



# INDOCHINA CAPITAL MONTHLY NEWSLETTER

## Stock Market Commentary

- The VN Index inched up to retest its peak of 1530 during the first week of April before plummeting under panic selling pressure after a series of regulatory crackdowns on capital market violations. The VN Index dropped precipitously to 1,310.92 before slightly edging up to close the month at 1,366.80.
  - **The VN Index** registered the largest **monthly loss of 8.94%** after Covid-19's rout in March 2020 and **YTD loss of 9.45%** in **USD terms**.
  - All the major sectors declined MoM, including the real estate sector (-9.4%), the banking sector (-8.7%), the oil & gas sector (-6.7%) and the consumer & retail sector (-3.6%).
- Liquidity fell to 7M low with combined **average daily trading value** on the Ho Chi Minh and the Hanoi Stock Exchanges of **US\$1.07 billion**, down **18.6% MoM**. Last 12M daily liquidity remained high at US\$1.21 billion, a YoY increase of 142.1%.
- **Foreign investors net bought US\$167.62 million in April**, bringing down **YTD net selling value** to **US\$145.76 million**. The recent market sell-off has brought valuations to attractive levels and enticed the bottom fishing of foreign investors.
- **Vietnam's listed market capitalization** stood at **US\$250.68 billion** by the end of April. Market valuations dropped to the start of Covid-19's pandemic's level two years ago with the **VN Index's trailing and forward P/E** at 14.9x and 13.1x, respectively.
- The arrests of a few business owners for capital market misconducts in April brewed speculation on the potential arrests of more prominent listed business owners. This have caused the stock market to succumb to panic selling pressure from retail investors who accounted for more than 90% of daily liquidity. The Prime Minister was prompted to make reassuring announcements to calm down the stock market, which might have worked to some extent. While these arrests and proposals for tightening regulations have short-term negative impacts on the market, they should in the long run improve the transparency of Vietnam's capital market.
- During the last week of April, most listed companies announced upbeat Q1 2022 earnings results and guided for solid earnings growth in FY22 on the back of improving domestic and global demand. Given the positive economic outlook, further weakness in the Vietnam stock market should likely attract more inflows.

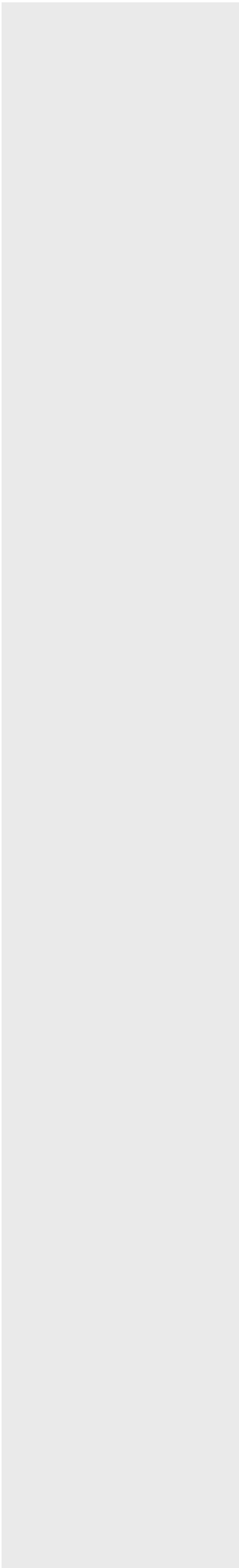
# Macroeconomic Update

	Apr 2021	Mar 2022	Apr 2022	FY2022 Target
CPI (MoM change)	-0.04%	0.70%	0.18%	
CPI (YoY change)	2.70%	2.41%	2.64%	<4.00%
YTD Trade Balance (US\$ billion)	1.63	1.46	2.53	
Exchange Rate (US\$/VND)	23,150	22,925	23,060	
YTD Disbursed FDI (US\$ billion)	5.50	4.42	5.92	
PMI Manufacturing Index	54.7	51.7	51.7	
Industrial Production growth (YTD YoY)	9.96%	7.07%	7.51%	
Nominal Retail Sales Growth (YTD YoY)	10.02%	4.44%	6.54%	
VN Index	1,239.39	1,492.15	1,366.80	

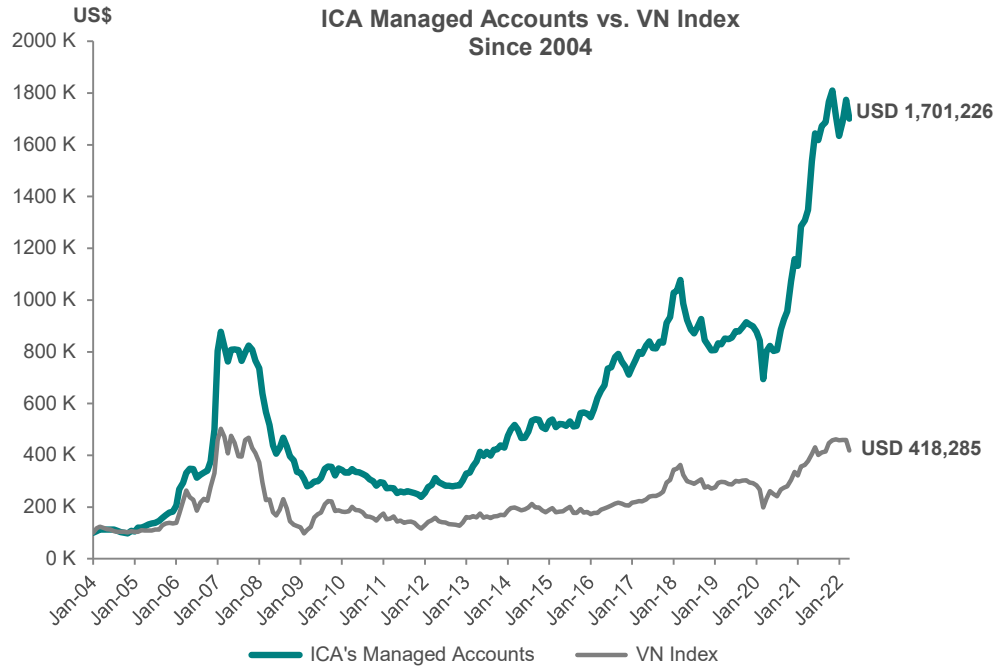
Source: GSO, Customs Office

Vietnam's economic improvement extended into April with the strengthening of the manufacturing sector and the service sector. Trade surplus expanded while disbursed FDI stayed robust and inflation remained in check.

- **4M revenue of retail sales and services rose by 6.54% YoY. April's number increased 12.10% YoY and 3.07% MoM.**
  - Tourism (+49.37% YoY and +22.73% MoM) posted strongest growth in April as international arrivals to Vietnam picked up after the reopening of international flight routes. This was followed by accommodation & catering (+14.82% YoY and +6.88% MoM) and retail sales of goods (+12.38% YoY and +2.27% MoM).
- **The Index of Industrial Production (IIP) rose 2.00% MoM and 9.36% YoY in April. For 4M 2022, IPP was up by 7.51% YoY.**
  - Manufacturing (+11.31% YoY) registered the strongest growth in April while other segments including power generation & distribution (+2.81% YoY), mining (+2.29% YoY) and water distribution & waste treatment (+0.43% YoY) recorded milder expansion.
  - For 4M 2022, manufacturing remained the powerhouse of the economy, expanding by 8.28% YoY.
- **Vietnam's Manufacturing PMI remained unchanged at 51.7 in April**, indicating the seventh successive monthly improvement in business conditions.
  - Both output and employment rose again after suffering a temporary drop last month. Employees returned to work after the worst Covid-19 outbreak in March and output increased thanks to rising capacity and stronger customer demand.
  - New domestic and export orders continued to expand albeit at a softer pace because of price rise and material shortages.
- **CPI climbed 0.18% MoM in April and brought YoY inflation to 2.64%.**
  - Inflation was caused by the increase in prices of housing & construction materials, higher prices of educational services after a period of fee reduction/exemption and the rising costs of eating out and travel services as demand resumed.
  - Manufacturers increased selling prices at the fastest pace in five months to cope with sharp rises in input costs.
- **In April, Vietnam recorded a trade surplus of US\$ 1.07 billion and raised YTD trade surplus to US\$ 2.53 billion.**
  - Export value reached US\$33.26 billion (-4.18% MoM and +24.98% YoY) while import value was US\$32.19 at (-1.44% MoM and +15.45% YoY).
- **For 4M 2022, registered FDI reached US\$8.99 billion (-19.79% YoY) and disbursed FDI was at US\$5.92 billion (+7.64% YoY).**
  - Despite the drop in registered FDI value, the number of newly registered projects still grew 0.7% YoY in 4M 2022 while additionally – registered capital rose in both value and the number of projects.
- **The USD/VND exchange rate climbed further to 23,060 from 22,925 in March.** Year to date, despite having depreciated by 0.74% against the USD, the VND was still one of the strongest currencies globally thanks to robust FDI inflows and trade surplus.

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- During Japanese Prime Minister Fumio Kishida's official visit to Vietnam in late April, both countries agreed to boost cooperation in post pandemic trade as well as to strengthen supply chains and energy transition. Vietnam can leverage its longstanding relationship with Japan to boost foreign investments and technology transfer as the Asia economic powerhouse is looking to diversify away from China.

# Historical Performance

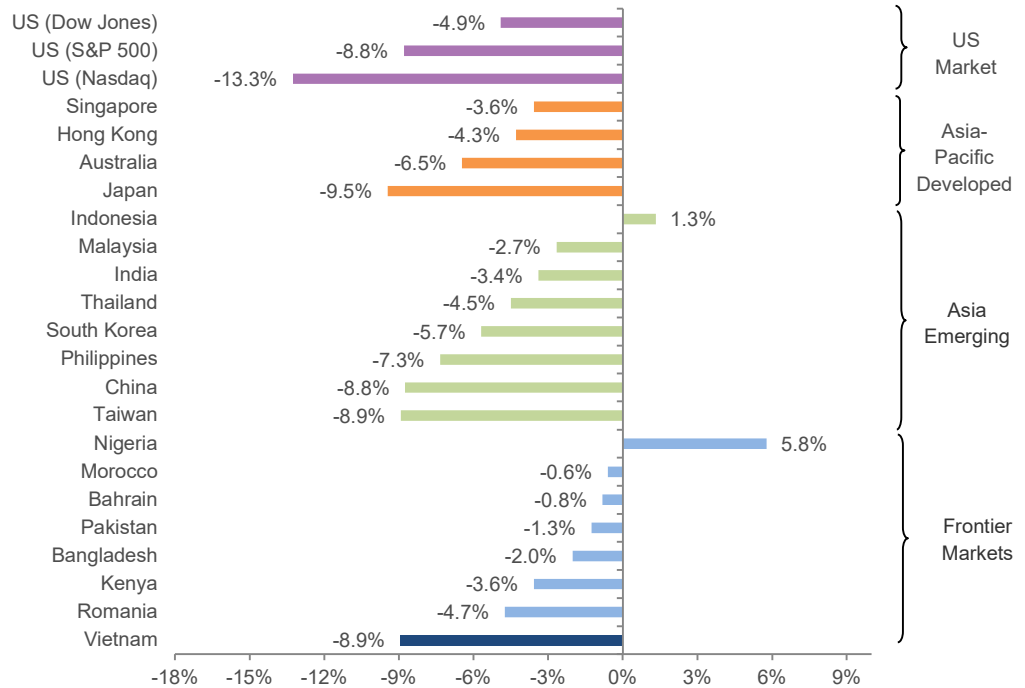


\* Calculated based on US\$100,000 invested with ICA since inception (2004) versus invested in the VN Index

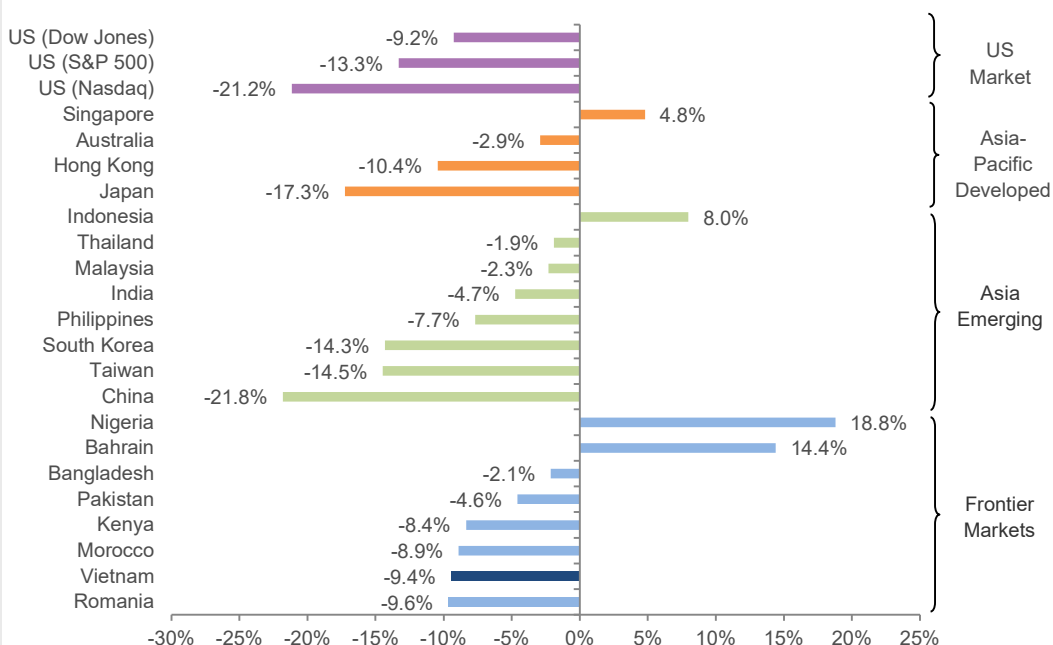
\*\* Monthly time-weighted returns, net of all fees, based on total NAV of all managed accounts, including impact of VND depreciation against the USD

\*\*\* Data as of April 29, 2022

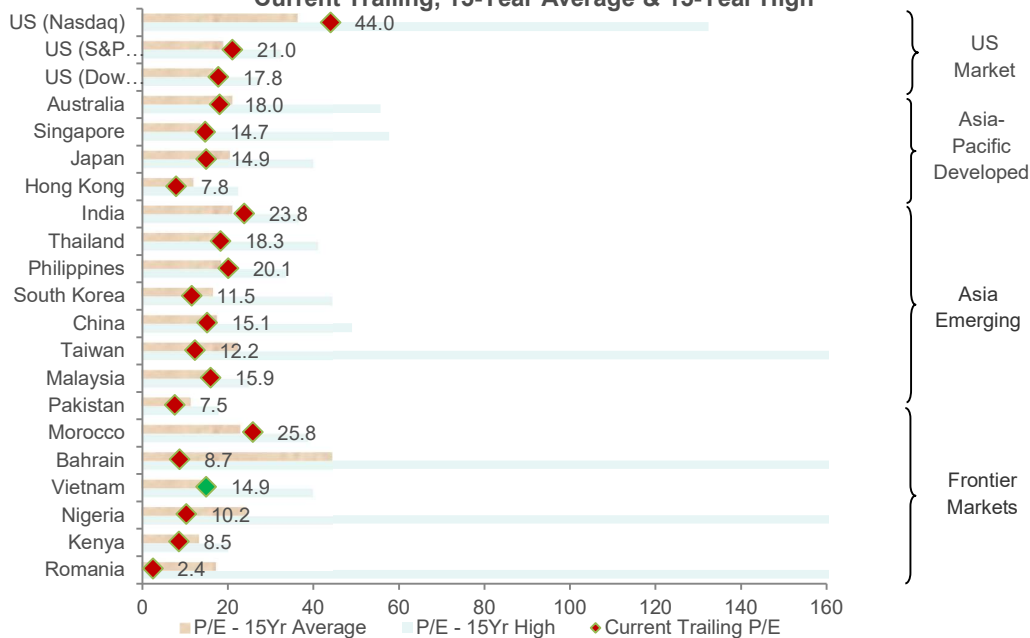
## Stock Market Monthly Returns by Country (in USD) as of April 29, 2022



### Stock Market YTD Returns by Country (in USD) as of April 29, 2022



### Stock Market P/Es by Country Current Trailing, 15-Year Average & 15-Year High



(\*): 15Yr High P/Es of Taiwan, Bahrain, Nigeria and Romania are above 160.x

### Contact us

#### Peter Ryder

CEO

T: +84 24 3935 0250

M: +84 913 229 810

E: peter@indochinacapital.com

#### Diep Nguyen

Director

T: +84 28 3910 4855

M: +84 907 133 671

E: dep.n.nguyen@indochinacapital.com

#### Ho Chi Minh City Office

10<sup>th</sup> Floor, Capital Place

6 Thai Van Lung Street

Ben Nghe Ward, District 1

HCM City, Vietnam

www.indochinacapital.com

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