



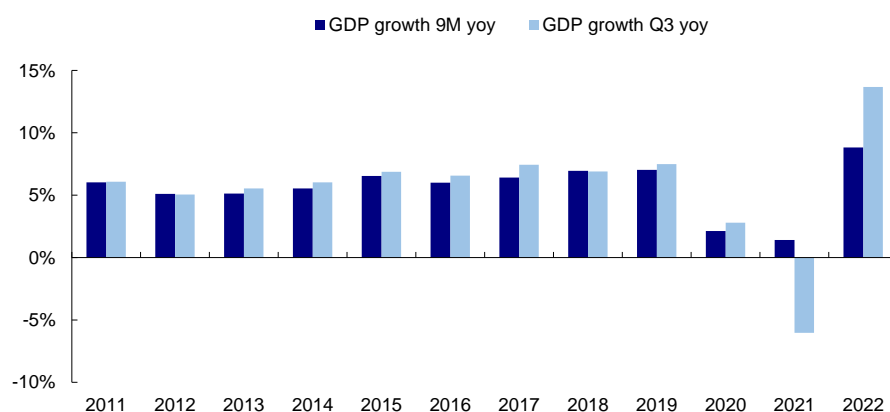
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## VIETNAM'S GDP RISES BY 13.67% IN Q3

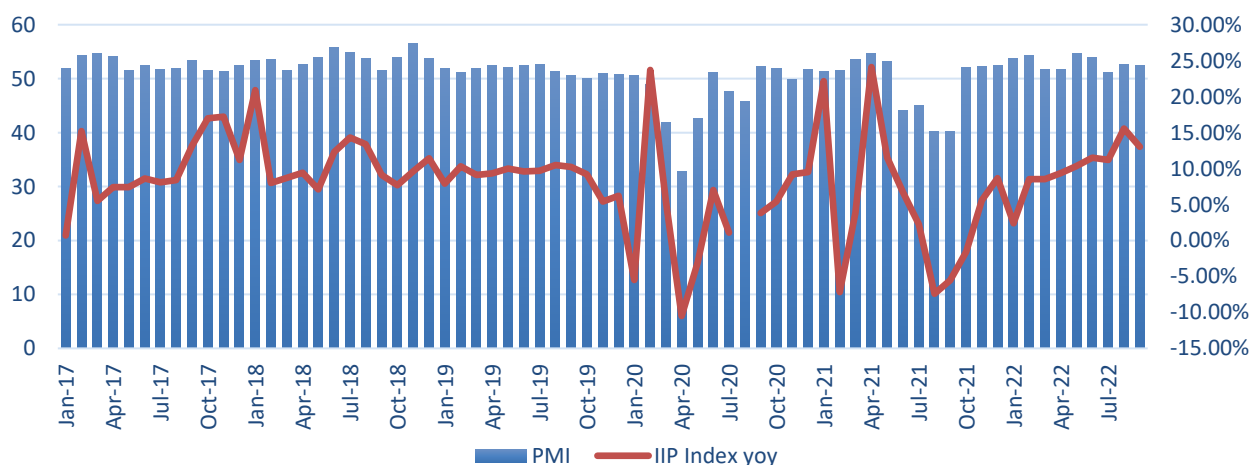
As our forecast in the latest macro report, Vietnam's GDP growth in the third quarter reached double digits with an increase of 13.67%yoy. This growth recorded the highest Q3 GDP growth in more than 10 years. However, it must be reminded that the record number was formed by the extremely low base of the same period last year and did not exceed our forecast. In fact, GDP only slightly increased compared to the previous quarter.



Sources: GSO, GTJASVN

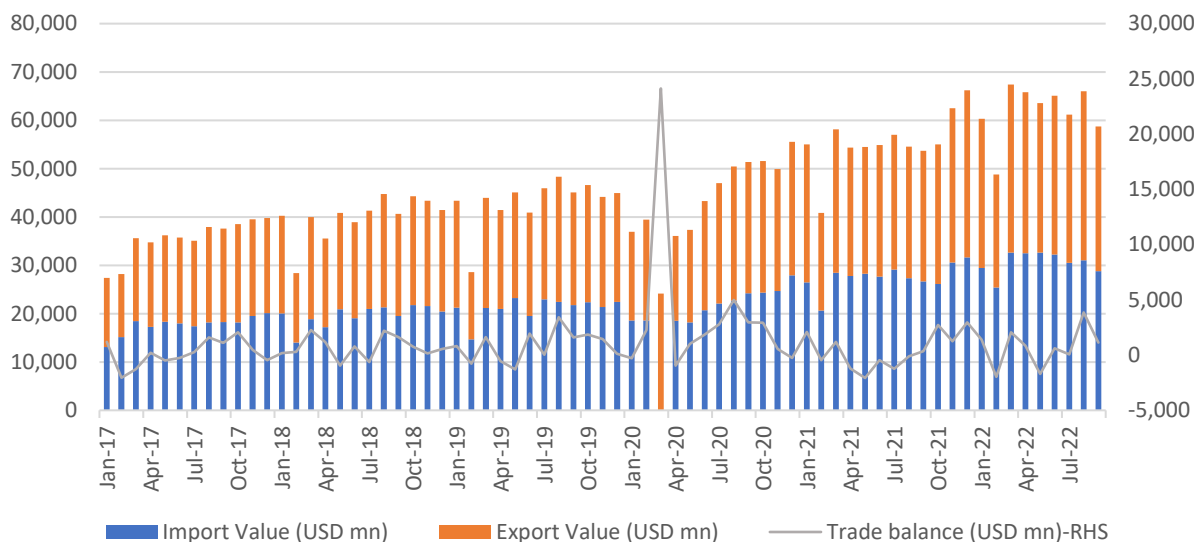
The detailed figure of key macro indicators is as followed:

- Industrial production increased by over 12%yoy. PMI slightly declined compared to August, to 52.5. However, it remains above the boom-or-bust line of 50 that separates expansion from contraction.



Sources: Fiinpro, GTJASVN

- Gross domestic demand continued to show resilience. The total gross retail sales of consumer goods and services increased by 21% yoy in the first 9 months of the year. When excluding the increasing price effect, the figure still reached a rate of 16.8% y-o-y.
- Export turnover increased by 17.3% yoy, reaching 282.52 billion USD in the first 9 months of the year. A 1.14 billion USD trade surplus recorded in September makes total trade surplus in the first 9 months of the year to 6.52 billion USD.



Sources: Fiinpro, GTJASVN

- FDI inflow maintained but at a slower pace. Total new registered FDI in the first 9 months declined, partly stemming from a worse global economic. However, we still recorded increasing invested capital compared to the same period last year and the highest in the past 5 years.
- The 9-month average CPI increased by 2.73% y-o-y. The pressure from rising gasoline prices has decreased, but the "sticky price" effect causes prices of many commodities to remain anchored at high levels despite the cooling down gasoline price in recent months. In September, the education group possess the most negative impact on CPI due to the expiration of the tuition fee exemption and reduction policy.

## 2023 VIETNAM'S ECONOMIC OUTLOOK AND MOMENTUM

According to the latest view of the Ministry of Planning and Investment (MPI hereinafter), with Q3 GDP result and improved business factors, Vietnam's GDP in 2022 may grow 7.5% in a cautious scenario. In the base-case scenario, Vietnam's GDP growth will reach 8% this year, assuming that there will be no upheavals in the market but favourable external factors for the economy during the remaining months of the year.



Talking about the economic outlook for 2023, the MPI's representative said that economic growth faces more obstacles next year with pressure from inflation, highly anchored gasoline prices, Russia-Ukraine geopolitical tensions, making the global context even more unstable, especially on the issue of food security and the price of basic goods affecting the global economic outlook as a whole.

Major organizations (IMF, ADB) believe that Vietnam's GDP can grow by 6.7% in 2023 based on the current maintained positive foundations such as improving FDI attraction, exports, and domestic consumption.

In fact, there are some advantages supporting Vietnam's economic growth in the coming years:

**(i) Positive outlook for FDI**

According to the MPI's survey published in Sep 2022, 66% FDI entities operating in Vietnam have a plan to expand their current business in 2023.

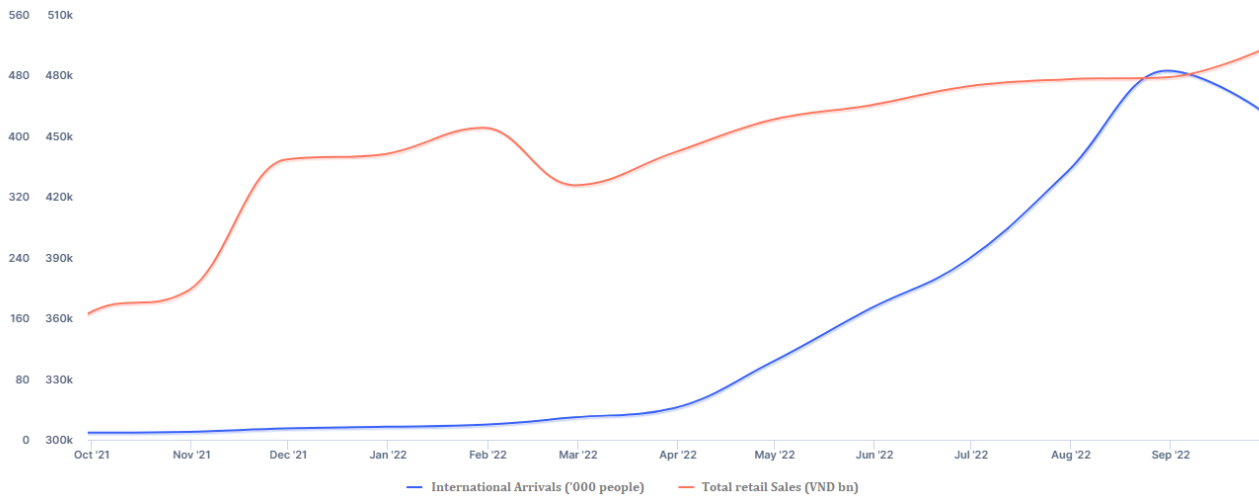
In terms of new FDI, it is expected that Vietnam will attract South Korean electrical, electronics, industrial manufacturing & processing projects that are looking for a production hub serving their financial and exporting plan. According to the Foreign Investment Agency, in the next 2-3 years, technology corporations still prioritize choosing Vietnam as an investment/expanding investment location, especially for manufacturing activities besides some emerging sectors such as pharmaceuticals and energy.

Apple plans to produce Apple Watch in Vietnam; Samsung produces semiconductor components in Vietnam raises hopes that Vietnam will become a new destination for the semiconductor industry, and we can expect a new wave of investment led by these giants. Top 3 largest semiconductor manufacturers in the world, Intel with a presence in Vietnam since 2006, pledged to significantly expand its production scale in Vietnam. Along with Intel, many other investors have also been planning to invest in manufacturing semiconductor devices and components in Vietnam. For example, Amkor (South Korea) with the investment plan of \$ 1.6 billion; Hana Micron (South Korea) with the investment plan of 500 million USD. In addition, Renesas, Applied Micro, Splendid, Sonion ..., plan to penetrate the Vietnamese market in a smaller scale.

Other sectors like wholesales, retails, non-manufacturing, supporting industry continue to attract Japanese investors (Aeon, Uniqlo for example).

**(ii) Promising domestic consumption and international travels**

The strong demand in domestic market and increasing middle income class strengthen Vietnam's retail market outlook.



Sources: Wichart, GTJASVN

According to Vietnam National Administration of Tourism, in the first 9 months of 2022, there were 1.8 million international visitors to Vietnam, although recovering compared to the epidemic period, but this number was still 85.4% lower than the same period in 2019-pre-pandemic time.

The remaining room for tourism activities based on international arrivals is expected to lever Vietnam's consumption in the following years, even if it takes time in years for the number of tourists to return to the 2019 ground.

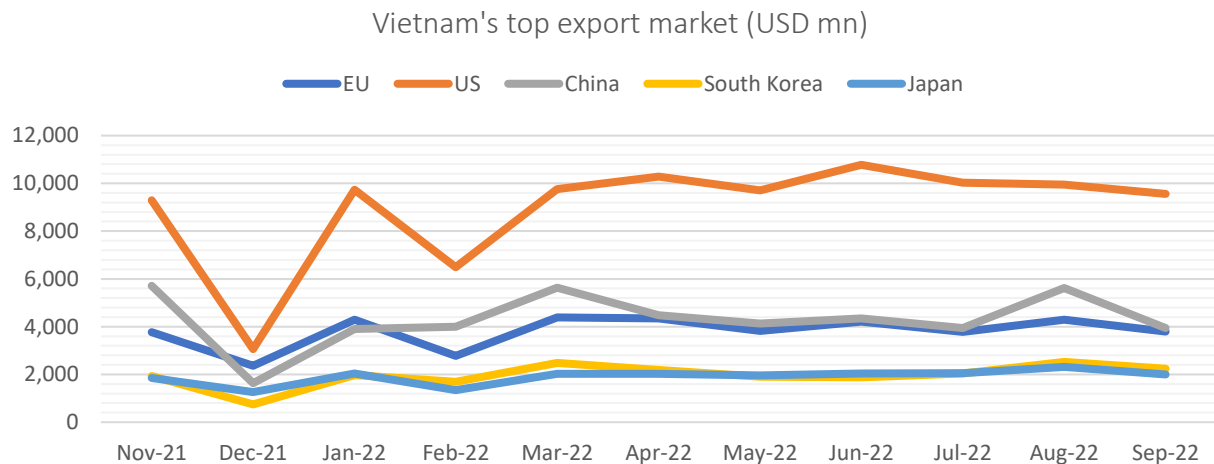
### (iii) Resilient fiscal balance supports the public investment

State budget revenue in the first 9 months of 2022 reached 94% of the estimate, up 22% yoy, creating room in fiscal management.

Meanwhile, as of September 30, 2022, the total disbursed capital of public investment reached 46.7% of the plan, equivalent to more than VND 250 trillion, showing that there is still quite a lot of room for fiscal support for the last quarter of the year and 2023.

### (iv) Exports remain a positive source of revenue and support foreign exchange reserves

Next year's export motivation is still questionable if the world economy and Vietnam's main export markets weaken.



Sources: Wichart, GTJASVN

Exports to major markets were somewhat weaker in September. The risk of declining export in the remaining months of the year and 2023 increases as the economic and consumption situation in these markets becomes grim.

However, in the opposite direction, the tightening spending in Europe is likely to create advantages for cheap price products exported from Vietnam. On the other hand, expectation for a recovery from the Chinese market might be the main driver to help Vietnam maintain a positive trade balance and compensate for the falling figure in other markets like US, UK.

### Headwinds onward:

With the current positive economic factors (in terms of both production and consumption), it is likely that Việt Nam will gain a GDP growth rate target of 7 per cent for the whole year. However, there is the big question that how high the Vietnam's economy will grow next year given the gloomy global economic outlook:

- Recessionary pressures amid the global tightening monetary policy. The weakening of Vietnam's major trading partners may make the export picture less positive in 2023.
- Escalating geopolitical tensions in Russia-Ukraine make the global business environment even more unstable. Meanwhile, the world's second-largest economy is still struggling to recover from tightened epidemic control policies.
- Inflationary pressures are still present. In the short-term food prices are rising due to India banning the export of broken rice while steel prices are rising as China is easing policies, especially with the real estate sector.

Graph: Inflation in major countries



Sources: Bloomberg

However, up to present, Vietnam's macro-monetary environment, although under pressure from both internal and external aspects, is still very positive compared to other countries (GDP growth is in the top highest group, inflation is in the target range of 4%; Although VND depreciates against USD, it still maintains relative strength compared to other currencies).

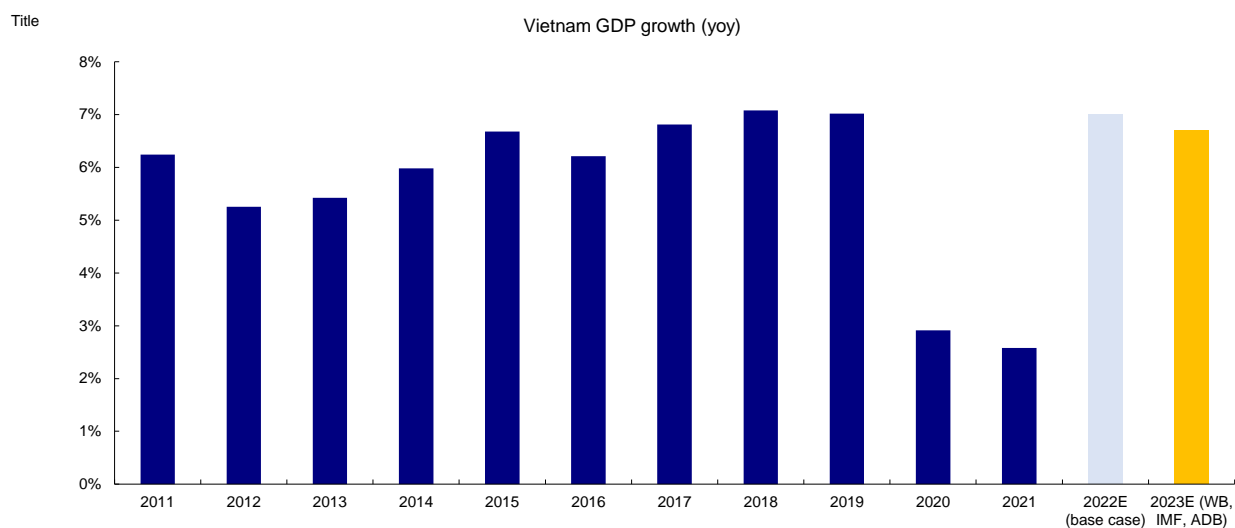
## GTJA VIETNAM'S COMMENT AND FORECAST

As our aboved figure seeing and view, GTJAS Vietnam believe that Vietnam's economy in 2023 will witness a solid growth, backed by:

- A resilient FDI inflow into Vietnam, especially into new sectors (technology, energy, semiconductor, etc)
- Strong domestic consumption. Meanwhile, the international arrivals is expected to recover to 30%-35% the pre-pandemic level at the end of 2022 and 50%-60% the pre-pandemic level in 2023;
- The fiscal budget for Public Investment still stays, which will be an important driver to offset the worse view of Exports that may be affected by the global economic downturn in the short to medium term.



### GTJA Viet Nam's Macro forecast



Sources: GSO, GTJASVN

Our 2 scenarios for Vietnam's economic outlook:

GTJA FORECAST		2022 Base case	2023 Base case
GDP Growth	%	7.2	6.5
Inflation	%	3.8	4.5





### COMPANY RATING DEFINITION

Benchmark: VN – Index.

Time Horizon: 6 to 18 months

Rating	Definition
<b>Buy</b>	Relative Performance is greater than 15% Or the Fundamental outlook of the company or sector is favorable
<b>Accumulate</b>	Relative Performance is 5% to 15% Or the Fundamental outlook of the company or sector is favorable
<b>Neutral</b>	Relative Performance is -5% to 5% Or the Fundamental outlook of the company or sector is neutral
<b>Reduce</b>	Relative Performance is -15% to -5% Or the Fundamental outlook of the company or sector is unfavorable
<b>Sell</b>	Relative Performance is lower than - 15% Or the Fundamental outlook of the company or sector is unfavorable

### SECTOR RATING DEFINITION

Benchmark: VN – Index

Time Horizon: 6 to 18 months

Rating	Definition
<b>Outperform</b>	Relative Performance is greater than 5% Or the Fundamental outlook of the sector is favorable
<b>Neutral</b>	Relative Performance is -5% to 5% Or the Fundamental outlook of the sector is neutral
<b>Underperform</b>	Relative Performance is lower than -5% Or The Fundamental outlook of the sector is unfavorable

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