



INDOCHINA
CAPITAL
MONTHLY
NEWSLETTER

Tuy Hoa, Viet Nam

Stock Market Commentary

- Last month, the Vietnam stock market staged a robust recovery following a significant correction in October. Improved liquidity was driven by local investors amid declining deposit interest rates. The market's status improved with reduced margin lending balances and diminished currency pressure. However, foreign outflows remained substantial due to more attractive yields in developed markets.
 - The **VN Index** posted a **monthly gain** of **7.73%**, and a **YTD gain** of **5.55%** in **USD terms**.
 - Among the major sectors of the VN Index, the real estate sector (+8.3% MoM), the oil & gas sector (+5.2% MoM), and the consumer & retail sector (+4.1% MoM) led gains while the banking sector retreated slightly by 0.6% MoM.
- Liquidity **rose by 16.8% MoM** in November with a combined **average daily trading value** on Ho Chi Minh and Hanoi Stock Exchanges of **US\$765.6 million**.
- **Foreign investors** net sold **US\$139.2 million** in **November**, raising YTD net foreign selling value to **US\$492.0 million**.
- **Vietnam's listed market capitalization** was at **US\$192.57 billion** as of **November's end**. The **VN Index** was trading at a **positive trailing P/E** of **11.9x**, cheaper than ASEAN peers' average of 13.1x.
- Vietnam's long-term economic outlook is positive, backed by lower interest rates, strong FDI flows, and advancements in various industries. The Block B – O Mon agreement brings optimism for the Oil and Gas sector, while new housing and real estate laws offer a clearer legal framework. The KRX system's progress aligns with plans, underscoring authorities' commitment to achieving emerging market status.

Macroeconomic Update

	Nov 2022	Oct 2023	Nov 2023	FY2023 Target
CPI (MoM change)	0.39%	0.08%	0.25%	
CPI (YoY change)	4.37%	3.59%	3.45%	~4.50%
YTD Trade Balance (US\$ billion)	10.60	24.61	25.83	
Exchange Rate (US\$/VND)	24,761	24,676	24,374	
YTD Disbursed FDI (US\$ billion)	19.68	18.00	20.25	
PMI Manufacturing Index	47.40	49.60	47.30	
Industrial Production growth (YTD YoY)	8.57%	0.52%	1.04%	
Nominal Retail Sales Growth (YTD YoY)	20.50%	9.41%	9.65%	
VN Index	1,048.42	1,028.19	1,094.13	

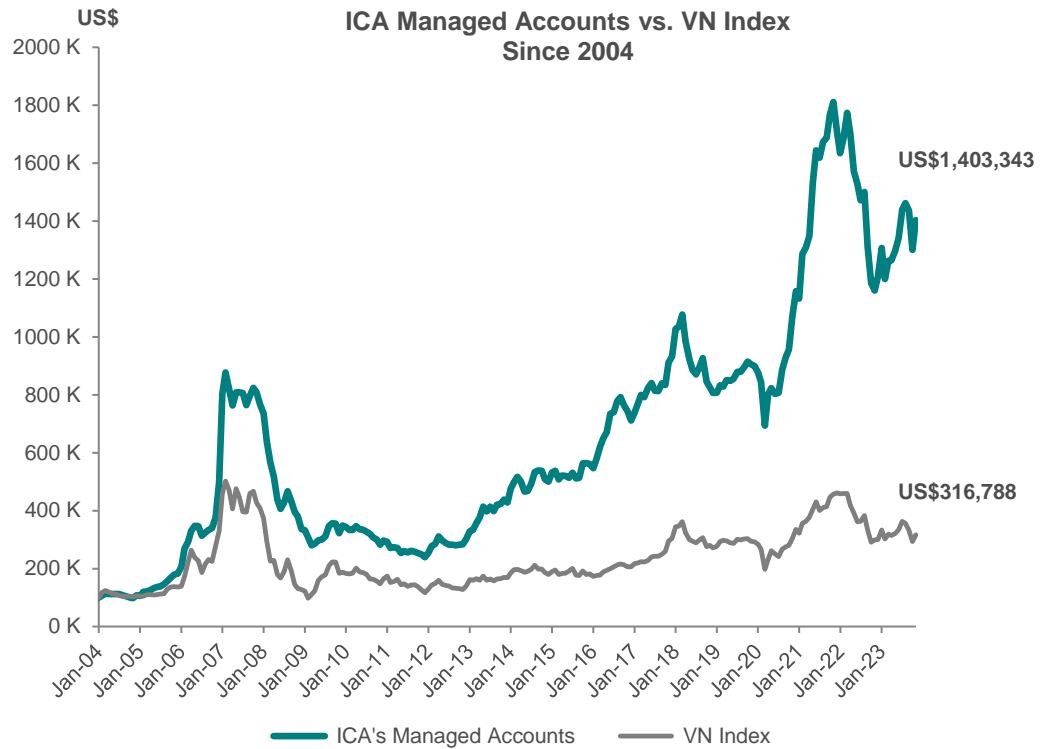
Source: GSO, Customs Office

Production expanded modestly in November, but manufacturers might confront order shortages in the upcoming months. Registered foreign direct investment (FDI) remained robust, showing confidence on Vietnam's outlook.

- The Index of Industrial Production (IIP)** extended an upward trend for the seventh consecutive month, with November growth reaching **3.00% MoM** and **5.79% YoY**. For **11M 2023**, IIP **rose by 1.04% YoY**.
 - Although festivities and the launch of new flagship smartphones have passed, November's manufacturing (+3.89% MoM and 6.33% YoY) maintained robust growth with support from most of categories.
 - In November, power generation and distribution (-2.53% MoM and +9.24% YoY) and water distribution and waste treatment (-0.58% MoM and +3.33% YoY) retained positive growth YoY, while mining (+2.33% MoM and -3.82% YoY) were in the red YoY.
- Vietnam's Manufacturing PMI** fell to **47.3** in November from October's **49.6**, signaling a significant deterioration in business conditions.
 - Manufacturers faced a solid reduction in new orders, ending a three-month growth trend, with weaker customer demand domestically and internationally.
 - Firms scaled back production, marking the most pronounced contraction since May amid challenging economic conditions.
- Revenue of retail sales and services** grew **by 1.37%** (vs. October's +3.19% in October and last year's 2.60% MoM) even with the boost from festivities. For 11M, this figure increased by **9.65% YoY**.
 - In November, tourism (+50.52% YoY), accommodation and catering services (+15.34% YoY) kept surging due to recovering foreign visitors. Retail sales of goods remained resilient with an 8.55% YoY growth, and other services increased by 7.28% YoY.
 - International arrivals rose by 10.86% MoM in November. In 11M 2023, international arrivals reached 11.2 million, up by 3.8x YoY, but still 32% below the pre-pandemic level in 11M 2019.
- The Consumer Price Index (CPI) increased slightly by 0.25% MoM** and **picked up 3.45% YoY** on higher prices of rice, construction materials and education. Inflationary pressures were partially offset by lower fuel and pork prices.
 - Food and food services (+0.10% MoM and +2.98% YoY) rose slightly due to higher rice prices, offset by lower pork prices linked to concerns about African Swine Fever. Meanwhile, electricity minimally impacted inflation despite a 4.5% increase since November 9th.
 - Transportation (-0.01% MoM and +1.63% YoY) inflation slowed down YoY thanks to a decline in gasoline (-12.1% YoY) and gas (-7.5%) prices.
- Last month, **Vietnam recorded a trade surplus of US\$1.3 billion in November, leading to a YTD trade surplus of US\$25.8 billion**.
 - November's export value reached US\$31.1 billion (-3.6% MoM & +6.7% YoY) and import value US\$29.9 billion (+1.0% MoM and +5.1% YoY). For 11M, exports fell by 5.9% YoY and imports by 10.7% YoY.
 - In November, computers & electronics (-12.5% MoM and +20.2% YoY), machineries (-12.0% MoM and +5.3% YoY), and smartphones (-7.8% MoM and -6.0% YoY) fell from the previous month. Meanwhile, cameras, camcorders, and accessories (7.1% MoM and 71.5% YoY), and textile fibers (49.9% MoM and 91.9% YoY) grew strongly.

- **11M registered FDI** rose to **US\$28.85 billion (+14.80% YoY)** while **disbursed FDI** reached **US\$20.25 billion (+2.90% YoY)**.
 - Manufacturing led with US\$20.97 billion, accounting for 72.7% of total FDI, growing by 40.2% YoY. Real estate followed at US\$2.87 billion, with finance-banking at US\$1.54 billion, and wholesale-retail at US\$1.04 billion.
- **The USD/VND exchange rate** fell to **24,374** in **November**, **-1.22% MoM** and **+2.93% YTD**.
 - Expectations of the Federal Reserve halting rate increases led to the U.S. dollar weakening. In response, the State Bank of Vietnam (SBV) ceased bill issuance and net injected around VND 130 trillion in November.

Historical Performance

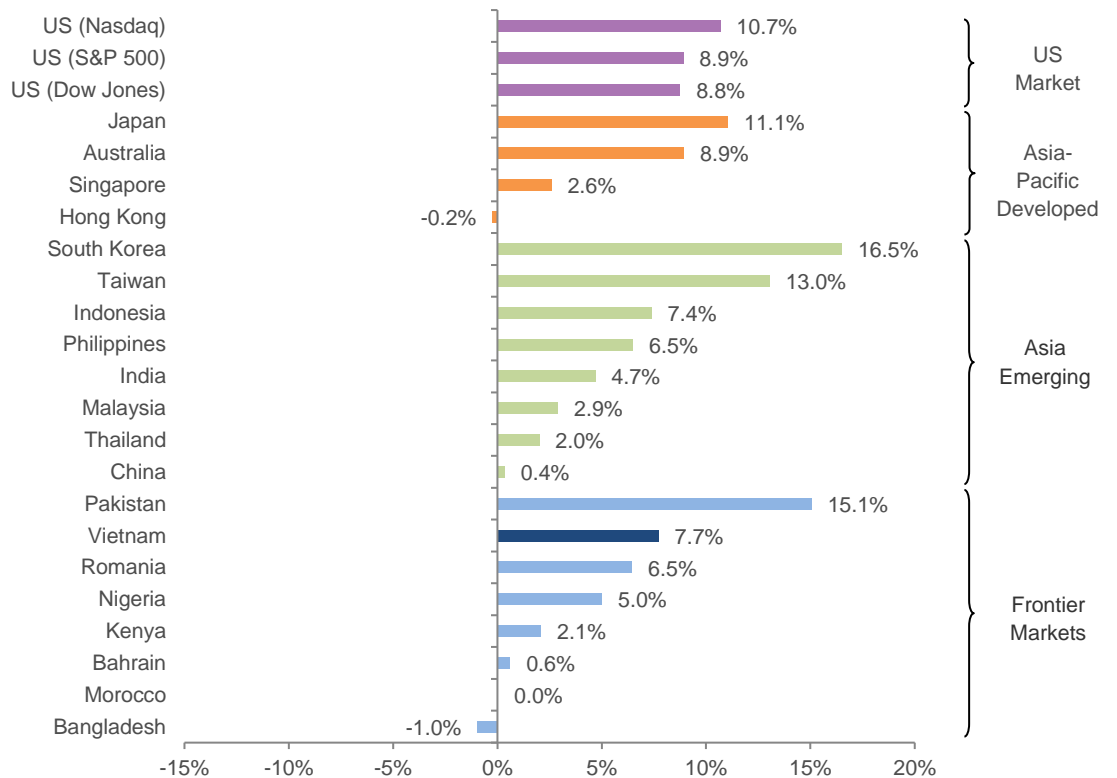


* Calculated based on US\$100,000 invested with ICA since inception (2004) versus invested in the VN Index

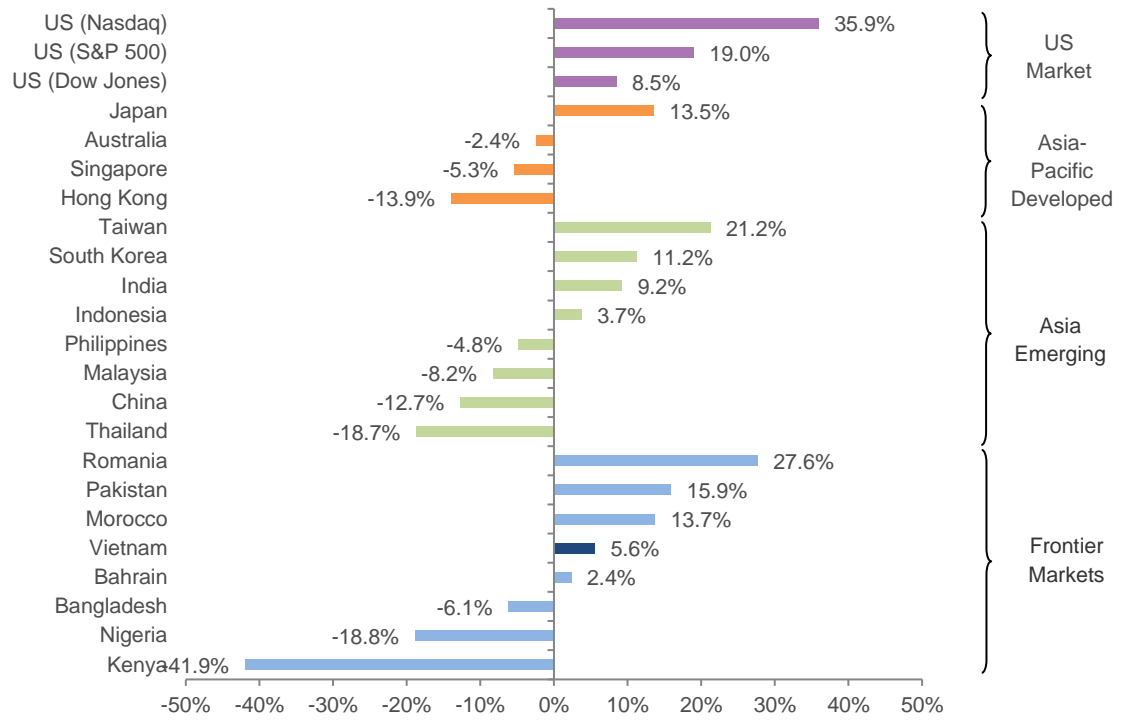
** Monthly time-weighted returns, net of all fees, based on total NAV of all managed accounts, including impact of VND depreciation against the USD

*** Data as of November 30, 2023

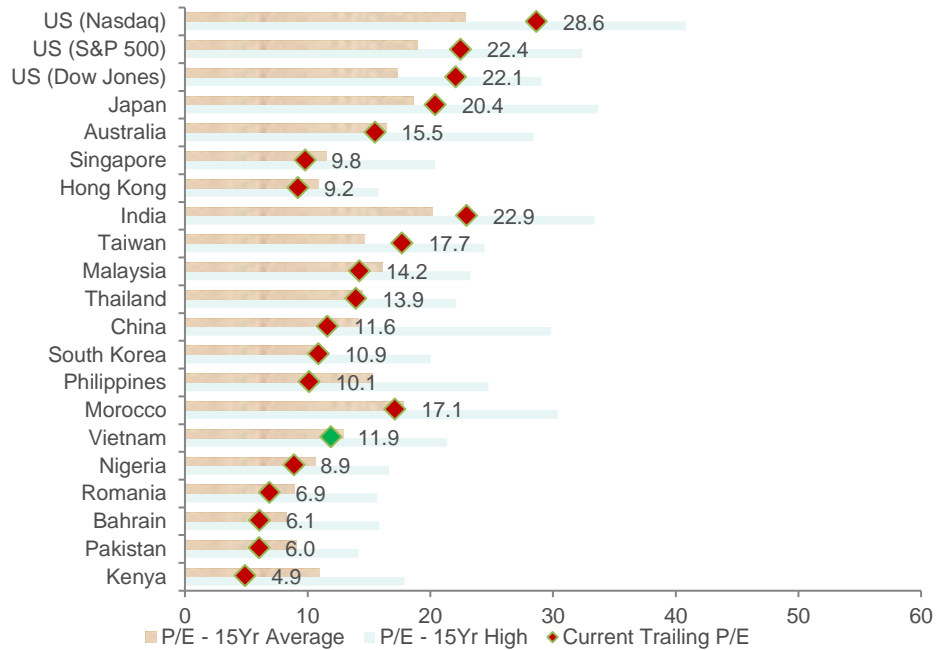
Stock Market Monthly Returns by Country (in USD) as of November 30, 2023



Stock Market YTD Returns by Country (in USD) as of November 30, 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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