net sellers on VNIndex in June with the net value of US\$15.3m reversing the year-to-date net value to net sellings of US\$12.7m. The highest outflows was at F&B and Banks while Material (net inflows of HPG was VND\$1.9tn) and Financial services (with net buying of SSI was VND\$712bn and VND was VND\$614bn) witnessed highest net buyings.
- ❖ The Philippines was the only stock market in ASEAN received net buyings of foreigner investors while four other markets including Vietnam witnessed outflows in June. The overseas investors were also net buyings Indian stock market given expectations of improved economic outlook and Japanese stocks given expectation of their efforts to revamp corporate governance rules and the monetary policy will support stocks market.

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

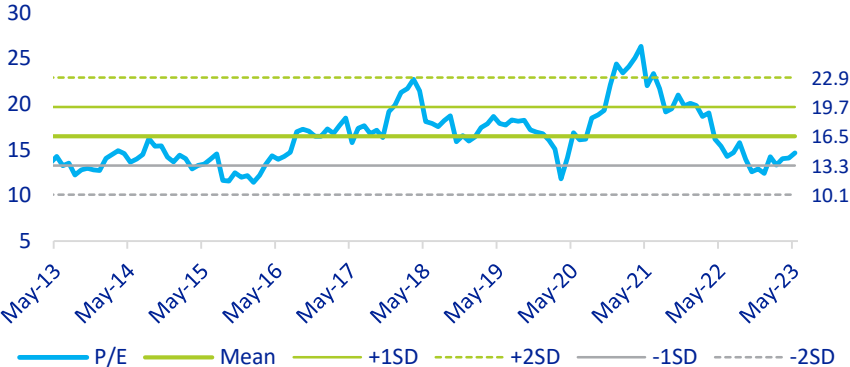


Source: FiinPro, ACBS

Markets	Net foreign flow 1M (USDbn)	Net foreign flow YTD (USDbn)	Market Cap. (USDbn)	Net foreign flow YTD as % market cap
Vietnam	-0.015	-0.013	189.5	-0.01%
Indonesia	-0.293	1.090	632.0	0.17%
Malaysia	-0.249	-0.887	204.7	-0.43%
Philippines	0.097	-0.467	167.4	-0.28%
Thailand	-0.263	-3.107	520.7	-0.60%
Taiwan	0.625	11.595	1,698.4	0.68%

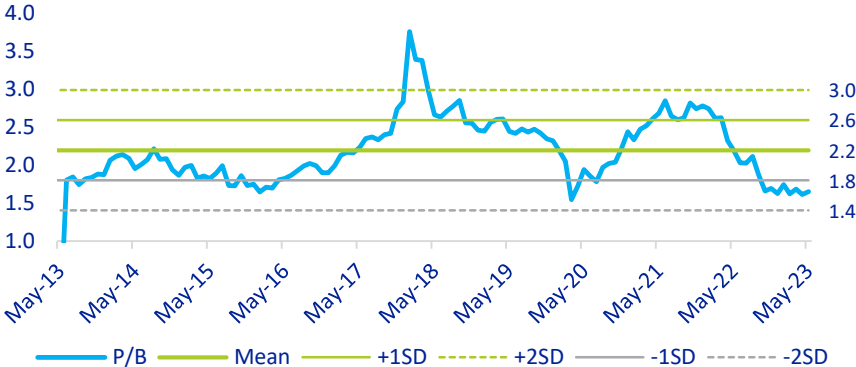
Source: Bloomberg Finance L.P., FiinPro, ACBS

P/E of VNIndex for 10 years



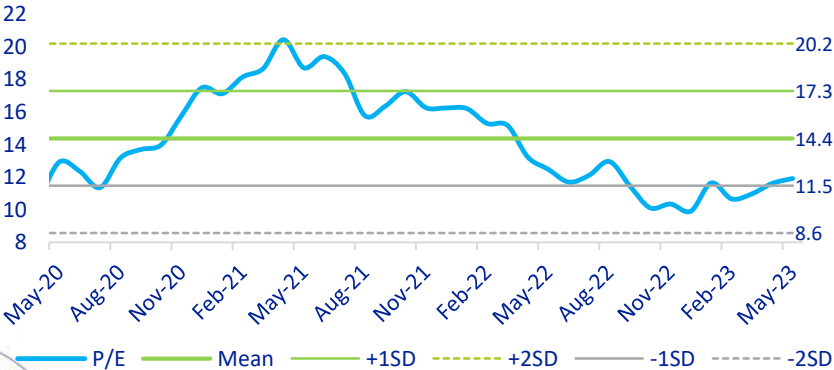
Source: Bloomberg, ACBS

P/B of VNIndex for 10 years



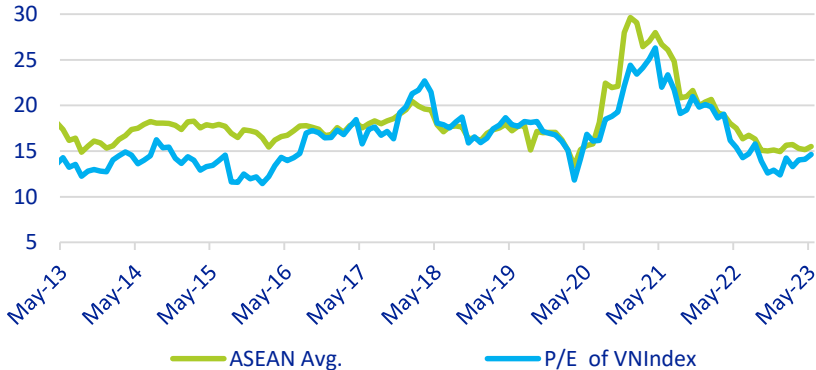
Source: Bloomberg, ACBS

P/E of VN30 for 3 years



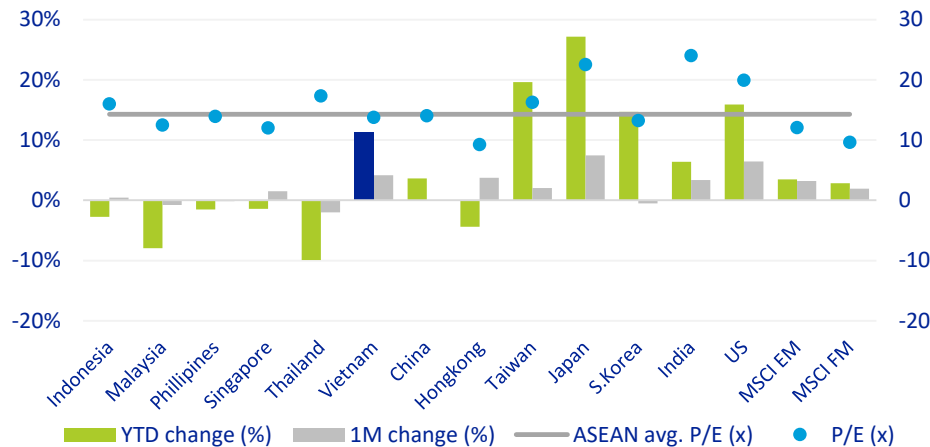
Source: Bloomberg, ACBS

P/E of VNIndex and regional peers average



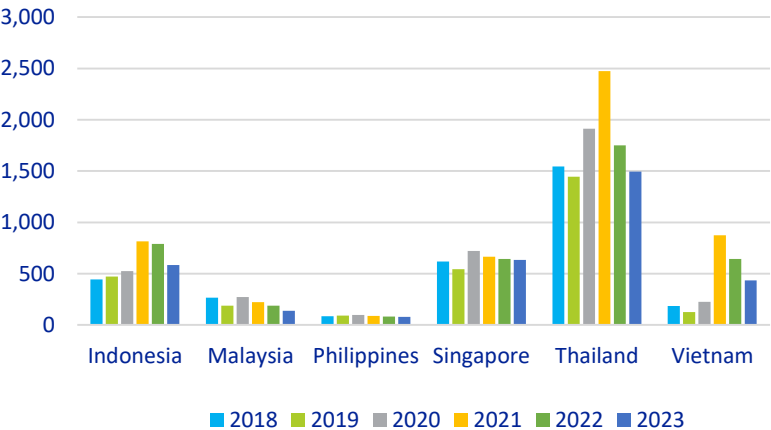
Source: Bloomberg, ACBS

Index comparison



Source: Bloomberg, ACBS

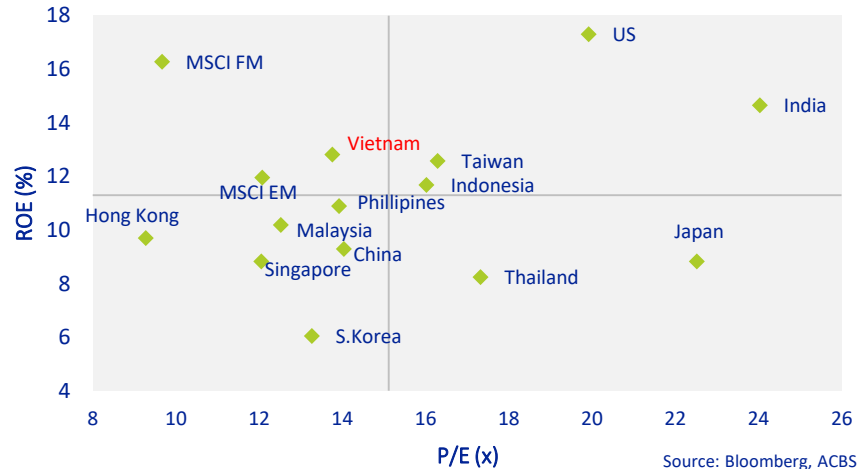
Average Daily Turnover of ASEAN markets (USDm)



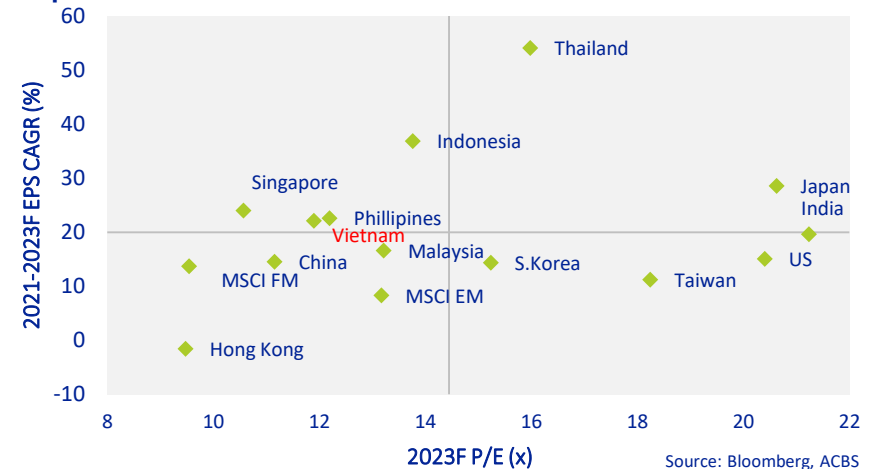
Source: Bloomberg, ACBS

- ❖ Stocks markets in US went up in June after the Fed holding its key interest rates unchanged at 5% - 5.25% in the June meeting. The stock markets in India and Japan also rose in June amid the net foreigner investors inflows given expectation of recovered economic outlook. South Korean stock market fall 0.5% in June amid this market failed to win developed market status from MSCI although many market reformations.
- ❖ The liquidity of VNIndex was in the top deepest decrease in our watchlist with the average daily trading value was lower 33% than last year although it has improved in recent months.

Current market valuation



Expected market valuation



- ❖ The P/E of VNIndex at the end of June stayed at 13.8, remain lower than the average of 14.3 of ASEAN markets, lower 14% than the 10y average and lower 22% than the 3y average. In the cautious view, we expect that the EPS growth of VNIndex in 2023 will be 7.9% thanks to growth of transportation, banks, materials and financial services would bringing the attractive valuation of VNIndex for investors to accumulate stocks. We also expect that there are new idle cash shift to stocks markets as lower deposit rates and gloomy corporate bond market which can observe by number of new opened account surging in recent two months. The 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. Others positive factors of the market are the implementation of KRX trading system which is in testing phase and the public investment which will be pushed by government.
- ❖ Current worries of investors are mainly external in nature with recession concerns given persistent high prices and interest rates hike continuing, geopolitical instability in the world and the shifting of foreign investment flows. Domestically, the electricity shortage causing interruption of manufacturing and businesses is being remedied, the short-term risks on bond markets remains given the large numbers of corporate bonds maturing in 3Q-2023, but the exchange for private placing bonds is being prepared to open on July, hoping to improve bond liquidity, reduce pressure on investors holding bonds.

Upcoming events

Event type	Date	Countries	Events
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
Derivative	17-Aug-2023	Vietnam	The last trading day of VN30F2308
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
Commodity	26-Nov-2023	Global	OPEC+ meeting
Economy	12-Dec-2023	United States	FOMC meeting & economic projections
Economy	14-Dec-2023	European	ECB Monetary policy meeting

Industry Briefs: Sector Outlook Summary

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

¹ Less than 3 months

² More than 1 year

Positive

Neutral

Negative

Construction Materials: We upgrade our long-term outlook for the Construction Materials sub-sector from neutral to positive as the pushing in public investment could benefit the construction material sector in the second half of 2023.

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

- As of June 20, 2023, credit growth only reached 3.13% (according to GSO). Credit growth in 1H2023 was slow due to the weak economy and high lending rates. Abundant banking system liquidity and stable exchange rate have enabled the State Bank of Vietnam to reduce interest rates four times since the beginning of the year. Monetary policy towards loosening 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. 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

- Deposit rates continue to decline, which will reduce funding costs of banks in 2H2023. However, NIM will recover slowly due to the lending interest rate support packages of banks.
- Credit growth is forecast to improve in 2H2023 when lending interest rates are gradually adjusted down. The State Bank of Vietnam maintains its 2023's credit growth target of 14-15.
- 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 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.
- In short-mid term, the rate cuts of the SBV will have a positive impact on the stock market and the business results of the securities companies. A recovering market with improved liquidity will positively support the brokerage, margin lending and proprietary trading of securities companies.

Outlook / What to Watch

- Vietnam's capital market is still in developing phase and has a lot of growth potential, especially in the advisory and underwriting businesses, despite facing some short-term problems, 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).
- 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 witnessed the fall of orders from importers due to tightening spending, inflationary pressure, economic instability and high inventories in some key importing countries in the first months of 2023. Companies also found more requirements from buyers such as lower prices, smaller order scale, shorter time of delivery, shifting to recycled materials, etc. The industry's export value is estimated to reach \$17.2bn, down by 17.2% YoY, from the beginning to the first half of June 2023.

Outlook / What to Watch

- Given that lower orders due to weak consumption and economic turbulence in major importers remain, there is doubt that the industry may satisfy 2023 plan on export value. 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. 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.

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:	POSITIVE	Main ticker:	HPG, HSG, HT1, KSB
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Sector Overview

- Global steel rebar prices hovered around 500 USD/ton throughout June while the market is currently lack of major information affecting the demand outlook. Meanwhile, the steel market seems to maintain current level in the theme of little information which could have a major effect on steel prices outlook.
- 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 recovery speed of domestic steel industry is expected to be quite slow, while being affected by recovery speed of residential real estate development. The domestic steel market is also facing foreign competition while global steel manufacturing cost and domestic cost are mostly at the same level.
- In the reduction theme of Vietnam steel market so far, 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 1300 points (-5.7% 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 5.7% during June, 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 June, with 3.6% MoM growth (-14.1% YoY).
- Since beginning of 2023, Vietnam trade value record a negative year-on-year growth with -15.2% 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 5M2023, accumulated electricity consumption increased fairly compared to the same period 2021; in which coal power plant still accounts for a significant proportion.
- In May 2023, electricity production of the whole system reached 23.34 bn kWh, accumulated 5M2023, electricity output reached 108.95 bn kWh (+4.1% YoY), of which:
 - Hydro: 30.53 bn kWh, accounts for 28.0% of the total output.
 - Coal thermal: 48.12 bn kWh, accounts 44.2% of the total output.
 - Gas and oil thermal: 12.97 bn kWh, accounts 11.9% of the total output.
 - Wind & Solar energy: 16.2 bn kWh, accounts 14.8% of the total output.
 - Import energy: 853 mil kWh, accounts 0.8% of the total output.
- In the first 5 months of 2022, EVN and its units have started 51 projects and completed energizing and putting into operation 41 power grid projects from 110 kV to 500 kV, including 4 projects 500kV, 6 projects of 220kV and 31 projects of 110kV; in which, 500kV Quang Trach - Doc Soi transmission line and 500kV Quang Trach distribution yard have been energized; energizing 01 circuit of 220kV Lao Cai - Bao Thang transmission line; 220kV Tuong Duong substation; increase capacity of 500kV Nha Be and O Mon substations. For power source projects such as: Expanded Ialy Hydropower Plant Project: The basic construction volume has reached the plan; Quang Trach infrastructure project: continue to focus on construction after the items of coal import port and breakwater are approved for the first phase.

Outlook / What to Watch

- In the short-term, on the basis of the PMI for Jun 2023, which dropped below the average level of 50 to reach 46.2, the electricity industry has recently suffered the same gloomy fate as the overall economy. This is the 7th -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 partially due to hot waves which leads to higher demand on electronic devices such as air-conditioner.
- We project the local electricity scarcity in number of Northern provinces will be alleviated during the rainy season, resulting in an increase in the water level in hydropower reservoirs and the mobilization from these sources. In the long-term, we reiterate the positive outlook thanks to the orientation development in National Power Plan VIII (PP8), which focuses on the enhancement of renewable energy (RE), particularly wind power; the less carbon emission source such as gas turbines and the development of synchronous infrastructure for RE.

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

- 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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