



Stock Market Commentary

Despite a steep correction which coincided with the swift global equity rout in early February, the **VN Index closed the month at a new high of 1,121.5 points, up 0.81% MoM** in USD terms. The Index posted **YTD return of 13.77%** in USD terms.

- Banking and real estate sectors stayed ahead with average monthly gains of 11% and 4.6%, respectively.
- Oil and gas stocks corrected as much as 16% as oil prices weakened.

Liquidity slumped by 17.1% MoM with **average daily trading value of US\$354.7 million**. This is still 41.1% higher than the L12M liquidity.

Foreign investors net bought **US\$122.3 million** worth of listed stock, only one third of their net buy value in January. Their net cumulative net buy value in 2M 2018 was US\$483.8 million (2M 2017: US\$90.3 million).

Three new listings of large SOEs on the centralized OTC market "UPCOM", namely Binh Son Refinery (BSR), PV Power (POW) and PV Oil (OIL) are scheduled in March, which should add approximately US\$ 869 million to the UPCOM's market cap of US\$ 19 billion (Feb 28th).

Meanwhile, the combined market cap of the two main exchanges HOSE and HNX have reached US\$143.5 billion by February's end. The VN Index's average P/E was 21.0x, skewed by the larger caps but valuations remain attractive with 2018 earnings growth from 15% to 30%.

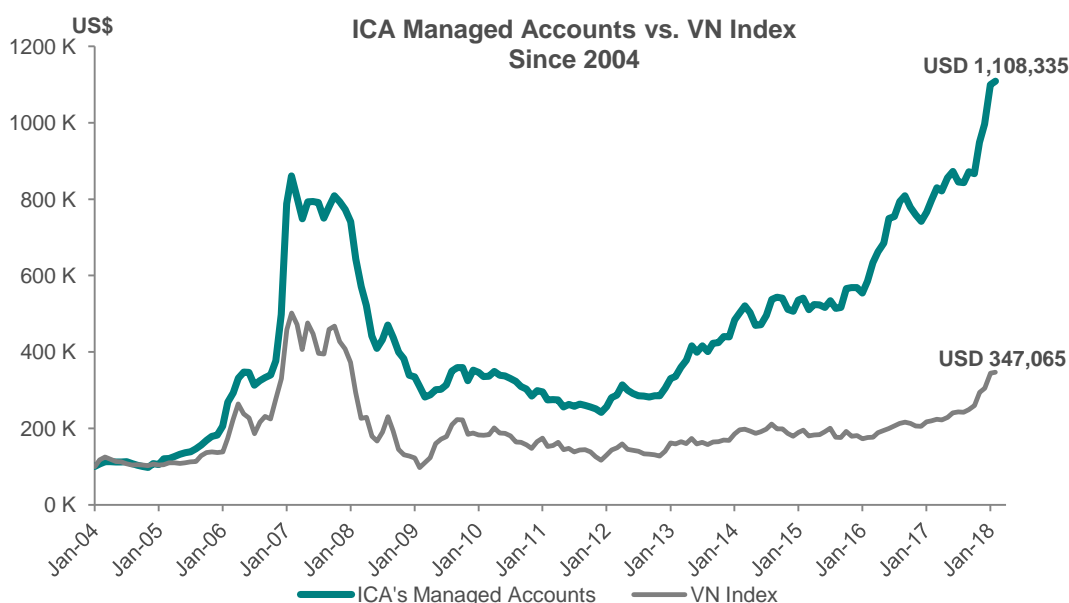
Macroeconomic Update

	Feb 2017	Jan 2018	Feb 2018	FY2018 Target
CPI (MoM change)	0.23%	0.51%	0.73%	
CPI (YoY change)	5.02%	2.65%	3.15%	4.00%
YTD Trade Balance (US\$ billion)	(\$0.05)	\$0.18	\$0.50	
Exchange Rates (US\$/VND)	22,810	22,760	22,805	
YTD Disbursed FDI (US\$ billion)	1.55	1.05	1.70	
Credit Growth (YTD)	1.77%	0.90%	1.00%	17.00%
PMI Manufacturing Index	54.20	53.40	53.50	
Industrial Production growth (YTD YoY)	2.40%	20.90%	15.20%	
Nominal Retail Sales Growth (YTD YoY)	8.70%	9.50%	10.10%	
VN Index	710.79	1,110.36	1,121.54	

Source: GSO, Customs Office

- **PMI** (Purchasing Manufacturer Index) in **February was 53.5** (January: 53.4), marking the 27th consecutive month of improvement in the manufacturing sector as output growth quickened to a 10-month high and new export orders expanded.
- **Inflation** came in at **0.73% MoM and 3.15% YoY** (Feb'17: 5.02% YoY), mainly driven by seasonal strong Tet holidays' spending on food and foodstuffs.
- **Trade surplus** was estimated at US\$900 million, adding to a revised trade surplus of US\$180 million in January (last estimate for Jan's trade deficit was US\$300 mm). 2M 2018 trade surplus reached US\$1.08 billion (2M 2017: deficit of US\$800 million). Despite seasonal weakness (due to Tet holidays), 2M exports grew by 22.9% YoY, 2M imports by 24.4% YoY, significantly stronger than 2M 2017 exports' growth 15.4% YoY of and imports' growth of 19.6% YoY.
- **Registered FDI** reached US\$2.09 billion, down 25% YoY, yet implemented FDI reached US\$1.7 billion, up 9.7% YoY. 71.2% of the registered FDI goes to the manufacturing sector, 12.1% to the power and utility sector, and the remaining 16.7% to others.
- 2M nominal **retail sales** grew by **10.1% YoY**. Real retail sales were up 8.7% YoY (2M 2017: +5.1% YoY).
- The US\$/VND FX rate inched up to 22,850 from 22,760, a level it has maintained over 9 months.

Historical Performance

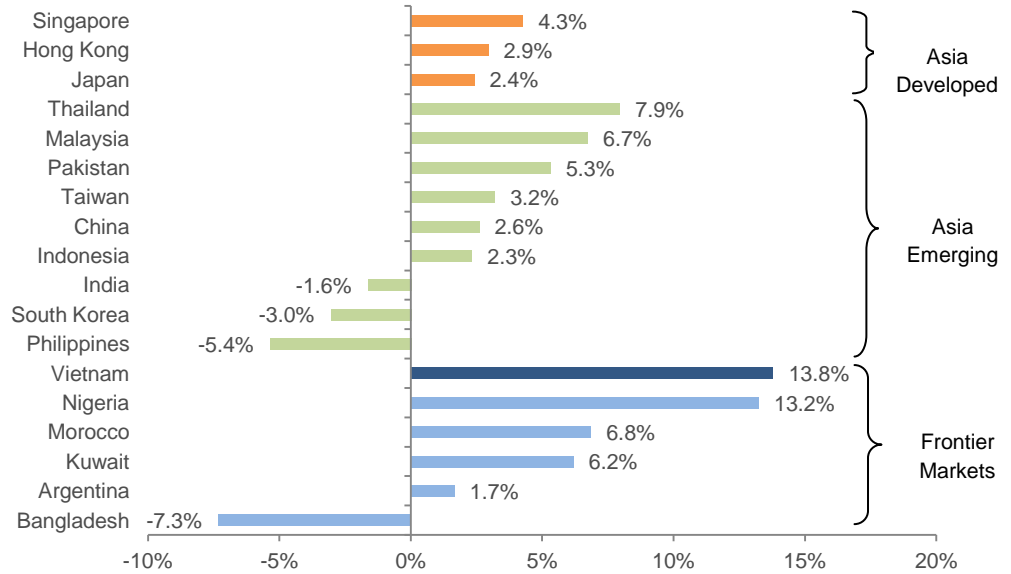


* Calculated based on US\$100,000 invested with ICA since inception (2004) versus invested in the VN Index

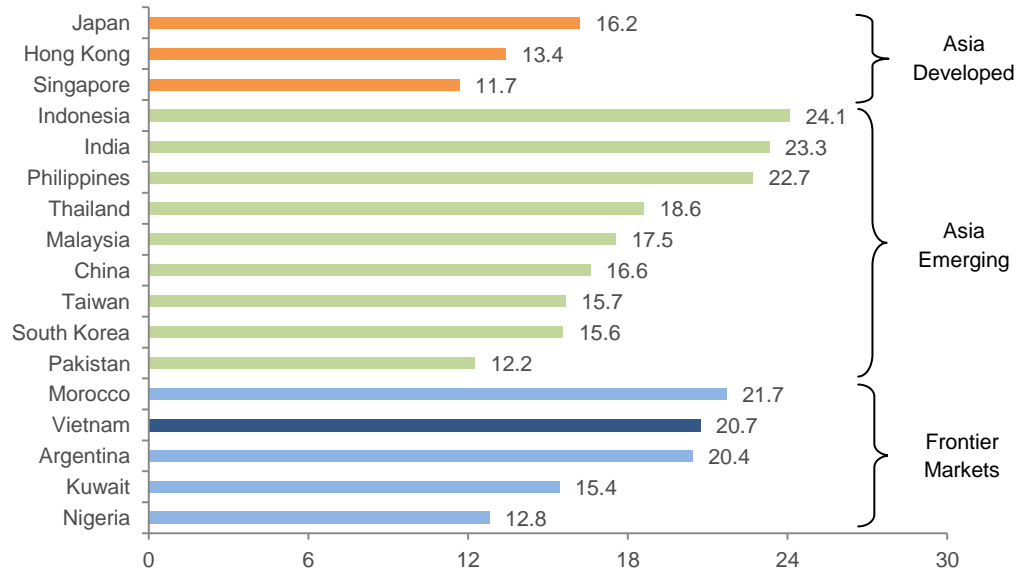
** Monthly time-weighted returns, net of fees, based on total NAV of all managed accounts, including impact of VND depreciation against the USD

*** Data as of February 28, 2018

Stock Market YTD Returns by Country (in USD) as of February 28, 2018



Stock Market P/Es by Country as of February 28, 2018



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