



## Stock Market Commentary

- The VN Index traded down in April on the back of weak Q1 earnings despite a plethora of initiatives introduced by the government to support the economy.
  - **The Index** retreated by **1.47%** last month, lowering **YTD gain** to **4.67%** in **USD terms**.
  - All the major sectors of the VN Index retreated in April, including the oil & gas sector (-6.0% MoM), the consumer & retail sector (-4.0% MoM), the banking sector (-1.8% MoM) and the real estate sector (-1.2% MoM).
- Liquidity **picked up** by **23.3% MoM** in **April** with the combined **average daily trading value** on Ho Chi Minh and Hanoi Stock Exchanges reaching **US\$530.34 million**, the highest level in 2023.
- **Foreign investors net sold US\$118.13 million** in the month, reducing their **YTD net purchase value** to **US\$175.98 million**.
- **Vietnam's listed market capitalization** stood at **US\$187.89 billion** as of **April's end**. The **VN Index** was trading at a **positive trailing P/E** of **11.2x**, a discount compared to the ASEAN peers' average of 12.8x.
- Q1 earnings results have been released with most listed companies reporting negative earnings growth compared to Q1 2022. While banks still managed to record positive earnings growth, the momentum has waned due to NIM contraction and weak credit demand. ICT retailers were among the worst hit under the combined impact of plummeting demand and inventory clearance.

# Macroeconomic Update

	Apr 2022	Mar 2023	Apr 2023	FY2023 Target
CPI (MoM change)	0.18%	-0.23%	-0.34%	
CPI (YoY change)	2.64%	3.35%	2.81%	~4.50%
YTD Trade Balance (US\$ billion)	2.35	4.84	6.35	
Exchange Rate (US\$/VND)	23,060	23,567	23,569	
YTD Disbursed FDI (US\$ billion)	5.92	4.32	5.85	
PMI Manufacturing Index	51.7	47.7		
Industrial Production growth (YTD YoY)	7.51%	-2.25%	-1.76%	
Nominal Retail Sales Growth (YTD YoY)	6.54%	13.87%	12.77%	
VN Index	1,366.80	1,064.64	1,049.12	

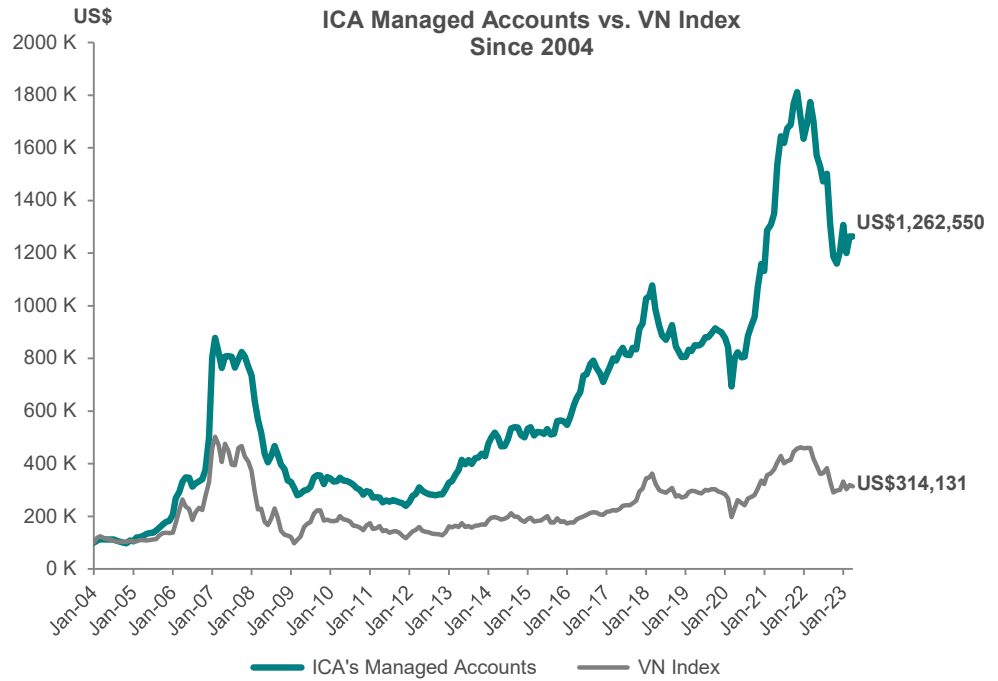
Source: GSO, Customs Office

Trade headwinds persisted when both exports and imports remained weak compared to last year's level. IIP rose modestly but the increase may not be sustainable unless global demand picks up. On the bright side, inflation may cool down more than expected as retailers cut prices to stimulate demand, leaving room for further monetary loosening.

- **4M revenue of retail sales and services increased by 12.77% YoY. April number (+3.67% MoM & +11.52% YoY)** remained resilient despite the slowing economy.
  - All categories sustained double-digit YTD growth including retail sales of goods (+10.48% YoY), accommodation & catering services (+25.80% YoY), tourism (+109.42% YoY) and other services (+16.45%).
  - Recovering tourism could have supported retail sales & services. International arrivals reached nearly 1.0 million in April, an increase of 9.9% MoM. For 4M 2023, international arrivals rose by 18x to 3.7 million, equaling to 61.7% of pre-pandemic arrivals in 4M 2019.
- **The Index of Industrial Production (IIP) went up by 3.55% MoM and by 0.51% YoY in April.** For 4M 2023, IIP **dropped by 1.76% YoY.**
  - YTD, utilities sectors including water distribution & waste treatment (+5.52% YoY) and power generation & distribution (+0.45% YoY) still lodged positive growth while other sectors contracted including mining (-2.79% YoY) and manufacturing (-2.08% YoY).
- **Vietnam's Manufacturing PMI fell to 46.7 in April** from 47.7 last month, indicating the fifth deteriorations in business conditions in the last six months .
  - Declines in total new orders and new export orders caused manufacturing production to drop for the second consecutive month.
  - Firms continued to reduce employment levels through both job cuts and non-replacement of leavers.
- **CPI fell 0.34% MoM but rose 2.81% YoY.**
  - Food & food services (-0.34% MoM & +2.81% YoY), housing & construction materials (-0.83% MoM & +5.20% YoY), education (-1.30% MoM & +5.98% YoY) and culture, entertainment, and tourism (-0.45% MoM & +2.99% YoY) were responsible for YoY inflation.
- **Vietnam recorded a trade surplus of US\$1.51 billion in April** which brought **YTD trade surplus to US\$6.35 billion.**
  - Both exports and imports extended their decline in April. Export value reached US\$27.54 billion (-7.3% MoM & -17.1% YoY) while import value was at US\$26.03 billion (-8.1% MoM and -20.5% YoY).
  - 4M exports dropped 11.8% YoY, imports 15.4% YoY. Export weakness was led by textiles & garments (-33.63% YoY), telephones & components (-17.34% YoY) and computers, electronics & components (-8.95% YoY). Other export products also dropped by double digits including seafood (-29.06% YoY) and footwear (-16.26% YoY).
- For **4M 2023, registered FDI fell 35.84% YoY to US\$5.77 billion. Disbursed FDI** decreased slightly to **US\$5.85 billion (-1.18% YoY).**
  - YTD, the manufacturing sector attracted 78.05% of total registered FDI, the real estate sector 7.82%, the technology sector 3.34% and the remaining sectors 10.78%.

- Even though the value of registered FDI has fallen year to date, there were 750 newly registered FDI projects in 4M 2023, a significant increase compared to 454 projects in the same period last year. This showed that the country continues to attract investors amid shifting global supply chain.
- **The USD/VND exchange rate** remained flat at **23,569** in **April**. Thanks to low exchange rate pressure, the SBV was able to buy US\$4 billion in Q1 2023, increasing FX reserves to over 90 billion and thereby supplying VND94 trillion liquidity to the economy.
- Thanks to low inflation, the State Bank of Vietnam has room to cut policy rates further. A potential 50-bp cut is expected in the coming weeks. Besides rate cuts, Vietnamese government is also working on a number of measures to unblock obstacles to support the economy, including a VAT cut from 10% to 8% in 2H 2023 and clearing regulatory bottlenecks for real estate projects.

# Historical Performance

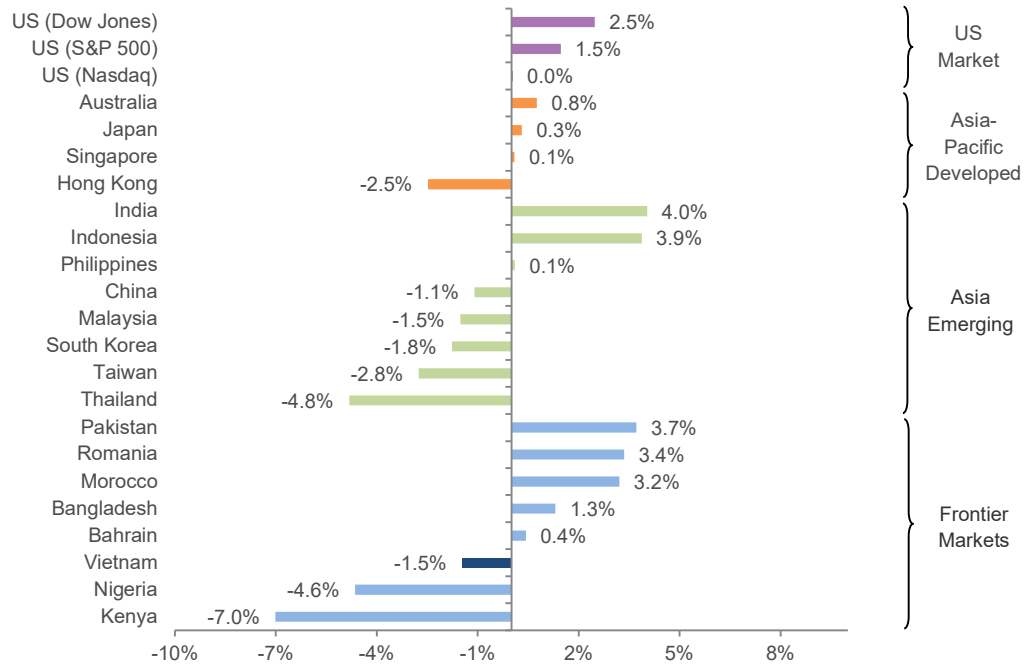


\* Calculated based on US\$100,000 invested with ICA since inception (2004) versus invested in the VN Index

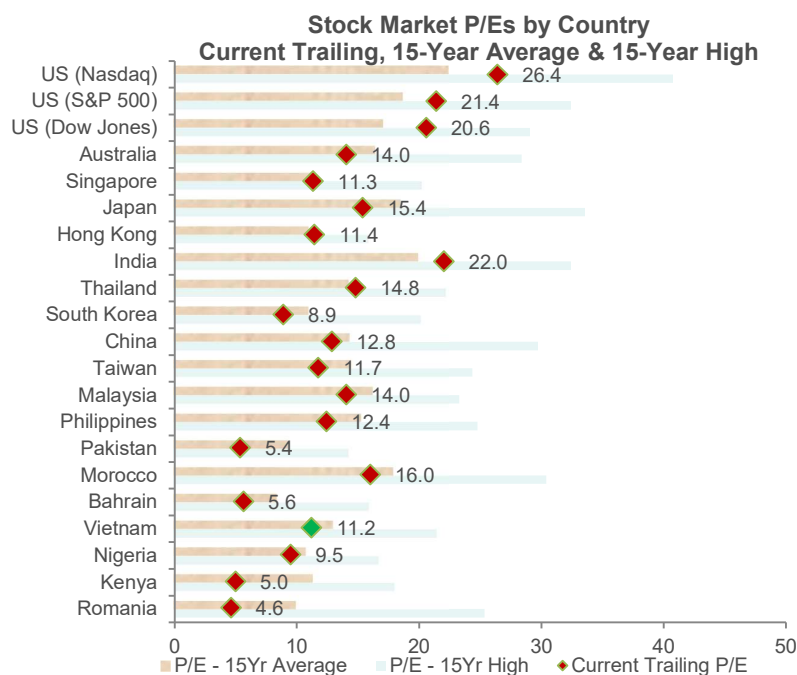
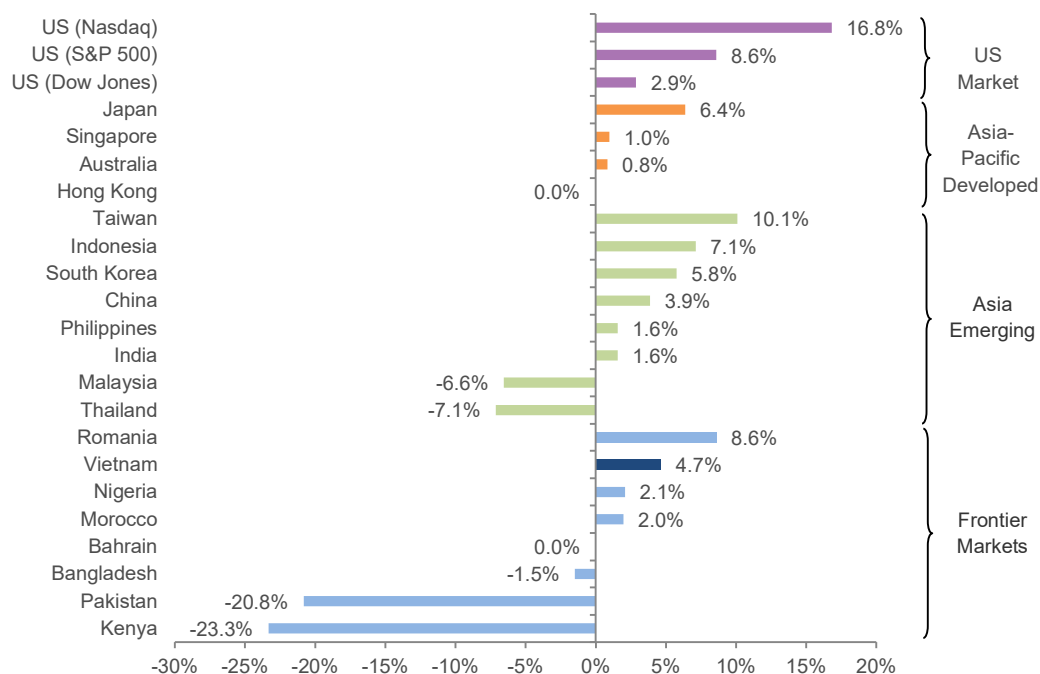
\*\* Monthly time-weighted returns, net of all fees, based on total NAV of all managed accounts, including impact of VND depreciation against the USD

\*\*\* Data as of April 28, 2023

## Stock Market Monthly Returns by Country (in USD) as of April 28, 2023



## Stock Market YTD Returns by Country (in USD) as of April 28, 2023



\* Adjusted positive P/E

\*\* Data for Bangladesh and Indonesia not available

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