

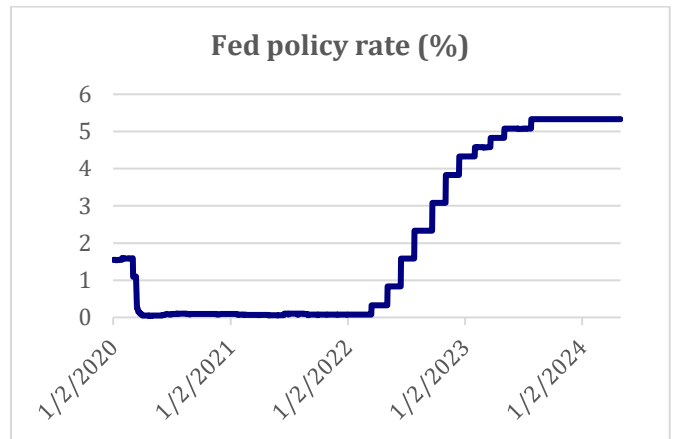
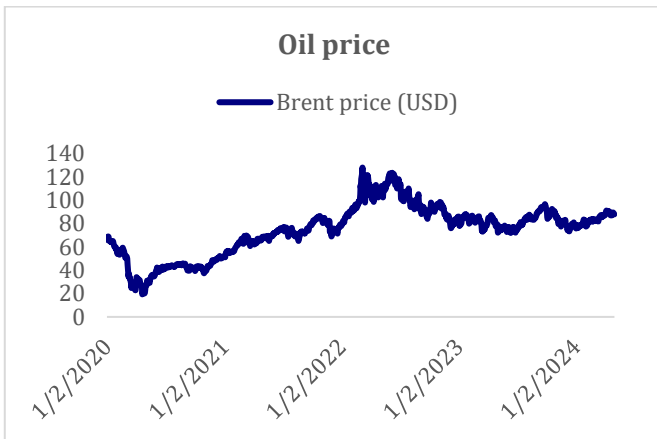


Research & Investment Strategy Department
research@gtjas.com.vn
08/05/2024

Vietnam Macro report April 2024:

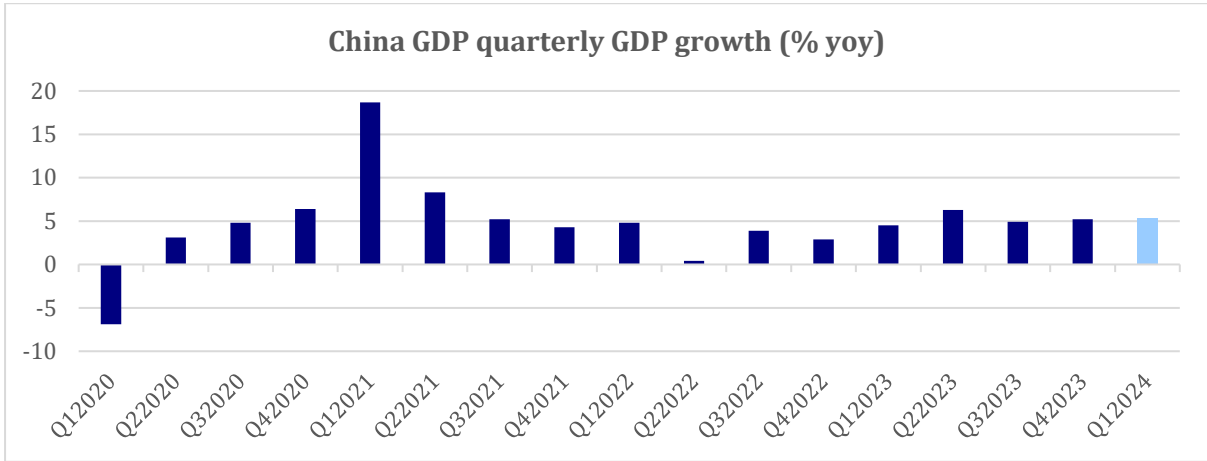
In April, the Vietnamese economy continued to show positive signs of growth. This is the result of the government's relentless efforts in promoting investment disbursement activities, improving the business environment, and refining legal frameworks and institutions.

However, there are still challenges arising from unfavorable global conditions. The Fed is maintaining high interest rates compared to before to curb inflation, and conflicts and instability in the Middle East between Israel and Iran are causing global oil prices to rise, putting pressure on Vietnam's macroeconomic policies.



Source: Bloomberg, GTJA RS team

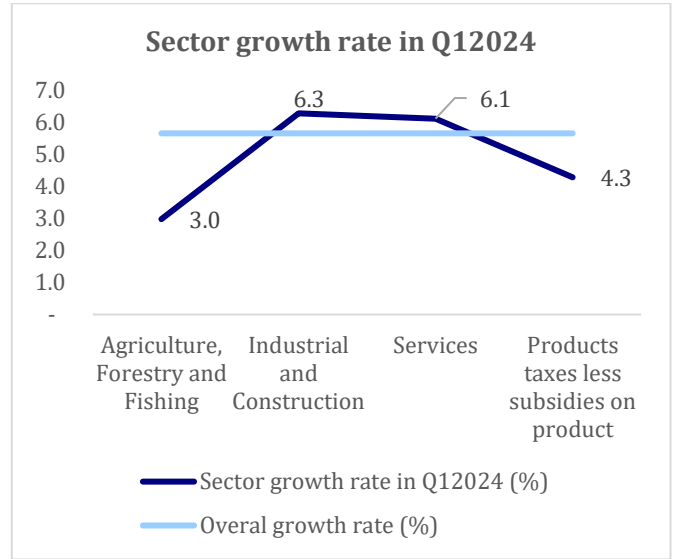
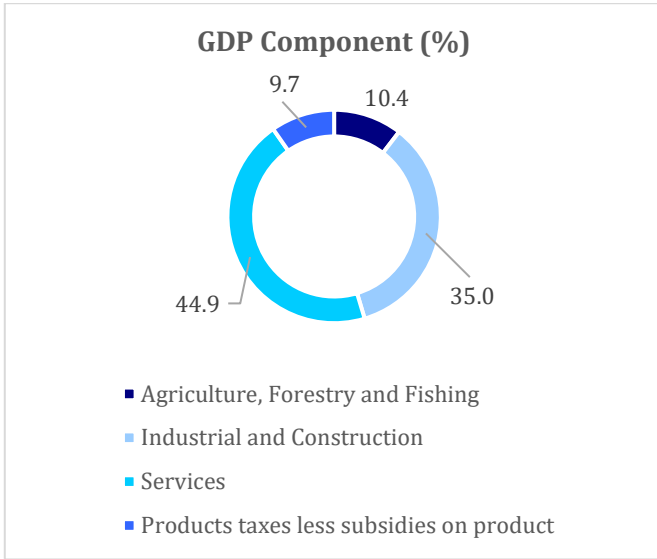
On the other hand, China's economy has surpassed GDP growth expectations, reinforcing the views of some major institutions such as Goldman Sachs and HSBC AM that the country's economy hit bottom by the end of 2023 and is now in a recovery trend. With the Chinese government's commitment to supporting its real estate market, there may be positive spillover effects for Vietnam due to the similarity in policies and mechanisms between the two countries.



Source: Bloomberg, GTJA RS team

For Vietnam, the GDP in Q1/2024 reached the highest growth compared to the same period in previous years since 2019, boosting confidence in achieving the annual growth target of 6.0-6.5%. The acceleration in Q1 came from the strong growth momentum in the Industrial and Service sectors, while the Agriculture, Forestry, and Fisheries sector continued to grow but at a slower pace.

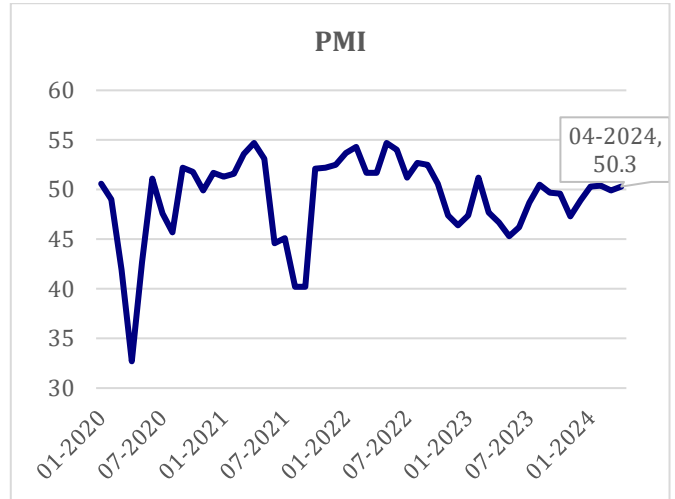
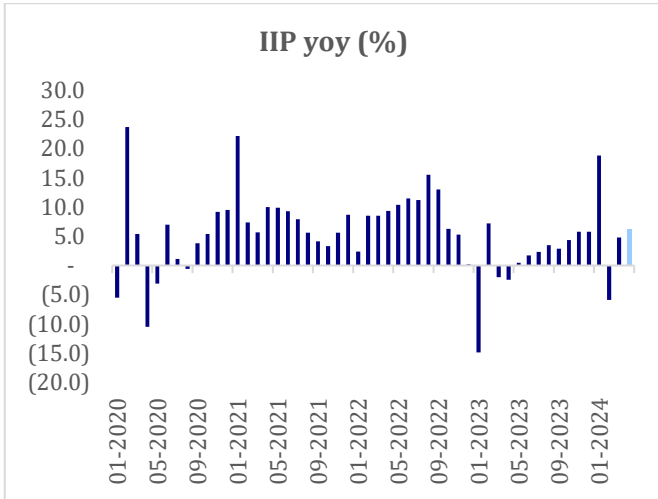




Source: GSO, GTJA RS team

From a detailed perspective, in April, the domestic Industrial Production Index (IIP) grew by 6.3% compared to the same period in 2023, higher than the 4.8% growth rate the previous month. The IIP growth rate has been consistently recovering after a sharp decline in Q4/2022 and negative growth in the first four months of 2023, indicating a solid foundation for industrial production to positively contribute to GDP growth in 2024. The manufacturing sector, which accounted for 78% of the industrial output value in 2023, also experienced higher growth than the overall sector, reaching 7.0% in April and 6.3% for the first four months of 2024 compared to 6.0% growth for the entire sector over the same period.

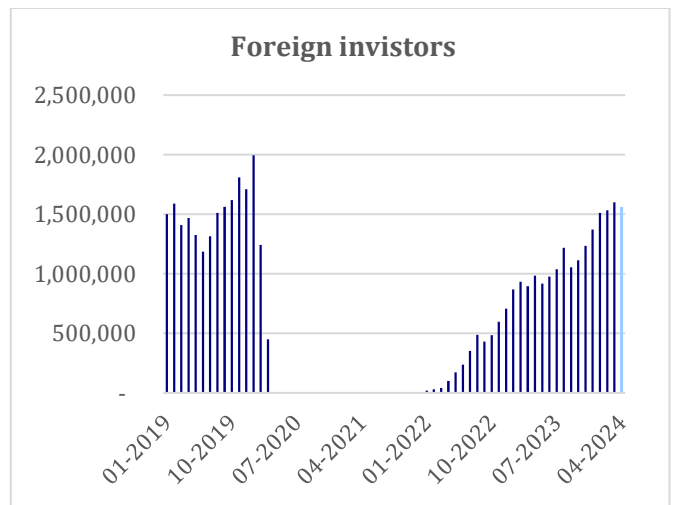
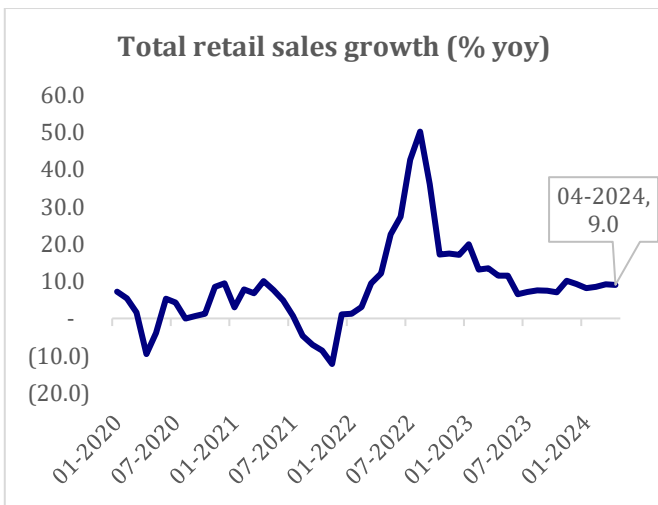
The Purchasing Managers' Index (PMI) also indicates a basis for expectations of accelerated industrial production, reaching 50.3 in April, marking the third month of 2024 to record an expanding production trend in the coming months. In 2023, this index was below the neutral level (a value of 50) in 10 out of 12 months. The improvement in PMI is attributed to a good growth in new orders; however, some businesses are still hesitant to ramp up hiring and increase inventory levels due to concerns about the sustainability of this order growth.



Source: GSO, S&P Global, GTJA RS team

Accompanying the increase in industrial production, the service sector also witnessed a 9.0% rise in total retail sales of goods and services in April, bringing the average growth for the first four months of the year to 8.5%. This growth rate is nearly equivalent to the 10.7% increase seen in 2019 before the Covid-19 pandemic, indicating that consumer trends are gradually recovering, albeit slowly.

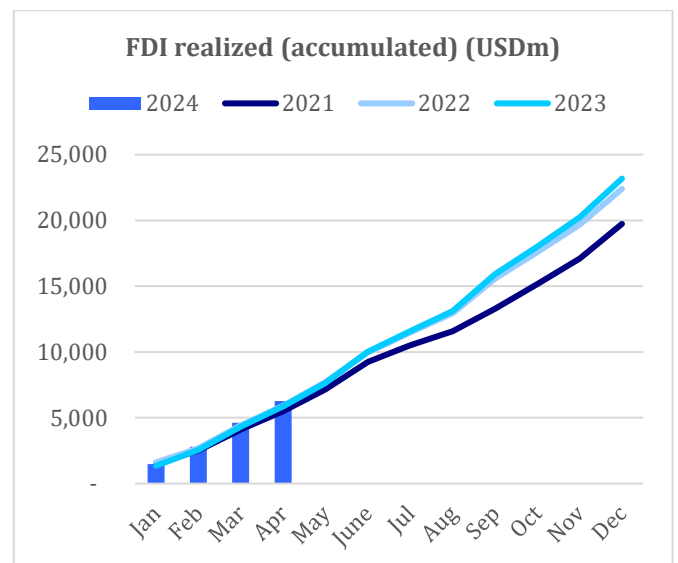
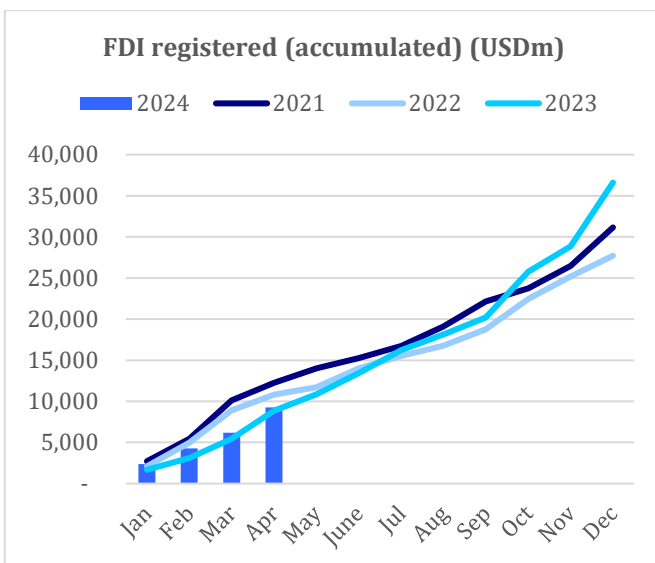
Additionally, international tourist arrivals to Vietnam in the past April also surged significantly, reaching 1.56 million visitors, a 58.2% increase compared to the same period in 2023. Consequently, in the first four months of the year, Vietnam has welcomed approximately 6.2 million international visitors, up more than 200,000 compared to the early 2019 period before the Covid-19 pandemic kicked in. The recovery of international tourism will aid sectors such as accommodation, restaurants, airlines, and retail in transitioning after the challenging period they've faced in recent years.



Source: GSO, GTJA RS team

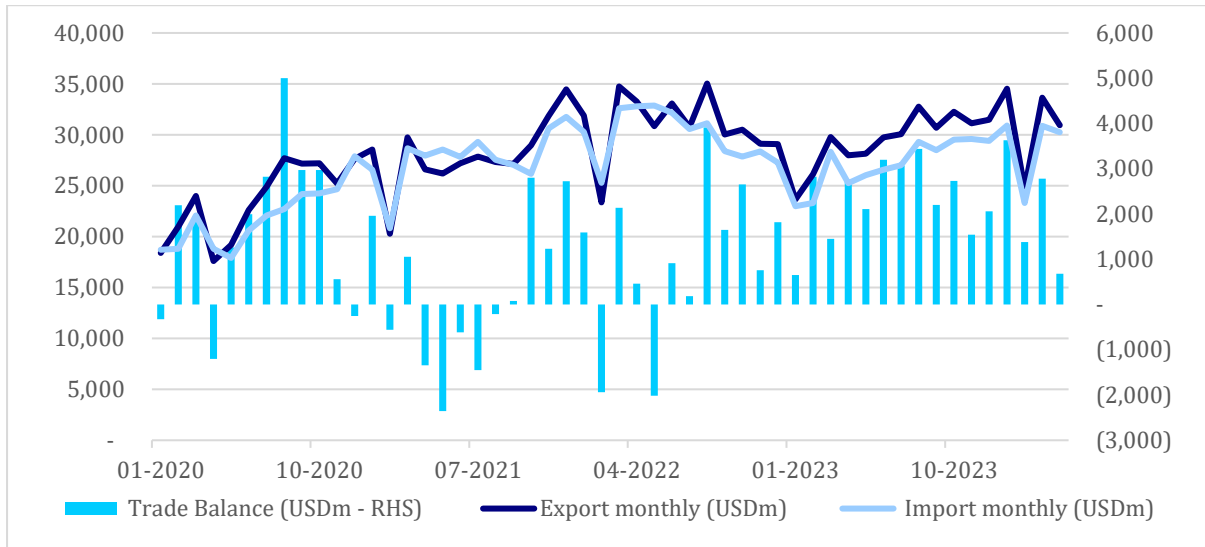
Not only are there positive signs from international tourism, but import-export activities have also become more vibrant as Vietnam attracts strong inflows of FDI and gradually integrates deeply into international production and trade chains, especially amid tensions among leading manufacturing and consuming countries worldwide in recent years.

Estimates until the end of April indicates that the total committed FDI capital into Vietnam reached about \$9.27 billion, an increase of approximately 4.5% compared to the same period in 2023. It should be noted that in 2023, Vietnam attracted a total of \$36.6 billion in committed FDI, of which about \$23.2 billion was disbursed, all of which were record highs in the history of opening up the economy. Disbursed capital in 2024 is also very positive, reaching \$6.3 billion, an increase of 7.4% compared to the same period in 2023.



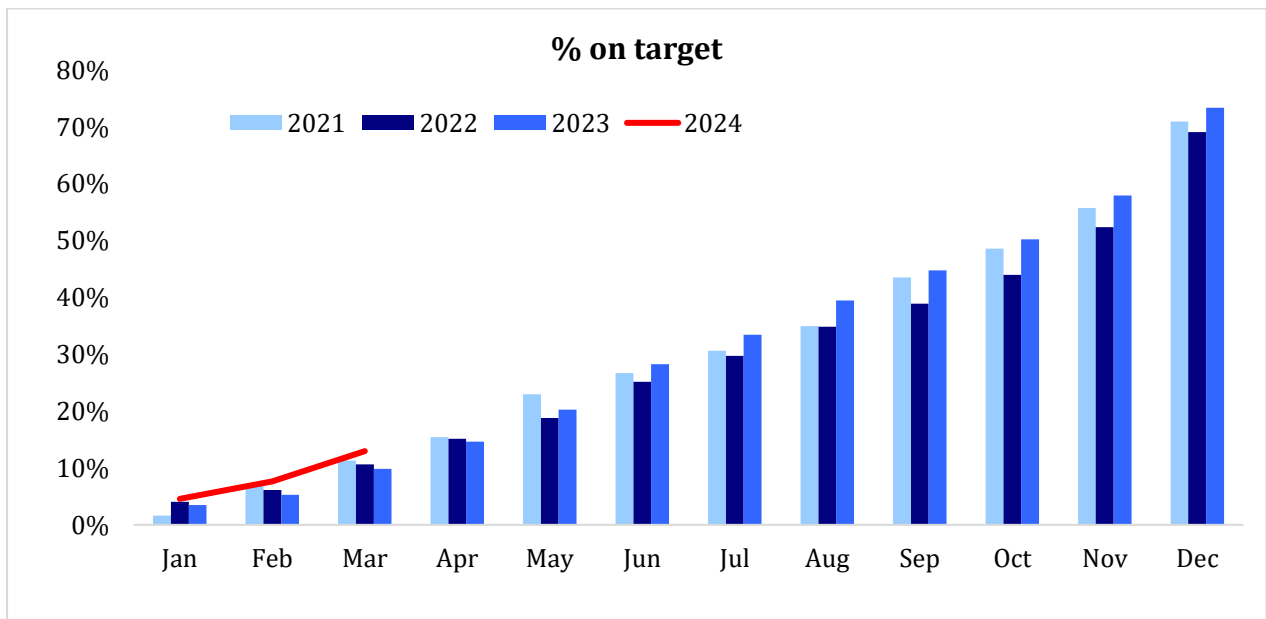
Source: MPI, GTJA RS team

The increase in FDI and Vietnam's manufacturing capacity has contributed to exports reaching approximately \$30.9 billion in April, an increase of about 10.6% compared to the same period in 2023. Imports also reached \$30.3 billion, up by 19.9%. For the first four months, exports reached \$115.2 billion, up by 15%, while imports reached \$108.3 billion, up by 15.4%. The rapid increase in imports is a positive sign, with 94% of it being production materials, reinforcing the perception of increased demand for domestically manufactured goods for consumption and export. Thus, the trade turnover this year has increased by 15.2% compared to the same period last year, resulting in a trade surplus of approximately \$8.4 billion, up by 10.6% compared to 2023.



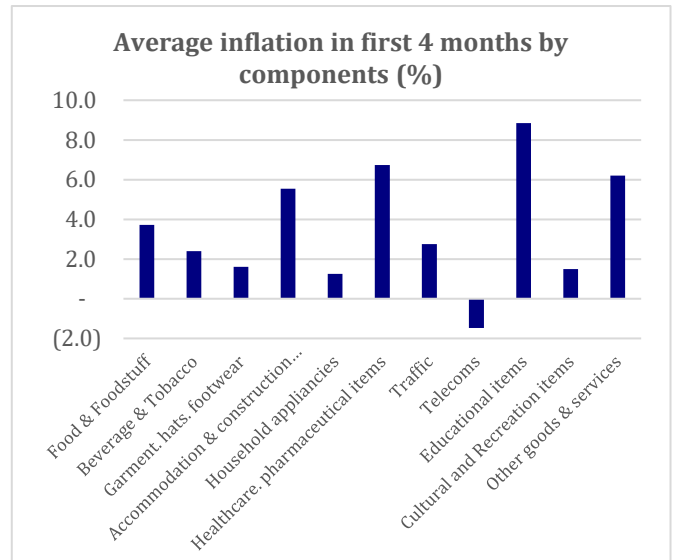
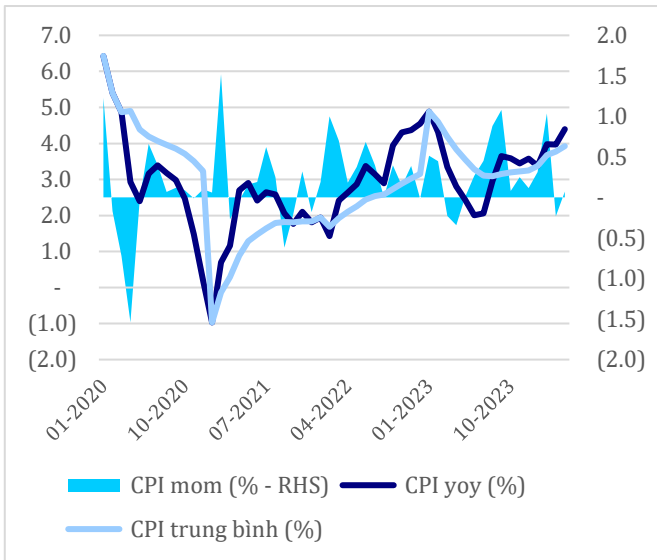
Source: Custom Vietnam, GTJA RS team

Disbursement of public investment, which has been a growth driver for Vietnam in the past decade, slowed down in recent years but has returned strongly in 2024. The latest estimates from the General Statistics Office (GSO) indicate that the disbursement of public investment in Q1 2024 reached about 13% of the plan, compared to only 9.7% in the same period in 2023. This is largely attributed to the determined efforts of the Vietnamese government and the Prime Minister in promoting the disbursement of public investment at various ministries and localities.



Source: GSO, MoF, GTJA RS team

In the brighter macroeconomic picture, there are still some points to note. Most notably, inflation is showing an increasing trend, rising by 4.4% in April compared to the same period in 2023. Thus, the average inflation for the first four months of the year reached 3.93%, approaching the upper limit of 4.0 - 4.5% set for 2024. Inflationary pressure stems from significant increases in the prices of Food and Foodstuffs (3.72% for the first four months of 2024), Housing and Construction Materials (5.54%), Pharmaceuticals and Medical Services (8.52%), and Education and Training (8.84%).



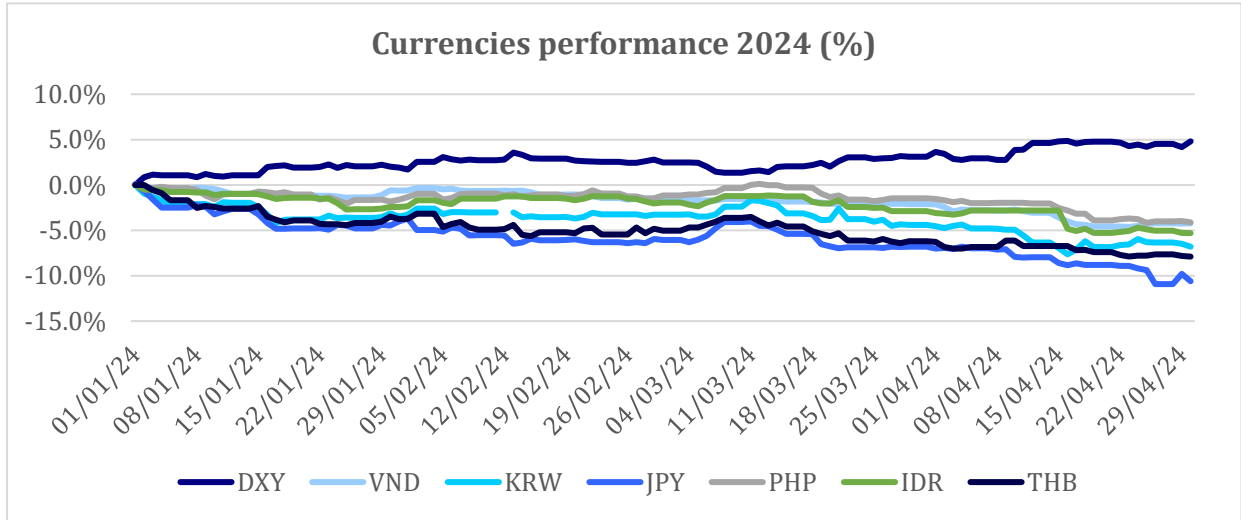
Source: GSO, GTJA RS team

Alongside the increasing inflation, the Vietnamese dong (VND) has also experienced significant depreciation recently, depreciating by about 4.2% by the end of April. The depreciation of the VND stems from various reasons, including the strengthening of the US dollar on the international stage, with the Dollar Index (DXY) rising by 4.8% this year.

Despite facing depreciation pressure, the VND remains one of the currencies with relatively good performance in the region compared to other national currencies such as the Japanese yen (JPY) (-10.6%), the South Korean won (KRW) (-6.8%), the Thai baht

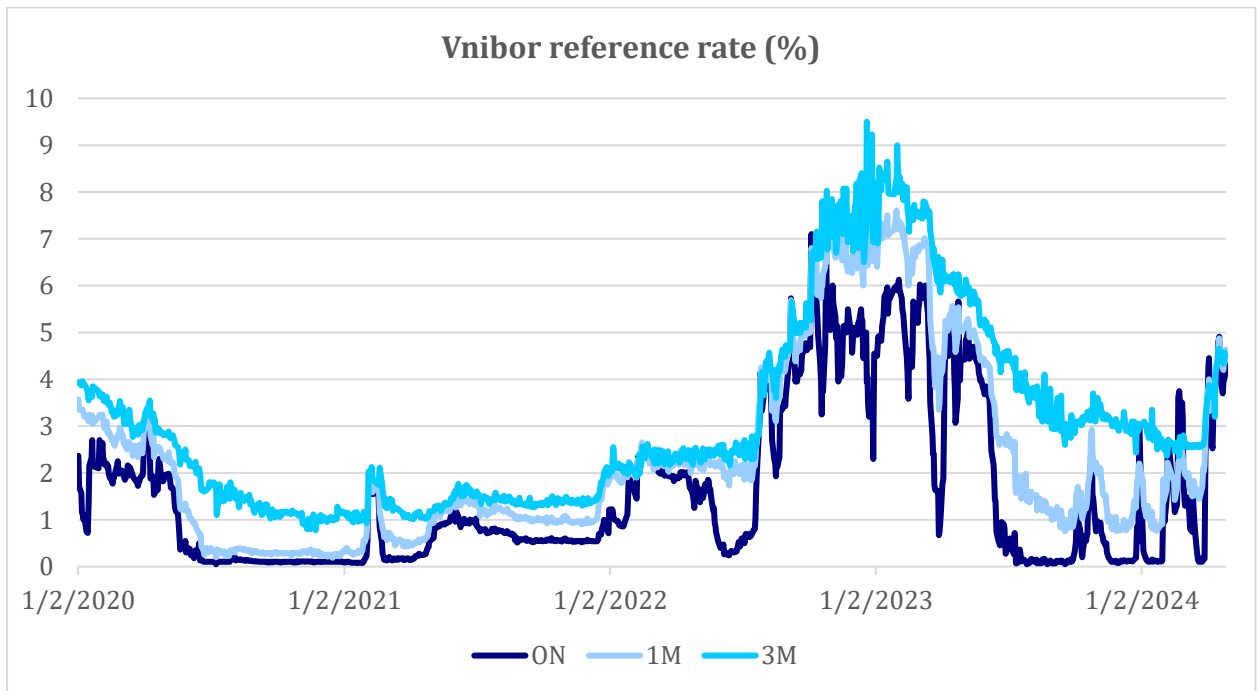


(THB) (-7.9%), the Indonesian rupiah (IDR) (-5.3%), or the Philippine peso (PHP) (-4.1%).



Source: Bloomberg, GTJA RS team

As the regulatory body responsible for controlling inflation and managing exchange rates, the State Bank of Vietnam (SBV) took intervention measures in April. It sold a large amount of foreign currency (estimated at around \$400 million) to ease market demand and increased OMO (Open Market Operations) interest rates and treasury bills. Additionally, the market deposit interest rates of many banks were also adjusted upward in April, increasing the attractiveness of the VND and immediately reducing the exchange rate by about 100 basis points.

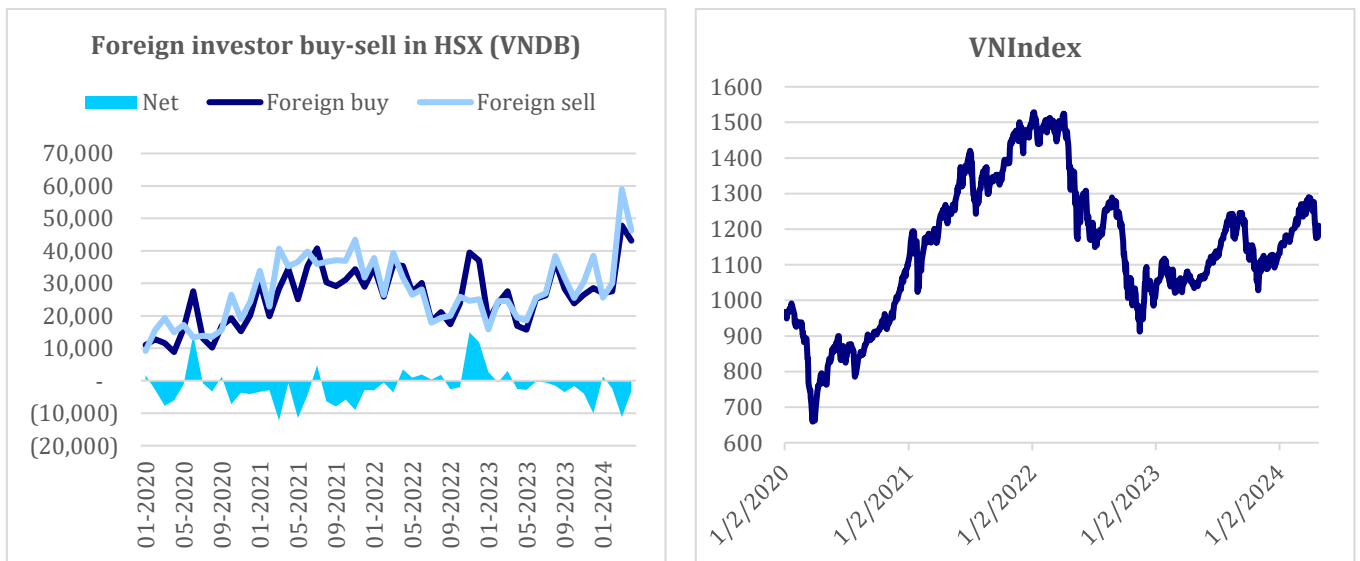


Source: Bloomberg, GTJA RS team

Despite the positive signals from the macroeconomic standpoint, foreign investors continued to be net sellers with a total net selling of 3.211 trillion VND on the Ho Chi Minh City Stock Exchange (HSX), bringing the total net selling for this year to 15.472 trillion VND. This marks the third consecutive month of net selling by foreign investors, driven by concerns about exchange rate volatility and Vietnam's low-risk interest rates compared to some developed markets such as the US and EU.

In fact, the trend of net selling by foreign investors has been ongoing since 2020 and has generally been offset by the popularity of stock market investment activities among domestic investors. Therefore, while the net selling by foreign investors is not a positive factor, it could set the stage for an explosion when these investors return once the Vietnamese market meets upgrading conditions and completes the restructuring process.

The VNIndex also experienced significant fluctuations in the month, partly due to some negative information from the political situation in Vietnam. The index decreased by 5.8% in April, although it still rose by 7.0% since the beginning of the year. This performance is positive compared to some neighboring countries such as Thailand (-3.4%), the Philippines (+3.9%), and South Korea (+1.4%).

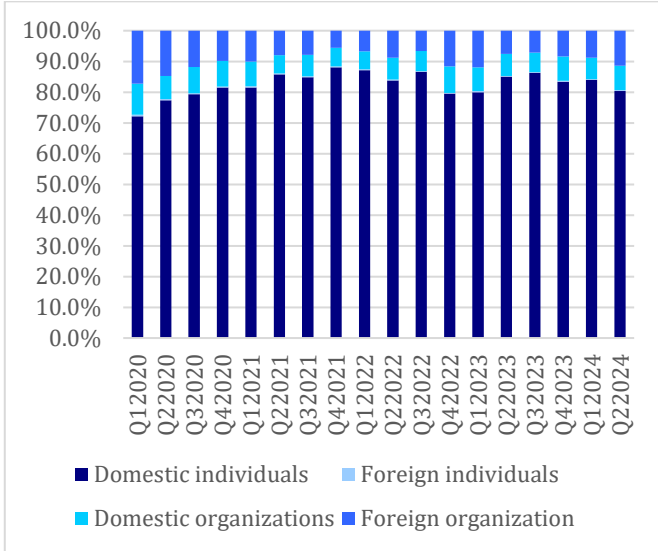


Source: Bloomberg, Hochiminh Stock Exchange, GTJA RS team

Overall, the Vietnamese economy is undergoing positive transformations to adapt to the new world order. Macroeconomic indicators are increasingly painting a brighter picture.

However, this is still a period of accumulation and restructuring before a strong explosion, so it will be suitable for investors with strategic long-term plans to accumulate securities when valuations are becoming increasingly attractive based on historical data.

In addition, some short-term trading strategies may also yield good results by capitalizing on strong market fluctuations resulting from changes in retail investor sentiment, which accounts for 80-85% of total trading value on the Vietnamese stock market.



Source: Bloomberg, FiinPro, GTJA RS team



COMPANY RATING DEFINITION

Benchmark: VN – Index.

Time Horizon: 6 to 18 months

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

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GUOTAI JUNAN VIETNAM RESEARCH & INVESTMENT STRATEGY

Tran Thi Hong Nhung

Deputy Director

nhungth@gtjas.com.vn

(024) 35.730.073 – ext:703



CHỨNG KHOÁN GUOTAI JUNAN (VIỆT NAM)
GUOTAI JUNAN SECURITIES (VIETNAM)

CONTACT	Hanoi Head Office	HCMC Branch
Advising: (024) 35.730.073	R9-10, 1 st Floor, Charmvit Tower, 117 Trần Duy Hưng, Hà Nội	3 rd Floor, No. 2 BIS, Công Trường Quốc Tế, P. 6, Q.3, Tp.HCM
Stock ordering: (024) 35.779.999	Tel: (024) 35.730.073	Tel: (028) 38.239.966
Email: gtja@gtjas.com.vn Website: www.gtjai.com.vn	Fax: (024) 35.730.088	Fax: (028) 38.239.696