



INDOCHINA
CAPITAL
MONTHLY
NEWSLETTER

Stock Market Commentary

The market set a record high of 1,204.3 on April 9, which was closely followed by a deep correction into the end of the month. The **VN Index lost 10.40%** in April, marking the biggest decline in 32 months. Its **YTD return** was reduced **to 6.47%** in USD terms.

The sell-off was driven by profit taking sentiment which later on triggered margin call pressures. It was estimated that margin lending balance as of April's end was 20 – 30% lower than that of March's end's.

Large caps stocks drove the market (as usual). The biggest losers are the VN30 stocks with monthly losses of up to 36%.

Average daily trading value was US\$368 mm on both exchanges, 0.5% higher than March's.

Foreign investors net bought US\$73.2 mm worth of listed stocks in April. Their **4M cumulative net buy value was US\$520 mm** (4M 2017: US\$261.9 million). This number is exclusive of pre-IPO and off-the-exchange transactions which are not publicly available.

Vietnam's listed market capitalization was US\$135.6 billion by the end of April with market P/E of 18.6x. The recent correction presents opportunities to buy in a number of stocks at more attractive valuations.

We believe the correction is temporary. Given Vietnam's macro outlook which remained positive, the market is poised for further long-term uptrend.

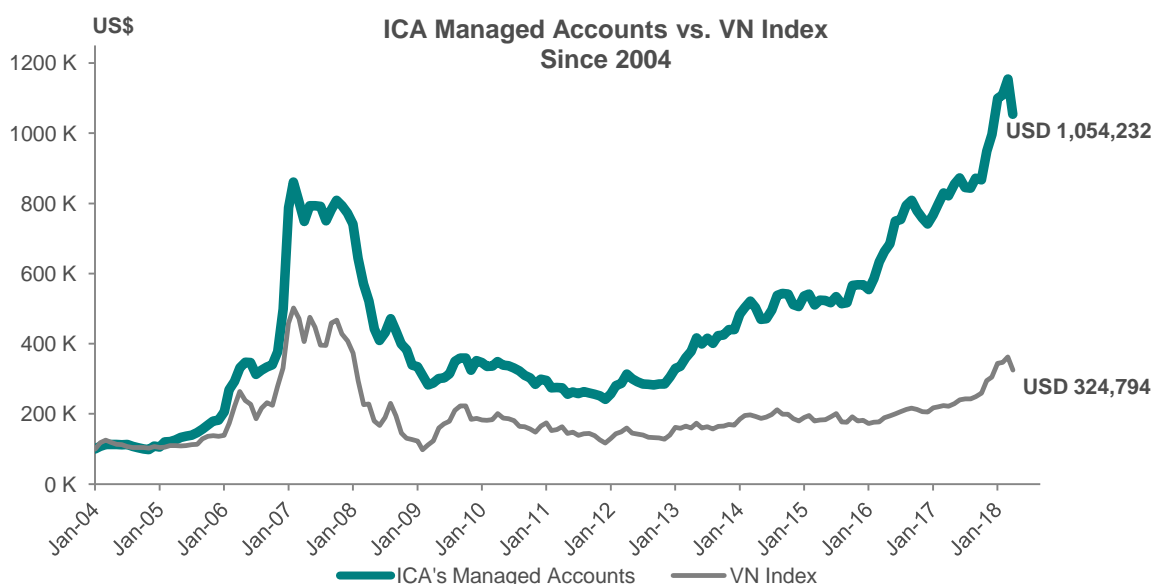
Macroeconomic Update

	Apr 2017	Mar 2018	Apr 2018	FY2018 Target
CPI (MoM Change)	0.00%	0.27%	0.08%	
CPI (YoY change)	4.30%	2.66%	2.75%	4.00%
YTD Trade Balance (US\$ billion)	(\$1.95)	\$2.69	\$3.89	
Exchange Rates (US\$/VND)	22,790	22,865	22,820	
YTD Disbursed FDI (US\$ billion)	4.80	3.88	5.10	
Credit Growth (YTD)	5.76%	3.50%	5.00%	17.00%
PMI Manufacturing Index	54.10	51.60	52.70	
Industrial Production growth (YTD YoY)	6.30%	11.60%	11.40%	
Nominal Retail Sales Growth (YTD YoY)	9.60%	9.90%	9.80%	
VN Index	717.73	1174.46	1,050.26	

Source: GSO, Customs Office

- April's PMI rose to 52.7 (March: 51.6) on the back of notable growth in new orders.
- Monthly inflation was 0.08%. **YoY inflation** came in at **2.75%** (April 2017: 1.50%).
- **4M pledged FDI** reached **US\$5.8 billion, down 37.3% YoY**, however, **disbursed FDI** remained vigorous at **US\$5.1 billion, up 6.3 % YoY**.
 - 68% of the pledged FDI in 4M2018 was for the manufacturing sector, 9.8% for the real estate sector.
- **Trade surplus** expanded to **US\$3.89 billion** (4M 2017: deficit of US\$1.95 billion).
 - Exports grew by 19.2% YoY while imports grew by 9.5% YoY.
- The **USD/VND** exchange rate eased from **22,850 to 22,820**.
 - FX reserves were reported to have hit a new high of US\$63 billion as of April's end. Growing FDI and FII inflows and an expanding trade surplus have been solid pillars for the VND.

Historical Performance

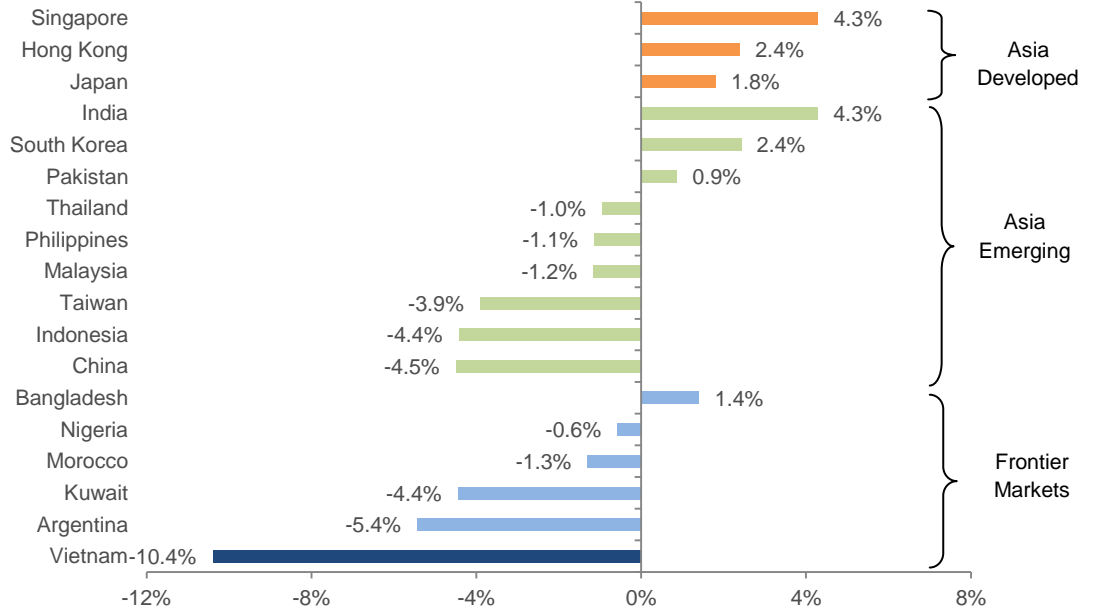


* Calculated based on US\$100,000 invested with ICA since inception (2004) versus invested in the VN Index

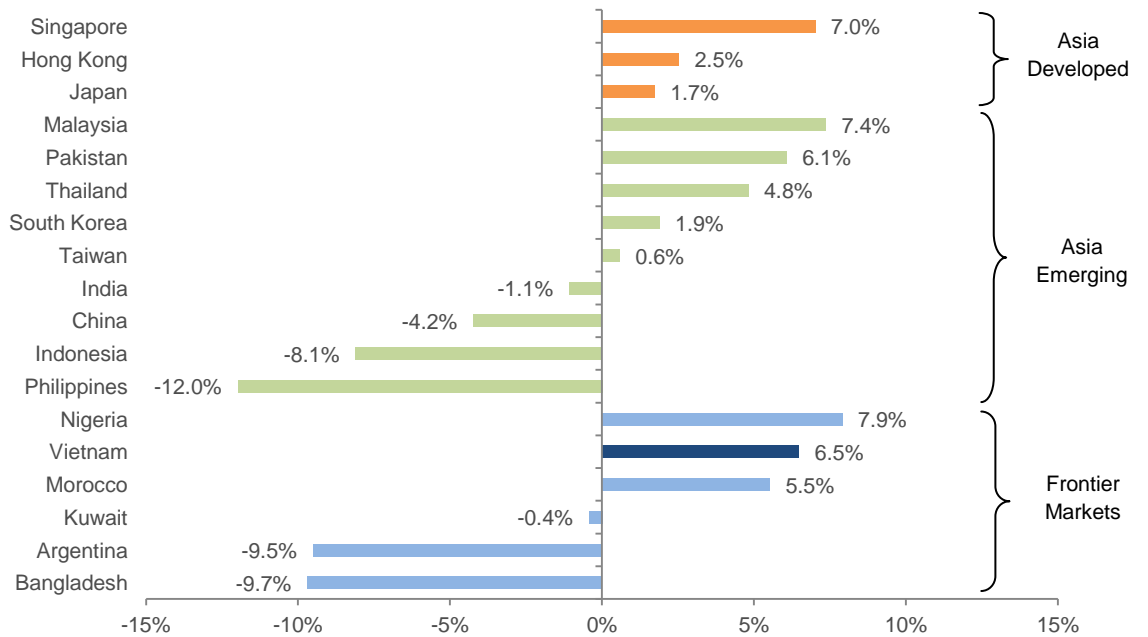
** Monthly time-weighted returns, net of fees, based on total NAV of all managed accounts, including impact of VND depreciation against the USD

*** Data as of April 30, 2018

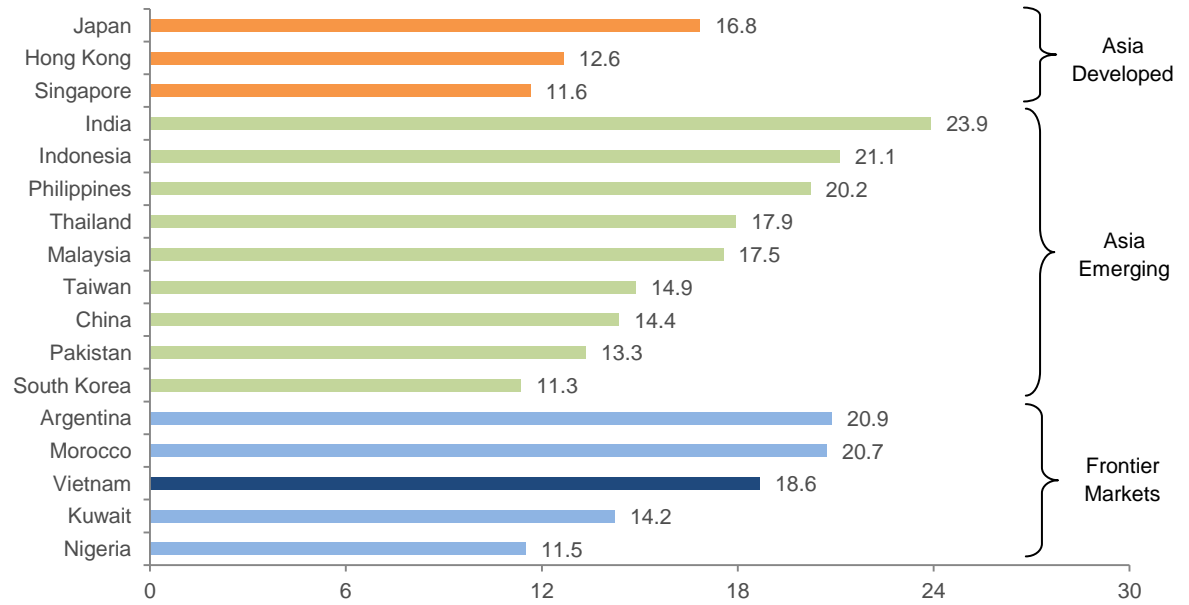
**Stock Market Monthly Returns by Country (in USD)
as of April 30, 2018**



**Stock Market YTD Returns by Country (in USD)
as of April 30, 2018**



Stock Market P/Es by Country as of April 30, 2018



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