

# MARKET MOVEMENT

August 2023

**Consolidate the foundation for the sustainable growth**

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**Vietnam economy conditions improved in July with the improvement of industrial production, foreign trade and domestic trade also.** The IIP in July rose 3.9% m/m and 3.7% y/y and narrowing the year-to-date contraction to 0.7% in 7M2023, while the PMI increased to 48.7 from 46.2 points in June thanks to the slowing of new orders, output and employment decrease. The import-export trade also increased with import-export turnover estimated at US\$57bn (+2.5% m/m, -6.4% y/y), of which exports recorded US\$29.7bn (+0.8% m/m, -3.5% y/y), and imports were recorded at US\$27.5bn (+4.4% m/m, -9.9 %y/y) and got a trade surplus of US\$2.15bn bringing the trade surplus in 7M2023 to US\$15.2bn. The retail sales continued to grow but slowing with total retail sales was estimated of an increase by 1.1% m/m and 7.1% y/y in July. The public investment accelerated but still slower than expectation with total disbursement reached VND58.5tn in July (+7.5% m/m, +28.1% y/y) and VND291tn in 7M2023 (+22.1%), completed 41% of the assigned plan. Disbursement FDI stable at US\$1.6bn and registered capital surged to US\$2.8bn (+9.2% m/m, +86% y/y). Inflation continued to slow with CPI in July rose by 0.45% m/m and 2.07% y/y. In 7M2023, CPI increased by 3.12% and core inflation increased by 4.65%, well below the government plan of 4.5% for 2023. The interbank interest rate of most terms continued to fall in July, in which the O/N rate fell to 0.14%, the lowest rate since March 2021 while deposit rate fall sharply to below 7%. On a cautious view, we maintain Vietnam's GDP growth projection for the whole year 2023 at 5.2% and we expect that the VND would be depreciated by less than 2% against USD in 2023.

**Vietnam stock markets experienced an active trading month with the VNIndex rose 9.2% to 1,223 points at the end of July after surpassed the 1,200 points and the overall liquidity improved strongly with the ADTV rose 8% over last month.** The upward momentum spread across the market with most of sectors rose and have 331 gainers while only 74 laggards. The proprietary trading boosted buying with the net buying value of VND2.4tn, mainly in VPB, FPT, KDH. However, the foreigner investors continued to be net sellers on VNIndex with the net value of US\$33.7m bringing the year-to-date net selling to US\$46.7m. Globally, the Fed raised Fed Fund Rate by 25bps to 5.25% – 5.5% in the July meeting and leaved door open to another hike in the September meeting, following by interest rate hike by 25bps of ECB, affect to USD/VND rate but the impact to stock market is limited as the VNIndex continued to reach new highs amid the VND deposit rate continued falling. Mostly of listed companies released their 2Q2023 financial statements with the total net income of 389 tickers in the VNIndex increased 5% over previous quarter and just decreased 1% over the same periods of last year, with the largest contributions of Real estate, Transportation, Energy and Financial services, closing the earnings season with the better-than-expected results.

The VNIndex had the P/E of 15.1 as at the end of July, higher than the ASEAN markets' average for the first time in recent one year given the strong growth of VNIndex, but the Return on equity stayed at 12.7%, higher than the average of ASEAN markets. **For 2023, we upgrade the EPS growth of VNIndex to 8.3% thanks to growth of transportation, banks, materials and financial services, and with the P/E of 12.2 for 2023, lower than the ASEAN average, we suppose that VNIndex still attractive for investor to accumulate stocks at reasonable valuation.** Current worries of investors are mainly external in nature with the weak demand in global given persistent high prices and interest rates hike continuing, geopolitical instability in the world, the shifting of foreign investment flows and the slow recovery of China post COVID-19. Recently, the IMF upgrade the 2023 global growth projection by 0.2% to 3% thanks to reduced inflations and the global economy is more resilience than forecast of economists. Domestically, the short-term risks on bond markets remains given the large numbers of corporate bonds maturing in 3Q-2023 and 4Q-2023, but the exchange for private placing bonds which opened in July is expected to improve bond liquidity, reduce pressure on investors holding bonds and bond issuers.

1. Macroeconomics
2. Equity Market
3. Topical Issues
4. Industry Briefs

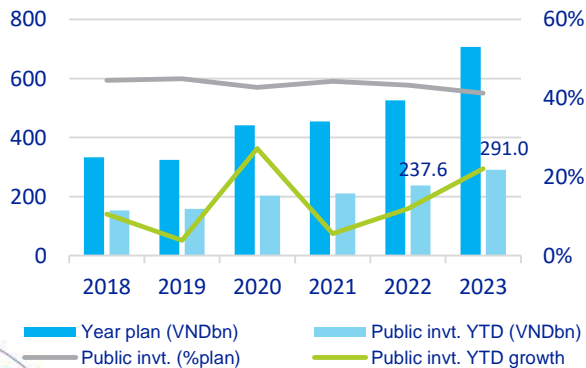


- ❖ Gasoline prices increased by c.3.5% m/m and diesel prices increased by 7.3% in July 2023 amid the global crude oil prices rose strongly in July.
- ❖ On July 10, the SBV decided to raise the credit growth limit for the entire banking system from 11% (issued in March 2023) to 14%.
- ❖ On July 14, 2023, the State Bank of Vietnam (SBV) issued Document 5631/NHNN-TD, guiding commercial banks to implement credit programs for the forestry and fishery sectors. The credit package has a scale of about VND15,000bn, higher than the initial estimate (VND10,000bn).
- ❖ On July 18, 2023, Deputy Prime Minister of Vietnam Tran Hong Ha approved the National Petroleum Supply and Storage Infrastructure Plan for the period 2021-2030, with a vision to 2050, with a total expected investment is VND270tn (US\$11.25bn), of which the contribution is mainly from capital sources outside the state budget.
- ❖ Vietnam's Ministry of Finance (MoF) cut import tariffs for gasoline to 5.62% from 10% and diesel oil and mazut oil to 0.58% and 1.38%, and adjusted some fees in the fuel price calculation formula to lower fuel prices in the coming time.
- ❖ On July 19, the Ministry of Finance held the Opening Ceremony and put into operation the private corporate bond trading system at the Hanoi Stock Exchange (HNX), allowing trading members to connect and send orders to HNX's trading system.
- ❖ The Business Climate Index (BCI), which measures European companies' sentiment in Vietnam, fell by 4.5 points to 43.5 in the second quarter of 2023, according to the BCI Q2 announced by EuroCham on July 10, given low scores in the transportation and logistics, automotive, and energy sectors.
- ❖ The PBoC (China) left the MFL unchanged at 2.65% after lowering 10bps last month, and left the 7-day reverse repo rate unchanged at 1.9%. The basic lending rates LPR 1y and LPR 5y also unchanged at 3.55% and 4.2%, respectively.
- ❖ The US Federal Reserve (Fed) raised interest rates by 0.25 bps bringing the Fed Fund Rate to 5.25% - 5.50% range, with no signal of the end of the monetary tightening cycle.
- ❖ ECB raises interest rate by 25bps to 3.75%, the highest in 23 years.
- ❖ The IMF raised its forecast for global economic growth in 2023 to 3% from 2.8% in April.

# Public investment accelerated but slower than expectation

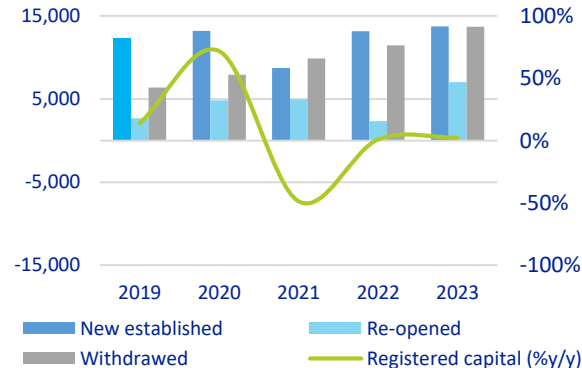
- ❖ Public investment disbursement reached VND58.5tn in July (+7.5% m/m, +28.1% y/y) and VND291tn in 7M2023 (+22.1%), the impressive increase but still slower than the expectation when completed 41% of the assigned plan in 7M2023 (lower than the average of 44.5% in the period 2017-2022). Many projects face difficulties given the lack of capital and embankment materials, slow site clearance, and complicated procedures especially ODA projects, medical projects bidding and digital transformation projects. Our analysts expect that the disbursement will be faster in rest of 2023 and 2024 thanks to some problems of investment disbursement is picked up such as the document processing especially via Online public service system of the State Treasury, allocation capital and positive impacts of new regulations which were approved in recent months.
- ❖ Non-state sector is still quiet with the number of newly established enterprises reached 13.7 thousand (-1.2% m/m, +4.3% y/y), the total registered capital just increased by 2.4% y/y, the number of re-opened enterprises decreased 3.5% y/y combined with enterprises withdrawing from the market increased 19.7% y/y. In 7M2023, the number of newly enterprises equivalent to 7M2022, in which services industry increased 2.5% while others fell, the re-opened fell 4.6% and the withdrawing rose 19.8%. Although, these figures are improving in recent two months and we expect that the accelerating the disbursement of public investment and the lower loan interest rate will support this sector in the rest of 2023.

Public investment in 7M



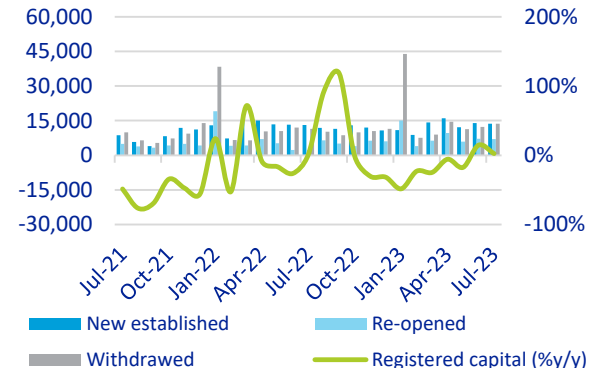
Source: GSO, ACBS

Enterprises in 7M by years



Source: GSO, ACBS

Enterprises activities

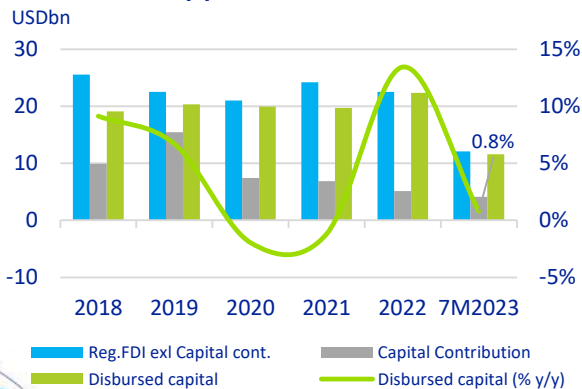


Source: GSO, ACBS

# Disbursement FDI stable, registered capital surged

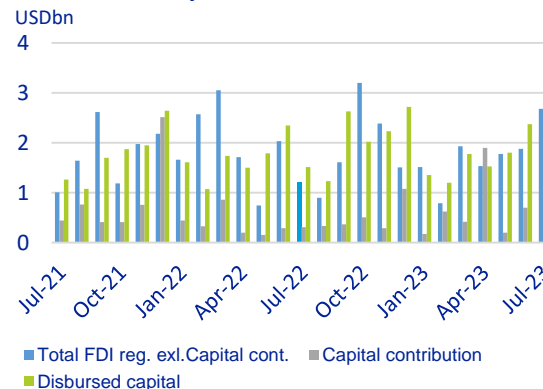
- ❖ Disbursed capital in July slowed at US\$1.6bn (-34% m/m, +3.2% y/y) and reached US\$11.6bn in 7M2023 (+0.8%). Registered capital in July increased to US\$2.8bn (+9.2% m/m, +86% y/y) and reached US\$16.2bn in 7M2023 (+4.5%), mostly in manufacturing, real estate and Science & technology industry. The Singapore (-16%) continues to be the largest partner in 7M2023, followed by South Korea (-28%, were the largest additional registered capital and capital contribution), China (+78%, the largest number of newly projects), Japan, Hong Kong and Taiwan. Meanwhile, the number of new projects in 7M2023 increased by 76% y/y due to the smaller scale of newly registered projects compared to previous years, mainly from Chinese investors.
- ❖ Vietnam is considering the policy to respond to the global minimum tax rate of 15% which is a concern of multinational firms. With the advantage of stable economy, strategic location for international trade, participated in various free trade agreements (FTAs) and investment environment is improving, we suppose that Vietnam is still a attractive destination of foreign investors and the FDI inflows continue to be stable in the rest of 2023 and will getting stronger in next year when the global headwinds subsides.

FDI attraction by years



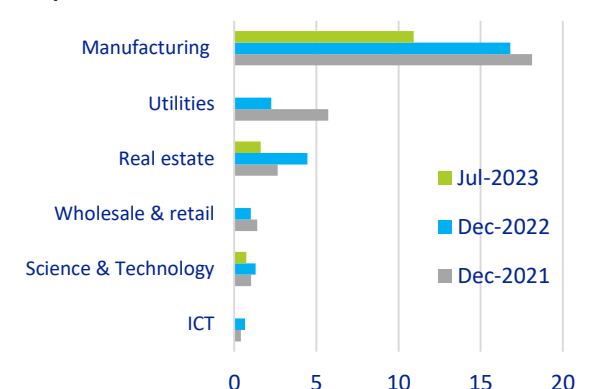
Source: MPI, ACBS

FDI attraction by months



Source: MPI, ACBS

Top industries

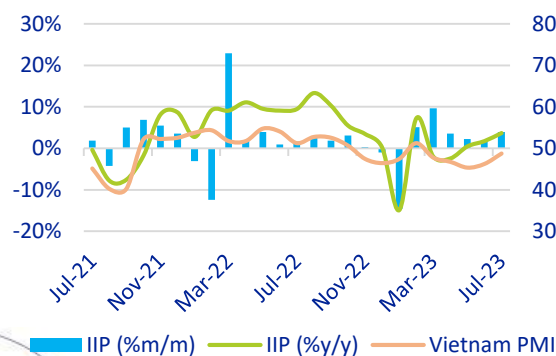


Source: MPI, ACBS

# Industrial production improved slightly

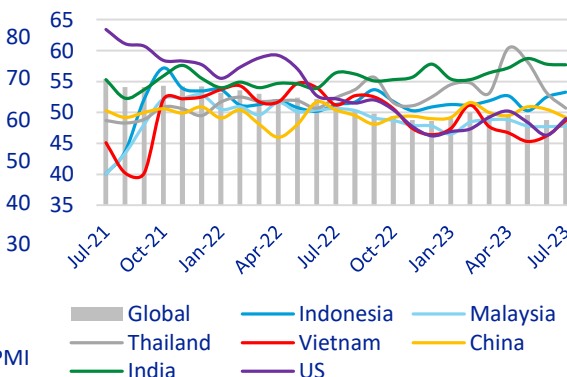
- ❖ Industrial production in July improved slightly with the IIP in July increased 3.9% m/m and increased 3.7% y/y. The Metal related industries and Chemicals & chemical products increased strongest while the mining and utilities recovered better than last month. In 7M2023, the IIP narrowed the contraction to 0.7% from the contraction of 1.2% in last month.
- ❖ The labor indicator also improved better than last month with the number of employees working in industrial enterprises as of July 1<sup>st</sup>, 2023 increased 0.9% m/m and decreased 3.9% y/y, in which labor in FDI enterprises decreased strongest (-4.7% y/y).
- ❖ The PMI in July improved to 48.7 from 46.2 points in June, remains in contraction territory as new orders, output and employment continued to fall but slowing than previous months. Globally, the PMI in US (49), Australia (49.6) also went up in July while global PMI (48.7), PMI in ASEAN (50.8), Emerging Markets (50.2), Eurozone (42.7) went down as the global demand stay weak.

Vietnam IIP and PMI



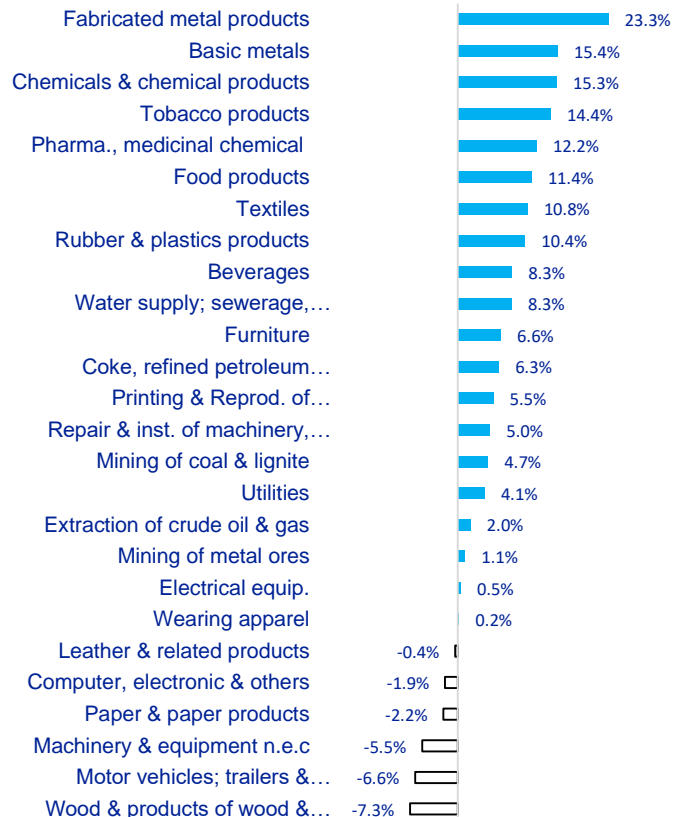
Source: GSO, IHS Markit, ACBS

Vietnam PMI and other markets



Source: Bloomberg, IHS Markit, ACBS

## IIP July 2023 by industry

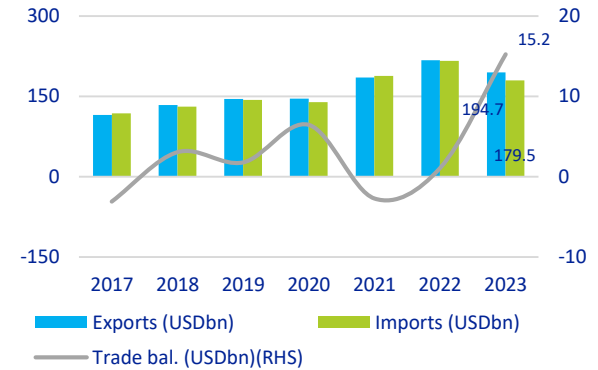


Source: GSO, ACBS

# Foreign trade improved, maintain surplus

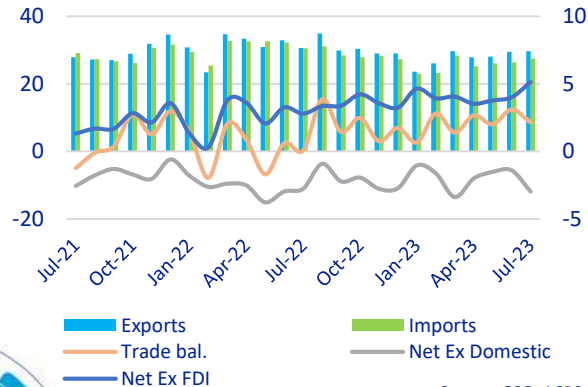
- Foreign trade continued to improve in July with total import-export turnover estimated at US\$57bn (+2.5% m/m, -6.4% y/y), of which exports recorded US\$29.7bn (+0.8% m/m, -3.5% y/y, has annual increase in China and South Korea markets), and imports were recorded at US\$27.5bn (+4.4% m/m, -9.9 %y/y, has annual increase in US, EU and Japan markets), and got a trade surplus of US\$2.15bn.
- In 7M2023, the total import-export turnover was 13.7% lower than the same period in 2022, of which exports decreased by 10.6% and imports decreased by 17%, the trade balance reached a surplus of US\$15.2bn, quite high compared to the same period in previous years, in which the FDI sector achieved a record surplus of 27.8 billion USD and the trade deficit of domestic business sector was US\$12.5bn. The exports to China rose in 7M2023 when the others decreased given the slow growth and weak demand. In term of items, the highest exports growth were Other means of transportation & spare parts (+20%), Vegetables & Fruits (+68%), Rice (+30%), and the highest imports growth is crude oil (+16%).
- We expect that the total turnover of international commodity trade will be increase thanks to stimulus packages of Chinese government will push the consumer spending, the inflations are cooling in EU and other countries, the solid growth of US economy whose GDP growth stronger than expectations in the first and second quarters of this year.

## Foreign trade in 7M by years



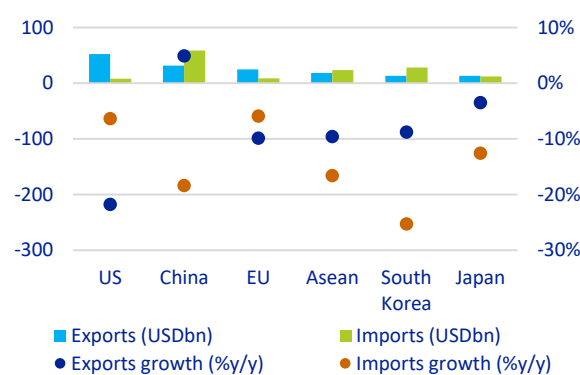
Source: GSO, ACBS

## Foreign trade by months (USDbn)



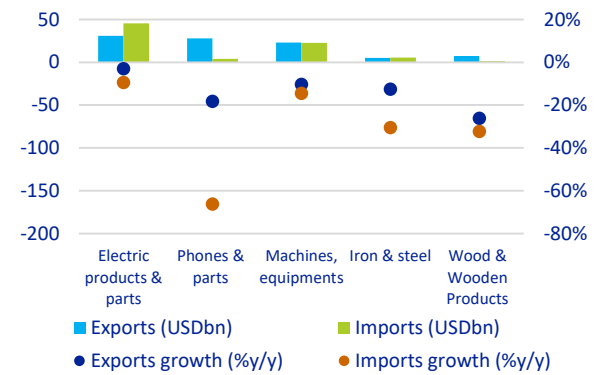
Source: GSO, ACBS

## Main EX-IM markets in 7M2023



Source: GSO, ACBS

## Main EX-IM items in 7M2022

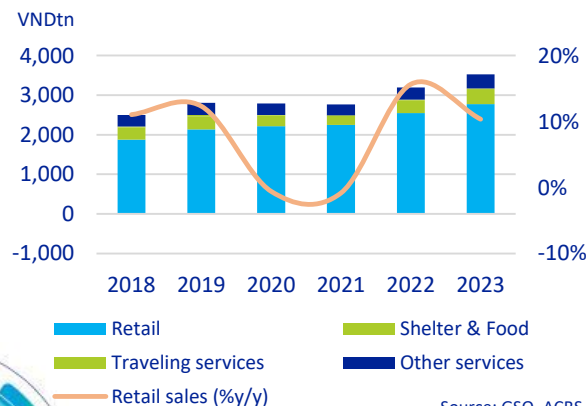


Source: GSO, ACBS



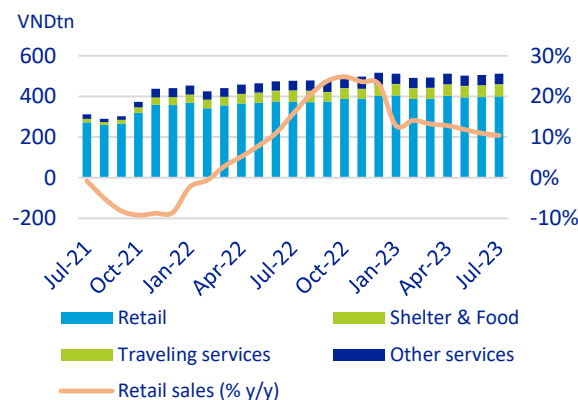
- ❖ Total retail sales was estimated at VND512tn in July, increased by 1.1% m/m and 7.1% y/y, of which retail sales of goods and services increased by 7%. In 7M2023, total retail sales rose 10.4% y/y, lower than the growth rate of 15.7% in the same period of last year, in which, retail sales grew 9% with highest growth items were food and food products (+12.9%), cultural and educational products (+10.1%), garments (+8.8%), Accommodation & catering grew 16.3%, Traveling services jumped 53.6% in the peak season of summer vacation, and other services rose 13.8%.
- ❖ International visitors to Vietnam reached 1.04 millions arrivals (+6.5% m/m, +195% y/y) in July, in which visitors from China, Taiwan, Australia and Japan increased strongest compared to last month. In 7M2023, the total number reached 6.6 million arrivals, 5.9 times higher than the same period in 2022 but still 32% 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 seven months of 2023.
- ❖ After accelerating from early of 2022 given the economy resume after prolonged shut down in COVID-19 pandemic, the retail sales is slowing in recent months given frugality among customers when the post-COVID-19 demand has been saturated. However, we expect that the retail sales in rest of 2023 will be stable with 1-digit growth thanks to thriving of domestic travelling and international visitors to Vietnam given the transportation infrastructure system is upgrading, 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 which could boost the number of international visitors to Vietnam in next months.

Retail sales of goods and services in 7M



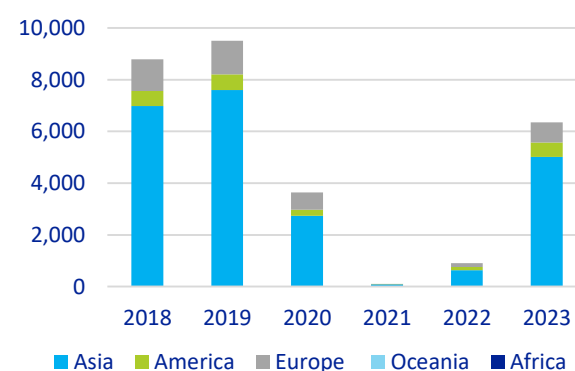
Source: GSO, ACBS

Retail sales of goods and services



Source: GSO, ACBS

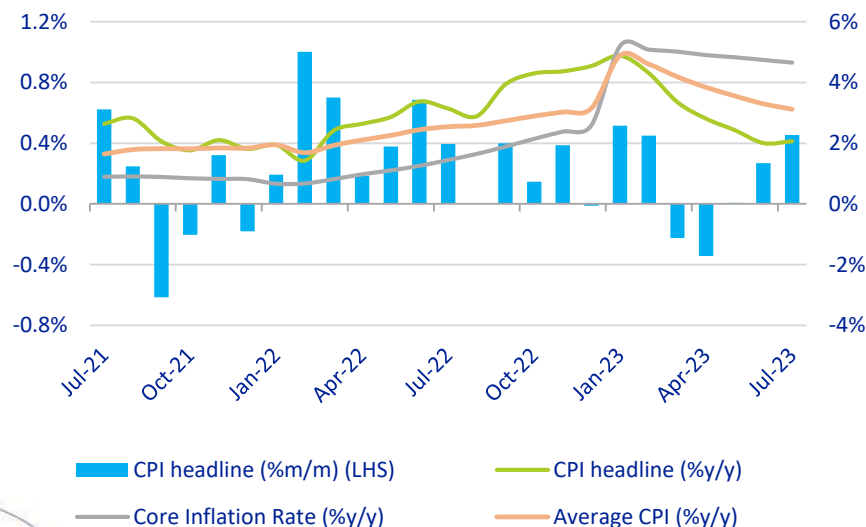
International visitors in 7M (thsnd)



Source: GSO, ACBS

- ❖ Consumer Price Index (CPI) in July increased by 0.45% m/m and 2.07% y/y. Housing and building materials (+0.51% 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 Foodstuff (+0.79% m/m) when pork and poultry meat and other items prices rose, are the highest contributors to the increase in CPI in July compared to last month. In 7M2023, CPI increased by 3.12% and core inflation increased by 4.65%, well below the government plan of 4.5% for 2023.
- ❖ There are some factors could put upward pressure on CPI in upcoming months such as rice price and sugar price, however we supposed that the inflation is not a big concern for the economy in this year and the current low CPI bringing a large space for authorities to stimulus the economy growth without inflation pressure.

CPI monthly



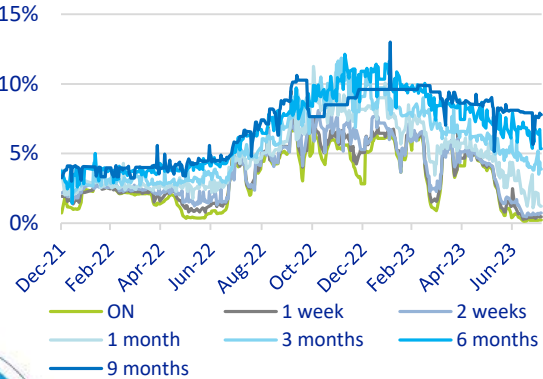
Source: GSO, ACBS

CPI Basket	Weight (%)	07/2023 (% m/m)	07/2023 (% y/y)	Avg 7M2023 (% y/y)
<b>CPI headline</b>	<b>100.0</b>	<b>0.45%</b>	<b>2.06%</b>	<b>3.12%</b>
Food and Foodstuffs	33.6	0.63%	2.59%	3.92%
Food	3.7	0.31%	3.79%	3.77%
Foodstuff	21.3	0.79%	1.80%	3.34%
Eating outside	8.6	0.39%	4.04%	5.43%
Beverage, cigarette	2.7	0.22%	3.05%	3.61%
Garment, footwear	5.7	0.18%	2.02%	2.38%
Housing & constrn. Materials	18.8	0.51%	6.51%	6.58%
Household appliances & goods	6.7	0.15%	1.95%	2.41%
Medicine, health care	5.4	0.05%	0.61%	0.62%
Transportation	9.7	0.11%	-9.29%	-5.70%
Postal services, Telecom.	3.1	-0.12%	-0.95%	-0.45%
Education	6.2	0.03%	5.57%	7.61%
Culture, entertm't. & tourism	4.6	0.19%	1.70%	3.45%
Other goods, services	3.5	2.84%	5.88%	3.71%

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

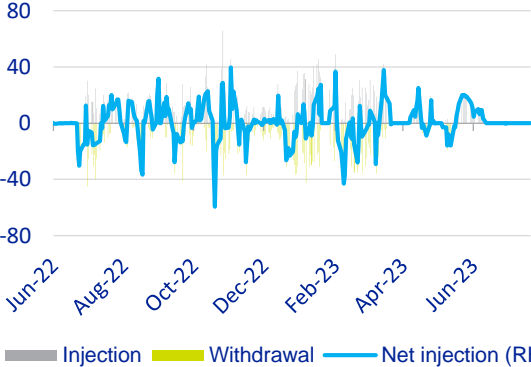
- ❖ Interbank interest rates for most terms continued to fall in July. The over night rate fell to 0.14%, the lowest rate since March 2021 on mid-month given the abundant liquidity in the interbank market. In US, the Fed raised interest rates by 25% bps, bringing the Fed Fund Rate to 5.25%-5.5% range, the level last seen in housing market crisis 2007 and the highest level for about 22 years. The ECB also raised interest rate by 25 bps in July. As the Vietnamese interest rate continued to fall, the gap between USD and VND was widening to 4.8% for the O/N term at the end of July, causing strong volatility of the USD/VND rate. The deposit rate in most of banks reduced to below 7% in term of 1 month to 24 months at both state-owned banks and commercial banks when the loan interest rates also decreased significant.
- ❖ The OMO market trading continued to be freeze through the July given the abundant liquidity in the market and the government maintain the loosing monetary policy to promote the economy growth. In 6M2023, the SBV injected the total net value of approx. VND392tn via OMO tools and buying foreign currencies.
- ❖ We supposed that the State Bank will maintain the loosing monetary policy through the orientation of lowering lending interest rates at a reasonable level, the operating interest rate is not necessary to lower further given the market need more time to balance with the global situation when the USD interest rate is expected to stay at high level for a long time. Instead, the fiscal policy such as public investment, VAT reduction and administrative procedure reform could have positive effect for the economy in the rest of this year.

Interbank Rate



Source: Bloomberg, ACBS

Net Injection/ (Withdrawal) from OMO (VNDtn)



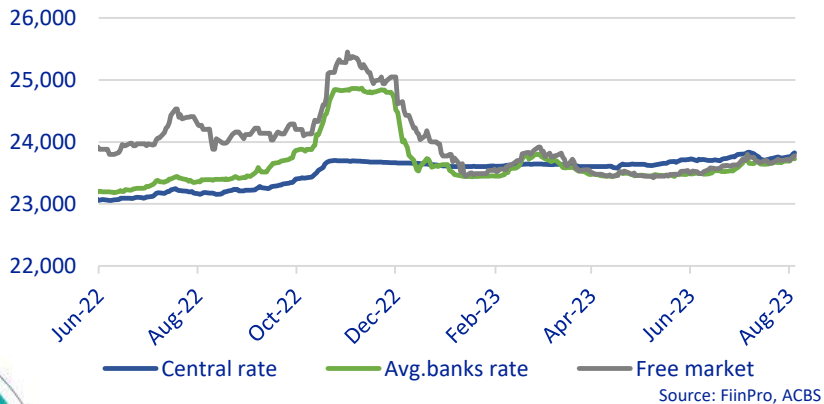
Interbank Rate

Term	ON	1W	2W	1M	3M	6M	9M
End of Jul-23 (%)	0.19	0.51	0.70	2.13	5.18	6.38	7.59
+/- MoM (bps)	-25	-196	-81	-224	12	-154	-51
+/- YTD (bps)	-262	-457	-458	-604	-391	-453	-202

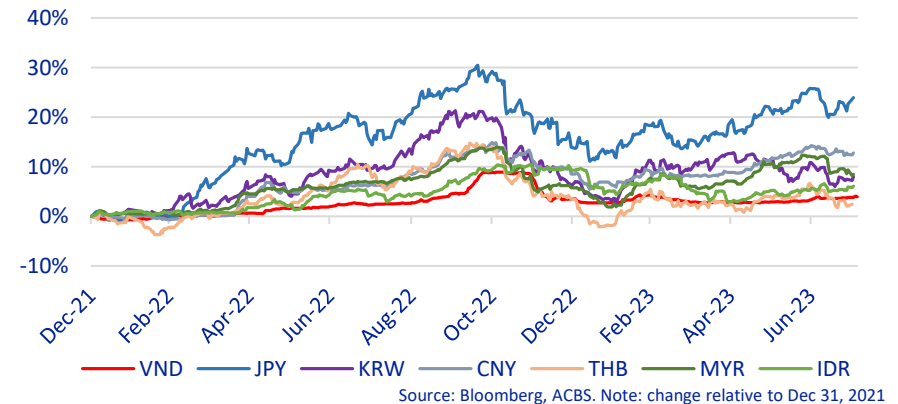
# USD/VND rate fluctuates as pressure of strengthening USD

- ❖ The USD/VND exchange rate fluctuated strongly in the July given the different between USD and VND interest rate increased sharply (to 4.8% at July 28<sup>th</sup>) and the USD mobilization slower than the increase of loans combined with the rebound of USD since mid-July. The central rate closed month at 23,758 (-0.18% m/m) and depreciated by 0.9% over the beginning of 2023 against USD as at August 4<sup>th</sup>. Meanwhile, the rate at commercial banks and free market increased slower with the average rate at banks increased 0.39% and rate in free market rose 0.02% over the beginning of 2023.
- ❖ Gold price in the global market rebound in July given the easing inflation in US but facing with the pressure of strengthening USD after Fed raise interest rate in July meeting. The domestic gold price increased by 0.4% to 67.25 million VND/tael, which represent an premium of about 18.6% to global markets (vs 22% in last month).
- ❖ Given the pressure from the interest rate of US Dollar which could stay at the high level until the end of this year for inflation target combined with the large gap of USD-VND interest rate and the demand of USD in the year-end season, while the stable FDI, remittances and high trade surplus would support for Vietnam Dong, we expect that the VND would be depreciated by less than 2% against USD which the USD/VND rate will be below 24,100 in 2023.

USD/VND exchange rate

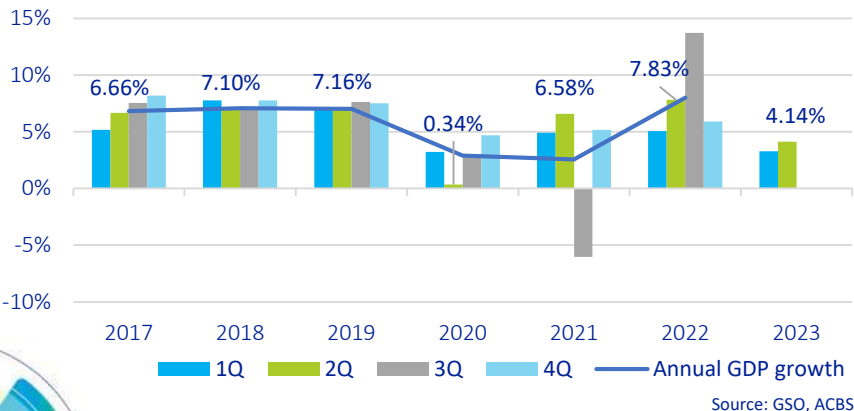


USD/VND and other currencies

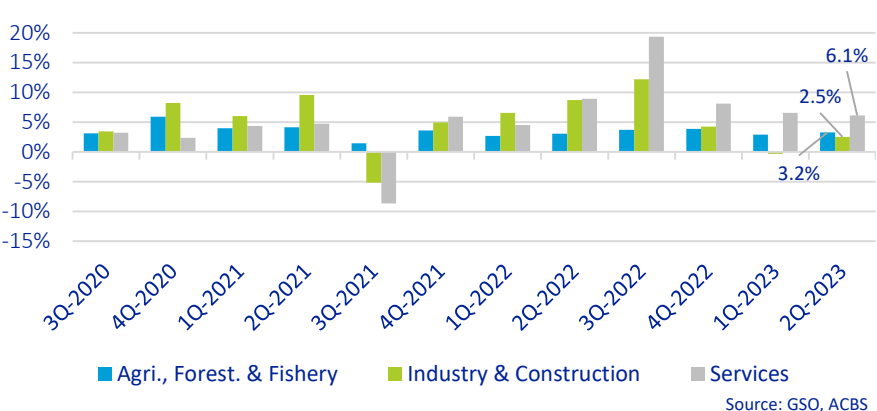


- ❖ Vietnam's GDP in the second quarter of 2023 increased by 4.14% y/y, higher than the increase of 3.18% in the first quarter (revised down to 3.28% compared to the first estimate of 3.32%) but quite low compared to the 2Q GDP growth of previous years (except for the increase of 0.34% in 2Q2020) thanks 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.

Vietnam GDP growth by quarter

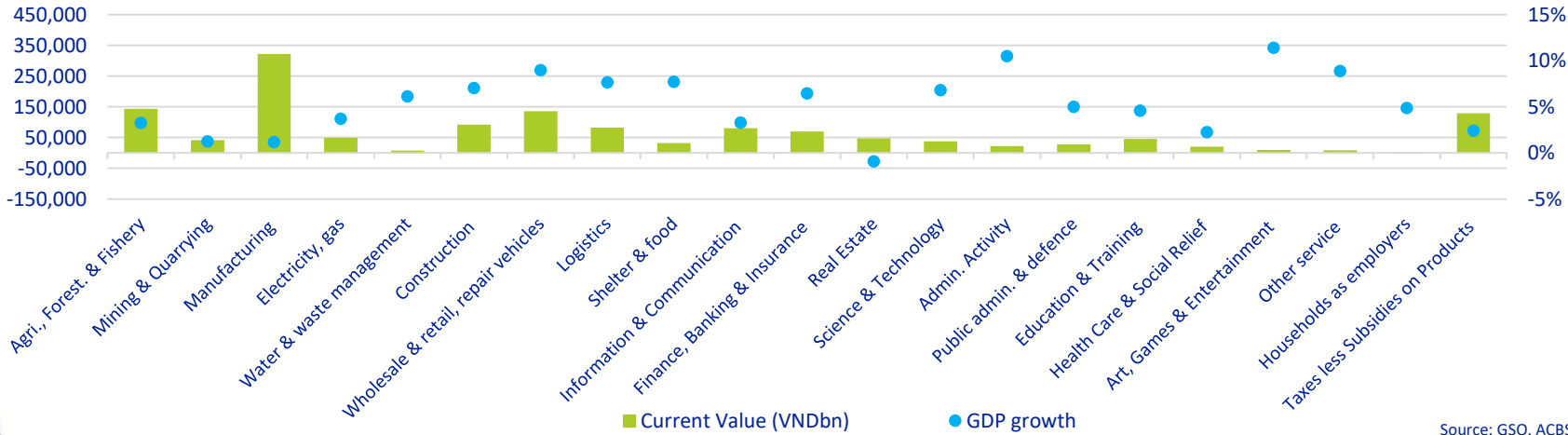


GDP growth breakdown



- ❖ 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.

## GDP by Industry in 2Q2023



Source: GSO, ACBS

- ❖ On a cautious view, we maintain Vietnam's GDP growth projection for the whole year 2023 at 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 rest of this 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 lower interest rates.
- ❖ 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. We expect that the VND would be depreciated by less than 2% against USD which the USD/VND rate will be below 24,100 in 2023.

## Selected Outlook on Vietnam GDP growth

Organization	2023 Outlook Latest projection	2023 Outlook Previous projection
World Bank	4.7% (August 2023)	6.0% (June 2023)
International Monetary Fund	4.7% (July 2023)	5.8% (April 2023)
The Asian Development Bank	5.8% (July 2023)	6.5% (April 2023)
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	5.0% (July 2022)	5.8% (Dec 2022)
United Overseas Bank	5.2% (July 2023)	6.6% (Dec 2022)
<b>ACBS</b>	<b>5.2% (July 2023)</b>	<b>4.4% - 5.1% (April 2023)</b>

# Key macro indicators

Monthly data	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23
Industrial Production (% y/y)	13.3%	10.3%	5.5%	3.5%	0.2%	-14.9%	7.2%	-2.0%	-2.4%	0.5%	1.8%	3.7%
Mining & quarrying	7.5%	14.9%	12.1%	16.8%	-5.1%	-13.0%	9.9%	-4.2%	-5.5%	2.9%	0.2%	4.0%
Manufacturing	14.1%	9.6%	4.4%	2.3%	0.6%	-15.6%	6.8%	-2.5%	-2.8%	-0.9%	2.2%	3.6%
Prod & dist of electricity	12.3%	16.4%	9.3%	2.7%	1.3%	-12.4%	8.3%	1.8%	2.3%	7.7%	-0.7%	4.1%
Water supply & waste treatment	5.9%	9.1%	14.4%	7.0%	5.5%	-1.4%	7.1%	11.1%	8.1%	4.7%	5.7%	8.3%
PMI	52.7	52.5	50.6	47.4	46.4	47.4	51.2	47.7	46.7	45.3	46.2	48.7
Retail Sales (% y/y)	65.2%	58.2%	34.1%	13.5%	17.3%	12.8%	15.5%	11.5%	11.7%	8.1%	6.7%	7.1%
CPI (% m/m)	0.0%	0.4%	0.1%	0.4%	0.0%	0.5%	0.4%	-0.2%	-0.3%	0.0%	0.3%	0.5%
CPI (% y/y)	2.9%	3.9%	4.3%	4.4%	4.5%	4.9%	4.3%	3.4%	2.8%	2.4%	2.0%	2.1%
Export Value (USDm)	34,918	29,817	30,369	29,020	29,029	23,611	26,052	29,709	27,864	28,040	29,449	29,680
Import Value (USDm)	31,059	28,388	27,903	28,277	27,292	22,955	23,253	28,322	25,208	26,035	26,362	27,530
Trade Balance (USDm)	3,859	1,429	2,466	743	1,737	656	2,799	1,387	2,656	2,005	3,087	2,150
Disbursed FDI (USDm)	1,230	2,628	2,022	2,230	2,716	1,350	1,200	1,774	1,526	1,800	2,370	1,560
Registered FDI excl. Cap. Cont. (USDm)	899	1,610	3,197	2,387	1,507	1,511	788	1,932	1,534	1,776	1,877	2,682



# 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%	-0.7%
Retail Sales	10.6%	9.5%	10.2%	10.9%	11.7%	11.8%	2.6%	-3.8%	19.8%	10.4%
Consumer Price Index	4.1%	0.6%	2.7%	3.5%	3.5%	2.8%	3.2%	1.9%	3.1%	3.1%
Export Value (USDbn)	150.22	162.02	176.58	215.12	243.70	264.34	282.53	336.25	371.30	194.73
Import Value (USDbn)	147.85	165.78	174.98	213.22	236.87	254.09	262.67	332.25	358.90	179.50
Trade Balance (USDbn)	2.37	-3.76	1.60	1.90	6.83	10.25	19.86	4.00	12.40	15.23
Disbursed FDI (USDbn)	12.35	14.50	15.80	17.50	19.10	20.38	19.98	19.74	1.61	11.58
Registered FDI (USDbn)	20.23	22.76	20.95	29.97	25.57	22.55	21.06	24.26	1.66	12.10

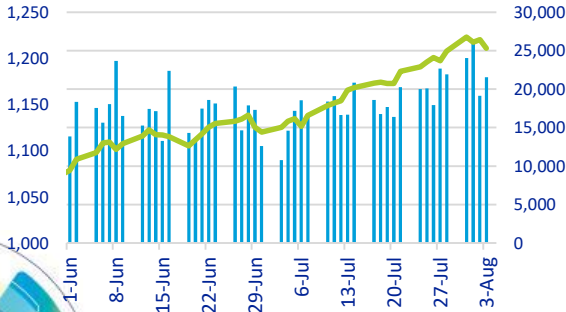
Quarterly data	1Q-2021	2Q-2021	3Q-2021	4Q-2021	1Q-2022	2Q-2022	3Q-2022	4Q-2022	1Q-2023	2Q-2023
GDP (% y/y)	4.9%	6.6%	-6.0%	5.2%	5.1%	7.8%	13.7%	5.9%	3.3%	4.1%
Agriculture, Forestry & Fishing	4.0%	4.1%	1.4%	3.6%	2.7%	3.1%	3.7%	3.9%	2.9%	3.2%
Industry & Construction	6.0%	9.6%	-5.2%	5.0%	6.6%	8.7%	12.2%	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	May-23	Jun-23	Jul-23	May-23	Jun-23	Jul-23
Indonesia	5.0%	5.0%	5.2%	4.0%	3.5%	3.1%	50.3	52.5	53.3
Malaysia	7.1%	5.6%		2.8%	2.4%		47.8	47.7	47.8
Philippines	7.1%	6.4%	4.3%	6.1%	5.4%	4.7%	52.2	50.9	51.9
Singapore	2.1%	0.4%	0.5%	5.1%	4.5%				
Thailand	1.4%	2.7%		0.5%	0.2%	0.4%	58.2	53.2	50.7
Vietnam	5.9%	3.3%	4.1%	2.4%	2.0%	2.1%	45.3	46.2	48.7
China	2.9%	4.5%	6.3%	0.2%	0.0%	-0.3%	50.9	50.5	49.2
Hong Kong	-4.1%	2.9%	1.5%	2.0%	1.9%				
Taiwan	-0.8%	-2.9%	1.5%	2.0%	1.8%	1.9%	44.3	44.8	44.1
Japan	0.4%	1.3%		3.2%	3.3%		50.6	49.8	49.6
South Korea	1.3%	0.9%	0.9%	3.3%	2.7%	2.3%	48.4	47.8	49.4
India	4.5%	6.1%		4.3%	4.8%		58.7	57.8	57.7
United States	2.6%	2.0%	2.4%	4.0%	3.0%	3.2%	48.4	46.3	49.0
Eurozone	1.8%	1.1%	0.6%	6.1%	5.5%	5.3%	44.8	43.4	42.7

# Stock market recap in July

Statistics	July 2023		7M2023	
Bloomberg Code	VNIndex		VNIndex	
Range (pts)	1,121 - 1,225		1,007 - 1,225	
Month End Index (pts)	1,222.9		1,222.9	
Month End Mkt cap (VNDbn)	4,911,817		4,911,817	
Month End Mkt cap (USDbn)	205.9		205.9	
Daily Avg Value (VNDbn)	18,361		12,779	
Gainers	331		333	
Laggards	74		73	
Net Foreign Trade (USDbn)	-0.034		-0.047	
Foreign Participation	7.2%		9.2%	
Performance (%)	1M	3M	6M	12M
VNIndex	9.2	16.6	10.1	1.4
VN30	9.6	17.1	9.4	-0.1



Vietnam stock markets experienced an active trading month with the VNIndex rose 9.2% to 1,223 points at the end of July after surpassed the 1,200 points and the overall liquidity improved strongly with the ADTV rose 8% over last month. The upward momentum spread across the market with most of sectors rose in July and have 331 gainers while only 74 laggards in July. The proprietary trading boosted buying with the net buying value of VND2.4tn, mainly in VPB, FPT, KDH. However, the foreigner investors continued to be net sellers on VNIndex in July with the net value of US\$33.7m bringing the year-to-date net selling to US\$46.7m. Globally, the Fed raised Fed Fund Rate by 25bps to 5.25% – 5.5% in the July meeting and leaved door open to another hike in the September meeting, following by interest rate hike by 25bps of ECB, affect to USD/VND rate but the impact to stock market is limited as the VNIndex continued to reach new highs amid the VND deposit rate continued falling. Mostly of listed companies released their 2Q2023 financial statements with the total net income of 389 tickers in the VNIndex increased 5% over previous quarter and just decreased 1% over the same periods of last year, with the largest contributions of Real estate, Transportation, Energy and Financial services, closing the earnings season with the better-than-expected results.

Vietcombank (HOSE: VCB, +8.2%), owned Vietcombank Remittance which has signed a comprehensive agreement with Australia's EzyRemit Worldwide and officially to bring remittances from Australia to Vietnam, continued to be the largest upward contributor in VNIndex, following by Vinhomes (HOSE: VHM, +14.%) whose 2Q2023 revenue surged 7.3 times y/y and profit after tax recorded at VND9.6tn compared with the VND509bn in the same period of last year and was the largest contributor in total VNIndex 2Q2023 earnings. In term of downward contributors, HVN (-7.2%) was the largest after 2.2 millions shares of this ticker were trading restriction in HOSE from July 12<sup>th</sup>, following the supervision announcement since May 2023 given failed to submit its audited financial statement for 2022 within 30 days from the deadline. In the July 2023 Index Review, the HOSE announced to remove two property stocks, NVL which was warned due to its delay in submitting financial report and PDR whose market cap fell below the threshold of the top 40 companies, out of VN30 list and replaced by two banking stocks, SHB and SSB.

# 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)	ADTV ytd (%y/y)	Net foreign flows 1M (VNDbn)	Net foreign flows YTD (VNDbn)
Banks	17	1,780.6	7.1%	26.4%	10.9	2.0	1.8%	19.9%	9.3%	-38.6%	-2,803.1	-9,450.3
Real Estate	49	857.9	12.8%	21.8%	52.2	2.0	5.9%	14.3%	10.9%	-55.6%	168.8	-176.1
Food, Beverage & Tobacco	32	495.0	9.3%	2.2%	40.4	4.0	9.1%	13.3%	15.7%	-53.2%	325.6	-2,921.5
Materials	62	400.4	10.7%	48.5%	25.2	1.7	4.8%	5.8%	3.7%	-60.1%	1,189.2	5,230.3
Utilities	27	331.8	8.4%	14.3%	14.6	2.4	11.6%	18.1%	15.7%	-69.8%	-393.6	312.4
Capital Goods	71	215.7	12.0%	53.6%	45.0	1.8	3.7%	7.4%	1.6%	-58.8%	20.4	550.7
Transportation	28	173.2	5.2%	11.7%	48.8	2.9	3.4%	6.6%	11.7%	-50.0%	273.4	1,385.7
Financial Services	17	155.6	15.8%	80.7%	34.4	1.9	2.8%	6.8%	-1.4%	-26.6%	929.5	3,490.5
Software & Services	4	117.5	15.1%	29.3%	19.3	4.3	9.5%	25.3%	30.2%	-70.4%	9.8	352.6
Retail	9	96.3	20.6%	23.9%	47.6	3.4	2.7%	7.6%	41.1%	-56.5%	-98.3	303.3
Energy	10	81.3	9.2%	34.4%	32.9	1.8	2.8%	7.2%	24.9%	-61.0%	-401.2	-518.2
Insurance	5	48.3	8.6%	7.3%	18.9	1.6	1.6%	9.1%	3.4%	-76.0%	77.5	153.8
Consumer Durables & Apparel	17	46.7	9.7%	8.4%	20.0	2.7	10.5%	15.5%	13.8%	-65.1%	81.1	10.4
Pharma, Biotech & Life Sciences	10	34.9	0.6%	33.1%	15.0	2.9	16.0%	20.6%	57.3%	-62.8%	46.8	84.4
Technology Hardware & Equip.	1	9.0	30.1%	43.3%	17.6	3.5	7.9%	21.7%	40.8%	-40.6%	-5.5	-106.3
Automobiles & Components	6	7.9	-1.3%	15.4%	17.5	1.7	4.7%	9.6%	-14.8%	-63.0%	32.7	53.0
Commercial & Prof. Services	6	6.8	-0.8%	37.2%	16.0	2.0	14.2%	20.3%	-45.2%	4.3%	11.1	-91.8
Consumer Services	7	5.4	-0.1%	3.5%	82.3	3.7	14.5%	19.2%	-17.6%	-62.7%	-13.4	-46.9
Health Care Equip. & Services	3	3.4	0.2%	12.8%	13.6	1.5	6.3%	10.2%	-27.0%	-86.1%	25.2	70.7
Telecommunication Services	1	2.2	13.9%	-2.6%	-	1.3	-2.0%	-7.8%	93.6%	-88.0%	0.0	-0.2
Household & Personal Products	1	1.5	1.8%	23.8%	8.8	1.9	15.7%	24.9%	-51.5%	-6.8%	0.6	-24.3
Unclassified	7	1.5	3.5%	20.6%	12.3	0.9	4.0%	4.8%	-8.9%	-88.4%	-1.3	-3.0
Media & Entertainment	2	1.2	-3.0%	49.3%	22.2	1.7	6.4%	9.9%	10.6%	-93.1%	-7.8	5.2
VNIndex	417	4,911.8	9.2%	21.4%	15.09	1.80	2.04%	12.68%	8.0%	-36.3%	-811.9	-1,114.1
VN30 Index	30	3,481.3	9.6%	22.4%	12.46	1.79	2.02%	14.24%	9.6%	-32.4%	-94.2	-3,366.5

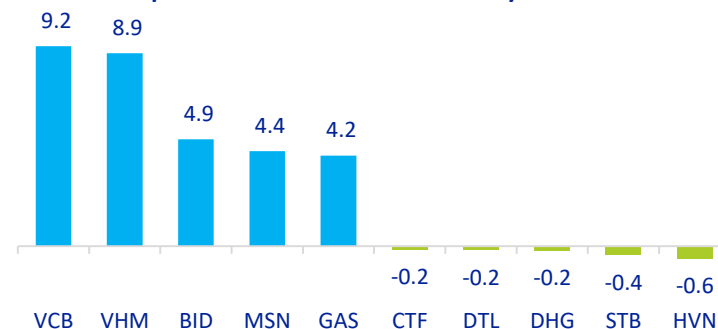
Source: Bloomberg, FiinPro, ACBS

## Top 20 Market Capitalization (as at July 31<sup>st</sup>, 2023)

Source: FiinPro, ACBS

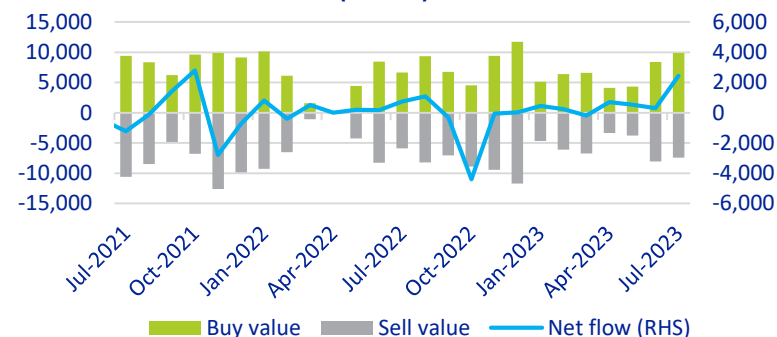
Ticker	Company name	Market Cap. (VNDtn)	1M return	YTD return	P/E	P/B	Remaining foreign room
VCB	Vietcombank	512.0	8.2%	35.2%	15.6	3.3	6.5%
VHM	Vinhomes	274.3	14.5%	31.3%	5.8	1.6	25.7%
BID	BIDV	238.8	8.9%	22.3%	12.1	2.2	12.9%
VIC	VinGroup	210.1	8.0%	2.4%	41.4	2.0	35.0%
GAS	PetroVietnam Gas	194.5	9.2%	0.1%	14.9	2.9	46.1%
HPG	Hoa Phat Group	164.0	7.8%	56.7%	(81.8)	1.6	22.7%
VNM	Vinamilk	163.0	9.9%	2.5%	18.4	4.5	45.8%
VPB	VPBank	148.7	11.6%	23.7%	12.6	1.4	0.9%
CTG	VietinBank	144.2	1.7%	10.1%	8.4	1.3	3.0%
MSN	Masan Group	124.9	16.1%	-6.1%	93.6	4.6	18.7%
TCB	Techcombank	120.6	6.0%	32.7%	6.6	1.0	0.0%
FPT	FPT Corp	108.7	15.8%	29.5%	18.2	4.4	0.0%
SAB	SABECO	100.6	2.1%	-4.7%	23.0	4.3	37.7%
MBB	MBBank	98.3	7.3%	30.0%	5.4	1.2	0.0%
GVR	Viet Nam Rubber Group	89.4	15.2%	62.0%	30.6	1.8	12.4%
ACB	Asia Commercial Bank	89.1	4.1%	25.5%	5.2	1.4	0.0%
BCM	Becamex IDC Corp.	83.8	2.3%	0.5%	163.6	4.7	46.3%
MWG	Mobile World Investment	78.5	25.2%	26.4%	49.3	3.2	0.0%
SSB	SeABank	71.5	7.8%	6.6%	21.6	2.7	4.8%
VRE	Vincom Retail	67.4	10.6%	12.7%	17.9	1.8	16.7%

## Top contributors on VNIndex in July 2023



Note: Index impact (pts)

## Net brokerage prop trading value into VNIndex (USDbn)



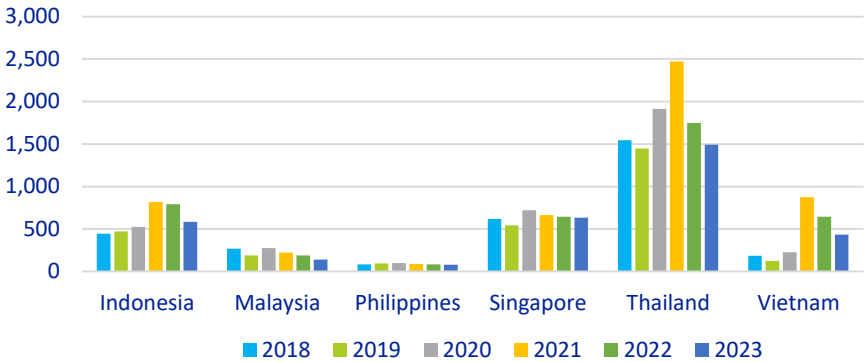
Source: FiinPro, ACBS

Average Daily Turnover (USDm)



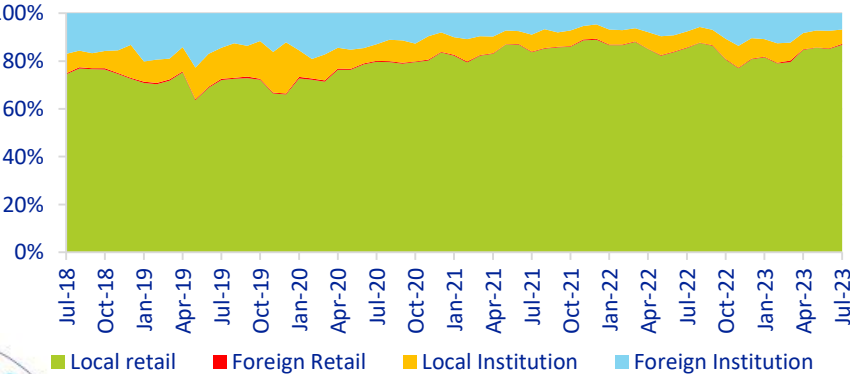
Source: FiinPro, ACBS

Average Daily Turnover of ASEAN markets (USDm)



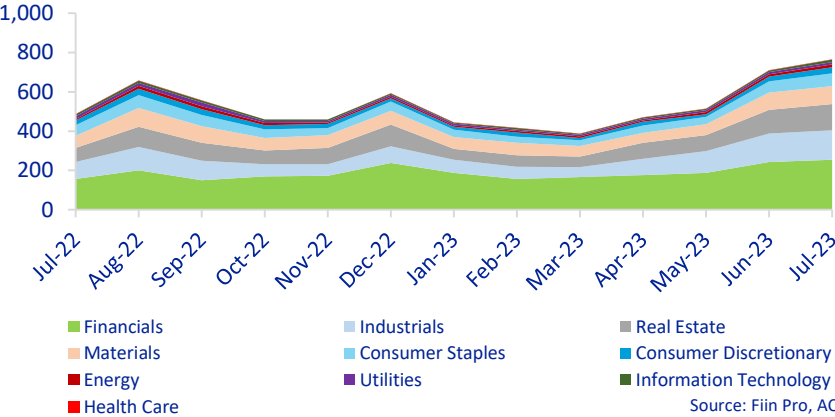
Source: Bloomberg, ACBS

Market Turnover by Investors



Source: FiinPro, ACBS

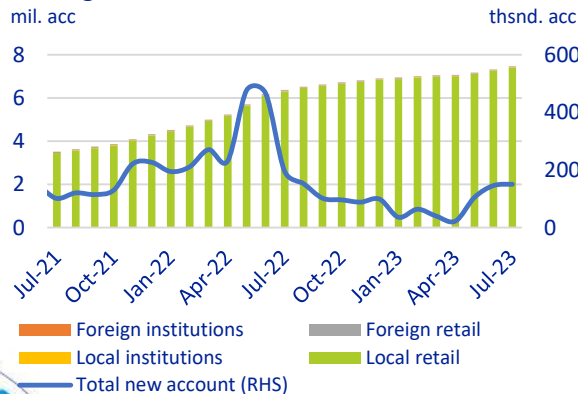
Average Daily Turnover by Sector (USDm)



Source: Fiin Pro, ACBS

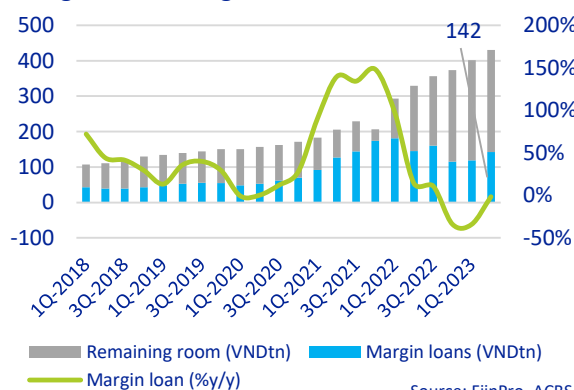
- ❖ The proportion of local retail investors in total trading value kept rising to 86.8% in July amid the new opened trading accounts in July rose 3.1% m/m with 150 thousand accounts bringing the total trading accounts to 7.46 millions as at the end of July 2023., equivalent to circa 7.5% of Vietnam population.
- ❖ Market-wide margin loans outstanding was estimated at VND 142 trillion at the end of 2Q2023, increased VND23tn or 19% over the 1Q2023 and decrease 2% over 2Q2022. The margin loans to free float market capitalization rose to 7.6%, still lower than the highest ratio of 8.4% in October 2022, and the ratio of margin outstanding loans to broker's equity rose to 64%, well below the maximum threshold of 200% according to regulations. The HOSE announced the number of stocks ineligible for margin trading in 3Q2023 at 78 stocks as at August 10<sup>th</sup>, 2023, this number in the HNX was decreased to 72 stocks from 77 stocks for 2Q-2023.
- ❖ The outstanding margin loans was boosted strongly in recent months reflecting the strong expectation of investors in market growth. Though the leverage ratio is increasing but we supposed that the risk on margin usage is insignificant and this ratio would grow higher in long-term given the investor's knowledge on stocks market is enhancing and the ability of financing margin of brokers is stronger than previous years.

Trading account



Source: GSO, ACBS

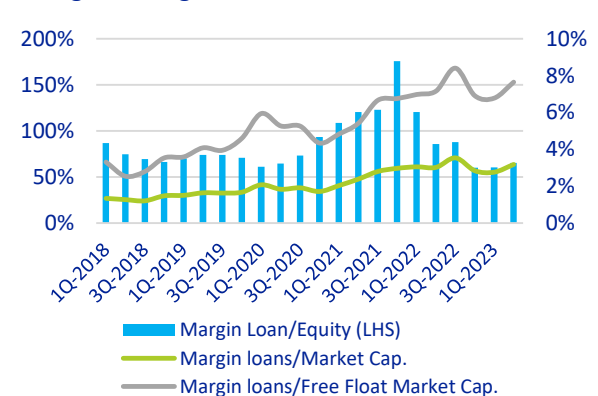
Margin outstanding



Source: FiinPro, ACBS

Note: room base on limit on financing margin of brokers

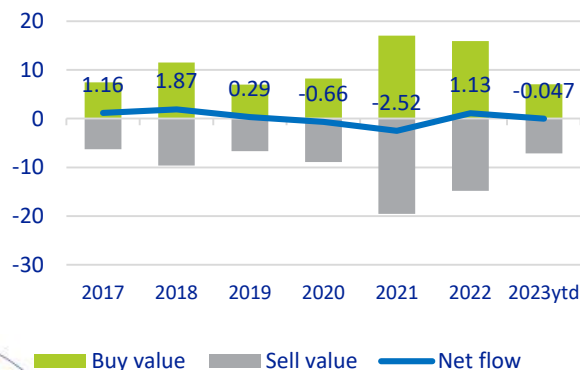
Margin leverage



Source: FiinPro, Bloomberg, ACBS

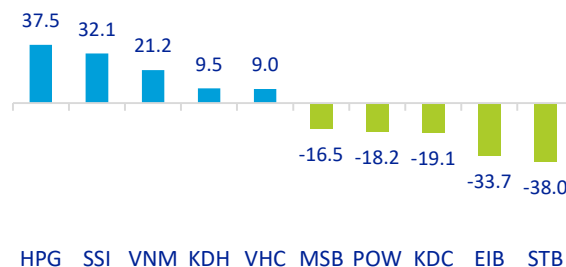
- ❖ The foreigner investors continued to be net sellers on VNIndex in July with the net value of US\$33.7m bringing the year-to-date net selling to US\$46.7m. The highest outflows in July were at Banks, Energy and Utilities and the highest inflows were at Materials (in which net buying of HPG was VND895bn, HSG was VND208bn, DPM was VND133bn, DCM was VND123bn) and Financial services (net buying of SSI was VND765bn).
- ❖ The international investors were net selling in Thailand for the 6<sup>th</sup> straight month given the political uncertainty in this country. Taiwan stocks were also be sold given the Taiwan Dollar depreciated about 2% since mid-June against USD and the 10y notes yield surged in July. The other Asian markets like Indonesia, Malaysia and Philippines and Japan, South Korea, Indian witnessed net buying in July thanks to expectation of the Fed interest rate hike which leading to the waves of outflows from Asian markets will be ended.
- ❖ We suppose that foreign investors' transactions will continue to be quiet in Vietnam market in coming months amid the weakening Vietnam Dong against USD and the lack of new listed large companies given the delay equitization of state-owned enterprises.

Net foreign flow into VNIndex (USDbn)



Source: FiinPro, ACBS

Top foreign net buying/ net selling on VNIndex in July 2023 (USDm)



Source: FiinPro, ACBS

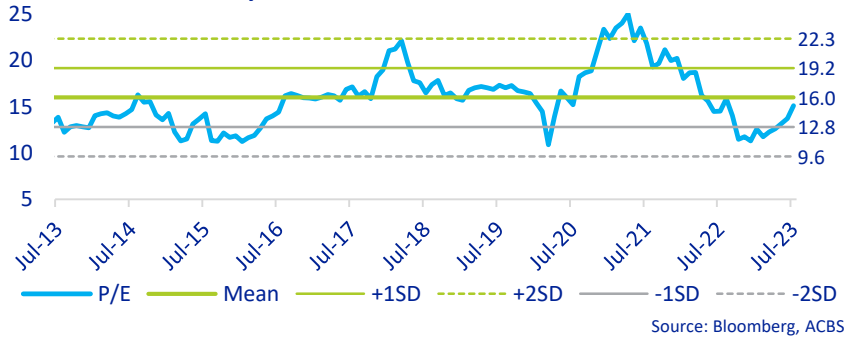
Foreign Flows into peer markets

Markets	Net flow 1M (USDbn)	Net flow YTD (USDbn)	Market Cap. (USDbn)	Net flow YTD as % mkt 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%

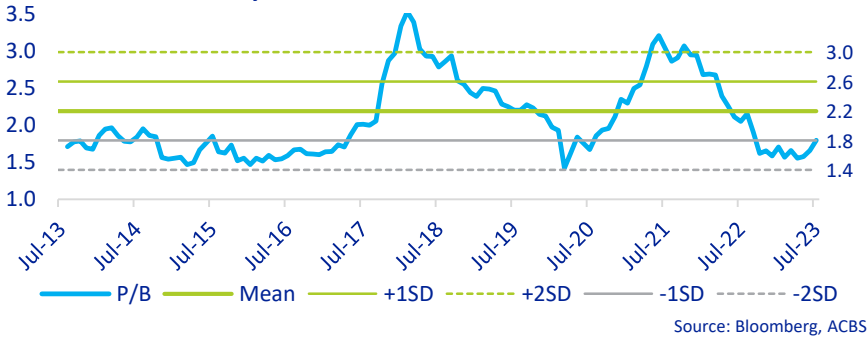
Source: Bloomberg, FiinPro, ACBS



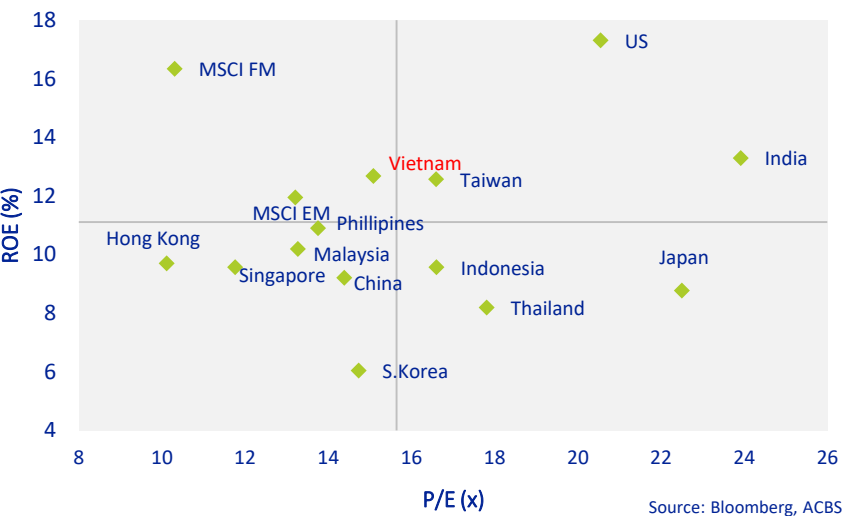
P/E of VNIndex for 10 years



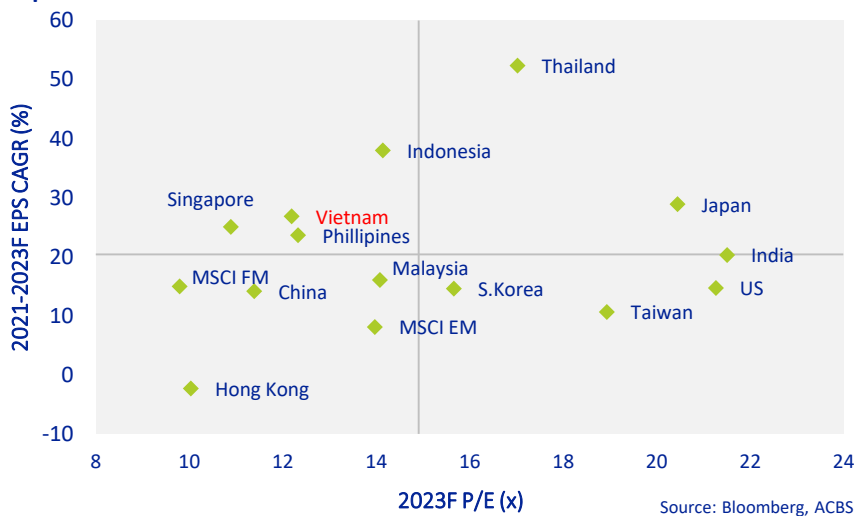
P/B of VNIndex for 10 years



Current market valuation

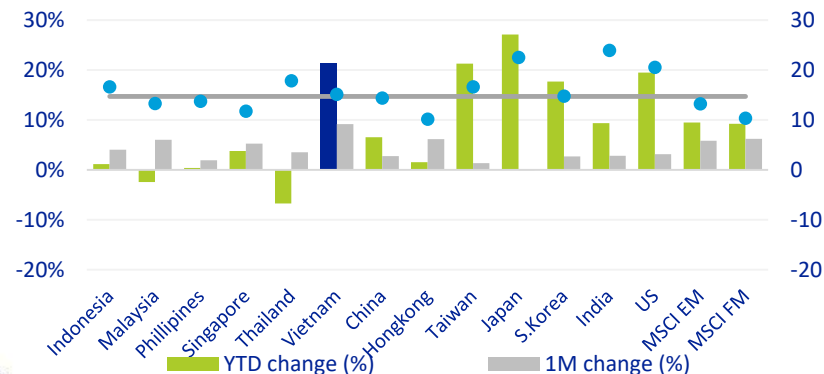


Expected market valuation



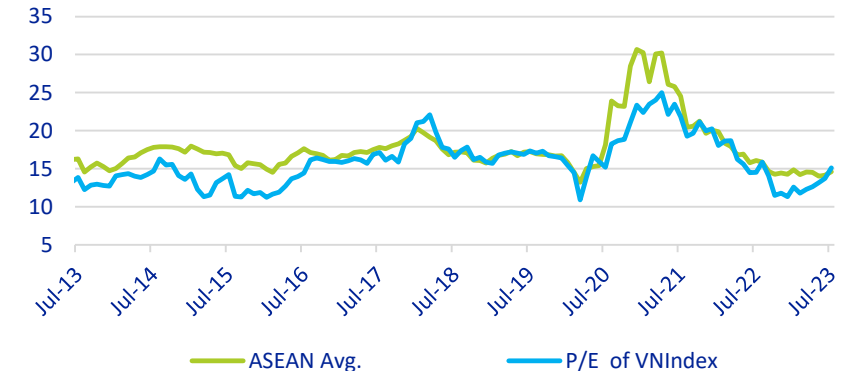
- ❖ Stocks markets in US went up in July but reversed to drop after the Fed raised its interest rate by 25bps though this rate hike was in line with market expectation. However, this index closed month gaining 139 points or 3.1%, along with the increase of worldwide stock indices likes in ASEAN market, Emerging markets and Frontier markets. In case of Japan, the Nikkei 225 decreased slightly 0.1% in July given profit taking after strongly increase in recent two months.
- ❖ The gap of VNIndex's P/E and average of ASEAN markets is narrowing given the strong growth of VNIndex since the beginning of 2023 while the others have less increase than VNIndex since the beginning of 2023.

Index comparison



Source: Bloomberg, ACBS

P/E of VNIndex and regional peers average



Source: Bloomberg, ACBS

- ❖ The VNIndex had the P/E of 15.1 as at the end of July, higher than the ASEAN markets' average for the first time in recent one year given the strong growth of VNIndex, but the Return on equity stayed at 12.7%, higher than the average of ASEAN markets. For 2023, we upgrade the EPS growth of VNIndex to 8.3% thanks to growth of transportation, banks, materials and financial services, and with the P/E of 12.2 for 2023, lower than the ASEAN average, we suppose that VNIndex still attractive for investor to accumulate stocks at reasonable valuation. The new idle cash still is expected to shift to stock market as deposit rates falling strongly which can observes by number of new opened account surging in recent two months. The lower loan 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 in coming months.
- ❖ Current worries of investors are mainly external in nature with the weak demand in global given persistent high prices and interest rates hike continuing, geopolitical instability in the world, the shifting of foreign investment flows and the slow recovery of China post COVID-19. However, the recession concern is minimize given the US economy maintain steady and easing inflation in many countries. Recently, the IMF upgrade the 2023 global growth projection by 0.2% to 3% thanks to reduced inflations and the global economy is more resilience than forecast of economists. Domestically, the short-term risks on bond markets remains given the large numbers of corporate bonds maturing in 3Q-2023 and 4Q-2023, but the exchange for private placing bonds which opened in July is expected to improve bond liquidity, reduce pressure on investors holding bonds and bond issuers.

## Earnings growth and forward P/E

Country	July '23 P/E (x)	'23E EPS growth (%)	'23F P/E (x)
Vietnam (*)	15.1	8.3%	12.2
Average	14.7	11.1%	13.4
Indonesia	16.6	7.7%	14.1
Malaysia	13.3	9.1%	14.1
Philippines	13.8	14.1%	12.3
Singapore	11.8	25.4%	10.9
Thailand	17.8	1.7%	17.0

Ticker	2023E EPS growth	Target Price (VND)	Last price	Recommendation (on release date)	Release	Analyst
PNJ	-0.1%	83,489	79,400	NEUTRAL	11-Aug-2023	chiltk@acbs.com.vn
TCB	-12.5%	43,100	33,650	BUY	04-Aug-2023	hungcv@acbs.com.vn
GEG	-28.0%	21,594	15,400	BUY	07-Jul-2023	toanpd@acbs.com.vn
FPT	18.4%	96,646	82,000	BUY	26-Jun-2023	chiltk@acbs.com.vn
VRE	39.6%	33,054	30,750	BUY	20-Jun-2023	trucptt@acbs.com.vn
STB	71.2%	45,300	31,850	BUY	14-Jun-2023	hungcv@acbs.com.vn
POW	59.0%	16,651	13,650	BUY	06-Jun-2023	toanpd@acbs.com.vn
KDH	-5.5%	34,467	36,450	BUY	06-Jun-2023	trucptt@acbs.com.vn
DHG	11.8%	136,569	116,000	BUY	31-May-2023	chiltk@acbs.com.vn
SIP	15.4%	115,546	124,900	BUY	30-May-2023	trucptt@acbs.com.vn
MWG	-68.6%	48,889	53,300	BUY	16-May-2023	chiltk@acbs.com.vn
FRT	-5.9%	63,521	75,000	NEUTRAL	28-Apr-2023	chiltk@acbs.com.vn
VCB	17.1%	101,000	90,400	BUY	13-Apr-2023	hungcv@acbs.com.vn
NT2	-21.0%	24,374	29,700	NEUTRAL	12-Apr-2023	toanpd@acbs.com.vn
IDC	-4.4%	47,044	47,500	BUY	12-Apr-2023	trucptt@acbs.com.vn
VHM	6.7%	70,431	60,900	NEUTRAL	05-Apr-2023	trucptt@acbs.com.vn
QTP	11.0%	18,315	17,200	BUY	14-Mar-2023	toanpd@acbs.com.vn
KBC	-9.6%	27,310	32,000	BUY	09-Mar-2023	trucptt@acbs.com.vn
PC1	109.0%	30,442	28,000	BUY	28-Feb-2023	toanpd@acbs.com.vn
VNM	9.1%	74,065	73,500	NEUTRAL	21-Feb-2023	chiltk@acbs.com.vn

# Summary of the 2nd quarter 2023 business results on VNIndex

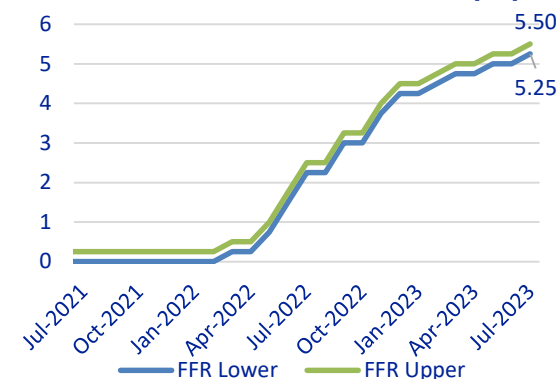
- ❖ The earnings reports of 389 companies in VNIndex showed the market wide 2Q2023 earnings increased 5% over the previous quarter with the largest contributions of:
  - ✓ Upward contributions of Food and Beverage, Capital Goods, Materials and Financial Services.
  - ✓ Downward contributions of Banks, Real Estate, Consumer Durables & Apparel.
- ❖ The total earnings just decreased 1% over the same period of last year with the largest contributions of:
  - ✓ Upward contributions of Real Estate, Transportation, Energy and Financial Services.
  - ✓ Downward contributions of Materials, Utilities and Retail.

Industry group	Market Cap (VNDtn)	Net Income (% q/q)	Net Income (% y/y)
Banks	1780.6	-4.1%	0.3%
Real Estate Management & Development	857.9	-12.9%	98.8%
Food, Beverage & Tobacco	495.0	77.1%	-19.9%
Materials	400.4	70.1%	-67.9%
Utilities	331.8	-5.2%	-27.6%
Capital Goods	215.7	109.9%	5.6%
Transportation	173.2	54.3%	601.4%
Financial Services	155.6	72.8%	135.3%
Software & Services	117.5	24.1%	17.6%
Retail	96.3	-484.6%	-111.4%
Energy	81.3	41.1%	1118.3%
Insurance	48.3	0.0%	46.3%
Consumer Durables & Apparel	46.7	-45.1%	-50.5%
Pharmaceuticals, Biotech. & Life Sciences	34.9	-8.7%	8.3%
Technology Hardware & Equipment	9.0	9.8%	-36.4%
Automobiles & Components	7.9	75.6%	-53.5%
Commercial & Professional Services	6.8	116.3%	-53.2%
Consumer Services	5.4	58.1%	-23.0%
Health Care Equipment & Services	3.4	59.2%	6.4%
Telecommunication Services	2.2	157.7%	126.5%
Household & Personal Products	1.5	7.6%	-31.5%
Unclassified	1.5	225.8%	-17.6%
Media & Entertainment	1.2	346.2%	-56.6%
<b>Total</b>	<b>4,874.0</b>	<b>5.0%</b>	<b>-1.0%</b>

# Fed raised its interest rates by a quarter of a percentage point

- ❖ At its meeting on July 26, 2023, the Fed raised interest rates by 0.25% bringing the Fed Fund Rate to 5.25%-5.5% range, the level last seen in housing market crisis 2007 and the highest level for about 22 years, and will continue to scrutinize additional information and the impact of interest rate increases on the economy.
- ❖ The US economy grew by 2% in the first quarter of 2023 and 2.4% in the second quarter, better than the Fed's forecast, combining with the unemployment rate remains low, reflect that The US economy is able to withstand the Fed's tightening monetary policy. Although inflation has shown signs of weakening but Fed supposed that it will be a long way to bring the inflation to target without a recession, and the Fed is still open to the next options and has not shown any signs of ending the monetary tightening cycle and decisions can only be made on a meeting-by-meeting basis. Our analysts suppose that the US inflation is easing but challenged by the rising wages and the recovery of energy prices, and the Fed is taking a very cautious to determine with the inflation goal and avoiding the economy against recession while.
- ❖ Recently, Vietnamese interest rates are reducing after the State Bank of Vietnam cut policy interest rates and make other policies to support the economy growth. This Fed rate hike could bring the different of interest rates of US Dollar and Vietnam Dong higher and causing USD/VND exchange rate fluctuations and impact to foreigner capital. We suppose that the current situation with abundant supply of the foreign currency thanks to stable remittances, record 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. Given this Fed rate hike is in line with market expectation, we supposed that the impact to Vietnamese currency and stock market is limited.
- ❖ Main motivations for Vietnamese economy growth are expected from services sector 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, and recovery of the construction industry which is expected to grow stronger in the third and fourth quarters thanks to the policies to promote public investment and the lower interest rate, and in turn, positive effect to listed companies earnings in the rest of this year.

## Fed Fund Rate (%)



Event type	Date	Countries	Events
Index review	10-Aug-2023	Global	MSCI Frontier Markets Indexes: Quarterly 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
Economy	18-Dec-2023	Japan	BOJ Monetary Policy Meetings
Derivative	21-Dec-2023	Vietnam	The last trading day of VN30F2312

	Short Term Outlook <sup>1</sup>	Change	Long Term Outlook <sup>2</sup>	Change
<b>Financials</b>				
Banks		-		-
Insurance		-		-
Securities		-		-
<b>Real Estate</b>				
Residential Property		-		-
Industrial Property		-		-
Retail Property		-		-
Hospitality Property		-		-
<b>Consumer Goods &amp; Services</b>				
FMCG				
Textile & Garment		-		-
Retail		-		-
<b>Materials</b>				
Construction Materials		-		-
<b>Logistics</b>				
Land & Sea Transport		-		-
<b>Energy</b>				
Oil & Gas		-		-
Power		-		-
<b>Healthcare</b>				
Pharmaceuticals		-		-

<sup>1</sup> Less than 3 months

<sup>2</sup> More than 1 year

Positive

Neutral

Negative

We maintain our expectations for all sub-sectors, including positive outlook in short-term of Securities and Industrial Property subsectors.

For long-term outlook, we suppose that Banks, Industrial Property, FCMG, Textile & Garment, Retail and Power will be positive.



## 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

- Credit growth was slow in 1H2023, reaching only 4.73% ytd (according to the SBV) due to the weak economy and high lending interest rates. The abundant liquidity of the banking system and a stable exchange rate facilitated the SBV to implement 4 interest rate cuts since the beginning of the year. Orient monetary policy towards loosening to support the economy, which is under pressure from domestic and international macro.
- Business results in Q2/23 of the banking industry weakened in line with the situation of the economy. Total profit before tax in Q2/23 of listed banks in the VN-Index decreased by 1.0% y/y and 4.8% q/q.
- Net interest income, the main contributor to banks' total income, decreased by 3.9% q/q and grew by only 2.1% y/y. NIM fell 22 bps q/q and was 34 bps lower y/y as the cost of funds continued to increase by 39 bps q/q while yield on interest-earning assets increased only slightly by 16 bps q/q because banks did not rise lending rates to support the economy and promote credit growth.
- Non-interest income recovered in Q2/23, up 17.6% q/q and up 3.0% y/y. The stock market recovered and especially Vietnam government bond yields dropped sharply (about 2% ytd), helping banks to record profits from securities trading activities.
- Asset quality continued to decline in Q2/23 but at a slower rate. NPL ratio increased by 16 bps q/q to 1.93%. However, the debt ratio of group 2 only increased by 6 basis points q/q to 2.54%, partly due to loans restructured under Circular 02/2023. The SBV said that the restructured loans at the end of Q2/23 was VND 62,500 billion, accounting for 0.5% of the total credit balance of the whole system.
- Banks continued to make moderate provisioning to protect their profits, causing the reserve buffer to be thin. LLCR at the end of Q2/23 fell to 109% from 118% at the end of the previous quarter.

### Outlook / What to Watch

- Deposit rates continue to decline, which will reduce funding costs of banks starting from Q3/23. However, NIM will recover slowly due to the loan interest reduction packages of banks to support the economy.
- Credit growth is expected to improve further in 2H2023 when lending interest rates have fallen to the level to that stimulates credit demand. The SBV has just granted more credit growth quotas for banks and maintained the whole year'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 Vietnam Insurance Association, in 5M2023, total life insurance premium revenue reached VND 62,794 billion, down 5.9% y/y, new-business premiums dropped sharply by 34.2% y/y due to negative information related to mistakes in the process of consulting life insurance products.
- The non-life insurance segment is less affected because non-life insurance products are required or related to the business operations of the business. Total non-life insurance premium revenue in 5M2023 reached VND 28,741 billion, up 4.3% y/y.
- Insurance companies took advantage of the high interest rate environment to lock their deposits long-term in the period Q4/22-Q1/23. As a result, income from financial investments of insurance companies has grown significantly in recent quarters and contributed greatly to positive business results in Q2/23.

### 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. However, the level of competition in the life insurance sector is increasing with the participation of foreign insurance companies.
- 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
Sector Overview						Outlook / What to Watch			
<ul style="list-style-type: none"><li>- 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.</li><li>- 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.</li><li>- A recovering market with improved liquidity will positively support the key businesses of securities companies such as brokerage, margin lending and proprietary trading.</li></ul>						<ul style="list-style-type: none"><li>- Vietnam's capital market is still in developing phase, especially in the advisory, underwriting and distribution of corporate bond businesses. Despite facing some short-term problems, this business still have great potential for growth, thereby opening up many opportunities for securities companies.</li><li>- 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.</li></ul>			

## 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

- In 2Q23, HCMC welcomed 1,254 new apartments (equivalent to 8% of 2Q22) and sold nearly 1,500 units (equivalent to 13% of 2Q22) given market challenges. Average primary price went down by 5% QoQ, to USD2,456/sqm, which was the first time witnessed a decline since 2018. There were only 15 new units launched in the landed property segment and the number of units sold was insignificant. However, the launch of 2,000 condos in Glory Heights zone of Vinhomes Grand Park in July with 90% absorption rate aroused the quiet market.
- In 2Q23, Hanoi recorded over 1,800 new apartments launched (-61% YoY) and over 2,200 units sold (-63% YoY). Average primary price grew to over USD2,000/sqm (+9.5% YoY). There were 152 landed property units launched, equivalent to 12% of 1Q23 and 541 units sold, equivalent to half of 1Q23.
- Resolution No.97/ND-CP issued on 8/7/2023 requested the State Bank of Vietnam to find solutions for decreasing lending interest rate by at least 1.5-2%.
- The government speeds up clearance process for the construction of Ring Road No.3 and North-South Expressway which is a key growth driver for the market recovery.

### Outlook / What to Watch

- Key challenges: challenging corporate bond market and slow project licensing process.
- 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 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:** In 2Q23, average leasing rate slightly increased to USD127/sqm/remaining leasing term (+3% QoQ) and occupancy rate was stable at 81%. 386ha were leased in 1H23, up by 60% YoY.
- **Southern market:** In 2Q23, average leasing rate grew to USD187/sqm/remaining leasing term (+8% QoQ) and occupancy rate was stable at above 85%. 397ha were leased in 1H23, up by 20% YoY.
- Chinese tenants show stronger demand after borders' reopening while US/EU tenants continue to show interests.
- In a draft replacing Resolution No.54 states that HCMC proposes that 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 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

- **HCMC:** In 2Q23, no new supply was recorded. Average rental rate grew by 9% YoY to USD235/sqm/month in CBD and was flat at USD41/sqm/month in non-CBD; vacancy rates slightly improved compared to the first quarter at 5.0% (-1 ppt QoQ) in CBD and 9.6% (-1.1 pts QoQ) in non-CBD.
- **Hanoi:** New project Lancaster Luminaire with NLA of 6,630 sqm was added in 2Q23. Average rental rates jumped to USD162/sqm/month in CBD (+23% YoY) and USD27/sqm/month in non-CBD (+8% YoY); vacancy rates improved to 2.6% in CBD (-2.2 pts QoQ) and 14.1% in non-CBD (-0.6 ppt QoQ)

### 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

- 2Q23 market witnessed an improvement in new supply and absorption rates compared to 1Q23 but far below 2Q22 levels.
- In 2Q23, there were 76 beach villas (equivalent to 6% of 2Q22), 75 townhouses/shophouses (equivalent to 3% of 1Q22) and 378 condotels (-61% YoY) launched with absorption rates of 66% (+8 pts YoY), 44% (-2 pts YoY) and 32% (-25 pts YoY), respectively.
- 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 \$19 bn, down by 16.8% YoY in 1H23.

### 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.
- In the first five months of 2023, retail sales of goods extended its growth momentum with a growth rate of 10% YoY. Nevertheless, weaker consumer spending has been reported due to cloudy economic outlook, inflationary pressure in some products, higher interest rates discouraging consumer finance activity, concerns about income uncertainty and job security in light of the gloomy economic outlook and lay-off in many manufacturers, etc. Weak consumer spending caused listed retailers to experience shaky growth in 4Q2022 and the first months of 2023 (e.g. MWG's revenue: -21% YoY in 5M23, PNJ: -9.6% YoY in 6M23, FRT: +0% YoY in 1Q23) . The companies maintain conservative views on 2023 outlook, especially 1H23.

### Outlook / What to Watch

- The sector outlook is expected to be better from 2H2023 given 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 6M2023, accumulated electricity consumption increased fairly compared to the same period 2021; in which coal power plant still accounts for a significant proportion.
- In June 2023, electricity production of the whole system reached 24.27 bn kWh, accumulated 6M2023, electricity output reached 134.98 bn kWh (+1.4% YoY), of which:
  - Hydro: 29.83 bn kWh, accounts for 22.1% of the total output.
  - Coal thermal: 66.76 bn kWh, accounts 49.5% of the total output.
  - Gas and oil thermal: 16.62 bn kWh, accounts 12.0% of the total output.
  - Wind & Solar energy: 19.5 bn kWh, accounts 14.5% of the total output.
  - Import energy: 1.79 mil kWh, accounts 1.3% of the total output.
- In April and May 2023, meteorological condition were unfavorable for hydropower group, which was affected by the El Nino phenomenon. Numerous large reservoirs in the North underwent low lever of water in many years. In contrast, the energy demand hike in hot weather, specifically, in May and the beginning of June, the maximum daily output of the Northern power system reached 453 million kWh, accounting for 51% of the total national output and an increase of 20.5% over the same period in 2022. The power saving and reduction had to be done in the Northern region. The rest, from Ha Tinh back to the South, still guarantees enough electricity supply.

### Outlook / What to Watch

- On the basis of the PMI for Jun 2023, which increased to 48.7 from 46.2 in June and 45.3 in May, the short-term outlook for electricity industry has become more brighter, resulting in economic uptrends in manufacturing thanks to many incentive policies such as: increasing public investment, and lowering interest rates. This will lead to an increase in energy output as a result of production activities.
- 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.

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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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