



Stock Market Commentary

- Vietnam's stock market enjoyed the liquidity boost resulting from low interest rates for the third month in a row. Money flows were backed by positive changes in major sectors. A few heavily indebted real estate developers are believed to start navigating through their challenges with supports from policymakers and lenders. Meanwhile, biddings of large public projects in the power and transportation sectors sparked high expectations for numerous listed companies.
 - **The VN Index** broke the psychological resistance of 1200 in the last trading days of July to record an impressive **monthly gain of 8.69%** and a **YTD gain of 20.92%** in **USD terms**.
 - All the major sectors of the VN Index advanced, including the real estate sector (+12.3% MoM), the consumer & retail sector (+11.4% MoM), the banking sector (+0.6% MoM), the oil & gas sector (+10.0% MoM).
- Liquidity **increased by 6.1% MoM** in July with the combined **average daily trading value** on Ho Chi Minh and Hanoi Stock Exchanges reaching **US\$843.03 million**, the highest level in the last 15 months.
- **Foreign investors net sold US\$21.91 million** in **July**, reducing **YTD net purchase value** to **US\$21.79 million**.
- **Vietnam's listed market capitalization** reached **US\$216.81 billion** as of **July's end**. The **VN Index** was trading at a **positive trailing P/E** of **12.6x**, cheaper than ASEAN peers' average of 13.1x.

Low domestic interest rates are expected to uphold the attractiveness of the stock market, especially to local retail investors who currently account for nearly 90% of the daily volume. Market volatility may increase in the coming weeks due to profit taking, but the long-term outlook remains positive with macro fundamentals showing early signs of improvement.

Macroeconomic Update

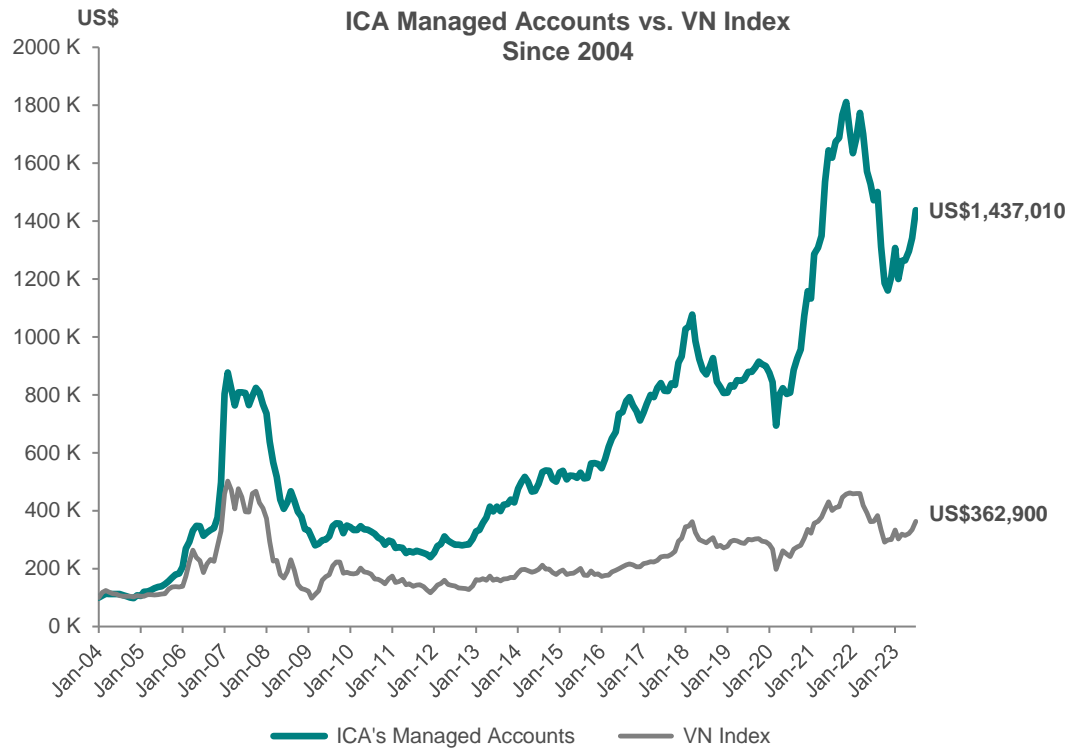
	Jul 2022	Jun 2023	Jul 2023	FY2023 Target
CPI (MoM change)	0.40%	0.27%	0.45%	
CPI (YoY change)	3.14%	2.00%	2.06%	~4.50%
YTD Trade Balance (US\$ billion)	1.34	13.08	15.23	
Exchange Rate (US\$/VND)	23,460	23,676	23,781	
YTD Disbursed FDI (US\$ billion)	11.57	10.02	11.58	
PMI Manufacturing Index	51.2	46.2	48.7	
Industrial Production growth (YTD YoY)	8.82%	-1.20%	-0.67%	
Nominal Retail Sales Growth (YTD YoY)	15.99%	10.92%	10.37%	
VN Index	1,206.33	1,120.18	1,222.90	

Source: GSO, Customs Office

Vietnam's economy registered mild improvements in industrial production, exports and retail sales in the month of July. Meanwhile, YTD pledged FDI rose for the first time compared to last year's base, inflation remained in check, and trade surplus continued to rise.

- Vietnam's Manufacturing PMI** went up to **48.7** in **July** from **46.2** in **June**, marking the fifth consecutive month of deterioration in the health of the sector but at the weakest rate in the sequence.
 - New orders decreased marginally in July on the back of subdued overall demand, particularly in international markets.
- The Index of Industrial Production (IIP) accelerated** by **3.92% MoM** & **3.69% YoY** in **July** thanks to the ramp-up of Samsung's new smartphones. For **7M 2023**, IIP **slightly dropped** by **0.67% YoY**.
 - YTD, utilities sectors outperformed with water distribution & waste treatment (+7.49% MoM & +6.26% YoY) and power generation & distribution (+5.77% MoM & +1.35% YoY) expanding.
 - The manufacturing sector (+4.24% MoM & -2.45% YoY) improved MoM, driven by a strong growth in smartphone output (+17.74% MoM and +12.36% YoY).
- Trade surplus** reached **US\$2.15 billion** in **July**, raising **YTD trade surplus** to **US\$15.23 billion**.
 - 7M exports were down 10.6% YoY, imports down 17.1% YoY. However, trade improved in each of the last three months.
 - July's export value reached US\$30 billion (+1.3% MoM and -2.1% YoY) while import value was at US\$28 billion (+3.1% MoM and -9.1% YoY). Notably, exports of computers, electronics and components rose by 10.6% MoM and 30.0% YoY.
- 7M revenue of retail sales and services increased** by **10.37% YoY** during the peak summer tourism season. **July** number **rose 1.12% MoM** and **7.11% YoY**.
 - 7M retail sales of goods, the major category, grew steadily by 9.00% YoY while 7M tourism stood out with the strongest growth rate of 53.61% YoY.
 - International arrivals rose by 6.5% MoM, raising YTD number to 6.6 million, 6.9x last year level and equivalent to 67.5% of pre-pandemic level in 7M2019.
- CPI inched up** by **0.45% MoM** and **2.06% YoY**.
 - Food & food services (+0.63% MoM and +2.59% YoY), housing & construction materials (+0.51% MoM and +6.51% YoY), education (+0.03% MoM and +5.57% YoY) and culture, entertainment, and tourism (+0.19% MoM and +1.70% YoY) all recorded YoY price increases.
 - Lower fuel prices keep transportation prices under control (0.11% MoM & -9.29% YoY) and partially offset inflationary pressures from other items in the consumer price basket.
- 7M registered FDI rose** to **US\$16.24 billion (+4.50% YoY)** while **disbursed FDI** remained **resilient** at **US\$11.58 billion (+0.80% YoY)**.
 - In July, registered FDI grew strongly to US\$2.8 billion (+8.90% MoM & +85.7% YoY), driven notably by LG Innotek's US\$ 1.0 billion investment in Hai Phong.
 - The manufacturing sector accounted for 67.30% of total registered FDI YTD, followed by real estate (9.91%), financial and banking (9.42%), and other sectors (13.37%).
- The USD/VND exchange rate rose** to **23,781 (+0.44% MoM)** in **July** and **+0.42% YTD**. Given the high trade surplus, resilient remittance and FDI supporting the VND, the SBV still has room for further rate cuts in 2H.

Historical Performance

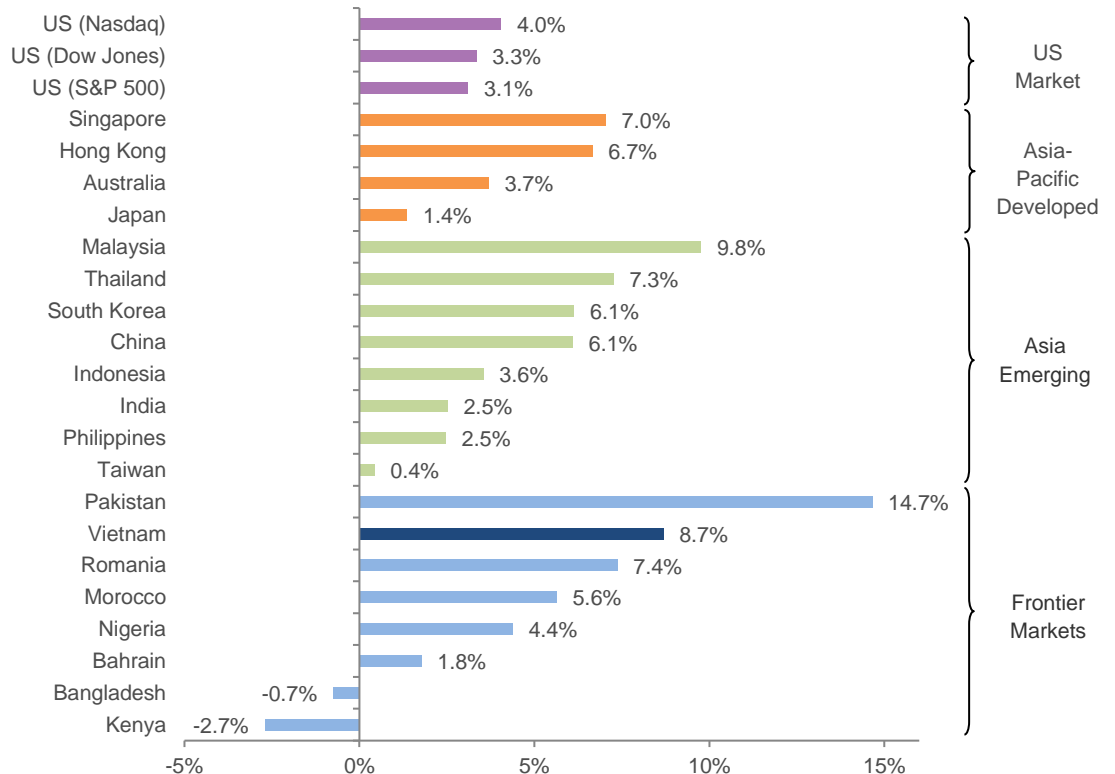


* Calculated based on US\$100,000 invested with ICA since inception (2004) versus invested in the VN Index

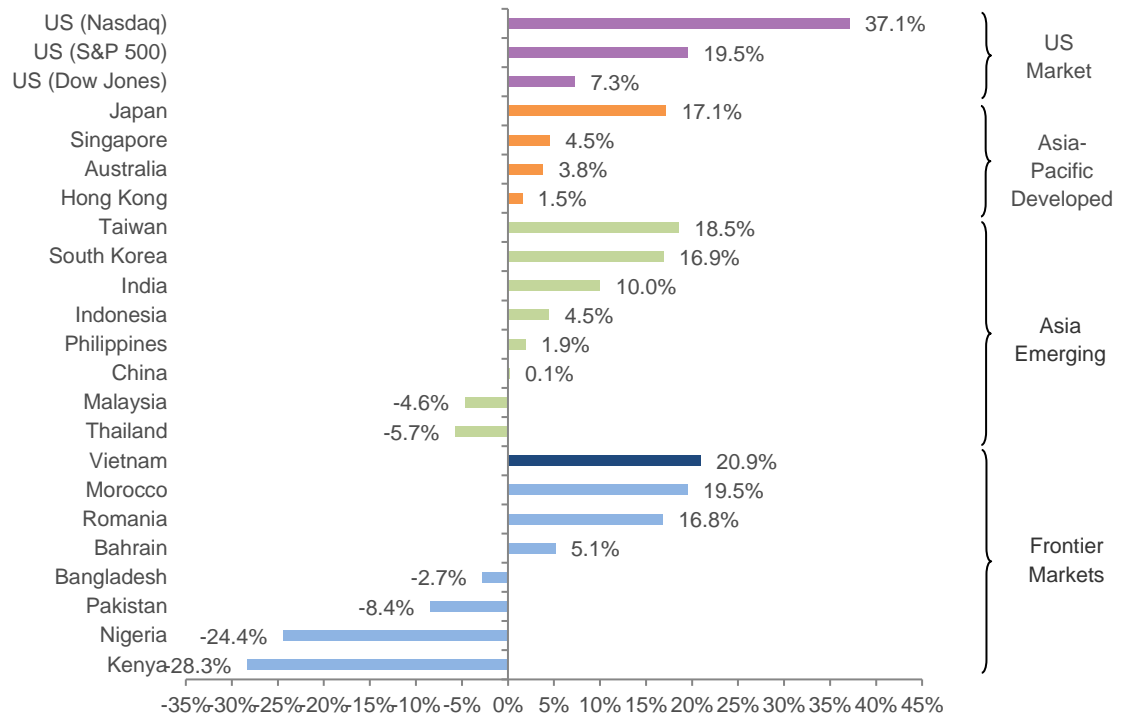
** Monthly time-weighted returns, net of all fees, based on total NAV of all managed accounts, including impact of VND depreciation against the USD

*** Data as of July 31, 2023

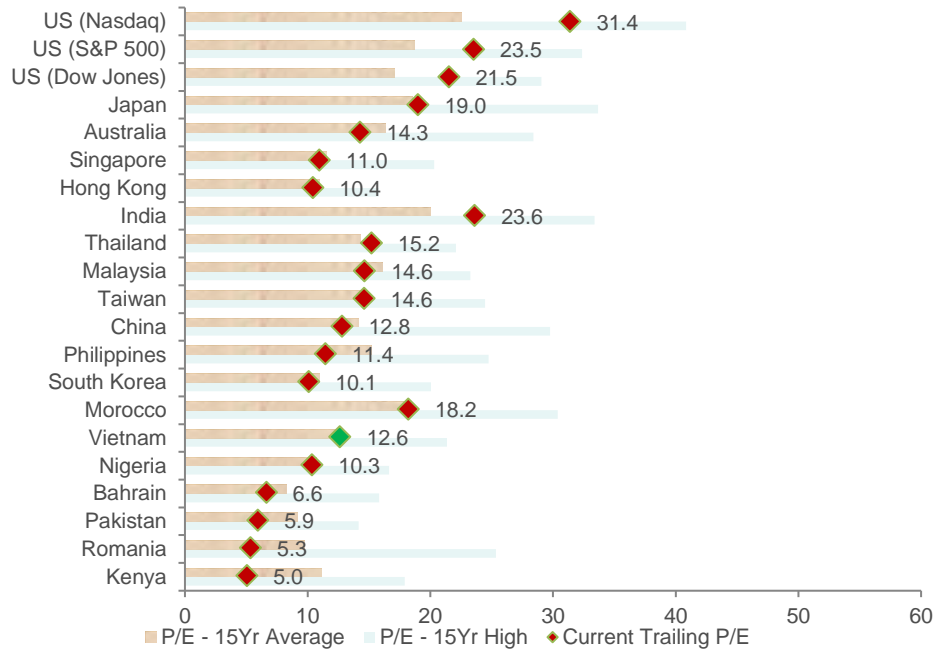
Stock Market Monthly Returns by Country (in USD) as of July 31, 2023



Stock Market YTD Returns by Country (in USD) as of July 31, 2023



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



* Adjusted positive P/E

** Data for Bangladesh and Indonesia not available

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