



## Stock Market Commentary

Bullish sentiments sent the **VN Index soaring by 12.86% in January**. The market swiftly got over a slight tumble in the middle of the month caused by SSC's proposed increase in deposit requirement for margin lending (from 50% to 60%) and **closed at 1,110.36 points**, very close to the historical high of 1,170 set in 2007.

- Large caps led the advancers, probably as a result of new inflows (up to US\$130 million) by ETFs focusing on the large caps.
- Banking stocks continued to outperform with monthly gains from 22% to 34%.

January also marked a new record in terms of liquidity in the Vietnam market as **average daily trading surged 51.3% MoM to reach US\$428 million**. The liquidity is also four times higher than that of January 2017.

**Foreign investors net bought US\$361 million** worth of listed stock, five times higher than the volume they bought in December 2017.

**Vietnam's listed market capitalization reached US\$142.6 billion by the end of January**. After months of strong gains, the market is poised for correction. However, positive economic outlook and ongoing privatization of SOEs remain powerful supports for the stock market. With average P/E of 20.5x and 2018 earnings growth from 15% - 30%, attractive opportunities are present for investors to buy in.

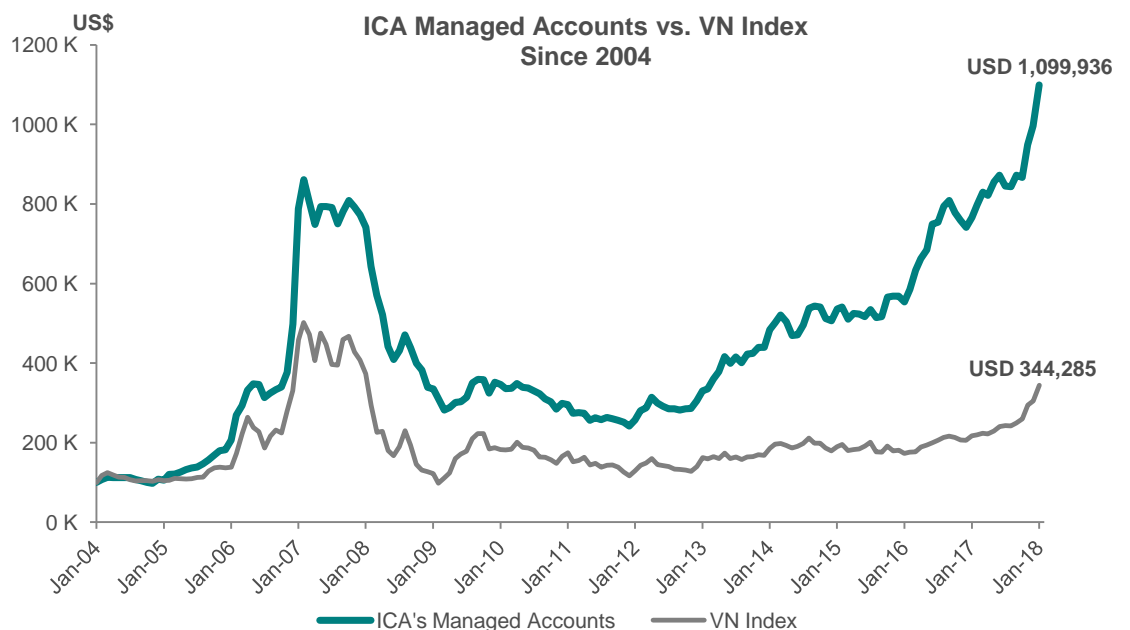
# Macroeconomic Update

	Jan 2017	Dec 2017	Jan 2018	FY2018 Target
CPI (MoM change)	0.46%	0.21%	0.51%	
CPI (YoY change)	5.22%	2.60%	2.65%	4.00%
YTD Trade Balance (US\$ billion)	1.19	2.92	0.18	
Exchange Rates (US\$/VND)	22,640	22,770	22,760	
YTD Disbursed FDI (US\$ billion)	0.95	17.50	1.05	
Credit Growth (YTD)	1.60%	18.17%	0.90%	17.00%
PMI Manufacturing Index	51.90	52.50	53.40	
Industrial Production growth (YTD YoY)	0.70%	9.40%	20.90%	
Nominal Retail Sales Growth (YTD YoY)	9.90%	10.90%	9.50%	
VN Index	697.28	984.24	1,110.36	

Source: GSO, Customs Office

- PMI (Purchasing Manufacturer Index) in January rose to a 9-month high level of 54.4 vs. Dec'17 of 52.5, marking the 26th consecutive month of expansion. Manufacturers in Vietnam expect demand to increase further over the course of 2018.
- Inflation was at 0.51% MoM and 2.65% YoY (Jan'17: 5.22% YoY) due to further release in subsidies for healthcare services and transportation price increase (as a result of oil price hike).
- Trade deficit was estimated at US\$300 mm in January (Jan'17: US\$100 million). Exports grew by 33.1% YoY, significantly stronger than Jan'16 growth rate of 7.6% YoY.
- Registered FDI was US\$900 million, down 36.8% YoY, yet implemented FDI reached US\$1.1 billion, up 10.5% YoY.
- Nominal retail sales grew by 9.5% YoY. Real retail sales were up 8.4% YoY (Jan'17: +6.7% YoY).
- The US\$/VND FX rate remained stable at 22,760. FX reserves increased to US\$54.5 billion from Dec'17's level of US\$52.5 billion.

## Historical Performance

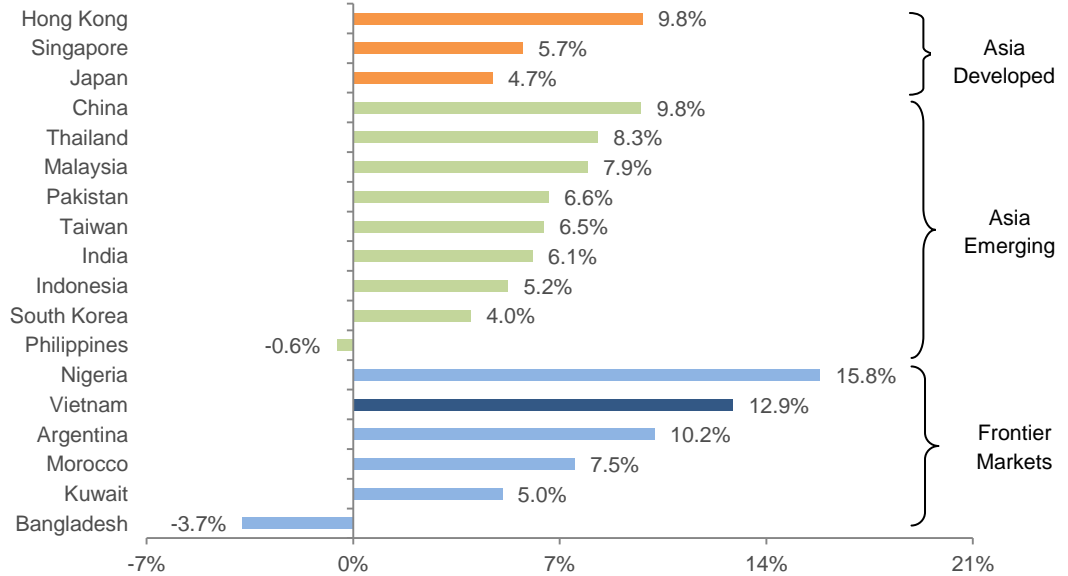


\* Calculated based on US\$100,000 invested with ICA since inception (2004) versus invested in the VN Index

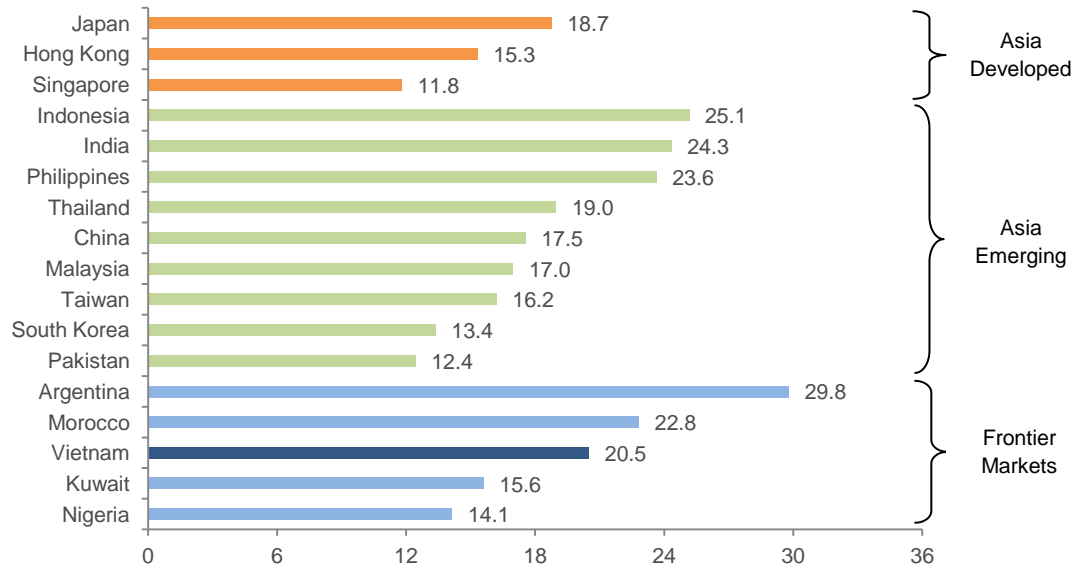
\*\* Monthly time-weighted returns, net of fees, based on total NAV of all managed accounts, including impact of VND depreciation against the USD

\*\*\* Data as of January 31, 2018

### Stock Market YTD Returns by Country (in USD) as of January 31, 2018



### Stock Market P/Es by Country as of January 31, 2018



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